



THE FUTURE IS **SKYWARD**



ANNUAL REPORT 2024







The future is skyward with limitless growth and progress. MCB Bank is rising towards it with purpose, empowering individuals and businesses to reach new heights. This annual report isn't just numbers, it is a testament to the trust we've built, the ambitions we've nurtured, and the future we're shaping. We're not just moving forward; we're soaring, building a legacy to inspire generations.



About the Report

Adoption and Statement of Adherence with the International Integrated Reporting Framework

In the course of its operations, a commercial organization receives various inputs and converts them into value for itself and its stakeholders. This value creation can be over different time frames; short, medium and long term. An integrated report describes this value creation process concisely including the business model, strategies, governance, processes, risks and opportunities.

MCB, being one of the largest Commercial Banks in the country, plays a vital role in the economy through its presence at the grassroots level with a sprawling network of branches and a wide customer base. The Bank has a socio-economic impact that extends far beyond its bottom line; making it imperative for the Bank to reassure its stakeholders that all public interest stands adequately safeguarded.

Adoption of International Integrated Reporting (IR) Framework depends on the individual circumstances of an entity. The Bank has adopted the IR Framework to give an overview of Bank's philosophy and to explain the connection between its financial and non-financial information; which would enhance user's understanding as to how the Bank is continuously adopting to improve its performance keeping in view various stakeholder interests.

IR framework is still considered to be a practice in its early stages. We will continue to improve the information produced to make it even easier to understand while taking into account valuable opinions of stakeholders reading this report.

Report Structure

This integrated annual report for 2024 offers an exhaustive but concise account of MCB's performance, operations and strategy; as far as it is prudent to disclose such information. The report paints a clear, complete picture of the Bank's journey over the year as it created value against trends that shaped its operating environment.



This comprehensive integrated annual report is available online on the Bank's website in PDF version.

Reporting Principles & Frameworks

The Bank endeavors to align with the best reporting practices and is guided by the principles and requirements contained in a diverse set of frameworks in addition to the IR Framework.

Following corporate reporting and regulatory frameworks and guides, among others, are considered when preparing this integrated report:



Banking Companies Ordinance, 1962



Securities & Exchange Commission of Pakistan

Companies Act, 2017
Listed Companies (Code of Corporate Governance) Regulations, 2019



International Financial Reporting Standards (IFRS)



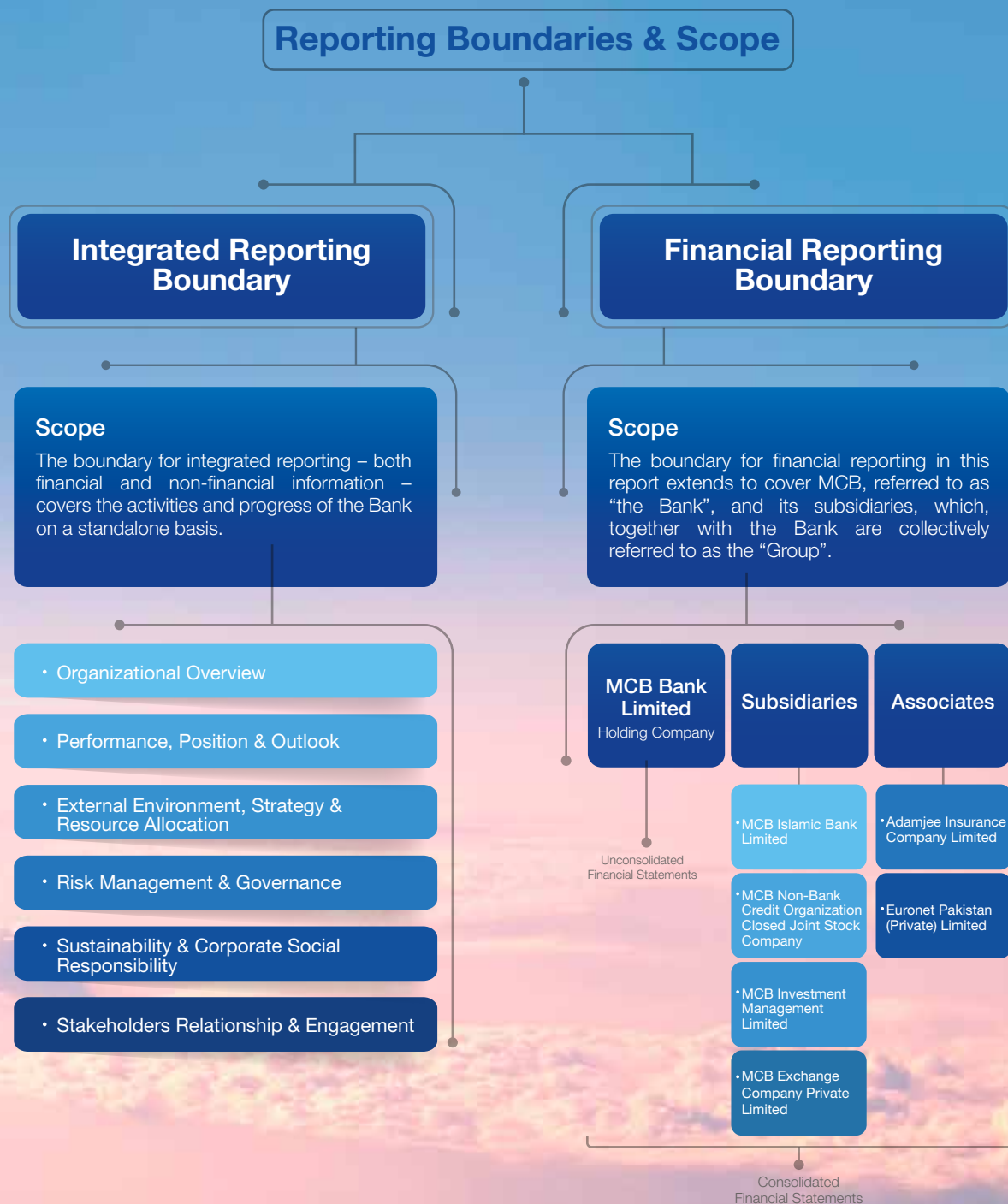
International Integrated Reporting Framework



United Nations (UN) Sustainable Development Goals (SDG's)



GRI Sustainability Reporting Standards



Reporting Period

This report is produced and published annually, covering the year January 01, 2024 to December 31, 2024 and is consistent with our usual annual reporting cycle for financial and integrated reporting.

Material events, if any, after this date and up to the board approval date of February 06, 2025 have also been included. The most recent previous report was dated December 31, 2023.

External Assurance

Independent External Auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants have audited the MCB Bank Financial Statements. As required by the regulators, these Auditors are rotated every five years to ensure their independence and objectivity.

Our Process

The Bank applies the principle of materiality in assessing what information should be included in its integrated report. This report therefore focuses particularly on those issues, opportunities and challenges that impact materially on MCB and its ability to be a sustainable business that consistently delivers value to shareholders and key stakeholders.

Identifying our potential material matters is a bank wide responsibility and requires input from all business units and divisions and an assessment of the risks and opportunities in our operating environment.

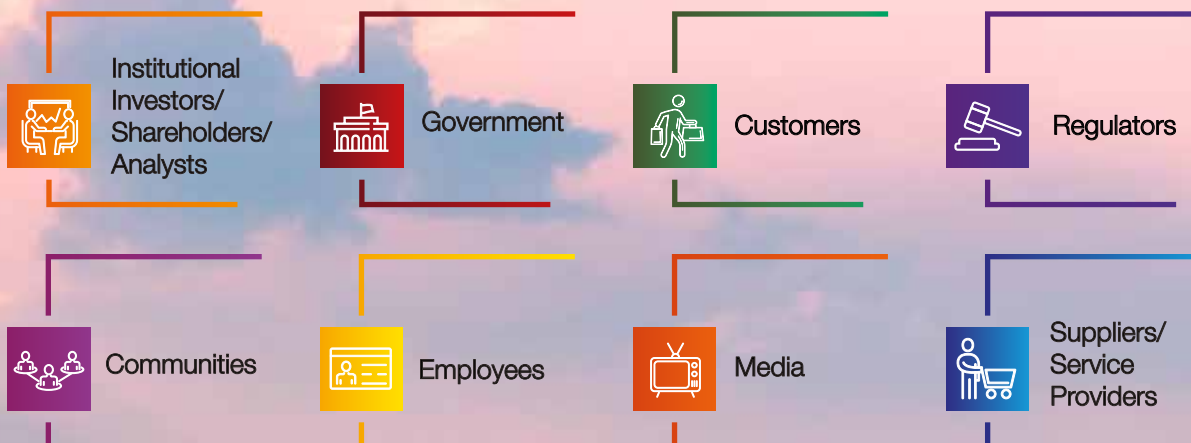


How to Navigate the Report

We have used the icons below to aid navigation and cross-referencing across the report.

Our Stakeholders

Our stakeholders provide us with the resources and capital we need to achieve our strategy and purpose, and create shared value. Our stakeholders are the individuals, groups and organizations that materially affect or could be materially affected by our business activities, products, services and performance.



Our CAPITALS

Our relevance as a bank today and in the future and our ability to create long-term value are interrelated and fundamentally dependent on the forms of capital available to us (inputs), how we use them (value-adding activities), our impact on them and the value we deliver (outputs and outcomes).

Financial Capital

MCB maintains strong discipline in managing its financial capital which enables it to generate consistent shareholder returns. The Bank's financial resources include customer deposits, shareholder equity, retained earnings and external borrowings amongst others.

Intellectual Capital

MCB continues to take strides in leveraging technology to deliver seamless customer experiences, increase operational efficiencies and creating a competitive edge for the Bank. Further its deep knowledge and expertise, robust systems, processes and procedures and the brand equity built in the MCB Bank brand constitutes its intellectual capital.

Manufactured Capital

MCB's manufactured capital constitutes its pan-Pakistan distribution network of banking outlets, corporate offices, ATMs and other touchpoints that facilitate engagement with its various stakeholders. It also covers Bank's IT infrastructure and security.

Social & Relationship Capital

Building and maintaining trust-based relationships with stakeholders is key to MCB's continued success. The Bank recognizes its role in nation building and perseveres to contribute responsibly to the economy. MCB's holistic approach to nurture and maintain long standing relationships with its customers, trade partners, merchants and the community at large constitutes its social and relationship capital.

Natural Capital

The natural resources the Bank consumes to conduct its business and deliver products and services constitute its natural capital. This includes energy and water consumed, waste generated and the impact of our business activities on the climate and the environment.

Human Capital

People are at the core of MCB's business. The Bank continuously strives to create an environment that brings out the best in people to passionately serve its clients, deliver operational excellence and contribute towards achieving sustainable growth.

CONTACT

For further clarification and feedback on this report, please contact us via email investor.relations@mcb.com.pk



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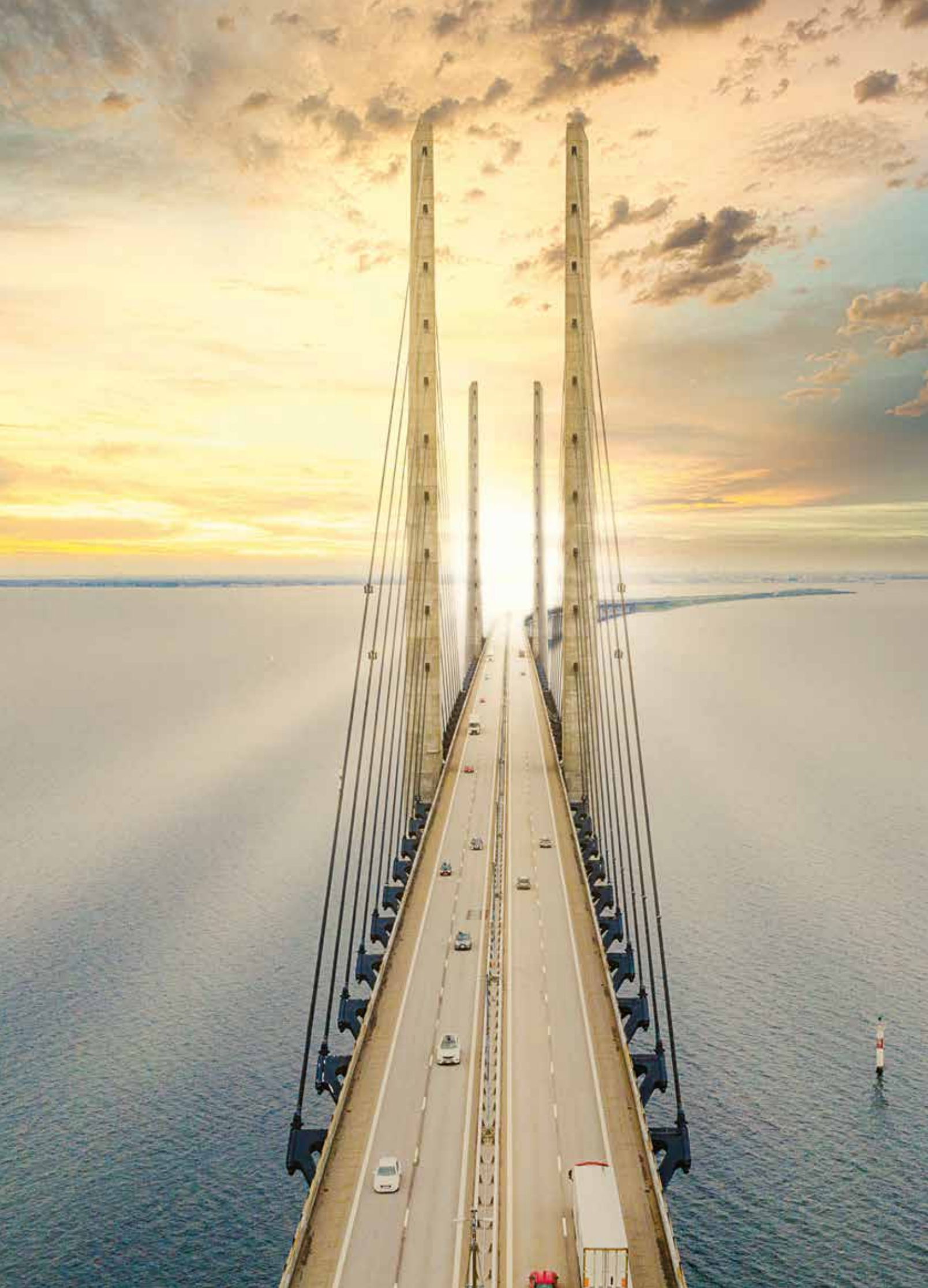
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Investors' Awareness





VISION

To be the leading financial services provider, partnering with our customers for a more prosperous and secure future.

MISSION

We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us.





STRATEGIC OBJECTIVES

- Delivering remarkable returns to stakeholders, sustainable performance, exceeding market and shareholder expectations.
- Providing value added services through operational expansion, geography and upgraded system.
- Building a corporate culture of equality, trust and team spirit as we remain dedicated to being a socially responsible organization.









WINGS OF **OPPORTUNITY**

Every leap forward is an opportunity to stretch our wings and fly higher. We believe in taking that first courageous step toward new horizons, ready for whatever the future holds.





RISING BEYOND **CHALLENGES**

As we ascend, we carry our people, our communities, and our goals, creating a shared journey toward extraordinary heights.







A SKY FULL OF **POSSIBILITIES**

Our aspirations are as vast as the sky, and each step forward is driven by the belief that we can turn our vision into reality.







CORE VALUES



Integrity

We are the trustees of public funds and serve our community with integrity. We believe in being the best at always doing the right thing. We deliver on our responsibilities and commitments to our customers as well as our colleagues.

Innovation

We encourage and reward people who challenge the status quo and think beyond the boundaries of the conventional. Our teams work together for the smooth and efficient implementation of ideas and initiatives.

Excellence

We take personal responsibility for our role as leaders in the pursuit of excellence. We are a performance driven, result oriented organization where merit is the only criterion for reward.

Customer Centricity

Our customers are at the heart of everything we do. We thrive on the challenge of understanding their needs and aspirations, both realized and unrealized. We make every effort to exceed customer expectations through superior services and solutions.

Respect

We respect our customers' values, beliefs, culture and history. We value the equality of gender and diversity of experience and education that our employees bring with them. We create an environment where each individual is enabled to succeed.

ONWARD AND UPWARD

AWARDS 2024

 <p>ICAP and ICMA INTERNATIONAL Overall Best Corporate Report Award 2023 - Winner Best Corporate Report Award 2023 - Winner (Banking Sector)</p>	 <p>SAFA Awards Bronze Award - Best Presented Annual Report 2023 (Private Sector Banks)</p>	 <p>Pakistan Remittance Initiative (PRI) Awards 3rd Largest Bank in Pakistan Remittance Market 2024</p>	 <p>Visa Highest Visa Cards in Force - 2024</p>
 <p>Trade and Supply Chain Finance Program (TSCFP) Awards Leading Partner Bank in Pakistan Momentum Award – Issuing Bank</p>	 <p>International Finance Publications Limited Fastest Growing Investment Bank in Pakistan Best Sukuk Arranger in Pakistan</p>	 <p>The Asset Triple A Awards Social Infrastructure Deal of the Year Telecom Deal of the Year</p>	 <p>Pakistan Stock Exchange Top 25 Companies Award for 2023</p>



2023



Pakistan Remittance Initiative (PRI) Awards

- Leading Remittance Mobilizing Bank of Pakistan for 2023

The Asset Islamic Finance Awards

- Best Local Currency SUKUK

ICAP and ICMAP - Best Corporate Report Award 2022

- Runner up (Banking Sector)

The Asset Sustainable Infrastructure Awards

- Telecom Deal of the Year

SAFA Awards

- Bronze Award - Best Presented Annual Report 2022 Private Sector Banks

Asia Money Awards

- Best Corporate Bank of Pakistan

Pakistan Stock Exchange

- Top 25 Companies Award for 2022

2022



International Finance Awards

- Best Corporate Finance Bank - Pakistan

Asiamoney Best Bank Awards

- Best Corporate Bank - Pakistan

ICAP and ICMAP

- Best Corporate Report Award 2021 - Joint Winner (Banking Sector)
- Overall Best Corporate Report Award 2021 - Joint Runner up

SAFA Awards

- Joint Silver Award for Best Presented Annual Report 2021 Private Sector Banks

Pakistan Stock Exchange

- Top 25 Companies Award for 2021

2021



Asset AAA Sustainable Capital Markets Country & Regional Awards

- Best Loan Adviser in South Asian Region
- Best Structured Finance Deal in South Asian Region
- Best Equity - Linked Deal

Finance Asia's Country Awards

- Best Bank in Pakistan

ICAP and ICMAP

- Best Corporate Report Award 2020 - Winner (Banking Sector)
- Overall Best Corporate Report Award 2020 - Winner

SAFA Awards

- Joint 2nd Runner up Best Presented Annual Report 2020 - Banking Sector

2020



ABF Corporate & Investment Banking Awards

- Best Equity Deal of the Year - Pakistan
- Syndication Loan of the Year - Pakistan

Asset AAA Infrastructure Awards

- Telecom Deal of the Year in Pakistan

Asset AAA Islamic Finance Awards

- Best Corporate Sukuk
- Best Acquisition Financing
- Best Syndicated Loan

Asiamoney Awards

- Overall Most Outstanding Company in Pakistan
- Most Outstanding Company - Financial Sector in Pakistan

ICAP and ICMAP

- Best Corporate Report Award 2019 - Winner (Banking Sector)

SAFA Awards

- Joint 1st Runner up Best Presented Annual Accounts 2019 - Banking Sector

Pakistan Stock Exchange

- Top 25 Companies Award for 2019

2019



Asset Triple A Infrastructure Awards

- Transport Deal of the Year
- Utility Deal of the Year

Asian Banking & Finance Corporate & Investment Banking Awards

- Equity Deal of the Year - Pakistan
- Mergers and Acquisitions Deal of the Year - Pakistan

Asiamoney

- Most Outstanding Company in Pakistan (Financial Sector)

FinanceAsia

- FinanceAsia Country Awards - Best Bank Pakistan

ICAP and ICMAP

- Best Corporate Report Award 2018 - Winner (Banking Sector)

SAFA Awards

- Certificate of Merit 2018 - Private Bank Category

Pakistan Stock Exchange

- Top 25 Companies Award for 2018





PRODUCTS &
SERVICES



MCB Retail Liability Products

MCB Bank offers a wide array of products and services, hence providing convenience to its customers through its vast branch network of 1,400+ locations across the country. For convenience, these products and services are also offered through digital mediums. The Bank's product suite caters to all types of customer segments' banking needs ranging from individuals to corporate entities.

Liability Products are offered both in local & foreign currency and are available in current & savings variants, exclusively designed to provide valued customers with transactional accessibility and flexibility for their financial needs. Furthermore, MCB Bank's Term Deposits are offered in attractive short / medium / long term investment options with convenience and security along with auto rollover and renewal facility.

In order to meet the needs of MCB Bank's diverse clientele, the Bank is offering a comprehensive range of products & services perfectly suited for each segment's needs.

MCB One Current Account

A unique current account product that caters to the diverse banking needs of all types of customers. It provides a holistic financial solution with affordability and flexibility, while empowering customers to manage all their banking needs through a wide range of free banking services based on maintaining the required average monthly balance. The product has become one of the Bank's most iconic offerings and is making significant contributions to current deposit growth. Other than from an MCB Bank branch, the account can also be conveniently opened digitally through MCB Direct.



MCB Smart Business Account

A business current account variant offering free services & transaction facilities without any balance maintenance requirement that is making the account more competitive and rewarding. The account is targeted towards individuals (having proof of their own business) & entities in a more segmented and focused manner.

MCB Nayab Account (Formerly Ladies Account)

Over the years, MCB Nayab Account successfully facilitated females in catering to their financial requirements. MCB Bank being one of the largest financial services providers in the country is geared towards reducing the gender inequality gap and enriching gender equilibrium in its customer mix. To exclusively cater to the female customer segment, MCB Nayab Account is available in Current & Savings variants. In 2024, various attractive features/ benefits including exclusively designed cheque book, debit card & alliances have been embedded with MCB Nayab Account. Accordingly, product success is witnessed through exponential deposit growth for the year, furthermore, there is a provision of digital account opening via MCB Direct.



MCB Senior Citizens Account

MCB Bank believes in giving its customers happiness and convenience. MCB Senior Citizens Account comes in both Current and Savings variants and aims to provide exclusive privileges in order for our elderly customers of age 55 years and above to take care of their financial needs with ease, while providing discounts on a wide array of services. Other than from a MCB Bank branch, the account can also be conveniently opened digitally through MCB Direct.

MCB FunClub Account

MCB Fun Club Account aims to help children and teens learn the basics of financial responsibility and also developing saving habits at an early age. Attractive features/ benefits including exclusively designed cheque book & debit card are embedded in MCB Fun Club account which makes our product more lucrative. Other than from a MCB Bank branch, the account can also be conveniently opened digitally through MCB Direct.



MCB Works

MCB Works invites you to experience a superior employee banking proposition with the convenience of multiple MCB Works account Variants. MCB Works – an account for the salaried segment, which is convenient for employers and beneficial for employees combined with an efficient and hassle-free digital onboarding experience. The account offers a wide range of services that includes special offers on Consumer Finance products, Free cash withdrawals, Debit Cards and access to Privilege facilities among many other benefits, because at MCB we believe that your employees deserve the best.

MCB Young Account

An exclusively designed product that aims to provide financial freedom to the young segment aged between 18 to 30 years. The timely on-boarding of youngsters will facilitate in developing long term relationships and MCB Bank will remain a preferred banking partner in their professional career. Exclusive features/benefits are embedded within MCB Young account products and the account can be conveniently opened digitally via MCB Direct.



MCB Pensioners Account

This account is designed specially to cater to the financial needs of pensioners or their beneficiaries in compliance with regulatory requirements for their monthly pension. Attractive discounts on numerous services can be availed by opening MCB Pensioners Account. Other than from a MCB Bank branch, the account can also be conveniently opened digitally through MCB Direct.

MCB Asaan Account

A current deposit account with simplified account opening requirements is designed to extend benefits of financial services to unbanked segments of society. This account aims to improve economic growth of potential customers under the financial inclusion initiative of State Bank of Pakistan.

MCB 365 Savings Gold Account

This account enables customers to enjoy attractive returns on their deposits on a monthly basis. Special saving rates are offered to individuals on maintaining large deposits intermittently. The account can also be conveniently opened digitally through MCB Direct.

MCB Burqraftaar Remittance Account

This is a promising product to serve home remittance consumers with security, convenience, and accessibility. Remitters from various countries are provided access to multiple money exchange companies from where they can remit directly in a MCB Burqraftaar Remittance Account instantly. The account offers multiple free services including cheque book & debit card. Moreover, insurance coverage to both the remitter and beneficiary is available with the product upon balance maintenance. The account can also be conveniently opened digitally through MCB Direct.



MCB Asaan Remittance Account

This is another initiative by the SBP under the financial inclusion program to provide secure home remittance inflows. The account is available in the Current variant only and is targeted towards unbanked/under-banked remittance beneficiaries of Pakistan, with simplified account opening requirements. This account not only increases the Bank's product portfolio but also fulfills its fiduciary responsibility of documenting the economy and inculcating a saving habit in its customers.

MCB Freelancer Account

MCB Bank has always remained focused in providing segment-based products to fulfill its customers' needs. In order to facilitate Freelancers, MCB Bank offers exclusive Freelancer accounts in PKR Current & Savings variants along with associated FCY account to all individual residents in Pakistan engaged in provision of any digital/online services, including IT and IT related services against which payments are received from outside Pakistan.



PLS Prime Account

The product is exclusively designed for non-individual (entity) customers in order to facilitate their savings banking needs. The product is offered with bi-annual profit payout, and offered to Sole proprietorship, Partnerships, SMC, Business concern, NGOs, NPOs, School, College, Universities, Clubs, Associations etc.

MCB E-Statements

MCB Bank's E-Statement initiative adds an additional layer of convenience for our digital savvy customers. This service is free for all customers upon enrolment and provides easier access to banking information when needed without visiting the branch. This service also augments Bank's efforts to reduce use of paper and facilitate Green Banking guidelines issued by SBP.



In addition, MCB Bank also offers the following liability products:

Current Account Products

MCB Current Account

MCB Business Account

MCB Basic Banking Account

MCB Current Life Account

MCB Salary Club Account

MCB New Foreign Currency Account

IT Exporter Foreign Currency Account

Savings Account Products

MCB Profit & Loss Account

MCB 365 Savings Account

MCB Smart Savings Account

MCB Savings XTRA Account

MCB Salary Club Account

MCB Savings Maximizer Account

MCB Khushali Bachat Account

Smart Saving Foreign
Currency Account

MCB New Foreign
Currency Account

Term Deposit Products

MCB Flexi Deposit Account

MCB Mahana Profit Account

MCB Higher Mahana Profit Account

MCB Special Foreign Currency
Account

Roshan Digital Account

Roshan Digital Account (RDA) is a flagship initiative of State Bank of Pakistan. It is a tailor-made digital financial solution, designed to facilitate Non-Resident Pakistanis (NRPs) and Resident Pakistanis (with declared foreign assets). NRPs are being provided the opportunity to remotely open an account through a digital process without the need to visit a bank/ branch in-person. MCB Bank is offering both current and savings variants to its customers. The RDA account provides innovative banking services in Pakistan including but not limited to digital payments, savings investments (Naya Pakistan Certificates, Equity & Real Estate Investment and Pension Plan) and donations (Roshan Samaaji Khidmat & Roshan Qurbani). RDA customers can also avail the facility of car and house loan via Roshan Apni Car and Roshan Apna Ghar. MCB Bank is offering most products and services free to its RDA customers.



MCB Roshan Digital Current Account (PKR and FCY)

A digital current account available in local and foreign currency for Non-Resident Pakistanis (NRPs). All benefits defined above are applicable such as digital account opening, Naya Pakistan Certificates, and Roshan Apni Car and Roshan Apna Ghar etc.

MCB Roshan Digital Resident Current Account (FCY)

An account for Resident Pakistanis (with declared foreign assets) available in FCY with limited benefits. It is designed to facilitate Resident Pakistanis with declared foreign assets in their plans for investment in Naya Pakistan Certificates based Savings Schemes.



MCB Roshan Digital Savings Account (PKR and FCY)

A profit bearing digital savings account available in local and foreign currency for Non-Resident Pakistanis (NRPs). All benefits defined above are applicable such as digital account opening, Naya Pakistan Certificates and Roshan Apni Car and Roshan Apna Ghar etc.

MCB Roshan Digital Resident Savings Account (FCY)

A profit bearing account for Resident Pakistanis (with declared foreign assets) available in FCY with limited benefits. It is designed to facilitate Resident Pakistanis with declared foreign assets in their plans for investment in Naya Pakistan Certificates based Savings Schemes.

MCB Digital Account opening for Resident Pakistanis

In line with Bank's core strategy and in compliance with State Bank of Pakistan's digital onboarding framework, MCB Bank offers a digital account opening solution (MCB Direct) for Resident Pakistani individuals to enhance access to digital financial services. By following a few simple steps on MCB Direct portal, potential customers can submit an account opening application. Through this service, the bank offers a wide range of existing segment-based products alongside of introducing digital account products (MCB Asaan Digital, MCB Asaan Digital remittance and MCB Freelancer Digital Account).

MCB Wealth Management

MCB Wealth Management positions itself as a trusted partner for customers seeking tailored financial solutions. The division continues to innovate and expand its product portfolio, offering a diverse range of investment and insurance solutions designed to meet the evolving needs of its customers. With a strong emphasis on customer-centricity, the business also offers takaful products, catering to the growing demand for Islamic financial solutions. The digitization of processes will further enhance accessibility and convenience, enabling customers to manage their wealth seamlessly.

Bancassurance Business

The Bancassurance business focuses on delivering high-quality, customer-focused insurance solutions. In 2024, the business achieved a significant milestone by securing regulatory approval for Shariah-compliant takaful products, which were successfully relaunched to cater to the growing demand for Islamic funds. These offerings have already contributed positively to the overall portfolio and are expected to play a key role in enhancing customer satisfaction and retention.

Looking ahead, the business is set to introduce segment-based offerings, including specialized plans for High-Net-Worth Individuals (HNWIs) and the mass market in 2025, further diversifying the portfolio to meet the unique needs of customers.

Investment Services

The Investment Services (IS) business remained committed to providing innovative and customized investment solutions tailored to the needs of various customer segments. MCB Investment Services aims to set new benchmarks in the industry and deliver exceptional value to its customers.

MCB Agri Financing Products

Shadabi Plan

Covers agriculture loan products for the production requirements of farm & non-farm activities of the farming community. Financing products extended under this category are Agriculture Running Finance-Revolving (ARF-R), Agriculture Production Finance (APF) and Agriculture Production Finance-Growers (APF-G). All working capital needs of non-farm are also covered under Shadabi Plan through APF/ARF.

Khushali Plan

Agri Development Finance (ADF) caters to the credit needs of farmers, generally long term, pertaining to the development projects related to both farm & non-farm sectors. Under Khushali Plan, different products are offered to cater to sector specific credit needs. The products offered are ADF (Tractor Finance), ADF (Abiari Finance), ADF (Dairy & Meat finance), ADF (Murghbani Finance), ADF (Baghbani Finance), ADF (Mahigeri Finance) and ADF (Zari Technology Finance).

The amount of finance sanctioned depends upon the genuine credit requirement of the farmer and collateral. Non-farm credit (poultry, dairy including value chains, fisheries, & others) and financing for land leveling/development, heavy equipment, agriculture machinery, vehicles/transport for Agriculture purpose are covered under this plan.

There may be other development projects proposed by the farmers falling within the ambit of agriculture financing. MCB Bank is fully committed to meet all type of genuine credit needs of the farmers as a strong financial institution, concerned for and aligned with, the national cause of supporting Agriculture Sector of Pakistan.

Electronic Warehouse Receipt Financing (EWRP)

EWRP is a product developed by MCB Agriculture Credit Division in line with SBP/SECP guidelines and approved by the management. EWRP is a collateralized commodity transaction where the commodity itself provides security for the loan. In other words, as opposed to traditional modes of agricultural financing, EWRP allows the use of the crop produce as loan security instead of land/property.

The purpose of financing against e-Warehouse Receipt is to protect the farmers from the compulsion to sell the produce immediately after harvest during adverse market conditions of lowest prices due to abundant supply. The target market consists of farmers / farmer cum traders / traders. The product has been tested and used to extend credit to farmers of maize and rice in select areas through the system of accredited warehouses managed by Collateral Management Company in line with Collateral Management Regulations 2019 notified by SECP.

Prime Minister's Youth Business & Agriculture Loan Scheme (formerly PMKJYES)

In order to provide self-employment opportunities to unemployed youth and to enable them to avail affordable financing from banks for establishing new business or strengthening their existing business, Government of Pakistan launched Prime Minister's Kamyab Jawan Lending Program across the country. MCB is also offering different agricultural products under this scheme. Mainly, Tractor Finance (ADF-Tractor-Kamyab Jawan) is being offered for purchase of tractors for farm mechanization. Other financing products under this scheme are ADF-Dairy-Kamyab Jawan and ADF-General-Kamyab Jawan. Short to Long Term Loan for Purchase of Dairy Animals, purchase of farm machinery & equipment, etc. is being financed under ADF-General-Kamyab Jawan where cash flows meet the repayment requirement of debt on quarterly & monthly basis as admissible under PM-KJYES.

Government of Pakistan has approved revisions in the key features of PMKJ-YES with a view to make it more purposeful and beneficial for small businesses and agriculture. Moreover, the scheme has been renamed as Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS). MCB is fully committed to provide financing facilities under the revised features of the scheme in the best interest of the farming community and to achieve the national objective of food security.

Digital Access to record of Punjab Land Record Authority (PLRA)

MCB Bank has signed a Service Level Agreement with Punjab Land Record Authority (PLRA) to provide online access to data for a defined scope of services under the SLA. Digital access is aimed at enabling the fast-track provision of documents/information related to land record of farmers for quick decision making and sanctioning of financing facilities. The scope of services covers issuance of Fard, charge creation, and redemption. The branches are being equipped with necessary infrastructure/equipment in a phased manner for availability of online access to PLRA records. The initiative has been implemented and 100 Agri lending branches have started providing services to farmers with PLRA Access to data. As a result of this initiative, the dream of a strong digitalized platform for dedicated support to farmers of Punjab Province for quick access to banking facilities is close to realization. MCB Bank is one of the leading banks which have started offering services to the farmers under the digitalized access to PLRA record.

Loan Origination System

MCB Bank has procured and implemented a Loan Origination System (LOS), a parameterized solution for efficient processing in order to automate the end-to-end credit approval process, optimize the loan processing activity and to gain efficiencies. LOS has been implemented for Agri. Financing across the bank covering all Agri. Lending Branches. This has greatly helped in the fast processing and approval of farmers' requests for finance.

MCB Bank is fully committed to support agriculture financing in line with SBP/Government policies and taking steps to enhance credit flow to the farming community through strengthening of internal systems and to ensure availability of required resources.

MCB-Signed MOU with Millat Tractors & Al-Ghazi Tractors

In order to jointly facilitate the farming community for providing finance facility for purchase of Millat & Al-Ghazi tractors & implements, MCB has signed MOU with Millat & Al-Ghazi Tractors Limited. Under this MOU, the Bank will provide fast track finance facility to Millat & Al-Ghazi tractor's clients. Both tractor manufacturers (Millat & AGTL) will provide fast track delivery for MCB booked Tractors. Moreover, promotional activities will be undertaken jointly as per mutual understanding.

MCB Agri Fleet4U

Agri-Fleet4U is available to individuals and Small Enterprise (SE)/Medium Enterprise (ME)/Corporate-Commercial entities involved in agricultural business activities falling under the definition of Agriculture business as per Bank/SBP criteria for purchase of all types of commercial vehicles (e. g. Pickups, Mini Trucks, loader vehicles, Vans etc.) to fulfill their business/transportation needs.

MCB Consumer Lending Products

MCB Consumer Banking offers a full suite of consumer financing products to its valued customers. The Bank's current product portfolio consists of Credit Cards, Auto loans, Fleet4U, Home loans, Personal Loans, Secured Personal loans, Green Ghar (solar financing), Student Personal Loan (for LUMS MBA and M. PHIL ELM students), Roshan Apni Car and Roshan Apna Ghar financing. At MCB Bank, the ideology behind our innovative Consumer financing products is to focus on meeting three of our client's objectives simultaneously, i.e. affordability, convenience and lifestyle. MCB Consumer Finance products enhance the overall life experience of our customers. MCB Bank works to collaborate with targeted brands and organizations to ensure that we provide premium value-added services to our clients. MCB Consumer Banking is ably assisted by strong back-office support which includes Operations, Service Quality, Internal Audit, Compliance, Risk Management and Legal Teams that work together to ensure that the Bank operates efficiently and in the best interest of its customers under the regulatory framework.

MCB Car4U

The Bank's Auto financing product, MCB Car4U, provides a one-stop financing solution to help our customers obtain the automobile of their dreams. Customers are free to choose between used and new vehicles, manufactured locally on flexible tenors. Both finance and lease variants along with fixed/floating markup-based pricing are offered under Car4U financing. MCB Car4U offers auto loans to customers through its 1,400+ branches across 85 cities. Car loans are provided to both self-employed and salaried customers on flexible and affordable terms. As part of our ongoing marketing strategy, we have collaborated with various Auto Manufacturers to come up with value added deals for our Car4U customers.



The Bank offers a competitive markup rate to all customers and also offers a discounted markup rate to its existing Branch Customers. Over the years, the Bank has formed a strong network of auto-dealers, engaged in sale of both new/used cars enabling us to facilitate our customers evolving needs. MCB Bank values its credible and expansive dealer network as one of the key pillars of its success in the auto finance business.

MCB Home Loan

Owning a home is a dream for many. At MCB Bank, we aim to help our customers fulfill this lifelong ambition and turn their dream into reality. MCB Home Loans provide financing solutions for the purchase of a home as well as for plots and construction thereon. Customers also have an opportunity to transfer their existing loan from any other bank to MCB Bank through a balance transfer facility. MCB Home Loan product also caters to housing needs of non-resident Pakistanis in Pakistan. MCB Home Loan product is now available across the country through a network of over 1,400 branches supported by a team of skilled home finance specialists placed at multiple locations in the country. In addition, through our MCB Green Ghar financing solution we provide our customers with solar financing facility to promote green energy solutions.

MCB Credit Cards

MCB Credit Cards are available in three different variants i.e., Classic, Gold and Platinum that cater to the diverse needs of our distinguished customers. The cards are secured with Chip & PIN and also have contactless functionality and carry world class features that provide transactional & payment convenience to our customers across the globe. The card offers a tantalizing mix of luxurious shopping, dining, lifestyle, health and travelling discounts and deals, which will undoubtedly be a treat for our customers. Moreover, online purchases through MCB Credit Cards are now more secure with 3D Secure protocol. The instant SMS and E-Alert facility enables our customers to monitor their credit card transactions and be alert of potential misuse of their Credit Card. The MCB Credit Cardholders can activate and generate their Credit Card PINs via IVR Self Service and MCB Live, 24/7.

Besides transactional convenience, these cards also offer payment flexibility / financial convenience to the customer via MCB Live for payments of Utility bills, Telcos and other Bank Credit Card payments via 1BILL. In addition to 0% service fee on Installment Plans offered from time to time, MCB Credit Card also offers transfer of balances on a lower rate and also caters the request for a Banker's Cheque in the customer's own name or direct credit facility in their own MCB account & accounts in other Banks.

Credit Card Bill payments are made more convenient for customers, who can now make their Credit Card bill payments through MCB Live, Cash, MCB Cheque, Cheques of other Banks, over the MCB Branch counters and MCB Contact Center. Besides being able to make payments through MCB Bank and other Bank's Digital Banking & ATM services. In addition, we have upscaled our capabilities and customers can now manage Card activation, blocking, PIN generation, service channel activation (E-Commerce, POS, International Transactions), E-statement generation (Current Month, Previous Month & Last 6 Month), Excess over Limit activation and Quick Cash Facility (With or Without Installment) all through MCB Live app.



MCB Personal Loan

MCB Personal Loan is a fast, affordable and easy option to meet our customers' immediate financing needs. This is an unsecured product and does not require any security. This product is only available to salaried customers.

Student Personal Loan

Unsecured financing is offered to students undertaking MBA/EMBA & M.Phil. program at LUMS, Lahore, for partial payment of fee directly to LUMS. Maximum financing of PKR 1.000M is allowed at 6 months Kibor.

Roshan Apni Car & Roshan Apna Ghar

Roshan Apni Car and Roshan Apna Ghar products are available in line with the directives of State Bank of Pakistan to offer value added lending facilities to Roshan Digital Account holders.

MCB Fleet4U

MCB Fleet4U financing targets to provide vehicle financing to SE, ME, corporate and commercial entities on a limit sharing basis under the umbrella of consumer lending. Customers have an option of leasing all types of local and imported vehicles. Over the years, we have increased our footprint and structured Fleet4U proposition and are now with offering fixed and floating based pricing along with options of both leasing and financing variants.



MCB CashYourWheels

MCB CashYourWheels provides customers with an option to avail a personal loan facility against their owned car. The car remains in the use of the customer and at the same time, customer enjoys lower markup to fulfill his/her short-term needs.



Driving the Future of Finance: MCB Digital

Our banking customers' success is at the heart of all that we do at MCB Bank: no different when it comes to crafting digital financial services. Our intuitive and user-friendly platform is designed to move money and make payments faster. All that while keeping security at the forefront. With a laser focus on user journeys, we are committed to delivering a seamless, secure, and future-ready experience that aligns with our vision of "partnering with our customers for a more prosperous and secure future."

From transactions to financial tools, our digital suite is built to anticipate customers' needs and deliver a frictionless experience. We are committed to driving innovation that offers simpler, faster, and better while ensuring peace of mind. With MCB, you're not just banking; you are stepping into a future-ready financial ecosystem.

Your Bank in Your Mobile Phone: MCB Live

MCB Live mobile and internet banking is where convenience meets innovation. This Omni channel platform combines advanced mobile and online banking features, giving you a secure and hassle-free way to manage your finances.

With MCB Live, you can transfer funds, check balance, view mini-statements, top up mobile credit, pay utility bills, book travel tickets, purchase health and life insurance, and even invest in MCB Funds. To further enhance customer convenience, MCB has integrated ticket reservation services through a strategic alliance.

MCB Live incorporates industry-leading security protocols, established under regulatory guidelines. Thus, significantly reducing digital transactional risk and reinforcing our commitment to safeguarding users' financial information. The platform features include, updating expired CNICs and availing debit card service through the medium.



Your Gateway to a Cashless Economy: Raast

MCB Bank is leading the charge in revolutionizing Pakistan's payment landscape through Raast microfinance payments gateway. In 2023, Raast Person-to-Person (P2P) transfer services were successfully launched by MCB Bank, and in 2024, MCB Bank was among the first banks to roll out Raast Person-to-Merchant (P2M) payments.



MCB Bank is enabling P2M payments through multiple channels, including QR scanning, transfers via IBANs, Aliases, Request to Pay, and Raast IDs. By empowering existing merchants to accept payments using Raast P2M rails, MCB Bank is accelerating the adoption of a cashless economy and paving the way for a more inclusive financial ecosystem.

Payments at Your Finger Tips: MCB Payment Solutions

Retail Shopping Services: MCB Bank has significantly strengthened its presence in the payment systems market by deploying over 6,900 POS terminals nationwide. These POS terminals are certified with all major five payment schemes, showcasing the Bank's commitment to providing diverse and robust payment solutions.

In 2024, Payment Solutions team introduced a state-of-the-art Discount Management System on POS terminals, streamlining and automating discount offerings for debit and credit card alliance campaigns.

Aligned with the State Bank of Pakistan's (SBP) guidelines to promote digitalization, the POS team actively on boarded Raast Person-to-Merchant (P2M) QR acquiring merchants, enhancing the Bank's efforts to expand the reach of digital payments.



24/7 Account Access: Automated Teller Machines (ATMs)

MCB Bank remains committed to providing innovative and customer-centric financial solutions, continuously enhancing its services to meet evolving customer needs. Leveraging cutting-edge technology and an expansive reach, the Bank has reinforced its position as a leader in delivering accessible, reliable, and convenient banking services across the country and beyond. With over 1,470 ATMs strategically located across more than 500 cities, the Bank operates one of the largest ATM networks in the country. This expansion ensures customers enjoy seamless access to cash withdrawals and other financial services nationwide. The Bank successfully promoted international card usage at its ATMs, enabling customers to conduct secure and convenient transactions globally. This enhancement reflects the Bank's commitment to empowering its customers with world-class banking solutions. These achievements demonstrate the Bank's dedication to enhancing customer experience and maintaining its leadership in the financial services industry, both locally and internationally.



Cash-Free, Hassle-Free Lifestyle: MCB Debit Cards

MCB Debit Cards provide customers with secure and convenient access to their payment needs. Our cards enable seamless transactions including local/international shopping purchases at Point of Sale (POS) terminals and online/e-commerce merchants. Partnerships with Visa (international payment scheme) and PayPak (domestic payment service), make MCB Bank one of the leading debit card issuers in the industry providing a 24/7 convenience with choicest offers and discounts through the year.

During the year 2024, the Bank expanded its debit card suite by introducing two new debit cards: MCB Visa Signature – a card for affluent and high net worth individuals that serves their unique identity. We also introduced MCB Visa Nayab – a card exclusively designed for women to celebrate their womanhood.

MCB Debit Cards continue to deliver a rich value proposition with exciting discounts on eateries and daily life categories, coupled with 24/7 access through an extensive network of ATMs for cash withdrawal, online and in-store shopping. Our customers enjoy and get benefit from the year-round promotions tailored to their spending needs.



MCB Contact Center

The human voice is still valued as the most trusted and relevant form of communication medium by a majority of our clients. This has inspired us to constantly improve our service and upgrade our MCB Contact Center to the world's best technology platform. This upgrade has enabled us to enhance service delivery across multiple channels while allowing us to address specific needs of our esteemed customers. MCB Contact Center is equipped with a team of trained professionals who offer a wide array of financial and non-financial services around the clock. The customers are further facilitated through self-services modes like Interactive Voice Response (IVR), Self Service Banking and our Live Chat facility. The Contact Center not only serves and strives to retain MCB Bank's customers but also cross-sells and up-sells a number of products and services and support relevant stakeholders for call back confirmation as well.



Wholesale Banking

MCB Burqraftaar:

MCB Burqraftaar continues to be a leading choice for overseas Pakistanis seeking secure and efficient remittance solutions. A testament to its success is the recent award received by MCB Bank Limited at the PRI awards 2024 in Rome, Italy where MCB Bank Limited was honoured as the third-largest bank in Pakistan's remittance industry by the State Bank of Pakistan. To expand on its successful legacy, MCB Burqraftaar is consistently striving to enhance its services and grow its global reach.



MCB Burqraftaar Cash (Cash in Hand) is available via MCB Bank's entire branch network. Payments can be made from any of MCB Bank's 1,400+ branches to walk-in customers.

MCB Burqraftaar Transfer (Straight to Account) enables overseas Pakistanis to send their remittances to their loved ones in Pakistan through our hassle-free straight to account credit service.

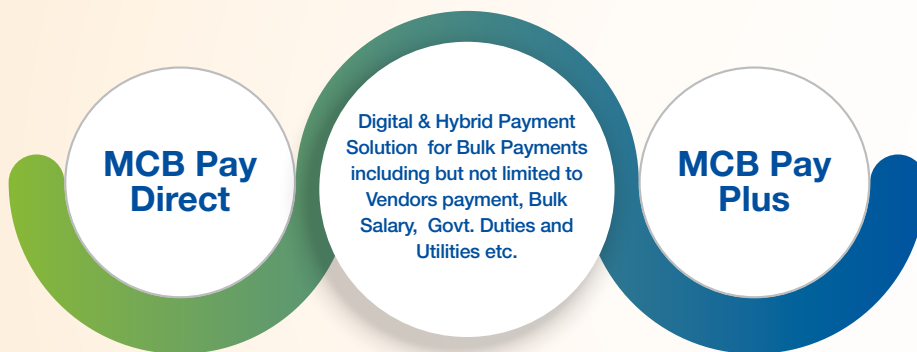
MCB Transaction Banking

Transaction Banking (TBD) provides a wide range of value-added collection and payment services to large corporations through the Bank's vast network of real-time branches. TBD provides structured and customized collection products enabling customers to realize their sales proceeds swiftly from across the country, supported by real-time MIS reports and system integrated alerts.

MCB Payment Solutions

MCB PAY-DIRECT (Payment Station): Corporate Payment Station "MCB Pay Direct" offers a real-time comprehensive payment and transfer mechanism for corporate and large business entities. This allows our customers to virtually execute A2A, Cash Payments, Bankers Cheque, IBFT, RTGS, and Report Printing.

MCB PayPlus: Payment by IFT/IBFT/Bankers cheques/RTGS by emailing the relevant file/instructions to designated TBD office from authorized email ID, instructions through MT-101 are also processed in PayPlus payment solution.



MCB Collection Solutions

MCB CollectPlus: Collection through a deposit of cash, same branch and local clearing instruments in designated MCB Bank Branches.

MCB RemitPlus: Collection through a confirmed and secured receipt, without the involvement of the clearing process.

Online Fund Transfer (OFT): This web-based electronic fund transfer facility has been designed to enable a large network of franchises/dealers/distributors to conduct real-time branchless transactions through a secured MCB Bank website.

Sub Collection Account (SCA): An account which facilitates the dealers/distributors of our corporate clients who do not have an account with MCB Bank. Dealers/Distributors who are maintaining their accounts at other banks will be able to deposit to MCB Bank through online mode i.e. IFT/ IBFT/RTGS/ATM and the respective information will also be available on a real-time basis for corporates. All funds available in SCA will be transferred to Main Collection Account (MCA) of TBD customer by day end (or on a regular interval during the day). The benefits of sub collection account include:

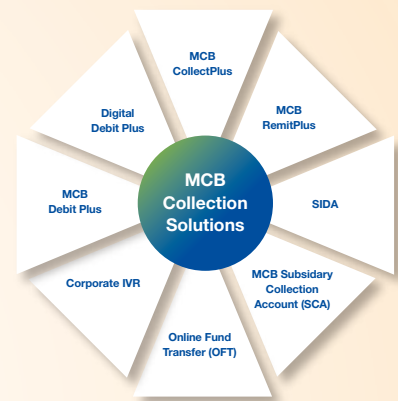
- Real time MIS Reports
- Funds identification of dealers/distributors who do not have an account with MCB Bank
- Online method so dealers/distributors need not need to go to MCB branch to deposit

Corporate IVR for Collections: MCB introduced a new platform for Dealers, Distributors, and Franchisees to conduct transactions without the need to visit MCB branches, by using our existing CRM and IVR channel. The product provides security in terms of cash-carrying and also allows the dealers/distributors to conduct transactions even after banking hours i.e. 24/7. It ensures a smooth flow of regular transactions and provides the bank with higher profits and lower operational expenses and transaction costs. The addition of this channel has also helped us in reducing our cash handling cost and will subsequently encourage dealers to open accounts with MCB Bank.

SIDA: Collection through direct debit of dealers' accounts maintained at the branch

MCB Debit Plus: Collection through direct debit of dealers' account maintained at the branch by TBD via a one-time instruction from the dealer/distributor and email instruction from the customer

1-Bill Collection arrangement: Collection Services under 1-Bill in the form of 1-Bill Invoice and 1-Bill Top-up is also available to provide Open Collection Platform across the entire Banking Industry. Under 1-Bill Invoicing; Biller/Customer directly integrate with MCB and 1-Link to facilitate its Dealers to transfer Fixed hard coded Cash/Proceeds as per Invoice Generated in Customer System. Inquiry pull arrangement permit customer to transfer funds - "Biller Through Integration". Under 1 – Bill Top-up arrangement; MCB through existing defined/agreed protocols establish guidelines with 1-Bill to permit its dealers to Transfer variables amount of Funds as per their business need and order. It is simple aggregation mechanism – called "Biller Through Aggregation."



Other TBD Services

TBD - FI Cash Management: We offer unique cash management solutions to our local Correspondent Banks and Non-Bank Financial Institutions to meet their particular requirements for fund collection, payment, reconciliation, and reporting.

Dividend Management: The Bank provides a complete and comprehensive dividend solution to customers through electronic transfers to shareholder accounts & processing of warrants through MCB Bank branches, followed by complete reconciliation. Foreign dividends are also managed end to end by TBD

Sub Clearing Arrangement: MicroFinance banks that do not have operating licenses for clearing can now rely on MCB Bank to act as their sub-clearing agent for processing transactions through NIFT

Viewing Module for Electronic Bank Guarantees: A viewing module that will enable corporates to view Electronic Bank Guarantees of their dealers/distributors issued in their favor via SWIFT MT-760. Corporates will have the option to view the reports on their personal devices. The corporates can view swift message MT-760 & reports any time through the given portal. Only authorized individuals of corporates can view the reports to ensure confidentiality. The benefits of the system include:

- Convenient and user-friendly interface
- Secure online viewing of electronic Bank Guarantees by company's authorized staff through TBD portal
- Complete and verified detail of Electronic Bank Guarantees along with swift message MT-760

Tax & Duties Payments to FBR: Now MCB Customers can pay their FBR Tax and Duties securely and conveniently through MCB Transaction Banking "Over-the-Counter" at any MCB branch as well as through "TBD MCB PayPlus" by sending us their tax payment details on a secured file. Our Corporate customers can also pay their taxes and duties through "TBD MCB PayDirect" 24x7 and from anywhere in the world. Under FBR payments, MCB offers real-time integration with 1-Link and CBS with complete security and a two-step authorization process. Complete transaction details are ensured through computer-processed receipt, instant SMS alert, and detailed MIS for the branch / back office.

Escrow Accounts: Transaction Banking is also providing Special Escrow Account services to customers. Through a contractual arrangement, the bank being the Escrow agent holds the financial payment between the parties & ensures fulfillment of obligations before the funds are released. Escrow accounts are beneficial for both the parties involved as buyer and seller when big-ticket items are involved & bank as a guarantor of the entire transaction.

Banker to the Issue for IPO/SPOs & Right Shares: We provide efficient & effective processing for both IPO/SPOs & Right Share Mandates. Our branches are well-trained in handling collections for both these products. The information mentioned in the forms is matched with funds collected and after reconciliation; these are transferred to the respective company. MCB Bank's TBD team works jointly with Investment Banking Team on various IPO/SPOs & Rights Shares to facilitate clients.

At Transaction Banking, we work in conjunction with our Corporate Banking, Retail Banking, Institutional Sales & Consumer Banking teams to facilitate customer requirements for collections, payments, dealer finance, electronic dividends, consumer loans and bulk salary processing.

MCB Corporate Banking

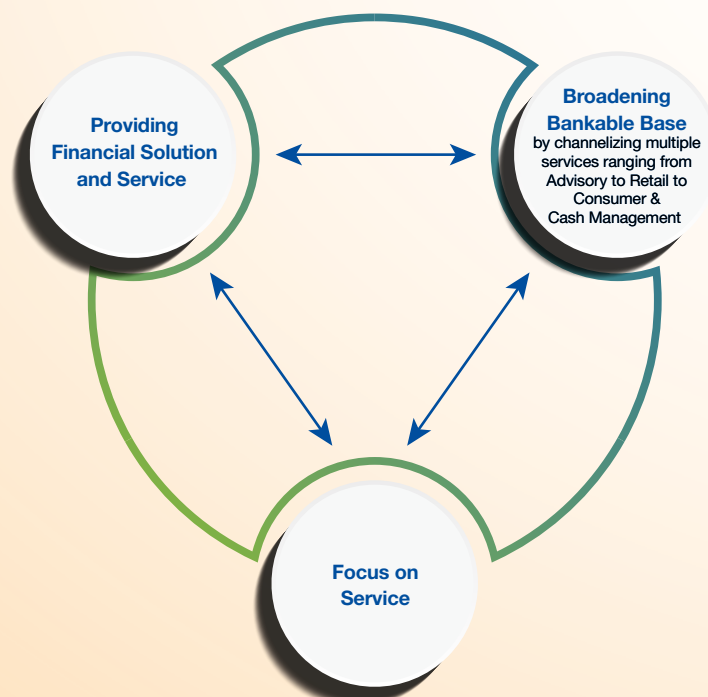
At MCB Bank Limited, our Corporate Banking team plays a pivotal role in empowering businesses to achieve their financial goals and drive growth. Through a comprehensive suite of tailored financial solutions and expert guidance, we support corporations across various industries in navigating complex financial landscapes and seizing opportunities for success.

Our corporate banking team provides flexible and competitive lending solutions to fuel business expansion, fund strategic initiatives, and manage working capital needs. Whether it's term loans, revolving credit facilities or customized financing structures, we work closely with our corporate clients to structure financing arrangements that align with their unique requirements and objectives.

At Corporate Banking, we serve as strategic partners to our clients, offering customized financial solutions that support their growth aspirations and operational needs. Our approach is built on deep sectoral expertise, innovative structuring capabilities and a commitment to fostering long-term partnerships. From structured financing to trade facilitation and working capital simplification, we cater to a diverse portfolio of industries, empowering businesses to navigate market challenges and capitalize on emerging opportunities. By aligning our services with our clients' evolving requirements, we contribute meaningfully to their success while driving sustainable growth for the bank.

MCB Bank's Corporate Banking is equipped with a professional and devoted relationship management team having a presence in 5 cities (namely Karachi, Multan, Faisalabad, Lahore and Islamabad) across Pakistan is providing structured financial services through dedicated Corporate Centers/ Branches.

The corporate team operates in 3-dimensional approaches within the defined goals of the organization.



Financial Services and Solutions

MCB Corporate Banking provides access to diversified financing options, including working capital loans, term loans, trade based finance services (bank guarantees, Import Letter of Credits, import and export services, bill discounting / negotiation, Export finance both in USD and PKR, State Bank of Pakistan export refinance and Long Term Finance, Import finance both in USD and PKR), dollar-based loans, financing under SBP schemes and depository options are also offered under various schemes.

Broadening Bankable Base

Our Corporate Banking team works in close liaison with our Investment Banking team to facilitate clients with advisory and arrangement services for equity, debt and project finance offered through our Investment Banking Division. Similarly, our Corporate Banking team works in conjunction with Transaction Banking, Retail, and Consumer Team to facilitate their requirements for collections, payments, dealer finance, electronic dividends, bulk salary processing, and various consumer-related products for their employees and shareholders.

Focus on Service

Dedicated Corporate Branches are available in 5 cities Karachi, Multan, Faisalabad, Lahore, and Islamabad to cater business needs of corporate relationships through the support of the Corporate Relationship Management Team.

MCB Investment Banking

MCB Investment Banking

MCB Investment Banking offers a full suite of Investment Banking services ranging from equity & debt advisory, syndications and debt capital markets to project and structured finance. MCB Investment Banking works in close coordination with Corporate, Commercial and SME segments to facilitate their clients with its services..

MCB Project and Structured Finance

MCB Project and Structured Finance is a 'Non-recourse' or 'Limited Recourse' financing, where the lending to projects is based on the future cash flows of project, concerning repayment of the project debts. Risks are carefully allocated amongst various stakeholders.

MCB Syndicated Loans and Debt Capital Markets

MCB Syndicated Loans and Debt Capital Markets involve arrangement, underwriting and placement services for debt financing requirements by large corporate and institutional clients in collaboration with to other financial institutions or through the debt capital markets.

MCB Quasi Equity / Hybrid Instruments

MCB Quasi Equity/Hybrid Instruments are structured and tailor-made products incorporating specific customer requirements based on debt and/or equity components including unsecured instruments, subordinated instruments, cumulative/noncumulative dividend paying instruments, equity play component instruments, etc.

MCB Equity Capital Raising

MCB Equity Capital Raising relates to raising capital for our clients by offering common or preferred equity to the public or private investors, through initial public offers, offers for sale, rights issues and private equity placements and underwriting of equity issues in the Capital Market.

MCB Advisory Services

Financial and Capital Raising Advisory provides our clients with financial advisory services for mergers and acquisitions, privatization, project finance, commercial structuring support and access to capital resources to assist companies successfully finance their business/project.

International Banking

MCB Bank Ltd. has strategic footprints in the international arena and is working towards further expanding its global reach.

MCB Sri Lanka - Products and Services



MCB Project and Structured Finance

Over three decades, MCB bank has been serving the people of Sri Lanka. The bank established its operations in Sri Lanka in 1994 as a single branch with main focus on trade finance related business. Since then, the bank has been growing steadily and at present caters to a variety of segments such as Corporate, SME, Retail and Islamic banking with five branches in Sri Lanka.

Current Account - Take account of things that matter

MCB Bank Current account allows our customers to distinguish themselves in the financial market with a secure and faster cheque clearing process, allowing them to carry out their transactions with a greater level of confidence.

Savings Account - The smarter your savings, the higher your returns

MCB Savings Account is designed to encourage customers to maintain a healthy account balance, which keeps growing day by day. Tier based interest rates enable customers to enjoy an attractive return on their funds. Customers have the freedom to utilize their funds to meet their day-to-day financial needs with no restrictions to the number of transactions they perform.

Fixed Deposits - The safe way to save

Fixed Deposit Accounts are designed to suit the diversified investment requirements of our customers. Starting from 7 Days Call Deposits, our product range extends to Term Deposits that can be fixed up to 4 Years. Further, we offer the option of obtaining the interest at maturity or specific interim periods (monthly/quarterly) depending on the customer's requirement for funds.

MCB Kidz Club - Pave the future for your child

Children are the wealth of our nation. We offer ample encouragement and incentives to assure them of a secure future. MCB Kidz Club Account offers an attractive interest rate coupled with a wonderful gift scheme based on the account balance. This encourages parents and children to grow their account balance to enjoy the financial return, as well as to collect gift items on reaching specific account balances.

Foreign Currency Accounts - When you need financial diversity

MCB customers can save in any designated foreign currency and enjoy attractive returns. Further, we offer a wide range of account types for personal and business clients under special schemes approved by the Department of Foreign Exchange of the Central Bank of Sri Lanka.

MCB Debit Card – Introducing more convenience

MCB Bank has been providing financial services to its valued customers since 1994. To further enhance this relationship, MCB signed up with the partnership of Lanka Pay and JCB for the introduction of MCB Debit Card, providing our valuable customers the facility to shop with convenience. MCB Debit Card also provides access to customer accounts through a shared network of over 4,500 ATMs Island wide.

Virtual Banking – Smart & secure access 24/7

MCB Virtual Banking platform is offered to our corporate client base to stay updated on their account activities from wherever they are, and carry out their banking transactions in a secured matrix at a time that is convenient for them, instead of restricting themselves to standard banking hours.

MCB Mobile – Upgrade to the future

MCB Mobile is the flagship technology product of MCB Bank's innovative digital banking services. MCB Mobile App is designed with a user-friendly interface to provide convenience in conducting payments and secured financial and non-financial transactions.

Safe Deposit Lockers - Where safety is a promise

We pride ourselves in offering our customers ease of mind and this is yet another service that highlights our commitment to providing everything necessary to accommodate their needs. We offer various types of lockers depending on customer requirements to protect their documents, jewelry or other valuables.

SME & Corporate Banking

MCB Sri Lanka offers diversified finance options for Small/Medium Entrepreneurs and Corporate customers to achieve success in their business. These financing options range from Overdrafts, Leasing for vehicle and machinery, Working Capital Loans, Term Loans, Trade Finance and Structured Project Financing to cater to the evolving needs of our Business Banking customers. A wide range of Treasury products including Forward Contracts, Repurchase Agreements, Spot Contracts and Treasury Bills are also offered under investment options.

Islamic Banking

MCB has been the pioneer bank to launch Islamic banking in year 2006 in Sri Lanka. Since then Islamic Banking Division has developed its portfolio offering including Current, Savings (Mudaraba), Trade Finance (Murabaha), Leasing (Ijara), Project financing (Diminishing Musharaka), etc. to facilitate the customers with a fully-fledged Shari'ah compliant product range.

MCB UAE - Products and Services

In 2015, MCB Bank launched its wholesale banking branch in Dubai, United Arab Emirates.

The franchise adopted a strategy of diversifying portfolio and due to the franchise's policy of portfolio diversification, both in terms of assets and liabilities, it now has a flexible and dynamic portfolio that can adapt to changing market conditions and market challenges. The branch was able to meet its growth goals successfully. The branch's increased productivity has allowed it to produce quality returns.

MCB UAE stood firm in its commitment to expanding its outreach and in achieving its objectives while safeguarding the interest of our shareholders through prudent policy and by relying on the Bank's core strengths.

For its wholesale clients, MCB UAE offers a comprehensive selection of business solutions, including trade, finance, and business accounts. These products and services have been developed to assist wholesale businesses in meeting their daily needs at a competitive price.



Avalization

The "Avalization (Export)" product has been designed to facilitate the financing of exports by allowing an Exporter (Seller) to discount its receivables under credit granted to a counterparty i.e. Importer (Buyer), without taking payment risk on the Importer (Buyer); through the involvement of banks at both ends, the Exporter (Seller) receives its payment a few days after performing its obligations under a contract (and not under a letter of credit) entered into with the Importer (Buyer) instead of waiting for the full tenor of the credit period granted to the Importer (Buyer). The receivables are secured by a bill of exchange or promissory note accepted by the obligor (the person who is liable for the payment of the receivable). By way of credit enhancement, these receivables are further backed by the guarantee or commitment of the obligor's bank who becomes the end obligor.

MCB Current Deposit Account

MCB Current Deposit Account is designed to provide our wholesale customers with transactional convenience and flexibility. Choices of local (AED) and international currencies (USD/EUR) are available at attractive options for our business customers with low minimum balance requirements.

365 Savings Business Gold Account

Providing transactional flexibility in a Savings account, 365 days Gold Account provides the choice of local (AED) and international currencies (USD /EUR). This account will grow savings at an attractive interest rate for 365 days while giving the flexibility to use these funds for business transactional needs as well. This is an attractive option for business customers with a high balance and with requirements of transactional flexibility.

Term Deposit

Term Deposit products are available in a choice of local (AED) and international currencies (USD /EUR). Tenor options can be chosen between 1, 3, 6, and 12 months. It is an attractive option for our business customers with short to mid-term investment opportunities.

Demand Finance

It is financing for a fixed period repayable either in periodic installments or in a lump sum, at a future date. An attractive option for business customers that require financing against fixed assets such as plant and machinery, land, building, etc.

Overdraft

Overdraft facility allows businesses to access additional funds for day-to-day business expenses. The overdraft facility will charge interest only on the daily outstanding balance from the Current Account above the credit amount available.

Bills Discounting

Our discounting solution is for clients who are looking to fund their working capital requirements. While discounting, the bank buys the bill (i.e., bill of exchange or promissory note) before it is due. The transaction is practically an advance against the security of the bill and the discount represents the interest on the bill from the date of purchase of the bill until it is due for payment.

Post-dated Cheque Discount Facility

Cheque Purchase Discount Facility from MCB Bank takes away the hassle of waiting for post-dated cheques (30- 120 days) to clear while letting businesses concentrate on completing their transactions.

Finance against Trust Receipts (FATR)

Financing against Trust Receipts enables our customers to honor payments to their suppliers by letting the bank pay on their behalf without reducing customer's credibility. The customer simply has to submit a Trust Receipt (TR) Letter which contains a statement of receiving goods on the Bank's behalf and promising to pay the Bank on a deferred basis.

Financing against Receivables

Financing against Receivables is available in the form of Invoice Discounting. Invoice Discounting is a form of asset based finance that enables a business with evidence to release cash tied up in an invoice to its debtors/buyers.

- **Discounting of Export Bills for Collection** – A borrowing mechanism available to raise finances for an agreed specific tenor. Where the bank buys the export bill at a discounted price, the exporter gets the amount from the bank while submitting export documents.
- **Discounting of Bills under Export LC** – A borrowing mechanism available to raise finances against documents drawn on buyers for an agreed specific tenor. Discounting of Bills under Export LC is available for customers who wish to sell such bills to the bank at a discount rate under the condition of not claiming anything from customers (without recourse).

Guarantees

The Bank stands as a guarantor for its client ensuring that the liabilities of a debtor will be met. Generally, a Guarantee is issued on cash collateral or against some security as collateral.

Letter of Credits

A bank guaranteeing on behalf of its customer that a buyer's payment to a seller will be received on time and for the correct amount. Generally, a Letter of Credit is issued for Sight and Usance terms against some security/collateral.

Internet Banking

MCB Bank has implemented Oracle's Flex Cube Direct Banking which comes with enhanced security, a user-friendly interface, and a host of functionalities/services. Our state-of-the-art Internet Banking allows clients, through a maker checker concept, the convenience of conducting Inter-Bank Funds Transfer as well as Cross Border Funds Transfer at anytime from anywhere in the world simply by logging on to www.online.mcbae.com.

Wages Protected System

With the help of MCB Bank's Wages Protected system (WPS) at MCB UAE, our clients can use MCB's services to handle their employees' salary transactions.

MCB Bahrain - Products and Services

MCB Wholesale Bank Bahrain remains committed to delivering innovative and comprehensive financial solutions, ensuring value for our customers, shareholders, and stakeholders. At MCB Wholesale Bank Bahrain, our primary objective is to align our financial portfolio with the evolving demands of the market. Maintaining an optimal balance sheet size ensures agility within an approved risk and return framework. Our franchise emphasizes developing and implementing robust policies and procedures, enabling seamless adaptation to regulatory changes. MCB Bahrain remains steadfast in its commitment to fostering a secure environment for customers and employees by prioritizing Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT), and other compliance initiatives. Our future strategy focuses on organic growth and liquidity mobilization, driven by gap assessments and adherence to approved internal policies and procedures.

MCB-Bahrain offers a diverse range of financial products and services tailored to meet the unique needs of our clients:



MCB Current Account

Our current account is specifically designed to provide customers with transactional convenience and flexibility. Available in international currencies (USD/GBP/EUR/AED), it requires a low minimum balance, ensuring a seamless banking experience.

MCB Savings Account

MCB Bahrain's Savings Account, denominated in international currencies (USD/AED/GBP/EUR/AED), offers attractive interest rates on deposits. These accounts are ideal for customers with higher balances, combining flexibility with favourable returns for transactional needs.

Term Deposit

Available in international currencies (USD/GBP/EUR/AED), our term deposits empower customers to select a tenor that aligns with their investment goals. These deposits are a compelling choice for individuals seeking short- to mid-term investment opportunities.

Syndicated Transactions

MCB Bahrain actively participates in Islamic and conventional syndicated transactions. The branch engages in regional collaborations with corporates, financial institutions, and sovereign entities, including risk-sharing transactions with reputable banks across the region.

Loans and Advances

We provide financing solutions for both short-term and long-term facilities. Our project-specific financing structures are designed to comprehensively support the financial needs of clients in the region.

Trade Finance

MCB Bahrain offers a broad array of funded and non-funded trade finance facilities, including Letters of Credit, advising, confirmation, credit discounting, documentary collection, bill discounting, and the issuance of bank guarantees.

Treasury

Our active treasury function invests in various fixed-income securities, encompassing Islamic and conventional instruments. The portfolio includes sovereign euro bonds and treasury bills. The Bahrain branch also provides plain-vanilla FX solutions and liquidity instruments such as swaps, short-term borrowing/placements, and forwards, which can be obtained through the treasury front office.

Trade Products

Trade Products provide a wide range of standard as well as tailor-made products and solutions to trade customers from all walks of life. Despite having an inventory of standard to market products in refined shape, specific new-to-market products include:

- **Quick-LC:** A simple and easy to use mechanism, internal design of desktop application, allowing customers to type-in, e-mail and print out an LC application form, reducing cost and hassle while improving TAT and input accuracy.
- **X-Flex:** A solution which facilitates external export business for customers in cases where transport documents (Bill of Lading) are not available at the counters of MCB's discounting / financing branch on the date of extending financing.
- **TRIMS:** Facilitates the financing of inland trade through the involvement of MCB Bank at both ends thereby allowing an exporter to get receivables discounted on non-recourse basis, i.e. the exporter receives payment in a given time (in less than 48 hours) after performing obligations.
- **Econ-LC:** A product program which allows drafts/bills of exchange to be waived as a requirement under LCs available by negotiation resulting in reduction in overall transaction cost for importers.
- **Avalization (Export):** A global product designed to facilitate the financing of export by allowing an Exporter (Seller) to discount the receivables under credit granted to a counter party, i.e. Importer (Buyer), without taking payment risk on the Importer (Buyer) under a contract (non-LC transactions).
- **Avalization (Import):** A product which facilitates delivery of import documents (and goods) against importer's acceptance under contracts (without opening of LC) hence offers savings associated with fees and commissions.
- **China LC Confirmation Programme:** Under this program the branches of MCB's partner bank located in Hong Kong and China add "Confirmation" to MCB LCs on "Free of Cost" basis thus increasing acceptability of MCB's Import LCs and facilitate import customers.
- **Europe LC Routing Program:** Under this program the branches of MCB's partner bank located in UK will be handling LC transaction originated by MCB under special arrangements which includes advising, confirmations, bill discounting and UPAS transactions.



CORPORATE **INFORMATION**



Board of Directors	Mian Mohammad Mansha Mr. Muhammad Tariq Rafi Mian Umer Mansha Mrs. Iqraa Hassan Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Shahzad Hussain Mr. Masood Ahmed Puri Shaikh Muhammad Jawed Mr. Norzulkarnien bin Nor Mohamad Mr. Muhammad Nauman Chughtai	Chairman Director Director Director Director Director Director Director Director Director Director Director President & CEO
Audit Committee:	Mr. Shahzad Hussain Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Norzulkarnien bin Nor Mohamad	Chairman Member Member Member
Chief Financial Officer:	Mr. Hammad Khalid	
Company Secretary:	Mr. Farid Ahmad	
Auditors:	M/s. A.F. Ferguson & Co. Chartered Accountants	
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants	
Registered /Principal Office:	MCB House, 15-Main Gulberg, Jail Road, Lahore, Pakistan.	
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk	
Share Registrar's Offices:	Head Office: M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, Pakistan. Branch Office: M/s. THK Associates (Pvt.) Limited Office No. 309, 3 rd floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore, Pakistan.	





BOARD OF **DIRECTORS**









Mian Mohammad Mansha
Chairman

Mian Mohammad Mansha started his career at the age of 24 as the CEO of Nishat Mills Limited. Under his leadership, Nishat's business has diversified and grown into a renowned conglomerate - the Nishat Group. The Nishat Group is one of the leading multi sector business groups in South East Asia, having presence in Banking, Financial Services, Textile, Cement, Insurance, Power Generation, Hotel & Hospitality, Dairy, Paper Products, Retail Commerce, Real Estate, Agriculture, Aviation and Automotive sectors. Apart from Pakistan, it operates in various countries across the globe including Sri Lanka, Azerbaijan, UAE, USA, UK, Hong Kong and Bahrain. The Nishat Group is one of the largest private sector employers, exporters and tax contributors in Pakistan.

Mr. Mansha has served as Chairman, Board of Directors MCB Bank Limited, after the Bank's privatization, from 1991 to mid-1995 and then from 1997 till date. Presently, he is also a member of the Board's Human Resource & Remuneration Committee, Business Strategy & Development Committee and Committee on Physical Planning & Contingency Arrangements. He is also Chairman, Board of Directors of MCB Non-Bank Credit Organization, CJSC, Azerbaijan.

He had also been associated with Punjab Mineral Company (Pvt) Limited, Civil Aviation Authority, Pakistan International Airlines, Board of Investment, Punjab Board of Investment & Trade, Pakistan Industrial Development Corporation, National Management Foundation, Textile College Faisalabad and Government College of Faisalabad. He has also served as the Chairman of All Pakistan Textile Mills Association (APTMA) and APTMA, Punjab.

Pakistan's Civil Award, the Sitara-e-Imtiaz was conferred upon him in 2004 for his contributions to industrial development of Pakistan.

Internationally, Mr. Mansha has served on the Board of the Atlantic Council, Commonwealth Business Council UK and International Advisory Board Babson College USA. He is currently the Chair of Advisory Council in Pakistan of the British Asian Trust that was founded by and operates under the patronage of His Majesty King Charles III.

Mr. Mansha is a committed philanthropist and provides support to a number of causes, such as healthcare, education, sustainable tourism, sports, poverty alleviation and social uplift. He has provided financial assistance and support to the Punjab Institute of Cardiology, Children's Hospital & the Institute of Child Health in Lahore and Saleem Memorial Hospital, besides supporting Government of Punjab in their fight against COVID-19.



Muhammad Tariq Rafi
Director

Mr. Mohammad Tariq Rafi is the Chairman of Siddiqsons Group and is a recipient of the coveted Civil Award Sitara-e-Imtiaz. He was awarded the prestigious Best Businessman award for the year 1999 and 2012, best Export Trophies between years 1980 to 2005.

Mr. Tariq Rafi has been awarded the Privilege Card by the Prime Minister of Islamic Republic of Pakistan for being one of the top tax payers. He is also the Honorary Consul General of Republic of Serbia.

He is on the board of MCB Bank since its privatization and presently is member of Board's Write-off & Waiver Committee.

Other Directorships:

- Siddiqsons Limited
- Siddiqsons Energy Limited
- Siddiqsons Tin Plate Limited
- Siddiqsons Mining (Pvt) Limited
- TMS Mining (Pvt) Limited;
- Central Depository Co. of Pakistan Limited
- Habib University Foundation



Mian Umer Mansha
Director

Mian Umer Mansha was co-opted as a Director on the Board of MCB Bank in November, 1997 and served till September, 2007. Then he was elected as a Director in the Bank's 61st AGM held in March, 2009.

Presently, at MCB Bank he is the Chairman of the Board's Business Strategy & Development Committee, IT Committee, Compliance Review & Monitoring Committee, Committee on Physical Planning & Contingency Arrangements, and Write-off & Waiver Committee and is also a member of Audit Committee, Risk Management & Portfolio Review Committee and Human Resource & Remuneration Committee.

In addition, he has been serving on the board of various other businesses. Mr. Umer received his Bachelor's degree from Babson College, Boston, USA.

Other Directorships:

- Nishat Mills Limited
- Adamjee Insurance Company Limited
- Adamjee Life Assurance Company Limited
- Nishat Hotels & Properties Limited
- Nishat Developers (Pvt) Limited
- Nishat (Raiwind) Hotels and Properties Limited
- Nishat Dairy (Pvt) Limited
- Nishat Agriculture Farming (Pvt) Limited
- Hyundai Nishat Motor (Pvt) Limited
- Nishat Agrotech Farms (Pvt) Limited
- Nishat Sutas Dairy Limited
- National Textile Foundation



Iqraa Hassan Mansha
Director

Mrs. Iqraa Hassan Mansha has more than 16 years diversified professional experience in Hotel Industry. She received her B.Sc. degree in International Politics from London School of Economics and M.Sc. degree in International Relations from the University of London School of Oriental and African Studies (SOAS).

She is serving in the capacity of Executive Director of Nishat Hotels & Properties Limited. She is also serving as Director on the Board of the following companies:

Other Directorships:

- Nishat (Raiwind) Hotels and Properties Limited
- Nishat Real Estate Development Company (Pvt) Limited
- Emporium Properties (Pvt) Limited
- Security General Insurance Co. Limited



Muhammad Ali Zeb
Director

Mr. Zeb is currently the CEO and Managing Director of Adamjee Insurance Company Limited. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 29 years of diversified professional experience in the fields of Finance, Insurance & Manufacturing. He also served as council member of Insurance Association of Pakistan and Pakistan Insurance Institute. Insurance Association of Pakistan elected him as the Chairman for the year 2014 in terms of its Constitution.

He was co-opted as a Director on the Board of MCB Bank in June, 2013. At MCB Bank, presently he is Chairman of the Board's Risk Management & Portfolio Review Committee and is a member of Board's Audit Committee, Human Resource & Remuneration Committee, Compliance Review & Monitoring Committee, Committee on Physical Planning & Contingency Arrangements and Write-Off & Waiver Committee.

He is also serving as Director on the Board of the following companies:

Other Directorships:

- Adamjee Life Assurance Company Limited
- Nishat Sutas Dairy Limited
- Pakgen Power Limited



Yahya Saleem
Director

After graduating from the Lahore University of Management Sciences (LUMS), Mr. Yahya Saleem joined the family business as a Director of the Nishat Chunian Group, establishing a spinning mill in 1990. Since then, the company has diversified into weaving, home textiles, power generation, and entertainment. Today, Nishat Chunian Limited (NCL) ranks among the top five textile companies in Pakistan.

In 2007, the group expanded into the power sector by launching Nishat Chunian Power Ltd. (NCPL), a 200 MW Independent Power Plant (IPP) that supplies electricity to the national grid. Both NCL and NCPL are listed on the Pakistan Stock Exchange.

Mr. Yahya Saleem and his family also established a 200-bed tertiary hospital in Lahore in memory of Sheikh Mohammad Saleem. Built to state-of-the-art international standards, the hospital provides subsidized healthcare to underprivileged communities.

In 2019, he was appointed CEO and Director of NC Entertainment Private Limited, which owns and operates two multiplexes under the brand “Universal Cinemas,” including Pakistan’s largest multiplex.

That same year, he founded YSG Trading Private Limited, specializing in importing high-quality lentils from Canada.



Salman Khalid Butt
Director

Mr. Salman Butt is an accomplished international business executive and ex-banker. He is currently a Dubai, U.A.E. based entrepreneur.

Mr. Salman Butt started his career with Citibank N.A. in 1985 and worked for 20 years as an international banker with Citibank N.A. and Samba Financial Group, holding several senior positions in Corporate and Investment Banking in Pakistan, Hong Kong, UK, Egypt and Saudi Arabia.

Mr. Salman Butt joined Orascom Construction Industries, Egypt (OCI Egypt) as Group CFO in 2005. OCI Egypt was a leading Egyptian multinational listed on Cairo Stock Exchange and involved in Construction, Fertilizers and Cement operations. In 2013, OCI Egypt was re-domiciled as OCI N.V. Netherlands and listed on Amsterdam Stock Exchange, where he continued as Executive Director and Group CFO from 2013 to 2017.

Mr. Salman Butt holds Masters of Business Administration degree from the University of Texas at Austin, Texas, U.S. and B.Sc. Industrial Engineering degree from Middle East Technical University, Ankara, Turkey.



