





SUSTAINABILITY
& CSR

Sustainability & Corporate Social Responsibility

As a leader in the Pakistani banking sector, MCB Bank has a great legacy in preservation and safeguarding the interests of all our stakeholders. This legacy has been established by our senior management and is carried forward by our hard working and talented employees, who fully embody our values of service and quality.

Through careful evaluation and selection, the Bank selects and promotes projects and services that benefit the Pakistani economy and society in the most effective manner. Particular emphasis is placed upon the need to promote environmental sustainability and social welfare.



Environmental, Social and Governance (ESG) Strategy & Overview

ESG is gaining momentum globally. However, priorities vary significantly across stakeholder groups and geographies. The need to balance environmental and social initiatives is more pronounced in Asia than in the more developed regions.

At MCB, we want to drive measurable, material change in our communities in a way that brings our purpose to life, differentiates us and strengthens our business. To do this, we have identified various ESG focus areas where the Bank shall continue to invest for delivering sustainable value for its stakeholders.

Our CSR policy

The Board of the Bank has approved Corporate Social Responsibility Policy covering major areas of SECP's CSR guidelines 2013. We ensure that our CSR initiatives embody a vision of harmonious and sustainable development in Pakistani communities.



Key Pillars

- | | | |
|--|--|---|
| <ul style="list-style-type: none">• Respect for culture, customs, history and laws as the Bank constantly searches for safer, cleaner and better practices that meet the growing needs of the society.• Minimize environmental footprint to coexist harmoniously whilst encouraging minimum wastage of resources. | <ul style="list-style-type: none">• Business operations are conducted with honesty and integrity• Engagement in social welfare activities that help strengthen communities and contribute towards the uplift of society.• Support and promote Financial Inclusion and Literacy.• To build and maintain sound relationships with customers and other stakeholders through open and fair communication in order to contribute towards sustainable image building. | <ul style="list-style-type: none">• Compliance with relevant laws and regulations, in letter and spirit |
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Environmental



Social



Governance

Initiatives Overview

Sustainable finance, incorporating climate-change risk into the business, net-zero targets, biodiversity, energy efficiency, water and waste management, sustainable procurement, shifting branch banking network to alternative modes of environmentally viable and energy efficient sources and tree-planting initiatives.

Inclusive financial services for SMEs and Agriculture sector, women and youth, support for education, health and skills development, support for communities, employees and clients in need, and championing diversity and inclusion.

Governance and risk management, fair outcomes and transparency, and resilient and a robust control environment.

The Board of Directors has diversity in terms of expertise, knowledge and age. None of the directors is on the Boards of more than seven listed companies. The Chairman and the CEO of the Bank are not the same person.

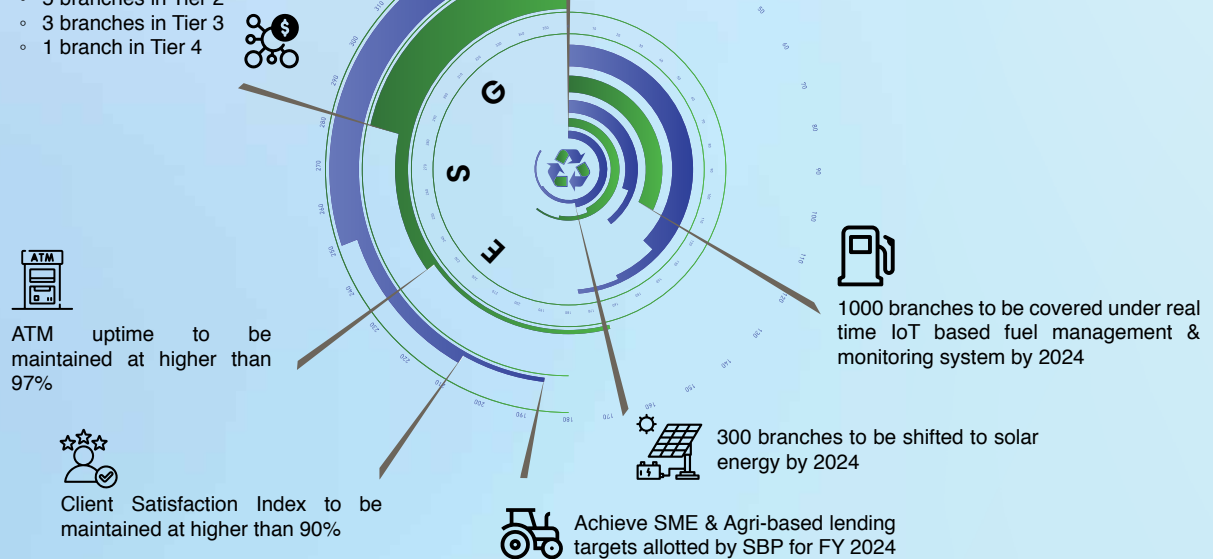
A code of conduct is developed for Directors & Employees which is revised every year. SBP & Board approved guidelines for all businesses and departments are in place.



Contribute towards the national financial inclusion agenda by widening branch network under Bank's 'Annual Branch Expansion Plan (ABEP 2024)'; with following tier wise geographical distribution:

- 8 branches in Tier 1
- 5 branches in Tier 2
- 3 branches in Tier 3
- 1 branch in Tier 4

Quantitative Targets

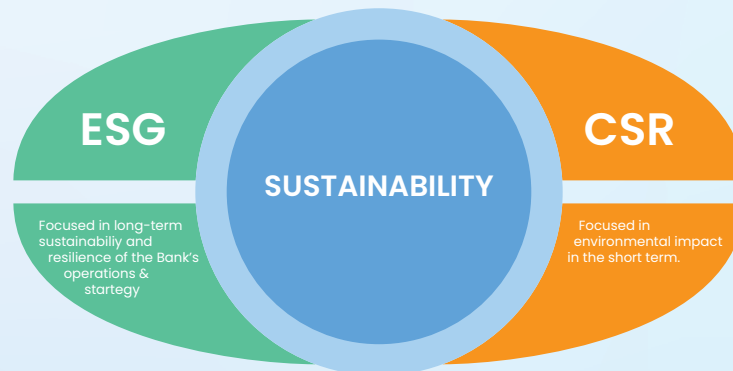


Key Highlights

 <p>Green Awareness Campaigns undertaken (website & social medial views)</p> <ul style="list-style-type: none">◦ World Water Day: >14K◦ Mother Earth Day: >75K◦ Environmental Day: >16K	 <p>The contribution by the Bank to the national economy by way of value addition was Rs. 153.38 billion.</p>	 <p>Achieved customer complaints resolution rate of 98.71%</p>
 <p>287,000+ KWHs Energy Mix conserved in 2023 at MCB Centre, Lahore as part of WWF-Green Office Program.</p>	 <p>Disbursed Rs. 155.484 million under Agri-based lending.</p>	 <p>26 model branches have been completed/revamped to facilitate People with Disabilities (PWD) customers.</p>
 <p>Approximately 7+ tons of dry waste generated from selected iconic buildings was recycled.</p>	 <p>Conducted 363 training sessions, with approx. 12,625 participants, under SBP's National Financial Literacy Program.</p>	 <p>The Bank created a Women Protection and Empowerment (WPE) Unit in 2023, a dedicated function which manages Grievance and Harassment complaints received from the females working at the Bank.</p>
 <p>Approximately 1,300+ personnel (class room / e-learning) successfully obtained Green Banking trainings.</p>	 <p>Women represent 18.54% of our total workforce.</p>	 <p>CSR activities carried out throughout the year in areas of education, healthcare and community welfare</p>
 <p>MCB Live application has increased digitisation to minimize usage of paper and energy.</p>	 <p>Prominent women influencers were invited to celebrate International Women's Day, Mother's Day and Working Women's Day to inspire young women to excel and shine in their respective domains.</p>	 <p>Developed Environmental & Social Risk Rating (ESRR) Model.</p>
 <p>Launched digital account under the Digital and Paperless Banking initiatives.</p>	 <p>RISE to Leadership - Various sessions were arranged in 2023 to help and guide the female workforce of the Bank to become aspiring leaders in future.</p>	 <p>Compliance Knowledge Assessment Test is mandatory for all employees of the Bank</p>

Our approach to sustainability

Sustainability is the umbrella that both ESG and CSR fall under and contribute to. ESG and CSR are both ways that the Bank can demonstrate its commitment to sustainable business practices.

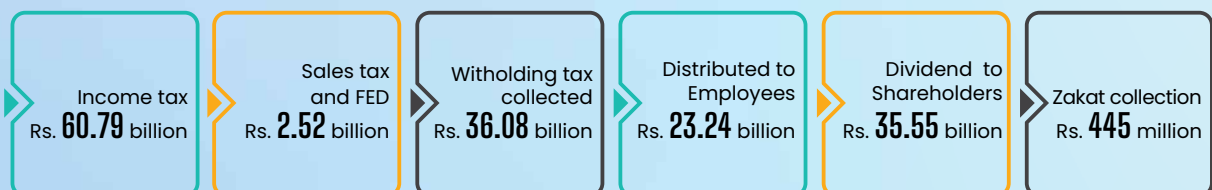


The Bank focuses on several key principles as an institution. It is committed towards fostering a better work place and cleaner environment through varied initiatives with measurable outcomes. By committing to a culture of excellence, good governance, transparency and integrity, it ensures that all activities are conducted in a manner that is ethically responsible and beneficial for all stakeholders. MCB Bank has a well-defined Code of Ethics and Conduct policy that serves as a guideline for the behavior and ethics of employees.



1. Contributing to sustainable economic growth

MCB Bank uses its core business of banking to promote sustainable development in all the markets it operates.



Contribution to Economy & National Exchequer

MCB Bank has one of the highest market capitalizations in the banking industry. In 2023, the Bank paid approx. Rs. 60.79 billion on account of income taxes to Government Treasury and collected over Rs. 36.08 billion for the National Exchequer as withholding tax agent under different provisions of Income Tax Ordinance 2001. In addition to that, the Bank has also paid Rs. 2.52 billion in respect of sales tax and FED. The contribution by the Bank to the national economy by way of value addition was Rs. 153.38 billion, out of which around Rs. 23.24 billion were distributed to employees and Rs. 35.55 billion to the shareholders.

Zakat is an essential component in delivering assistance to those most in need. The Bank supplemented and augmented the Zakat collection efforts of prominent public welfare organizations such as Shaukat Khanum and Edhi Welfare Organization through its communication channels including MCB Live, internal email, propagation via the MCB Bank corporate website and via the Bank's diverse 1,450+ ATM network. MCB Bank also contributed to the national exchequer in Zakat Deductions to the sum of Rs. 445 million.

The Bank is making significant contribution to the development and growth of the country. An analysis of the Bank's value creation and allocation of value among key stakeholder groups is represented in the 'Statement of Value Added'.

Key financial highlights

Key financial figures and related ratios have been discussed in the 'Analyses of Financial Performance' section.

2. Being a responsible organization

The Bank has a "Corporate Social Responsibility (CSR) Policy", which is approved by MCB Board of Directors. It envisions the strategic guidelines of incorporating CSR into the very core of all business practices and operations, across the Bank and areas it operates in. The Bank's short term and long term CSR goals are aligned to execute bank operations for the betterment of its stakeholders, which necessarily includes the general public and society of Pakistan. The aim of the Bank is to be well versed in CSR by being a sustainable organization. We do this by making the right investments in developing our human resources, protecting the interests of our customers, weighing environmental impact in our decision making and combating the scourge of corruption through implementation of ethical and responsible best practices.

Sustainability is therefore embedded in all policies of the Bank through direct and indirect means. All groups of the Bank work together to not only educate its employees regarding various facades of corporate sustainability and social responsibility, but to also ensure that its strategic CSR vision is met through operational objectives. The Bank's policies therefore address these key aspects:

- a) Driving Strategy Through Learning & Development:
- b) Women champions/ Gender sensitivity/ Leadership/ National Financial Literacy Program
- c) Occupational Health and Safety
- d) Business Continuity Plan
- e) Business Ethics and Anti-Corruption Measures
- f) Customer Experience Management, Consumer Protection Measures and Grievance Handling
- g) Banking on Equality and Women Empowerment

The Bank's CSR activities are centrally monitored throughout to ensure that the Bank invests in the right places that magnify the goodwill of Bank and our community at large. The performance against sustainability and integration of various groups in achieving this are explained through this report.



a. Driving Strategy Through Learning & Development

Being critical for the effective employee engagement at all levels, growth and sustainability of the Bank in terms of human capital enrichments and performance enhancements, Learning & Development Division offered specialized learning programs, designed in close partnership with business and field functions. Enhanced focus was also given on mobile learning programs to extend the coverage in remote areas. 2023 witnessed revamped learning agenda for developing our employees on four major pillars i.e. Product/Process Knowledge, Service, Compliance and Leadership. This year witnessed the learning initiatives for new joiners, existing employees from cross-functional teams. With our continuous & extended focus on capacity building towards regulatory framework and global compliance obligations, several programs were offered on Anti Money Laundering, Trade Based Money Laundering & cyber security awareness. Realizing contemporary trends and future proofing of our employees, learning initiatives have been taken to enhance their digital quotient. Frontline teams were upskilled on Product & Process knowledge and enhanced levels of customer services.

Besides our regular training programs focused on functional and behavioral competencies, brief details of key achievements during 2023 include:

IFC Train the Trainer – Elevating Training Skills

Trainers play a crucial role in the organization as they are responsible to provide employees with the necessary knowledge and skills. As trainers need to stay abreast of new techniques and trends to address the changes in the workforce, two 4-Day comprehensive workshops were arranged in collaboration with International Finance Corporation (IFC) for L&D faculty and short-listed visiting faculty members. MCB has become the first bank in the region where all faculty members are trained & certified by the IFC.

TPMA Certification – Making

MCB Bank also invested in getting L&D faculty certified through The Learning Performance Institute, an independent, not-for-profit global authority on learning and development. Our faculty members have been certified through a comprehensive Trainers Performance and Monitoring Assessment mechanism.

b. Women Champions – Facilitation of Women Customer

Supporting SBP's Banking on Equality policy, MCB Bank achieved a significant milestone by successfully upskilling 1,442 frontline staff as "Women Champion" in more than 60% of its branches across Pakistan. These Women Champions are vital to improve the facilitation of women customers and entrepreneurs

Gender Sensitivity – Beyond Bias

Gender Sensitivity workshops were arranged across Pakistan to foster gender-inclusive environments. This special program covered 8,970 employees to understand existing gender relations, eliminate implicit gender biases, and improved customer interaction at customer touch points.

RISE to Leadership - An Exclusive Learning Initiative for Female Leaders

In line with Bank's agenda to foster diversity & inclusion, exclusive learning sessions for emerging female leaders were rolled out. This platform provides growth opportunity to all aspiring female leaders to develop essential leadership skills, network with like-minded individuals and gain valuable insights from accomplished leaders in various field. 141 Female staff completed their 2-day customized training.

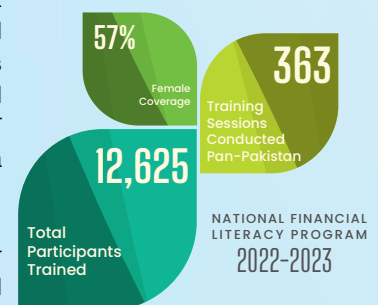
Leadership Excellence - Discover. Develop. Deliver

A transformative journey of self-discovery and growth was offered to the talent pool providing them with an exclusive opportunity to discover their unique leadership capabilities and strengths. This program has been designed phased wise, commenced with the self-discovery surveys, providing the staff with profound insights into their leadership strengths and areas of growth, setting the base for Leadership journey of 700+ staff. This is a comprehensive development program where participants will be engaged in immersive workshops & will delve into various leadership concepts & adaptive leadership strategies, empowering them with relevant skills & creating tremendous value for the Bank.

National Financial Literacy Program – Financial Inclusion for All

Supporting SBP's efforts on financial inclusion, MCB played its active role to support and achieve this aim again in its 7th year. During FY 2022-23, MCB conducted 363 training sessions Pan-Pakistan with the inclusion of 12,625 total participants including 57% female coverage. Through these sessions our field trainers increased the financial literacy across the far flung areas of Pakistan. Through SBP TTT programs, our master trainers also helped other commercial banks to develop a pipeline of trained officials for this key initiative.

MCB will continue to inculcate learning solutions for our people to enhance their personal and professional skills and nurture learning culture for organizational growth.



c. Occupational Health and Safety

MCB Bank places paramount importance on cultivating a work environment that not only ensures the health and safety of its employees and customers but also recognizes the significance of adaptability to unique workplace needs. The understanding that investing in occupational health and safety early not only avoids retrofitting costs but also enhances productivity and service delivery.

In response to the dynamic nature of workplaces, MCB has adopted effective measures, strategies, and initiatives to prevent, control, reduce, or eliminate occupational hazards. The implementation of a practical Occupational Health and Safety policy and guidelines reflects the Bank's commitment to staying abreast of technological, economic, and safety requirements. The staff at MCB Bank is not only well-informed about the importance of occupational health and safety standards but also actively contributes to maintaining these standards in the workplace.

Internal communication channels serve as a robust platform for reinforcing protective measures against various health, safety and environmental risks. All bank premises are equipped with First Aid Kits, demonstrating the Bank's commitment to emergency preparedness.

MCB's readiness extends to Facility Level Plans and Crisis Response Plans, which undergo regular updates to ensure preparedness for potential eventualities. The Bank has implemented stringent controls, processes, surveillance, and security equipment to safeguard the physical security of employees, customers, and visitors. Trained security personnel diligently implement these measures, and external Safety and Security Audits contribute to continuous improvement in workplace standards and alignment with industry best practices.

All iconic buildings and branches of MCB are fortified with modern fire safety, surveillance, and security equipment, showcasing a comprehensive approach to occupational health and safety. The well-established policy guidelines undergo periodic reviews and approvals by the Board and senior management. The Bank's unwavering commitment is evident through the integration of robust controls, risk control strategies, and the senior management's dedication towards ensuring the effective planning and implementation of in-house safety and health programs. In essence, MCB stands resolute in preserving its vision for the well-being of its employees, customers, and visitors.

Board's Policy on Employee Health, Safety & Protection

At MCB, safeguarding the health, safety, and welfare of our employees is of paramount importance. Our commitment extends beyond mere compliance with legal requirements to creating a workplace that minimizes the risk of work-related injuries and illnesses. This pledge is embodied in the Board-approved "Health, Safety & Environment" policy, underlining our dedication to continually enhance our health and safety management protocols. It reflects our unwavering dedication to fostering a workplace culture where the health and safety of every individual are not just policies on paper but an integral part of our organizational DNA.

Our policy goes beyond the confines of legal obligations; it encourages a proactive stance towards health and safety. This proactive approach encompasses all facets of our operations, from businesses and offices to branches, ensuring a uniform commitment to safety standards. It is a collective responsibility wherein every employee is not just expected to adhere to safety measures but also to actively promote the well-being of colleagues, customers, and non-customers alike

d. Business Continuity Plan (BCP)

Business Continuity Management (BCM) at MCB Bank is a dynamic process designed to proactively address potential threats, guaranteeing operational continuity before, during, and after disasters. It encompasses a comprehensive approach, combining policies, procedures, and plans to develop, drive, leverage, and protect business continuity consistently. Regular assessments of critical business processes ensure sustainability, adaptability, and ingenuity for optimal outcomes.

Senior Management and the Board, demonstrating a commitment to foresight, periodically review and approve the BCM Policy, Framework, and plans. The Business Continuity Management Committee (BCMC), a senior executive committee, translates these policies into actionable items, safeguarding critical processes and systems during outage scenarios.

MCB Bank places a strong emphasis on staff training for crisis management and contingency planning activities aligned with the business strategy. Even in recent past, during the pandemic situation, the critical business functions were fortified by dedicated and tested BCM plans, enabling the Bank to deliver high-quality customer services consistently.

Regardless of the disruption scope, MCB Bank, with its robust business continuity strategies, tactical measures, and a commitment to regular review and updates, aims to continuously meet the needs of valued customers and stakeholders. The Bank's resilient approach not only ensures uninterrupted operations but also exemplifies its dedication to excellence in business continuity management.

e. Business Ethics and Anti-Corruption Measures

A comprehensive "Code of Conduct and Business Ethics" guidelines have been disseminated for all staff of the Bank for information and signoff to mitigate and addresses the possible risks related to ethics and corruption.

The Bank is striving hard to maintain a strong compliance culture through its robust policies and procedures. Employees are expected to perform all Bank related task with due diligence and ethical manners. The code of conduct of the Bank comprehensively defines the values and minimum standards of ethical business conduct. Bank staff must ensure to follow ethical standards and guidelines while interacting with the clients, competitors, business partners, government and regulatory authorities, shareholders or with one another. It is the utmost responsibility of the Bank to ensure that employee's conduct is impeccable and within the Bank's defined Code of Conduct and business ethics.

MCB Bank strives to ensure a friendly and harassment free environment for all employees. The policy for protection of women harassment has been revisited and is circulated Bank wide every year. Zero tolerance for any form of harassment or discrimination is further covered in the Bank's existing Code of Conduct. The Disciplinary Action Committee (DAC) is vigilant and takes vigorous actions to address any violation of policies & procedures, acts of fraud & forgery, breach of discipline and code of conduct, ethics & business practices, law of land and statutory regulations by an employee. To maintain a harmonious and efficient work environment in which the employees are assured a nondiscriminatory, transparent, harassment free and respectful atmosphere regardless of their caste, religion and gender, HRMG has issued a clear and non-discriminatory Code of Conduct; violation of which may lead to disciplinary action.

f. Service Quality Function & Grievance Handling Mechanism

Service Council

Service Council is a monthly forum, chaired by the President, which brings together key stakeholders from across the bank with a view to place service on the forefront through thought leadership, collaborative discussions and creation of a clear service roadmap.

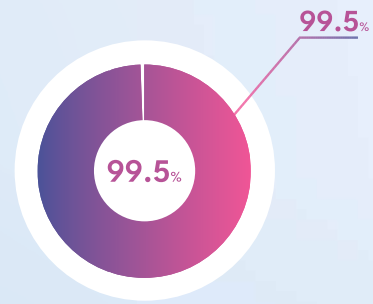
Customer Experience Management

Feedback is solicited from customers for all contact points via surveys and remedial actions are taken for identified areas:

- In the year 2023, the **VOC** (Voice of Customer) team increased its outreach to pan pak customers while covering added Products of the Bank and tapping pain points which were impacting customer experience.
- **Banca customers** were contacted to gauge their on boarding experience and feedback was also taken from the customers who cancelled their policies during the year.
- **Remittance Customers'** feedback was taken and remedial actions were taken with respective Stake holders accordingly. All branches were provided with added biometric devices to reduce customer Wait and Transaction times.
- **NTB** (New to Bank) **customers** were contacted to gauge their onboarding experience and to capture feedback on areas for improvement.
- **Complaint Resolution Satisfaction** was another area that was re-visited for customers who had lodged their complaints with the bank. Customers were also probed about their experience regarding ease of lodgment.
- **The External Customer Satisfaction Survey (CSS)**, with an external vendor was also initiated and executed during the year covering Retail, Consumer and Digital segments of the Bank across **Urban and Rural population**.
- The external CSS (Customer Satisfaction Survey) was further conducted in three phases with the intend to draw a comparative on the customer experience regarding the same product but using a different customer base each time.
- The Bank conducted CCTV Live Monitoring of 1,327 branches in 2023 to enhance customer experience.

Turnaround Time (TAT) Monitoring

During 2023, 99.5% of the total pan pak branches were monitored by following approved surveys parameters and protocols. The remaining branches were not visited owing to security concerns / remote locations while a few were under renovation. Moreover, 1,358 branches were 'Mystery Shopped' by independent external vendors and results of this activity were shared with management while focusing on further improvement.



Consumer Protection Measures

The Bank is committed towards providing quality products and services to its customers. It maintains a privacy statement for the usage of its products i.e. Credit Cards, ATM pins etc.

To ensure a culture of 'Quality Customer Service', the Bank has a dedicated Service Quality Division with the objective of strengthening the Bank's service culture. Regular training sessions are conducted in all Circles, Contact Centers and other front-end staff offices regarding 'Service Excellence' & 'Customer Satisfaction'.

Customer Grievance Handling

Bank considers complaints as opportunities for improvement and understands the link between complaint resolution and customer loyalty. We believe that complaints are a primary measure of customer dissatisfaction; thus, they should be taken seriously and staff should be encouraged to bring complaints to the forefront so that gaps can be identified and fixed.

Service Quality (SQ) function is the custodian of customers' grievance handling and works in collaboration with all businesses / functions of the bank responsible for acknowledging, investigating, tracking, escalating and resolving customer complaints within specified turnaround times. A centralized complaint resolution team manages all customer complaints through a Complaint Management System. Currently, all our customer touch points have access to this system so as to ensure that all complaints, whether verbal or written, are immediately captured in the system.

The Bank makes its best effort to ensure that resolution of complaints is comprehensive, appropriate and quick. The customer is kept informed on the status of their complaint, starting from complaint acknowledgement till its resolution. The escalation matrix for complaint resolution observed and designed in the system is such that a complaint, if not resolved within the specified turnaround time, gets escalated to the next senior level of management and keeps on escalating further till resolved.

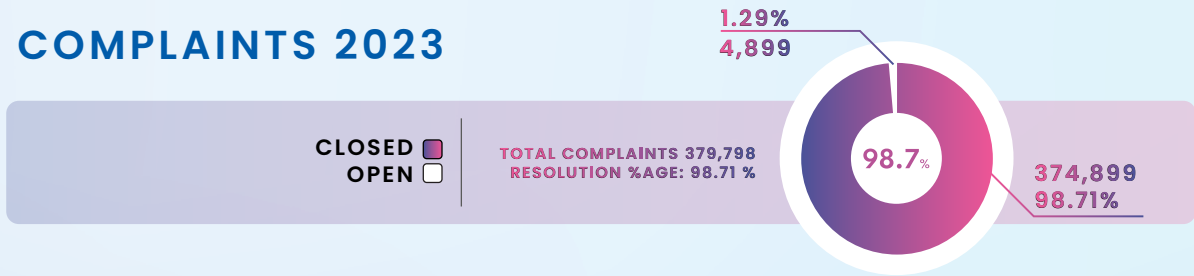
Service Quality Division also performs in-depth qualitative and quantitative complaints analysis followed by suggestions and recommendations in order to eliminate root causes of customer issues and drive continuous improvement.

During 2023, a total of 379,798 complaints were logged in the system out of which 374,899 complaints were resolved by the year end (resolution rate 98.71%).

There was a 11.21% increase in total logged complaints in 2023 as compared to the previous year. Total complaints logged during 2022 were 341,494.

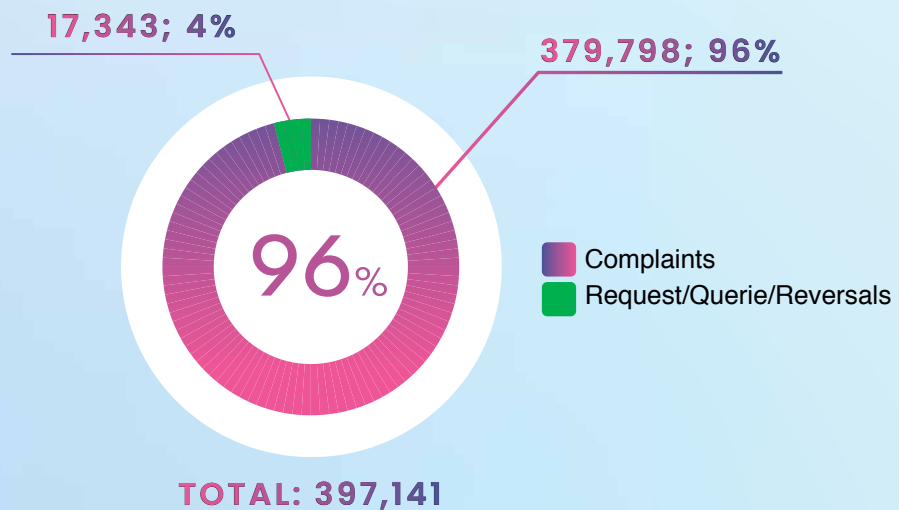
	NUMBERS	PERCENTAGE
STATEMENT OF COMPLAINTS	379,798	-
CLOSED	374,899	98.71%
OPEN	4,899	1.29%
AVERAGE RESOLUTION TIME	-	5WDS

COMPLAINTS 2023



STATEMENT OF COMPLAINTS	NUMBERS	PERCENTAGE
COMPLAINTS	379,798	95.6%
REQUEST/QUERIES/REVERSALS	17,343	4.4%
TOTAL	397,141	100%

Total Login Details



g. Banking on Equality and Women Empowerment

MCB Bank Ltd has been working diligently towards fostering a culture endorsing Diversity and Inclusion:

Training

- Trained staff for Gender Sensitivity Training now stands at 60% of staff, i.e. 8,533 staff members of the Bank have been formally trained and are acquainted with the concept of DE&I.
- More than 1,000 branches now have Women Champions – Ambassador Women Financial Services placed at respective locations who cater to the needs of female customers as front end personnel.

Empowering Women

- Women in Workforce as of Dec 31, 2023 stands at 2,637, (18.54 % of workforce)
- Various sessions and road shows for financial inclusion and digital financial literacy were held in 2023 to instill knowledge of financial facilities offered by the Bank while suggesting the importance of economic empowerment

- Prominent women influencers were invited to celebrate International Women's Day, Mother's Day, National Working Women's Day to inspire young women to excel and shine in their respective domains.
- RISE to Leadership- Various sessions were arranged in 2023 to help and guide the female workforce of the bank to become aspiring leaders in future.
- MCB Bank Ltd has attained Approved Employer status from ACCA Global. Female applicants will be encouraged to apply for the upcoming ACCA Affiliate Program.
- The Bank created a Women Protection and Empowerment (WPE) Unit in 2023, a dedicated function which manages Grievance and Harassment complaints received from the females working at the Bank. It counsels and guides female employees and is actively engaged in the development of Policy and Product improvement. The Unit works in collaboration with various teams and engages with various female education institutes.

Products

- In April, '23 the Bank rolled out a comprehensive relaxation policy for making the loan application process easier for potential female borrowers.
- MCB SME product suite is now available to women entrepreneurs across the country. In order to further promote women financing, the Bank has developed financing relaxations for women entrepreneurs.
- On the Agri Finance side, MCB has launched a Dairy Value Chain Financing for women and Solar Tube well financing.
- On the Liability Product side, MCB Ladies Current account was revamped and MCB Ladies Saving account was launched. 51,000 accounts were opened during 2023.
- Exclusive Debit Card bin was created for Ladies account to provide women centric discounts, rewards and alliances.
- MCB offers a Digital Account Opening Portal offering a convenient channel to open accounts remotely.
- Collaboration with CARE foundation and onboarding of 700 female employees took place who are now using MCB branchless banking wallet salary accounts.

People with Disabilities initiatives:

- 26 model branches have been completed/revamped to facilitate PWD customers.

3. Investing in communities

MCB Bank is committed to create sustainable economic and social development for our stakeholders. All groups of the Bank work throughout to identify and execute opportunities that cover health, community, recycling, green banking and environment protection, awareness and empowerment etc.

Following areas were addressed by the Bank in 2023:

- Youth Development Program
- Community Development & Healthcare awareness
- Consumer facilitation services
- Privilege banking
- Energy Conservation
- Environmental Cleanliness & Protective Measures
- Solarisation
- Remittances services
- Environmental & Social Risk Management (ESRM)
- Green Banking



Youth Development Program

All Pakistan Memon Federation (APMF) represents the interests of 3 million memons living in Pakistan and has more than 57 affiliated Jamaats under its umbrella. The organization engages in a wide range of social welfare activities including but not limited to Housing rent assistance, financial assistance on marriage, offering discounts and scholarships in Education and Healthcare and also promotes self-employment programs. Considering the positive social effects of their various welfare initiatives, MCB Bank collaborated with APMF to sponsor their 5-year Youth Leadership Development Program which intends to develop leadership and entrepreneurial skills among the participants and provide them with Education pathways and support them in future goal setting. An event under this program took place on 24th and 25th December 2023 at Moven Pick Hotel Karachi.

Community Development & Healthcare awareness

The Bank seeks to support key initiatives that bolster the health care sector of Pakistan.

The Bank has partnered with Saleem Memorial Hospital to offer discounted healthcare services to our MCB employees and their families. This initiative is based on our commitment to the health and well-being of team members, who are the backbone of our success. Through this collaboration, we aim to provide them with access to quality medical care at reasonable costs.



The Bank also helped generate awareness for organizations like Edhi Foundation, Saylani, Alkhidmat, Chhipa Welfare, Shaukat Khanum Memorial Cancer Hospital, SIUT, Pink Ribbon & Care with its internal and external communication through various ADC platforms; especially during the holy month of Ramadan.

In its effort to support healthy outdoor activities, the Bank continued to play its part by extending ongoing monthly maintenance support to Shuhada Park Chakwal.

During the year, MCB Bank Sponsored Habib University Foundation to contribute in education sector.

In order to support health care sector The Bank also supported patient's Behbud Society (AKUH) & Lahore Hospital Welfare Society.



Consumer Facilitation Services

Credit Card Online Portal

Credit card online portal targets customer convenience and has been enriched with additional features to provide customers with smooth and effortless management of their credit cards. These additional features also attract, engage and facilitate non MCB account holder who cannot avail MCB Live facility at the moment. The following features have been added:

- Online inquiry
- Cash back against reward points
- Credit cards statement for current and previous month
- Channel activation & deactivation (e.g. local & international ATM, POS transactions, ecommerce transactions, recurring transactions/subscription etc.)
- Temporary card block (with re-activation option available)
- Permanent card block (replacement option available)
- Generation of WHT certificate

Wealth Management

This Pinktober 2023, MCB Wealth Management in collaboration with Adamjee Life initiated a Breast Cancer awareness campaign which ran from October 20th, 2023 till October 31st, 2023.

MediQ, a medical consultation partner provided FREE on-request consultation services with healthcare experts to all MCB account holders during the campaign tenure. MCB account holders could connect with professionals at their own convenience, anywhere and anytime. In order to funnel awareness, MCB Bancassurance posted social media posts and routed the message to all MCBians via Corporate Communications.

This not only provided an opportunity to create awareness but also created a Har Pal Mehfooz moment for our valuable customers.

Privilege Banking

Privilege Banking has conducted regular engagement sessions for its customers. The events keep High Net Worth (HNW) customers well informed of our product suite as well as MCB Bank's CSR initiatives. In this light, they are encouraged to also contribute towards the cause of social welfare.

Energy Conservation

MCB Bank is fully aware of its responsibility towards conserving energy country-wide by exercising strict control over electricity lights, discipline whether in the bank branches or principal offices. MCB Bank accords priority to actions that contribute towards national obligations.

MCB Centre Lahore building has acquired & maintained WWF certification of Green Banking, which is a big achievement in-line with energy conservation by using solar energy, LED lights, paperless work and water conservation. WWF-Green Office is a practical environmental program designed for office/workplace, which helps to reduce the carbon footprint, achieve resource conservation and contribute towards slowing down climate change.

Moving towards improved monitoring & conscious utilization of fuel, water, electricity and paper etc. to help in own impact reduction, the bank has initiated baseline data collection for resource consumption in other buildings. This will support in enhanced vision of in-house operational management of natural resources. The Bank also engages employees through its internal communication forum to follow the best practices and initiatives to inculcate consciousness to save energy.

Energy Saving Measures

MCB Bank is already conscious of controlling excessive electricity usage. The bank through its concerned departments & staff monitors power consumption and ensures that all unnecessary lights / gadgets are switched off if not required.

Natural light is utilized instead of artificial lights during day time wherever possible in the buildings. Windows/ blinds are kept open to capture sunlight for heating during winter. Almost, all the bank buildings have been switched over to the LED Lights.

To exercise maximum control over building energy resources, a Building Management System (BMS) is installed at MCB Bank Principal Buildings i.e. MCB House Lahore, MCB Center Lahore and MCB Tower Karachi. The facility enables to control all the building fitted resources from a single point/ place. Scheduled cleaning of HVAC filters and air ducts is ensured to further support energy conservation.

Environmental Cleanliness & Protective Measures

Waste is a major hazard to health of employees and aesthetics of the organizations. MCB Bank focuses on waste reduction for environmental improvement and workforce productivity. Therefore, MCB Bank has segregated the building waste into recyclable and non-recyclable waste, for converting waste into recycling mode.

MCB Bank is moving towards paperless banking and resource efficiency in our operations. Some of our notable initiatives include reduction of environmental footprint in transportation and mobility of staff, energy efficiency in offices, greening of office premises and developing a culture of self-segregation of waste into dry and wet waste streams at source.

We ensure our wet waste including kitchen and organic materials are responsibly led to the landfills with minimum impact to the natural environment. To enhance awareness and behavior change of employees and staff, formal and informal channels of corporate communications and campaigns are run to encourage staff to take actions, such as tree plantation and awareness walks.

Partnership building is very important for environmental sustainability. Therefore, we are keen to develop impactful collaboration with civil society organizations such as Amal who are facilitating us to run MCB Bank's Green Office Program and achieve Net Zero objective.

Plantation with-in the commercial business premises / branches is encouraged by the Senior Management.

Emails through corporate communication are circulated to each staff, to maintain high standard of cleanliness inside/ outside office buildings/ premises. The respective building Administrators & each building floor coordinators periodically emphasized to maintain high quality cleanliness.

Solarization

In order to adhere to its commitment to energy conservation and green banking, the Bank continued to implement clean energy projects for solarization of branches & buildings during the year 2023. Total number of solarized branches stood at 43 at year end with an accumulated generation capacity of 395kW. The provision of solar systems enabled these branches to reduce their dependency on fossil-fuel based grid electricity and remain operational during business hours for customers & staff while harnessing clean energy.

Building on the same momentum, the bank launched a mega project of solarization of 300 more branches across Pakistan in second phase by engaging leading solar companies. This project was launched in the last quarter of 2023 and is expected to be completed by mid-2024, with an anticipated total PV installation of approx. 3MW or more.

The 60.5kW On Grid solar power plant with an annual generation of approx. 85MWh units, was successfully installed and commissioned at one of bank's iconic building, MCB Landmark, in Islamabad. In parallel, the bank engaged solar companies to conduct survey of other iconic buildings in major cities including Lahore, Karachi and Multan to gauge potential of solarization with the aim to reduce energy bills. Detailed surveys were conducted by leading solar companies for MCB Shahrah-e-Aiwan-e-Tijarat China Chowk, Lahore, MCB Guest House Karachi and MCB Abdali Road Building, Multan. Feasibility reports for these locations will be reviewed for project planning and execution.

MCB Bank has taken these initiatives not only to meet legal requirements but as it is own corporate social responsibility to address environmental concerns of our worthy clients and stakeholders. We are proud that MCB Bank has adopted Green Banking Guidelines of the State Bank in letter and spirit. The MCB Bank management appreciates the cooperation it has received from its employees and staff and the interest shown by its stakeholders in adopting the responsible and ethical business practices.

Remittances flow in the country

Flow of remittances through banking channels is an important contributor to the national cause. MCB Bank proudly stands at the forefront of Pakistan's financial landscape, actively fostering economic resilience through its commitment to facilitating remittances. With an unwavering dedication to serving Pakistani diaspora, MCB Bank has emerged as a beacon of trust and reliability for those living abroad. In 2023, MCB received an inflow of USD 3.2 billion, a testament to the faith placed in its services by overseas Pakistanis. This accomplishment led MCB Bank being recognized as the Leading Remittance Mobilizing Bank of Pakistan by PRI, at the 3rd Pakistan Remittance Summit 2023 held in Malaysia.

Board's statement about Bank's strategic objectives on ESG /Sustainability reporting

The banking sector can play a crucial role in achieving Sustainable development goals because its involvement in sustainable activities has a potential impact on the sustainability of other industries through the lending channel.

The Bank focuses on several key principles as an institution. It is committed towards fostering a better work place, connecting, enriching and supporting the communities in which we live and cleaner environment through varied initiatives with measurable outcomes. By committing to a culture of excellence, good governance, transparency and integrity, it ensures that all activities are conducted in a manner that is ethically responsible transparency and integrity, it ensures that all activities are conducted in a manner that is ethically responsible and beneficial for all stakeholders. We, therefore embrace the globally accepted ESG criteria to ensure that our organization's corporate interests are primarily focused on sustainable and ethical impacts towards long-term organization's corporate interests are primarily focused on sustainable and ethical impacts towards long-term value creation for internal and external stakeholders of the Bank.

The State Bank of Pakistan (SBP) has played a pioneering role in integrating environmental risks into overall credit assessment and developed the Green Banking Guidelines (GBGs) for Pakistan's financial sector in 2017. During 2022, SBP has issued Environmental & Social Risk Management (ESRM) Implementation Manual for Financial Institutions.

The BoD has overall responsibility of green banking oversight and has developed ESRM Policy and Procedures. For environmental and social due diligence of Customers, a new rating model namely Environmental & Social Risk Rating (ESRR) Model has been implemented.

Chairman's Overview: Embed Sustainability for Financial Performance

We believe that the Bank play's a unique and vital role in enabling a more secure, equitable and sustainable future. That's a responsibility we act on every day, right across our team. Through our interactions with our stakeholders we understand their sustainability ambitions and help make them real, and through our commitment to help create economic opportunities for all, both inside our Bank and across the economy.

MCB is aware of its importance in this transition towards a more sustainable world, primarily through its financing activity and has the desire to play a relevant role, as demanded by the society, in this shift towards a sustainable future. Furthermore, the Bank is committed to banking responsibly and will ensure that its activity is developed in line with a series of values, principles, criteria and attitudes aimed at achieving sustained creation of value for its shareholder groups.

- **Embrace Sustainability as a Core Strategy**

The Bank has integrated environmental and social considerations into decision-making processes relating to the business activities to avoid, minimize, and offset negative impacts. For the environmental and social due diligence of customers, the Bank has developed and implemented a new rating model; namely the Environmental & Social Risk Rating (ESRR) Model. This will enforce a restriction on providing for or funding businesses that pose a threat to the environment or community in which they reside.

For MCB, delivering on our ESG strategy by accelerating climate action, creating access to opportunities, and building integrity and trust often requires innovative thinking and challenging the traditional ways of doing things, During the year the Bank took the initiative for green energy via the installation of solar panels and aim to power 300 branches by the end of 2024. In addition, traditional lights and equipment are being replaced by LED and inverter-based technology.

By rigorously implementing our sustainability strategy, we have made substantial progress in integrating sustainability into our business and operating model. Sustainability practices will help to reduce the carbon footprint, energy cost, mitigate risks associated with regulatory non-compliance, reputational damage and attract socially conscious investors thus reflecting a positive impact on the Bank's financial performance and goodwill.

- **Stakeholder Engagement**

Stakeholders hold a vested interest in a Bank's success, and their actions and decisions can directly impact its financial performance. Recognizing the vital role, we're committed to continuing to activate our resources to create positive change for our clients, team, communities and the planet.

Continuous engagement with stakeholders inside and outside the Bank through digital media and branch network, the Bank was able to understand their needs and expectations, and tailor its products and services accordingly. This not only resulted in increased customer retention and business opportunities but also added to the long-term financial stability.

- **Risk Management & Long-term Financial performance**

Adoption of sustainability reporting has provided the Bank with a vast array of granular and standardized extra-financial indicators that shall help the Bank in assessing and monitoring ESG risks and opportunities.

The Bank, by using extra-financial indicators, can gain a better understanding of the material ESG risks associated with its customers' business activities, helping reduce their exposure to those risks for the Bank itself, the environment, and society as a whole.

Additionally, sustainability reporting and granular data shall help the Bank to identify and seize opportunities for investments in sustainable projects that better align with its values and strategies.

- **Enhanced Transparency and Accountability**

Sustainability reporting has improved transparency and accountability by providing investors and other stakeholders with a better understanding of the Bank's environmental and social impact. This will help the Bank to build trust and strengthen relationships with stakeholders, including regulators, clients, NGOs, and shareholders.

With the continuous adoption and implementation, the Bank is able to communicate its sustainability performance in a more consistent and meaningful way, which can help to enhance its reputation as responsible Financial Institution; while facilitating the Bank in avoiding reputational risks associated with legal or regulatory penalties and in-turn enhance focus on its core businesses.

- **Competitive Advantage and Differentiation**

The adoption of sustainable practices presents a competitive advantage and differentiate the Bank from its peers. By adhering to these, the Bank has signaled its commitment to ESG considerations and responsible investing to clients who prioritize these issues. This shall help the Bank to attract a loyal customer base, including younger generations who are increasingly concerned about sustainability and expect their Financial Institutions to align with their values.

Moreover, by integrating sustainable finance into its business strategy, the Bank shall have access to growing markets and customer segments that prioritize sustainability; enabling the Bank to generate new revenue streams, and enhance its market share.

Supply chain disruption and Risk Mitigation

Local and international trends have transformed the way banks operate, affecting their capital positions and profitability. In particular, ongoing digitalization and technological innovation continue to add pressure on the traditional banking models, including the supply chain. While management's focus on capital preservation, profitability and growth for shareholders remains, risks from an operational perspective have intensified.

Environment

Natural Disaster Risks

Overview

Environmental risks like earthquakes, hurricanes, floods, or pandemics that harm infrastructure, disrupt logistics, or result in shortages.

Risk Mitigation

The Bank has business contingency plans and disaster recovery (DR) sites to help address these risks.

Social

• Geopolitical Risks

Overview

Social uncertainties arising from political changes, cross-border conflicts, trade disputes, and regulatory shifts.

Risk Mitigation

The Bank addresses these risks by staying informed about global events and political updates, has a geographically diversified branch network to provide services to its customers and has adopted flexible vendor sourcing in the era of globalization.

• Man-Made Risks

Overview

Supply chain disruptions occur due to various artificial risks from human actions, such as strikes, terrorism, vandalism, or intellectual property theft.

Risk Mitigation

To address these risks, The Bank utilizes comprehensive due diligence, established security protocols, vendor scrutiny & approval process and have contingency response plans to minimize disruptions' impact.

Governance

Cybersecurity Risks

Overview

Threats such as hacking, phishing, malware, and ransomware can disrupt operations, cause data breaches, or compromise sensitive data

Risk Mitigation

The Bank has addressed these risks by undertaking strong supply chain security measures, including, encryption, thorough security audits and have in place a robust internal IT governance and cybersecurity infrastructure.

ESG Reporting & Challenges

1. Measuring & Quantifying ESG Factors

- **No unified or “universal” standard**

The absence of a unified ESG reporting standard has resulted in the emergence of numerous sustainability reporting frameworks, surveys, and initiatives to engage shareholders and data providers, each with their unique approaches and prerequisites. Consequently, banks frequently find themselves in the position of having to determine which sustainability aspects to emphasize, what to disclose, and which metrics to use. This lack of standardized ESG reporting metrics poses a significant challenge, hindering performance comparison and decision-making for organizations and investors.

- **Subjectivity and complexity**

ESG factors encompass various performance measures. These are commonly referred to as qualitative and quantitative metrics or indicators that capture corporate ESG performance. However, some of these factors are more subjective than others, making their measurement and quantification challenging; particularly relevant in the context of informal operating environments like in Pakistan.

2. Data Collection and Management

- **Data fragmentation and silos**

Manually gathering relevant sustainability data from diverse sources within the organization can be complex, particularly if the data is dispersed across departments and systems. Indeed, fragmentation seems to be the name of the game. Spreadsheets are prone to error, and disparate systems often have no way of speaking to one another (at least, not in a way that a human can readily comprehend). And, because data banks are siloed, integration or system interoperability is not readily available.

- **Inefficient and convoluted workflows**

Inefficient and complex workflows are one of the byproducts of the traditional siloing of ESG data. Because corporate sustainability is inherently a cross-functional exercise, nearly every department tends to oversee some aspect of it. From human resources to building operations to finance, coordinating the data collection, reviews, and approval from these various teams can be arduous and prone to error.

- **Data complexity and scope**

ESG reporting covers a broad spectrum of environmental, social, and governance issues, each with its own set of indicators and data requirements. Tracking and collecting data across these diverse dimensions can be complex and resource-intensive. In addition, relevant ESG data might be hard to come by: it may be proprietary, confidential, or difficult to access, particularly when it comes to supply chain information or indirect environmental and social impacts.

3. Stakeholder Engagement and Communication

- **Diverse stakeholder groups**

ESG reporting involves engaging with a wide range of stakeholders, including investors, employees, customers, communities, NGOs, and regulatory bodies. Each stakeholder group has unique interests, perspectives, and information needs, making it challenging to communicate and engage with all of them simultaneously.

- **Varying levels of knowledge & complexity**

Stakeholders have different levels of familiarity and understanding of ESG issues, reporting frameworks, and terminology. Communicating complex ESG topics—and large volumes of data—in a way that is accessible and meaningful to diverse stakeholders isn't always immediately apparent. Moreover, making the data understandable and relevant requires careful interpretation, analysis, and contextualization, which can't be achieved overnight.

- **Transparency and trust concerns**

Stakeholders increasingly demand transparency and assurance regarding ESG performance. However, ensuring the accuracy, reliability, and consistency of reported data can be challenging, leading to concerns about greenwashing or misleading information. Indeed, a lack of robust data management, verification processes, and streamlined communication can make trust hard to come by.

Certifications Acquired and International Standards Adopted

World Wide Fund for Nature (WWF) - Green Office Certification

MCB has successfully attained 'Green Office Certification' from WWF for one of its iconic buildings; MCB Centre, Lahore. This certification represents a landmark achievement in MCB's pursuit of reducing the ecological footprint at its workplace and has consequently placed the Bank in an exclusive club of domestic Banks that have met the requirements of this rigorous assessment and certification program.

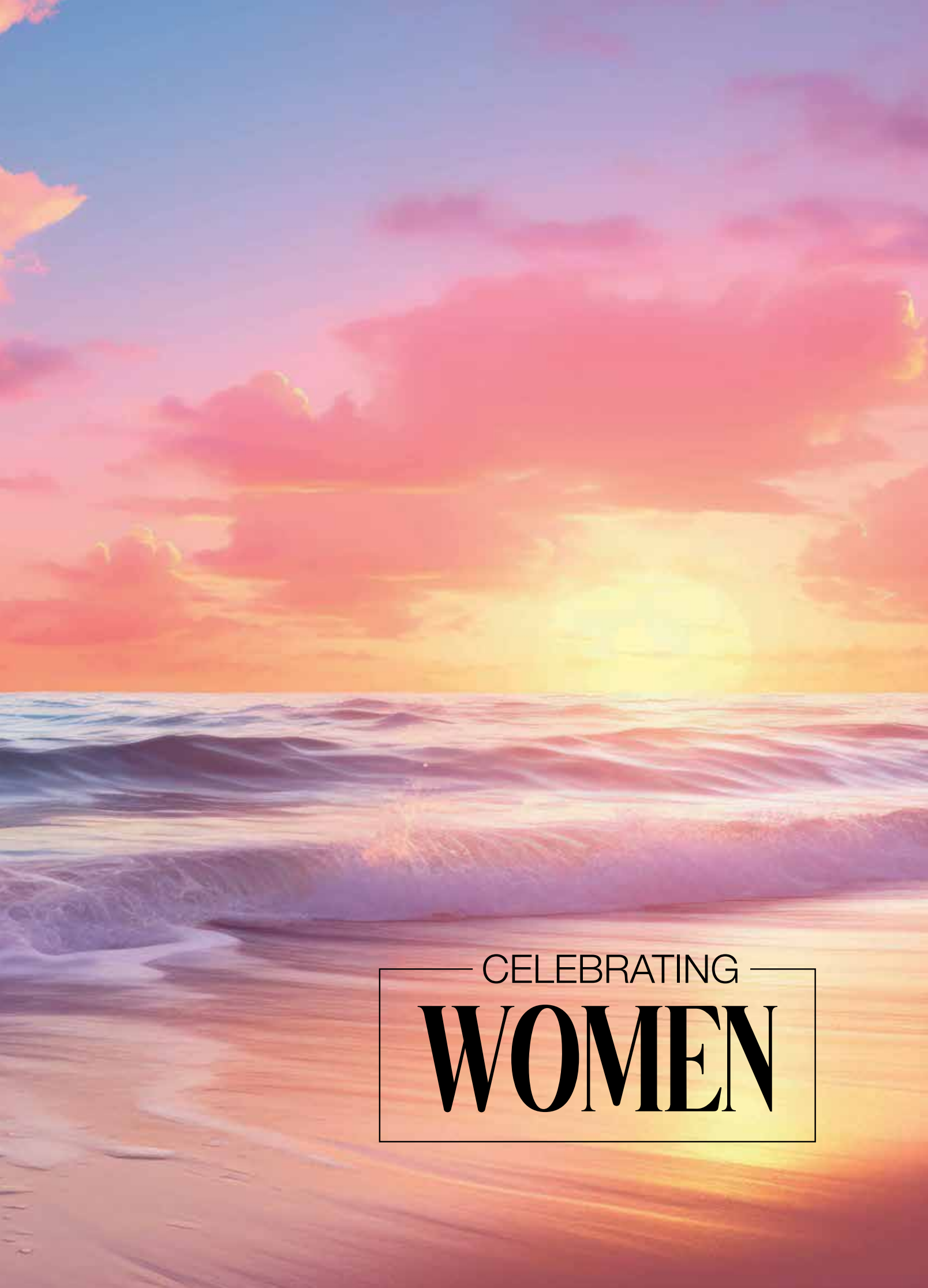
MCB and The Sustainable Development Goals

Connecting an international building standard with global aims

Seven umbrella categories under which The MCB Bank Limited contributes to the Sustainable Development Goals (SDGs):

<p>In addition to supporting employees' health and wellbeing, the Bank also actively engages in community services within the health sector under its CSR Plan. During the year under review, MCB donated Rs. 16 million cumulatively to 'Lahore Hospital Welfare Society', Patient's Behbud Society for 'The Aga Khan University Hospital (AKUH)' and 'Saleem Memorial Trust Hospital'.</p> <p>Additional initiatives have been disclosed in the 'Sustainability & Corporate Social Responsibility' 'Green Banking' sections of the Annual Report.</p>	<p>The Bank prides itself on providing equal employment opportunities that are free of discrimination and are being implemented on a methodical and merit based selection process:</p> <ul style="list-style-type: none"> • There has been a consistent growth in the number of female staff at the Bank (18.3% in 2022 to 18.54% in 2023). • 12.8% of the women reporting directly to the Head of Departments (HOD's) who in turn report to the CEO. • During FY 2022-23, MCB conducted 363 training sessions pan-Pakistan with the inclusion of 12,625 participants in total; including 57% female coverage 	<p>MCB, being originator of Green Financing activity, gives preference to energy efficient & social conscious industries by following its internal financing protocols. Before considering any financing request, due weightages are given to customer's environmental & social factors including compliance to all national, international and provincial environmental & social laws.</p>	<p>The Bank continued to effectively play its role as a key service provider and intermediary in the financial market; hence, making a significant contribution to the country's economic growth:</p> <ul style="list-style-type: none"> • Created employment opportunities which led to the hiring of 2,329 employees. • Contributed Rs. 60.787 billion in the national exchequer on account of income taxes paid to Government Treasury. • 59 differently abled people have been employed, as permanent staff, by the Bank as on December 31, 2023. • Extended finance to all key economic segments including the SME and Agriculture sector which cumulatively contribute above 40% to the domestic GDP. <p>MCB remains steadfast in its commitment to support government's economic policies aimed at fostering economic development and better utilization of resources. Key measures taken to support policy initiatives stemming from the national agenda of financial inclusion, digitalization of financial services, reforms in the Foreign Exchange (FX) framework and promotion of sustainable finance have been disclosed in the 'Directors Report'.</p>	<p>The Bank continues to actively contribute to SBP's cause of improving financial inclusion in the country by extending branch outreach and customer access avenues.</p> <p>MCB has over 1450 branches across Pakistan and is connected with its customers through multiple digital touchpoints. These touchpoints include ATM, CCDM, POS machines, QR codes and Bank's corporate website</p>	<p>MCB's Green Banking Policy lays the foundation for safeguarding the Bank against environmental vulnerabilities and playing its due role in transforming the country towards a low carbon and climate resilient economy.</p> <p>The detailed policy has been disclosed in the 'Green Banking' section of the Annual Report</p>
<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>5 GENDER EQUALITY</p>	<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>1 NO POVERTY</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>





— CELEBRATING —
WOMEN

In 2023, MCB Bank remained steadfast in its commitment to fostering a culture of diversity, equity and inclusion (DEI) within its workforce, recognizing the invaluable contributions of women to the organization's success. Embracing the principles of inclusivity and gender balance, MCB Bank continues to prioritize initiatives aimed at creating an environment where every individual, regardless of gender, feels empowered to thrive professionally and personally.

Throughout the year, MCB Bank launched a series of targeted initiatives designed to champion women's advancement and address gender disparities in the workplace. These initiatives ranged from leadership development programs and skill-building workshops, by providing tailored support and resources, MCB Bank sought to enhance the representation of women at all levels of the organization, fostering a pipeline of diverse talent poised for leadership roles.

One of the cornerstones of MCB Bank's DEI efforts was the implementation of policies and practices that promote gender balance and equitable opportunities for career progression. By establishing transparent and merit-based processes for recruitment, promotion and leadership appointments, MCB Bank ensured that talent is recognized and rewarded based on competency and potential, rather than gender. Additionally, MCB Bank continued to invest in training and development programs specifically designed to equip women with the skills and knowledge necessary to excel in their roles and advance their careers within the organization.

Furthermore, MCB Bank actively engaged with external partners and stakeholders to advocate gender equality and women's empowerment beyond the confines of its own operations. Through strategic partnerships with industry associations, non-profit organizations, and government agencies, MCB Bank amplified its impact by contributing to broader initiatives aimed at addressing systemic barriers to women's participation in the workforce and promoting gender-inclusive policies and practices across the banking sector and beyond.

Celebrating Women in the Workforce: International Women's Day

In celebration of International Women's Day, MCB Bank proudly organized 'Gal-Axy of Leaders', an event dedicated to recognizing female staff to share their experiences, insights, and tips, empowering each other to reach for the stars. MCB Bank is committed to promoting gender diversity and inclusion in the workplace, and was honored to celebrate the remarkable women who help drive success.



“



Natasha Ahmed

You are bold, You are beautiful, You are brilliant!

”

“



Wajiha Afridi

Women are achieving a lot. It is an absolute delight to see all of this happening at MCB !

”

“



Mehreen Iftikhar

My message is to create and renew our commitment to uplifting women. Create a world where gender equality is a reality.

”

“



Nadia Aslam

We have just started to chip away at the glass ceiling. I want all young women to come forward and break this glass ceiling and make it a part of history !

”

“



Samia Rehman

It's not so easy to become an SVP or Divisional Head. I have faced a lot of challenges but one thing I keep on telling myself is, I can and I will !

”

“



Shazia Basheer

Today we celebrate the resilience, strength and beauty of women. Happy Womens Day to my MCB family !

”

MCB Bank's Mother's Day campaign 2023

MCB Bank celebrates the incredible women in our workforce who gracefully fill the shoes of both moms and employees. We interviewed some of these remarkable individuals, and their heartfelt stories remind us of the immense dedication and strength they possess. From juggling work deadlines to nurturing their families, they exemplify the true meaning of multitasking. We are proud to acknowledge and appreciate these extraordinary women who inspire us every day. Happy Mother's Day!

*Celebrating
Mothers*



“ Thank you, Mummy. I want to celebrate you and treat you like the queen of our house every day. I am very lucky to have you as my mother! ”

-Nausheen Karamally



“ Thank you, Mother, for supporting me, loving me, and caring for me. You are the heart and soul of our family. Home is wherever you are, Mom. ”

-Kamran Butt



“ Thank you, Mama, for raising me right even though I was a handful. Your unwavering support and belief in me shaped who I am today. ”

-Natasha Ahmed



“ Thank you, Ammi, for your unconditional love, support, and prayers. My day isn't complete without hearing your beautiful voice. I love you. ”

-Syed Faheem Ahmed



“ Thank you, Mom. All I am I owe it to you. If I have done anything in life worth attention, I feel sure that I inherited the disposition from you. ”

-Bilal Andrabi





Celebrating Pinktober 2023 MCB and Pink Ribbon join hands for Breast Cancer Awareness

MCB Bank is a strong advocate for women and women's health. Healthy women lead to healthy families which lead to healthier societies. In the past, MCB Bank has joined hands with several reputable organisations, including SKMCH, Pink Ribbon and others to create awareness of diseases that majorly impacted women, with an aim to dispel common misperceptions and foster awareness.

This year, MCB Bank joined hands with reputable NGO Pink Ribbon Pakistan to organize a special breast cancer awareness seminar for female staff members at MCB Head Office in Lahore. Breast cancer is highly prevalent in South Asia, especially in Pakistan where over 40,000 deaths annually are attributable to this dreaded disease.

During the session, Ms. Sonia Qaiser, Programmes and Fundraising Manager at Pink Ribbon Pakistan, presented essential facts and insights into breast cancer and how simple precautionary measures such as annual checkups and mammograms could mitigate the risk of the disease. If detected early and treated promptly, there was an increased likelihood of the illness being completely cured.

After the presentation, members of the audience raised pertinent questions on symptoms, signs and treatment of breast cancer in Pakistan. The seminar was well received by female colleagues, who felt the session helped raise attention and awareness of this important health issue.



MCB L&D Centre Karachi



MCB UAE



Key Note Speaker: Ms. Nadia Jamil





MCB House Lahore



MCB L&D Centre Lahore

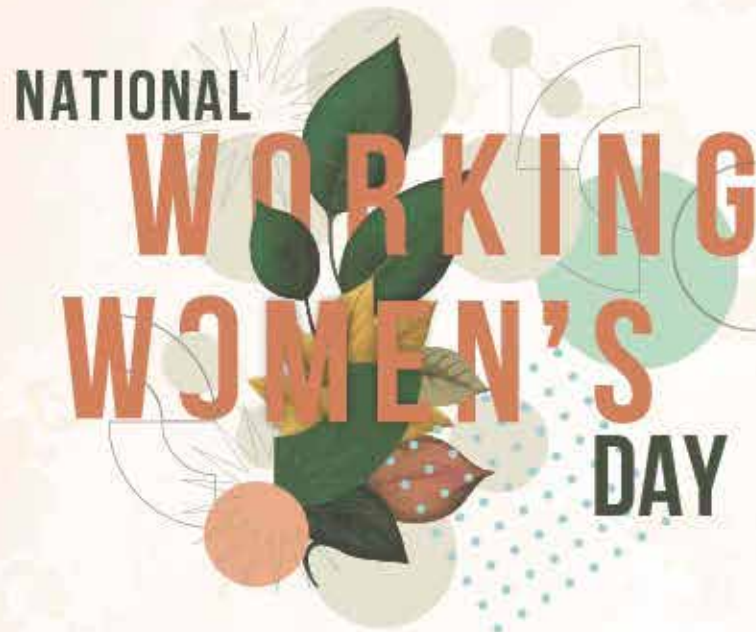


MCB Sri Lanka



MCB Bank's National Working Women's Day Event

MCB Bank organized an event for National Working Women's Day to celebrate and acknowledge the achievements of women. The event was held simultaneously across 7 locations and 3 countries. The session included keynote speeches, panel discussions. The Panelists included successful entrepreneurs, senior executives, and female leadership from non profit organizations. The event aimed to inspire, empower, and support women in the workplace.





Naz Mansha
Chief Executive Officer
Nishat Linen (Pvt) Limited

When I started work, I hoped that I would have a total female workforce. Unfortunately, that dream was shattered quite quickly because, unlike China, where I have seen women do heavy duty work, they are carrying heavy loads, here women don't do these kind of things. There is a restriction, in our industry, that we can't keep women after sunset. Whatever it is, it is, therefore I had to maintain a mixed gender workforce. However, I am happy to meet you all, you guys are all privileged and you come from good backgrounds. When I started in 1989, even though I had a subsidized canteen, women used to come with their food in their little handkerchiefs, they wouldn't look me in the eye. Today they come with a little purse and are wearing heels. They are dressed like I am, and they are confident. They are contributing to their households, so they have respect in their families. I think this is an amazing time for women.