Mohd Suhail Amar Suresh Bin Abdullah
Director

Mr. Suhail has over 30 years of combined global experience in the financial services and telecommunications sector specialising in digital transformation, IT architecture, systems and application development, regional implementation and business development. His passion in technology drives him to effectively utilise technology as a competitive advantage for enhanced customer experience.

Mr. Suhail is currently the Senior Advisor to President & Group CEO's Office Maybank, Malaysia's largest Financial Services Institution. His previously held positions include Group Chief Technology Officer of Maybank, Managing Director of Bank Negara Malaysia's wholly-owned subsidiary Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear) and Group Managing Director of Malaysian Electronic Payment System Sdn. Bhd. (MEPS).

Presently, Mr. Suhail is a Director on the Board of MCB Bank Limited and a member of the Board's Business Strategy & Development Committee, Risk Management & Portfolio Review Committee and IT Committee.

Other directorships include MBB Labs Pvt. Limited and MRANTI Corporation Sdn. Bhd.

Mr. Suhail has been recognized for his leadership in driving technology within the Financial Industry both locally and in the region. This includes CIO 100 ASEAN in 2024 and 2023 and being ranked top-3 CIOs in ASEAN in 2022 and 2021 by International Data Group (IDG)'s CIO 100, Financial Services CIOs in Southeast Asia 2018 by IDG, Bank Technology Leadership Achievement in Asia Pacific 2017 by The Asian Banker and CIO Excellence Award 2016 by PIKOM, Malaysia.

He is a Fellow of the Malaysian Institute of Management and a Chartered Banker of the Chartered Banker Institute & Asian Institute of Chartered Bankers. He holds a Master of Business Administration from Charles Sturt University, Australia and an Advanced Management Program from Harvard Business School, Boston, USA.



Shahzad Hussain
Director

After passing the final exam of England Institute of Chartered Accountants, i.e., The Institute of Chartered Accountants in England and Wales (ICAEW), Mr. Shahzad Hussain returned to Pakistan from UK, in early 1980s. In Pakistan, he became a member of the Institute of Chartered Accountants of Pakistan i.e. ICAP. Later, he was elected as a member of its Council for a term of four years and also served as Vice President (North), where he chaired the ICAP's Discipline Committee, reporting to the Council.

In 1980, after serving briefly in SNGPL, he joined A. F. Ferguson and Co., a network firm of Price Waterhouse Coopers (PwC). In early 1990's he was admitted to partnership and served the firm in Audit, Tax and consultancy. In 2003, he was made Partner In-Charge of Lahore Office, where he served until his retirement in 2015. Currently he is on the Board of MCB Bank since 2019.

He has vast experience in Audit, Tax practice and in consultancy. He headed many assignments, including Asian Development Bank funded assignment for Punjab Government Resource Mobilization, where he gained considerable experience in Provincial Government organization structures and procedures in various fields.



Masood Ahmed Puri
Director

Mr. Masood Ahmed Puri is a distinguished and versatile senior executive with extensive expertise in strategic planning, business development, risk management, and sound decision-making. With nearly 45 years of experience, he serves as the CEO and owner of multiple conglomerates operating across diverse industries, including logistics, shipping, supply chain, restaurants, and textiles within the GCC region.

Mr. Puri began his career in Pakistan with the Vegetable Ghee Industry before transitioning to the logistics and shipping sector in 1976. He was appointed as General Manager of Finance at a prominent logistics company in Saudi Arabia, where he quickly demonstrated exceptional leadership and operational management capabilities. This role became the foundation for his entrepreneurial journey, as he successfully established and expanded businesses across his core industries. Over time, he strategically diversified into textiles and restaurants, further solidifying his reputation as a dynamic and visionary leader.

With a wealth of experience in finance, corporate strategy, management, and operations, Mr. Puri is particularly renowned for his expertise in business start-ups. His remarkable career trajectory and deep insights into multiple industries make him a respected figure in the business community across the GCC.



Norzulkarnien bin Nor Mohamad
Director

An MBA in Finance from University of Malaya, Mr. Norzulkarnien also holds a Bachelor's degree in Real Estate Management. He possesses 18 years of diversified professional experience encompassing financial and business analysis, business planning & budgeting, strategic management, strategic project management and transformation, product development, branding & marketing, business development, business management, portfolio management, sales and distribution management, operation management, knowledge management and Islamic finance. Currently, he is serving as Executive Vice President/Head Strategy, Maybank Group Islamic Banking. He has successfully built and spearheaded growth of Islamic Banking business of Maybank Group in Malaysia, Singapore and Indonesia. He is currently engaged in formulating and facilitating executions of Islamic Banking Super Growth and Signatures Businesses.



Shaikh Muhammad Jawed
Director

Shaikh Muhammad Jawed possesses extensive expertise in the efficient management of cutting-edge industrial operations. His remarkable technical proficiency has earned numerous accolades and merits for outstanding performance in exporting industrial products from Pakistan. Under his guidance, the industrial entity he leads has received prestigious awards, contributing significantly to the country's foreign exchange reserves.

A recipient of technical education in Industrial Technology from the UK, Mr. S. M. Jawed has been honored with a Gold Medallion Award from the International Export Association, UK, highlighting the company's excellence in production and export.

In addition to his leadership in the industrial sector, he holds Directorship/shareholding in following entities, reflecting his diverse business interests.

Other Directorships:

- Din Textile Mills Limited
- Din Leather (Pvt) Limited
- Din Farm Products (Pvt) Limited
- Adamjee Insurance Co. Limited
- Adamjee Life Assurance Co. Limited



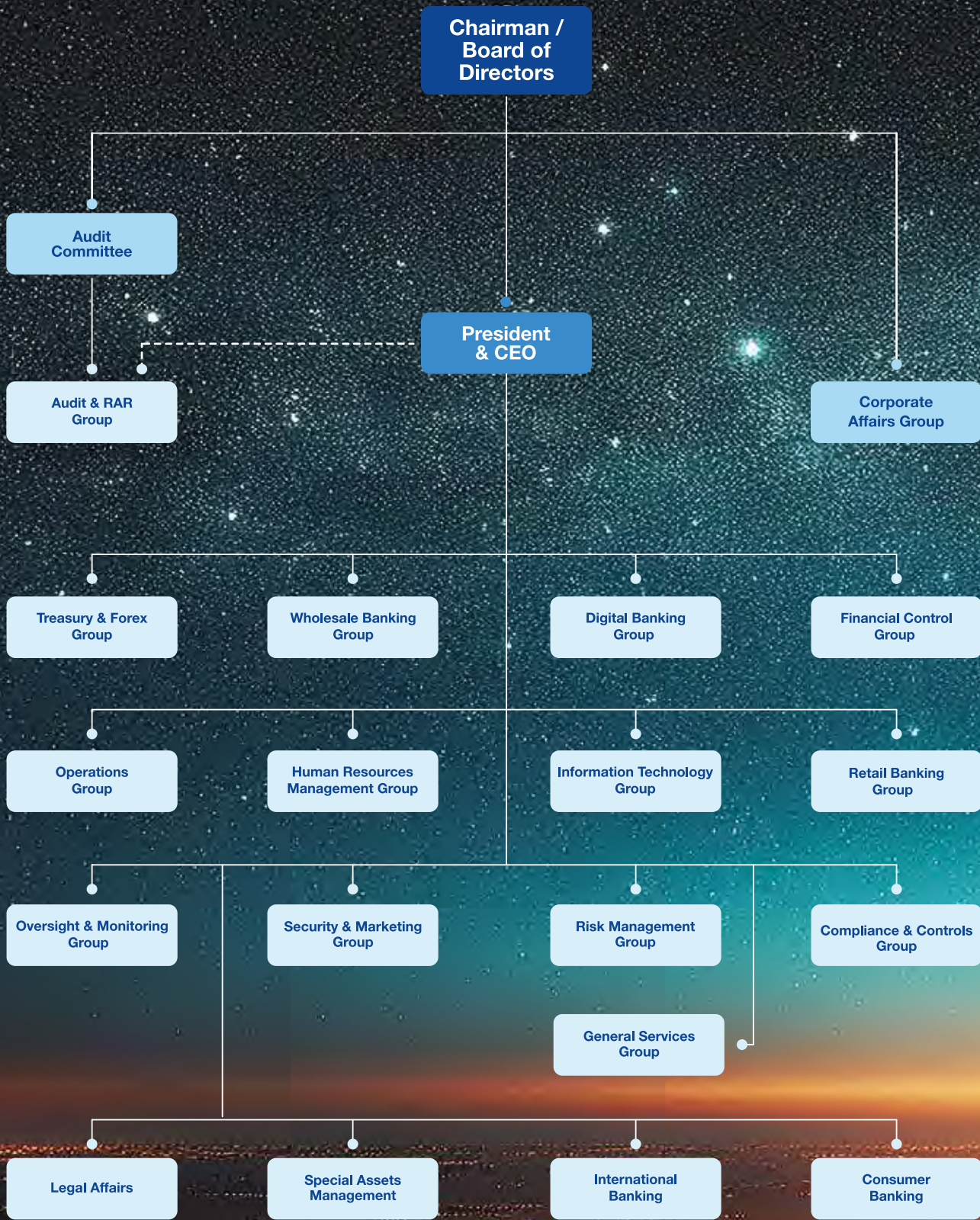
Muhammad Nauman Chughtai
President & CEO

Mr. Muhammad Nauman Chughtai is a certified director and a seasoned banker, carrying over three decades of banking experience comprising of foreign as well as large domestic banks. He has managed Consumer, Retail, Corporate and Transaction Banking/Cash Management Businesses. During the past years, Mr. Chughtai headed the Corporate Banking Group of MCB Bank and was also assigned as Group Head Risk Management & Chief Risk Officer of the Bank.

Mr. Chughtai has significantly contributed towards MCB's sustained growth and distinct reputation as one of Pakistan's leading financial institutions through his strategic vision and ability to drive operational excellence.

He had been on the Board of MCB Islamic Bank and is currently serving as director of MCB Non-Bank Credit Organization, Closed Joint Stock Company, Azerbaijan and Chairman Board of Trustees of MCB Employees Foundation.

He is a Chartered Financial Analyst (CFA) and holds an MBA in Finance and Marketing from the Lahore University of Management Sciences. He also holds a B.E. in Electronics Engineering from NED University of Engineering & Technology, Karachi.



— Administrative Reporting
 - - - Functional Reporting



ORGANIZATIONAL **STRUCTURE**





LEADERSHIP TEAM







Front Row (Left to Right):

Salman Yaqub Zaidi, Muhammad Azfar Alam Nomani, Usman Hassan, Muhammad Nauman Chughtai

Centre Row (Left to Right):

Rashid Zaman Khan, Muhammad Haris Hasan, Shahzad Ishaq

Back Row (Left to Right):

Rizwan Chughtai, Adnan Aurangzeb Khan, Syed Sikander Zulquernain

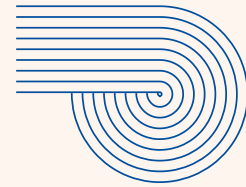


Front Row (Left to Right):
Centre Row (Left to Right):
Back Row (Left to Right):

Malik Abdul Waheed, Farid Ahmad, Hassan Nawaz Tarar
Hammad Khalid, Muhammad Farooq Wasi, Waqas Mahmood
Omair Safdar, Kashif Ali, Mansoor Qadir



OTHER SENIOR MANAGEMENT



Tahir Riaz
Country General Manager, Sri Lanka



Syed Faheem Ahmed
Country Manager, Bahrain



Aamir Khanzada
Country Manager, UAE





ENTITY
**CREDIT
RATING**

BY PAKISTAN CREDIT
RATING AGENCY



LONG TERM

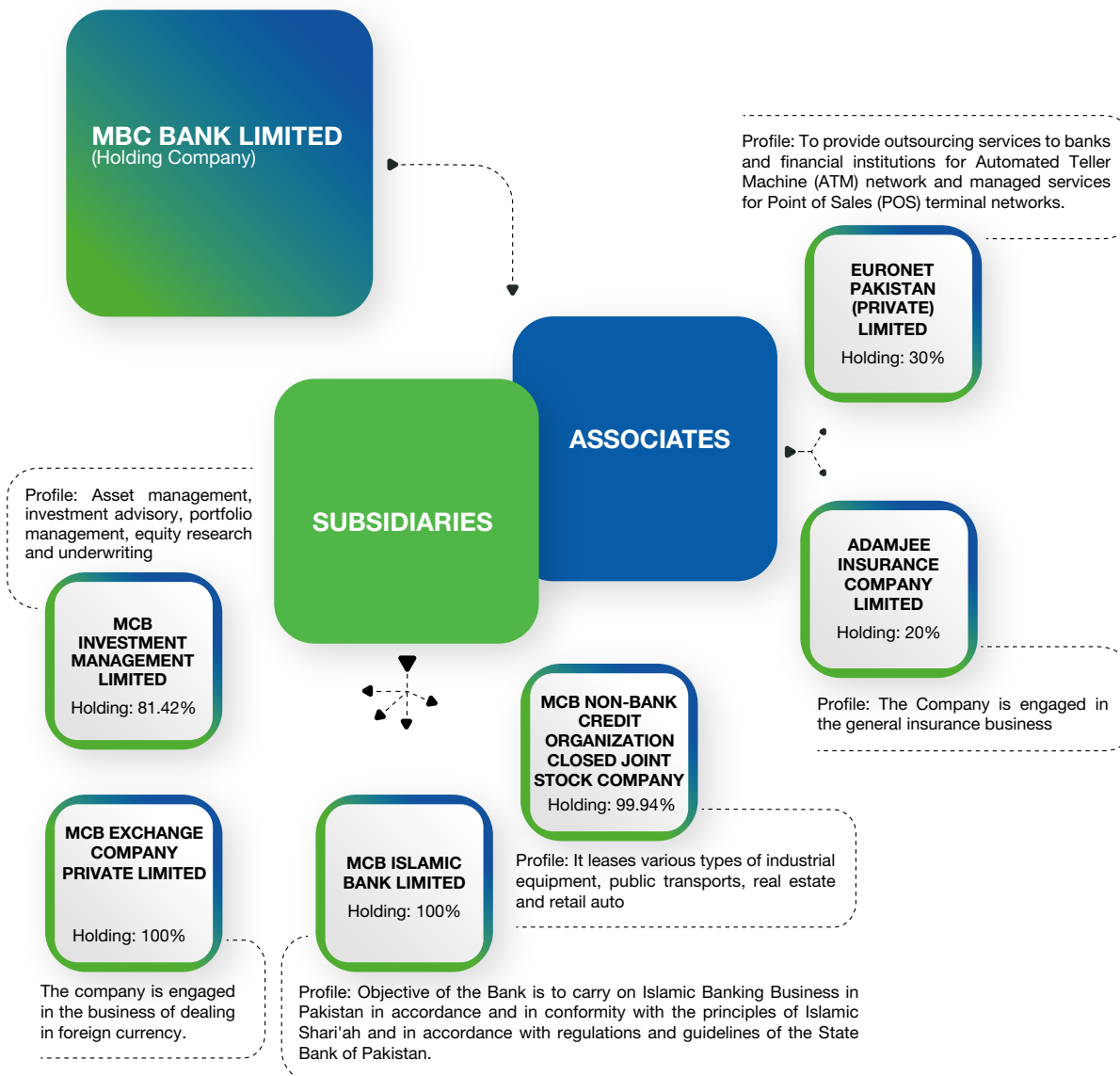
AAA

SHORT TERM

A1+

Corporate Profile of the Bank

MCB Bank is one of the oldest banks of Pakistan, incorporated in private sector in 1947. It was nationalized in 1974 and privatized in 1991. MCB Bank's major shareholding is owned by Nishat group, a prominent business conglomerate, having diversified interests in Textiles, Cement, Banking, Insurance, Power Generation, Hotel Business, Agriculture, Dairy, Auto Manufacturing and Paper Products. To enter into international capital markets, the Bank launched its Global Depository Receipts (GDRs) in 2006. It was the first Pakistani Bank that had its GDRs listed on the London Stock Exchange. In 2008, the Bank entered into a strategic partnership with Maybank, Malaysia, which owns 18.78% stake in MCB through Maybank International Trust (Labuan) Berhad. In 2017, operations of NIB Bank were successfully amalgamated into and with MCB under a merger scheme. MCB is the first Pakistani Bank which incorporated a wholly owned Islamic Banking subsidiary, MCB Islamic Bank Limited, to meet requirements of a significant segment of society, for financial solutions that conform to Shari'ah rulings, and demonstrate our confidence in the potential of the Islamic Banking industry in the country.

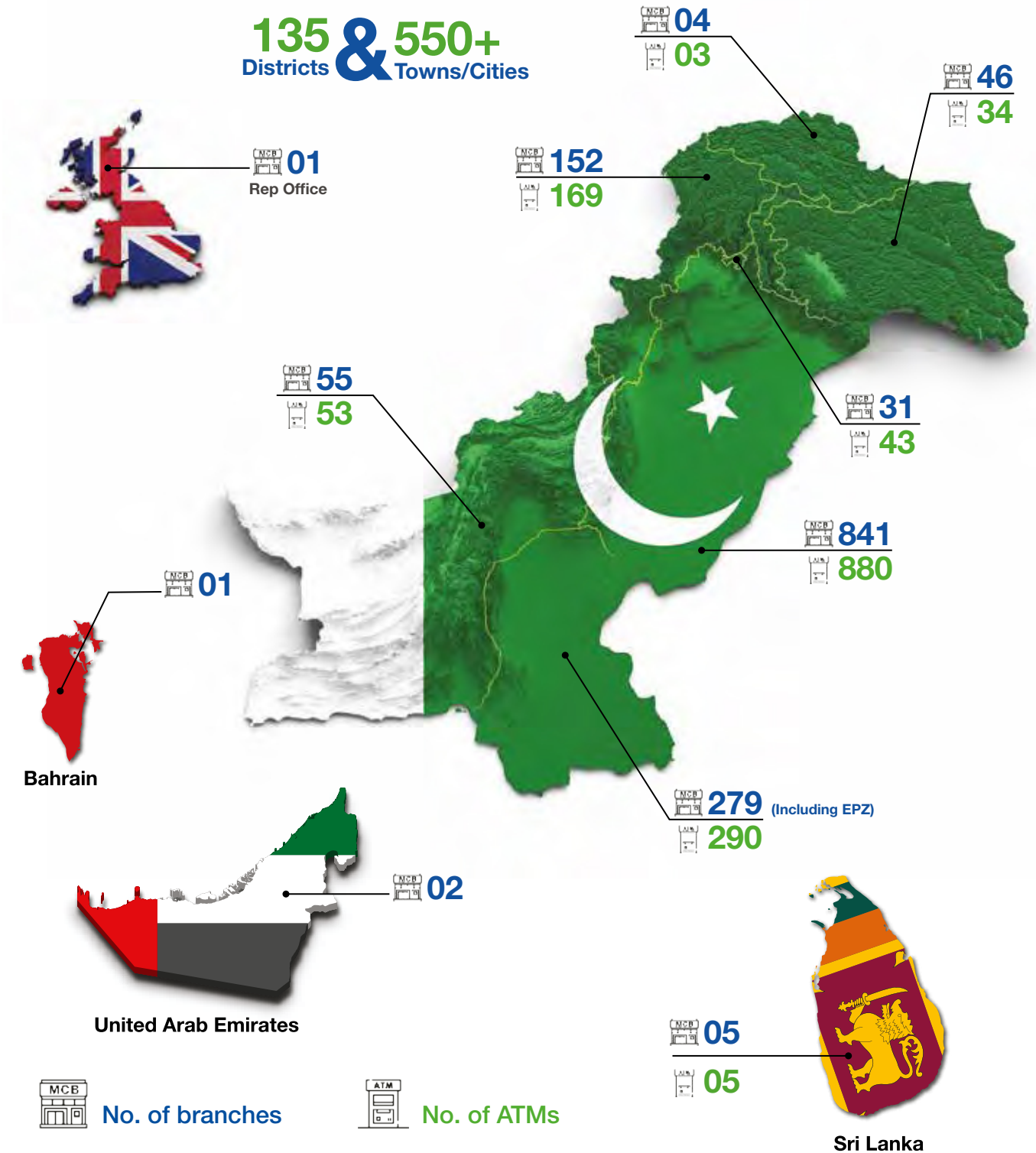


Our Presence

The Bank operates a strong and vast network of over 1,400 Branches and over 1,450 ATMs in Pakistan and 8 branches overseas with a footprint in UAE, Bahrain, and Sri Lanka. With a customer base of over 7 million, MCB leads the banking & financial services sector in Pakistan and customers across the globe have 24/7 access to MCB Bank via our World Class Internet Banking. The Bank on a consolidated basis is operating the 2nd largest network of more than 1,700 branches in Pakistan.

Footprint across Pakistan covering

135 Districts & **550+** Towns/Cities



No. of branches



No. of ATMs



CHAIRMAN'S
REVIEW 



I am pleased to present this report to the shareholders of MCB Bank Limited on the effectiveness of the role played by the Board and its overall performance in achieving the Bank's strategic objectives.

Effectiveness of the role played by the Board

The Board has set the strategic direction of the Bank, ensuring the execution of its vision, mission, and core values while upholding the highest standards of business ethics and professional conduct in supervising and managing the Bank's affairs.

The Board actively monitors the Bank's internal control framework to ensure robust risk management and regulatory compliance. Our governance structure establishes a clear distinction between the roles of the Chairman and the President & CEO, reinforcing independent oversight. Additionally, the Bank adheres to a well-defined Code of Conduct for employees and directors, fostering ethical business practices and regulatory compliance.

During the year, the Board conducted an in-house performance evaluation covering the Board, its Committees, the Chairman, the President & CEO, and individual Directors. In 2022, an independent external evaluation was carried out by M/s Pakistan Institute of Corporate Governance (PICG), in line with the requirement for an external review every three years.

The Board remains committed to protecting the best interests of the Bank's shareholders. To this end, the Board's Committees operate with well-defined objectives and clear Terms of Reference, ensuring effective and efficient governance.

Financial and Economic Performance

The year 2024 marked a turning point for Pakistan's economy, with substantial efforts by the State Bank of Pakistan (SBP) and the Ministry of Finance to stabilize macroeconomic indicators. Decisive policy measures resulted in reduced inflation, improved exchange rate stability, and enhanced financial market confidence. While these fiscal and monetary reforms were challenging, they laid the foundation for sustainable economic growth.

MCB Bank delivered another year of outstanding financial performance, recording a Profit Before Tax of Rs 118.4 billion and a Profit After Tax of Rs 57.6 billion, with earnings per share of Rs. 48.62. Our total assets grew by 11% to Rs 2.7 trillion, while deposits increased by Rs 116.8 billion. The Bank distributed its highest-ever dividend of 360% to shareholders in 2024. Additionally, MCB contributed approximately Rs 133 billion to the Government exchequer in the form of income tax, sales tax, and various withholding tax collections. Furthermore, the Bank facilitated home remittance inflows of USD 4.6 billion (+41%), playing a vital role in strengthening formal remittance channels.

Significant commitments and changes from the last year

As Chairman, I have remained committed to fostering a culture of excellence, transparency, and sustainability at MCB Bank. My key focus areas include:

Strategic Oversight:

- o Strengthening the Bank's position as a market leader by driving digital transformation and customer-centric innovations.
- o Enhancing risk management frameworks to effectively mitigate financial and operational risks.

Financial Stewardship:

- o Ensuring sound financial management through the continuous monitoring of capital adequacy, liquidity, and profitability.

Corporate Social Responsibility (CSR):

- o Expanding initiatives in financial inclusion, education, healthcare, and community development.
- o Enhancing Agri and SME lending programs to support economic growth and job creation.

Environmental, Social, and Governance (ESG):

- o Promoting sustainability through responsible banking practices and green financing solutions.
- o Reducing the Bank's carbon footprint via digital banking innovations and energy-efficient operations.

Compared to last year, we have intensified our focus on digital transformation, sustainability, and financial inclusion to ensure that MCB Bank remains agile and competitive in an evolving economic landscape.

Board Statement on Internal Control System

The Board recognizes its responsibility for establishing and maintaining a robust system of internal controls to safeguard the Bank's assets and ensure financial reporting reliability. The Board has endorsed management's statement on Internal Control over Financial Reporting (ICFR) and overall internal controls. Regular reviews by the Audit Committee and Internal Audit function ensure that any identified weaknesses are promptly addressed.

The Board is confident that the Bank's internal control system remains effective, providing reasonable assurance in achieving operational efficiency, regulatory compliance, and risk mitigation.

ESG and Sustainability Initiatives

Alongside our financial success, our commitment to Environmental, Social, and Governance (ESG) principles remains a strategic priority. In 2024, we expanded SME and agriculture-based lending, supported financial literacy programs, and enhanced digital banking adoption to minimize paper and energy usage. Our 300-branch solar energy initiative and real-time Internet of Things (IoT)-based fuel management system exemplify our dedication to reducing our environmental footprint. Socially, we remain committed to fostering diversity and inclusion, with women representing an increasing part of our workforce, and initiatives like establishing the Women Protection and Empowerment (WPE) Unit to ensure a safer, more inclusive workplace.

Technological Innovation and Future Outlook

MCB Bank continues to support businesses and individuals in adapting to an evolving economic landscape while playing an active role in strengthening Pakistan's financial ecosystem. As Pakistan transitions towards a more digitally integrated financial system, the banking sector is embracing technological advancements at an unprecedented pace. Artificial Intelligence (AI), data analytics, and automation are revolutionizing financial services, enhancing customer experiences, and improving operational efficiency. MCB Bank is at the forefront of this transformation, leveraging cutting-edge technologies to offer seamless and secure banking solutions.

I am immensely proud of MCB Bank's resilience, adaptability, and forward-thinking approach in 2024. Looking ahead, our strong leadership team and experienced management are well-positioned to navigate future challenges, capitalize on emerging opportunities, and drive sustainable growth. We remain committed to fostering financial inclusion, innovation, and value creation for our shareholders, customers, and communities.

With optimism and determination, we look forward to an era of technological advancement, economic prosperity, and continued excellence in banking.

Mian Mohammad Mansha
Chairman
MCB Bank Limited



PRESIDENT'S
REVIEW



The year 2024 will be remembered as a period of transition and cautious optimism for the global economy. While geopolitical tensions and the lingering effects of past disruptions continued to pose challenges, the gradual shift towards monetary easing by major economies is providing much-needed relief to consumers and businesses. Lower borrowing costs helped ease financial pressures, creating a more favorable environment for growth and innovation. Against this backdrop, MCB Bank delivered another year of strong financial performance, reaffirming its position as one of Pakistan's leading financial institutions.

Throughout 2024, we remained steadfast in executing our strategic priorities—expanding our deposit base, strengthening core earnings, and enhancing our market presence. The Bank's deposits grew by Rs. 117 billion, driven by a strategic focus on mobilizing low-cost and no-cost deposits. This growth was underpinned by well-defined key performance indicators (KPIs) and improved service quality. Additionally, our dedicated efforts in onboarding new-to-bank (NTB) customers, deepening existing relationships, and reactivating dormant accounts played a pivotal role in strengthening our deposit momentum.

Our financial strength allowed us to deliver exceptional value to shareholders. The Bank declared 360% cash dividends reflecting our commitment to shareholder returns while maintaining a robust balance sheet. Profit Before Tax stood at Rs. 118.4 billion, while total assets increased by 11%, reaching Rs. 2.7 trillion. Average current deposits grew by Rs. 82 billion (+10%), fueled by a strategically focused deposit mobilization campaign. Despite aggressive monetary easing and a downward yield curve shift, net interest income grew by 1% to Rs. 149 billion.

Our fee & commission income recorded a 5% increase, while dividend income grew by 15% compared to the previous year. Maintaining cost discipline, the Bank's cost-to-income ratio remained efficient at 32.68%, reflecting a disciplined expense management approach. The Return on Assets (ROA) of 2.25% and Return on Equity (ROE) of 26.56% further underscore our financial resilience and operational efficiency.

Our capital position remains strong and significantly above regulatory requirements, with a Capital Adequacy Ratio among the highest in the industry. The Bank's risk management framework continues to evolve, ensuring improved asset quality and reduced delinquency across our loan book.

Our customer base expanded to more than 9.0 million accounts, supported by an extensive network of 1,403 branches and 1,477 ATMs across Pakistan, UAE, and Sri Lanka. Together with our wholly-owned Islamic banking subsidiary, we operate Pakistan's second-largest branch network.

Innovation and customer-centricity remained at the heart of our product strategy. We introduced new segment-focused offerings, including the MCB Freelancer Account, the MCB Nayab Account for women, and a specialized deposit product for institutional clients—ensuring broader financial inclusion and enhanced customer engagement.

Our digital banking strategy continued to gain momentum. MCB Live, our flagship digital banking platform, welcomed 353,000+ new customers, driving a surge in digital transactions. The Bank strengthened its payments infrastructure, expanding its POS and e-commerce ecosystem. Debit card spending grew by 32%, while acquiring volume increased by 22%, reflecting our ongoing efforts to strengthen our position in the digital payments landscape.

The credit card business recorded 28% year-on-year (YoY) growth in spending, supported by strategic merchant alliances offering exclusive discounts across various lifestyle categories. Fleet financing also experienced an exceptional 46% YoY growth, further strengthening our market position. MCB Investment Services delivered its best-ever performance, posting a 76% YoY increase, while Bancassurance surpassed Rs. 2 billion in new business acquisition, reflecting our success in diversifying revenue streams. Cash management services remained a key growth driver, with the Bank surpassing the Rs. 5.0 trillion annual throughput milestone.

Our international operations continued to grow, with MCB UAE expanding its footprint by opening a second branch in Sharjah, while MCB Bahrain delivered its highest-ever profit, reflecting our strategic focus on international market expansion and operational excellence. The Bank remained a key player in home remittances, recording USD 4.6 billion in inflows, recording a 41% increase and raising its market share to 13.2%. The State Bank of Pakistan ranked MCB as the 3rd largest bank in the home remittance market at the PRI Awards 2024, underscoring our efforts in strengthening formal remittance channels and supporting economic stability.

MCB Bank's financial strength, governance, and performance continued to be recognized across various platforms. PACRA reaffirmed our AAA (Triple A) long-term and A1+ (A One Plus) short-term credit ratings, showcasing our strong financial standing. Our Annual Report 2023 was ranked first in the banking sector and declared the overall winner by the Joint Evaluation Committee of ICAP and ICMA. At the Asian Development Bank's (ADB) 10th Annual Trade and Supply Chain Finance Program (TSCFP) Awards in Singapore, MCB Bank was honored with the accolades of 'Leading Partner Bank in Pakistan' and 'Momentum Award – Issuing Bank', recognizing our role in facilitating trade growth.

We have proactively managed risk across portfolios, while further enhancing AML/CFT compliance controls. Our robust governance frameworks and control mechanisms ensure operational integrity and sustainable growth.

MCB remains committed to nurturing a high-performing workforce by investing in employee development, fostering an inclusive culture, and enhancing workplace well-being. Our strategic talent initiatives ensure a skilled and engaged team, driving innovation and excellence across the organization.

As a responsible corporate citizen, MCB continues to create positive social impact through sustainable initiatives focused on financial inclusion, education, healthcare, and environmental conservation. Our commitment to ESG principles strengthens our role in building a more resilient and sustainable future.

MCB Bank is strategically positioned to capitalize on emerging opportunities in an evolving economic landscape. As interest rates decline, competitive pressures rise and technology-driven banking accelerates, we remain fully committed to expand trade finance business, strengthening digital banking & payment solutions, enhancing customer-centric products & deposit growth and fostering an agile, risk-aware, and innovation-driven banking culture.

I extend my sincere gratitude to our Chairman and Board of Directors for their strategic leadership, the State Bank of Pakistan and other regulators for their guidance, our shareholders for their unwavering trust, our customers for their continued support, loyalty & business, and, most importantly, our employees, whose dedication and resilience continue to drive our success.

Together, we will continue to build a stronger, more innovative, and customer-focused MCB Bank.

Muhammad Nauman Chughtai
President & CEO
MCB Bank Limited



Branches

1,394 Domestic Branches across Pakistan + EPZ:1



Global Presence

8 International branches in **3** countries (01 Rep office in UK)



Customers

Over **9** million customer accounts



ATMs

Over **1,450** ATMs



Deposits Market Share

5.74% of Domestic Industry Deposits



Advances Market Share

6.46% of Domestic Industry Advances



Home Remittance Market Share

13.2%



Trade Market Share

7.65%



Credit Rating (PACRA)

AAA
Long Term



Cash Dividends

One of the **Highest** dividend payout in Banking industry



Branch Network

2nd largest branch network on group basis (including MIB branches)



Market Capitalization

One of the **Highest** market cap. in Banking industry



OVERVIEW





HIGHLIGHTS

Profit Before Tax

PKR 118.4 Billion

-5%

Profit After Tax

PKR 57.6 Billion

-3%

Return on Assets

2.25%

Return on Equity

26.56%

Assets

PKR 2,703 Billion

+11%

Advances (Gross)

PKR 1,095 Billion

+76%

Deposits

PKR 1,922 Billion

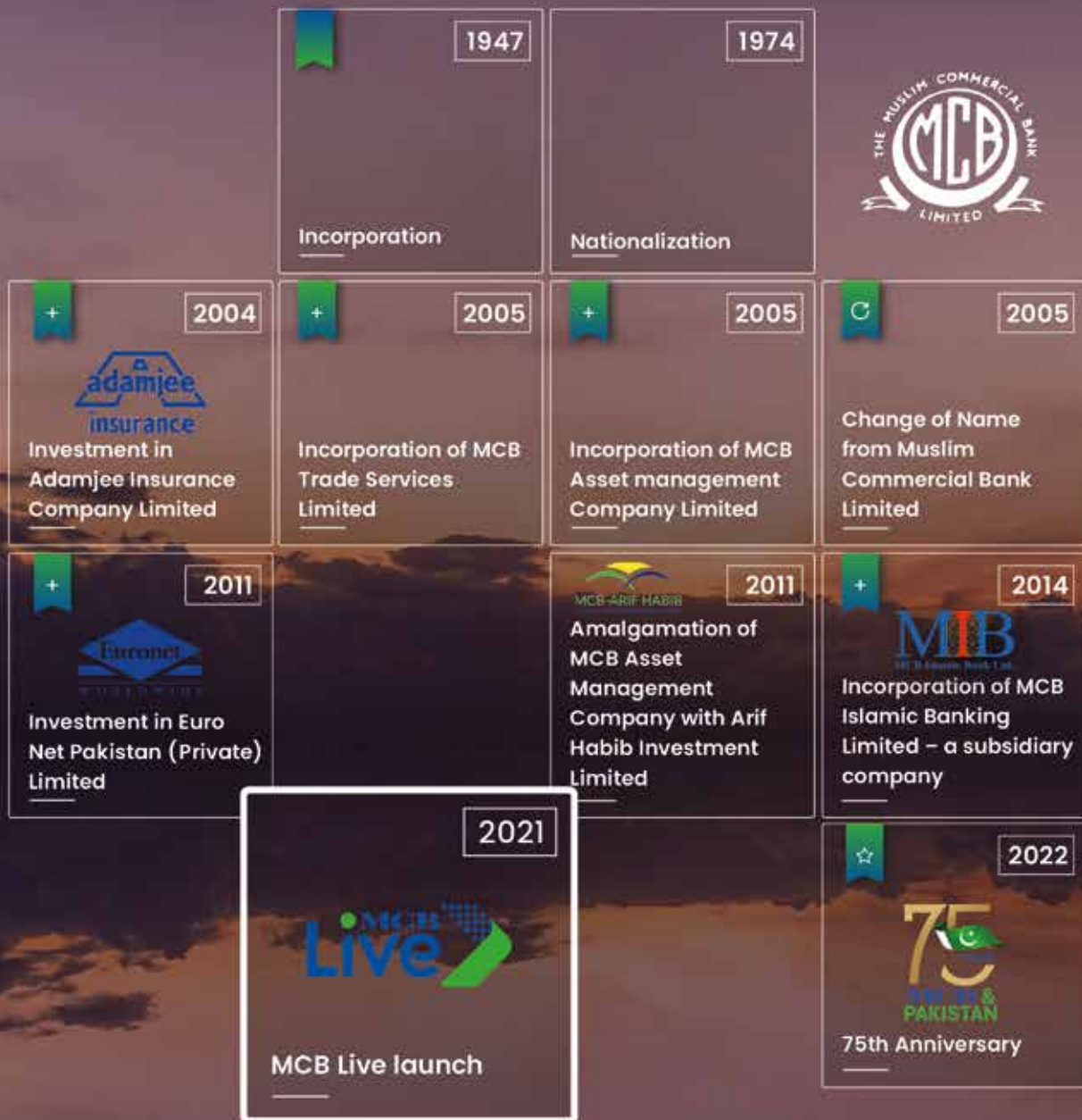
+6%

BCR Awards

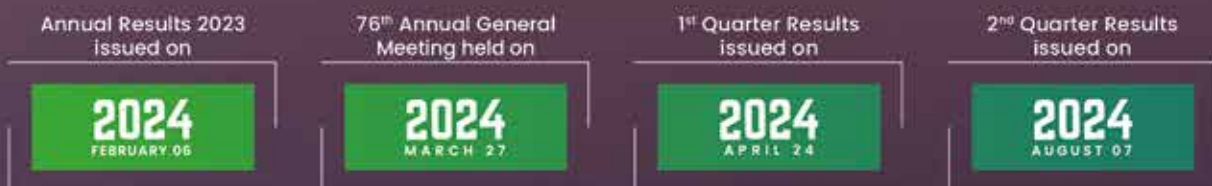
Overall Category &
Banking Sector








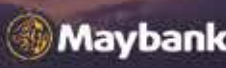









1ST

HISTORICAL MAJOR EVENTS



Calendar of Major Events 2024



 <p>1989</p>  <p>Investment in First Women Bank</p>	<p>1991</p>  <p>Privatisation</p>	 <p>1992</p> <p>Incorporation of MCB Financial Services Limited</p>	 <p>2001</p>  <p>Incorporation of MNET Services (Private Limited)</p>
<p>2006</p> <p>Issuance and Listing of Global Depository Receipts on London Stock Exchange</p>		 <p>2008</p>  <p>Strategic Acquisition by MayBank</p>	 <p>2009</p> <p>Incorporation of MCB Leasing Close Joint Stock Company</p>
 <p>2017</p>  <p>Merger of NIB Bank with and into MCB Bank Limited</p>	 <p>2019</p>  <p>Merger of MNET Services (Private) Limited with and into MCB Bank Limited</p>		 <p>2020</p> <p>Disposal of MCB Financial Services Limited</p>
	 <p>2023</p>  <p>Incorporation of MCB Exchange Company Private Limited</p>	<p>2023</p> <p>Acquisition of additional interest in MCB Investment Management Limited</p>	 <p>2024</p> <p>Transfer of 39 MCB Branches to MIB</p>

3rd Quarter Results issued on

2024
OCTOBER 23

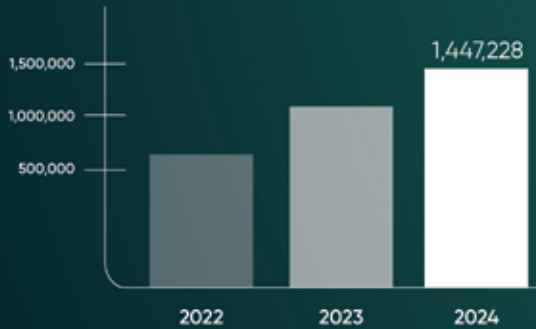
Annual Results 2024 issued on

2025
FEBRUARY 09

77th Annual General Meeting scheduled

2025
MARCH 27

Digital Snapshot



MCB Live achieved a significant milestone, with customer registrations exceeding **1.4 million**, reflecting a year-on-year growth of **32%**.

1,752,273 Mn



With a 54% annual growth rate, MCB Live achieved a transaction volume of PKR 1.7 trillion



+146 Million

ATM TRANSACTIONS

WITH **98.08%**
— UP TIME —

MCB Live achieved a 91% success rate for financial transactions.



32%



The remarkable growth in debit card retail spending, which reached a record-breaking PKR 71 billion in 2024, marking a 32% year-on-year increase.

Active Alliances

250+



POS

OVER

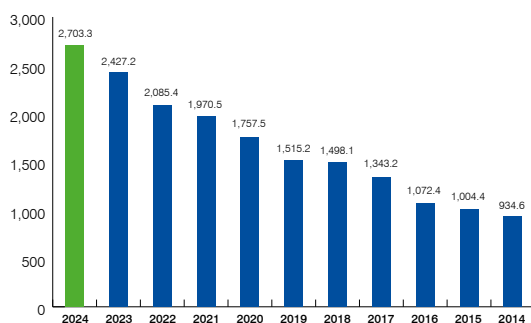
6,900

Terminals deployed nationwide, facilitating a transaction volume exceeding PKR 107 billion.

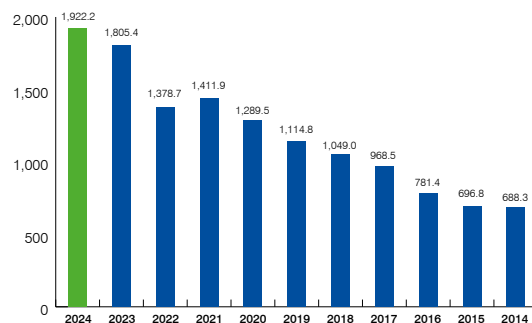
Financial Performance 2014 - 2024

10 Years Trend - Rupees in Billion

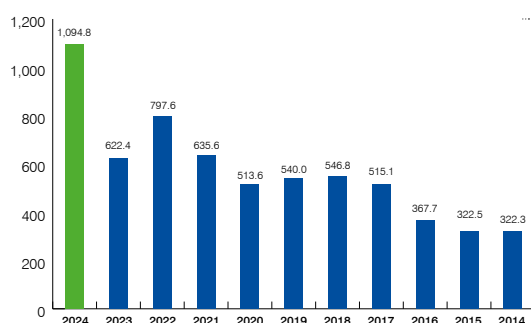
Total Assets
CAGR 11.2%



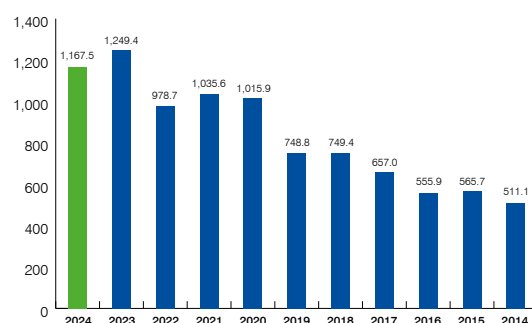
Deposits
CAGR 10.8%



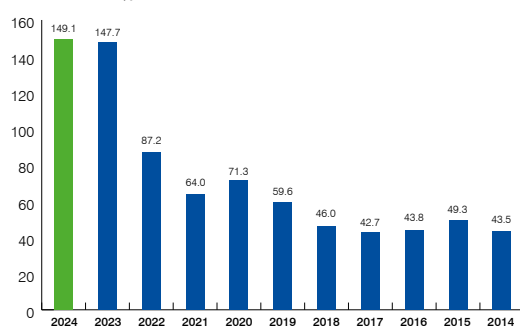
Gross Advances
CAGR 13.0%



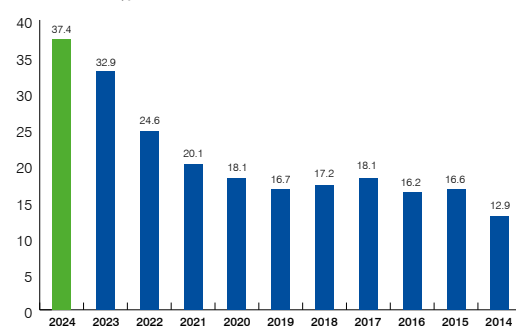
Investments
CAGR 8.6%



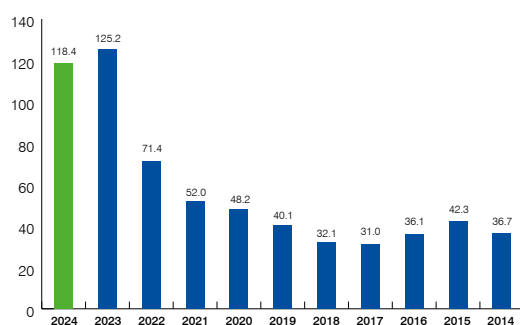
Fund Based Income
CAGR 13.1%



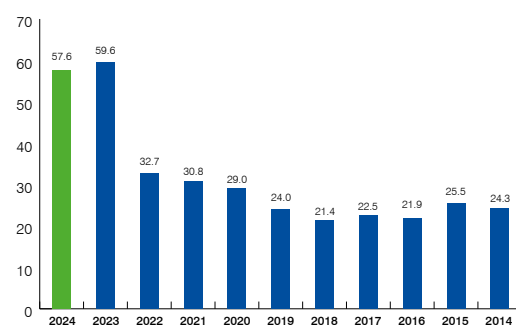
Non Markup Income
CAGR 11.2%



Profit Before Tax
CAGR 12.4%



Profit After Tax
CAGR 10.7%



Forward Looking Statement

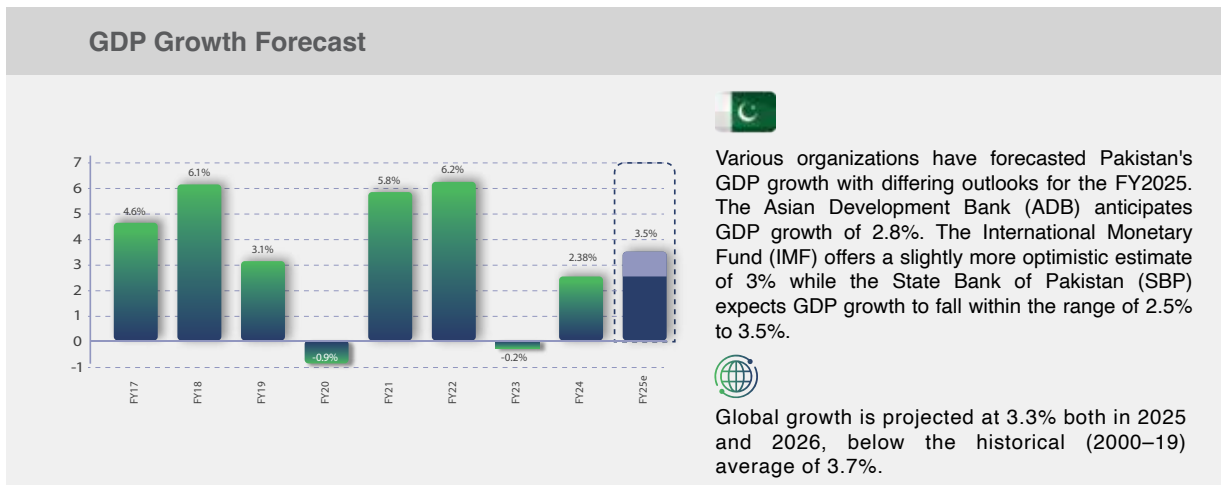
The Annual Report of MCB Bank Limited includes forward-looking statements across various sections. These statements are inherently subject to uncertainties regarding future events and should be interpreted accordingly by users of the report when making decisions. Forward-looking statements often include terms such as “expect,” “anticipate,” “believe,” “seek,” “will,” “may,” “would,” “presume,” “assure,” “hope,” and similar expressions. By nature, they involve a degree of uncertainty and may not materialize as projected. Typically, these statements pertain to the Bank’s anticipated income, earnings, business expansion, operational costs, capital structure, dividend distribution, and other financial or strategic outlooks.

Pakistan's Economic Outlook

Pakistan is on a positive economic recovery path, with FY2024 recording a GDP growth of 2.38% against previous years contraction of 0.21%. For the ongoing fiscal year (FY2025), SBP is projecting Pakistan's GDP growth to remain range bound between 2.5% to 3.5%; with a stronger rebound expected in FY2026.

The growth projections for FY2025 remain modest amidst setbacks faced in the agriculture sector, primarily due to the low cultivation of important cash crops and challenges posed by water scarcity and rising temperatures to realization of optimum output yields. While the growth is expected to remain below country’s long-term average, the potential for progress hinges on the government’s ability to maintain a balanced, effective and sustainable economic policy.

Large-scale manufacturing (LSM) has experienced a YoY decline of 1.25% during the first five months of the fiscal year, primarily driven by low domestic demand and high cost of doing business. While the downturn occurs against the backdrop of a historically low base, however, there is cautious optimism on the horizon, as reduction in interest rates and currency stabilization are projected to facilitate a rebound in LSM; further reaffirmed by the positive trends emerging in food, textiles, and automobiles sectors.

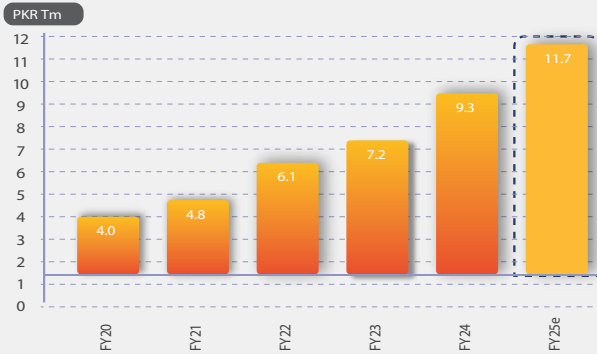


On the external front, the country witnessed encouraging shifts in FY2024, driven by stabilization efforts that curbed the long-standing imbalances. Looking ahead to FY2025, the current account is expected to post a surplus; with US\$ 1.2 billion already recorded during the first half. Government's strategic initiatives aimed at enhancing export-oriented sectors and continued vigilance on managing imports of non-essential items shall support in keeping the trade balance in check.

Remittances remain a crucial pillar of Pakistan's external account. Factors such as stability of PKR against the US dollar, an increase in the number of Pakistani workers moving abroad and narrowing spread between interbank and open market exchange rates are likely to further bolster the influx and contribute significantly to the external account.

Pakistan has successfully signed a crucial agreement with the IMF for a 37-month Extended Fund Facility valued at US\$ 7 billion. Additionally, authorities have received firm commitments from essential bilateral partners to maintain their existing exposures throughout the program, which will help bridge country’s funding gap. The IMF program underscores the importance of maintaining a market-determined exchange rate as a fundamental strategy to rectify external imbalances and support the gradual buildup of reserves; hence, keeping the USD to PKR parity in check.

Fiscal Consolidation



The FBR is pursuing a challenging and ambitious target of Rs. 12.97 trillion, which based on FY2025 half year collection seems a daunting ask. Key budgetary measures and expansion of tax base is the key to achieve the target set for current fiscal year.



Interest rate cuts will help reduce debt-servicing costs and provide much needed respite to current expenditure.

Other Key Prospects for Economic Growth



As the government navigates evolving dynamics, focusing on enhancing service exports and diversifying the overall export landscape will be essential for fostering economic resilience and maintaining a balanced trade outlook.

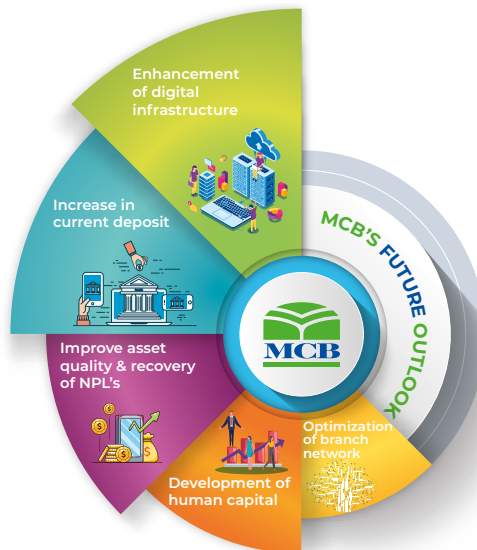


Pakistan plans to privatize 24 state-owned enterprises from 2024 to 2029 to alleviate fiscal burdens.

Combined efforts of stringent monetary and fiscal measures have led to a sustained reduction in inflationary pressures; expected to average between 5.5% to 7.5%.

As the economy begins to recover, the path to sustained growth still remains engulfed in a multitude of challenges. Monetary easing, coupled with efforts to lower business costs, will create a more supportive environment for economic activity. Additionally, realization of initiatives to attract foreign investment and boost export potential, addressing the effects of climate-related risks, especially in the agricultural sector, fiscal consolidation and addressing long impeding structural issues are imperative to stimulating growth for improving economic prospects and social welfare.

MCB's Future Outlook



Considering the existing disruptions, complexities and uncertainties, Pakistan's banking sector will continue to face challenges in 2025. Furthermore, the rapidly evolving socio-economic and regulatory landscape is expected to further exacerbate the challenges surrounding its operating context.

Remaining cognizant and following through on its 'Strategic Plan' centered around the key pillars of customer centricity, geographical expansion, technology & cyber security and people development (among others), the Bank is committed to deliver remarkable results to its investors; albeit in these challenging times.

To supplement its deposit mobilization drive, the Bank will focus on conversion of home remittances, soliciting quality NTB accounts, retention and deepening of existing deposit relationships and further on-boarding of cash management, collection and payroll processing mandates. Disciplined implementation of policies and procedures in ensuring a robust compliance and control culture, along with creation of operational efficiencies, shall continue to remain a key focus area for the Bank.

The Bank would continue to improve its asset quality. Credit being a mainstream business line of the Bank, instigates us to avail all righteous credit extension opportunities that fall within the defined risk appetite of the institution; while proactively monitoring watch listed portfolio of the Bank to minimize any further infection and ensure that recoveries are made in line with the agreements.

On the investments side, the Bank is committed to optimally manage excess liquidity through strategic re-profiling of the investment book in an evolving yield curve scenario.

Digital transformation is imperative to support enhanced customer experiences deducible from the adoption of advanced e-banking avenues. MCB's transformation drive is focused on integrating digital technologies into all areas of banking operations; from internal systems to customer-facing interactions by augmentation of its technological infrastructure, process digitization, leveraging advanced analytics and most importantly, by changing the entire culture within the Bank towards more technology driven solutions.

The Bank is also investing in developing a workforce for the 'Digital Banking Age' by attracting and retaining the right skillset and competence; hence, aligning its human capital with the evolving business dynamics. To further drive customer centricity in its service delivery, the Bank will invest in empowering employees to lead a pleasant customer experience across all touch points. Also, through capacity and skills enhancement programs for the employees, we will continue emphasizing the need for the staff to serve customers as a means of consolidating its position as the preferred Bank in the industry. To sum up, employees' development and trainings would remain at the forefront of our strategic focus and we would acutely remain conscious in attracting and retaining the best talent pool in the industry.

The Bank is committed in maintaining its unique positioning of a diversified financial institution with a robust heritage and strong reputation; through enriched service offerings and financially viable products tailored to meet requirements of its esteemed customers, hence, enabling it to serve both its existing and next-generation customers in the coming years while simultaneously translating the underlying financial strength of the entity into profits.

Key Projects to Support Future Performance

Details of Projects
Data Center Revamp
Full Fledged DR & BCP Site for Sharjah Operations
Cash Management Projects
Zero Trust Architecture (Consulting & Solution)
Digital Forensic & Incident Response (DFIR) Services
Upgrade of Call centers network infrastructure (FSD, RW, KHI)
MCB Tower Campus wired and wireless revamp
SIEM Expansion & Log Servers
Network Detection & Response (NDR) Solution
DNS Security Solution
Digital Customer Onboarding Application
Automation of ID Management tool
Data Governance Framework

Quantitative Projections

Outlook	Key Risks Going Forward
Deposit mobilization to exceed growth level achieved in 2024.	Intense competition within the industry for mobilizing deposits amidst low differentiation and switching costs; leading to an inability to capitalize on the expected increase in industry deposit base.
Net Interest Margin (NIM) to narrow down from 2024 level.	Risk of slower than expected deposit mobilization and advances growth; net interest margin not realized in line with the expected yield curve movements and growth projections.
Fee and commission income to achieve double digit growth.	Risk of lower than anticipated growth; as transactional volumes remain modest due to moderation in economic activity, on the back of subdued domestic demand, and imposition of additional taxes on financial/banking transactions as a fiscal consolidation measure.
Expenses growth to be contained at a modest level.	Risk of cost-push pressures emanating from currency devaluation, geopolitical uncertainties impacting commodity prices and a resurgence in inflationary pressures; translating into higher than expected growth in expenditures. However, the Bank remains committed to managing expenditures through rationalization of discretionary spend and inculcation of operational efficiencies through business process automation and implementation of strong budgetary controls.
CET1 ratio to be adequately kept within prescribed regulatory limits.	Higher Risk Weighted Assets (RWA's).
Minimizing credit infection and realizing recoveries in line with contractual stipulations.	Moderation in credit growth and increased risks to asset quality due to systemic or realization of idiosyncratic factors.
Constant / stable dividend payout to be maintained.	Regulatory revisions to impact dividend payout.

Uncertainties that could affect Bank's Resources, Revenues and Operations

All forward-looking statements are, by nature, subject to risks and uncertainties, many of which are beyond control. Major uncertainties that could affect Bank's resources, revenues and operations are given below:

Key Factor	Impact on Bank	Relevance
Discount rate / Monetary Policy Stance	Based on different assessment parameters, the SBP may change the discount rate in line with its monetary policy stance. Any further decrease in the discount rate will initially have a positive impact on Bank's net interest income / NIM due to the repricing lag between earning assets and liabilities. However, as the rates stabilize, the net interest margins will narrow and have a negative impact on Bank's profitability. The impact of interest rate sensitivity on the banks profitability has been disclosed in note 48.2.4 of the 'Unconsolidated Financial Statements'.	Short to Long Term

Key Factor	Impact on Bank	Relevance
Inflation	Inflation is considered to be a key determinant of the discount rate change. Any uptick in inflation statistics will have a material impact on the monetary policy stance along with other drivers.	Medium to Long Term
Political Stability & Law and order situation	Political stability and controlled law & order situation is a pre-requisite for any economy. This, in turn, reposes investor confidence in the soils of Pakistan, making our corporates a potential investment opportunity. However, any act of terrorism or political instability can negatively impact the economy /equity market, thus resulting in decreased profitability.	Short to Long Term
Corporate Tax rate	Any increase in the corporate tax rate or imposition of an additional tax will adversely impact the profitability of the Bank.	Short to Medium Term

External Environment

The Bank's external environment, including political, economic, social, technological, environmental and legal factors have an impact on its business performance, strategic objectives and availability, quality and affordability of capitals.

Details have been disclosed in the 'External Environment, Strategy & Resource Allocation' and 'Risk and Opportunities' sections of the Annual Report.

Status of Projects Disclosed in the Forward-Looking Statement of Previous Year:

Detail of last year projects	Status
Revamp of MCB Live	Completed
Digital Account Opening	Completed
Branch Service Request Digitization	In Process
Launch of Visa Signature Debit Cards for High Net Worth Customers	Completed
New Utility Bill Payment System	In Process
Compliance Risk Management (CRM)	Completed
ESB Modernization – Upgradation of middleware handling integration of various applications with Core Banking System	Completed
Centralized Big Data Store to serve Data analysis requirements	In Process
Instant Debit Card Issuance	Completed
Implementation of enterprise wide loyalty program	In Process

Performance of the Bank against Forward-Looking disclosure of 2024 as Presented in the Annual Report 2023

Forward-looking disclosure for 2024 as presented in Annual Report 2023	Performance of the Bank in 2024 against forward-looking disclosure
<p>Considering the existing disruptions, complexities and uncertainties, Pakistan’s banking sector will continue to face headwinds in 2025. Furthermore, the rapidly evolving socio-economic and regulatory landscape is expected to further exacerbate the challenges surrounding its operating context.</p> <p>Remaining cognizant and following through on its ‘Strategic Plan’ centered around the key pillars of customer centricity, geographical expansion, technology & cyber security and people development (among others), the Bank is committed to deliver remarkable results to its investors; albeit in these challenging times.</p> <p>To supplement its deposit mobilization drive, the Bank will focus on conversion of home remittances, soliciting quality NTB accounts, retention and deepening of existing deposit relationships and further on-boarding of cash management, collection and payroll processing mandates. Disciplined implementation of policies and procedures in ensuring a robust compliance and control culture, along with creation of operational efficiencies, shall continue to remain a key focus area for the Bank.</p> <p>The Bank would continue to improve its asset quality. Credit being a mainstream business line of the Bank, instigates us to avail all righteous credit extension opportunities that fall within the defined risk appetite of the institution; while proactively monitoring watch listed portfolio of the Bank to minimize any further infection and ensure that recoveries are made in line with the agreements.</p> <p>On the investments side, the Bank is committed to optimally managing excess liquidity through strategic re-profiling of the investment book in an evolving yield curve scenario.</p> <p>Digital transformation is imperative to support enhanced customer experiences deducible from the adoption of advanced e-banking avenues. MCB’s transformation drive is focused on integrating digital technologies into all areas of banking operations; from internal systems to customer-facing interactions by augmentation of its technological infrastructure, process digitization, leveraging advanced analytics and most importantly, by changing the entire culture within the Bank towards more technology driven solutions.</p>	<p>Demonstrating its agility and adaptability in a dynamic operating and economic environment, MCB Bank reported another year of strong financial performance; posting a profit before tax of Rs. 118.420 billion. With an average tax rate of 51.35% for the year, Profit After Tax (PAT) was reported at Rs. 57.615 billion and translated into an Earning Per Share (EPS) of Rs. 48.62 as compared to an EPS of Rs. 50.32 reported in the corresponding year.</p> <p>The key drivers for the reported performance included:</p> <ul style="list-style-type: none"> • strategic alignment of growth in average current deposits and structured rebalancing of the earning assets mix to derive optimum margins; • improving volumes in Bank’s average advances while managing asset quality; • a robust growth of 14% in the non-markup income block; and • efficient management of the operating expenditure base; the Bank’s cost-to-income ratio was maintained at an efficient 32.68%, ensuring strong financial discipline while continuing to invest in innovation and human capital. <p>An analysis of the interest earning assets’ highlight that the gross markup income on advances was reported at Rs. 111.306 billion while the markup income on investments increased by Rs. 42.640 billion to report at Rs. 246.252 billion; primarily on the back of volumetric increase and a slight improvement in avg. earning yield for the year (from 18.24% in 2023 to 18.60% in 2024).</p> <p>On the liabilities side, a rigorous deposit mobilization drive, focused on building no cost deposits, translated into an impressive growth of Rs. 116.8 billion in Bank’s total deposit base. Current deposits increased to Rs. 944 billion (+8.4%) while the CASA ratio improved to 97.24% (+43bps). Average current account concentration in the deposits mix for the year was recorded at 46.72%.</p> <p>Up trending non-markup income maintained its traction and surged by another 14% to close out the year at Rs. 37.432 billion against Rs. 32.916 billion recorded in the corresponding year. The major contributions came in from fee commission income (Rs. 21.2 billion, +5%), foreign exchange income (Rs. 9.1 billion, +8%), dividend income (Rs. 3.4 billion, +15%) and gain on securities (Rs. 3.1 billion).</p>

Forward-looking disclosure for 2024 as presented in Annual Report 2023	Performance of the Bank in 2024 against forward-looking disclosure
<p>The Bank is also investing in developing a workforce for the 'Digital Banking Age' by attracting and retaining the right skillset and competence; hence, aligning its human capital with the evolving business dynamics. To further drive customer centricity in its service delivery, the Bank will invest in empowering employees to lead a pleasant customer experience across all touch points. Also, through capacity and skills enhancement programs for the employees, we will continue emphasizing the need for the staff to serve customers as a means of consolidating its position as the most sought after Bank in the industry. To sum up, employees' development and trainings would remain at the forefront of our strategic focus and we would acutely remain conscious in attracting and retaining the best talent pool in the industry.</p> <p>The Bank is committed in maintaining its unique positioning of a diversified financial institution with a robust heritage and strong reputation; through enriched service offerings and financially viable products tailored to meet requirements of its esteemed customers, hence, enabling it to serve both its existing and next-generation customers in the coming years while simultaneously translating the underlying financial strength of the entity into profits.</p>	<p>MCB witnessed strong growth in fee-based income across multiple channels; primarily on the back of improved transactional volumes, diversification of revenue streams through continuous enrichment of Bank's product suite and investments towards digital transformation. The Bank further solidified its leading position as a premier provider of cash management solutions, in the country, by achieving a remarkable milestone of five trillion in annual throughput volumes. The market share of foreign trade was reported at 7.65%, generating an FX volume flow of US\$ 6.755 billion. During the year under review, retail spend on MCB's debit cards recorded a 32% YoY growth; with total spend exceeding Rs. 70 billion.</p> <p>The Bank operated in Pakistan, UAE and Sri Lanka with its diverse network of 1,416 branches (including 13 sub-branches) and more than 1,450 ATMs.</p> <p>Facilitation of overseas Pakistani's under the RDA initiative and other national financial inclusion/support initiatives have remained a key focus area for the Bank. During the year under review, the Bank successfully handled over 13.5 million cash over counter (COC) and account to account (A2A) remittance transactions (+82%), attracting cumulative inflows in excess of USD 4.592 billion (+41%) and improving MCB's market share to 13.2%.</p> <p>The Bank continues to manage an efficient operating expense base and monitor costs prudently. Despite inflationary pressures and continued investments in human resources, branch network and technological upgradation, growth in operating expenses was contained at 18%; indicative of Banks circumspect approach to manage strategic tradeoff between short term tactical cost reductions and long-term cost initiatives.</p> <p>In line with regulatory instructions, MCB successfully developed its NPLs Strategy (2025-2028), which provides a structured roadmap for all internal stakeholders to leverage their capabilities, discipline, and innovation in effectively managing and reducing NPLs. The quantum of recoveries in 2024 stood at Rs. 3.486 billion; through settlement of a large number of hardcore and protracted defaults.</p> <p>The total asset base of the Bank, on an unconsolidated basis, was reported at Rs. 2,703 billion (+11.38%). Return on Assets and Return on Equity was recorded at 2.25% and 26.56% respectively, whereas the book value per share increased to Rs. 191.73.</p>

Forward-looking disclosure for 2024 as presented in Annual Report 2023	Performance of the Bank in 2024 against forward-looking disclosure
	<p>MCB Live, Bank's flagship digital banking solution, is being continuously augmented to provide customers a reliable e-banking channel that is rapid, secure and customer friendly. Seamless integration with MCB Funds has enabled customers to directly invest in a variety of funds on offer, by leveraging MCB Live's digital banking platform; generating an aggregate volume of Rs. 787 million.</p> <p>To enhance knowledge and skillset of its workforce, numerous trainings were held during the year. Participants from all over the country were trained through different programs including in-house, ex-house, mobile, and E-learning training programs. Bank's unwavering commitment to treating its customers fairly has remained a top priority. MCB's rigorous Induction program has been designed to prepare fresh candidates for their roles with extensive training on compliance, processes, services, and products. The Fair Treatment of Customers (FTC) training module is a mandated part of the orientation program, ensuring that all staff is well-versed in the principles of fair treatment.</p> <p>Detailed analysis covering performance and achievements of respective groups against their targets for 2024 has been included in the 'Groups' Review' section of this Annual Report.</p>

Sources of Information and Assumptions used for Projections and Forecast

The Bank gathers and compiles internal business data, external economic indicators and industry specific analysis from various sources and utilizes in-house developed tools and functional expertise to process these items through a calculation; in turn laying the foundation for its operational and financial forecasts and projections.

Our Response to Critical Challenges and Uncertainties

MCB is well-positioned to navigate critical challenges and uncertainties arising from systemic and idiosyncratic risks. The Bank leverages its stable funding structure, ample liquidity buffers, resilient capital base, strong brand reputation, and 77-year legacy, underpinned by a pragmatic business strategy to ensure sustained resilience and growth.

For further details on the Bank's preparedness in addressing these challenges, please refer to the 'Risk and Opportunities,' 'Business Continuity Management,' and 'External Environment, Strategy & Resource Allocation' sections of the Annual Report.

Bank's Future Research and Development Initiatives

In an increasingly dynamic financial landscape, both traditional and modern banks are investing in research and development (R&D) to maintain competitiveness and enhance operational efficiency. MCB remains committed to driving innovation through strategic R&D initiatives, aligning with technological advancements, evolving customer expectations, and regulatory requirements.

Key focus areas include:

Information Security: MCB continues to invest in cutting-edge cybersecurity measures to address the growing risk of cyber threats. R&D efforts focus on biometric authentication, encryption technologies, and threat intelligence systems to enhance data protection, ensure regulatory compliance, and safeguard customer trust.

Mobile Banking & Digital Payments: To enhance digital banking capabilities, MCB is continuously improving mobile app functionalities, developing innovative digital payment solutions, and optimizing the overall user experience (UI/UX). The Bank's R&D efforts also focus on integrating emerging payment technologies to facilitate seamless, secure, and efficient transactions.

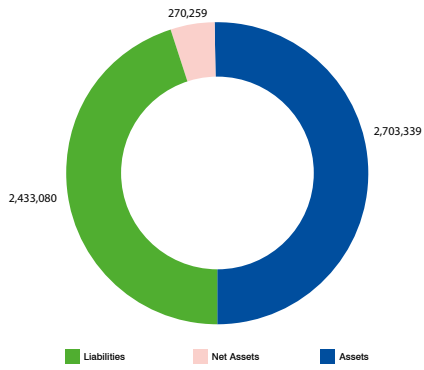
Artificial Intelligence (AI) & Machine Learning (ML): MCB is actively exploring AI and ML applications to strengthen fraud detection, enhance risk assessment, and improve customer service through AI-driven chatbots and predictive analytics. These technologies aim to streamline operations, increase efficiency, and offer personalized financial solutions.

Data Analytics & Regulatory Compliance: The Bank is developing advanced data analytics tools to gain deeper insights into customer behavior, market trends, and risk management. Additionally, R&D initiatives are focused on automating regulatory compliance processes to enhance reporting accuracy, improve operational efficiency, and ensure adherence to evolving regulatory frameworks.

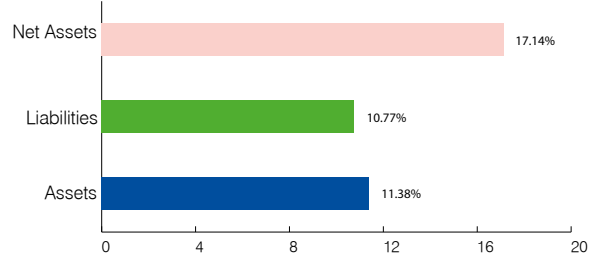
MCB's commitment to innovation, security, and regulatory excellence ensures its continued leadership in the financial sector, enabling the Bank to adapt to emerging challenges while delivering superior banking experiences.

Graphical Presentation of Financial Statements

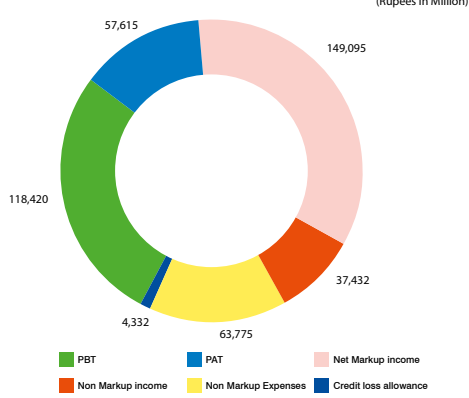
Statement of Financial Position (Rupees in Million)



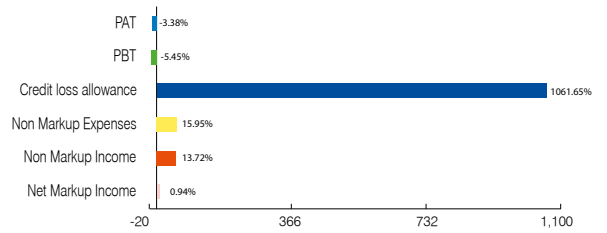
Variance from YE 23



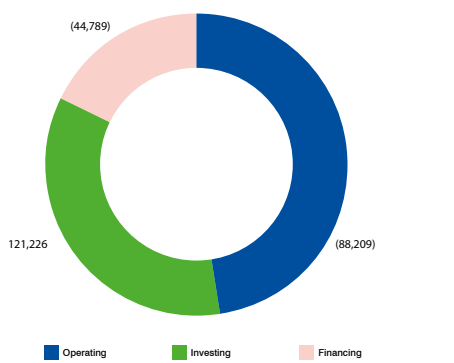
Profit & Loss Account (Rupees in Million)



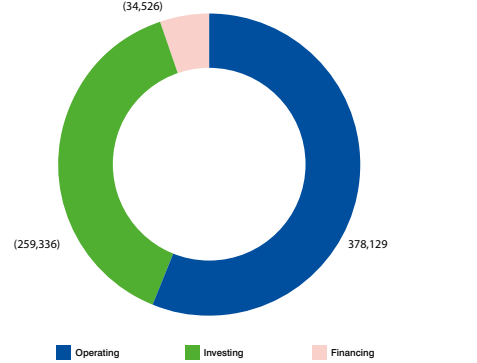
Variance from YE 23



Cash Flows 2024 (Rupees in Million)



Cash Flows 2023 (Rupees in Million)



Analyses of Assets and Liabilities

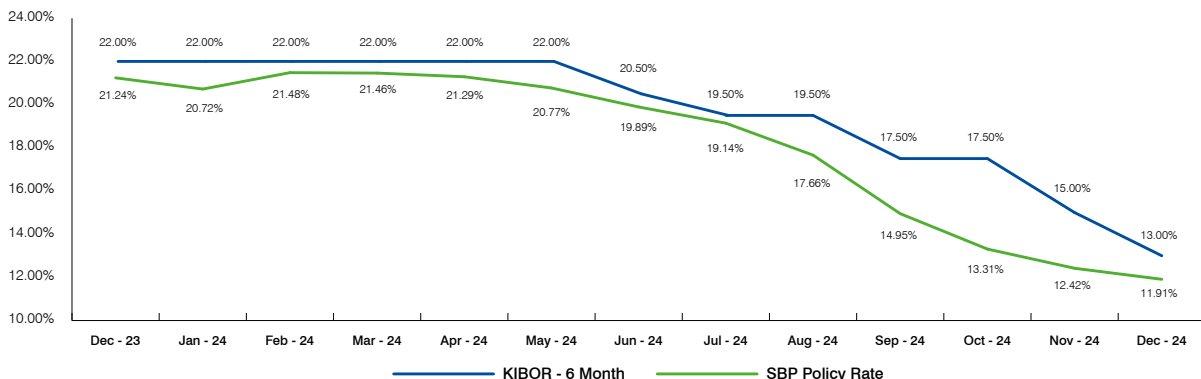
Maturities of Assets and Liabilities

	2024	Upto 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
Rs. in Million						
Assets						
Cash and balances with treasury banks	168,508	168,508	–	–	–	–
Balances with other banks	27,842	27,842	–	–	–	–
Lendings to financial institutions	55,656	55,556	100	–	–	–
Investments – net	1,167,452	48,511	366,652	288,182	399,441	64,666
Advances – net	1,041,627	549,548	125,164	171,555	104,715	90,645
Property and equipment (including RoU assets)	88,739	2,322	6,907	10,526	5,983	63,001
Intangible assets	1,314	239	730	345	–	–
Other assets – net	152,201	110,241	15,465	5,228	15,484	5,783
	2,703,339	962,767	515,018	475,836	525,623	224,095
Liabilities						
Bills payable	41,827	41,827	–	–	–	–
Borrowings	268,488	219,927	17,663	6,373	4,779	19,746
Deposits and other accounts	1,922,212	266,021	368,102	772,960	386,352	128,777
Deferred tax liabilities – net	16,637	(902)	(3,923)	8,639	7,473	5,350
Other liabilities	183,916	124,349	26,558	8,000	19,016	5,993
	2,433,080	651,222	408,400	795,972	417,620	159,866

*Based on Expected Maturities

Key Interest Bearing Assets and Liabilities

	2024			2023		
	Avg. Vol (Mln)	Effective interest rate %	Interest (Mln)	Avg. Vol (Mln)	Effective interest rate %	Interest (Mln)
Interest Earning Assets						
Lendings to Financial Institutions	69,745	9.81	6,842	84,274	14.08	11,866
Gross Advances (excluding NPLs)	662,995	16.87	111,838	617,102	17.89	110,387
Gross Investments (excluding equity investments)	1,323,783	18.60	246,252	1,111,652	18.32	203,612
Interest Bearing Liabilities						
Deposits (excl. current deposits)	1,024,092	17.32	177,398	800,314	17.44	139,597
Borrowings	240,735	14.85	35,758	253,734	14.13	35,850



Analyses of Financial & Non Financial Performance

Financial Highlights

Gross markup income reported an increase of Rs. 38.963 billion for the year 2024 when compared with 2023. Income on advances increased by Rs. 919 million, primarily on the back of improving average volumes. The markup income on investments also reported an increase, amounting to Rs. 42.640 billion, due to growth in average volume of investments by Rs. 215.325 billion; coupled with a slight increase in yield by 23 bps.

Mark-Up/ Return / Interest Earned	Rs in million			
	2024	2023	Variance	
			Amount	% age
Loans and advances	111,306	110,387	919	1%
Investments	246,252	203,612	42,640	21%
Lending's to financial institutions	6,842	11,866	(5,024)	-42%
Balances with banks	2,089	2,193	(104)	-5%
IFRS 9 adjustment for staff loans - notional	532	-	532	100%
	367,021	328,058	38,963	12%

The Bank reported an increase of Rs. 37.569 billion over last year in markup expense. Mark up expense on deposits increased by Rs. 37.801 billion, whereas markup expense on borrowings decreased by 92 million.

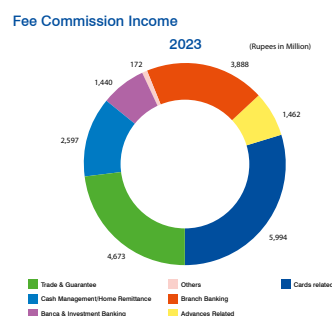
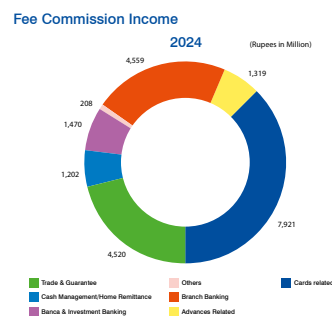
The average cost of deposits increased by modest 59 bps, primarily due to a higher average policy rate applicable during first half of the year; while the impact diluted in the second half, as the monetary easing stance by SBP led to a decline of 900 bps in policy rate during 2024.

Mark-Up/Return / Interest Expensed	Rs in million			
	2024	2023	Variance	
			Amount	% age
Deposits	177,398	139,597	37,801	27%
Borrowings	35,758	35,850	(92)	-0.3%
Cost of foreign currency swaps	3,202	3,549	(347)	-10%
Unwinding cost of liability against right-of-use assets	1,568	1,361	207	15%
	217,926	180,357	37,569	21%

The non-markup income block of the Bank was reported at Rs. 37.432 billion; with major contributions coming in from fee & commission, foreign exchange and dividend income. Fee & commission income reported increase of 5% for the year, primarily on the back of improved transactional volumes, diversification of revenue streams through continuous enrichment of Bank's product suite and investments towards digital transformation. The total concentration of fee & commission income in the non-markup income block was reported at 57%.

Non Mark-Up / Interest Income	Rs in million			
	2024	2023	Variance	
			Amount	% age
Fee and commission income	21,199	20,227	972	5%
Dividend income	3,492	3,030	462	15%
Foreign exchange income	9,168	8,462	706	8%
Income from derivatives	2	16	(14)	-88%
Gain / (loss) on securities	3,142	813	2,329	286%
Other income	429	368	61	17%
Total non-markup / interest Income	37,432	32,916	4,516	14%

The Bank continues to manage an efficient operating expense base and manage costs prudently. Despite continued investments in human resources, branch network and technological upgradation, operating expenses of the Bank were recorded at Rs. 60.9 billion (+18% YoY) while the cost-to-income ratio was maintained at an efficient 32.68%.



Performance against Targets

During 2024, the Bank achieved and exceeded its budgetary targets for advances and non-fund based income; while the operating expenses were successfully kept within approved budgetary limit. Furthermore, Bank's current year's performance against targets disclosed in the Annual Report of 2023 is covered in the (Forward Looking) section of the Annual Report.

Objectives to Assess Stewardship of Management

The Bank strives to maximize shareholder value through delivering remarkable returns and achieving sustainable performance that exceeds market and shareholder expectations. Key Performance Indicators (KPI's) to measure Bank's performance against its short, medium and long term objectives along with corresponding strategies have been disclosed in the 'External Environment, Strategy & Resource Allocation' section of the Annual Report.

Future Prospects for Profit

Future prospects about Bank's profitability have been covered in the 'Directors Report' and 'Forward Looking Statement' sections of the Annual Report.

Explanation of negative change in the performance against prior year

During the year under review, Profit before Tax (PBT) of the Bank decreased by Rs. 6.821 billion; representing a 5% contraction. Primary reasons for this decrease are the narrowing earning spreads amidst an accommodative monetary policy stance adopted by the SBP, at the latter half of the year in particular, and a higher charge recognized for 'Expected Credit loss Allowance' against loans and advances within the purview of initial adoption of IFRS 9 'Financial Instruments'. Furthermore, during the year, the corporate tax rate for banks was increased to 44% from 39%. The captioned factors cumulatively led to decline of Rs. 2.017 billion in the reported Profit After Tax (PAT).

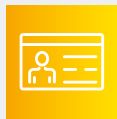
Non-Financial Highlights



Human Capital

Our employees, numbering 14,289 receive well remunerated, secure and satisfying employment with generous retirement benefits. Our strategy is to align what is best for the employees with what is best for the Bank. Our performance management system has been designed to motivate employees to pursue goals that will enable the Bank to achieve its strategic objectives. Our development and training activities also contribute to the same objective in the longer term. Thus, we have built a performance-based culture that will support both short term and long-term value creation.

Primary Interest Stakeholder Groups



			2024	2023	2022
Average number of employees	Absolute	▼	14,212	14,249	13,962
Staff compensation expense	Rs. In million	▲	25,892	23,238	19,020
Mean Gender Pay Gap*	%	◀▶	9	-	-
Investment in training	Rs. In million	▼	72.00	89.00	62.20
Staff strength	Absolute	▼	14,289	14,420	14,341
Staff turnover ratio	%	▼	21	16	19
Number of promotions	Absolute	▲	2,318	1,508	4,013
Number of training participants	Absolute	▼	51,414	54,252	51,047
Female staff ratio	%	▲	19.77	18.54	18.25
Training days	Absolute	▼	42,628	49,912	46,555

*KPI tracking initiated from 2024 (SECP Circular 10 of 2024)

Human Resource Accounting Policy

At MCB Bank we believe in pursuing a modern 'Human Resource Accounting Policy (HRA)' which encapsulates accounting of Bank's management and employees as 'human assets' or 'capital' that provides future benefits, rather than them being considered as an expense which is what comprises a typical approach under traditional human resource accounting.

The Bank has progressed forward to ensure that the people aspect of its business focuses on improving the standards and proficiency of employee skills and retaining talent for succession planning and expansion into new domains; thus, generating greater contribution and improving returns through implementation of higher investment, efficiency and resource productivity initiatives. In fact, HRA has allowed the Bank to keep track of investments it is making in its human resources, and the specific returns it is generating from these investments, thus fostering a virtuous cycle of growth and returns.

The Bank leverages its HRA strategically to drive positive change in its human resources, which comprises the most vital assets of the bank. Over time, through insights from its HRA, the Bank has been able to strategically reposition its human resources to face the rapid changes in the banking and financial services sector, especially now when digital banking is gaining fast credence. At the Bank, we have not only ensured that the skills and capabilities of our human resources are aligned to the times, but have also made sure that the Bank always remains in a position of deep strength through its people resources, notwithstanding the challenges prevalent in the external environment.

Key Steps for Addressing Integrity and Ethical Issues:

- Ensuring that all members of the organization understand that they have a responsibility to promote integrity.
- Conducting systemic integrity risk assessments on an ongoing basis.
- Facilitating open communication about integrity-related issues; recognizing and rewarding ethical conduct.
- Providing a mechanism for members to consult about integrity related issues.
- Ensuring that performance management systems are in alignment with the organization's ethical goals.
- Providing ongoing training for integrity-related practices.



Manufactured Capital

MCB's manufactured capital constitutes its pan-Pakistan distribution network of banking outlets, corporate offices, ATMS and other touchpoints that facilitate engagement with its various stakeholders. It also covers Bank's IT infrastructure and security.

The banking model is in gradual transformation from traditional banking to digital era. Hence, to cater to the growing segment of millennials among our customers, the Bank has been continuously investing on the digital banking platforms. We are increasing our digital touch points on a gradual pace, providing our customers transactional convenience while ensuring financial security.

Primary Interest Stakeholder Groups



			2024	2023	2022
Capital expenditures on physical and digital infrastructure	Rs. in million	▲	10,679	7,452	4,598
Domestic Branches (exc. EPZ and sub-branches)	Absolute	▼	1,394	1,430	1,439
Overseas Branches	Absolute	▲	9	8	9
Overseas Representation Office	Absolute	▲	1	–	–
Domestic ATMs	Absolute	▼	1,472	1,475	1,484
MCB Live customers	Absolute	▲	1,447,228	1,093,519	713,821



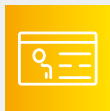
Intellectual Capital

Intangibles associated with the Bank – culture, ethics, values, organizational knowledge, systems, procedures and brand value. These intangibles, while not reflected in the balance sheet, are indeed the real assets of the Bank. They permeate the Bank’s operations at all levels – whether it is high level decision-making or day-to-day functions.

In 2024 we have focused on following points to enhance our intellectual capital:

- Explore customers’ views and expectations with regard to selected Deposit products on features, processes and service delivery
- Evaluate customer satisfaction to understand the service level of the Bank
- Explore the new trends in consumer banking to ascertain future banking preferences.

Primary Interest Stakeholder Groups



			2024	2023	2022
ATM uptime	%	◀▶	98	98	97
Independent Directors on the BoD	Absolute	◀▶	4	4	4
Net Promoter Score (NPS)	%	◀▶	74	-	-



Natural Capital

MCB being a responsible corporate citizen, aims to preserve natural capital while pursuing its business objectives. The Bank has rigorously undertaken to its responsibility of reducing carbon footprints on the environment by making its processes, usage of information technology and physical infrastructure more sustainable and environmentally efficient. The Bank is also focused on implementing robust systems to inculcate a sense of environmental concern amongst its stakeholders such that operational processes are transformed to safeguard the Bank against heightened threat of external vulnerabilities.

Primary Interest Stakeholder Groups



			2024	2023	2022
No. of branches monitored under real time IoT based fuel management & monitoring system.	Absolute	▼	952	976	568
Solarization of branches	Absolute	▲	275	49	43



Social & Relationship Capital

The Pakistan banking industry is more competitive than it has ever been, and factors such as customer service and convenience are distinguishing features that customers look for. With a strong network of branches across the country, MCB maintains strength in geographic reach that few can match.

Primary Interest Stakeholder Groups



			2024	2023	2022
No. of accounts	Absolute	▲	9,053,850	8,826,027	8,586,001
Customer Satisfaction Index	%	▲	84	75	75
Dividends to Shareholders	Rs. In million	▲	42,662	35,552	23,701
Education Allowance	Rs. In million	▼	26	29	27
Staff Capacity Building & Trainings	Rs. In million	▼	72	89	62
Contribution to National Exchequer (Income Tax)	Rs. In million	▲	77,074	60,787	28,106
Contribution To Staff Welfare Fund	Rs. In million	▲	6	5	1
Donation	Rs. In million	▼	10	21	1
Plantation	Rs. In million	▲	30	27	25

Non - Performing Loans

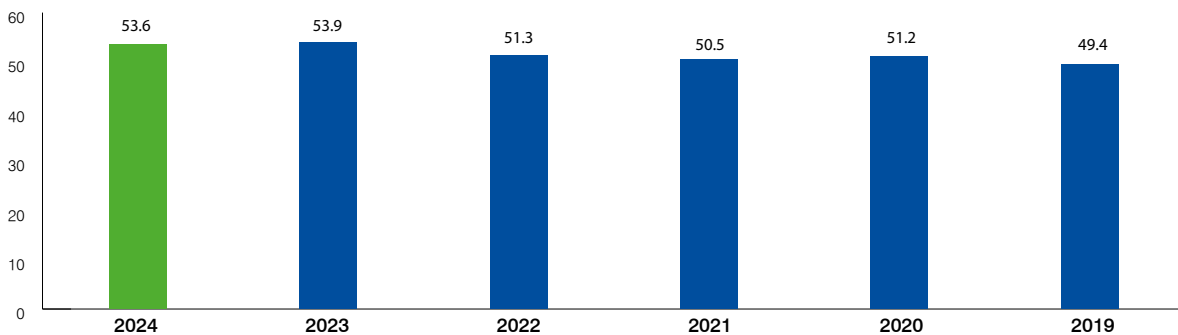
Rs. in Million

Categorywise	2024		2023		Variance		2024
	NPLs	ECL	NPLs	Provision	NPLs	Provision	Coverage
OAEM	1,432	687	1,517	2	-5.63%	40711.10%	48.00%
Substandard	972	507	863	54	12.65%	845.73%	52.21%
Doubtful	2,709	1,363	713	356	280.03%	282.82%	50.31%
Loss	48,439	38,935	50,790	41,526	-4.63%	-6.24%	80.38%
Total	53,551	41,492	53,883	41,937	-0.61%	-1.06%	77.48%

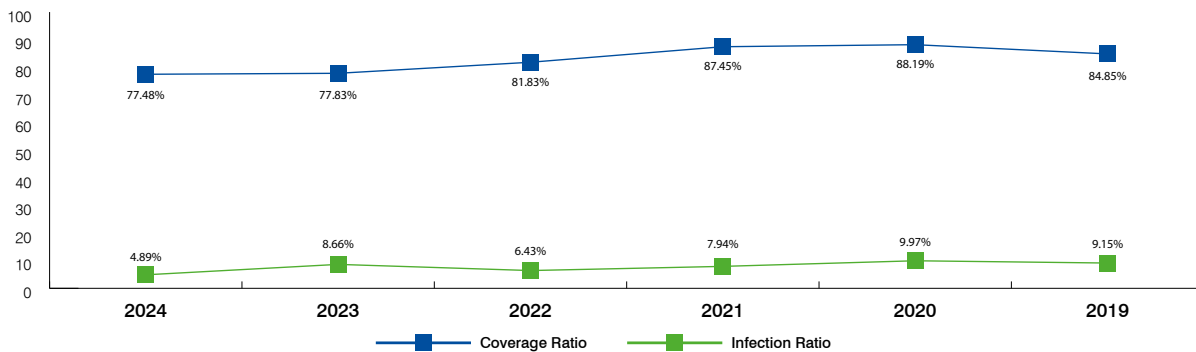
Groupwise	NPLs	ECL	NPLs	Provision	NPLs	Provision	Coverage
	Retail	1,217	995	1,896	1,004	-35.81%	-0.86%
Consumer	691	562	1,779	1,565	-61.15%	-64.12%	81.27%
Corporate	4,876	3,940	4,007	2,688	21.69%	46.56%	80.80%
Overseas	14,261	5,159	14,749	5,733	-3.30%	-10.02%	36.17%
Others	32,505	30,836	31,452	30,946	3.35%	-0.36%	94.87%
Total	53,551	41,492	53,883	41,937	-0.61%	-1.06%	77.48%

NPLs and Variance (2019-2024)

(Rupees in Billion)



Infection and Coverage Ratios (2019-2024)



Coverage Ratio's are based on Stage 3 IFRS 9 based ECL / specific provision only

Non - Performing Assets

	Non-performing Loans (Stage 3 Loans)		Non-performing Investments (Stage 3 Debt Securities)		Rs. in Million Non-performing Assets	
	2024	2023	2024	2023	2024	2023
	1. Movements in NPA					
Opening balance	53,883	51,260	478	478	54,361	51,738
Impact of adoption of IFRS 9	1,510	-	-	-	1,510	-
Other adjustments	(3,235)	2,916	-	-	(3,235)	2,916
Additions	5,486	4,200	-	-	5,486	4,200
Recovery / Re-structuring	(1,780)	(3,714)	(2)	-	(1,782)	(3,714)
	3,706	486	(2)	-	3,704	486
Amounts written off	(1,121)	(779)	-	-	(1,121)	(779)
Amounts charged off	(1,192)	-	-	-	(1,192)	-
Closing balance	53,551	53,883	476	478	54,027	54,361

	Non-performing Loans (Stage 3 Loans)		Non-performing Investments (Stage 3 Debt Securities)		Non-performing Assets	
	2024	2023	2024	2023	2024	2023
	2. Sector-wise breakup of NPA					
Agriculture, forestry and fishing	291	210	-	-	291	210
Construction	120	162	-	-	120	162
Electricity, gas, steam and air conditioning supply	1,642	1,718	-	-	1,642	1,718
Financials	129	135	-	-	129	135
Individuals	1,587	2,709	-	-	1,587	2,709
Manufacture of cement	393	393	285	285	678	678
Manufacture of chemicals and pharmaceutical products	193	180	-	-	193	180
Manufacture of food & beverages products	6,260	4,933	-	-	6,260	4,933
Manufacture of sugar	3,598	3,967	145	146	3,743	4,113
Manufacture of textiles	11,761	11,753	41	41	11,802	11,794
Services	333	443	-	-	333	443
Telecommunications	57	53	-	-	57	53
Transportation and storage	433	1,095	-	-	433	1,095
Wholesale and retail traders	17,611	16,999	-	-	17,611	16,999
Others	9,145	9,131	5	6	9,150	9,137
	53,551	53,883	476	478	54,027	54,361

	Non-performing Loans (Stage 3 ECL)		Non-performing Investments (Stage 3 ECL)		Non-performing Assets	
	2024	2023	2024	2023	2024	2023
	3. Movement of Expected Credit Loss made against NPA					
Opening balance	41,937	41,948	478	478	42,415	42,426
Impact of ECL on adoption of IFRS 9	1,592	-	-	-	1,592	-
Exchange adjustments	(9)	1,230	-	-	(9)	1,230
Charge for the year	4,238	3,108	-	-	4,238	3,108
Reversals	(3,954)	(3,570)	(2)	-	(3,957)	(3,570)
	284	(462)	(2)	-	282	(462)
Amounts written off	(1,121)	(779)	-	-	(1,121)	(779)
Amounts charged off	(1,192)	-	-	-	(1,192)	-
Closing balance	41,491	41,937	476	478	41,967	42,415

4. Details of accounts restructured as per regulatory guidelines

The outstanding amount against restructured accounts in NPL amounts to Rs. 11,001.450 million as at December 31, 2024; (December 31, 2023: Rs. 11,755.346 million)

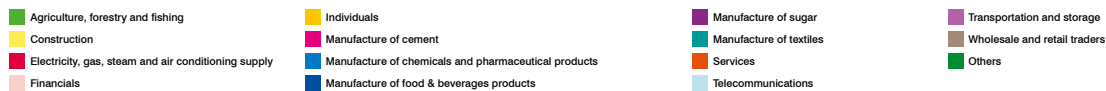
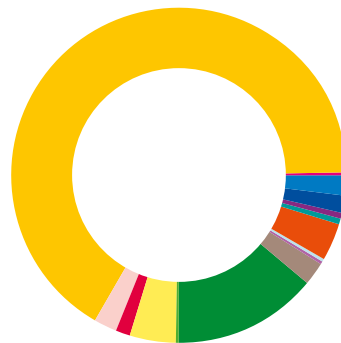
Analyses of Deposits, Advances & Investments

Deposits & Advances - Sectorwise

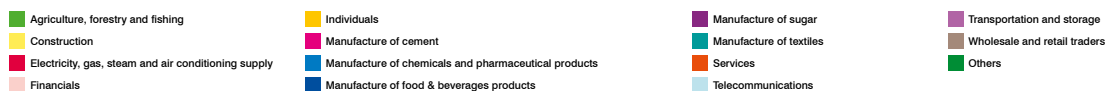
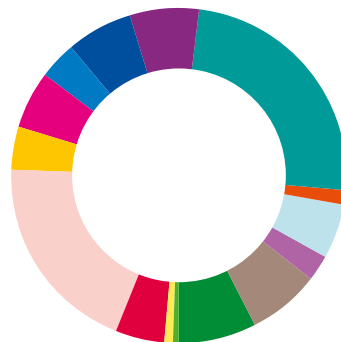
Rupees in Million

Sector	December 31, 2024	
	Deposits	Advances
Agriculture, forestry and fishing	8,751	6,879
Construction	82,667	10,987
Electricity, gas, steam and air conditioning supply	30,239	51,493
Financials	40,089	212,717
Individuals	1,278,035	43,462
Manufacture of cement	6,393	60,972
Manufacture of chemicals and pharmaceutical products	32,970	39,908
Manufacture of food & beverages products	36,552	70,876
Manufacture of sugar	10,461	73,122
Manufacture of textiles	11,244	266,955
Services	65,315	16,467
Telecommunications	6,708	57,760
Transportation and storage	5,091	25,498
Wholesale and retail traders	42,228	77,308
Others	265,468	80,418
	1,922,212	1,094,822

Deposits



Advances

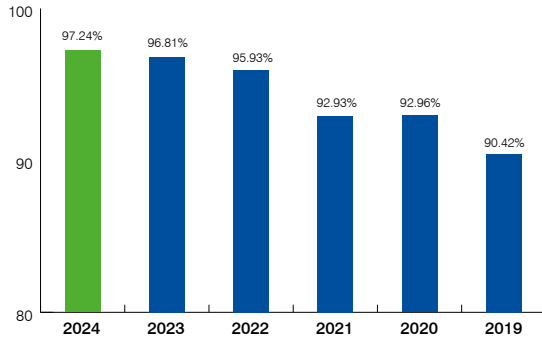


Deposits & Advances - Groupwise

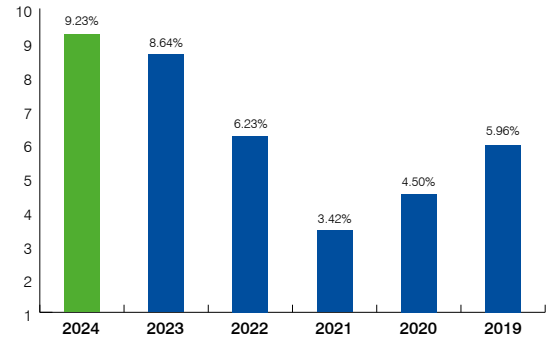
Rs. in Billion

	Group wise Deposits				Group wise Gross Advances			
	2024	2023	Variance		2024	2023	Variance	
			Amount	%			Amount	%
Retail	1,589.7	1,503.7	86.1	5.72%	62.3	73.9	(11.6)	-15.70%
Consumer	35.4	26.1	9.4	36.03%	37.2	38.6	(1.4)	-3.61%
Corporate	111.7	119.0	(7.3)	-6.16%	903.2	438.0	465.2	106.20%
Overseas	185.4	156.7	28.7	18.33%	60.2	41.0	19.2	46.80%
Others (SAM)	-	-	-	-	32.0	30.9	1.0	3.36%
Total	1,922.2	1,805.4	116.8	6.47%	1,094.8	622.4	472.4	75.90%

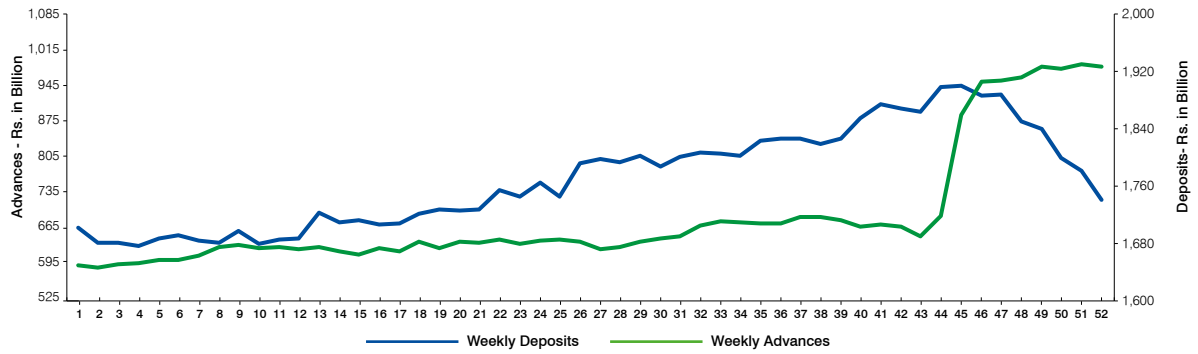
CASA Mix



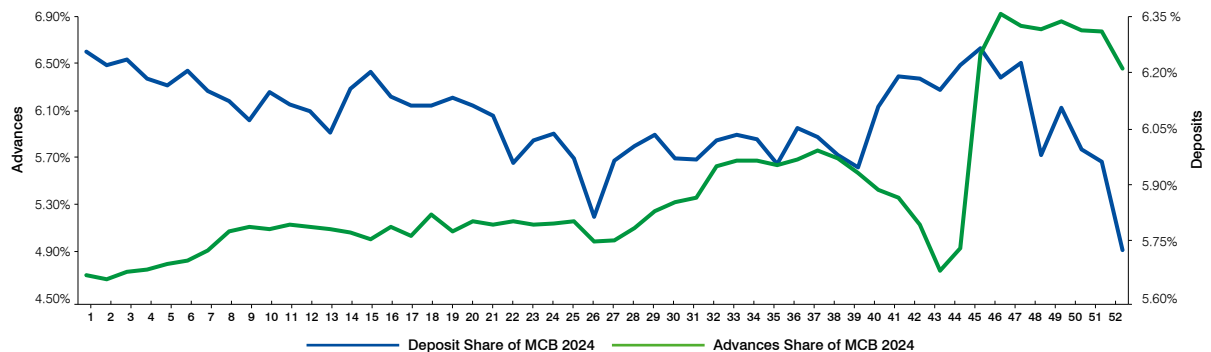
Weighted Average Cost of Deposits



Weekly Trend of MCB Deposits and Advances - 2024 Domestic



MCB's Industry Share in Deposits and Advances - 2024 Domestic

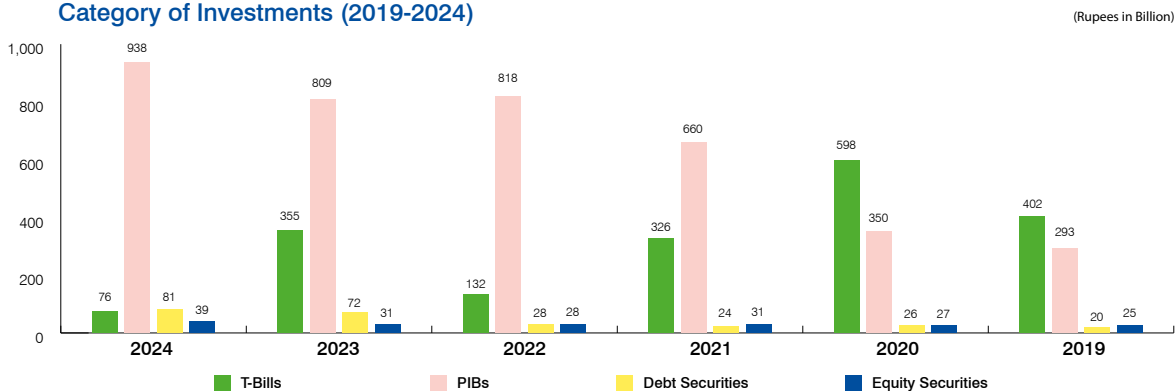


Investments

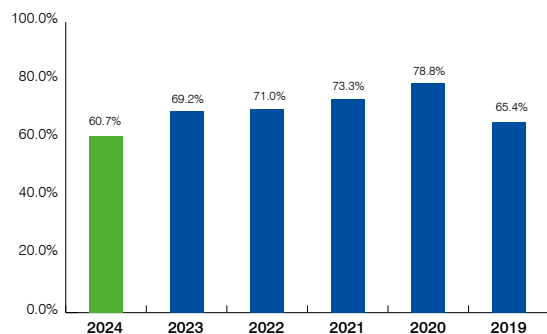
	2024	2023	Var.	Rupees in Million % Var.
Treasury Bills	76,304	354,827	(278,522)	-78%
Pakistan Investment Bonds	937,666	808,553	129,114	16%
Other government securities	69,691	60,082	9,609	16%
Other Debt Securities	11,199	11,823	(625)	-5%
Shares in Listed, Unlisted Co.s & Mutual funds	39,342	31,082	8,259	27%
Subsidiaries & Associated Undertakings	18,669	17,669	1,000	6%
Investments at cost	1,152,870	1,284,036	(131,165)	-10%
Credit loss allowance	(1,121)	(11,180)	10,059	-90%
Surplus/(Deficit) on revaluation of securities	15,703	(23,417)	39,120	-167%
Investments at revalued amount – net of credit loss allowance	1,167,453	1,249,439	(81,987)	-7%
Non-Statutory Investment Portfolio *	492,407	799,125		

*maintained in excess of Statutory Liquidity Requirement

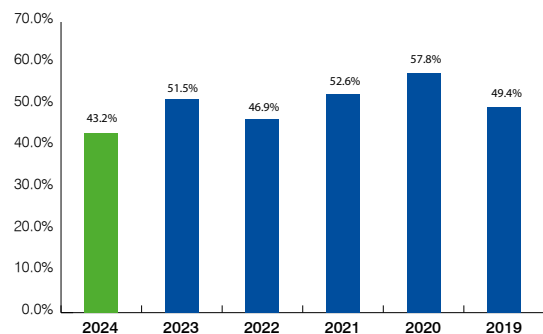
Category of Investments (2019-2024)



Investments to Deposits Ratio (2019-2024)



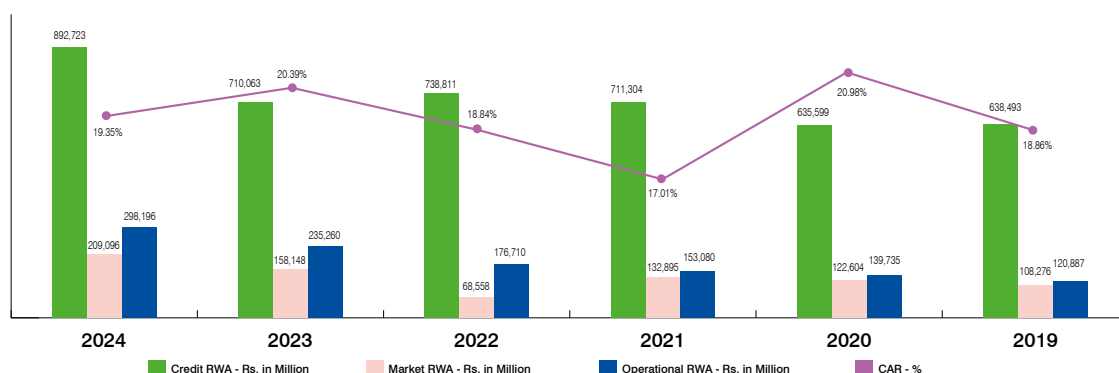
Investments to Total Assets Ratio (2019-2024)



Capital Structure

	2024	Rupees in Million 2023
Capital Structure		
Tier 1 Capital		
Shareholders equity /assigned capital	11,851	11,851
Share premium	23,751	23,751
Reserves*	80,270	65,479
Unappropriated profits	110,426	96,039
	226,298	197,120
Deductions:		
Book value of intangible and advances given for intangible	1,314	1,035
Defined benefit pension fund assets – net	6,402	3,788
Other deductions	1,655	2,341
	9,371	7,164
Total Tier 1 capital	216,927	189,956
Tier 2 Capital		
General provisions subject to 1.25% of total risk weighted assets	11,159	2,624
Revaluation reserves	42,784	23,784
Foreign exchange translation reserves *	–	8,585
	53,943	34,993
Deductions:		
Other deductions	–	–
Total Tier 2 Capital	53,943	34,993
Total Regulatory Capital Base	270,869	224,949
Capital Adequacy		
Risk Weighted Assets		
Credit Risk	892,723	710,063
Market Risk	209,096	158,148
Operational Risk	298,196	235,260
Total RWA	1,400,015	1,103,471
Capital Adequacy Ratio		
Total eligible regulatory capital held	270,869	224,949
Total Risk Weighted Assets	1,400,015	1,103,471
Capital Adequacy Ratio	19.35%	20.39%

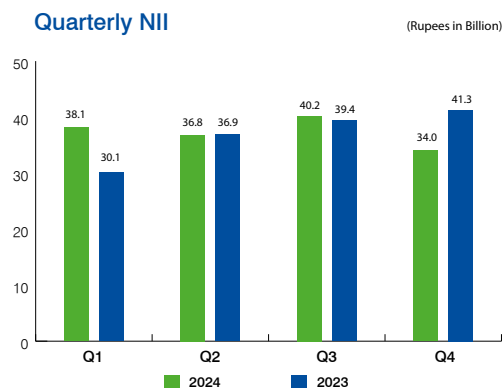
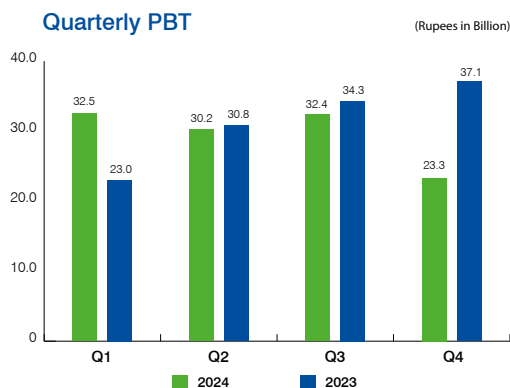
Capital Adequacy Ratio (2019-2024)



*With reference to BPRD Circular Letter No. 02 of 2025 issued by SBP, Foreign Exchange Translation Reserves have been treated as part of Common Equity Tier-1 (CET-1) Capital with effect from December 31, 2024. Previously Foreign Exchange Translation Reserves were treated under Tier-2 Capital .

Quarterly Performance Analysis 2024 - 2023

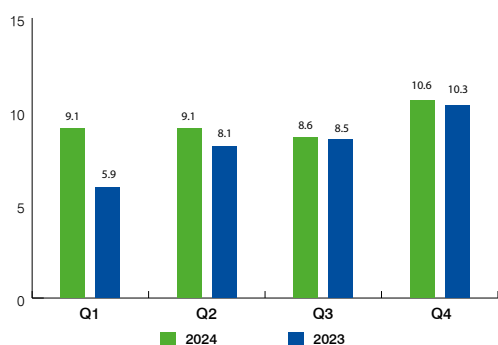
	2024				2023			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	Rupees in Million							
Statement of Profit & Loss Account								
Mark-up earned	85,323	98,517	94,171	89,009	92,676	90,102	81,425	63,855
Mark-up expensed	(51,302)	(58,301)	(57,385)	(50,938)	(51,392)	(50,694)	(44,485)	(33,785)
Net mark-up income / interest income	34,022	40,215	36,786	38,071	41,284	39,408	36,939	30,070
Non-mark-up income	10,579	8,598	9,132	9,124	10,316	8,535	8,143	5,922
Total Income	44,601	48,813	45,918	47,195	51,600	47,943	45,082	35,991
Non-mark-up expenses	(17,625)	(16,260)	(15,168)	(14,722)	(15,319)	(14,364)	(12,969)	(12,351)
Profit before credit loss allowance	26,976	32,553	30,749	32,473	36,282	33,579	32,113	23,640
Credit loss allowance & write off	(3,666)	(160)	(574)	69	863	675	(1,288)	(624)
Profit before taxation	23,310	32,393	30,175	32,542	37,145	34,254	30,826	23,016
Taxation	(14,146)	(15,879)	(14,794)	(15,986)	(21,661)	(16,794)	(17,194)	(9,960)
Profit after taxation	9,164	16,514	15,381	16,555	15,485	17,460	13,631	13,056
Statement of Financial Position								
Assets								
Cash and balances with treasury banks	168,508	191,328	222,764	189,658	170,717	162,715	184,503	143,987
Balances with other banks	27,842	34,222	38,501	38,351	35,073	39,214	45,024	37,419
Lendings to financial institutions	55,656	122,592	80,861	50,042	96,213	91,523	69,284	121,102
Investments	1,167,453	1,507,152	1,481,699	1,288,592	1,249,439	1,257,676	1,148,308	945,988
Advances	1,041,626	674,756	608,684	596,042	577,863	601,010	597,289	657,255
Property & equipment (including RoU assets)	88,740	86,242	85,163	83,863	82,821	80,909	79,765	80,468
Intangible assets	1,314	1,317	1,384	1,426	1,035	809	812	789
Deferred tax assets	-	-	4,829	9,645	-	12,543	14,338	13,765
Other assets	152,202	177,115	149,474	151,338	214,016	144,373	140,311	113,637
	2,703,339	2,794,724	2,673,359	2,408,958	2,427,179	2,390,774	2,279,634	2,114,410
Liabilities								
Bills payable	41,827	10,636	14,579	11,416	25,096	10,066	16,020	11,523
Borrowings	268,487	285,763	284,402	153,091	216,611	289,269	246,996	229,458
Deposits and other accounts	1,922,212	2,064,826	1,993,954	1,851,330	1,805,387	1,715,666	1,670,141	1,539,758
Deferred tax liabilities	16,638	8,076	-	-	101	-	-	-
Other liabilities	183,916	163,263	138,245	161,184	149,277	162,091	143,554	141,512
	2,433,080	2,532,563	2,431,180	2,177,021	2,196,472	2,177,092	2,076,712	1,922,251
Net assets	270,259	262,160	242,179	231,937	230,707	213,682	202,923	192,159
Represented by:								
Share capital	11,851	11,851	11,851	11,851	11,851	11,851	11,851	11,851
Reserves	104,930	103,841	102,041	100,583	98,724	97,844	96,331	94,704
Surplus on revaluation of assets - net of tax	43,053	37,840	24,077	18,600	24,093	14,819	13,034	10,497
Unappropriated profit	110,426	108,629	104,210	100,903	96,040	89,168	81,707	75,107
	270,259	262,160	242,179	231,937	230,707	213,682	202,923	192,159



Net Interest Income	Non Markup Income	Non Mark up Expenses	Profit
Quarter 1			
<p>During the 1st quarter of 2024, Net Interest Income (NII) of the Bank increased by 27% and was reported at Rs. 38.071 billion. The markup income was concentrated by markup from investments which amounted to Rs. 59.844 billion and constituted 67% of the gross amount while the markup income from advances was reported at Rs. 26.335 billion. The increase in gross markup income was broad based; driven by improving earning margins, in an upward sloping yield curve, and volumetric growth achieved in earning assets.</p> <p>On the markup expense side, Rs. 45.049 billion was reported on account of markup expense on deposits; representing an increase of 81% over the corresponding period owing primarily to higher minimum saving rate applicable during the quarter in review.</p>	<p>Non markup income for the 1st quarter of 2024 was reported at Rs. 9.124 billion against Rs. 5.922 billion reported in the corresponding period; representing an increase of 54%. The growth is mainly attributable to rise in fee and commission income (46%), increase in foreign exchange income (97%) and increase in dividend income (55%).</p>	<p>Non markup expenses grew by 19% in the 1st quarter of 2024 over the corresponding period. Despite surge in inflationary pressures, the Bank was able to contain growth in the operating expense base through cost management initiatives and continuous process revamping for inculcating operational efficiencies.</p>	<p>Driven by a 27% growth in NII and significant growth of 54% in Non Markup Income, MCB's profit before tax and credit loss allowance, for the 1st quarter of 2024, was reported at Rs. 32.473 billion against Rs. 23.640 billion reported in the comparative period.</p> <p>Net reversal amounting to Rs. 69 million recognized on account of credit loss allowance under IFRS 9 translated into a Profit Before Tax (PBT) of Rs. 32,542 billion (+ 41%). Profit After Tax (PAT) was reported at Rs. 16.555 billion (+27%) after incorporating a 49% avg. tax charge (compared to a 43% avg. tax charge recognized for the corresponding period).</p>
Quarter 2			
<p>NII during the 2nd quarter of 2024 was reported at Rs. 36.786 billion; exhibiting a modest decline of merely 0.4% when compared to the corresponding period. An analysis of the markup income mix highlights that the concentration of markup income on investments and gross advances was reported at 68% and 29% respectively; against 61% and 35% reported in the corresponding period.</p>	<p>Non markup income for the 2nd quarter of 2024 was reported at Rs. 9.132 billion; posting a rise of 12% over the corresponding period. Major variance pertained to fee and commission income; increasing by Rs. 607 million and translating into a growth of 13%. Dividend income decreased by 20% while the foreign exchange income and gain on securities registered an increase of Rs. 401 million (15%) and Rs. 69 million (328%) respectively.</p>	<p>Amidst a persistently high inflationary environment and continued investments in human resources and technological upgradation, non markup expenses grew by 17% in the 2nd quarter of 2024. The increase was broad based, with major expenditure outlays relating to staff cost (13%), utility costs (54%) and IT related expenses (25%).</p>	<p>An increase of Rs. 835 million recorded in the total income was offset by a hike of Rs. 2.199 billion in non markup expenses. Profit before tax and credit loss allowance, for the 2nd quarter of 2024, was hence reported at Rs. 30.749 billion.</p> <p>Net charge recognized on account of credit loss allowance posted a favourable variance of Rs. 714 million. Hence, the impact of captioned variances resulted in a decrease in PBT by Rs. 651 million for the quarter in review.</p>
Quarter 3			
<p>NII during the 3rd quarter was reported at Rs. 40.215 billion; 2% higher compared to the corresponding period of 2023. Gross mark up income earned increased by 9%, primarily on account of rising average volumes (up by Rs. 253 billion on a QoQ basis). On the markup expenses side, deposit cost grew by 16%, primarily on account of higher mobilization and a slight dilution of current account concentration in the deposits mix</p>	<p>Non markup income registered a slight growth of 0.74% over the corresponding period to report at Rs. 8.598 billion.</p> <p>Fee and commission income decreased by 6%. Dividend income and FX income increased by 44% and 10% respectively; in contrast, gain on securities registered a decline of 84%, diluting the growth of non markup income.</p>	<p>Continuing their upward trajectory, non markup expenses reported a broad based growth of 13% for the 3rd quarter of 2024; with major hikes recorded in utilities costs and IT related expenses, growing by 33% and 32% respectively.</p>	<p>PBT reported a decline of 5% in the 3rd quarter of 2024 to post Rs. 32,393 billion as compared to Rs. 34,254 billion in the comparative period. While, PAT was reported at Rs. 16,514 billion.</p> <p>The significant factors contributing to the lower profit were moderating NII and non markup income and a broad based increase in non markup expenses.</p>
Quarter 4			
<p>Amidst an evolving yield curve scenario and easing of the monetary policy stance, with 450bps reduction in policy rate announced during the quarter, NII registered a decline of 18%; recording at Rs. 34.022 billion as compared to Rs. 41.284 billion recorded in the corresponding quarter.</p>	<p>Non markup income posted a moderate increase of 2.55% to report at Rs. 10.579 billion for the 4th quarter of 2024. Net gain on securities increased by Rs. 2.423 billion, however, the growth was diluted by a contraction of 20% and 34% in fee commission and FX income receptively.</p>	<p>Non markup expenses closed the period in line with the surging trend witnessed during the first three quarters of 2024; posting a growth of 15% to report at Rs. 17.625 billion.</p>	<p>During the last quarter of 2024, the Bank registered a significant decline of 37% in its PBT and reported at Rs. 23,310 billion. Prime contributors for the reported decrease were contraction in NII by Rs. 7.2 billion (18%), increase in non mark up expenses by Rs. 2.4 billion (15%) and increase in credit loss allowance by Rs. 4.5 billion (+524%). These factors cumulatively translated into a decrease of Rs. 14 billion in PBT.</p>

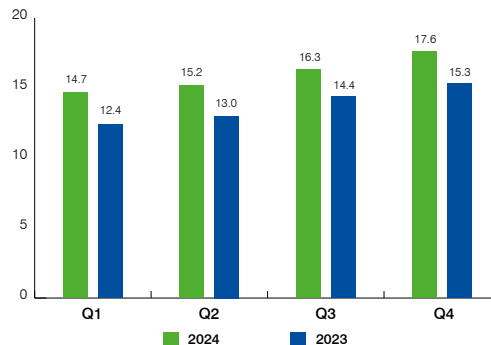
Quarterly Non Markup Income

(Rupees in Billion)



Quarterly Non Markup Expense

(Rupees in Billion)



Six Years' Performance 2019 - 2024

Financial Performance / Financial Ratios

		2024	2023	2022	2021	2020	2019
STATEMENT OF PROFIT AND LOSS ACCOUNT							
Mark-up/ return earned	Rs. Mln	367,020	328,057	200,763	123,334	136,076	138,292
Mark-up/ return expensed	**	217,926	180,356	113,607	59,347	64,741	78,676
Fund based income	**	149,095	147,701	87,156	63,987	71,334	59,616
Fee, Commission, brokerage & FX income	**	30,799	29,074	23,664	17,011	13,594	14,469
Dividend and capital gains	**	6,634	3,842	949	3,062	4,542	2,210
Total income	**	186,527	180,617	111,769	84,061	89,470	76,295
Operating expenses	**	63,775	55,003	43,186	36,894	33,908	33,709
Operating profit before tax and provision	**	122,752	125,613	68,583	47,167	55,562	42,586
Credit loss allowance / write-offs	**	4,332	373	(2,782)	(4,823)	7,313	2,484
Profit before tax	**	118,420	125,241	71,365	51,989	48,249	40,102
Profit after tax	**	57,615	59,631	32,741	30,811	29,037	23,977
Cash Dividends	**	42,662	35,552	23,701	22,516	23,701	20,146

STATEMENT OF FINANCIAL POSITION

Authorised capital	**	15,000	15,000	15,000	15,000	15,000	15,000
Paid up capital	**	11,851	11,851	11,851	11,851	11,851	11,851
Reserves	**	104,930	98,724	88,578	84,602	80,696	77,591
Unappropriated Profit	**	110,426	96,040	70,425	63,683	69,835	55,777
Shareholder's equity	**	227,206	206,614	170,854	160,136	162,382	145,219
Surplus on revaluation of assets – net of tax	**	43,053	24,093	18,641	14,272	27,720	23,695
Shareholder's funds	**	270,259	230,707	189,495	174,407	190,102	168,915
Total Assets	**	2,703,339	2,427,179	2,085,355	1,970,468	1,757,462	1,515,152
Earning Assets	**	2,303,348	2,002,674	1,870,527	1,732,055	1,544,536	1,294,096
Gross Advances	**	1,094,822	622,425	797,572	635,574	513,550	540,037
Advances – net of credit loss allowance / provisions	**	1,041,626	577,863	753,400	589,711	462,942	496,679
Non-Performing Loans (NPLs)	**	53,551	53,883	51,260	50,491	51,189	49,424
Investments	**	1,167,453	1,249,439	978,731	1,035,585	1,015,869	748,765
Total Liabilities	**	2,433,080	2,196,472	1,895,861	1,796,061	1,567,361	1,346,237
Deposits & other accounts	**	1,922,212	1,805,387	1,378,717	1,411,852	1,289,502	1,144,763
Current & Saving Deposits (CASA)	**	1,869,102	1,747,836	1,322,549	1,312,059	1,198,785	1,035,063
Borrowings	**	268,487	216,611	340,237	269,526	164,002	89,506
Interest bearing Liabilities	**	1,246,675	1,151,364	1,038,842	1,118,182	964,119	809,717
Contingencies and Commitments	**	1,009,777	813,473	665,655	619,187	714,038	851,147

Profitability ratios:

Profit before tax ratio	%	32.27%	38.18%	35.55%	42.15%	35.46%	29.00%
Gross Yield on Average Earning Assets	**	18.19%	17.57%	11.15%	7.53%	9.59%	10.49%
Gross Yield on Avg. Earning Assets (incl. dividend & capital gains)	**	18.52%	17.77%	11.20%	7.72%	9.91%	10.65%
Gross Spread	**	40.62%	45.02%	43.41%	51.88%	52.42%	43.11%
Cost to income ratio	**	32.68%	28.70%	37.13%	42.09%	36.49%	42.82%
Return on average equity (ROE)	**	26.56%	31.60%	19.78%	19.11%	18.88%	16.84%
Return on average assets (ROA)	**	2.25%	2.64%	1.61%	1.65%	1.77%	1.59%
Return on Capital Employed (ROCE)	**	26.56%	31.60%	19.78%	19.11%	18.88%	16.84%
Shareholder Funds (Shareholder Funds/Total Assets)	**	10.00%	9.51%	9.09%	8.85%	10.82%	11.15%
Return on Shareholder Funds	**	23.00%	28.38%	17.99%	16.91%	16.18%	15.07%
Return on Investment	**	18.60%	18.37%	12.41%	8.30%	10.77%	11.47%
Total Shareholder Return	**	83.89%	71.79%	-11.86%	-1.58%	-4.71%	14.14%
Non interest income to total income	**	20.07%	18.22%	22.02%	23.88%	20.27%	21.86%
Admin Exp to Profit before Tax	**	51.48%	41.39%	58.14%	68.05%	67.66%	81.47%

Investment ratios/Market Ratios:

Earnings per share (after tax)	Rs.	48.62	50.32	27.63	26.00	24.50	20.23
Earnings per share (before tax)	**	99.93	105.68	60.22	43.87	40.71	33.84
Breakup value per share							
- without surplus on revaluation of property and equipment & investments	**	191.73	174.35	144.17	135.13	137.02	122.54
- without surplus on revaluation of property and equipment	**	198.22	164.54	128.49	131.49	144.45	126.47
- with surplus on revaluation of property and equipment & investment	**	228.06	194.68	159.90	147.17	160.42	142.54
- with surplus on revaluation of property and equipment & investment in related party at fair/market value	**	232.95	196.73	161.42	149.82	162.80	144.89
Cash Dividend	%	360%	300%	200%	190%	200%	170%
Dividend Yield ratio	**	12.80%	17.39%	17.22%	12.39%	10.79%	8.30%
Dividend Payout ratio	**	74.05%	59.62%	72.39%	73.08%	81.62%	84.02%
Price to book value ratio	Times	1.47	0.99	0.81	1.13	1.35	1.67
Price to earning ratio	**	5.79	3.43	4.20	5.90	7.56	10.13
Dividend cover ratio	**	1.35	1.68	1.38	1.37	1.23	1.19

		2024	2023	2022	2021	2020	2019
Share Information:							
Market value per share – Dec 31	Rs.	281.30	172.55	116.16	153.35	185.28	204.94
High – during the year	"	295.40	203.82	166.20	202.40	225.71	220.00
Low – during the year	"	171.25	106.99	108.95	146.00	130.20	150.00
Market Capitalisation	Rs. Mln	333,357	204,482	137,657	181,729	219,568	242,866
Asset Quality and Liquidity ratios:							
Gross Advances to deposits ratio	%	56.96%	34.48%	57.85%	45.02%	39.83%	47.17%
Net Advances to deposits ratio	"	54.19%	32.01%	54.64%	41.77%	35.90%	43.39%
Investments to deposits ratio	"	60.73%	69.21%	70.99%	73.35%	78.78%	65.41%
Weighted Average Cost of Deposits	"	9.23%	8.64%	6.23%	3.42%	4.50%	5.96%
CASA to total deposits	"	97.24%	96.81%	95.93%	92.93%	92.96%	90.42%
NPLs to Gross advances ratio	"	4.89%	8.66%	6.43%	7.94%	9.97%	9.15%
NPLs to Shareholders Equity	"	23.57%	26.08%	30.00%	31.53%	31.52%	34.03%
Coverage Ratio (Stage 3 ECL / NPLs)	"	77.48%	77.83%	81.83%	87.45%	88.19%	84.85%
Coverage Ratio (Total ECL / NPLs)	"	99.34%	82.70%	86.17%	90.83%	98.87%	87.73%
Earning assets to total assets ratio	"	85.20%	82.51%	89.70%	87.90%	87.88%	85.41%
Investments to total assets ratio	"	43.19%	51.48%	46.93%	52.56%	57.80%	49.42%
Cash & Cash Equivalents to Total Assets	"	7.10%	8.43%	5.77%	9.23%	8.30%	9.50%
Cash to Current Liabilities	"	4.01%	6.43%	4.92%	4.52%	6.34%	5.39%
Cost of Funds	"	9.09%	8.68%	5.96%	3.40%	4.31%	5.76%
Cash flow coverage ratio	"	-32.85%	174.57%	-20.00%	41.08%	174.27%	53.84%
Net interest income as percentage of working funds	"	121.46%	117.58%	127.08%	135.66%	128.39%	139.99%
Non interest income as percentage of working funds	"	30.49%	26.20%	35.89%	42.6%	32.64%	39.17%
Cash Reserve Ratio	"	6.00%	6.00%	5.91%	5.09%	5.02%	5.02%
Liquid Assets to Total Assets	"	35.66%	51.78%	51.12%	54.10%	50.99%	43.74%
Gross Non Performing Assets to Gross Advances & Investments	"	2.94%	2.94%	2.93%	3.05%	3.38%	3.88%
Credit-Deposit Ratio	"	55.01%	32.06%	54.51%	41.77%	37.00%	43.95%
Earning assets to interest bearing Liabilities	Times	1.85	1.74	1.80	1.55	1.60	1.60
Deposits to shareholder equity	"	8.46	8.74	8.07	8.82	7.94	7.88
Assets to Equity	"	11.90	11.75	12.21	12.30	10.82	10.43
Current / Quick Ratio	"	1.39	1.87	1.39	1.53	2.38	2.29
Risk Adequacy:							
Tier I Capital	Rs. Mln	216,927	189,956	160,614	150,354	152,901	136,257
Total Eligible Capital	"	270,869	224,949	185,384	169,604	188,409	163,611
Risk Weighted Assets (RWA)	"	1,400,015	1,103,471	984,079	997,279	897,938	867,478
Tier I to RWA	%	15.49%	17.21%	16.32%	15.08%	17.03%	15.71%
RWA to total assets	"	51.79%	45.46%	47.19%	50.61%	51.09%	57.25%
Capital Adequacy Ratio	"	19.35%	20.39%	18.84%	17.01%	20.98%	18.86%
Statutory Liquidity Reserve (Ratio)	"	49.51%	72.89%	56.68%	72.92%	68.66%	60.08%
Net Return on Average RWA	"	4.60%	5.71%	3.30%	3.25%	3.29%	2.87%
Duo Pont Analysis:							
Net Operating Margin	%	30.89%	33.02%	29.29%	36.65%	32.45%	31.43%
Asset Utilization	%	7.27%	8.01%	5.51%	4.51%	5.47%	5.06%
Leverage Ratio / Equity Multiplier	Times	11.83	11.95	12.25	11.56	10.64	10.58
Industry Share:							
Deposits	%	5.74%	5.92%	5.87%	6.41%	6.91%	7.45%
Advances	"	6.46%	4.71%	6.46%	5.98%	5.69%	6.21%
Market Capitalisation	"	12.59%	12.71%	13.40%	13.03%	16.08%	16.87%
Consolidated:							
Total Assets	Rs. Mln	3,009,722	2,680,085	2,274,333	2,122,121	1,891,276	1,612,215
Shareholders' Equity	"	240,935	215,670	174,287	161,592	163,409	145,854
Net Assets	"	287,247	241,751	194,478	177,569	192,991	171,347
Profit before tax	"	131,177	137,519	75,340	53,275	49,318	40,154
Profit after tax	"	63,466	65,271	34,451	31,328	29,562	23,947
Return on Average Assets	%	2.23%	2.63%	1.57%	1.56%	1.69%	1.50%
Return on Average Equity	"	27.75%	33.38%	20.42%	19.19%	19.02%	16.66%
Earnings per share	Rs.	53.35	54.94	29.00	26.31	24.82	20.14
Breakup value per share	"	242.39	204.00	164.11	149.84	162.85	144.59
Capital Adequacy Ratio	%	18.74%	19.77%	17.98%	15.99%	19.69%	17.84%
Per Branch:							
Gross Advances	Rs. Mln	780.34	432.84	550.81	442.29	359.38	383.01
Deposits	"	1,370.07	1,255.48	952.15	982.50	902.38	811.89
CASA	"	1,332.22	1,215.46	913.36	913.05	838.90	734.09
PBT	"	84.40	87.09	49.29	36.18	33.76	28.44

Six Years' Non Financial Summary 2019-2024

		2024	2023	2022	2021	2020	2019
No. of accounts	Absolute	9,053,850	8,826,027	8,586,001	8,372,786	8,217,065	8,223,038
No. of branches	"	1,403	1,438	1,448	1,437	1,429	1,410
No. of permanent employees	"	14,289	14,420	14,341	13,849	13,643	13,596
Staff turnover ratio	%	21%	16%	19%	14%	10%	13%
Customer Satisfaction Index	%	84%	75%	75%	-	-	-
Customer Retention Ratio	%	96%	96%	95%	95%	93%	97%

Employee Productivity Rate

Deposits per Employee	Rs. Mln	134.5	125.2	96.1	101.9	94.5	84.2
Advances per Employee	"	76.6	43.2	55.6	45.9	37.6	39.7
Revenue (Total Income) per Employee	"	13.1	12.5	7.8	6.1	6.6	5.6
PBT per Employee	"	8.3	8.7	5.0	3.8	3.5	2.9

Digital Banking

No. of ATMs	Absolute	1,472	1,475	1,484	1,454	1,434	1,360
No. of Debit cards/smart cards issued during the year	"	693,765	728,133	820,188	796,215	577,406	652,440

Credit Cards

No. of new issuance	Absolute	16,058	19,383	21,545	18,828	13,944	16,907
No. of customers	"	93,235	99,105	95,516	87,882	84,542	83,070
Total spend (transaction volume)	Rs. Mln	32,739	25,569	17,905	11,681	8,327	8,927

Auto Loan

No. of Loans disbursed	Absolute	2,476	1,837	4,981	8,706	5,549	5,999
Outstanding Volume	Rs. Mln	13,437	16,266	22,552	24,445	19,777	17,929

Home Loan

No. of Loans disbursed	Absolute	25	914	706	676	67	62
Outstanding Volume	Rs. Mln	8,274	9,785	11,694	8,528	4,733	4,110

Personal Loan

No. of Loans disbursed	Absolute	1,004	1,297	1,972	1,293	1,764	2,435
Outstanding Volume	Rs. Mln	850	1,344	1,500	1,519	1,912	2,262

Bancassurance

No. of customers	Absolute	345,700	328,053	300,579	273,178	232,035	196,633
No. of new customers	"	19,229	27,474	27,401	41,143	35,402	44,021
No. of policies	"	19,960	28,336	25,999	40,205	35,791	44,208
Bancassurance Premium	Rs. Mln	9,783	10,755	10,617	10,756	9,654	8,927

Home Remittance

Volume of home remittance	USD Mln	4,592	3,247	3,434	3,527	3,206	3,051
Volume of home remittance	Rs. Mln	1,278,523	912,093	703,189	567,154	518,882	455,862
Home Remittance MCB Market Share	%	13.25%	12.32%	11.60%	11.40%	12.35%	13.74%

Cash Management

Throughput of Cash Management	Rs. Mln	5,375,375	4,699,010	3,866,980	3,020,171	2,082,095	1,884,135
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Performance Commentary:

In this section, commentary on the six years' performance of the Bank is being provided, covering key highlights:

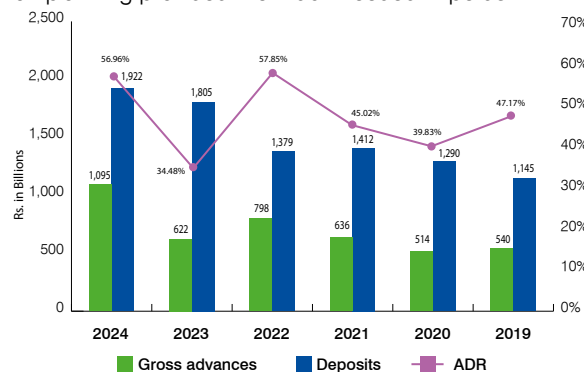
Statement of Financial Position

Total Assets:

The asset base of the Bank has registered a compounded annual growth rate (CAGR) of 12.28% over the last 6 years; growing to Rs. 2,703 billion as at December 31, 2024. Prime contributors to the said increase have been advances and investments; with investments growing annually by approximately 9.29% while the gross advances have recorded a growth of 15.18% on an annual basis. Amidst evolving yield curve movements, over the course of the review period, earning assets mix of the Bank has been prudently and proactively managed to ensure sustainable returns to the stakeholders; 85% of the growth registered in total assets has been concentrated in earning assets and has enabled the Bank to improve its Return on Assets (RoA) from 1.59% in 2019 to 2.25% in 2024.

Advances:

After a year of negative growth in advances in 2023, amidst a restrictive monetary policy stance adopted by the SBP and a dearth of quality lending opportunities, 2024 witnessed a rebound in performance; on the back of exceptional efforts of the team. During the current year, gross advances recorded an unprecedented growth of 76%, as the gradual easing of the monetary cycle coupled with strategic repositioning of Bank's earning assets for tax planning provided the much needed impetus.

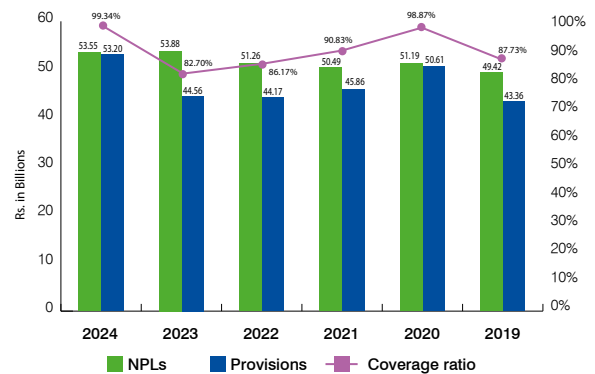


Barring year 2023 as an exception, remarkable growth in advances was also witnessed in 2022 and 2021 primarily derived from the V-shaped economic recovery and a renewed strategic focus to capitalize on emerging credit extension opportunities, within Bank's defined risk appetite. During the course of the review period, concentration of advances in the total assets mix has improved from 33% in 2019 to 39% in 2024.

Non-performing Loans:

Strengthened risk management policies coupled with refined credit appetite has enabled the Bank to keep a check on the quality of its assets. During 2024, the Bank continued with its trend of registering significant recoveries to post another year of impressive performance; the total recoveries for the year amounted to Rs. 3.486 billion. Effective management of Bank's credit risk by leveraging a robust risk management framework, together with a growing credit book has improved Bank's credit profile; the infection ratio improving to 4.89% in 2024 as compared to 9.15% reported in 2019. The coverage ratio of the Bank is being reported at 99.34%, as compared to 87.73% in 2019 due to the comparatively higher amount

of NPLs classified in "loss" category and initial adoption of IFRS 9 in the current year. However, NPLs classified in "loss" category still constitute more than 90% of the NPLs base, which indicates adequacy of provision held against advances in the banking book.



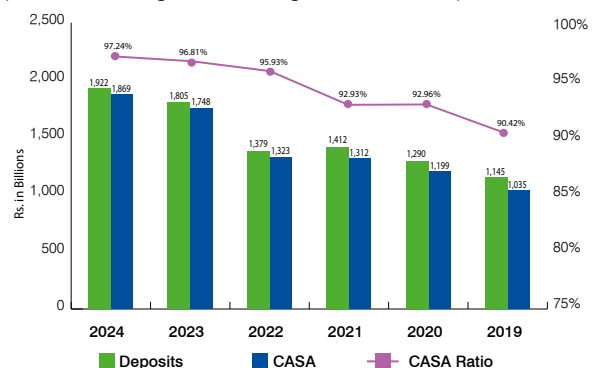
Investments:

During the earlier part of the time series analysis (2019-2021), a dearth of quality credit extension /opportunities resulted in the banking sector liquidity being deployed in Government Papers, as Government's borrowing appetite continued to grow. The year 2022 witnessed a major trend reversal for MCB, as advances made a notable contribution to expansion in Bank's asset base. However, the upward trajectory in advances couldn't gain further traction in 2023, and consequently the concentration of investments in the total asset base reverted to 51% as compare to 49% in 2019. In 2024, the unprecedented growth recorded in gross advances has lowered the concentration of investments in total assets mix to 43%.

With an average annual growth rate of 9.29% over the last six years, the investment base of the Bank has grown from Rs. 749 billion in 2019 to Rs. 1,167 billion in 2024. The profiling and duration of the investment portfolio has been proactively monitored, amidst evolving yield curve scenarios, to maximize shareholder returns and optimize liquidity management. The equity book of the Bank consists of investments in diverse companies with strong fundamentals with a view to earn stable dividends.

Deposits:

The deposits base of the Bank has increased significantly over the last six years, with the absolute number increasing from Rs. 1,144 billion as at December 31, 2019 to Rs. 1,922 billion as at December 31, 2024. A CAGR of 10.92% has been maintained over the past 6 years. The CASA base has registered remarkable growth, increasing from Rs. 1,035 billion in 2019 to Rs. 1,869 billion in 2024; this has been strategically achieved through service excellence, strategically placed touch points for the customers and transactional convenience provided through a vast range of diversified products.



Equity and Dividends

- The paid-up capital of the Bank is Rs. 11.8 billion as at December 31, 2024, meeting the statutory capital requirements set by the State Bank of Pakistan (SBP).
- In 2008, most affluent strategic partnership occurred in Pakistan where the largest Bank of Malaysia, Maybank Berhad, acquired a 20% holding in MCB Bank Limited (current holding at 18.78% as holding diluted due to issuance of shares under the merger scheme).
- The equity base of the Bank is reflective of the outstanding financial results achieved through consistent performances over the years. The capital base of the Bank is rated as strong; which is substantiated by the reported CAR of 19.35% as at December 31, 2024 against the statutory requirement of 11.50%. The Shareholders' equity has grown significantly from Rs. 145 billion in 2019 to Rs. 227 billion in 2024.
- The Bank has one of the highest cash dividend payouts per share in the industry, with regular interim dividends, and remains one of the prime stocks preferred in the Pakistani equity market.

Profit and Loss account

Net Interest Margin

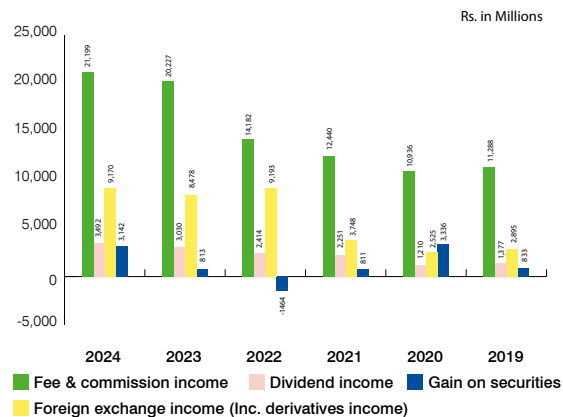
- The composition of markup income has seen a mix trend in the last six years on the back of concentration shift in the earning assets base of the Bank. The contribution from markup income earned on advances in the total markup income mix had decreased from 41.46% in 2019 to 26.86% in 2021, while, over the same period, the contribution from markup income on investments increased from 54.58% to 72.59%. Subsequently, however, on account of improving average volumes in advances, the contribution from markup income earned on advances in the income mix has increased to 30.47% in 2024.
- The investment to total asset ratio has decreased from 49% in 2019 to 43% in 2024. Whereas, the advances to total asset ratio registered an increasing trend from 33% to 39%.
- Achieving growth in no-cost current accounts to improve their concentration in the deposits base and maintain a balanced mix of earning assets has remained at the forefront of MCB's key strategic focus; CASA base of the Bank has remained above 90% throughout the period covered by the time series analysis and has supported optimization of net interest margins achieved by the Bank.

Non-Markup Income

- During the last six years, fee and commission income, FX income and capital gains have been the major drivers behind non markup income growth. Apart from the exception of 2020, wherein the realization of various systematic and idiosyncratic factors, emanating from the COVID-19 outbreak, impacted Banks income streams, the fee and commission income has witnessed a broad-based growth over the years; driven by introduction of new products and services added to the menu coupled with remote

and digital banking initiatives taken by the Bank. The product development teams of the Bank have been tapping the unbanked and underbanked segments of the population and offering them tailored products to meet their specific financial requirements. Different types of products have been offered in order to meet the needs of the time like credit card, mobile banking, visa debit card etc.

- The fee, commission and brokerage block of the Bank have been constant contributors to its bottom line growth; major thrust to the income has been provided by branch banking fees, commission earned on trade business, bancassurance business and remittances and card related incomes.
- The equity book of the Bank consists of investments in diverse companies with strong fundamentals and has been a stable contributor to the non markup income block by providing outstanding dividend yields. During the past 6 years, above Rs. 18 billion have been realized by way of capital gains and dividend income.
- The year 2022 saw exceptional circumstances, wherein significant volatility was observed in the FX market; instigated primarily by the ensuing political instability and economic uncertainty. MCB, remaining cognizant, prudently positioned its foreign exchange assets/liabilities amidst comparatively favorable swap curves to report significant increase in FX income; Rs. 9.159 billion for the year. The FX incomes for year 2023 and 2024 have been reported at Rs. 8.462 billion and Rs. 9.168 billion respectively.



Credit Loss Allowance / Provisions and write offs

The Bank's risk management platform is being driven by an augmented framework of sound risk principles, optimum organizational structure, robust risk assessment models and effective monitoring systems, in an IT enabled environment, to effectively identify, evaluate and mitigate all risks undertaken in the achievement of its long-term strategic objectives. The captioned platform has formed the basis for a declining trend in credit loss allowance / provision charge booked against advances over the years; with the Bank posting significant reversals over the years on the back of extensive recovery efforts undertaken.

During 2020, the Bank had witnessed a trend reversal in recognition of provision against advances. The subjective classification of obligor accounts on a prudent basis coupled with an additional recognition of general provision

charge, amounting to Rs. 4 billion, in anticipation of the impact realization of COVID-19 pandemic post expiration of SBP's relaxations and waivers were the prime contributors to the captioned increase.

During 2021, as part of the continuous credit assessment process, the Bank, while creating specific provisions against exposures that reflected signs of financial distress, reversed the general provision charge created in 2020 as a preemptive measure to counter COVID-19 impact; as the systematic risks surrounding the economic recovery receded. In the previous years (2023 & 2022), proactive monitoring and recovery efforts have cumulatively led to a net provision reversal of Rs. 3.3 billion in specific provision maintained against non-performing loans (NPLs). During the current year, the Bank has recorded a credit allowance charge of Rs. 711 million under the purview of IFRS 9 and an additional charge of Rs. 4.046 billion within its general reserve maintained against loans and advances; as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025.

The Bank has not taken any benefit of FSV in its provision calculation.

Operating expense:

Considering expansion in Bank's branch outreach, continued investment in technological infrastructure, regular performance merit adjustments for the Human Capital, rising regulatory compliance costs and sustained inflationary patterns witnessed over the period of six years and particularly, the surge recorded in the current year, the growth posted in the administrative block of the Bank has been kept in strict check.

Introduction of cost-effective techniques/methods, automation led saving initiatives, centralization of operations and imposition of annual capping's have been the key pillars of cost management drive undertaken by the Bank and have, in turn, laid the basis for the Bank to boast one of the lowest costs to income ratios in the industry.

Profit Before Tax and Profit After Tax:

- MCB Bank has been able to post outstanding profitability numbers over the period of last six years as substantiated by one of the highest industry EPS and a remarkable RoA ratio.
- The aggregate profit after tax for the last six years has approximated around Rs. 234 billion.
- Profitability ratios have been one of the best in the banking industry, which are reflective of effective management of the affairs and adoption of prudent strategies.

Other statistics

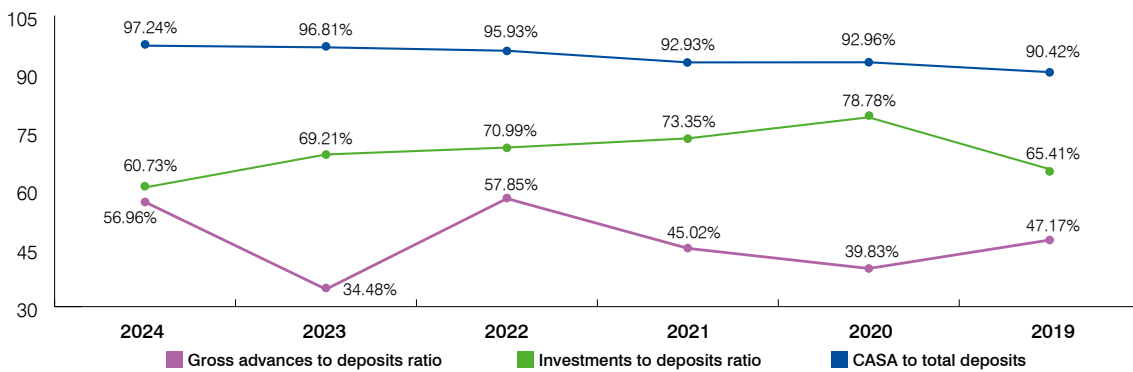
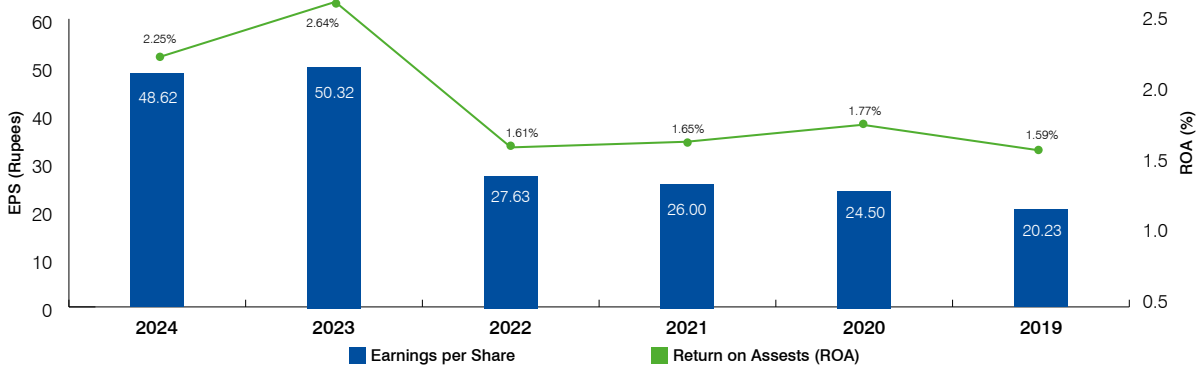
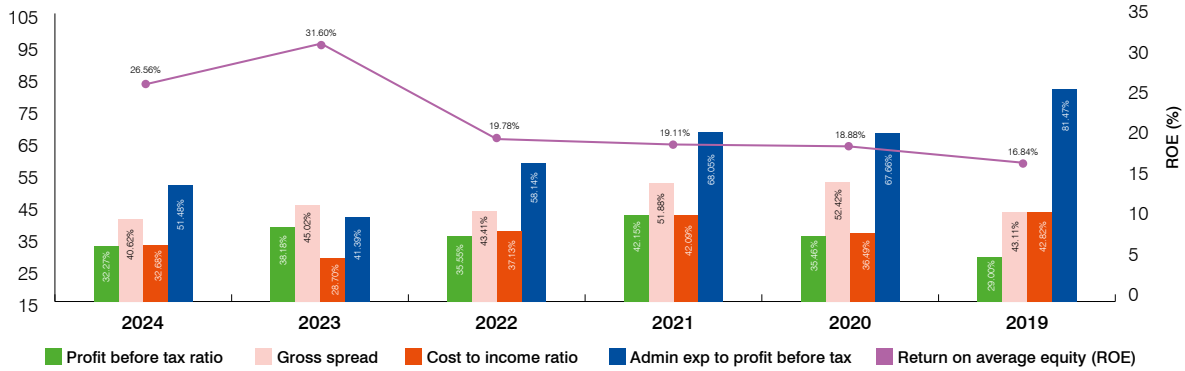
- The Bank has added in excess of 800,000 bank accounts to its base during the past 6 years with the current statistics highlighting the existing total bank accounts to be over 9 million.
- With active participation in trade, MCB Bank has been able to improve its trade volumes in the last 6 years. The volumes have more than doubled as compared to the base year; reaching Rs. 1,547 billion for imports and Rs. 836 billion for exports respectively.
- The Bank has been able to increase its market share in the remittance business growing from Rs. 456 billion in 2019 to the volume of Rs. 1,279 billion in

2024. The total home remittance inflows attracted by MCB in 2024 stood at USD 4.592 billion and hence further consolidated MCB's position as an active participant in SBP's cause for improving flow of foreign reserves into the country through banking channels. MCB have been recognized as the 3rd largest bank in Pakistan's remittance market by the State Bank of Pakistan at the PRI awards 2024. This award highlights MCB's dedication to connecting families and supporting economic growth through reliable and efficient remittance services.

- In 2008, the Bank launched Bancassurance which was a unique cross functional service to the customers of the Bank. Starting with only 131 policies and 129 customers in 2008, MCB Bank has issued 19,960 new policies in 2024; with the total customer base of 345,700.
- MCB Bank launched mobile banking in 2009 with approximately 53,000 customers reported by the end of 2009. In 2021, in line with the technological advancements, MCB launched its new flagship omnichannel mobile application "MCB Live". As of 2024, MCB Live has approximately 1.5 million registered users with a transaction volume of Rs. 1,752 billion for the current year.
- In 2015, MCB Annual Report had been honored to receive 1st place by South Asian Federation of Accountant (SAFA) for best presented Annual Accounts 2014. MCB was the 1st Pakistani bank to receive this accolade. In the past years, we have been awarded merit certificate and runner up awards for the same.
- In 2016, the Bank was awarded Best Bank in the "Corporate Finance and Investment Banking" by Euro Money Awards. We have also been awarded Best Bank in the Finance Asia Country Awards during the recent past years.
- The Bank has been continuously focusing on CPEC related infrastructure projects and has been able to achieve various awards on outstanding performance under CPEC arrangements. In this regard, the Bank received the award for "Best Regional Bank in South Asia" for BRI (Belt & Road Initiative) - Asiamoney New Silk Road Finance Awards 2017.
- In 2019, the Bank was declared as the "Most Outstanding Company in Pakistan" in the financial sector category by Asiamoney.
- In 2021, MCB's 'Annual Report 2020' was adjudged winner of the "Best Corporate Report" award in the financial sector category for the 9th consecutive year, while, for the very first time, MCB's annual report was adjudged as the "Overall Best Corporate Report" across all industry sectors. Furthermore, Bank's exceptional performance was recognized by the globally coveted Finance Asia's Country Awards wherein it has been bestowed with the "Best Bank in Pakistan" award.
- In 2024, the 'Annual Report 2023' of MCB Bank was rated 1st in the Banking Category and was also declared overall winner across all categories by the Joint Evaluation Committee of ICAP & ICMA. This award is a testament to MCB's focus on achieving excellence in governance practices and transparency in corporate reporting.