”

My name is Roshaneh Zafar and I founded Pakistan's first Microfinance Company that targets women from low-income groups. I would urge all women who want to set up their careers to use data as a friend because you have to be evidence backed when its comes to decision making. That's something I learnt over the years. Challenges will be there but we also need to know that those challenges are ways to strengthen us. The challenges that we face are lessons in the making. On that note, I would like to wish every woman Happy National Working Womens Day.



Roshaneh Zafar
Founder and Managing
Director Kashf Foundation



Shoaib Mumtaz
President & CEO

As we celebrate National Working Womens Day at MCB Bank, it is with immense pride that I acknowledge the invaluable contributions of our female colleagues. The strength and resilience demonstrated by the women in our workforce is not only commendable but essential to our success. Embracing diversity in our teams lead to innovation, creativity and a more robust workplace. Today, let us reaffirm our commitment to fostering an environment where every individual, regardless of gender, thrives and contributes meaningfully to our shared goals. Happy National Working Womens Day!

”





MCB Karachi



MCB Sri Lanka



MCB L&D Centre Lahore

Successful Commemoration of National Working Women's Day

Women Protection and Empowerment in collaboration with Marketing and Learning and Development recently, organized an event at the MCB Head Office to commemorate National Working Women's Day. The occasion was celebrating the achievements and contributions of our female colleagues across borders. The event featured active participation from our dedicated female colleagues in Sri Lanka, Dubai, and Bahrain, creating a sense of unity and camaraderie among our international teams. We were honored to have Mrs. Mansha, CEO of Nishat Linen, as the Chief Guest. Her insightful remarks and presence added immense value to the event, inspiring everyone in attendance. Additionally, we were privileged to host esteemed international female clients who joined us via virtual conference. They shared their incredible journeys and milestones to success, providing valuable insights and fostering a global perspective on women in the workplace. The event was met with enthusiastic responses, highlighting the positive impact it had on our diverse and talented team. We extend our heartfelt gratitude to all participants, making this commemoration a truly memorable and empowering experience.





**GREEN
BANK**



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Green Banking

“Green Banking” is a holistic approach that envisions the incorporation of Environmental and Social considerations into various aspects of banking operations, products and services. The main objective of Green Banking is to enhance the resilience of financial institutions to environmental and social vulnerabilities by implementing sustainable banking practices and addressing environmental risks associated with both business activities and in-house operations.

The concept of Green Banking has gained momentum in Pakistan due to growing concerns about climate change, environmental degradation and social inequality. Banks are embracing Green Banking principles which intend to promote sustainable development by aligning financial activities with environmental and social responsibility. Recently, State Bank of Pakistan (SBP) has issued Environmental & Social Risk Management (ESRM) Implementation Manual to strengthen and accelerate the implementation of the Risk Management Section of its already issued Guidelines on Green Banking (with addition of Social Risk).

In the year 2023, Green Banking continued to evolve within MCB Bank as forward-thinking concept in line with SBP's aim to decarbonize the country's economy. The Bank is fully aligned with SBP's guidelines by incorporating necessary amendments into its Green Banking Policy (with addition of Social Risk) and has also developed an ESRM Manual that will enable the relevant functions to systematically review, assess and manage Environmental & Social risk of the clients.

The overarching objective remains the fortification of Bank against Environmental & Social risks emerging from bank's operations. Additionally, MCB Bank is also committed to enhance integration of sustainable practices in Bank's own operations through use of information technology and appropriate physical infrastructure. These efforts will position the Bank as a responsible and sustainable financial institution marking an initial step toward the aspiration of becoming a Net Zero or Carbon Neutral Bank in the future.



Environmental & Social Risk Management System

The Bank has initiated Environmental & Social (E&S) Risk assessment of existing and prospective borrowers as part of the credit approval process for its overall operations both at Pakistan and Overseas jurisdictions. This initiative is envisaged to enable the Bank to identify, assess, manage and mitigate possible E&S risks involved in the Bank's credit portfolio.



Green Finance Products/Services

MCB Bank has introduced various tools to embed sustainability into its array of products and services. These products include Renewable Energy, Digital Services, household energy efficient products and advanced Drip/Sprinkler irrigation techniques etc. The Bank has capitalized the mandate for utilization of allotted limits under SBP's Renewable Energy Scheme by directing investments towards various Green financing projects across the Corporate, Consumer, SME and Agriculture sectors. These projects contribute significantly to the generation of renewable energy, aligning with the Government's objectives to increase the share of alternate energy in the country. Bank also offers Credit Card customers access to household energy-efficient products through an affordable installment plan. Additionally, clients receive advisory services on leveraging Green Finance for environment friendly and renewable energy projects.

In addition to that, the Bank has introduced a range of tools, channels, and services to actively influence customer behavior towards adopting Green Products/Services. Key initiatives include MCB Live (a digital platform for online banking and services), Roshan Digital Account (RDA) Opening Solution catering to Non-Resident Pakistanis (NRPs), digital provision of various products and services to RDA customers, Digital Account Opening Solution for domestic customers (MCB e-Account portal), Asaan Mobile Account (AMA), QR Code Facility, e-statement Facility, RAAST, and the utilization of digital collateral to reduce the need for physical flyers/brochures.



Paperless Operations

MCB Bank is strategically pursuing methods and mechanisms to reduce, if not entirely eliminate, paper consumption and related resources. The Bank is actively working to transform internal operations and branches/offices from paper-based processes to efficient and cost-effective paperless operations and services. Notable steps have been taken to curtail paper usage, including the suspension of paper-based internal circular dissemination practices, e-Branch Operations Manual, promotion of duplex printing, utilization of digital collateral, introduction of a web-based dispute claim filing utility for all Alternate Delivery Channels and the implementation of application-based workflow systems, raising awareness and facilitating a gradual shift towards a paperless environment. Moreover, customer service enhancement initiatives include maximizing electronic methods such as e-statements, online fund transfer, online bill and fee payments etc. The Bank has also implemented a value-added feature to its ATMs by enabling the option for making financial transactions without receipt printouts.



Green Awareness Campaign

A Green Awareness Campaign has been developed to commemorate annual environmental occasions such as World Water Day, Mother Earth Day and World Environment Day. This initiative utilizes various dissemination mediums, including artwork-based emails and customized face cut-out standees placed in iconic buildings. To enhance customer awareness, special web-based banners were created and showcased on the MCB Corporate Website and ATM screens. Additionally, customized animated artworks were featured on MCB's official social media platforms, including Facebook, LinkedIn, Instagram, and Twitter.



World Wide Fund for Nature (WWF) – Green Office Certification

MCB Bank has consistently maintained its esteemed recognition within the industry, being awarded the WWF -

Green Office Certification to its iconic MCB Centre, Lahore. WWF conducts a comprehensive certification surveillance audit to verify the sustained implementation of resource conservation measures within the building. This certification serves as a testament to MCB's unwavering dedication to reducing the carbon footprint within its workspace, positioning the Bank among the top-tier institutions that have successfully fulfilled the stringent requirements of this impactful Green Office certification program. Since its inception, the Green Office program has conserved approximately 1 Million+ Kilowatt hours from the base year, resulting in the avoidance of approximately 280+ tons of CO₂e emissions.

A WWF certified Green Office is characterized by its efforts to alleviate its environmental impact, achieve cost savings, and reduce its carbon footprint through the execution of an Environmental Management Plan (EMP). MCB Centre, Lahore has actively embraced the building-specific EMP, facilitating a reduction in the consumption of energy/electricity, fuel, paper, and water, alongside the implementation of effective recycling practices for dry waste generated within the premises.



Solarization of Branches/ATMs

MCB Bank is currently in the process of installing solar power systems for branches and ATMs, with the aim of transitioning gradually to a renewable energy source. These solar installations contribute to increase the proportion of clean energy in the overall energy mix, consequently leading to a reduction in Carbon Dioxide (CO₂e) emissions released into the environment. Going forward, Bank may evaluate to convert some of the solarized branches into Green branches following other prerequisites of Green Banking Guidelines.



Dry Waste Management

MCB Bank has collaborated with an organization specializing in dry waste collection and recycling through its network of green partners. Currently, the Bank is availing dry waste recycling services at four prominent facilities in Lahore. The proper segregation and recycling of dry waste are carried out in an environmentally friendly manner which reduces the burden on landfill sites and contributes to a more sustainable environment. Approximately 7+ tons of dry waste is recycled during the year through these eco-friendly practices.



Reduction of Business Travel

The transportation sector significantly contributes to the emission of Greenhouse Gases (GHGs) and the phenomenon of climate change. MCB Bank is committed to minimize its business-related travel whenever situations permit through effective utilization of video conferencing and tele-presence technology. These virtual meetings not only result in time and cost savings but also contribute to reducing the carbon footprint compared to traditional travel-based meetings.



Generator Fuel Monitoring System

MCB Bank has implemented a real-time Internet of Things (IoT) based fuel management and monitoring system. This forward-thinking monitoring solution enables the centralized

monitoring for analyzing fuel consumption through telemetry data recordkeeping. This strategic approach aims to minimize fuel wastage and overconsumption, ultimately leading to a reduction in the bank's carbon footprint.



Own Impact Reduction Measures

The Own Impact Reduction is an enhanced version of in-house operational management including conscious utilization of Electricity/ Energy, Water, Paper and Petroleum etc.

MCB Bank is trying to gradually decrease the adverse effects on the environment resulting from its own activities and operations. It underscores the conservation of resource by employing resource efficient technologies and adopting sustainable business practices. The baseline scenario assessment was developed for one of Bank's multistory iconic building as a pilot project. Based on the learning(s) obtained from the pilot project, a baseline scenario of Energy Mix and other resources used in branches/offices will be developed.

Based on baseline data analysis, realistically achievable targets shall be assigned to branches/offices. This will not only reduce emissions through adoption of resource conservation measures but will also establish a foundation for hedging against anticipated increases in future costs.



Green Banking Web-Page

A dedicated webpage focusing on Green Banking, categorized under "Social and Environmental Responsibility" has been created on the MCB Corporate Website. This webpage serves as a platform to effectively communicate the Green Initiatives implemented by the Bank to stakeholders.



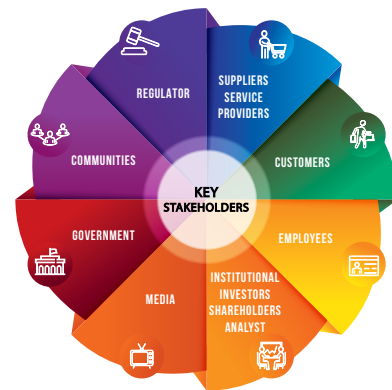
Employees Capacity Building

Green Banking training remains a mandatory component in the Bank's Annual Training Calendar. The training sessions were conducted through classroom and video conferencing. This aims to sensitize staff members about environmental implications and foster the adoption of a Green Culture across the Bank. In 2023, approximately 1,300+ personnel successfully obtained Green Banking training.

The e-learning portal has also emerged as an important source for staff members to obtain Green Banking and other trainings. The e-learning portal has contributed to resource conservation encompassing paper, printing, electricity, and fuel, when compared to traditional classroom training settings resulting in a reduced carbon footprint.

Identifying our Key Stakeholders

We are committed to understanding each stakeholder's concerns and expectations and then applying the relevant inputs to our decision-making to ensure sustained value creation. We aggregate our material stakeholders in terms of their level of influence on us and our impact on them. Based on this broad-based assessment, we prioritize these relationships and while we engage with all our stakeholders, we have identified our key stakeholders as those with whom we need to collaborate with, consult and involve and as such have developed goals for each.





Stakeholder Engagement

The development of sustained stakeholder relationships is paramount to the performance of any institution. From short term assessments to long-term strategic relationship building, 'Stakeholders' Engagement' lies at the core of our business practices to promote improved risk management, compliance with regulatory and lender requirements in addition to overall growth of the Bank.

In achieving and entrenching its integrated approach to sustainability, MCB Bank takes a highly collaborative approach towards ensuring maximum interaction with, and input by all its stakeholders.

At MCB, stakeholder engagement involves far more than merely communicating with its various stakeholder groups. The Bank regards its stakeholders as partners and makes every effort to use all possible mediums to ensure that they are abreast with disclosures, aware of forums to provide valuable input and feedback that can help the Bank to grow, strengthen relations and meet expectations to serve better.

Institutional Investors / Shareholders / Analysts	
	<p>Why we engage</p> <ul style="list-style-type: none"> To deliver relevant and timeous information to existing and potential shareholders To keep shareholders posted to ensure that our shares are traded at a fair value To ensure that the image of the bank and the trust placed in by our valuable shareholders, continues to improve, thereby minimizing the potential for reputational risks
<p>Engagement Frequency</p> <ul style="list-style-type: none"> Quarterly, semi-annually and annually When the need arises 	<p>How we engage</p> <ul style="list-style-type: none"> Quarter, semi-annual and annual financial statements Annual General Meeting Participation in local and international road shows Press releases/Media announcements Communications and answering investor / analyst questions
<p>Value is created and preserved through</p> <ul style="list-style-type: none"> Increasing returns, dividends and share price; Maintaining a strong balance sheet to protect against downside risk; Following good ESG practices that ensure a sustainable business for the long term; and operating within our risk appetite 	
<p>Needs & Interests</p> <p>Sustainable performance, dividend payout, return on equity, return on assets, earning per share, future growth strategy, corporate governance, risk management, compliance with rules and regulations.</p>	
<p>Risk Impacted</p> <p>All risks as defined in "Risk and Opportunities Section of Annual Report"</p>	<p>Capitals Impacted</p> 
<p>ESG Issues of Interest</p> <ul style="list-style-type: none"> Transparency and disclosure Information management & security Governance and Culture Responsible lending practices Driving greater adoption for sustainable finance 	

Employees



Why we engage

- Integral to deliver strategic objectives
- Our most important and valued ambassador
- To ensure that we remain an employer of choice by providing a safe, positive and inspiring working environment
- To understand and respond the needs and concerns of our staff members
- To educate our staff regarding strategic direction and to communicate the pertinent information relating to bank activities
- Continuously encouraging employees and working towards creating a healthy, ethical and supportive work environment

How we engage

Engagement Frequency

- Annual
- When the need arises

Investing in a wide range of training programs for every member of the human capital to ensure personal and professional development.

In addition to the regular communication that takes place with direct managers and teams through a range of interactive channels, specific employees engagement include:

- Regular electronic and printed newsletters
- Compliance letters
- Annual conference
- Strategy sessions
- Grievance reporting procedure
- One Bank, One Team sessions with senior management

Value is created and preserved through

- Employment opportunities in the countries in which we operate;
- Rewarding employees for the value they add;
- Encouraging our employees to embrace technological changes and
- Contributing to the transformation towards a more inclusive society through employment equity and gender equality

Needs & Interests

Competitive remuneration, career development and advancement, effective performance management, equal opportunity along with safe, positive and inspiring work environment, work life balance, collective bargaining, recognition and reward, grievance handling mechanism, culture of empathy, continuous training opportunities to grow as a person and professional, job security, succession planning.

Risk Impacted

- Operational
- Reputational
- Technological

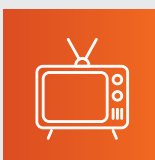
Capitals Impacted



ESG Issues of Interest

- Employee engagement and support
- Health, Safety and Wellbeing
- Capability and personal development
- Corporate citizenship
- Culture and Conduct

Media



Why we engage

To acknowledge the role of media as a channel to communicate with relevant stakeholders and public at large

How we engage

Engagement Frequency

When the need arises

Advertisements through print, electronic, social media, website, interviews and capacity building seminars

Value is created and preserved through

- Strategic brand positioning
- Earned publicity

Needs & Interests

Contribution for community well-being, Products / Services advertisements for the society

Risk Impacted

- Market
- Reputational


Capitals Impacted



ESG Issues of Interest

- Scams and frauds
- Financial education and literacy
- Affordability of banking, fee and interest
- Role of banks in protecting strong economy
- Ethical decision making
- Industry regulations

Customers



Why we engage

- To win and maintain customers by developing and providing products and services to improve the brand.
- To understand the growing financial services needs of our customers.
- To provide better solution and advice to our customers' financial requirements
- To ensure accuracy of our customers respective information.
- Integral to achieve strategic objectives

Engagement Frequency

- Regular interaction of customers through branch staff
- Dependent on customers' specific requirements

How we engage

- Spreading the geographical boundaries through opening more branches across the country.
- Continuously innovating in product suite and operational process to meet customer requirements in the most efficient manner.
- Interaction through our branches, relationship managers, call centers, social media, surveys and various advertising activities

Value is created and preserved through

- Safeguarding deposits, investments and wealth, while growing returns;
- Providing credit in a responsible manner that enables wealth creation, sustainable development and job creation aligned with the SDGs facilitating transactions that are the backbone of economic value exchange;
- Developing innovative solutions that meet our clients' specific needs


Needs & Interests

Sustainable performance, dividend payout, return on equity, return on assets, earning per share, future growth strategy, corporate governance, risk management, compliance with rules and regulations.

Risk Impacted

- Market
- Credit
- Reputational


Capitals Impacted



ESG Issues of Interest

- Scams and frauds
- Financial education and literacy
- Affordability of banking, fee and interest
- Role of banks in protecting strong economy
- Ethical decision making
- Industry regulations

Suppliers / Service Providers



Why we engage

Adhere to proper procurement regulations while maintaining a good business relationships with the service providers

Engagement Frequency

Routine basis / When the need arises

How we engage

Rigorously following internal procurement policy and upgrading the policy regularly to ensure strong control and fair treatment of suppliers.

Value is created and preserved through

- Enabled cash less trade
- Financial inclusion
- A transparent procurement process that creates a win-win relationship with our vendors/suppliers
- Performance monitoring and improving efficiency throughout supply chain


Needs & Interests

Long-term work relationship, prompt payments, Transparency & Confidentiality, Adhere contractual terms and conditions

Risk Impacted

- Reputational
- Operational
- Credit
- Market


Capitals Impacted



ESG Issues of Interest

- Responsible and sustainable sourcing
- Inclusion and diversity
- Resource efficiency
- Off-shoring and outsourcing
- Managing our exposure to ESG risk

Regulator



Why we engage

- To maintain open, honest and transparent relationships with regulator
- To ensure meticulous compliance with legal and regulatory requirements
- Develop legislation and policies that impact the environment in which we operate

How we engage

- Active engagement with regulator improves level of compliance these engagements include meetings with representative of regulator and written communications on need basis
- One-on-one Meetings
- Submission of applicable statutory returns Responding / enquiring various queries / information

Engagement Frequency

Daily, weekly, quarterly
When the need arises

Value is created and preserved through

- Embracing responsible banking practices and regulatory compliance, which enable a safe and stable banking system and a thriving society; and
- Working closely with regulators during times of crisis.


Needs & Interests

Compliance with all legal and regulatory requirements, remain responsible tax payer, corporate governance practices, adherence to reporting requirements, risk management, sustainable business practices, timely tax withholding and deposit, income tax payment including advance tax

Risk Impacted

- Operational
- Capital Adequacy
- Reputational


Capitals Impacted



ESG Issues of Interest

<ul style="list-style-type: none"> Industry regulation Open Banking 	<ul style="list-style-type: none"> Public policy Scams and Fraud
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Government



Why we engage

- To build strong and constructive relationship with government, both as a partner in the development of our country and as a current / potential client
- To contribute in legislative development for evolution in our activities and operation
- To endorse our commitments for public sector business development

How we engage

- Understanding and ensuring all legal and regulatory requirements are complied with
- Engaging with the government to address matters impacting business

Engagement Frequency

When the need arises or on request by either sides

Value is created and preserved through

- Contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes;
- Creating jobs to leverage the strengths of the economy


Needs & Interests

Pay corporation taxes, create jobs and wealth for the population well-being, provide product / services for the community, contribute to the gross domestic product. .

Risk Impacted

- Regulatory
- Country

Capitals Impacted



ESG Issues of Interest

- Government processes, including financial crime
- Support to agriculture sector
- Sustainability and impact investment
- Infrastructure

Communities



Why we engage

- To have best collaboration with our community for delivering our social responsibilities
- To obtain input from communities regarding key focus areas
- To create awareness of our integrated sustainability commitments and initiatives
- Conducting business without causing disruptions in the society

How we engage

Engagement Frequency

When the need arises

- The Bank actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the bank contributes to various social and charitable causes including towards health, education and social sectors.
- The bank is consistent in support for community development projects and interaction with a wide range of non-profit organizations.
- Enhancing financial access to marginalized population and most importantly, adding value to the society by being a good and transparent corporate citizen.

Value is created and preserved through

- Transforming economies, the environment and society positively through our lending and investment activities, aligned with the SDGs;
- Playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- Making a difference through our partnerships and CSR activities

Needs & Interests

Social responsibility activities, employment opportunities, financial inclusion, financial resilience, community development, ethical business practices.

Risk Impacted

Reputational
Operational
Climate

Capitals Impacted



ESG Issues of Interest

- Financial resilience
- Mental health and wellbeing

Investors Relations Section on Corporate Website

The management of the Bank provides equal and fair treatment to all investors/shareholders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors'/ shareholders' complaints.

The Bank disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu Languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest Bank information including but not limited to financial highlights, investor information, dividend and other requisite information besides the link to SECP's investor education portal, the 'Jamapunji'. The "Investor Relations" section is also maintained on MCB website www.mcb.com.pk to promote investor relations and facilitate access to the Bank for grievance / other query registration.

Issues Raised in the Last Annual General Meeting (AGM)

The proceedings of the 75th Annual General Meeting of the shareholders of MCB Bank Limited was held on Monday, March 27, 2023 at 11:00 am (PST), Nishat Hotel, Emporium Mall, Lahore. In the absence of Mr. Mian Mohammad Mansha, the Chairman of Board of Directors, Mr. Muhammad Ali Zeb was unanimously elected to chair and preside over the meeting. The meeting was attended by Board members of the Bank, including the Chief Executive Officer, along with the Chief Financial Officer (CFO) and the Company Secretary.

The Company Secretary invited the CFO to present key highlights of the audited financial statements for the year 2022 and elucidate on the salient features of Banks' performance. There were no significant issues raised in the last AGM that are pending implementation, however, the shareholders while appreciating the overall growth in Bank's financial performance sought some general clarifications and comments on the progress of the Bank.

Citing increase in average tax rate, for the year ended December 31, 2022, to 54% as compared to 41% for the corresponding year, one of the shareholders enquired about the reasons for recorded hike in tax charge. Responding to the query, CFO apprised the forum that through promulgation of Finance Act 2022, the general rate of tax applicable to banking companies has been enhanced from 35% to 39%; for tax year 2023 and onwards. Furthermore, retrospective application of enhanced rate for computing ADR based taxation charge together with the higher super tax levy for tax year 2023, at the rate of 10%, caused recognition of the additional tax charge.

The CEO informed the shareholders that the Bank remains a well-capitalized institution with a capital base well above the regulatory limits and Basel capital requirements. He also mentioned that the Bank had one of the highest cash dividends per share in the industry and remained one of the prime stocks traded in Pakistan equity market, which is appropriately reflected in its market capitalization; one of the highest in the financial institution category as at December 31, 2022.

The shareholders appreciated the services of the Board of Directors for its visionary approach and collective wisdom reflected in the sound financial performance of the Bank.

Following businesses were also discussed during the AGM:

- Approval of the minutes of 74th AGM held on March 29, 2022
- Consideration and approval of Annual Financial Statements of 2022
- Approval of Final Cash Dividend for the year 2022
- Appointment of External Auditors and affixation of their remuneration
- Approval of equity investment in MCB Investment Management Limited (formerly MCB-Arif Habib Savings and Investments Limited)

Summary of the Analyst Briefings

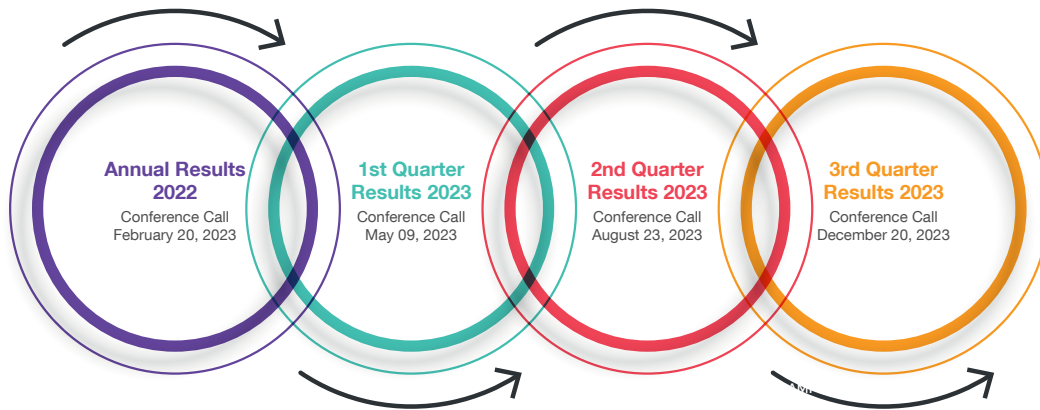
Analyst briefings are interactive sessions between the Bank's management and its investor community; whereby the Bank takes the opportunity to apprise local and foreign investors about the business environment and economic indicators of the country and explain Bank's financial performance, the competitive environment in which it operates, its investment decisions, challenges faced as well as its operating outlook.

The idea behind Bank's investor engagement through these briefings is to give the right perspective of business affairs of the Bank to investors (both existing and potential) and in-turn facilitate them in making their investment decisions.

The Bank conducts its quarterly analyst briefings in order to share details pertaining to results announced and to respond to any analyst queries relating to financial results and future prospects.

Other than the quarterly analyst briefings', business analysts are provided with information and briefings as and when they require; without compromising the confidentiality. Face to face discussions have also been arranged with foreign analysts as and when required. These briefings underscore MCB's transparent and continuously evolving stakeholders' engagement approach.

The quarterly analyst briefings are being held via teleconferencing. During the year, following analysts briefing were held:



Corporate Briefing Session

The Pakistan Stock Exchange (PSX), through its notification, has made it mandatory for all listed companies to hold at least one Corporate Briefing Session (CBS) in a financial year for its investors and analysts. Under intimation to PSX, the date, time and place of holding the CBS is notified to the public through publishing on Bank's corporate website; within the timeline prescribed by the regulator.

For the financial year 2023, the Bank's CBS was held on December 20, 2023. In order to attract a wide coverage, the session was held remotely in attendance of members of the Bank, shareholders and analysts. The Chief Financial Officer (CFO) of the Bank presented a detailed analysis of Bank's performance along with its future outlook; the presentation was followed by a Q&A session.

Encourage Minority Shareholders Participation in AGM

Apart from being an event for decision making on important matters, Bank's Annual General Meeting (AGM) also provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. Therefore, the Bank takes the following measures to ensure meaningful participation of minority shareholders in the AGM:



Notice of General meetings is sent to every member of the Bank at least 21 days before the meeting. The notice is also published in newspapers (both English & Urdu) having nationwide circulation. Moreover, the notice is also circulated from the forum of Pakistan Stock Exchange.



The Bank timely updates its website with respect to all notices of general meetings



Annual Report of the Bank is sent to each member of the Bank before Annual General Meeting (AGM)



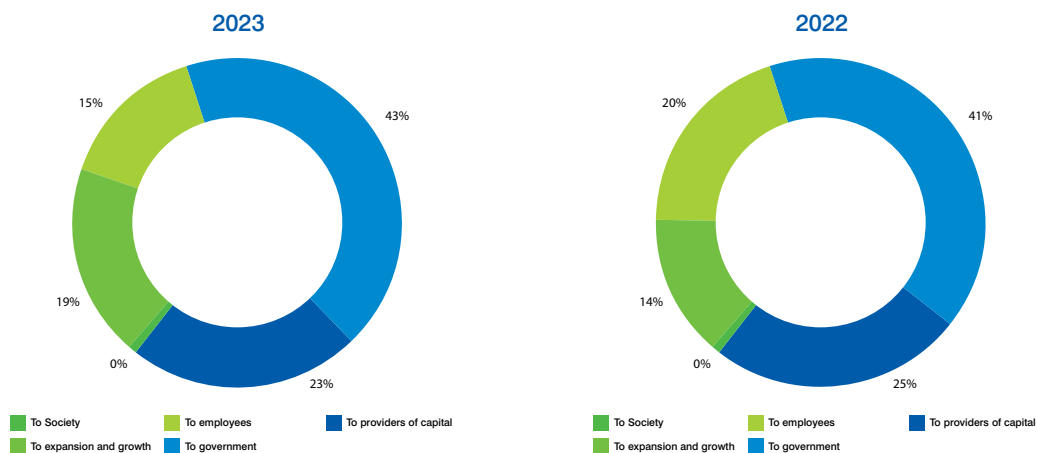
During AGM, a detailed briefing on the Bank's performance and future plans is given to the shareholders in both Urdu and English language



The shareholders are encouraged to raise queries and give suggestions relating to the Bank's operations.

Statement of Value Added

	2023 PKR (mln)	%	2022 PKR (mln)	%
Value Added				
Net interest income	147,701		87,156	
Non interest income	32,916		24,613	
Operating expenses excluding staff costs, depreciation, amortization	(26,868)		(20,062)	
Provision against advances, investments & others	(373)		2,782	
Value added available for distribution	153,376		94,489	
Distribution of value added:				
To employees				
Remuneration, provident fund and other benefits	23,238	15.15%	19,020	20.13%
To government				
Income tax	65,609	42.78%	38,624	40.88%
To providers of capital				
Cash dividends to shareholders	35,552	23.18%	23,701	25.08%
To Society				
Donations	21	0.01%	1	0.00%
To expansion and growth				
Depreciation, amortization, Retained Earnings & Reserves	28,955	18.88%	13,142	13.91%
	153,376	100%	94,489	100%



UNCONSOLIDATED

Financial Statements MCB Bank Limited



Independent Auditor's Report

To the members of MCB Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of MCB Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 55 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

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

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances</p> <p>(Refer notes 3.4, 6.4 and 11.4 to the unconsolidated financial statements).</p> <p>The Bank makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>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 advances.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time-based criteria;

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Provision against advances of overseas branches is made as per the requirements of the respective regulatory regimes.</p> <p>As at December 31, 2023, the Bank holds a total provision of Rs. 44,561.433 million against advances in the unconsolidated financial statements of the Bank.</p> <p>The determination of provision against advances 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 advances relative to the overall unconsolidated statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<ul style="list-style-type: none"> • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p> <p>We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- 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.

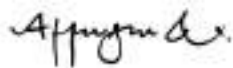
We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 05, 2024

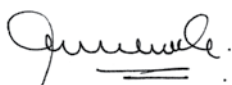
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Unconsolidated Statement of Financial Position

As at December 31, 2023

	Note	2023 (Rupees in '000)	2022
ASSETS			
Cash and balances with treasury banks	7	170,716,648	96,368,918
Balances with other banks	8	35,073,136	24,872,110
Lendings to financial institutions	9	96,213,400	50,415,768
Investments	10	1,249,439,347	978,731,140
Advances	11	577,863,329	753,399,576
Fixed assets	12	82,821,411	79,918,324
Intangible assets	13	1,035,483	801,117
Deferred tax assets	19	–	7,547,068
Other assets	14	214,016,002	93,301,143
		2,427,178,756	2,085,355,164
LIABILITIES			
Bills payable	16	25,095,911	39,136,884
Borrowings	17	216,611,046	340,237,265
Deposits and other accounts	18	1,805,387,294	1,378,717,068
Liabilities against assets subject to finance lease		–	–
Subordinated debt		–	–
Deferred tax liabilities	19	100,718	–
Other liabilities	20	149,276,918	137,769,297
		2,196,471,887	1,895,860,514
NET ASSETS			
		230,706,869	189,494,650
REPRESENTED BY			
Share capital	21	11,850,600	11,850,600
Reserves	22	98,723,536	88,578,024
Surplus on revaluation of assets - net of tax	23	24,093,197	18,640,651
Unappropriated profit		96,039,536	70,425,375
		230,706,869	189,494,650
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 49 and annexures I to II form an integral part of these unconsolidated financial statements.



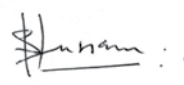
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



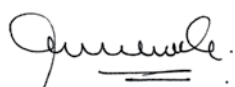
Muhammad Ali Zeb
Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
Mark-up / return / interest earned	26	328,057,196	200,763,193
Mark-up / return / interest expensed	27	180,356,436	113,607,359
Net mark-up / interest income		147,700,760	87,155,834
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	20,227,177	14,181,818
Dividend income		3,029,721	2,413,620
Foreign exchange income		8,462,240	9,159,404
Income from derivatives		15,837	33,148
Gain / (loss) on securities	29	812,661	(1,464,224)
Other income	30	368,251	289,536
Total non-markup / interest income		32,915,887	24,613,302
Total income		180,616,647	111,769,136
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	51,838,317	41,494,758
Workers Welfare Fund		2,504,811	1,427,303
Other charges	32	660,082	264,373
Total non-markup / interest expenses		55,003,210	43,186,434
Profit before provisions		125,613,437	68,582,702
Provisions / (reversals) and write offs - net	33	372,878	(2,782,463)
Extra ordinary / unusual items		–	–
PROFIT BEFORE TAXATION		125,240,559	71,365,165
Taxation	34	65,609,462	38,624,230
PROFIT AFTER TAXATION		59,631,097	32,740,935
			(Rupees)
Basic and diluted earnings per share	35	50.32	27.63

The annexed notes 1 to 49 and annexures I to II form an integral part of these unconsolidated financial statements.



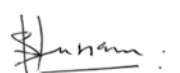
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



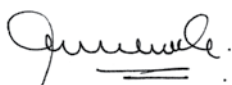
Muhammad Ali Zeb
Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
Profit after taxation for the year	59,631,097	32,740,935
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	4,182,402	701,906
Movement in surplus / (deficit) on revaluation of investments - net of tax	7,143,661	(14,343,651)
	11,326,063	(13,641,745)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	2,669,856	(301,720)
Movement in surplus on revaluation of operating fixed assets - net of tax	(254,301)	18,723,033
Movement in surplus on revaluation of non-banking assets - net of tax	(163,876)	82,879
	2,251,679	18,504,192
Total comprehensive income	73,208,839	37,603,382

The annexed notes 1 to 49 and annexures I to II form an integral part of these unconsolidated financial statements.



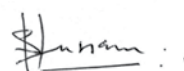
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2023

Share capital	Capital reserve			Statutory reserve	Revenue reserve		Surplus/(deficit) on revaluation of		Unappropriated profit	Total
	Share premium	Non-distributable capital reserve	Exchange translation reserve		General reserve	Investments	Fixed / non-banking assets			
11,850,600	23,751,114	908,317	3,701,067	37,641,526	18,600,000	(4,738,725)	19,010,242	63,683,267	174,407,408	
-	-	-	-	-	-	-	-	32,740,935	32,740,935	
-	-	-	701,906	-	-	(14,343,651)	18,805,912	(301,720)	4,862,447	
-	-	-	701,906	-	-	(14,343,651)	18,805,912	32,439,215	37,603,382	
-	-	-	-	3,274,094	-	-	-	(3,274,094)	-	
-	-	-	-	-	-	-	(76,031)	76,031	-	
-	-	-	-	-	-	-	(3,140)	3,140	-	
-	-	-	-	-	-	-	(13,956)	13,956	-	
-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	
-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	
-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	
-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	
-	-	-	-	-	-	-	-	(22,516,140)	(22,516,140)	
11,850,600	23,751,114	908,317	4,402,973	40,915,620	18,600,000	(19,082,376)	37,723,027	70,425,375	189,494,650	
-	-	-	-	-	-	-	-	59,631,097	59,631,097	
-	-	-	4,182,402	-	-	7,143,661	(418,177)	2,669,856	13,577,742	
-	-	-	4,182,402	-	-	7,143,661	(418,177)	62,300,953	73,208,839	
-	-	-	-	5,963,110	-	-	-	(5,963,110)	-	
-	-	-	-	-	-	-	(151,194)	151,194	-	
-	-	-	-	-	-	-	(1,097,114)	1,097,114	-	
-	-	-	-	-	-	-	(24,630)	24,630	-	
-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	
-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	
-	-	-	-	-	-	-	-	(8,295,420)	(8,295,420)	
-	-	-	-	-	-	-	-	(9,480,480)	(9,480,480)	
11,850,600	23,751,114	908,317	8,585,375	46,878,730	18,600,000	(11,938,715)	36,031,912	96,039,536	230,706,869	

(Rupees in '000)

Balance as at December 31, 2021

Total comprehensive income for the year ended December 31, 2022

Profit after taxation for the year ended December 31, 2022

Other comprehensive income – net of tax

Transfer to statutory reserve

Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit – net of tax

Surplus realized on disposal of revalued fixed assets – net of tax

Surplus realized on disposal of revalued non-banking assets – net of tax

Transactions with owners, recorded directly in equity

Final cash dividend at Rs. 5.0 per share – December 31, 2021

Interim cash dividend at Rs. 5.0 per share – March 31, 2022

Interim cash dividend at Rs. 4.0 per share – June 30, 2022

Interim cash dividend at Rs. 5.0 per share – September 30, 2022

Balance as at December 31, 2022

Total comprehensive income for the year ended December 31, 2023

Profit after taxation for the year ended December 31, 2023

Other comprehensive income – net of tax

Transfer to statutory reserve

Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit – net of tax

Surplus realized on disposal of revalued fixed assets – net of tax

Surplus realized on disposal of non-banking assets – net of tax

Transactions with owners, recorded directly in equity

Final cash dividend at Rs. 6.0 per share – December 31, 2022

Interim cash dividend at Rs. 6.0 per share – March 31, 2023

Interim cash dividend at Rs. 7.0 per share – June 30, 2023

Interim cash dividend at Rs. 8.0 per share – September 30, 2023

Balance as at December 31, 2023

For details of dividend declaration and appropriations, please refer note 47 to these unconsolidated financial statements.

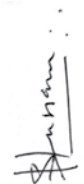
For details of reserves, please refer note 22 to these unconsolidated financial statements.

The annexed notes 1 to 49 and annexures I to II form an integral part of these unconsolidated financial statements.


Shoaib Mumtaz
President/Chief Executive


Hammad Khalid
Chief Financial Officer


Mian Umer Mansha
Director


Shahzad Hussain
Director

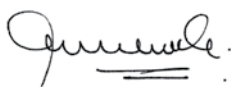

Muhammad Ali Zeb
Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		125,240,559	71,365,165
Less: Dividend income		(3,029,721)	(2,413,620)
		122,210,838	68,951,545
Adjustments:			
Depreciation on fixed assets	12.2	2,972,647	2,375,622
Depreciation on right-of-use assets	31	1,521,338	1,327,442
Depreciation on non-banking assets acquired in satisfaction of claims	31	23,878	23,389
Amortisation	13	358,427	376,802
Provisions / (reversals) and write offs - net	33	372,878	(2,782,463)
Workers welfare fund		2,504,811	1,427,303
Loss / (gain) on sale of non-banking assets acquired in satisfaction of claims	30	3,224	(6,817)
Charge for defined benefit plan	31.1	250,527	209,051
Gain on sale of fixed assets	30	(159,150)	(112,091)
Gain on termination of lease liability against right-of-use assets	30	(64,298)	(58,837)
Unrealized loss on revaluation of investments classified as held for trading	29	7,644	-
Interest expensed on lease liability against right-of-use assets	27	1,360,534	1,174,390
		9,152,460	3,953,791
		131,363,298	72,905,336
Decrease / (increase) in operating assets			
Lendings to financial institutions		(45,797,632)	(7,948,658)
Held-for-trading securities		(292,517)	12,455
Advances		176,015,180	(161,164,764)
Others assets (excluding advance taxation)		(100,776,212)	(28,935,480)
		29,148,819	(198,036,447)
Increase / (decrease) in operating liabilities			
Bills Payable		(14,040,973)	14,547,240
Borrowings from financial institutions		(123,907,337)	71,558,140
Deposits		426,670,226	(33,134,459)
Other liabilities (excluding current taxation)		(10,032,766)	32,522,192
		278,689,150	85,493,113
Defined benefits paid		(284,916)	(292,346)
Income tax paid		(60,787,157)	(28,106,042)
Net cash flow from / (used in) operating activities		378,129,194	(68,036,386)
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investment) / divestment in available-for-sale securities		(260,351,664)	35,690,276
Net investment in held-to-maturity securities		(147,804)	(200,831)
Dividends received		3,027,800	2,409,247
Investments in fixed assets		(6,866,063)	(4,391,456)
Investments in intangible assets		(585,873)	(206,988)
Proceeds from sale of fixed assets		1,923,530	200,139
Proceeds from sale of non-banking assets acquired in satisfaction of claims		132,000	153,500
Investment in subsidiary		(649,925)	(4,000,000)
Effect of translation of net investment in foreign branches		4,182,402	701,906
Net cash flow (used in) / from investing activities		(259,335,597)	30,355,793
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	36.1	(32,308,059)	(21,807,509)
Payment of lease liability against right-of-use-assets	36.1	(2,217,900)	(1,867,928)
Net cash flow used in financing activities		(34,525,959)	(23,675,437)
Effects of exchange rate changes on cash and cash equivalents		10,532,983	9,600,163
Increase in cash and cash equivalents		94,800,621	(51,755,867)
Cash and cash equivalents at beginning of the year		109,894,358	172,183,208
Cash and cash equivalents at end of the year	36	204,694,979	120,427,341

The annexed notes 1 to 49 and annexures I to II form an integral part of these unconsolidated financial statements.



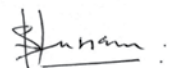
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,430 branches (2022: 1,439 branches) within Pakistan and 8 branches (2022: 9 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PRESENTATION

2.1 These unconsolidated financial statements represent the separate financial statements of MCB Bank Limited. The consolidated financial statements of the Group are being issued separately.

2.2 These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018.

2.3 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. 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 utilized and the appropriate portion of profit thereon.

2.4 The unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency of its primary economic environment. The amounts are rounded off to the nearest thousand.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with 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, the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002 and International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) through BSD Circular Letter No. 10, dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

IFRS 10 “Consolidated Financial Statements” was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 (Section 228 of Companies Act 2017) and IFRS-10 “Consolidated Financial Statements” is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

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

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are considered either to not be relevant or not to have any significant impact on the Bank’s unconsolidated financial statements.

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

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

	Effective date (annual periods beginning on or after)
Amendment to IFRS 16 – Leases on sale and leaseback	January 01, 2024
Amendment to IAS 1 – Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 21 - Lack of Exchangeability	January 01, 2025

IFRS 9 - Financial Instruments

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2024 for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Furthermore, final instructions on IFRS 9 (Application Instructions), for ensuring smooth and consistent implementation of the standard across banks, have already been issued by SBP via BPRD Circular No. 3 of 2022 dated July 05, 2022.

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

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

Governance, ownership and responsibilities

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

Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at fair value through profit or

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

loss ('FVTPL') regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

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

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

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVOCI but both unrealized and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the income statement.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

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

Equity Securities

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

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

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

Debt securities and Loans and advances

Debt securities currently classified as AFS and those passing the SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those passing the SPPI test are expected to be measured at amortised cost under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows.

Impairment of financial assets not held at FVTPL

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

is recognised are categorized in 'stage 1'; financial assets that are considered to have experienced a SICR are categorized in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are categorized in 'stage 3'.

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

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

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

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

- a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank shall recognize an allowance based on the 12-month ECL.
- b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Bank shall recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Bank shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential Regulations (PR).

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

Significant increase in credit risk (SICR)

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

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

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

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

Presentation and disclosure

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

The State Bank of Pakistan has issued a revised format for financial statements of the banks for the accounting periods starting from January 01, 2024, which includes presentation and disclosure requirement upon adoption of IFRS 9 as applicable in Pakistan.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. As permitted by IFRS 9, the Bank will not be restating comparatives on initial application. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period.

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

Impact on Equity of the Bank

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 01, 2024 is reduction in equity of approximately Rs. 4,164.569 million, representing corresponding impact of:

- An increase of approximately Rs. 4,566.809 million (net of tax) related to impairment requirements; and
- Adjustment of approximately Rs. 402.240 million related to classification and measurement requirements, other than impairment.

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

Impact on regulatory capital

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

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

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	17.26%	17.21%
Tier 1 Capital Adequacy Ratio	17.26%	17.21%
Total Capital Adequacy Ratio	20.57%	20.39%
CET1 available to meet buffers (as a percentage of risk weighted assets)	9.76%	9.71%

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

Including the above, there are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not to have any significant impact on the Bank's unconsolidated financial statements and are therefore not detailed in these unconsolidated financial statements.

3.4 Critical accounting estimates and judgements

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

a) Classification of investments

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

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

b) Provision against advances

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

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 11.4.4.

c) Impairment of 'available for sale' equity investments

The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant

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or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational/financial cash flows.

d) Taxation

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

e) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.

f) Depreciation, amortisation, impairment and revaluation of operating fixed assets

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 38 of these unconsolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

h) Lease term for lease liability and right-of-use asset

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

i) Provision and contingent assets and liabilities

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. Contingent assets are not recognized and are also not disclosed until an inflow of economic benefits is probable. Contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

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5. FINANCIAL RISK MANAGEMENT

These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly in line with the emerging risks. Detailed disclosure on financial risk management has been reported in note 46 to the unconsolidated financial statements.

6. MATERIAL ACCOUNTING POLICY INFORMATION

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

6.1 IFRS 16 - Lease Liability & Right-of-Use Assets

The Bank enters into leasing arrangements of buildings for its branches and offices. Rental contracts are typically for a fixed period and may have extension options. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of lease payments to be made over the term of the lease, discounted using the Bank's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The carrying amount is remeasured/adjusted if there are changes in the future cash flows or the lease term.

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

Right-of-use assets are depreciated on a straight line basis over the lease term as this method closely reflects the expected pattern of consumption of future economic benefits. Carrying amount of the lease liability is derecognized upon termination of the lease contract with corresponding adjustment to right-of-use asset. Gain or loss on termination of lease contract is recognized in the profit and loss account.

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

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

6.2 Investments

The Bank classifies its investments as follows:

Held for trading

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

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Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the 'held for trading' or 'held to maturity' categories.

Initial measurement

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment. Transaction costs on investments held for trading are expensed in the profit and loss account.

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

Subsequent measurement

In accordance with the requirements of the SBP, quoted securities, other than those classified as 'held to maturity', investments in subsidiaries and investments in associates are subsequently re-measured to market value. Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is taken to surplus / deficit on revaluation of investments through statement of comprehensive income in equity till disposal at which time it is recorded in profit and loss account. Surplus / deficit arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account, currently.

Unquoted equity securities (excluding investments in subsidiaries and associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost less accumulated impairment losses, if any.

Investments in Subsidiaries and Associates

Associates are all entities over which the Bank has significant influence but not control. Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. Investments in subsidiaries and investments in associates are carried at cost less accumulated impairment losses, if any.

Impairment

Provision for impairment in the values of securities (except debentures, participation term certificates and term finance certificates) is made currently. Impairment of 'available for sale' equity investments is discussed in 3.4(c). Provisions for impairment in value of debentures, participation term certificates and term finance certificates are made as per the requirements of the Prudential Regulations issued by the SBP.

Impairment against investment in subsidiaries and associates is assessed as per the requirements of IAS 36.

6.3 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in these unconsolidated financial statements as investments and the amount extended to the counter party is included in lending's to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

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6.4 Advances

Advances are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there is no realistic prospect of recovery.

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

6.5 Fixed assets and depreciation

Fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year-end rates.

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

Depreciation on all fixed assets (excluding land) is charged using the straight line method in accordance with the rates specified in note 12.2 to these unconsolidated financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

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

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

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

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

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6.5.1 Intangible assets

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

6.6 Impairment

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

6.7 Staff retirement benefits

The Bank operates the following staff retirement benefits for its employees:

- a) For clerical / non-clerical staff who did not opt for the new scheme, the Bank operates the following:
 - an approved contributory provident fund;
 - an approved gratuity scheme; and
 - a contributory benevolent scheme
- b) For clerical / non-clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the following:
 - an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
 - an approved pension fund; and
 - contributory benevolent scheme
- c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:
 - an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
 - an approved pension fund, and
 - contributory benevolent fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

- d) For executives and officers who joined the Bank on or after January 01, 2000, the Bank operates an approved contributory provident fund.
- e) Post retirement medical benefits to entitled employees.

Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the Projected Unit Credit Method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income in the period of occurrence.

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Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Bank recognizes past service cost as an expense at the earlier of the following dates:

- (i) when the plan amendment or curtailment occurs; and
- (ii) when the Bank recognizes related restructuring costs or termination benefits.

Employees' compensated absences

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in Profit and Loss account in the period of occurrence.

6.8 Taxation

Current and prior years

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

Deferred

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

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

6.9 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

6.10 Foreign currencies

6.10.1 Foreign currency transactions

Transactions in foreign currencies other than the results of foreign operations discussed in note 6.10.2 are translated to Pak Rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

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6.10.2 Foreign operations

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

6.10.3 Translation gains and losses

Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Bank's net investment in foreign branches, which are taken to the capital reserve (exchange translation reserve) until the disposal of the net investment, at which time these are recognized in the profit and loss account.

6.10.4 Commitments

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

6.11 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers.

6.12 Revenue recognition

- Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP or as permitted by the regulations of the overseas regulatory authorities of countries where the branches operate. Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.
- Fee, brokerage and commission income is recognized on an accrual basis.
- Dividend income is recognized when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account.

6.13 Assets acquired in satisfaction of claims

Non-Banking Assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment loss. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account through statement of comprehensive income in equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalized.

6.14 Cash and cash equivalents

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

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6.15 Financial instruments

6.15.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

6.15.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

6.15.3 Off setting

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

6.16 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

6.17 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.

6.17.1 Business segments

Retail Banking

This includes retail lending and deposits, banking services, cards and branchless banking.

Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities / with Bank's corporate and public sector customers.

Consumer Banking

This segment primarily constitutes consumer financing activities with individual customers of the Bank. Product suite offered to these customers include credit cards, auto loans, housing finance and personal loans.

Treasury

This includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings and borrowings and derivatives for hedging and market making.

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International Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by Bank's overseas operations.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

6.17.2 Geographical segments

The Bank operates in three geographic regions being:

- Pakistan
- South Asia
- Middle East

6.18 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6.19 Business combination

Business combinations other than under common control transaction are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account or as directed by the SBP.

6.20 Earnings Per Share

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		33,955,027	29,535,358
Foreign currencies		8,187,466	7,366,137
		42,142,493	36,901,495
With State Bank of Pakistan in			
Local currency current account	7.1	74,211,050	51,724,040
Foreign currency current accounts	7.2	1,524,981	2,227,841
Foreign currency deposit account	7.3	12,812,091	–
		88,548,122	53,951,881
With other central banks in			
Foreign currency current accounts	7.4	7,618,129	5,208,115
With National Bank of Pakistan in			
Local currency current accounts		32,236,362	142,820
Prize bonds		171,542	164,607
		170,716,648	96,368,918

7.1 This represents current account maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

7.2 These represents foreign currencies settlement accounts maintained with SBP.

7.3 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. This includes balance of Rs. 8,541.394 million (2022: Nil) which carries interest rate of 4.34% per annum as declared by SBP. The Bank was maintaining Nil balance as of December 31, 2022 as allowed by SBP for a short term.

7.4 Foreign currency current account with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

	Note	2023 (Rupees in '000)	2022
8. BALANCES WITH OTHER BANKS			
Outside Pakistan			
In current account	8.1	9,194,940	17,700,810
In deposit account	8.2	25,878,196	7,171,300
		35,073,136	24,872,110
		35,073,136	24,872,110

8.1 It includes an amount of USD 3.852 million pledged as collateral for a standby letter of credit issued on behalf of the Bank.

8.2 Balances with other banks outside Pakistan in deposit accounts carry interest rate of 2.50% to 12.50% (2022: 3.00% to 24.00%) per annum.

	Note	2023 (Rupees in '000)	2022
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	74,714,000	23,736,012
Repurchase agreement lendings (Reverse Repo)	9.2	21,499,400	26,679,756
		96,213,400	50,415,768

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

9.1 Call money lendings carry mark-up rate ranging from 5.40% to 22.00% (2022: 4.40% to 14.50%) per annum and are due to mature latest by September 06, 2024.

9.2 Repurchase agreement lendings carry mark-up rate of 22.00% (2022: 16.00% to 16.55%) per annum and are due to mature latest by January 12, 2024.

		2023		2022	
		(Rupees in '000)			
9.3	Particulars of lending				
	In local currency		33,703,733		26,679,756
	In foreign currencies		62,509,667		23,736,012
			96,213,400		50,415,768

		2023			2022		
		Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
		(Rupees in '000)					
9.4	Securities held as collateral against lendings to financial institutions						
	Pakistan Investment Bonds	21,499,400	-	21,499,400	-	-	-
	Market Treasury Bills	-	-	-	26,679,756	-	26,679,756
		21,499,400	-	21,499,400	26,679,756	-	26,679,756

10. INVESTMENTS

10.1 Investments by type:

		2023				2022			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		(Rupees in '000)							
	Held-for-trading securities								
	Shares	292,517	-	(7,644)	284,873	-	-	-	-
		292,517	-	(7,644)	284,873	-	-	-	-
	Available-for-sale securities								
	Federal Government Securities	1,164,709,805	(414,772)	(29,273,303)	1,135,021,730	946,651,272	(134,427)	(32,744,038)	913,772,807
	Shares and units	30,782,595	(10,025,047)	5,773,217	26,530,765	28,270,391	(9,618,325)	(723,632)	17,928,434
	Non Government Debt Securities	2,953,840	-	(2,950)	2,950,890	2,953,840	-	5,782	2,959,622
	Foreign Securities	43,970,571	(1,740)	93,789	44,062,620	4,134,882	(1,232)	(15,965)	4,117,685
		1,242,416,811	(10,441,559)	(23,409,247)	1,208,566,005	982,010,385	(9,753,984)	(33,477,853)	938,778,548
	Held-to-maturity securities								
	Federal Government Securities	14,788,331	(260,316)	-	14,528,015	15,477,681	(98,464)	-	15,379,217
	Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
	Non Government Debt Securities	8,869,357	(477,541)	-	8,391,816	8,032,203	(477,541)	-	7,554,662
		23,657,806	(737,975)	-	22,919,831	23,510,002	(576,123)	-	22,933,879
	Associates	700,401	-	-	700,401	700,401	-	-	700,401
	Subsidiaries	16,968,237	-	-	16,968,237	16,318,312	-	-	16,318,312
	Total Investments	1,284,035,772	(11,179,534)	(23,416,891)	1,249,439,347	1,022,539,100	(10,330,107)	(33,477,853)	978,731,140

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

10.2 Investments by segments:

Note	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
(Rupees in '000)								
Federal Government Securities								
	354,826,708	-	(992,276)	353,834,432	131,583,990	-	(698,933)	130,885,057
Market Treasury Bills								
Pakistan Investment Bonds	808,552,948	-	(27,053,006)	781,499,942	817,629,996	-	(29,326,723)	788,303,273
Islamic Naya Pakistan Certificates	5,699,494	-	-	5,699,494	4,801,864	-	-	4,801,864
Euro Bonds	10,418,986	(675,088)	(1,228,021)	8,515,877	8,113,103	(232,891)	(2,718,382)	5,161,830
	1,179,498,136	(675,088)	(29,273,303)	1,149,549,745	962,128,953	(232,891)	(32,744,038)	929,152,024
Provincial Government Securities								
	118	(118)	-	-	118	(118)	-	-
Shares and units								
	29,446,041	(9,821,022)	5,765,573	25,390,592	26,641,320	(9,431,098)	(723,632)	16,486,590
Listed Companies								
Unlisted Companies	1,629,071	(204,025)	-	1,425,046	1,629,071	(187,227)	-	1,441,844
	31,075,112	(10,025,047)	5,765,573	26,815,638	28,270,391	(9,618,325)	(723,632)	17,928,434
Non Government Debt Securities								
	2,472,490	-	(2,950)	2,469,540	2,472,731	-	5,782	2,478,513
Listed								
Unlisted	9,350,707	(477,541)	-	8,873,166	8,513,312	(477,541)	-	8,035,771
	11,823,197	(477,541)	(2,950)	11,342,706	10,986,043	(477,541)	5,782	10,514,284
Foreign Securities								
	43,963,271	-	93,789	44,057,060	4,128,352	-	(15,965)	4,112,387
Government securities								
Unlisted equity securities	7,300	(1,740)	-	5,560	6,530	(1,232)	-	5,298
	43,970,571	(1,740)	93,789	44,062,620	4,134,882	(1,232)	(15,965)	4,117,685
Associates								
	647,880	-	-	647,880	647,880	-	-	647,880
- Adamjee Insurance Company Limited								
10.8								
	52,521	-	-	52,521	52,521	-	-	52,521
- Euronet Pakistan (Private) Limited								
	700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries								
	15,550,000	-	-	15,550,000	15,550,000	-	-	15,550,000
MCB Islamic Bank Limited								
MCB Investment Management Limited								
10.9								
	970,048	-	-	970,048	320,123	-	-	320,123
MCB Non-Bank Credit Organization Closed Joint Stock Company								
	448,189	-	-	448,189	448,189	-	-	448,189
	16,968,237	-	-	16,968,237	16,318,312	-	-	16,318,312
Total Investments								
	1,284,035,772	(11,179,534)	(23,416,891)	1,249,439,347	1,022,539,100	(10,330,107)	(33,477,853)	978,731,140

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
10.2.1 Investments given as collateral			
- Market Treasury Bills		30,763,692	32,722,107
- Pakistan Investment Bonds		75,842,086	191,811,500
		106,605,778	224,533,607
10.3 Provision for diminution in value of investments			
10.3.1 Opening balance		10,330,107	10,660,178
Exchange and other adjustments		54,762	27,649
Charge / (reversals)			
Charge for the year		1,744,532	2,483,239
Reversals for the year		-	-
Reversal on disposals		(949,867)	(2,840,234)
		794,665	(356,995)
Amounts written off		-	(725)
Closing balance	10.3.3	11,179,534	10,330,107

10.3.2 Particulars of provision against debt securities

Category of classification

	2023		2022	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.3.3 This includes a general provision of Rs. 675.088 million (December 31, 2022: Rs. 232.891 million) held by overseas branches in accordance with the requirements of IFRS 9.

10.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows;

	2023	2022
	Cost	
	(Rupees in '000)	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	354,826,708	131,583,990
Pakistan Investment Bonds	797,185,004	804,899,596
Euro Bonds	6,998,599	5,365,822
Islamic Naya Pakistan Certificates	5,699,494	4,801,864
	1,164,709,805	946,651,272

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Listed Companies and mutual funds		
Automobile Assembler	1,908,574	1,456,200
Automobile Parts and Accessories	211,460	211,460
Cable and Electrical Goods	112,781	13,412
Cement	1,760,294	1,832,837
Chemical	508,654	508,654
Close end Mutual Fund	1,186,851	1,186,851
Commercial Banks	3,118,505	4,539,180
Engineering	1,186,104	1,186,104
Fertilizer	2,439,736	2,247,845
Food and Personal Care Products	1,660,440	1,417,443
Glass and Ceramics	340,673	-
Insurance	775,120	775,120
Investment Banks / Investment Companies / Securities Companies	585,624	585,624
NIT Units	5,253	5,253
Oil and Gas Exploration Companies	4,881,407	3,552,340
Oil and Gas Marketing Companies	1,205,609	294,292
Open End Mutual Fund	96,361	96,361
Paper and Board	562,738	562,738
Pharmaceuticals	1,167,763	1,020,578
Power Generation and Distribution	3,230,659	3,191,306
Technology and Communication	2,039,576	1,737,566
Textile composite	153,173	203,987
Textile spinning	16,169	16,169
	29,153,524	26,641,320

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Unlisted Companies				
Central Depository Company Limited	184,426	971,642	184,426	929,121
First Capital Investment Private Limited	2,500	2,631	2,500	2,633
First Women Bank Limited	63,300	213,452	63,300	215,838
ISE Towers REIT Management Company Limited	30,346	124,529	30,346	105,977
National Investment Trust Limited	1,027,651	1,400,552	1,027,651	1,820,462
National Institutional Facilitation Technologies	1,527	52,914	1,527	44,622
Pak Agro Storage And Service Corporation	2,500	1,614,513	2,500	1,614,513
1 Link Private Limited	50,000	733,213	50,000	428,290
Naymat Collateral Management Company	29,286	6,858	29,286	13,824
Pakistan Corporate Restructuring Company	51,396	30,939	51,396	40,771
Arabian Sea Country Club*	5,000	-	5,000	-
SME Bank Limited*	10,106	-	10,106	-
Al-Ameen Textile Mills Limited*	197	-	197	-
Custodian Management Services*	1,000	-	1,000	-
Galaxy Textile Mills Limited*	30,177	-	30,177	-
Pakistan Textile City Private Limited*	50,000	-	50,000	-
Ayaz Textile Mills Limited*	2,253	-	2,253	-
Musarrat Textile Mills Limited*	36,045	-	36,045	-
Sadiqabad Textile Mills Limited*	26,361	-	26,361	-
Pak Elektron Limited - Preference shares	25,000	25,000	25,000	25,000
	1,629,071	5,176,243	1,629,071	5,241,051

*These investments are fully provided.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	1,333,840	1,333,840
- A+, A, A-	200,000	200,000
Unlisted		
- AA+, AA, AA-	1,420,000	1,420,000

	2023		2022	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Foreign Securities				
Government Securities				
- United States of America	3,227,054	AA+	-	
- United Arab Emirates	29,544,714	AA	-	
- Sri Lanka	11,191,503	*CCC+	4,128,352	*CC

*Local currency rating as the Bank has Nil investment in Foreign Currency Bonds.

	2023	2022
	Cost	
	(Rupees in '000)	
Equity Securities		
Unlisted Equity Securities		
Lanka Clear (Private) Limited	870	616
Credit Information Bureau of Sri Lanka	26	19
Lanka Financial Services Bureau Limited	1,741	1,232
Society for Worldwide Inter Fund Transfer (SWIFT)	4,663	4,663
	7,300	6,530
10.5 Particulars relating to Held to Maturity securities are as follows:		
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	11,367,944	12,730,400
Euro Bonds	3,420,387	2,747,281
	14,788,331	15,477,681
Provincial Government Securities - Government guaranteed	118	118

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	888,800	889,040
- CCC and below	49,851	49,851
	938,651	938,891
Unlisted		
- AAA	3,896,980	3,897,700
- AA+, AA, AA-	1,698,970	1,700,705
- A+, A, A-	1,507,215	667,366
- BB+, BB, BB-	350,000	350,000
- Unrated	477,541	477,541
	7,930,706	7,093,312

10.5.1 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 20,845.750 million (December 31, 2022: Rs. 19,861.244 million).

10.6 Available for sale" Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.

10.7 Investments include Pakistan Investment Bonds amounting to Rs. 67.9 million (2022: Rs. 67.9 million) earmarked by the SBP against TT discounting facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (2022: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account and Pakistan Investment Bonds amounting to Rs. 200 million (2022: Rs. Rs. 200 million) have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) on account of removal of irrevocable undertaking as alternate option for collateral against participant's exposure in stock market.

10.8 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 647.880 million (2022: Rs. 647.880 million) as at December 31, 2023. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2023 amounted to Rs. 2,391.900 million (2022: Rs. 1,971.900 million).

10.9 The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 had approved an equity investment of Rs. 649.925 million to acquire further 30.09% shareholding of MCB Investment Management Limited (MCBIML; formerly MCB-Arif Habib Savings and Investments Limited), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBIML in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies.

10.10 During the year, the Bank incorporated MCB Exchange Company (Private) Limited, a wholly owned subsidiary, with an authorized share capital of Rs 1.0 billion. The Bank will inject the share capital subsequent to the year end. The commercial operation of the said subsidiary will commence after issuance of license for commencement of operations by the State Bank of Pakistan.

10.11 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

10.12 Summarized financial information of associates and subsidiaries

Name	Country of incorporation	% of interest held	Revenue	Profit/(loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
(Rupees in '000)							
2023							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014	1,526,982
Adamjee Insurance Company Limited (unaudited based on September 30, 2023)	Pakistan	20%	31,207,110	2,167,872	4,467,753	168,919,609	139,946,503
Subsidiaries							
MCB Islamic Bank Limited (audited based on December 31, 2023)	Pakistan	100.00%	35,942,266	5,153,335	5,689,370	266,999,705	244,963,453
MCB Investment Management Limited (formerly MCB-Arif Habib Savings and Investments Limited) (audited based on June 30, 2023)	Pakistan	81.42%	1,200,663	378,218	378,218	2,711,449	970,740
MCB Non-Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2023)	Azerbaijan	99.94%	617,756	182,559	182,559	4,122,446	2,961,675
2022							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2022)	Pakistan	30%	898,423	(123,247)	(123,247)	989,942	958,753
Adamjee Insurance Company Limited (unaudited based on September 30, 2022)	Pakistan	20%	26,802,182	1,330,355	649,050	137,855,092	111,961,733
Subsidiaries							
MCB Islamic Bank Limited (audited based on December 31, 2022)	Pakistan	100.00%	18,553,458	1,548,129	1,742,327	199,039,573	182,692,691
MCB Investment Management Limited (formerly MCB-Arif Habib Savings and Investments Limited) (audited based on June 30, 2022)	Pakistan	51.33%	881,912	173,362	173,362	2,232,851	798,360
MCB Non-Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2022)	Azerbaijan	99.94%	313,420	88,340	88,340	2,499,263	1,712,793

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

11. ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	2023	2022	2023	2022
(Rupees in '000)							
Loans, cash credits, running finances, etc.	11.1	547,237,076	735,403,086	53,000,544	50,204,881	600,237,620	785,607,967
Bills discounted and purchased		21,305,091	10,908,660	882,051	1,055,302	22,187,142	11,963,962
Advances - gross		568,542,167	746,311,746	53,882,595	51,260,183	622,424,762	797,571,929
Provision against advances							
- Specific		-	-	(41,937,130)	(41,947,778)	(41,937,130)	(41,947,778)
- General	11.4.4	(2,624,303)	(2,224,575)	-	-	(2,624,303)	(2,224,575)
		(2,624,303)	(2,224,575)	(41,937,130)	(41,947,778)	(44,561,433)	(44,172,353)
Advances - net of provision		565,917,864	744,087,171	11,945,465	9,312,405	577,863,329	753,399,576

11.1 Includes net investment in finance lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	1,404,199	5,422,276	604,207	7,430,682	1,474,363	3,050,762	676,596	5,201,721
Residual value	161,838	1,503,322	14,698	1,679,858	35,800	833,077	50,333	919,210
Minimum lease payments	1,566,037	6,925,598	618,905	9,110,540	1,510,163	3,883,839	726,929	6,120,931
Financial charges for future periods	(35,732)	(1,723,545)	(396,704)	(2,155,981)	(6,665)	(821,087)	(410,737)	(1,238,489)
Present value of minimum lease payments	1,530,305	5,202,053	222,201	6,954,559	1,503,498	3,062,752	316,192	4,882,442

11.2 Particulars of advances (Gross)

	2023	2022
In local currency	545,801,761	754,344,065
In foreign currencies	76,623,001	43,227,864
	622,424,762	797,571,929

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

11.3 Advances include Rs. 53,882.595 million (2022: Rs. 51,260.183 million) which have been placed under the non-performing status as detailed below:

Note	2023		2022		
	Non performing loans	Provision	Non performing loans	Provision	
(Rupees in '000)					
Category of Classification					
Domestic					
Other Assets Especially					
Mentioned	11.3.1	1,517,142	1,684	1,465,073	1,535
Substandard		834,737	46,687	112,715	27,286
Doubtful		224,303	111,716	133,474	66,737
Loss		36,557,845	36,043,900	37,693,228	37,253,871
		39,134,027	36,203,987	39,404,490	37,349,429
Overseas					
Not past due but impaired		–	–	–	–
Overdue by:					
Upto 90 days		2,902	726	434,904	218,623
91 to 180 days		24,898	6,225	16,035	4,573
181 to 365 days		1,297	1,297	134	67
>365 days		14,719,471	5,724,895	11,404,620	4,375,086
		14,748,568	5,733,143	11,855,693	4,598,349
Total		53,882,595	41,937,130	51,260,183	41,947,778

11.3.1 This includes non-performing portfolio of agricultural financing, small enterprise financing and infrastructure project financing classified as “Other Assets Especially Mentioned” as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.

11.4 Particulars of provision against advances

Note	2023			2022		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	41,947,778	2,224,575	44,172,353	44,156,471	1,706,309	45,862,780
Exchange adjustments	1,230,321	236,763	1,467,084	711,262	(663)	710,599
Charge for the year	3,108,219	382,213	3,490,432	947,726	579,756	1,527,482
Reversals	(3,570,328)	(219,248)	(3,789,576)	(3,793,453)	(60,827)	(3,854,280)
Amounts written off	(462,109)	162,965	(299,144)	(2,845,727)	518,929	(2,326,798)
	(778,860)	–	(778,860)	(74,228)	–	(74,228)
Closing balance	41,937,130	2,624,303	44,561,433	41,947,778	2,224,575	44,172,353

11.4.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	35,945,290	1,369,793	37,315,083	36,955,756	1,537,643	38,493,399
In foreign currencies	5,991,840	1,254,510	7,246,350	4,992,022	686,932	5,678,954
	41,937,130	2,624,303	44,561,433	41,947,778	2,224,575	44,172,353

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For the year ended December 31, 2023

11.4.2 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. However, the management has not taken the FSV benefit in calculation of specific provision.

11.4.3 This includes reversal of provisions and reduction of non-performing loans amounting to Nil (2022: Nil) balance as a result of settlement on debt asset swap arrangement with customers.

11.4.4 The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Bank also maintains a general provision against gross advances on a prudent basis.

	Note	2023 (Rupees in '000)	2022
11.5	Particulars of write offs:		
11.5.1	Against Provisions	778,860	74,228
	Directly charged to Profit & Loss account	–	680
		778,860	74,908
11.5.2	Write Offs of Rs. 500,000 and above		
	- Domestic	778,860	74,068
	- Overseas	–	–
	Write Offs of below Rs. 500,000	–	840
		778,860	74,908

11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given at Annexure I of the unconsolidated financial statements. However, this write off does not affect the Bank's right to recover the debts from these customers.

	Note	2023 (Rupees in '000)	2022
12.	FIXED ASSETS		
	Capital work-in-progress	1,696,937	1,064,714
	Property and equipment	75,246,609	73,138,764
	Right-of-use assets	5,877,865	5,714,846
		82,821,411	79,918,324
12.1	Capital work-in-progress		
	Civil works	1,335,418	805,081
	Equipment	26,012	92,330
	Advances to suppliers	330,898	163,858
	Others	4,609	3,445
		1,696,937	1,064,714

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

12.2 Property and Equipment

	2023								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2023									
Cost / Revalued amount	41,815,212	4,173,285	18,363,594	996,555	2,281,071	17,830,213	1,258,467	1,624,030	88,342,427
Accumulated depreciation	-	-	-	-	(1,398,105)	(12,438,744)	(738,974)	(627,840)	(15,203,663)
Net book value	41,815,212	4,173,285	18,363,594	996,555	882,966	5,391,469	519,493	996,190	73,138,764
Year ended December 31, 2023									
Opening net book value	41,815,212	4,173,285	18,363,594	996,555	882,966	5,391,469	519,493	996,190	73,138,764
Additions	821,010	4,923	617,936	4,860	242,158	3,302,681	655,185	585,087	6,233,840
Transfer from Non-Banking assets	430,000	-	55,014	-	-	-	-	-	485,014
Disposals	(1,699,346)	-	(15,607)	-	(2,831)	(10,809)	(35,787)	-	(1,764,380)
Depreciation charge	-	-	(647,815)	(42,779)	(173,914)	(1,696,612)	(146,099)	(265,428)	(2,972,647)
Exchange rate adjustments	-	-	54,244	5,756	10,186	32,980	9,095	13,757	126,018
Transfers	2,312	(2,312)	-	-	(92)	194	-	(102)	-
Closing net book value	41,369,188	4,175,896	18,427,366	964,392	958,473	7,019,903	1,001,887	1,329,504	75,246,609
At December 31, 2023									
Cost / Revalued amount	41,369,188	4,175,896	19,074,966	1,007,171	2,509,727	20,203,381	1,795,772	2,177,254	92,313,355
Accumulated depreciation	-	-	(647,600)	(42,779)	(1,551,254)	(13,183,478)	(793,885)	(847,750)	(17,066,746)
Net book value	41,369,188	4,175,896	18,427,366	964,392	958,473	7,019,903	1,001,887	1,329,504	75,246,609
Rate of depreciation / estimated useful life	-	-	2.50%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-
	2022								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2022									
Cost / Revalued amount	26,347,962	2,902,388	15,331,276	835,142	2,148,120	16,173,830	1,123,000	1,470,318	66,332,036
Accumulated depreciation	-	-	(1,002,727)	(64,876)	(1,319,392)	(11,981,885)	(673,294)	(565,968)	(15,608,142)
Net book value	26,347,962	2,902,388	14,328,549	770,266	828,728	4,191,945	449,706	904,350	50,723,894
Year ended December 31, 2022									
Opening net book value	26,347,962	2,902,388	14,328,549	770,266	828,728	4,191,945	449,706	904,350	50,723,894
Additions	363,018	-	595,394	2,415	216,297	2,560,212	186,577	262,308	4,186,221
Movement in surplus on assets revalued during the year	15,148,539	1,270,897	4,033,554	253,682	-	-	-	-	20,706,672
Disposal	(44,307)	-	(18,333)	-	(3,589)	(8,660)	(13,131)	(28)	(88,048)
Write offs	-	-	-	-	(134)	(1,041)	(568)	-	(1,743)
Depreciation charge	-	-	(546,560)	(36,212)	(160,351)	(1,349,497)	(100,822)	(182,180)	(2,375,622)
Exchange rate adjustments	-	-	(29,010)	6,404	3,167	(2,642)	(2,269)	11,740	(12,610)
Transfers	-	-	-	-	(1,152)	1,152	-	-	-
Closing net book value	41,815,212	4,173,285	18,363,594	996,555	882,966	5,391,469	519,493	996,190	73,138,764
At December 31, 2022									
Cost / Revalued amount	41,815,212	4,173,285	18,363,594	996,555	2,281,071	17,830,213	1,258,467	1,624,030	88,342,427
Accumulated depreciation	-	-	-	-	(1,398,105)	(12,438,744)	(738,974)	(627,840)	(15,203,663)
Net book value	41,815,212	4,173,285	18,363,594	996,555	882,966	5,391,469	519,493	996,190	73,138,764
Rate of depreciation / estimated useful life	-	-	2.50%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

12.2.1 Leasehold land includes a plot of land measuring 3,120.46 square yards having book value of Rs. 1,721.170 million situated at Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession of an insignificant area of only 18 square feet of the plot, however there is no dispute over the title of the subject property that would impact the right of the Bank. Both the Constitutional Petitions filed by the Bank have been dismissed by the Sindh High Court on January 28, 2016 against the Bank. The Bank has filed an appeal before the Supreme Court of Pakistan.

12.2.2 The land and buildings of the Bank were revalued as at December 31, 2022 by independent valuers (Pee Dee & Associates, J&M Associates, Tristar International Consultant (Pvt) Limited, Design Crafts, Ahmad Associates, Materials & Designs Services (Pvt) Limited and Dharmaratne Holdings (Pvt) Limited), valuation and engineering consultants, on the basis of market value. The total surplus against revaluation of fixed assets as at December 31, 2023 amounts to Rs. 39,331.254 million (2022: Rs. 40,516.509 million).

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

	2023	2022
	(Rupees in '000)	
Freehold land	11,244,709	10,795,107
Leasehold land	2,334,051	2,331,440
Building on Freehold land	11,373,591	11,038,005
Building on Leasehold land	653,238	667,585

12.2.4 The gross carrying amount (cost) of fully depreciated assets that are still in use are as follows:

	2023	2022
	(Rupees in '000)	
Furniture and fixtures	712,295	648,355
Electrical, office and computer equipment	7,862,213	7,882,611
Vehicles	640,317	651,831

12.2.5 Carrying amount of temporarily idle property of the Bank is Rs. 562.907 million (2022: Rs. 564.469 million)

12.2.6 The information relating to disposal of operating fixed assets to related parties is given in Annexure II of these unconsolidated financial statements.

	Note	2023	2022
		(Rupees in '000)	
12.3	Movement in right-of-use assets is as follows:		
Opening balance		5,714,846	5,746,241
Additions / adjustments	12.3.1	1,835,481	1,423,466
Derecognition		(151,124)	(127,419)
Depreciation charge	31	(1,521,338)	(1,327,442)
Closing Net Book Value		5,877,865	5,714,846

12.3.1 This includes impact of lease modifications pertaining to change in consideration of the lease(s), increase in scope of the lease(s) due to an extension in contractual lease terms and termination of existing lease(s) due to relocation of branches to new premises.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
13. INTANGIBLE ASSETS			
Capital work-in-progress		519,955	221,743
Computer software	13.1	515,528	579,374
		<u>1,035,483</u>	<u>801,117</u>
		2023	2022
		(Rupees in '000)	
		Computer software	
13.1 At January 01			
Cost		4,879,476	4,513,840
Accumulated amortisation and impairment		(4,300,102)	(3,964,508)
Net Book Value		<u>579,374</u>	<u>549,332</u>
Year ended December 31			
Opening net book value		579,374	549,332
Additions		287,661	414,698
Amortisation charge		(358,427)	(376,802)
Exchange rate adjustments		6,920	(7,854)
Closing Net Book Value		<u>515,528</u>	<u>579,374</u>
At December 31			
Cost		5,250,161	4,879,476
Accumulated amortisation and impairment		(4,734,633)	(4,300,102)
Net Book Value		<u>515,528</u>	<u>579,374</u>
Rate of amortisation		<u>14.29% to 33.33%</u>	<u>14.29% to 33.33%</u>
Useful life		<u>3 - 7 years</u>	<u>3 - 7 years</u>
13.2	The gross carrying amount (cost) of fully amortised intangible assets that are still in use is Rs. 3,966.917 million (2022: Rs. 3,674.464 million).		

Notes To The Unconsolidated Financial Statements

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	Note	2023 (Rupees in '000)	2022
14. OTHER ASSETS			
Income / mark-up accrued in local currency		62,017,227	41,004,910
Income / mark-up accrued in foreign currencies		503,365	303,957
Advances, deposits, advance rent and other prepayments		4,753,438	3,946,039
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims	14.1	1,637,884	2,025,354
Branch adjustment account		–	101,362
Mark to market gain on forward foreign exchange contracts		2,348,323	1,535,665
Unrealized gain on derivative financial instruments	25	73,852	778,441
Acceptances	20	40,966,674	24,847,224
Receivable from the pension fund	38.4	7,428,142	2,768,142
Clearing and settlement accounts		25,796,177	14,102,285
Receivable from the Government of Pakistan	14.3	67,187,000	–
Claims receivable against fraud and forgeries		607,980	587,468
Others		3,325,471	3,359,115
		216,779,342	95,493,771
Less: Provision held against other assets	14.2	3,370,145	3,066,275
Other Assets (net of provision)		213,409,197	92,427,496
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		606,805	873,647
Other Assets - total		214,016,002	93,301,143
14.1 Market value of Non-banking assets acquired in satisfaction of claims		2,156,606	2,804,844

Non-banking assets acquired in satisfaction of claims of the Bank are revalued as at December 31, 2023 by independent valuers (Pee Dee & Associates, Oriental Engineering Services, ARCH-e-decon, K.G. Traders and Ahmad Associates) on the basis of market value.

	Note	2023 (Rupees in '000)	2022
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		2,804,844	2,785,535
Additions		–	–
Revaluation		(10,196)	194,765
Disposals		(135,224)	(146,683)
Depreciation	31	(23,878)	(23,389)
Reversal / (charge) of impairment		6,074	(5,384)
Transfer to fixed assets		(485,014)	–
Closing balance		2,156,606	2,804,844

Notes To The Unconsolidated Financial Statements

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	Note	2023 (Rupees in '000)	2022
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		132,000	153,500
Less			
- Revalued amounts		135,224	146,888
- Accumulated depreciation		-	(205)
		135,224	146,683
(Loss) / gain	30	(3,224)	6,817
14.2 Provision held against other assets			
Non banking assets acquired in satisfaction of claims		88,083	94,157
Claims receivable against fraud and forgeries		607,980	587,468
Others		2,674,082	2,384,650
		3,370,145	3,066,275
14.2.1 Movement in provision held against other assets			
Opening balance		3,066,275	2,709,281
Charge for the year		36,184	109,887
Reversals		(8,080)	(1,755)
	33	28,104	108,132
Amount written off		(2,062)	(1,193)
Exchange and other adjustments		277,828	250,055
Closing balance		3,370,145	3,066,275
14.3			
This represents principal amount receivable from the Government of Pakistan against floating rate Pakistan Investments Bonds which had matured on December 30, 2023.			

15. CONTINGENT ASSETS

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

	2023 (Rupees in '000)	2022
16. BILLS PAYABLE		
In Pakistan	24,832,685	39,079,047
Outside Pakistan	263,226	57,837
	25,095,911	39,136,884

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	17.1	47,943,376	45,834,001
Under Long Term Financing Facility	17.2	19,511,569	23,123,421
Under Renewable Energy Performance Platform	17.3	2,126,104	2,177,355
Under Refinance Scheme for Payment of Wages & Salaries	17.4	–	667,152
Under Temporary Economic Refinance Facility	17.5	38,160,612	39,628,326
Under Refinance Facility for combating COVID-19	17.6	–	14,195
Under Financing Facility for Storage of Agricultural Produce	17.7	239,697	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	17.8	6,272	4,082
		107,987,630	111,560,394
Repurchase agreement borrowings	17.9	106,366,325	227,700,898
Total secured		214,353,955	339,261,292
Unsecured			
Call borrowings		1,000,000	–
Overdrawn nostro accounts		1,094,805	813,687
Others		162,286	162,286
Total unsecured		2,257,091	975,973
	17.10	216,611,046	340,237,265

17.1 The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within six months from the deal date. These carry mark up rate ranging from 1.0% to 19.0% per annum (2022: 1.0% to 10.0% per annum).

17.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.0% to 19.0% per annum (2022: 2.0% to 8.0 % per annum).

17.3 These borrowings have been obtained from the SBP for providing financing facilities to customers against renewable energy projects. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a maximum period of twelve years with two years of maximum grace period from date of disbursement. These carry mark up rate of 2.0% per annum (2022: 2.0% per annum).

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

- 17.4** These borrowings are obtained from the SBP for providing financing facilities to help businesses in payment of wages and salaries to their workers and employees for supporting continued employment. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP.
- 17.5** These borrowings have been obtained from the SBP for providing concessionary refinancing facility to the industry for purchase of new imported and locally manufactured plant & machinery to set up new projects. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period of 10 years including a grace period of upto 2 years. These carry mark up rate of 1.0% per annum (2022: 1.0% per annum).
- 17.6** These borrowings are obtained from the SBP under a scheme to provide combat the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP.
- 17.7** These borrowings have been obtained from SBP under “Financing Facility for Storage of Agricultural Produce (FFSAP)” to encourage Private Sector to establish Silos, Warehouses and Cold Storages. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.5% to 3.5% per annum (2022: 2.5% to 3.5% per annum).
- 17.8** These borrowings have been obtained from SBP under “Refinance and Credit Guarantee Scheme for Women Entrepreneurs” to finance women entrepreneurs for setting up of new business enterprises and for expansion of existing ones. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period of 5 years. These carry mark-up ranging from 0% to 2.0% per annum (2022: 0% to 2.0% per annum).
- 17.9** These carry mark-up rates ranging from 9.60% to 22.75% per annum (2022: 15.23% to 16.50% per annum) and are secured against government securities of carrying value of Rs. 106,605.778 million (2022: Rs. 224,533.607 million). These are repayable latest by January 2024.

	2023	2022
	(Rupees in '000)	
17.10 Particulars of borrowings with respect to currencies		
In local currency	213,862,861	339,423,578
In foreign currencies	2,748,185	813,687
	216,611,046	340,237,265

Notes To The Unconsolidated Financial Statements

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18. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	636,394,833	162,616,011	799,010,844	549,697,362	70,653,195	620,350,557
Savings deposits	820,048,373	42,644,437	862,692,810	594,764,760	38,603,905	633,368,665
Term deposits	21,590,642	20,254,444	41,845,086	40,850,001	12,423,072	53,273,073
Others	45,309,420	4,930,851	50,240,271	31,207,083	5,827,480	37,034,563
	1,523,343,268	230,445,743	1,753,789,011	1,216,519,206	127,507,652	1,344,026,858
Financial Institutions						
Current deposits	17,560,771	3,717,302	21,278,073	19,747,897	1,036,116	20,784,013
Savings deposits	14,020,325	488,698	14,509,023	8,973,107	94,720	9,067,827
Term deposits	8,489,897	7,216,607	15,706,504	595,968	2,299,049	2,895,017
Others	-	104,683	104,683	-	1,943,353	1,943,353
	40,070,993	11,527,290	51,598,283	29,316,972	5,373,238	34,690,210
	1,563,414,261	241,973,033	1,805,387,294	1,245,836,178	132,880,890	1,378,717,068

	2023	2022
	(Rupees in '000)	
18.1 Composition of deposits		
- Individuals	1,176,431,979	1,000,339,108
- Government (Federal and Provincial)	77,762,935	56,727,213
- Public Sector Entities	49,034,504	25,659,481
- Banking Companies	7,498,145	7,025,294
- Non-Banking Financial Institutions	44,100,138	27,664,916
- Private Sector	450,559,593	261,301,056
	1,805,387,294	1,378,717,068

18.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs. 1,257,578.745 million (2022: Rs. 1,055,580.880 million).

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

19. DEFERRED TAX LIABILITY / (ASSET) - NET

		2023			
Note	As January 01, 2023	Recognized in P&L A/C	Recognized in OCI	At December 31, 2023	
(Rupees in '000)					
Taxable Temporary differences on					
- Surplus on revaluation of fixed assets	23.1	3,291,460	(145,297)	462,651	3,608,814
- Surplus on revaluation of Non-banking assets	23.2	375,669	(23,665)	(54,670)	297,334
- Accelerated tax depreciation		2,648,697	872,918	-	3,521,615
- Receivable from pension fund		1,190,300	625,525	1,823,964	3,639,789
- Business combination		705,218	-	-	705,218
		8,211,344	1,329,481	2,231,945	11,772,770
Deductible Temporary differences on					
- Provision against advances		(1,362,935)	1,161,415	-	(201,520)
- Deficit on revaluation of investments	23	(14,395,477)	-	2,924,945	(11,470,532)
		(15,758,412)	1,161,415	2,924,945	(11,672,052)
		(7,547,068)	2,490,896	5,156,890	100,718
		2022			
Note	As January 01, 2022	Recognized in P&L A/C	Recognized in OCI	At December 31, 2022	
(Rupees in '000)					
Taxable Temporary Differences on					
- Surplus on revaluation of fixed assets	23.1	1,366,245	(58,424)	1,983,639	3,291,460
- Surplus on revaluation of non-banking assets	23.2	274,315	(10,532)	111,886	375,669
- Accelerated tax depreciation		2,124,452	524,245	-	2,648,697
- Receivable from pension fund		1,255,185	427,287	(492,172)	1,190,300
- Business combination		705,218	-	-	705,218
		5,725,415	882,576	1,603,353	8,211,344
Deductible Temporary Differences on					
- Provision against advances		(1,966,314)	603,379	-	(1,362,935)
- Deficit on revaluation of investments		(3,029,677)	-	(11,365,800)	(14,395,477)
		(4,995,991)	603,379	(11,365,800)	(15,758,412)
		729,424	1,485,955	(9,762,447)	(7,547,068)

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,926,926	32,720,479
Mark-up / return / interest payable in foreign currencies		562,509	200,553
Unearned commission and income on bills discounted		2,024,523	1,227,553
Accrued expenses		7,856,382	6,911,941
Provision for taxation (provisions less payments)		20,150,115	17,650,382
Workers' Welfare Fund	20.1	13,810,584	11,305,773
Acceptances	14	40,966,674	24,847,224
Unclaimed / dividend payable		2,420,017	2,731,456
Mark to market loss on forward foreign exchange contracts		996,797	1,013,853
Unrealized loss on derivative financial instruments	25	73,848	778,137
Branch adjustment account	14	240,409	–
Provision for employees' compensated absences	38.4	1,266,190	1,179,992
Provision for post retirement medical benefits	38.4	2,121,129	2,219,281
Provision for employees' contributory benevolent scheme	38.4	140,847	165,426
Insurance payable against consumer assets		586,691	828,882
Unclaimed balances		508,115	642,169
Duties and taxes payable		10,955,674	1,435,225
Provision against off-balance sheet obligations		78,807	48,403
Security deposits against lease		2,068,373	1,317,668
Lease liability against right of use assets		8,686,003	7,943,593
Clearing and settlement accounts		24,223,005	15,210,786
Others		5,613,300	7,390,521
		149,276,918	137,769,297

20.1 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 has 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 currently be treated as conclusive. Accordingly, the Bank has maintained its provision in respect of WWF.

21. SHARE CAPITAL

21.1 Authorized Capital

	2023 (Number of shares)	2022		2023 (Rupees in '000)	2022
	1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

21.2 Issued, subscribed and paid up

2023		2022		2023		2022	
(Number of shares)				(Rupees in '000)			
Ordinary shares							
197,253,795	197,253,795	Fully paid in cash		1,972,538		1,972,538	
915,776,953	915,776,953	Issued as bonus shares		9,157,769		9,157,769	
72,029,258	72,029,258	Issued for consideration other than cash		720,293		720,293	
1,185,060,006	1,185,060,006			11,850,600		11,850,600	

21.3 The movement in the issued, subscribed and paid-up capital during the year is as follows:

2023		2022		2023		2022	
(Number of shares)				(Rupees in '000)			
1,185,060,006	1,185,060,006	Opening balance at January 01		11,850,600		11,850,600	
1,185,060,006	1,185,060,006	Closing balance at December 31		11,850,600		11,850,600	

21.4 Number of shares held by the associated undertakings as at December 31, are as follows:

	2023	2022
	(Number of shares)	
Adamjee Insurance Company Limited	59,225,639	59,225,639
Nishat Mills Limited	95,125,651	95,125,651
Siddiqsons Limited	12,016,543	12,016,543
Nishat (Aziz Avenue) Hotels and Properties Limited	1,024,376	654,376
Nishat Real Estates Development Company (Private) Limited	347,100	194,000
Adamjee Life Assurance Company Limited	1,200,000	1,200,000
Habib University Foundation	108,300	–
	169,047,609	168,416,209

	Note	2023	2022
		(Rupees in '000)	
22. RESERVES			
Share premium		23,751,114	23,751,114
Non - distributable capital reserve - gain on bargain purchase option	22.1	908,317	908,317
Exchange translation reserve		8,585,375	4,402,973
Statutory reserve	22.2	46,878,730	40,915,620
General reserve		18,600,000	18,600,000
		98,723,536	88,578,024

22.1 Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Bank, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Bank or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

22.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(23,409,247)	(33,477,853)
- Fixed Assets	23.1	39,331,254	40,516,509
- Non-banking assets acquired in satisfaction of claims	23.2	606,806	873,647
		16,528,813	7,912,303
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	19	11,470,532	14,395,477
- Fixed Assets	23.1	(3,608,814)	(3,291,460)
- Non-banking assets acquired in satisfaction of claims	23.2	(297,334)	(375,669)
		7,564,384	10,728,348
		24,093,197	18,640,651
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01		40,516,509	19,947,432
Recognised during the year		-	20,706,672
Realised on disposal during the year - net of deferred tax		(1,097,114)	(3,140)
Related deferred tax liability on surplus realised on disposal		(27)	(1,067)
Transfer of revaluation surplus on change in use - net of deferred tax		204,974	-
Related deferred tax liability on transfer of revaluation surplus on change in use		3,376	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(151,194)	(76,031)
Related deferred tax liability on incremental depreciation charged during the year		(145,270)	(57,357)
Surplus on revaluation of fixed assets as at December 31		39,331,254	40,516,509
Less: Related deferred tax liability on:			
- revaluation as at January 01		3,291,460	1,366,245
- opening liability remeasurement		459,275	140,128
- recognised during the year		-	1,843,511
- surplus realised on disposal during the year		(27)	(1,067)
- transfer of revaluation surplus on change in use		3,376	-
- incremental depreciation charged during the year		(145,270)	(57,357)
	19	3,608,814	3,291,460
		35,722,440	37,225,049

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022	
23.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January 01	873,647	703,370	
	(Deficit) / surplus recognised during the year	(10,196)	194,765	
	Realised on disposal during the year - net of deferred tax	(24,630)	(13,956)	
	Related deferred tax liability on surplus realised on disposal	(23,665)	(10,532)	
	Transfer of revaluation surplus on change in use - net of deferred tax	(106,258)	–	
	Related deferred tax liability on transfer of revaluation surplus on change in use	(102,092)	–	
	Surplus on revaluation as at December 31	606,806	873,647	
	Less: Related deferred tax liability on:			
	- revaluation as at January 01	375,669	274,315	
	- opening liability remeasurement	52,418	28,137	
	- (deficit) / surplus recognised during the year	(4,996)	83,749	
	- surplus realised on disposal during the year	(23,665)	(10,532)	
	- transfer of revaluation surplus on change in use	(102,092)	–	
	19	297,334	375,669	
		309,472	497,978	
24.	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	24.1	302,480,219	271,137,800
	- Commitments	24.2	477,719,622	366,568,874
	- Other contingent liabilities	24.3	33,273,187	27,947,886
			813,473,028	665,654,560
24.1	Guarantees:			
	Financial guarantees		126,410,819	224,226,300
	Performance guarantees		169,265,393	43,947,906
	Other guarantees		6,804,007	2,963,594
			302,480,219	271,137,800
24.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		303,775,804	200,919,363
	Commitments in respect of:			
	- forward foreign exchange contracts	24.2.1	153,858,023	131,535,057
	- forward government securities transactions	24.2.2	15,220,315	13,797,435
	- derivatives (notional)	24.2.3	1,595,548	18,241,918
	Commitments for acquisition of:			
	- operating fixed assets		2,023,934	1,860,344
	- intangible assets		1,245,998	214,757
			477,719,622	366,568,874

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

		2023	2022
		(Rupees in '000)	
24.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	82,635,941	75,618,221
	Sale	71,222,082	55,916,836
		153,858,023	131,535,057
24.2.2	Commitments in respect of government securities transactions		
	Purchase	15,197,000	12,328,130
	Sale	23,315	1,469,305
		15,220,315	13,797,435
24.2.3	Commitments in respect of derivatives		
	FX options (notional)		
	Purchase	736,983	8,817,006
	Sale	736,983	8,817,006
		1,473,966	17,634,012
	Cross Currency Swaps (notional)		
	Purchase	60,791	303,953
	Sale	60,791	303,953
		121,582	607,906
		1,595,548	18,241,918

24.2.4 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

		2023	2022
		(Rupees in '000)	
24.3	Other contingent liabilities		
	Claims against the Bank not acknowledged as debts	33,273,187	27,947,886
	24.3.1		

24.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated financial statements.

24.4 For assessment year 1988-89 through tax year 2023, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 5,902.495 million (2022: Rs. 844 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

24.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortisation for few years has been assessed in Bank's favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

25. DERIVATIVE INSTRUMENTS

25.1 Product Analysis

		2023					
Counterparties		Cross currency swaps		Interest rate swaps		FX options	
		Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss
		(Rupees in '000)					
With Banks for							
Hedging		60,791	62,365	-	-	736,983	11,487
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		60,791	(62,361)	-	-	736,983	(11,487)
Total							
Hedging		60,791	62,365	-	-	736,983	11,487
Market Making		60,791	(62,361)	-	-	736,983	(11,487)
		2022					
Counterparties		Cross currency swaps		Interest rate swaps		FX options	
		Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss
		(Rupees in '000)					
With Banks for							
Hedging		303,953	185,139	-	-	8,817,006	593,302
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		303,953	(184,835)	-	-	8,817,006	(593,302)
Total							
Hedging		303,953	185,139	-	-	8,817,006	593,302
Market Making		303,953	(184,835)	-	-	8,817,006	(593,302)

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

25.2 Maturity Analysis

	2023				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Remaining Maturity					
Upto 1 month	24	695,014	(64,258)	64,262	4
1 to 3 months	26	900,534	(9,590)	9,590	-
3 to 6 months	-	-	-	-	-
6 months to 1 Year	-	-	-	-	-
2 to 3 Years	-	-	-	-	-
Total	50	1,595,548	(73,848)	73,852	4

	2022				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Remaining Maturity					
Upto 1 month	40	2,229,963	(18,637)	18,637	-
1 to 3 months	114	6,301,417	(203,092)	203,092	-
3 to 6 months	160	8,701,844	(353,887)	353,887	-
6 months to 1 Year	8	400,788	(17,686)	17,686	-
2 to 3 Years	2	607,906	(184,835)	185,139	304
Total	324	18,241,918	(778,137)	778,441	304

25.3 Risk management related to derivatives is discussed in note 46.5.

	2023	2022
	(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	110,386,516	65,834,615
Investments	203,611,762	130,431,820
Lendings to financial institutions	11,866,368	3,918,252
Balances with banks	2,192,550	578,506
	328,057,196	200,763,193
27. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	139,596,722	93,996,146
Borrowings	35,850,218	16,239,220
Subordinated debt		
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,548,962	2,197,603
Unwinding cost of lease liability against right-of-use assets	1,360,534	1,174,390
	180,356,436	113,607,359

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
28. FEE AND COMMISSION INCOME			
Branch banking customer fees		3,561,386	3,126,130
Consumer finance related fees		762,859	592,792
Card related fees (debit and credit cards)		5,994,430	4,030,300
Credit related fees		699,306	256,287
Investment banking fee		238,688	194,775
Commission on trade		3,329,607	1,623,193
Commission on guarantees		1,343,873	588,724
Commission on cash management		902,070	838,059
Commission on remittances including home remittances		1,694,714	1,310,357
Commission on utility bills		93,680	87,736
Commission on Bancassurance		876,058	939,484
Rent on lockers		232,609	231,183
Commission on investments services		325,688	183,480
Other commission		172,209	179,318
		20,227,177	14,181,818
29. GAIN / (LOSS) ON SECURITIES - NET			
Realised	29.1	820,305	(1,464,224)
Unrealised - Held for trading	10.1	(7,644)	-
		812,661	(1,464,224)
29.1 Realised gain / (loss) on:			
Federal Government securities		98,289	140,141
Non Government debt securities		657	-
Shares and units		721,359	(1,604,365)
		820,305	(1,464,224)
30. OTHER INCOME			
Rent on property		148,027	111,791
Gain on sale of fixed assets - net		159,150	112,091
Gain on termination of lease liability against right-of-use assets		64,298	58,837
(Loss) / gain on sale of non-banking assets - net	14.1.2	(3,224)	6,817
		368,251	289,536

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
31. OPERATING EXPENSES			
Total compensation expense	31.1	23,237,768	19,020,211
Property expense			
Rent and taxes		305,654	207,608
Insurance		25,957	19,887
Utilities cost		2,376,373	1,956,740
Fuel expense generators		1,245,347	1,041,908
Security (including guards)		1,959,841	1,672,889
Repair and maintenance (including janitorial charges)		1,088,588	935,480
Depreciation on right-of-use assets	12.3	1,521,338	1,327,442
Depreciation	12.2	956,027	765,994
		9,479,125	7,927,948
Information technology expenses			
Software maintenance		1,668,354	1,281,977
Hardware maintenance		336,439	264,433
Depreciation	12.2	876,582	641,540
Amortisation	13.1	358,427	376,802
Network charges		642,175	568,349
Insurance		4,937	4,099
		3,886,914	3,137,200
Other operating expenses			
Directors' fees and allowances	40.2	46,200	45,800
Legal and professional charges		381,843	433,607
Outsourced services costs	37.1	959,052	859,627
Travelling and conveyance		501,561	345,106
NIFT clearing charges		212,457	189,640
Depreciation	12.2	1,140,038	968,088
Depreciation on non-banking assets acquired in satisfaction of claims	14.1.1	23,878	23,389
Training and development		89,005	62,225
Postage and courier charges		251,623	292,955
Communication		1,497,658	513,045
Stationery and printing		1,151,277	784,098
Marketing, advertisement & publicity		795,353	736,449
Donations	31.2	21,000	1,352
Auditors' remuneration	31.3	68,016	61,109
Cash transportation charges		1,107,143	921,828
Repair and maintenance		661,992	585,189
Subscription		28,003	28,437
Entertainment		407,397	278,742
Remittance charges		273,400	223,262
Brokerage expenses		52,368	39,985
Card related expenses		2,793,382	1,472,699
CNIC verification charges		390,903	387,431
Insurance		1,952,693	1,805,904
Others		428,268	349,432
		15,234,510	11,409,399
		51,838,317	41,494,758

Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 138.578 million (2022: Rs. 138.651 million) which pertains to payments made to "Euronet Pakistan Private Limited" (a related party) incorporated in Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Outsourcing shall have the same meaning as specified in BPRD Circular No. 06 of 2019.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

The Bank has material outsourcing arrangement with "Euronet Pakistan Private Limited" (a related party) for hosting of POS acquiring & e-commerce gateway services. The annual cost of outsourcing is Rs 138.578 million (2022: 138.651 million).

		2023	2022
		(Rupees in '000)	
31.1	Note		
31.1 Total compensation expense			
	Fees and allowances	948,289	664,656
	Managerial remuneration		
	i) Fixed	16,723,305	13,980,303
	ii) Variable - cash bonus / awards / incentives	3,636,378	2,903,811
	Charge for defined benefit plan	250,527	209,051
	Contribution to defined contribution plan	550,373	477,287
	Staff group insurance	696,859	478,824
	Rent and house maintenance	81,060	75,166
	Medical	47,179	39,755
	Conveyance	280,229	164,826
		23,214,199	18,993,679
	Sign-on bonus	23,569	2,433
	Severance allowance	-	24,099
		23,237,768	19,020,211

31.1.1 During the year sign on bonus was paid to 25 employees (2022: 11).

31.1.2 No severance allowance was paid during the year (2022: 4 employees).

31.2 Detail of donations made during the year is as follows:

		2023	2022
		(Rupees in '000)	
	M/s Bestway Foundation	-	1,352
	Lahore Hospital Welfare Society	1,000	-
	Habib University Foundation	5,000	-
	Patient's Behbud Society for 'The Aga Khan University Hospital (AKUH)'	5,000	-
	Saleem Memorial Trust Hospital	10,000	-
		21,000	1,352

31.2.1 None of the directors, executives or their spouses had any interest in the donees, except for Mr. Yahya Saleem who is a director in Saleem Memorial Trust Hospital and Mr. Tariq Rafi who is a director in Habib University Foundation.

		2023	2022
		(Rupees in '000)	
31.3 Auditors' remuneration			
	Audit fee	20,400	17,738
	Fee for audit of foreign branches	20,617	21,891
	Special certifications and sundry advisory services	5,099	1,000
	Tax services	17,820	17,820
	Sales tax on audit fee	1,020	887
	Out-of-pocket expenses	3,060	1,773
		68,016	61,109

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

Note	2023	2022
	(Rupees in '000)	
32. OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	206,028	49,620
VAT & National Building tax & Crop Insurance Levy	330,468	179,910
Education cess	123,586	34,843
	660,082	264,373
33. PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
Provisions / (reversals) against balance with Banks	7,087	(14,856)
Provisions / (reversals) for diminution in value of investments	10.3.1	(356,995)
(Reversals) / provisions against loans & advances	11.4	(2,326,798)
Provisions / (reversals) against off balance sheet items	20	4,297
Provisions against other assets	14.2.1	108,132
Bad debts written off directly	11.5.1	680
Recovery of written off / charged off bad debts	(179,789)	(196,923)
	372,878	(2,782,463)
34. TAXATION		
Current	59,679,924	33,667,769
Prior years	3,438,642	3,470,506
Deferred	19	1,485,955
	65,609,462	38,624,230
34.1 Relationship between tax expense and accounting profit		
Accounting profit for the year	125,240,559	71,365,165
Tax on income @ 39% (2022: 39%)	48,843,818	27,832,414
Super tax @ 10% (2022: 10%)	12,524,056	7,136,517
Tax effect of permanent differences	100,954	24,314
Tax effect of prior years charge	3,438,642	3,470,506
Others	701,992	160,479
Tax charge for the year	65,609,462	38,624,230
	(Rupees in '000)	
35. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year after tax	59,631,097	32,740,935
	(Number)	
Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
	(Rupees)	
Basic and diluted earnings per share	50.32	27.63

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

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For the year ended December 31, 2023

	Note	2023		2022	
		(Rupees in '000)		(Rupees in '000)	
36. CASH AND CASH EQUIVALENTS					
Cash and balances with treasury banks	7		170,716,648		96,368,918
Balances with other banks	8		35,073,136		24,872,110
Overdrawn nostro accounts	18		(1,094,805)		(813,687)
			204,694,979		120,427,341
36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities					
		2023		2022	
		Liabilities	Equity	Liabilities	Equity
		Other Liabilities	Share Capital Reserves Unappropriated profit Total	Other Liabilities	Share Capital Reserves Unappropriated profit Total
		(Rupees in '000)			
Opening Balance		137,769,297	11,850,600 88,578,024 70,425,375 308,623,296	89,364,889	11,850,600 84,602,024 63,683,267 249,500,780
Changes from Financing cash flows					
Payment of lease liability against right-of-use-assets		(2,217,900)	- - - (2,217,900)	(1,867,928)	- - - (1,867,928)
Dividend paid		-	- (32,308,059) (32,308,059)	-	(21,807,509) (21,807,509)
Total changes from financing cash flows		(2,217,900)	- (32,308,059) (34,525,959)	(1,867,928)	(21,807,509) (23,675,437)
Liability related					
Changes in Other liabilities					
- Cash based		(10,317,682)	- - - (10,317,682)	32,229,846	- - - 32,229,846
- Dividend payable		(311,439)	- 311,439 - (311,439)	708,631	(708,631) - (708,631)
- Non cash based		24,354,642	- - - 24,354,642	17,333,859	- - - 17,333,859
Total liability related other changes		13,725,521	- 311,439 311,439 14,036,960	50,272,336	(708,631) (708,631) 49,563,705
Total equity related other changes		-	- 10,145,512 57,610,781 67,756,293	-	- 29,258,248 33,234,248
Closing Balance		149,276,918	11,850,600 98,723,536 96,039,556 355,890,590	137,769,297	11,850,600 88,578,024 70,425,375 308,623,296

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	2023	2022
	(Number)	
37. STAFF STRENGTH		
Permanent	14,306	14,236
On Bank contract	114	105
Bank's own staff strength at end of the year	14,420	14,341

37.1 In addition to the above, 77 (2022: 75) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding, tea and janitorial services. Outsourced staff includes 68 (2022: 67) working domestically and 9 (2022: 8) working abroad.

	2023	2022
	(Number)	
37.2 Staff Strength Bifurcation		
Domestic	14,288	14,210
Overseas	132	131
	14,420	14,341

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates the following retirement benefits for its employees:

- Pension fund - funded
- Benevolent scheme - unfunded
- Post retirement medical benefits - unfunded
- Employees compensated absence - unfunded

The plan assets and defined benefit obligations are based in Pakistan.

38.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	(Number)	
- Pension fund - funded	5,373	5,688
- Benevolent scheme - unfunded	1,073	930
- Post retirement medical benefits - unfunded	14,178	14,067
- Employees compensated absence - unfunded	14,179	14,068

38.3 Principal actuarial assumptions

The latest actuarial valuations of the pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employees' compensated absences were carried out at December 31, 2023. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2023	2022	2023	2022	2023	2022	2023	2022
	(%)							
Discount rate	15.50	14.50	15.50	14.50	15.50	14.50	15.50	14.50
Expected rate of return on plan assets	15.50	14.50	-	-	-	-	-	-
Expected rate of salary increase	13.50	12.50	13.50	12.50	-	-	13.50	12.50
Expected rate of increase in pension	0-5	0-5	-	-	-	-	-	-
Expected rate of increase in medical benefit	-	-	-	-	15.50	12.50	-	-

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

38.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Present value of obligations	38.5	4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992
Fair value of plan assets	38.6	(11,715,415)	(7,088,088)	-	-	-	-	-	-
(Receivable) / payable	38.7	(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

38.5 Movement in defined benefit obligations

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Obligations at the beginning of the year		4,319,946	5,031,961	165,426	197,712	2,219,281	1,982,169	1,179,992	1,100,865
Current service cost	38.8.1	60,005	65,893	12,134	15,470	79,635	62,068	43,876	37,574
Interest cost		597,690	567,009	20,981	21,437	310,148	224,498	164,945	122,248
Benefits paid		(395,897)	(412,708)	(41,457)	(30,531)	(160,653)	(143,092)	(84,875)	(120,915)
Re-measurement (gain) / loss	38.8.1 & 38.8.2	(294,471)	(932,209)	(16,237)	(38,662)	(327,282)	93,638	(37,748)	40,220
Obligations at end of the year	38.4	4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

38.6 Movement in fair value of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Fair value at the beginning of the year		7,088,088	8,250,387	-	-	-	-	-	-
Interest income on plan assets		999,070	945,174	-	-	-	-	-	-
Benefits paid		(395,897)	(412,708)	-	-	-	-	-	-
Re-measurement gain / (loss): Net return on plan assets over interest income gain / (loss)	38.8.2	4,024,154	(1,694,765)	-	-	-	-	-	-
Fair value at end of the year	38.4	11,715,415	7,088,088	-	-	-	-	-	-

38.7 Movement in (receivable) / payable under defined benefit schemes

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Opening balance		(2,768,142)	(3,218,426)	165,426	197,712	2,219,281	1,982,169	1,179,992	1,100,865
Charge / (reversal) for the year	38.8.1	(341,375)	(312,272)	31,046	34,715	389,783	286,566	171,073	200,042
Employees' contribution		-	-	2,069	2,192	-	-	-	-
Re-measurement (gain) / loss recognised in OCI during the year	38.8.2	(4,318,625)	762,556	(16,237)	(38,662)	(327,282)	93,638	-	-
Benefits paid by the Bank		-	-	(41,457)	(30,531)	(160,653)	(143,092)	(84,875)	(120,915)
Closing balance	38.4	(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

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38.8 Charge for defined benefit plans

38.8.1 Cost recognised in profit and loss

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Current service cost	38.5	60,005	65,893	12,134	15,470	79,635	62,068	43,876	37,574
Net interest on defined benefit asset / liability		(401,380)	(378,165)	20,981	21,437	310,148	224,498	164,945	122,248
Employees' contribution		-	-	(2,069)	(2,192)	-	-	-	-
Actuarial (gain) / loss	38.5	-	-	-	-	-	-	(37,748)	40,220
	38.7	(341,375)	(312,272)	31,046	34,715	389,783	286,566	171,073	200,042

38.8.2 Re-measurements recognised in OCI during the year

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
(Gain) / loss on obligation	38.5								
Financial assumptions		(48,655)	(140,403)	(5,494)	(20,092)	(39,772)	211,953	-	-
Experience adjustments		(245,816)	(791,806)	(10,743)	(18,570)	(287,510)	(118,315)	-	-
Return on plan assets over interest income	38.6	(4,024,154)	1,694,765	-	-	-	-	-	-
Re-measurement (gain) / loss recognised in OCI	38.7	(4,318,625)	762,556	(16,237)	(38,662)	(327,282)	93,638	-	-

38.9 Components of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Cash and cash equivalents - net		63,273	209,899	-	-	-	-	-	-
Shares		11,403,500	6,669,075	-	-	-	-	-	-
Open ended mutual funds units		248,642	209,114	-	-	-	-	-	-
	38.4	11,715,415	7,088,088	-	-	-	-	-	-

38.9.1 Significant risk associated with the plan assets

The Fund's investments in equity securities and units of mutual funds are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

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38.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
1% increase in discount rate	(205,544)	(7,914)	(252,679)	(69,570)
1% decrease in discount rate	226,578	8,781	317,981	77,330
1 % increase in expected rate of salary increase	61,344	–	–	78,040
1 % decrease in expected rate of salary increase	(58,471)	–	–	(71,330)
1% increase in expected rate of pension increase	122,814	–	–	–
1% decrease in expected rate of pension increase	(113,915)	–	–	–
1% increase in expected rate of medical benefit increase	–	–	284,871	–
1% decrease in expected rate of medical benefit increase	–	–	(227,079)	–

38.11 Expected contributions to be paid to the funds in the next financial year

No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. No contribution to the pension fund is expected in the next year.

38.12 Expected charge / (reversal) for the next financial year

Based on actuarial advice, management estimates that the charge / (reversal) in respect of defined benefit plans for the year ending December 31, 2024 would be as follows:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
Expected charge / (reversal) for the next financial year	(1,084,741)	22,047	413,012	236,153
38.13 Maturity profile				
The weighted average duration of the obligation (in years)	5.42	5.42	5.42	5.42

38.14 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

Notes To The Unconsolidated Financial Statements

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38.15 The defined benefit plans may expose the bank to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below;

Investment risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Longevity risk	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary increase risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal rate	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

39. DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 12,061 (2022: 11,138) employees where contributions are made by the Bank at 8.33% (2022: 8.33%) and employees ranging from 8.33% to 15% per annum (2022: 8.33% to 15% per annum) of the basic salary.

The Bank also operates an approved non-contributory provident fund for 555 (2022: 592) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 15% per annum (2022: 8.33% to 15% per annum) of the basic salary.

40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total compensation expense

		2023					
		Directors			President/ CEO	Key management personnel	Other material risk takers/ controllers
Note	Chairman	Executive (other than CEO)	Non executive	President/ CEO	Key management personnel	Other material risk takers/ controllers	
(Rupees in '000)							
Fee and allowances	40.2	6,000	-	40,200	-	12,432	32,488
Managerial Remuneration							
i) Fixed		-	-	75,900	521,126	1,028,087	
ii) Cash Bonus / Awards / Incentives	40.1.1	-	-	45,000	268,609	349,503	
Contribution to defined contribution plan		-	-	4,080	16,602	39,007	
Rent & house maintenance		-	-	-	32,976	8,620	
Medical		-	-	379	2,643	11,715	
Overseas allowance		-	-	-	76,103	14,592	
Security		-	-	928	-	-	
Club membership		-	-	112	1,000	2,800	
Others		-	-	336	-	-	
Total		6,000	-	40,200	126,735	931,491	1,486,812
Number of Persons		1	-	11	1	29	166

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	2022					
	Directors			President/ CEO	Key management personnel	Other material risk takers/ controllers
	Chairman	Executive (other than CEO)	Non executive			
	(Rupees in '000)					
Fee and allowances	5,900	-	39,900	-	2,688	9,764
Managerial Remuneration						
i) Fixed	-	-	-	67,890	413,416	908,287
ii) Cash Bonus / Awards / Incentives	-	-	-	30,390	184,440	302,135
Contribution to defined contribution plan	-	-	-	3,624	13,993	35,696
Rent & house maintenance	-	-	-	54	26,285	15,078
Medical	-	-	-	54	2,094	8,353
Severance allowance	-	-	-	-	17,300	5,099
Overseas allowance	-	-	-	-	55,215	11,608
Security	-	-	-	681	-	-
Club membership	-	-	-	2,304	-	300
Total	5,900	-	39,900	104,997	715,431	1,296,320
Number of Persons	1	-	11	1	30	174

40.1.1 During the year 2023, Rs. 49.619 million bonus has been deferred (2022: Rs. 79.748 million).

40.2 Remuneration paid to Directors for participation in Board and Committee meetings

	2023									
	For Board Committees									
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	Total
	(Rupees in '000)									
Mian Mohammad Mansha	4,800	-	400	-	400	-	400	-	-	6,000
Mr. Tariq Rafi	1,600	-	-	-	-	-	-	-	-	1,600
Mian Umer Mansha	2,000	500	400	400	-	500	400	400	-	4,600
Mrs. Iqraa Hassan Mansha	1,600	-	-	-	100	-	300	-	-	2,000
Mr. Muhammad Ali Zeb	2,000	400	-	400	400	-	400	400	-	4,000
Mr. Mohd Suhail Amar Suresh	4,000	-	400	400	-	500	-	-	-	5,300
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	400	400	400	500	-	400	-	6,100
Mr. Masood Ahmed Puri	4,000	-	400	-	-	-	-	-	-	4,400
Mr. Shahzad Hussain	2,000	500	-	-	-	-	-	-	-	2,500
Mr. Shariffuddin Bin Khalid	4,000	500	-	-	-	-	-	-	-	4,500
Mr. Shaikh Muhammad Jawed	1,200	-	-	-	-	-	-	-	-	1,200
Total	35,200	1,900	2,000	1,600	1,300	1,500	1,500	1,200	-	46,200

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	2022									
	For Board Committees								Total	
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC		Wo & WC
(Rupees in '000)										
Mian Mohammad Mansha	4,800	-	400	-	400	-	300	-	-	5,900
Mr. S. M. Muneer	1,200	-	-	-	-	-	-	400	-	1,600
Mr. Tariq Rafi	2,000	-	-	-	-	-	-	-	-	2,000
Mian Umer Mansha	2,000	500	500	400	-	500	400	-	-	4,300
Mrs. Iqraa Hassan Mansha	1,600	-	-	-	200	-	200	-	-	2,000
Mr. Muhammad Ali Zeb	2,000	500	-	400	400	-	400	400	-	4,100
Mr. Mohd Suhail Amar Suresh	3,200	-	400	300	-	400	-	-	-	4,300
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	500	400	400	500	-	300	-	6,100
Mr. Masood Ahmed Puri	4,000	-	500	-	-	-	-	-	-	4,500
Mr. Shahzad Hussain	2,000	500	-	-	-	-	-	-	-	2,500
Mr. Shariffuddin Bin Khalid	4,000	500	-	-	-	-	-	-	-	4,500
	34,800	2,000	2,300	1,500	1,400	1,400	1,300	1,100	-	45,800

40.3 The Chairman has been provided with free use of the Bank maintained car. In addition to the above, the Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

41. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. Quoted securities classified as held to maturity are carried at amortised cost. Fair value of unquoted equity investments other than investments in associates and subsidiaries is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings 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 loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.4 to these unconsolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 45.

In the opinion of the management, the fair value of the financial assets and financial liabilities other than those carried at fair value and disclosed in note 41.1 are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

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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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair valuation of financial instruments within level 2

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg.
Term Finance Certificates and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

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

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For the year ended December 31, 2023

	2023				Total
	Carrying value / Notional value	Level 1	Level 2	Level 3	
	(Rupees in '000)				
On balance sheet					
financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,135,021,730	-	1,135,021,730	-	1,135,021,730
Shares and units	25,390,592	25,283,009	107,583	-	25,390,592
Non-Government Debt Securities	-	-	2,950,890	-	2,950,890
Foreign Securities	44,057,060	-	44,057,060	-	44,057,060
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	42,019,075	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	64,936,842	-	64,936,842	-	64,936,842
Non-banking assets	2,156,606	-	2,156,606	-	2,156,606
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	82,635,941	-	504,883	-	504,883
Forward sale of foreign exchange	71,222,082	-	1,856,409	-	1,856,409
Derivatives purchase	797,774	-	73,852	-	73,852
Derivatives sale	797,774	-	73,848	-	73,848

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	2022				Total
	Carrying value / Notional value	Level 1	Level 2	Level 3	
(Rupees in '000)					
On balance sheet					
financial instruments					
Financial assets – measured at fair value					
Investments					
Federal Government Securities	913,772,807	–	913,772,807	–	913,772,807
Shares and units	16,486,590	16,423,058	63,532	–	16,486,590
Non-Government Debt Securities	2,959,622	–	2,959,622	–	2,959,622
Foreign Securities	4,112,387	–	4,112,387	–	4,112,387
Financial assets – disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)					
	41,399,734	–	–	–	–
Non – Financial Assets measured at fair value					
Operating fixed assets (land and buildings)					
	65,348,646	–	65,348,646	–	65,348,646
Non-banking assets	2,804,844	–	2,804,844	–	2,804,844
Off-balance sheet financial instruments – measured at fair value					
Forward purchase of foreign exchange					
	75,618,221	–	266,932	–	266,932
Forward sale of foreign exchange	55,916,836	–	254,880	–	254,880
Derivatives purchase	9,120,959	–	778,441	–	778,441
Derivatives sale	9,120,959	–	778,137	–	778,137

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.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

42. SEGMENT INFORMATION

42.1 Segment details with respect to business activities

The segment analysis with respect to business activity is as follows:

	2023								
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	(Rupees in '000)								
Profit & Loss									
Net mark-up/return/profit	(110,451,262)	4,929,550	69,955,466	176,013,531	7,253,475	-	147,700,760	-	147,700,760
Inter segment revenue - net	254,479,978	(2,663,982)	(56,683,539)	(207,695,404)	(375,402)	12,938,349	-	-	-
Non mark-up / return / interest income	11,750,204	2,730,000	8,907,637	7,046,922	2,131,134	349,990	32,915,887	-	32,915,887
Total Income	155,778,920	4,995,568	22,179,564	(24,634,951)	9,009,207	13,288,339	180,616,647	-	180,616,647
Segment direct expenses	33,480,192	2,222,248	1,001,747	702,338	2,540,137	15,056,548	55,003,210	-	55,003,210
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	33,480,192	2,222,248	1,001,747	702,338	2,540,137	15,056,548	55,003,210	-	55,003,210
Provisions / (reversals)	2,401,991	69,405	214,164	389,924	763,627	(3,466,233)	372,878	-	372,878
Profit before tax	119,896,737	2,703,915	20,963,653	(25,727,213)	5,705,443	1,698,024	125,240,559	-	125,240,559
Balance Sheet									
Cash and Bank balances	73,010,365	1,075,800	286,062	90,718,130	40,699,427	-	205,789,784	-	205,789,784
Investments	-	-	11,329,945	1,185,533,827	52,575,575	-	1,249,439,347	-	1,249,439,347
Net inter segment lending	1,323,367,835	-	-	-	-	249,763,494	1,573,131,329	(1,573,131,329)	-
Lendings to financial institutions	-	-	-	33,703,733	62,509,667	-	96,213,400	-	96,213,400
Advances - performing	93,175,361	36,852,172	410,689,401	-	25,200,930	-	565,917,864	-	565,917,864
- non performing - net	892,197	213,265	1,318,978	-	9,015,426	505,599	11,945,465	-	11,945,465
Others	58,036,413	4,929,573	59,669,219	108,819,168	1,977,880	64,440,643	297,872,896	-	297,872,896
Total Assets	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756
Borrowings	7,854,875	28,071	100,265,851	105,313,558	3,148,691	-	216,611,046	-	216,611,046
Deposits and other accounts	1,502,187,242	26,053,661	119,652,517	-	157,493,874	-	1,805,387,294	-	1,805,387,294
Net inter segment borrowing	-	12,006,350	220,902,573	1,313,185,790	27,036,616	-	1,573,131,329	(1,573,131,329)	-
Others	38,440,054	4,982,728	42,472,664	275,510	4,299,724	84,002,867	174,473,547	-	174,473,547
Total liabilities	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,905	84,002,867	3,769,603,216	(1,573,131,329)	2,196,471,887
Equity	-	-	-	-	-	230,706,869	230,706,869	-	230,706,869
Total Equity & liabilities	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756
Contingencies & Commitments	91,494,401	-	499,006,135	170,673,886	15,455,739	36,842,867	813,473,028	-	813,473,028
2022									
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
(Rupees in '000)									
Profit & Loss									
Net mark-up/return/profit	(77,715,625)	4,209,753	41,976,296	115,352,325	3,333,085	-	87,155,834	-	87,155,834
Inter segment revenue - net	154,640,563	(2,013,974)	(35,995,220)	(126,734,396)	(200,333)	10,303,360	-	-	-
Non mark-up / return / interest income	9,224,705	2,304,862	5,892,310	5,426,418	1,344,354	420,653	24,613,302	-	24,613,302
Total Income	86,149,643	4,500,641	11,873,386	(5,955,653)	4,477,106	10,724,013	111,769,136	-	111,769,136
Segment direct expenses	26,854,472	1,821,733	776,159	453,334	1,570,911	11,709,825	43,186,434	-	43,186,434
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	26,854,472	1,821,733	776,159	453,334	1,570,911	11,709,825	43,186,434	-	43,186,434
(Reversals) / provisions	(191)	38,696	(333,869)	(478,163)	483,367	(2,492,303)	(2,782,463)	-	(2,782,463)
Profit before tax	59,295,362	2,640,212	11,431,096	(5,930,824)	2,422,828	1,506,491	71,365,165	-	71,365,165
Balance Sheet									
Cash and Bank balances	34,486,076	622,340	242,694	60,644,247	23,563,344	1,683,327	121,241,028	-	121,241,028
Investments	-	-	10,517,351	958,937,705	9,276,084	-	978,731,140	-	978,731,140
Net inter segment lending	1,114,563,059	-	-	-	-	190,628,927	1,305,191,986	(1,305,191,986)	-
Lendings to financial institutions	-	-	-	26,679,756	23,736,012	-	50,415,768	-	50,415,768
Advances - performing	96,972,626	41,235,105	589,623,635	-	16,255,805	-	744,087,171	-	744,087,171
- non performing - net	156,088	87,709	1,380,470	-	7,257,344	430,794	9,312,405	-	9,312,405
Others	50,005,640	2,399,035	37,780,657	26,778,287	1,667,282	62,936,751	181,567,652	-	181,567,652
Total Assets	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Borrowings	13,558,449	-	98,051,501	227,813,628	813,687	-	340,237,265	-	340,237,265
Deposits and other accounts	1,209,548,280	20,379,488	87,712,328	-	61,067,142	9,830	1,378,717,068	-	1,378,717,068
Net inter segment borrowing	-	18,909,590	428,058,745	841,864,507	16,359,144	-	1,305,191,986	(1,305,191,986)	-
Others	73,075,760	5,055,111	25,722,233	3,361,860	3,515,898	66,175,319	176,906,181	-	176,906,181
Total liabilities	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	66,185,149	3,201,052,500	(1,305,191,986)	1,895,860,514
Equity	-	-	-	-	-	189,494,650	189,494,650	-	189,494,650
Total Equity & liabilities	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Contingencies & Commitments	76,591,298	-	376,393,133	163,574,410	18,749,788	30,345,931	665,654,560	-	665,654,560

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42.3 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

42.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2023 or 2022.