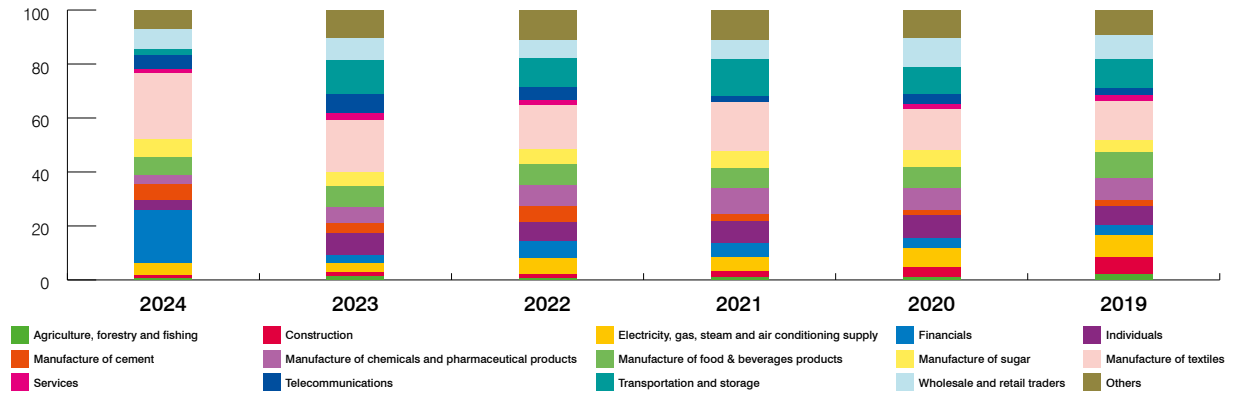


Graphical Summary of Ratios

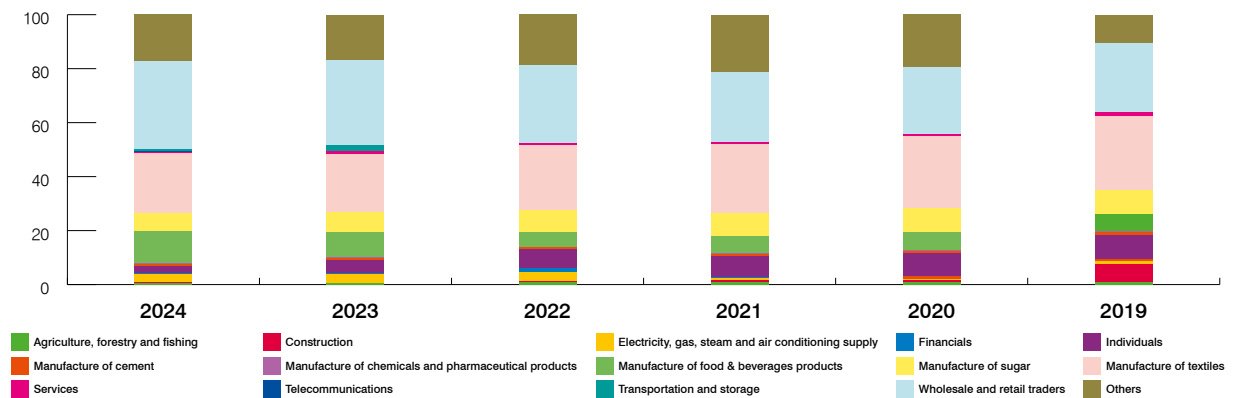


Concentration of Advances, NPLs and Off Balance Sheet Items

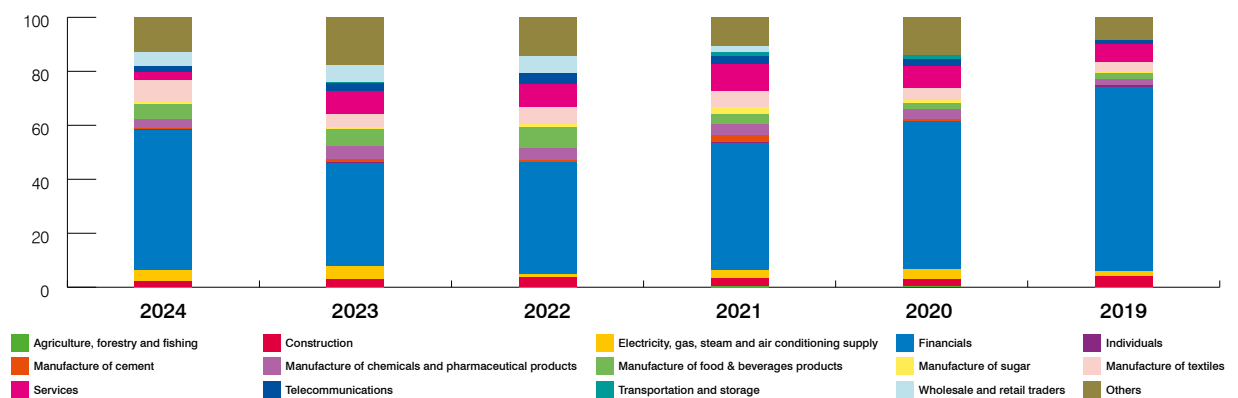
Gross Advances



Classified Advances

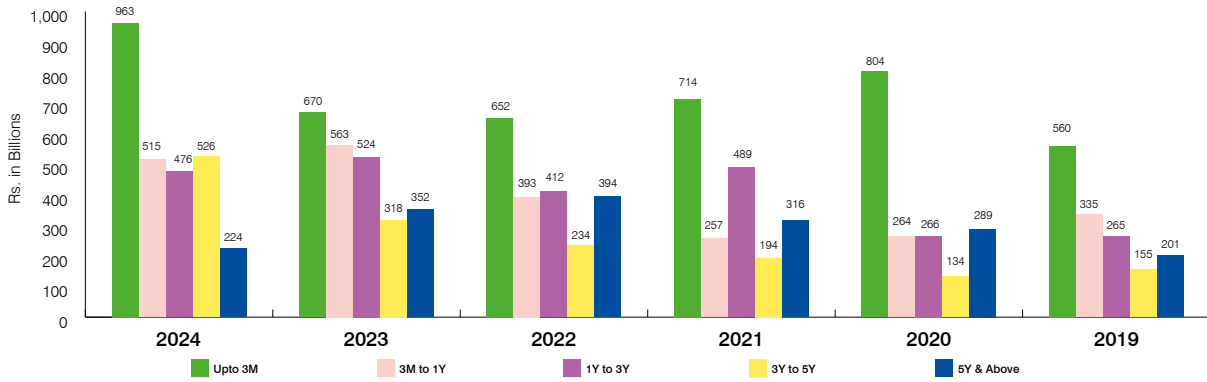


Off Balance Sheet Item

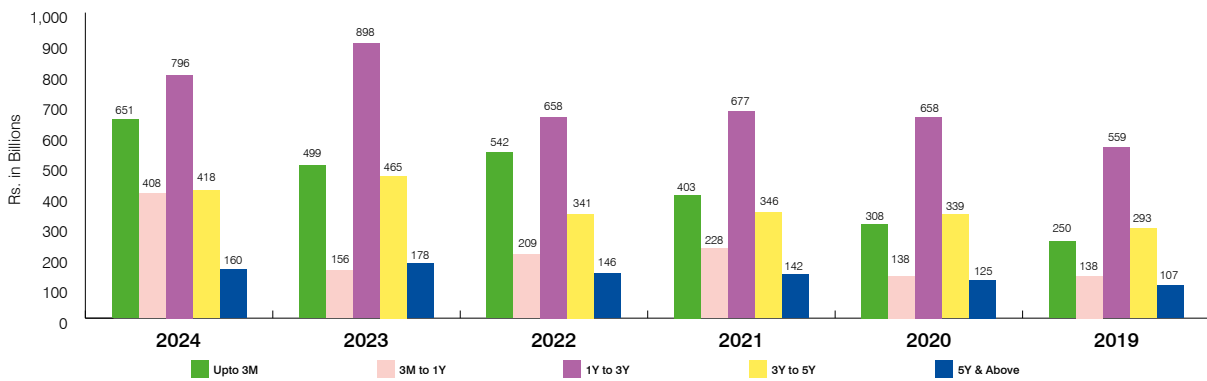


Maturities of Assets & Liabilities

Maturities of Assets



Maturities of Liabilities

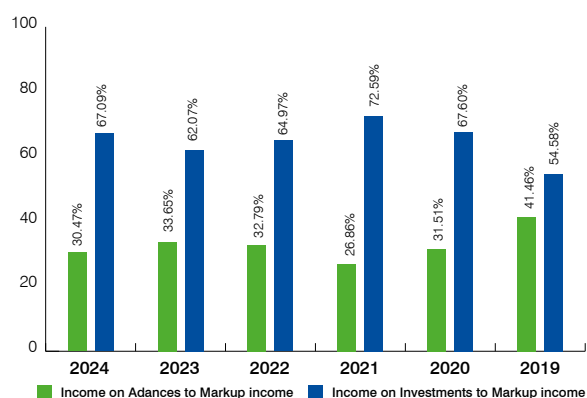


*Based on expected maturities

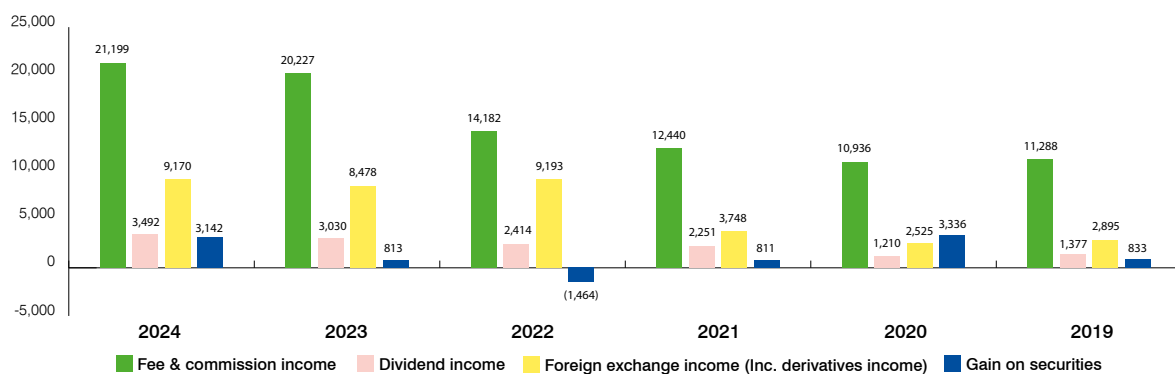
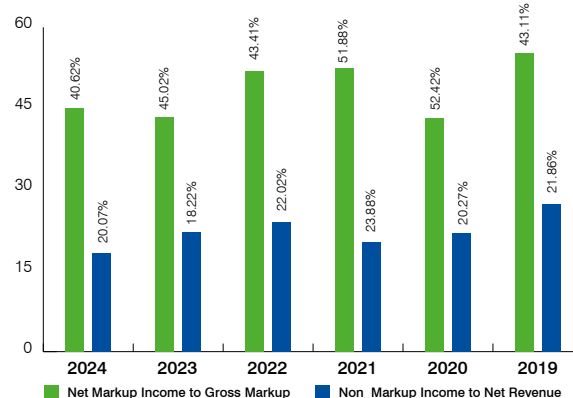
Markup & Non Markup Income

	2024	2023	2022	2021	2020	2019
Rupees in Million						
Markup Income						
Loans and advances	111,306	110,387	65,835	33,123	42,879	57,330
Investments	246,252	203,612	130,432	89,523	91,983	75,481
Lendings to Financial Institutions	6,842	11,866	3,918	567	998	4,982
Balance with banks	2,089	2,193	579	122	215	499
IFRS 9 adjustment for staff loans	532	–	–	–	–	–
	367,020	328,057	200,763	123,334	136,076	138,292
Markup Expense						
Deposits	177,398	139,597	93,996	47,107	55,095	65,344
Borrowings	35,758	35,850	16,239	9,717	6,152	8,977
Subordinated loan	–	–	–	–	–	214
Cost of foreign currency swaps	3,202	3,549	2,198	1,610	2,387	3,009
Unwinding cost of liability against RoUA	1,568	1,361	1,174	914	1,107	1,132
	217,926	180,356	113,607	59,347	64,741	78,676
Net Markup Income	149,095	147,701	87,156	63,987	71,334	59,616
Non Markup Income						
Fee & commission Income	21,199	20,227	14,182	12,440	10,936	11,288
Dividend Income	3,492	3,030	2,414	2,251	1,210	1,377
Foreign exchange income	9,170	8,478	9,193	3,748	2,525	2,895
Gain / (Loss) on securities	3,142	813	(1,464)	811	3,336	833
Other Income	429	368	290	823	128	286
	37,432	32,916	24,613	20,074	18,136	16,679

Markup Income from Advances and Investments (2019-2024)



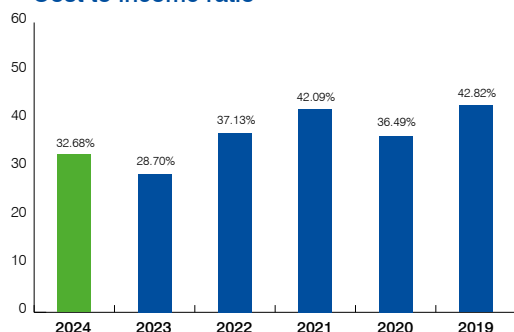
Income Composition (2019-2024)



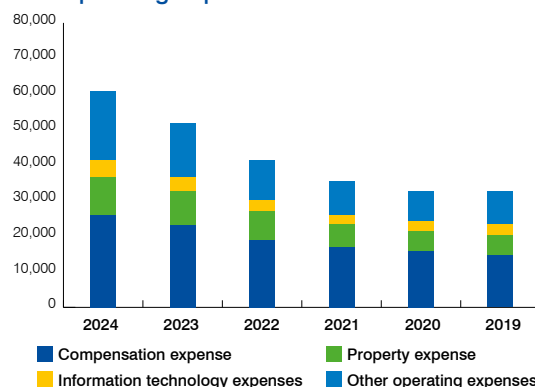
Operating Expenses

	Rupees in Million					
	2024	2023	2022	2021	2020	2019
Total compensation expense	25,892	23,238	19,020	16,940	15,806	14,585
Property expense						
Rent & taxes	406	306	208	193	161	227
Insurance	26	26	20	21	23	21
Utilities cost	2,892	2,377	1,957	1,567	1,218	1,203
Fuel Expense	959	1,245	1,042	414	335	534
Security (including guards)	2,214	1,960	1,673	1,506	1,240	1,382
Repair & maintenance (including janitorial charges)	1,248	1,089	935	716	653	812
Depreciation on right-of-use assets	1,695	1,521	1,327	1,202	1,217	1,162
Depreciation	1,143	956	766	710	642	504
	10,582	9,479	7,928	6,329	5,488	5,845
Information technology expenses						
Software maintenance	1,985	1,668	1,282	1,097	1,148	1,188
Hardware maintenance	336	336	264	185	212	299
Depreciation	1,334	877	642	619	548	616
Amortization	573	358	377	317	318	301
Network charges	614	642	568	518	598	601
Insurance	7	5	4	3	4	3
	4,850	3,887	3,137	2,740	2,829	3,009
Other operating expenses						
Directors' fees and allowances	64	46	46	46	50	57
Legal & professional charges	427	382	434	268	268	350
Outsourced services costs	1,095	959	860	766	692	690
Travelling & conveyance	599	502	345	272	261	321
NIFT clearing charges	233	212	190	154	166	152
Depreciation	1,347	1,140	968	847	816	797
Depreciation on non-banking assets	18	24	23	36	30	45
Training & development	72	89	62	35	37	57
Postage & courier charges	310	252	293	236	234	303
Communication	2,150	1,498	513	365	326	373
Stationery & printing	1,216	1,151	784	587	563	639
Marketing, advertisement & publicity	2,121	795	736	778	695	625
Donations	10	21	1	8	113	0
Auditors Remuneration	92	68	61	57	30	30
Cash transportation charges	1,242	1,107	922	860	709	799
Repair & maintenance	800	662	585	445	402	416
Subscription	35	28	28	13	21	20
Entertainment	438	407	279	203	184	232
Card related expenses	3,733	2,793	1,473	992	829	1,182
CNIC verification charges	415	391	387	262	129	207
Insurance	2,315	1,953	1,806	1,668	1,483	1,441
Others	906	754	613	474	486	493
	19,639	15,234	11,410	9,372	8,523	9,232
Operating excluding compensation	35,071	28,601	22,475	18,441	16,840	18,086
Total operating expenses	60,963	51,838	41,495	35,381	32,646	32,671

Cost to income ratio



Operating Expenses Mix



Horizontal Analysis

	2024	24 vs 23	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Assets												
Cash and balances with treasury banks	168,508	-1%	170,717	77%	96,369	-41%	164,613	35%	122,181	-8%	132,705	29%
Balances with other banks	27,842	-21%	35,073	41%	24,872	32%	18,830	-22%	24,030	92%	12,542	6%
Lendings to financial institutions	55,656	-42%	96,213	91%	50,416	19%	42,467	148%	17,139	1472%	1,090	-97%
Investments	1,167,453	-7%	1,249,439	28%	978,731	-5%	1,035,585	2%	1,015,869	36%	748,765	0%
Advances	1,041,626	80%	577,863	-23%	753,400	28%	589,711	27%	462,942	-7%	496,679	-1%
Operating fixed assets	88,740	7%	82,821	4%	79,918	39%	57,328	-1%	58,028	0%	58,271	43%
Intangible assets	1,314	27%	1,035	29%	801	-18%	979	4%	938	-2%	958	52%
Deferred tax assets	-	-	-	-100%	7,547	100%	-	-	-	-	-	-
Other assets	152,202	-29%	214,016	129%	93,301	53%	60,955	8%	56,334	-12%	64,143	20%
	2,703,339	11%	2,427,179	16%	2,085,355	6%	1,970,468	12%	1,757,462	16%	1,515,152	1%
Liabilities												
Bills payable	41,827	67%	25,096	-36%	39,137	59%	24,590	3%	23,981	103%	11,822	-25%
Borrowings	268,487	24%	216,611	-36%	340,237	26%	269,526	64%	164,002	83%	89,506	-59%
Deposits	1,922,212	6%	1,805,387	31%	1,378,717	-2%	1,411,852	9%	1,289,502	13%	1,144,763	9%
Deferred tax liabilities	16,638	16419%	101	100%	-	-100%	729	-90%	6,975	19%	5,851	282%
Other liabilities	183,916	23%	149,277	8%	137,769	54%	89,365	8%	82,901	-12%	94,296	50%
	2,433,080	11%	2,196,472	16%	1,895,861	6%	1,796,061	15%	1,567,361	16%	1,346,237	0%
Net Assets												
	270,259	17%	230,707	22%	189,495	9%	174,407	-8%	190,102	13%	168,915	13%
Represented by												
Share capital	11,851	0%	11,851	0%	11,851	0%	11,851	0%	11,851	0%	11,851	0%
Reserves	104,930	6%	98,724	11%	88,578	5%	84,602	5%	80,696	4%	77,591	5%
Surplus on revaluation of assets – net of tax	43,053	79%	24,093	29%	18,641	31%	14,272	-49%	27,720	17%	23,695	143%
Unappropriated profit	110,426	15%	96,040	36%	70,425	11%	63,683	-9%	69,835	25%	55,777	4%
	270,259	17%	230,707	22%	189,495	9%	174,407	-8%	190,102	13%	168,915	13%
Profit & Loss Account												
Mark-up earned	367,020	12%	328,057	63%	200,763	63%	123,334	-9%	136,076	-2%	138,292	66%
Mark-up expensed	(217,926)	21%	(180,356)	59%	(113,607)	91%	(59,347)	-8%	(64,741)	-18%	(78,676)	111%
Net mark-up income	149,095	1%	147,701	69%	87,156	36%	63,987	-10%	71,334	20%	59,616	30%
Non-mark-up income	37,432	14%	32,916	34%	24,613	23%	20,074	11%	18,136	9%	16,679	-3%
Total income	186,527	3%	180,617	62%	111,769	33%	84,061	-6%	89,470	17%	76,295	21%
Non-mark-up expenses	(63,775)	16%	(55,003)	27%	(43,186)	17%	(36,894)	9%	(33,908)	1%	(33,709)	2%
Profit before credit loss allowance	122,752	-2%	125,613	83%	68,583	45%	47,167	-15%	55,562	30%	42,586	40%
Credit loss allowance & write off	(4,332)	1062%	(373)	-113%	2,782	-42%	4,823	-166%	(7,313)	194%	(2,484)	-242%
Profit before taxation	118,420	-5%	125,241	75%	71,365	37%	51,989	8%	48,249	20%	40,102	25%
Taxation	(60,806)	-7%	(65,609)	70%	(38,624)	82%	(21,178)	10%	(19,212)	19%	(16,125)	51%
Profit after taxation	57,615	-3%	59,631	82%	32,741	6%	30,811	6%	29,037	21%	23,977	12%

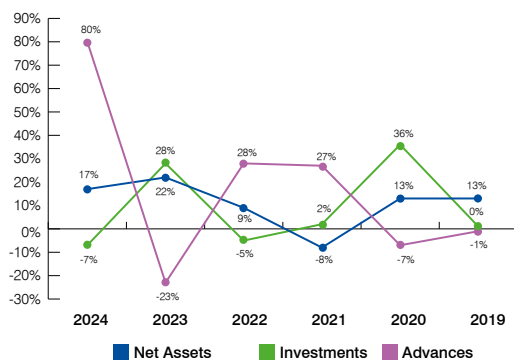
Vertical Analysis

	2024		2023		2022		2021		2020		2019	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	168,508	6%	170,717	7%	96,369	5%	164,613	8%	122,181	7%	132,705	9%
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Lendings to financial institutions	55,656	2%	96,213	4%	50,416	2%	42,467	2%	17,139	1%	1,090	0%
Investments	1,167,453	43%	1,249,439	51%	978,731	47%	1,035,585	53%	1,015,869	58%	748,765	49%
Advances	1,041,626	39%	577,863	24%	753,400	36%	589,711	30%	462,942	26%	496,679	33%
Fixed assets	88,740	3%	82,821	3%	79,918	4%	57,328	3%	58,028	3%	58,271	4%
Intangible assets	1,314	0%	1,035	0%	801	0%	979	0%	938	0%	958	0%
Deferred tax assets	-	-	-	0%	7,547	0%	-	-	-	-	-	-
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Mark-up expensed	(217,926)	-54%	(180,356)	-50%	(113,607)	-50%	(59,347)	-41%	(64,741)	-42%	(78,676)	-51%
Net mark-up income	149,095	37%	147,701	41%	87,156	39%	63,987	45%	71,334	46%	59,616	38%
Non-mark-up income	37,432	9%	32,916	9%	24,613	11%	20,074	14%	18,136	12%	16,679	11%
Total income	186,527	46%	180,617	50%	111,769	50%	84,061	59%	89,470	58%	76,295	49%
Non-mark-up expenses	(63,775)	-16%	(55,003)	-15%	(43,186)	-19%	(36,894)	-26%	(33,908)	-22%	(33,709)	-22%
Profit before provisions	122,752	30%	125,613	35%	68,583	30%	47,167	33%	55,562	36%	42,586	27%
Provisions & write off	(4,332)	-1%	(373)	0%	2,782	1%	4,823	3%	(7,313)	-5%	(2,484)	-2%
Profit before taxation	118,420	29%	125,241	35%	71,365	32%	51,989	36%	48,249	31%	40,102	26%
Taxation	(60,806)	-15%	(65,609)	-18%	(38,624)	-17%	(21,178)	-15%	(19,212)	-12%	(16,125)	-10%
Profit after taxation	57,615	14%	59,631	17%	32,741	15%	30,811	21%	29,037	19%	23,977	15%

Commentary on Horizontal & Vertical Analysis

Horizontal Analyses

The asset base of the Bank has increased considerably over the past 6 years and has crossed multiple milestones; including the landmark achievement of crossing an asset base of Rs. 2.5 trillion in 2024. On an annualized basis, the asset base of the Bank has recorded an increase of 12.28% over the base year while the investments and gross advances have posted an increase of 9.29% and 15.18% respectively. In 2024, the growth in total asset base was recorded slightly below the six years CAGR, at 11.38%, with advances posting an unprecedented annual growth of 76% while the growth rate in investment was recorded at negative 6.56%.



The deposit base of the Bank has registered decent growth over the years; increasing from Rs. 1,145 billion in 2019 to Rs. 1,922 billion in 2024 and translating into a CAGR of 10.92% over the past 6 years. In the year 2023, the Bank achieved un-precedent growth in its deposit base; increasing by 31% on a YOY basis; the growth rate in 2024 was recorded at 6.47%.

Equity base of the Bank has also posted a healthy increase due to higher profitability in the past 6 years; translating into a CAGR of 9.37% over the base year.

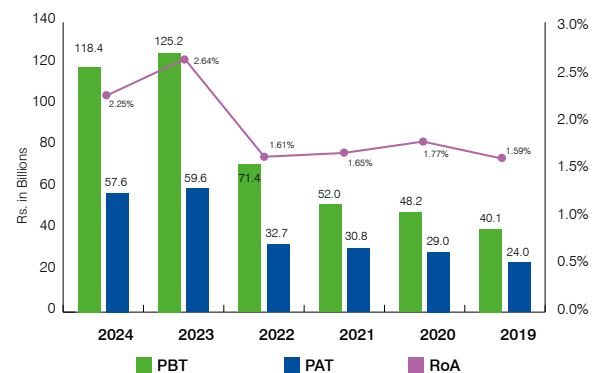
On the Profit and Loss side, gross markup earned has posted an average increase of 21.56% over a span of six years. This is due to the increase in markup earned on investments and advances on the back of a rising earning assets base and the evolving yield curve scenarios. The highest growth in gross markup income over the span was reported in 2023; as the 600bps increase in policy rate coupled with healthy volumetric gains in the earning assets base contributed to the significant rise of 63% on a year on year basis (YOY). The increase in markup expense on deposits is on account of regulatory revisions by SBP and volumetric increase achieved in the deposit base. The cost of deposits for the Bank has been strategically

managed by maintaining an appropriate CASA base, through improving concentrations of current account, to align it with the earning mix of the Bank; average current deposits recording an un precedented growth of Rs. 180 billion (YoY: +28%) in year 2023 and another Rs. 82 billion growth (YoY: 10%) in 2024. However, the total markup expense has increased by 22.60% over the six-year span under consideration.

The non-markup income block of the Bank has remained a steady contributor to its bottom line growth. On the other hand, growth in operating expenses has been kept in check through realization of various initiatives implemented as part of Bank's cost management drive; hence depicting an average growth of 13.60% over the period under review, despite continuous investment in Banks digital and physical infrastructure along with sustained inflationary pressures, merit based HR adjustments and currency devaluation.

One of the key strengths of the Bank has been the recovery of its classified portfolio which is clearly reflected in the reduced / reverse credit charge booked against loans and advances over the last few years, barring the exception of:

- current year (2024) where the Bank has booked an additional charge of Rs. 4.046 billion within its general reserve maintained against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025; and
- year 2020 wherein the management had proactively booked a general provision charge of Rs. 4.0 billion in anticipation that the customers affected by the Covid 19 pandemic might require provisioning once SBP's relaxations and waivers expire post year end along with subjective provisioning of obligor accounts, on a prudent basis.



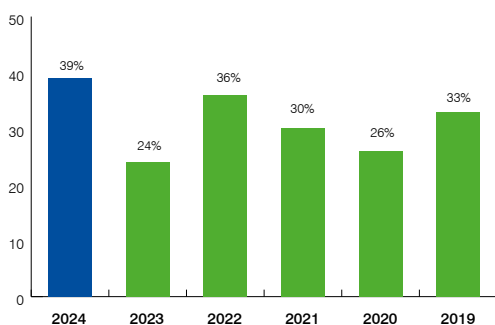
MCB enjoys one of the highest spreads in the banking industry which are duly reflected in the profitability ratios of the Bank.

Vertical Analyses

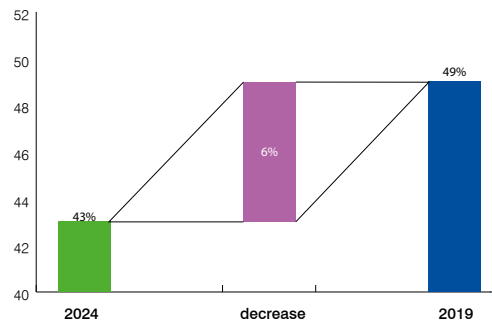
Vertical analyses depicts' higher concentration levels of investments and advances in the asset base of the Bank. The advances base of the Bank had grown steadily over the period. However, the decline in advances witnessed during 2020 due to lack of credit extension opportunities within the Bank's defined risk appetite and the consequent diversion of excess liquidity towards the investment book has diluted advances concentration in the total asset mix; hence falling to 26% in 2020 from 33% in 2019. In 2021, the V shaped recovery witnessed in key economic sectors laid the foundation for a broad based growth in Bank's advances; improving concentration of advances in the asset base to 30%. The upward trajectory gained further traction in 2022 and despite a challenging economic environment, the Bank achieved a historic growth of Rs. 162 billion in advances; increasing its concentration in the total asset base to 36%. The growth momentum subsided in 2023, as the high interest rates coupled with slowdown in economic activity impacted private sector credit growth; hence, concentration of advances in the total asset base falling to 24% in 2023 as excess liquidity was diverted towards investments. However, during the current year, a reassurance in economic activity coupled with monetary easing has resulted in an unprecedented growth in advances; translating into an all-time high advances concentration of 39% in the total asset mix in 2024.

During 2020, the Banking industry steered through challenging economic conditions prevalent due to ongoing COVID-19 pandemic. Timely and well calibrated policy measures rolled out by the SBP facilitated the banking industry to improve profitability, enhance resilience and restrict the credit risk to an acceptable level. However, the accumulation of Deposits was majorly diverted towards investments which resulted in a spike in investments to Deposit (IDR) ratios of the banking industry; MCB's IDR increased from 65% in 2019 to 78% in 2020.

Advances Concentration Level in Assets



Investments Concentration Level in Assets



Subsequently, on account of resurgence in economic activity witnessed in 2021 and growth achieved by the Bank in its credit book expansion in 2022, the concentration level of investment in the total asset base declined to 47% in 2022 from 49% in 2019; correspondingly, IDR declined to 71% from 78% in the same period. IDR in 2024 was reported at 61%.

Corresponding to the technological, infrastructural and operational spend by the Bank; the deposit base has increased over the period of six years. Improved service quality levels and tailored products have earned the loyalty of our customers. This can be substantiated by the fact that the CASA base of the Bank has remained over 90% over period under review; in turn reflecting management's strategic focus of improving Bank's deposit base and proactively monitoring its cost mix.

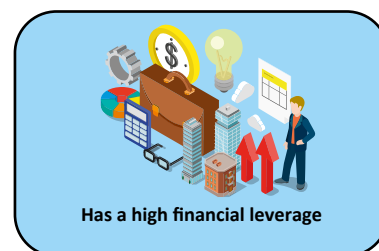
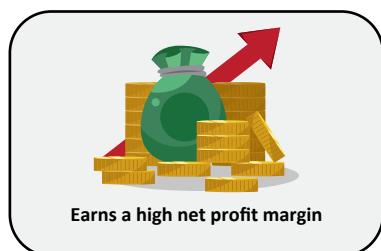
Markup income growth has registered a steady rise over the last 6 years, barring the exception of year 2021 wherein the earning margins had been adversely impacted by a reversion in yield curve and diluted the impact of volumetric growth achieved in the Bank's asset base. In the year 2023, markup income registered a significant growth of 63% primarily on account of improving earning margins amidst a 750 bps higher average applicable policy rate during the year. In 2024, markup income recorded a growth of 12%.

Markup expense has increased over the last 6 years based on regulatory revisions enacted over the period and volumetric growth registered in the deposit base.

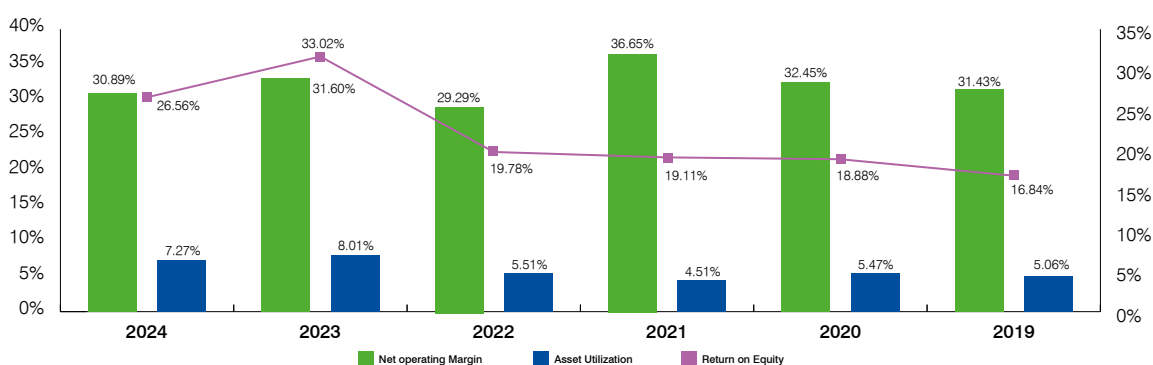
Concentration of non markup income in the total income has decreased from 11% in 2019 to 9% in 2024. This dilution has primarily been on account of rising gross markup income; whose concentration levels have increased from 89% in 2019 to 91% in 2024. Non markup expense concentration level has declined from 30% in 2019 to 23% in 2024 despite expansion in business; which is due to various cost control initiatives.

DuPont Analysis

DuPont analysis consists of extended examination of Return on Equity (ROE) of a company which analyses Net Profit Margin, Asset Turnover and Financial Leverage. It gives a broader view of the Return the company is earnings on its Equity. This analysis, in turn, helps management to take various strategic and operational decisions. It concludes that a company can earn higher return on equity if it:



			2024	2023	2022	2021	2020	2019
Net Operating Margin	PAT / Total Income	A	30.89%	33.02%	29.29%	36.65%	32.45%	31.43%
Asset Utilization	Total Income / Average Assets	B	7.27%	8.01%	5.51%	4.51%	5.47%	5.06%
Return on Assets		C = A x B	2.25%	2.64%	1.61%	1.65%	1.77%	1.59%
Leverage Ratio / Equity Multiplier	Average Assets / Average Equity	D	11.83	11.95	12.25	11.56	10.64	10.58
Return on Equity		C X D	26.56%	31.60%	19.78%	19.11%	18.88%	16.84%



Following are the main DuPont analysis highlights:

- Over the course of the review period, the highest net operating margin was recorded in 2021, while 2022 had recorded the lowest measure. During 2024, net operating margin was reported at 30.89%, slightly below the preceding 5 years (2019 - 2023) average of 32.57%.
- The Bank has been prudently and proactively managing its assets, amidst evolving yield curve movements, to ensure sustainable returns to the stakeholders. Asset utilization in 2024 was recorded at a robust level of 7.27%, despite a decline of 900bps in policy rate announced during the year.
- During 2024, Equity Multiplier was reported slightly below the previous years measure, while still higher than the preceding 5 years (2019 - 2023) average measure of 11.4.

Analyses of Cash Flows

Summary of Cash Flows

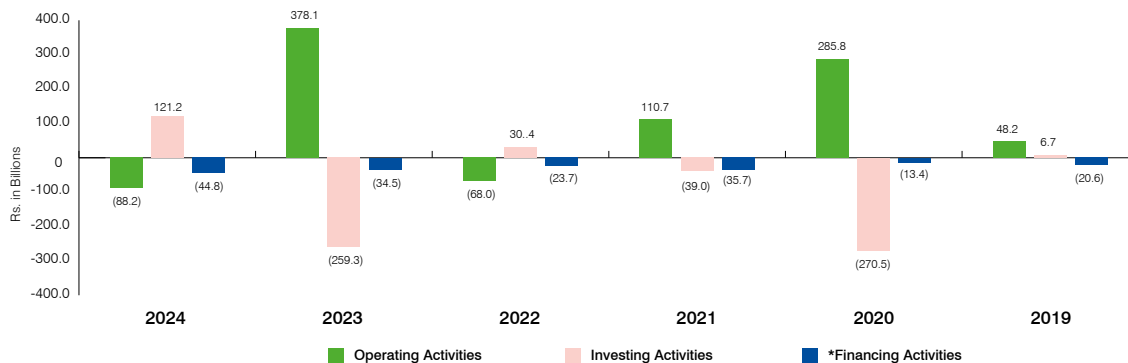
	Rupees in million					
	2024	2023	2022	2021	2020	2019
Cash flows from operating activities	(88,209)	378,129	(68,036)	110,719	285,808	48,192
Cash flows from investing activities	121,226	(259,335)	30,356	(39,027)	(270,459)	6,681
*Cash flows from financing activities	(44,789)	(34,526)	(23,676)		(13,433)	(20,603)
Cash and cash equivalents at the beginning of the year	204,090	120,427	181,783	145,814	143,898	109,628
Effect of credit loss allowance changes on cash and cash equivalents	53	-	-	-	-	-
Cash transferred to MIB under demerger	(324)	-	-	-	-	-
Cash and cash equivalents at the end of the year	192,047	204,695	120,427	181,783	145,814	143,898

Commentary on Cash Flow Statement:

Operating cash flows depict net cashflows generated from core activities of the bank i.e. deposit mobilization and loans and advances disbursements. In 2024, total cash outflows used in operating activities were Rs. 88.209 billion as compared to cash inflows of Rs. 378.129 billion recorded in 2023. Major reason for this trend change is due to the net disbursements of Rs. 489.922 billion recorded in the credit book during the year.

The investing activities posted a net cash inflow due to the contraction of investment book and diversion of excess liquidity towards loans and advances, as improving macroeconomic indicators and resurgence in economic activity generated demand for credit; within Bank's defined risk appetite. The net cash inflows from investments in 2024 stood at Rs. 131.607 billion.

Cash outflow from financing activities primarily reflect payments on account of dividends to the shareholders. The increase in financing cash outflows is due to the higher dividend payout in 2024; a cumulative dividend of Rs. 36 per share was paid in 2024 as compared to Rs. 27 per share of dividend paid in 2023. MCB's track record of paying one of the highest dividends per share in the financial sector has meant that the Bank has paid over Rs. 100 billion in interim and final dividend payouts over the last 5 years.



*Net Cash from financing activities include effects of exchange rate changes.

Free Cash Flows

	Rupees in million					
	2024	2023	2022	2021	2020	2019
Profit before taxation	118,420	125,241	71,365	51,989	48,249	40,102
Adjustment for non-cash items & Dividends	7,788	6,123	1,540	(1,833)	11,687	6,174
Operating assets / liabilities changes	(214,417)	246,766	(140,942)	60,563	225,872	1,916
Net cash generated from / (used in) operating activities	(88,209)	378,129	(68,036)	110,719	285,808	48,192
Capital expenditure	(10,679)	(7,452)	(4,598)	(3,121)	(3,090)	(5,022)
Free cash flows	(98,888)	370,677	(72,635)	107,598	282,718	43,170

Free cash flow is the cash a company produces through its operations, less the cost of expenditures on assets. In other words, free cash flow—or FCF—is the cash left over after a company pays for its operating expenses and capital expenditures, also known as CAPEX.

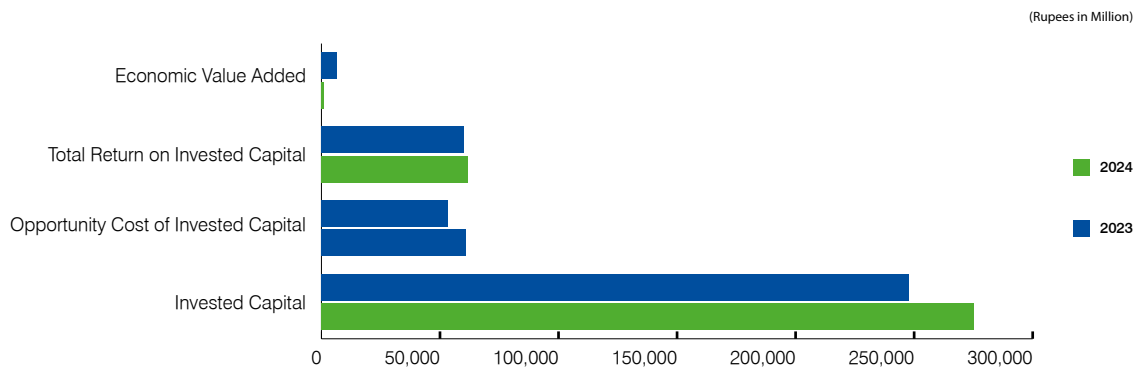
Cash Flow Statement - Direct Method

	2024 (Rupees in Million)	2023
Cash flows from operating activities		
Mark-up / return / interest and commission receipts	399,293	335,704
Mark-up / return / interest payments	(180,377)	(207,427)
Payments to employees, suppliers and others	(53,588)	(46,259)
	165,328	82,018
(Increase) / decrease in operating assets		
Lendings to financial institutions	40,558	(45,798)
Securities classified as FVTPL	2,625	(293)
Advances	(489,922)	176,015
Other assets	64,055	(78,405)
	(382,684)	51,519
Increase / (decrease) in operating liabilities		
Bills payable	16,847	(14,041)
Borrowings	58,875	(123,907)
Deposits and other accounts	122,257	426,670
Other liabilities	8,243	16,657
	206,222	305,379
Income tax paid	(77,074)	(60,787)
Net cash flow (used in) / from operating activities	(88,208)	378,129
Cash flows from investing activities		
Net investment in securities classified as FVOCI	131,607	(260,352)
Net investment in securities classified as amortised cost	1,826	(148)
Dividends received	3,498	3,028
Investments in property and equipment	(9,829)	(6,866)
Investments in intangible assets	(850)	(586)
Disposals of property and equipment	328	1,924
Disposals of non-banking assets acquired in satisfaction of claims	280	132
Net cash outflow on demerger	(5,079)	-
Investment in subsidiary	(1,000)	(650)
Effect of translation of net investment in foreign branches	445	4,182
Net cash flows from / (used in) investing activities	121,226	(259,336)
Cash flows from financing activities		
Dividend paid	(42,336)	(32,308)
Payment of lease liability against right-of-use-assets	(2,453)	(2,217)
Net cash flow used in financing activities	(44,789)	(34,525)
Effects of credit loss allowance changes on cash and cash equivalents	52	-
Cash and cash equivalents transferred to MIB under the scheme of demerger	(324)	-
(Decrease) / increase in cash and cash equivalents	(12,043)	84,268
Cash and cash equivalents at beginning of the year	205,098	109,894
Effects of exchange rate changes on cash and cash equivalents	(403)	10,533
Opening expected credit loss allowance on cash and cash equivalents	(605)	-
	204,090	120,427
Cash and cash equivalents at end of the year	192,047	204,695

Cash flow statement in annual financial statements is required to be prepared in line with the format prescribed by State Bank of Pakistan under BPRD Circular letter No. 13 dated July 01, 2024.

Economic Value Added Statement

	2024	2023
	(Rupees in Million)	
Invested Capital		
Average shareholders' equity	216,910	188,734
Add: Cumulative credit loss allowance against assets	58,490	59,111
	275,400	247,845
Return on Invested Capital		
Profit after taxation	57,615	59,631
Add: Credit loss allowance and write offs – net	4,332	373
Total return on invested capital	61,946	60,004
Economic cost	22.10%	21.57%
Opportunity cost of invested capital	60,863	53,460
Economic Value Added (EVA)	1,083	6,544



Capital Expenditures

Capital expenditure during the year:

The total capital expenditure during 2024 was Rs. 10.679 billion for business expansion, renovation and improvement of IT infrastructure.

Capital expenditures planned for next year:

The Bank has budgeted capital expenditure of Rs. 23.8 billion for the next year. This would primarily be invested in increasing our operational outreach, continuous improvement in our Information Technology platforms, safeguarding our existing infrastructure / relationships from growing threats on cyber security front along with normal replacements to ensure smooth operations.

Segment Analysis

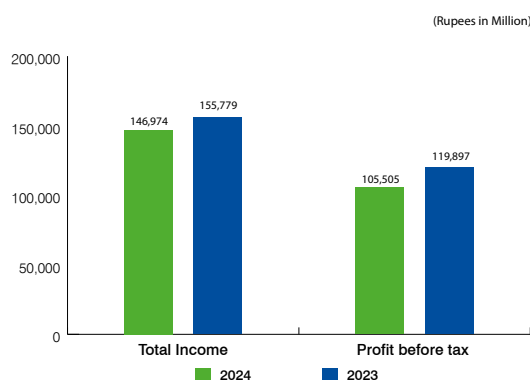
A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business Segments

The Bank's primary format of reporting is based on business segments.

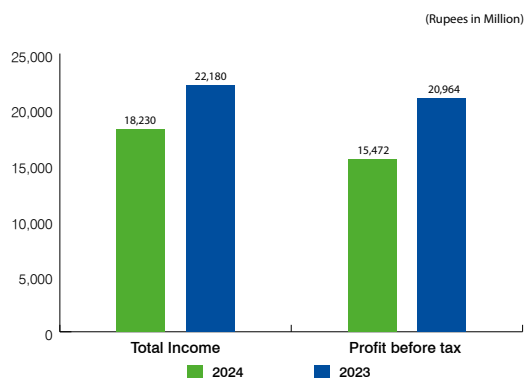
Retail

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



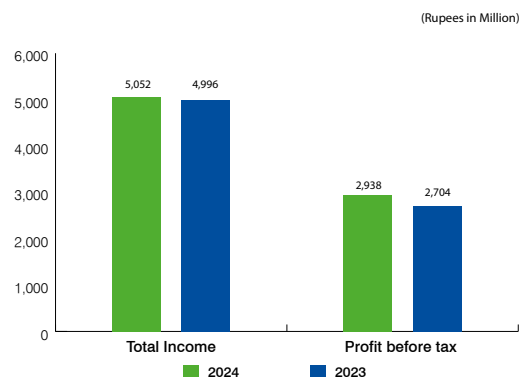
Corporate

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



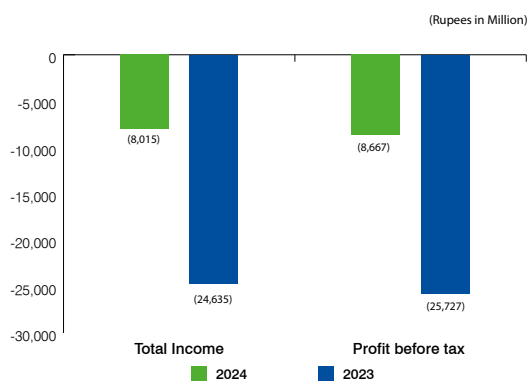
Consumer

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



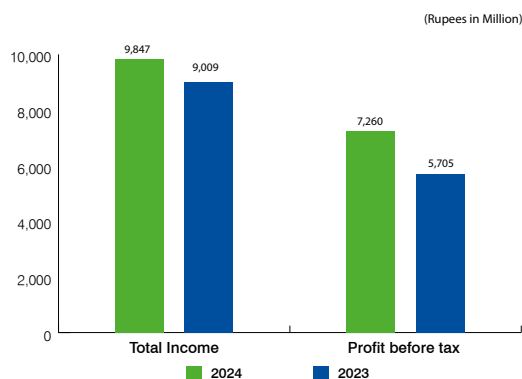
Treasury

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



International

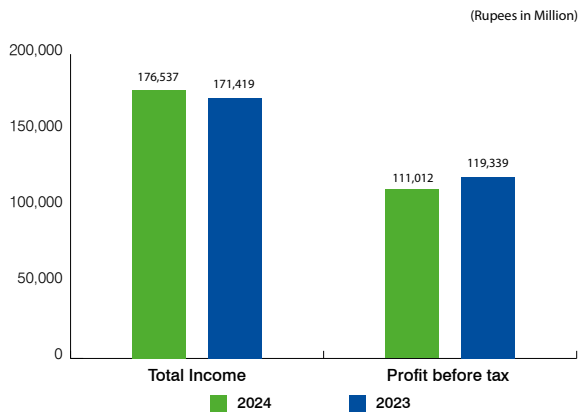
This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by the Bank's overseas operations.



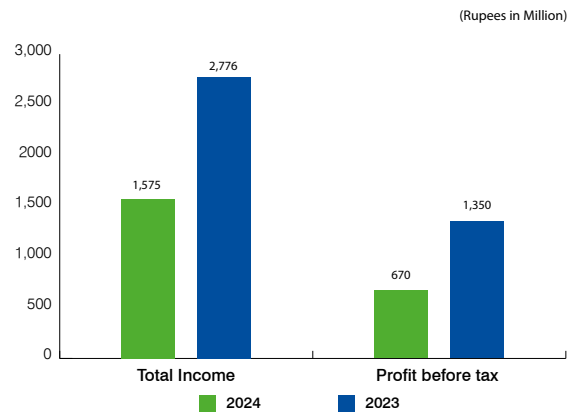
Geographical Segments

The Bank operates in the following geographic regions:

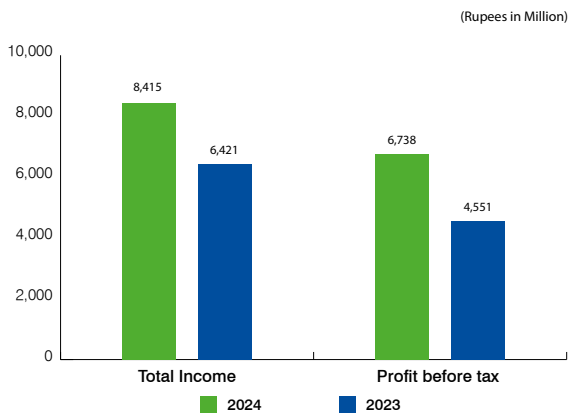
Pakistan



South Asia



Middle East



Product Revenue Analyses

Rupees in Million

	2024					
	Retail Banking Products	Consumer Banking Products	Corporate Banking Products	Treasury Products	Others	Total
Profit & Loss						
Mark-up / return / interest earned	332,755	8,377	91,757	278,929	362,386	1,074,203
Mark-up / return / interest expensed	199,384	6,178	82,620	297,052	339,876	925,109
Net mark-up / interest income	133,372	2,199	9,137	(18,123)	22,510	149,095
Non Mark-Up / Interest Income	13,602	2,853	9,093	10,108	1,776	37,432
Total Income	146,974	5,052	18,230	(8,015)	24,286	186,527
Non Mark-Up / Interest Expenses	38,792	1,980	2,342	653	20,008	63,775
Profit Before Provision	108,182	3,072	15,888	(8,668)	4,278	122,752
Provisions	2,677	134	416	-	1,105	4,332
Profit before tax	105,505	2,938	15,472	(8,668)	3,173	118,420

Statement of Charity and Donation

Statement of charity fund management by MCB Islamic Bank Limited (Wholly owned subsidiary of MCB Bank Limited) is as follows:

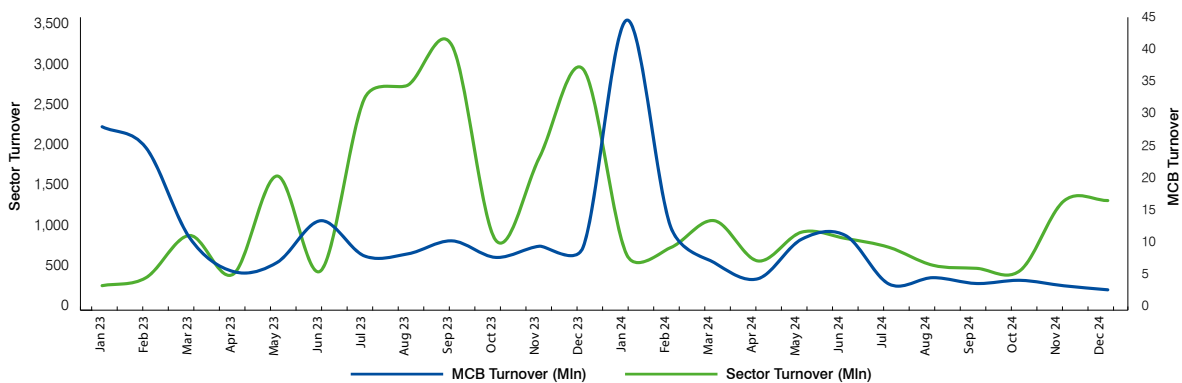
	2024	2023
	(Rupees in '000)	
Reconciliation of charity fund balance		
Opening balance	23,238	12,119
Additions during the year		
– Received from customers against late payment	23,269	25,353
– Dividend purification amount	–	451
– Charity against other Non-Shariah compliant income	–	14
– Profit on charity saving account	1,303	801
	24,572	26,619
Charity paid during the year	(21,500)	(15,500)
Closing balance	26,310	23,238
Charity was paid to the following institutions:		
Aziz Jehan Begum Trust for the Blind	1,000	1,000
Family Welfare Society	1,000	1,000
Indus Hospital	1,500	1,500
Infaq Memorial Trust	1,000	1,000
Mind Organization	500	300
Saleem Memorial Trust Hospital	4,000	4,000
Saylani Welfare Trust	4,000	4,500
The Citizens Foundation	1,000	1,000
The Lahore Hospital Welfare Society	500	500
Akhuwat Foundation	–	700
Sindh Institute of Urology & Transplantation	1,500	–
Shifa Tameer e Millat University	500	–
Shaukat Khanam Memorial Cancer Hospital	1,500	–
Pakistan Children Heart Foundation	500	–
Faizan Global Relief Foundation	1,000	–
Edhi Foundation	1,000	–
Progressive Education Network	1,000	–
	21,500	15,500
In addition to the above charity, detail of donation by the Bank is given below:		
FAST– National University of Computer and Emerging Science	10,100	–
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
	10,100	21,000

Market Statistics of MCB's Share

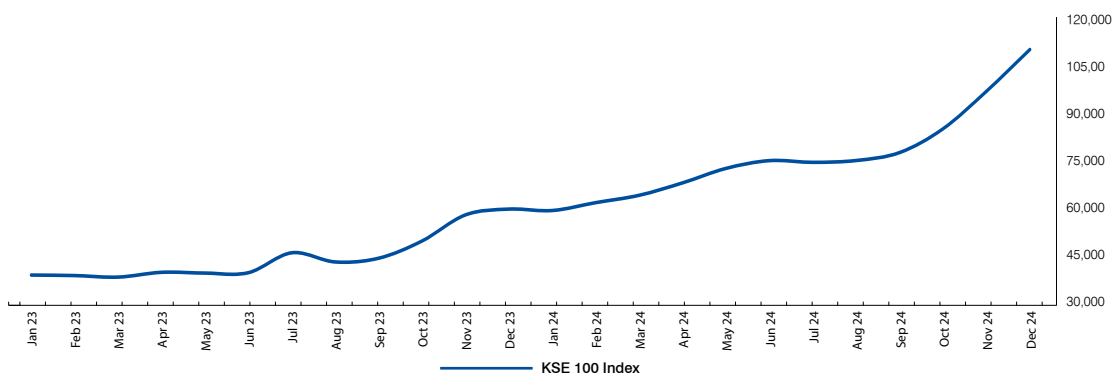
	Share Prices			Free Float		Market Capitalisation	
	MCB Scrip (Rs.)			Share ('000s)	%	Capital (Mln)	Value (Mln)
2024	High	Low	Closing				
4th Quarter	295.40	238.00	281.30	380,096	32.07%	11,851	333,357
3rd Quarter	247.50	210.00	240.40	380,248	32.09%	11,851	284,888
2nd Quarter	255.30	193.00	227.02	380,342	32.09%	11,851	269,032
1st Quarter	205.77	171.25	203.26	380,456	32.10%	11,851	240,875
2023							
4th Quarter	203.82	128.41	172.55	379,842	32.05%	11,851	204,482
3rd Quarter	153.50	117.25	129.35	379,936	32.06%	11,851	153,288
2nd Quarter	123.00	110.00	114.47	380,787	32.13%	11,851	135,654
1st Quarter	121.70	106.99	115.00	400,155	33.77%	11,851	136,282

Dividend Distribution	2024		2023	
	Mln	%	Mln	%
Final cash dividend	10,666	90	10,666	90
3rd interim dividend	10,666	90	9,480	80
2nd interim dividend	10,666	90	8,295	70
1st interim dividend	10,666	90	7,110	60

Turnover



KSE 100 Index



Share Price Sensitivity Analysis

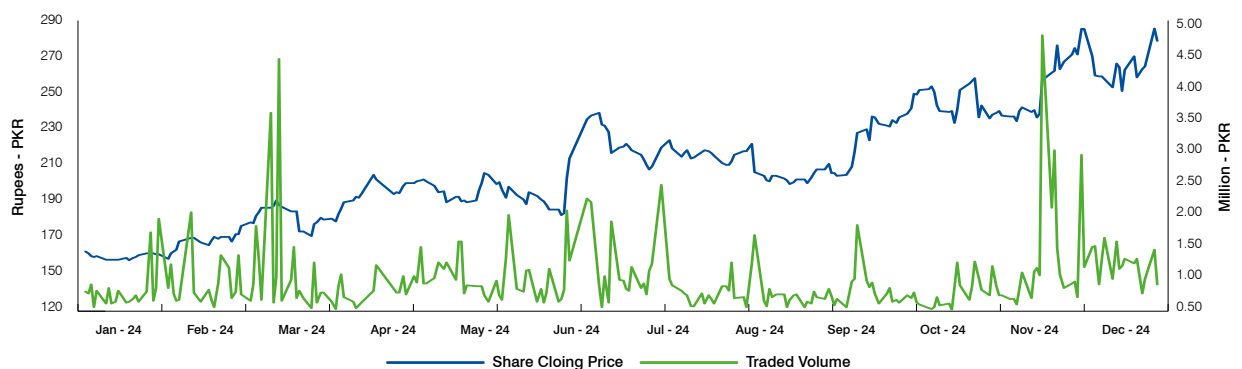
Factors that can influence the share price of MCB Bank Limited are given below:



Sensitivity Analysis of Change in Market Capitalization

Share Price as on December 31, 2024
Market Capitalization as of December 31, 2024
Change in Share Price by
+10%
-10%

PKR 281.30
PKR 333,357 Million
Change in Market Capitalization
PKR +33,336 Million
PKR -33,336 Million



Market Share of Product and Services

Deposits base of Rs. 1,922 billion and maintaining the highest CASA base in the industry i.e. 97.24%

Advances crossed the Rs. 1 trillion mark and were recorded at an historically high level of Rs. 1,095 billion.



MCB is one of the most preferred stock in Pakistani Equity Market having one of the highest market capitalization in banking Industry i.e. Rs. 333 billion.

Attracted home remittance inflows of USD 4.6 billion to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

*Based on Pakistani Domestic Industry Numbers

Other Information

Forced Sales Value in case of Revaluation of Property, Plant & Equipment

The Bank engages professionally qualified and independent valuers, with sufficient regularity, for carrying out revaluation of its land and buildings in order to ensure that their net carrying amounts do not differ materially from their fair value.

The latest of such exercises was conducted during 2022, wherein an additional revaluation surplus of Rs. 20,706.672 million was recognized against land and buildings. The total market value and FSV of these land and buildings stood at Rs. 65,348.646 million and Rs. 55,546.349 million respectively. The next activity for carrying out revaluation of Bank's land and buildings is due in 2025.

Particulars of Significant/Material Assets and Immovable Property

MCB has sustained a strategic focus on strengthening its network, within the ambit of its branch expansion plan, in order to improve market coverage through increased customer touchpoints and widen the outreach of its service offerings; while simultaneously contributing towards SBP's objective of expanding financial inclusion in the underbanked and unbanked segments of the society.

The Bank's network, as at December 31, 2024, extends across more than 1,400 branches and offices (including sub-branches). Of these, premises owned by the Bank represent a material infrastructural investment in immovable properties amounting to Rs. 64.862 billion (82.7% of the total investment in Property and Equipment).

Reasons for Not Declaring Dividend despite Earning Profits and Future Prospects of Dividend

MCB remains on forefront of providing one of the highest dividend per share in the financial sector with quarterly payouts. For the year 2024, the Board of Directors have declared a final cash dividend of Rs. 9.0 per share which is in addition to Rs. 27.0 per share interim dividends already paid to the shareholders; taking the dividend payout ratio for the year to 74%.

Dividend payout is expected, for the year 2025, as the Bank shall manage this from its profit generation while ensuring that sufficient capital buffers are available with the institution to meet regulatory requirements. Future prospects of the Bank's performance have been covered within the 'Forward Looking Statement' section of the Annual Report.

Outstanding & Overdue Payments on account of Taxes, Duties, Levies etc

The Bank is a regular and timely payer of taxes, duties, levies etc. and there are no outstanding or overdue payments in regards thereof.

Management's Assessment of Sufficiency of Tax

The Bank maintains sufficient provision for taxation as required under the accounting standards and the relevant regulations. Contingencies with respect to the direct or indirect taxation have been disclosed in note 26 of the 'Unconsolidated Financial Statements'. Based on the comparisons of tax provision recognized in the financial statements for last three years vis-a-vis tax assessments, the management assesses that the provision of taxation maintained had been sufficient for its purposes.

Particulars of Loans/Advances and Investments in Foreign Companies or Undertakings

The Bank's overseas branches in Bahrain, UAE and Sri Lanka invest and lend to companies and undertakings operating in their respective jurisdictions. Details are given in note 44 of the 'Unconsolidated Financial Statements'. Further the Bank holds 99.94% shareholding in MCB Non-Bank Credit Organization "Closed Joint Stock Company" Azerbaijan.

Disclosures beyond BCR Criteria

Over recent years, there have been significant developments in the corporate reporting domain, particularly in relation to the amount of details included in the entities' annual reports, as well as the importance ascribed by users to the information beyond the audited financial statements and the auditor's report thereon.

There has been an evolution in the manner in which entities disseminate and communicate information to their stakeholders as users attach increasingly greater importance to supplementary information and look for better ways to inform their analysis and confirm understanding of more complex areas in the financial statements.

Considering this emerging necessity, MCB strives to go beyond the realm of essential reporting requirements in order to disclose all relevant information that facilitates the stakeholders in understanding various aspects of the Bank's operational and financial performance. Following is the list of disclosures that have been made in addition to the BCR criteria:

- President & CEO review
- Key interest bearing Assets and Liabilities
- Group-wise Advances and Deposits
- Quarterly Performance Analysis
- Six Years' – Non Financial Performance 2019-2024
- Six Years' summary of operating expenses
- Six Years' summary of markup and non-markup income
- Statement on Internal Controls
- Detail of Management Committees & Other Senior Management
- Profile of Shari'ah Advisor Board
- Role of Shari'ah Board
- Green Banking
- Staff Compensation / Remuneration Policy
- Statement of Charity & Donations
- Investor Awareness through Jama Punji Initiative by the Securities & Exchange Commission of Pakistan

President's Review

The President & CEO video message on the Bank's business performance and strategy is available at:

<https://www.mcb.com.pk/investor-relations/ceo-message>

Approach towards Value Creation

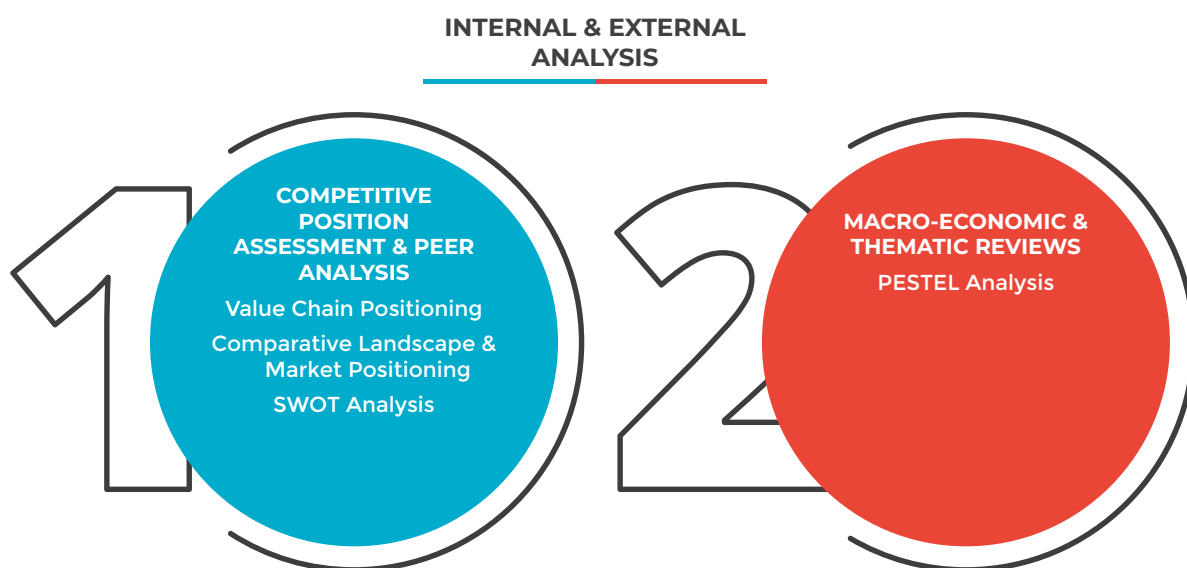
MCB's approach towards value creation for its stakeholders is underpinned by integrated thinking; connecting the emerging trends affecting its business and the material topics that influence execution and achievement of its strategic objectives.

Informing Our Strategy

Understanding the Operating Context

MCB continuously scans the operating horizon for strategic opportunities. Key trends show opportunity for growth and development in the country and hence, responding to these trends is essential to remain relevant and to succeed in the longer term.

MCB has been operating in a complex and dynamic environment where sustainable success depends on how it embraces, anticipates and manages change, while also ensuring that the interests of its clients and the communities impacted by its operations are at the center of its decision making.



Identifying Key Stakeholders and their Needs & Interests

Proactive engagement with key stakeholders provides insights that help MCB shape its strategy, informs the identification of material issues, and ultimately enables the Bank to manage and respond to their concerns.

MCB's engagement with its stakeholders is governed by guiding principles that provide an outline for its operations across geographical areas while accommodating local contexts. For details please refer to "Stakeholders Relationship and Engagement" section of the Annual Report [Read more Page # 292](#)


Determining Key Risks & Material Topics








































MCB's material issues are those that matter most to its stakeholders and providers of capital; and that impact on its ability to create value in the short, medium and long term [Read more Page # 161](#)





















Key Risks	
The key risks arising from the operating context along with management responses have been detailed in the "Risk and Opportunities" section of the Annual Report	
<ul style="list-style-type: none"> Market Risk Credit Risk Technological / Information Security Risk Operational Risk Reputation Risk 	<ul style="list-style-type: none"> Capital Adequacy Risk Liquidity Risk Country Risk Regulatory Risk Climate Risk





























Key Trends and Expectations

MCB, undertakes a comprehensive analysis of its internal and external environment to identify emerging trends that are reshaping the financial solutions and service offering's landscape:

 Potential Niche Market Segments while improving Financial Inclusion	 Digital Transformation Drive in Banking	 Sustainable and Ethical Banking (ESG)	 Expanding Markets for Financial Services
<p>Women in Pakistan remain disproportionately under-served by the country's financial system. This disparity is rooted in a complex interplay of socioeconomic and cultural factors:</p> <ul style="list-style-type: none"> Digital Financial Inclusion of Pakistan is recorded at 17.7% vis-a-vis south Asia's average of 29%; for Pakistan women the metric is in single digits i.e. 5% compared to the regional average of 20.5% An estimated 47 million women are not in the labor force, and there are 55 million unbanked women. Of more than 5 million small and medium enterprises in the country only 8% are owned by women <p>Addressing this financial inclusion gap for women in Pakistan requires a multi-faceted approach from bank's that considers both social and economic factors. Empowering women economically through financial inclusion is crucial for achieving gender equality and promoting sustainable development.</p>	<p>Customers expect intuitive, user-friendly interfaces and personalized digital journeys.</p> <ul style="list-style-type: none"> Total transaction value in the Digital Payments market of Pakistan is projected to reach US\$ 89.03 billion by 2029. Reach of banking services in Pakistan encompasses 60% of the adult population Digitization has the potential to add USD 60 billion to Pakistan's Economy by 2030; with around one-third (USD 10 - USD 20 billion) through advancements in artificial intelligence (AI) 5G spectrum auction and service rollout expected by April 2025 <p>Banks are prioritizing mobile banking apps, offering a wide range of services from basic transactions to complex financial planning. Data analytics tools and AI is being leveraged to offer tailored products, services, and financial advice.</p>	<p>ESG (Environmental, Social, and Governance) considerations are becoming increasingly important in the global banking sector, and Pakistan is also seeing a growing emphasis on these principles; driven by regulatory emphasis and stakeholder expectations for sustainable loans, and other financial products that support environmentally friendly projects.</p> <ul style="list-style-type: none"> 1/3rd of the total assets under management globally flowing into ESG UN SDGs Index 2024 has ranked Pakistan 137th out of 166 countries The Securities and Exchange Commission of Pakistan (SECP) has announced a staged adoption approach for the ISSB standard; IFRS S1 and IFRS S2. <p>There is great economic opportunity for Pakistan in integrating and promoting ESG within its corporate and investment frameworks, considering how these regulations are reshaping private markets and fueling financial innovation worldwide.</p>	<p>The role of bank branches in Pakistan's banking industry is undergoing a significant transformation, driven by the rapid adoption of digital technologies, and changing customer behaviors and preferences for customized interactions:</p> <ul style="list-style-type: none"> Pakistan's population is expected to surpass 400 million by 2050. 40.7% of the Pakistan's population is expected to become urban by 2030 <p>While digital banking is on the rise, physical branches still hold a vital, though evolving, place. The branch networks will continue to play a vital role in providing personalized advice, building relationships, and serving customers who prefer face-to-face interactions while simultaneously inculcating evolving technologies that further enhance the branch experience and create a seamless omnichannel banking environment.</p>

Material Topics Influencing Operating Context					
Material Topic	Description	Capitals Impacted	Stakeholders Engagement	Relevant GRI Topic	Contribution to UN SDG's
Transparency & Disclosure	MCB recognizes the criticality of transparency and disclosures, whether about the products it offers, its engagement with stakeholders or contribution to the society. The Bank aims to maintain robust governance and ethical and transparent relationship with all stakeholders.	  	    	GRI 2: General Disclosures	
Digitalization	MCB aspires to create digital innovations with rich features and functionalities. The Bank's digital platforms have transformed to provide seamless digital journey and ensure it is future ready through continued investment in technology and talent.	  	   	GRI 417: Marketing and Labeling GRI 418: Customer Privacy	
Financial Inclusion	Financial inclusion is a pressing issue, and the banking sector bears the burden of serving the underbanked people in rural, semi-urban, and metropolitan areas. MCB sees this as an opportunity to broaden customer reach and make its services more accessible across the country.	  	   	GRI 203: Indirect Economic Impacts	  
Risk Management	The Bank continuously reviews the operating environment and closely monitors significant risks that could impact business. The Bank's multi-layered Risk Management Framework articulates the risk appetite, and drills down the same into a limit framework for various risk categories under which various business lines operate.	    	     	GRI 2: General Disclosures	

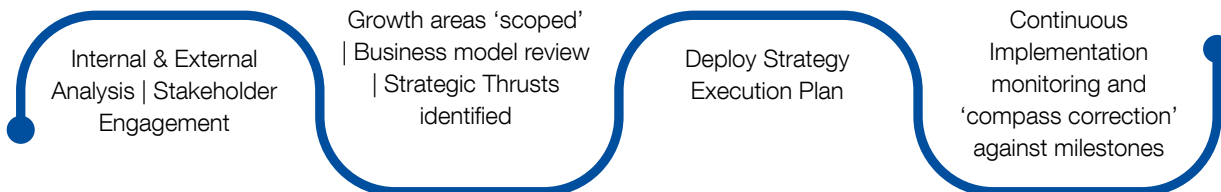
Material Topic	Description	Capitals Impacted	Stakeholders Engagement	Relevant GRI Topic	Contribution to UN SDG's
Employee Practices	At MCB, we believe our people are the cornerstone of our success. The Bank strives to establish a positive working atmosphere that encourages active development of its employees and constant engagement. MCB's structured human resource management practices, including key performance indicators, provide operating flexibility and accountability to business centers. The Bank's aim is to provide greater agility and synergy across the organization to support improved business performance and financial results.	  		<p>GRI 403: Occupational Health and Safety</p> <p>GRI 404: Training and Education</p> <p>GRI 405: Diversity and Equal Opportunity</p> <p>GRI 406: Non-discrimination</p>	 
Asset Quality	The Bank's business strategy is comprehensive and flexible, especially with the intent of being risk-responsive and opportunity-aware. MCB's business strategy encompasses offering a wide range of products and services and maintaining a healthy asset quality besides digitization and others.	   	  	GRI 201: Economic Performance	
Customer Satisfaction	The Bank's customer centric philosophy emphasizes the need to cater their financial goals while providing insightful, relevant contextualized and hyper-personalized experiences to customers, including selling products and offering services which meet societal needs and are in the best interest of customers.	 	  	<p>GRI 201: Economic Performance</p> <p>GRI 203: Indirect Economic Impacts 205</p> <p>GRI 417: Marketing and Labeling</p> <p>GRI 418: Customer Privacy</p>	

Material Topic	Description	Capitals Impacted	Stakeholders Engagement	Relevant GRI Topic	Contribution to UN SDG's
Data Privacy & Cybersecurity	Dealing with cyber risks form an integral part of the Bank's Enterprise Risk Management framework. The Bank is committed to working towards aligning itself with the changing landscape and has a dedicated team for cyber/ information risk management.	  	     	GRI 418: Customer Privacy	
Corporate Governance & Ethics	We have established effective policies and frameworks that encourage employees to act in accordance with the highest professional and ethical standards. MCB's corporate governance philosophy, provides direction around the cardinal principles of independence, accountability, transparency, fair disclosures, responsibility and credibility in the way the Bank conducts its operations.	  	  	GRI 2: General Disclosures GRI 205: Anti-corruption	
Economic & Financial Performance	MCB's strategic focus is on maximizing profit within the guardrails of risk and compliance. The Bank continues to invest in areas that are critical for improving its productivity and operational efficiency. The Bank strives to always provide its stakeholders with increased long-term value; even in the most difficult of economic times.	   	  	GRI 201: Economic Performance GRI 202: Market Presence GRI 203: Indirect Economic Impacts	   

Executing our Strategy

MCB's approved 'Strategic Plan' paves its future roadmap by incorporating key value drivers for growth, productivity and risk and capital management. Delivering on its 'Strategic Plan' will allow MCB to achieve its short, medium and long term financial targets by successfully navigating the evolving economic and business dynamics and drive value creation for its stakeholders.

For strategy formulation, the Bank follows a structured approach to map itself in the industry / operating context through detailed environmental internal & external analysis and engagement with key stakeholders:



For details please refer to the "Strategy & Resource Allocation" section of the Annual Report [Read more Page # 148](#)

Allocating Resources

MCB uses a formal decision-making framework to allocate resources and apply scenario planning to deal with the volatility, uncertainty, complexity and ambiguity of the environment it operates in. For details please refer to "Strategy & Resource Allocation" section of the Annual Report [Read more Page # 152](#)

Organizing Business

MCB secures the inputs required to transform, grow, innovate and compete effectively. The Bank uses these inputs to deliver targeted outcomes through its business activities for the benefit of all stakeholders.

MCB's core banking activities, products and services

Underpinned by our strategy and market presence, our fully integrated business offering is delivered through our customer first digital solution, ecosystems of financial services and lifestyle and value chain offering's

Providing payment services and a safe place to save and invest

Accepting customers' deposits, facilitating payments, remittances and cash management, providing transactional banking services, international trade services and investment management products.

Providing funds for purchases and growth

Extending secured and unsecured credit, based on customers' credit standing, affordability and risk appetite. Trade and supplier finance, working capital solutions, access to capital markets and inter-bank lending.

Managing business and financial risks

Providing solutions, including fixed rate loans as well as hedging, which includes interest rate and foreign exchange.

Providing financial and business support

Providing individual and business advice, and advisory on large corporate deals.

Protecting against risks

Providing savings and investment and insurance policies, on behalf of its service partners, for a specified loss such as damage, illness or death.

For details, please refer to "Business Model" section of the Annual Report [Read more Page # 156](#)

Accountability to Stakeholders

MCB's approach to good governance promotes strategic decision-making that reconciles the interests of the Bank and society in its pursuit of sustainable value in the short, medium and long term. The Bank's governance framework supports ethical and effective leadership, corporate citizenship and sustainable organizational and societal outcomes.

For details please refer to "Governance" section of the Annual Report [Read more Page # 193](#)

Competitive Position Assessment & Peer Analysis

MCB uses competitive analysis to gain valuable insights into the evolving market dynamics, customer preferences, and strategic opportunities. This analysis enables the Bank to develop innovative solutions and target specific segments by creating unique value propositions that resonate with the customers.

Value Chain Positioning



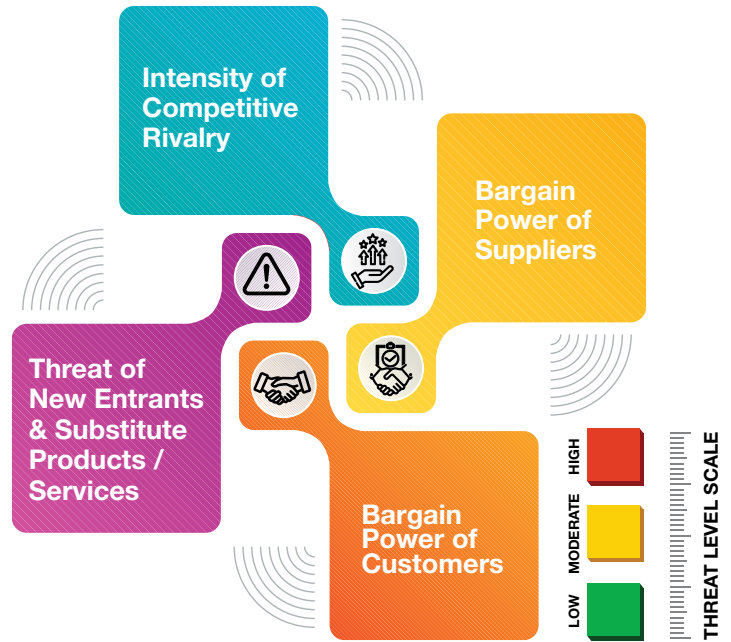
Mapping sustainability topics to our value chain

Topic	Upstream	Downstream
Compliance	✓	✓
Corporate Governance & Ethics	✓	✓
Data Security	✓	✓
Customer Privacy		✓
Customer Satisfaction		✓
Transparency and Disclosure	✓	✓
Economic Performance	✓	✓
Financial Inclusion		✓
Responsible Finance	✓	✓
Community Well-being		✓
Physical & Transition Risk for Climate Change	✓	✓
Carbon Emissions	✓	✓

COMPARITIVE LANDSCAPE & MARKET POSITIONING

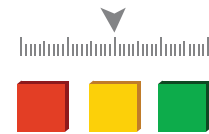
As the nature of competition evolves, it creates an opportunity for the Bank to rethink how it defines banking markets, and develops a more comprehensive understanding of the ways consumers and businesses access financial products and services today and how they might do so in the future.

The Bank analyzes its competitive landscape encompassing multiple internal and external factors that impact its operational activities and financial performance.



Key 'Impact' Factors

- Technological Advancements
- Open Banking Initiatives
- Growing market demand & untapped segments



Implications

The large amounts of capital required to setup a Bank along with the length of time consumed to establish a significant brand loyalty and the need to adhere to strict regulatory stipulations serve as strong entry barrier for new entrants.

However, the domestic landscape has been evolving to include Fintech participants that are focusing on transactional services and innovative digital solutions for revolutionizing the customer banking experience.

Corresponding Strategies

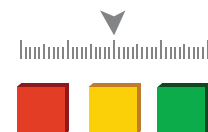
Despite the imminent threat of new entrants and emerging Fintech disruptions, MCB is countering these threats by engaging in the following activities:

- Improving customer-brand relationship that goes beyond the minimum transactional services to retain customer loyalty;
- Investing substantially in digital platforms for improving customer convenience;
- Launching new products and services that cater to a diversified customer base;
- Closely monitoring and adapting to evolving regulations to ensure highest levels of compliance; and
- Partnering with fintech companies to leverage their technology and expertise, and integrating fintech solutions into bank's offerings.



Key 'Impact' Factors

- Switching Costs
- Transparency and Information
- Availability of Substitutes
- Need for bespoke services



Implications

It is reasonably easy for retail customers to switch to other banks fully, or even avail part of their service requirements alternatively due to the low switching costs involved, hence shrinking the size of banking engagement. However, their bargaining power stays limited due to the minimal impact on the Bank's bottom line.

The bargaining power of larger groups, corporate clients and high net worth individuals is

Corresponding Strategies

MCB addresses the issue of customer bargaining power primarily by focusing on clearly directed customer retention and acquisition strategies; customer service standards are being continuously augmented, services are being tailored to suit individual needs, innovative solutions are being devised to make customer experiences more enjoyable, convenient and hassle-free and market competitive rates are being offered to effectively increase switching costs for customers.

comparatively greater since the rising competition has increased customers price sensitivity and the loss of sizable accounts and sources of revenue from them can substantially impact bank's profitability.

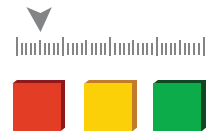


Bargain Power of Suppliers



Key 'Impact' Factors

- Number and Concentration of Suppliers
- Uniqueness and Differentiation
- Switching Costs



Implications

MCB's suppliers primarily comprise of its deposit-holders who are the Bank's key resource for capital and its employees, also known as the resource of labor. In an industry scenario with low differentiation, it is easy for the primary deposit-holder group to switch to other banks, tempted by higher rates and better service standards. Further, share of deposits is highly concentrated, which gives them excess bargaining power.

With a view to fund gaps in the Bank's borrowings, MCB mobilizes debt from other financial institutions, with rates being largely market-driven. When it comes to the bargaining power of suppliers of labor, individual employees baring major executives have little bargaining power.

Corresponding Strategies

MCB has embraced following strategies in order to derive an edge over its supplier relationships:

- Providing a high degree of safety to its capital providers including investors, deposit-holders and other banking partners; A point further re-enforced by Bank's highest local credit ratings of AAA/A1+ for long term and short term debt respectively;
- Diversify the supplier base to reduce dependence on any single supplier.
- Building strong relationships with key suppliers to negotiate better terms and ensure a stable supply of critical inputs.
- Creating mutually-beneficial solutions across the entire engagement spectrum; and Sustaining employee retention focus by offering a challenging, learning and conducive work environment which is duly complemented by career progression opportunities and market competitive salary and benefit packages.

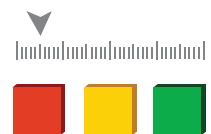


Intensity of Competitive Rivalry



Key 'Impact' Factors

- Number and Size of Competitors
- Industry Growth
- Product Differentiation
- Diversity of Competitors



Implications

Intensity of competition within the domestic banking sector has grown over the years. Banks have focused on developing a wide range of asset and liability product offerings at competitive rates in order to reinforce their customer acquisition strategies and attract existing market share.

The relatively low switching cost from one bank to another has further intensified the importance of competition within the industry, especially in the retail and commercial banking spheres.

Traditional banking operating models are being disrupted by the rapidly evolving digital technologies; challenging the existing banking landscape and paving way for the industry to adopt emerging technologies in rendering digital financial services at customers convenience.

Corresponding Strategies

MCB has initiated following measures with a view to consolidating and further improving its market share:

- By distinguishing itself in the marketplace primarily on the basis of its history and experience;
- Investing in marketing and branding to create a strong brand image and differentiate itself from competitors;
- Streamlining operations and reducing costs to improve profitability and competitiveness; and
- Staying on the cutting edge of offering customer convenience and low-cost banking solutions.

SWOT Analysis

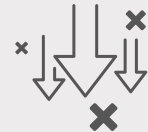
Strengths

- Strong financial position & profitability
- Strong capital base
- Highest CASA ratio (>97%) in industry
- 2nd lowest 'Cost to Income' ratio among peer banks
- Offering of comprehensive solutions to clients across products (Debt, equity issuance, advisory and facility arrangement)
- Diversified portfolio of loans & advances; and diversified income stream
- Established brand name & customer loyalty
- Competent & committed human capital
- High levels of visibility through a wide customer outreach across multiple channels
- Conservative and sustainable business policy



Weaknesses

- Need to further strengthen market share in deposits
- Investment concentration in Government Securities
- Lower International Presence / Global Footprint compared to Peer Banks



Opportunities

- Undifferentiated product Lines across the banking sector
- Emerging trends in consumer behaviour
- High traditional & digital financial exclusion base
- Enhanced market scope for service offerings through digital products and channels
- Forging strategic partnerships with leading technological platforms
- Leveraging retail & corporate relationships for cross sell initiatives
- Deploying intelligent data analytics tools to identify underlying patterns and drive business growth
- Exploiting low credit penetration ratio
- Exploiting growth & expansion opportunities in emerging economies
- Expanding spectrum of advisory and other services offered to clients and investors



Threats

- Dynamic competitive landscape including growing competition from FinTech's & other emerging entrants (refer to "Comparative Landscape and Market Positioning" section of the Annual Report for further details)
- Unexpected interest yield curve movements
- Rising operating / technology costs
- Risk arising from PESTEL factors (refer to "Risk and Opportunities" section of the Annual Report for further Details)



Macro Economic & Thematic Reviews

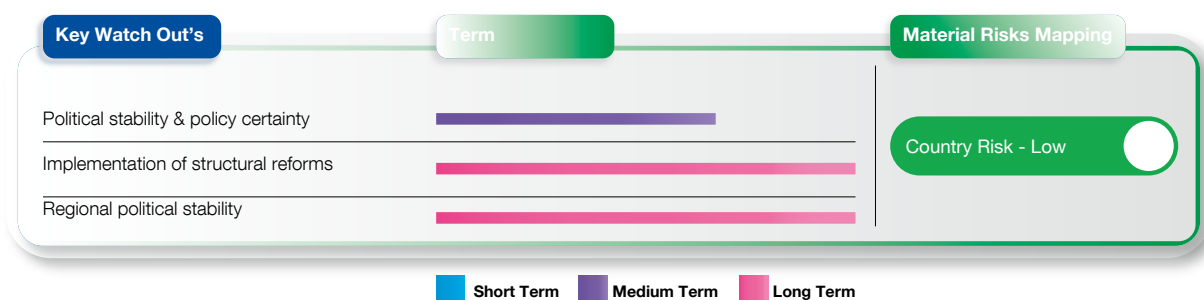
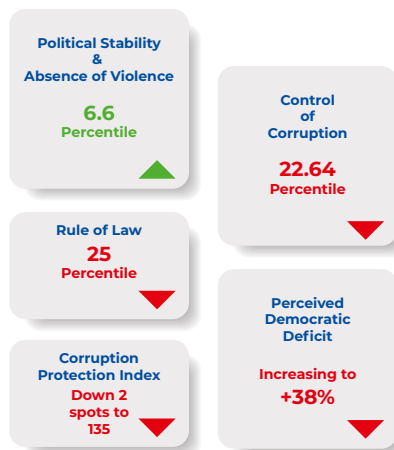
PESTEL Analysis

Political Scenario

Throughout its history, Pakistan's political landscape has remained volatile and unstable; with these instabilities partially contributing to the stifled and irregular economic growth patterns witnessed in the country. Uncertainties associated with an unstable political environment impede the long term visibility of monetary and fiscal authorities and hence, lead them to implement non-optimal macroeconomic policies that have a narrow horizon.

The country's banking system is inherently impacted by policymaking and political trends that effect macro shifts to business models. While the banking industry in Pakistan has, over the years, ridden waves of political uncertainty with relative calm and steadiness, they no doubt remain inextricably intertwined with the environment within which they operate.

Remaining cognizant, MCB continuously re-aligns its strategies in-sync with the evolving scenario, however, the overall performance of the banking sector still remains heavily linked to the outcome of consensus among political stakeholders and their will for implementing long neglected structural reforms that are imperative to support sustainable macroeconomic stability and ensure an inclusive and sustainable national development agenda.



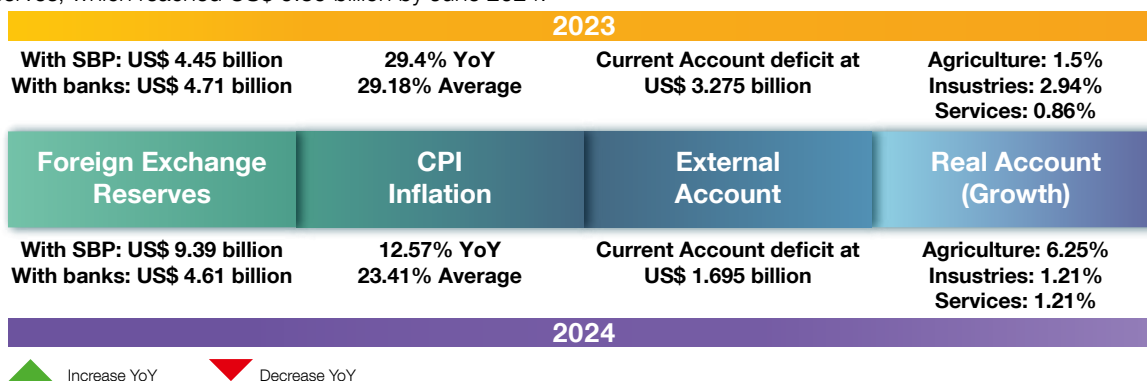
Economic Overview

During FY2024, Pakistan's economy registered moderate recovery reflected by a GDP growth of 2.38% against previous year's contraction of 0.21%. The prudent policy management and the resumption of inflows from multilateral and bilateral partners, and the gradual economic recovery in the major trading partners, turned the negative growth in preceding year to positive growth in FY2024.

Notable contributors to economic recovery included robust agriculture growth (highest in 19 years on the back of double-digit rise in output of major crops), a decrease in inflationary pressures and an improved current account balance.

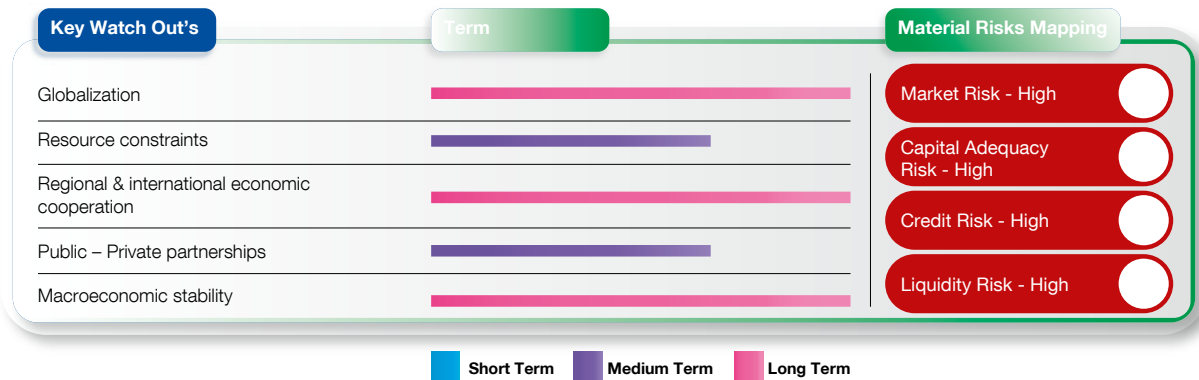
Although inflationary pressures were significant at the start of the FY2024, with average inflation during July to February standing at 28%, the CPI reduced drastically to 12.57% YoY by June 2024. The decline in inflation was broad-based, reflecting the combined impact of monetary tightening, fiscal consolidation, smooth supplies of food items, favorable global commodity prices, and a high base effect.

On the external front, the government successfully trimmed down the trade deficit, supported by higher exports and restricted imports, leading to a sizeable decrease in the current account deficit. Cumulatively, the current account deficit in FY2024 narrowed significantly to 0.2% of GDP from 1% in the preceding year. Remittances grew by 10.7% and were recorded at US\$ 30.251 billion, owing to structural reforms related to exchange companies and facilitation under PRI. Consequently, the improved current account position, along with the revival of financial inflows, helped build SBP's FX reserves; which reached US\$ 9.39 billion by June 2024.



In the first half of FY2025, driven by moderate domestic demand conditions and supportive supply-side dynamics, inflation continued to trend downwards in line with expectations, reaching 4.07% YoY in December 2024. On the fiscal front, taxation revenues remained below their target in H1-FY2025, with a cumulative aggregation of Rs. 5.623 trillion against the assigned target of Rs. 6.009 trillion, exerting further pressure on the primary balance, however, the lowered anticipated interest payments on the financing side are likely to contain the overall fiscal deficit around its assigned target.

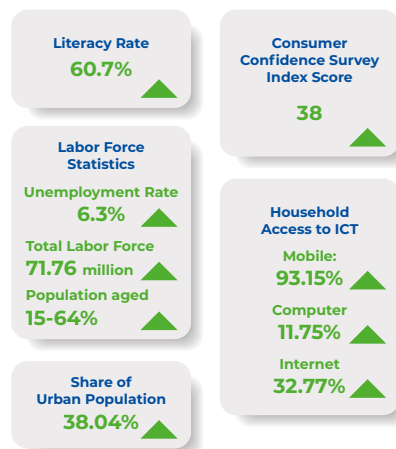
The sharp deceleration in agriculture sector growth to 1.2% in Q1-FY2025, from 8.1% in the corresponding period last year transpired into a modest real GDP growth of 0.9% against 2.3% growth recorded in Q1-FY2024. However, the business confidence index has continued to exhibit positive sentiments amidst successful initiation of a US\$ 7 billion Extended Fund Facility (EFF) agreement with IMF and strong workers' remittances and export earnings that brought about a cumulative current account surplus of US\$ 1.2 billion during H1-FY2025.



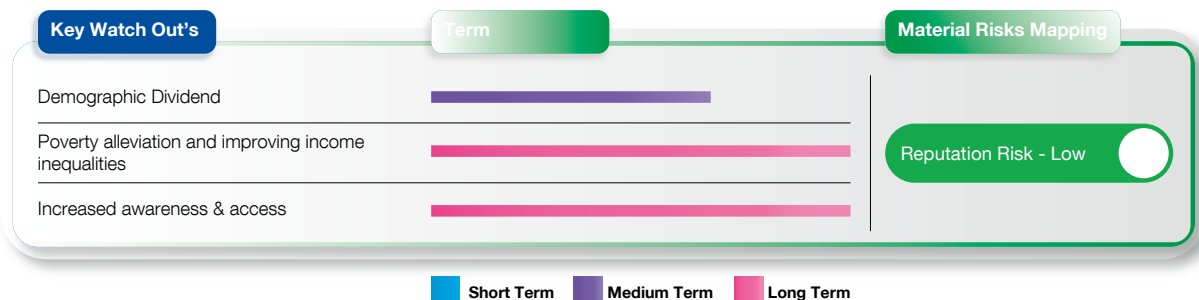
Social Factors

Pakistan's social landscape is shaped by a complex interplay of demographic, socioeconomic, cultural, and religious factors. Since its independence, Pakistan has exhibited respectable economic growth with a phenomenal increase in the quantum of inherited infrastructure, however, it continues to lag behind in the sphere of human and social capital development. Formidable challenges on the socio-economic front have been further exacerbated by a combination of low growth and high inflation, which is one of the major factors leading to perpetuation of poverty and unemployment.

Over the course of history, many nations have faced similar challenges and have successfully turned them into opportunities through sound economic planning, good governance and consistency in policy implementation. In Pakistan's context, the relatively young work force, rapid urbanization, improving literacy rate, and a socially well connected human capital are some of the augmenting forces that have the potential to uplift the national economy.



At MCB, our aim is to remain socially conscious by managing our business activities with integrity and holding ourselves accountable to all stakeholders on issues pertaining to sustainability, environmental performance and other ethical concerns.



Technological Innovation & Digitization

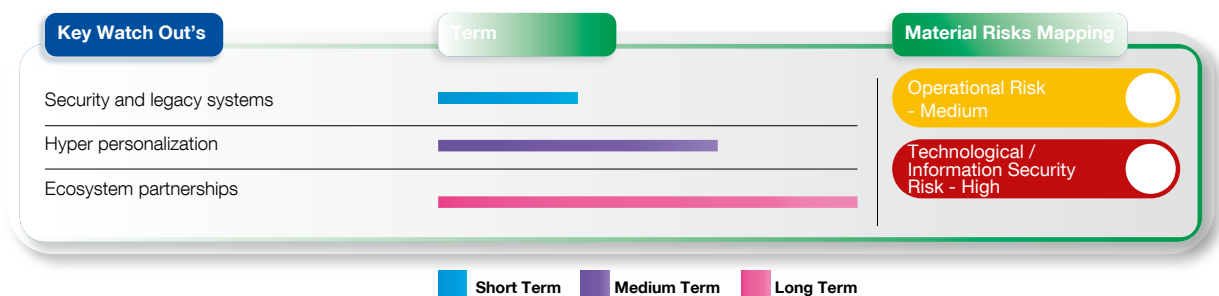
The ongoing global technology revolution and widespread adoption of digital technologies have transformed the way people interact with financial services, including how they access banking services, make payments, invest, and manage their money. In many ways it has accelerated the adoption of digital products, services and channels; leading to new revenue channels, increased productivity, and cost savings. At the same time, technology continues to impact organizational structures and business models, skill requirements, internal processes and capabilities, as well as remote work practices.

Over the past few years financial services companies have increasingly started to embrace and leverage mobile technology, fintech partnerships, cloud computing, big data, advanced analytics, machine learning, blockchain technology, AI, robotics and biometrics in the optimization of legacy IT infrastructure for pursuing new revenue channels and opportunities.

With a growing youth population and a tech-savvy workforce, Pakistan is at a critical juncture to harness the power of digital transformation to shape its future. The rise of mobile banking and digital payment solutions revolutionized the financial landscape, making transactions more efficient and accessible. As Pakistan navigates the complexities of the digital age, it must not only seize the opportunities but also proactively address the challenges to ensure an inclusive, sustainable, and digitally empowered future. Achieving this shall require undertaking a holistic approach that encompasses investment in education, cyber-security measures, and the development of a robust digital infrastructure.



However, along with the benefits, the adoption of digital solutions has also introduced new risks, especially in terms of cyber risks. The rise of cyberattacks, aimed at accessing, changing, or destroying sensitive information, extorting money, or disrupting normal business processes, has underscored the need for financial institutions to enhance their cybersecurity measures. Banks have become attractive targets for cyberattacks because of their key role in payment and settlement systems, the volume of sensitive client information they hold and the potentially adverse impact of interfering with the smooth functioning of banking services. Remaining cognizant, MCB continues to invest in cutting-edge technologies and capabilities that prioritize the security of its clients' data and systems without adding needless friction to the client experience.



Environmental Factors

Climate change and environmental-related natural disasters are associated with massive human losses, physical damages, and economic and fiscal losses, all affecting countries' ability to meet their development goals. There is also a growing global recognition, amongst policy makers and investors, that such disasters pose risks to financial system stability that would seriously affect the solvency and profitability of the financial institutions.

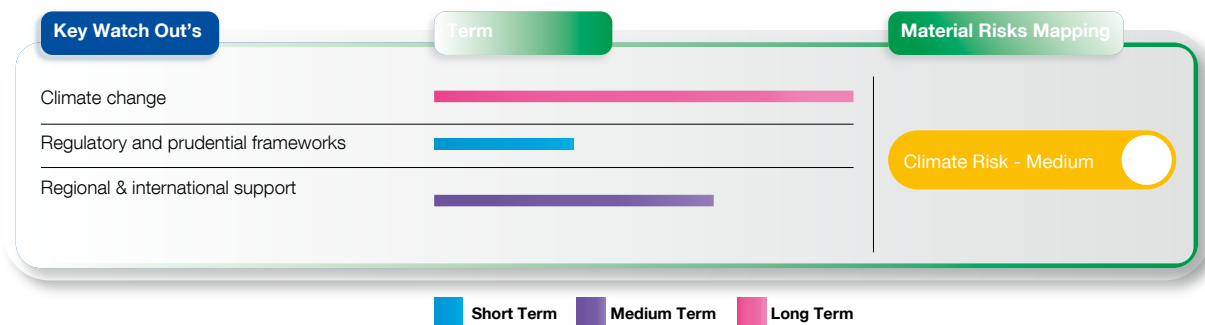
The financial system is impacted by climate change through two main channels. The first involves physical risks, arising from damage to property, infrastructure, and land that could manifest into increased default risk of loan portfolios and lower values of assets. The second is the transition risk, resulting from changes in climate policy, technology, and consumer and market sentiment during the adjustment to a lower-carbon economy. Climate change can impact monetary policy direction, too, as slowing productivity growth and heightening uncertainty and inflation volatility can justify adaptation of a stance suited to evolving challenges, within the limits of central bank mandates.

Pakistan produces less than 1% of the world's carbon footprint yet is suffering the biggest consequences of climate change. Changing seasonal weather patterns, rising temperatures, variability of monsoons and melting of glaciers in the north are just some of the effects of climate change that the country has been forced to contend with in the recent years. Hence, it remains imperative, for the country, to follow through on its National Adoption Plan (NAP) by investing in climate resilient infrastructure and ensuring inter-institutional coordination.

Pakistan is ranked as the 5th most vulnerable country to climate change according to the Global Climate Risk Index.

Pakistan faces some of the highest disaster risk levels in the world, ranked 20 out of 191 countries in the Inform Risk Index (2025)

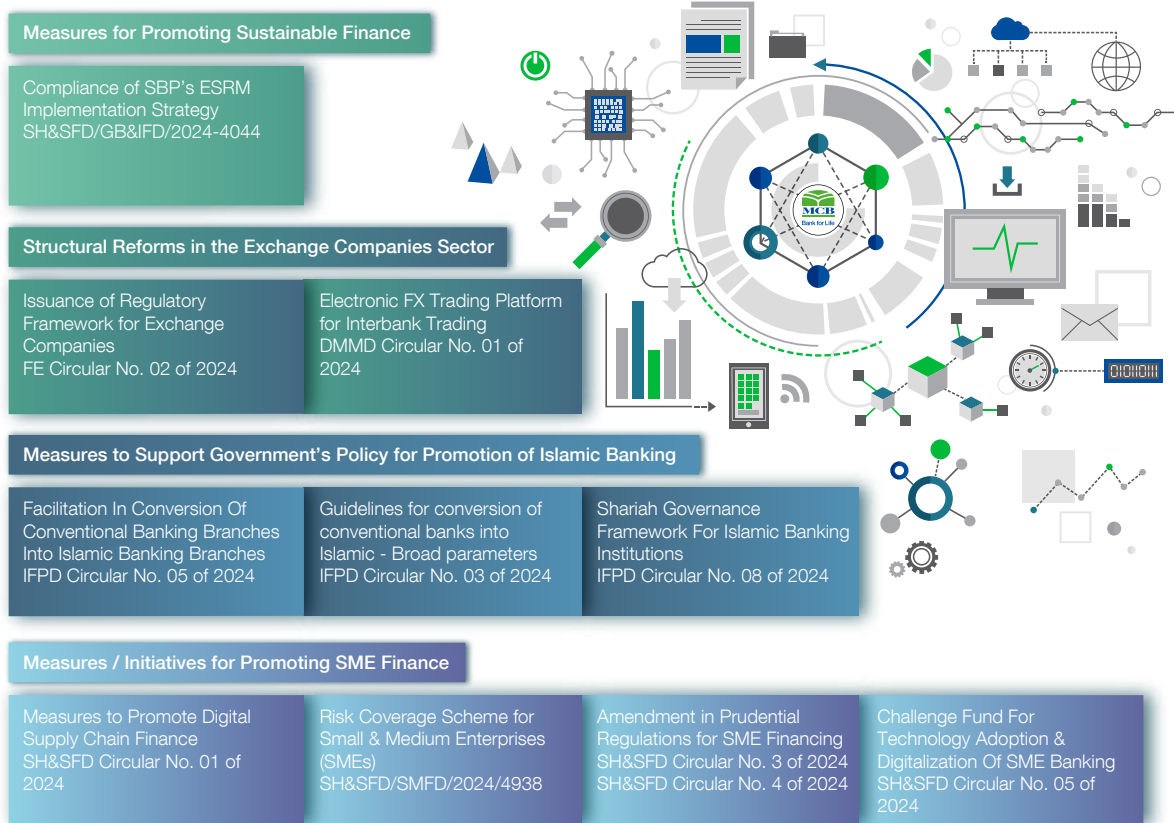
In 2022, SBP issued 'Environmental & Social Risk Management (ESRM) Implementation Manual' for financial institutions requiring adoption within 3 years.



Legal & Regulatory Landscape to Address New Frontiers of Risk

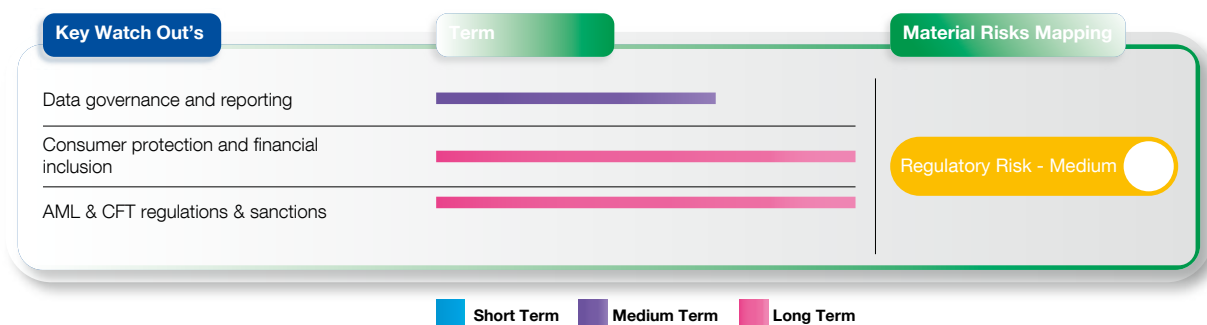
The characteristics and operations of the banking sector are governed by a comprehensive legal, regulatory and supervisory framework implemented by the State Bank of Pakistan (SBP). This framework embodies practices that promote and preserve financial sector stability, emphasize complete disclosure and transparency, encourages banks to function purely on market principles and forces them to operate in a fair and efficient manner guided by high standards of corporate governance.

SBP's legal framework that empowers it to regulate and supervise the financial institutions comprises of SBP Act, 1956, Banking Companies Ordinance, 1962, Microfinance Institutions Ordinance 2001 and the Foreign Exchange Regulation Act, 1947 and various other laws. The regulatory framework, on the other hand, includes a set of policies, guidelines, prudential standards and allied processes that cover licensing regime, prudential regulations, corporate governance, capital adequacy regime, AML/CFT regime and market discipline.



To ensure effectiveness of the captioned framework, the SBP has also put in place an elaborate structure of surveillance and supervision that encompasses on-site assessments, thematic reviews on high-risk areas and periodic assessment of institutions based on CAELS (Capital, Asset Quality, Earnings, Liquidity and Sensitivity to other risks). Furthermore, the supervisory framework is being continuously updated to respond to the emerging developments in the sector and to conform to international standards.

Key themes including the need to manage disruptive impacts caused by the ongoing banking transformation based on technological & digital advancements, promoting diversity in access, modifying financial inclusion frameworks to cater to the emerging needs of an inclusive financial ecosystem with increased focus on sustainable and green financing, further strengthening of "Consumer protection" and "Fair Treatment of Consumer (FTC)" frameworks, promotion of SME and Islamic modes of financing and encouraging wider adoption of digital financial services are likely to influence the banking regulatory perspectives in 2025.



Strategy & Resource Allocation

Execution of a well-defined strategy has been the key pillar for our growth momentum over the last many years. Our strategic planning process broadly covers what we will prioritize to advance the organization’s Vision and core mission in the short to long run; duly focusing on the challenges posed by its operating context and macroeconomic imbalances.

Strategic Objectives

Short, medium and long term objectives of the Bank to meet its mission statements are as follows:

Short term	<ul style="list-style-type: none"> • Increase focus on digitalization and automation of processes to enhance efficiency, reduce cost, improve customer satisfaction and strengthen risk/ compliance standards; • To ensure quality asset retention with measures to constantly decrease the NPLs base of the Bank; • Consistent improvement in service quality standards; • To increase the current account concentration levels of the institution by capitalizing on opportunities presented.
Medium term	<ul style="list-style-type: none"> • To be a top stakeholder value generator in Pakistan’s banking sector while remaining a socio-environmentally conscious citizen; • Improve management & control of expenditures and contain growth in administrative expenses, while securing the necessary capacity to achieve Bank’s strategic goals; • To increase market share in the domestic deposit pie; • To maintain a strong capital base.
Long term	<ul style="list-style-type: none"> • Delivering remarkable returns to stakeholders, sustainable performance exceeding market and shareholder expectations; • Providing value added services through operational expansion, geography and upgraded system; • Building a corporate culture of equality, trust and team spirit as we remain dedicated to being a socially responsible organization.

For strategy formulation, the Bank follows a structured approach to map itself in the industry / operating environment through detailed competitive position assessment, peer group analysis and macro-economic & thematic reviews; in turn laying the foundation for its future roadmap.



Strategies in Place

From customer service standpoint, special focus remains on improving our service quality and service standards levels. The Bank will integrate service standards across all the channels and outlets in the network to provide a uniform customer experience.

MCB endeavors to meet expectations of its valued customer base. Another important aspect remains credit quality and Bank's refined risk appetite. We will thereby give value to our customers across the entire spectrum of retail, corporate and SME segments while improving Bank's asset quality.

Under the 'Strategic Plan', we also intend to expand our geographical boundaries by being open to potential new business models, innovative processes and delivery channels, enabling provision of 24x7 customer services.

Today, technology is a major component of the competitive edge of any bank. With millennials being an increasing percentage of our customer base, we have to cater to their expectations and it requires leveraging cutting edge technology. The other side of the coin however, is that technology brings risks with it. We will go the extra mile, to ensure our assets and those of our customers are secure and sensitive information is protected.

To ensure efficient and effective operations of the Bank, we need systems and processes that operate seamlessly. This is another focus area where we will concentrate on identifying pain points and gaps, and make the necessary modifications.

To safeguard the financial stability and reputation of the Bank, good governance and ethical conduct are imperative. While we already have high standards in these areas, we have set our benchmarks as the best in class practices in the country. We will renew and re-energize our focus on sustainability by ensuring that we continue to maintain a judicious balance between economic, social and environmental objectives.

The end result of all the above will be the enhancement of our 'Brand'. The brand is a mirror of our image in the eyes of our customers, both legacy and millennials, and the general public. Through the strategies spelt out in our 'Strategic Plan' we will continue to forge ahead, building our Brand, increasing our assets and profitability, while delivering increasing value to all our stakeholders.

Method and Assumptions in Compiling Indicators

Key Performance Indicators (KPI's) are the metrics utilized by the Management to measure performance against strategic objectives. The Bank identifies and compiles indicators which effectively reflect Bank's performance. In doing so, the Bank analyses its market positioning, competitors and the general market conditions.

Quantitative aspects: relate to the Bank's financial base, ability to generate funds, deployment of funds in the most profitable avenues, profitability/earning's generation and dividend distribution, market share, growth in share price as a measure of Bank's perception in the market and being an indication of investor confidence, value addition over the book price of shares, cash flow analysis and adequacy of capital and liquidity buffers.

Qualitative aspects: relate to customer satisfaction and retention, service execution, brand identity and loyalty, innovation, employee confidence, data security, strategic partnerships, governance and risk management.

Change in Indicators and Performance Measures

Key performance indicators (KPIs) provide understanding of the Bank's performance in key areas. These indicators are used as a gauge to analyze current standing of the Bank and the likely path the Bank would follow.

MCB has identified KPIs that are critical to its business. While identifying KPIs, the Bank analyzed various factors, their interpretations and accordingly the extent to which they may correctly and clearly communicate the Bank's performance. Change in important indicators is discussed in 'Performance, Position & Outlook' section of the Annual Report.

Mapping of Bank's KPI's with its strategic objectives, along with their future relevance, is detailed in the table below:



Strategic objectives	Strategies for Meeting Objectives	KPI	Future relevance
<p>Increase focus on digitalization and automation of process to enhance efficiency, reduce cost, improve customer satisfaction and strengthen risk/compliance standards.</p>	<ul style="list-style-type: none"> Centralization and monitoring of operating expenses to restrain them within conventional limits to maintain a low 'cost to income' ratio. Work on automation of existing manual systems. Gradual investment on a unified digital platform for an overwhelming customer experience. Manage Information security risks through development, documentation and implementation of policies, standards, procedures and guidelines that ensure confidentiality and integrity of sensitive information. 	<p>Operational Efficiency and Productivity.</p> <p>Service Efficiency and Effectiveness.</p> <p>Risk Assessment, Identification, Monitoring and Mitigation.</p>	<p>The KPI will remain relevant in the future.</p>
<p>To ensure quality asset retention with measures to constantly decrease the NPL's base of the Bank.</p>	<ul style="list-style-type: none"> Increased focus on quality asset growth while maintaining low infection ratio by continuously striving to manage risk through an augmented framework of sound risk principles; to be reinforced by optimum organizational structures, robust risk assessment models and effective monitoring systems in an automated environment. Focus on recoveries of existing NPL stock. 	<p>Asset Quality; Infection Ratio, Coverage Ratio, Credit Concentration Analysis (Customer / Group / Segment / Industry)</p>	<p>The KPI will remain relevant in the future.</p>
<p>Consistent improvement in service quality standards</p>	<p>Maintaining the Bank wide drive for inculcating a 'customer service' culture, extracting operating efficiencies to improve service delivery timelines, offering 24/7 real time service availability, expanding self-service avenues, exploring new revenue streams that create maximum value for the customers and revamping service quality assessment models to focus on key customer impact areas.</p>	<p>Customer Satisfaction and Retention</p> <p>Customer Loyalty and Advocacy.</p> <p>Feedback and Complaints Management.</p>	<p>The KPI will remain relevant in the future.</p>
<p>Improve management & control of expenditures and contain growth in administrative expenses; while securing the necessary capacity to achieve Bank's strategic goals.</p>	<p>Undertaking cost transformation initiatives including continuous assessment of digital and operational maturity to eliminate non-value added work, deflecting work to lower cost channels (lower cost to serve), improving efficiency through technology and gradually transitioning away from paper intensive, predominantly employee-assisted channels to more effective and cost-efficient digital solutions.</p>	<p>Effective and efficient cost control while investing for growth; Cost to Income Ratio, Budget Variance Analysis, Benchmarking</p>	<p>The KPI will remain relevant in the future.</p>




Strategic objectives	Strategies for Meeting Objectives	KPI	Future relevance
To maintain a strong capital base	Healthy equity translating into strong capital buffers.	Regulatory Capital Adequacy and Liquidity Ratios'	The KPI will remain relevant in the future.
The Bank aims to increase its share in the domestic deposit pie; and To increase the current account concentration levels of the institution by capitalizing on the opportunities presented	<ul style="list-style-type: none"> Expansion / increase in deposit market share through mobilization of new products and penetration into emerging markets; thereby further widening customer base beyond the realm of prevailing organic growth. Increased focus on current account growth. 	Deposit generation growth and improving mix.	The KPI will remain relevant in the future.
Delivering remarkable returns to stakeholders, sustainable performance exceeding market and shareholder expectations.	Higher profitability to pay higher returns to the shareholders.	Shareholder Return; ROE & ROA, Dividend Payout	The KPI will remain relevant in the future.
Providing value added services through operational expansion, geography and upgraded system.	<ul style="list-style-type: none"> Lead market position through focused initiatives encompassing launch of innovative and customer centric solutions, penetration of emerging markets, adoption of digital banking avenues and instilling effective cost management techniques. Rationalize & optimize usage of existing branch network and network strengthening through branch expansion plan. Service portfolio enhancement of all digital products / channels i.e. call center, internet banking, mobile banking, mobile wallet, SMS alerts, E-statement, ATMs and Debit Cards to increase non markup income. Integrate service standards across all the channels and outlets in the network to provide a uniform customer experience. 	Improved services; broad-based increase in customer satisfaction across markets and segments	The KPI will remain relevant in the future.
Building a corporate culture of equality, trust and team spirit as we remain dedicated to being a socially responsible organization.	<ul style="list-style-type: none"> Improve governance structure and update existing policies as per industry dynamics. Maintain employee engagement levels and provide opportunities for internal mobility to enhance professional and personal growth. 	Employee engagement, Diversity, Equity, Inclusion, and Belonging (DEIB), Learning & Development, Communication and Collaboration	The KPI will remain relevant in the future.
To be a top stakeholder value generator in Pakistan's banking sector while remaining a socio-environmentally conscious citizen.	<ul style="list-style-type: none"> Generate higher profitability to pay higher returns to the shareholders. Introduce socio environmental activities such as green banking. 	Sustainability & Corporate Social Responsibility	The KPI will remain relevant in the future.


Resource Allocation Plan:

The inputs to the Bank’s business processes are capitals, or stores of value, in various forms. Of these capitals, financial, manufactured and intellectual capitals are internal capitals owned by the Bank while the others, human, social & relationships and natural capitals are external to the Bank.

Bank has resources to meet its strategic objectives. The Bank utilizes and enhances its resources to differentiate itself and maximize value creation for its stakeholders in the long run. A transitory resource allocation plan is as follows:

Nature of Capital	Factors impacting Availability, Quality & Affordability of Capital	Key Resources & Capabilities Providing Competitive Advantage	Resource allocation plan
<p>Human Capital</p> 	<p>There remain significant competitive pressures, both within the banking sector and more broadly, in attracting and retaining top skills and diverse talent.</p> <p>This pressure is being heightened by changing dynamics in the workplace environment – such as the shift to remote and hybrid working models – as well as by the changing skill sets needed for the digital banking age.</p>	<p>Bank’s agile, engaged and motivated workforce with technical, commercial and managerial skills and experience that enables MCB to be nimble and react quickly to arising opportunities.</p>	<ul style="list-style-type: none"> • Redeploy human capital to enhance productivity through segmentation; • Undertake human capital capacity enhancement and capability building by focusing on trainings, talent management and talent retention; • Creating an inclusive work environment that supports resilience, innovation and inclusion, with ongoing focus on mental, physical, social and financial wellbeing of the human capital. • Onboard versatile human resource that can multi task easily.
<p>Manufactured Capital</p> 	<p>Ensuring continued access to reliable manufactured assets within our operational network requires targeted investment in the acquisition, maintenance and/or replacement of property, plant and equipment.</p> <p>Key challenges in securing necessary inputs include competing demands for access to financial capital, unexpected events contributing to equipment failure, and potential delays from service providers.</p>	<p>MCB’s best-in-class technology and physical infrastructure encompassing its brick & mortar footprint and digital access points allows it to remain resilient.</p>	<ul style="list-style-type: none"> • Branch layout improvement and widening of branch and ATM network; • Re-align the business model through segmentation to increase the customer base.

Nature of Capital	Factors impacting Availability, Quality & Affordability of Capital	Key Resources & Capabilities Providing Competitive Advantage	Resource allocation plan
<p>Financial Capital</p> 	<p>MCB's ability to generate financial capital for reinvestment is a function of various internal and external factors reviewed in more detail throughout this report.</p> <p>Current prospects regarding country's economic outlook and fiscal sustainability are impacting fundamentals and investor sentiment.</p>	<p>MCB's strong capital base and diversified funding sources allow it to support customers through good and bad times, and enables it to provide banking solutions competitively and seamlessly.</p>	<ul style="list-style-type: none"> Investment in process automation and IT network improvements; Investment in infrastructure including buildings and equipment; Invest in good quality asset base with high yield.
<p>Natural Capital</p> 	<p>As an important indirect player / financial intermediary in the value chain of carbon intensive sectors, and in the context of a growing uptake of "net-zero" commitments, the Bank faces pressure to reduce energy usage and switch to renewable energy sources as part of a "just transition".</p>	<p>MCB impacts the natural environment directly in its operations, as well as indirectly through its customers and suppliers.</p>	<ul style="list-style-type: none"> Increase financing to resource efficient, alternative energy generation and environmentally friendly projects Introduce innovative 'Green' products (assets / liability) Exploring international funding options for investment in 'Green' projects and acquiring globally recognized accreditations Adoption of resource conservation measures to reduce carbon footprint of the Bank due to its own activities and operations.
<p>Intellectual Capital</p> 	<p>Protecting and enhancing intellectual capital is linked to Bank's investment in research & development, skills development, maintaining its ability to attract and retain top skills and diverse talent, and effectiveness in instilling a performance-based ethical culture that drives innovation.</p> <p>Material potential constraints include the increasing competition for talent (both within and external to the banking sector), and competing interests for investment of financial capital.</p>	<p>MCB's key intellectual capital pertains to how it continuously re-engineers its business processes and invests in technological transformation to lead into the digital age.</p>	<ul style="list-style-type: none"> Reengineering of processes to capture synergies and improve service delivery Improvement in governance culture by utilizing over 77 years of institutionalized knowledge.

Nature of Capital	Factors impacting Availability, Quality & Affordability of Capital	Key Resources & Capabilities Providing Competitive Advantage	Resource allocation plan
Social and Relationship Capital 	Growing stakeholder expectations on businesses to demonstrate enhanced performance has heightened the importance for organizations to develop strong relationships. Managing the competing interests of different stakeholder groups necessitate the Bank to take difficult decisions and trade-offs.	At MCB, customers are at the heart of business; with trust gained over a rich legacy of 77 years of service excellence. This enables the Bank to differentiate itself in the industry while also building lasting relationships to deepen wallet share and improve customer satisfaction & retention. The Bank recognizes that not all returns can be monetized and its license to operate comes from the society at large	<ul style="list-style-type: none"> Invest in a series of initiatives that enhance collaboration and ongoing dialogue with our customers; Enhance brand image through public awareness campaigns.

Effect of Key External Factors Impacting Strategy and Resource Allocation

A detailed overview of Bank’s external environment has been disclosed in the “PESTEL Analysis” section of the Annual Report.

Factor	Effect on Bank’s Strategy & Resource Allocation	Bank Response to Align its Strategy & Resource Allocation
Technological Innovation and Evolving Consumer Behavior	<p>Technological innovation is having a profound impact on customer needs and habits, Bank’s business model, and the lives of its employees.</p> <p>New market players, such as startups and FinTechs, are disrupting the status quo and contributing to a reshaped competitive landscape that is generating challenges amidst newer ways of collaboration and innovation.</p>	<p>At MCB, the focus on adopting emerging technologies by continuous upgrade of its infrastructure and leveraging market research through intelligent analytics is a powerful driver for innovation and prevents the Bank from losing its market relevance.</p> <p>The Bank also supports its employees so they can acquire new skills or fine tune existing ones thus continuing to contribute to the Bank’s digital and agile mission.</p> <p>Refer to the “Group Review” section of the Annual report and below section on Initiative towards promoting and enabling innovation for further details.</p>
Societal Outlook	<p>An ever growing impact of corporates on the society at large is creating a moral obligation on businesses to play an active role in adeptly responding to a myriad of social issues when conducting its operations; including society’s expectations on ethics, compliance, respect for human rights, diversity, etc.</p>	<p>MCB prides itself in conducting its affairs in a fair and responsible manner. This includes:</p> <ul style="list-style-type: none"> advancing Government’s financial inclusion agenda; taking a proactive stance to protect our customers’ information and preventing financial crime; developing innovative and best-fit financing and investment solutions for customers that enable them in turn to make positive impact choices; providing an inclusive work environment for its employees; responsibly & actively contributing to Governments key digitalization initiatives ; and

Factor	Effect on Bank's Strategy & Resource Allocation	Bank Response to Align its Strategy & Resource Allocation
		<ul style="list-style-type: none"> ensuring seamless and uninterrupted provision of essential banking services to the general public at large. <p>Refer to the "Group Review" and "Sustainability & Corporate Social Responsibility" sections of the Annual report for further details.</p>
Climate and Ecosystem Changes	Climate change poses an increasing threat to mankind and the global economy. Transitioning to a low-carbon economy may entail extensive policy, legal, technology and market changes. Physical risks such as frequent or severe weather events may also give rise to credit, operational and reputational risks	<p>MCB has incorporated responsible financing in its lending practices by capitalizing on its extensive environmental risk management framework. The Bank endeavors to support customers' transition towards a more sustainable low-carbon business model and improve customers' access to ESG investments.</p> <p>Refer to the "Group Review" and "Sustainability & Corporate Social Responsibility" sections of the Annual report for further details.</p>

Initiative towards Promoting and Enabling Innovation

MCB's "Mission Statement" embraces and encapsulates its commitment for providing innovative and efficient financial solutions to create and nurture long term relationships with its wide base of customers. This policy focus has in turn, laid the foundation for a corporate culture that fosters and encourages organizational growth through promoting, enabling and driving innovation across the tiers.

At MCB, we continue to emphasize on both strategy about exploring innovative ways to stay connected with our customers and accelerating rollout of digital engagement initiatives. We are continuously investing into robust alternative channels to drive digital user activation, transactions, digital sales acquisition and digital sales enablement; hence remaining agile and adaptive to the new "normal" amidst the evolving operating scenario and reshaping of customer behaviors.

The Bank also continues to drive adoption and pervasiveness of core systems with a focus on improving frontline capability. Automation, especially across back-office operations, remains a critical component to improve our end-to-end capabilities, while also enabling us to meet our green banking objectives of lower paper consumption.

Company's strategy on market development, product and service development

Market and product / service development are key components of MCB's strategic planning process. The strategy focuses on expanding Bank's outreach by introducing existing products / services into new markets or expanding into untapped segments, while simultaneously augmenting service quality and driving growth through innovation. Through a comprehensive analysis of its internal and external environment, MCB has identified emerging trends in the financial solutions' and service offerings' landscape that shall continue to drive its focus on market and product / service development. Key trends have been disclosed in 'Approach towards Value Creation' section of the Annual Report.

Strategy to Overcome Liquidity Problems:

Bank carries a substantial portfolio of marketable securities that can be easily traded and realized in known amounts of cash in the event of liquidity stress. An analysis of key liquidity ratios indicates the strong liquidity position of the institution; Bank's 'Liquidity Coverage Ratio' and 'Net Stable Funding Ratio' are well over and above the regulatory benchmarks.

Liquidity position of the bank is discussed in the risk management section (note 48) of the 'Unconsolidated Financial Statements'.

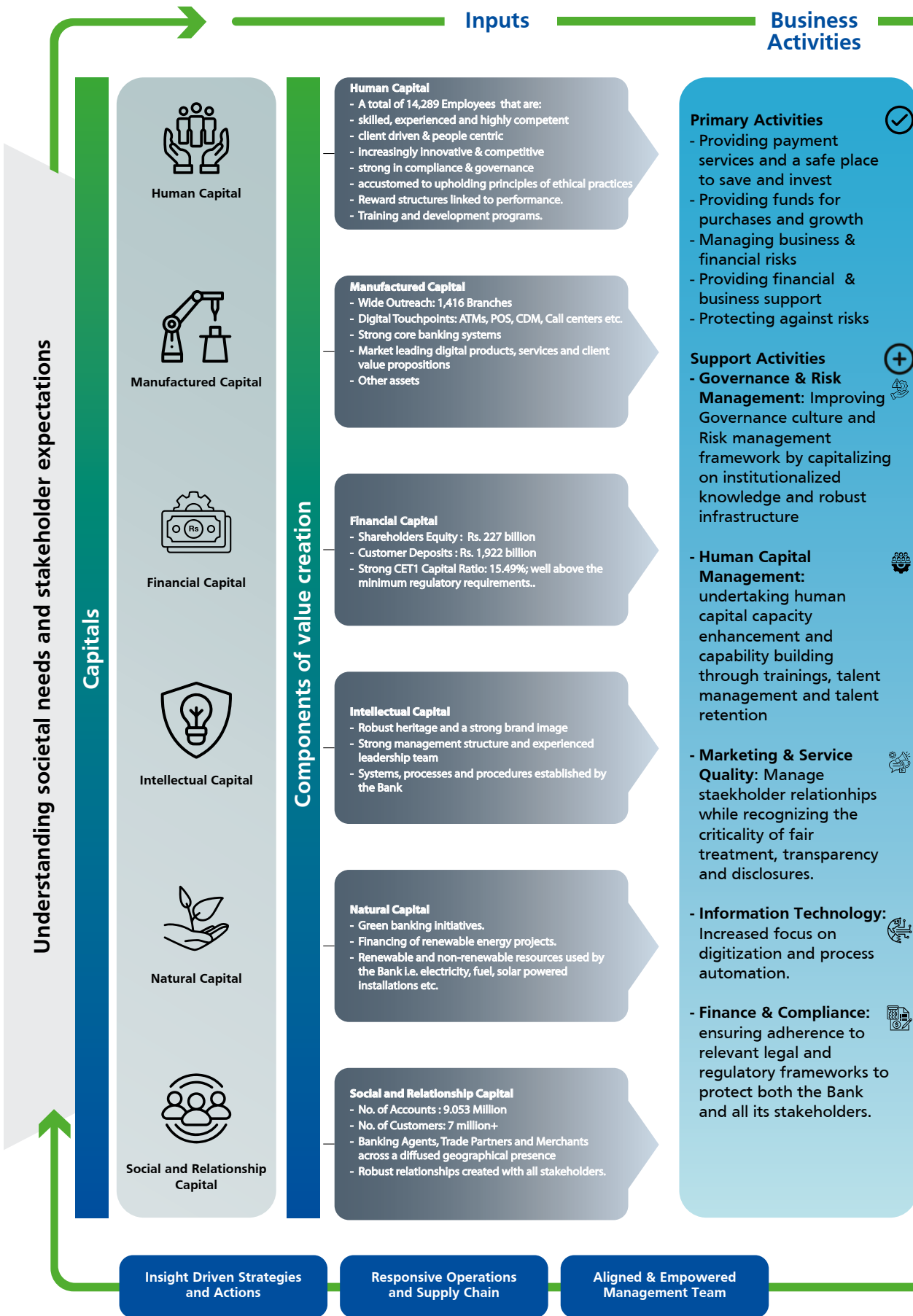
Significant Plans and Decisions

There were no significant events to report for the year.

Significant Changes in Strategies and Objectives:

MCB Bank's strategies and objectives are well planned and are persistently implemented. No significant change occurred during the year to affect a material update in the Banks business model.

Business Model



Strategic Objective

Outputs

Value Outcomes



Financial Capital

- Profit after Tax: Rs. 57.615 billion
- Earning per share: 48.62 / Share
- Dividend per share: Rs. 36 / Share
- Dividend Payout ratio: 74%
- Return on Equity (p.a): 26.56%
- Return on Assets (p.a): 2.25%

Human Capital

- Female Staff Ratio: 19.77%
- New Recruitments: 3,510 Employees
- Investment in Trainings: Rs.72 Million
- No. of Training Participants: 51,414
- No. of Promotions: 2,318 Employees

Social & Relationship Capital

- Contribution to the National Exchequer: Rs. 77.07 Billion.
- Continued socio economic spending
- Long Term entity credit rating: AAA
- Short Term entity credit rating: A1+
- Total complaints resolved: 339,490
- Complaint resolution rate: 98.89%
- Low Infection Ratio: 4.89%
- MCB Live processed over 50 million financial transactions

Natural Capital

- Improved energy mix and conservation through reduction in non-renewable energy consumption
- World Wide Fund for nature "Green Office Certification" - Head Office Building.
- Successfully met timelines for phase wise ESRM implementation.

Intellectual Capital

- Digital Initiatives for all customers :Continuous revamping of MCB Live 'Internet & Mobile Banking App'; more than 1.4 million registered users while the total generated throughput exceeded Rs. 1.5 trillion
- Supported Government's policies aimed at fostering economic development and better utilization of resources
- Awarded "3rd Largest Remittance Bank in Pakistan" in the 4th Pakistan Remittance Summit and 'Highest Visa Cards in Force' in 2024.

Financial Performance and Resilience

Catalyst for Sustainable Economic Growth

Empowering People to Create Impact

Environmental Stewardship

Gender Equality

Enabling Resource Wellbeing



Regulator



Suppliers/Service Providers



Customers



Employees



Institutional/Investors Shareholders/Analyst



Media



Government



Communities

Impact on stakeholders

Leading Market Innovation for Competitive Advantage

Digitally Enabled Technology Architecture

Integrated Partner and Alliance Ecosystem

Key Elements

Risk Management Framework

Risk is an inherent part of banking business activities. The risk management framework and governance structure at MCB 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 & maintaining independent and properly resourced risk management function.
- Promoting an open risk culture
- Adopting international best practices in risk management

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The Board of Directors (BOD) at MCB Bank Limited actively drive the risk management framework. Under the valuable guidance of BOD, the Bank has a proactive approach in dealing with factors that influence its financial standing, to generate recurrent earnings and to maximize shareholder's value by achieving an appropriate trade-off between risk and returns. An effective risk management framework along-with a robust risk governance structure, strong capital & liquidity coupled with a good quality of credit portfolio remains a cornerstone of the Bank's risk management goals.

Empowerment and independence are the basic principles in risk management and it is implemented as a fundamental part of BOD's vision. Independence of areas that are responsible for measuring, analyzing, controlling and monitoring risk from the frontline risk takers (i.e. business soliciting groups) is ensured within the Bank.

Risk takers and Risk controllers have independent reporting lines, yet work together to increase Bank's value via efficient utilization of capital. Through a four eye principle for credit approval levels for corporate and retail banking, all exposure related requests are approved with the formal consent of at least two authorized individuals including one from the business side having credit approval authority and the other from risk management side having credit review authority.

The BOD and its Risk Management & Portfolio Review Committee (RM&PRC) have ensured formulation and implementation of a comprehensive risk management framework. Under the BOD's guidance, the Bank executed an effective risk strategy and continued to undertake controlled risk-taking activities within the risk management framework; combining core policies, procedures and process design with active portfolio management. The risk management framework requires strong integrated risk management practices in key strategic, capital and financial planning processes and day-to-day business processes across the organization, with a goal to ensure that risks are appropriately considered, evaluated and responded to in a timely manner.

As a matter of principle, the Bank constantly endeavors to improve its risk management framework in the light of the international best practices and regulatory guidelines. Accordingly, all policies and procedural documents that form part of the Bank's risk management framework are regularly reviewed to keep them aligned with changing market dynamics, regulatory environment and international standards. Keeping in view the international best practices and SBP requirements, BOD 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.

The RM & PRC guides the management on its risk taking activities within the policy framework approved by the BOD. Regular meetings of RM&PRC are convened to oversee the risk exposures and their trends as a result of the various initiatives undertaken by the Bank. The committee reviews different aspects of the loan portfolio which, among others, includes asset growth, credit quality, credit concentration, lending business trend and cross sectional analysis. Review of various aspects of country risk, liquidity risk, market risk covering interest rate risk, foreign exchange risk, equity price risk, technology risk along with the stress-testing is also a regular feature. Operational risk assessments, key risk indicators and major findings of Risk & Control Self-Assessment (RCSA) pertaining to processes, people, systems, technology and reputation are also regularly reviewed by the committee. The committee also reviews in detail the Bank's capital levels under Internal Capital Adequacy Assessment Process (ICAAP) and Capital Adequacy Ratio.

The Management Credit & Risk Committee is the management platform for discussion and deliberation on key risk issues in the portfolio. Regular meetings of the committee are convened to oversee the risk exposures in the portfolio of the Bank.

Credit risk review ensures to minimize credit risk associated at account and portfolio level. During the year 2024, the Bank continued with the policy to remain selective in disbursing its loan to low risk customers across all the industries & maintains a fairly diversified loan portfolio. Risk Review successfully managed to evaluate and approve increased number of loan requests, within required turnaround time, both for domestic and international operations. In line with SBP directives on implementation of IFRS-9, Bank's internal guidelines for management of 'Deteriorating Credits' have been revamped. An in-house request tracking & turnaround time monitoring software ensures tracking of proposals and monitoring of turnaround-time of credit proposals routed through the Risk Management Group. The Bank's implemented Loan Origination System (LOS) for end to end automation of credit approval process, facilitates effective management of internal policies and controls as well as regulatory requirements while also contributing towards its transition to a paperless environment under the Green Banking initiative.

The Bank has an approved Policy on Green Banking and Updated its procedures in line with State Bank of Pakistan's Environmental and Social Risk Management (ESRM) Implementation Manual. The Bank takes fair review of Environmental and Social Risks of prospect obligors and same is part of credit approval process. This exercise helps us to identify, assess, manage and mitigate possible E&S risks involved in financing and to contribute towards sustainable development.

For risk categorized as sovereign / government risk, the lending exposure is spread over multiple government owned or controlled organizations and departments which are engaged in a variety of tasks that ranges from different development related works to utility distribution and production. 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.

In order to further enhance the credit risk analysis, the Bank has in place a probability of default based Internal Credit Risk Rating (ICRR) system which is based on statistical modeling and validation in line with Basel principles. The ICRR is currently focused on corporate-commercial customer category. Furthermore, Scoring Models are also in place to calculate ICRR for Small Enterprise, Medium Enterprise, Agriculture Finance and Overseas exposures. An Internal Credit Risk Rating Model for facility risk rating has also been implemented which reflects expected loss rate of a credit facility.

In addition to the credit risk, like all financial institutions, MCB is also exposed to market risk through its trading and other investment activities. A comprehensive control structure is in place to ensure that the Bank does not exceed its qualitative and quantitative tolerance for market risk. A number of metrics like VaR methodologies complemented by sensitivity measures, notional limits, stop loss triggers at portfolio level/asset class and stress testing are used to capture and report the multi-dimensional aspects of market risk.

As an authorized derivatives dealer, the Bank is an active participant in the derivatives market. Overall limits in derivatives are approved by the BOD. Counter party limits structure for derivatives transactions is in place and exposures are monitored and reported on a continuous basis.

Operational Risk is being managed professionally in accordance with the Global Risk Management Policy, Policy on Internal Controls, Operational Risk Management Framework and various regulatory instructions. Operational Risk Inventory database covering losses, control breaches and near miss events is being maintained using professionally developed software. Operational risk events and Key Risk Indicators (KRI's) are captured and management reports are generated. A process of Risk and Control Self-Assessment (RCSA) is in place to assess the operating effectiveness of controls and to implement remedial measures as needed. Updates on operational risk events are presented to the senior management and RM&PRC of the BOD on quarterly basis.

The Bank has developed its Technology Risk Management Framework that provides guidelines to manage the technology and security risks with respect to the Information Security practices and standards. The Technology Risk Management Framework helps the management to identify and manage the key security risks and its associated threats for the critical infrastructure / IT assets of the Bank that includes people, process and technology. The Bank has also developed Key Risk Indicators (KRI) for the monitoring of risks related to technology and security in the areas of Project / Patch, Incident, Capacity, Availability, Security, Operations / Outsource and updates related to these are presented to the senior management and RM&PRC of the BOD on quarterly basis. The Information security awareness programs of the Bank are aimed at building capacity and inculcating risk aware culture in the staff, whereas, the security operations center monitors the threats posing risks to the MCB environment.

Capital Structure of the Bank

The Bank remained a well-capitalized institution with a capital base well above the regulatory limits and capital requirements under Basel frameworks. The Bank continues with a policy of sufficient profit retention to increase its risk absorption capacity. Bank's total Capital Adequacy Ratio is 19.35% against the requirement of 11.50% (including capital conservation buffer of 1.50%). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.49% against the requirement of 6%. The Bank maintained the leverage ratio of 6.37% which is well above the regulatory limit of 3.0%.

Liquidity Management and Strategy to Overcome Liquidity Position

The Asset Liability Management Committee of the Bank has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management (ALM) function. BOD has approved a comprehensive Liquidity Risk Policy (part of the Global Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences and evaluation of Banks' liquidity under normal and stress scenarios. The underlying policies and procedures are reviewed and approved regularly at the senior management and BOD levels covering the Global Risk Management Policy, Global Treasury Policy, Investment Policy and Liquidity Strategy including Contingency Funding Plan.

Bank's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing in order to ensure effective and timely decision making. The liquidity risk management approach at the Bank involves intra-day liquidity management, managing funding sources and evaluation of structural imbalances in the statement of financial position. A large and stable customer deposits base, along with a strong capital base provides strength and support for maintenance of a strong liquidity position. The Bank also has a substantial portfolio of marketable securities that can be realized in the event of liquidity stress.

Further, in line with SBP's directives, the Bank has fully implemented BASEL III required liquidity standards and maintains liquidity ratios. The Bank reported Liquidity Coverage Ratio (LCR) of 241.33% and Net Stable Funding Ratio (NSFR) of 128.29% against requirement of 100%.

Sensitivity Analysis due to Foreign Currency Fluctuation

The PKR appreciated by around 1.17% against the US Dollar in 2024. Foreign exchange risk exposes the bank to changes in the value of exposure denominated in foreign currencies due to the exchange rate fluctuation and volatility. The types of the instruments exposed to this risk are mainly investments in foreign branches, advances and deposits denominated in foreign currency, cash flows in foreign currencies arising from foreign exchange transactions etc.

The core objective of the foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank remains within defined risk appetite and insulates the 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 in different tenors in major currencies are in place to control captioned risk. Bank's net open position and Foreign Exchange Exposure Limits (FEEL) are monitored and reported on intra-day and day end basis. Foreign exchange risk parameters including VaR are generated and monitored on a daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the BOD is also a regular feature.

Impact of 1% change in foreign exchange rates on:

	2024		2023	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rs. 000)			
Profit and loss account	(28,479)	–	(13,356)	–
Other Comprehensive Income	210,834	–	128,034	–

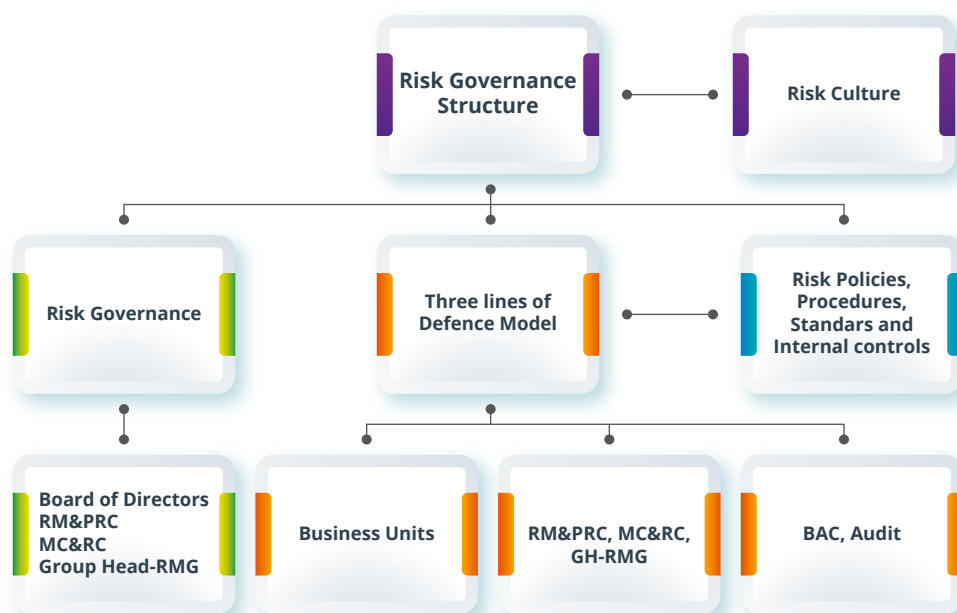
Risk and Opportunity Report

At MCB, a comprehensive Risk Management Framework around an approved risk appetite is in place. Mechanisms are defined for every identified risk to ensure that the Bank continuously evaluates the associated risks and ensures presence of operational mitigating controls. The Bank remains committed to exploring every possible opportunity to translate it into revenues / returns for the stakeholders, while making sure that the related risk is adequately managed.

Risk Governance Model

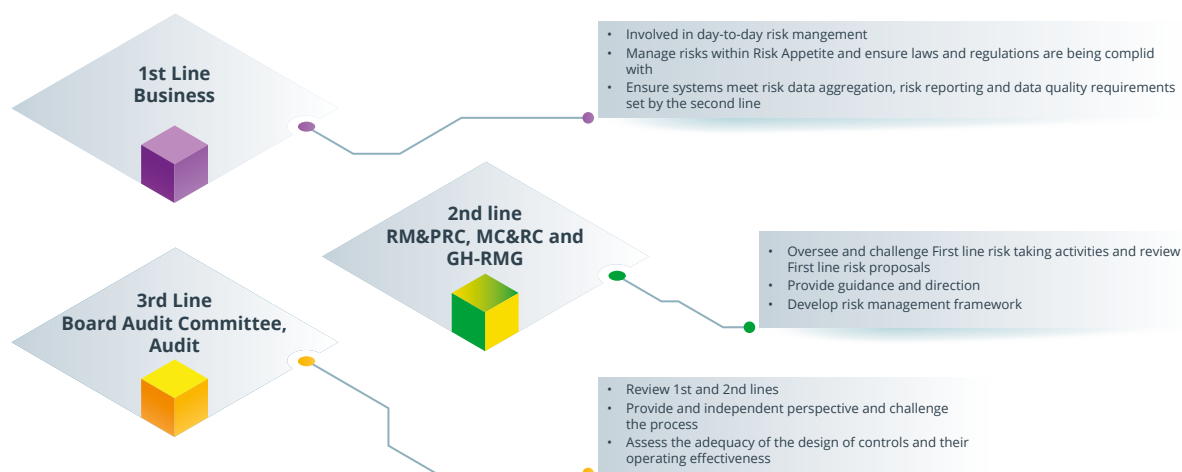
- Board of Directors (BOD)
- Risk Management & Portfolio Review Committee (RM&PRC)
- Management Credit & Risk Committee (MC&RC)
- Group Head – Risk Management

Graphical presentation of risk governance structure is as follows:



Three lines of Defence model

The Bank has a well-structured Risk Management model based on three lines of defence which are independent of each other. Each line of defence is executed by different organizational units. The first line of defence consists of business divisions and support units from whose activities the risks arise. RM&PRC being the second line of defence develops frameworks, policies, procedures and establishes risk appetite. Periodical stress testing and continuous monitoring are also an integral part of the second line of defence. The third is the audit and compliance functions which offer an independent oversight.



Assessment of the principal risks facing the Bank by the Boards of Directors:

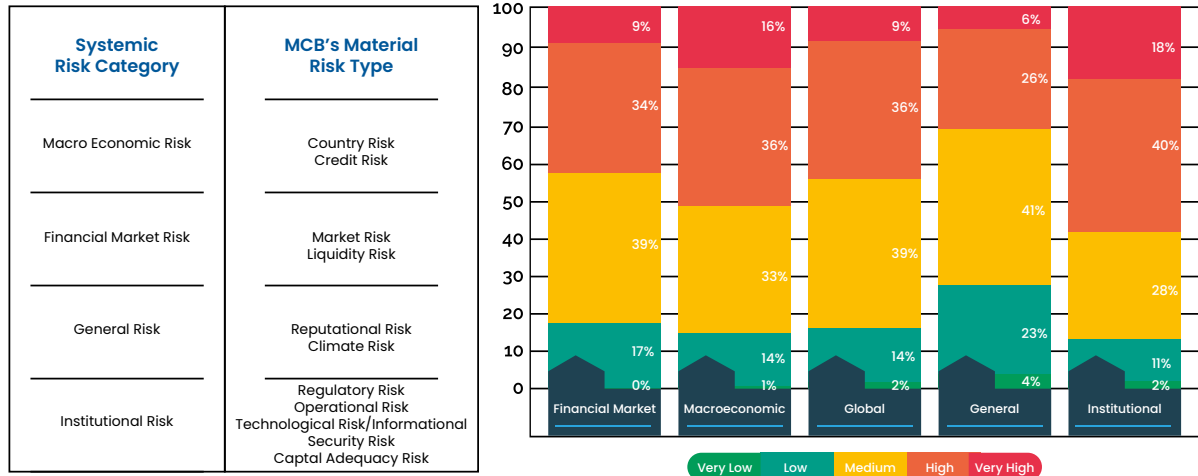
The BOD's have carried out a robust assessment of the principal risks facing the Bank, including those that would threaten the business model, future performance, solvency or liquidity.

Bank has identified the following risks after analyzing the external and internal factors:

Factors	Source	Risks
Economic	External	Market Risk: The risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.
	External	Capital Adequacy Risk: The risk that the Bank has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions.
	External	Credit Risk: The risk of loss to the Bank from the failure of clients, customers or counterparties, including sovereigns, to fully honor their obligations, including the whole and timely payment of principal, interest, collateral and other receivables.
	External/Internal	Liquidity Risk: The risk that the Bank is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.
Technology/ Systems	Internal/ External	Technological /Information Security Risk: Technology poses a formidable threat with the potential for disruptive anomalies, leading to critical disruptions or failures that can undermine MCB's business processes, severely compromising the Confidentiality, Integrity and Availability of its technology environment. Technology Risk Assessment serves as a vital tool for management enabling the identification and mitigation of key risks, potential threats, and vulnerabilities across the Bank's primary & secondary Technology Infrastructure. Operational Risk The risk of loss to the Bank from inadequate or failed processes or systems, human factors (errors, negligence or internal/external frauds) or due to natural / man-made disruptions (riots- earthquakes etc.) where the root cause is not due to credit or market risks.
Political	External	Country Risk: Political stability and controlled law & order situation is a pre-requisite for any economic development and reposes investor confidence in the country, providing corporates a potential investment opportunity. However, political instability can negatively impact the economy / equity market, thus resulting in decreased profitability.
Legal & Regulatory	Internal/External	Regulatory Risk: The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements. Key sources of uncertainty include unexpected regulatory requirements which may have negative impact on the bottom line of the banks.
Social	Internal/External	Reputation Risk: The risk that an action, transaction, investment or event will reduce trust in the Bank's integrity and competence by clients, counterparties, investors, regulators, employees or the public.
Environmental	External	Climate Risk: Climate change presents physical and transition risks with a direct impact on credit worthiness and likelihood of default for credit exposures.

Key Sources of Systemic Risks

Results of the latest SBP bi-annual 'Systemic Risk Survey' revealed following perceptions of market participants related to key risks that shall continue to impact stability of financial system in the country over the next 6 months:








Materiality Approach

Matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the reputation, performance and profitability of the Bank. The materiality process helps to navigate the complex landscape of stakeholder expectations, risks and opportunities. The BOD of the Bank has approved Materiality Policy for the Bank.









Summarized risks, opportunities and related mitigating factors identified through detailed analysis of key external and internal factors impacting the operating context of the Bank are documented below:-

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
Market Risk	High	Medium probability	<p>Measurement: Bank is exposed to market risk through its trading and other investment activities. Metrics like VaR methodologies complemented by sensitivity measures, notional limits, loss triggers at a detailed portfolio level and stress testing are used to capture and report the multi-dimensional aspects of market risk.</p> <p>Monitoring: A comprehensive structure, ensuring the Bank does not exceed its qualitative and quantitative tolerance for market risk, is in place.</p> <p>Management: The Bank has followed a conservative and balanced approach towards risk taking in the market risk area. The robust risk management architecture ensures that the exposures remain within the defined risk appetite.</p> <p>Furthermore, a comprehensive control structure is in place to ensure that the Bank does not exceed its qualitative and quantitative tolerance for market risk. A number of metrics like VaR methodologies complemented by sensitivity measures, notional limits, stop loss triggers at portfolio level/asset class, and stress testing are used to capture and report the multi-dimensional aspects of market risk.</p>	
Capital Adequacy Risk	High	Medium probability	<p>Measurement: The Bank is a well-capitalized institution with a capital base well above the regulatory limits and Basel-III requirements.</p> <p>Monitoring: The Bank regularly assesses the capital requirements and ensures that the minimum capital requirements specified by the State Bank of Pakistan are adhered to. Internal Capital Adequacy Assessment is a regular activity. Stress levels of major risks are assessed against the minimum capital requirement.</p>	

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
			<p>Regular assessment of capital enables an evaluation of the amount, type and distribution of capital required to cover these risks.</p> <p>Management: The Bank remained a well-capitalized institution with a capital base well above the regulatory limits and capital requirements under BASEL frameworks. The Bank continues with a policy of sufficient profit retention to increase its risk absorption capacity. Bank's total Capital Adequacy Ratio is 19.35% against the requirement of 11.50% (including capital conservation buffer of 1.50%). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.49% against the requirement of 6%. The bank maintained a leverage ratio of 6.37% which is well above the regulatory limit of 3.0%.</p> <p>Going-concern capital requirements are assessed on a forward-looking basis – including as part of the annual budgeting process. These assessments consider the resilience of capital adequacy and leverage ratios under a range of hypothetical future states. The assessments incorporate assumptions regarding a range of regulatory and accounting aspects, such as IFRS 9, taking account of a number of factors including economic variables and impairments.</p> <p>The Bank will continue the policy of sufficient profit retention to increase its risk taking capacity and capitalize opportunities to protect the interests of stakeholders in the short, medium and long term.</p>	
Credit Risk	High	Medium probability	<p>Measurement: Credit Risk Management function identifies, measures, manages, monitors and mitigates credit risk. Credit Risk is measured and estimated through detailed financial and non-financial analyses, internal and external credit risk ratings, environmental risk rating and customers' behavior analysis. Stress testing of top customers in credit portfolio is also carried out regularly.</p> <p>Monitoring: Credit Risk Management organizational structure ensures pre and post-facto management of credit risk. Credit Review function carries out pre-fact evaluation of counterparties & the credit structures and hindsight reviews, the Credit Risk Control (CRC) function performs post-fact monitoring including security documentation and limits monitoring. Business side continuously keeps in touch with customers to have updated information about the clients.</p> <p>Management: Bank has been selective in taking exposure on good quality borrowers across all industry segments. Multiple factors in Bank's lending structure provide additional comfort and support in mitigating credit risk. These include quality of eligible collateral, pre-disbursement safety measures, post disbursement monitoring, etc. Bank has a fairly diversified loan portfolio.</p>	

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
			<p>Credit Risk Review ensures to minimize credit risk associated at account and portfolio level. During the year, the Bank continued with the policy to remain selective in disbursing its loan to low risk customers across all the industries & maintains a fairly diversified loan portfolio. Risk Review successfully managed to evaluate and approve increased number of loan requests, within required turnaround time, both for domestic and international operations. Bank's implemented Loan Origination System (LOS) for end to end automation of credit approval process facilitates effective management of Bank's internal policies & controls as well as regulatory requirements. LOS has also contributed towards Bank's transition to paperless environment under the Green Banking initiative.</p> <p>For risk categorized as sovereign/ government risk, the lending exposure is spread over multiple government owned or controlled organizations and departments which are engaged in a variety of tasks that range from different development related works to utility distribution and production. 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.</p> <p>Through a four eye principle for credit approval levels for corporate and retail banking, all such exposure related requests are approved with the formal consent of at least two authorized individuals including one from business side having credit approval authority and other from risk management side having credit review authority.</p> <p>The MC&RC is the management platform for discussion and deliberation on key risk issues in the portfolio. Regular meetings of the committee are convened to oversee the risk exposures in the portfolio of the Bank.</p> <p>In order to further enhance the credit risk analysis, the Bank has in place a probability of default based Internal Credit Risk Rating (ICRR) system which is based on statistical modeling and validation in line with Basel principles. The ICRR is currently focused on corporate-commercial customer category. Furthermore; Scoring Models are also in place to calculate ICRR for Small Enterprise, Medium Enterprise, Agriculture Finance and Overseas exposures. An Internal Credit Risk Rating Model for facility risk rating has also been implemented which reflects expected loss rate of a credit facility.</p>	
Liquidity Risk	High	Medium to Low probability	<p>Measurement: MCB regularly performs Liquidity Risk Analysis and liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity risk assessments and stress tests is intended to ensure sufficient liquidity for the Bank under both idiosyncratic and systemic market stress conditions.</p> <p>Monitoring: Liquidity positions are regularly monitored through established early warning Indicators and liquidity risk analysis. Liquidity Coverage Ratio and Net Stable Funding Ratios are monitored regularly.</p> <p>Management: MCB's Liquidity Risk Management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.</p>	  

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
			<p>The Bank's large and stable base of customer deposits, along with Bank's strong capital base, indicates strong liquidity position. Bank also has a substantial portfolio of marketable securities that can be realized in the event of liquidity stress.</p> <p>The Asset Liability Management Committee of the bank has the responsibility for the formulation of overall strategy and oversight of the Asset Liability Management (ALM) function. BOD has approved a comprehensive Liquidity Risk Policy (part of Global Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Banks' liquidity under normal and stress scenarios. Underlying policies and procedures are reviewed and approved regularly at the senior management and BOD levels; including Global Risk Management Policy, Global Treasury Policy, Investment Policy and Liquidity Strategy.</p> <p>Further, in line with SBP's directives, Bank has fully implemented BASEL-III required liquidity standards and maintains liquidity ratios including LCR and NSFR with a considerable cushion over and above the regulatory requirement to mitigate any liquidity risk.</p>	  
Technological/ Information Security Risk	High	Medium probability	<p>Monitoring & Management: Through technology risk monitoring process for its IT assets, bank tracks and evaluates the levels of technology and security risk with the evolving risk & threat landscape. The findings of produced by risk monitoring processes are used to create new and updated risk mitigation and monitoring strategies considering the regulatory compliance in-line with the best practices .</p> <p>The Bank has developed and practice Information Technology Risk Assessment Framework which enables better management of technology and security risk properly. The Information Security Risk Division is headed by the Chief Information Security Officer (CISO) reporting to the Group Head Risk Management.</p>	 
Country Risk	Low	Medium to low probability	<p>Measurement: Bank's Country Risk exposure is assessed against its cross border trade and treasury activities.</p> <p>Monitoring & Management: Monitoring of risk exposure is a regular activity. Country exposure limits both for trade and treasury exposures are in place, which broadly capture direct exposure on sovereigns and foreign domiciled counterparties.</p>	
Operational Risk	Medium	Medium to low probability	<p>Measurement: A database covering losses, control breaches, near misses & KRIs is being maintained. Operational Effectiveness of controls is assessed using the Risk & Control Self-Assessment (RCSA) process.</p> <p>Monitoring: Monthly/Quarterly updates on operational risk events are presented to senior management, MC&RC and the RM&PRC of the Board.</p> <p>Management: The Bank has an internal Operational Risk awareness program which is aimed at building capacity and inculcating risk culture in the staff through workshops and on-job awareness. Banks' capacity to capture & report operational risk events and KRIs is further enhanced by implementing more professionally developed Operational Risk Management Software. Bank uses RCSA as an important tool to assure control effectiveness and take timely corrective measures where required.</p>	 

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
Regulatory Risk	Medium	Medium probability	<p>Measurement: Management of regulatory risk entails early identification and effective management of changes in legislative and regulatory requirements that may affect the Bank.</p> <p>Monitoring & Management: The Bank reviews key regulatory developments in order to anticipate changes and their potential impact on its performance.</p> <p>The Bank endeavors to maintain healthy relationships with regulators and continued compliance with regulatory requirements.</p>	 
Reputation Risk	Low	Low probability	<p>Monitoring & Management: Reputational risk is managed on an ongoing basis through a policy framework that details expected behavior of the business and employees. It guides us on the monitoring of employee behavior and specific client responses as well as to society in general. This includes precise and transparent reporting through our integrated annual report, annual financial statements and through other public statements.</p> <p>Our risk mitigation strategy includes:</p> <ul style="list-style-type: none"> • a centralized policy on media; • an escalation process for complaints; and • clear relationships with stakeholders 	  
Climate Risk	Medium	Medium Probability	<p>Monitoring & Management: Effective management of climate risk requires its integration throughout existing workflows, as a separate dimension, within Banks' overall risk management framework.</p> <p>The Bank has an approved Policy on Green Banking and has updated its procedures in line with State Bank of Pakistan's Environmental and Social Risk Management (ESRM) Implementation Manual. The Bank takes fair review of 'Environmental and Social (E&S) Risks' impacting prospect obligors and the same is part of the credit approval process. This exercise helps the Bank to identify, assess, manage and mitigate possible E&S risks involved in financing and to contribute towards sustainable development.</p>	  

Opportunities

Source	Opportunity	Strategy to Materialize
External	Building strategic national/international alliances to contribute towards China Pakistan Economic Corridor (CPEC) execution.	Re-aligning the business model through segmentation and expansion of branch network.
Internal	Strong capital base and high Capital Adequacy Ratio provides the opportunity of exploring International avenues in emerging/developed markets to expand Bank's network.	Explore new markets after performing the feasibility studies.
Internal	Developing and launching new deposit products to align & strengthen the existing product menu and to capitalize on the growing branchless and mobile/digital Banking opportunities.	Increase focus on digitalization and automation of process. Introduce new products considering the needs of different segments of the population.
Internal	Increasing Bank's advances portfolio with enhanced focus on agriculture, SME and other segments.	Widening the scope of branch network in potential / untapped areas. Align product expertise with client domicile. Streamline and simplify processes for quick disbursement of advances
External	Facilitating non-resident Pakistanis to increase the flow of home remittances.	Entering into new contracts with foreign agents. Placement of Bank representatives overseas and increase marketing activities. Explore new markets to increase customer base.

Information about defaults in payment of any debts and reason thereof

There is no default by the Bank in payments of any debts during the year.

Inadequacy in the Capital structure and plans to address such inadequacy

The Bank is not presently facing any kind of inadequacy in capital structure.

Directors' Report

We are pleased to present, on behalf of the Board of Directors, the annual report of MCB Bank Limited (MCB) for the year ended December 31, 2024.

Profit and Appropriation

The profit before and after taxation for the year ended December 31, 2024 together with appropriations is as under:

	(Rs. in Million)
Profit Before Taxation	118,420
Taxation	60,805
Profit After Taxation	57,615
Un-appropriated profit brought forward	96,040
Impact of adoption of IFRS 9	799
Re-measurement gain on defined benefit obligations - net of tax	2,423
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	1,794
Surplus realized on disposal of revalued property and equipment - net of tax	14
Surplus realized on disposal of non-banking assets - net of tax	20
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to un-appropriated profit - net of tax	146
	101,236
Profit Available for Appropriation	158,851
Appropriations:	
Transfer to Statutory Reserve	(5,761)
Final Cash Dividend at Rs. 9.0 per share - December 31, 2023	(10,666)
First Interim Cash Dividend at Rs. 9.0 per share - March 31, 2024	(10,666)
Second Interim Cash Dividend at Rs. 9.0 per share - June 30, 2024	(10,666)
Third Interim Cash Dividend at Rs. 9.0 per share - September 30, 2024	(10,666)
Total Appropriations	(48,425)
Un-appropriated Profit Carried Forward	110,426
Earnings Per Share (Rs)	48.62

Dividends

The Board of Directors declared a final cash dividend of Rs. 9.00 per share for the year ended December 31, 2024, which is in addition to Rs. 27.00 per share interim dividends already paid to the shareholders, taking the dividend payout ratio for 2024 to 74.05%. The effect of final cash dividend declared is not reflected in the above appropriations.

Performance Review

2024 marked another year of strong financial performance for the Bank. The profit before taxation (PBT) and profit after taxation (PAT), for the year ended December 31, 2024, were reported at Rs. 118.4 billion and Rs. 57.6 billion respectively; translating into earnings per share (EPS) of Rs. 48.62. The Bank's resilient performance is attributed to its stable core earnings base, diversified revenue streams, cost optimization initiatives and a strong risk management framework.

Despite a negative spread on saving deposits in the latter half of the year, net interest income recorded a modest 1% year-on-year growth. Non-markup income registered a strong increase of 14%, reaching Rs. 37.4 billion. This growth was primarily driven by a 5% rise in fee and commission income to Rs. 21.2 billion, an 8% increase in foreign exchange income to Rs. 9.2 billion, a 15% surge in dividend income to Rs. 3.5 billion, and gains on securities amounting to Rs. 3.1 billion.

In line with its strategy to diversify revenue streams, MCB saw strong growth in fee-based income across multiple channels, including a 32% increase in card-related income, 18% growth in branch banking fees and a 61% rise in investment service commissions. The Bank continues to invest in digital transformation, enhancing customer experiences and improving operational efficiency; fostering broad-based growth across digital platforms.

Operating expenses increased by 18%, primarily due to key expenditure outlays relating to staff costs, marketing, utilities, and IT related upgrades. However, the cost-to-income ratio of the Bank remained efficient at 32.68%, reflecting a disciplined financial management approach amidst continued investment in innovation and talent development.

With a strong focus on asset quality, the Bank's robust credit risk management kept non-performing loans (NPLs) at Rs. 53.5 billion as of December 31, 2024, with coverage and infection ratios improving to 99.34% and 4.89% respectively.

On the financial position side, total assets' base of the Bank was reported at Rs. 2.7 trillion; representing an increase of 11% over year end i.e. December 31, 2023. Return on Assets and Return on Equity was reported at 2.25% and 26.56% respectively, whereas the book value per share was reported at Rs. 191.73.

A rigorous deposit mobilization drive, focused on building no cost deposits, translated into growth of Rs. 116.8 billion in Bank's total deposit base. Current deposits increased to the tune of Rs. 944 billion (+8.4%) while the CASA ratio improved to 97.24% compared to 96.81% reported at year end.

During 2024, MCB attracted home remittance inflows of USD 4,592 million (+41%), improving market share to 13.2%, to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) stands at 19.35% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.49% against the requirement of 6.0%. Bank's capitalization also resulted in a Leverage Ratio of 6.37% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 241.33% and Net Stable Funding Ratio (NSFR) of 128.29% against requirements of 100%.

MCB's exceptional performance in the financial sector were recognized by the Asian Development Bank (ADB) at the 10th Annual Trade and Supply Chain Finance Program (TSCFP) awards in Singapore. The Bank was honored with two prestigious accolades: 'Leading Partner Bank in Pakistan' and the 'Momentum Award – Issuing Bank', highlighting MCB's contribution to trade growth and its reliability in supporting local businesses with international trade solutions.

MCB Bank's Annual Report for the year 2023 was ranked first in the Banking sector and was also adjudged as the overall winner across all categories by the Joint Evaluation Committee of Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants (ICMA). The award highlights MCB's focus on achieving excellence in governance practices and transparency in corporate reporting.

To retain and further consolidate its market position, the Bank has continued to invest in the upgradation of its existing locations with the objective of enhancing customer experiences while the digital access points are being continuously augmented to extend customer outreach. As at December 31, 2024, the overall branch network of the Bank stood at 1,403 branches along with 13 sub-branches while the ATM network increased to 1,477.

Impact of Government Policies on the Bank's Performance

Amidst the various challenges faced by the Bank, encompassing a tough operating environment, lower economic activity and rising cost of doing business, MCB has stayed committed in supporting 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, banking on equality, digitalization of financial services, promotion of sustainable finance and facilitation of overseas Pakistanis included:

- Sustained focus on serving the economically significant and priority sectors, including agriculture and SME sectors, through product diversification and customer awareness, acquisition and facilitation approaches:
 - actively participated in the 'Risk Coverage Scheme for Small and Medium Enterprises (SMEs)' introduced by the Government of Pakistan; in collaboration with SBP. The scheme is part of the ongoing concerted efforts on a national scale to expand size of SME financing in the country. Since introduction in mid-year, the Bank has disbursed Rs. 32.63 million to SME's, under the scheme, as at December 31, 2024. Furthermore, at year end, the Bank's total SME book size stood at Rs. 16,835 million.
 - the Bank surpassed its regulatory target for agriculture credit disbursements in 2024; with total disbursements being recorded at Rs. 175,204 million. The Bank is also on track to achieve the disbursement target for 2025; which would translate into a robust growth rate of more than 20% in credit disbursements.

- In order to empower the farming community by creating awareness regarding the available financial schemes and government-driven initiatives for agricultural expansion, MCB conducted 371 awareness sessions nationwide under SBP's "Agriculture Finance Literacy Program (AFLP)".
- Undertook initiatives that collectively fostered financial inclusion by promoting digital financial services in the unserved/underserved segments:
 - with a view to improve existing product propositions and enhance customer offerings, revamped 'MCB Ladies Account' into 'MCB Nayab Account'. The product is tailored exclusively to cater to the requirements of the female segment. This new identity with improved value additions is exclusively designed to further enrich gender equilibrium in Bank's customer mix.
 - the Bank organized 7 awareness sessions, during the year, for promoting financial inclusion and empowerment amongst female farmers. Key features of MCB's Agri products, tailored to support agricultural activities, financial independence and business growth, were introduced. The sessions further highlighted benefits of effective financial management through banking services, economic independence and self-reliance. Bank's total disbursement of loans to women and women-owned and managed enterprises during the year amounted to Rs. 5,687 million.

MCB's contribution to the cause of empowering individuals, segments and communities, with the knowledge and tools needed to make informed financial decisions, was also recognized in the inaugural event of Pakistan Financial Literacy Week (PFLW); wherein MCB was awarded the prestigious 'Financial Literacy Champion Bank' award in big banks category by the SBP.
- Inculcated sustainability considerations into the overall credit assessment process within the purview of SBP's 'Environmental and Social Risk Management' implementation strategy. This transition is essential for supporting the national agenda of a resilient and sustainable economy. As at December 31, 2024, following milestones have been successfully met under various phases of ESRM implementation:
 - the Bank has developed its 'Green Banking Policy' and ESRM implementation manual. Additionally, an ESRM department has also been setup as a sperate function.
 - the Bank has started screening loan files on ESRM related requirements; in parallel to the conventional credit risk management procedures. The screening process has been completely rolled out on Bank's outstanding exposure in top 7 industries and the Bank has been regularly reporting ESRM related quantitative data to the SBP.
- Facilitation of overseas Pakistani's under the RDA initiative and other national financial inclusion/support initiatives have remained a key focus area for the Bank. During the year under review, the Bank successfully handled a volume of over 13.5 million in home remittance transactions, attracting cumulative inflows in excess of USD 4.5 billion.

MCB's outstanding performance was also acknowledged in the 4th edition of Pakistan Remittance Summit; wherein the Bank was recognized as the third largest bank in country's remittance market. This accolade underscores Bank's efforts to promote financial inclusion, facilitate remittances and contribute to the country's economic growth.

- In 2023, as part of the RAAST implementation project, SBP announced formal rollout of the person to merchant (P2M) service in order to accelerate the pace of digital payment acceptance and digitization of merchant and businesses transactions in the country. MCB, remaining steadfast in its commitment to support the national drive towards digital transformation, successfully rolled out P2M service during the year in review. As of December 31, 2024, the Bank had achieved an aggregate onboarding of 252 merchants on its network whereas the total transactional volume generated since formal service rollout has exceeded Rs. 60 million.

Economy Review

Global Economy

In 2024, the global economy faced a confluence of challenges that tested its resilience; ranging from geopolitical tensions to extreme weather events. These challenges presented themselves amidst the underlying currents of easing monetary policies and general elections across the world, while the megatrend of artificial intelligence (AI) continued to underpin transformative development globally. These factors not only highlighted vulnerabilities across various sectors but also uncovered new opportunities.

Geopolitical events posed significant risks in 2024. The ongoing Russian-Ukrainian conflict and the war in the Middle East weighed heavily on the world's energy supply. The Russian energy supply disruptions are being felt sharply by the Europeans. Beyond these conflicts, political uncertainty took center stage as over 100 countries conducted elections, including the United States.

Amidst this backdrop, global growth softened. The International Monetary Fund (IMF) estimated a world growth rate of 3.2% for 2024, marginally lower than 2023's global growth rate of 3.3%. Rising credit costs curtailed corporate and consumer spending, while governments grappled with escalating debt burdens, leading to reduced fiscal expenditures. Weak demand in China, coupled with volatility in energy markets, added further pressure. Oil prices swung between USD 69 and USD 91 per barrel, ultimately declining by 3% for the year. Meanwhile, gold re-emerged as a safe haven, surging by an impressive 27%.

On a positive note, advancements in artificial intelligence reshaped industries, with healthcare and manufacturing leading the charge. AI-driven efficiencies bolstered corporate earnings, particularly in the technology sector, and reflected in the robust performance of global equity markets. Wall Street saw the S&P 500 and NASDAQ index climb by 24% and 30%, respectively, while European markets also recorded gains, with the exception of the CAC 40 index, which was weighed down by political instability. Regional markets were similarly upbeat, with Pakistan's KSE100 index delivering an exceptional 84% annual gain, setting a benchmark for peers.

Despite these gains, climate resilience emerged as a pressing concern in 2024. Extreme weather events—including devastating floods in South Asia and record-breaking heatwaves across Europe—inflicted billions of dollars in economic damage. The urgency of addressing climate change transitioned from a distant priority to an immediate imperative, prompting businesses and governments to focus on sustainability.

Monetary policy easing provided a silver lining. Declining inflation and improving economic indicators allowed central banks in developed and emerging markets to adopt accommodative stances. Interest rate cuts in the United States, Euro Area, China, and the United Kingdom provided much-needed liquidity to stabilize economies.

Domestic Economy

The year 2024 brought political stability and encouraging economic developments for Pakistan. Economically, Pakistan made significant strides. The country initiated a USD 7 billion Extended Fund Facility (EFF) agreement with the IMF in September, succeeding the prior USD 3 billion program. Spanning 37 months, this facility underscores Pakistan's commitment to fiscal discipline and structural reforms.

On the monetary front, the State Bank of Pakistan (SBP) slashed interest rates by a cumulative 900 basis points since June 2024. The policy rate fell from 22% to 13% by December 2024, driven by declining inflation, external stability, and favorable commodity prices. Subsequently, in January 2025, the SBP has further reduced the policy rate by 100 basis points to 12%. CPI inflation dropped dramatically from 29.7% YoY in December 2023 to 4.1% YoY by December 2024, signaling a return to economic normalcy.

Encouragingly, the Current Account recorded a surplus of USD 1.2 billion in the first half of FY2025, supported by robust exports and workers' remittances totaling USD 20.3 billion and USD 17.8 billion respectively. Foreign exchange reserves rose to USD 15.93 billion by December 2024, up from USD 12.67 billion a year earlier, stabilizing the PKR/USD exchange rate.

Despite these gains, challenges persist. Pakistan continued to face an energy crisis fueled by circular debt, high electricity costs, and dependence on imported fuels. The government-initiated renegotiations with Independent Power Producers (IPPs), terminating agreements and focusing on improving transmission and distribution efficiencies.

Revenue shortfalls also posed a hurdle. The Federal Board of Revenue (FBR) reported a deficit of Rs. 386 billion during the first half of FY2025, attributed to fluctuating imports, inflationary pressures, and changes in large-scale manufacturing. To address this shortfall, the government must enhance tax collection, widen the tax base and improve compliance to meet IMF benchmarks.