43. TRUST ACTIVITIES

The Bank undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	2023				Total
	Securities Held (Face Value)				
	Number of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
	(Rupees in '000)				
Corporates	88	22,113,825	17,372,500	2,600	39,488,925
Insurance Companies	10	7,379,400	2,400,000	–	9,779,400
Asset Management Companies	24	12,165,000	–	–	12,165,000
Pension & Employee Funds	152	46,527,190	41,388,850	15,000	87,931,040
NGO / Charitable Organisation	29	5,446,920	1,121,500	–	6,568,420
Individuals	1,903	5,140,595	913,400	62,700	6,116,695
Others	60	43,776,545	70,509,300	777,500	115,063,345
Total	2,266	142,549,475	133,705,550	857,800	277,112,825
	2022				
Category	Securities Held (Face Value)				Total
	Number of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
	(Rupees in '000)				
Corporates	80	42,579,360	1,319,100	155,100	44,053,560
Insurance Companies	10	3,300,000	300,000	–	3,600,000
Asset Management Companies	20	–	–	–	–
Pension & Employee Funds	149	44,302,650	27,885,550	–	72,188,200
NGO / Charitable Organisation	28	4,265,315	1,075,500	–	5,340,815
Individuals	1,330	2,919,460	675,000	–	3,594,460
Others	55	32,127,825	108,176,500	–	140,304,325
Total	1,672	129,494,610	139,431,650	155,100	269,081,360

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44. RELATED PARTY TRANSACTIONS

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

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 to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	2023						2022					
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties		Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
						(Rupees in '000)						
Lendings to Financial Institutions												
Opening balance	-	-	-	-	-	-	-	-	3,500,000	-	-	
Addition during the year	-	-	78,200,000	-	-	-	-	-	118,446,765	-	-	
Repaid during the year	-	-	(69,200,000)	-	-	-	-	-	(121,946,765)	-	-	
Closing balance	-	-	9,000,000	-	-	-	-	-	-	-	-	
Investments												
Opening balance	-	-	16,318,312	700,401	249,253	-	-	12,319,037	700,401	254,253	-	
Investment made during the year	-	-	649,925	-	-	-	-	4,000,000	-	-	-	
Investments wound up / disposed off during the year	-	-	-	-	-	-	-	(725)	-	(5,000)	-	
Closing balance	-	-	16,968,237	700,401	249,253	-	-	16,318,312	700,401	249,253	-	
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	-	
Advances												
Opening balance	1,543	281,237	1,039,898	-	4,445,292	109	147,331	940,062	1,018,449	3,084,862	-	
Addition / exchange adjustment during the year	5,963	95,327	-	-	914,191	23,615	93,306	99,836	-	14,754,662	-	
Repaid during the year	(6,070)	(85,184)	(457,965)	-	(3,850,203)	(22,181)	(69,178)	-	(1,018,449)	(13,394,232)	-	
Transfer in / (out) – net	-	48,006	-	-	-	-	109,778	-	-	-	-	
Closing balance	1,436	339,386	581,933	-	1,509,280	1,543	281,237	1,039,898	-	4,445,292	-	
Fixed Assets												
Purchase of fixed assets	-	-	-	7,533	191,247	-	-	-	200,000	6,157	62,667	
Other assets												
Markup receivable	-	4,302	22,354	-	26,675	-	3,208	5,942	-	64,384	-	
Advances, deposits, advance rent and other prepayments	-	-	25,663	573,809	25,684	-	-	11,500	288,434	25,594	-	
Receivable from Pension Fund	-	-	-	-	7,428,143	-	-	-	-	2,768,142	-	
Unrealized loss on forward foreign exchange contracts – outstanding	-	-	-	-	-	-	-	3	-	-	-	
Borrowings												
Opening balance	-	-	5,146	-	-	-	-	19,134	-	-	103,120	
Borrowings / exchange adjustment during the year	-	-	4,458,449	-	-	-	-	1,570,501	-	-	-	
Settled during the year	-	-	(4,391,681)	-	-	-	-	(1,584,489)	-	-	(103,120)	
Closing balance	-	-	71,914	-	-	-	-	5,146	-	-	-	

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	2023						2022					
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties		
	(Rupees in '000)											
Deposits and other accounts												
Opening balance	193,547	184,112	187,369	5,623,897	5,594,903	700,547	196,067	51,961	3,827,846	8,285,021		
Received during the year	4,574,426	1,701,697	9,730,003	90,801,961	108,421,525	7,966,971	1,508,191	5,793,034	59,131,008	109,663,854		
Withdrawn during the year	(1,733,287)	(1,718,969)	(9,815,360)	(88,104,394)	(103,993,441)	(8,473,340)	(1,534,378)	(5,657,626)	(57,334,957)	(112,340,190)		
Transfer in / (out) – net	-	33,644	-	-	10,161	(631)	14,232	-	-	(13,782)		
Closing balance	3,034,686	200,484	102,012	8,321,464	10,033,148	193,547	184,112	187,369	5,623,897	5,594,903		
Other liabilities												
Markup payable	-	2,009	-	121,341	5,268	4,804	1,171	883	59,052	46,907		
Accrued expenses and other payables	-	-	24,157	47,714	168	-	-	29,100	81,476	1,571		
Payable to MCB Employee Security Services	-	-	-	-	-	-	-	-	-	14,314		
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-		
	-	2,009	44,157	169,055	5,436	4,804	1,171	49,983	140,528	62,792		
Contingencies and Commitments												
Letter of Credit	-	-	-	-	5,009,367	-	-	-	-	6,638,499		
Forward foreign exchange contracts (Notional)	-	-	-	-	-	-	-	86,341	-	-		
Bank guarantee	-	-	174,196	8,839,177	1,722,909	-	-	70,227	7,102,828	1,063,845		
Closing balance	-	-	174,196	8,839,177	6,732,276	-	-	156,568	7,102,828	7,692,344		
Income												
Markup / return / interest earned	36	18,703	354,046	-	122,956	86	15,794	298,425	26,956	258,152		
Fee and commission income	1	-	188,545	941,366	15,076	-	-	76,281	982,629	12,572		
Dividend income	-	-	322,415	219,704	68,786	-	-	110,870	210,000	82,716		
Gain / (loss) on forward foreign exchange contracts matured during the year	-	-	-	-	35,516	-	-	-	-	(8,179)		
Net gain / (loss) on sale of securities	2	(21)	-	1,565	1,321	-	39	-	1,432	42,301		
Gain on sale of assets	-	222	19,193	-	74	-	716	-	-	102		
Rent income	-	-	73,003	10,486	6,234	-	-	59,245	12,220	3,840		
Expense												
Markup / return / interest expensed	69,550	9,826	9,150	701,869	1,124,951	52,364	4,087	3,854	305,345	1,901,828		

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	2023					2022				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	212,457	-	-	-	-	189,640
Contribution to provident fund	-	-	-	-	550,373	-	-	-	-	477,287
Rent expenses	-	-	-	79,159	56,339	-	-	6,324	72,185	53,069
Cash sorting expenses	-	-	-	-	139,365	-	-	-	-	117,167
Stationery expenses	-	-	-	-	544,588	-	-	-	-	380,041
Security guards expenses	-	-	-	-	57,010	-	-	-	-	253,386
Remuneration to directors and key management personnel	172,935	931,491	-	-	-	150,797	715,431	-	-	-
Outsourcing service expenses	-	-	-	138,578	-	-	-	-	138,651	-
E-dividend processing fee and CDC charges	-	-	-	-	5,836	-	-	-	-	6,047
Travelling expenses	-	-	-	-	68,341	-	-	-	-	30,378
Hotel stay expenses	-	-	-	-	5,120	-	-	-	-	6,121
Repair and maintenance charges	-	-	-	-	4,383	-	-	-	-	3,184
Advertisement expenses	-	-	-	-	-	-	-	-	-	3,132
Utility expenses	-	-	-	-	1,875	-	-	-	-	4,519
Miscellaneous expenses and payments	-	-	-	-	2,696	-	-	-	-	2,659
Donations	-	-	-	-	15,000	-	-	-	-	-
Insurance premium paid – net of refund	-	-	-	1,080,940	-	-	-	-	904,527	-
Insurance claims settled	-	-	-	52,763	-	-	-	-	40,380	-
Other Transactions										
Proceeds from sale of assets	-	222	23,000	-	89	-	6,448	-	-	1,417
Sale of foreign currency	-	-	29,468,840	-	-	-	-	22,072,685	-	-
Purchase of foreign currency	-	-	33,534,409	-	-	-	-	13,175,745	-	1,039,000
Payments against home remittances	-	-	5,709,744	-	-	-	-	4,755,069	-	-
Reimbursement of other expenses	-	-	73,846	-	-	-	-	54,607	-	-
Insurance premium paid on behalf of related party	-	-	-	-	67,504	-	-	-	-	-
Sale of government securities	60,911	120,574	-	31,221,203	29,041,986	50,060	154,836	-	23,153,428	35,215,242
Purchase of government securities	4,995	124,150	-	10,477,465	71,813,813	-	13,741	-	22,187,916	15,254,061
Forward exchange contracts matured during the year	-	-	-	-	12,692,596	-	-	-	-	1,772,994

The Chairman has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

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		2023	2022
		(Rupees in '000)	
45.	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
45.1	Capital Adequacy		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	11,850,600	11,850,600
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	189,956,074	160,614,100
	Eligible Additional Tier 1 (ADT 1) Capital	–	–
	Total Eligible Tier 1 Capital	189,956,074	160,614,100
	Eligible Tier 2 Capital	34,993,403	24,770,221
	Total Eligible Capital (Tier 1 + Tier 2)	224,949,477	185,384,321
	Risk Weighted Assets (RWAs):		
	Credit Risk	710,062,627	738,811,439
	Market Risk	158,148,274	68,557,601
	Operational Risk	235,260,192	176,709,846
	Total	1,103,471,093	984,078,886
	Common Equity Tier 1 Capital Adequacy ratio	17.21%	16.32%
	Tier 1 Capital Adequacy Ratio	17.21%	16.32%
	Total Capital Adequacy Ratio	20.39%	18.84%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank for the year ended December 31, 2023 stood at Rs. 11.851 billion (2022: Rs. 11.851 billion) and is in compliance with the SBP requirements. Further, under Basel III instructions, banks are required to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as at reporting dates (including a capital conservation buffer of 1.5% which has been revised downwards from 2.5% as per BPRD Circular No. 12 dated March 26, 2020), Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50% as at reporting dates. The Bank is fully compliant with prescribed ratios.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under simple approach.

		2023	2022
		(Rupees in '000)	
45.2	Leverage Ratio (LR):		
	Eligible Tier-1 Capital	189,956,074	160,614,100
	Total Exposures	3,079,976,278	2,623,267,930
	Leverage Ratio	6.17%	6.12%

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	2023	2022
	(Rupees in '000)	
45.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,122,745,627	750,264,991
Total Net Cash Outflow	447,994,607	367,492,625
Liquidity Coverage Ratio	250.62%	204.16%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,534,467,842	1,251,409,014
Total Required Stable Funding	1,040,919,407	906,145,461
Net Stable Funding Ratio	147.41%	138.10%

The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time are available at <https://www.mcb.com.pk/investor-relations/capital-adequacy-statements>.

46. RISK MANAGEMENT

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

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

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

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM&PRC), the senior management and its relevant committees, i.e. the Management Credit and Risk Committee (MC&RC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring processes which are closely aligned with the activities of the Bank. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the bank to ensure that risks are kept within an acceptable level.

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

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

- Risk Management Policy Formulation
- Credit Risk Management
- Credit Review
- Credit Risk Control
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- IT Risk Management

Keeping in view the international best practices and SBP requirements, Board of Directors of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks.

46.1 Credit Risk

Credit risk arises from bank's dealings with individuals, corporate borrowers, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its lending and investment activities. Credit risk makes up the largest part of the Bank's exposure and it stems from Bank's both on and off-balance sheet activities. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Bank provide additional comfort and support. Such controls range from quality of eligible collateral, pre-disbursement safety measures to post disbursement monitoring.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Bank has developed rating systems and all its borrowers are internally rated. In order to further enhance the credit risk analysis and the processes, Probability Default based Internal Credit Risk Rating (ICRR) system based on the statistical modeling and validation in line with Basel principles. The revamped ICRR is currently focused on Corporate Commercial and Corporate Large customer categories. The ICRR Model for rating of SME Customers has also been revamped to achieve more accurate results and to improve the quality of credit decisions.

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

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- The approval of credit limits to counter parties are subject to pre-fact review;
- Extension in credit facility or material change to the credit facility is subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

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Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control is responsible for performing following activities:

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

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

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

The Bank creates specific provision against Non-Performing Loans (NPLs) in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer loans and Small enterprise (SEs) made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Please refer note No. 11.4 for reconciliation of changes in specific and general provisions.

The Risk Management function of the Bank has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment

Management of Non Performing Loans

The Bank has a Special Assets Management (SAM) function, which is responsible for management of non performing loans. SAM undertakes restructuring / rescheduling of problem loans, as well as litigation of both civil and criminal cases for collection of debt.

Stress Testing

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

In 2023, Pakistan's economy grappled with inflationary pressures stemming from supply chain disruptions and increased energy costs following the international geopolitical issues and conflicts. As a result the Pakistani Rupee experienced significant depreciation against all major currencies and inflation rose to un-precedented levels. To address inflationary trend, the State Bank of Pakistan (SBP) raised the policy rate further by a cumulative 600 basis points to 22% during the year 2023, resulting in an economic slowdown. To gauge the macroeconomic head winds in the light of above economic challenges and their potential impact on bank's exposures, a comprehensive analysis of Bank's advances portfolio was conducted in addition to the regular quarterly stress tests described earlier. The Bank determined that it maintains a high-quality advances portfolio and possesses sufficient equity to withstand the current economic shock. Summary of analysis along with its results was presented to Risk Management & Portfolio Review Committee (RM&PRC) of the Board.

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

46.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non - performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
Note	(Rupees in '000)					
Public / Government	62,509,667	30,869,383	-	-	-	-
Private	33,703,733	19,546,385	-	-	-	-
9	96,213,400	50,415,768	-	-	-	-

46.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non - performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Chemical and pharmaceuticals	885,000	-	-	-	-	-
Financials including government securities	1,233,922,181	976,765,925	118	118	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	285,000	285,000
Manufacture of sugar	145,656	145,656	145,656	145,656	145,656	145,656
Manufacture of textiles	40,732	40,732	40,732	40,732	40,732	40,732
Telecommunications	-	-	-	-	-	-
Others	6,153	6,153	6,153	6,153	6,153	6,153
	1,235,284,722	977,243,466	477,659	477,659	477,659	477,659

	Gross Investments		Non - performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
Credit risk by public / private sector	(Rupees in '000)					
Public / Government	1,224,250,377	967,048,012	-	-	-	-
Private	11,034,345	10,195,454	477,659	477,659	477,659	477,659
	1,235,284,722	977,243,466	477,659	477,659	477,659	477,659

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46.1.3 Advances

Credit risk by industry sector

Note	Gross Advances		Non - performing Advances		Provision held		
	2023	2022	2023	2022	2023	2022	
	(Rupees in '000)						
	Agriculture, forestry and fishing	7,036,186	5,861,523	210,349	391,920	152,678	334,664
	Construction	9,394,638	11,001,130	162,106	231,071	154,891	231,071
	Electricity, gas, steam and air conditioning supply	22,897,719	46,709,017	1,718,379	1,757,187	399,402	376,717
	Electronics and electrical appliances	5,769,845	11,427,331	86,871	89,980	86,871	89,980
	Financials	17,997,916	52,197,062	135,349	716,076	135,349	716,076
	Footwear and Leather garments	3,143,550	4,993,030	153,954	154,403	153,954	154,403
	Human health and social work activities	1,115,624	1,014,702	41,605	44,452	41,605	44,452
	Individuals	49,029,122	56,183,570	2,708,709	3,531,164	2,444,836	3,388,383
	Manufacture of basic metals and metal products	14,949,485	14,212,110	2,868,135	3,322,790	2,865,390	3,306,641
	Manufacture of cement	24,089,960	45,435,184	392,862	392,862	392,862	392,862
	Manufacture of chemicals and pharmaceutical products	36,573,944	62,036,003	180,474	191,248	180,474	187,478
	Manufacture of coke and refined petroleum products	9,570,242	1,595,977	1,437,983	755,125	1,226,607	578,891
	Manufacture of food & beverages products	48,729,007	63,524,249	4,932,572	2,740,489	4,660,318	2,524,123
	Manufacture of machinery, equipment and transport Equipment	4,589,454	21,270,532	364,664	363,386	364,664	363,386
	Manufacture of rubber and plastics products	5,138,473	10,047,142	499,938	538,155	499,938	538,155
	Manufacture of sugar	31,978,439	42,055,368	3,966,501	4,238,251	3,966,501	4,238,251
	Manufacture of textiles	122,111,424	131,251,828	11,753,330	12,183,374	11,519,444	11,968,607
	Mining and quarrying	3,086,070	3,804,693	5,180	1,877	5,180	1,877
	Manufacturing of Pulp, Paper, Paperboard	10,613,660	11,578,282	176,349	174,634	176,349	174,634
	Ship Breaking	3,431,765	3,820,216	3,095,601	3,813,615	3,095,601	3,813,615
	Services	15,805,363	13,746,107	443,359	428,464	394,159	385,926
	Telecommunications	42,082,390	39,616,332	53,352	42,798	53,352	42,798
	Transportation and storage	79,768,952	86,461,152	1,094,713	57,759	450,034	57,759
	Wholesale and retail traders	50,052,813	53,132,573	16,999,306	14,778,658	8,205,884	7,716,584
	Others	3,468,721	4,596,816	400,954	320,445	310,787	320,445
11		622,424,762	797,571,929	53,882,595	51,260,183	41,937,130	41,947,778
	Credit risk by public / private sector						
	Public / Government	101,930,464	118,072,888	1,209,531	564,853	564,853	564,853
	Private	520,494,298	679,499,041	52,673,064	50,695,330	41,372,277	41,382,925
11		622,424,762	797,571,929	53,882,595	51,260,183	41,937,130	41,947,778

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Note	2023 (Rupees in '000)	2022
46.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, forestry and fishing	74,488	469,517
Construction	24,646,846	23,128,480
Electricity, gas, steam and air conditioning supply	37,869,383	9,657,966
Electronics and electrical appliances	7,936,907	4,965,914
Financials	310,876,439	274,533,531
Footwear and Leather garments	1,410,701	2,575,321
Human health and social work activities	1,329,450	919,212
Individuals	2,737,589	1,169,600
Manufacture of basic metals and metal products	8,582,109	5,790,799
Manufacture of cement	8,426,893	4,424,646
Manufacture of chemicals and pharmaceutical products	41,624,140	28,610,714
Manufacture of coke and refined petroleum products	39,843,603	18,914,934
Manufacture of food & beverages products	48,868,717	52,609,673
Manufacture of machinery, equipment and transport Equipment	26,073,202	24,882,238
Manufacture of rubber and plastics products	9,386,350	7,558,951
Manufacture of sugar	8,604,328	6,365,079
Manufacture of textiles	38,858,119	41,910,205
Mining and quarrying	256,477	118,562
Manufacturing of Pulp, Paper, Paperboard	4,095,452	3,172,203
Ship Breaking	1,939,188	85,882
Services	67,732,003	57,658,396
Telecommunications	24,176,428	26,666,124
Transportation and storage	3,397,134	345,807
Wholesale and retail traders	49,688,797	43,607,014
Others	45,038,285	25,513,792
24	813,473,028	665,654,560
Credit risk by public / private sector		
Public/ Government	239,067,457	161,785,251
Private	574,405,571	503,869,309
24	813,473,028	665,654,560

46.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 357,105.559 million (2022: Rs. 340,909.143 million) are as following:

	2023 (Rupees in '000)	2022
Funded	92,555,618	170,034,940
Non Funded	264,549,941	170,874,203
Total Exposure	357,105,559	340,909,143

The sanctioned limits against these top 10 exposures aggregated to Rs. 411,686.375 million (2022: Rs. 470,959.712 million). There is no provision against these top 10 exposures.

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46.1.6 Advances - Province/Region-wise Disbursement & Utilization

2023							
Province/Region	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
(Rupees in '000)							
Punjab	581,414,757	543,482,897	32,446,086	4,736,023	401,700	348,037	14
Sindh	530,494,340	8,034,086	493,207,615	14,348,602	14,903,962	47	28
KPK including FATA	5,375,393	631	188	5,374,554	-	20	-
Balochistan	1,375,584	32	154	-	1,375,398	-	-
Islamabad	123,477,617	993	596	1,263,066	-	122,212,962	-
AJK including Gilgit-Baltistan	329,446	1,359	-	-	-	-	328,087
	1,242,467,137	551,519,998	525,654,639	25,722,245	16,681,060	122,561,066	328,129

2022							
Province/Region	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
(Rupees in '000)							
Punjab	814,687,313	773,948,538	28,738,870	10,899,031	374,463	726,395	16
Sindh	666,944,403	39,558,214	578,716,230	30,100,848	18,568,850	81	180
KPK including FATA	18,482,544	268,943	14,950	18,195,507	-	144	3,000
Balochistan	3,805,565	6	245	-	3,805,314	-	-
Islamabad	85,114,369	18,042,730	123	2,298,545	-	64,772,971	-
AJK including Gilgit-Baltistan	3,900,564	873	-	-	-	-	3,899,691
	1,592,934,758	831,819,304	607,470,418	61,493,931	22,748,627	65,499,591	3,902,887

46.2 Market Risk

Market Risk arises from changes in market rates such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Bank is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Foreign Exchange Group and the Capital Market Division. Market risk also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes bank to interest rate risk, foreign exchange risk and equity price risk.

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

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

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The Bank measures and manages Market Risk by using different risk parameters with combinations of various limits. Board approved Global Risk Management Policy provides guidelines for assuming controlled market risk, its monitoring and management. The approved limits are compared with the numbers generated by the market risk management systems based on the trading activity and the outstanding positions.

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

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

The Bank is also exposed to interest rate risk both in trading and banking books. Risk parameters along with the marked to market values of government securities held by the Bank's treasury are generated on daily basis. The risk parameters include duration, Price Value of a Basis Point (PVBP), and VaR on individual security basis as well as on portfolio basis. These reports are presented to the senior management for review on a daily basis.

46.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	170,716,648	-	170,716,648	96,368,918	-	96,368,918
Balances with other banks	35,073,136	-	35,073,136	24,872,110	-	24,872,110
Lendings to financial institutions	96,213,400	-	96,213,400	50,415,768	-	50,415,768
Investments	40,588,469	1,208,850,878	1,249,439,347	291,061,308	687,669,832	978,731,140
Advances	577,863,329	-	577,863,329	753,399,576	-	753,399,576
Fixed assets	82,821,411	-	82,821,411	79,918,324	-	79,918,324
Intangible assets	1,035,483	-	1,035,483	801,117	-	801,117
Deferred tax assets	-	-	-	7,547,068	-	7,547,068
Other assets	214,016,002	-	214,016,002	93,301,143	-	93,301,143
	<u>1,218,327,878</u>	<u>1,208,850,878</u>	<u>2,427,178,756</u>	<u>1,397,685,332</u>	<u>687,669,832</u>	<u>2,085,355,164</u>

46.2.2 Foreign Exchange Risk

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

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

Limit structure to manage Foreign exchange risk including gap limits on different tenors in major currencies are in place to control risk. Bank's net open position and Foreign Exchange Exposure Limit (FEEL) is monitored and reported on intra-day and day end basis. Foreign exchange risk parameters including VaR is generated and monitored on daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the Board is a regular feature.

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	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	116,612,799	62,765,390	(56,527,384)	(2,679,975)	28,351,074	55,959,067	13,309,034	(14,298,959)
Sri Lankan Rupees	-	50,950	-	(50,950)	-	1,063,792	-	(1,063,792)
Arab Emirates Dirham	859,122	27,393	76,156	907,885	180,113	51,301	(43,157)	85,655
Euro	15,788,001	13,644,389	(2,169,115)	(25,503)	3,866,744	8,564,329	4,719,223	21,638
Great Britain Pound Sterling	8,539,286	8,567,976	-	(28,690)	4,495,176	7,667,882	3,158,116	(14,590)
Japanese Yen	21,757	13	-	21,744	23,586	13	-	23,573
Chinese Yuan	1,761,878	25,929	(1,534,217)	201,732	915,242	5	(786,512)	128,725
Other currencies	591,606	352,688	19,203	258,121	507,891	307,884	4,606	204,613
	144,174,449	85,434,728	(60,135,357)	(1,395,636)	38,339,826	73,614,273	20,361,310	(14,913,137)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account		(13,956)	-	(149,131)
- Other comprehensive income		185,690	-	128,034

46.2.3 Equity position Risk

Bank's proprietary positions in the equity instruments exposes it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management on a daily basis. The stress test for equity price risk assesses the impact of the fall in the stock market index using certain assumptions. In addition to this stress testing, historical scenario analysis on equities is also performed periodically as advised by the State Bank of Pakistan through Guideline on Stress Testing.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Other comprehensive income		-	1,269,530	-
				824,330

46.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

The increase / (decrease) in earnings due to change in the interest rate is as follows:

	2023		2022	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(3,863,898)	-	(1,403,422)	-
- Other comprehensive income	-	(7,236,827)	-	(947,571)

The Bank has classified Available for Sale investments as Trading in Basel-II.

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For the year ended December 31, 2023

	2023 (Rupees in '000)	2022 (Rupees in '000)
Reconciliation to total assets		
Balance as per balance sheet	2,427,178,756	2,427,178,756
Less: Non financial assets		
Fixed assets	82,821,411	79,918,324
Intangible assets	1,035,483	801,117
Deferred tax assets	-	7,547,068
Other assets	13,646,752	8,949,466
Total financial assets	97,503,646	97,215,975
	2,329,675,110	1,988,139,189
Reconciliation to total liabilities		
Balance as per balance sheet	2,196,471,887	2,085,355,164
Less: Non financial liabilities		
Other liabilities	37,729,274	-
Deferred tax liability	100,718	-
Total financial liabilities	37,829,992	32,520,854
	2,158,641,895	1,863,339,660

46.3

Operational Risk

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

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

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

46.3.1

Operational Risk-Disclosures Basel II Specific

Currently, the bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). The Bank took a number of initiatives with respect to operational risk management like using Key Risk Indicators (KRIs), loss events database and Risk & Control Self Assessments (RCSA) to manage its operational risk effectively.

In accordance with the Operational Risk Management (OR) regulations, policy and framework, a database covering operational risk events is being maintained using a state of the art software solution, which has enhanced features and a better workflow management. This new software has further augmented bank's capacity to capture and report operational risk events and KRIs. The software is also capable of generating periodical regulatory and management reports. Periodical updates on Operational Risk events are presented to senior management and the Risk Management and Portfolio Review Committee of the Board.

46.4

Liquidity Risk

Liquidity represents the ability to fund assets and meet obligations as they become due. The Bank understands that liquidity does not come for free, and surplus liquidity has an opportunity cost which needs to be recognized. Liquidity risk is a risk of not being able to obtain funds at a reasonable price within a reasonable time period to meet obligations as they become due. Liquidity is essential to the ability to operate financial services businesses and, therefore, the ability to maintain surplus levels of liquidity through economic cycles is crucial. Particularly during periods of adverse conditions, liquidity management is among the most important activities that the Bank conducts during both normal and stress periods. The Bank recognizes that liquidity risk can arise from the Bank's activities and can be grouped into three categories:

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- Inflows/Outflows from on-balance sheet items (other than marketable securities and wholesale borrowings) and off-balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

Liquidity Management

The Asset Liability Committee of the Bank has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management function. Board has approved a comprehensive Liquidity Risk Policy (part of Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Banks' liquidity under normal and stress scenarios. A framework to assess the maturity profile of non-contractual assets and liabilities is in place to supplement the liquidity management. Bank's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing, to ensure effective and timely decision making.

The Bank's liquidity risk management framework is designed to identify measure and manage in a timely manner the liquidity risk position of the Bank. The underlying policies and procedures include: Global Risk Management policy, Global Treasury Policy, Investment policy, Contingency Funding Plan, Liquidity Strategy and Limit Structure which are reviewed and approved regularly by the senior management / Board members. Moreover; the Bank also prepares a 'Contingency Funding Plan' (CFP) to address liquidity issues in time of stress/crises situation containing early warning indicators to preempt unforeseen liquidity crises. The Bank conducts Liquidity Risk Analysis on regular basis as well as Maturity of gaps are also reviewed in order to ensure diversification in terms of tenors. MCB liquidity risk framework envisages to project the Bank's funding position during temporary and long-term liquidity changes, including those caused by liability erosion and explicitly identifying quantifying and ranking all sources of funding preferences, such as reducing assets, modifying or increasing liability structure; and using other alternatives for controlling statement of financial position changes. The Bank performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Bank under both idiosyncratic and systemic market stress conditions. The Bank's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.

In view of the relaxation granted by SBP for deferral of principal and markup and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

Intraday Liquidity Management

Intraday liquidity management is about managing the daily payments and cash flows. Bank has policies to ensure that sufficient cash is maintained during the day to make payments through local payment system. The policy of the Bank is to maintain adequate liquidity at all times, in all geographical locations and for all currencies and hence to be in a position, in the normal course of business, to meet obligations, repay depositors and fulfill commitments.

Managing Funding Sources

Managing funding sources, as per policy the Bank maintain a portfolio of marketable securities that can either be sold outright or sold through a repurchase agreement to generate cash flows for meeting unexpected liquidity requirement. As a part of liquidity management the Bank maintains borrowing relationships to ensure the continued access to diverse market of funding sources. The Bank's sound credit rating together with excellent market reputation has enabled the Bank to secure ample call lines with local and foreign banks. The level of liquidity reserves as per regulatory requirements also mitigates risks. The Bank's investment in marketable securities is much higher than the Statutory Liquidity Requirements.

Notes To The Unconsolidated Financial Statements

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46.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2023

	(Rupees in '000)												
	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
Assets													
Cash and balances with treasury banks	170,716,648	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	9,194,940	21,328,426	1,742,117	845,582	1,788,031	174,040	-	-	-	-	-	-	-
Lending to financial institutions	348,080	78,237,503	9,695,000	-	4,271,517	1,830,650	1,220,433	6,102,217	-	-	-	-	-
Investments	22,969,315	3,050,496	4,072,824	5,885,080	14,974,111	8,924,959	75,986,175	10,137,049	294,016,293	264,364,661	85,279,207	208,240,187	160,296,990
Advances	577,863,329	19,926,912	10,259,321	27,084,175	82,589,231	58,607,626	46,442,106	25,050,893	14,928,500	36,468,943	36,006,681	50,809,635	96,123,940
Fixed assets	12,970	77,826	90,797	303,967	485,562	485,192	1,444,254	1,429,023	1,420,890	4,131,710	4,273,534	5,424,506	63,241,180
Intangible assets	2,437	14,640	17,080	39,039	73,199	73,199	219,596	219,596	219,596	157,101	-	-	-
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	413,377	115,190,208	4,658,186	11,576,923	22,584,525	15,164,810	19,204,477	3,318,475	3,019,733	4,634,535	4,666,005	9,594,748	-
Total	214,016,002	237,826,011	30,535,325	45,734,766	126,766,176	85,260,476	144,517,041	132,007,253	313,605,012	309,736,950	130,825,427	274,059,076	319,662,110
Liabilities													
Bills payable	836,530	5,019,182	5,855,713	13,384,486	-	-	-	-	-	-	-	-	-
Borrowings	22,874,263	105,788,599	937,145	171,108	7,586,577	18,199,909	16,166,000	935,349	933,531	3,614,296	3,486,431	7,176,468	28,741,370
Deposits and other accounts	1,749,110,479	2,505,137	8,452,908	3,290,255	4,335,636	13,475,163	12,715,316	4,472,720	5,247,394	1,583,650	162,008	56,628	-
Deferred tax liabilities - net	30,494	52,768	45,803	108,674	114,988	102,231	178,612	(1,826,141)	(53,181)	(607,330)	1,305,399	3,440,465	(2,792,044)
Other liabilities*	38,594,066	6,088,884	2,954,792	9,598,149	9,677,742	7,027,422	10,409,173	25,747,377	5,129,868	6,092,794	5,869,880	15,951,741	6,145,032
Total	1,811,435,832	119,464,570	18,246,361	26,552,672	21,714,923	38,804,725	39,489,101	29,329,305	11,257,610	10,663,410	10,813,718	26,625,302	32,094,358
Net assets	(1,534,812,699)	118,361,441	12,289,964	19,182,094	105,051,253	46,455,751	105,047,940	102,677,948	302,347,402	299,093,540	120,011,709	247,433,774	287,567,752
Share capital	11,850,600	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	98,723,536	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	24,093,197	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	96,039,536	-	-	-	-	-	-	-	-	-	-	-	-
Total	230,706,869	118,361,441	12,289,964	19,182,094	105,051,253	46,455,751	105,047,940	102,677,948	302,347,402	299,093,540	120,011,709	247,433,774	287,567,752

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

2023

	(Rupees in '000)												
	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
Total	-	-	-	109,160	84,641	-	325,969	233,988	235,123	1,171,274	906,890	1,567,187	4,051,791

Lease liability against right of use assets

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2022

	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
Total													
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	96,368,918	-	-	4,414,156	-	184,860	-	-	-	-	-	-	-
Balances with other banks	24,872,110	-	2,264,164	-	308,100	-	-	-	-	-	-	-	-
Lending to financial institutions	50,415,768	50,415,768	-	-	-	-	-	-	-	-	-	-	-
Investments	978,731,140	1,297,650	26,659,596	21,728,384	21,809,651	51,455,503	11,809,643	127,859,640	155,449,803	93,734,041	126,674,039	122,904,855	212,286,188
Advances	753,399,576	68,814,902	35,332,777	94,026,759	29,153,164	61,503,216	44,180,754	28,861,885	29,834,895	49,828,407	34,151,216	53,672,634	101,031,525
Fixed assets	79,916,324	9,555	66,895	246,637	379,982	379,588	1,134,913	1,126,281	1,115,861	3,523,994	3,573,397	4,244,680	64,069,002
Intangible assets	801,117	1,663	11,638	26,602	49,879	49,879	149,636	149,636	149,636	202,572	-	-	-
Deferred tax assets	7,547,068	5,132	22,068	47,294	110,638	282,082	252,414	1,315,528	433,392	2,529,182	1,588,865	(1,411,407)	2,353,889
Other assets	93,301,143	887,190	5,624,069	12,193,207	19,440,080	12,413,828	9,124,087	2,306,501	994,087	5,049,024	-	5,572,987	-
	2,085,355,164	249,043,647	69,880,227	132,683,239	70,951,494	126,266,966	66,651,447	161,919,471	187,977,674	148,867,220	165,967,517	184,983,749	379,730,624
Liabilities													
Bills payable	39,136,884	1,304,562	9,131,940	20,873,005	-	-	-	-	-	-	-	-	-
Borrowings	340,237,265	32,622,993	1,499,326	80,878,169	67,999,702	67,736,997	6,087,827	739,436	919,647	3,779,083	3,633,405	7,435,913	34,117,056
Deposits and other accounts	1,378,717,088	1,326,309,306	1,566,785	7,233,561	4,628,904	11,343,069	13,991,568	5,614,148	1,606,784	2,128,738	1,567,563	155,140	271,854
Other liabilities*	137,769,297	21,306,064	9,392,603	22,202,334	9,463,001	6,925,068	7,623,441	22,606,415	3,720,078	6,483,543	1,131,935	13,424,762	5,616,813
	1,895,860,514	1,381,542,915	21,612,654	131,187,089	82,091,607	86,005,134	27,702,836	28,969,999	6,246,509	12,391,364	6,352,893	21,015,815	40,005,523
Net assets	189,494,650	(1,132,499,068)	48,267,573	1,496,150	(11,140,113)	40,263,822	38,948,611	132,659,472	181,731,165	136,475,856	159,634,624	163,967,934	339,725,101
Share capital	11,850,600												
Reserves	88,578,024												
Surplus on revaluation of assets - net of tax	18,640,651												
Unappropriated profit	70,425,375												
	189,494,650												

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

	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
Total													
(Rupees in '000)													
Lease liability against right of use assets	7,943,583	-	-	73,611	73,638	75,289	228,970	229,101	230,605	1,140,285	837,397	1,529,913	3,524,804

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46.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2023

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	170,716,648	-	-	-	-	-	-	-	-	-
Balances with other banks	35,073,136	33,111,065	1,962,071	-	-	-	-	-	-	-
Lending to financial institutions	96,213,400	88,280,584	6,102,166	1,220,433	610,217	-	-	-	-	-
Investments	1,249,439,347	18,998,865	23,893,657	75,973,274	395,370,566	264,319,163	85,233,709	207,521,969	158,493,616	19,634,528
Advances	577,863,329	102,011,073	53,741,496	29,551,644	29,971,911	77,882,247	78,484,027	95,245,201	92,289,878	18,685,852
Fixed assets	82,821,411	485,560	874,694	1,540,314	2,849,913	4,131,710	4,273,534	5,424,506	8,403,741	54,837,439
Intangible assets	1,035,483	73,198	146,397	219,596	439,191	157,101	-	-	-	-
Deferred tax assets- net	-	-	-	-	-	-	-	-	-	-
Other assets	214,016,002	131,783,058	37,804,971	19,204,477	6,338,208	4,634,535	4,666,005	9,584,748	-	-
	2,427,178,766	545,460,051	124,525,452	127,709,738	435,580,006	351,124,756	172,657,275	317,776,424	259,187,235	93,157,819
Liabilities										
Bills payable	25,085,911	25,095,911	-	-	-	-	-	-	-	-
Borrowings	216,611,046	129,771,115	25,786,486	16,166,000	1,868,880	3,614,296	3,486,431	7,176,468	28,741,370	-
Deposits and other accounts	1,805,387,294	96,655,202	147,497,214	88,373,399	9,720,114	439,971,374	438,569,731	438,464,352	146,135,908	-
Deferred tax liabilities - net	100,718	237,741	217,199	178,612	(1,879,323)	(607,330)	1,305,399	3,440,465	3,920,494	(6,712,539)
Other liabilities*	149,276,918	57,235,892	16,705,164	10,409,173	30,877,242	6,092,794	5,859,880	15,951,741	5,268,765	876,267
	2,196,471,887	308,995,861	190,206,063	115,127,184	40,586,913	449,071,134	449,221,441	465,033,026	184,066,537	(5,836,272)
Net assets	230,706,869	236,464,190	(65,680,611)	12,582,554	394,993,093	(97,946,378)	(276,564,166)	(147,256,602)	75,120,698	98,994,091
Share capital	11,850,600									
Reserves	98,723,536									
Surplus on revaluation of assets - net of tax	24,093,197									
Unappropriated profit	96,039,536									
	230,706,869									

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

	109,160	84,641	325,969	469,090	1,171,274	906,890	1,567,187	3,175,524	876,268
Lease liability against right of use assets	8,686,003								

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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	96,368,918	-	-	-	-	-	-	-	-	-
Balances with other banks	24,872,110	492,960	-	-	-	-	-	-	-	-
Lending to financial institutions	50,415,768	-	-	-	-	-	-	-	-	-
Investments	978,731,140	54,734,415	73,254,130	11,777,614	283,284,776	93,704,534	126,508,479	122,879,858	193,593,274	18,994,060
Advances	753,399,576	207,817,373	72,370,645	33,362,731	48,828,695	92,669,654	82,237,609	103,134,738	98,825,592	16,152,539
Fixed assets	79,918,324	380,627	759,569	1,134,913	2,242,142	3,523,994	3,573,397	4,206,434	7,226,862	56,870,386
Intangible assets	801,117	49,878	99,758	149,636	299,273	202,572	-	-	-	-
Deferred tax assets	7,547,068	92,475	392,720	252,414	1,748,920	2,529,182	1,588,865	(1,411,407)	553,845	1,800,054
Other assets	93,301,143	24,542,527	45,711,929	9,124,087	3,300,589	5,049,024	-	5,572,987	-	-
	2,085,355,164	458,781,131	193,081,711	55,801,395	337,704,395	197,678,960	213,908,350	234,382,610	300,199,573	93,817,039
Liabilities										
Bills payable	39,136,884	-	-	-	-	-	-	-	-	-
Borrowings	340,237,265	147,788,198	135,736,699	6,087,827	1,659,084	3,779,083	3,633,405	7,435,913	34,117,056	-
Deposits and other accounts	1,378,717,068	73,291,874	68,730,836	90,015,213	77,040,336	321,777,455	321,236,270	319,803,857	106,821,227	-
Other liabilities*	137,769,297	60,774,243	16,388,068	7,623,441	26,326,492	6,483,543	1,131,935	13,424,762	4,802,238	814,575
	1,895,860,514	320,991,199	220,855,603	103,726,481	105,025,912	332,040,081	326,001,610	340,664,532	145,740,521	814,575
Net assets	189,494,650	137,789,932	(27,773,892)	(47,925,086)	232,678,483	(134,361,121)	(112,093,260)	(106,281,922)	154,459,052	93,002,464
Share capital	11,850,600									
Reserves	88,578,024									
Surplus on revaluation of assets – net of tax	18,640,651									
Unappropriated profit	70,425,375									
	189,494,650									

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

	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Lease liability against right of use assets	73,611	148,907	459,706	837,397	2,710,229
	7,943,593	228,970	1,140,285	1,529,913	814,575

Liquidity Gap Reporting

When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity. Bank regularly conducts an objective and systematic behavioral study using regression analysis technique to ascertain the maturity of its non-contractual assets and liabilities. Core and non-core parts of the non-contractual assets and liabilities are segregated through the behavioral study. Non Core part is placed among the short term maturity buckets i.e. up to 1 Year based on the model results, whereas core part is distributed among the longer terms buckets based on the discussion and decision by the ALCO. Following percentages are used to distribute the core assets and liabilities among longer term buckets:

Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
30%	30%	30%	10%

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For the year ended December 31, 2023

46.5 Derivative Risk

Most business clients have either interest rate exposures arising from debt financing or currency exposures arising out of commercial transactions from import and export of goods. Businesses face the risk of sudden movements in interest rates or foreign exchange rates that may adversely affect their profitability. The Bank provides solutions to this problem through its derivatives desk in major types of derivative instruments i.e.; forwards, futures, swaps and options. As an Authorized Derivative Dealer (ADD), the Bank is an active participant in Derivative market and has flexibility in providing a broad range of derivatives products covering both hedging and market making to satisfy customers' needs. As an ADD, the bank offers derivative products which are permitted under the Financial Derivative Business Regulations (FDBR) or as permitted by the State Bank of Pakistan. Before executing Derivative transactions, the bank ensures that the clients understand the risk and reward associated with the derivative being offered. Derivative transactions are executed with appropriate clients only.

Risk management activities take place at the following different levels.

Strategic Level:

By senior management Assets and Liabilities Committee (ALCO), Management Credit and Risk Committee (MC&RC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank-wide basis. The Board provides the overall limits/thresholds for derivatives business.

Macro Level

By Treasury and FX Group and Risk Management Group, responsible for policy formulation, procedure development and implementation, monitoring and reporting.

Micro Level:

Treasury Derivatives and Structured Product Desk where risks are actually created and Treasury Operations for settlements of the transactions.

Derivative Risk Management caters the following risks:-

Market Risk arises from changes in market rates such as Interest Rates, Foreign Exchange Rates, Equity Prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. In line with SBP's regulatory guidelines, Bank hedges back-to-back all option transactions with other financial institutions. Bank minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. Bank also manages interest rate risk on its Interest Rate Derivatives and Cross Currency Swaps through various sensitivity limits approved by ALCO. Marked to market positions and sensitivity of the derivatives transactions are monitored on regular basis. All individual deals are approved at the appropriate level of authority after analyzing the risk and benefits associated with the deals.

Credit risk is a probable risk of loss resulting from customer's inability to meet contractual obligation that may have adverse impact on Bank's profitability. Bank manages the risk by setting policies and limits for counterparty based on a pre-defined criteria linked with financial health of the customer. The exposure of each counterparty is monitored by Risk Management Function of the Bank on daily basis.

Considering small Derivative portfolio, the Bank is not exposed to any liquidity risk. However; Bank manages its liquidity risk through Bank's liquidity risk framework which is defined in relevant Liquidity Risk Section.

Bank has adequate system and controls for smooth execution of derivative transactions. Transactions are executed in line with well defined accounting and operational aspects to mitigate the operational risk. Policies and control functions are regularly reviewed on periodic basis.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

The Bank uses a third party's Super Derivative System which provides front end sales and structuring capabilities, end to end valuation solutions, risk management systems, back end processing and provides analytical tools to measure various risk exposures and carry out sensitivity analysis.

The goal of asset/liability management (ALM) is to properly manage the risk related to changes in interest rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies, and the use of derivatives. Due to thin liquidity in the derivative market, interest rate derivatives are not actively used to manage/alter the interest rate risk profile of the Bank.

47. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 06, 2024 has announced a final cash dividend in respect of the year ended December 31, 2023 of Rs. 9.00 per share (2022: Rs. 6.00 per share). These unconsolidated financial statements for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

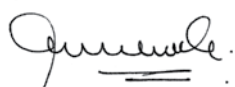
48. GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the year.

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

49. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 06, 2024.



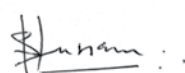
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year			Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others				
Domestic											
1	M/s. Madni Commission Shop New Ghalla Mandi Kamoke, Distt: Gujranwala.	Muhammad Riaz Muhammad Hanif Riasat Ali Muhammad Mansha Waziran Bibi Siraj Din Zahran Bibi	34102-0454358-9 34102-0401781-9 34102-3991838-9 34102-8695490-5 35101-2415595-8 34101-6181844-7 34102-0439783-2	Abdul Rehman Rehmat Ali Muhammad Siddique Siraj Din Tahir Mehmood Haji Imam Din Riasat Ali	-	10,390	118	-	10,390	118	10,508
2	M/s. Fajar Adnan & Co Village Tootra, P.O Kaleki Mandi, Tehsil & Distt: Hafizabad.	Babar Zeeshan Waqar Fatima Alias Waqar Kousar	34301-1700735-3 34301-9760710-6	Talib Hussain Sher Muhammad	-	673	17	-	673	17	690
3	Tahir Abbas Naiwala Near Darbar Baba Bagga, Ali Pur Chattha, Tehsil Wazirabad, Distt: Gujranwala.	Tahir Abbas	34104-2250130-1	Ghulam Rasool	-	480	52	-	480	52	532
4	Mirza Irfan Ahmed House # 122, Khasra No 1493, 100-Defence Fort, Ghazi Road, Miauza Amer Sidhu, Lahore Cantt.	Mirza Irfan Ahmed	35202-2491968-5	Ifkhar Ahmed	-	6,251	67	-	6,251	67	6,318
5	Mir Zakir Hassan House No. 125, Block T, Phase 2, D.H.A., Lahore.	Mir Zakir Hassan	35201-2510548-7	Hassan Mir	-	4,430	18	-	4,430	18	4,448
6	M/s. Hamad Food Industries 39-Infantry Road, Mian Mir, Mustafabad, Dharam Pura, Lahore.	Hamad Aslam Khan	37405-3511684-9	Muhammad Aslam Khan	-	1,011	67	-	1,011	67	1,078
7	M/s. Khalid Electronics Center Main Bazar, Kot Khawaja Saeed, Nizamabad, Lahore.	Muhammad Khalid	35201-7576527-7	Bshir Ahmad	-	527	21	-	527	21	548
8	M/s. AMZ Securities (Pvt.) Ltd. Saima Trade Center, 18th Floor, Tower B, I.I Chundrigar Road, Karachi.	Ather Hanif Naseem Shaikh Nasir Jehangir Rifat Main Qamar-U-Islam	42301-5298596-5 42301-4554954-1 35202-0483952-9	Hanif Ahmed Naseem Rifat Majeed Shaikh Main Asghar Ali	-	245,686	3,236	-	245,686	3,236	248,922
9	Naveed Ahmed Khan 32-D 24th Commercial, DHA Phase II, Ext. DHA, Karachi.	Naveed Ahmed Khan	91400-0190237-1	Abdul Sadiq Khan	-	1,475	35	-	1,475	35	1,510
10	M/s. Zaintex Techno Trade & Services R/O House No. B-215, Block-N, North Nazimabad, Karachi.	Syed Zahid Hussain	42101-7385419-9	Syed Irshad Hussain	-	10,681	-	-	10,681	-	10,681

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total	
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
11	M/s. Star Enterprises Flat No. C-3 1st Floor, Five Star Arcade, Plot No. ST-10/E, Block No.14, KDA Scheme-24, Gulshan-e-Iqbal, Karachi.	Shamim Hussain	42101-6469552-1	Main Muhammad Shafi	-	1,568	40	1,608	-	1,568	40	1,608
12	M/s. Punjab Tyres General Truck Stand, Lahore Road, Sheikhupura.	Ch. Naveed Anwar Waraich Alla Naveed Waraich	38401-9979537-1 38401-1569150-4	Ch. Muhammad Anwar Waraich Ch. Naveed Anwar Waraich	-	4,278	-	4,278	-	4,278	-	4,278
13	Waseem Amjad House No. 26, Mohallah Gulshan Rehman Scheme, Rehmanpura, Lahore.	Waseem Amjad Noreen Amjad Amjad Pervaiz Ajaz Ahmed Zahida Talib	35202-1146946-5 35202-4888708-2 61101-5536402-1 35202-2257642-3 35202-2640689-6	Amjad Pervaiz Amjad Pervaiz Nazir Ahmed Nazir Ahmed Talib Hussain	-	1,081	47	1,128	-	1,081	47	1,128
14	M/s. Hannan International 127-1st Floor, Eden Centre, 43-Jail Road, Lahore.	Muhammad Ali Butt	35202-1564987-1	Ghulam Mohi Uddin Butt	-	11,487	169	11,656	-	11,487	169	11,656
15	M/s. Ghulam Sarwar & Co. Grain Market, Sheikhupura.	Chaudhary Ghulam Sarwar Khurshid Akhtar Muhammad Tahir Sarwar Muhammad Ishtaq	35404-1592696-3 35404-1529692-6 34504-1592699-3 35404-6135817-5	Nawab Din Chaudhary Ghulam Sarwar Chaudhary Ghulam Sarwar Nawab Din	-	3,485	-	3,485	-	3,485	-	3,485
16	Naveed Ahmad Chak No 348 JB Maqbool Pur Tehsil Gojra, Distt: Toba Tek Singh.	Naveed Ahmad	33301-9024606-7	Noor Ahmad	91	528	55	674	-	469	55	524
17	Muhammad Saleem House No.975/B-2, Muhammadi Town, Village Haji Khan Kaskheili, Shahdampur Distt: Sanghar.	Muhammad Saleem	44204-9549016-7	Yar Muhammad	-	826	-	826	-	826	-	826
18	M/s. Mian Traders House No. P-50-A Street No.03, Al Noor Home Dhuddiwala, Jaranwala Road, Faisalabad.	Muhammad Sajid Saeed Muhammad Shahid Saeed	33100-3031098-5 33100-6709158-7	Abdul Saeed Abdul Saeed	-	1,330	48	1,378	-	1,330	48	1,378
19	M/s. Randhawa Rice Mills Adda Domala, 14-KM Pasur Road, Narowal.	Muhammad Ayub Randhawa Muhammad Ashiq Muhammad Yaqoob Muhammad Rizaz	34501-6872114-3 34501-9440080-1 34501-5079680-1 90303-2720485-9	Muhammad Ali Muhammad Ali Muhammad Ali Muhammad Ali	2,998	835	60	3,893	-	543	60	603

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

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		Name	NIC No.		Principal	Interest / mark-up	Others				
Domestic											
20	M/s. Hadi Enterprises Rasool Pur Tarar, District Hafizabad.	Syed Musa Kazim Shahbaz Khan Mirza Mirza Mirza Sardar Khan	34302-3757736-5 34301-7588177-5 34301-8623491-7 34301-6755815-5 34301-5498123-5	Syed Zulfiqar Ali Mirza	277	580	49	906	493	49	542
21	Nawazish Ali New Sabzi Mandi, G.T Road Kamoke, District Gujranwala.	Navazish Ali Shahbaz Ali Ilyas Iqbal Abbas Ali Muhammad Shabbir	34102-0469028-5 42201-2402904-5 34102-0466014-3 34102-0469029-9 34102-7990326-9	Khali Ahmad Khali Ahmad Khali Ahmad Khali Ahmad	-	690	28	718	690	28	718
22	M/s. Al-Sohail Electrical Industry Street No.1, Mohallah Muhammad Pura, Gujranwala.	Muhammad Ashraf Saeed Ashraf	34101-2702139-7 34101-2702136-1	Muhammad Ramzan Muhammad Ashraf	-	952	18	970	952	18	970
23	Muhammad Bilal Village Thatha Cheena, Post Office Kolo Tarar, Tehsil & Distt: Hafizabad.	Muhammad Bilal Nazir Muhammad	34301-5578212-7 34301-2662796-9	Nazar Muhammad Ali Muhammad	-	1,245	17	1,262	1,245	17	1,262
24	M/s. Anwar Oil Mills Mohallah Ghalla Mandi, Gujjar Khan, Distt: Rawalpindi.	Sajid Rashid Choudhary Naveed Anwar	61101-8997261-7 37401-1482325-9	Rashid Ahmed Choudhary Anwar	-	613	47	660	613	47	660
25	M/s. Al-Haram Poly Packages (Pvt.) Ltd. 9-Ground Floor, Chemical Chamber, Adamjee Dawood Road, Jodia Bazar, Karachi.	Zainab Muhammad Bilwani Muhammad Aslam Bilwani Farnaz Aslam Bilwani	42201-5179262-2 42201-8268253-1 42201-1443173-4	Muhammad Siddiq Bilwani Muhammad Siddiq Bilwani Muhammad Aslam Bilwani	-	21,161	-	21,161	21,161	-	21,161
26	M/s. Adnan Enterprises Chak No. 01/WB, Adda Pakhi More, District Vehari.	Rehana Saifraz	36603-1375024-2	Saifraz Hussain Akhtar	-	1,914	15	1,929	1,914	15	1,929
27	Muhammad Abid Grain Market Malisi, Chak No. 205/WB, Near Nathay Shah Road, Tehsil Malisi, Distt: Vehari.	Muhammad Abid Abdul Razaq Urf Qadir	36602-0996893-7 36602-0996880-3	Rehmat Ullah Rehmat Ullah	-	718	30	748	718	30	748
28	Muhammad Imran Atta Petrol pump, Khanewal Road, Multan.	Muhammad Imran Dishaad Bibi	36302-0360236-5 322-51-637456	Mehar Ameer Bakhsh Mehar Ameer Bakhsh	-	739	20	759	739	20	759
29	M/s. A & A Metal Industries (Pvt.) Ltd. 309/3, Deh: Landhi, 15th Mile National Highway, Landhi, Karachi.	Syed Muhammad Arif Muneeza Arif Nighat Bano	42201-1927826-5 42000-0865469-8 42201-0310143-8	Syed Asif Ali Syed Muhammad Arif Syed Asif Ali	-	19,090	100	19,190	19,090	100	19,190

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total			
Domestic											
30	M/s. Shahtaj Kinno Grading Factory (i) Residents of dera Ghanzafar Ali Shah, Mohallah Hawali Gureshian , Tehsil Kot Momen, Distt: Sargodha. (ii) Resident of House No.18, Street No. 10, New Sateelite town, Block-X, Sargodha.	Ghazanfar Ali Shah Sultan Ali Shah Ghulam Ali Shah	38401-8073858-1 38401-8686435-9 38403-4164231-5	Ghulam Abbas Shah Ghulam Abbas Shah Ghulam Abbas Shah	-	1,672	74	1,746	1,672	74	1,746
31	Nauman Amjad House No. 140, Block-B, New Shalimar Housing Society, Lahore.	Nauman Amjad	36501-8677304-5	Amjad Hussain Butt	-	930	-	930	930	-	930
32	Imran Ali Street No. 12, Khanka Haji Peer, Faiz Bagh, Lahore.	Imran Ali	35202-2999725-7	Liaqat Ali	-	577	17	594	577	17	594
33	Muhammad Safdar House No. 2/3, Mohallah Ali Pur, Near Hamrian wala Chowk, Faisalabad.	Muhammad Safdar	33100-0927371-5	Muhammad Sharif	-	491	50	541	491	50	541
34	M/s. Bilal Weaving Factory P-95, Azad Flour Mills, Eid Gah Road, Garh Mohallah, Gojra.	Junaid Ahmed Bilal	33301-2117541-3	Syed Ahmad	-	1,449	-	1,449	1,449	-	1,449
35	M/s. Textile World International House No. 317-A Gulberg Colony, Faisalabad.	Zeeshan Akram Ehtasham Akram Muhammad Zain Muhammad Akram	33100-0781681-1 33100-0781915-9 33100-1630875-7 33100-3139478-9	Muhammad Akram Muhammad Akram Muhammad Akram Haji Bashir Ahmad Chaudhary	-	1,323	20	1,343	1,323	20	1,343
36	M/s. New Multiline Computers House No. 265, Street No. 06, Gulnar Colony, Dhoke Banaras, Askari-I, Rawalpindi.	Muhammad Ijaz Chaudhary Muhammad Nazeer Chaudhary	37405-3219604-5 37405-2240052-1	Muhammad Nazeer Chaudhary Atta Muhammad	-	2,209	-	2,209	2,209	-	2,209
37	Saleem Ahmad Shah Makhdoom Aali, District Lodhran.	Saleem Ahmad Shah Mushtaq Ahmad Shah Jameel Ur Rehman Shah	36201-8639257-5 36201-4786632-1 36201-0740664-7	Mushtaq Ahmad Shah Haji Qutab Shah Khali Ahmad Shah	-	503	17	520	503	17	520
38	M/s. Arain Traders Old Bahawalpur Road, Kehror Pacca, District Lodhran.	Muhammad Aslam Muhammad Bukhsh	36202-0484285-7 36202-6383090-9	Muhammad Bukhsh Muhammad Ramzan	-	1,218	17	1,235	1,218	17	1,235
39	M/s. Tayyab Gulzar & Co. Mandi Yazman, District Bahawalpur.	Muhammad Gulzar	31205-1616979-3	Abdul Aziz	-	562	50	612	562	50	612

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
40	Parvez Habib Malik & Shumaila Khan House No. 599, Block No. 3-C1, Township, Lahore.	Parvez Habib Malik Shumaila Khan	35202-6694914-7 35202-2539644-0	Malik Habib Ullah Parvez Habib Malik	-	1,877	17	1,894	-	1,877	17	1,894
41	Muhammad Nasrullah Shaiq House No. 147/6 E, Street No. 07, Iqbal Park, Main DHA, Lahore.	Muhammad Nasrullah Shaiq	35201-7948437-5	Abdul Rehman	4,114	2,773	60	6,947	-	3,055	60	3,115
42	Zaheer Abbas House No. 10, Street No: 8, Mohalla Samanabad, Lahore.	Zaheer Abbas	34201-8514580-1	Banader Ali	-	752	18	770	-	752	18	770
43	M/s. Quality Rubber Works Hajipura, Daska Road, Sialkot.	Muhammad Waqar Hussain Chaudhry Yawar Irshad Ghuman	34601-0865519-7 35201-6236162-3	Sajjad Hussain Irshad Qadir Ghuman	-	3,093	57	3,150	-	2,493	57	2,550
44	M/s. Abdullah & Sons Ghalla Mandi, Ghakhar, Distt: Gujranwala.	Ch. Mureed Hussain Adhi Nadeem Shahid Ch. Khadim Hussain	34101-2550011-3 34101-6811892-1 34101-2473212-3	Ch. Abdullah Khan Adhi Ch. Abdullah Khan Adhi	8,301	3,789	117	12,207	-	3,791	117	3,908
45	Altaf Hussain Hatizabad Road, Gujranwala.	Altaf Hussain Muhammad Yaqoob	34101-0726914-1 34101-7309662-5	Muhammad Turail Allah Ditta	-	1,130	52	1,182	-	1,130	52	1,182
46	M/s. Malik Lubricant Ali Pur Road, Near National Flour Mills, Hafizabad.	Muhammd Riaz Kashif Akram Randhawa Muhammad Wasif Akram Randhawa	34301-1775705-9 34301-6719249-9 34301-5533988-9	Shah Muhammad Muhammd Akram Randhawa Muhammd Akram Randhawa	-	495	42	537	-	495	42	537
47	M/s. Sangeet House Allama Iqbal Chowk, Sialkot.	Mirza Javaid Baig	34603-6746806-7	Mirza Nazir Baig	450	933	20	1,403	-	833	20	853
48	Muhammad Siddique House No. 6, Street No. 5, Mohallah Tajpura, Pak Watan Ice Cream, Shadbagh, Lahore.	Muhammad Siddique	35202-5210395-3	Mian Chanan Din	-	947	-	947	-	879	68	947
49	M/s. Noor Mushtaq Associates Main Bazar, Qasur Pura, Ravi Road, Lahore.	Asim Raza Ahmed Samia Asim Sheikh Mushtaq Ahmad	61101-8836707-9 61101-9708326-8 61101-0853127-3	Sheikh Mushtaq Ahmad Asim Raza Ahmed Sheikh Abdul Hameed	-	8,819	20	8,839	-	8,819	20	8,839
50	Muhammad Shahid House No. F-157, Street No. 6, Block No. 25, Sargodha.	Muhammad Shahid	38403-2115977-3	Muhammad Ramzan	-	771	-	771	-	771	-	771
51	Islam Badshah Khatak House PO Small Industries, Shahtab Garh, Tehsil & Distt: Sialkot.	Islam Badshah	36302-0489892-1	Mian Gull	-	516	-	516	-	516	-	516

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
52	Abdul Ghaffar & Abdul Nadeem House No. 116/P-2, Street No. 01, Mohallah Fazal Shah Tehsil Chak Jhumra, District Faisalabad.	Abdul Ghaffar Abdul Nadeem Rasheedan Begum Sardar Ali	33101-3459288-1 33101-1691424-1 33101-1641987-2 33101-7696098-9	Muhammad Ali Muhammad Ratiq Muhammad Ratiq	-	452	70	522	-	452	70	522
53	Muhammad Anwar Javed House No. 04, Street No. 04, Habib Colony, Data Shah Jamal Road, Sheikhupura.	Muhammad Anwar Javed Muhammad Ali	35404-3478029-1 35404-3033421-5	Muhammad Ali Abdullah	834	944	-	1,778	-	947	-	947
54	M/s. Columbus Traders Abdullah House 32/62, Khatikan Street, Sialkot.	Zeeshen Tippu Iftat Begum Muhammad Ejaz Fahmida Begum Kishwar Sultana	34603-6335550-3 34603-0282492-2 34603-0167594-7 34603-4314507-7 34603-2438951-2	Tippu Sultan Sheikh M. Sajjad Sheikh M. Sajjad Ali Sultan	-	525	-	525	-	525	-	525
55	Qazi Mubashar Riaz House No. 5/6 -S-3D, Qazi Street, Muhammad Pura, Ichra, Lahore.	Qazi Mubashar Riaz	35202-2397482-7	Qazi Riaz Hussain (Late)	115	812	-	927	-	811	-	811
56	M/s. Super Fashion Dak Khana Harrar, Noul, Wazirabad Road, Sialkot.	Muhammad Imtiaz Khabir Ahmed Bhatti	34603-7021077-5 34603-2253147-7	Muhammad Munir Ghulam Nabi Bhatti	144	1,050	-	1,194	-	1,012	-	1,012
57	M/s. Irshad & Sons Rice Dealer Okara Rice Mill, Depalpur Road, Okara.	Iftikhar Ahmed Irshad Ahmed	35302-2681981-3 35302-2091459-3	Irshad Ahmed Abdul Aziz	-	958	69	1,027	-	958	69	1,027
58	M/s. Jamal Din Wali Seeds Corporation I-Ghalla Mandi, Rahim Yar Khan, II-K.L.P Road Sadiqabad.	Muhammad Shahid Muhammad Okaish Gillani	31304-8943453-5 31304-2116848-3	Ghulam Fareed Syed Muhammad Aslam	-	630	33	663	-	630	33	663
59	M/s. Zahoor & Brothers Mauza Faridabad, Kehror Pakka, District Lodhran.	Mahar Zahoor Ahmad	36202-0947075-9	Mahar Allah Bakhsh	-	820	75	895	-	820	75	895
60	Abdul Rauf Khan House No. 18/B, Businessman Colony, Rahim Yar Khan.	Abdul Rauf Khan	31303-2355094-7	Sardar Mumtaz Ahmad Khan	-	462	42	504	-	462	42	504
61	M/s. Sultan Mahal Poultry Farm Post office Kot Shera, Kotli Mahal, Tehsil & District Gujranwala.	Akhtar Ali Mahal	34101-8257944-7	Muhammad Boota	799	2,045	108	2,952	-	1,651	108	1,759