Future Outlook of the Economy

Looking ahead, global growth is projected to remain steady at 3.3% in 2025, according to the IMF. While monetary easing and declining inflation may bolster economic activity, persistent risks from geopolitical conflicts, trade tensions, and elevated debt levels present significant headwinds, particularly for vulnerable economies.

For Pakistan, the IMF forecasts modest growth of 3% for FY2025, with the World Bank projecting a slightly lower estimate of 2.8%. Key risks to economic recovery include geopolitical tensions, social unrest, and extreme weather events. Inflation is expected to average between 5.5% and 7.5%, though potential tax increases and tariff rebasing may exert upward pressure.

To sustain recovery, Pakistan must prioritize fiscal consolidation, reduce circular debt, and improve tax collection by targeting untapped sectors. Privatization of state-owned enterprises and streamlining provincial expenditures can alleviate fiscal burdens, while investments in agricultural technology can enhance crop yields and GDP. An export-driven growth strategy will be critical to improving long-term economic prospects of the country.

Risk Management Framework

The risk management framework has been separately disclosed in the Annual Report.

Credit Rating

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at “AAA / A1+” for long term and short term respectively, through its notification dated June 22, 2024.

Statement on Internal Control

The Board is pleased to endorse the statement made by management relating to Internal Control over Financial Reporting (ICFR) and overall internal controls. The Management’s Statement on Internal Controls is included in the Annual Report.

Statement under Code of Corporate Governance and section 227 of Companies Act 2017:

The Board of Directors is committed to ensure that the requirements of Corporate Governance set by the Securities and Exchange Commission of Pakistan and requirements of Section 227 of Companies Act 2017 are fully met. The Bank has adopted good corporate governance practices and the Directors are pleased to report that:

- The financial statements, prepared by the management of the Bank, present a fair state of its affairs, result of its operations, cash flows and changes in equity.
- Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for the change in accounting policy as described in note 6.1 to the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed and explained in the Annual Accounts.
- There has been no material departure from the best practices of corporate governance.
- There are no significant doubts upon the Bank’s ability to continue as a going concern.

- Profit amounting to Rs. 5.761 billion has been transferred to the Statutory Reserve for the year 2024.
- The System of Internal Control is sound in design and has been effectively implemented and monitored.
- Key operating and financial data of the last six years is presented in the performance, position and outlook section of this Annual Report.
- Pattern of Shareholding, complying with the requirements prescribed by the Code of Corporate Governance is annexed with this Annual Report.
- Statement of Compliance with Code of Corporate Governance is included in the Annual Report.
- Composition of the Board is given in the Statement of Compliance with the Code of Corporate Governance in the corporate governance section of this Annual Report.
- Names of the persons who, at any time during the year 2024, were directors of the Bank have been separately disclosed in the corporate governance section of this Annual Report.
- The Committees of Board of Directors along with their terms of reference/charter have been separately disclosed in the corporate governance section of this Annual Report.
- The number of Board and committees’ meetings held during the year and attendance by each Director has been separately disclosed in the corporate governance section of this Annual Report.
- Details of directors’ training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The remuneration policy of non-executive directors, including independent directors, as approved by the Shareholders of the Bank is disclosed in the corporate governance section of this Annual Report.
- Detail of remuneration of Chairman, President & CEO and non-executive directors is disclosed in note 42 of the unconsolidated financial statements.
- The principal risks and uncertainties facing the Bank have been disclosed separately in this Annual Report.
- The assessment of sustainability related risks and measures taken to promote diversity, equity and inclusion in the Bank are disclosed in the sustainability & CSR of this Annual Report.

Corporate Social Responsibility (CSR)

The Board acknowledges its rightful duty to operate as a highly socially responsible bank. The activities undertaken by the Bank with regard to CSR are disclosed in the sustainability & CSR section of this Annual Report.

External Auditors

The retiring Auditors, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible for the next term have offered themselves for reappointment. Therefore, upon recommendation of the Audit Committee, the Board recommends appointment of M/s A. F. Ferguson & Co., Chartered Accountants, as the statutory auditors of the Bank for the financial year 2025 in the forthcoming Annual General Meeting.

Appreciation and Acknowledgements

The Board of Directors of MCB Bank Limited would like to thank the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory bodies for their continued support, all shareholders and customers of the Bank for their trust, and our employees for their continuous dedication and commitment.

For and on behalf of the Board of Directors,



Muhammad Nauman Chughtai
President & CEO
MCB Bank Limited



Mian Umer Mansha
Director
MCB Bank Limited

February 06, 2025



- بینک کو درپیش بنیادی عوامل اور غیر یقینی صورتحال کو اس سالانہ رپورٹ میں الگ سے بیان کیا گیا ہے۔

- پائیداری سے متعلق خدشات کا اندازے اور بینک میں تنوع، مساوات اور شمولیت کو فروغ دینے کے لیے کیے گئے اقدامات کو اس سالانہ رپورٹ کے کارپوریٹ سسٹین ایبیلیٹی کے سیکشن میں بیان کیا گیا ہے۔

کارپوریٹ معاشرتی ذمہ داریاں سی ایس آر (CSR):
بورڈ معاشرتی طور پر اتھرائی ذمہ دار بینک کی حیثیت سے اپنے مفراض پر عملدرآمد کا مکمل ادراک رکھتا ہے۔ سی ایس آر (CSR) کے حوالے سے بینک کے لیے گئے تمام اقدامات کو اس سالانہ رپورٹ میں موجود کارپوریٹ سسٹین ایبیلیٹی (برداشت کی قوت) رپورٹ میں واضح کیا گیا ہے۔

بیرونی آڈیٹرز

ریٹائرنگ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (A.F. Fergusons & Co) چارٹرڈ اکاؤنٹینٹس، اگلی مدت کے لیے اہلیت کے باعث دوبارہ تقرر کے خواہشمند ہیں۔ آڈٹ کمیٹی کے مشورے کے مطابق بورڈ آف ڈائریکٹرز اپنے آنے والے سالانہ عام اجلاس کے لیے میسرز اے فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، کو مالی سال 2025ء کیلئے قانونی (Statutory) آڈیٹرز تجویز کرتے ہیں۔

تسلیم و تحمین

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکورٹی اینڈ اینجینج کمیٹی آف پاکستان اور دیگر انضباطی اداروں کی حباری معاونت، بینک کے شمیر ہولڈرز اور صارفین کا اٹکے اعتماد اور اپنے ملازمین کا اٹکے حلوں اور عزم پر شکر یہ ادا کرتا ہے۔

مخائب و برائے بورڈ آف ڈائریکٹرز

میاں عمر منشاء
ڈائریکٹر ایم سی بی بینک لمیٹڈ

محمد نعمان چغتائی
پریزیڈنٹ اور سی ای او
ایم سی بی بینک لمیٹڈ

06 فروری 2025ء

بحالی کے اس رجحان کو برقرار رکھنے کے لیے، پاکستان کو مالی استحکام کو ترجیح دینے، گردش مترواحوں میں کمی کے اقدامات اور نئے شعبوں سے ٹیکس کی وصولیوں کو بہتر بنانے پر خصوصی توجہ دینی پڑے گی۔ حکومتی ملکیت میں موجود اداروں کی چھکاری اور صوبائی احسراجات میں نظم و نسق سے مالی بوجھ کو کسی قدر کم کیا جا سکتا ہے۔ جبکہ، زرعی ٹیکنالوجی میں سرمایہ کاری سے فصلوں کی پیداوار اور جی ڈی پی میں بھی اضافہ ہو سکتا ہے۔ برآمدات کے فروغ پر مبنی حکمت عملی، ملک میں طویل المدت معاشی مکانات کو بہتر بنانے میں اہم کردار کی حامل ہو گی۔

رسک مینیجمنٹ فریم ورک (خسرسات کے تدارک کا انتظام) رسک مینیجمنٹ فریم ورک کو سالانہ رپورٹ میں الگ واضح کیا گیا ہے۔

کرڈٹ ریٹنگ

پاکستان کرڈٹ ریٹنگ ایجنسی نے اپنے نو ٹیفیکیشن مورخہ 22 جون 2024ء کے مطابق بے تک کی طویل اور قلیل مدتی کرڈٹ ریٹنگ باسرتیب ٹریل اے (AAA) اور اے ون پلس (A1+) پر دوبارہ برقرار ہے۔

انٹرنل کنسروول اسٹیٹمنٹ

مینیجمنٹ کی جانب سے فنانشل رپورٹنگ پر اندرونی انضباط (ICFR) اور مجموعی اندرونی انضباط (انٹرنل کنسروول) سے متعلقہ بیان کی، بورڈ بخاشی توٹین کرتا ہے۔ مینیجمنٹ کا اندرونی انضباط سے متعلق بیان سالانہ رپورٹ میں شامل ہے۔

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے سیکشن 227 تحت بیان

بورڈ آف ڈائریکٹرز اس امر کو یقینی بنانے کے لئے پر عزم ہیں کہ سیکورٹی اینڈ ایکنج کیشن آف پاکستان کی جانب سے معین کردہ کارپوریٹ گورننس کے تمام معیار اور شرائط اور کمپنیز ایکٹ 2017 کے سیکشن 227 کے تمام مطلوبات کی عمل پاسداری ہو۔ بینک نے کارپوریٹ گورننس کے بہترین معیار کو اختیار کیا ہے اور ڈائریکٹرز بسرت رپورٹ کرتے ہیں کہ:

- بینک کی مینیجمنٹ کی طرف سے تیار کردہ فنانشل اسٹیٹمنٹ اسکے معاملات اور کارکردگی، صورتحال، نقدی کے بہاؤ (کیس فلو) اور لیکویٹی میں تبدیلیوں کا واضح اظہار کرتی ہیں۔

- بینک کے اکاؤنٹس کی درست کتابیں تیار کی گئی ہیں۔

فنانشل اسٹیٹمنٹس کی تیاری میں ماسوائے، نوٹ 6.1 میں درج شدہ اکاؤنٹنگ پالیسیوں کی تبدیلی کے، اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اطلاق کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔

- فنانشل اسٹیٹمنٹس کی تیاری میں پاکستان میں متابل اطلاق انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کو مد نظر رکھا گیا ہے اور اس سے کسی بھی انحراف کو وضاحت کے ساتھ سالانہ اکاؤنٹس میں بیان کیا گیا ہے۔

- کارپوریٹ گورننس کے بہترین معیار اور مضابطہ عمل سے کوئی متابل ذکر روگردانی نہیں کی گئی ہے۔

- بطور ادارہ بینک کے کام جباری رکھنے کی اہلیت میں کسی شک و شبہ کی غمبائش نہیں ہے۔

- سال 2024ء کے دوران 5.761 بلین روپے کا منافع قانونی ریزرو میں منتقل کیا گیا ہے۔

- اندرونی انضباط کا نظام مضبوط خسروحتال پر استوار کیا گیا ہے اور نہایت موثر انداز میں نافذ اور جابجا جاتا ہے۔

- چھ سال کا فنانشل مواد (ڈیٹا) اور اہم کارکردگی کے عوامل کو سالانہ رپورٹ کے کارکردگی، پوزیشن اور پیش بینی کے سیکشن میں پیش کیا گیا ہے۔

- کوڈ آف کارپوریٹ مجوزہ شرائط کی تعمیل میں شمیر ہولڈنگ (حصص کی ملکیت) کی ترتیب / نمونہ کو سالانہ رپورٹ سے منسلک کیا گیا ہے۔

- کوڈ آف کارپوریٹ گورننس کی تعمیل (کمپلائنس) کا بیان سالانہ رپورٹ میں شامل ہے۔

- بورڈ کی تشکیل کو کوڈ آف کارپوریٹ گورننس کے تعینات کے بنیہ میں سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں بیان کیا گیا ہے۔

- سال 2024ء کے دوران کسی بھی وقت بینک کے ڈائریکٹرز رہنے والے اشخاص کے نام سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں الگ سے بیان کئے گئے ہیں۔

- بورڈ آف ڈائریکٹرز کی کیشیاں اور انکے مضابطہ کار / چارٹر کو سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں الگ سے بیان کیا گیا ہے۔

- سال کے دوران بورڈ اور اسکی کیشیوں کے اجلاسوں کی تعداد اور اس میں ہر ڈائریکٹر کی شرکت کی تفصیل اس سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں الگ سے واضح کی گئی ہے۔

- ڈائریکٹرز کے ترتیبی پروگرام کی تفصیل کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان میں دی گئی ہے۔

- غیر انتظامی ڈائریکٹرز بشمول آزاد ڈائریکٹرز کے لیے، بینک کے حصص یافتگان کی جانب سے منظور شدہ، مشاہرے کی پالیسی اس سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں درج کیا گیا ہے۔

- چیرمین، پریزیڈنٹ اینڈ سی ای او اور غیر انتظامی ڈائریکٹرز کو ادا کیے گئے مشاہرے کی تفصیل غیر مجموعی فنانشل اسٹیٹمنٹس کے نوٹ نمبر 42 میں درج کی گئی ہیں۔

اور اجناس کی سازگار قیمتوں کی بدولت پالیسی ریٹ 22 فیصد سے کم ہو کر دسمبر 2024ء تک 13 فیصد کی سطح پر آگیا۔ اس کے بعد، جنوری 2025ء میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں 100 بیس پوائنٹس کی مزید کمی کرتے ہوئے اس کی شرح کو 12 فیصد پر مقرر کر دیا۔ سی پی آئی (CPI) اضراط زر دسمبر 2023ء کی 29.7 فیصد کی شرح کے مقابلے میں دسمبر 2024ء تک، ڈرامائی کمی کے ساتھ سال بہ سال کی بنیاد پر، 4.1 فیصد پر پہنچ گیا۔ جو معاشی معمول کی جانب واپسی کا اشارہ ظاہر کرتا ہے۔

ایک حوصلہ افزاء امر کے طور پر، مضبوط برآمدات اور اضراطی تریلاٹ زر، جن کا بااسترتیب حجم 20.3 بلین امریکی ڈالرز اور 17.8 بلین امریکی ڈالرز رہا، کی مدد سے مالی سال 2025ء کی پہلی ششماہی میں کرنٹ اکاؤنٹ میں 1.210 بلین امریکی ڈالرز کا سر پلس ریکارڈ ہو۔ دسمبر 2024ء تک غیر ملکی زر مبادلہ کے ذخائر 12.67 بلین امریکی ڈالرز سے بڑھ کر 15.93 بلین امریکی ڈالرز پر درج ہوئے جو پاکستانی روپے اور امریکی ڈالرز کے مابین شرح تبادلہ میں استحکام کو ظاہر کرتا ہے۔

ان کامیابیوں سے قطع نظر، معیشت کو کئی چیلنجز درپیش ہیں۔ پاکستان کو اب بھی گردش مضر، بجلی کی بلند لاگت اور درآمدی تیل پر انحصار کے باعث توانائی کے بحران کا سامنا ہے۔ حکومت نے توانائی پیدا کرنے والے خود مختار اداروں سے دوبارہ مذاکرات کا ناصرف آغاز کیا ہے بلکہ ناسازگار معاہدوں کو ختم بھی کیا ہے اور اپنی ٹرانسمیشن اور ڈسٹری بیوشن کی صلاحیتوں میں بہتری پر توجہ مرکوز کی ہے۔

آمدنی میں کمی بھی ایک رکاوٹ کے طور پر موجود ہے۔ فیڈرل ریونیو (ایف بی آر) نے درآمدات کے اتار چڑھاؤ، اضراط زر کے دباؤ اور بڑے پیمانے پر پیداواری صنعت کے حوالے سے ہونے والی تبدیلیوں کے تناظر میں، مالی سال 2025ء کی پہلی ششماہی میں 386 بلین روپے کے خسارے کو ریکارڈ کیا ہے۔ اس کمی کو پورا کرنے کے لیے حکومت کو ٹیکس وصولیوں میں اضافے، ٹیکس میں وسعت اور آئی ایم ایف کی جانب سے معین کردہ بیچ مارک کو پورا کرنے کے لیے تمیلات میں بہتری کی ضرورت ہے۔

مستقبل کی پیش بینی

مستقبل پر نگاہ ڈالیں تو آئی ایم ایف کے مطابق، سال 2025ء میں عالمی نمو کی شرح 3.3 فیصد پر مستحکم رہے گی۔ جہاں مالیاتی آسانی اور گرتے اضراط زر سے معاشی سرگرمی کو فروغ حاصل ہو سکتا ہے، وہیں جنسرفیائی و سیاسی تنازعات، تجارتی تناؤ اور مضر کی بلند ہوتی سطح مسلسل خطرے کی نشاندہی کر رہی ہے، حناص طور پر کمزور معیشتوں میں یہ نسیاں مشکلات کا باعث ہیں۔

پاکستان کے لیے آئی ایم ایف نے سال 2025ء کے لیے نمو کی شرح 3 فیصد کی معتدل سطح پر جوڑ کی ہے جبکہ عالمی بینک نے اس اندازے میں معمولی تحفیف کے ساتھ 2.8 فیصد کا تخمینہ ظاہر کیا ہے۔ معیشت کو درپیش اہم خدشات میں جنسرفیائی و سیاسی تنازعے، سماجی بدامنی اور شدید موسمی واقعات شامل ہیں۔ اگرچہ، ٹیکس میں ممکنہ اضافے اور ٹیرف کے بنیادی خدوختال میں تبدیلی، اضراط زر میں اضافے کا باعث بن سکتی ہے۔ تاہم، اس کی اوسط شرح 5.5 فیصد سے 7.5 فیصد کی حد کے درمیان رہنے کی توقع ہے۔

عالمی نمو کی شرح سے معمولی طور پر کم ہے۔ مضرہ حبات کی بڑھتی لاگت سے کارپوریٹ اور کنزرویٹو مضر احسراحت میں کمی واقع ہوئی ہے جبکہ حکومت کے مضر ضوں کو بوجھ میں مسزید اضافہ دیکھا گیا ہے جس کی بدولت مالی احسراحت میں کمی کا رجحان پایا گیا ہے۔ چین میں طلب کی کمی اور توانائی کی مارکیٹ میں اتار چڑھاؤ، دباؤ میں مسزید اضافے کا باعث بنا۔ تیل کی قیمتیں 69 امریکی ڈالر سے 91 امریکی ڈالر فی بے رل کے درمیان گھومتی رہیں اور بالاحسرا سال میں 3 فیصد کی شرح سے کم ہو گئیں۔ دریں اثناء، سونے میں سرمایہ کاری ایک محفوظ پناہ گاہ کے طور پر دوبارہ نمودار ہوئی جس کی قیمت میں 27 فیصد کی متاثر ذکر نمود دیکھی گئی۔

ایک مثبت رخ کے طور پر، مصنوعی ذہانت کے استعمال میں ہونے والی ترقی نے کئی صنعتوں کو ایک نئی شکل دی ہے۔ جس میں صحت عامہ اور پیداواری شعبے سر فہرست ہیں۔ مصنوعی ذہانت سے مسزین صلاحیتوں سے کارپوریٹ آمدنیوں میں بے حد اضافہ ہوا، حناص طور پر ٹیکنالوجی کے شعبے میں، جس کی عکاسی عالمی انکوینٹی مارکیٹ کی مضبوط کارکردگی سے ہوتی ہے۔ وال سٹریٹ میں ایس اینڈ پی 500 اور نیس ڈیک (NASDAQ) انڈیکس میں بااسترتیب 24 فیصد اور 30 فیصد کی بڑھوتی دیکھی گئی۔ جبکہ، یورپین مارکیٹ میں بھی تاریخ ساز گین ریکارڈ ہوئے۔ ماسوائے، سی ای سی (CAC) 40 انڈیکس کے، جو کہ سیاسی عدم استحکام کی بناء پر تنزلی کا شکار رہا۔ اسی ممالک میں علاقائی مارکیٹوں میں بھی جوش و خروش پایا گیا۔ جس میں پاکستان کے کے ایس ای (KSE) 100 انڈیکس نے علاقے کے دوسرے اداروں کے لیے مثال قائم کرتے ہوئے 84 فیصد کا سالانہ غیر معمولی گین حاصل کیا۔

ان کامیابیوں کے باوجود، سال 2024ء میں موسمی اور ماحولیاتی اثرات ایک تشویشناک مسئلے کے طور پر نمودار ہوئے۔ شدید موسمی صورتحال بشمول جنوبی ایشیاء میں تباہ کن اور بدترین سیلاب اور پورے یورپ میں ریکارڈ طور ہیٹ ویو/ گرمی سے اربوں ڈالرز کے معاشی نقصانات واقع ہوئے۔ ماحولیاتی تبدیلی کے تدارک کی ضرورت ایک سطحی ترجیح کی فہرست سے نکل کر ایک فوری اور ناگزیر صورت اختیار کر گئی جس نے حکومتوں اور کاروباری اداروں کو پائیداری پر توجہ مرکوز کرنے پر راغب کیا۔

مانیٹری پالیسی میں آسانیوں نے امید کی کرن مضر اہم کی۔ اضراط زر میں کمی اور بہتر ہوتے معاشی اشاریوں نے ترقی یافتہ اور ابھرتی منڈیوں کے مسزکز بیٹوں کو اس متاثر کیا کہ معاماتہ بیانیوں کو اختیار کیا جا سکے۔ امریکہ، یورپین یونین، چین اور برطانیہ میں اضطرسرف ریٹ کی کوتوتوں نے مستحکم معیشتوں میں اشد ضروری سیالیت مضر اہم کی۔

ملکی معیشت

سال 2024ء پاکستان کے لیے سیاسی استحکام اور حوصلہ افزاء معاشی بہتری لے کر آید۔ معاشی طور پر پاکستان نے نسیاں پیش رفت کی ہے۔ ملک نے 3 بلین امریکی ڈالرز کے پروگرام کی کامیاب تکمیل کے بعد ستمبر میں آئی ایم ایف کے ساتھ 7 بلین امریکی ڈالرز کی ایکسٹینڈڈ فنڈ فسیلیٹی (EFF) کا آغاز کیا۔ 37 ماہ پر محیط یہ سہولت پاکستان کی مالیاتی نظم و نشت اور ڈھانچہ حباتی اصلاحات کے نفاذ کے بارے میں عزم کا اظہار ہے۔

مالیاتی حضاہ پر، اسٹیٹ بینک آف پاکستان نے جون 2024ء سے، اضطرسرف ریش میں 900 بیس پوائنٹس کی کمی کی ہے۔ گرتے اضراط زر، بیرونی استحکام

- ایسے اقدامات اٹھائے گئے جن کی بدولت ڈیجیٹل مالیاتی خدمات کے مندرجہ ذیل محسوس اور پسماندہ علاقوں کی مالی شمولیت میں مجموعی طور پر تیزی لائی جاسکے۔

- اپنی موجودہ مصنوعات کو بہتر اور صارفین کو پیش کردہ سہولیات میں اضافے کے نقطہ نظر کے ساتھ ایم سی بی لیڈرز اکاؤنٹ کو نئی شکل دے کر ایم سی بی نیا بائبل اکاؤنٹ میں تبدیل کر دیا گیا ہے۔ یہ پراڈکٹ خواتین کے شعبے کی ضرورت کو پورا کرنے کے لیے تشکیل دی گئی ہے۔ اپنی نئی شناخت اور اضافی قدر کے ساتھ یہ پراڈکٹ، بینک کے صارفین کی ترکیب میں صحتی توازن کو مزید بہتر بنانے کے لیے ڈیزائن کی گئی ہے۔

بینک نے کسان خواتین کو بااختیار بنانے اور ان کی مالی شمولیت کے مندرجہ ذیل 7 اگلی سیشنز کا انعقاد کیا۔ ایم سی بی کی جانب سے، کئی اہم خصوصیات سے مزین زرعی مصنوعات متعارف کروائی گئیں۔ جو کہ زرعی سرگرمیوں میں معاون، مالی خود مختاری اور کاروبار میں ترقی کا باعث بن سکتی ہیں۔ ان سیشنز میں بینکنگ کی خدمات، معاشی آزادی اور خود انحصاری کے ذریعے موثر مالیاتی انتظام کی افادیت پر مزید روشنی ڈالی گئی۔ سال کے دوران، بینک کی جانب سے خواتین اور خواتین کی ملکیت اور زیر انتظام اداروں کو 5,687 ملین روپے کے مندرجہ ذیل مندرجہ ذیل

ایم سی بی کی مالی فیصلہ سازی کے لیے تمام ضروری معلومات اور صلاحیت کے ساتھ افسر، طبیعت اور برادریوں کو با اختیار بنانے کے کردار کو پاکستان فنانشل لیسٹری ویگ (PFLW) کی افتتاحی تقریب میں بھی سراہا گیا۔ جس میں اسٹیٹ بینک آف پاکستان نے تمام نمایاں اور بڑے بینکوں کی کنٹیکٹ میں ایم سی بی کو "فنانشل لیسٹری ویگ" کے ایوارڈ سے نوازا۔

- اسٹیٹ بینک آف پاکستان کی "ماحولیاتی اور سماجی خدشات کے انتظام" کی نائن کردہ اسٹریٹیجی کے دائرہ کار کے مطابق مجموعی کریڈٹ کی تقاضی کے عمل میں پائیداری کے عنصر کو شامل کیا گیا۔ ایک پائیدار اور لچکدار معیشت کے قیام کے قومی لہجے سے ہم آہنگی کے لیے یہ منتقلی ناگزیر ہے۔ 31 دسمبر 2024ء تک ماحولیاتی اور سماجی خدشات کے انتظام کے متعلق مختلف مراحل کے نفاذ کے مندرجہ ذیل

بینک نے گرین بینکنگ پالیسی اور ماحولیاتی اور سماجی خدشات کے انتظام کے نفاذ کے لیے اپنے مینوئل تشکیل دیئے۔ مزید برآں، ماحولیاتی اور سماجی خدشات کا ڈیپارٹمنٹ بھی علیحدہ طور پر تشکیل دیا ہے۔

- بینک نے روایتی کریڈٹ خدشات کے طریقہ کار کے متوازی، ماحولیاتی اور سماجی خدشات سے متعلقہ مطلوبات کے حوالے سے مشوروں کی اسکریننگ بھی شروع کر دی ہے۔ اس اسکریننگ پر اس کو 7 سر فہرست صنعتوں پر بینک کے واجب ادا مشوروں پر بھی عمل طور پر پرکھا گیا۔ بینک ماحولیاتی اور سماجی خدشات سے متعلقہ معیاری ڈیٹا اسٹیٹ بینک آف پاکستان کو باقاعدہ طور پر رپورٹ کرتا ہے۔

- سمندر پار مقیم پاکستانیوں کی آر ڈی اے (RDA) اقدامات کے تحت سہولتوں اور مالی شمولیت کے دیگر قومی اقدامات کی معاونت، آپکے بینک کے کلیدی مقاصد کے طور پر برقرار ہے۔ اس زیر تجزیہ عرصہ کے دوران، بینک نے تقریباً 13.5 بلین روپے ترسیلات کی ٹرانزیکشنز کو کامیابی سے مکمل کیا جس میں مجموعی طور پر 4.5 بلین امریکی ڈالرز سے زائد کے ان فنڈز کو راغب کیا گیا۔

ایم سی بی کی شاندار کارکردگی کا پاکستان رییمینٹ سٹ (Remittance Summit) کے چوتھے ایڈیشن میں بھی اعتراف کیا گیا۔ جس میں رییمینٹ مارکیٹ میں بینک کو تیسرا بڑا بینک تسلیم کیا گیا۔ یہ اعزاز مالی شمولیت کے مندرجہ ذیل ترسیلات زر کے عمل کو آسان بنانے اور ملک کی اقتصادی ترقی میں بینک کی کاوشوں کا اعزاز ہے۔

- سال 2023ء کے دوران "راست" کے نفاذ کے پروگرام کے ایک حصے کے طور پر، اسٹیٹ بینک آف پاکستان نے پرسن ٹو مার্چنٹ (P2M - Person to Marchant) کی سروس کا بھی باقاعدہ آغاز کر دیا۔ تاکہ ملک میں ڈیجیٹل ادائیگی کی شمولیت اور مارجنل اور ان کی کاروباری ٹرانزیکشنز کی رفتار میں اضافہ کیا جاسکے۔ ایم سی بی نے، اس زیر تجزیہ سال کے دوران، ڈیجیٹل ہیٹ سازی کی اس قومی تحریک کی حمایت اور تعاون کے اپنے عزم پر ثابت قدم رہتے ہوئے، پی ٹو ایم (P2M) سروس کے عمل کا کامیابی سے نفاذ کیا۔ 31 دسمبر 2024ء تک، بینک نے اپنے اس نیٹ ورک میں 252 مارجنل مارجنل کی شمولیت کی سطح کو حاصل کیا جن کے لین و دین کی مقدار، اس سہولت کے آغاز سے، 60 ملین روپے سے زیادہ ہو چکی ہے۔

معاشی جائزہ عالمی معیشت

سال 2024ء میں عالمی معیشت نے جغرافیائی و سیاسی تنازعات سے لے کر شدید موسمی صورتحال جیسے کئی ایک چیلنجز کا سامنا کیا جو کہ اسکی لچکداری کی صلاحیت کا امتحان ثابت ہوئے۔ یہ چیلنجز، دنیا بھر میں عام انتخابات اور مالیاتی پالیسیوں میں آسانی کی مندرجہ ذیل کے مابین، رونما ہوئے جبکہ مصنوعی ذہانت کے استعمال کا ایک عظیم رجحان، عالمی سطح پر ہونے والی ہیٹ سازی کی پیش رفت کو مزید تقویت دے رہا ہے۔ ان عوامل نے نامرتب مختلف شعبوں میں موجود کئی کمزوریوں کی نشاندہی کی بلکہ کئی نئے مواقع بھی دریافت کئے۔

جغرافیائی و سیاسی واقعات سال 2024ء میں نمایاں خطرے کا باعث بنے رہے۔ روس اور یوکرین کے مابین جاری تنازعے اور مشرق وسطیٰ میں چھڑی جنگ دنیا کی توانائی کی ترسیل و مندرجہ ذیل پر شدید اثر انداز ہوئی۔ روس سے توانائی کی ترسیل میں حائل رکاوٹوں کو یورپین ملکوں میں بہت شدت سے محسوس کیا جا رہا ہے۔ ان عوامل کے علاوہ، امریکہ سمیت 100 سے زیادہ ممالک میں انتخابات کے انعقاد کے بعد سیاسی صورتحال میں بھی غیر یقینی کے خدشات میں اضافے کا احتمال ہے۔

اس پس منظر میں، عالمی نمو بھی تندرست رہی کا شکار ہوئی ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) نے عالمی نمو کی شرح کو 3.2 فیصد پر تخمینہ کیا ہے۔ جو کہ، سال 2023ء میں حاصل شدہ 3.3 فیصد کی

تعداد 1,403 پر رہی جس میں 13 سب برانچیں اس کے علاوہ ہے۔ جبکہ، اسے ٹی ایم کابینہ ورک 1,475 پر رہا۔

بینک کی کارکردگی پر حکومتی پالیسیوں کے اثرات، بینک کو درپیش متعدد چیلنجوں کے مابین، جس میں ایک مشکل کاروباری ماحول، کم ہوتی معاشی سرگرمی اور کاروبار کرنے کی بڑھتی لاگت شامل ہے، ایم سی بی معاشی ترقی کو فروغ دینے اور وسائل کے بہتر استعمال کے مقصد کے تحت حکومت کی معاشی پالیسیوں کی حمایت میں ثابت قدم رہا ہے۔

مالی شمولیت، بینکنگ آن لیکویٹی (BOE)، مالیاتی خدمات کی ڈیجیٹائزیشن، فنڈز کی اصلاح، سمنڈر پارٹنر شپ پاکستانیوں کے لیے سہولیات کی فراہمی اور پائیدار متروکہ حسابات کے فروغ کے قومی لیجنڈے کے اقدامات میں تعاون اور مدد کی خاطر کلیدی اقدامات اٹھائے گئے۔ جن میں سمنڈر جب ذیل شامل ہیں

• زراعت اور ہنس ایم ای سمیت اقتصادی طور پر اہم اور ترجیحی دیگر شعبوں میں اپنی مصنوعات کے تنوع، صارفین کی آگاہی، رسائی اور سہولیات کے اقدامات کی فراہمی پر مستقل توجہ مرکوز ہے۔ سال کے دوران بینک نے جو نمایاں سنگ میل عبور کیے

• حکومت پاکستان کی جانب سے جاری کردہ رسک کوریج سکیم فنڈ سال اینڈ میڈیم انٹرنیشنل "SMEs" میں اسٹیٹ بینک آف پاکستان کے تعاون سے بھروسہ پور شریک۔ یہ اسکیم ملک میں ہنس ایم ای فنڈنگ کے حجم کو بڑھانے کے لیے قومی سطح پر جاری مربوط کوششوں کا حصہ ہے۔ سال کے وسط میں، اس اسکیم کے آغاز سے، بینک نے 31 دسمبر 2024 تک اس کے تحت ہنس ایم ای کو 32.63 ملین روپے کے قرض کا احراز کیا۔ مزید برآں، سال کے اختتام پر بینک کی ہنس ایم ای فنڈنگ کا کل حجم 16,835 ملین روپے رہا۔

• بینک نے سال 2024ء میں زرعی قرضوں کی فراہمی کے اپنے خواہی ہدف کو عبور کر لیا۔ اس مد میں فراہم کیے گئے قرضوں کا کل حجم 175,204 ملین روپے پر ریکارڈ کیا گیا۔ بینک سال 2025ء کے لیے متعین شدہ ہدف کے حصول کے لیے درست سمت کو اختیار کیے ہوئے ہے، جس سے زرعی قرضوں کی تقسیم میں 20 فیصد سے زیادہ کی مضبوط نمو حاصل ہو سکے گی۔

• حکومت کی جانب سے اٹھائے گئے اقدامات اور اس مد میں ایم سی بی کی جانب سے فراہم کردہ اور دستیاب مالی سہولتوں اور اسکیموں سے آگاہی مہیا کرنے کے اسٹیٹ بینک آف پاکستان کے مقصد کے تحت، ملک بھر میں ایگریکلچر فنڈس لٹریسی پروگرام (Litracy Program) اور 371 سیشنز کا انعقاد کیا گیا تاکہ کاشتکار برادری کو با اختیار بنایا جاسکے۔

116.8 بلین روپے کا اضافہ درج ہوا۔ کرنٹ ڈپازٹس 944 بلین روپے (8.4 فیصد) تک بڑھ گئے جبکہ کاسا (CASA) کی شرح پچھلے سال کی 96.81 فیصد کی سطح کے مقابلے میں 97.24 فیصد پر پہنچی گئی۔

سال 2024ء کے دوران، ایم سی بی نے 4,592 ملین امریکی ڈالرز (+41 فیصد) کی ترسیلات زر کو راغب کیا، جو کہ 13.2 فیصد کے مارکیٹ شیئر کو ظاہر کرتا ہے، تاکہ ملک میں بینکنگ چینلز کے ذریعے ترسیلات زر کے ہفا میں بہتری کے اسٹیٹ بینک آف پاکستان کے مقصد میں ایک فعال شراکت دار کے اپنے کردار کو مزید مضبوط بنایا جاسکے۔

سرمائے کے ذوالنگی مطلوبات کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کمپنل ایڈیوٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 19.35 فیصد پر رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو تحفظ دینے کے لیے 1.50 فیصد کی تخمیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایکویٹی ٹائر 1 - Common Equity Tier (CET1) سے کل رسک ویٹڈ اسٹیٹس (Risk Weighted Assets) کی شرح سے ہوتا جو 6.0 فیصد کی مطلوبہ حد کے مقابلہ 15.49 فیصد کی شرح پر درج کی گئی۔ بینک کی کپٹلائزیشن کے نتیجے میں لیورج (Leverage) کی شرح بھی 3.0 فیصد کی ذوالنگی حد سے نمایاں اضافہ کے ساتھ 6.17 فیصد پر جا پہنچی۔ بینک نے لیکویٹی کوریج ریشو (Coverage Ratio) (LCR - Liquidity) کو 241.33 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 128.29 فیصد پر رپورٹ کیا۔

ایم سی بی کی شاندار کارکردگی کو ایٹین ڈیولپمنٹ بینک (ADB) نے سنگاپور میں ہونے والے دسویں سالانہ ٹریڈ اینڈ سپلائی چین فنڈس پروگرام (TSCFP) ایوارڈ میں تسلیم کیا۔ بینک کو، پاکستان میں لیڈنگ پارٹنر بینک (Leading Partner Bank) اور موو مینٹم ایوارڈ ایٹونگ (Momentum Award - Issuing Bank) بینک جیسے دو اہم اعزازات سے نوازا گیا، جو ایم سی بی کی تجارت کی ترقی میں شراکت اور بین الاقوامی تجارتی حل کی فراہمی میں معامی کاروبار کی حمایت اور اعتماد کو اجاگر کرتا ہے۔

مزید برآں، انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی - ICAP) اور انسٹیٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس (آئی سی ایم اے - ICMA) کی مشترکہ جانبہ کمیٹی نے ایم سی بی بینک کی سالانہ رپورٹ 2023ء کو بینکنگ کے زمرے میں اول درجے اور دیگر تمام شعبوں میں مجموعی طور پر کامیاب قرار دیا گیا۔ یہ ایوارڈ ایم سی بی کی گورننس پریکٹسز کے اعلیٰ ترین معیار اور کارپوریٹ رپورٹنگ میں شفافیت کے حصول پر خصوصی توجہ کو آشکار کرتا ہے۔

بینک نے اپنی مارکیٹ پوزیشن کو مزید برقرار و مضبوط رکھنے اور اپنے صارفین کو فراہم کردہ سہولتوں میں اضافے کے مقصد کی خاطر، اپنی موجودہ لوکیشنز کی اپ گریڈیشن میں سرمایہ کاری جاری رکھی ہے۔ جبکہ، صارفین کی رسائی میں وسعت کے لیے ڈیجیٹل پوائنٹس (Digital Access Points) میں اضافے کو بھی جاری رکھا گیا ہے۔ 31 دسمبر 2024ء تک بینک کی مجموعی برانچوں کی

ڈائریکٹرز رپورٹ:

بورڈ آف ڈائریکٹرز کی جانب سے ہم ایم سی بی بینک لمیٹڈ کی سالانہ رپورٹ، برائے سال ختمہ 31 دسمبر 2024ء کو پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

منافع اور تخصیص

31 دسمبر 2024ء اختتام پذیر سال میں بینک کے انفرادی منافع قبل و بعد از ٹیکس اور تخصیص مندرجہ ذیل ہے

ملین روپے

118,420	منافع قبل از ٹیکس
60,805	ٹیکس
57,615	منافع بعد از ٹیکس
96,040	افتتاحی غیر تخصیص شدہ منافع
799	آئی ایف آر ایس (IFRS-9) کے اطلاق کے اثرات
2,423	ڈیفائنڈ سینٹ واجبات کا دوبارہ تعین شدہ منافع/(تقصان) حوالہ از ٹیکس
1,794	ایف وی او سی آئی (FVOCI) کے ذریعے لیٹوٹی انٹرویٹس کی مندرجہ سے حاصل شدہ سرپلس حوالہ از ٹیکس
14	از سر نو تخمینہ شدہ جائیداد و آلات کی مندرجہ سے حاصل شدہ سرپلس۔ حوالہ از ٹیکس
20	نان بینکنگ اثاثہ حبات کی مندرجہ سے حاصل شدہ سرپلس۔ حوالہ از ٹیکس
146	از سر نو تخمینہ شدہ معین اثاثوں کے سرپلس سے اضافی منسو دگی کی غیر تخصیص شدہ منافع میں منتقلی۔ حوالہ از ٹیکس
101,236	تخصیص کے لیے دستیاب منافع
158,851	تخصیص
(5,761)	فتاویٰ ریزرو میں منتقلی
(10,666)	حتیٰ کیش ڈیویڈنڈ 9 روپے فی حصص 31 دسمبر 2023ء
(10,666)	پہلا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 31 مارچ 2024ء
(10,666)	دوسرا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 30 جون 2024ء
(10,666)	تیسرا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 30 ستمبر 2024ء
(48,425)	کل تخصیص
110,426	اختتامی غیر تخصیص شدہ منافع
48.62	فی حصص آمدنی۔ (روپے)

کارکردگی کا جائزہ سال 2024ء بھی بینک کے لیے مالی کارکردگی کا ایک بہترین سال ثابت ہوا۔ 31 دسمبر 2024ء کو اختتام پذیر سال کے دوران، بینک کا منافع قبل از ٹیکس اور منافع بعد از ٹیکس کا حجم بالترتیب 118.4 بلین روپے اور 57.6 بلین روپے رہا۔ جس کے باعث فی حصص آمدنی 48.62 روپے فی شیئر پر درج ہوئی۔ بینک کی اس لحاظ کارکردگی اور مضبوط کارکردگی میں حقیقی آمدنی کی مستحکم اساس، آمدنی کے متنوع دھاروں، لاگت کی موثر بنانے کے اقدامات اور خدشات کے تدارک کے مضبوط نظام جیسے عوامل کا مرکزی کردار رہا۔

سال کی دوسری ششماہی کے دوران، سیونگ ڈیپازٹس پر منفی سپریڈ کے باوجود، حوالہ شدہ آمدنی میں، سال بہ سال کی بنیاد پر، 1 فیصد کی معتدل نمو دیکھی گئی۔ نان مارک اپ آمدنی 14 فیصد کی مضبوط نمو کے اندراج کے ساتھ 37.4 بلین روپے پر جا پہنچی۔ اس نمو کے بنیادی عوامل میں فیس اور کمیشن آمدنی جو کہ 5 فیصد کے اضافے کے ساتھ 21.2 بلین روپے، فنانس ایجنسی آمدنی جو 8 فیصد کے اضافے کے ساتھ 9.2 بلین روپے، ڈیویڈنڈ آمدنی جو 15 فیصد کی بڑھوتی کے ساتھ 3.5 بلین روپے اور سیکورٹیز پر گھین جس کا حجم 3.1 بلین روپے رہا، شامل تھے۔

اپنی آمدنی میں تنوع پیدا کرنے کی حکمت عملی کی مطابقت میں ایم سی بی نے اپنی فیس پر مبنی متعدد چینلز میں متبادل ذکر ترقی حاصل کی جس میں کارڈ سے متعلقہ آمدنی میں 32 فیصد اضافہ، برانچ بینکنگ فیس میں 18 فیصد اضافہ اور انویسٹمنٹ سروس کمیشن میں 61 فیصد کی ترقی شامل ہیں۔ بینک نے اپنی ڈیجیٹل ہیٹ سازی، صارفین کے تجربے و سہولیات میں اضافے اور کاروباری استعداد میں سرمایہ کاری جاری رکھی جس سے ڈیجیٹل پلیٹ فارمز سے متعلقہ آمدنی میں وسیع الیٹاڈ نمو حاصل ہوئی۔

اسٹاف کی لاگت سے متعلقہ اخراجات، مارکیٹنگ، یوٹیلیٹیز اور آئی ٹی سے متعلقہ اپ گریڈ جیسے اہم اقدامات کی بدولت کاروباری اخراجات میں 18 فیصد کا اضافہ درج ہوا۔ تاہم، بینک کی لاگت سے آمدنی کا تناسب 32.68 فیصد کی موثر سطح پر برقرار رہا۔ جو کہ جدت طرازی اور قابلیت کی نشوونما میں مسلسل سرمایہ کاری کے ساتھ ایک منظم مالیاتی انتظام کا مظہر ہے۔

اثاثہ حبات کے معیار پر بھرپور توجہ اور بینک کے کریڈٹ رسک کے مضبوط انتظام کے باعث 31 دسمبر 2024ء تک غیر فعال قرضوں کا حجم 53.5 بلین روپے رہا، جس کے ساتھ کوریج اور انفریکشن کی شرحیں بہتری ہوتے ہوئے 99.34 فیصد اور 4.89 فیصد کی بالترتیب سطحوں پر ریکارڈ ہوئیں۔

امالیاتی صورتحال کے حوالے سے، بینک کے کل اثاثہ حبات 2.7 ٹریلین روپے کی سطح پر پہنچ گئے، جو کہ 31 دسمبر 2023ء کے مقابلے میں 11 فیصد اضافے کو ظاہر کرتے ہیں۔ اثاثہ حبات کی آمدنی اور سرمائے (لیکویڈٹی) کی آمدنی کی شرحیں بالترتیب 2.25 فیصد اور 26.56 فیصد کی سطح پر درج کی گئیں۔ جبکہ، بک ڈیپوٹی حصص 191.73 پر رپورٹ ہوئی۔

بغیر لاگت والے ڈیپازٹس کی تعمیر اور اضافے پر مسرکوز ڈیپازٹس کے حصول کی مسرکوز تحریک کی بدولت بینک کے کل ڈیپازٹ کی اساس

ڈیویڈنڈ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2024ء کو اختتام پذیر سال کے لئے 9 روپے فی حصص کے حتیٰ کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ حصص یافتگان کو 27 روپے فی حصص کے پہلے سے ادا شدہ عبوری ڈیویڈنڈ کے علاوہ ہے اور اس طرح سال 2024ء کے لیے ڈیویڈنڈ ادا کرنے کی شرح 74.05 فیصد پر ریکارڈ ہوئی ہے۔ حتیٰ کیش ڈیویڈنڈ کے اس اعلان کے اثرات کو مندرجہ بالا تخصیص میں شمار نہیں کیا گیا ہے۔

Groups Review

Wholesale Banking Group

In 2024, the Wholesale Banking Group remained focused on all business areas, with Corporate Banking, Investment Banking, and Transaction Banking driving another year of profitability. The Bank's bottom-line growth was fueled by increased un-funded income, supported by strong engagement from large corporate entities in trade business and robust fee income generation. The loan book reached an all-time high of over PKR 900 billion, bolstered by the addition of numerous new-to-bank (NTB) clients, reaffirming the Bank's strong market position.

To proactively manage the corporate portfolio, the group closely monitored sectoral and regional concentrations. Several strategic papers were issued, covering group limit settings for large corporates, limit review exercises, and Risk Asset Acceptance Criteria (RAAC) assessments.

Our Corporate Banking team plays a crucial role in empowering businesses to achieve their financial goals and drive growth. Through a comprehensive suite of tailored financial solutions and expert guidance, we support corporations across various industries in navigating complex financial landscapes and seizing opportunities. We offer flexible and competitive lending solutions to facilitate business expansion, fund strategic initiatives, and manage working capital needs. Whether through term loans, revolving credit facilities, or customized financing structures, we work closely with our corporate clients to align financing arrangements with their strategic objectives.

The Corporate team leveraged its strong relationships and resources to enhance trade-based flows, boosting the bottom line. Cross-selling efforts included cash management and institutional sales products to corporate customers. Additionally, corporate clients were approached for downstream Agri-based lending, in line with SBP directives.

The Investment Banking segment maintained its strong standing among peers, successfully executing numerous transactions and generating substantial fee-based revenue. The team led and participated in transactions totaling approximately PKR 250 billion across sectors such as Sugar and Allied, Oil and Gas, and Power Distribution. Over the years, MCB's Investment Banking team has consistently received recognition for excellence from clients and esteemed local and international publications. In 2024, MCB was honored at the 12th Annual International Finance awards:

MCB Awarded Title	Awards Name	Publication
Fastest Growing Investment Bank in Pakistan	12th Annual International Finance Awards	International Finance Publications Limited
Best Sukuk Arranger in Pakistan	12th Annual International Finance Awards	International Finance Publications Limited

MCB Cash Management continued to solidify its position as a leading provider of cash management solutions, achieving a remarkable milestone of over PKR 5 trillion annual throughput. This growth underscores our commitment to excellence and strategic focus on customer expansion, automation, and digitization. Our core offerings include the Payment Portal, Multi-Collection Channels, E-Dividend payments, Electronic Tax Payments, and Utility Bill Payments through our Digital Banking Platform. Additionally, Transaction Banking enhanced domestic cash management capabilities to provide seamless, tailored solutions for businesses nationwide.

2024 was a year of significant growth for MCB Burqraftaar. We are proud to have been recognized as the 3rd largest bank in Pakistan's remittance market by the State Bank of Pakistan at the PRI Awards 2024, held in Rome, Italy. This recognition highlights our dedication to connecting families and supporting economic growth through reliable and efficient remittance services.

Looking ahead to 2025, MCB Burqraftaar aims to expand its global reach by onboarding a larger client base, ensuring that every Pakistani living abroad can conveniently send remittances home. This strategic focus will drive our efforts to further enhance our market share within Pakistan's remittance industry.

International Banking Group

MCB has a strategic presence in international markets and is actively working towards expanding its global footprint. MCB's international banking network, comprising MCB Sri Lanka, MCB UAE, and MCB Bahrain, recorded a profit before tax (PBT) of USD 27 million for the year ending December 2024, reflecting a 28% growth over the previous year.

Sri Lanka Operations:

For over three decades, MCB Bank has been serving the people of Sri Lanka. The Bank established its operations in 1994 with a single branch focused on trade finance. Since then, it has grown steadily, now operating five branches and catering to Corporate, SME, Retail, and Islamic banking segments. MCB Bank Sri Lanka holds

a full banking license for both corporate and commercial customers. In 2024, it received its highest-ever rating of AA- from Fitch Ratings Lanka Limited.

Going forward, MCB Sri Lanka aims to enhance its Islamic banking segment by introducing more Sharia-compliant products and improving the technology-driven customer experience, including cash management solutions and a mobile application.

UAE Operations:

MCB Bank commenced operations in Dubai, United Arab Emirates, in 2015. Over the past decade, the branch has successfully achieved its growth objectives through its unique selling proposition of high-quality service and fast, low-TAT trade transactions. MCB UAE's strategy is centered on increasing deposits, with its loan policy focusing primarily on credible Pakistani businesses operating in the UAE. The branch also participates in syndicated credit transactions, financing both Pakistani and reputable regional names.

In 2024, MCB Bank expanded its presence by opening a second branch in Sharjah, further strengthening its position in the region.

Bahrain Operations:

MCB Bahrain had a highly successful year in 2024, achieving its highest-ever profit since inception. The branch's strategy of mobilizing organic liquidity has been instrumental in its success, with all assets by year-end fully funded through organic liquidity. This solid financial position provides a strong foundation for sustainable growth, allowing the branch to enhance its services and expand its offerings across the region.

Looking ahead, MCB Bahrain remains focused on investing in technological solutions to enhance operational efficiency, creating added value for customers.

UK Representative office:

MCB has also established a Representative Office in the UK with a strategic focus on enhancing home remittance inflows to Pakistan and strengthening trade relationships. The office aims to tap into the Pakistani diaspora and leverage opportunities across the European corridor to expand MCB's reach and business portfolio.

Retail Banking Group

The year 2024 presented a stark contrast between its first and second halves. Unlike the first half, the latter part of the year benefited from easing inflation, stable PKR/FCY parity, and a sharp decline in the discount rate. This shift created a unique set of opportunities and challenges, testing our resilience and commitment. However, the

seasoned Retail Banking team demonstrated its ability to deliver under all circumstances. To enhance synergies, the Retail Banking Business and Operations teams were re-merged with a clear focus on service excellence, sustained deposit growth, improved governance, and operational efficiencies.

With a nationwide network of 1,384 branches and a dedicated team of over 9,300 employees, Retail Banking effectively served more than nine million bank accounts across all major economic geographies and business segments. Structurally, Retail Banking operates through North, Central, and South streams, led by Retail Banking Heads who manage 19 Circles, while Branch Operations are divided into eight Areas supervised by Area Heads of Services to ensure business effectiveness and governance.

A key focus in 2024 was the sustained growth of current and low-cost deposits, the expansion of the customer base through new account openings, the reactivation of dormant relationships, and quality growth in both assets and trade finance. These achievements were driven by relentless sales efforts, strong governance, the introduction of new and revamped products, and continuous process improvements. As the largest contributor to both deposits and revenue of the Bank, the passionate Retail Banking team played a critical role in building impressive levels of Current Account (CA) deposits and significantly strengthening the CASA mix, which stood at 99% in 2024. In line with its commitment to environmental sustainability under its Green Banking initiative, 274 branches were converted to solar energy. Furthermore, to elevate the banking experience for high-net-worth individuals, MCB Bank introduced Privilege Lounges at flagship residential and commercial branches. Currently, three lounges at MCB Bank DHA Z Block Lahore, MCB G.T Road Gujranwala, and MCB Civic Centre Islamabad are catering to premium customers with personalized banking services.

Retail Banking continued to strengthen its product portfolio by introducing new segment-based offerings while ensuring the competitiveness of existing products. The Bank launched MCB Freelancer Accounts in both Pakistani Rupees and US Dollars, designed to meet the unique financial needs of the fast-growing freelancer segment. To enhance financial inclusion for women, the MCB Nayab Account was revamped, offering an exclusive Nayab Debit Card with tailored alliances and transaction convenience. Additionally, MCB Bank introduced its first deposit product for non-individual customers, the PLS Prime Account, offering semi-annual profit payments and a range of services designed to meet the banking needs of corporate and institutional clients.



In line with its customer-first approach, the Retail Centralized Operations team played a crucial role in improving the overall banking experience. A new account opening system was introduced, streamlining the process for individuals and significantly reducing turnaround times. The Currency Management Division ensured the timely availability of cash across branches, optimizing the Bank's cash-in-hand management and improving operational efficiency.

Retail Banking remained committed to providing a comprehensive suite of financing solutions to our commercial and SME clientele, ensuring seamless access to working capital, trade finance, seasonal, and other credit facilities. Moving forward, Retail Banking aims to prioritize efficiency, offer innovative tailor-made solutions, and embrace technological advancements to meet the evolving financial needs of businesses.

Our dedicated SME financing teams are fully committed to playing a pivotal role in expanding outreach, marketing financing products, and streamlining loan disbursements for our esteemed customers. Through simplifying processes and enhancing accessibility, Retail Banking aims to enable entrepreneurs and businesses to secure financing conveniently from MCB, fostering growth, economic resilience, and long-term business relationships. Retail Banking has firmly established itself as a key driver of MCB Bank's growth, contributing significantly to deposit and advances expansion while ensuring best-in-class customer service. With renewed passion, determination, and hard work, the team is fully prepared to achieve even greater success in 2025. The focus will remain on strengthening the core deposit book, enhancing the quality of assets, and driving financial inclusion through digital innovation and process reengineering. The Bank will continue its efforts to facilitate home remittances, attract new-to-bank customers, and deepen relationships with existing clients. A strong emphasis will be placed on the disciplined implementation of policies and procedures to drive operational efficiencies while fostering a culture of compliance and control.

With a firm commitment to excellence, Team Retail Banking is ready to set new benchmarks of success and deliver an even stronger performance in the years ahead.

Special Assets Management

In 2024, Special Assets Management (SAM) achieved a total recovery of Rs. 3.486 billion despite facing several critical challenges. This strong performance resulted in a 10% annual recovery yield (excluding Consumer Unsecured & Auto Loans). In addition, SAM successfully resolved/restructured non-performing loans (NPLs) amounting to Rs. 6.954 billion and made significant progress in recovering other major defaults. Expanding its

recovery base, SAM handled 6,160 settlements/cases—while maintaining the highest audit ratings across all units and departments.

With NPLs in the financial sector surpassing Rs. 1 trillion as of September 30, 2024, regulators have raised concerns. In response, the State Bank of Pakistan (SBP) has mandated banks to formulate and implement a comprehensive NPL Management Strategy, approved by their Board of Directors. Aligning with this directive, the Bank has adopted the NPL Strategy (2025-2028)—a structured roadmap designed to enhance internal capabilities, discipline, and innovation in managing and reducing NPLs effectively.

Looking ahead, SAM remains committed to proactive innovation, driven by a highly motivated and dedicated team. With a clear strategic vision, SAM is well-positioned to sustain recovery efforts and contribute meaningfully to the Bank's objectives in 2025 and beyond.

Consumer Banking Group

Consumer Banking has been at the forefront of MCB Bank's strategic realignment, successfully reinforcing its position as a brand ambassador for the Bank. Our primary focus has been to enhance the customer journey, foster long-term relationships, and introduce innovative, value-added financing solutions.

The economic challenges of 2024, primarily driven by high interest rates and inflation, continued to impact consumer businesses during the first half of the year. However, the latter half witnessed a significant reduction in interest rates, supported by easing inflationary pressures and an overall improvement in macroeconomic indicators, creating new growth opportunities.

Despite the challenging environment, business teams successfully formed strategic alliances with auto manufacturers to provide value-added services to customers. The auto loan segment demonstrated resilience, achieving a 35% year-on-year (YoY) growth in new bookings. Additionally, to support sustainable energy adoption, Green Ghar Finance (solar financing) was launched under the Home Loan product, offering consumers a government-independent solution for solar energy financing.

The credit card business maintained its upward trajectory, registering an impressive 28% YoY growth in spending, driven by strategic partnerships that provided high-end discounts on dining, apparel, and lifestyle brands. Meanwhile, fleet financing experienced another remarkable year with 46% YoY growth in volumes.

In alignment with State Bank of Pakistan (SBP) directives, the agricultural financing segment successfully met its assigned targets. MCB remains fully committed to supporting the agricultural sector in line with SBP and government-led policies, with a strong focus on digital interventions and climate-friendly financing solutions to enhance credit access for the farming community.

The Institutional Business division capitalized on the strategic initiative of doorstep account opening under the Employee Banking - MCB Works proposition. This initiative resulted in the opening of approximately 74,000 accounts in 2024, marking a 60% YoY growth.

MCB's Investment Services business posted its best-ever performance with a 76% YoY increase, while Bancassurance surpassed the Rs. 2 billion mark in new business acquisition. These businesses are now strategically positioned for continued growth, driven by innovation, customer-centric solutions, and expanded segment-based product offerings, including Takaful and Shariah-compliant investment funds.

Capital Market

The year 2024 was exceptional for the capital markets, continuing the strong uptrend from the previous year. The KSE-100 Index reached an all-time high, closing at 115,126.90, and delivered an impressive 84% return for the year. This remarkable performance was driven by declining inflation, an improved external account position, and the successful negotiation of a three-year IMF program.

Strong market momentum, coupled with lower returns on alternative asset classes, led to increased trading volumes and broader investor participation. CY24 was a historic year for MCB's Capital Market Division, with substantial growth in both capital gains and dividend income. Positioned to capitalize on improving economic conditions and declining interest rates, the division remains focused on dividend-yielding investments to maximize returns.

Looking ahead, sustained economic and political stability will be crucial for the market to unlock further value and reach new highs.

Treasury and FX Group

In 2024, the Treasury & FX Group delivered exceptional performance, providing tailored solutions to meet clients' foreign exchange and money market needs while effectively navigating a dynamic economic landscape.

The money market desk adeptly managed liquidity amid a declining interest rate environment, ensuring optimal positioning in the interbank market. Meanwhile, the FX desk played a critical role in maintaining smooth liquidity to support the Bank's trade business.

The Research Desk remained pivotal, offering timely insights into market trends, inflation projections, and macroeconomic developments, enabling the group to capitalize on emerging opportunities.

On the sales front, the team excelled in addressing FX and fixed-income needs for both corporate and retail clients, achieving notable milestones. Additionally, the Vantage Solutions platform gained increasing traction among FX clients, enhancing efficiency in trade-related transactions.

Information Technology Group

Technology has transformed the banking industry worldwide, equipping financial institutions with the necessary tools to manage the challenges of a rapidly evolving economy. The integration of technology has been at the heart of financial sector reforms, driving productivity, efficiency, and innovation, while enabling banks to meet rising consumer expectations and maintain a leadership position. However, the ever-evolving nature of technology presents the challenge of balancing innovation with security, availability, and reliability at a strategic level.

At MCB Bank, the management and board are deeply committed to strengthening the bank's IT infrastructure, as evidenced by significant investments in recent years.

Our mission remains

"To be a leading bank in the Information Technology sphere, with a focus on digital transformation to enhance customer experience."

MCB Bank has adopted a multi-pronged approach, which includes:

- One of the largest networks of online branches powered by a centralized core banking system.
- Strategic acceptance systems at both E-Commerce and POS levels.
- Robust Internet and Mobile Banking platforms for seamless digital transactions.
- Innovative Digital Lounges offering world-class banking services.
- Scalable Contact Centers ensuring high-quality customer support.
- A state-of-the-art Enterprise Data Network with an established international footprint.
- Advanced AML and fraud prevention controls to ensure compliance and security.
- Interoperability with financial entities and branchless banking solutions for customer convenience.

The Information Technology Group (ITG) is led by a team of highly skilled professionals with extensive experience in project delivery and IT infrastructure management. ITG is structured into key functional areas, including IT

Operations, IT Software Solutions, IT Support Services, IT Governance, Digital Innovation, and Business Continuity & Disaster Recovery (DR)—each dedicated to delivering 24/7 support for internal and external customers.

Key Achievements in 2024

- Highest-ever uptime for core banking and affiliated applications.
- Five-nines (99.999%) availability for Data Centers and back-end systems.
- Enhanced compliance with regulatory recommendations from internal and external audit committees and the SBP.
- Improved project execution through seamless coordination with working groups and vendor relationship management.

Looking forward to 2025, IT Group is more committed to:

- Optimizing and securing the Core Banking System and Digital Banking products, with seamless integration via middleware.
- Implementing Zero Trust Architecture to enhance cybersecurity layers in response to accelerated digitalization.
- Deploying an Automated Compliance Risk Management Solution with real-time transactional controls.
- Strengthening Fraud Risk Management Solutions to safeguard customer relationships and trust.
- Enhancing digital and card payment security to combat card skimming, call spoofing, and phishing threats.
- Implementing a proactive technology performance monitoring system to ensure operational efficiency.
- Expanding and digitizing the Bills Payment System to streamline biller onboarding and increase bank revenue.

In addition to these key initiatives, ITG will continue to invest in staff development, offering targeted training and enrichment programs to foster motivation, professional growth, and long-term success.

With a strong foundation and a forward-looking strategy, MCB Bank's IT Group is poised to drive digital transformation and set new industry benchmarks in 2025 and beyond.

Digital Banking

As a key financial services industry player, MCB Bank continues enhancing digital banking, connecting with customers innovatively, and prioritizing customer-centricity. Our strategy incorporates SBP objective of driving financial inclusion, providing financial access to underserved, and delivering affordable digital financial services.

In the year 2024, Digital Banking continued its philosophy of crafting “built-to-last” products and services to scale and deliver its characteristics growth path.

MCB Live

MCB Live goes beyond banking and it has become a one-stop solution for availing financial services and making convenient payments. MCB Live throughput crossed elusive ~PKR 1.7 trillion value milestone alongside customer base in excess of 1.4 million, showing a 54% & 32% year on year growth respectively.

MCB customers invested in mutual funds, booked tickets & embarked on dream adventures with travel insurance, prioritized their health with medical coverage, and safeguarded loved ones with life insurance – all through MCB Live.

MCB Payment Solutions

MCB Payments Solution continued to be a meaningful player on the digital payments landscape! With over 6,900 POS terminals, deployed across the country, generating a volume exceeding PKR 107 billion in 2024. We offer multiple payment schemes and incorporate various terminal models, ensuring retail businesses have the tools they need to accept payments seamlessly.

For online businesses, MCB eGate e-commerce platform excelled to provide secure acceptance of payments from major card networks like Visa, Mastercard, and recently on boarded UnionPay International, generating a significant e-commerce transaction volume of over PKR 24 billion in 2024, a growth of 39% year on year.

MCB ATMs

In the year 2024, with the enhanced in-built modern banking features, and the high uptime rate of 98%, MCB ATMs network processed over 97million financial transactions, 15% more than last year.

As part of our commitment to providing seamless banking solutions for international travelers, MCB Bank has enabled its ATMs for International Mastercard acquiring, ensuring convenient cash withdrawals. This initiative has significantly enhanced accessibility for global customers, resulting in withdrawals totaling ~PKR 236 million in 2024. We remain dedicated to delivering innovative and customer-centric financial services.

Debit Cards

As a leader in the financial industry, we take immense pride in setting new standards of excellence. This year marked launch of MCB Visa Signature for the affluent segment and MCB Visa Nayab, aimed at financially empowering the women of our nation.

MCB Bank was honored with the prestigious 'Cards in Force' award by Visa. The Bank was recognized by domestic payment scheme, PayPak for unwavering commitment to local innovation and solutions.

Dedication to delivering customer value resulted in a remarkable growth in debit card retail spending, which reached an all-time high of PKR 71 billion, a growth of 32% year on year. The year witnessed a 28% YoY growth in retail active users. These achievements underscore the pivotal role MCB Bank's debit cards play in empowering customers to manage their finances with ease and confidence.

Operations Group

As a key strategic partner to the Business, the Operations Group envisions itself as a key enabler in enhancing customer and branch experiences through digitization, centralization, and strengthened internal controls. With a strong focus on improving process and cost efficiencies, business process re-engineering, and the effective utilization of technology, the Group continuously strives to foster agility and flexibility within its operations. By leveraging digitization and process optimization, it has significantly improved operational efficiency, reinforced governance, and optimized capacity. These initiatives seamlessly align with the Bank's broader transformation objectives, positioning the Operations Group as a driving force behind innovation and operational excellence while fortifying its position as a control function.

The year 2024 was defined by a strong emphasis on digitization and centralization, with a significant milestone being the Centralization of Account Maintenance activity. Currently in its pilot phase across select branches, this initiative ensures that all customer profile changes, account activation requests and KYC reviews are routed to the Central Processing Unit (CPU) for independent validation through a system-driven workflow. Building upon the success of a comprehensive two-year Data Cleansing Exercise, this initiative will further strengthen data accuracy and operational reliability. By centralizing validation, the Bank aims to enhance control over customer data modifications and strengthen its governance, setting a new benchmark for operational excellence.

Further advancing its digitization agenda, the New Account Opening System underwent notable enhancements, optimizing workflow efficiency and system integrations to provide a seamless experience. Additionally, the system's availability was extended to mobile tablets, enabling staff to facilitate account opening at customers' doorsteps, enhancing accessibility and convenience.

The Paperless Initiatives also gained momentum, driving substantial reductions in paper usage through system

integrations in account opening, account maintenance, and transaction processing. A transformative milestone was the elimination of major paper-based manual registers, replaced with compensatory system reports. Additionally, the introduction of a Digital Validation Module for major day-end reconciliation reports and periodic monitoring reports has significantly eliminated the need for physical printouts, reinforcing the Bank's commitment to digital transformation. Meanwhile, the Digitization of the Branch Operations Manual continued to be a success story, with regular updates ensuring real-time access to the latest operational guidelines.

Operational efficiencies remained a key focus throughout the year. A data-driven approach was employed to enhance branch transaction limits, ensuring improved service efficiency while mitigating operational risks. A major initiative in 2024 was the Process Improvement Review of Bank's overseas operations, a comprehensive evaluation aimed at refining operational workflows and enhancing efficiency.

In improving customer services, the introduction of System-Based Management of Debit Cards streamlined card issuance and management greatly improved the debit cards lifecycle by removing the manual hands-off in the process. Further, the Contact Centre achieved an outstanding service level in voice interactions, recording its highest answer ratio in the past five years. Meanwhile, the Chat Team set a new benchmark with an unprecedented answer ratio and an average response time of just a few seconds. Additionally, doorstep Cheque Book Delivery Process for MCB Privilege Customers was introduced, ensuring enhanced service convenience.

To strengthen financial discipline, Operations Group undertook multiple initiatives, including the automation of various charges such as duplicate Statement of Account fees and Inward Clearing Return fees. The implementation of system controls further enhanced risk mitigation and strengthened financial controls to prevent inefficiencies. The centralization of Teller Transaction Limits, along with enhanced controls to ensure secure and compliant transactions has reinforced the bank's compliance regime.

Operations Group has also played a pivotal role in enhancing treasury management and transaction processing services. A major highlight was the adoption of ISO 20022 standards across SWIFT and RTGS systems, significantly improving interoperability in financial messaging. With over a 90% Straight-Through Processing (STP) rate in inward customer funds transfers, Operations Group has reinforced its reputation for efficiency and compliance. Plans for 2025 include leveraging advanced analytics and further automation to enhance efficiency in treasury operations.

The Operations Group also remains dedicated to Green Banking, aligning with the State Bank of Pakistan's (SBP) Green Banking Guidelines and Environmental and Social Risk Management (ESRM) Manual. Its commitment to sustainability is reflected in significant reductions in paper consumption through digitization initiatives. On the Business Continuity front, the Group has strengthened contingency planning and crisis response mechanisms, ensuring resilience against disruptions. The implementation of Business Continuity Plans (BCP) safeguards seamless operations, reinforcing the Bank's ability to navigate external challenges effectively.

Looking ahead, the Operations Group remains committed to expanding its automation, digitization, and centralization efforts. Key initiatives for 2025 include the development of in-house transactional engines for posting GL Transactions and an Instrument Issuance Module, offering enhanced control, security, and operational flexibility. The introduction of a Text-to-Speech feature for the electronic Branch Operations Manual will further improve its accessibility. Additionally, automation projects such as the consolidation of Utility Bill Collection into a centralized interface, Cheque Book Tracking System, Cheque Book Requisition via Contact Center, and an Advanced IVR Revamp will enhance customer service efficiency. The Call Centre Management system will also undergo further enhancements to optimize workflow automation and customer interactions through better integration capabilities for a seamless customer experience.

With a steadfast focus on innovation, efficiency, and customer satisfaction, the Operations Group continues to drive transformative change, reinforcing its role as a strategic enabler in the Bank's journey toward sustained growth and success.

Compliance and Controls Group

The current Banking regime demands strong Compliance culture for maintaining financial stability, customer protection and upholding the integrity of the financial system. Criticality of the function has increased manifolds owing to enhanced Global focus on risks associated with Money laundering, Terrorist Financing, Proliferation Financing, exposure to embargoed jurisdictions, Cyber Security and Service Quality. Consequently, the Compliance function is continuously striving to keep up with these challenges through a well-integrated and robust risk mitigation framework in the aforesaid areas of our banking operations. As heightened focus continues on tackling these issues, CCG is committed towards investing more in resources, processes and technologies to combat these and other risk areas.

CCG aims to ensure the highest standards of AML/CFT/CPF and sanction risk compliance, which requires management and employees to adhere to these standards by preventing use of Bank's delivery channels, products and services for money laundering and terrorist financing. The Group provides a structural base to enable all concerned stakeholders to monitor out of patterns /unusual transactions to detect possible Money Laundering/ Terrorism Financing /Proliferation Financing activities through Transaction Monitoring Solution (FCCM) and Name List Screening System (SafeWatch). It also leads the Management/BOD Sub Committee on AML/CFT/CPF for oversight of AML/CFT/CPF compliance with respect to relevant regulations, policies, procedures and steering of various AML/CFT/CPF initiatives in the Bank, to mitigate the risk of such activities, for both domestic and overseas operations.

Automation of systems and processes to ensure compliance of laws, regulations & international best practices with an emphasis on customer facilitation have been a focus of Compliance & Controls Group during the year. In this regard, a number of initiatives were undertaken and are either deployed or in process of development. Notable highlights of 2024 include successful completion of project on automated Dual Use Goods screening, implementation of automated delta screening module, implementation of FCCM TBML for scenario based automated monitoring of trade transactions in UAE & Bahrain, implementation of Compliance Risk Management System (CRM). To further strengthen the monitoring of trade transactions, a dedicated TBML Control Unit was created under the umbrella of CCG. Further, through a structured model of Internal Risk Assessment, bank-wide Internal Risk Assessment Report (IRAR) as of 31-12-2023 on ML/TF/PF was devised and approved by the BoD during the year 2024. This activity also enables the bank to explore opportunities and strengthen its systems and controls to mitigate the residual ML/TF/PF risks. Lastly, CCG in coordination with L&D-HRMG, a role based training program on CDD & AML / CFT / CPF was also completed successfully for BMs / RMs, BSMs, USOs / TSOs, equipping them with knowledge of update regulations, laws & best industry practices to manage ML / TF / PF risks.

CCG also oversees adherence to the regulatory requirements through onsite reviews, with specific emphasis on Anti-Money Laundering (AML) / Combatting the Financing of Terrorism (CFT)/ Countering Proliferation Financing (CPF). Moreover, Preliminary Investigations of Consumer & Digital banking related frauds are also conducted by CCG for ensuring a timely conclusion of the reported incidences.

The Fraud Risk Management Division (FRMD) has taken several steps to consolidate and manage fraud, forgery, theft & dacoity data on bank wide basis. FRMD has also been reporting the fraud, forgery, theft & dacoity related data to the regulator/stakeholders as per their requirements. Further, through proactive Implementation of comprehensive Fraud Risk Management framework, the function was able to identify, prevent, detect, and respond to fraudulent activities. This framework includes policies and procedures aligned with regulatory requirements and best practices, ensuring a robust control environment. Fraud detection mechanisms, whistleblowing channels, and data analytics tools are utilized to monitor transactions and activities for unusual patterns. By following this proactive approach in identifying key risk areas and implementing required controls, the bank was able to manage Digital Frauds comprehensively. In addition to this, Regular fraud risk assessments and awareness programs strengthen our defenses, while swift investigative procedures and corrective actions mitigate potential losses and reduce recurrence. Moreover, CCG also leads the Management's subcommittee on FRM for maintaining the oversight of the fraud risk management processes, procedures, Litigation progress, mitigation processes, tracking the implementation of action/s controls.

Furthermore, in line with the changing nature of frauds, multiple public advisories were launched in lieu of Fraud awareness campaigns for customer's as well as internal staff's financial education to combat fraud in financial sector. The fraud awareness campaign has been the vital part of the fraud risk management framework to ensure a proactive approach to mitigate the risks in an efficient manner.

Regulatory Risk & International Compliance (RRIC) plays a vital role in management of Regulatory Risk. It liaises with the regulatory authorities, manages Bank's Regulatory Risk function, conducts activities and discharges its responsibilities in a way to determine impact of the compliance risk and address challenges surfaced by the Bank. In order to achieve its mandate, it coordinates with multiple quarters across the Bank to facilitate the management of Compliance Risk by effectively embedding methodology and furnishing advice and guidance relating to compliance issues of strategic nature by coordinating with State Bank of Pakistan (SBP) and Pakistan Banks' Association (PBA).

It manages Compliance related Policies and Procedures to ensure that obligations set out are meticulously observed and plays an effective role in managing / organizing Compliance Committee of Management (CCM) and matters pertinent to BoD / BoD sub-Committees.

To remain abreast with regulatory requirements, it pursues implementation of various dimensions of SBP Compliance Risk Management (CRM) Guidelines. In this regard, it aims to inculcate and embed compliance culture within the Bank wherein ongoing regulatory requirements and industry challenges can be managed effectively in local and overseas jurisdictions of the Bank. Bank pursues zero tolerance to compliance violations measuring through a technology-based risk system. To strengthen this process, Bank has implemented an automated system (Compliance Risk Management System) to enhance the assessment and management of compliance risk on a Pan Bank basis.

An important function of CCG is to work as a bridge between the bank, its regulators and other Government Authorities. This role of CCG is directly relevant to mitigate the reputational risk of the Bank in addition to regulatory risk. In this regard, Regulatory bodies like State Bank, Securities & Exchange Commission, Competition Commission, Banking Mohtasib and Financial Monitoring Unit, in addition to various Law Enforcement Agencies (e.g. NAB, FIA, ANF, CTD, NACTA, FBR etc.), Courts and Government Organizations regularly require the Bank to comply with their directions besides soliciting various type of information with the purpose of monitoring, preparing reports, formulating policies/strategies/regulations and for conducting investigations/enquiries to ensure enforcement of laws and regulations. For all the above entities, CCG works as a focal point for ensuring compliance with all their requirement/directions effectively and efficiently.

Further, SBP regularly conducts on-site and off-site inspection of the Bank for which CCG is the designated coordinating office. In this regard, CCG strives to coordinate between Bank's internal stakeholder and State Bank of Pakistan (SBP), Law Enforcement Agencies and other regulatory bodies.

At MCB Bank, we firmly believe that a truly successful organization is one that thrives on inclusivity, innovation, and equal opportunity. Guided by these principles, 2024 was a year of good progress as we worked tirelessly to cultivate an environment where every individual—regardless of gender, background, or economic standing—feels empowered to achieve their financial goals.

Our dedication to building an inclusive financial ecosystem remains unwavering. Recognizing the transformative potential of diversity, we have integrated inclusivity into every aspect of our operations. This year, a significant area of focus was aligning our efforts with the Banking on Equality (BoE) policy directions, particularly in fostering broader financial participation. MCB Bank

has taken proactive measures to expand access to financial services, improve digital inclusion, and offer tailored solutions to underserved and underrepresented communities. In 2024, our Women's Financial Services team adopted a gender lens approach to ensure that all our products and services address the unique needs of women across the socioeconomic spectrum. From product development to marketing strategies, we are embedding this perspective into our organizational DNA. This approach has led to the launch of innovative, women-centric products that go beyond traditional banking. Our financial solutions are designed to empower women entrepreneurs, professionals, and homemakers, giving them access to the resources they need to thrive. By creating opportunities and offering tailored support, we are playing a pivotal role in breaking down barriers that have historically limited women's financial participation.

Beyond products, MCB Bank's commitment to inclusion extends to fostering financial literacy, developing partnerships, and driving awareness initiatives. We have invested in programs aimed at equipping women with the knowledge and tools to make informed financial decisions. In addition, our collaboration with key stakeholders has enabled us to amplify our outreach, ensuring that these initiatives create a lasting and meaningful impact.

The Bank's Service Quality (SQ) function, a vital component of the Compliance and Controls Group (CCG), remained steadfast in its mission to elevate the customer experience through relentless focus and innovation in 2024. Supported by senior management oversight and continuous stakeholder engagement, the SQ team worked diligently to ensure the bank delivered exceptional service quality across all customer touchpoints. To achieve this enhanced service quality, the bank implemented a comprehensive, multi-faceted evaluation approach. This involved regular assessments spanning branch ambiance, service delivery efficiency (covering product and service speed), digital channel effectiveness, and contact center responsiveness. Furthermore, proactive customer feedback was gathered through the in-house Voice of Customer (VoC) program and third-party Customer Satisfaction Survey. These combined efforts yielded valuable insights into customer expectations and areas for refinement, underscoring the bank's commitment to superior customer experiences.

The Bank maintained its unwavering commitment to fair customer treatment, a key strategic priority. To empower frontline staff to handle customer interactions with empathy and professionalism, the bank further invested in learning and development. A key initiative was the introduction of Customer Experience Clinics, providing staff with practical, scenario-based training to hone problem-solving skills and build confidence in resolving real customer

issues. E-learning remained central to staff development, reinforcing employee responsibilities and emphasizing fair treatment principles and effective communication. For new hires, a comprehensive induction program ensured role readiness, incorporating extensive training across compliance, processes, services, and products. Crucially, a mandatory Fair Treatment of Customers (FTC) module within the orientation program ensured all new staff were grounded in fair treatment principles from their first day.

The Service Quality function effectively managed customer grievances, acting as the central point for complaint resolution. The SQ team collaborated closely with all business units to ensure a streamlined and efficient grievance process. They diligently managed each complaint from initial acknowledgement through to resolution and closure within defined timelines; ensuring timely and effective outcomes. Furthermore, regular root cause analyses were undertaken to identify systemic issues and opportunities for process enhancement, enabling the bank to proactively address underlying problems and prevent recurrence. The team consistently prioritized urgency and customer care in every grievance handled, aiming to continuously improve the overall customer experience.

Audit and Risk Assets Review Group

Internal audit function plays critical role in the overall risk and control environment of any organization. The function provides assurance that is vital for the Board and management in assessing overall strength of an organization's control environment. Furthermore, this function also adds value to the aforesaid control environment by virtue of its consultative role.

Audit & Risk Assets Review (Audit & RAR) Group is responsible for the internal audit function within MCB Bank Limited. Chief Internal Auditor (CIA) oversees the affairs of this Group. CIA functionally reports to the Board's Audit Committee and administratively to the President. The Group conducts audits/reviews of various areas of the Bank under the globally recognized Risk Based Auditing Methodology whilst complying with the requirements of the Global Internal Audit Standards issued by the Institute of Internal Auditors (USA) (IIA).

Audit & RAR Group continued to perform its role effectively on both the assurance and consultative fronts during 2024. The Group evaluated efficacy of Bank's control systems by enhancing visibility of the management and the Board Audit Committee on the risk management and control related matters of the Bank (for Bank's domestic and overseas operations). The Group also highlighted areas for improvement and worked closely with the management through regular engagement as well as consistent follow-up, monitoring and guidance

towards resolution of significant issues. Staff training and development remained a focus area for the Group which helped in enabling the internal audit teams in performance of their duties objectively as well as with professional due care.

With the zeal and commitment to play an effective role in the Bank's endeavor for continuous improvement, Audit & RAR Group will persevere for further strengthening of its resources, processes and Framework in 2025.

Legal Affairs Group

The mission of the Legal Affairs Group is to achieve the strategic goals and to protect and preserve the legal, ethical and financial integrity and the reputation of MCB Bank. This is accomplished by providing strategic legal advice on contentious and non-contentious matters, thereby ensuring that businesses conduct their activities in accordance with applicable laws and bye laws consistent with the mission, vision, and values of the MCB Bank. Legal compliance is the process and procedure to ensure that an organization follows relevant laws, regulations and business rules.

Human Resources Management Group

In line with the bank's commitment to create a positive work culture based on mutual respect, clear communication, and a strong sense of belonging, the Human Resources Management Group (HRMG) reiterates its dedication to establishing a fair, transparent, harassment-free, and respectful environment for all employees, regardless of their background. Our focus is on attracting and retaining talented individuals who can help us achieve our goals and follow the Bank's vision.

HRMG's vision is to be an employer of choice by collaborating with employees to achieve the Bank's vision and goals following the core values of the Bank

The year 2024 saw significant progress in learning and development, with HRMG empowering employees to navigate challenges and enhance organizational adaptability. From upgrading virtual infrastructure to offering innovative learning opportunities, HRMG has worked to equip employees with the skills necessary to better serve our customers. Years of investment in technology have facilitated a seamless transition to online learning platforms. Over all 51,414 participants were trained in 2024 including our Senior Management, female leaders along with other staff members of the Bank.

The Bank's talent management programs are designed to align with our vision, ensuring that the skills and competencies identified directly support our business objectives. These programs cover recruitment, employee development, retention, and succession planning. By

identifying high-potential individuals, we are building a pipeline of future leaders crucial for our ongoing success.