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
62	M/s. Al Rehman Filling Station Kung Chanan, Tehsil & Distt: Gujrat.	Bashir Ahmad	34201-2908676-9	Muhammad Saeed	1,393	731	118	2,242	-	669	118	787
63	M/s. Khan Commission Shop House No. 1, Street No. 2, Pattan Colony, Farooqabad, Distt: Sheikhupura.	Mehboob Khan Maqsood Khan Mehmood Khan Abdul Rauf Khan Abdul Ghafoor Khan	35404-9452508-5 35404-3100558-1 35404-0406047-5 35404-9182026-9 35404-1243456-7	Mehmood Khan Mehmood Khan Fazal Khan Mehmood Khan Mehmood Khan	-	1,003	32	1,035	-	1,003	32	1,035
64	Muhammad Islam House No. 602, Shadbagh, Lahore.	Muhammad Islam	35202-4369321-9	Shujja Uq Din	1,938	1,543	128	3,609	-	1,489	128	1,617
65	Ammar Parvez & Sheikh Parvez-Ur-Rehman House No. 15, Ahmad Yar Block, Mustafa Town, Lahore.	Ammar Parvez Sheikh Parvez-Ur-Rehman	42000-9592837-3 35202-0485370-5	Parvez-Ur-Rehman Sheikh Fazal-ur-Rehman	4,605	6,033	17	10,655	-	6,059	17	6,076
66	Muhammad Hayyat Malik Traders Shop No 1453, Al Madina Commercial Market, Ex Ganesh Mills, Factory Area, Faisalabad.	Muhammad Hayyat	33100-0291029-3	Muhammad Siddique	197	472	34	703	-	471	34	505
67	M/s Ayesha Industry Meer Muzaffar Road, Baghbanpura, Gujranwala.	Khawaja Abid Hameed Rahat Hameed	34101-8779904-7 34101-7141635-0	Khawaja Abdul Hameed Khawaja Abdul Hameed	9,647	3,857	117	13,621	-	3,948	117	4,065
68	M/s A.A Plastic Industry House No. 189, Sector F-3, Mirpur, Azad Jammu Kashmir.	Muhammad Shoab Bhatti	81302-3399367-7	Muhammad Ibrahim Bhatti	5,297	3,157	-	8,454	-	3,195	-	3,195
69	M/s. Naeem Match Industries (Pvt) Ltd. Mohabbat Abad Phattak, Opposite Sheikh Maltoon Town, Tehsil & District, Mardan.	Muhammad Naeem Khan Farida Begum Zatoon Muhammad Kashif	16101-7818296-5 16101-1628833-0 16101-9516688-0 16101-3350191-5	Muhammad Nawaz Muhammad Naeem Khan Sher Bahadur Muhammad Naeem Khan	-	8,528	-	8,528	-	8,528	-	8,528
70	Muhammad Zubair Khan & Sajida Parveen House No. 253/8, F-Block, Satellite Town, Rawalpindi.	Muhammad Zubair Khan Sajida Parveen	37405-2212382-3 37405-7422689-8	Fateh Muhammad Khan Fateh Muhammad Khan	-	910	34	944	-	910	34	944
71	M/s. Haji Atta Muhammad & Co. Basti Shehr Tibba, Sultanpura, Tehsil Maisi & District Vehari.	Atta Muhammad Ghulam Qadir	36602-06663219-9 36602-0707394-7	Ghulam Qadir Malik Khuda Bakhsh	-	868	26	894	-	644	26	670

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
72	Amir Rafiq (i) Innova Vision Distribution System, Rafia Mansion, Shah Alam Market, Lahore. (ii) House No. 3, Street No.32, Karimia Street, Pir Ghazi Road, Ichra, Lahore.	Amir Rafiq	35202-7924353-3	Muhammed Rafiq	-	10,887	19	10,906	-	10,887	19	10,906
73	Fateh Sher Khichi/ Sardar Mai House No. 103, A-Block, PCSIR Co-operative Housing society, Phase I, Canal Road, Lahore.	Fateh Sher Khan Khichi Sardar Mai	36602-6968779-5 36602-4961866-4	Khan Loonay Khan Khichi Fateh Sher Khan Khichi	-	1,435	17	1,452	-	1,435	17	1,452
74	Ghulam Babar House No.13, St. 01, Illahi Park, Wassanpura, Lahore.	Ghulam Babar	35202-7434982-5	Ghulam Rasool	2,896	2,734	17	5,587	-	2,737	17	2,754
75	Nasir Iqbal - M/s. Saeed & Sons. Firdos Colony, Sheikhupura Road, Gujranwala.	Nasir Iqbal Satdar Ali Shabbir Hussain Muhammad Munir Muhammad Akhtar	34101-2423751-1 34101-7768066-1 34101-2398855-7 34101-2555494-1 296-33-33-573084	Muhammed Saeed Saeed Munawar Muhammad Saeed Muhammad Saeed Muhammad Saeed	599	747	-	1,346	-	752	-	752
76	Imran Ahmad Street Nisar Buti Karyana Store Wali, Islam Colony khokarki, Sialkot Road, Gujranwala.	Imran Ahmad Rizwan Ahmad Farzana Irfan	34101-0382575-5 34101-3950119-9 34101-1351457-6	Abdul Latif Abdul Latif Irfan Ahmad	99	575	-	674	-	574	-	574
77	Chaudhary Muhammad Nawaz House No.28-B, Street # 6 Munalia, Jaleel Town, Gujranwala.	Muhammed Nawaz	34102-0438236-9	Nishan Ali	280	506	62	848	-	735	62	797
78	Muhammad Imtiaz Qadri House No.04, SD House , Askari Officers Colony, Bedian Road, Lahore.	Muhammed Imtiaz Qadri	35201-5900277-7	Muhammed Fayyaz Qadri	132	1,711	-	1,843	-	1,586	-	1,586
79	Muhammad Akram Chak No. 67 ML, Puli 214 TDA, Tehsil Mankera, District Bhakkar.	Muhammad Akram Muhammad Anwar Muhammad Latif Muhammad Shafiq	38104-0841138-3 38104-0846193-3 38104-0874464-7 38104-0841847-3	Faqir Muhammad Faqir Muhammad Faqir Muhammad Faqir Muhammad	-	1,307	57	1,364	-	897	57	954
80	Muhammad Mehdi House No. 17, Mandot Block, Mustafa Town, Lahore.	Muhammad Mehdi	35202-2480893-3	Shams Ul Hassan	1,521	6,157	19	7,697	-	6,067	19	6,086
81	M/s. Rizaz & Co. Opp. Bank Road Near Saggian Chowk, Bund Road, Lahore.	Muhammed Riaz Tahir Khalid Naveed Hassan Ahmed Ali Asad Zakia Riaz	35202-8710447-3 35202-2794601-5 35202-8710542-3 35202-1036805-3 35202-2400140-6	Muhammed Sharif Bhatti Muhammed Sharif Bhatti Muhammed Riaz Tahir Khalid Naveed Muhammed Riaz Tahir	13,300	8,173	220	21,693	-	7,469	220	7,689

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		Name	NIC No.		Principal	Interest / mark-up	Others				
Domestic											
82	M/s. Iqbal Trader House No. 2, Block A-II, Phase-I, Punjabb Government Employees Housing Society Ltd., Lahore.	Muhammad Iqbal Zaib Uh Nisa	35202-2973298-9 35202-2774620-8	Abdullah Muhammad Iqbal	4,498	1,321	-	5,819	1,373	-	1,373
83	Muhammad Raza Saqlain Apartment No. W-2-E, 2nd Floor, Block No W-2, Askari Flats, Sarfaraz Rafiqi Road, Lahore.	Muhammad Raza Saqlain Iffat Zahra	35201-0165714-5 35201-7603197-4	Syed Saqlain Shah Syed Mazahir Hussain Zaidi	-	1,559	18	1,577	1,559	18	1,577
84	Muhammad Azam Street No. 5, Aftab Park, Near Shezan Factory, Bund Road, Lahore.	Muhammad Azam	35202-2846200-5	Chaudhary Muhammad Ashraf	357	669	31	1,057	665	31	696
85	Muhammad Qasim House No. 739, Street No. 74, Sector G-10/4, Islamabad.	Muhammad Qasim	33100-2311019-9	Nazir Ahmed	17	564	57	638	542	57	599
86	Muhammad Rafoof House No. 387-F, Wapda Town, Lahore.	Muhammad Rafoof	35202-5081131-7	Syed Zahid Hussain	686	684	31	1,401	578	31	609
87	Waseem Murad Qureshi A-H Int. Reliance Cargo, P-97/2, 1st Floor, Dawood Colony, Main Susan Road, Near Ideal Sweets, Faisalabad.	Waseem Murad Qureshi	34601-4308497-3	Muhammad Ibrahim Qureshi	466	615	43	1,124	597	43	640
88	Rustam Ali House No. 270-E, Street No. 11, Sector G-6/2, Islamabad.	Rustam Ali	61101-1805439-7	Muhammad Ilyas	1,084	985	-	2,069	977	-	977
89	Zahid Saeed Yazdani House No. F-13, Block 13-D Fahad Garden, Gulshan-e-Iqbal, Karachi East.	Zahid Saeed Yazdani	37405-0644449-5	Saeed Ahmed Yazdani	-	4,152	10	4,162	3,652	10	3,662
90	Sajid Hussain Street No. 03, Mohallah Hajwari Town, Faisalabad.	Sajid Hussain	33100-4696420-5	Muhammad Saleem Hashmi	327	1,121	59	1,507	1,124	59	1,183
91	Muhammad Ramzan Shahid House No. 285, Peoples Colony No. 02, Faisalabad.	Muhammad Ramzan Shahid Abida	33100-2302334-9 33100-2109419-0	Muhammad Ali Muhammad Ramzan Shahid	1,499	1,115	68	2,682	1,032	68	1,100
92	Malik Yaran Khan Awan House # 83-B, Block B, Unit No. 02, Latifabad, Hyderabad.	Malik Yaran Khan Awan Saat Bhirai Malik	37203-8629012-3 37203-9579592-4	Malik Fateh Khan Awan Malik Fateh Khan Awan	-	2,651	-	2,651	2,651	-	2,651

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
93	Akram Ali Gul House, Block No. 7, KDA Scheme No. 36, Gulistan-e-Jauhar, Karachi.	Akram Ali	42201-1851917-5	Muhammad Ibrahim Chutto	-	565	34	599	-	565	34	599
94	M/s. Daniyal Trading Company House No. A-232, Block-B, Ahmadabad Colony, North Nazimabad, Karachi.	Syed Nazeer Haider	42101-1522122-5	Sufi Naseer Ahmed Kaifi	2,990	1,984	-	4,974	-	1,819	-	1,819
95	Muhammad Ajmal B-551, Block-1, S.I.T.E., Metroville, Karachi.	Muhammad Ajmal	42401-8788966-1	Muhammad Shafi	1,243	1,203	33	2,479	-	753	33	786
96	M/s. Komal Enterprises Property No. SE-15-R-14-H/1, situated at Shimla Street, Near Muhammad Nagar, Off. Durand Road, Lahore.	Siraj Din Shahid Siraj Muhammad Azeem	35202-6819185-5 35202-4965701-3 35202-0636623-1	Muhammad Din Siraj Din Siraj Din	1,000	3,099	69	4,168	-	7,849	69	7,918
97	Malik Saif Ullah House No. 148, Block A, Phase I, Canal View Housing Society, Lahore.	Malik Saif Ullah Asad Ullah Khan	35202-0278242-1 35202-7281250-1	Malik Muhammad Bashir Malik Muhammad Bashir	-	5,305	17	5,322	-	5,305	17	5,322
98	Husnain Haider Villa House No. 48, Block F, Model Town, Lahore.	Husnain Haider Villa	35202-5815186-1	Hafiz Ahmed Ali	2,665	753	-	3,418	-	764	-	764
99	Naheed Baig House No.147-A, Block E, PIA Cooperative Housing Society, Lahore.	Naheed Baig	35202-2502540-4	Khaleeq-Ur-Rehman	1,593	1,615	6	3,214	-	1,579	-	1,579
100	M/s. Asif Ceramics 28-KM, G.T Road, Muridke, Gujranwala.	Naeem Asif Mughal Khalida Naeem Mughal Saeed Ur Rehman Shah Ijaz Baig	34101-2521548-9 34101-2407354-8 34101-7270491-7 35401-4852707-7	Bashir Ahmad Naeem Asif Mughal Abdul Rasheed Shah Irshad Baig	-	20,319	-	20,319	-	20,293	-	20,293
101	M/s. Shafiq Traders Railway Road, Distt: Gujrat.	Muhammad Shafique Shamshad Ali Anjum	34201-8677163-1 34201-9233201-1	Muhammad Rafique Farzand Ali	1,696	1,326	44	3,066	-	1,293	44	1,337
102	Muhammad Shahid Street Molvi Abdul Hameed, Garjakh, Gujranwala.	Muhammad Shahid Abdul Majeed	34101-4432332-3 34101-0449750-7	Abdul Majeed Bashir Ahmad	100	677	37	814	-	626	37	663
103	M/s. Wistel Mobile Shop No. 9-U, Block Sangam Cinema, Trust Plaza, Tehsil & District Gujranwala.	Muhammad Shahid Mirza Sajjad Baig	34101-4432332-3 34101-6090892-3	Abdul Majeed Mirza Irshad Baig	475	3,392	56	3,923	-	3,398	56	3,454

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Domestic												
104	M/s. Adnan Industries Situated at Nowshetra, Sansi Road, Gujranwala.	Adnan Anwar Khokhar Muhammad Anwar Khokhar	34101-8391247-9 34101-2785610-3	Muhammad Anwar Khokhar Muhammad Akbar	161	533	17	711	-	534	17	551
105	M/s. Al-Rehmat Traders Mouzzam Colony, Khokherki, Sialkot Road, Gujranwala.	Chaudhary Shaikat Ali	34101-3114549-1	Chaudhary Rehmat Ali	800	917	57	1,774	-	914	57	971
106	M/s. Noshier Enterprises Near Sanam Cinema, House No.01, Street No.01, Mohallah Amin Abad, Faisalabad.	Gul Naz Raza	33100-7174155-8	Faizi Raza	381	850	79	1,310	-	789	79	868
107	Siraj Din House No. 466-67, Street No. 07, Nazimabad, Block-A, Faisalabad.	Siraj Din Muhammad Amjad Mukhtar Ahmad	33100-7953513-7 33100-2035141-5 33100-0312593-1	Chaudhary Muhammad Mehnga Chaudhary Muhammad Mehnga Chaudhary Muhammad Mehnga	2,995	1,689	50	4,734	-	1,624	50	1,674
108	M/s. Nayab Labs. House No. 183-D, Street No. 21, F-11/2, Islamabad.	Navab Zaheeruddin Shaikh	61101-8627755-9	Nooruddin Shaikh	1,496	1,716	-	3,212	-	1,740	-	1,740
109	Aftab Ali Khan House No. 10-D, Tulisa Road, Lalazar, Post Office GPO, Rawalpindi.	Aftab Ali Khan	37405-0677529-7	Muhammad Usman Ali Khan	2,984	1,389	-	4,373	-	1,445	-	1,445
110	M/s. Bilal & Co. Ghallah Mandi, Ghakhar, Distt: Gujranwala.	Muhammad Aslam Tauseef Azam Cheema Tanveer Azam Cheema Naveed Azam Cheema Bilal Nasir Cheema Jamal Nasir Cheema Salman Asif Cheema	34101-2570312-3 34101-24866515-3 34101-2490587-1 34101-8014992-9 34101-2427315-5 34101-9497912-5 17301-3364398-1	Ghulam Nabi Chaudhary Muhammad Azam Cheema Chaudhary Muhammad Azam Cheema Chaudhary Muhammad Cheema Muhammad Nasir Cheema Muhammad Nasir Cheema Muhammad Asif Cheema	794	713	59	1,566	-	672	59	731
111	M/s. Noor & Co. Ahmad Nagar Chatta, Wazirabad.	Mulazim Hussain Noor Muhammad	34104-7389842-7 34104-2249305-1	Noor Muhammad Muhammad Boota	-	1,613	17	1,630	-	1,613	17	1,630
112	M/s. Muhammad Imran & Co. House No. 8, Block - X, Tariq Bin Ziad Colony, Sahiwal.	Sheikh Muhammad Ashraf	36502-3619435-9	Sheikh Din Muhammad	-	4,765	67	4,832	-	4,765	67	4,832
113	M/s. Javed Brothers House No. 31, Block E1, Johar Town, Lahore.	Muhammad Javed Khan Muhammad Asif Khan	35202-5046262-9 35202-6119634-7	Muhammad Hanif Khan Muhammad Hanif Khan	-	1,657	85	1,742	-	1,657	85	1,742

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		Name	NIC No.		Principal	Interest / mark-up	Others					Total
Domestic												
114	Rashid Zahoor House No. 370/31, Street No. 3, Khasra No. 3445/571, Mouza Amar Sidhu, Tehsil & District Lahore.	Rashid Zahoor	35202-2173811-9	Zahoor Ahmed	1,553	1,006	32	2,591	-	1,035	32	1,067
115	M/s. Ijaz Traders Shop N. 44, Ghalla Mandi Farooqabad, District Sheikhupura.	Ijaz Rasool Ghulam Rasool Munawar Hussain	35404-2774190-9 35404-4844349-5 35404-0119279-1	Ghulam Rasool Sarfraz Ahmed Bashir Ahmed	1,699	1,411	18	3,128	-	1,347	18	1,365
116	M/s. Alhamd Protein Farm House No. 171, Block-P, Model Town Extension Scheme, Lahore.	Amir Sohail Mira Muhammad Saghir Mira	35202-2660552-3 35202-3680554-5	Muhammad Saghir Mira Haji Imam Din	8,847	8,890	16	17,753	-	14,890	16	14,906
117	Sher-Ud-Din Saleemi House No. 34, Block B, Tech Society, Canal Bank Road, Lahore.	Sher-Ud-Din Saleemi	35202-2037296-3	Wazir Ali	3,739	3,680	17	7,436	-	3,094	17	3,111
118	M/s. Sara Cotton Corporation 9-B, Ghalliah Mandi, Khanewal.	Shabbir Ahmad	36103-1632802-1	Habib Ahmad (Late)	1,520	665	17	2,202	-	556	17	573
119	M/s. Daraj Traders Adda Ghai, Pur Dol, P.O Garh Maharaja, Tehsil Ahmed Pur Sial, District Jhang.	Muhammad Ejaz Ahmed	33203-5565058-3	Ghulam Ali	4,000	2,710	78	6,788	-	2,313	78	2,391
120	M/s. Al-Abbas Commission Shop Mouza Piplan Pacca, Tehsil Piplan, District Mianwali.	Ghazanfar Abbas Khan	38303-8773021-1	Bashir Ahmad Khan	2,490	1,868	84	4,442	-	1,366	84	1,450
121	M/s. Joyia Commission Shop Post Office Naseer Wala, Tehsil Piplan, District Mianwali.	Malik Mureed Ahmad	38303-8305654-7	Malik Hussain Baktish	3,300	1,581	74	4,955	-	1,332	74	1,406
122	Waqas Ahmad Yousaf House No. 88 F Block, Al Rehman Garden Phase-II, Lahore.	Waqas Ahmad Yousaf	35402-2785033-5	Muhammad Yousaf	2,085	819	19	2,923	-	853	19	872
123	M/s. GN Spinning Mills Residents of House No. 37, Nizamabad Block B, Faisalabad.	Ghulam Nabi Shamim Akhter Shakeel Ahmed	33100-1310226-1 33100-8410163-6 33100-3676998-1	Haji Shabrati Khan Ghulam Nabi Ghulam Nabi	-	27,840	87	27,927	-	27,840	87	27,927
124	M/s. Kary International Flat No. B-4, Ohad Residency, 324 Britto Road, Garden East near Fatimid Blood Bank, Karachi.	Karim Bhojani Talib Hussain	61101-2944755-7 34202-4118443-1	Muhammad Hussain Bhojani Lal Shah	250	1,355	16	1,621	-	1,174	16	1,190

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Domestic											
125	M/s. Lucky Oil Traders Chak No. 2/4-L, Mohallah Basti Shahdin, Okara.	Ramzan Ahmed	35302-2008965-3	Mukhtar	996	1,040	-	2,036	1,061	-	1,061
126	Muhammad Javaid Qureshi Building, Street No.3, Mohallah Lakshmi Chowk, Nisbat Road, Lahore.	Muhammad Javaid	35202-2343828-3	Muhammad Sharif	1,464	1,575	-	3,039	1,588	-	1,588
127	M/s. Essarani Food Industries Plot No. A/52-A, Indus Hill, Main Site Area, Hyderabad.	Ameesh Kumar Essarani Prem Chand	41306-7037796-9 41306-1038182-9	Gurmukh Das Asha Ram	11,922	14,416	28	26,366	14,387	28	14,415
128	Dilawar Ali Manzoorabad Mohalla, P.O Taluka & City Dadu Sindh.	Dilawar Ali	41201-9429426-9	Haji Abdul Razzaque Lakhoo	-	723	-	723	723	-	723
129	Muhammad Saud Shahid	Muhammad Saud Shahid	42201-4174076-7	Muhammad Shahid Qureshi	4,603	7,827	33	12,463	6,519	33	6,552
130	M/s. Million Centre R/B 5/30 Avram Bagh, Main Shahrah-e-Liaqat, Karachi.	Abdul Aziz Khan Abdul Rehman Khan	42101-8261465-5 42101-7048239-3	Abdul Rauf Khan Abdul Rauf Khan	1,958	12,273	35	14,266	16,212	35	16,247
131	M/s. Bismillah Traders Head Bakainy, Tehsil Jatoi, District Muzaffargarh.	Mian Shoab Ashiq Daha Farhana Bibi Ameer Muhammad Muhammad Aslam Daha Ansar Gulraiz Mian Ashiq Hussain Daha Shamshad Begum	32302-1733630-9 32302-7137573-8 32302-4662578-7 32302-9039780-1 36303-5248529-8 32302-7811588-9 32302-1661869-6	Mian Ashiq Hussain Daha Mian Shoab Ashiq Daha Mian Khuda Bakhsh Mian Khuda Bakhsh Gulraiz Ashiq Mian Khuda Bakhsh Mian Ashiq Hussain Daha	-	6,865	-	6,865	6,865	-	6,865
132	M/s. Bismillah Motors & Tractors Head Bakainy, District Muzaffargarh.	Mian Shoab Ashiq Daha Junaid Ashiq Abdul Qadir Famat Bibi Mian Ashiq Hussain Daha Shamshad Begum	32302-1733630-9 32302-1734796-3 36302-4493701-7 36302-4159160-8 32302-7811588-9 32302-1661869-6	Mian Ashiq Hussain Daha Mian Ashiq Hussain Daha Ghulam Saanwar Mian Khuda Bakhsh Mian Khuda Bakhsh Mian Ashiq Hussain Daha	-	5,531	-	5,531	5,531	-	5,531
133	M/s. Rehman Traders Quid-e-Azam Road Kehror Pacca, District Lodhran.	Muhammad Ilyas Bashir Ahmad Muhammad Shabbir Irfan Ahmad	31105-3469725-5 36202-1264761-7 36202-1265711-7 36202-2251635-5	Abdul Hameed Noor Muhammad Noor Muhammad Zafar Ullah Khan	899	567	34	1,500	496	34	530
134	M/s. Ali Rice Mills Kaleke Mandi, Hafizabad.	Muhammad Asad Muhammad Razzaq	34301-1728535-7 34301-1728525-7	Muhammad Razzaq Shan Muhammad	362	6,366	117	6,845	7,848	117	7,965

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Domestic												
135	M/s. Gujrat Timber Co Sargodha Road, Gujrat.	Chaudhry Muhammad Aslam Chaudhry Iftikhar Aslam Waraich	224-86-142172 34201-3957739-7	Chaudhry Mian Khan Chaudhry Muhammad Aslam Waraich	1,500	2,202	35	3,737	-	2,217	35	2,252
136	M/s. Irfan Weaving Factory Hassan Town, Kariyala Road, Hafizabad.	Irfan Hameed Arshad Iqbal	34101-7188219-5 34301-5200729-7	Abdul Hameed Chaudhary Sardar Ali	1,000	946	67	2,013	-	765	67	832
137	M/s. Maan Brothers Village Ali Abad, Jalaipur Bhattian, District Hafizabad.	Muhammad Waseem Muhammad Rafiq Muhammad Yousef Muhammad Siddique Abdul Majeed	34301-7491458-9 34301-1754459-7 34301-1753874-5 34301-1753881-1 34301-1754076-9	Muhammad Siddique Muhammad Suleman Muhammad Suleman Muhammad Suleman	200	561	-	761	-	536	-	536
138	Aqeel Akhtar & Jaill Akhtar House No. 66, Block K-1, Wapda Town, Lahore.	Aqeel Akhtar Jaill Akhtar	35202-3756731-5 35202-4728947-9	Ahmad Saeed Akhtar Ahmad Saeed Akhtar	5,486	2,636	19	8,141	-	2,538	19	2,557
139	M/s. Hussain Mills Noor Street, 99-Railway Road, Lahore.	Khawaja Azhar Gulshan Butt	35202-2835086-1	Khawaja Ghulam Hassan Gulshan Butt	7,192	3,046	18	10,256	-	2,897	18	2,915
140	M/s. Abdul Razzaq & Co. Kaleke Mandi, Hafizabad.	Shafiq Ali Anwar ul Haq Nusrat Zaman Shahid Imran Mansab Ali Arshad Ali	34301-1754005-5 34301-5121958-9 34301-1754004-3 34301-1754004-5 34301-2783070-5 34301-1754000-3	Abdul Razzaq Muhammad Shahbaz Muhammad Shahbaz Muhammad Shahbaz Abdul Razzaq Abdul Razzaq	4,282	7,530	98	11,910	-	7,392	98	7,490
141	M/s. Sher Muhammad & Co. Vanike Road, Tehsil & District Hafizabad.	Imtiaz Hussain	34301-1761861-1	Sher Muhammad	2,131	2,613	117	4,861	-	2,370	117	2,487
142	M/s. Jaffar & Company Jagganwala Road, District Hafizabad.	Muhammad Jaffar Ashiq Hussain	34301-4997417-9 34301-0703749-3	Ashiq Hussain Peer Muhammad	-	695	-	695	-	695	-	695
143	Chaudhary Naeem Gulzar House No. 98-B, New Muslim Town, Lahore.	Chaudhary Naeem Gulzar	35202-3020481-3	Chaudhary Gulzar Muhammad	12,554	2,227	-	14,781	-	3,105	-	3,105
144	M/s. Al-Wahid Trading Company 295 Gulshan-e-Ali-wahid O/S Dehli Gate, Multan.	Irshad Ahmad Muhammad Muzaffar Iqbal Muhammad Javaid Iqbal	36302-5510893-5 38302-1019445-1 91506-0120937-5	Mian Ashiq Muhammad Muhammad Iqbal Muhammad Iqbal	149	747	16	912	-	747	16	763
145	Muhammad Aamir Zaheer House No. 4, Street No. 2, Model Colony, 49-Tali, PAF Road Sargodha.	Muhammad Aamir Zaheer	38403-2186466-3	Muhammad Ghazanfar Hussain	991	1,049	-	2,040	-	1,068	-	1,068
146	Shah Muhammad Abdul Sattar Guald-e-Azam Road, Tandlianwala, Distt: Faisalabad.	Abdul Sattar Muhammad Yousef Muhammad Bashir	33106-8386752-5 33106-0347098-7 33106-0874797-3	Shah Muhammad Shah Muhammad Shah Muhammad	199	1,628	-	1,827	-	1,430	-	1,430

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
147	M/s. Amjad Traders P-402, Street No. 7/12, Near Imam Bargah Safdar Chowk-Mansoorabad, Faisalabad.	Amjad Rafique	33100-3330461-3	Chaudhary Muhammad Rafique	800	1,616	67	2,483	-	1,529	67	1,596
148	M/s. Safdar Food Industries P-205, In-front of MCB Bank Limited, Dijkot Road, Faisalabad.	Bashiran Bibi	33100-8049700-6	Chaudhary Muhammad Rafique	434	988	68	1,490	-	767	68	835
149	Muhammad Hussain Khasra No. 528, Mouza Kot Lakhpat, Ittehad Colony, Ittefaq Road, Near PSO Depot, Kot Lakhpat, Lahore.	Muhammad Asim	33100-7525370-7	Satdar Hussain	-	529	37	566	-	529	37	566
150	Chaudhary Zahoor Ahmad	Muhammad Hussain	35201-6570604-5	Muhammad Ramzan	-	675	70	745	-	675	70	745
151	Chaudhary Zahoor Ahmad House No. E-50, Street No. 5, Ali View Society, Bedian Road, Cantt Lahore.	Chaudhary Zahoor Ahmad	35201-7455082-1	Nazir Hussain Chaudhary	-	675	70	745	-	675	70	745
152	M/s. SH Enterprises 134/2, Block E, Model Town, Lahore.	Shakeel Wahid Mahpara Asad	35202-9185186-7 35202-3312527-2	Mian Abdul Wahid Asad Iqbal Sheikh	7,499	7,659	17	15,175	-	7,820	17	7,837
153	Masood Nizami J-3, Johar Town, Lahore.	Masood Nizami	35202-2816087-1	Abdul Manan Nizami	797	1,016	40	1,863	-	837	40	877
154	Abdul Waheed House No. 368, Block G-III, MA Johar Town, Lahore.	Abdul Waheed	35202-6777069-9	Abdul Hai	-	5,590	17	5,607	-	5,590	17	5,607
155	Iftekhar UJ Haq House No. 196-A, Farid Park, Multan Road, Lahore.	Iftekhar UJ Haq	35202-6405301-5	Chaudhary Muhammad Yaqoob	-	1,877	79	1,956	-	1,760	69	1,829
156	M/s. Chaudhary Rice Dealers House No. 26, Block-E, Model Town, Lahore.	Chaudhary Asif Sardar	35401-11859488-1	Chaudhary Sardar Muhammad Mian Abdul Majeed	799	760	17	1,576	-	654	17	671
157	M/s. Malik M. Shafiq Enterprises Old Narawal Road, Dera Shah Awan, Shahdara Town, Lahore.	Abdul Mateen	35202-0553916-7	Malik Abdul Rehman	946	758	18	1,722	-	611	18	629
157	Yawar Ali Shop No.1, Located at Ground Floor, Malik Bashir Market, Mohallah Barian, Shahalam Gate, Lahore.	Yawar Ali	35202-1532592-5 35202-6303421-1	Asif Ali	354	2,242	89	2,685	-	2,153	89	2,242

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

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		Name	NIC No.		Principal	Interest / mark-up	Others				
Domestic											
158	M/s. Badar Cloth House & Foam Center House No. 21, Rajpoot Road, Wasan Pura, Lahore.	Muhammad Bashir	35202-2928422-7	Sheikh Muhammad Saeed	-	1,893	17	1,910	1,893	17	1,910
159	Khalid Zia Chak No. 15 S.B. Tehsil Bhalwal, District Sargodha.	Khalid Zia	38401-1314559-1	Chaudhary Ghulam Nabi	1,500	3,123	69	4,692	2,916	69	2,985
160	M/s. Shahbaz Qalandar Filling Station Mauana Mor, Faisalabad-Jhang Bhakkar Road, Tehsil & District Jhang.	Mumtaz Hussain	33202-9987323-3	Haji Mahmood	460	826	80	1,366	589	80	669
161	Shazad Sikandar House No 215/21, Street 20, Khayaban-E-Iqbal Phase 8, DHA, Karachi.	Shazad Sikandar	42301-2504643-1	Malik Sikandar Khan	441	567	-	1,008	618	-	618
162	M/s. Geo Asia Ceramics Mohallah Katchery, Aimanabad Town, Gujranwala.	Rana Muhammad Amin Khan	34101-1599472-1	Muhammad Hanif Khan	2,000	2,358	-	4,358	2,429	-	2,429
163	M/s. Pak Madina Industry Jinnah Road, Gujranwala.	Asif Shahzad Mughal Aslam Shahzad Mughal	34101-5745099-9 34101-2206428-5	Aslam Shahzad Mughal Nazir Ahmad	1,672	1,676	17	3,365	1,643	17	1,660
164	Aslam Shahzad Mughal Jinnah Road, Gujranwala.	Aslam Shahzad Mughal	34101-2206428-5	Nazir Ahmad	65	1,091	-	1,156	1,092	-	1,092
165	M/s. Arsalan Chemical Industry Klass Mary, 16-K.M Burki Road, Lahore.	Muhammad Mujahid Chaudhary Iffat Kausar Shahid	35201-7684106-5 35201-8459184-6	Chaudhary Muhammad Ismail Chaudhary Muhammad Shahid	879	1,149	307	2,335	1,163	-	1,163
166	M/s. Subhan & Co. Chah Annu, Tehsil & District Hafizabad.	Muhammad Yousaf	34301-1712379-3	Mallah	989	808	67	1,864	828	67	895
167	Naeem Akhtar Tarar Village & P.O Jokalian, Tehsil Phalia, District Mandi Bahaudin.	Naeem Akhtar Tarar Muhammad Afzal	34403-1852159-1 34403-1942960-1	Chaudhary Muhammad Akhtar Tarar Ghulam Qadir	774	1,886	53	2,713	1,905	53	1,958
168	M/s. Zaki Enterprises Shop No. 01, Basement, National Bara Market, ShahAlam, Lahore.	Muhammad Taqi	35202-0324235-7	Muhammad Naqi	5,889	9,551	19	15,459	9,882	19	9,901

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
169	M/s. Imed Pharmacies Commercial Plaza No. 80, Block H, Phase-I, Defence Housing Authority, Lahore.	Muhammad Akhtar Hussain Muhammad Shehryar Akhtar Muhammad Atzaal Hashmi Muhammad Iqbal Hashmi	35201-9080550-1 91509-0116142-3 36302-0287460-1 36302-0289188-3	Muhammad Nawaz Muhammad Akhtar Hussain Muhammad Tufail Hashmi Muhammad Tufail Hashmi	-	11,926	17	11,943	-	11,926	17	11,943
170	M/s. Nature Farm Products (Pvt.) Ltd 20-Allaudin Road, Lahore Cantt.	Ruby Khalid Khalid Mehmood Rao Qasim Ali Khan	35201-6236395-2 35200-1512221-7 35200-1534015-1	Khalid Mehmood Rao Rao Ghulam Mustafa Khalid Mehmood Rao	3,632	21,608	17	25,257	-	21,698	17	21,715
171	M/s. Mughal Brothers Shop No. 82 Allah Malik Market, Near Chowk Mayo Hospital, Lahore.	Liaqat Ali Mughal	35202-2533024-7	Meer Hussain	195	1,084	24	1,303	-	887	24	911
172	M/s. Al-Shamsher Engineering (Pvt) Ltd, House No. 25, Block-L, Model Town Extension, Lahore.	Manzoor Ali Khan Muhammad Amjad Sajjad Ahmad Rizwana Manzoor	266-54-075801 266-63-081276 266-78-383380 35202-3325141-0	Al-Haj Shamsher Ali Al-Haj Shamsher Ali Ghazanfer Ali Manzoor Ali Khan	-	3,860	19	3,879	-	3,860	19	3,879
173	M/s. Ali Hajvery Filling Station Nain Sukh, Saggian Road Shandra, Lahore.	Malik Muhammad Mansha Malik Ghulam Rasool	35202-3477832-1 35202-2900447-7	Malik Ghulam Rasool Allah Bukhsh	1,500	1,468	18	2,986	-	1,253	18	1,271
174	M/s. Madina Iron Store Mohallah Rehmat Colony, Street No. 03, Gujranwala Road, Shelkhpura.	Muhammad Iqbal Mian Muhammad Yousaf Muhammad Rasheed	35404-9546662-5 35404-3665265-7 35404-2971058-1	Muhammad Yousaf Sharaf Din Mian Muhammad Yousaf	866	1,287	19	2,172	-	1,288	19	1,307
175	Rab Nawaz Mohallah Ichra, Shopping Centre, Ferozpur Road, Lahore.	Rab Nawaz	35202-7343737-5	Farzand Ali	706	570	17	1,293	-	590	17	607
176	Sheikh Bilal Shahzad Dhoke Ellahi Bukhsh, Near Al-Khazria Floor Mills, Al-Madina Photo Studio, Rawalpindi.	Sheikh Bilal Shahzad	37406-4836698-9	Sheikh Shahzad Iqbal	674	520	15	1,209	-	546	15	561
177	Malik Muhammad Imran House No. 135, Main Jalal Street No. 2, D Block, Al-Faisal Town, Lahore.	Malik Muhammad Imran	35201-9565329-3	Muhammad Hussain Malik	4,016	2,840	19	6,875	-	2,980	19	2,999
178	M/s. Sabir Weaving Factory Behind Qaim Sain Darbar, Faisalabad.	Muhammad Sabir Bashiran Bli Muhammad Sarwar Nizam Abdoul Rehman Nizam Din	33100-6134881-5 33100-5563917-4 33100-2366201-3 33100-8423103-3 33100-2870557-5	Nizam Din Allah Bukhsh Nizam Din Nizam Din Heera	3,406	2,450	76	5,932	-	2,116	76	2,192

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
179	M/s. Habib Weaving Factory Behind Gaim Sain Darbar, Faisalabad.	Muhammad Jamil Habib Ur Rehman Abdul Rehman Muhammad Sarwar Nizam Muhammad Sabir	33303-4287122-5 33100-7409658-1 33100-8423103-3 33100-2366201-3 33100-6134881-5	Muhammad Rafique Nizam Din Nizam Din Nizam Din Nizam Din	-	1,730	57	1,787	-	1,730	57	1,787
180	M/s. Altaf Printing Press Marri Road, Near Amir Rice Mills, Tehsil Kamoke, District Gujranwala.	Altaf Ahmad	34402-1044811-3	Muhammad Baqir	1,698	810	-	2,508	-	524	-	524
181	M/s. Jjaz & Sons House No. 56, Mohallah Jinnah Hospital Colony, Lahore.	Jjaz Hussain	35502-0107584-7	Khushi Muhammad	942	928	18	1,888	-	883	18	901
182	Muhammad Arshad Anjum Nai Abadi Talwara Mughalan, Jamu Road Near Cantt Public School, Sialkot.	Muhammad Arshad Anjum	34603-2392039-1	Muhammad Ramzan	427	1,395	-	1,822	-	1,403	-	1,403
183	M/s. Hassan Jewellers Katchery Bazar, Okara.	Maqbool Hassan	35302-1382288-7	Muhammad Hassan	199	3,098	19	3,316	-	3,042	19	3,061
184	M/s. Sports Master International Kohinoor Estate, Noul More, Wazirabad Road, Sialkot.	Shehla Farooq Munir Ahmed	34603-7487559-0 34603-2265862-3	Abdul Farooq Choudhary Piranditta	6,499	4,313	-	10,812	-	4,486	-	4,486
185	M/s. Friends Exports (Pvt.) Limited E-2, E-3, E-5 & E-6, Phase II, S.I.T.E., Super Highway, Karachi-75400	Adnan Salim Asim Salim Feroza Saleem	42201-2886129-3 42201-3879168-3 42201-3459730-0	Muhammad Salim Mahmood Muhammad Salim Mahmood Muhammad Salim Mahmood	193,538	96,611	540	290,689	158,232	101,425	540	260,197
186	Abdul Rauf Shakoori Chak NO. 40/WB, Post Office Vehari, Tehsil & Disst Vehari.	Abdul Rauf Shakoori	36603-1951558-5	Allah Bakhsh	-	854	60	914	-	854	60	914
187	Aman Plot C4, Flat 103, 1st Floor Rehman Corner, Gulberg Town, Block-4, FB Area, Karachi.	Aman	42101-2766891-3	Muhammad Hanif	567	53	54	674	-	289	246	535
188	M/s. Ali & Brother House No. 60, Sector B-II, Mirpur, Azad Kashmir.	Abdul Wahab Chaudhary Chaudhary Abdul Razzaq	81302-3878823-3 81302-6467223-5	Chaudhary Abdul Razzaq Chaudhary Karam Elahi	1,490	1,000	-	2,490	-	1,012	-	1,012
189	Muhammad Ali Flat No. 07, Block-36-A, Sector G-9/2, Islamabad.	Muhammad Ali	61101-1893853-9	Muhammad Hanif	1,705	1,919	-	3,624	-	1,961	-	1,961

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
190	Chaudhri Muhammad Ramzan Mouza Jatoi Shumali, Tehsil Jatoi, District Muzaffargarh.	Chaudhri Muhammad Ramzan	32302-2776676-5	Chaudhri Muhammad Yousaf	3,299	3,495	16	6,810	-	3,502	16	3,518
191	M/s. Imran Traders Rampur Road, Jatoi, District Muzaffargarh.	Muhammad Imran Shakir	32302-2438172-1	Muhammad Iqbal Shakir	699	1,374	37	2,110	-	1,387	37	1,424
192	M/s. Subhan Enterprises 15-KM, Main Ferozepur KM Sheikhpura Road Main Bazar Khaki, Tehsil Ferozewala, Sheikhpura.	Ghulam Abbas Malik	35401-1784145-3	Malik Muhammad Saif	450	889	53	1,392	-	853	53	906
193	Syed Ali Haider Shah House No.1, Street No. 39, Ahata BB, Near Thana Misri Shah, Lahore.	Syed Ali Haider Shah	35202-3063438-5	Syed Muhammad Saleem Shah	1,135	1,081	-	2,216	-	1,109	-	1,109
194	M/s. Abdul Aziz Karyana Store Tatlay Aali Chowk, Distt: Gujranwala.	Sardar Abdul Aziz	34101-0516191-9	Sardar Mirza Khan	2,570	9,454	87	12,111	-	9,438	87	9,525
195	Abdul Aziz Ghalla Mandi, Qila Didar Singh, Gujranwala.	Abdul Aziz Abdul Shakoor Abrar Hussain Muhammad Mansha	34103-0552461-3 34101-7887979-1 34103-2638705-9 34103-0552460-3	Muhammad Mansha Muhammad Mansha Muhammad Mansha (Late)	390	635	77	1,102	-	566	77	643
196	M/s. Highnoon Textile Limited 25-KM, Multan Road, Lahore.	Babar Agha Sohail Hameed Khan	35202-3065543-3 35202-2337062-5	Agha Fakhar Hussain Hameed Ullah Khan	107,917	229,604	23	337,544	107,917	229,604	23	337,544
197	M/s. R. Usman Enterprises 3rd Floor, 15-KM Multan Road, Ofr. Angora Textile, Lahore.	Usman Jawad Abdul Sattar Tahira Sattar	35201-1587350-7 35201-1587345-7 35201-1476627-2	Abdul Sattar Muhammad Ibrahim Abdul Sattar	3,815	2,178	-	5,993	-	2,241	-	2,241
198	M/s. Four Waves Enterprises (i) R/O Flat No. A-11, Aman Castle, Garden East, Karachi. (ii) R/O Plot No. A-311, Sector 11-A, North Karachi, Township Karachi.	Muhammad Khalid Muhammad Nazir Ali Zai Zaib-un-Nisa	42201-6143222-3 42401-0552020-7 42101-5346461-4	Muhammad Ahmed Muhammad Pain Muhammad Haroon	84,291	55,057	405	139,753	84,291	55,057	405	139,753

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2023

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
199	M/s. Adam Group Building No.16-C, Room#04, 1st Floor, Tauheed Commercial, Phase-V, DHA, Karachi.	Rhutaab Zain Ashiq Dewan Aamir Ashiq Dewan	42000-7506179-1 91400-0119201-9	Aamir Ashiq Dewan Muhammad Ashiq	324,120	296,328	3,355	623,803	226,159	302,100	3,355	531,614
200	M/s. Gulshan Weaving Mills Ltd. 2nd Floor, Finlay House, IJ Chundrigar Road, Karachi.	Jahangir Ahmad Shakoor Muhammad Rauf Masood Ahmad	42201-0545325-7 35201-7242093-7 35202-6932908-5	Abdul Shakoor Gul Nawaz Anayat Ullah	202,261	169,380	5,501	377,142	202,261	169,380	5,501	377,142
Overseas												
1	M/s. City Cycle Industries Manufacturing (Pvt.) Ltd. 119-Old Galle road Henamula Panadura, Sri Lanka.	Mohamed Miflal Mohamed Aazim	611350341X 851482652V	Mohamed Najibdeen Mohamed Miflal	67,633	5,844	-	73,477	-	2,918	-	2,918
2	M/s. Access Automotive (Pvt.) Ltd. No:30/7 A, Poorna Lane, Kandy, Sri Lanka.	Boya Kumbure Gedara Gemini Wickramanayaka Elliele Gedara Shriyani Dharmasena	752632898V 777803182V	B.K.Premasiri Fernando B.K.G Wickramanayaka	3,602	387	65	4,054	-	688	-	688
					1,228,185	1,652,657	20,211	2,901,053	778,860	1,667,970	20,083	2,466,913

Disposal of fixed assets (refer note 12.2.6)

Description	Cost/ revalued amount	Accumu- lated deprecia- tion	Book value	Sales pro- ceeds	Mode of disposal	Particulars of buyers	Location
Computers							
Laptop	295	295	-	30	As per Bank's policy	Hammad Khalid	Lahore
Laptop	268	268	-	27	As per Bank's policy	Malik Abdul Waheed	Lahore
Laptop	344	344	-	34	As per Bank's policy	Muhammad Nauman Chughtai	Lahore
Laptop	305	305	-	31	As per Bank's policy	Syed Sikander Zulqurnain	Lahore
Laptop	344	344	-	34	As per Bank's policy	Farid Ahmad	Lahore
Laptop	280	280	-	28	As per Bank's policy	Omar Safdar	Lahore
Laptop	344	330	-	69	As per Bank's policy	Abrar Aleem	Lahore
	2,180	2,166	-	253			
Vehicles							
Mercedes Benz	17,845	14,038	3,807	23,000	Market quotation	MCB Islamic Bank Limited	Lahore
	17,845	14,038	3,807	23,000			
	20,025	16,204	3,807	23,253			

CONSOLIDATED

Financial Statements MCB Bank Limited



Directors' Report

On Consolidated Financial Statements

The Board of Directors present the report on the consolidated financial statements of MCB Bank Limited and its subsidiaries namely MCB Investment Management Limited (formerly MCB-Arif Habib Savings and Investments Limited), MCB Islamic Bank Limited and MCB Non-Banking Credit Organization Closed Joint Stock Company for the year ended December 31, 2023.

Profit and Appropriations

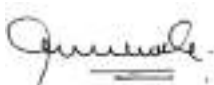
The profit before and after taxation for the year ended December 31, 2023 together with appropriations is as under:

	(Rs. in Million)
Profit Before Taxation	137,519
Taxation	(72,248)
Profit After Taxation	65,271
Profit attributable to non-controlling interest	(166)
Profit attributable to Equity shareholders of the Bank	65,105
Un-appropriated profit brought forward	72,796
Re-measurement loss on defined benefit obligations - net of tax	2,670
Surplus realized on disposal of revalued fixed assets - net of tax	1,097
Derecognition of reserve on further Investment in subsidiary	(166)
Surplus realized on disposal of non-banking assets-net of tax	25
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated-net of tax	152
	76,574
Profit Available for Appropriation	141,679
Appropriations:	
Statutory Reserve	6,994
Final Cash Dividend at Rs. 6.0 per share - December 31, 2022	7,110
First Interim Cash Dividend at Rs. 6.0 per share - March 31, 2023	7,110
Second Interim Cash Dividend at Rs. 7.0 per share - June 30, 2023	8,295
Third Interim Cash Dividend at Rs. 8.0 per share – September 30, 2023	9,481
Total Appropriations	38,990
Un-appropriated Profit Carried Forward	102,689
Earnings per Share (Rs)	54.94

Dividends

The Board of Directors declared a final cash dividend of Rs. 9.00 per share for the year ended December 31, 2023, which is in addition to Rs. 21.00 per share interim dividends already paid to the shareholders. The effect of the final cash dividend declared is not reflected in the above appropriations.

For and on behalf of the Board of Directors,



Shoaib Mumtaz
President & CEO
MCB Bank Limited

February 06, 2024



Mian Umer Mansha
Director
MCB Bank Limited

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز، ایم سی بی بینک لمیٹڈ اور اس کے ذیلی اداروں جن میں ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ (سابقہ طور پر عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ)، ایم سی بی اسٹاک بینک لمیٹڈ اور ایم سی بی ٹان بینک کریڈٹ آرگنائزیشن کلوزڈ جوئنٹ اسٹاک کمپنی شامل ہیں، کی مجموعی مالیاتی اسٹیٹمنٹس برائے سال ختم 31 دسمبر 2023ء پر رپورٹ پیش کرتے ہیں۔

منافع اور تخصیص

31 دسمبر 2023ء کو اختتام پذیر سال میں منافع قبل و بعد از ٹیکس اور تخصیص، مندرجہ ہے

ملین روپے	
137,519	منافع از ٹیکس
(72,248)	ٹیکس
65,271	منافع بعد از ٹیکس
(166)	ٹان کنٹریولنگ انٹرسٹ کے لیے تفویض شدہ منافع
65,105	عام حصص یافتگان کے لیے تفویض شدہ منافع
72,796	افتتاحی غیر تخصیص شدہ منافع
2,670	ڈیٹا سٹریٹجی و اجبات کا دوبارہ تعین شدہ منافع/ نقصان، حناص از ٹیکس
1,097	پائیدار اثاثوں کے سرپلس پر فروخت سے حاصل آمدن حناص از ٹیکس
(166)	ذیلی اداروں میں مزید سرمایہ کاری کے لیے مختص ریزرو کا استعمال
25	غیر بینکاری اثاثوں کے سرپلس پر فروخت سے حاصل آمدن، حناص از ٹیکس
152	پائیدار اثاثوں کی تخمینہ نو سے اضافی آمدنی کی غیر تخصیص شدہ منافع کی
	انٹرمیڈیٹ ڈیپریسی ایشن (قدر میں کمی) کی مد میں منتقلی
76,574	
141,679	تخصیص کے لیے دستیاب منافع
	تخصیص
6,994	قانونی ریزرو
7,110	حتمی کیش ڈیویڈنڈ 6 روپے فی حصص 31 دسمبر 2022
7,110	پہلا عبوری کیش ڈیویڈنڈ 6 روپے فی حصص 31 مارچ 2023
8,295	دوسرا عبوری کیش ڈیویڈنڈ 7 روپے فی حصص 30 جون 2023
9,481	تیسرا عبوری کیش ڈیویڈنڈ 8 روپے فی حصص 30 ستمبر 2023
38,990	کل تخصیص
102,689	اختتامی غیر تخصیص شدہ منافع
54.94	فی حصص آمدنی (روپے)

ڈیویڈنڈز

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2023ء کو اختتام پذیر سال کے لئے 9 روپے فی حصص کے حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ حصص یافتگان کو 21 روپے فی حصص کے پہلے سے ادا شدہ عبوری ڈیویڈنڈز کے علاوہ ہے حتمی کیش ڈیویڈنڈ کے اس اعلان کے اثرات کو مندرجہ بالا تخصیص میں شمار نہیں کیا گیا ہے۔

مخبرانہ و برائے بورڈ آف ڈائریکٹرز

میاں عمر منشاہ
ڈائریکٹر ایم سی بی بینک لمیٹڈ

شعبہ ممتاز
پریزیڈنٹ اور سی ای او
ایم سی بینک لمیٹڈ

06 فروری 2024ء

INDEPENDENT AUDITOR'S REPORT

To the members of MCB Bank Limited

Opinion

We have audited the annexed consolidated financial statements of MCB Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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 Matter(s)

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 advances	
	<p>(Refer notes 3.4, 6.5 and 11.5 to the consolidated financial statements).</p> <p>The Group makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>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 advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Provision against advances of overseas branches is made as per the requirements of the respective regulatory regimes.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time-based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances 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.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>As at December 31, 2023, the Group holds a total provision of Rs. 45,852.279 million against advances in the consolidated financial statements of the Group.</p> <p>The determination of provision against advances 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 advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p> <p>We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.</p>

Information Other than the Consolidated and Unconsolidated 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 consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and 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:

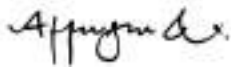
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 controls.
- Obtain an understanding of internal controls 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 05, 2024

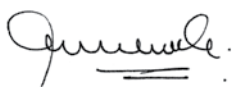
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Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023 (Rupees in '000)	2022
ASSETS			
Cash and balances with treasury banks	7	190,245,798	110,275,163
Balances with other banks	8	37,806,854	26,162,849
Lendings to financial institutions	9	89,713,400	56,585,768
Investments	10	1,372,343,715	1,040,889,059
Advances	11	670,673,495	844,985,763
Fixed assets	12	88,738,550	85,021,165
Intangible assets	13	1,859,032	1,682,671
Deferred tax assets	19	–	5,439,278
Other assets	14	228,704,335	103,291,437
		2,680,085,179	2,274,333,153
LIABILITIES			
Bills payable	16	27,271,384	42,874,366
Borrowings	17	235,664,480	356,016,610
Deposits and other accounts	18	2,009,828,619	1,532,695,961
Liabilities against assets subject to finance lease		–	–
Subordinated debt		–	–
Deferred tax liabilities	19	3,552,321	–
Other liabilities	20	162,017,273	148,268,469
		2,438,334,077	2,079,855,406
NET ASSETS			
		241,751,102	194,477,747
REPRESENTED BY			
Share capital	21	11,850,600	11,850,600
Reserves	22	101,129,809	89,640,476
Surplus on revaluation of assets - net of tax	23	25,740,282	19,458,482
Unappropriated profit		102,689,217	72,795,700
		241,409,908	193,745,258
Non-controlling interest		341,194	732,489
		241,751,102	194,477,747
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



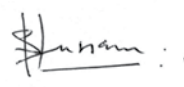
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



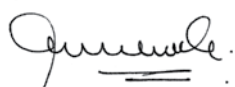
Muhammad Ali Zeb
Director

Consolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
Mark-up / return / interest earned	26	364,448,721	219,422,758
Mark-up / return / interest expensed	27	199,026,667	123,454,752
Net mark-up / interest income		165,422,054	95,968,006
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	22,460,483	15,573,910
Dividend income		2,510,757	2,121,696
Foreign exchange income		9,197,358	9,588,551
Income from derivatives		15,837	33,148
Gain / (loss) on securities	29	837,442	(1,714,850)
Other income	30	375,874	295,837
Total non-markup / interest income		35,397,751	25,898,292
Total income		200,819,805	121,866,298
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	60,127,915	48,075,386
Workers Welfare Fund		2,744,424	1,509,781
Other charges	32	701,754	267,536
Total non-markup / interest expenses		63,574,093	49,852,703
Share of profit of associates		1,348,508	685,888
Profit before provisions		138,594,220	72,699,483
Provisions / (reversals) and write offs - net	33	1,075,258	(2,641,001)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		137,518,962	75,340,484
Taxation	34	72,247,962	40,889,320
PROFIT AFTER TAXATION		65,271,000	34,451,164
Attributable to:			
Equity shareholders of the Bank		65,104,619	34,365,061
Non-controlling interest		166,381	86,103
		65,271,000	34,451,164
(Rupees)			
Basic and diluted earnings per share attributable to ordinary shareholders	35	54.94	29.00

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



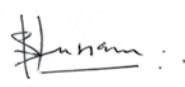
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



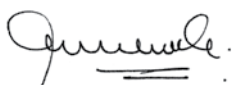
Muhammad Ali Zeb
Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
Profit after taxation for the year	65,271,000	34,451,164
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	4,374,032	862,163
- Non-controlling interest	114	96
	4,374,146	862,259
Share of exchange translation reserve of associate	121,524	151,001
Movement in (deficit) / surplus on revaluation of investments - net of tax		
Equity shareholders of the Bank	7,691,680	(14,366,272)
Movement in surplus on associated undertaking - net of tax	295,440	(288,807)
	7,987,120	(14,655,079)
	12,482,790	(13,641,819)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	2,669,856	(301,720)
Movement in surplus on revaluation of operating fixed assets - net of tax	(266,285)	18,939,852
Movement in surplus on revaluation of non-banking assets - net of tax	(163,876)	82,879
	2,239,695	18,721,011
Total comprehensive income	79,993,485	39,530,356
Attributable to:		
- Equity shareholders of the Bank	79,826,990	39,444,157
- Non-controlling interest	166,495	86,199
	79,993,485	39,530,356

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



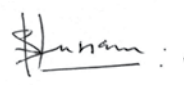
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Share capital		Capital reserve		Statutory reserve	Revenue reserve		Surplus/(deficit) on revaluation of			Unappropriated profit	Sub Total	Non controlling interest	Grand Total
	Share premium	Non-distributable capital reserve	Exchange transition reserve	General reserve		Investments	Associate	Fixed / non-banking assets						
Balance as at December 31, 2021	11,850,600	23,973,024	908,317	3,832,533	37,729,718	18,600,000	416,128	19,605,593	176,817,241	751,419	177,568,660			
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	34,365,061	86,103	34,451,164			
Profit after taxation for the year ended December 31, 2022	-	-	-	1,013,164	-	-	(288,807)	19,022,731	(301,720)	96	5,079,192			
Other comprehensive income - net of tax	-	-	-	1,013,164	-	-	(288,807)	19,022,731	34,063,341	86,199	39,530,356			
Transfer to statutory reserve	-	-	-	-	3,583,720	-	-	-	(3,583,720)	-	-			
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(77,423)	77,423	-	-			
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(43,480)	43,480	-	-			
Surplus realized on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	-	(13,956)	13,956	-	-			
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(5,925,300)	-	(5,925,300)			
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	(5,925,300)	-	(5,925,300)			
Interim cash dividend at Rs. 5.0 per share - March 31, 2022	-	-	-	-	-	-	-	-	(4,740,240)	-	(4,740,240)			
Interim cash dividend at Rs. 4.0 per share - June 30, 2022	-	-	-	-	-	-	-	-	(5,925,300)	-	(5,925,300)			
Interim cash dividend at Rs. 5.0 per share - September 30, 2022	-	-	-	-	-	-	-	-	(22,516,140)	(105,129)	(22,621,269)			
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-			
Balance as at December 31, 2022	11,850,600	23,973,024	908,317	4,845,697	41,313,438	18,600,000	127,321	38,493,465	193,745,258	732,489	194,477,747			
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	-	-	65,104,619	166,381	65,271,000			
Profit after taxation for the year ended December 31, 2023	-	-	-	4,495,556	-	-	7,691,680	(430,161)	2,669,856	114	14,722,485			
Other comprehensive income - net of tax	-	-	-	4,495,556	-	-	7,691,680	(430,161)	67,774,475	166,495	79,993,485			
Transfer to statutory reserve	-	-	-	-	6,993,777	-	-	-	(6,993,777)	-	-			
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(153,415)	153,415	-	-			
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(1,097,114)	1,097,114	-	-			
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(24,630)	24,630	-	-			
Investment in subsidiary	-	-	-	-	-	-	-	-	(165,720)	(484,205)	(649,925)			
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(7,110,360)	-	(7,110,360)			
Final cash dividend at Rs. 6.0 per share - December 31, 2022	-	-	-	-	-	-	-	-	(7,110,360)	-	(7,110,360)			
Interim cash dividend at Rs. 6.0 per share - March 31, 2023	-	-	-	-	-	-	-	-	(8,295,420)	-	(8,295,420)			
Interim cash dividend at Rs. 7.0 per share - June 30, 2023	-	-	-	-	-	-	-	-	(9,480,480)	-	(9,480,480)			
Interim cash dividend at Rs. 8.0 per share - September 30, 2023	-	-	-	-	-	-	-	-	(31,996,620)	(73,585)	(32,070,205)			
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-			
Balance as at December 31, 2023	11,850,600	23,973,024	908,317	9,341,253	48,307,215	18,600,000	422,761	36,788,145	241,409,908	341,194	241,751,102			

For details of dividend declaration and appropriations, please refer note 47 to these consolidated financial statements.

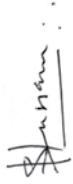
For details of reserves, please refer note 22 to these consolidated financial statements.

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.


Shoaib Mumtaz
 President/Chief Executive


Hamad Khalid
 Chief Financial Officer


Mian Umer Mansha
 Director


Shahzad Hussain
 Director

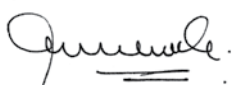

Muhammad Ali Zeb
 Director

Consolidated Cash Flow Statement

For the year ended December 31, 2023

Note	2023 (Rupees in '000)	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	137,518,962	75,340,484
Less: Dividend income and share of profit of associates	(3,859,265)	(2,807,584)
	133,659,697	72,532,900
Adjustments:		
Depreciation on fixed assets	12.2 3,468,181	2,781,591
Depreciation on right-of-use assets	31 2,079,323	1,834,736
Depreciation on non-banking assets acquired in satisfaction of claims	31 23,878	23,389
Amortisation	13 560,040	566,633
Provisions / (reversals) and write offs - net	33 1,075,258	(2,641,001)
Workers welfare fund	2,744,424	1,509,781
Loss / (gain) on sale of non-banking assets acquired in satisfaction of claims	30 3,224	(6,817)
Charge for defined benefit plan	31.1 250,527	209,051
Gain on sale of fixed assets	30 (160,262)	(138,376)
Gain on termination of lease liability against right-of-use assets	30 (70,616)	(62,670)
Unrealized loss on revaluation of investments classified as held for trading	29 3,038	-
Interest expensed on lease liability against right-of-use assets	27 1,688,954	1,474,249
	11,665,969	5,550,566
	145,325,666	78,083,466
Decrease / (increase) in operating assets		
Lendings to financial institutions	(33,127,632)	(15,968,658)
Held-for-trading securities	(2,495,273)	-
Advances	174,088,768	(156,476,863)
Others assets (excluding advance taxation)	(106,990,868)	(31,390,952)
	31,474,995	(203,836,473)
Increase / (decrease) in operating liabilities		
Bills Payable	(15,602,982)	16,387,921
Borrowings from financial institutions	(120,564,531)	73,992,926
Deposits	477,132,658	(1,890,710)
Other liabilities (excluding current taxation)	(7,095,050)	34,222,005
	333,870,095	122,712,142
Defined benefits paid	(284,916)	(292,346)
Income tax paid	(66,204,582)	(28,409,347)
Net cash flow from / (used in) operating activities	444,181,258	(31,742,558)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investment) / divestment in available-for-sale securities	(298,144,174)	12,249,839
Net investment in held-to-maturity securities	(19,172,354)	(15,737,320)
Dividends received	2,738,028	2,344,657
Investments in fixed assets	(8,116,651)	(4,930,232)
Investments in intangible assets	(729,428)	(416,497)
Proceeds from sale of fixed assets	1,925,535	405,748
Proceeds from sale of non-banking assets acquired in satisfaction of claims	132,000	153,500
Investment in subsidiary	(649,925)	-
Net investment in associates	267,428	143,124
Effect of translation of net investment in foreign branches & subsidiary	4,374,032	862,163
Net cash flow used in investing activities	(317,375,509)	(4,925,018)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	36.1 (32,381,201)	(21,912,342)
Payment of lease liability against right-of-use-assets	36.1 (3,022,309)	(2,583,670)
Net cash flow used in financing activities	(35,403,510)	(24,496,012)
Effects of exchange rate changes on cash and cash equivalents	10,532,983	9,600,163
Increase in cash and cash equivalents	101,935,222	(51,563,425)
Cash and cash equivalents at beginning of the year	125,097,564	187,193,972
Cash and cash equivalents at end of the year	36 227,032,786	135,630,547

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



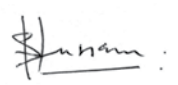
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

- Holding company

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,430 branches (2022: 1,439 branches) within Pakistan and 8 branches (2022: 9 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

- Subsidiary companies

a) MCB Islamic Bank Limited

MCB Islamic Bank Limited (MIB) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 to carry out the business of an Islamic Commercial Bank in accordance and in conformity with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted "Certificate of Commencement of Business" to MIB on January 30, 2015. MIB is a wholly owned subsidiary of the Bank.