To bridge the gap between academic learning and the corporate world, Internship programs have been successfully conducted across Pakistan. A total of 1,455 internships were facilitated in the year 2024 across Pakistan.

As part of the digital transformation strategy, the organization launched two batches of the MTO Tech program to cultivate future technology leaders. Additionally, the regular MTO program attracted top talent from leading universities, while the Trainee Business Officer program and lateral hiring supported workforce diversification and job creation.

Significant key initiative(s) taken by Human Resources Management Group (HRMG) in 2024:

- **Provision of Additional Increments/ Special Rewards:** we have taken following initiatives during Performance Appraisal cycle for year 2024 (PA 2024), for captioned subject based on defined/transparent criterion:
 - o Minimum Benchmark Salary Adjustment – For employees upto AVP grade
 - o Additional payouts/incentives for Retail Banking Front End Staff – Performance based
 - o Increase in minimum Salary – for OG III grades
- **Salary benchmarking for Retail Banking Staff:** We have introduced minimum salary benchmarking and upward revisions in earlier approved benchmarked salaries for certain roles/position in Retail Banking including Area Head Retail Banking Services, General Managers, Regional Heads, Regional Head Retail Banking Services, Branch Managers and Branch Service Managers based on respective grades.
- **Record Promotions:** This year marked a historic milestone with approximately 2,400 promotions depicting bank's commitment to recognize employee's efforts/achievements.
- **Employee Appraisals via Harmony:** This year we have introduced processing of employee appraisals through automated system through "Employee Self Service Portal (ESS) and the Online Promotion Management System" which assisted in streamlining of the process and resulted in reduced administrative costs and proven as leap towards bank's commitment for a greener environment.

Security Division

Security is a prerequisite for safe and smooth business operations. At MCB, the Security Division frames plans and protocols designed for handling and ensuring physical security and safety of human resources, assets and operations. The plans are reviewed and aligned from

time to time based on feedback from the management and the Law Enforcement Agencies and are executed by the security teams of professionals on ground, in close and effective coordination with branch staff and other service teams of the Bank.

The year 2024 posed numerous challenges emanating from overall law and order situation in the country, which were adeptly navigated by the Security Division. The concerted efforts of security teams, supervisory security tiers and business operational teams provided a safe and secure environment for the Bank's business operations.

Continuous efforts throughout the year were made to enhance and upgrade the MCB Bank security apparatus at branches with the latest technical equipment. To ensure maximum security coverage, branches in sensitive regions were consistently monitored remotely from Lahore, Islamabad and Karachi. Branch staff and security teams work synergistically and the security apparatus at MCB Bank is fully geared to meet any challenge while upholding the safety and security.

Marketing Division

The Marketing Division plays a key role in promoting the MCB Bank brand and supporting the Bank's business activities through the development and deployment of effective marketing content across multiple communication channels. The Division continually strives to enhance the Bank's positive image through strategic product and service promotions, corporate and brand communication standardization, branch merchandising, corporate social responsibility (CSR) and public relations, among other initiatives.

During 2024, the Marketing Division significantly contributed to strengthening the Bank's presence across various platforms. Efforts were made to improve the visual outlook of conventional and Privilege Banking branches and lounges, along with branding and interior revamps. Marketing actively supported the promotion of revamped and new products, including MCB One, MCB Nayab, MCB Direct, MCB Freelancer and the MCB Signature Debit Card, through targeted campaigns and digital outreach.

The Division also played a pivotal role in supporting regulatory initiatives such as Roshan Digital Account, Raast and Banking on Equality. A key highlight was Marketing's contribution to a special event in Dubai aimed at engaging the Pakistani diaspora and creating awareness of the Roshan Digital Account. The team also expanded the Bank's digital footprint by setting up dedicated social media pages for MCB Bank's overseas operations, helping create awareness of its international footprint and offerings. Furthermore, the team facilitated the launch of

MCB Exchange, the Bank's foreign exchange subsidiary, by developing fascia designs, brochures, standees, internal communications, and social media content.

Marketing executed multiple media campaigns, including those facilitating intending Hajjis and promoting the national cause of increasing remittance inflows through strategic media outreach. The Division also ensured the Bank's participation in national milestone days, illuminating the Head Office for Independence Day and promoting women's empowerment through engaging activities.

On the CSR front, Marketing continued to support leading NGOs, including Edhi Foundation, Pink Ribbon, Sundas Foundation, Saleem Memorial Hospital and Shaukat Khanum Memorial Cancer Hospital, particularly in their Zakat collection and awareness efforts. During 'Pinktober,' the team led a breast cancer awareness campaign, reinforcing the Bank's commitment to social causes. Additionally, the Bank strengthened its focus on education through the MCB Gold Medal initiative, which recognized and rewarded top-performing university students of FAST University Chiniot, Faisalabad campus for their academic excellence. This initiative underscored MCB Bank's dedication to nurturing future leaders and promoting education as a pillar of social progress.

Going forward, the Marketing Division will remain focused on enhancing brand visibility through a blend of traditional and digital mediums, further reinforcing the Bank's presence and driving awareness of its products and services.

Subsidiaries

MCB Islamic Bank Limited

Pakistan's banking sector has demonstrated remarkable resilience and strong performance despite the challenges posed by climate change costs, economic stagnation and political instability.

In this dynamic environment, MCB Islamic has strategically focused on sustained growth, Network & business volume expansion and technology investments. Through optimizing deposit mobilization, making timely investments and adhering to prudent financing practices, we have effectively navigated the economic landscape. Supported by an efficient organizational structure, robust risk management and strict regulatory compliance, the MCB Islamic Bank achieved a commendable Profit Before Tax of Rs. 9.11 billion for the year ending December 31, 2024, Alhamdulillah.

As of December 31, 2024, the Bank's deposits grew to Rs. 209.11 billion, up from Rs. 204.46 billion in 2023. The Current and Savings Account (CASA) mix remains healthy at 79%, with non-remunerative deposits comprising 31%

of the total. Our commitment to Islamic banking remains strong, as we engage untapped non-banked customers with a diverse range of Islamic banking products, maintaining service excellence.

Total assets surged by 15%, reaching Rs. 307.34 billion by year-end, compared to Rs. 267 billion in 2023. The net financing position rose to Rs. 119.35 billion, up from Rs. 89.35 billion, reflecting prudent financial management, while investments totaled Rs. 146.60 billion. The Bank's capital adequacy ratio reported at 20.49%. Our management remains focused on efficient capital management, superior asset quality and a high-yielding portfolio.

The Bank generated operating income of Rs. 19.91 billion, a 5% increase from the previous year, achieving a return on earning assets of 17.52% and a net spread of 6.80%. However, operating and other expenses increased by 34% due to higher business volumes, substantial branch network expansion and significant investments in infrastructure. This increase is carefully monitored through effective management controls to ensure sustainable profitability.

The Bank reported a profit after tax of Rs. 4.24 billion, a slight decrease from Rs. 5.15 billion in the previous year. Earnings per share (EPS) decreased to Rs. 2.73 from Rs. 3.31 in 2023.

A significant milestone during the year was the Bank's acquisition of 39 branches from MCB Bank Limited as part of a "Scheme of Compromises, Arrangements and Reconstruction" approved by the Honorable Lahore High Court. Following the Court Order, the banking business, including assets, liabilities and operations of these branches, was converted into Islamic banking branches and transferred to our Bank effective November 15, 2024.

MCB Investment Management Limited

MCB Investment Management Limited (MCBIM) is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB Bank holds 81.42% shareholding of MCBIM. The Company has been assigned an Asset Manager rating of 'AM1' by the Pakistan Credit Rating Agency Limited (PACRA) dated October 4, 2024.

In 2024, the KSE 100 index recorded a historically high return of 84%, compared to 55% recorded in last year. Since the Company's investments are placed in both equity funds and debt securities, better performance of Pakistan Stock Exchange Limited (PSX) coupled with active management improved the base of Assets under

management (AUMs) and consequently translated into an overall increase in income and profits. The management fee sharing recorded an increase of 78% over comparative year and reported at Rs. 2.281 billion (2023: Rs. 1.283 billion) primarily due to increase in fund size of AUMs. Administrative and operating expenses were reported at Rs. 1.198 billion (+64%). Due to better performance of the funds, share of profit from associates increased by 44% to report at Rs. 599.573 million. This coupled with tax incidence of Rs. 668.481 million resulted into a Profit After Tax of Rs. 1.294 billion; registering significant growth of 79%.

MCB Non-Bank Credit Organization Closed Joint Stock Company

MCB Non-banking Credit Organization Closed Joint Stock Company is a 99.94% owned subsidiary of MCB Bank Limited. It was incorporated on October 16, 2009 and is 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 Company leases out various types of automotive vehicles, industrial equipment, equipment used in medicine, health care, and for other business needs.

Company has total assets size of AZN 34.077 million (+37%) mainly concentrated by net investment in finance lease i.e. 71% of the total assets book. During 2024, the interest income was reported at AZN 5.161 million (+39%). Interest expense was reported at AZN 2.117 million (+42%), and translating into a net interest income of AZN 3.043 million (+37%). With an administrative expense (including salaries and other benefits) charge of AZN 1.387 million, the Profit Before Tax was reported at AZN 2.088 million (+53%). The Profit After Tax was reported at AZN 1.667 million (+52%).

Company's functional and presentation currency is Azerbaijan Manat (AZN).

(1 AZN = 163.8529 PKR as at December 31, 2024).

MCB Exchange Company (Private) Limited

MCB Exchange Company (Private) Limited was incorporated on November 14, 2023 and has a license to perform the business of currency exchange as prescribed by the State Bank of Pakistan. The company is a wholly owned subsidiary of the Bank.

Despite its first year of operations, the company's financial performance in 2024 has shown promising returns, driven by the expansion of its network to 23 exchange booths by year end. Income from operations for the year 2024 was reported at Rs. 26.548 million, administrative expenses

MCB Exchange company is ready to cater to the growing needs of its customers while maintaining high standards of service delivery, however, its ability to manage operational costs effectively, adapt to changing interest rate environments, and capitalize on the expanded branch network will be crucial in achieving sustainable, long-term growth.

Associates

Adamjee Insurance Company Limited

Adamjee Insurance Company Limited (AICL) is a public limited Company incorporated in Pakistan on September 28, 1960 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on the PSX and is principally engaged in the general insurance business. MCB Bank holds 20% shareholding of Adamjee Insurance Company Limited (AICL).

Euronet Pakistan (Private) Limited

Euronet Pakistan (Private) Limited is a private limited company incorporated in Pakistan under the repealed Company Ordinance, 1984 (now Companies Act 2017) on 8 December 2010. The principal business of the company is to provide outsourcing services to banks and financial institutions for Automated Teller Machine (ATM) network and managed services for Point of Sale (POS) terminal networks. MCB Bank holds 30% shareholding of Euronet Pakistan (Private) Limited.

Key financial performance indicators of the Bank's Associates have been disclosed in note 10.12 of unconsolidated financial statements.

Corporate Governance

Corporate Governance at MCB Bank Limited (“MCB” or the “Bank”) defines the framework of rights and responsibilities among its stakeholders, guided by a robust set of rules, policies and practices. It emphasizes transparency, accountability and effective delegation to ensure operational integrity across the organization.

MCB’s Corporate Governance framework serves as the foundation for sustainable corporate success, fostering stakeholder confidence while ensuring compliance with regulatory requirements. It strikes a balance between economic and social objectives, aligning the interests of investors, the corporation and society as a whole.

Board Composition:

The Bank encourages representation of independent directors, non-executive directors and directors representing minority interests on its board of directors. At present the Board includes:

Category	Name
Independent Directors	Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Shahzad Hussain Mr. Masood Ahmed Puri
Non-Executive Directors	Mian Mohammad Mansha Mr. Muhammad Tariq Rafi Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Shaikh Muhammad Jawed Mr. Norzulkarnien bin Nor Mohamad
Executive Director (President & CEO)	Mr. Muhammad Nauman Chughtai
Female Director (Non-Executive)	Mrs. Iqraa Hassan Mansha

Casual Vacancies on the Board of Directors:

During the year, Mr. Norzulkarnien bin Nor Mohamad was appointed as a Non-Executive Director in place of Mr. Shariffuddin bin Khalid, with effect from May 13, 2024.

Further, Mr. Shoaib Mumtaz completed his term as President & CEO of the Bank on December 20, 2024 and Mr. Muhammad Nauman Chughtai was appointed by the Board as President & CEO with effect from December 21, 2024. The State Bank of Pakistan (“SBP”) cleared the Fit and Proper Test (FPT) of Mr. Muhammad Nauman Chughtai on January 14, 2025.

Independent Directors and their Independence:

The Board has four (4) Independent Directors who meet the criteria of independence under the Companies Act, 2017 and the directives issued by the SBP.

Representation of Female Directors on Board:

Mrs. Iqraa Hassan Mansha serves as the female representative on the Board of Directors.

Non-Executive Directors:

All directors on the Board are Non-Executive Directors except for the President & CEO of the Bank who being CEO is deemed to be a Director. Non-Executive Directors offer independent perspectives and are not involved in the Bank’s day-to-day operations or its Executive Management Team.

Executive director serving on the Board of other companies / trust:

The Executive Director, i.e., President & CEO is serving as a nominee Director on the Boards of MCB Non-Bank Credit Organization, Closed Joint Stock Company, Azerbaijan and MCB Investment Management Limited, the subsidiaries of the Bank. He is also serving as Chairman of the Board of Trustees of MCB Employees Foundation.

Detail of Board Meetings held outside Pakistan:

During the year 2024, all the meetings of Board of Directors were held in Pakistan.

Diversity in the Board of Directors

The Board comprises local as well as foreign directors who have a diverse educational background and vast professional experience, suitable knowledge, appropriate skills/expertise and competency considered relevant in the context of Bank's operations and to make the Board an effective decision-making body. Please refer to "Profile of the Board of Directors" section of the Annual Report for detailed profiles of the Board members.

Process of Election and Appointment of directors:

The directors are elected by the shareholders of the Bank in accordance with the provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the SBP regulations. However, casual vacancies arising on the Board, if any, are filled-in by the directors for the remaining term of the outgoing director as per applicable provisions of the law and regulations.

Every director has to qualify prior assessment criteria of 'Fit and Proper Test (FPT)' as framed by the SBP. At the time of election of directors, the Bank conducts prior self-assessment of interested persons in order to satisfy itself that the proposed persons are eligible in light of the applicable laws, rules and regulations. The assessment entails appropriate screening procedures to ensure financial credibility, integrity, reputation and track record of the proposed persons. It also ensures that the Board is comprised of directors who have suitable knowledge, adequate experience, competency, appropriate skill set, expertise and competency required for Bank's business. Further, the Board has an appropriate size, diversity, mix of directors including female member(s) and is well-structured to add value and make it an effective governing body.

During the year, the Board of Directors completed its term and was reconstituted in the Annual General Meeting held on March 27, 2024. Being eligible, all retiring directors were re-elected unopposed including the independent directors.

Selection of Independent Directors:

An independent director means a director who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the Bank, its associated companies, subsidiaries, or directors; and can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest.

Independent Directors are elected through the process of election of directors and also meet the requirements laid down by the SBP as well as comply with the provisions of the relevant laws, rules and regulations. At present, Independent Directors are selected from the data bank maintained by the Pakistan Institute of Corporate Governance ("PICG"), as approved by the SECP.

Selection of Independent Directors through PICG:

Selection of independent directors as members of the Bank's Board of Directors is carried out from the database maintained by the PICG under the Companies (Manner and Selection of Independent Directors) Regulations, 2018, issued by SECP.

PICG is an autonomous body and has no other connection with the Bank, except for providing access to the database on independent directors, directors' training and performance evaluation of the Board, its Committees and individual directors as an independent body.

Directors' Participation/Attendance in Board and Committee Meetings held during 2024

Sr. No.	Name of Director	Board of Directors (BoD)		Number of Board Committees' Meetings Attended															
				AC		BS&DC		RM&PRC		CR&MC		ITC		HR&RC		PP&CA		WO&WC	
		Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹
1	Mian Mohammad Mansha	◆	5/5	-	-	◆	4/4	-	-	-	-	-	-	◆	5/5	◆	4/4	-	-
2	Mr. Muhammad Tariq Rafi	◆	4/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	◆	-
3	Mian Umer Mansha	◆	5/5	◆	4/5	◆	4/4	◆	4/4	◆	4/4	◆	6/6	◆	1/1	◆	4/4	◆	-
4	Mrs. Iqraa Hassan Mansha	◆	5/5	-	-	-	-	-	-	-	-	-	-	◆	2/5	◆	2/4	-	-
5	Mr. Muhammad Ali Zeb	◆	5/5	◆	5/5	-	-	◆	4/4	◆	4/4	-	-	◆	5/5	◆	4/4	◆	-
6	Mr. Mohd Suhail Amar Suresh bin Abdullah	◆	4/5	-	-	◆	3/4	◆	2/4	-	-	◆	4/6	-	-	-	-	-	-
7	Mr. Yahya Saleem	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Mr. Salman Khalid Butt	◆	5/5	-	-	◆	4/4	◆	4/4	◆	4/4	◆	6/6	◆	5/5	-	-	-	-
9	Mr. Shahzad Hussain	◆	5/5	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Mr. Masood Ahmed Puri	◆	5/5	-	-	◆	2/2	-	-	-	-	-	-	-	-	-	-	-	-
11	Mr. Shariffuddin bin Khalid	◆	2/2	◆	2/2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Shaikh Muhammad Jawed	◆	5/5	-	-	◆	2/2	-	-	-	-	-	-	-	-	-	-	-	-
13	Mr. Norzulkarnien bin Nor Mohamad	◆	3/3	◆	2/2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Mr. Shoaib Mumtaz (Ex-President & CEO)	◆	5/5	-	-	◆	4/4	◆	4/4	◆	4/4	◆	6/6	-	-	◆	3/4	-	-
Total Number of Meetings Held		5		5		4		4		4		6		5		4		0	

Chairman ◆ Member ◆

Notes	1	Meetings of a particular forum attended by the concerned member during his/her tenure.	
	2	Mr. Norzulkarnien bin Nor Mohamad	Inducted as member of AC w.e.f August 07, 2024.
	3	Mian Umer Mansha	Inducted as member of HR&RC w.e.f December 11, 2024.

AC:	Audit Committee
BS&DC:	Business Strategy & Development Committee
RM&PRC:	Risk Management & Portfolio Review Committee
CR&MC:	Compliance Review & Monitoring Committee

ITC:	IT Committee
HR&RC:	Human Resource & Remuneration Committee
PP&CA:	Committee on Physical Planning & Contingency Arrangements
Wo&WC:	Write-Off & Waiver Committee

The names of the persons who, at any time during the financial year, were elected directors of the Bank:

- Mian Mohammad Mansha
- Mr. Muhammad Tariq Rafi
- Mian Umer Mansha
- Mrs. Iqraa Hassan Mansha
- Mr. Muhammad Ali Zeb
- Mr. Mohd Suhail Amar Suresh bin Abdullah
- Mr. Yahya Saleem
- Mr. Salman Khalid Butt
- Mr. Shahzad Hussain
- Mr. Masood Ahmed Puri
- Mr. Shariffuddin bin Khalid
- Shaikh Muhammad Jawed
- Mr. Norzulkarnien bin Nor Mohamad

Disclosure on Board of Directors

Sr. No.	Name of Director	Date of Joining/ Leaving the Board	Status of Director	Member of Board Committee(s)	Number of other Board Memberships along with Name of Company(ies)	
					Number	Name of Company(ies)
1	Mian Mohammad Mansha	08-Apr-1991	Non-Executive Director	- BS&DC - HR&RC - PP&CA	2	MCB Non-Bank Credit Organization, CJSC, Azerbaijan British Asian Trust - Chair of the Pakistan Advisory Council
2	Mr. Muhammad Tariq Rafi	08-Apr-1991	Non-Executive Director	- WO&WC	7	Central Depository Company of Pakistan Limited Habib University Foundation Siddiqsons Energy Limited Siddiqsons Limited Siddiqsons Mining (Pvt) Limited Siddiqsons Tin Plate Limited TMS Mining (Pvt) Limited
3	Mian Umer Mansha	11-Nov-1997/ 08-Sep-2007 & 27-Mar-2009	Non-Executive Director	- BS&DC - ITC - PP&CA - CR&MC - WO&WC - AC - RM&PRC - HR&RC	12	Adamjee Insurance Company Limited Adamjee Life Assurance Company Limited Hyundai Nishat Motor (Pvt) Limited National Textile Foundation Nishat (Raiwind) Hotels and Properties Limited Nishat Agriculture Farming (Pvt) Limited Nishat Agrotech Farms (Pvt) Limited Nishat Dairy (Pvt) Limited Nishat Developers (Pvt) Limited Nishat Hotels & Properties Limited Nishat Mills Limited Nishat Sutas Dairy Limited
4	Mrs. Iqraa Hassan Mansha	03-May-2016	Non-Executive Director	- HR&RC - PP&CA	5	Emporium Properties (Pvt) Limited Nishat (Raiwind) Hotels and Properties Limited Nishat Hotels & Properties Limited Nishat Real Estate Development Company (Private) Limited Security General Insurance Co. Ltd.
5	Mr. Muhammad Ali Zeb	27-Mar-2009/ 07-Apr-2011 & 17-Jun-2013	Non-Executive Director	- RM&PRC - AC - HR&RC - CR&MC - PP&CA - WO&WC	4	Adamjee Insurance Company Limited Adamjee Life Assurance Company Limited Nishat Sutas Dairy Limited Pakgen Power Limited
6	Mr. Mohd Suhail Amar Suresh bin Abdullah	24-Feb-2014	Non-Executive Director	- BS&DC - RM&PRC - ITC	2	MBB Labs Pvt Ltd (a subsidiary of Maybank Shared Services) MRANTI Corporation Sdn. Bhd.
7	Mr. Yahya Saleem	27-Mar-2018	Non-Executive (Independent) Director	-	8	YS Services Canada Inc. YS Services Private Limited YS Services USA Inc. (Previously NC Trading USA) YSG Trading Private Limited HUM-YS Films (Private) Limited International Cotton Association NC Entertainment Private Limited Saleem Memorial Trust Hospital

Sr. No.	Name of Director	Date of Joining/ Leaving the Board	Status of Director	Member of Board Committees	Number of other Board Memberships along with Name of Company(ies)	
					Number	Name of Company(ies)
8	Mr. Salman Khalid Butt	10-Nov-2018	Non-Executive (Independent) Director	<ul style="list-style-type: none"> - HR&RC - BS&DC - RM&PRC - ITC - CR&MC 	4	New Heights Management Limited, a BVI Company
						New Heights Concepts Limited, a BVI Company
						Next Commercial FZ LLC, a Ras El Khaimah (Rakez), U.A.E. Company
						Next Pharmaceutical Products (Pvt) Limited
9	Mr. Masood Ahmed Puri	31-May-2019	Non-Executive (Independent) Director	-	3	Transarab Trading Services (KSA)
						Jedex Logistics Pvt Ltd (Pakistan)
						Jedex Transport Company LLC (UAE)
10	Mr. Shahzad Hussain	31-May-2019	Non-Executive (Independent) Director	- AC	1	NAMAL Education Foundation
11	Mr. Shariffuddin bin Khalid	23-Jul-2019 to 13-May-2024	Non-Executive Director	- AC	4	Malayan Banking Berhad
						Marine & General Berhad
						Maybank (Cambodia) Plc (a subsidiary of Maybank)
						Maybank Islamic Berhad
12	Shaikh Muhammad Jawed	08-Feb-2023	Non-Executive Director	- BS&DC	5	Din Textile Mills Limited
						Din Leather (Pvt) Limited
						Din Farm Products (Pvt) Limited
						Adamjee Insurance Company Limited
						Adamjee Life Assurance Company Limited
13	Mr. Norzulkarnien bin Nor Mohamad	13-May-2024	Non-Executive Director	- AC	-	-
14	Mr. Shoaib Mumtaz Ex-President & CEO	21-Dec-2021 to 20-Dec-2024	Executive Director	<ul style="list-style-type: none"> - BS&DC - RM&PRC - CR&MC - ITC - PP&CA 	3	MCB Non-Bank Credit Organization, CJSC, Azerbaijan
						MCB Investment Management Limited
						MCB Employees Foundation
15	Mr. Muhammad Nauman Chughtai President & CEO	21-Dec-2024	Executive Director	<ul style="list-style-type: none"> - BS&DC - RM&PRC - CR&MC - ITC - PP&CA 	3	MCB Non-Bank Credit Organization, CJSC, Azerbaijan
						MCB Investment Management Limited*
						MCB Employees Foundation

AC:	Audit Committee
BS&DC:	Business Strategy & Development Committee
CR&MC:	Compliance Review & Monitoring Committee
HR&RC:	Human Resource & Remuneration Committee

ITC:	IT Committee
PP&CA:	Committee on Physical Planning & Contingency Arrangements
RM&PRC:	Risk Management & Portfolio Review Committee
WO&WC:	Write-Off & Waiver Committee

Note:	Mr. Shariffuddin bin Khalid resigned from the Board and the Board on May 13, 2024, appointed Mr. Norzulkarnien bin Nor Mohamad as a Non-Executive Director in his place, while SBP provided its FPT clearance on July 22, 2024.
	Term of Mr. Shoaib Mumtaz as President & CEO of the Bank completed on December 20, 2024 and Board in its meeting held on December 11, 2024, appointed Mr. Muhammad Nauman Chughtai as President & CEO, in his place, while SBP provided its FPT clearance on January 14, 2025.
	*Date of appointment: January 06, 2025.

Board Sub-Committees

The Board has formed eight (8) sub-committees as given below:

1. Audit Committee;
2. Business Strategy & Development Committee;
3. Risk Management & Portfolio Review Committee;
4. IT Committee;
5. Human Resource & Remuneration Committee;
6. Compliance Review & Monitoring Committee;
7. Committee on Physical Planning & Contingency Arrangements; and
8. Write-Off & Waiver Committee.

Audit Committee

Composition:

1. Mr. Shahzad Hussain - (Chairman, Independent Director)
2. Mian Umer Mansha - (Non-Executive Director)
3. Mr. Muhammad Ali Zeb - (Non-Executive Director)
4. Mr. Norzulkarnien Bin Nor Mohamad - (Non-Executive Director)

Terms of Reference

The main Terms of Reference / roles & responsibilities of the Committee are:

1. Determination of appropriate measures to safeguard the Bank's assets;
2. Reviewing annual and interim financial statements of the Bank, prior to their approval by the Board of Directors, focusing on:
 - a. Major judgmental areas;
 - b. Significant adjustments resulting from the audit;
 - c. The going concern assumption;
 - d. Any changes in accounting policies and practices;
 - e. Compliance with applicable accounting standards;
 - f. Compliance with listing regulations, other statutory and regulatory requirements; and
 - g. All related party transactions.
3. Reviewing preliminary announcements of results prior to external communication and publication;
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

5. Reviewing Management Letter issued by External Auditors and management's response thereto;
6. Making recommendations to the Board of Directors for the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Bank by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
7. Ensuring coordination of internal auditors with external auditors of the Bank, and SBP inspection team(s);
8. Ensuring that the internal audit function has adequate resources (financial, human, operational, physical and technological), its staff is adequately trained and the function is appropriately placed within the Bank with access to Bank's people, information, processes, properties, records and systems;
9. Reviewing and recommending the Internal Audit Framework i.e. internal audit function's policies and manuals (also covering extent and nature of assignments/ engagements that can be provided to the management by internal audit function in its 'Advisory / Consulting' role) to the Board for approval;
10. Reviewing internal audit strategy, reporting framework and procedures developed by Chief Internal Auditor and ensuring its fullest support to the internal audit function and internal auditors enabling them in performing their mandated activities independently and in objective manner;
11. Reviewing and approving scope and extent of internal audit as well as risk based annual audit plan. Furthermore, reviewing the implementation status of the approved audit plan on a quarterly basis;
12. Ensuring independence of internal audit function, independence & objectivity of internal auditors, optimal utilization of audit resources, effectiveness of the internal audit function in Bank's overall governance and internal control framework and constructive engagement of internal audit function with senior management and auditee units etc.;
13. Reviewing and recommending budget / resource requirement of Audit & RAR Group to the Board for approval. Further, reviewing, on a quarterly basis, the utilization of Audit & RAR Group's assigned budget and if required, recommending provision of additional resource(s) to enable the Group in performance of its activities;

14. Formulating 'Key Performance Indicators' (KPIs) for the Chief Internal Auditor and evaluate his / her performance against set KPIs on an annual basis;
15. Approving appointment / re-hiring / renewal of contract and removal of Chief Internal Auditor along with his / her compensation package / remuneration (including performance-based bonus, increments, cash rewards etc.), allied benefits (both financial/non-financial), promotion / demotion and other terms of employment to the Board through Board's Human Resources & Remuneration Committee. However, recommendation of Board's Human Resources & Remuneration Committee may be sought by the Audit Committee / Board, regarding compensation package of Chief Internal Auditor, keeping in view the institution-wide remuneration policy, formulated in terms of BPRD Circular No. 01 of 2017;
16. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
17. Reviewing summaries of quarterly report on frauds / forgeries / dacoities;
18. Reviewing, on quarterly basis, summary of significant violations / observations, internal control deficiencies, organizational and personal material conflicts of interest etc. to have deep insights into state of internal controls and to set specific, time bound action points / indicators to monitor improvements. Further reviewing the management action plan to ensure that audit observations / recommendations receive proper and timely attention by senior management;
19. Analyzing and identifying (for necessary action(s)), on a regular basis, 'root cause(s)' of control breaches of critical nature that keep on occurring in at-least two audit periods despite implementation of audit recommendations;
20. Obtaining Chief Internal Auditor's independent annual assessment / opinion on the state of Bank's internal controls based on the audits conducted over the period;
21. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
22. Reviewing the Bank's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
23. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer ("CEO") and to consider remittance of any matter to the external auditors or to any other external body;
24. Determination of compliance with relevant statutory requirements;
25. Reviewing, on a periodic basis, the Internal Controls over Financial Reporting (ICFR) system for its effective implementation and its continuous upgradation;
26. Establishing, maintaining and promoting regular communication with senior management regarding deficiencies in internal controls; review actions taken by management to address identified deficiencies and ascertaining new developments to achieve a uniform organization-wide commitment / buy-in for implementation of strong and effective internal controls;
27. Reviewing effectiveness of Whistle Blowing procedures for receiving (through internal or external sources) complaints / concerns regarding business ethics / conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc. Ensuring that such complaints / concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever. Ensuring that employees remain aware of existence of such procedures including mechanism for utilizing them and are encouraged to be a 'whistleblower';
28. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
29. Monitoring compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof; and
30. Consideration of any other issue or matter as may be assigned by the Board of Directors.

Business Strategy & Development Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mian Mohammad Mansha - (Non-Executive Director)
3. Mr. Mohd Suhail Amar Suresh - (Non-Executive Director)
4. Mr. Salman Khalid Butt - (Independent Director)
5. Shaikh Muhammad Jawed - (Non-Executive Director)
6. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are to:

1. Review and develop Vision & Mission statements and core values for MCB both from long and short-term perspective.
2. Develop Bank's initiatives relating to business philosophy and acquisition, strategic investment and divestment, capital raising exercise, strategic alliances and brand management. In particular, review the following important matters:
 - a. Policy initiatives;
 - b. Business organization;
 - c. Oversee expansion plans; and
 - d. Contingency planning relating to business realignment.
3. Monitor the progress of the key strategy initiatives undertaken by the Bank.
4. Review and devise medium and long-term business plans and policies based on strategy, future direction and milestones set by the Board.
5. Keep oversight on Bank's overseas operations.
6. Undertake such other tasks as may be delegated by the Board from time to time.

Risk Management & Portfolio Review Committee

Composition:

1. Mr. Muhammad Ali Zeb - (Chairman, Non-Executive Director)
2. Mian Umer Mansha - (Non-Executive Director)
3. Mr. Mohd Suhail Amar Suresh - (Non-Executive Director)
4. Mr. Salman Khalid Butt - (Independent Director)
5. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are to:

1. Review the Bank's Risk Management Framework, in light of internal developments, guidelines issued by the regulators and international best practices, on as and when required basis and recommend to the Board for approval;
2. Ensure Bank's compliance towards Capital Adequacy and other related Basel / regulatory requirements on an on-going basis. Review Capital Adequacy Ratio (CAR) in detail on half yearly basis;
3. Review and recommend to the Board, Bank's Risk Appetite statement on an annual basis;
4. Review various reports pertaining to the risks in the Bank's portfolio; including reports and data pertaining

to security risks related to Technology and Information Security prepared by the Risk Management Group. The Committee shall also consider comments of the management while reviewing such reports and communicate the planned / executed corrective actions to the Board, if required;

5. Review the Bank's information Security Policy, information/CyberSecurityManagementFramework, Technology Risk Management Framework, and internet Banking Security Framework; in light of internal developments, guidelines issued by the regulators and international best practices, as per their defined review frequencies or earlier, if required and recommend these to the Board for approval; and
6. Review of any report / MIS specifically assigned by a regulator for Committee's oversight.

IT Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mr. Mohd Suhail Amar Suresh - (Non-Executive Director)
3. Mr. Salman Khalid Butt - (Independent Director)
4. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee with regard to governance and supervision include the following:

1. To approve an overall plan for IT system for the Bank, prepared by the management;
2. To approve the organizational IT and Digital strategic plans to ensure an effective use of information technology and digital initiatives in the Bank by all departments;
3. To approve and oversee the management's program to automate the organization's use of internal information to ensure that data is organized and shared in a manner that adds value and enhances productivity;
4. To approve and oversee a reliable and secure information security infrastructure with the capacity to address future threats;
5. To approve policies that promote development of information technology and digital resources in an organized, deliberate, secured, and cost-effective manner;
6. To review and approve management recommendations for IT standards for ensuring compliance with regulatory requirements and identifying and mitigating significant IT related risks;

7. To review and approve the technology procurements as per Bank's approved IT Strategy. The Committee may further delegate the same to the management as and when deemed fit; and
8. To undertake any other IT or Digital Banking related work assigned to the Committee by the Board.

Human Resource & Remuneration Committee

Composition:

1. Mr. Salman Khalid Butt - (Chairman, Independent Director)
2. Mian Mohammad Mansha - (Non-Executive Director)
3. Mian Umer Mansha - (Non-Executive Director)
4. Mrs. Iqraa Hassan Mansha - (Non-Executive Director)
5. Mr. Muhammad Ali Zeb - (Non-Executive Director)

Terms of Reference

The main Terms of Reference of the Committee shall be to ensure that:

1. The existing policies are reviewed periodically and as necessary, revised and recommended to the Board, in order to attract and retain highly qualified employees. This may include review of remuneration policy and remuneration setting mechanism at least once every three years. Among other factors, the review of remuneration framework shall include, but not limited to:
 - a. The effectiveness of remuneration policy and mechanism i.e., whether it is providing the expected outcomes;
 - b. Any necessary changes required; and
 - c. Any unintended consequences.

The findings of review and rectification measures shall be presented to the Board for approval.
2. The latest entry-level procedures are put in place for recruitment of entrants.
3. The existing training facilities for the new entrants as well as for up-gradation of skill level of all employees are reviewed and revised, if required.
4. Proper classification & reclassification of employees' pay scales, job description and methods of their periodical review are put in place.
5. The Bank-wide remuneration policy takes into account all cadres of employees along with the pay gap between the highest paid and the lowest paid employees, across various levels as well as across the Bank. The pay gap shall be based on the total compensation awarded to the employees and should be maintained at reasonable levels without allowing concentration of the benefits of

Bank's performance only to top level or certain class or group of employees. The pay structure for all employees should be fair, competitive and encourage performance and motivation.

6. That the remuneration policy of the Bank provides for reasonable levels of compensation for contractual employees of Bank and commensurate with their assignments.
7. That a separate structure of remuneration for Material Risk Controllers ("MRCs") and Material Risk Takers ("MRTs") is developed as per remuneration policy. The MRTs should be identified as functions and designations rather than as individuals. The MRTs should have appropriate level of authority and control.
8. An objective criterion for work appraisal / performance is developed and linked with the annual merit increase.
9. A review is undertaken of the organizational structure to bring it in line with business strategy & development plan and approve an organizational setup or any revision in the existing set up taking into account the recommendations of the President & CEO.
10. An in-house human resource expertise is developed to undertake market analysis of above policies with a view to developing MCB policies.
11. If so required, the Committee can seek independent external advice / expert opinion for accomplishment of devising an effective and prudent remuneration framework.
12. Effective management information system is developed to monitor the implementation of policies as approved by the Board.
13. Recommendation to the Board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of Senior Management. The definition of Senior Management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer.
14. Selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, COO, CFO, Company Secretary and Head of Internal Audit and recommendation to the Board.
15. The structure of compensation package of Executive Directors, CEO, Key Executives and any other employee or group of employees Bank-wide is recommended to the Board for its own approval or approval of the shareholders, according to legal and regulatory requirements.
16. The consideration and approval on recommendations

of CEO on such matters for key management positions who report directly to CEO.

17. In devising the remuneration setting policy and mechanism, the Committee can also seek internal inputs from any other committee of the Board or directly from any department or official of the Bank.

Compliance Review & Monitoring Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mr. Muhammad Ali Zeb - (Non-Executive Director)
3. Mr. Salman Khalid Butt - (Independent Director)
4. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are:

1. To review six monthly reports, prepared by the Compliance & Controls Group and routed through the President, on overall compliance risk management in the Bank (local as well as overseas operations) including the actions taken on the recommendations and observations of SBP in its Annual / Thematic Inspection Reports;
2. To evaluate the effectiveness of the Bank's overall management of compliance risk, at least annually; keeping in view the regulatory observations in on-site examinations, regulatory enforcement actions, internal assessments / feedback from internal audit, compliance reviews, as well as interactions with the Chief Compliance Officer ("CCO");
3. To carry on liaison between the Board and the management and make recommendations to the Board, if necessary, for taking decisions on expedient and appropriate disposal of compliance issues raised through Compliance Committee of Management ("CCM") and SBP's inspection reports and other AML/CFT related identified issues;
4. To oversee the effectiveness of Service Quality function of the Bank and to review the Bank's performance against committed service deliverables;
5. To review / recommend Compliance Risk Strategy / Policy, Compliance Program and allied policies and oversee its implementation across the Bank in letter and spirit;
6. To recommend appointment of CCO on the advice of the President and ensure that position of CCO does not remain vacant for more than 60 days. Furthermore, to approve any disciplinary action or termination of the CCO;
7. To ensure that CCO has appropriate stature, authority, resources (physical, financial and human), support

to fulfill his duties, independence and capacity to offer his objective opinions and advise to senior management and Board on matters of compliance risks;

8. To ensure that Compliance Function ("CCG") has subject experts on various critical areas such as risk management, credit operations, product compliance, customer service, international trade, outsourcing, corporate governance, financial disclosures, business continuity, information technology, general banking operations, AML/CFT etc. to provide guidance to business areas as and when required;
9. To ensure that Compliance Function ("CCG"), being the second line of defense, assists line managers / departments in designing and implementing adequate controls to manage risks of non-compliance and monitors and assesses bank-wide compliance risk and reports risk profile to Board and Compliance Committee of Management;
10. To engage with the CCO on half yearly basis, for his feedback on issues faced by the Compliance Function ("CCG") in the implementation of Board approved compliance program;
11. To review the minutes of Compliance Committee of Management (CCM) meetings to ascertain its effectiveness in managing compliance risk;
12. To review the progress in implementing remedial actions taken with respect to instances of non-compliance or control weakness as identified by Compliance Function through its regular compliance reviews and / or various other sources;
13. To review the compliance risk relevant agenda items as required under SBP regulations / instructions of overseas jurisdictions, AML/CFT perspective and SBP inspection reports' observations as per their respective timelines/ frequencies (quarterly, semi-annually or annually);
14. To satisfy itself of receiving the accurate as well as comprehensive information required to perform its compliance risk oversight responsibilities, including seeking assurances from Senior Management that the compliance risk controls have been implemented and are working effectively;
15. To ensure changes in the Rules / Regulations and Laws are reviewed on an ongoing basis in the existing policies or through introduction of new policies;
16. To review management's updates on technology upgrades w.r.t. AML, Bank's data quality / cleansing, delay in filing of Suspicious Transaction Report ("STR") and delays / breaches in freezing of sanctioned accounts;
17. The Committee would recommend to the management for updation of existing policies of the

Bank's local and overseas operations, if required, and/or determine the need for introduction of new policies, in accordance with the changes in the following:

- a. Local laws, including but not limited to the SBP Act, Banking Companies Ordinance, Prudential Regulations, Code of Corporate Governance, Securities & Exchange Commission of Pakistan Instructions, Rules, Regulations & Circulars and Listing Regulations of Stock Exchanges;
 - b. Existing and prospective business environment; and
 - c. Operational requirements;
18. To ensure that Bank's policies are placed before the Board for approval after recommendation by the respective Board Committees;
 19. To oversee fairness and reasonableness of service charges through Service Council; and
 20. Any other issue that is deemed necessary and required by the regulations.

Committee on Physical Planning & Contingency Arrangements

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mian Muhammad Mansha - (Non-Executive Director)
3. Mrs. Iqraa Hassan Mansha - (Non-Executive Director)
4. Mr. Muhammad Ali Zeb - (Non-Executive Director)
5. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are:

1. To develop and devise an overall plan for physical infrastructure and contingency arrangements for the Bank;
2. To review and monitor all work in progress, including construction of premises and renovations, which shall, inter alia, be based on physical planning;
3. To review, monitor and recommend to the Board, the building plans, master development agreements & contingency arrangements;
4. To review, from time to time, as the Committee deems appropriate, the administrative structures and plans in place to ensure the ongoing health and safety of utilities and physical assets, including land & buildings and recommend, as appropriate, changes in plans arising from this review; and
5. To review updates on Bank's property purchases and sales.

Write-Off & Waiver Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mr. Muhammad Tariq Rafi - (Non-Executive Director)
3. Mr. Muhammad Ali Zeb - (Non-Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are:

1. To review and approve write-off & waiver cases on behalf of the Board of Directors; and
2. To submit cases of write-off & waiver for post facto ratification by the Board.

Management Committees

Management committee

1. President & CEO – Chairman
2. Group Head – Oversight & Monitoring
3. Chief Financial Officer
4. Chief Compliance Officer
5. Chief Information Officer
6. Chief Digital Officer
7. Group Head – Human Resource Management
8. Group Head – Risk Management
9. Group Head – Wholesale Banking
10. Group Head – Treasury & Forex
11. Group Head – General Services
12. Group Head – Operations
13. Group Head – Security & Marketing
14. Group Head – Retail Banking
15. Head – Consumer Banking
16. Head – International Banking
17. Head – Legal Affairs
18. Head – Special Asset Management

Purchase & Expense Committee

1. Group Head – Operations
2. Chief Financial Officer
3. Chief Compliance Officer
4. Group Head – Human Resources Management

Assets & Liabilities Committee

1. President & CEO – Chairman
2. Group Head – Treasury & Forex
3. Chief Financial Officer
4. Group Head – Risk Management
5. Group Head – Operations
6. Group Head – Wholesale Banking
7. Chief Digital Officer
8. Head – International Banking
9. Group Head – Retail Banking

Write off Committee

1. President & CEO – Chairman
2. Group Head – Wholesale Banking
3. Chief Financial Officer
4. Group Head – Retail Banking
5. Head – Consumer Banking
6. Group Head – Risk Management
7. Head – Special Asset Management
8. Secretary of Management Credit & Risk Committee

Investment Committee

1. President & CEO – Chairman
2. Group Head – Risk Management
3. Group Head – Wholesale Banking
4. Group Head – Treasury & Forex
5. Chief Financial Officer
6. Head – International Banking

IT Steering Committee

1. President & CEO – Chairman
2. Chief Information Officer
3. Chief Financial Officer
4. Group Head – Operations
5. Group Head – Risk Management
6. Chief Digital Officer
7. Group Head – Wholesale Banking
8. Chief Compliance Officer
9. Chief Information Security Officer
10. Group Head – Retail Banking

Disciplinary Action Committee

1. Group Head – Human Resource Management – Chairman
2. Chief Compliance Officer
3. Group Head – Operations
4. Group Head – Security & Marketing
5. Group Head – General Services
6. Head – Legal Affairs
7. Group Head – Risk Management

Litigation Review Committee

1. Group Head – Oversight & Monitoring – Chairman
2. Group Head – Human Resource Management
3. Chief Digital Officer
4. Head – International Banking
5. Head – Special Asset Management
6. Head – Consumer Banking
7. Head – Legal Affairs

Management Credit & Risk Committee

1. President & CEO – Chairman
2. Group Head – Risk Management
3. Division Head – Credit Risk Management Division

Management Sub-Committee for Resolution of Long Outstanding Audit Issues

1. Group Head – Oversight & Monitoring – Chairman
2. Group Head – Retail Banking
3. Chief Financial Officer
4. Group Head – Operations
5. Chief Information Officer

Management Sub-Committee on AML/CFT

1. Chief Compliance Officer – Chairman
2. Group Head – Oversight & Monitoring
3. Group Head – Risk Management
4. Group Head – Operations
5. Head - International Banking
6. Group Head – Retail Banking

Overseas Monitoring Committee

1. Group Head – Oversight & Monitoring – Chairman
2. Chief Financial Officer
3. Chief Compliance Officer
4. Group Head – Risk Management
5. Group Head – Operations
6. Head – International Banking

Compliance Committee of Management

1. President & CEO – Chairman
2. Group Head – Oversight & Monitoring
3. Chief Information Officer
4. Chief Compliance Officer
5. Group Head – Operations
6. Group Head – Human Resource Management
7. Group Head – Risk Management
8. Head Legal Affairs
9. Head – International Banking
10. Chief Digital Officer
11. Group Head – Wholesale Banking
12. Head – Consumer Banking

Cyber Security Committee

1. Group Head – Risk Management – Chairman
2. Chief Information Officer
3. Chief Digital Officer
4. Chief Compliance Officer
5. Head – International Banking
6. Group Head – Operations
7. Group Head – Retail Banking
8. Head – Consumer Banking

Outsourcing Relationship Review Committee

1. Group Head – Operations – Chairman
2. Chief Compliance Officer
3. Group Head – Risk Management

Management Sub-Committee for Monitoring of Central Banks Inspection Reports

1. Group Head – Oversight and Monitoring – Chairman
2. Chief Compliance Officer
3. Group Head – Operations
4. Group Head – Risk Management
5. Chief Information Officer

Wealth Management Committee

1. President & CEO – Chairman
2. Group Head – Retail Banking
3. Head – Consumer Banking
4. Division Head – Service Quality
5. Chief Compliance Officer

Performance Evaluation of the Board of Directors, its Committees and Individual Directors

MCB Bank Limited (the “Bank”) has established a formal and effective mechanism for evaluating the performance of the Board, its Committees, the Chairman, individual Directors and the President & CEO. This process aligns with the ‘Guidelines on Performance Evaluation of the Board of Directors’ issued by the State Bank of Pakistan and the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities & Exchange Commission of Pakistan. Performance evaluations are conducted annually, with an external independent evaluator engaged at least once every three years.

In 2024, the Bank conducted an in-house performance evaluation for the year 2023, assessing the Board as a whole, the Chairman, individual Directors (including independent Directors), the President & CEO, and Board Committees. The results showed notable improvements:

- Board Performance: Overall performance improved from 90% in 2022 to 95% in 2023.
- Board Committees: Performance increased from 86% in 2022 to 93% in 2023.
- Chairman: Rated as “Strong,” consistent with the previous year.
- President & CEO: Performance in the “Strong” category improved from 55% in 2022 to 62% in 2023.
- Independent Directors: All independent Directors demonstrated an improved performance within the “Strong” category.
- Overall Board Contribution: All Directors were recognized for their valuable contributions, reinforcing their commitment and effectiveness in fulfilling their roles.

Performance Evaluation through External Independent Evaluator

To ensure compliance with regulatory requirements and enhance objectivity in the Board’s annual performance evaluation process, MCB Bank Limited conducts an independent third-party assessment of the Board, its Committees, and individual Directors every three years.

In this regard, the performance evaluation for the year 2021 was conducted in 2022 by the Pakistan Institute of Corporate Governance (PICG), serving as an independent external evaluator. The Board received a strong rating of 93% on the Board Strategic Performance Index (BSPI) of PICG, reflecting its overall effectiveness.

Similarly, the independent external evaluation for the year 2024 is scheduled to be conducted in 2025, in accordance with the requirements of the SBP Guidelines.

Criteria for Annual Performance Evaluation of the Overall Board of Directors:

The Board is responsible for overseeing long-term policy matters, defining the Bank’s strategic objectives, and ensuring their effective implementation while upholding its vision, mission and core values. It maintains high standards of business and professional conduct in managing and supervising the Bank’s affairs, demonstrating accountability to shareholders. Acting with full awareness and in the best interests of the Bank and its stakeholders, the Board sets the “tone at the top” to foster a strong corporate culture.

In 2024, the Bank’s Evaluation Committee conducted the overall performance evaluation of the Board for the year 2023, based on the criteria outlined in the SBP Guidelines.

- a) Is the composition of the board appropriate, having the right mix of knowledge, expertise and skills to maximize performance?
- b) How well the board exercises its role ensuring that the organization supports and upholds the vision and mission, core values etc.?
- c) Is the policy framework of bank/DFI developed appropriately?
- d) What has been the board’s contribution towards developing strategies?
- e) Is the board able to make timely strategic decisions ensuring operations are in line with strategies?
- f) Is the information provided to the board appropriate, accurate, timely and unbiased?
- g) What has been the board’s contribution in ensuring robust and effective risk management?
- h) Has the board ensured that internal control and the audit function are conducted in an effective manner?

- i) Has the board ensured timely and accurate disclosure on all material information?
- j) Is the board as a whole, up-to-date with latest developments in the regulatory environment?
- k) Are the board procedures conducive to effective performance and flexible enough to deal with all eventualities?
- l) Is the board effective in adherence to the code of conduct?

Criteria for Annual Performance Evaluation of the Board Committees:

The rationale for the formation of Board Committees is to assist the Board in performance of its functions and to enhance efficiency by sharing the work load. MCB Board has formed eight (8) committees assisting the Board in the areas of audit, strategy setting, risk management, human resource management, physical planning & contingency arrangements, information technology, regulatory compliance and write-offs & waivers. Size, structure and skill set of the Board Committees are in line with applicable rules, regulations and laws as well as business needs of the Bank.

During the year 2024, annual performance evaluation of the Board Committees was also carried out by the Evaluation Committee by using an in-house-approach.

Performance evaluation of the Board Committees was conducted on basis of the following broad criteria:

- a) Are the size, structure and skill set of committees appropriate?
- b) Does each committee have adequate and appropriate written terms of reference?
- c) Are the committees effectively discharging their functions and duties as per terms of reference?
- d) Is the frequency of committee meetings adequate?
- e) Are the committee meetings organized properly with appropriate procedures?
- f) Are the committee meetings conducted in a manner that encourages open communication and meaningful participation of its members?
- g) How effectively and proactively committees have followed up with their areas of concern?
- h) Are the suggestions and recommendations of committees effective?

Annual Performance Evaluation of the Chairman, Individual and Independent Directors:

Performance evaluation of the Chairman is linked with the functioning of the overall board as well as performance of individual directors. Independent Directors are entrusted with the responsibility to conduct the performance

evaluation of the Chairman, who are also required to seek the help of other directors, as per the criteria given in SBP Guidelines. Similarly, performance evaluation of Individual Directors is conducted by the Chairman; however, Independent Directors are evaluated by all other Directors of the Bank excluding the director being evaluated. Based on the results of the recent performance evaluation of the Chairman, Independent and other Non-Executive Directors, it was found that the individual Directors were making valuable contributions with proper commitment to their respective roles and responsibilities.

Annual Performance Evaluation of the President & CEO of the Bank:

The President & Chief Executive Officer (“CEO”) is entrusted with the overall management of the Bank’s affairs. The Board authorizes the President & CEO to effectively oversee operations, implement strategic decisions and policies and align the Bank’s direction with its vision and mission by setting clear objectives and goals. Through strong leadership and team-building efforts, the President & CEO drives optimal performance while managing the Bank’s affairs in line with its strategic and long-term objectives. Under his leadership, the Senior Management formulates goals in line with the Bank’s strategic direction.

The performance evaluation of the President & CEO was conducted by all Directors of the Bank. In 2024, the consolidated results of this evaluation reflected a significant improvement. The assessment was based on questionnaires covering key criteria, as outlined below:

- a) Were the financial / business targets set by the board achieved?
- b) Does he possess leadership qualities i.e. correct anticipation of business trends, opportunities and priorities affecting the institution’s prosperity and operations?
- c) Has he developed clear mission statement, policies, and strategic plans that harmoniously balance the needs of all the stakeholders?
- d) Does he ensure that company’s resources and budgets are aligned with the implementation of the organization’s strategic plan?
- e) Does he establish an effective organization structure to ensure management’s focus on key functions?
- f) Does he timely and effectively execute strategies set by the board?
- g) Has he served as an effective representative while communicating with all the stakeholders?

Directors' Remuneration

The Board, on recommendation of the Board's Human Resource & Remuneration Committee, approves scale of remuneration for attending the Board and its Committees meetings by the Chairman and other Board Members, excluding the Executive Director. The level of remuneration is determined in such a way that it encourages independence, motivation and retention of Board Members. It also commensurate with level of expertise and experience of each member and responsibility assigned. The scale of remuneration, including additional remuneration, is also approved by the shareholders of the Bank and it remains within the prescribed limits given in the Corporate Governance Regulatory Framework, issued by the State Bank of Pakistan.

Directors' Remuneration Policy:

The Board has framed and approved a comprehensive and transparent Directors' Remuneration Policy for the Chairman and other Board Members in accordance with the provisions of applicable laws, rules and regulations as amended from time to time.

The Policy aims to set out the requirements and methodology for determining the scale of remuneration and other allowable expenses to be paid, from time to time, to the Chairman and other Directors for attending the Board and its Committees meetings. The Policy ensures that the Board Members are fairly rewarded with regard to their respective responsibilities undertaken and also to attract and retain high-calibre, experienced directors by offering appropriate remuneration levels commensurate with their expertise, skill and experience. The Policy has been formulated with clear mandate and charter, keeping in view the ownership structure, governance mechanism, risk profile, scope of operations and performance of the Bank. The Policy is applicable to Non-Executive / Independent Directors, Executive Director(s) and the Chairman of the Board of Directors.

The Bank being financial services provider, always adheres to practicing good governance, enabling to enhance its efficiency and footprints in financial sector. MCB's Board comprises of directors who have diversified experience, suitable knowledge, appropriate skill set / expertise and competencies considered relevant in the context of the Bank's operations and to make the Board an effective oversight and decision-making body.

Salient features of the said Remuneration Policy are as under:

- The Policy has been prepared in accordance with the regulatory requirements;
- On recommendation of the Board's Human Resource & Remuneration Committee, the Board shall approve the scale of remuneration to be paid to the Chairman and its other Members (excluding the Executive

Director(s)), for attending Board and its Committees meetings;

- The Board may determine additional remuneration for a director including the Chairman of Board and Chairman of any Board's Sub-Committees of the Bank for performing extra services. However, such additional remuneration shall not exceed the limits as prescribed by SBP;
- The above-mentioned remuneration shall also be approved by the shareholders of the Bank, preferably on pre-facto basis, in general meeting of the Bank;
- No remuneration shall be paid to the Executive Director(s) except for traveling, boarding, lodging and / or any other expenses incurred for attending Board and its Committees meetings;
- No consultancy or allied work shall be awarded to a director or to the firm(s), institution(s) or company (ies) etc. in which he / she individually and / or in concert with other directors of the Bank, holds substantial interest;
- The Bank shall either make all arrangements for travelling, boarding and lodging of Board Members for attending Board and its Committees meetings and any other meeting relating to Bank's business or reimburse such expenses including any relevant domestic training to the Board Members, on actual basis;
- Executive Director(s) shall be entitled for travelling, boarding, lodging and/or any other expenses incurred for attending Board and its Committees meetings, on actual basis, as per the Bank's standard rules and regulations; and
- Remuneration shall be fixed invariably in Pakistani Rupees (PKR). However, the payment of the same may either be made in Pakistani Rupees or in equivalent foreign currency (ies) as stated therein.

Directors' Remuneration:

Detail of remuneration paid to the Executive Director and the Non-Executive Directors during the year 2024 has been disclosed in the Note No. 42 of the Unconsolidated Financial Statements of the Bank for the year ended December 31, 2024.

Directors' Orientation

Directors' orientation enables the directors to have a better understanding of specific context under which directors operate and comprehend their duties and responsibilities and also to acquaint them with wider scope of responsibilities, propagate due diligence and acting in good faith while effectively managing the interests of the Bank. It continues through the orientation stage and leads to ongoing directors' education as well

as directors' and Board's assessment. An orientation program is aimed at increasing director's familiarity with the Bank, its industry as well as equipping the directors with sufficient information and resources that facilitate fully-informed decisions.

In this connection, the Board Members are regularly provided with update on new applicable laws, rules and regulations including amendments thereto to apprise them with their powers, duties and responsibilities. The Chairman of the Board issues a letter to every director at the commencement of new term of the Board or appointment of a director against a causal vacancy, setting out the roles and responsibilities, as Director of the Bank.

Further, at the time of induction of new director(s), he / she is given orientation about the Bank's corporate governance framework, its businesses, current issues, strategies and operations by the Management to acquaint them with the Bank's overall operations in order to enable them to effectively govern the affairs of the Bank on behalf of shareholders. The directors are also provided with the detailed written material in shape of extracts from relevant laws, rules & regulations on powers, duties & responsibilities of the Board of Directors.

Directors' Training Program

All Board Members, have either minimum education and experience required for exemption from Directors Training Program ("DTP") or have already undergone such training as narrated in the relevant Regulations. MCB Board is fully adhered to directors training arrangements under the relevant Regulations.

Board's Function and Decision Making

MCB's Board sets the Bank's strategic aims to be put into effect and upholds the vision, mission and core values of the Bank. It plays an effective role and provides entrepreneurial leadership and direction for the Management of the Bank. The Board considers long-term policy-related matters and exhibits high standards of business and professional conduct in managing and supervising affairs of the Bank. The Board comprises of local as well as foreign directors who have diversified experience, suitable knowledge, appropriate skills / expertise and competency considered relevant in the context of the Bank's operations and to make the Board an effective decision-making body. The Board has appropriate size and diversification. The collective wisdom of the Board is translated into its decisions which form the basis for Management to achieve its targets.

The primary role of the Board of Directors of the Bank is to enhance shareholders' value. The directions provided by the Board enable the Senior Management to deliver remarkable returns to stakeholders, sustainable

performance and value-added services. It also helps in building a corporate culture of equality, trust and team spirit. MCB Board is concerned with strategic matters and overseeing the business of the Bank in light of emerging risks and opportunities, on a regular basis and is also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Bank.

Significant Issues/Matters discussed/approved by the Board of Directors:

During the year, the Board of Directors deliberated / approved the following Significant Issues / Matters:

- Scheme of Compromises, Arrangements and Reconstruction under Sections 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017 for demerger of Assets, Liabilities and Operations along with all rights and obligations pertaining thereto of 39 branches from MCB Bank Limited and merger with and into MCB Islamic Bank Limited;
- Annual budget of the Bank;
- Management Letter(s) issued by the External Auditors of the Bank;
- Financial Results of MCB Bank and consolidated Financial Results with its subsidiaries on a quarterly, half yearly and annual basis together with Directors' Report, Auditors' Report and Chairman's Review Report;
- Declaration of Interim and Final Cash Dividends;
- Bank's Policies including periodic reviews and amendments thereto;
- Re-constitution of Board's Sub-Committees of the Bank;
- Review of Terms of Reference ("TORs") of Board's Committees;
- Related Party Transactions as recommended by Board's Audit Committee;
- Credit proposals in respect of facilities extended to related parties of the Bank;
- Cyber Security and Operational Risk Strategies of the Bank;
- Write-offs and waivers including Consumer's non-performing loans and recoveries there against;
- Donations / Charities under CSR Activities of the Bank;
- Annual Branch Expansion Plan of the Bank;
- Appointment / Engagement of External Auditors of the Bank as well as for Bank's Overseas Operations and also to Perform Agreed upon Procedures as recommended by the Audit Committee;

- Various SBP Inspection / Assessment Reports pertaining to the period under review;
- Various new Regulations/ Standards/ Examination Reports, issued by the central banks of UAE, Bahrain and Sri Lanka from time to time.
- Complaints received under Whistle Blowing Program and actions taken thereon;
- Matters recommended by Board's Committees;
- Performance Evaluation of the Board as a whole, the Chairman, Individual Directors including Independent Directors, the President & CEO and Board's Committees;
- Quarterly and Annual Reports on Fraud / Forgery & Dacoity Cases;
- Self-Assessment under SBP 'Conduct Assessment Framework';
- Annual Fraud Risk Assessment and Internal Risk Assessment Report of the Bank;
- Performance review of Consumer Lending Business, Wealth Management Business and Digital Banking Business;
- SME Financing and Agriculture Credit Plans of the Bank;
- Status and implications of all material law suits filed by and against the Bank; and
- Ratification of shares transferred in physical form including transmission cases during the year 2024.

Matters Delegated to the Management

The strategic direction provided by the Board enables the Senior Management to deliver remarkable returns to shareholders, sustainable performance and value-added services to the stakeholders. It helps in building a corporate culture of equality, trust and team spirit within the Bank. The Board periodically reviews the financial and operational performance of the Bank and sets the budgetary targets for the Management. The Management is primarily responsible for implementing the strategies as approved by the Board of Directors in conducting the operations of the Bank effectively. Tactical and operational matters are delegated to the Management. Further, under the direction and oversight of the President & CEO of the Bank, the Senior Management carries out and manages the Bank's activities in a manner consistent with the strategies, business goals, risk appetite, incentive compensation and other policies approved by the Board of Directors.

Governance Practices Exceeding Legal Requirements

MCB Board as a whole, respects the country laws and ensures meticulous compliance of applicable laws, rules & regulations and being one of the leading Banks, always adheres to providing information and disclosures above the minimum regulatory requirements. The Board never gives the room for any sort of non-compliance and takes it as reputational risk for the Bank. The Management also regularly updates the Board with the latest development in the regulatory environment and maintains stringent control over regulatory compliance through designated resources. Following are some of the practices of the Bank which exceed the minimum legal requirements:

- The Board has formed eight sub-Committees as compared to the minimum regulatory requirement.
- The Bank has only one Executive Director (President & CEO) though two executive directors are permitted by SBP and four (one third of the Board as executive directors) under the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Voluntary adoption of best reporting practices as prescribed by ICAP / ICMAP / SAFA with a view to making the Bank's financials more transparent.
- The Bank reports additional information in the Annual Report for stakeholders which is not required by any laws.

Roles and Responsibilities of the Chairman and the President & CEO of the Bank:

The Roles and Responsibilities of the Chairman and the President & CEO of the Bank are described below:

Roles and Responsibilities of the Chairman:

The Chairman of the Board of Directors ("the Board") shall be elected from amongst the non-executive directors of the Bank and shall not hold the office of Chief Executive Officer ("CEO"). He shall be responsible for leadership of the Board and shall ensure that the Board plays an effective role in fulfilling its responsibilities. The Chairman has responsibilities and powers as vested in him / her by law, Articles of Association of the Bank and / or assigned, from time to time, by the Board. In particular, the Chairman will coordinate the affairs of the Board and chair the meetings of the Bank; however, he shall not participate in day-to-day management of the affairs of the Bank.

The Chairman shall ensure that:

- The composition of the Board is in accordance with legal and regulatory requirements;
- The Board as a whole is functioning effectively in accordance with applicable laws, regulations and rules to inculcate sound business principles and prudent commercial practices;
- The Board receives appropriate, accurate, timely and unbiased information, in particular, about the Bank's affairs and performance to enable the Board to take sound and effective decisions;
- The meetings of the Board and the Shareholders of the Bank are convened in compliance with legal and regulatory requirements; and proceedings of such meetings are accurately and fairly recorded. The agenda of the meetings take full account of applicable laws & regulations and the requirements of Bank's business;
- All Board Members are encouraged to participate and raise issues and concerns in the Board discussions, whilst promoting highest standards of Corporate Governance;
- The Board is concentrating on relevant issues and conflicts (if any) are effectively resolved;
- The Board sets the tone and values of the Bank; promotes a culture of openness and constructive debate and effective decision making;
- The Board is periodically updated on its statutory and fiduciary duties, as required in relevant laws, regulations and rules, enabling the Directors to perform their roles & responsibilities properly and prudently in the best interest of the Bank;
- Good relationship is maintained with Board Members, the Management and the Shareholders; so that obligations to the shareholders and other stakeholders are understood and met; and
- Shareholders' and other stakeholders' interest are promoted in the decisions taken by the Board.

Roles and Responsibilities of the President & CEO:

The President & CEO of the Bank, subject to the control and directions of Board, is entrusted with the whole, or substantially the whole, of the power of the Management to direct, manage, administer and control the affairs of the Bank. He shall be responsible for implementation of strategies, policies and decisions of the Board. The terms and conditions of appointment of the President & CEO are determined by the Board of Directors. The President is to be deemed a director and also entitled to all the rights and privileges and be subject to all the liabilities of that office. He / she possess leadership qualities i.e. correct anticipation of business trends, opportunities and priorities affecting the institution's prosperity and operations.

The President & CEO of the Bank shall:

- Set the appropriate performance standards to achieve financial / business targets set by the Board;
- Ensure that Bank's resources and budgets are aligned with the implementation of its strategic plan;
- Ensure assessment, monitoring and effective management of the significant risks to the Bank;
- Ensure that Bank maintains high standards of corporate citizenship and social responsibility wherever it operates;
- Establish an effective organizational structure having appropriate resources / systems within the Bank, to ensure Management's focus on key functions;
- Timely and effectively execute strategies set by the Board;
- Manage the affairs of the Bank in accordance with strategies and long-term objectives approved by the Board;
- Ensure effective communication with the Board, shareholders, employees, regulatory authorities and other stakeholders and serve as an effective representative of the Bank while communicating with all the stakeholders;
- Ensure through effective leadership, team building and motivation that the maximum possible performance is achieved by the Bank and ensure that the affairs of the Bank are being managed in accordance with highest ethical standards, sound business principles and prudent commercial practices;
- Exercise the overall control, discretion, administration and supervision for the sound and efficient management and conduct of the business of the Bank;
- Monitor short term goals and ensure that the operating groups / divisions develop their own plans for the future, which need to be quantified as far as possible with benchmarks established;
- Conduct a periodic performance review of the Senior Management team so that major initiatives such as expansion strategies, acquisitions and capital investments should be finalized and adopted through major marketing and development exercises;
- Provide the Board with the relevant information it needs to carry out its fiduciary responsibilities and to supervise the Senior Management;
- Liaise between the Board and the staff, and communicate on a regular basis with both to promote understanding, cohesiveness and coordination for development of policies and their implementation;
- Ensure the compliance of applicable laws, rules and regulations;

- Ensure establishment of an effective information mechanism whereby internal and / or external significant / material items affecting Bank's affairs are identified and shared with relevant stakeholders on timely basis;
- Maintain follow up on regulators' observations and other lawful instructions and issues raised by external and / or internal auditors and to ensure their strict adherence / compliance in Bank's operations;
- Ensure compliance related to enhancement of Digitization Initiatives and 'Banking on Equality' Policy; and
- Ensure compliance of the provisions of General Power of Attorney, as approved by the Board of Directors to run the affairs of the Bank.

External Oversight of Functions and Measures Taken to Enhance the Credibility of Internal Controls and Systems

To ensure effectiveness, applicability and appropriateness of the implemented controls and systems, the management of the Bank engages external subject matter experts / consultants to conduct performance and quality assessments at regular intervals; or earlier, if warranted by significant changes occurring within the Bank control environment.

Following is the summary of key measures undertaken to enhance the credibility of internal controls and systems through external oversight:

- The Bank has an internal 'Audit & RAR Group (IA) independent from the Management and responsible for providing reasonable assurance to key stakeholders regarding compliance with control framework of the Bank. As part of IA's overall quality assurance and improvement program, regular strategic assessments are executed, through an external assessor, to review conformance to regulatory framework and perform maturity assessment of IA's operating practices against external performance benchmarks.
- The information and network security systems are periodically reviewed by the information systems auditors. Independent external assessments are being regularly conducted as part of SWIFT's community standard assessment program for attestations against its customer security controls framework (CSCF); with the most recent of such assessments completed in 2024.
- External Vulnerability Assessment & Penetration Testing.
- PCI DSS (Payment Card Industry Data Security Standard) compliance assessment.

- External auditors of the Bank have carried out special review of the Bank's Internal Control Programme relating to Internal Control over Financial Reporting (ICFR).

Code of Conduct & Ethical Standards for Directors

The Bank has also developed "Code of Conduct & Ethical Standards for Directors" as per the requirements of Code of Corporate Governance which is signed annually by every Director of the Bank.

Board's Commitment to Upholding High Standards of Ethics and Compliance

The Board of Directors recognizes that maintaining the highest standards of ethics and compliance is essential for the long-term success and sustainability of the Bank. MCB is committed to fostering a culture of integrity, transparency, and accountability across all levels of the organization by adhering to the following key principles:

- Uncompromising Ethical Standards: Ensuring that all business activities align with the Bank's core values by upholding the highest ethical standards.
- Comprehensive Compliance Framework: Maintaining and continuously enhancing a robust compliance program that adheres to all applicable laws, regulations, and industry best practices.
- Culture of Compliance: Embedding compliance into the Bank's daily operations and fostering an environment where employees are encouraged to report concerns without fear of retaliation.
- Strong Oversight and Accountability: Exercising vigilant oversight of the Bank's ethics and compliance framework, ensuring its effectiveness, and holding management accountable for its implementation.
- Training and Awareness: Providing employees with comprehensive training on the Bank's ethics and compliance policies to ensure informed decision-making.
- Effective Reporting and Investigation Mechanisms: Establishing clear and confidential reporting channels for ethical and compliance concerns, ensuring thorough investigations and appropriate actions.

Through these commitments, the Board reinforces its dedication to ethical excellence and regulatory compliance, ensuring that the Bank operates with integrity and accountability at all times.

Directors' Profile

Directors' profiles have been incorporated in the "Profile of the Board of Directors" section of the Annual Report.

Board's Policy on Governance of Risk and Internal Controls

The Board oversees matters relating to risks, compliance and internal control through its committees. The Board of Directors regularly assess all risk governance structures and lines of defense to ensure that key roles, responsibilities and accountabilities for implementing an effective governance, risk management, internal control and compliance function, in each of its jurisdictions, are appropriately defined and responded to; in line with Bank's approved policy frameworks and applicable regulatory requirements.

For details please refer to "Risk Management Framework" and "Statement on Internal Controls" sections of the Annual Report.

Board's Policy on Diversity

The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise, skill sets and experience of the members / employees enhances the effectiveness of the Bank.

MCB is committed in fostering, cultivating and preserving a culture of diversity and inclusion. Human capital is the most valuable asset the Bank has. The collective sum of the individual's life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that employees invest in their work, represents a significant part of Bank's culture, as well as its reputation and achievements.

The Bank's well-crafted diversity policy serves as a roadmap for creating a workplace where everyone feels valued, respected, and empowered to succeed.

Managing Conflict of Interest

Overview:

A conflict of interest situation arises when a director, directly or indirectly, has an interest, pecuniary or otherwise, in performing his functions or duties and such interest could lead to impairing his ability to consider and decide any matter impartially, without creating biasness in his or her own decision.

The Board Members owe certain fiduciary duties, including the duties of loyalty, due diligence, and confidentiality to the Bank which require that a director must act in good faith in order to promote the objectives of the Bank. In this regard, the Bank has developed "Code of Conduct & Ethical Standards for Directors" which requires every director to disclose potential or actual conflicts of interest with respect to his / her duties as soon as they arise or he / she becomes aware of them. All the Board Members take reasonable steps to avoid being in an actual, apparent or potential conflict of interest. The Board recognizes the responsibility to adhere to the defined policies of the Bank

and avoid perceived conflicts of interest that may arise during the course of business.

For this purpose, the Bank has also developed a 'Conflict of Interest' Policy for Directors, President & CEO and Key Executives, duly approved by the Board of Directors.

Disclosure of interest in significant contracts and arrangement by Directors:

None of the Directors have any interest in significant contracts and arrangements the Bank has entered into. However, every director of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank discloses the nature of his / her concern or interest at a meeting of the Board in accordance with the regulatory requirements. Interested Director does not participate or vote in the proceedings of such agenda during the Board meeting.

Disclosure of Interest by Officers:

No other Officer of the Bank who is in any way, directly or indirectly, concerned or interested in any proposed contract or arrangement with the Bank shall, unless he/ she discloses the nature and extent of his / her interest in the transaction and obtains the prior approval of the Board of Directors, enter into any such contract or arrangement.

Exposure in Companies where Directors are Interested:

The Bank does not enter into leasing, renting and sale/ purchase of any kind with their directors, officers, employees or such persons who either individually or in concert with family members beneficially own 5% or more of the equity of the Bank.

The Bank does not take unsecured exposure on, or take exposure against the guarantee of any of its directors, any of the family members of any of directors and any firm or private company in which our directors are interested as director, proprietor and partner or public company in which such persons are substantially interested.

Without the approval of the majority of the directors excluding the director concerned, the Bank does not take any exposure on the companies in which directors (including their spouses, parents, and children) hold key management positions, or are interested as partner, director or guarantor, or shareholders holding 5% or more of the share capital of that concern. The financing facilities are extended at market terms and conditions and are dealt with on an arm's length basis.

Conflicts of Interest Register:

The Bank maintains a register of all contracts, arrangements or appointments in which directors are interested.

Insider Trading:

Directors being the insiders are prohibited by the law to indulge in insider trading. They shall not deal directly or indirectly in the securities of the Bank whether on their own account or their relative's account, if they are in possession of any unpublished price sensitive / inside information, which if published or known, is likely to materially affect the price of Bank's securities. Directors, who are usually considered to have such information, shall not communicate directly or indirectly the said information to others who might exploit such information while trading in the securities of the Bank.

As per the regulatory requirements relating to insiders' trading, the Bank is maintaining a register of Insiders who have access to unpublished price sensitive / inside information and the said Register is regularly updated by the authorized personnel of the Senior Management of the Bank.

Whenever, the Bank or a person acting on its behalf, discloses any inside information to any third party in the normal exercise of employment, profession or duty, a complete and effective public disclosure of that information is made simultaneously unless such person owes a duty of confidentiality. Further, the Bank has an approved policy on Prohibition of Insider Trading which is effectively implemented throughout the Bank.

Policy of retention of Board meeting fee earned by the Executive Director from Nomination on the Board of other companies:

The Directors have approved the Nomination Policy whereby Bank's Executives including Executive Director are nominated on the Board of other Companies on behalf of the Bank as non-executive director. As per this Policy, the Board meeting fee earned from other companies is surrendered to the Bank by the nominee directors.

Security clearance of foreign directors

Foreign Directors elected on the Board of Bank require security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met and fulfilled in this regard.

Human Resource Management Policies and Succession Planning

The Board of Directors, on the recommendation of the Human Resource & Remuneration Committee (HR&RC), has approved comprehensive Human Resource (HR) Policies to provide clear guidelines on HR-related matters. These policies are designed to ensure a merit-based, performance-driven, and inclusive work environment aligned with the Bank's strategic objectives.

Merit-Based Recruitment & Diversity

MCB Bank, as an equal opportunity employer, is committed to fostering a workplace that is non-discriminatory, transparent, and free from harassment, ensuring a respectful environment for all employees regardless of caste, religion, or gender.

- The talent acquisition framework is based on meritocratic principles, ensuring that hiring decisions are objective and competency-based.
- The Bank promotes gender and racial diversity, encouraging participation from individuals of all backgrounds to enhance workplace innovation and inclusivity.
- The Bank actively supports individuals with disabilities by fostering an inclusive environment and ensuring a fair and accessible recruitment process.

Performance Management, Promotion & Rewards

MCB Bank's Performance Management Policy fosters a high-performance culture by linking career progression, rewards, and motivation to measurable performance indicators (KPIs).

- A transparent, KPI-based performance assessment system enables employees to track their progress against defined goals throughout the year.
- The promotion and reward system recognizes high performers through fair and competitive compensation structures, performance bonuses, and incentive programs.
- Employee recognition initiatives are in place to reinforce positive reinforcement and encourage professional growth.

Training & Development

The Bank is committed to continuous learning and skill development through structured training and career advancement programs.

- Employees receive comprehensive training in leadership, technical skills, and professional development to help them reach their full potential.
- The Bank invests in management training programs to ensure a pipeline of well-equipped future leaders.

Employee Engagement & Feedback

MCB Bank recognizes that employee engagement and open feedback are fundamental to its success.

- The Bank has implemented employee surveys, recognition programs, and structured feedback mechanisms to foster a workplace where employees feel valued and heard.



- Team-building activities are encouraged to promote collaboration and a positive work culture.

Workplace Ethics & Harassment Prevention

In compliance with The Protection Against Harassment of Women at the Workplace Act, 2010, MCB Bank is committed to providing a safe and professional workplace. A dedicated Inquiry Committee, formed under the guidelines of the Act, ensures that harassment complaints are handled fairly, impartially, and without retaliation.

Succession Planning

The Bank's Succession Planning Policy ensures a structured approach to develop, train, and retain talent for key leadership positions. This framework aligns human capital development with business goals to ensure leadership continuity and organizational sustainability.

Salient feature of Staff Compensation/Remuneration Policy

The Remuneration Policy of the Bank is designed to promote a culture of sound compensation aligned with risk and responsibilities in a transparent manner for acquisition of talent, retention of employees and achievement of stakeholder expectations. MCB's remuneration policy applies to all staff. The policy covers identification of Material Risk Taker (MRT) and Material Risk Controllers (MRC), performance assessment through balanced scorecards, compensation structure and deferral mechanism.

The responsibility for approving the remuneration policy rests with the Board of Directors. The Board has constituted Human Resource & Remuneration Committee (HR&RC) for recommending to the Board, the structure of the remuneration policy; including the remuneration setting mechanisms, composition of remuneration, and other related matters. HR&RC may take the support of Bank's functions (e.g. Finance, Risk, Audit, Compliance, and HR). At management level, HRMG leads the overall remuneration policy of MCB.

All compensation provided to MCB staff can be divided into fixed remuneration or variable remuneration. Fixed remuneration is that part of the compensation which remains unaffected by the performance of the Bank or the individual employee. Fixed component of remuneration consists of basic salary and allowances that are part of the total compensation package of the employee. Variable remuneration is that part of the total compensation package of an employee which is linked with some predetermined measures of performance. Variable compensation is linked with the individual's performance and comprises of performance bonus, commissions, incentives and allowances.

The Bank has identified functions and designations as MRTs / MRCs. These include, but not limited to, the President & CEO, direct reportees to the President & CEO (members of management committee), Country heads of overseas branches, direct reportees to the members of Senior Management managing critical functions as determined by HR&RC and all other material business units.

Balanced scorecards are defined for all MRTs & MRCs for carrying out an objective and transparent performance assessment. The variable compensation for the MRTs and MRCs is linked to the performance result derived from the scorecard. The performance assessment for MRTs and MRCs is performed via the structured balanced scorecard mechanism that is in place to ensure that objective risk and return measures are duly taken into account for determining the bonuses and awards for MRTs and MRCs. The bonuses and awards for MRTs are determined based on the performance of the individual, their respective department and the overall Bank.

MRCs in the Bank have suitable autonomy and authority to perform their tasks independently, without influence from the functions they are assigned to oversee and review. KPIs in the scorecards of MRCs are independent of the KPIs of the business functions that they oversee. This ensures that achievement of financial targets of the business functions are not considered for the performance assessment of the MRCs.

For MCB employees' classified as MRTs and MRCs, at least 25% of their variable remuneration shall be deferred. Minimum deferral period is three years with no vesting prior to first year.

Gender Pay Gap Analysis

In compliance with SECP Circular No. 10 of 2024, dated April 17, 2024, the gender pay gap for the year ended December 31, 2024, has been calculated as follows:

i.	Mean Gender Pay Gap	9%
ii.	Median Gender Pay Gap	-19%

Social and Environmental Responsibility

MCB Bank Limited undertakes its responsibility to be recognized as an organization that is aware of both its social and environmental obligations. The Bank continuously strives to inculcate the same by creating awareness amongst stakeholders, streamlining its operational processes and reinforcing the same through various policies. The key areas that the Bank focuses upon are to provide a safe and healthy workplace, protect the environment and conserve energy through use of appropriate technology and management practices.

Some of the salient features of the Bank policy are as follows:

- Compliance with local, national and international laws and regulations as well as the spirit thereof and conduct of business operations with honesty and integrity
- Promote and engage in social welfare activities that help strengthen communities and contribute to the enrichment of society
- Provide innovative, safe and outstanding high-quality banking products and services exceeding the expectations of customers
- Significant investment to develop technological based 'Alternative Delivery Channels' for maximum 'Financial inclusion'
- Sustainable development through building and maintaining sound relationships with our stakeholders through open and fair communication
- Communication and dialogue with employees, to build and share the value of "Mutual Trust and Mutual Responsibility" and work together for the success of all of our stakeholders
- Respect for people by honoring the culture, customs, history and laws of Pakistan. Constantly search for safer, cleaner and superior practices that satisfy the evolving needs of the society
- Minimize the environmental impact of business operations, by working to reduce the wastage of all resources
- Develop, establish and promote practices enabling the environment and economy to coexist harmoniously and build close and cooperative relationships with individuals and organizations involved in environmental preservation

Policies for managing procurement, waste and emissions

A procurement strategy is a sustainable source of added value for the company. In addition to setting the company's priorities, it also aims to develop and maintain positive relationships with suppliers while making responsible and sustainable purchases. At MCB, the procurement activities, vest centrally within the functional domain of General Services Group and are governed by a comprehensive framework that aims to ensure transparency, compliance, cost efficiency, risk management, and optimal value in all purchases by the Bank.