The State Bank of Pakistan (SBP) granted a "Certificate of Commencement of Banking Business" to MIB on September 14, 2015 under Section 27 of the Banking Companies Ordinance, 1962. MIB formally commenced operations as a Scheduled Islamic Commercial Bank with effect from October 15, 2015 upon receiving notification in this regard from SBP under section 37 of the State Bank of Pakistan Act, 1956. Currently, MIB is engaged in corporate, commercial, consumer, micro finance, investment and retail banking activities.

MIB is operating through 226 branches including two sub branches in Pakistan (December 31, 2022: 198 branches including one sub branch). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 14-A Main Jail Road, Gulberg, Lahore.

b) MCB Investment Management Limited (formerly MCB-Arif Habib Savings and Investments Limited)

MCB Investment Management Limited (MCBIM) (formerly MCB-Arif Habib Savings and Investments Limited) was incorporated on August 30, 2000, as an unquoted public limited company. During 2008, the company was listed on the Pakistan Stock Exchange Limited by way of offer for sale of shares by a few of the existing shareholders of the company to the general public. The registered office of the company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.

The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 had approved an equity investment of Rs. 649.925 million to acquire further 30.09% shareholding of "MCB Investment Management Limited (Formerly: MCB Arif-Habib Savings and Investments Limited), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBIML in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The Bank owns 81.42% shares of the company.

c) MCB Non-Bank Credit Organization Closed Joint Stock Company

MCB Non-banking Credit Organization Closed Joint Stock Company was incorporated on October 16, 2009 and domiciled in the Republic of Azerbaijan. The company is a closed joint stock company limited by shares and was set up in accordance with Azerbaijani regulations. The registered office of the company is located at 49B Tbilisi Ave. Baku AZ1065, Republic of Azerbaijan. The Bank owns 99.94% shares of the company.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

The Company's principal business activity is provision of finance leases within the Republic of Azerbaijan. The Company leases out various types of automotive vehicles, industrial equipment, equipment used in medicine, health care, and for other business needs. In addition, the Company leases out cars and trucks. Further the Company is involved in real estate finance leases. During the year 2021, the Central Bank of the Republic of Azerbaijan (CBAR) has issued non-banking credit organization (NBCO) license (BKT-42) to the Company.

2. BASIS OF PRESENTATION

- 2.1** These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the "Group").
- 2.2** These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018.
- 2.3** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The Islamic Banking operations of the Group have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Act, 2017.
- 2.4** Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand.

3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated financial statements have been prepared in accordance with 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, the Companies Act, 2017; and
 - Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002 and International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) through BSD Circular Letter No. 10, dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

IFRS 10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 (Section 228 of Companies Act 2017) and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', through BPRD Circular No.04 dated February 25, 2015.

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

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

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

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

	Effective date (annual periods beginning on or after)
Amendment to IFRS 16 – Leases on sale and leaseback	January 01, 2024
Amendment to IAS 1 – Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 21 - Lack of Exchangeability	January 01, 2025

IFRS 9 - Financial Instruments

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2024 for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Furthermore, final instructions on IFRS 9 (Application Instructions), for ensuring smooth and consistent implementation of the standard across banks, have already been issued by SBP via BPRD Circular No. 3 of 2022 dated July 05, 2022.

During 2023, the management of the Group has performed an impact assessment of IFRS 9 for holding company and one of the subsidiaries taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group at the time of finalizing the impact for initial application of IFRS 9. In addition, the Group 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:

Governance, ownership and responsibilities

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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at fair value through profit or loss ('FVTPL') regardless of the business model in which they are held. The 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 interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

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

The classification of equity instruments is generally measured at FVTPL unless the Group, at initial recognition, irrevocably designates as FVOCI but both unrealized and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the income statement.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

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

Equity Securities

The Group expects to continue measuring at fair value all financial assets currently held at fair value.

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

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

Debt securities and Loans and advances

Debt securities currently classified as AFS and those passing the SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those passing the SPPI test are expected to be measured at amortised cost under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows.

Impairment of financial assets not held at FVTPL

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for Expected Credit Losses ('ECL') resulting from default events that are

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are categorized in 'stage 1'; financial assets that are considered to have experienced a SICR are categorized in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are categorized in 'stage 3'.

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

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

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Group expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

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

- a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Group shall recognize an allowance based on the 12-month ECL.
- b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Group shall recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Group shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential Regulations (PR).

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

Significant increase in credit risk (SICR)

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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

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

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

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, stage 1 and stage 2 provisions would be made as per IFRS 9 ECL framework and stage 3 provision would be 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 Group's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The State Bank of Pakistan has issued a revised format for financial statements of the banks for the accounting periods starting from January 01, 2024, which includes presentation and disclosure requirement upon adoption of IFRS 9 as applicable in Pakistan.

Impact of adoption of IFRS 9

The Group will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. As permitted by IFRS 9, the Group will not be restating comparatives on initial application. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period.

The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2023 may not be accurately estimated because it 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 based on its statement of financial position as at December 31, 2023.

Impact on Equity of the Group

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 01, 2024 is reduction in equity of approximately Rs. 4,336.246 million, representing corresponding impact of:

- An increase of approximately Rs. 4,738.486 million (net of tax) related to impairment requirements; and
- Adjustment of approximately Rs. 402.240 million related to classification and measurement requirements, other than impairment.

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

Impact on regulatory capital

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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

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

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	16.53%	16.50%
Tier 1 Capital Adequacy Ratio	16.53%	16.50%
Total Capital Adequacy Ratio	19.92%	19.77%
CET1 available to meet buffers (as a percentage of risk weighted assets)	9.03%	9.00%

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

Including the above, there are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not to have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

3.4 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized 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. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) Classification of investments

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

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

b) Provision against advances

The Group reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement, various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 11.5.4.

c) Impairment of 'available for sale' equity investments

The Group determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors,

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational/financial cash flows.

d) Taxation

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

e) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.

f) Depreciation, amortisation, impairment and revaluation of operating fixed assets

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 38 of these consolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

h) Lease term for lease liability and right-of-use asset

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

i) Provision and contingent assets and liabilities

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. Contingent assets are not recognized and are also not disclosed until an inflow of economic benefits is probable. Contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

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5. FINANCIAL RISK MANAGEMENT

These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly in line with emerging risks. Detailed disclosure on financial risk management has been reported in note 46 to the consolidated financial statements.

6. MATERIAL ACCOUNTING POLICY INFORMATION

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

6.1 Basis of consolidation

- a) These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates are accounted for under the equity basis of accounting.
- b) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases / the subsidiaries are disposed off. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial statements as at December 31, 2023 and the carrying value of investments held by the Bank is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements. Material intra-group balances and transactions have been eliminated.
- c) Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for by 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 associate, the cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.
- d) Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

6.2 IFRS 16 - Lease Liability & Right-of-Use Assets

The Group enters into leasing arrangements of buildings for its branches and offices. Rental contracts are typically for a fixed period and may have extension options. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of lease payments to be made over the term of the lease, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The carrying amount is remeasured/adjusted if there are changes in the future cash flows or the lease term.

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

Right-of-use assets are depreciated on a straight line basis over the lease term as this method closely reflects the expected pattern of consumption of future economic benefits. Carrying amount of the lease liability is derecognized upon termination of the lease contract with corresponding adjustment

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to right-of-use asset. Gain or loss on termination of lease contract is recognized in the consolidated profit and loss account.

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

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

6.3 Investments

The Group classifies its investments as follows:

Held for trading

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

Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Group has the positive intent and ability to hold to maturity.

Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the 'held for trading' or 'held to maturity' categories.

Initial measurement

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment. Transaction costs on investments held for trading are expensed in the profit and loss account.

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

Subsequent measurement

In accordance with the requirements of the SBP, quoted securities, other than those classified as 'held to maturity', investments in subsidiaries and investments in associates are subsequently re-measured to market value. Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is taken to surplus / deficit on revaluation of investments through statement of comprehensive income in equity till disposal at which time it is recorded in profit and loss account. Surplus / deficit arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account, currently.

Unquoted equity securities (excluding investments in associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost less accumulated impairment losses, if any.

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Investments in Associates

Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Impairment

Provision for impairment in the values of securities (except debentures, participation term certificates and term finance certificates) is made currently. Impairment of 'available for sale' equity investments is discussed in 3.4(c). Provisions for impairment in value of debentures, participation term certificates and term finance certificates are made as per the requirements of the Prudential Regulations issued by the SBP.

Impairment against investment in associates is assessed as per the requirements of IAS 36.

6.4 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in these consolidated financial statements as investments and the amount extended to the counter party is included in lending's to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

6.5 Advances

Advances are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the SBP and charged to the consolidated profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there is no realistic prospect of recovery.

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

The Group values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Group / customers as the agent of the Group for subsequent sale.

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In Ijarah financing, the Group provides the asset on pre-agreed rentals for specific tenors to the customers. Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue. The 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. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

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

In Istisna financing, the Group acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

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

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

6.6 Fixed assets and depreciation

Fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year-end rates.

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

Depreciation on all fixed assets (excluding land) is charged using the straight line method in accordance with the rates specified in note 12.2 to these consolidated financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

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

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

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

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Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated profit and loss account.

6.7 Intangible assets

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

6.8 Impairment

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

6.9 Staff retirement benefits

MCB Bank Limited (Holding Company)

The Bank operates the following staff retirement benefits for its employees:

- a) For clerical / non-clerical staff who did not opt for the new scheme, the Bank operates the following:
 - an approved contributory provident fund;
 - an approved gratuity scheme; and
 - a contributory benevolent scheme
- b) For clerical / non-clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the following:
 - an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
 - an approved pension fund; and
 - contributory benevolent scheme
- c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:
 - an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
 - an approved pension fund, and
 - contributory benevolent fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

- d) For executives and officers who joined the Bank on or after January 01, 2000, the Bank operates an approved contributory provident fund.
- e) Post retirement medical benefits to entitled employees.

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Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the Projected Unit Credit Method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income in the period of occurrence.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Bank recognizes past service cost as an expense at the earlier of the following dates:

- (i) when the plan amendment or curtailment occurs; and
- (ii) when the Bank recognizes related restructuring costs or termination benefits.

Employees' compensated absences

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in Profit and Loss account in the period of occurrence.

MCB Islamic Bank Limited

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

6.10 Taxation

Current and prior years

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

Deferred

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

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

6.11 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a

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reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

6.12 Foreign currencies

6.12.1 Foreign currency transactions

Transactions in foreign currencies other than the results of foreign operations discussed in note 6.12.2 are translated to Pak Rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

6.12.2 Foreign operations

The assets and liabilities of foreign branches and subsidiary are translated to Pak Rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

6.12.3 Translation gains and losses

Translation gains and losses are included in the consolidated profit and loss account, except those arising on the translation of the Group's net investment in foreign branches and subsidiary which are taken to the capital reserve (exchange translation reserve) until the disposal of the net investment, at which time these are recognized in the consolidated profit and loss account.

6.12.4 Commitments

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

6.13 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers.

6.14 Revenue recognition

- Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP or as permitted by the regulations of the overseas regulatory authorities of countries where the branches operate. Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.
- Fee, brokerage and commission income is recognized on an accrual basis.
- Dividend income is recognized when the Group's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account.
- Profit on Salam financing is recognised on accrual basis.
- Profit on Running Musharaka financing is booked on an accrual basis and is subject to adjustment (if any) upon declaration of profit by Musharakah partners.

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- Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.
- Profit from Bai-Mua'jjal is recognised on an accrual basis.
- Profit on Diminishing Musharaka is recognised on an accrual basis.
- Profit on Istisna financing is recognised on accrual basis.
- Profit from Musharaka placements with financial institutions is recognised on accrual basis.
- Profit from Murabaha financing is accounted for on culmination of Murabaha transaction. Profit on Murabaha is recognised on an accrual basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately on the later date.
- Revenue for acting as trustee is recognized on Net Assets Value (NAV) of respective funds.
- Management / advisory fee is calculated on a daily / monthly basis by charging specified rates to the net assets value / income of the Collective Investment Schemes. Advisory fee from the discretionary portfolio is calculated in accordance with the respective agreements with the clients. Management fee from the pension funds is calculated by charging the specified rates to the average net assets value.
- Revenue from trusteeship and custodian is recognised when the Group satisfies a performance obligation by rendering promised services as per respective agreements.

The income on Islamic financing is recognised in accordance with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. However, income, if any, received which does not comply with the principles of Islamic Shari'ah is recognised as charity payable if so directed by the Shari'ah Board of the subsidiary.

6.15 Assets acquired in satisfaction of claims

Non-Banking Assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment loss. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account through statement of comprehensive income in equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalized.

6.16 Cash and cash equivalents

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

6.17 Financial instruments

6.17.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

6.17.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

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6.17.3 Off setting

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

6.18 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

Deposits, with respect to Islamic Banking operations, 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' or 'Fixed deposits'. No profit or loss is passed to current account depositors.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

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

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

6.19 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.

6.19.1 Business segments

Retail Banking

This includes retail lending and deposits, banking services, cards and branchless banking.

Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities / with Group's corporate and public sector customers.

Consumer Banking

This segment primarily constitutes consumer financing activities with individual customers of the Group. Product suite offered to these customers include credit cards, auto loans, housing finance and personal loans.

Islamic Banking

This segment includes Islamic Banking operations of the Group.

Treasury

This includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings and borrowings and derivatives for hedging and market making.

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Assets Management

It includes asset management, investment advisory, portfolio management, equity research and underwriting.

International Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by Group's overseas operations.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

6.19.2 Geographical segments

The Group operates in three geographic regions being:

- Pakistan
- South Asia
- Middle East
- Eurasia

6.20 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6.21 Business combination

Business combinations other than under common control transaction are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account or as directed by the SBP.

6.22 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

6.23 Pool Management

The Islamic Banking Subsidiary of the Group (MIB) operates general and specific pools for deposits and inter-Group funds accepted / acquired under Mudaraba, Musharaka and Wakala modes.

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

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

The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. The directly related costs comprise of depreciation on Ijarah assets, takaful premium, documentation charges etc. No general or administrative nature of expense is charged to pool. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharaka at gross level (before charging of Mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of Mudarib fee.

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the notes and are also invested in Government of Pakistan backed Ijarah Sukuks. Staff financings are exclusively financed from the equity pool.

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

MIB is maintaining the following types of pools for profit declaration and distribution:

General Pool

MIB manages one general pool for its depositors' (Rabbul Mal) maintaining deposits under Mudaraba in both local and foreign currencies and also commingled its equity in this pool. The income (gross income less direct expenses) generated from the pool is distributed between Bank's equity and depositors' fund in proportion to their respective share in the pool. Under the Mudaraba mechanism, the income so distributed to depositors' fund is shared between the Bank (Mudarib) and depositors' (Rabbul Mal) according to the pre-agreed profit sharing ratios and assigned weightages.

The average rate of profit earned on the earning assets was 20.38% (2022: 13.22%) and rate of profit paid was 11.68% (2022: 7.49%). Profit rate and weightage announcement period is monthly.

Treasury Musharaka / Mudaraba Pools

MIB accepts funds from other banks to manage its liquidity under Musharaka / Mudaraba mode. The funds accepted are tagged to remunerative assets having maturity on or after the period for which funds are accepted. The revenue generated from the pool asset is shared between the bank and other member of the pool according to pre-agreed profit sharing ratios or assigned weightages accordingly.

The average rate of profit earned on the earning assets was 17.04% (2022: 13.03%) and rate of profit paid was 14.98% (2022: 12.88%).

Special Musharaka Pool

MIB also accepts funds / deposits (other than Banks) under Musharaka mode. The comingled funds under this arrangement are deployed in remunerative assets as per the terms of agreement. The revenue generated from these assets are then shared as per pre-agreed profit sharing ratio.

The average rate of profit earned on the earning assets was 16.81% (2022: 13.21%) and rate of profit paid was 14.54% (2022: 12.52%).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

Equity Pool

The Equity Pool consists of MIB equity and funds accepted on Qard (non-remunerative current deposit account) basis. The funds of this pool are invested in various assets or ventures which are higher in risk or having longer funding period. In addition to that all staff financings are financed by this pool. The risk of assets in the pool is borne by the Bank.

The average rate of profit earned was 15.06% (2022: 7.81%).

6.24 Funds due to / from financial institutions

Bai Mu'ajjal

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

Musharaka / Mudaraba / Wakala

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

	Note	2023 (Rupees in '000)	2022
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		37,437,971	33,233,850
Foreign currencies		8,807,239	8,010,501
		46,245,210	41,244,351
With State Bank of Pakistan in			
Local currency current account	7.1	88,108,940	60,486,793
Foreign currency current accounts	7.2	2,454,172	2,963,386
Foreign currency deposit account	7.3	12,812,091	–
		103,375,203	63,450,179
With other central banks in			
Foreign currency current accounts	7.4	7,618,129	5,208,116
With National Bank of Pakistan in			
Local currency current accounts		32,835,691	207,220
Prize bonds		171,565	165,297
		190,245,798	110,275,163

7.1 This represents current account maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

7.2 This includes foreign currencies settlement accounts maintained with SBP along with Rs. 881.096 million (2022: Rs. 631.968 million) maintained to comply with the cash reserve and special cash reserve requirements by a subsidiary.

7.3 This represents account maintained by Holding company with the SBP to comply with the Special Cash Reserve requirement. This includes balance of Rs. 8,541.394 million (2022: Nil) which carries interest rate of 4.34% per annum as declared by SBP. The Holding company was maintaining Nil balance as of December 31, 2022 as allowed by SBP for a short term.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

7.4 Foreign currency current account with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Group.

	Note	2023 (Rupees in '000)	2022
8. BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		17,842	29,428
In deposit account		7,886	7,383
		25,728	36,811
Outside Pakistan			
In current account	8.1	11,902,930	18,954,730
In deposit account	8.2	25,878,196	7,171,308
		37,781,126	26,126,038
		37,806,854	26,162,849

8.1 It includes an amount of USD 3.852 million pledged as collateral for a standby letter of credit issued on behalf of the Bank.

8.2 Balances with other banks outside Pakistan in deposit accounts carry interest rate of 2.50% to 12.50% (2022: 3.00% to 24.00%) per annum.

	Note	2023 (Rupees in '000)	2022
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	65,714,000	23,736,012
Repurchase agreement lendings (Reverse Repo)	9.2	21,499,400	26,679,756
Musharaka arrangements		2,500,000	6,170,000
		89,713,400	56,585,768

9.1 Call money lendings carry mark-up rate ranging from 5.40% to 22.00% (2022: 4.40% to 14.50%) per annum and are due to mature latest by January 05, 2024.

9.2 Repurchase agreement lendings carry mark-up rate of 22.00% (2022: 16.00% to 16.55%) per annum and are due to mature latest by January 12, 2024.

9.3 This represents Musharaka placements with various financial institutions carrying average profit rate of 22.15% per annum (2022: 16.05% per annum) and due to mature latest by January 04, 2024.

		2023 (Rupees in '000)	2022
9.4 Particulars of lending			
In local currency		27,203,733	32,849,756
In foreign currencies		62,509,667	23,736,012
		89,713,400	56,585,768

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023			2022		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	(Rupees in '000)					
9.5 Securities held as collateral against lendings to financial institutions						
Pakistan Investment Bonds	21,499,400	-	21,499,400	-	-	-
Market Treasury Bills	-	-	-	26,679,756	-	26,679,756
	21,499,400	-	21,499,400	26,679,756	-	26,679,756

10. INVESTMENTS

10.1 Investments by type:

	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)							
Held-for-trading securities								
Shares and units	292,517	-	(7,644)	284,873	-	-	-	-
Federal Government Securities	2,202,756	-	4,606	2,207,362	-	-	-	-
	2,495,273	-	(3,038)	2,492,235	-	-	-	-
Available-for-sale securities								
Federal Government Securities	1,257,348,552	(414,772)	(28,348,868)	1,228,584,912	1,001,440,422	(134,427)	(32,886,502)	968,419,493
Shares and units	30,782,860	(10,025,047)	5,773,217	26,531,030	28,327,743	(9,618,325)	(721,393)	17,988,025
Non Government Debt Securities	3,723,840	-	(9,560)	3,714,280	3,723,840	-	5,782	3,729,622
Foreign Securities	43,970,571	(1,740)	93,789	44,062,620	4,134,882	(1,232)	(15,965)	4,117,685
	1,335,825,823	(10,441,559)	(22,491,422)	1,302,892,842	1,037,626,887	(9,753,984)	(33,618,078)	994,254,825
Held-to-maturity securities								
Federal Government Securities	51,005,261	(260,316)	-	50,744,945	32,670,061	(98,464)	-	32,571,597
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,869,357	(477,541)	-	8,391,816	8,032,203	(477,541)	-	7,554,662
	59,874,736	(737,975)	-	59,136,761	40,702,382	(576,123)	-	40,126,259
Associates	7,821,877	-	-	7,821,877	6,507,975	-	-	6,507,975
Total Investments	1,406,017,709	(11,179,534)	(22,494,460)	1,372,343,715	1,084,837,244	(10,330,107)	(33,618,078)	1,040,889,059

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

10.2 Investments by segments:

Note	2023				2022				
	Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	
(Rupees in '000)									
Federal Government Securities									
Market Treasury Bills	355,032,845	-	(991,851)	354,040,994	131,583,990	-	(698,933)	130,885,057	
Pakistan Investment Bonds	808,552,948	-	(27,063,006)	781,499,942	817,629,996	-	(29,326,723)	788,303,273	
Sukuks bonds	130,852,296	-	928,616	131,780,912	71,981,530	-	(142,464)	71,839,066	
Islamic Naya Pakistan Certificates	5,699,494	-	-	5,699,494	4,801,864	-	-	4,801,864	
Euro Bonds	10,418,986	(675,088)	(1,228,021)	8,515,877	8,113,103	(232,891)	(2,718,382)	5,161,830	
	1,310,556,569	(675,088)	(28,344,262)	1,281,537,219	1,034,110,483	(232,891)	(32,886,502)	1,000,991,090	
Provincial Government Securities									
	118	(118)	-	-	118	(118)	-	-	
Shares and units									
Listed Companies	29,446,306	(9,821,022)	5,765,573	25,390,857	26,698,672	(9,431,098)	(721,393)	16,546,181	
Unlisted Companies	1,629,071	(204,025)	-	1,425,046	1,629,071	(187,227)	-	1,441,844	
	31,075,377	(10,025,047)	5,765,573	26,815,903	28,327,743	(9,618,325)	(721,393)	17,988,025	
Non Government Debt Securities									
Listed	2,472,490	-	(2,950)	2,469,540	4,570,731	-	5,782	4,576,513	
Unlisted	10,120,707	(477,541)	(6,610)	9,636,556	7,185,312	(477,541)	-	6,707,771	
	12,593,197	(477,541)	(9,560)	12,106,096	11,756,043	(477,541)	5,782	11,284,284	
Foreign Securities									
Government securities	43,963,271	-	93,789	44,057,060	4,128,352	-	(15,965)	4,112,387	
Unlisted equity securities	7,300	(1,740)	-	5,560	6,530	(1,232)	-	5,298	
	43,970,571	(1,740)	93,789	44,062,620	4,134,882	(1,232)	(15,965)	4,117,685	
Associates									
- Adamjee Insurance Company Limited	10.10	6,578,813	-	-	6,578,813	5,393,123	-	-	5,393,123
- Euronet Pakistan (Private) Limited	10.11	8,361	-	-	8,361	9,356	-	-	9,356
- Funds under Management of MCBIM	10.12	1,234,703	-	-	1,234,703	1,105,496	-	-	1,105,496
		7,821,877	-	-	7,821,877	6,507,975	-	-	6,507,975
Total Investments	1,406,017,709	(11,179,534)	(22,494,460)	1,372,343,715	1,084,837,244	(10,330,107)	(33,618,078)	1,040,889,059	

2023 **2022**
(Rupees in '000)

10.2.1 Investments given as collateral

- Market Treasury Bills	30,763,692	32,722,107
- Pakistan Investment Bonds	75,842,086	191,811,500
	106,605,778	224,533,607

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

10.3 Provision for diminution in value of investments

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
10.3.1 Opening balance		10,330,107	10,921,647
Exchange and other adjustments		54,762	27,649
Charge / (reversals)			
Charge for the year		1,744,532	2,483,239
Reversals for the year		–	–
Reversal on disposals		(949,867)	(3,102,428)
		794,665	(619,189)
Amounts written off		–	–
Closing balance	10.3.3	11,179,534	10,330,107

10.3.2 Particulars of provision against debt securities

Category of classification

	2023		2022	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.3.3 This includes a general provision of Rs. 675.088 million (December 31, 2022: Rs. 232.891 million) held by overseas branches in accordance with the requirements of IFRS 9.

10.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows;

	2023	2022
	Cost	
	(Rupees in '000)	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	354,826,708	131,583,990
Pakistan Investment Bonds	797,185,004	804,899,596
Euro Bonds	6,998,599	5,365,822
Sukuk Bonds	92,638,747	54,789,150
Islamic Naya Pakistan Certificates	5,699,494	4,801,864
	1,257,348,552	1,001,440,422

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Listed Companies and mutual funds		
Automobile Assembler	1,908,574	1,456,200
Automobile Parts and Accessories	211,460	211,460
Cable and Electrical Goods	112,781	13,412
Cement	1,760,294	1,832,837
Chemical	508,654	508,654
Close end Mutual Fund	1,187,116	1,186,851
Commercial Banks	3,118,505	4,539,180
Engineering	1,186,104	1,186,104
Fertilizer	2,439,736	2,305,197
Food and Personal Care Products	1,660,440	1,417,443
Glass and Ceramics	340,673	-
Insurance	775,120	775,120
Investment Banks / Investment Companies / Securities Companies	585,624	585,624
NIT Units	5,253	5,253
Oil and Gas Exploration Companies	4,881,407	3,552,340
Oil and Gas Marketing Companies	1,205,609	294,292
Open End Mutual Fund	96,361	96,361
Paper and Board	562,738	562,738
Pharmaceuticals	1,167,763	1,020,578
Power Generation and Distribution	3,230,659	3,191,306
Technology and Communication	2,039,576	1,737,566
Textile composite	153,173	203,987
Textile spinning	16,169	16,169
	29,153,789	26,698,672

2023

2022

Cost	Breakup value	Cost	Breakup value
(Rupees in '000)			

Unlisted Companies				
Central Depository Company Limited	184,426	971,642	184,426	929,121
First Capital Investment Private Limited	2,500	2,631	2,500	2,633
First Women Bank Limited	63,300	213,452	63,300	215,838
ISE Towers REIT Management Company Limited	30,346	124,529	30,346	105,977
National Investment Trust Limited	1,027,651	1,400,552	1,027,651	1,820,462
National Institutional Facilitation Technologies	1,527	52,914	1,527	44,622
Pak Agro Storage And Service Corporation	2,500	1,614,513	2,500	1,614,513
1 Link Private Limited	50,000	733,213	50,000	428,290
Naymat Collateral Management Company	29,286	6,858	29,286	13,824
Pakistan Corporate Restructuring Company	51,396	30,939	51,396	40,771
Arabian Sea Country Club*	5,000	-	5,000	-
SME Bank Limited*	10,106	-	10,106	-
Al-Ameen Textile Mills Limited*	197	-	197	-
Custodian Management Services*	1,000	-	1,000	-
Galaxy Textile Mills Limited*	30,177	-	30,177	-
Pakistan Textile City Private Limited*	50,000	-	50,000	-
Ayaz Textile Mills Limited*	2,253	-	2,253	-
Musarrat Textile Mills Limited*	36,045	-	36,045	-
Sadiqabad Textile Mills Limited*	26,361	-	26,361	-
Pak Elektron Limited - Preference shares	25,000	25,000	25,000	25,000
	1,629,071	5,176,243	1,629,071	5,241,051

*These investments are fully provided.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	1,333,840	1,333,840
- A+, A, A-	200,000	200,000
	1,533,840	1,533,840
Unlisted		
AAA - AA+, AA, AA-	2,090,000	2,090,000
- AA+, AA, AA-,A	100,000	100,000
	2,190,000	2,190,000

	2023		2022	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Foreign Securities				
Government Securities				
- United States of America	3,227,054	AA+	-	
- United Arab Emirates	29,544,714	AA	-	
- Sri Lanka	11,191,503	*CCC+	4,128,352	*CC

* Local currency rating as the Bank has Nil investment in Foreign Currency Bonds.

	2023	2022
	Cost	
	(Rupees in '000)	
Equity Securities		
Unlisted Equity Securities		
Lanka Clear (Private) Limited	870	616
Credit Information Bureau of Sri Lanka	26	19
Lanka Financial Services Bureau Limited	1,741	1,232
Society for Worldwide Inter Fund Transfer (SWIFT)	4,663	4,663
	7,300	6,530
10.5 Particulars relating to Held to Maturity securities are as follows:		
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	11,367,944	12,730,400
Euro Bonds	3,420,387	2,747,281
Ijarah Sukuks	36,216,930	17,192,380
	51,005,261	32,670,061
Federal Government Securities - Government guaranteed	118	118

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	888,800	889,040
- Unrated	49,851	49,851
	938,651	938,891
Unlisted		
- AAA	3,896,980	3,897,700
- AA+, AA, AA-	1,698,970	1,700,705
- A+, A, A-	1,507,215	667,366
- BB+, BB, BB-	350,000	350,000
- Unrated	477,541	477,541
	7,930,706	7,093,312

- 10.5.1** The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 57,593.750 million (December 31, 2022: Rs. 36,974.244 million).
- 10.6** "Available for sale" Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.
- 10.7** Investments include Pakistan Investment Bonds amounting to Rs. 67.9 million (2022: Rs. 67.9 million) earmarked by the SBP against TT discounting facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (2022: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account and Pakistan Investment Bonds amounting to Rs. 200 million (2022: Rs. 200 million) have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) on account of removal of irrevocable undertaking as alternate option for collateral against participant's exposure in stock market.
- 10.8** Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.
- 10.9** During the year, the Holding company incorporated MCB Exchange Company (Private) Limited, a wholly owned subsidiary, with an authorized share capital of Rs 1.0 billion. The Holding company will inject the share capital subsequent to the year end. The commercial operation of the said subsidiary will commence after issuance of license for commencement of operations by the State Bank of Pakistan.
- 10.10** Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2023 amounted to Rs. 2,391.900 million. (2022: Rs. 1,971.900 million).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2022: 20%)

Note	2023 (Rupees in '000)	2022
Opening balance	5,393,123	5,240,911
Share of profit for the year before tax	912,280	700,164
Dividend from associate	(210,000)	(210,000)
Share of tax	(425,830)	(163,131)
	276,450	327,033
Share of other comprehensive income / (loss) 10.10.1	909,240	(174,821)
Closing balance	6,578,813	5,393,123
10.10.1 Share of other comprehensive income / (loss)		
Share of unrealized surplus / (deficit) on assets - net of tax	787,716	(325,822)
Share of exchange translation reserve of associate	121,524	151,001
	909,240	(174,821)

10.11 Investment of the Group in Euronet Pakistan (Private) Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

Investment in Euronet Pakistan (Private) Limited under equity method - holding 30% (2022: 30.00%)

	2023 (Rupees in '000)	2022
Opening balance	9,356	42,371
Share of profit / (loss) for the year before tax	20,401	(28,933)
Share of tax	(21,396)	(4,082)
	(995)	(33,015)
Closing balance	8,361	9,356

10.12 Investment in units of funds under management of MCB Investment Management Limited (Formely: MCB Arif Habib Savings and Investments Limited)

During the current year, MCB Investment Management Limited (Formely: MCB Arif Habib Savings and Investments Limited), a subsidiary of the Bank has reclassified its investments in units of funds under its management from financial assets at fair value through profit or loss to investment in associates. The reclassification has no impact on the total amount of investments reflected in the statement of financial position, the earnings per share, the statement of comprehensive income and the statement of changes in equity.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
Investment at the beginning the year	1,105,496	1,242,630
Investment / (redemptions) during the year-net	(267,428)	(143,124)
Share of profit for the year	415,827	14,657
Dividend Income	(19,192)	(8,667)
	129,207	(137,134)
Closing balance	1,234,703	1,105,496

10.13 Summarized financial information of associates

Name	Country of incorporation	% of interest held	Revenue	Profit/ (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
(Rupees in '000)							
2023							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014	1,526,982
Adamjee Insurance Company Limited (unaudited based on September 30, 2023)	Pakistan	20%	31,207,110	2,167,872	4,467,753	168,919,609	139,946,503
2022							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2022)	Pakistan	30%	898,423	(123,247)	(123,247)	989,942	958,753
Adamjee Insurance Company Limited (unaudited based on September 30, 2022)	Pakistan	20%	26,802,182	1,330,355	649,050	137,855,092	111,961,733

11. ADVANCES

Note	Performing		Non Performing		Total	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	550,702,472	736,691,310	53,000,544	50,204,881	603,703,016	786,896,191
Islamic financing and related assets	88,677,808	89,208,021	1,957,808	1,678,791	90,635,616	90,886,812
Bills discounted and purchased	21,305,091	10,908,660	882,051	1,055,302	22,187,142	11,963,962
Advances - gross	660,685,371	836,807,991	55,840,403	52,938,974	716,525,774	889,746,965
Provision against advances						
- Specific	-	-	(42,682,380)	(42,122,972)	(42,682,380)	(42,122,972)
- General	(3,169,899)	(2,638,230)	-	-	(3,169,899)	(2,638,230)
	(3,169,899)	(2,638,230)	(42,682,380)	(42,122,972)	(45,852,279)	(44,761,202)
Advances - net of provision	657,515,472	834,169,761	13,158,023	10,816,002	670,673,495	844,985,763

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

11.1 Includes net investment in finance lease as disclosed below:

	2023			2022				
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	3,151,494	7,121,109	604,207	10,876,810	2,578,128	4,263,753	676,596	7,518,477
Residual value	649,871	1,736,009	14,698	2,400,578	35,800	833,077	50,333	919,210
Minimum lease payments	3,801,365	8,857,118	618,905	13,277,388	2,613,928	5,096,830	726,929	8,437,687
Financial charges for future periods	(521,170)	(1,956,232)	(396,704)	(2,874,106)	(332,027)	(996,285)	(410,737)	(1,739,049)
Present value of minimum lease payments	3,280,195	6,900,886	222,201	10,403,282	2,281,901	4,100,545	316,192	6,698,638

11.2 Islamic Financing And Related Assets - Net

	Performing		Non Performing		Total	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Murabaha	12,202,918	10,019,296	46,550	1,283	12,249,468	10,020,579
Istisna	4,613,657	3,669,842	177,761	-	4,791,418	3,669,842
Salam	38,042	-	-	-	38,042	-
Ijarah	1,804,112	1,764,790	973	1,676	1,805,085	1,766,466
Running Musharaka	45,626,287	44,824,547	-	-	45,626,287	44,824,547
Diminishing Musharaka	22,491,209	27,436,009	1,732,524	1,675,832	24,223,733	29,111,841
Staff finance	1,901,583	1,493,537	-	-	1,901,583	1,493,537
	88,677,808	89,208,021	1,957,808	1,678,791	90,635,616	90,886,812
Less: Provision against non-performing Islamic financing and related assets						
- Specific	-	-	(745,250)	(175,194)	(745,250)	(175,194)
- General	(542,951)	(409,909)	-	-	(542,951)	(409,909)
	(542,951)	(409,909)	(745,250)	(175,194)	(1,288,201)	(585,103)
Islamic financing and related assets - net of provisions	88,134,857	88,798,112	1,212,558	1,503,597	89,347,415	90,301,709

2023 **2022**
(Rupees in '000)

11.3 Particulars of advances (Gross)

In local currency	636,444,276	844,651,460
In foreign currencies	80,081,498	45,095,505
	716,525,774	889,746,965

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

- 11.4** Advances include Rs. 55,840.403 million (2022: Rs. 52,938.974 million) which have been placed under the non-performing status as detailed below:

Note	2023		2022		
	Non performing Loans	Provision	Non performing Loans	Provision	
(Rupees in '000)					
Category of Classification					
Domestic					
Other Assets Especially Mentioned	11.4.1	1,517,142	1,684	1,465,104	1,535
Substandard		1,056,913	52,169	1,326,934	172,053
Doubtful		382,282	114,909	139,735	69,867
Loss		38,135,498	36,780,475	38,151,508	37,281,168
		41,091,835	36,949,237	41,083,281	37,524,623
Overseas					
Not past due but impaired		–	–	–	–
Overdue by:					
Upto 90 days		2,902	726	434,904	218,623
91 to 180 days		24,898	6,225	16,035	4,573
181 to 365 days		1,297	1,297	134	67
> 365 days		14,719,471	5,724,895	11,404,620	4,375,086
		14,748,568	5,733,143	11,855,693	4,598,349
Total		55,840,403	42,682,380	52,938,974	42,122,972

- 11.4.1** This includes non-performing portfolio of agricultural financing, small enterprise financing and infrastructure project financing classified as “Other Assets Especially Mentioned” as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.

11.5 Particulars of provision against advances

Note	2023			2022		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	42,122,972	2,638,230	44,761,202	44,281,189	1,771,000	46,052,189
Exchange adjustments	1,230,321	237,236	1,467,557	711,262	144	711,406
Charge for the year	3,685,905	531,609	4,217,514	1,108,144	928,004	2,036,148
Reversals	(3,576,979)	(237,176)	(3,814,155)	(3,898,555)	(60,918)	(3,959,473)
	108,926	294,433	403,359	(2,790,411)	867,086	(1,923,325)
Amounts written off	(779,839)	–	(779,839)	(79,068)	–	(79,068)
Closing balance	42,682,380	3,169,899	45,852,279	42,122,972	2,638,230	44,761,202

11.5.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	36,690,540	1,912,744	38,603,284	37,130,950	1,947,552	39,078,502
In foreign currencies	5,991,840	1,257,155	7,248,995	4,992,022	690,678	5,682,700
	42,682,380	3,169,899	45,852,279	42,122,972	2,638,230	44,761,202

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

- 11.5.2** State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 967.863 million (December 31, 2022: Rs. 555.936 million) in determining the provisioning against non-performing Islamic financing and related assets as at December 31, 2023. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 493.610 million as at December 31, 2023 (December 31, 2022: Rs. 283.527 million) is not available for payment of cash or stock dividends to shareholders.
- 11.5.3** This includes reversal of provisions and reduction of non-performing loans amounting to Nil (2022: Nil) balance as a result of settlement on debt asset swap arrangement with customers.
- 11.5.4** The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Group also maintains a general provision against gross advances on a prudent basis.

	Note	2023 (Rupees in '000)	2022
11.6	Particulars of write offs:		
11.6.1	Against Provisions	779,839	79,068
	Directly charged to Profit & Loss account	–	680
		779,839	79,748
11.6.2	Write Offs of Rs. 500,000 and above		
	- Domestic	778,860	74,068
	- Overseas	–	–
	Write Offs of below Rs. 500,000	979	5,680
		779,839	79,748

11.7 **Details of loan write off of Rs. 500,000/- and above**

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given at Annexure I of the unconsolidated financial statements. However, this write off does not affect the Bank's right to recover the debts from these customers.

Notes To The Consolidated Financial Statements

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	Note	2023 (Rupees in '000)	2022
12. FIXED ASSETS			
Capital work-in-progress	12.1	2,191,569	1,296,860
Property and equipment	12.2	78,545,100	75,935,987
Right-of-use assets	12.3	8,001,881	7,788,318
		88,738,550	85,021,165
12.1 Capital work-in-progress			
Civil works		1,348,446	929,384
Equipment		101,966	152,024
Advances to suppliers		736,548	212,007
Others		4,609	3,445
		2,191,569	1,296,860

12.2 Property and Equipment

	2023								Total
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	
	(Rupees in '000)								
At January 01, 2023									
Cost / Revalued amount	42,683,420	4,173,285	18,891,493	996,555	2,526,658	19,854,494	1,408,796	2,469,324	93,004,025
Accumulated depreciation	-	-	-	-	(1,509,751)	(13,610,484)	(812,786)	(1,127,732)	(17,060,753)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
Year ended December 31, 2023									
Opening net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
Additions	821,010	4,923	618,983	4,860	281,140	3,739,577	749,337	1,002,112	7,221,942
Transfer from Non-Banking assets	430,000	-	55,014	-	-	-	-	-	485,014
Disposals	(1,699,346)	-	(15,607)	-	(2,864)	(11,167)	(36,270)	(19)	(1,765,273)
Depreciation charge	-	-	(660,548)	(42,779)	(200,067)	(1,963,052)	(171,095)	(430,640)	(3,468,181)
Exchange rate adjustments	-	-	54,244	5,756	11,150	40,006	10,697	13,758	135,611
Transfers	2,312	(2,312)	-	-	(92)	194	-	(102)	-
Closing net book value	42,237,396	4,175,896	18,943,579	964,392	1,105,448	8,049,568	1,148,679	1,920,142	78,545,100
At December 31, 2023									
Cost / Revalued amount	42,237,396	4,175,896	19,604,451	1,007,171	2,796,007	22,664,048	2,041,514	3,434,395	97,960,878
Accumulated depreciation	-	-	(660,872)	(42,779)	(1,689,833)	(14,614,480)	(892,835)	(1,507,694)	(19,408,493)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	42,237,396	4,175,896	18,943,579	964,392	1,105,448	8,049,568	1,148,679	1,920,142	78,545,100
Rate of depreciation / estimated useful life	-	-	2.50%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2022								
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2022									
Cost / Revalued amount	27,181,381	2,902,388	15,835,783	835,142	2,361,270	18,013,550	1,243,942	2,204,571	70,578,027
Accumulated depreciation	-	-	(1,025,996)	(64,876)	(1,405,688)	(12,924,579)	(737,107)	(939,663)	(17,097,909)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	27,181,381	2,902,388	14,809,787	770,266	954,856	5,088,971	506,835	1,258,349	53,472,833
Year ended December 31, 2022									
Opening net book value	27,181,381	2,902,388	14,809,787	770,266	954,856	5,088,971	506,835	1,258,349	53,472,833
Additions	363,018	-	603,638	2,415	246,656	2,749,547	223,294	373,349	4,561,917
Movement in surplus on assets revalued during the year	15,318,328	1,270,897	4,124,524	253,682	-	-	-	-	20,967,431
Disposal	(179,307)	-	(59,687)	-	(3,591)	(9,141)	(15,618)	(28)	(267,372)
Write offs	-	-	-	-	(134)	(1,041)	(568)	-	(1,743)
Depreciation charge	-	-	(551,838)	(36,212)	(184,245)	(1,583,571)	(117,349)	(308,376)	(2,781,591)
Exchange rate adjustments	-	-	(34,931)	6,404	3,791	(1,907)	(584)	11,739	(15,488)
Transfers	-	-	-	-	(1,152)	1,152	-	-	-
Closing net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
At December 31, 2022									
Cost / Revalued amount	42,683,420	4,173,285	18,891,493	996,555	2,526,658	19,854,494	1,408,796	2,469,324	93,004,025
Accumulated depreciation	-	-	-	-	(1,509,751)	(13,610,484)	(812,786)	(1,127,732)	(17,060,753)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
Rate of depreciation / estimated useful life	-	-	2.50%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-

12.2.1 Leasehold land includes a plot of land measuring 3,120.46 square yards having book value of Rs. 1,721.170 million situated at Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession of an insignificant area of only 18 square feet of the plot, however there is no dispute over the title of the subject property that would impact the right of the Group. Both the Constitutional Petitions filed by the Group have been dismissed by the Sindh High Court on January 28, 2016 against the Group. The Group has filed an appeal before the Supreme Court of Pakistan.

12.2.2 The land and buildings of the Group were revalued as at December 31, 2022 by independent valuers (Pee Dee & Associates, J&M Associates, Tristar International Consultant (Pvt) Limited, Design Crafts, Ahmad Associates, Materials & Designs Services (Pvt) Limited and Dharmaratne Holdings (Pvt) Limited), valuation and engineering consultants, on the basis of market value. The total surplus against revaluation of fixed assets as at December 31, 2023 amounts to Rs. 40,183.217 million (2022: Rs. 41,372.828 million).

Notes To The Consolidated Financial Statements

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

	2023	2022
	(Rupees in '000)	
Freehold land	11,746,002	11,296,400
Leasehold land	2,334,051	2,331,440
Building on Freehold land	11,694,435	11,366,180
Building on Leasehold land	653,238	667,585

12.2.4 The gross carrying amount (cost) of fully depreciated assets that are still in use are as follows:

	2023	2022
	(Rupees in '000)	
Furniture and fixtures	725,778	659,449
Electrical, office and computer equipment	8,228,354	8,164,529
Vehicles	702,018	677,698
Leasehold Improvements	275,439	220,564

12.2.5 Carrying amount of temporarily idle property of the Group is Rs. 609.802 million (2022: Rs. 564.469 million)

12.2.6 The information relating to disposal of operating fixed assets to related parties is given in Annexure I of these consolidated financial statements.

12.3 Movement in right-of-use assets is as follows:

	Note	2023	2022
		(Rupees in '000)	
Opening balance		7,788,318	7,950,167
Additions / adjustments	12.3.1	2,466,067	1,819,310
Derecognition		(173,181)	(146,423)
Depreciation charge	31	(2,079,323)	(1,834,736)
Closing Net Book Value		8,001,881	7,788,318

12.3.1 This includes impact of lease modifications pertaining to change in consideration of the lease(s), increase in scope of the lease(s) due to an extension in contractual lease terms and termination of existing lease(s) due to relocation of branches to new premises.

	Note	2023	2022
		(Rupees in '000)	
13. INTANGIBLE ASSETS			
Capital work-in-progress		615,465	276,070
Goodwill		82,127	82,127
Management rights		192,000	192,000
Computer software	13.1	969,440	1,132,474
		1,859,032	1,682,671

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
	Computer software	
13.1 At January 01		
Cost	6,250,026	5,687,650
Accumulated amortisation and impairment	(5,117,552)	(4,592,320)
Net Book Value	1,132,474	1,095,330
Year ended December 31		
Opening net book value	1,132,474	1,095,330
Additions	390,033	609,106
Amortisation charge	(560,040)	(566,633)
Exchange rate adjustments	6,973	(5,329)
Closing Net Book Value	969,440	1,132,474
At December 31		
Cost	6,722,875	6,250,026
Accumulated amortisation and impairment	(5,753,435)	(5,117,552)
Net Book Value	969,440	1,132,474
Rate of amortisation	14.29% to 33.33%	14.29% to 33.33%
Useful life	3 - 7 years	3 - 7 years

13.2 The gross carrying amount (cost) of fully amortised intangible assets that are still in use is Rs. 4,101.856 million (2022: Rs. 3,769.790 million).

	Note	2023	2022
		(Rupees in '000)	
14. OTHER ASSETS			
Income / mark-up accrued in local currency		71,559,030	46,063,081
Income / mark-up accrued in foreign currencies		503,365	322,475
Advances, deposits, advance rent and other prepayments		5,429,263	4,596,339
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims	14.1	1,637,884	2,025,354
Branch adjustment account		-	114,461
Mark to market gain on forward foreign exchange contracts		2,596,164	1,639,308
Unrealized gain on derivative financial instruments	25	73,852	778,441
Acceptances	20	42,551,113	27,938,800
Receivable from the pension fund	38.4	7,428,142	2,768,142
Clearing and settlement accounts		27,296,155	14,417,909
Receivable from the Government of Pakistan	14.3	67,187,000	-
Claims receivable against fraud and forgeries		607,980	587,468
Others		4,463,918	4,098,478
		231,467,675	105,484,065
Less: Provision held against other assets	14.2	3,370,145	3,066,275
Other Assets (net of provision)		228,097,530	102,417,790
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		606,805	873,647
Other Assets - total		228,704,335	103,291,437

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

		2023	2022
		(Rupees in '000)	
14.1	Market value of Non-banking assets acquired in satisfaction of claims	2,156,606	2,804,844

Non-banking assets acquired in satisfaction of claims of the Group are revalued as at December 31, 2023 by independent valuers (Pee Dee & Associates, Oriental Engineering Services, ARCH-e-decon, K.G. Traders and Ahmad Associates) on the basis of market value.

	Note	2023	2022
		(Rupees in '000)	
14.1.1	Non-banking assets acquired in satisfaction of claims		
	Opening balance	2,804,844	2,785,535
	Revaluation	(10,196)	194,765
	Disposals	(135,224)	(146,683)
	Depreciation	(23,878)	(23,389)
	Reversal / (charge) of impairment	6,074	(5,384)
	Transfer to fixed assets	(485,014)	-
	Closing balance	2,156,606	2,804,844
14.1.2	Gain on disposal of non-banking assets acquired in satisfaction of claims		
	Disposal proceeds	132,000	153,500
	Less		
	- Revalued amounts	135,224	146,888
	- Accumulated depreciation	-	(205)
		135,224	146,683
	(Loss) / gain	(3,224)	6,817
14.2	Provision held against other assets		
	Non banking assets acquired in satisfaction of claims	88,083	94,157
	Claims receivable against fraud and forgeries	607,980	587,468
	Others	2,674,082	2,384,650
		3,370,145	3,066,275
14.2.1	Movement in provision held against other assets		
	Opening balance	3,066,275	2,709,281
	Charge for the year	36,184	109,887
	Reversals	(8,080)	(1,755)
		28,104	108,132
	Amount written off	(2,062)	(1,193)
	Exchange and other adjustments	277,828	250,055
	Closing balance	3,370,145	3,066,275
14.3	This represents principal amount receivable from the Government of Pakistan against floating rate Pakistan Investment Bonds which had matured on December 30, 2023.		

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

15. CONTINGENT ASSETS

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

	Note	2023 (Rupees in '000)	2022
16. BILLS PAYABLE			
In Pakistan		27,008,158	42,816,529
Outside Pakistan		263,226	57,837
		27,271,384	42,874,366
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	17.1	51,576,669	49,551,963
Under Long Term Financing Facility	17.2	21,441,512	25,102,717
Under Renewable Energy Performance Platform	17.3	2,445,557	2,568,874
Under Refinance Scheme for Payment of Wages & Salaries	17.4	–	790,403
Under Temporary Economic Refinance Facility	17.5	42,326,816	44,107,566
Under Refinance Facility for combating COVID-19	17.6	–	32,540
Under Financing Facility for Storage of Agricultural Produce	17.7	239,697	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	17.8	6,272	4,082
		118,036,523	122,270,007
Repurchase agreement borrowings	17.9	106,366,325	227,700,898
Total secured		224,402,848	349,970,905
Unsecured			
Call borrowings		1,000,000	–
Borrowings from other financial institution		2,314,827	1,114,808
Overdrawn nostro accounts		1,019,866	807,465
Musharaka Arrangements	17.10	6,764,653	3,961,146
Others		162,286	162,286
Total unsecured		11,261,632	6,045,705
	17.11	235,664,480	356,016,610

17.1 The Group has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within six months from the deal date. These carry mark up rate ranging from 1.0% to 19.0% per annum (2022: 1.0% to 10.0% per annum).

17.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.0% to 19.0% per annum (2022: 2.0% to 8.0 % per annum).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

- 17.3** These borrowings have been obtained from the SBP for providing financing facilities to customers against renewable energy projects. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a maximum period of twelve years with two years of maximum grace period from date of disbursement. These carry mark up rate of 2.0% per annum (2022: 2.0% per annum).
- 17.4** These borrowings are obtained from the SBP for providing financing facilities to help businesses in payment of wages and salaries to their workers and employees for supporting continued employment. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP.
- 17.5** These borrowings have been obtained from the SBP for providing concessionary refinancing facility to the industry for purchase of new imported and locally manufactured plant & machinery to set up new projects. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period of 10 years including a grace period of upto 2 years. These carry mark up rate of 1.0% per annum (2022: 1.0% per annum).
- 17.6** These borrowings are obtained from the SBP under a scheme to provide combat the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP.
- 17.7** These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.5% to 3.5% per annum (2022: 2.5% to 3.5% per annum).
- 17.8** These borrowings have been obtained from SBP under "Refinance and Credit Guarantee Scheme for Women Entrepreneurs" to finance women entrepreneurs for setting up of new business enterprises and for expansion of existing ones. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period of 5 years. These carry mark-up ranging from 0% to 2.0% per annum (2022: 0% to 2.0% per annum).
- 17.9** These carry mark-up rates ranging from 9.60% to 22.75% per annum (2022: 15.23% to 16.50% per annum) and are secured against government securities of carrying value of Rs. 106,605.778 million (2022: Rs. 224,533.607 million). These are repayable latest by January 2024.
- 17.10** This includes Musharaka arrangements with banks carrying profit at expected rates ranging from 14.00% to 22.90% per annum (2022: 9.25% to 16.35% per annum) and having maturity till June 17, 2025.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
17.11 Particulars of borrowings with respect to currencies		
In local currency	230,601,468	354,088,115
In foreign currencies	5,063,012	1,928,495
	235,664,480	356,016,610

18. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	689,410,951	165,889,903	855,300,854	589,526,117	73,439,252	662,965,369
Savings deposits	888,371,233	44,118,221	932,489,454	647,540,901	40,288,897	687,829,798
Term deposits	70,574,277	22,114,167	92,688,444	78,969,210	13,097,592	92,066,802
Others	52,203,271	4,930,851	57,134,122	38,584,482	5,827,480	44,411,962
	1,700,559,732	237,053,142	1,937,612,874	1,354,620,710	132,653,221	1,487,273,931
Financial Institutions						
Current deposits	17,749,339	3,717,505	21,466,844	19,798,048	1,036,279	20,834,327
Savings deposits	32,272,124	488,590	32,760,714	16,052,784	94,549	16,147,333
Term deposits	10,666,897	7,216,607	17,883,504	4,197,968	2,299,049	6,497,017
Others	-	104,683	104,683	-	1,943,353	1,943,353
	60,688,360	11,527,385	72,215,745	40,048,800	5,373,230	45,422,030
	1,761,248,092	248,580,527	2,009,828,619	1,394,669,510	138,026,451	1,532,695,961

	2023	2022
	(Rupees in '000)	
18.1 Composition of deposits		
- Individuals	1,236,382,105	1,055,530,159
- Government (Federal and Provincial)	94,971,302	71,832,810
- Public Sector Entities	55,402,625	30,932,498
- Banking Companies	7,479,876	7,003,251
- Non-Banking Financial Institutions	64,735,869	38,418,779
- Private Sector	550,856,842	328,978,464
	2,009,828,619	1,532,695,961

18.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs. 1,362,540.387 million (2022: Rs. 1,142,439.427 million).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

19. DEFERRED TAX LIABILITY / (ASSET) - NET

		2023			
Note	As January 01, 2023	Recognized in P&L A/C	Recognized in OCI	At December 31, 2023	
(Rupees in '000)					
Taxable Temporary differences on					
- Surplus on revaluation of fixed assets	23.1	3,377,341	(147,432)	474,635	3,704,544
- Surplus on revaluation of Non-banking assets	23.2	375,669	(23,665)	(54,670)	297,334
- Accelerated tax depreciation		2,795,861	882,801	-	3,678,662
- Receivable from pension fund		1,190,300	625,525	1,823,964	3,639,789
- Business combination		705,218	-	-	705,218
- Investments in associated undertaking		2,040,453	373,428	492,275	2,906,156
		10,484,842	1,710,657	2,736,204	14,931,703
Deductible Temporary differences on					
- Provision against advances		(1,426,401)	1,222,195	-	(204,206)
- Deficit on revaluation of investments		(14,455,774)	-	3,434,976	(11,020,798)
- Minimum Tax and WWF	23	(41,945)	(112,433)	-	(154,378)
		(15,924,120)	1,109,762	3,434,976	(11,379,382)
		(5,439,278)	2,820,419	6,171,180	3,552,321
		2022			
Note	As January 01, 2022	Recognized in P&L A/C	Recognized in OCI	At December 31, 2022	
(Rupees in '000)					
Taxable Temporary Differences on					
- Surplus on revaluation of fixed assets	23.1	1,413,266	(63,504)	2,027,579	3,377,341
- Surplus on revaluation of non-banking assets	23.2	274,315	(10,532)	111,886	375,669
- Accelerated tax depreciation		2,297,390	498,471	-	2,795,861
- Receivable from pension fund		1,255,185	427,287	(492,172)	1,190,300
- Business combination		705,218	-	-	705,218
- Investments in associated undertaking		1,791,281	286,187	(37,015)	2,040,453
		7,736,655	1,137,909	1,610,278	10,484,842
Deductible Temporary Differences on					
- Tax losses carried forward		(594,182)	594,182	-	-
- Provision against advances		(2,008,135)	581,734	-	(1,426,401)
- Deficit on revaluation of investments		(3,066,316)	-	(11,389,458)	(14,455,774)
- Minimum Tax and WWF		(489,240)	447,295	-	(41,945)
		(6,157,873)	1,623,211	(11,389,458)	(15,924,120)
		1,578,782	2,761,120	(9,779,180)	(5,439,278)

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		7,032,232	34,829,337
Mark-up / return / interest payable in foreign currencies		579,109	214,329
Unearned commission and income on bills discounted		2,119,095	1,313,520
Accrued expenses		9,446,800	7,840,303
Provision for taxation (provisions less payments)		21,099,089	18,155,030
Workers' Welfare Fund	20.1	13,892,531	11,365,617
Acceptances	14	42,551,113	27,938,800
Unclaimed / dividend payable		2,425,756	2,736,752
Mark to market loss on forward foreign exchange contracts		1,202,115	1,047,154
Unrealized loss on derivative financial instruments	25	73,848	778,137
Staff welfare fund		–	1,275
Branch adjustment account	14	28,696	–
Provision for employees' compensated absences	38.4	1,266,190	1,179,992
Provision for post retirement medical benefits	38.4	2,121,129	2,219,281
Provision for employees' contributory benevolent scheme	38.4	140,847	165,426
Retention money		–	12,473
Insurance payable against consumer assets		586,691	828,882
Unclaimed balances		508,115	642,169
Duties and taxes payable		11,440,990	1,939,694
Charity fund balance		23,238	12,119
Provision against off-balance sheet obligations		78,807	48,403
Security deposits against lease		3,020,407	2,104,713
Lease liability against right of use assets		11,429,243	10,560,611
Clearing and settlement accounts		24,223,005	15,210,786
Others		6,728,227	7,123,666
		162,017,273	148,268,469

20.1 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 has 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 currently be treated as conclusive. Accordingly, the Group has maintained its provision in respect of WWF.

21. SHARE CAPITAL

21.1 Authorized Capital

	2023 (Number of shares)	2022		2023 (Rupees in '000)	2022
	1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

21.2 Issued, subscribed and paid up

2023		2022		2023		2022	
(Number of shares)				(Rupees in '000)			
Ordinary shares							
197,253,795	197,253,795	Fully paid in cash		1,972,538		1,972,538	
915,776,953	915,776,953	Issued as bonus shares		9,157,769		9,157,769	
72,029,258	72,029,258	Issued for consideration other than cash		720,293		720,293	
1,185,060,006	1,185,060,006			11,850,600		11,850,600	

21.3 The movement in the issued, subscribed and paid-up capital during the year is as follows:

2023		2022		2023		2022	
(Number of shares)				(Rupees in '000)			
1,185,060,006	1,185,060,006	Opening balance at January 01		11,850,600		11,850,600	
1,185,060,006	1,185,060,006	Closing balance at December 31		11,850,600		11,850,600	

21.4 Number of shares held by the associated undertakings as at December 31, are as follows:

	2023	2022
	(Number of shares)	
Adamjee Insurance Company Limited	59,225,639	59,225,639
Nishat Mills Limited	95,125,651	95,125,651
Siddiqsons Limited	12,016,543	12,016,543
Nishat (Aziz Avenue) Hotels and Properties Limited	1,024,376	654,376
Nishat Real Estates Development Company (Private) Limited	347,100	194,000
Adamjee Life Assurance Company Limited	1,200,000	1,200,000
Habib University Foundation	108,300	–
	169,047,609	168,416,209

	Note	2023	2022
		(Rupees in '000)	
22. RESERVES			
Share premium		23,973,024	23,973,024
Non - distributable capital reserve - gain on bargain purchase option	22.1	908,317	908,317
Exchange translation reserve		9,341,253	4,845,697
Statutory reserve	22.2	48,307,215	41,313,438
General reserve		18,600,000	18,600,000
		101,129,809	89,640,476

22.1 Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Group, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Group or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

22.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(22,491,422)	(33,618,078)
- Fixed Assets	23.1	40,183,217	41,372,828
- Non-banking assets acquired in satisfaction of claims		606,806	873,647
- Associated undertaking	23.2	1,250,067	462,352
		19,548,668	9,090,749
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	19	11,020,798	14,455,774
- Fixed Assets	23.1	(3,704,544)	(3,377,341)
- Non-banking assets acquired in satisfaction of claims		(297,334)	(375,669)
- Associated undertaking	23.2	(827,306)	(335,031)
		6,191,614	10,367,733
		25,740,282	19,458,482
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01		41,372,828	20,589,804
Recognised during the year		-	20,967,431
Realised on disposal during the year - net of deferred tax		(1,097,114)	(43,480)
Related deferred tax liability on surplus realised on disposal		(27)	(5,096)
Transfer of revaluation surplus on change in use - net of deferred tax		204,974	-
Related deferred tax liability on transfer of revaluation surplus on change in use		3,376	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(153,415)	(77,423)
Related deferred tax liability on incremental depreciation charged during the year		(147,405)	(58,408)
Surplus on revaluation of fixed assets as at December 31		40,183,217	41,372,828
Less: Related deferred tax liability on:			
- revaluation as at January 01		3,377,341	1,413,266
- opening liability remeasurement		471,259	144,951
- recognised during the year		-	1,882,628
- surplus realised on disposal during the year		(27)	(5,096)
- transfer of revaluation surplus on change in use		3,376	-
- incremental depreciation charged during the year		(147,405)	(58,408)
	19	3,704,544	3,377,341
		36,478,673	37,995,487

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022	
23.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January 01	873,647	703,370	
	(Deficit) / surplus recognised during the year	(10,196)	194,765	
	Realised on disposal during the year - net of deferred tax	(24,630)	(13,956)	
	Related deferred tax liability on surplus realised on disposal	(23,665)	(10,532)	
	Transfer of revaluation surplus on change in use - net of deferred tax	(106,258)	–	
	Related deferred tax liability on transfer of revaluation surplus on change in use	(102,092)	–	
	Surplus on revaluation as at December 31	606,806	873,647	
	Less: Related deferred tax liability on:			
	- revaluation as at January 01	375,669	274,315	
	- opening liability remeasurement	52,418	28,137	
	- (deficit) / surplus recognised during the year	(4,996)	83,749	
	- surplus realised on disposal during the year	(23,665)	(10,532)	
	- transfer of revaluation surplus on change in use	(102,092)	–	
	19	297,334	375,669	
		309,472	497,978	
24.	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	24.1	318,643,498	284,145,632
	- Commitments	24.2	512,200,312	393,253,385
	- Other contingent liabilities	24.3	34,363,515	29,051,044
			865,207,325	706,450,061
24.1	Guarantees:			
	Financial guarantees		126,236,623	224,156,073
	Performance guarantees		176,196,192	49,704,896
	Other guarantees		16,210,683	10,284,663
			318,643,498	284,145,632
24.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		318,590,512	219,119,699
	Commitments in respect of:			
	- forward foreign exchange contracts	24.2.1	171,638,288	138,880,321
	- forward government securities transactions	24.2.2	15,220,315	13,797,435
	- derivatives (notional)	24.2.3	1,595,548	18,241,918
	- commitments to extent credit	24.2.4	1,128,247	921,578
	Commitments for acquisition of:			
	- operating fixed assets		2,390,799	1,976,122
	- intangible assets		1,636,603	316,312
			512,200,312	393,253,385

Notes To The Consolidated Financial Statements

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		2023	2022
		(Rupees in '000)	
24.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	93,150,006	80,282,447
	Sale	78,488,282	58,597,874
		171,638,288	138,880,321
24.2.2	Commitments in respect of government securities transactions		
	Purchase	15,197,000	12,328,130
	Sale	23,315	1,469,305
		15,220,315	13,797,435
24.2.3	Commitments in respect of derivatives		
	FX options (notional)		
	Purchase	736,983	8,817,006
	Sale	736,983	8,817,006
		1,473,966	17,634,012
	Cross Currency Swaps (notional)		
	Purchase	60,791	303,953
	Sale	60,791	303,953
		121,582	607,906
		1,595,548	18,241,918

24.2.4 The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

		2023	2022
		(Rupees in '000)	
24.3	Other contingent liabilities		
	Claims against the Group not acknowledged as debts	34,363,515	29,051,044

24.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated financial statements.

24.4 For assessment year 1988-89 through tax year 2023, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 5,902.495 million (2022: Rs. 844 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

Notes To The Consolidated Financial Statements

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The Group has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Group are being contested by the department at higher forums. No provision has been made in the consolidated financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Group's favour as and when these are taken up by the Appellate Authorities.

24.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortisation for few years has been assessed in Holding company favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

25. DERIVATIVE INSTRUMENTS

25.1 Product Analysis

		2023					
Counterparties		Cross currency swaps		Interest rate swaps		FX options	
		Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss
		(Rupees in '000)					
With Banks for							
Hedging		60,791	62,365	-	-	736,983	11,487
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		60,791	(62,361)	-	-	736,983	(11,487)
Total							
Hedging		60,791	62,365	-	-	736,983	11,487
Market Making		60,791	(62,361)	-	-	736,983	(11,487)
		2022					
Counterparties		Cross currency swaps		Interest rate swaps		FX options	
		Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss
		(Rupees in '000)					
With Banks for							
Hedging		303,953	185,139	-	-	8,817,006	593,302
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		303,953	(184,835)	-	-	8,817,006	(593,302)
Total							
Hedging		303,953	185,139	-	-	8,817,006	593,302
Market Making		303,953	(184,835)	-	-	8,817,006	(593,302)

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

25.2 Maturity Analysis

	2023				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Remaining Maturity					
Upto 1 month	24	695,014	(64,258)	64,262	4
1 to 3 months	26	900,534	(9,590)	9,590	-
3 to 6 months	-	-	-	-	-
6 months to 1 Year	-	-	-	-	-
2 to 3 Years	-	-	-	-	-
Total	50	1,595,548	(73,848)	73,852	4

	2022				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Remaining Maturity					
Upto 1 month	40	2,229,963	(18,637)	18,637	-
1 to 3 months	114	6,301,417	(203,092)	203,092	-
3 to 6 months	160	8,701,844	(353,887)	353,887	-
6 months to 1 Year	8	400,788	(17,686)	17,686	-
2 to 3 Years	2	607,906	(184,835)	185,139	304
Total	324	18,241,918	(778,137)	778,441	304

25.3 Risk management related to derivatives is discussed in note 46.5.

	2023	2022
	(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	126,722,451	78,181,479
Investments	223,127,226	136,586,428
Lendings to financial institutions	12,370,089	3,918,598
Balances with banks	2,228,955	736,253
	364,448,721	219,422,758
27. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	156,143,909	102,515,123
Borrowings	37,644,842	17,267,776
Subordinated debt		
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,548,962	2,197,604
Unwinding cost of lease liability against right-of-use assets	1,688,954	1,474,249
	199,026,667	123,454,752

Notes To The Consolidated Financial Statements

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	Note	2023 (Rupees in '000)	2022
28. FEE AND COMMISSION INCOME			
Branch banking customer fees		3,584,897	3,142,643
Consumer finance related fees		773,012	612,043
Card related fees (debit and credit cards)		6,214,473	4,185,885
Credit related fees		717,372	278,872
Investment banking fee		238,688	194,775
Commission on trade		3,515,338	1,745,007
Commission on guarantees		1,426,590	648,910
Commission on cash management		942,619	845,884
Commission on remittances including home remittances		1,731,252	1,327,640
Commission on utility bills		93,680	87,736
Commission on Bancassurance		910,813	981,704
Rent on lockers		255,772	247,488
Commission on investments services		1,608,988	950,737
Other commission		446,989	324,586
		22,460,483	15,573,910
29. GAIN / (LOSS) ON SECURITIES - NET			
Realised	29.1	840,480	(1,714,850)
Unrealised - Held for trading	10.1	(3,038)	-
		837,442	(1,714,850)
29.1 Realised gain / (loss) on:			
Federal Government securities		98,402	140,141
Non Government debt securities		657	-
Shares and units		741,421	(1,854,991)
		840,480	(1,714,850)
30. OTHER INCOME			
Rent on property		126,829	69,096
Gain on sale of fixed assets - net		160,262	138,376
Gain on termination of lease liability against right-of-use assets		70,616	62,670
Gain on conversion of Ijarah agreements		21,391	18,878
(Loss) / gain on sale of non-banking assets - net	14.1.2	(3,224)	6,817
		375,874	295,837

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
31. OPERATING EXPENSES			
Total compensation expense	31.1	27,287,976	22,136,078
Property expense			
Rent and taxes		338,200	227,821
Insurance		63,998	55,036
Utilities cost		2,679,379	2,177,430
Fuel expense generators		1,310,889	1,097,326
Security (including guards)		2,372,360	1,982,210
Repair and maintenance (including janitorial charges)		1,314,106	1,108,163
Depreciation on right-of-use assets	12.3	2,079,323	1,834,736
Depreciation	12.2	1,289,064	1,021,805
		11,447,319	9,504,527
Information technology expenses			
Software maintenance		2,003,867	1,540,763
Hardware maintenance		410,202	364,921
Depreciation	12.2	1,005,536	762,728
Amortisation	13.1	560,040	566,633
Network charges		796,277	715,732
Insurance		7,713	6,202
		4,783,635	3,956,979
Other operating expenses			
Directors' fees and allowances	40.2	46,200	45,800
Fees and allowances to Sharia Board members		13,312	11,645
Legal and professional charges		453,930	501,345
Outsourced services costs	37.1	1,135,752	992,271
Travelling and conveyance		616,960	424,838
NIFT clearing charges		244,271	217,526
Depreciation	12.2	1,173,581	997,058
Depreciation on non-banking assets acquired in satisfaction of claims	14.1.1	23,878	23,389
Training and development		104,094	74,100
Postage and courier charges		292,964	336,953
Communication		1,592,299	553,730
Stationery and printing		1,304,328	885,414
Marketing, advertisement & publicity		829,257	841,877
Donations	31.2	21,000	1,352
Auditors' remuneration	31.3	86,775	76,533
Cash transportation charges		1,107,143	921,828
Repair and maintenance		748,164	625,816
Subscription		71,255	57,501
Entertainment		491,848	346,926
Remittance charges		273,400	223,262
Brokerage expenses		105,853	90,637
Card related expenses		2,793,382	1,472,699
CNIC verification charges		390,903	387,431
Insurance/ Takaful		2,102,762	1,929,784
Others		585,674	438,087
		16,608,985	12,477,802
		60,127,915	48,075,386

Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 170.482 million (2022: Rs. 165.336 million). Out of this cost Rs. 166.744 million pertains to companies incorporated in Pakistan and Rs. 3.738 million pertains to companies incorporated outside Pakistan. Total cost includes the payment made to "Euronet Pakistan Private Limited" (a related party) amounting to Rs. 138.578 million (2022: Rs. 138.651 million) for hosting of POS acquiring & e-commerce gateway services. Outsourcing shall have the same meaning as specified in BPRD Circular No. 06 of 2019.

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For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
31.1	Total compensation expense		
	Fees and allowances	948,289	664,656
	Managerial remuneration		
	i) Fixed	19,074,671	15,869,856
	ii) Variable - cash bonus / awards / incentives	4,158,843	3,268,982
	Charge for defined benefit plan	250,527	209,051
	Contribution to defined contribution plan	626,544	540,377
	Staff group insurance	797,054	539,638
	Rent and house maintenance	589,042	492,008
	Medical	85,199	75,023
	Conveyance	730,179	444,005
	Others	994	230
		27,261,342	22,103,826
	Sign-on bonus	26,634	8,153
	Severance allowance	–	24,099
		27,287,976	22,136,078

31.1.1 During the year sign on bonus was paid to 29 employees (2022: 15).

31.1.2 No severance allowance was paid during the year (2022: 4 employees).

31.2 Detail of donations made during the year is as follows:

	2023 (Rupees in '000)	2022
M/s Bestway Foundation	–	1,352
Lahore Hospital Welfare Society	1,000	–
Habib University Foundation	5,000	–
Patient's Behbud Society for 'The Aga Khan University Hospital (AKUH)'	5,000	–
Saleem Memorial Trust Hospital	10,000	–
	21,000	1,352

31.2.1 None of the directors, executives or their spouses had any interest in the donees, except for Mr. Yahya Saleem who is a director in Saleem Memorial Trust Hospital and Mr. Tariq Rafi who is a director in Habib University Foundation.

	2023 (Rupees in '000)	2022
31.3	Auditors' remuneration	
	Audit fee	17,738
	Fee for audit of foreign branches	21,891
	Fee and other charges for audit of subsidiaries	15,424
	Special certifications and sundry advisory services	1,000
	Tax services	17,820
	Sales tax on audit fee	887
	Out-of-pocket expenses	1,773
		76,533

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For the year ended December 31, 2023

	Note	2023 (Rupees in '000)		2022 (Rupees in '000)	
		2023	2022	2023	2022
36. CASH AND CASH EQUIVALENTS					
Cash and balances with treasury banks	7		190,245,798		110,275,163
Balances with other banks	8		37,806,854		26,162,849
Overdrawn nostro accounts	18		(1,019,866)		(807,465)
			227,032,786		135,630,547
36.1 Reconciliation of liabilities to cash flows arising from financing activities					
		(Rupees in '000)			
		2023		2022	
		Liabilities	Equity	Liabilities	Equity
		Other Liabilities	Share Capital Reserves Unappropriated profit	Other Liabilities	Share Capital Reserves Unappropriated profit Non-controlling interest
		Total	Non-controlling interest	Total	Non-controlling interest
Opening Balance		148,268,469	11,850,600 88,640,476 72,795,700	99,002,039	11,850,600 85,043,592 64,697,360
Changes from Financing cash flows					
Payment of lease liability against right-of-use-assets		(3,022,309)	-	(3,022,309)	-
Dividend paid		-	(32,307,616)	(73,585)	(105,129)
Total changes from financing cash flows		(3,022,309)	(32,307,616)	(73,585)	(105,129)
Liability related					
Changes in Other liabilities					
- Cash based		(7,379,966)	-	33,929,659	-
- Dividend payable		(310,996)	310,996	708,927	-
- Non cash based		24,462,075	-	17,211,514	-
Total liability related other changes		16,771,113	310,996	51,850,100	-
Total equity related other changes		-	11,489,333	-	(708,927)
Closing Balance		162,017,273	11,850,600 101,129,809 102,689,217	341,194	11,850,600 89,640,476 72,795,700

Notes To The Consolidated Financial Statements

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		2023	2022
		(Number)	
37.	STAFF STRENGTH		
	Permanent	16,354	16,174
	On Bank contract	474	497
	Bank's own staff strength at end of the year	16,828	16,671

37.1 In addition to the above, 399 (2022: 370) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding, tea and janitorial services. Outsourced staff includes 390 (2022: 362) working domestically and 9 (2022: 8) working abroad.

		2023	2022
		(Number)	
37.2	Staff Strength Bifurcation		
	Domestic	16,681	16,526
	Overseas	147	145
		16,828	16,671

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates the following retirement benefits for its employees:

- Pension fund - funded
- Benevolent scheme - unfunded
- Post retirement medical benefits - unfunded
- Employees compensated absence - unfunded

The plan assets and defined benefit obligations are based in Pakistan.

38.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

		2023	2022
		(Number)	
	- Pension fund - funded	5,373	5,688
	- Benevolent scheme - unfunded	1,073	930
	- Post retirement medical benefits - unfunded	14,178	14,067
	- Employees compensated absence - unfunded	14,179	14,068

38.3 Principal actuarial assumptions

The latest actuarial valuations of the pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employees' compensated absences were carried out at December 31, 2023. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2023	2022	2023	2022	2023	2022	2023	2022
	(%)							
Discount rate	15.50	14.50	15.50	14.50	15.50	14.50	15.50	14.50
Expected rate of return on plan assets	15.50	14.50	-	-	-	-	-	-
Expected rate of salary increase	13.50	12.50	13.50	12.50	-	-	13.50	12.50
Expected rate of increase in pension	0-5	0-5	-	-	-	-	-	-
Expected rate of increase in medical benefit	-	-	-	-	15.50	12.50	-	-

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

38.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Present value of obligations	38.5	4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992
Fair value of plan assets	38.6	(11,715,415)	(7,088,088)	-	-	-	-	-	-
(Receivable) / payable	38.7	(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

38.5 Movement in defined benefit obligations

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Obligations at the beginning of the year		4,319,946	5,031,961	165,426	197,712	2,219,281	1,982,169	1,179,992	1,100,865
Current service cost	38.8.1	60,005	65,893	12,134	15,470	79,635	62,068	43,876	37,574
Interest cost		597,690	567,009	20,981	21,437	310,148	224,498	164,945	122,248
Benefits paid		(395,897)	(412,708)	(41,457)	(30,531)	(160,653)	(143,092)	(84,875)	(120,915)
Re-measurement (gain) / loss	38.8.1 & 38.8.2	(294,471)	(932,209)	(16,237)	(38,662)	(327,282)	93,638	(37,748)	40,220
Obligations at end of the year	38.4	4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

38.6 Movement in fair value of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Fair value at the beginning of the year		7,088,088	8,250,387	-	-	-	-	-	-
Interest income on plan assets		999,070	945,174	-	-	-	-	-	-
Benefits paid		(395,897)	(412,708)	-	-	-	-	-	-
Re-measurement gain / (loss): Net return on plan assets over interest income gain / (loss)	38.8.2	4,024,154	(1,694,765)	-	-	-	-	-	-
Fair value at end of the year	38.4	11,715,415	7,088,088	-	-	-	-	-	-

38.7 Movement in (receivable) / payable under defined benefit schemes

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Opening balance		(2,768,142)	(3,218,426)	165,426	197,712	2,219,281	1,982,169	1,179,992	1,100,865
Charge / (reversal) for the year	38.8.1	(341,375)	(312,272)	31,046	34,715	389,783	286,566	171,073	200,042
Employees' contribution		-	-	2,069	2,192	-	-	-	-
Re-measurement (gain) / loss recognised in OCI during the year	38.8.2	(4,318,625)	762,556	(16,237)	(38,662)	(327,282)	93,638	-	-
Benefits paid by the Bank		-	-	(41,457)	(30,531)	(160,653)	(143,092)	(84,875)	(120,915)
Closing balance	38.4	(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

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38.8 Charge for defined benefit plans

38.8.1 Cost recognised in profit and loss

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Current service cost	38.5	60,005	65,893	12,134	15,470	79,635	62,068	43,876	37,574
Net interest on defined benefit asset / liability		(401,380)	(378,165)	20,981	21,437	310,148	224,498	164,945	122,248
Employees' contribution		-	-	(2,069)	(2,192)	-	-	-	-
Actuarial (gain) / loss	38.5	-	-	-	-	-	-	(37,748)	40,220
	38.7	(341,375)	(312,272)	31,046	34,715	389,783	286,566	171,073	200,042

38.8.2 Re-measurements recognised in OCI during the year

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
(Gain) / loss on obligation	38.5								
Financial assumptions		(48,655)	(140,403)	(5,494)	(20,092)	(39,772)	211,953	-	-
Experience adjustments		(245,816)	(791,806)	(10,743)	(18,570)	(287,510)	(118,315)	-	-
Return on plan assets over interest income	38.6	(4,024,154)	1,694,765	-	-	-	-	-	-
Re-measurement (gain) / loss recognised in OCI	38.7	(4,318,625)	762,556	(16,237)	(38,662)	(327,282)	93,638	-	-

38.9 Components of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Cash and cash equivalents - net		63,273	209,899	-	-	-	-	-	-
Shares		11,403,500	6,669,075	-	-	-	-	-	-
Open ended mutual funds units		248,642	209,114	-	-	-	-	-	-
	38.4	11,715,415	7,088,088	-	-	-	-	-	-

38.9.1 Significant risk associated with the plan assets

The Fund's investments in equity securities and units of mutual funds are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

Notes To The Consolidated Financial Statements

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38.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
1% increase in discount rate	(205,544)	(7,914)	(252,679)	(69,570)
1% decrease in discount rate	226,578	8,781	317,981	77,330
1 % increase in expected rate of salary increase	61,344	–	–	78,040
1 % decrease in expected rate of salary increase	(58,471)	–	–	(71,330)
1% increase in expected rate of pension increase	122,814	–	–	–
1% decrease in expected rate of pension increase	(113,915)	–	–	–
1% increase in expected rate of medical benefit increase	–	–	284,871	–
1% decrease in expected rate of medical benefit increase	–	–	(227,079)	–

38.11 Expected contributions to be paid to the funds in the next financial year

No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. No contribution to the pension fund is expected in the next year.

38.12 Expected charge / (reversal) for the next financial year

Based on actuarial advice, management estimates that the charge / (reversal) in respect of defined benefit plans for the year ending December 31, 2024 would be as follows:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
Expected charge / (reversal) for the next financial year	(1,084,741)	22,047	413,012	236,153
38.13 Maturity profile				
The weighted average duration of the obligation (in years)	5.42	5.42	5.42	5.42

38.14 Funding Policy

The Group endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

Notes To The Consolidated Financial Statements

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38.15 The defined benefit plans may expose the Group to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below;

Investment risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Longevity risk	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary increase risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal rate	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

39. DEFINED CONTRIBUTION PLAN

MCB Bank Limited (holding company)

The Holding Company operates an approved contributory provident fund for 12,061 (2022: 11,138) employees where contributions are made by the Bank at 8.33% (2022: 8.33%) and employees ranging from 8.33% to 15% per annum (2022: 8.33% to 15% per annum) of the basic salary.

The Holding Company also operates an approved non-contributory provident fund for 555 (2022: 592) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 15% per annum (2022: 8.33% to 15% per annum) of the basic salary.

39.1 MCB Islamic Bank Limited (Subsidiary)

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

40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total compensation expense

		2023						
Note	Directors			Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers	
	Chairman	Executive (other than CEO)	Non executive					
(Rupees in '000)								
Fee and allowances	40.2	6,000	-	40,200	-	-	20,508	32,488
Managerial Remuneration		-	-	-	-	-	-	-
i) Fixed		-	-	-	7,900	75,900	600,260	1,317,404
ii) Cash Bonus / Awards / Incentives	40.1.1	-	-	-	1,282	45,000	301,539	474,652
Contribution to defined contribution plan		-	-	-	232	4,080	18,530	49,837
Rent & house maintenance		-	-	-	1,254	-	52,101	114,898
Medical		-	-	-	-	379	4,384	22,424
Overseas allowance		-	-	-	-	-	76,103	14,592
Commission		-	-	-	-	-	-	1,073
Security		-	-	-	-	928	-	-
Utilities		-	-	-	279	-	4,250	23,618
Special Pay		-	-	-	241	-	-	12,324
Conveyance		-	-	-	1,601	-	-	66,414
Charge allowance		-	-	-	-	-	-	1,906
Fuel Allowance		-	-	-	523	-	-	17,390
Leave fare assistance		-	-	-	-	-	4,290	25,559
Club membership		-	-	-	-	112	1,000	2,800
Others		-	-	-	-	336	16,916	158,198
Total		6,000	-	40,200	13,312	126,735	1,099,881	2,335,577
Number of Persons		1	-	11	3	1	41	254

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For the year ended December 31, 2023

	2022						
	Directors			Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
	Chairman	Executive (other than CEO)	Non executive				
	(Rupees in '000)						
Fee and allowances	5,900	-	39,900	-	-	6,438	9,764
Managerial Remuneration							
i) Fixed	-	-	-	7,323	67,890	484,961	1,147,043
ii) Cash Bonus / Awards / Incentives	-	-	-	1,000	30,390	207,052	396,949
Contribution to defined contribution plan	-	-	-	206	3,624	16,763	45,921
Rent & house maintenance	-	-	-	1,115	54	48,122	111,972
Medical	-	-	-	-	54	3,627	17,600
Severance allowance	-	-	-	-	-	17,300	5,099
Overseas allowance	-	-	-	-	-	55,215	11,608
Security	-	-	-	-	681	-	-
Utilities	-	-	-	248	-	4,853	21,525
Special Pay	-	-	-	241	-	-	12,432
Conveyance	-	-	-	1,164	-	-	48,671
Charge allowance	-	-	-	-	-	-	1,774
Fuel Allowance	-	-	-	348	-	-	11,750
Leave fare assistance	-	-	-	-	-	-	13,280
Club membership	-	-	-	-	2,304	-	300
Others	-	-	-	-	-	20,020	106,231
Total	5,900	-	39,900	11,645	104,997	864,351	1,961,919
Number of Persons	1	-	11	3	1	42	258

40.1.1 During the year 2023, Rs 55.566 million bonus has been deferred (2022: Rs. 84.695 million).

40.2 Remuneration paid to Directors for participation in Board and Committee meetings

	2023									
	For Board Committee									
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	Total
	(Rupees in '000)									
Mian Mohammad Mansha	4,800	-	400	-	400	-	400	-	-	6,000
Mr. Tariq Rafi	1,600	-	-	-	-	-	-	-	-	1,600
Mian Umer Mansha	2,000	500	400	400	-	500	400	400	-	4,600
Mrs. Iqraa Hassan Mansha	1,600	-	-	-	100	-	300	-	-	2,000
Mr. Muhammad Ali Zeb	2,000	400	-	400	400	-	400	400	-	4,000
Mr. Mohd Suhail Amar Suresh	4,000	-	400	400	-	500	-	-	-	5,300
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	400	400	400	500	-	400	-	6,100
Mr. Masood Ahmed Puri	4,000	-	400	-	-	-	-	-	-	4,400
Mr. Shahzad Hussain	2,000	500	-	-	-	-	-	-	-	2,500
Mr. Shariffuddin Bin Khalid	4,000	500	-	-	-	-	-	-	-	4,500
Mr. Shaikh Muhammad Jawed	1,200	-	-	-	-	-	-	-	-	1,200
Total	35,200	1,900	2,000	1,600	1,300	1,500	1,500	1,200	-	46,200

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2022									Total
	Board meeting	For Board Committee								
		Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	
(Rupees in '000)										
Mian Mohammad Mansha	4,800	-	400	-	400	-	300	-	-	5,900
Mr. S. M. Muneer	1,200	-	-	-	-	-	-	400	-	1,600
Mr. Tariq Rafi	2,000	-	-	-	-	-	-	-	-	2,000
Mian Umer Mansha	2,000	500	500	400	-	500	400	-	-	4,300
Mrs. Iqraa Hassan Mansha	1,600	-	-	-	200	-	200	-	-	2,000
Mr. Muhammad Ali Zeb	2,000	500	-	400	400	-	400	400	-	4,100
Mr. Mohd Suhail Amar Suresh	3,200	-	400	300	-	400	-	-	-	4,300
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	500	400	400	500	-	300	-	6,100
Mr. Masood Ahmed Puri	4,000	-	500	-	-	-	-	-	-	4,500
Mr. Shahzad Hussain	2,000	500	-	-	-	-	-	-	-	2,500
Mr. Shariffuddin Bin Khalid	4,000	500	-	-	-	-	-	-	-	4,500
	34,800	2,000	2,300	1,500	1,400	1,400	1,300	1,100	-	45,800

40.3 The Chairman has been provided with free use of the Bank's maintained car. In addition to the above, the Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

40.4 Remuneration paid to Shariah Board Members

	2023			
	Chairman	Resident member	Non-Resident member(s)	Total
Meeting Fees and Allowances	-	-	-	-
Other Heads				
Basic salary	2,855	2,787	2,258	7,900
House rent	-	1,254	-	1,254
Utilities	-	279	-	279
Conveyance	-	1,601	-	1,601
Fuel	-	523	-	523
Special pay	-	241	-	241
Bonus	-	1,282	-	1,282
PF Employer	-	232	-	232
Total Amount	2,855	8,199	2,258	13,312
Total Number of Persons	1	1	1	3

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2022			
	Chairman	Resident member	Non-Resident member(s)	Total
	(Rupees in '000)			
Meeting Fees and Allowances	-	-	-	-
Other Heads				
Basic salary	2,626	2,477	2,220	7,323
House rent	-	1,115	-	1,115
Utilities	-	248	-	248
Conveyance	-	1,164	-	1,164
Fuel	-	347	-	347
Special pay	-	241	-	241
Bonus	-	1,000	-	1,000
PF Employer	-	207	-	207
Total Amount	2,626	6,799	2,220	11,645
Number of persons	1	1	1	3

41. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Group as 'held to maturity'. Quoted securities classified as held to maturity are carried at amortised cost. Fair value of unquoted equity investments other than investments in associates is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings 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 loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 6.4 to these consolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 45.

In the opinion of the management, the fair value of the financial assets and financial liabilities other than those carried at fair value and disclosed in note 41.1 are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

41.1 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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

Valuation techniques used in determination of fair valuation of financial instruments within level 2

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg
Term Finance Certificates and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP)
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

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

2023

	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,230,792,274	-	1,230,792,274	-	1,230,792,274
Shares and units	25,390,857	25,283,009	107,848	-	25,390,857
Non-Government Debt Securities	3,714,280	-	3,714,280	-	3,714,280
Foreign Securities	44,057,060	-	44,057,060	-	44,057,060
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares and associates)					
	68,389,244	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	66,321,263	-	66,321,263	-	66,321,263
Non-banking assets	2,156,606	-	2,156,606	-	2,156,606
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	93,150,006	-	752,724	-	752,724
Forward sale of foreign exchange	78,488,282	-	2,146,773	-	2,146,773
Derivatives purchase	797,774	-	73,852	-	73,852
Derivatives sale	797,774	-	73,848	-	73,848

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2022				Total
	Carrying value / Notional value	Level 1	Level 2	Level 3	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	968,419,493	-	968,419,493	-	968,419,493
Shares and units	17,651,677	16,482,650	1,169,027	-	17,651,677
Non-Government Debt Securities	3,729,622	-	3,729,622	-	3,729,622
Foreign Securities	4,112,387	-	4,112,387	-	4,112,387
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares and associates)					
	46,975,880	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	66,744,753	-	66,744,753	-	66,744,753
Non-banking assets	2,804,844	-	2,804,844	-	2,804,844
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	80,282,447	-	5,036,921	-	5,036,921
Forward sale of foreign exchange	58,597,874	-	2,971,339	-	2,971,339
Derivatives purchase	9,120,959	-	778,441	-	778,441
Derivatives sale	9,120,959	-	778,137	-	778,137

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.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Notes To The Consolidated Financial Statements

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42. SEGMENT INFORMATION

42.1 Segment details with respect to business activities

The segment analysis with respect to business activity is as follows:

	2023										
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Assets Management	Others	Sub-total	Elimination	Total
	(Rupees in '000)										
Profit & Loss											
Net mark-up/return/profit	(110,451,262)	4,929,550	69,955,466	176,013,531	7,253,475	17,375,200	(7,002)	353,096	166,422,054	-	165,422,054
Inter segment revenue - net	254,479,978	(2,663,982)	(66,683,539)	(207,695,404)	(375,402)	-	-	12,938,349	-	-	-
Non mark-up / return / interest income	11,750,204	2,730,000	8,907,637	6,514,507	2,131,134	1,545,796	1,843,947	1,323,034	36,746,259	-	36,746,259
Total Income	155,778,920	4,995,568	22,179,564	(25,167,366)	9,009,207	18,920,996	1,836,945	14,614,479	202,168,313	-	202,168,313
Segment direct expenses	33,480,192	2,222,248	1,001,747	702,338	2,540,137	7,649,451	753,570	15,224,410	63,574,093	-	63,574,093
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	33,480,192	2,222,248	1,001,747	702,338	2,540,137	7,649,451	753,570	15,224,410	63,574,093	-	63,574,093
Provisions / (reversals)	2,401,991	69,405	214,164	389,924	763,627	704,007	-	(3,467,860)	1,075,258	-	1,075,258
Profit before tax	119,896,737	2,703,915	20,963,653	(26,259,628)	5,705,443	10,567,538	1,083,375	2,857,929	137,518,962	-	137,518,962
Balance Sheet											
Cash and Bank balances	73,010,365	1,075,800	286,062	90,718,130	40,699,427	22,277,334	42,703	(57,169)	228,052,652	-	228,052,652
Investments	-	-	11,329,945	1,188,355,590	52,575,575	132,544,302	1,441,530	6,096,773	1,372,343,715	-	1,372,343,715
Net inter segment lending	1,323,367,835	-	-	-	-	-	-	257,092,572	(1,580,460,407)	(1,580,460,407)	-
Lendings to financial institutions	-	-	-	24,703,733	62,509,667	2,500,000	-	-	89,713,400	-	89,713,400
Advances - performing	93,175,361	36,852,172	410,107,466	-	25,200,930	88,134,857	25,113	4,019,573	657,515,472	-	657,515,472
- non performing - net	892,197	213,265	1,318,978	-	9,015,426	1,212,558	-	505,599	13,158,023	-	13,158,023
Others	58,036,413	4,929,573	60,251,154	108,819,168	1,977,880	20,118,941	1,332,202	63,836,586	319,301,917	-	319,301,917
Total Assets	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179
Borrowings	7,854,875	28,071	100,265,851	95,674,898	3,148,691	25,813,546	-	2,878,548	235,664,480	-	235,664,480
Deposits and other accounts	1,502,168,409	26,053,661	119,652,517	-	157,493,874	204,460,158	-	-	2,009,828,619	-	2,009,828,619
Net inter segment borrowing	-	12,006,350	220,902,573	1,296,646,213	27,036,616	22,036,262	1,832,403	-	(1,580,460,407)	(1,580,460,407)	-
Others	38,458,887	4,982,728	42,472,664	275,510	4,299,724	14,478,036	1,009,145	86,864,294	192,940,979	-	192,940,979
Total liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	89,742,832	4,018,794,484	(1,580,460,407)	2,438,334,077
Equity	-	-	-	-	-	-	-	241,751,102	241,751,102	-	241,751,102
Total Equity & liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179
Contingencies & Commitments	91,494,401	-	499,006,135	170,499,690	15,455,739	51,908,493	-	36,842,867	865,207,325	-	865,207,325
2022											
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Assets Management	Others	Sub-total	Elimination	Total
(Rupees in '000)											
Profit & Loss											
Net mark-up/return/profit	(77,715,625)	4,209,753	41,976,296	115,352,325	3,333,085	8,616,182	(2,304)	198,294	95,968,006	-	95,968,006
Inter segment revenue - net	154,640,563	(2,013,974)	(35,995,220)	(126,734,396)	(200,333)	-	-	10,303,360	-	-	-
Non mark-up / return / interest income	9,224,705	2,304,862	5,892,310	5,105,548	1,344,354	773,722	864,163	1,074,496	26,584,180	-	26,584,180
Total Income	86,149,643	4,500,641	11,873,386	(6,276,523)	4,477,106	9,389,904	861,879	11,576,150	122,552,186	-	122,552,186
Segment direct expenses	26,854,472	1,821,733	776,159	453,334	1,570,911	6,046,215	551,162	11,778,717	49,852,703	-	49,852,703
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	26,854,472	1,821,733	776,159	453,334	1,570,911	6,046,215	551,162	11,778,717	49,852,703	-	49,852,703
(Reversals) / provisions	(191)	38,696	(333,869)	(478,163)	483,367	141,149	-	(2,491,990)	(2,641,001)	-	(2,641,001)
Profit before tax	59,295,362	2,640,212	11,431,096	(6,251,694)	2,422,828	3,202,540	310,717	2,289,423	75,340,484	-	75,340,484
Balance Sheet											
Cash and Bank balances	34,485,076	622,340	242,694	60,644,247	23,563,344	15,144,558	57,106	1,678,647	136,438,012	-	136,438,012
Investments	-	-	10,517,351	942,409,392	9,276,084	72,668,657	1,105,497	4,912,078	1,040,889,059	-	1,040,889,059
Net inter segment lending	1,114,563,059	-	-	-	-	-	-	192,410,586	(1,306,973,645)	(1,306,973,645)	-
Lendings to financial institutions	-	-	-	26,679,756	23,736,012	6,170,000	-	-	56,585,768	-	56,585,768
Advances - performing	96,972,626	41,235,105	588,583,737	-	16,255,605	88,798,112	7,619	2,316,577	834,169,761	-	834,169,761
- non performing - net	156,088	87,709	1,380,470	-	7,257,344	1,503,597	-	430,794	10,816,002	-	10,816,002
Others	50,005,640	2,399,035	38,820,555	26,778,287	1,667,282	14,754,649	1,060,250	59,948,853	195,434,551	-	195,434,551
Total Assets	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153
Borrowings	13,558,449	-	98,051,501	227,354,544	813,687	14,670,759	-	1,567,670	356,016,610	-	356,016,610
Deposits and other accounts	1,209,525,713	20,379,488	87,712,328	-	61,067,142	154,001,460	-	9,830	1,532,695,961	-	1,532,695,961
Net inter segment borrowing	-	18,909,590	428,058,745	825,795,278	16,359,144	16,346,882	1,504,006	-	(1,306,973,645)	(1,306,973,645)	-
Others	73,098,327	5,055,111	25,722,233	3,361,860	3,515,898	14,020,472	726,466	65,642,468	191,142,835	-	191,142,835
Total liabilities	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	67,219,968	3,986,829,051	(1,306,973,645)	2,079,855,406
Equity	-	-	-	-	-	-	-	194,477,747	194,477,747	-	194,477,747
Total Equity & liabilities	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153
Contingencies & Commitments	76,591,298	-	376,393,133	163,418,191	18,749,788	40,951,720	-	30,345,931	706,450,061	-	706,450,061

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42.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2023						
	Pakistan	South Asia	Middle East	Eurasia	Sub-total	Eliminations	Total
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	157,812,059	2,417,141	4,839,758	353,096	165,422,054	-	165,422,054
Inter segment revenue - net	254,652	(109,096)	(145,556)	-	-	-	-
Non mark-up / return / interest income	34,489,166	468,329	1,727,082	61,682	36,746,259	-	36,746,259
Total Income	192,555,877	2,776,374	6,421,284	414,778	202,168,313	-	202,168,313
Segment direct expenses	60,852,033	1,150,406	1,382,474	189,180	63,574,093	-	63,574,093
Total expenses	60,852,033	1,150,406	1,382,474	189,180	63,574,093	-	63,574,093
Provisions / (reversals)	313,258	275,931	487,696	(1,627)	1,075,258	-	1,075,258
Profit before tax	131,390,586	1,350,037	4,551,114	227,225	137,518,962	-	137,518,962
Balance Sheet							
Cash and Bank balances	188,189,237	4,443,284	35,383,528	36,603	228,052,652	-	228,052,652
Investments	1,319,768,140	11,251,094	41,324,481	-	1,372,343,715	-	1,372,343,715
Net inter segment lendings	24,880,839	-	-	-	24,880,839	(24,880,839)	-
Lendings to financial institutions	27,203,733	348,080	62,161,587	-	89,713,400	-	89,713,400
Advances - performing	628,294,970	7,784,909	17,416,020	4,019,573	657,515,472	-	657,515,472
- non performing - net	12,892,947	265,076	-	-	13,158,023	-	13,158,023
Others	317,288,485	1,033,068	914,094	66,270	319,301,917	-	319,301,917
Total Assets	2,518,518,351	25,125,511	157,199,710	4,122,446	2,704,966,018	(24,880,839)	2,680,085,179
Borrowings	229,376,044	1,653,380	1,756,508	2,878,548	235,664,480	-	235,664,480
Deposits and other accounts	1,857,764,544	14,371,520	137,692,555	-	2,009,828,619	-	2,009,828,619
Net inter segment borrowing	-	8,295,534	16,585,305	-	24,880,839	(24,880,839)	-
Others	190,787,432	805,077	1,165,342	83,127	192,840,978	-	192,840,978
Total liabilities	2,277,928,020	25,125,511	157,199,710	2,961,675	2,463,214,916	(24,880,839)	2,438,334,077
Equity	240,590,331	-	-	1,160,771	241,751,102	-	241,751,102
Total Equity & liabilities	2,518,518,351	25,125,511	157,199,710	4,122,446	2,704,966,018	(24,880,839)	2,680,085,179
Contingencies & Commitments	849,751,586	172,134	15,283,605	-	865,207,325	-	865,207,325
	2022						
	Pakistan	South Asia	Middle East	Eurasia	Sub-total	Eliminations	Total
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	92,448,927	1,368,679	1,952,106	198,294	95,968,006	-	95,968,006
Inter segment revenue - net	139,184	(41,425)	(97,759)	-	-	-	-
Non mark-up / return / interest income	25,213,562	287,478	1,051,508	31,632	26,584,180	-	26,584,180
Total Income	117,801,673	1,614,732	2,905,855	229,926	122,552,186	-	122,552,186
Segment direct expenses	48,170,910	681,088	882,794	117,911	49,852,703	-	49,852,703
Total expenses	48,170,910	681,088	882,794	117,911	49,852,703	-	49,852,703
(Reversals) / Provisions	(3,060,315)	255,412	163,589	313	(2,641,001)	-	(2,641,001)
Profit before tax	72,691,078	678,232	1,859,472	111,702	75,340,484	-	75,340,484
Balance Sheet							
Cash and Bank balances	113,313,067	3,500,658	19,600,178	24,109	136,438,012	-	136,438,012
Investments	1,031,612,975	4,114,254	5,161,830	-	1,040,889,059	-	1,040,889,059
Net inter segment lendings	14,071,055	-	-	-	14,071,055	(14,071,055)	-
Lendings to financial institutions	32,849,756	308,100	23,427,912	-	56,585,768	-	56,585,768
Advances - performing	815,658,267	6,087,539	10,107,197	2,316,758	834,169,761	-	834,169,761
- non performing - net	10,588,192	227,810	-	-	10,816,002	-	10,816,002
Others	193,647,578	674,845	953,730	158,398	195,434,551	-	195,434,551
Total Assets	2,211,740,890	14,913,206	59,250,847	2,499,265	2,288,404,208	(14,071,055)	2,274,333,153
Borrowings	352,970,468	-	1,478,472	1,567,670	356,016,610	-	356,016,610
Deposits and other accounts	1,475,650,615	9,577,139	47,468,207	-	1,532,695,961	-	1,532,695,961
Net inter segment borrowing	-	4,598,248	9,472,807	-	14,071,055	(14,071,055)	-
Others	189,428,530	737,819	831,361	145,125	191,142,835	-	191,142,835
Total liabilities	2,018,049,613	14,913,206	59,250,847	1,712,795	2,093,926,461	(14,071,055)	2,079,855,406
Equity	193,691,277	-	-	786,470	194,477,747	-	194,477,747
Total Equity & liabilities	2,211,740,890	14,913,206	59,250,847	2,499,265	2,288,404,208	(14,071,055)	2,274,333,153
Contingencies & Commitments	687,700,373	342,976	18,406,712	-	706,450,061	-	706,450,061

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For the year ended December 31, 2023

42.3 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

42.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2023 or 2022.

43. TRUST ACTIVITIES

The Group undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	2023				Total
	Securities Held (Face Value)				
	Number of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
(Rupees in '000)					
Corporates	88	22,113,825	17,372,500	2,600	39,488,925
Insurance Companies	24	7,379,400	2,400,000	1,010,000	10,789,400
Asset Management Companies	24	12,165,000	–	–	12,165,000
Pension & Employee Funds	156	46,527,190	41,388,850	191,100	88,107,140
NGO / Charitable Organisation	29	5,446,920	1,121,500	–	6,568,420
Individuals	1,903	5,140,595	913,400	62,700	6,116,695
Others	60	43,776,545	70,509,300	777,500	115,063,345
Total	2,284	142,549,475	133,705,550	2,043,900	278,298,925
Category	2022				Total
	Securities Held (Face Value)				
	Number of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	

(Rupees in '000)					
Corporates	80	42,579,360	1,319,100	155,100	44,053,560
Insurance Companies	14	3,300,000	300,000	350,000	3,950,000
Asset Management Companies	20	–	–	–	–
Pension & Employee Funds	154	44,302,650	27,885,550	88,000	72,276,200
NGO / Charitable Organisation	28	4,265,315	1,075,500	–	5,340,815
Individuals	1,330	2,919,460	675,000	–	3,594,460
Others	55	32,127,825	108,176,500	–	140,304,325
Total	1,681	129,494,610	139,431,650	593,100	269,519,360

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44.

RELATED PARTY TRANSACTIONS

The Group has related party relationship with associates, employee benefit plans, its directors and key management personnel and their close family members. The detail of associates are stated in note 10.11 to the consolidated financial statements.

The Group 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 to the executives / officers is determined in accordance with the terms of their appointment. Remuneration to Chief Executive, Directors and Executives is disclosed in note 40 to the consolidated financial statements.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2023						2022					
	Directors	Key management personnel and shariah advisors	Associates	Other related parties	Directors	Key management personnel and shariah advisors	Associates	Other related parties	Directors	Key management personnel and shariah advisors	Associates	Other related parties
	(Rupees in '000)											
Investments												
Opening balance	-	-	6,507,975	1,367,493	-	-	-	-	-	-	5,283,282	1,372,493
Equity method adjustments	-	-	919,807	-	-	-	-	-	-	-	1,393,068	-
Investment made during the year	-	-	10,295,480	-	-	-	-	-	-	-	11,101,050	-
Investment redemption during the year	-	-	(9,901,385)	-	-	-	-	-	-	-	(11,269,425)	(5,000)
Closing balance	-	-	7,821,877	1,367,493	-	-	-	-	-	-	6,507,975	1,367,493
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	-	-
Advances												
Opening balance	1,543	367,236	-	6,328,079	109	239,706	-	-	109	239,706	1,018,449	5,395,022
Addition / exchange adjustment during the year	5,963	110,327	-	3,750,713	23,615	93,306	-	-	23,615	93,306	-	18,501,526
Repaid during the year	(6,070)	(85,184)	-	(6,614,049)	(22,181)	(70,567)	-	-	(22,181)	(70,567)	(1,018,449)	(17,565,416)
Transfer in / (out)	-	48,006	-	(9,574)	-	104,791	-	-	-	104,791	-	(3,053)
Closing balance	1,436	440,385	-	3,455,169	1,543	367,236	-	-	1,543	367,236	-	6,328,079
Fixed Assets												
Purchase of fixed assets	-	-	7,533	191,247	-	-	-	-	-	-	6,157	62,667
Other Assets												
Markup receivable	-	4,302	-	120,958	-	3,208	-	-	-	3,208	-	108,054
Advances, deposits, advance rent and other prepayments	-	-	954,780	73,829	-	1,880	-	-	-	1,880	475,852	59,573
Receivable from Pension Fund	-	-	-	7,428,143	-	-	-	-	-	-	-	2,768,142
	-	4,302	954,780	7,622,930	-	5,088	-	-	-	5,088	475,852	2,935,769

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For the year ended December 31, 2023

2022

2023

	Directors	Key management personnel and shariah advisors	Associates	Other related parties	Directors	Key management personnel and shariah advisors	Associates	Other related parties
(Rupees in '000)								
Borrowings								
Opening balance	-	-	-	-	-	-	-	103,120
Borrowings / exchange adjustment during the year	-	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	(103,120)
Closing balance	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	193,547	312,366	5,980,204	6,278,578	700,547	750,185	4,184,153	9,507,140
Received during the year	4,574,426	11,806,001	90,801,961	152,251,507	7,966,971	10,414,454	59,131,008	140,067,607
Withdrawn during the year	(1,733,287)	(11,802,950)	(88,460,701)	(144,303,869)	(8,473,340)	(10,860,021)	(57,334,957)	(143,277,844)
Transfer in / (out) - net	-	33,727	-	9,942	(631)	7,748	-	(18,325)
Closing balance	3,034,686	349,144	8,321,464	14,236,158	193,547	312,366	5,980,204	6,278,578
Other Liabilities								
Markup payable	-	3,491	121,341	35,014	4,804	5,281	59,052	56,573
Accrued expenses and other payable	-	194	449,536	32,484	-	3,470	472,340	3,948
Payable to MCB Employee Security Services	-	-	-	-	-	-	-	14,314
	-	3,685	570,877	67,498	4,804	8,751	531,392	74,835
Contingencies and Commitments								
Letter of Credit	-	-	-	5,603,537	-	-	-	6,638,499
Bank guarantee	-	-	8,839,177	2,782,569	-	-	7,102,828	2,259,629
	-	-	8,839,177	8,386,106	-	-	7,102,828	8,898,128
Related Party Transactions								
Income								
Markup / return / interest earned	36	20,585	-	413,663	86	17,378	26,956	469,880
Fee and commission income	1	-	966,160	49,389	-	-	748,846	49,615
Dividend income	-	-	253,907	68,786	-	-	229,425	82,716
Gain / loss on forward foreign exchange contracts matured during the year	-	-	-	35,516	-	-	-	(8,179)
Net gain / loss on sale of securities	2	(21)	1,565	1,321	-	39	1,432	42,301
Gain on sale of fixed assets	-	222	-	-	-	716	-	-
Rent income and reimbursement of other expenses	-	-	110,108	6,268	-	4	109,054	3,972
Management fee and Advisory income	-	-	1,446,592	-	-	-	1,097,092	-
Expense								
Markup / return / interest expensed	69,550	38,649	701,894	1,289,292	52,364	92,667	305,359	1,954,648

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	2023					2022				
	Directors	Key management personnel and shariah advisors	Associates	Other related parties		Directors	Key management personnel and shariah advisors	Associates	Other related parties	
Other Operating expenses					(Rupees in '000)					
Clearing expenses paid to NIFT	-	-	-	212,457	-	-	-	-	189,640	-
Contribution to provident fund	-	-	-	705,319	-	-	-	-	606,417	-
Rent expenses	-	-	107,779	56,339	-	-	-	104,356	53,069	-
Cash sorting expenses	-	-	-	139,365	-	-	-	-	117,167	-
Stationery expenses	-	-	-	544,568	-	-	-	-	380,041	-
Security guards expenses	-	-	-	59,670	-	-	-	-	285,527	-
Remuneration to key executives, shariah advisors and non-executive directors fee	172,935	1,113,193	-	213,109	150,798	875,996	-	-	107,709	-
Outsourcing service expenses	-	-	138,578	-	-	-	-	138,651	-	-
E-dividend processing fee and CDC charges	-	-	-	5,836	-	-	-	-	6,047	-
Travelling expenses	-	-	-	68,341	-	-	-	-	30,378	-
Hotel stay expenses	-	-	-	5,120	-	-	-	-	6,121	-
Repair & Maintenance Charges	-	-	-	4,383	-	-	-	-	3,184	-
Advertisement expenses	-	-	-	-	-	-	-	-	3,132	-
Miscellaneous expenses and payments	-	-	284	2,874	-	-	-	1,088	3,517	-
Donations	-	-	-	15,000	-	-	-	-	-	-
Selling & Marketing	-	-	576,645	-	-	-	-	350,628	-	-
Sharia Fee paid	-	-	2,590	-	-	-	-	9,910	-	-
Insurance premium-net of refund	-	-	1,099,244	140,324	-	-	-	942,987	100,678	-
Insurance claim settled	-	-	52,763	-	-	-	-	40,380	-	-
Other Transactions										
Proceeds from sale of fixed assets	-	222	-	17	-	8,320	-	-	2,685	-
Sale of government securities	60,911	120,574	31,221,203	29,041,986	50,060	154,836	23,153,428	35,215,242	-	-
Purchase of government securities	4,995	124,150	10,477,465	71,813,813	-	13,741	22,187,916	15,254,061	-	-
Insurance premium paid on behalf of related party	-	-	-	67,504	-	-	-	-	-	-
Forward exchange contracts matured during the year	-	-	-	12,692,596	-	-	-	-	1,772,994	-

The Chairman has been provided with free use of the Group maintained car. The Chief Executive and certain executives are provided with free use of the Group maintained cars and household equipment in accordance with the terms of their employment.

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		2023	2022
		(Rupees in '000)	
45.	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
45.1	Capital Adequacy		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	11,850,600	11,850,600
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	191,312,686	158,467,590
	Eligible Additional Tier 1 (ADT 1) Capital	–	–
	Total Eligible Tier 1 Capital	191,312,686	158,467,590
	Eligible Tier 2 Capital	37,941,962	26,444,431
	Total Eligible Capital (Tier 1 + Tier 2)	229,254,648	184,912,021
	Risk Weighted Assets (RWAs):		
	Credit Risk	736,886,134	763,368,141
	Market Risk	164,887,944	75,115,355
	Operational Risk	257,825,971	190,227,624
	Total	1,159,600,049	1,028,711,120
	Common Equity Tier 1 Capital Adequacy ratio	16.50%	15.40%
	Tier 1 Capital Adequacy Ratio	16.50%	15.40%
	Total Capital Adequacy Ratio	19.77%	17.98%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank for the year ended December 31, 2023 stood at Rs. 11.851 billion (2022: Rs. 11.851 billion) and is in compliance with the SBP requirements. Further, under Basel III instructions, banks are required to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as at reporting dates (including a capital conservation buffer of 1.5% which has been revised downwards from 2.5% as per BPRD Circular No. 12 dated March 26, 2020), Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50% as at reporting dates. The Group is fully compliant with prescribed ratios.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Group's exposures based on eligible collateral under simple approach.

		2023	2022
		(Rupees in '000)	
45.2	Leverage Ratio (LR):		
	Eligible Tier-1 Capital	191,312,686	158,467,590
	Total Exposures	3,361,118,695	2,846,612,866
	Leverage Ratio	5.69%	5.57%

Notes To The Consolidated Financial Statements

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	2023	2022
	(Rupees in '000)	
45.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,206,951,258	803,179,881
Total Net Cash Outflow	499,477,977	404,125,964
Liquidity Coverage Ratio	241.64%	198.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,699,651,967	1,375,022,084
Total Required Stable Funding	1,148,136,107	987,602,872
Net Stable Funding Ratio	148.04%	139.23%

The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time are available at <https://www.mcb.com.pk/investor-relations/capital-adequacy-statements>.

46. RISK MANAGEMENT

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

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

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

The Group executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM&PRC), the senior management and its relevant committees, i.e. the Management Credit and Risk Committee (MC&RC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring processes which are closely aligned with the activities of the Bank. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the bank to ensure that risks are kept within an acceptable level.

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

Notes To The Consolidated Financial Statements

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

- Risk Management Policy Formulation
- Credit Risk Management
- Credit Review
- Credit Risk Control
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- IT Risk Management

Keeping in view the international best practices and SBP requirements, Board of Directors of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks.

46.1 Credit Risk

Credit risk arises from bank's dealings with individuals, corporate borrowers, financial institutions, sovereigns etc. The Group is exposed to credit risk through its lending and investment activities. Credit risk makes up the largest part of the Group's exposure and it stems from Bank's both on and off-balance sheet activities. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Group provide additional comfort and support. Such controls range from quality of eligible collateral, pre-disbursement safety measures to post disbursement monitoring.

The Group has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Group has developed rating systems and all its borrowers are internally rated. In order to further enhance the credit risk analysis and the processes, Probability Default based Internal Credit Risk Rating (ICRR) system based on the statistical modeling and validation in line with Basel principles. The revamped ICRR is currently focused on Corporate Commercial and Corporate Large customer categories. The ICRR Model for rating of SME Customers has also been revamped to achieve more accurate results and to improve the quality of credit decisions.

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

- Individuals who take or manage risks clearly understand them in order to protect the Group from avoidable risks;
- The approval of credit limits to counter parties are subject to pre-fact review;
- Extension in credit facility or material change to the credit facility is subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

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Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Group's Credit Risk Control is responsible for performing following activities:

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

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

To ensure a prudent distribution of asset portfolio, the Group manages its lending and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

The Group creates specific provision against Non-Performing Loans (NPLs) in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer loans and Small enterprise (SEs) made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Please refer note No. 11.4 for reconciliation of changes in specific and general provisions.

The Risk Management function of the Group has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment.

Management of Non Performing Loans

The Group has a Special Assets Management (SAM) function, which is responsible for management of non performing loans. SAM undertakes restructuring / rescheduling of problem loans, as well as litigation of both civil and criminal cases for collection of debt.

Stress Testing

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

In 2023, Pakistan's economy grappled with inflationary pressures stemming from supply chain disruptions and increased energy costs following the international geopolitical issues and conflicts. As a result the Pakistani Rupee experienced significant depreciation against all major currencies and inflation rose to un-precedented levels. To address inflationary trend, the State Bank of Pakistan (SBP) raised the policy rate further by a cumulative 600 basis points to 22% during the year 2023, resulting in an economic slowdown. To gauge the macroeconomic head winds in the light of above economic challenges and their potential impact on Group's exposures, a comprehensive analysis of Group's advances portfolio was conducted in addition to the regular quarterly stress tests described earlier. The Group determined that it maintains a high-quality advances portfolio and possesses sufficient equity to withstand the current economic shock. Summary of analysis along with its results was presented to Risk Management & Portfolio Review Committee (RM&PRC) of the Board.

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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 withstand these difficult times.

46.1.1 Lendings to financial institutions

Credit risk by public / private sector

Note	Gross lendings		Non - performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public / Government	62,509,667	30,869,383	-	-	-	-
Private	27,203,733	25,716,385	-	-	-	-
9	89,713,400	56,585,768	-	-	-	-

46.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non - performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Chemical and pharmaceuticals	885,000	-	-	-	-	-
Financials including government securities	1,365,750,614	1,049,517,455	118	118	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	285,000	285,000
Manufacture of sugar	145,656	145,656	145,656	145,656	145,656	145,656
Manufacture of textiles	40,732	40,732	40,732	40,732	40,732	40,732
Others	6,153	6,153	6,153	6,153	6,153	6,153
	1,367,113,155	1,049,994,996	477,659	477,659	477,659	477,659

	Gross Investments		Non - performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Credit risk by public / private sector						
Public / Government	1,355,308,840	1,039,029,542	-	-	-	-
Private	11,804,315	10,965,454	477,659	477,659	477,659	477,659
	1,367,113,155	1,049,994,996	477,659	477,659	477,659	477,659

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46.1.3 Advances

Credit risk by industry sector

Note	Gross Advances		Non - performing Advances		Provision held		
	2023	2022	2023	2022	2023	2022	
	(Rupees in '000)						
	Agriculture, forestry and fishing	8,261,667	7,090,675	517,449	749,020	152,678	334,664
	Construction	11,666,186	13,323,624	199,130	273,095	154,891	231,071
	Electricity, gas, steam and air conditioning supply	24,368,812	48,759,571	1,718,379	1,757,187	399,402	376,717
	Electronics and electrical appliances	6,450,391	11,990,882	86,871	89,980	86,871	89,980
	Financials	17,439,727	51,254,271	135,349	716,076	135,349	716,076
	Footwear and Leather garments	3,143,550	5,292,962	153,954	154,403	153,954	154,403
	Human health and social work activities	1,115,624	1,014,702	41,605	44,452	41,605	44,452
	Individuals	58,946,869	67,235,788	2,799,124	3,568,456	2,479,465	3,419,376
	Manufacture of basic metals and metal products	19,302,720	18,626,433	3,085,337	3,539,992	2,993,098	3,332,419
	Manufacture of cement	27,506,561	49,530,533	392,862	392,862	392,862	392,862
	Manufacture of chemicals and pharmaceutical products	38,178,836	64,337,486	180,474	191,248	180,474	187,478
	Manufacture of coke and refined petroleum products	9,570,242	1,595,977	1,437,983	755,125	1,226,607	578,891
	Manufacture of food & beverages products	56,936,934	70,131,148	5,123,324	2,773,137	4,660,318	2,524,123
	Manufacture of machinery, equipment and transport Equipment	5,013,865	21,490,594	364,664	363,386	364,664	363,386
	Manufacture of rubber and plastics products	6,661,206	10,841,530	499,938	538,155	499,938	538,155
	Manufacture of sugar	36,608,973	45,151,989	3,966,501	4,238,251	3,966,501	4,238,251
	Manufacture of textiles	131,370,262	139,950,147	11,753,330	12,183,374	11,519,444	11,968,607
	Mining and quarrying	3,086,070	3,804,693	5,180	1,877	5,180	1,877
	Manufacturing of Pulp, Paper, Paperboard	10,614,070	12,052,576	176,349	174,634	176,349	174,634
	Ship Breaking	4,423,007	4,811,458	4,086,843	4,804,857	3,678,420	3,931,259
	Services	18,980,614	17,070,822	443,359	429,490	394,159	386,448
	Telecommunications	42,082,390	39,616,332	53,352	42,798	53,352	42,798
	Transportation and storage	114,921,462	121,762,742	1,094,713	57,759	450,034	57,759
	Wholesale and retail traders	51,582,420	55,439,643	17,045,856	14,778,915	8,205,978	7,716,841
	Others	8,293,316	7,570,387	478,477	320,445	310,787	320,445
11		716,525,774	889,746,965	55,840,403	52,938,974	42,682,380	42,122,972
	Credit risk by public / private sector						
	Public / Government	137,348,632	153,700,141	1,209,531	564,853	564,853	564,853
	Private	579,177,142	736,046,824	54,630,872	52,374,121	42,117,527	41,558,119
11		716,525,774	889,746,965	55,840,403	52,938,974	42,682,380	42,122,972

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Note	2023 (Rupees in '000)	2022
46.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, forestry and fishing	285,547	923,612
Construction	31,206,721	28,038,340
Electricity, gas, steam and air conditioning supply	38,350,428	10,393,451
Electronics and electrical appliances	8,305,637	5,488,380
Financials	328,974,942	281,882,328
Footwear and Leather garments	1,410,701	2,589,787
Human health and social work activities	1,329,450	919,212
Individuals	2,743,475	1,262,717
Manufacture of basic metals and metal products	11,004,865	10,354,318
Manufacture of cement	8,842,631	4,755,329
Manufacture of chemicals and pharmaceutical products	44,926,105	31,173,463
Manufacture of coke and refined petroleum products	39,843,603	18,960,447
Manufacture of food & beverages products	49,664,145	55,389,456
Manufacture of machinery, equipment and transport Equipment	27,571,175	25,088,455
Manufacture of rubber and plastics products	10,957,372	9,151,357
Manufacture of sugar	9,071,202	6,843,596
Manufacture of textiles	41,719,287	45,426,766
Mining and quarrying	256,477	118,562
Manufacturing of Pulp, Paper, Paperboard	4,162,616	3,878,219
Ship Breaking	2,576,244	1,650,419
Services	70,173,568	60,017,717
Telecommunications	24,176,428	26,666,124
Transportation and storage	3,475,884	347,352
Wholesale and retail traders	56,879,641	47,129,960
Others	47,299,181	28,000,694
24	865,207,325	706,450,061
Credit risk by public / private sector		
Public/ Government	240,370,255	164,558,353
Private	624,837,070	541,891,708
24	865,207,325	706,450,061

46.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 357,105.559 million (2022: Rs. 340,909.143 million) are as following:

	2023 (Rupees in '000)	2022
Funded	92,555,618	170,034,940
Non Funded	264,549,941	170,874,203
Total Exposure	357,105,559	340,909,143

The sanctioned limits against these top 10 exposures aggregated to Rs. 411,686.375 million (2022: Rs. 470,959.712 million). There is no provision against these top 10 exposures.

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46.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2023					
		Disbursements		Utilization			
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Province/Region							
Punjab	965,571,685	925,955,174	33,879,580	4,797,049	406,776	525,858	7,248
Sindh	655,850,967	11,129,175	615,445,172	14,348,602	14,922,027	5,963	28
KPK including FATA	5,885,564	52,121	1,943	5,796,082	-	27,646	7,772
Balochistan	1,447,057	7,116	5,400	-	1,432,742	1,799	-
Islamabad	149,219,522	4,280,142	596	1,267,734	2,240	143,668,810	-
AJK including Gilgit-Baltistan	372,728	9,669	-	-	-	9,910	353,149
	1,778,347,523	941,433,397	649,332,691	26,209,467	16,763,785	144,239,986	368,197

		2022					
		Disbursements		Utilization			
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Province/Region							
Punjab	1,205,219,677	1,161,626,482	31,275,617	10,918,553	374,463	1,021,994	2,568
Sindh	795,243,822	42,071,609	703,121,834	30,102,633	19,940,753	6,813	180
KPK including FATA	19,315,117	347,574	18,331	18,882,880	-	57,300	9,032
Balochistan	3,917,219	12,940	16,771	-	3,880,767	2,201	4,540
Islamabad	111,515,307	21,579,876	462	2,304,967	-	87,630,002	-
AJK including Gilgit-Baltistan	3,971,452	28,825	-	1,008	-	18,295	3,923,324
	2,139,182,594	1,225,667,306	734,433,015	62,210,041	24,195,983	88,736,605	3,939,644

46.2 Market Risk

Market Risk arises from changes in market rates such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Group is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Foreign Exchange Group and the Capital Market Division. Market risk also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes bank to interest rate risk, foreign exchange risk and equity price risk.

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

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

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The Group measures and manages Market Risk by using different risk parameters with combinations of various limits. Board approved Global Risk Management Policy provides guidelines for assuming controlled market risk, its monitoring and management. The approved limits are compared with the numbers generated by the market risk management systems based on the trading activity and the outstanding positions.

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

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

The Group is also exposed to interest rate risk both in trading and banking books. Risk parameters along with the marked to market values of government securities held by the Group's treasury are generated on daily basis. The risk parameters include duration, Price Value of a Basis Point (PVBP), and VaR on individual security basis as well as on portfolio basis. These reports are presented to the senior management for review on a daily basis.

46.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	190,245,798	–	190,245,798	110,275,163	–	110,275,163
Balances with other banks	37,806,854	–	37,806,854	26,162,849	–	26,162,849
Lendings to financial institutions	89,713,400	–	89,713,400	56,585,768	–	56,585,768
Investments	66,958,638	1,305,385,077	1,372,343,715	45,528,738	995,360,321	1,040,889,059
Advances	670,673,495	–	670,673,495	844,985,763	–	844,985,763
Fixed assets	88,738,550	–	88,738,550	85,021,165	–	85,021,165
Intangible assets	1,859,032	–	1,859,032	1,682,671	–	1,682,671
Deferred tax assets	–	–	–	5,439,278	–	5,439,278
Other assets	228,704,335	–	228,704,335	103,291,437	–	103,291,437
	1,374,700,102	1,305,385,077	2,680,085,179	1,278,972,832	995,360,321	2,274,333,153

46.2.2 Foreign Exchange Risk

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

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

Limit structure to manage Foreign exchange risk including gap limits on different tenors in major currencies are in place to control risk. Group's net open position and Foreign Exchange Exposure Limit (FEEL) is monitored and reported on intra-day and day end basis. Foreign exchange risk parameters including VaR is generated and monitored on daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the Board is a regular feature.

Notes To The Consolidated Financial Statements

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	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	119,338,155	68,930,151	(53,199,087)	(2,791,083)	30,105,775	59,890,176	14,910,406	(14,873,995)
Sri Lankan Rupees	-	50,950	-	(50,950)	-	1,063,792	-	(1,063,792)
Arab Emirates Dirham	859,122	27,393	76,156	907,885	180,113	51,301	(43,157)	85,655
Euro	16,273,124	14,126,385	(2,169,115)	(22,376)	4,441,552	9,122,353	4,706,796	25,995
Great Britain Pound Sterling	9,482,940	9,504,200	-	(21,260)	4,759,438	8,324,327	3,567,730	2,841
Japanese Yen	40,486	192	-	40,294	24,742	168	-	24,574
Chinese Yuan	1,761,878	25,929	(1,534,217)	201,732	915,242	5	(786,512)	128,725
Other currencies	724,637	352,688	19,205	391,154	542,740	347,457	55,794	251,077
	148,480,342	93,017,888	(56,807,058)	(1,344,604)	40,969,602	78,799,579	22,411,057	(15,418,920)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account		(13,446)	-	(154,189)
- Other comprehensive income		185,690	-	128,034

46.2.3 Equity position Risk

Group's proprietary positions in the equity instruments exposes it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management on a daily basis. The stress test for equity price risk assesses the impact of the fall in the stock market index using certain assumptions. In addition to this stress testing, historical scenario analysis on equities is also performed periodically as advised by the State Bank of Pakistan through Guideline on Stress Testing.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Other comprehensive income		-	1,269,543	-
				882,584

46.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Group's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

The increase / (decrease) in earnings due to change in the interest rate is as follows:

	2023		2022	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(3,768,963)	-	(1,320,523)	175,698
- Other comprehensive income	-	(6,956,297)	-	(947,571)

The Group has classified Available for Sale investments as Trading in Basel-II.

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46.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective yield/ interest rate	Total	Exposed to Yield/ Interest risk										Non-interest 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												
		8,541,394	-	-	-	-	-	-	-	-	-	181,704,404
1.36%	37,806,654	23,937,635	1,962,071	-	-	-	-	-	-	-	-	11,907,148
14.08%	89,713,400	89,713,400	-	-	-	-	-	-	-	-	-	-
18.24%	1,372,343,715	281,783,671	134,886,874	362,042,303	41,070,293	2,263,899	36,602,439	44,164,033	-	-	32,733,549	-
17.89%	658,585,837	510,808,356	71,382,663	8,962,170	3,701,726	3,311,876	3,023,723	6,666,392	-	-	14,682,050	18,927,476
	213,691,126	-	-	-	-	-	-	-	-	-	-	213,691,126
	2,562,986,730	914,784,456	208,231,608	453,716,059	371,004,473	5,575,775	39,626,162	51,030,425	14,682,050	-	-	458,963,703
Liabilities												
	27,271,384	-	-	-	-	-	-	-	-	-	-	27,271,384
14.13%	235,664,480	136,326,576	28,604,349	17,203,110	2,427,686	4,344,535	8,718,812	30,789,275	-	-	-	-
8.64%	2,009,828,619	1,033,807,334	17,810,799	12,715,316	9,720,114	162,008	56,628	-	-	-	-	933,992,770
	124,215,576	-	-	-	-	-	-	-	-	-	-	124,215,576
	2,396,980,059	1,170,133,910	46,415,148	29,918,426	12,147,800	4,506,543	8,774,940	30,789,275	14,682,050	-	-	1,085,479,730
	165,406,671	(255,349,454)	161,816,460	423,797,633	358,856,673	1,069,232	30,851,222	20,241,150	14,682,050	-	-	(626,516,027)
On-balance sheet gap												
Off-balance sheet financial instruments												
	736,983	286,716	450,267	-	-	-	-	-	-	-	-	-
	15,197,000	15,197,000	-	-	-	-	-	-	-	-	-	-
	60,791	60,791	-	-	-	-	-	-	-	-	-	-
	93,150,006	64,143,910	24,208,514	4,797,582	-	-	-	-	-	-	-	-
	109,144,780	79,688,417	24,658,781	4,797,582	-	-	-	-	-	-	-	-
	736,983	286,716	450,267	-	-	-	-	-	-	-	-	-
	23,315	23,315	-	-	-	-	-	-	-	-	-	-
	60,791	60,791	-	-	-	-	-	-	-	-	-	-
	78,489,292	39,298,997	23,840,755	5,766,274	9,582,256	-	-	-	-	-	-	-
	79,309,371	39,689,819	24,291,022	5,766,274	9,582,256	-	-	-	-	-	-	-
	29,835,409	40,018,598	367,759	(968,692)	(9,582,256)	-	-	-	-	-	-	-
		(215,330,856)	162,194,219	422,829,941	349,274,417	35,957,792	1,069,232	20,241,150	14,682,050	-	-	821,758,107
		(215,330,856)	(53,146,637)	369,682,304	718,956,721	754,914,453	755,983,685	807,076,057	821,758,107	-	-	-

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	2023 (Rupees in '000)	2022 (Rupees in '000)
Reconciliation to total assets		
Balance as per balance sheet	2,680,085,179	2,274,333,153
Less: Non financial assets		
Islamic financing and related assets	12,087,658	11,520,220
Fixed assets	88,738,550	85,021,165
Intangible assets	1,859,032	1,682,671
Deferred tax assets	-	5,439,278
Other assets	15,013,209	9,591,228
	117,698,449	113,254,562
Total financial assets	2,562,386,730	2,161,078,591
Reconciliation to total liabilities		
Balance as per balance sheet	2,438,334,077	
Less: Non financial liabilities		
Other liabilities	37,801,697	32,563,617
Deferred tax liability	3,552,321	-
	41,354,018	32,563,617
Total financial liabilities	2,396,980,059	2,047,291,789

46.3 Operational Risk

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

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

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

46.3.1 Operational Risk-Disclosures Basel II Specific

Currently, the Group is reporting operational risk capital charge under Basic Indicator Approach (BIA). The Group took a number of initiatives with respect to operational risk management like using Key Risk Indicators (KRIs), loss events database and Risk & Control Self Assessments (RCSA) to manage its operational risk effectively.

In accordance with the Operational Risk Management (OR) regulations, policy and framework, a database covering operational risk events is being maintained using a state of the art software solution, which has enhanced features and a better workflow management. This new software has further augmented Group's capacity to capture and report operational risk events and KRIs. The software is also capable of generating periodical regulatory and management reports. Periodical updates on Operational Risk events are presented to senior management and the Risk Management and Portfolio Review Committee of the Board.

46.4 Liquidity Risk

Liquidity represents the ability to fund assets and meet obligations as they become due. The Group understands that liquidity does not come for free, and surplus liquidity has an opportunity cost which needs to be recognized. Liquidity risk is a risk of not being able to obtain funds at a reasonable price within a reasonable time period to meet obligations as they become due. Liquidity is essential to the ability to operate financial services businesses and, therefore, the ability to maintain surplus levels of liquidity through economic cycles is crucial. Particularly during periods of adverse conditions, liquidity management is among the most important activities that the Group conducts during both normal and stress periods. The Group recognizes that liquidity risk can arise from the Group's activities and can be grouped into three categories:

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- Inflows/Outflows from on-balance sheet items (other than marketable securities and wholesale borrowings) and off-balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

Liquidity Management

The Asset Liability Committee of the Group has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management function. Board has approved a comprehensive Liquidity Risk Policy (part of Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Groups' liquidity under normal and stress scenarios. A framework to assess the maturity profile of non-contractual assets and liabilities is in place to supplement the liquidity management. Group's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing, to ensure effective and timely decision making.

The Group's liquidity risk management framework is designed to identify measure and manage in a timely manner the liquidity risk position of the Group. The underlying policies and procedures include: Global Risk Management policy, Global Treasury Policy, Investment policy, Contingency Funding Plan, Liquidity Strategy and Limit Structure which are reviewed and approved regularly by the senior management / Board members. Moreover; the Group also prepares a 'Contingency Funding Plan' (CFP) to address liquidity issues in time of stress/crisis situation containing early warning indicators to preempt unforeseen liquidity crises. The Group conducts Liquidity Risk Analysis on regular basis as well as Maturity of gaps are also reviewed in order to ensure diversification in terms of tenors. MCB liquidity risk framework envisages to project the Group's funding position during temporary and long-term liquidity changes, including those caused by liability erosion and explicitly identifying quantifying and ranking all sources of funding preferences, such as reducing assets, modifying or increasing liability structure; and using other alternatives for controlling statement of financial position changes. The Group performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Group under both idiosyncratic and systemic market stress conditions. The Group's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.

In view of the relaxation granted by SBP for deferral of principal and markup and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Group. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

Intraday Liquidity Management

Intraday liquidity management is about managing the daily payments and cash flows. Group has policies to ensure that sufficient cash is maintained during the day to make payments through local payment system. The policy of the Group is to maintain adequate liquidity at all times, in all geographical locations and for all currencies and hence to be in a position, in the normal course of business, to meet obligations, repay depositors and fulfill commitments.

Managing Funding Sources

Managing funding sources, as per policy the Group maintain a portfolio of marketable securities that can either be sold outright or sold through a repurchase agreement to generate cash flows for meeting unexpected liquidity requirement. As a part of liquidity management the Group maintains borrowing relationships to ensure the continued access to diverse market of funding sources. The Group's sound credit rating together with excellent market reputation has enabled the Group to secure ample call lines with local and foreign banks. The level of liquidity reserves as per regulatory requirements also mitigates risks. The Group's investment in marketable securities is much higher than the Statutory Liquidity Requirements.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

46.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

2023

	2023												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total	190,245,798	21,328,426	1,742,117	845,562	1,788,031	17,404	-	-	-	-	-	-	-
Assets	(Rupees in '000)												
Cash and balances with treasury banks	190,245,798	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	11,928,658	21,328,426	1,742,117	845,562	1,788,031	17,404	-	-	-	-	-	-	-
Lending to financial institutions	89,713,400	79,670,320	9,695,000	-	-	-	-	-	-	-	-	-	-
Investments	1,372,943,715	3,132,810	4,168,856	6,104,583	15,385,678	9,836,527	88,015,675	121,722,049	288,264,055	275,921,140	155,189,988	208,240,187	179,847,152
Advances	670,673,495	22,158,120	12,396,395	29,249,528	92,860,943	61,691,679	56,497,598	29,547,369	19,352,620	50,668,620	49,210,802	63,848,722	108,452,903
Fixed assets	88,738,550	14,551	102,094	388,140	581,246	583,353	1,730,134	1,707,813	1,684,767	5,038,257	5,142,131	6,463,842	65,194,713
Intangible assets	1,659,032	14,916	17,402	56,014	91,101	91,402	274,641	273,369	255,178	252,461	79,611	115,915	334,538
Deferred tax assets- net	-	-	-	-	-	17,000,757	20,633,582	4,540,961	4,242,218	-	4,666,005	9,584,748	-
Other assets	228,704,335	116,781,903	6,343,474	13,754,030	24,765,610	17,000,757	20,633,582	4,540,961	4,242,218	4,634,535	4,666,005	9,584,748	-
	2,680,085,179	243,174,004	34,465,338	50,397,877	135,472,609	88,877,738	168,151,630	157,791,561	323,798,838	336,535,280	214,288,487	288,253,414	353,829,306
Liabilities	(Rupees in '000)												
Bills payable	27,271,384	5,454,277	6,363,323	14,544,738	-	-	-	-	-	-	-	-	-
Borrowings	235,664,480	111,980,521	1,046,326	282,979	8,611,302	19,993,047	17,203,110	1,202,697	1,224,990	7,250,637	4,944,535	8,718,912	30,789,275
Deposits and other accounts	2,009,828,619	1,901,819,488	12,261,258	18,343,229	9,825,708	16,416,108	15,562,846	8,878,445	14,894,269	4,697,661	273,552	57,128	-
Deferred tax liabilities- net	3,552,321	53,055	46,090	109,289	116,198	103,461	196,758	(1,703,380)	(31,986)	(632,254)	1,604,891	6,376,150	(2,716,486)
Other liabilities*	162,017,273	40,369,366	4,960,440	12,017,194	10,351,227	7,880,535	10,714,881	25,860,637	5,270,491	7,456,840	6,312,409	16,643,258	6,660,152
	2,438,334,077	1,966,133,184	24,679,437	45,297,429	28,604,435	43,893,151	43,677,595	34,238,399	21,357,764	18,772,874	12,535,387	31,794,948	34,732,941
Net assets	241,751,102	(1,681,084,107)	9,785,901	5,100,448	106,868,174	44,984,607	124,474,035	123,553,162	302,441,074	317,762,406	201,753,100	256,458,566	319,096,365
Share capital	11,850,600	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	101,129,809	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets- net of tax	25,740,282	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	102,889,217	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	341,194	-	-	-	-	-	-	-	-	-	-	-	-
	241,751,102	110,557,371	9,785,901	5,100,448	106,868,174	44,984,607	124,474,035	123,553,162	302,441,074	317,762,406	201,753,100	256,458,566	319,096,365

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

2023

	2023												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total	11,429,243	1,696	10,176	11,871	137,991	117,468	57,593	425,058	347,227	1,652,237	1,358,419	2,258,704	4,674,054
Lease liability against right of use assets	11,429,243	1,696	10,176	11,871	137,991	117,468	57,593	425,058	347,227	1,652,237	1,358,419	2,258,704	4,674,054

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

2022

	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
Total													
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	99,845,486	3,476,559	3,476,559	3,476,559	-	-	-	-	-	-	-	-	-
Balances with other banks	26,162,849	309,580	2,573,764	4,723,736	308,100	184,860	-	-	-	-	-	-	-
Lending to financial institutions	56,585,788	56,585,788	-	-	-	-	-	-	-	-	-	-	-
Investments	1,040,889,059	5,135,011	1,371,349	21,924,917	22,178,150	51,824,002	11,809,643	127,859,640	155,449,803	93,834,041	138,218,318	170,199,642	214,339,964
Advances	844,985,763	132,151,642	73,103,305	99,090,375	37,233,563	66,840,256	50,838,293	32,148,614	37,534,012	54,682,446	44,573,726	64,558,141	110,682,696
Fixed assets	85,021,165	10,913	66,483	309,474	456,613	457,443	1,363,579	1,353,449	1,336,067	4,475,982	4,178,448	5,031,803	65,905,515
Intangible assets	1,682,671	1,873	9,976	41,871	65,151	65,378	195,990	196,017	195,652	439,720	-	101,078	358,327
Deferred tax assets	5,439,278	5,044	17,359	45,904	107,915	279,359	244,361	1,370,941	425,311	2,459,137	1,625,063	(3,445,640)	2,280,088
Other assets	103,291,437	1,650,147	20,895,531	13,690,335	20,064,926	13,179,592	9,797,079	4,452,076	1,604,452	6,089,483	-	5,572,987	-
	2,274,333,153	256,862,925	155,834,910	80,767,905	80,414,418	132,830,890	74,248,945	167,380,737	196,545,297	161,980,809	188,598,545	242,018,011	393,546,590
Liabilities													
Bills payable	42,874,366	1,429,145	8,574,873	10,004,019	-	-	-	-	-	-	-	-	-
Borrowings	356,016,610	35,691,287	34,795,353	1,509,320	68,159,026	69,502,793	8,088,611	755,760	919,647	4,903,878	3,857,151	7,533,865	39,445,246
Deposits and other accounts	1,532,695,961	1,438,023,470	6,061,760	6,970,585	8,449,377	14,678,136	16,698,510	15,172,180	8,277,320	2,176,667	4,666,303	155,354	271,654
Other liabilities*	148,268,469	22,474,702	9,084,889	24,126,002	9,806,489	7,128,696	7,776,553	24,230,248	3,838,100	7,442,423	1,529,411	14,041,810	6,212,276
	2,079,855,406	1,497,618,604	58,516,875	29,060,794	86,414,882	91,309,625	32,583,674	40,158,188	13,035,067	14,522,968	10,062,865	217,31,029	44,929,176
Net assets	194,477,747	(1,240,755,679)	97,318,035	51,707,111	(6,000,474)	41,521,265	41,685,271	127,222,549	183,510,230	147,457,841	178,545,680	220,286,982	348,617,414
Share capital	11,850,600												
Reserves	89,640,476												
Surplus on revaluation of assets- net of tax	19,458,482												
Unappropriated profit	72,795,700												
Non-controlling interest	732,489												
	194,477,747												

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

	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
Total													
(Rupees in '000)													
Lease liability against right of use assets	10,560,611	1,113	7,824	9,128	102,645	123,498	319,454	317,723	348,927	1,732,725	1,234,873	2,146,961	4,120,267

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

46.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

2023

	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
Total									
	(Rupees in '000)								
Assets									
Cash and balances with treasury banks	190,245,798	-	-	-	-	-	-	-	-
Balances with other banks	37,806,854	1,962,071	-	-	-	-	-	-	-
Lending to financial institutions	89,713,400	-	-	-	-	-	-	-	-
Investments	19,410,433	24,716,792	89,002,774	419,961,328	275,875,909	155,144,440	207,521,969	171,907,006	8,803,064
Advances	670,673,495	67,097,261	39,607,136	38,892,506	92,081,923	91,088,149	108,284,288	100,262,858	23,041,836
Fixed assets	88,738,550	592,329	1,829,424	3,392,580	5,058,257	5,138,866	6,463,842	10,357,274	54,837,439
Intangible assets	1,859,032	90,817	274,641	528,546	252,461	79,611	390,042	60,411	-
Deferred tax assets- net	-	-	-	-	-	-	-	-	-
Other assets	228,704,335	138,395,733	20,633,582	8,783,179	4,634,535	4,666,005	9,584,748	-	-
	2,680,085,179	584,610,831	151,347,557	471,558,139	377,903,085	256,117,071	332,244,889	282,587,549	86,682,339
Liabilities									
Bills payable	27,271,384	-	-	-	-	-	-	-	-
Borrowings	235,664,480	28,604,349	17,203,110	2,427,686	7,250,637	4,344,535	8,718,312	30,789,275	-
Deposits and other accounts	2,009,828,619	131,586,577	91,220,929	23,772,714	477,610,933	473,186,834	472,970,410	163,388,687	17,252,779
Deferred tax liabilities - net	3,552,321	219,680	196,758	(1,735,369)	(632,254)	1,604,891	6,376,150	3,996,053	(6,712,539)
Other liabilities*	162,017,273	65,182,294	10,714,881	31,131,127	7,456,840	6,312,409	16,643,258	5,526,325	1,133,827
	2,438,334,077	360,605,802	119,335,678	55,596,158	491,686,156	485,448,669	504,708,130	203,700,340	11,674,067
Net assets	241,751,102	(68,545,358)	32,011,879	415,961,981	(113,783,071)	(229,331,598)	(172,463,241)	78,887,209	75,008,272
Share capital	11,850,600								
Reserves	101,129,809								
Surplus on revaluation of assets - net of tax	25,740,282								
Unappropriated profit	102,689,217								
Non-controlling interest	341,194								
	241,751,102								
	11,429,243	161,734	425,058	722,975	1,652,237	1,359,419	2,258,704	3,690,644	983,411

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

Lease liability against right of use assets

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

2022

	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
Total									
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	110,275,163	—	—	—	—	—	—	—	—
Balances with other banks	26,162,849	492,960	—	—	—	—	—	—	—
Lending to financial institutions	56,585,768	—	—	—	—	—	—	—	—
Investments	1,040,889,059	73,998,280	11,781,189	283,293,715	93,813,621	138,061,846	170,183,732	207,022,361	7,627,101
Advances	844,985,763	226,549,520	85,788,080	57,814,537	103,523,693	92,660,119	114,020,245	105,184,702	19,424,600
Fixed assets	85,021,165	462,266	914,055	2,689,517	4,475,982	4,178,448	4,993,557	9,073,375	56,870,386
Intangible assets	1,682,671	65,357	130,530	391,670	364,432	75,288	405,668	53,736	—
Deferred tax assets	5,439,278	89,752	244,361	1,796,252	2,459,137	1,628,052	(3,445,639)	480,034	1,800,054
Other assets	103,291,437	28,372,821	9,797,079	6,056,529	6,089,482	—	5,572,987	—	—
	2,274,333,153	209,113,719	63,402,465	352,042,220	210,726,347	236,603,753	291,730,550	321,814,208	85,722,141
Liabilities									
Bills payable	42,874,366	—	—	—	—	—	—	—	—
Borrowings	356,016,610	137,661,819	8,088,611	1,675,408	4,903,878	3,857,151	7,533,865	38,445,246	—
Deposits and other accounts	1,532,685,961	83,017,982	92,722,155	93,268,904	344,919,400	347,409,036	342,898,087	129,915,243	—
Other liabilities*	148,268,469	66,262,464	7,776,553	28,068,348	7,442,423	1,529,411	14,041,810	5,099,970	1,112,307
	2,079,855,406	237,614,984	108,587,319	123,012,660	357,265,701	352,795,598	364,473,762	173,460,459	1,112,307
Net assets	194,477,747	(28,501,265)	(45,184,854)	229,029,560	(146,539,354)	(116,191,845)	(72,743,212)	148,353,749	84,609,834
Share capital	11,850,600								
Reserves	89,640,476								
Surplus on revaluation of assets – net of tax	19,458,482								
Unappropriated profit	72,795,700								
Non-controlling interest	732,489								
	194,477,747								
	10,560,611	226,143	319,454	666,350	1,732,534	1,234,873	2,146,961	3,118,766	1,001,501
Lease liability against right of use assets	114,029								

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

	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
Lease liability against right of use assets	114,029	319,454	1,732,534	2,146,961
	30%	30%	30%	10%

Liquidity Gap Reporting

When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity. Group regularly conducts an objective and systematic behavioral study using regression analysis technique to ascertain the maturity of its non-contractual assets and liabilities. Core and non-core parts of the non-contractual assets and liabilities are segregated through the behavioral study. Non Core part is placed among the short term maturity buckets i.e. up to 1 Year based on the model results, whereas core part is distributed among the longer terms buckets based on the discussion and decision by the ALCO. Following percentages are used to distribute the core assets and liabilities among longer term buckets:

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

46.5 Derivative Risk

Most business clients have either interest rate exposures arising from debt financing or currency exposures arising out of commercial transactions from import and export of goods. Businesses face the risk of sudden movements in interest rates or foreign exchange rates that may adversely affect their profitability. The Group provides solutions to this problem through its derivatives desk in major types of derivative instruments i.e.; forwards, futures, swaps and options. As an Authorized Derivative Dealer (ADD), the Group is an active participant in Derivative market and has flexibility in providing a broad range of derivatives products covering both hedging and market making to satisfy customers' needs. As an ADD, the Group offers derivative products which are permitted under the Financial Derivative Business Regulations (FDBR) or as permitted by the State Bank of Pakistan. Before executing Derivative transactions, the Group ensures that the clients understand the risk and reward associated with the derivative being offered. Derivative transactions are executed with appropriate clients only.

Risk management activities take place at the following different levels.

Strategic Level:

By senior management Assets and Liabilities Committee (ALCO), Management Credit and Risk Committee (MC&RC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank-wide basis. The Board provides the overall limits/thresholds for derivatives business.

Macro Level

By Treasury and FX Group and Risk Management Group, responsible for policy formulation, procedure development and implementation, monitoring and reporting.

Micro Level:

Treasury Derivatives and Structured Product Desk where risks are actually created and Treasury Operations for settlements of the transactions.

Derivative Risk Management caters the following risks:-

Market Risk arises from changes in market rates such as Interest Rates, Foreign Exchange Rates, Equity Prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. In line with SBP's regulatory guidelines, Group hedges back-to-back all option transactions with other financial institutions. Group minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. Group also manages interest rate risk on its Interest Rate Derivatives and Cross Currency Swaps through various sensitivity limits approved by ALCO. Marked to market positions and sensitivity of the derivatives transactions are monitored on regular basis. All individual deals are approved at the appropriate level of authority after analyzing the risk and benefits associated with the deals.

Credit risk is a probable risk of loss resulting from customer's inability to meet contractual obligation that may have adverse impact on Group's profitability. Group manages the risk by setting policies and limits for counterparty based on a pre-defined criteria linked with financial health of the customer. The exposure of each counterparty is monitored by Risk Management Function of the Bank on daily basis.

Considering small Derivative portfolio, the Group is not exposed to any liquidity risk. However; Group manages its liquidity risk through Group's liquidity risk framework which is defined in relevant Liquidity Risk Section.

Group has adequate system and controls for smooth execution of derivative transactions. Transactions are executed in line with well defined accounting and operational aspects to mitigate the operational risk. Policies and control functions are regularly reviewed on periodic basis.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

The Group uses a third party's Super Derivative System which provides front end sales and structuring capabilities, end to end valuation solutions, risk management systems, back end processing and provides analytical tools to measure various risk exposures and carry out sensitivity analysis.

The goal of asset/liability management (ALM) is to properly manage the risk related to changes in interest rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies, and the use of derivatives. Due to thin liquidity in the derivative market, interest rate derivatives are not actively used to manage/alter the interest rate risk profile of the Group.

47. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 06, 2024 has announced a final cash dividend in respect of the year ended December 31, 2023 of Rs. 9.00 per share (2022: Rs. 6.00 per share). These consolidated financial statements for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

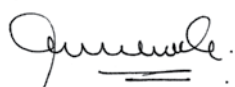
48. GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the year.

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

49. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 06, 2024.



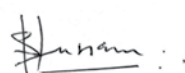
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Disposal of fixed assets (refer note 12.2.6)

Description	Cost/ reval- ued amount	Ac- cumu- lated depre- ciation	Book value	Sales pro- ceeds	Mode of disposal	Particulars of buyers	Location
(Rupees in '000)							
Computers							
Laptop	295	295	–	30	As per Bank's policy	Hammad Khalid	Lahore
Laptop	268	268	–	27	As per Bank's policy	Malik Abdul Waheed	Lahore
Laptop	344	344	–	34	As per Bank's policy	Muhammad Nauman Chughtai	Lahore
Laptop	305	305	–	31	As per Bank's policy	Syed Sikander Zul- qurnain	Lahore
Laptop	344	344	–	34	As per Bank's policy	Farid Ahmad	Lahore
Laptop	280	280	–	28	As per Bank's policy	Omair Safdar	Lahore
Laptop	344	330	–	69	As per Bank's policy	Abrar Aleem	Lahore
Laptop	87	87	–	9	As per Bank's policy	Omer Khalid Lashari	Lahore
Laptop	87	87	–	9	As per Bank's policy	Muhammad Hamid Yasin	Lahore
	<u>2,354</u>	<u>2,340</u>	<u>–</u>	<u>271</u>			

Branch Network 2023

As of December 31, 2023

Retail Banking Central			
Circle/ No. of Branches	Region	No. of Branches	No. of Sub-Branches
BAHAWALPUR - 78	Bahawalnagar	19	–
	Bahawalpur	27	–
	Rahim Yar Khan	32	–
FAISALABAD - 86	Faisalabad	30	–
	Faisalabad City	28	1
	Toba Tek Singh	28	–
GUJRANWALA - 72	Gujranwala	28	–
	Narowal	21	1
	Sheikhupura	23	–
LAHORE EAST - 68	Lahore Defence	23	–
	Lahore Gulberg	21	–
	Lahore Johar Town	24	–
LAHORE WEST - 65	Lahore City	24	–
	Lahore Multan Road	20	–
	Lahore The Mall	21	–
MULTAN - 72	Dera Ghazi Khan	20	–
	Multan	31	–
	Muzaffargarh	21	–
SAHIWAL - 76	Okara	23	1
	Sahiwal	26	–
	Vehari	27	–
SIALKOT - 83	Gujrat	29	–
	Jhang	28	1
	Sialkot	26	–
Total - Retail Banking Central		600	4

Retail Banking North			
Circle / No. of Branches	Region	No. of Branches	No. of Sub-Branches
ABBOTTABAD - 94	Abbottabad	27	–
	Attock	20	–
	Muzaffarabad A.K.	23	–
	Swat	24	1
ISLAMABAD - 88	Fateh Jang	21	–
	Islamabad	25	–
	Rawalpindi Cantt	23	–
	Rawalpindi City	19	–
JHELUM - 92	Chakwal	27	–
	Jhelum	34	–
	Mirpur A.K.	31	–
PESHAWAR - 98	Kohat	28	–
	Mardan	24	–
	Peshawar East	23	1
	Peshawar West	23	–
SARGODHA - 95	Mandi Bahauddin	29	–
	Mianwali	31	–
	Sargodha	35	2
Total - Retail Banking North		467	4

Branch Network 2023

As of December 31, 2023

Retail Banking South			
Circle / No. of Branches	Region	No. of Branches	No. of Sub-Branches
HYDERABAD - 73	Badin	14	–
	Hyderabad	23	–
	Mirpurkhas	17	1
	Nawabshah	19	–
KARACHI CITY - 54	Karachi City	28	1
	Karachi North	26	–
KARACHI EAST - 53	Karachi East	26	–
	Karachi South	27	–
KARACHI WEST - 45	Karachi Central	22	–
	Karachi West	23	–
QUETTA - 50	Khuzdar	15	–
	Makran	9	1
	Quetta	26	2
SUKKUR - 69	Larkana	22	–
	Naushero Feroze	20	–
	Sukkur	27	–
Total - Retail Banking South		344	5

Wholesale Banking Group (WBG)		
Corporate Banking North	7	–
Corporate Banking South	1	–
Inv. & Global Transaction Banking	2	–
Total - WBG	10	–
Wealth Management & Privilege Banking		
Privilege Banking	9	–

Overseas Branches / International Banking	No. of Branches
Sri Lanka	
Colombo	1
Kandy	1
Maradana	1
Pettah	1
Wellawatte	1
Bahrain	
MCB Offshore Banking Unit (OBU) Bahrain	1
UAE	
MCB Dubai Wholesale Branch (UAE)	1
Pakistan	
EPZ	1
Total	8

Branch Network 2023

As of December 31, 2023

Group/Area-Wise				
Group	Circles	Regions	No. of Branches	No. of Sub-Branches
Retail Banking Central	8	24	600	4
Retail Banking North	5	18	467	4
Retail Banking South	6	16	344	5
Wholesale Banking Group	4	6	10	–
Wealth Management & Privilege Banking	1	1	9	–
Total	24	65	1,430	13
Overseas Branches / International Banking	–	–	7	–
EPZ	–	–	1	–
Grand Total	24	65	1,438	13

Province-Wise			
Provinces / Territories / AJK	Branches	Sub-Branches	Total
Azad Jammu & Kashmir	45	–	45
Balochistan	52	3	55
Federal Capital Territory	33	–	33
Gilgit-Baltistan	5	–	5
Khyber Pakhtunkhwa	153	2	155
Punjab	846	6	852
Sindh	296	2	298
Domestic Total	1,430	13	1,443
Overseas Branches / International Banking	7	–	7
EPZ	1	–	1
Grand Total	1,438	13	1,451

Complete list of Branches along with its contact details is available on below link:
<https://www.mcb.com.pk/branch-locator/branch-locator>

Pattern of Shareholding

As of December 31, 2023

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
26,951	1	100	867,803
13,475	101	500	3,317,660
5,714	501	1,000	4,268,002
7,513	1,001	5,000	13,312,534
519	5,001	10,000	3,802,880
578	10,001	50,000	13,217,367
157	50,001	100,000	11,365,501
136	100,001	500,000	30,274,421
31	500,001	1,000,000	23,750,475
57	1,000,001	5,000,000	117,144,503
8	5,000,001	10,000,000	60,913,471
5	10,000,001	15,000,000	56,820,664
2	15,000,001	25,000,000	41,641,452
13	25,000,001	Above	804,363,273
55,159			1,185,060,006

Categories of Shareholders

As of December 31, 2023

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children	160,371,562	13.5328%
Associated Companies, Undertakings and Related Parties	246,172,792	20.7730%
NIT and ICP	912	0.0001%
Banks, Development Financial Institutions, Non Banking Financial Institutions	25,943,420	2.1892%
Insurance Companies	117,993,517	9.9568%
Modarabas and Mutual Funds	13,692,602	1.1554%
Shareholders Holding 10%	222,606,147	18.7844%
General Public Local	164,759,266	13.9030%
General Public Foreign	20,729,927	1.7493%
Others	212,789,861	17.9560%
Total	1,185,060,006	100.0000%

Categories of Shareholders

As of December 31, 2023

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children		
Mian Mohammad Mansha	10,007,834	0.8445%
Naz Mansha	28,680,944	2.4202%
Muhammad Tariq Rafi	34,876,772	2.9430%
Mrs. Nighat Tariq	5,715,093	0.4823%
Mian Umer Mansha	34,216,616	2.8873%
Iqraa Hassan Mansha	9,037,167	0.7626%
Mian Hassan Mansha	34,539,042	2.9145%
Muhammad Ali Zeb	550	0.0000%
Mohd Suhail Amar Suresh Bin Abdullah	884	0.0001%
Yahya Saleem	500	0.0000%
Salman Khalid Butt	49,000	0.0041%
Shahzad Hussain	500	0.0000%
Masood Ahmed Puri	1,000	0.0001%
Shariffuddin Bin Khalid	500	0.0000%
Shaikh Muhammad Jawed	2,909	0.0002%
Uneza Jawed	3,242,251	0.2736%
	160,371,562	13.5328%
Associated Companies, Undertakings and Related Parties		
Nishat Mills Limited	95,125,651	8.0271%
Adamjee Insurance Company Limited	59,225,639	4.9977%
Siddiqsons Limited	12,016,543	1.0140%
Adamjee Life Assurance Company Limited	1,200,000	0.1013%
Adamjee Life Assurance Company Ltd-IMF	9,437,598	0.7964%
Nishat (Aziz Avenue) Hotels and Properties Limited	1,024,376	0.0864%
Nishat Real Estates Development Company (Private) Limited	347,100	0.0293%
Trustee - MCB Provident Fund Pak Staff	34,166,060	2.8831%
Trustee - MCB Employees Pension Fund	25,117,997	2.1196%
Nishat Mills Limited Employees Provident Fund Trust	8,284,390	0.6991%
Trustees of Adamjee Insurance Company Ltd. Employees Provident Fund	66,138	0.0056%
Habib University Foundation	108,300	0.0091%
CDC - Trustee MCB Pakistan Dividend Yield Plan	53,000	0.0045%
	246,172,792	20.7730%
NIT and ICP		
Investment Corporation of Pakistan	912	0.0001%
	912	0.0001%
Banks, Development Financial Institutions, Non Banking Financial Institutions		
The Bank of Punjab	741	0.0001%
Prudential Investment Bank Ltd.	1,393	0.0001%
Crescent Investment Bank Ltd.	590	0.0000%
Saudi Pak Industrial & Agricultural Investment Co. (Pvt) Ltd.	1,292,992	0.1091%
Trust Leasing Corporation Ltd.	101	0.0000%
Universal Leasing Corporation Ltd.	1	0.0000%
Islamic Investment Bank Ltd.	4	0.0000%
National Development Finance Corporation	433	0.0000%
M/s. Al Faysal Investment Bank Ltd.	49	0.0000%
Interasia Leasing Company Limited	950	0.0001%
Pakistan Kuwait Investment Co. (Pvt) Ltd.	2,400,000	0.2025%
Allied Bank Limited	10,372,224	0.8752%
Habib Bank Limited	2,967,637	0.2504%
Faysal Bank Limited	965,570	0.0815%
Habib Metropolitan Bank Limited	1,200,000	0.1013%
Bank Al Habib Limited	700,000	0.0591%
Bank Alfalah Limited	832,565	0.0703%
The Punjab Provincial Cooperative Bank	1,558	0.0001%
Escorts Investment Bank Limited	225	0.0000%
National Bank of Pakistan	2,559,436	0.2160%
Askari Bank Limited	2,055,000	0.1734%
House Building Finance Company Limited	41,951	0.0035%

Categories of Shareholders	Shares Held	Percentage
Pair Investment Company Limited	375,000	0.0316%
Samba Bank Limited	175,000	0.0148%
	25,943,420	2.1892%

Insurance Companies

National General Insurance Co. Ltd.	1,359	0.0001%
Business & Industrial Insurance Co. Ltd.	9	0.0000%
M/s. New Jubilee Insurance Co. Ltd.	2	0.0000%
The South British Insurance Company Ltd.	1,864	0.0002%
M/s. Beema Pakistan Company Ltd.	69	0.0000%
E.F.U. General Insurance Ltd.	713	0.0001%
Orient Insurance Co. Ltd.	3	0.0000%
Premier Insurance Limited	125,204	0.0106%
Jubilee General Insurance Company Limited	1,264,110	0.1067%
State Life Insurance Corp. of Pakistan	48,457,028	4.0890%
EFU Life Assurance Ltd.	6,613,009	0.5580%
EFU Health Insurance Limited	12,626	0.0011%
Pakistan Reinsurance Company Limited	700,000	0.0591%
The Crescent Star Insurance Co.Ltd.	3	0.0000%
Jubilee Life Insurance Company Limited	125,000	0.0105%
East West Insurance Co.Ltd.	25,000	0.0021%
Century Insurance Company Ltd.	13,489	0.0011%
Ghaf Limited	52,500	0.0044%
Security General Insurance Co Ltd.	59,136,076	4.9901%
The Pakistan General Insurance Co. Limited	106	0.0000%
IGI General Insurance Limited	50,586	0.0043%
Alfalah Insurance Company Limited	156,500	0.0132%
Askari General Insurance Company	885,761	0.0747%
Atlas Insurance Limited	372,500	0.0314%
	117,993,517	9.9568%

Modarabas and Mutual Funds

First Hajveri Modaraba	60	0.0000%
Crescent Modaraba Management Co. Ltd.	17	0.0000%
First Elite Capital Modaraba	39	0.0000%
First Crescent Modaraba	4,030	0.0003%
Trust Modaraba	313	0.0000%
UNICAP Modaraba	15	0.0000%
First Interfund Modaraba	2	0.0000%
Industrial Capital Modaraba	4	0.0000%
Pak Asian Fund Limited	162	0.0000%
Safeway Mutual Fund Ltd	1,681	0.0001%
Golden Arrow Selected Stocks Fund Ltd.	15	0.0000%
Prudential Stocks Funds Limited	24	0.0000%
M/s. Asian Stock Fund Ltd.	4	0.0000%
PICIC Benovelent Fund-2	29	0.0000%
CDC - Trustee HBL Investment Fund	1,000	0.0001%
CDC - Trustee JS Large CAP. Fund	54,000	0.0046%
CDC - Trustee Atlas Stock Market Fund	3,489,649	0.2945%
CDC - Trustee Alfalah GHP Value Fund	30,911	0.0026%
CDC - Trustee Unit Trust of Pakistan	134,000	0.0113%
CDC - Trustee AKD Index Tracker Fund	124,508	0.0105%
Tri-Star Mutual Fund Limited	754	0.0001%
CDC - Trustee Faysal Asset Allocation Fund	15,411	0.0013%
CDC - Trustee UBL Stock Advantage Fund	1,769,788	0.1493%
Crescent Standard Business Management (Pvt) Limited	1	0.0000%
CDC - Trustee NBP Stock Fund	2,385,495	0.2013%
CDC - Trustee NBP Balanced Fund	64,850	0.0055%
CDC - Trustee APF-Equity Sub Fund	216,900	0.0183%
CDC - Trustee JS Pension Savings Fund - Equity Account	19,800	0.0017%
CDC - Trustee HBL - Stock Fund	108	0.0000%
MC FSL - Trustee JS Growth Fund	380,000	0.0321%
CDC - Trustee Alfalah GHP Stock Fund	162,306	0.0137%
CDC - Trustee Alfalah GHP Alpha Fund	75,665	0.0064%

Categories of Shareholders	Shares Held	Percentage
CDC - Trustee NIT-Equity Market Opportunity Fund	1,155,676	0.0975%
CDC - Trustee ABL Stock Fund	642,126	0.0542%
CDC - Trustee AL Habib Stock Fund	42,000	0.0035%
CDC - Trustee Lakson Equity Fund	517,274	0.0436%
CDC - Trustee NBP Sarmaya Izafa Fund	70,000	0.0059%
CDC - Trustee UBL Asset Allocation Fund	66,000	0.0056%
CDC - Trustee First Capital Mutual Fund	30,000	0.0025%
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	350,880	0.0296%
CDC - Trustee National Investment (Unit) Trust	856,493	0.0723%
CDC - Trustee ABL Pension Fund - Equity Sub Fund	24,000	0.0020%
CDC - Trustee AWT Stock Fund	38,600	0.0033%
CDC - Trustee NITPF Equity Sub-Fund	36,000	0.0030%
CDC - Trustee Faysal MTS Fund - MT	5,118	0.0004%
CDC - Trustee Lakson Tactical Fund	50,216	0.0042%
CDC - Trustee Al Habib Asset Allocation Fund	22,500	0.0019%
CDC - Trustee NBP Financial Sector Fund	127,150	0.0107%
CDC - Trustee UBL Financial Sector Fund	387,404	0.0327%
CDC - Trustee Allied Finergy Fund	105,987	0.0089%
CDC - Trustee NIT Asset Allocation Fund	65,637	0.0055%
CDC - Trustee NIT Pakistan Gateway Exchange Traded Fund	21,090	0.0018%
CDC - Trustee UBL Pakistan Enterprise Exchange Traded Fund	20,046	0.0017%
CDC - Trustee NBP Pakistan Growth Exchange Traded Fund	18,462	0.0016%
CDC - Trustee HBL Income Fund - MT	30,882	0.0026%
CDC - Trustee Alfalah GHP Dedicated Equity Fund	15,274	0.0013%
CDC - Trustee HBL Financial Sector Income Fund Plan I - MT	5,000	0.0004%
CDC - Trustee JS Global Banking Sector Exchange Traded Fund	57,246	0.0048%
	13,692,602	1.1554%

Share Holders Holding 10%

Maybank International Trust (Labuan) Berhad	222,606,147	18.7844%
	222,606,147	18.7844%

General Public

- Local	164,759,266	13.9030%
- Foreign	20,729,927	1.7493%

Others

- Foreign Companies	22,645,167	1.9109%
- Local Companies	87,867,134	7.4146%
- Share Holders Holding 5%		
- D.G. Khan Cement Company Limited	102,277,232	8.6306%
- Nishat Mills Limited (as disclosed in Associated Companies, Undertakings and Related Parties)		
- Executives (as per the threshold determined by Board of Directors)	328	0.0000%

Total	1,185,060,006	100.0000%
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All the trades in shares carried out by Directors, CEO, CFO, Secretary, Executives, their Spouses and Minor Children during the year 2023 are given below:

Name	Status	No. of Shares	Purchase/Sale/Transfer
Iqraa Hassan Mansha	Director	29,167	Transmission of Shares from Father
Mian Mohammad Mansha	Chairman	10,000,000	Gift Received from Son
Mian Umer Mansha	Director	(10,000,000)	Gifted to Father
Iqraa Hassan Mansha	Director	9,000,000	Gift Received from Spouse
Mian Hassan Mansha	Spouse of Director	(9,000,000)	Gifted to Spouse

Notice of 76th Annual General Meeting

Notice is hereby given that 76th Annual General Meeting of **MCB Bank Limited** (the “**Bank**”) will be held on **Wednesday, March 27, 2024 at 11:00 AM (PST)** at Grand Ball Room-A, 4th Floor, The Nishat Hotel adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore with Zoom Link facility to transact the following business:

Ordinary Business:

1. To confirm the minutes of Annual General Meeting held on March 27, 2023.
2. To receive, consider and adopt the Annual Audited Separate and Consolidated Financial Statements of the Bank together with the Directors’ Report and Auditors’ Report thereon and the Chairman’s Review Report for the year ended December 31, 2023.

The Annual Report including the Audited Financial Statements and related reports has been uploaded on the website of the Bank which can be downloaded from the following link:

<https://www.mcb.com.pk/assets/documents/Annual-Report-2023.pdf>

3. To appoint Auditors of the Bank and fix their remuneration. The members are hereby notified that the Board’s Audit Committee and the Board of Directors have recommended the name of retiring auditors, namely, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, for re-appointment as auditors of the Bank.
4. To approve, as recommended by the Board of Directors, the payment of Final Cash Dividend @ 90% i.e., PKR 9.00 per share, having face value of PKR 10/- in addition to 210% i.e., PKR 21.00 per share Interim Cash Dividends already declared and paid, thus, total 300% i.e., PKR 30.00 per share for the year ended December 31, 2023.
5. To elect twelve (12) Directors as fixed by the Board of Directors of the Bank under Section 159(1) of the Companies Act, 2017 for a period of three (3) years commencing from March 27, 2024. The following are names of retiring directors who are eligible for re-election:

- | | |
|--|----------------------------------|
| 1. Mian Mohammad Mansha. | 7. Mr. Yahya Saleem. |
| 2. Mr. Muhammad Tariq Rafi. | 8. Mr. Salman Khalid Butt. |
| 3. Mian Umer Mansha. | 9. Mr. Masood Ahmed Puri. |
| 4. Mrs. Iqraa Hassan Mansha. | 10. Mr. Shahzad Hussain. |
| 5. Mr. Muhammad Ali Zeb. | 11. Mr. Shariffuddin Bin Khalid. |
| 6. Mr. Mohd Suhail Amar Suresh Bin Abdullah. | 12. Shaikh Muhammad Jawed. |

Special Business:

6. To consider and if deemed fit, to pass an Ordinary Resolution, as proposed in the Statement of Material Facts annexed to this Notice, in pursuance of S.R.O. 389 (I)/2023, dated March 21, 2023 of the Securities & Exchange Commission of Pakistan to authorize the Bank to transmit the Annual Report comprising annual balance sheet, profit & loss account, auditors report, directors report etc., to the members of the Bank through QR enabled code and web-link instead of transmitting the same through CD/DVD/USB.
7. To consider and if deemed fit, to pass an Ordinary Resolution, as proposed in the Statement of Material Facts annexed to this Notice, to approve the amended Directors’ Remuneration Policy and revised scale of remuneration of the directors for attending the Board and its Committees Meetings.

{Attached to this Notice circulated to the members is the Statement of Material Facts as required under Section 134(3) of the Companies Act, 2017 (the “Act”) and draft resolutions pertaining to the special businesses and the Statement under Section 166(3) of the Act}.

By Order of the Board,

-Sd-

FARID AHMAD
Company Secretary

March 06, 2024
Lahore.

Notes:

1. Minutes of the Annual General Meeting held on March 27, 2023 have been kept at the registered office of the Bank for inspection of members from 9:00 a.m. to 5:30 p.m. on any working day, up to the last working day before the date of the Annual General meeting (“AGM”/ “Meeting”). The same shall also be available for inspection by the members at the AGM.
2. The Shares Transfer Books of the Bank will remain closed from **March 18, 2024 to March 27, 2024** (both days inclusive). Transfers received at office of the Share Registrar and Transfer Agent of the Bank at its below mentioned address, at close of business hours on **March 15, 2024** will be treated as being in time for the purpose of entitlement of Final Cash Dividend and also to attend, speak and vote at the AGM of the Bank.
3. A member entitled to attend and vote at AGM may appoint another member as a proxy to attend and vote on his/her behalf. No person shall act as a proxy, who is not a member of the Bank. A corporate entity, being a member, may authorize through resolution of its board or other governing body, an individual to act as its representative and the individual so authorized shall be entitled to exercise the same powers on behalf of the corporate entity which he represents.
4. The proxies and in case of corporate entity, the power of attorney or resolution of the board of directors or other governing body (if any) under which it is signed, a notarized/certified copy of the same in order to be effective must be deposited at the Registered Office of the Bank not later than 48 hours (no account shall be taken of any part of the day that is not a working day) before the time for holding the Meeting, and must be duly stamped, signed and witnessed.
5. If a Member appoints more than one proxy, and more than one instrument of proxy is deposited by a Member, all such instruments of proxy shall be rendered invalid.
6. Members having physical scrip of shares are requested to immediately notify the change, if any, in their registered addresses and e-mails, in writing, to the Share Registrar and Transfer Agent of the Bank, whereas, CDC Account holders are requested to contact their CDC Participant/CDC Investor Account Services.
7. As per Members’ Register, some of the shareholders are maintaining more than one folio. Carrying two or more different folios may be inconvenient for the shareholders to reconcile and receiving different benefits in the shape of dividends/ bonus etc. Such shareholders may send requests to the Bank’s Share Registrar to merge their folios into one folio.
8. Central Depository Company of Pakistan (“CDC”) Accountholders will further have to follow the under mentioned guidelines as laid down by Circular No. 01, dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (“SECP”):

For Attending the Meeting:

- i. 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 CDC Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (“CNIC”) or original passport at the time of attending the Meeting.
- ii. 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 the Meeting.

For Appointing of Proxies:

- In case of individuals, the account-holder or sub-account-holder and their registration details are uploaded as per the CDC Regulations, shall submit the Proxy Form as per the above requirement.
 - The Proxy Form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the Proxy Form.
 - Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
 - The proxy shall produce his/her original CNIC or passport at the time of the Meeting.
 - In case of corporate entity, the Board of Directors’ resolution/power of attorney with specimen signature shall be submitted along with Proxy Form of the Bank.
9. A Proxy Form, both in English and Urdu language, is being sent to the Members, along with Notice of AGM. The form of proxy is also available on website of the Bank i.e., www.mcb.com.pk

10. Copies of the Notice of AGM and the latest annual audited/quarterly financial statements of the Bank have been kept at the Registered Office of the Bank which can be obtained during the business hours on any working day from the date of publication of this Notice of AGM till the day before the AGM.
11. Annual Report 2023 including Notice of AGM, and the annual audited financial statements, reports and other material has been placed on website of the Bank. www.mcb.com.pk

Election of Directors

1. The existing term of the Board of Directors of the Bank will expire on March 26, 2024. The Board of Directors in its Meeting held on February 06, 2024 has fixed the number of directors at twelve (12) to be elected in AGM for the period of next three years commencing from March 27, 2024 in accordance with the provisions of Section 159(1) of the Act.
2. Any person who seeks to contest the election for the office of a Director, whether he is retiring director or otherwise, shall file the following documents with the Company Secretary at the Registered Office of the Bank, located at MCB Building, 15-Main Gulberg, Jail Road, Lahore, not later than fourteen days before the date of AGM:
 - a) His/her complete Folio Number/CDC Account Number including Participant ID etc.;
 - b) Notice of his/her intention to offer him/herself for the election of directors in terms of Section 159(3) of the Act in the following categories as per the requirements of Regulation 7A(8) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "CCG-2019") as amended through SECP-SRO 906(I)/2023, dated July 07, 2023:

Sr. No.	Category
1.	Female Director
2.	Independent Directors
3.	Non-Independent Directors

- c) Consent to act as a director of the Bank under Section 167 of the Act, on "Appendix to Form-9" as prescribed in the Companies Regulations, 2024;
 - d) A detailed profile of candidates along with office address, as required under SECP's SRO 1196 (I)/2019, dated October 03, 2019;
 - e) Declaration under Section 155 of the Act read with Regulation 3 of the CCG-2019;
 - f) Declaration that he/she is not ineligible to become a director of the Bank in terms of Section 153 and 177 of the Act or under any provision of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and any other applicable law, rules and regulations.;
 - g) Detail of other directorships and offices held; and
 - h) Fit and Proper Test Proforma, Affidavit, Declarations and Questionnaire duly completed, recent photographs and valid copy of CNIC/NICOP/Passport to, inter-alia, meet the requirements of the Corporate Governance Regulatory Framework ("CGRF") issued by the State Bank of Pakistan ("SBP").
3. He / She will meet the 'Eligibility Criteria' under G-2 of the CGRF and also be evaluated on the basis of the Bank's "Standing Operating Procedure" for conducting prior self-assessment by the Bank. The appointment of directors shall be subject to prior clearance from the SBP;
4. In terms of the criteria prescribed by the SBP, appointment of the following person as a director is undesirable and against public interest:
 - A person who is / has been associated with any illegal activity, especially relating to banking business;
 - A person who is in his individual capacity or a proprietary concern of any partnership firm or any company (of which he has been a proprietor, partner, director or shareholder), has been in default of payment of dues owed to any financial institution, Government duties and / or in default of payment of any taxes;
 - Has not been associated as director and/or chief executive with the corporate bodies who have defaulted in payment of Government duties/taxes etc.;
 - Has not sufficient means to discharge his/her financial obligations, if any; and
 - A person is not permitted to be a director of more than one Bank/DFI.

5. In case of an Independent Director, a declaration of independence in terms of requirements of Section 166(2) of the Act read with Regulation 6(3) of the CCG-2019 as well as the criteria laid down under Appendix-III of "Fit & Proper Test Proforma" contained in the CGRF, shall be provided.
6. A member who seeks to contest for election may select any one category in which he / she intends to contest election of directors. For the purposes of election of directors of the Bank the voting shall be held in the following three (3) categories for the specified number of seats:

Sr. No	Category	Number of Seats
1.	Female Director	01
2.	Independent Directors	04
3.	Non-Independent Directors	07
TOTAL		12

7. The members in their discretion may cast vote to any candidate contesting election in each of the above categories. However, it must be noted that division of votes available to each member for a category shall be in proportion to the number of seats of directors under such category. The members can cast their votes, on the basis of each category, as per the following methodology:

Category	Number of Directors to be elected	Number of Ordinary Shares	Total Number of votes in each category
Female Directors	1	-	Total votes for female director = (number of voting shares X one (1) female director to be elected)
Independent Directors	4	-	Total votes for independent directors = (number of voting shares X four (4) independent directors to be elected)
Non-Independent Directors	7	-	Total votes for remaining directors = (number of voting shares X seven (7) remaining directors to be elected)

8. If the number of persons who offer themselves to be elected in a category is not more than the number of directors to be elected in such category, such persons will be elected unopposed without the voting process.
9. The procedure for E-Voting and Voting through Ballot Paper, in accordance with the requirements of the Companies (Postal Ballot) Regulations, 2018 ("Postal Ballot Regulations") as amended from time to time, is given below:

Procedure for E-Voting:

- a. E-voting facility will be provided by M/s Corplink (Private) Limited, the Share Registrar & Corporate Consultants, acting as E-Voting Service Provider, appointed by the Board of Directors;
- b. Details of e-voting facility will be shared through an e-mail to those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses (Registered email ID) available in the register of members of the Bank on or before March 15, 2024.
- c. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login;
- d. Members shall cast their votes for Agenda Item No. 5 (if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 of the Act) and for Agenda Items No. 6 and 7 (Special Businesses as mentioned in the Notice of AGM) through the web portal provided by M/s Corplink (Private) Limited from 09:00 AM {Pakistan Standard Time ("PST")} March 24, 2024 till 5:30 PM (PST) March 26, 2024. Votes shall only be casted during this schedule; and
- e. Once the vote on a resolution is casted by a Member, he/she shall not be allowed to change it subsequently.

Procedure for Voting Through Ballot Paper:

- a. Members may alternatively opt for voting through Ballot Paper. As per the requirements of Postal Ballot Regulations, the Ballot Paper will be published in the newspapers and will also be uploaded on Bank's website www.mcb.com.pk not later than seven days before the AGM;

- b. Members shall cast their votes for Agenda Item No. 5 (if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 of the Act) and for Agenda Items No. 6 and 7 (Special Businesses as mentioned in the Notice of AGM) shall send the postal ballot, duly filled-in, signed and accompanied with a copy of valid Computerized National Identity Card (“CNIC”) to the Chairman of the AGM at 6th Floor, MCB Building, 15-Main Gulberg, Jail Road, Lahore and/or through email at corporate.affairs@mcb.com.pk. The Postal Ballot should reach the aforementioned office on or before 05:30 PM, March 26, 2024;
- c. Any Ballot Paper received after this time/date will not be considered for voting;
- d. In case of an Individual, signature on Ballot Paper should match with signature on CNIC, NICOP/Passport (in case of foreigner); however, in case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138/139 of the Act. In the case of foreign body corporate etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the member; and
- e. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written Ballot Paper will be rejected.

Requirements to attend the AGM through Video-Link

As per the requirements of the SECP, the Bank is providing Video-Link facility for participation in the AGM. This facility is in addition to hold physical AGM at designated venue. The Members or their proxy holders who wish to attend the AGM through Video-Link are required to register themselves by providing the following information along with valid CNIC/Passport (both sides)/attested copy of board resolution/power of attorney as applicable through email at: corporate.affairs@mcb.com.pk of the Bank on or before March 22, 2024.

Name of Shareholder	Folio/CDC Account Number	Number of Shares Held	Valid CNIC/NTN/Passport Number	Mobile Number and Email Address

The Members or their proxies who are registered after necessary verification shall be provided a Video-Link facility by the Bank on their email addresses. The Login facility shall remain open from the start of the AGM till its proceedings are concluded.

Statement under Section 166(3) of the Companies Act, 2017 in respect of Independent Director(s):

Agenda Item No. 5

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act. They shall meet the requirements of Section 166(2) of the Act read with Regulation 6(3) of the CCG-2019 and also criteria given in ‘Appendix-III’ of the CGRF.

Section 166(3) of the Act requires that a statement of material facts is required to be annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing independent directors. Accordingly, it will be ensured that the independent directors to be elected must meet the criteria of independence laid down under Section 166 of the Act and the Companies (Manner and Selection of Independent Directors) Regulations, 2018 and his/her name is included in the data bank of independent directors maintained by the Pakistan Institute of Corporate Governance (“PICG”) duly authorized by the SECP. Further, their selection will be made due to their respective competencies, skills, knowledge and experience.

The present Directors of the Bank have no interest in the above said business except being eligible for re-election as director of the Bank.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017
IN RESPECT OF SPECIAL BUSINESS

This statement under Section 134(3) of the Companies Act, 2017 sets out the material facts pertaining to the Special Business to be transacted at AGM of the Bank:

Circulation of Annual Audited Financial Statements to Members of the Bank through QR enabled code and web-link:

Agenda Item No. 6

SECP vide its S.R.O. 389(I)/2023, dated March 21, 2023 has allowed the listed companies to circulate the Annual Audited accounts together with Auditors', Chairman's and Directors' Report ("Annual Audited Financial Statements") to its members through QR (Quick Response) enabled code and web-link subject to approval of the members in the general meeting. Further SECP has also allowed the companies to discontinue the existing practice of circulation of Annual Audited Financial Statements through CD/DVD/USB.

Considering technological advancements and old technology becoming obsolete, the SECP has allowed to circulate the Annual Audited Financial Statements through QR code; however, its hard copy will be provided to the shareholders, on demand at their registered addresses, free of cost, within one week of receipt of such demand. The Bank will transmit Annual Audited Financial Statements to the shareholders via email where email addresses are available.

The Board has reviewed and recommended the above business to the shareholders for their approval.

For the purpose aforesaid, it is proposed to consider and, if thought fit, to pass the following resolutions as Ordinary Resolution(s) with or without modifications:

"RESOLVED THAT approval of the members of MCB Bank Limited (the 'Bank') be and is hereby accorded and the Bank be and is hereby authorized to circulate the Annual Audited Financial Statements together with Auditors', Chairman's and Directors' Report, to the members through QR enabled code and Web-link as part of Notice of Annual General Meeting instead of transmitting the same through CD/DVD/USB, as allowed by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023, dated March 21, 2023 and under Section 223(6) of the Companies Act, 2017."

"FURTHER RESOLVED THAT the Bank, be and is hereby authorized to discontinue the circulation of Annual Audited Financial Statements through CD/DVD/USB."

"FURTHER RESOLVED THAT the Company Secretary, be and is hereby authorized and empowered to do all acts, deeds and things, take or cause to be taken all necessary action for the purposes of implementing this resolution."

The Directors / the Chief Executive Officer ('CEO') of the Bank have no interest, directly or indirectly, in this Special Business except in their capacities as Directors/CEO/shareholders, as has been detailed in the Pattern of Shareholding.

Approval for amended Directors' Remuneration Policy and revised scale of remuneration of the Board Members for attending Board and its Committees Meetings:

Agenda Item No. 7

The Directors' Remuneration Policy (the "Policy") of MCB Bank Limited (the "Bank") has been prepared in accordance with the requirements of the Corporate Governance Regulatory Framework ("CGRF") issued by the State Bank of Pakistan ("SBP"). The Policy was last approved by the shareholders in their Annual General Meeting ("AGM") held on March 29, 2022.

There has been no new regulation issued on the subject since last review of the Policy and therefore, the changes in the current review are minor in nature and are for better clarity only.

The Board has thoroughly reviewed the amended Directors' Remuneration Policy along with the revised scale of remuneration of the Board Members for attending Board and its Committees Meetings and considered that fee for Committee meetings should be increased from PKR 100,000/- (Rupees one hundred thousand only) to PKR 300,000/- (Rupees three hundred thousand only) per Committee per meeting and has recommended the same to the shareholders for approval.

The revised scale of remuneration, as annexed to the Directors' Remuneration Policy, is given below:

Amount in PKR

	Board Meeting Fee	Additional Remuneration for Holding Office of the Chairman	Committee Meeting Fee
Resident Directors	400,000/- per Meeting	–	300,000/- per Committee per Meeting
Non-Resident /Foreign Directors	800,000/- per Meeting	–	300,000/- per Committee per Meeting
Chairman of the Board	800,000/- per Meeting	*20% of Board Meeting Fee	300,000/- per Committee per Meeting

All the payments are subject to applicable taxes.

***Note:** Considering the experience, stature and the valuable contribution made by the Chairman of the Board, he will be paid additional remuneration to the extent of 20% (as compared to Non-Resident/Foreign Directors). This arrangement is in line with the G-14 of the Corporate Governance Regulatory Framework issued by the State Bank of Pakistan ("SBP") vide its BPRD Circular No. 05 of 2021, dated November 22, 2021.

The Shareholders are requested to consider and if thought fit, to approve, with or without modifications, the amended Directors' Remuneration Policy of the Bank and the revised scale of remuneration by passing the following resolution as an Ordinary Resolution:

"RESOLVED THAT the amended Directors' Remuneration Policy, as recommended by the Board of Directors of the Bank, in accordance with the requirements of the Corporate Governance Regulatory Framework ('CGRF'), issued by the State Bank of Pakistan ('SBP') vide its BPRD Circular No. 05 of 2021, dated November 22, 2021, be and is hereby approved."

"FURTHER RESOLVED THAT the enhancement in fee for attending only the Board's Committees Meetings from PKR 100,000/- (Rupees one hundred thousand only) to PKR 300,000/- (Rupees three hundred thousand only) per Committee per meeting, as recommended by the Board of Directors and annexed to the Directors' Remuneration Policy, be and is hereby approved."

Directors of the Bank have no personal interest, directly or indirectly, in the above-mentioned special business, save to the extent of their respective shareholding in the Bank and the remuneration from the Bank. Further, the amended Directors' Remuneration Policy of the Bank has been kept at the Registered Office of the Bank which can be inspected during the business hours on any working day from the date of publication of this Notice of AGM till the day before AGM.

Attention of Shareholders is drawn towards Circulars/Notifications:

The following Circulars/Notifications require special attention of Shareholders of the Bank:

1. Zakat Declaration (CZ-50):

Pursuant to the Zakat and Ushr Ordinance, 1980 read with the Zakat (Collection and Refund) Rules, 1981, MCB Bank Limited (the "Bank") is under a legal obligation to deduct zakat from payment of dividend(s) to shareholders and to deposit zakat amount with the relevant Authority. Zakat is applicable @2.5% of face value, i.e., PKR 10/- per share. Shareholders who intend to claim exemption from zakat deduction, if not provided earlier, are once again requested to submit the Zakat Declaration, i.e., 'Form CZ-50' to the Stock Brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in book-entry form) or to the Bank's Share Registrar and Transfer Agent (in case the shares are held in Physical Form).

2. Mandatory Requirement of Valid CNIC and IBAN:

As per the regulatory requirements issued by the Securities & Exchange Commission of Pakistan ("SECP"), the payment of cash dividend shall only be made to those Shareholders who have provided copies of their valid CNIC/ NICOP/ Passport (in the case of Individuals) and NTN certificate (in the case of corporate entities) and valid details of designated International Bank Account Number ("IBAN"). In case of non-availability of the said information, the Bank will hold the payment of cash dividends. Therefore, Shareholders who have not yet provided the required information, are requested to provide copies of their valid CNIC/NICOP/NTN/Passport and details of valid IBAN.