MCB's 'Green Banking Policy' envisions developing and promoting a strategic focus with respect to utilization of natural resources, assessments of financing and investment portfolio keeping in view the management

and mitigation of environmental exposure, development of financial instruments, products and services and to enhance environmental friendliness by efficient consumption of natural resources in banking operations. Key objectives of the policy include:

- To reduce the vulnerability of the Bank to an acceptable level from risks arising from the deteriorating environment, fulfill the responsibilities for the protection of the environment and provide financing to transform the economy into a resource efficient and climate resilient one.
- To inculcate the environmental consciousness as part of organizational culture and re-orientation of banking products / services and operations to minimize environmental impact.
- To encourage the employees, clients and stakeholders to practice and promote the use of environment friendly Green products and resource efficient operations / technologies.
- To institutionalize 'Green Banking' across MCB Bank by following Green Banking Guidelines issued by the central bank of Pakistan (SBP) and other jurisdictions where Bank has its operations.

During the year 2024, MCB's 'Green Banking' framework continued to evolve, as a forward-thinking concept, in line with SBP's aim to decarbonize the country's economy. Key initiatives and details have been disclosed within the 'Sustainability & Corporate Social Responsibility and 'Green Banking' sections of the Annual Report.

Board's Policy on Communication with Stakeholders

Conscious to the need of creating a culture of clear and open communication with stakeholders and for ensuring a disciplined and professional approach for managing the bank-wide information flow, the Board of Directors have approved a policy framework that articulates necessary tools, processes and guiding principles of communication to be adopted by the Bank in engaging various stakeholder groups.

The key goals of the policy framework are:

- Pursuing strong corporate reputation through high transparency and consistency in communication with stakeholders; and
- Timely dissemination of information through formal communication channels; with clarity, coherence and credibility.

Dividend Policy

The Bank has consistently declared quarterly dividends each year while ensuring compliance with regulatory capital buffer requirements and supporting future business

growth. Its dividend distribution approach remains prudent and sustainable, striking a balance between shareholder returns, capital adequacy, financial stability, and long-term strategic objectives.

Investors' relationship and grievances

The Bank ensures safeguarding the interests of its stakeholders by effective communication at regular intervals through multiple mediums. However, the Bank acknowledges that there may be instances where the stakeholders may have unaddressed concerns which if unresolved may become a grievance. To timely address any untoward incident, the Bank has a well-functioning grievance mechanism to provide a transparent and credible process resulting in outcomes that are seen as impartial and effective.

The Bank ensures quality services with uncompromising focus on investors' concerns and transparency in execution thereby extending respect to the trust placed. In this regard, the Bank has provided an online form and contact details of a designated person(s), at a prominent place on the homepage of its website, for assisting and handling investors' complaints and grievances.

Redressal of investors' complaints

The Bank rigorously follows up the complaints of investors received from any regulatory forum and designates exclusive resources to resolve the matter both effectively and efficiently. Further, a centralized function, namely, the Shares Department in the Corporate Affairs Group of the Bank strives hard to manage any such investor grievances in consultation with the share registrar. Investors can lodge complaints by contacting the shares registrar or by sending emails to the Shares Department of the Bank. A designated e-mail address, (investor_relations@mcb.com.pk) has been maintained to timely address the complaints and is clearly communicated on Bank's website and other publications.

Furthermore, in compliance with the regulatory requirements, the Bank has duly disclosed the link (<https://sdms.secp.gov.pk/>) to SECP's Service Desk Managements System on its website; hence offering an additional outlet to the stakeholders for lodging their unresolved grievances and reinforcing its commitment to secure stakeholder interests.

The Bank ensures resolution of any grievances within statutory timelines. During 2024, a total of 343,311 customer complaints were lodged, out of which 339,490 complaints had been successfully resolved as of December 31, 2024.

Board's Policy on Employee Health, Safety & Protection

MCB is committed to the health, safety and welfare at

work of its employees to minimize the risk of work related injuries and ill-health, comply with applicable health & safety legal requirements, continually improve its health & safety management system, and to establish a framework for setting occupational health & safety objectives. This commitment has laid the basis for MCB's "Health, Safety & Environment" policy; duly approved by the Board of Directors. This policy establishes minimum safety standards that all businesses, offices and branches of the Bank must adhere to while encouraging all employees to promote safety of their fellow employees, customers and non-customers.

Whistle Blowing Program

Overview

MCB Bank is committed to continually operate at the highest standards of conduct in our business. We are the trustees of public funds and it is our core value to serve our community with integrity. We endeavor to earn and uphold the trust of all our customers and stakeholders by serving and dealing with them lawfully, ethically and professionally.

Purpose

This program provides a channel to Bank's staff and outside parties such as shareholders, vendors, customers etc. for raising concerns/complaints about any irregularities, AML/CFT/CPF related issues, impropriety, financial malpractices, frauds & forgeries, personnel harassment and improper conduct or wrongdoing without any fear of reprisal or adverse consequences. The objective of the program is to address / resolve these concerns / complaints to prevent and / or detect improper activities for safeguarding the interest and reputation of the Bank and its stakeholders.

Scope

The program covers deliberate, voluntary disclosure of individual or organizational impropriety by a person who has or had privileged access to data, information or event about an actual, suspected or anticipated wrongdoing within or by an organization that is within its ability to control.

Protection of Whistle Blowers

MCB Bank is committed for protection of genuine complainants against action(s) taken in reprisal for the making of protected disclosures. Confidentiality of the complainant's identity, the nature of the report and the identity of the suspected person is strictly maintained.

The Bank does not tolerate harassment or victimization and takes action, which could involve disciplinary proceedings, to protect complainants when they raise a concern in good faith.

Incentives for Whistle Blowing

Complainant may be awarded monetary benefit / career advancement depending upon the nature and gravity of the concerns / complaints.

Whistle Blowing Mechanism

Employees or outside parties with concerns or complaints may report such concerns or complaints to Whistle Blowing Unit through any of the following means:

- Landline
- E-mail
- Fax
- Website
- Regular Mail

Concerns and complaints are investigated and findings are shared with the senior management for their necessary action. Information related to investigations is also shared with the Audit Committee and Board of Directors.

Number of instances reported to Audit Committee

The Number of whistle blowing incidents (wrongdoings) along with update on investigations/resolution reported to the Audit Committee and Board of Directors during the year 2024 was 55.

Policy for Safety of Records of the Bank

Record management is a methodological approach to control the maintenance and disposition of organization's record. Record management ensures that valuable record evidencing an organization's activities that have legal, financial, administrative or historical value are protected and remain accessible; while expired record is systematically destroyed. Thus, MCB Bank has put in place comprehensive processes, controls and guidelines on handling, protection, retention, retrieval, and disposition of recorded business information which is of ongoing importance to MCB's overall service capability and regulatory compliance.

Related Parties and approved Policy for Related Party Transactions

The Board of Directors has approved a Policy for Related Party Transactions. The Bank's policy is to conduct all the related party transactions on an arm's length basis in the normal course of business. If a transaction is not conducted on an arm's length basis, then specific approvals or ratifications are required by the Board on recommendation of the Audit Committee of the Bank in order to avoid any potential conflict of interest.

The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the Board Audit Committee of the

Bank, which is chaired by an Independent Director of the Bank.

Every director (including spouse, children, step children and parents) of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank shall disclose the nature of his concern or interest at a meeting of the board. No director of the Bank shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank, if he / she is in any way, whether directly or indirectly, concerned or interested in that contract or arrangement, nor shall his / her presence count for the purpose of forming a quorum at the time of any such discussion or vote.

During the year, the Bank has entered into transactions and contracts with the related parties i.e. subsidiary and associate companies, post-employment benefit plans for the Bank's employees, Key Management Personnel (KMPs), Close Family Members (CFMs) of KMPs and other related entities. Those transactions include lending activities, acceptance and placements, off balance sheet transactions and provision of other banking and financial services that are carried out in the ordinary course of business on an arm's length basis at commercial rates, except for the transactions that KMPs have availed under HR policy of the Bank. 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.

The Bank has made detailed disclosures about related party transactions in its financial statements annexed with this annual report.

During the year, no contract or arrangement was entered into with related parties other than in the ordinary course of business on an arm's length basis.

Policy for Sustainability and Corporate Social Responsibility (CSR)

Policy Sustainability and Corporate Social Responsibility (CSR) is detailed in "Sustainability & Corporate Social Responsibility" section of the Annual Report.

Responsibilities of Management and the Board of Directors toward the preparation and presentation of the financial statements

The Management is aware of its responsibility for the preparation and fair presentation of the 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 the management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of directors is responsible for overseeing the Bank's financial reporting process.

Statement by the Management of unreserved compliance of International Financial Reporting Standards (IFRS)

The management of the Bank strongly believes in adherence to unreserved compliance with all the applicable International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) for true and fair presentation of financial statements.

Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is detailed in note 3 of the unconsolidated financial statements.

Review by the Board of the Bank's Business Continuity Plan (BCP)

Business Continuity Management (BCM) is a process that identifies and recognizes risks, threats and vulnerabilities that could impact Bank's operations internally or externally. BCM provides framework and creates ability for an organization to mitigate risk, withstand changes in the environment and still perform its critical processes and functions.

A robust Business Continuity Plan (BCP) outlines a range of disaster scenarios and the steps to be taken in order to minimize the potential harm to business during adverse situations. BCP's / system recovery procedures are written ahead of time, therefore, the Bank endeavors to have a sustainable, effective enterprise wide BCM program to provide seamless services and product reach to its customers / stakeholders.

The Board of Directors periodically review and gauge Bank's preparedness to deal with any untoward situation. Furthermore, the Senior Management of the Bank ensures to maintain an effective Business Continuity Policy & Framework to ascertain that clear and concise plans are maintained for all critical areas; which encompasses strong remedial actions to reduce the risk of downtime in any contingency scenario. In 2020, the world was taken aback by the COVID-19 pandemic that impacted every segment of life. Since then, although the spread of COVID-19 has been following a declining trend, but it doesn't insinuate that the preventive measures against this infectious disease must not be followed. Remaining cognizant and further augmenting its institutional readiness, while preempting any future outbreaks, the Bank has formulated well defined and dedicated BCM plans.

Further to nurture and enhance the confidence on Bank's system and processes, Business Continuity Plans are tested and updated on regular intervals. Since BCM is well knitted into the Bank's structure and branch network, thus it gives confidence to its millions of customers, stakeholders and the regulator that the Bank can live up to the commitment and expectations by ensuring continued functionality of its critical businesses and functions in any circumstances.

Shares held by Directors, Chief Executive Officer, their Spouses and Minor Children

Shares held by Directors, Chief Executive Officer, their Spouses and Minor Children have been disclosed in "Categories of Shareholders" section of the Annual Report.

Presence of Chairman of Audit Committee at the AGM

The Chairman of the Board's Audit Committee was present at the AGM through video-link to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.

Board's Policy on Providing reasonable Opportunity to the Shareholders for Participation in AGM

MCB encourages all shareholders, particularly the minority members, for a healthy participation in its general meetings. The efforts of the Bank, in this regard, include timely circulation of notices of meetings to all members, at their registered addresses, and their publication at the stock exchange as well as in leading newspapers of English and Urdu languages having nationwide circulation. Further, as per the requirements of the Securities and Exchange Commission of Pakistan ("SECP"), the Bank is providing a Video-Link facility to the shareholders for participation in its general meetings. This facility is in addition to holding physical general meetings at designated venues. Furthermore, the Bank endeavors to arrange a venue for its general meetings, which is easily accessible to the shareholders, while concurrently taking all essential steps to ensure provision of an equal opportunity to the shareholder to speak and raise any query or comments on the financial performance and business operations of the Bank during the meeting.

For further details, please also refer to "Steps to Encourage Minority Shareholders Participation in AGM" section of the Annual Report.

Stakeholders' engagement

Stakeholders' engagement and the steps taken to solicit and understand the views of the shareholders is detailed in the "Stakeholders' Relationship and Engagement" section of this report.

Accessibility of Annual Report-2024

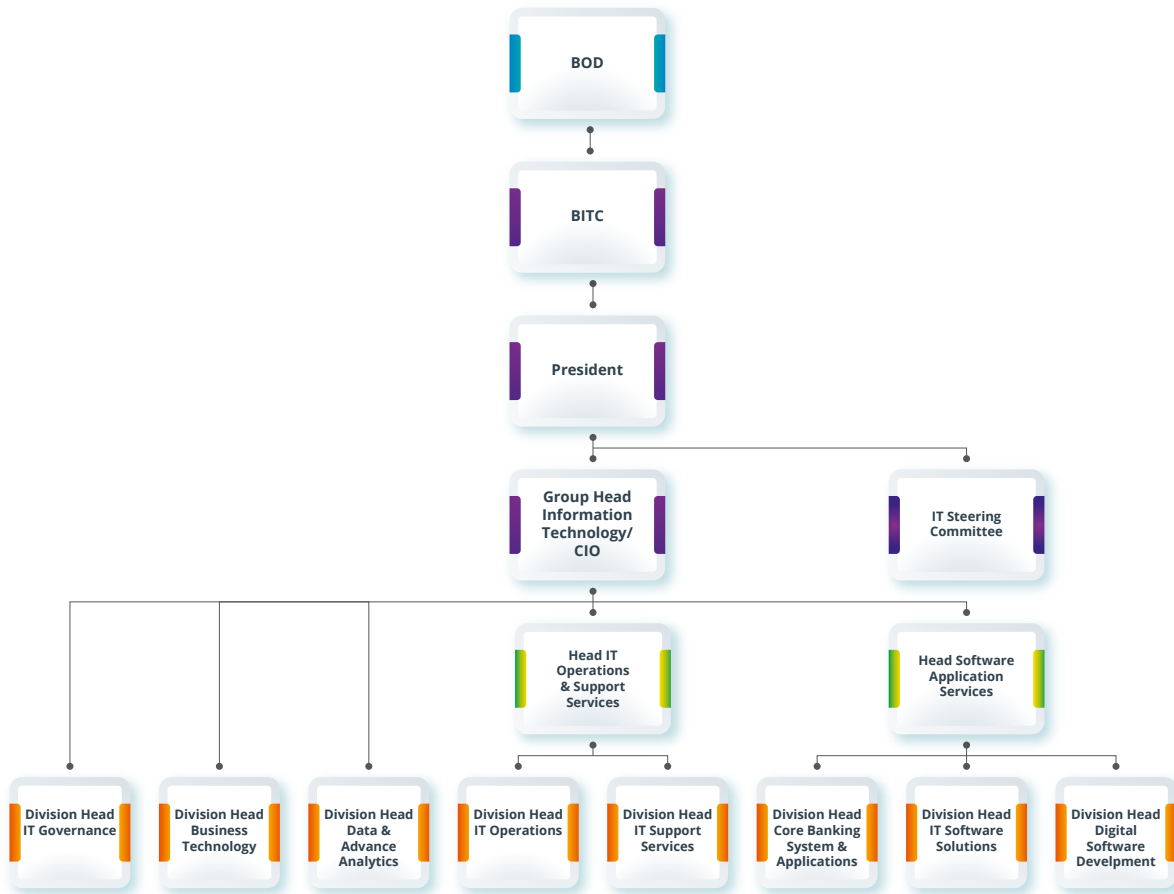
Annual Report-2024 and other information of the Bank are accessible on Bank's Website: www.mcb.com.pk

Significant organizational changes from prior years

During the year;

- Mr. Norzulkarnien bin Nor Mohamad was appointed as Non-Executive Director in place of Mr. Shariffuddin bin Khalid, with effect from May 13, 2024;
- Mr. Shoaib Mumtaz completed his term as President & CEO of the Bank on December 20, 2024 and Mr. Muhammad Nauman Chughtai was appointed by the Board as President & CEO with effect from December 21, 2024. The State Bank of Pakistan ("SBP") cleared the Fit and Proper Test (FPT) of Mr. Muhammad Nauman Chughtai on January 14, 2025;
- On recommendation of the Board of Directors in its meeting held on April 24, 2024, the Shareholders in their Extra-Ordinary General Meeting ("EOGM") held on July 06, 2024 approved the Scheme of Compromises, Arrangements and Reconstruction (the "Scheme") under Sections 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017 for demerger of Assets, Liabilities and Operations along with all rights and obligations pertaining thereto of 39 branches from MCB Bank Limited and merger with and into MCB Islamic Bank Limited. Consequently, upon sanctioning of the same by the Honourable Lahore High Court, operations of 39 branches were transferred to MIB with effect from close of business on November 15, 2024.

IT Governance & Cyber Security



IT Governance is an integral part of Enterprise Governance, which consists of the leadership, organizational structures and processes that ensure that the Bank's IT sustains and extends the Bank's strategies and objectives. IT Governance systematically engages the Board members, executive management and underlying staff. It establishes a discipline used by the organization to measure transparent accountability of decisions, and ensures the traceability of decisions to assigned responsibilities. Well-structured IT Governance would assist in creating efficiencies, enhance conformity to internationally accepted best practices, improve overall IT performance and also enable better control and security.

Information Technology Group is headed by Chief Information Officer, who reports functionally and administratively to the President / Chief Executive Officer of the bank. The CIO Office provides leadership for the development and delivery of satisfactory technology services.

The position is directly responsible for;

- Managing the operations of Information and Technology Services for efficient and smooth delivery;
- Recommending IT Strategy that is aligned with Bank's overall Strategy;
- Encouraging technical innovation and the development of a robust and dependable technology infrastructure;

- Strengthening the IT Governance;
- Providing guidance, oversight, and strategic thinking on information technology;
- Setting the overall direction for IT Group to introduce and implement innovative technology solutions;
- Ensuring the availability of Bank's services as up & running and active DR invocation mechanism at the time of disaster.

Information Technology Group (ITG) has been taken care by teams of committed professionals, providing innovative and efficient solutions to achieve and nurture strategic objectives and goals of Business as well as other support groups under the guidance of Board IT Committee (BITC) and management IT Steering Committee (ITSC).

Group is further strengthened by the following functions:

- Project Management
- IT Support Service Management
- IT Operations
- IT Software Solutions
- Data and Advance Analytics
- Core Banking
- Digital Innovation
- Business Technology
- IT Governance

10. Disaster Recovery Planning
11. IT Compliance & Internal Controls
12. IT Quality Assurance

Internal Governance

The Bank's Management IT Steering Committee (ITSC) & Board IT Committee (BITC) are the governing bodies that review, monitor, prioritize and approve major IT projects. Key Objectives of these committees are:

- To provide a forum for discussions, review and advice on Technology needs, Investments, Issues & Progress;
- Prioritize, approve and monitor investments (projects & resource allocation), financial objectives and performance in order to review whether IT and Business strategies aligned with each other;
- Assessment of IT capability and adequacy of the IT infrastructure & Guidance on strategic goals and direction to see if enterprise achieving the optimum use of the IT resources;
- To review adoption of best practices, standardization and interoperability internally and externally;
- To provide resolution of cross-function or intercompany critical issues;
- Consideration of risk exposures and monitoring of risk management;
- To review the communication path between the board/executive and middle management;
- To review steps taken by CISO/IT to ensure data security and infrastructure protection;
- To align IT strategy with business strategy, ensuring that strategy stays on track to achieve the strategies and goals, and implementing good ways to measure performance.
- To evaluate the resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about organization's cyber insurance

The Board's Responsibility Statement on the Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

At the Board level, Risk Management & Portfolio Review (RM&PR) Committee oversees the effective management of Cyber Security Risks whereas the Board IT committee (BITC) is entrusted to oversee a reliable and secure information technology infrastructure with the capacity and capability to address future challenges and threats.

The disruption of the banking architecture amidst an unprecedented pace of digital transformation, increased integration of operating technology platforms and modernization of payment systems & online financial services have exacerbated risks of cyber-attacks and cyber-crimes; the evolving threat landscape, hence, requires strong governance and policy frameworks to

protect against potential risks for unauthorized access, use, disclosure, disruption, modification, or destruction of Bank's information assets and/or information systems. The Board of Directors and senior management of the Bank have remained cognizant of the emerging risks. MCB is tuned to the identification of risks – regulatory, operational, or cyber risks – and ensures that its operations are conducted within a developed control framework, underpinned by policy statements, frameworks and standards; to mitigate any adverse legal and/or regulatory implications from the evolving risk landscape.

Industry-specific Requirements for Cyber Security

To provide an enabling regulatory environment for managing risks associated with the use of technology, SBP has time and again issued advisories, circulars, and regulations, including the "Enterprise Technology Governance & Risk Management Framework" that focuses on improving Bank's cyber security posture and these are being rigorously complied with.

Cybersecurity Programs, Policies, Procedures and Strategies in Place

The Bank's "Cyber Security Strategy", "Technology Governance Framework", "Information / Cyber Security Management Framework" and "Global Information Security Policy" has laid the foundation for a robust governance model encompassing following key aspects:

- **Governance Structure (Board Oversight & Engagement with Management)**

Key roles and responsibilities, for various lines of defense, in managing and governing cyber security (CS) risks across the Bank have been formalized, with an emphasis on defining business ownership and individual accountability. The structural framework paves way for greater understanding and collaboration between the Board of Directors and the senior management, by formalizing approach to rigorous oversight and robust reporting mechanisms.

At the Board level, Risk Management & Portfolio Review (RM&PR) Committee oversees the effective management of Cyber Security Risk. The Bank has established the "Cyber Security Risk Committee (CSRC)" at the management level, chaired by Group Head RMG, as a way of ensuring that the Bank's senior management team are well informed on the Cyber Security Risk, and to increase business understanding and awareness on the subject so that business priorities drive Bank's security and cyber resilience agenda.

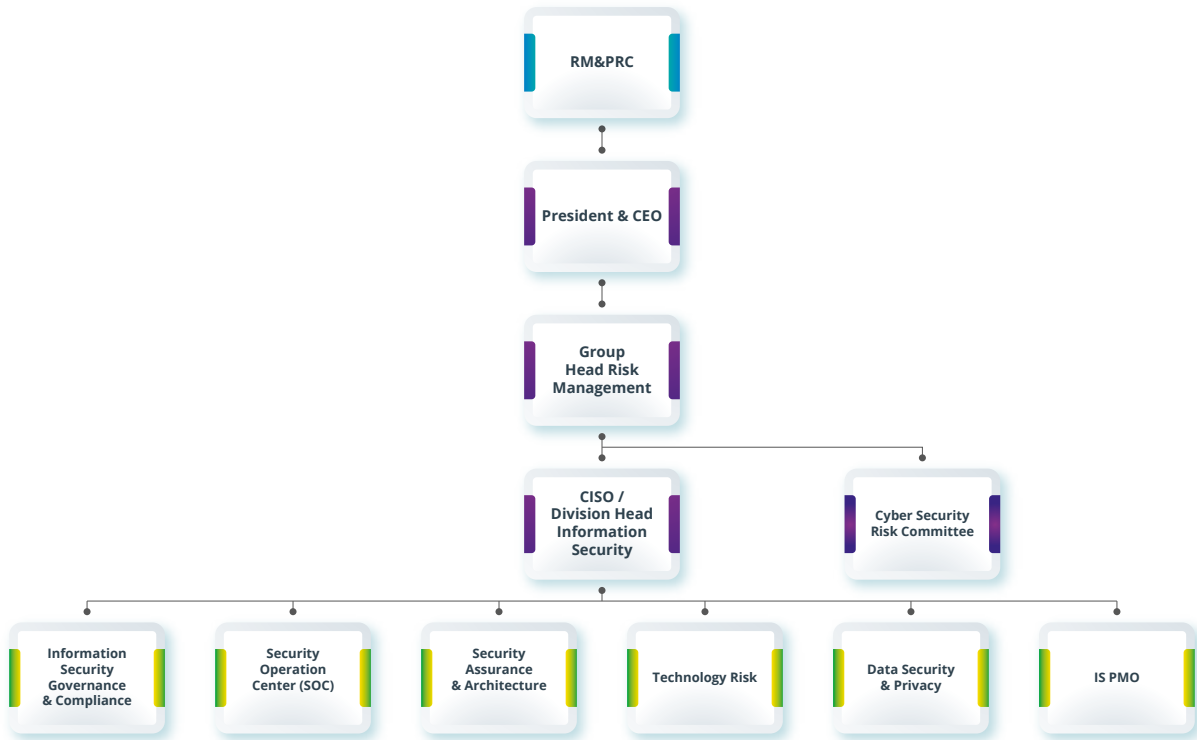
At the management level, the Group Head RMG has the overall first line of defense responsibility while the Chief Information Security Officer (CISO) has been entrusted with the task to lead development and execution of the security operational plan.

CISO heads the Information Security Division which is responsible for providing proactive security expertise, creating and maintaining a resilient &

secure infrastructure through monitoring & detection of cyber security risks and fostering a culture of security awareness and compliance throughout the Bank.

Information Security Division consists of a team of committed professionals equipped with subject

matter expertise and hands-on experience to govern, detect, monitor and mitigate security risks. The team works in synergy with other groups and under the guidance of RM&PRC and management's "Cyber Security Risk Committee (CSRC)" to achieve Bank's information security and technology objectives.



- **Risk Identification and Assessment (Early Warning System)**

The risk assessment is performed by the Bank's CISO to identify key Cyber Security risks, potential breach avenues and weaknesses, and to ascertain the severity of the risk posture. Risk-based vulnerability exercises are conducted across the Bank covering critical information systems and supporting infrastructure assets. During these reviews, the status of each risk is assessed to identify and evaluate any changes to their materiality, impact and likelihood; which in turn forms the basis for prioritizing key information security risks.

One of the prime roles of Information Security Division is to protect Bank's technology assets (systems, applications, networks, mobile applications, web interfaces, ATMs, POS Machines, etc.) and banking services from all types of threats including cybersecurity threats, whether internal or external, deliberate or accidental. The Security Operation Center (SOC) function of the Information Security Division operates 24x7 and 365 days a year to gather threat intelligence, detect anomalies posing security risks to bank technology infrastructure

and proactively report these for corrective and preventive actions. Whereas the Security Assurance & Architecture and Technology Risk functions ensure security assessment and risk assessment to identify the threats and vulnerabilities, in time, before those get exploited.

- **Risk Monitoring & Communication (Comprehensive Security Assessment of Technology Environment)**

Formal monitoring and reporting mechanisms, on the CS Risk Appetite profile, ensure that performance which falls outside the approved Risk Appetite is highlighted and reviewed at the governance committee level of RM&PRC and adequate remediation actions are in place, where necessary. Information and reports covering cybersecurity risks and incidents are timely communicated to the executive management, management committee (CSRC) and the Board committee (RM&PRC).

Security assessment of technology infrastructure and services is of paramount significance to the Bank's operating model. Not only has the bank institutionalized security assessment capabilities in its Information Security Division, , but their veracity

and effectiveness are further validated through comprehensive independent security assessments being undertaken for the whole technology environment on an annual basis.

- **Risk Mitigation Action Planning**

Risk mitigation and control strategies, in line with international standards and best practices, are designed and implemented to counter and mitigate key information security risks; based on value of information assets and corresponding risk tolerance levels.

- **Security Testing Programs**

Comprehensive security testing programs are established within MCB's overall information security action plan to validate effectiveness of the information security environment. The programs involve engagement of relevant external and internal stakeholders. The results of the security testing programs are continually evaluated to support improvement in Banks' information/CS posture.

Following methodologies are being employed by the Bank, on a regular basis, to test its cyber resilience:

- o Vulnerability Assessments
- o Penetration Testing
- o Red Teaming Exercises

- **Incident Management & Reporting**

Information Security Division not only ensures proactive threat management, but it is also prepared for the unforeseen incident which disrupts business continuity with a possible IT failure or cyber breach. Bank has its Computer Emergency Response Team (CERT) which is headed by the CISO. The incident handling is done as per the approved incident management process in place and to remain compliant and up-to-date with the latest strategies' annual drills on incident management and periodic disaster recovery drills are also performed.

Board-level committees for IT Governance and Cyber Security

At the Board level, Risk Management & Portfolio Review (RM&PR) Committee oversees the effective management of Cyber Risks whereas the Board IT committee (BITC) is entrusted to oversee a reliable and secure information security infrastructure with the capacity to address future challenges and threats. The information / cyber security governance is ensured by the enforcement of Board approves Information Security Policy, which empowers its subsequent Board and Management Committees to oversight the information / cyber security governance matters related to security risks.

The meetings of RM & PRC and BITC are held on quarterly basis and the Chief Risk Officer and Chief Information Officer apprise the RM & PRC and BITC respectively.

Policy related to independent comprehensive security assessment of technology environment

Independent comprehensive security assessment of technology environment is performed on annual basis and last review was carried out in 2023. The independent party is essential to validate that security controls are working diligently to serve the purpose and ensure that the environment is not vulnerable.

Disaster recovery plan and cyber insurance

The Bank has robust Business Continuity Plan (BCP) and DR sites in order to ensure the continuity of business and IT services. The Bank has allocated a separate provision for managing cyber security incidents and damage control.

Advancement in Digital Transformation to Leverage 4.0 Industrial Revolution to Improve Transparency, Reporting and Governance

Rapidly evolving digital technologies are challenging all business models, including banking, in this era of the 4th industrial revolution. Banking sector's future viability, hence, is linked with its ability to strategically transform legacy business processes and organization structures towards a 'Digitalized' and 'Artificial Intelligence' assisted proactive and agile environment. Remaining cognizant and keeping track with the fast-paced, vigorous and virtually competitive market scenario, MCB's rolling strategic plan is paving the Banks future road map; by aligning adoption of emerging technologies with Bank's business objectives for improving efficiency, transparency, reporting and governance.

Disclosure about Education and Training efforts of the Company to mitigate Cybersecurity Risks

Empowering staff with cyber security knowledge reduces the risk of data breaches and provides additional benefits. The Information Security Division ensures regular education to develop a cyber security-aware culture and encourages behavioral shifts of staff through planned awareness sessions. These sessions are designed to help users and staff understand the role they play in helping to combat information security breaches. Effective security awareness training helps staff understand proper cyber hygiene, and the security risks associated with their actions and to identify cyber-attacks they may encounter through various mediums directed towards them.

Board disclosure on Company's use of Enterprise Resource Planning (ERP) Software

Investments in enterprise resource planning systems (ERP) are significant and increasingly critical to the success of any organization. The Bank has implemented a robust and dynamically designed ERP environment, where financial and non-financial results are readily available for daily consumption.

Integration of Core Business Processes

At MCB Bank, our goal has always been to align the

business processes into a single unified technology platform. Our core enterprise systems, mainly comprising of Symbols Core Banking, Oracle EBS Financials, Oracle OBDX and Harmony, are creatively aligned and integrated to work within the boundaries of the ecosystem and ensure competitive advantage by servicing customer needs efficiently with the use of instant information pull.

User Training of ERP software

In order to ensure an exceptional customer experience, regular staff trainings are conducted by the Management for core users, especially new recruits, on the proper usage of ERP systems and associated risk controls / access prevention policies. A centralized help desk is accessible to employees for instant resolution of user complaints.

Management Support in the Effective Implementation and Continuous Up-dation of ERP:

Being a multi layered integrated ERP environment of multiple software solutions, its maintenance becomes all the more imperative to ensure smooth operations for 24/7 banking in an increasingly digitized environment. The Bank has in place a dedicated team that monitors operations to highlight necessary changes to be prioritized for development, alongside any major software upgrades being provided by service providers. Furthermore, our CAPEX objectives are driven through a top down approach in order to ensure that investment in new software is aligned with the Board's strategic objectives.

Bank's Assessment of System Security, Access to Sensitive Data and Segregation of Duties:

Following sound governance capabilities, including a comprehensive security strategy informed by business-risk-based analysis, direct Bank's ability to manage ERP security challenges:

- An ERP Procurement team consisting representation from all major domains of the Bank is established to a) ensure that specific needs are identified; b) document and approve specific functional and technical requirements; c) design detailed demonstration scripts for service providers; and d) evaluate and choose service provider based on Bank's approved procurement processes.
- Dedicated "Project Management Officers" are identified and tasked with overseeing and guiding the implementation project by planning, organizing, and integrating & controlling cross-functional information.
- Access to sensitive data is carefully controlled; role-based access with granular permission controls is implemented when granting ERP access to Banks' employees. Restrictions are implemented for avoiding user access to conflicting activities within the application to avoid segregation of duties (SoD) issues. Furthermore, access privileges are regularly reviewed to ensure alignment with organizational changes.
- Robust security and user testing is performed by all key teams to ensure that the ERP solution meets

minimum defined standards and established policies for system security. ERP systems are regularly subjected to IT/IS audits for confirming that individual modules are solving problems adequately and streamlining workflows, as intended

Management of Risks and Control Risk Factors on ERP projects:

ERP projects undertaken for upgradation/modifications as well as new developments generally involve a hybrid methodology of in-house development and third-party implementation. In order to mitigate data related risks during external implementations, the Bank has in place a complete set of procedure for third-party access control, including but not limited to, time bound access, contractual non-disclosures and binding agreements with service providers while for internal developments, employment contracts enumerate clauses binding on employees for maintaining data security. The projects are initially conducted on cloned environments, whereas migration to live environment is performed by the Bank's in-house team, with guidance from relevant third-party, where required.

Code of Conduct

- The Code of Conduct spells out the behaviour expected from employees of MCB Bank Limited (MCB), reflecting fairness, transparency and accountability. The Code of Conduct gives a quick reference check for acceptable business practices.
- However, the Code of Conduct does not replace defined and comprehensive HR Policies of MCB Bank Limited.
- MCB Bank is committed to conduct its business in accordance with the applicable laws, rules and regulations as defined by the State Bank of Pakistan by adhering to high standards of business ethics which reflect our corporate values.
- Adherence to the Code of conduct is mandatory for all employees of MCB Bank Ltd-Pakistan.

In line with code of conduct the employees of the bank shall

Abidance of Laws / Rules

- Conform to and abide by the Bank rules and policies, wherever we operate and obey all lawful orders and directives which may from time to time be given by any person or persons under whose jurisdiction, superintendence or control, the persona will, for the time being, be placed. To undertake at all times compliance with and observation of all applicable laws, regulations and Bank policies, wherever the Bank operates.

Integrity

- Conduct the highest standards of ethics, professional integrity and dignity in all dealings with the public, customers, investors, employees, and government officials, State Bank of Pakistan and fellow Bankers and non-engagement in acts discreditable to the Bank, profession and nation
- In case of awareness of any breaches of laws and regulations, frauds and other criminal activities or other similar serious incidents that might affect the interests of the Bank, the same shall be informed to the senior management immediately, including any issue, which may pose a reputational risk.
- Not use this policy to raise grievances or act in bad faith against colleagues.

Professionalism

- Serve the Bank honestly and faithfully and strictly serve the Bank affairs and the affairs of its constituents, use utmost endeavor to promote the interest and goodwill of the Bank and show courtesy and attention in all transactions/ correspondence with officers of Government, State Bank of Pakistan, other Banks & Financial Institutions, other establishments dealing with the Bank, the Bank constituents and the public.

- In case the employment is terminated for any reason, all rights to property and information generated or obtained as part of employment relationship will remain the exclusive property of MCB.
- Comply with the laws and regulations on money laundering and fraud prevention and immediate reporting of all suspicions of money laundering as per the guidelines provided in CDD & AML / CFT / CPF Handbook and Anti-fraud Framework Policy for the Management and the staff.
- Not to engage in any act of violation of CDD & AML / CFT / CPF Handbook's guidelines given by the State Bank of Pakistan and be extremely vigilant in protecting MCB Bank from being misused by anyone to launder money by violating these guidelines.
- Ensure that all customer complaints are resolved quickly, fairly and recorded appropriately.

Conflict of Interest

- Avoid all such circumstances in which there is personal conflict of interest, or may appear to be in conflict, with the interest of the Bank or its customers.
- In case of potential conflict of interest, the same should be declared immediately to senior management, action is taken to resolve and manage it in open manner and resolving the conflict of interest on their own would be avoided.
- Report to the Company Secretary within three (3) days about any sale and purchase of MCB shares (own or spouse) in case the annual basic salary exceeds Rs. 500,000/-.
- Not buy, sell or take position in any manner regarding MCB Bank shares during Closed Period, as announced by Company Secretary.

Relatives and close friends

- Avoid conflict of interest arising, where an employee makes or participates in a decision which affects another person with whom one has a personal relationship (such as a relative, parent, spouse, cousin, close friend or personal associate). In cases where a conflict may arise, employees must advise their immediate line manager. Wherever possible, employees should disqualify themselves from dealing with those persons in such situations.

Political Participation

- Not obtain membership of any political party, or take part in, subscribing in aid of, or assist in any way, any political movement in or outside of Pakistan or relating to the affairs of Pakistan.
- Not express views detrimental to the ideology, sovereignty or integrity of Pakistan.

- Not canvass or otherwise interfere or use influence in connection with or take part in any election as a candidate to a legislative/local body or issue an address to the electorate whether in Pakistan or elsewhere. However, the right to vote can be exercised.
- Not bring or attempt to bring political or other pressure/ influence directly or indirectly to bear on the authorities/ superior officers or indulge in derogatory pamphleteering, contribute, or write letters to the newspapers, anonymously or in own name contribute or appear in media, with an intent to induce the authority/ superior officers to act in a manner inconsistent with rules, in respect of any matter relating to appointment, promotion, transfer, punishment, retirement or for any other conditions of service of employment.

Financial Interest

- Not indulge in any of the following activities without prior permission of competent authority (GH - HRM for VP & below and President for SVP & Above):
- Borrow money from or in any way place myself under pecuniary obligation to a broker or moneylender or anyone, including but not limited to any firm, company or person having dealings with the Bank.
- Buy or sell stock, shares or securities of any description without funds to meet the full cost in the case of purchase or scripts for delivery in the case of sale. However, a bona-fide investment of own funds in such stocks, shares and securities as wished can be made.
- Lend money in private capacity to a constituent of the Bank or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.
- Act as agent for an insurance company otherwise than as agent for or on behalf of the Bank.
- Be connected with the formation or management of a joint stock company or hold office of a director.
- Engage in any other commercial business or pursuit, either on own account or as agent for another or others.
- Engage in any outside employment or office whether stipendiary or honorary during my employment with MCB Bank.
- Undertake part-time work for a private or public body or private person, or accept fee thereof.
- Any kind of trading advice concerning the securities of MCB Bank or to third parties even when such director, officer or employee does not possess material nonpublic information about MCB Bank.
- In reviewing or approving a loan application from a corporation wherein holding office as director, partner or guarantor.

Gift, Favors Etc.

- Not use the employment status to seek personal gain from those doing business or seeking to do business with MCB, nor accept such gain if offered.
- Not accept any gift, favors, entertainment or other benefit the size or frequency of which exceeds normal business contacts from clients, stakeholders, colleagues of the Bank or from persons likely to have dealings with the Bank including candidates for employment in the Bank.
- Reporting in writing to immediate supervisor within three working days in case any sizeable gift / favor is received from any third parties.

Confidentiality

- Maintain the privacy and confidentiality (during the course of employment and after its termination for whatever reason), of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities / law. Inside information about Bank's customers/affairs including customer data, product manuals, confidential financial and business information of the Bank etc., shall not be used for own gain or for that of others either directly or indirectly.
- Not trade in relevant investments or indulge in giving tips to another person or dealing on behalf of relatives, friends or any other third parties, whilst in possession of non-public price sensitive information.
- Not disclose to a customer or customers or to any irrelevant quarter(s) that a suspicious transaction or related information is being reported for investigation unless any law enforcement agency requires any lawful information. (Only authorized representatives can pass on information to Law enforcing agencies after obtaining clearance on information content from relevant GH / Head (for Retail Banking function) and LAG representative).

Data Security

- Only access or update the system and data according to the authority given by the Bank. Any unauthorized access or updation will hold the person liable for a penal action by the Bank in accordance with HR policies.
- Not compromise access to system by communicating identification and /or passwords to others.
- Ensure that material non-public information is secure. Not discuss such information in public places where it can be overheard, such as elevators, restaurants, taxis and airplanes.

Communication / Contact with Media

- Be truthful in all advertisements and promotional efforts and to publish only accurate information about the Bank operations under valid authority as prescribed in the Bank policy.
- Not give any kind of confidential information or interview on behalf of the Bank or in my official capacity in the print/electronic media or road / talk shows or participate or act in television/stage plays or in any media or cinema without having permission from the Head Marketing & GH - HRMG.

Speak Up

- To inform line management & HR of any perceived wrong doing / malpractice at any level, as an obligation to report it under the Bank whistle blowing program / policy.

Business / Work Ethics

- Respect fellow colleagues and work as a team. To be, at all times, courteous and not to let any personal differences affect work.

Customer Centricity

- Treat every customer of the Bank with respect and courtesy.
- Be responsive to customer complaints, and to feedback on products and services.
- Provide relevant, complete and clear information to customers to the best of one's knowledge.
- Sell products or services to customers that are within the legitimate scope of one's job.
- Remain update with the latest products of the Bank, and provide all relevant information to the customers.

Personal Responsibility

- Safeguard as a personal responsibility, both the tangible and intangible assets of MCB and its customer(s) that are under personal control and not to use Bank assets for personal benefits except where permitted by MCB.
- Not use any Bank facilities including a car or telephone to promote trade union activities, or carry weapons into Bank premises unless so authorized by the management, or to carry on trade union activities during office hours, or in banking premises, or subject Bank officials to physical harassment or abuse.

Punctuality

- Ensure attendance and punctuality as per HR policies, departmental requirements & job standards and for any absence during working hours obtain written permission of the immediate supervisor.

Dress Code

- Maintain a standard of personal hygiene / neatness and follow MCB Bank dress code policy in true spirit to promote a professional work environment during office hours.

International Travel

- Be culturally sensitive to the socio-cultural norms of the host country.
- Represent Country and organization by conforming to high standards of personal and professional ethics at all times.

Work Environment

- Cooperate in maintaining a healthy and productive work environment and not get engaged in the selling, manufacturing and distributing using any illegal substance or being under the influence of illegal drugs or alcohol while on the job.
- Ensure strict adherence to all policies of the Bank, as announced by the management from time to time and contribute utmost effort in maintaining a conducive work environment.

Usage of Communication Tools

- Ensure strict adherence to the use of internet, emails and telephone provided by the Bank for official use only.
- Never use the Bank system to transmit or receive electronic images or text containing ethnic slurs, social epithets or anything that might be construed as harassing, offensive or insulting to others.
- Never utilize Bank system to disseminate any material detrimental to the ideology, sovereignty or integrity of Pakistan.
- Never indulge and /or utilize the Bank system for supporting any terrorist activity within and / or outside Pakistan.

Reporting and Accountability

- Maintain all books, data, information and records with scrupulous integrity, reflecting in an accurate and timely manner and to ensure that all business transactions are reported and documented correctly according to the business practices. Ensure facts are not misinterpreted / misused /tampered pertaining to:
- Issuing an incorrect account statement / any other information for any customer or fellow employees / management.
- Placing a fake claim for reimbursement of any expenses (including medical insurance).
- Unrecorded or recorded funds / assets or any other Bank's documents.

- Posting of false, artificial or misleading entries in the books or record of the Bank.
- Intimate line management and HRM of any changes in the personal circumstances relating to service tenure and other related benefits, provided by the Bank.

Ethics for working at workplace

Gender Discrimination In Employment Training / Promotion

- Ensure adherence to the guidelines of MCB Bank's non-discrimination on the basis of gender which limits the individual's right of recruitment, future training, promotion and any other related benefits.

Zero Tolerance for Favoritism or Discrimination

- Not be a part of any undue favor / discriminatory advantage to any colleague / subordinate staff.

Personal Space

- No right to intrude on the personal space / close proximity of any staff particularly females.

Female Staff/Employee Privacy

- Recognize that female staff have more privacy and sensitivity needs in keeping with our cultural norms. Therefore, behaviour towards them must reflect that sensitivity, respect and consideration.

Harassment Against Women

- Any type of harassment is not acceptable at MCB Bank. Harassment occurs when someone's actions or words, based on gender, race, sexuality, caste, creed, and color are unwelcome, violate another person's dignity and creates a hostile environment.
- Not engage in harassment in any form. It may include objectionable epithets, threatened or actual physical harm and intimidating conduct directed against the individual that negatively affects the performance and well-being of an individual.

Sexual Harassment

- Keeping in mind the Bank's policy with reference to the Protection against harassment of Women at the Workplace Act, 2010 and its amendments i.e. "The Protection against Harassment of women at the Workplace (Amendment) Act, 2022, shall adhere to all guidelines given by the Bank.

Communication

- Not send sexually explicit or offensive communications and respect the privacy of fellow employee especially female employees. Following factors should be adhered to in order to maintain effective communication and ethical standards:

1. Not send any electronic mail that is abusive or threatens the safety of an Individual(s).
2. Always use a professional tone in all official communications.
3. Be careful when using sarcasm and humor

Workplace bullying

Refrain from any form of Workplace bullying:

- Shouting or swearing at an employee or otherwise verbally abusing him / her.
- Singling out an employee for excessive criticism/public humiliation.
- Excluding an employee from company activities and undermining his / her work contributions.
- Language or actions that embarrass or humiliate an employee.
- Inappropriate practical jokes, especially if they are targeted.

Insider Trading

Comply with insider trading policy and to abide by all guidelines provided in the policy.

Bribery, Corruption, Corrupt Practices etc.

Act under the bank's policies and conduct all banking business (financial and/or non-financial) in an honest, fair, transparent and ethical manner. Not engage directly / indirectly, in:

- Any activity involving bribery and corruption related to Bank's operations (domestic as well as overseas)
- The misuse of office or power for private gain in order to obtain, retain, or direct business or to improperly secure any other advantage in the conduct of business.
- Demand, offer, give or receive any kind of unjust gain or unlawful benefit from/by any stakeholder that obstructs the fulfillment of his/her responsibility in compliance with the applicable laws / rules / regulations etc.
- Giving undue favor, abuse of trusted office, tampering with bids, inducements through donations or payments to holders of political office and other forms of corruption designed to gain personal or business benefit.
- Receive or accept anything of value (including but not limited to cash payments), if such item of value is intended to induce or reward improper performance of one's responsibilities or duties or to gain an improper advantage.

Human Trafficking

Not involve directly / indirectly (either in personal or professional capacity) in any acts leading to Human Trafficking / slavery or forced labour and shall abide by all pertinent instructions issued by regulator(s)/state(s), from time to time.

Statement on Internal Controls

The internal control structure of MCB Bank Limited (Bank) comprises the Board of Directors, Senior Management, Risk Management Group, Financial Control Group, Operations Group, Compliance & Controls Group, Audit & Risk Assets Review (Audit & RAR) Group, Internal Control Units (ICUs) within all Groups and the controls & self-assessment procedures implemented at other functions within the Bank. The Bank's management is responsible to establish and maintain an adequate and effective system of internal controls and procedures under the policies approved by the Board. The management is also responsible for evaluating effectiveness of the Bank's internal control system that covers material matters through identification of control objectives as well as review of significant policies and procedures.

Bank's internal control system has been designed to identify and mitigate the risk of failure to achieve overall business objectives of the Bank. Internal controls and policies are designed to provide reasonable assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws & regulations. However, it needs to be stated that systems are designed to manage, rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Bank has adopted the Integrated Framework on Internal Controls issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and has completed all the stages as set out in the roadmap provided by the State Bank of Pakistan (SBP) through the Guidelines on Internal Controls. Bank's assessment included documenting, evaluating and testing of the design and operating effectiveness of its Internal Controls over Financial Reporting (ICFR). Bank has developed a management testing and reporting framework, covering validation & evaluation aspects in line with guidelines on Compliance Risk management, for monitoring ongoing operating effectiveness of key controls.

Concerted efforts are made by every Group to improve the control environment at grass root level by regularly reviewing and streamlining procedures to prevent and rectify control lapses as well as imparting training for improvement at various levels. Compliance & Controls Group (CCG), through its specialized teams and centralized automated solutions, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering (AML) / Combatting the Financing of Terrorism (CFT) / Countering Proliferation Financing (CPF). In addition, CCG also leads the Management's Committee on AML/CFT/CPF for oversight of ML/TF/PF risk and compliance with respect to relevant laws, regulations, policies and procedures including financial crime compliance management.

The scope of Audit & RAR Group, independent from the management, inter alia includes, review and assessment

of the adequacy and effectiveness of the control activities across the Bank as well as evaluation of compliance with the Bank's prescribed policies and procedures. All significant / material findings of the internal audit activities are reported to the Board's Audit Committee. The Audit Committee actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard interest of the Bank.

All significant and material findings of the internal and external auditors as well as observations of the regulators are addressed on priority by the management and their status is reported periodically to the Board's Audit Committee and the Board's Compliance Review & Monitoring Committee respectively, which ensures that the management takes appropriate corrective actions and put in place a system to minimize repetition for strengthening of the control environment.

Senior management team, through different Management Sub-Committees, monitors resolution / compliance of issues identified by the Regulators, Statutory Auditors as well as Audit & RAR Group. Periodic meetings of these Management Sub-committees are held to ensure expeditious resolution / compliance of aforementioned issues. The performance of the Sub-committees is monitored by the President / CEO of the Bank.

In accordance with SBP's directives and as stated earlier, the Bank has completed all stages of ICFR roadmap and a Long Form Report (LFR) on the assessment of Bank's ICFR for the year 2023 issued by the statutory auditors has been submitted to SBP in compliance with its directives stated in OSED Circular No. 1 of 2014 dated February 07, 2014. None of the deficiencies identified had a material impact on Financial Reporting.

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

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



Waqas Mahmood
Chief Compliance Officer



Kashif Ali
Group Head Operations



Hamad Khalid
Chief Financial Officer



Muhammad Farooq Wasi
Chief Internal Auditor

Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2019

MCB Bank Limited

For the year ended December 31, 2024

MCB Bank Limited (the “Bank”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the “Regulations”) for the year ended December 31, 2024 in the following manner:

1. Total number of Directors including the President & CEO are 13 as per the following:
 - a. Male: 12
 - b. Female: 01
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Shahzad Hussain Mr. Masood Ahmed Puri
Non-Executive Directors	Mian Mohammad Mansha Mr. Muhammad Tariq Rafi Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Shaikh Muhammad Jawed Mr. Norzulkarnien bin Nor Mohamad
Executive Director (President & CEO)	Mr. Muhammad Nauman Chughtai
Female Director (Non-Executive)	Mrs. Iqraa Hassan Mansha

Upon the expiry of the term of the Board, new Directors were elected, unopposed, during the Annual General Meeting held on March 27, 2024. Later on, Mr. Norzulkarnien bin Nor Mohamad was appointed as a Non-Executive Director in place of Mr. Shariffuddin bin Khalid on May 13, 2024. Moreover, Mr. Shoaib Mumtaz completed his term as President & CEO of the Bank on December 20, 2024 and Mr. Muhammad Nauman Chughtai was appointed by the Board as President & CEO with effect from December 21, 2024. The State Bank of Pakistan (“SBP”) cleared the Fit and Proper Test (FPT) of Mr. Muhammad Nauman Chughtai on January 14, 2025.

As per the requirements of the Regulations, the independent directors constitute one third of the Board. Out of the total 12 elected directors and CEO (deemed director), the Bank has 4 independent directors, currently on its Board, thereby resulting in 0.33 fraction higher than one third. Since the fraction of 0.33 is below half (0.50), accordingly the same has not been rounded-up to one.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank;
4. The Bank has prepared a ‘Code of Conduct’ and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updation is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the “Act”) and the Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations and directives of the State Bank of Pakistan (“SBP”);

9. The Board Members either meet the minimum criteria of education and experience for exemption from Directors Training Program as required under Regulation 19 of the Regulations or have already undergone such training pursuant to the requirements of the Regulations;
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members, as at December 31, 2024, as given below:

1. Audit Committee:		2. Business Strategy & Development Committee:	
Mr. Shahzad Hussain	Chairman	Mian Umer Mansha	Chairman
Mian Umer Mansha	Member	Mian Mohammad Mansha	Member
Mr. Muhammad Ali Zeb	Member	Mr. Mohd Suhail Amar Suresh bin Abdullah	Member
Mr. Norzulkarnien bin Nor Mohamad	Member	Mr. Salman Khalid Butt	Member
		Shaikh Muhammad Jawed	Member
		President & CEO	Member

3. Risk Management & Portfolio Review Committee:		4. Human Resource & Remuneration Committee:	
Mr. Muhammad Ali Zeb	Chairman	Mr. Salman Khalid Butt	Chairman
Mian Umer Mansha	Member	Mian Mohammad Mansha	Member
Mr. Mohd Suhail Amar Suresh bin Abdullah	Member	Mian Umer Mansha	Member
Mr. Salman Khalid Butt	Member	Mrs. Iqraa Hassan Mansha	Member
President & CEO	Member	Mr. Muhammad Ali Zeb	Member

5. Committee on Physical Planning & Contingency Arrangements:		6. IT Committee:	
Mian Umer Mansha	Chairman	Mian Umer Mansha	Chairman
Mian Mohammad Mansha	Member	Mr. Mohd Suhail Amar Suresh bin Abdullah	Member
Mr. Muhammad Ali Zeb	Member	Mr. Salman Khalid Butt	Member
Mrs. Iqraa Hassan Mansha	Member	President & CEO	Member
President & CEO	Member		

7. Compliance Review & Monitoring Committee:		8. Write-Off & Waiver Committee:	
Mian Umer Mansha	Chairman	Mian Umer Mansha	Chairman
Mr. Muhammad Ali Zeb	Member	Mr. Muhammad Tariq Rafi	Member
Mr. Salman Khalid Butt	Member	Mr. Muhammad Ali Zeb	Member
President & CEO	Member		

Currently, the Board has not constituted a separate Nomination Committee and functions are being performed by the Board.

13. The Terms of Reference ("TORs") of the aforesaid Committees have been formed, documented and advised to the respective Committees for compliance;
14. The frequency of meetings of each Committee held during the financial year is given below:

Name of Committee	No. of Meetings held during the year 2024
Audit Committee	Five
Business Strategy & Development Committee	Four
Risk Management & Portfolio Review Committee	Four
Human Resource & Remuneration Committee	Five
Committee on Physical Planning & Contingency Arrangements	Four
IT Committee	Six
Compliance Review & Monitoring Committee	Four
Write-Off & Waiver Committee	None

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Bank;
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (“IFAC”) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the President & Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Bank;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board of Directors



MIAN MOHAMMAD MANSHA
Chairman

MCB Bank Limited

February 06, 2025
Lahore

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MCB BANK LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of MCB Bank Limited (the Bank) for the year ended December 31, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: March 06, 2025

UDIN: CR2024100927qfhscm0p

Report of the Audit Committee

The Audit Committee comprises four (4) non-executive directors including one Independent Director, being Chairman of the Audit Committee. Further, two qualified chartered accountants with diversified professional experience in various sectors, are members of the Audit Committee. The members of the Audit Committee are qualified professionals and possess enriched experience of working at the Boards and Senior Management levels of entities operating in both banking and non-banking sectors.

Role of Audit Committee to discharge its responsibilities towards financial statements and Committee overall approach to risk management:

- In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations – 2019 and Guidelines for Internal Audit Function issued by the State Bank of Pakistan, the Chief Internal Auditor functionally reports to the Board's Audit Committee and administratively to Bank's President / CEO. The Committee ensures staffing of the internal audit function with personnel of sufficient internal audit knowledge and experience, as well as equipping of the function with necessary resources and authority to execute their responsibilities independently and objectively.
- The Committee approves and oversees the risk assessment, annual audit plan and related enablers/budget along with resource requirements of Audit & Risk Assets Review (Audit & RAR) Group.
- All significant and material findings of the internal audit activities are reported to the Audit Committee. The Audit Committee actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard the interest of the Bank.
- Audit Committee actively engages in the review of the Bank's quarterly, half yearly and annual financial statements as well as oversight of internal audit activities in accordance with the requirements of Listed Companies (Code of Corporate Governance) Regulations – 2019 and the Charter of the Board Audit Committee, duly approved by the Board of Directors.
- The Committee understands its responsibility to ensure that the significant issues in relation to financial statements are addressed properly by debating and challenging the critical judgments and estimates made by the management. Furthermore, Audit & RAR Group also reviews the Bank's quarterly, half yearly and annual financial statements and discusses the significant matters with management.
- The Committee reviewed the External Strategic Assessment Report issued during year 2024 by M/S A.F.Ferguson & Co. (Chartered Accounts) in line with the Regulatory requirements as well as Internal Auditing Standards issued by Institute of Internal Auditors (USA).
- The Committee ensures the independence of external auditor, effectiveness of external audit process and appointment / re-appointment of external auditor by performing the following:
 - Review the terms of engagement and ensure that external auditor is independent to the Bank in terms of local regulatory requirements.
 - Ensure that external auditors have resources and professional qualification to conduct the audit.
 - The external auditors have been allowed direct access to the Audit Committee.
 - Discuss external auditors' feedback on the Bank's critical accounting estimates and judgments.
 - Discuss the significant control issues and significant audit matters identified by external auditors.

Audit Committee held five (5) meetings, during the year 2024, and following matters (including significant matters) were discussed:

- Review of the Bank's periodic financial statements, including disclosure of related party transactions prior to their approval by the Board of Directors (BOD). The Committee concluded that the annual report was fair, balanced and understandable and also provided the necessary information for shareholders to assess the Bank's position and performance, business model and strategy.
- Review of status of compliance against observations highlighted by internal and external auditors, including regular updates on the rectification actions taken by the management in response to the audit findings.
- Review of status of implementation of decisions of BOD and its Sub-Committees.
- Review of significant issues (including critical repeated observation) highlighted by internal auditors during audits/ reviews of branches and other functions of the Bank along with management actions thereon.
- Review of analysis related to significant frauds and forgery incidents in the Bank, with specific focus on nature and reasons along with Management action(s) thereof. Review of annual fraud risk assessment along with action plan for strengthening of internal controls.
- Review, approval and oversight of Risk Assessment, Annual Audit Plan and related enablers/budget along with resource requirements of Audit & Risk Assets Review (Audit & RAR) Group.
- Review of status of trainings imparted to internal audit staff, along with status of activities under Quality Assurance & Improvement Program of Internal Audit.
- Review of performance of Chief Internal Auditor against Key Performance Indicators (KPIs) for Audit & RAR Group. Review and approval of KPIs of Chief Internal Auditor for 2024.

- Review & approval of Audit Group's (including Chief Internal Auditor) increments, bonuses, promotions and performance appraisal of Chief Internal Auditor.
- Review of progress on Audit Group's Strategic Initiatives and Milestones.
- Recommendation of scope and appointment of external auditors, including audit and consultancy fee. Audit Committee further ensured coordination between internal and external auditors.
- The Committee reviewed Annual Assessment by Audit & RAR Group on adequacy & effectiveness of Bank's processes for controlling and managing its risks in all core areas of the Bank's operations.
- The Committee reviewed annual confirmation regarding organizational independence of Audit & RAR Group.
- Review of resolution status of complaints lodged under the Bank's Whistle Blowing Program. Number of whistle blowing incidents (wrongdoings) along with update on investigations/resolution reported to the Audit Committee and Board of Directors during the year 2024 was 55.

In addition to the above, the Committee also reviewed and recommended the following Policies and Manuals to the Board for approval:

- Investor Relations Policy (Version 5.0)
- Global Internal Audit Policy (Version 7.0);
- Internal Audit Manual (Version 10.0);
- Internal Audit Manual MCB Sri Lanka Operations (Version 6.0)
- Expected Credit Loss Provisioning Policy - MCB Sri Lanka Operations (Version 6.0);
- IFRS 9 Expected Credit Loss Provisioning Policy - MCB Bahrain (Version 6.0);
- IFRS 9 Expected Credit Loss Provisioning Policy – MCB UAE (Version 6.0);
- Policy for Engagement of External Auditor for Assurance & Non-Assurance Services – MCB Sri Lanka (Version 3.0)

Committee performance

The Committee secured a strong rating in self-evaluation. Performance of the Audit Committee is annually reviewed by the Board of Directors and Board appreciated the Committee's role in thoroughly reviewing the financial statements and Bank's internal audit function and other financial matters of critical importance.

Internal Control Framework and role of Internal audit

The Bank's internal control structure comprises the Board of Directors, Senior Management, Risk Management Group, Compliance & Controls Group, Financial Control Group, the controls and self-assessment procedures implemented at other functions within the Bank; and Audit & Risk Assets Review (RAR) Group. The Management is responsible for establishing and maintaining a system of adequate and effective internal controls and procedures for implementing strategy and policies, as approved by the Board of Directors. The Bank has adopted integrated framework on Internal Controls issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and has completed all the stages, as set out in the roadmap provided by the State Bank of Pakistan (SBP) through the Guidelines on Internal Controls.

Audit & RAR Group has performed its role effectively on both assurance and consultative fronts. The Group played pivotal role in evaluating the efficacy of Bank's control systems and contributing towards their ongoing effectiveness by enhancing visibility of the Board and the management on the risk management and internal control matters of the Bank. All significant and material findings of the internal audit activities are reported to the Audit Committee of the Board of Directors. The Audit Committee actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard the interest of the Bank.

The Audit Committee will continue to provide guidance to the Audit & RAR Group and the Management for further strengthening of Bank's risk management practices and internal control environment.



Shahzad Hussain
Chairman Audit Committee
MCB Bank Limited
Lahore

Profile - MIB Shari'ah Board Members

(Annual Report – 2024)



Prof. Mufti Munib-Ur-Rehman

Chairperson Shari'ah Board

Prof. Mufti Munib-ur-Rehman, working with MCB Islamic Bank since September 2015, is a renowned Shari'ah scholar with a vast 52 years' teaching and 37 years' Fatawa issuance experience. He remained the member of Shari'ah Advisory Board of Securities and Exchange Commission of Pakistan (SECP) for three terms and the member of the Council of Islamic Ideology Pakistan (CIIP), he rendered voluntary services for the country since 2001 to 2020 as Chairman Central Moon Sighting Committee Pakistan. He served as a Director of Islamic Studies, Hong Kong in 1985. He is the president of Tanzeem-ul-Madaris Ahle Sunnat Pakistan & Secretary General of Ittihad-e-Tanzeemat-e-Madaris Pakistan. He participated in international seminars in Saudi Arabia, UK, Norway, USA, Canada, Kazakhstan, Turkey and other Countries.

Government of Pakistan bestowed the prestigious Sitara-e-Imtiaz to him in 2024, in recognition of his services for the country and Muslim Ummah. He remained member of the Board of Studies of University of Karachi, Federal Urdu University & Board of Intermediate Karachi. He remained member of the syndicate of University of Karachi & PMAS Arid University, Rawalpindi. He is the member of National Curriculum Pakistan & National Education Task Force. He was Shari'ah Adviser of Federal Shariat Court Pakistan. The 13 Volumes of his Fatawa have already published and have vast acceptability amongst Ulama. He is the Principal & Managing Trustee of Jamia Naeemia Karachi. He is a Chairman Shari'ah Advisory Committee of Dawood Family Takaful Ltd and remained Chairman Shari'ah Board of Burj Bank Ltd. for more than a decade.



Mufti Syed Sabir Hussain

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

Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Shari'ah Scholar and experienced Islamic Banker with 25 years of teaching, 18 years of Fatawa and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He is enrolled in PhD. in Islamic Banking and Finance from International Islamic University, Islamabad and his thesis is in foreign evaluation process.

He is ex-member of Shari'ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP, invitee participant of Shari'ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Shari'ah standards. He is also the member of working group "Fast Track adoption of International Standards constituted under the Committee for Transformation of Conventional Banking into Islamic. Further, he was member of review committee for Urdu translation of AAOIFI Shari'ah standards. He is author of 34 books on Islamic economics & banking and other social issues. Additionally, his research articles have been published in various HEC recognized journals. He also delivers lectures at various Dar-ul-Ulooms and universities, especially at the National Institute of Banking and Finance (NIBAF).



Mufti Nadeem Iqbal

Shari'ah Board Member

Mufti Nadeem Iqbal is the Shari'ah Board Member at MCB Islamic Bank since October, 2018. He is a senior teacher and Mufti at Dar-ul-Uloom Amjadia, Karachi and currently heading Dar-ul-Ifta. He has 33 years' experience of teaching Islamic Jurisprudence and 21 years' experience of issuing Fatawa. He has 19 years' experience in Islamic Banking. He holds Master's Degree in Islamic Studies from University of Karachi, Takhusus-Fil-Fiqh from Dar-ul-Uloom Amjadia, Karachi, Fazil Dars-e-Nizami, and Fazil Shahadat-Al-Alimiyah. He gave his services as Resident

Shari'ah Board Member/Shari'ah Advisor at Soneri Bank's Islamic Banking Division for 13 years. He has served as visiting faculty member at Sheikh Zayed Islamic Centre, University of Karachi and Hamdard University, Karachi. He is a writer of several books including Islamic Jurisprudence.

Role of Shari'ah Board

- i. The Shari'ah Board (SB) shall advise the BOD and the executive management of the MCB Islamic Bank Ltd. (The Bank) on all Shari'ah related matters. All the SB's Decisions/Rulings/Fatawa shall be binding on the Bank whereas the Shari'ah Board shall be responsible and accountable for all its Shari'ah decisions and Fatawa.
- ii. The SB shall cause to develop a comprehensive Shari'ah compliance framework for all areas of operations of the Bank and shall approve all products/services to be offered and/or launched by the Bank.
- iii. The SB shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, broader parameters pertaining to sales/marketing so that they are in conformity with the rules and principles of Shari'ah. The Executive Management while seeking the SB's decision on any proposal shall ensure provision of all necessary information, details and documents so as to enable the SB to have proper understanding of the product, its process flows, business and economic outcomes and Shari'ah injunctions and legitimacy of the decisions.
- iv. The Shari'ah Board shall have unhindered access to all records, documents and information from all sources including professional advisors and Bank's employees in discharge of its duties.
- v. Considering the importance of the SB's decisions and their binding nature, the SB shall rigorously deliberate on the proposals before giving any decision/ Fatawa; all such deliberations and rationale for allowing or disallowing a particular product/service etc. shall be duly recorded and documented.
- vi. Summaries/key findings of the reports of Internal Shari'ah Audit and Shari'ah compliance reviews and complete report of External Shari'ah Audit and SBP Shari'ah compliance assessment shall be submitted to SB for consideration and prescribing appropriate corrective/enforcement actions. The SB shall take up the unresolved issues with management and shall include all significant outstanding issues in its annual report on the Shari'ah compliance environment of the Bank. Moreover, the Head of SCD/ RSBM shall discuss both the significant and unresolved issues with SBP assessment team during their on-site assessment.
- vii. The SB shall also specify the process/procedures for changing, modifying or revisiting Fatawa/Rulings/Guidelines etc. already issued by SB.

Meetings of Shari'ah Board held in 2024

S. No	Quarter	Date of Meeting	Meeting Attended (Yes / No)		
			Chairperson	Member	RSBM
1	Q1	28-Mar-24	Yes	Yes	Yes
2	Q2	13-Jun-24	Yes	Yes	Yes
3	Q3	10-Sep-24	Yes	Yes	Yes
4	Q4	27-Dec-24	Yes	Yes	Yes

Meetings of Shari'ah Board-Board of Directors held in 2024:

S. No	Half Year	Date of Meeting	Meeting Attended (Yes / No)		
			Chairperson	Member	RSBM
1	1st	13-June-24	Yes	Yes	Yes
2	2nd	21-Oct-24	Yes	Yes	Yes

Membership on Shari'ah Board of other Companies:

S. No	Name of Members	Date of Joining/ Leaving the Board	Status of Member- Chairperson / Resident member/ Non Resident Member	Number of Other Board Memberships along with name of companies
1	Mufti Munib-ur-Rehman	15-Sep-15	Chairperson	1. Chairperson Shari'ah Supervisory Board • Dawood Family Takaful
2	Mufti Syed Sabir Hussain	16-Sep-15	Resident Member	1. Shari'ah Supervisory Board Member / Consultancy • Dawood Family Takaful
3	Mufti Nadeem Iqbal	15-Oct-18	Non Resident Member	• No other engagement

Report of Shari'ah Board

(For the Year ended December 31, 2024)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ وَالصَّلَاةُ وَالسَّلَامُ عَلَى خَاتَمِ الْأَنْبِيَاءِ وَالْمُرْسَلِينَ وَعَلَىٰ آلِهِ وَصَحْبِهِ أَجْمَعِينَ أَمَّا بَعْدُ

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

The Shari'ah Board (SB) of MCB Islamic Bank Ltd. (the Bank) was constituted in September, 2015. Currently Shari'ah Board comprises of respected Prof. Mufti Munib-ur-Rehman as a Chairperson Shari'ah Board, Mufti Syed Sabir Hussain as a Resident Shari'ah Board Member (RSBM) and Mufti Nadeem Iqbal as a Member Shari'ah Board. All Shari'ah Board members remained available year-round, and several meetings were conducted via audio and video conferencing. Additionally, four formal meetings of the SB were held during the year 2024 on the following dates to review various matters, which include new products and services, product modifications, transactions, structures, processes and other Shari'ah issues, referred to them:

- First Shari'ah Board Meeting – March 28, 2024
- Second Shari'ah Board Meeting – June 13, 2024
- Third Shari'ah Board Meeting – September 10, 2024
- Fourth Shari'ah Board Meeting – December 27, 2024

Shari'ah Governance and Compliance

The key factor that distinguishes the governance of Islamic banking institutions with conventional system is the SB, which plays an additional role in the governance of these institutions. Furthermore, Shari'ah Compliance & control mechanism ensures the implementation of SB's instructions and guidelines not only in products and services but also in overall environment of the Islamic bank, which could have a positive impact on performance of it. All decisions, rulings, instructions & guidelines and fatāwā of the SB are binding on the Bank.

In order to assist the SB to supervise all these matters throughout the year, the Shari'ah Compliance Department (SCD), apart from the SB meetings, closely coordinated with it. Shari'ah Compliance is a backbone of any Islamic Financial Institution. It is an ongoing process carried out throughout the year. Through SCD, SB continuously involves in the Shari'ah affairs of the Bank and enabling them to approve various matters in a timely manner. It also helps minimize Shari'ah non-compliance risk and ensures that the bank's income is not directed to the charity account.

Role of Board of Directors and Executive Management

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of the Bank are conducted in a manner that comply with Shari'ah principles at all times. Board of Directors should also have a thorough understanding of its fiduciary responsibilities, especially towards Investment Account Holders/ Profit and Loss Sharing Depositors, who assume risks similar to those of shareholders. The Executive Management of the Bank is also responsible for implementation of the SGF. To keep the BOD informed regarding Shari'ah compliance, the Shari'ah Board is required to submit a report on the overall Shari'ah compliance environment of the Bank. During the year 2024, Shari'ah Board – Board of Directors' Meetings held on the following dates:

- First Shari'ah Board – Board of Directors' Meeting – June 13, 2024
- Second Shari'ah Board – Board of Directors' Meeting – October 21, 2024

Shari'ah Board praises and encourages the continuous, comprehensive & profound efforts and commitment of the Bank's Board of Directors and the Management regarding implementation of all Fatawa and instructions & guidelines issued by the Shari'ah Board. It is also assumed that the BOD and management will increase their efforts in the future to ensure Shari'ah compliance.

Shari'ah Compliance Department

To form our opinion as expressed in this report, the Shari'ah Compliance Department (SCD) of the Bank carried out reviews of each type of transactions on sample basis, products, process flows/ modus operandi and concepts under the supervision of RSBM/Head Shari'ah Compliance. SCD kept Shari'ah Board informed regarding Shari'ah compliance review of branches and back offices of the Bank. In this regard, 142 branches have been reviewed for Shari'ah compliance and compliance has been observed regarding non-branch entities as per Shari'ah Compliance Program approved by SB. To ensure the compliance of IBD Circular No. 02 of 2018, RSBM/Head-SCD and SCD's staff made surprise visits to 27 branches at South and North regions to ensure regulatory and Shari'ah compliance. Subsequently, report presented to Board of Directors and Shari'ah Board.

Islamic Banks are fundamentally very different from their traditional counterparts out of a variety of angles. The basic rule for Islamic bank is adherence to Shari'ah, and in case of divergence from it, raises the probability of Shari'ah Non-Compliance that is very important besides observance of banking regulations. Therefore, to maintain and increase the confidence of customers, Shari'ah compliance plays a vital role in this regard. So far, to ensure the overall environment of the bank in terms of Shari'ah rulings, six (6) Instructions & Guidelines and Eight (8) Fatawa have been issued by the Shari'ah Board of the Bank. These are being implemented in the Bank in true letter and spirit.

SCD with the coordination of management and under the supervision of RSBM/Head Shari'ah Compliance has reviewed various Product documents. The SCD conducted review of surprise visit of different branches. Additionally, SCD conducted Shari'ah compliance review of back offices to ensure that the Bank's operations are in line with Shari'ah principles. SB has reviewed and approved 99 modus operandi pertain to Corporate Commercial and SME Banking. Main modes of financing are Diminishing Musharakah, Murabahah, Ijarah, Istisna' and Musharakah Running Finance.

SCD has taken all necessary required actions in order to comply with the SBP-IBD Circular No. 01 of 2021, Dated: June 14, 2021, Shari'ah Non-Compliance Risk Management (SNCRM). It has ensured that SNCRM should be an essential element of Bank's overall Risk Management Framework. Further, it shall report all Shari'ah Non-Compliance events and transactions to the Risk Management & Portfolio Review Committee of the Board & Shari'ah Non-Compliance Risk Management Committee as well as to the Shari'ah Board on a quarterly basis. Shari'ah Non-Compliance Risk Management Committee of the Bank is responsible for close monitoring of Shari'ah Non-Compliance Risk at the operational/management level. Regular meetings of all committees are being conducted and SCD reported all Shari'ah Non-Compliance events and transactions to the said committees.

Capacity Enhancement and Awareness Sessions

SCD has also facilitated Islamic Banking training sessions for the front and back offices staff of the Bank in order to comply with regulatory instructions. In order to enhance the level of knowledge on Islamic Banking and Finance of Bank's staff; Shari'ah trainings were made mandatory for entire staff of the Bank with the coordination of Learning & Development Department (L&D – HRG). L&D not only arranged classroom sessions but also arranged virtual sessions through different available modes. Online Islamic Banking training modules were also available at Learning Management Systems (LMS) for the easy access of Islamic Banking knowledge to staff. L&D found determined to adhere with the regulatory requirement on training of staff on Islamic Banking & Finance. Therefore, number of session were arranged for the capacity enhancement of staff with the facilitation of SCD. A combination of both Classroom & Virtual sessions were adopted to fulfill the need of outreach branches for Islamic Banking trainings.

Moreover, L&D-HRG has taken initiatives to establish an effective and comprehensive Islamic Banking training mechanism in compliance with IBD Circular No. 02 of 2018, Dated: Jun 29, 2018, "Enhanced Training & Capacity Building Measures for Islamic Banking Institutions (IBIs)" issued by Islamic Banking Department, State Bank of Pakistan, for the Bank's front and back offices staff at all levels. SCD's staff facilitated as internal trainers on the Shari'ah related training initiatives during the year. Furthermore, alongside regulatory requirements of executive management's Shari'ah trainings, L&D and SCD have jointly developed Islamic Banking & Finance Module and AAOIFI Shari'ah Standards Module for capacity building of Executive Management.

Additionally, SCD facilitated multiple awareness seminars for the public to enhance understanding and remove misconceptions regarding Islamic banking. This activity is performed with the coordination of L&D and Marketing Department. A total of 34 sessions were organized across various small and large cities nationwide for scholars, professors and students from colleges and universities, as well as for the customers. The role of RSBM and SCD is praised in this regard.

Charity

As far as Charity fund is concerned, separate liability account (non-chequing) is opened in separate General Ledgers for each type of Charity Fund Collection:

- a. Charity due to late payment,
- b. Charity against other Non-Shari'ah compliant income
- c. Dividend purification amount.

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

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

In the year 2024, the addition in the amount of Charity was PKR 24.572 million from different heads which was instructed to transfer to the Charity Account.

Additions in Charity account during the year	Rupees in Thousand
- Received from customers against late payment	23,269
- Dividend purification amount	-
- Charity against other Non-Shari'ah compliant income	-
- Profit on charity saving account	1,303
Total additions in Charity account during the year	<u>24,572</u>

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

Recommendations

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

- i. Considering the Federal Shariat Court's verdict of 28th of April 2022 on Riba and the 26th Amendment to the Constitution of Pakistan 1973, it is recommended to actively contribute to the Islamization of the economy and banking system as a whole.
- ii. Shari'ah Board suggests the offering of Shari'ah advisory services to non-banking financial institutions and other entities including government institutions to Islamize their operations to contribute in Islamization of whole economy.
- iii. In future, the focus on Shari'ah training should be increased to ensure compliance with regulatory requirements. Additionally, the Shari'ah Board recommends classroom-based and job oriented Shari'ah training sessions for all staff members to enhance their understanding of Islamic Banking. The arrangement of purpose built training locations should be ensured so that participants could get more benefits.
- iv. More focus is needed on the practical aspects and document execution of products in the Treasury, Corporate, Commercial & SME, and Trade Operations of the Bank. It is also strongly recommended to ensure mandatory Product & Shari'ah trainings of the back office.
- v. Increase general public awareness programs like, Seminars, Workshops and Question & Answer Sessions from the Bank's platform for building up the true image of Islamic Banking & Finance as well as creating awareness/removing misconception about Islamic banking.
- vi. Shari'ah Board recommends the participation of representatives of all groups of Bank including Shari'ah Board in national & international conferences which will be beneficial for the Bank's brand image and capacity enhancement of the Bank's staff.
- vii. Continuity of Shari'ah trainings of the Bank's higher management.
- viii. Continue with Microfinance activities and the Bank should encourage the Islamic Microfinance due to its requirement in the country. Through Islamic Microfinance, Islamic Banking Industry can penetrate at grass-root level to facilitate micro level traders. It will increase the level of awareness about Islamic banking at micro level.
- ix. As far as internal environment of the Bank is concerned, all staff members of front and back offices are strongly recommended to follow the proper dress code strictly, which should be in line with the Bank Dress Code Policy, cultural norms, and reflect due modesty as required by the dictates of Shari'ah. It is recommended to take disciplinary action in case of violation of Dress Code Policy.
- x. It is suggested to consider transitioning the significant customer portfolio to Takaful, which adheres the Islamic principles.

- xi. We encourage for the broader implementation of Green Banking practices across the bank.
- xii. It is recommended to have more focus on social and environmental sustainability by supporting charitable activities and projects that align with Islamic values, and providing financial support for underprivileged part of society.
- xiii. Collect the outstanding charities with different customers or obtain formal Shari'ah Board approval in case of exemption and deferral as per approved charity policy of the bank

Conclusion

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

- i. The Bank has adhered to Shari'ah rules and principles, in accordance with the fatwas, instructions, and guidelines provided by the Shari'ah Board.
- ii. The Bank has complied with SBP Inspection report in true letter and spirit.
- iii. The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Advisory Committee.
- iv. The Bank has a comprehensive mechanism in place to ensure Shari'ah Compliance in their overall operations.
- v. The Bank has complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The Bank is actively making efforts to organize awareness seminars for students, Ulema, customers, and the general public to increase awareness about Islamic banking. The role of Learning & Development and Marketing Departments is appreciated.
- vii. Improvement is required to enhance the level of awareness and knowledge regarding Islamic Banking among the staff, management and the BOD through enhanced training mechanism for each level. Top management and the BOD have made sincere efforts and appreciated the importance of Shari'ah compliance in overall operations of the Bank.
- viii. The Shari'ah Board has been provided adequate resources enabling it to discharge duties effectively.

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

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

وَاللَّهُ سُبْحَانَهُ وَتَعَالَىٰ أَعْلَمُ

Munib ur Rehman

Professor Mufti Munib-ur-Rehman
Chairperson Shari'ah Board

Mufti Syed Sabir Hussain

Mufti Syed Sabir Hussain
Resident Shari'ah Board Member

Date of Report: February 12, 2025

Mufti Nadeem Iqbal

Mufti Nadeem Iqbal
Member Shari'ah Board



ط جہاں تک بینک کے داخلی ماحول کا تعلق ہے، تو ممبرنٹ اور بیک آفسز کے تمام عملے کو ڈریس کوڈ کی سختی سے پیروی کرنے کی بھروسہ پر تاکید کی جاتی ہے۔

ی اسٹاف کا لباس ایم سی بی اسلامک بینک ڈریس کوڈ پالیسی، شت منستی اصولوں اور شرعی تقاضوں کے مطابق شرم و حیا کی عکاسی کرتا ہو۔ اس کی خلاف ورزی کی صورت میں تادیبی کارروائی کی سفارش بھی کی جاتی ہے۔

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

ل ہم بینک کے اندر گرین بینکنگ کے طریقوں کے وسیع تر نفاذ کی بھروسہ پر حوصلہ افزائی کرتے ہیں۔

م یہ سفارش کی جاتی ہے کہ اسلامی اقتدار سے ہم آہنگ چیریٹی کی سرگرمیوں اور منصوبوں کی حمایت کے ذریعے سماجی اور ماحولیاتی پائیداری پر مزید توجہ مرکوز کی جائے، اور معاشرے کے عنبر طبعی کے لیے مالی معاونت فراہم کی جائے۔

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

خلاصہ کلام

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

الف ایم سی بی اسلامک بینک نے شریعت بورڈ کے جاری کردہ فتاویٰ حیات اور ہدایات والا حصے عمل کے مطابق شرعی اصول و ضوابط کو پورا کیا ہے۔

ب ایم سی بی اسلامک بینک نے حقیقی معنوں میں اصل روح کو مد نظر رکھتے ہوئے ایس بی پی انشیکشن رپورٹ پر عملدرآمد کیا ہے۔

ج ایم سی بی اسلامک بینک، ایسٹ بینک آف پاکستان کے احکامات، قوانین و ہدایات اور لائحہ عمل (جو ایسٹ بینک آف پاکستان کے شریعت ایڈوائزری کمیٹی کے احکام کے مطابق ہیں) سے ہم آہنگ ہے۔

د بینک کے پاس اپنے مجموعی آپریشنز میں شریعت کمپلائنس کو یقینی بنانے کے لیے ایک جامع طریقہ کار موجود ہے۔

ه ایم سی بی اسلامک بینک کے نفع و نقصان کی تقسیم اور پول کی انتظام کاری ایسٹ بینک آف پاکستان کی ہدایات کے مطابق ہے۔

و ایم سی بی اسلامک بینک، اسلامک بینکنگ کے بارے میں آگاہی بڑھانے کے لیے طلباء، علماء، کسٹمرز اور عوام الناس کے لیے آگاہی سیمینارز کے انعقاد کے لیے فعال کوششیں کر رہا ہے۔ اس ضمن میں لرننگ اینڈ ڈویلپمنٹ اور مارکیٹنگ ڈیپارٹمنٹس کے کردار کو بھروسہ پر سہارا جاتا ہے۔


ز اسلامی بینکنگ کے بارے میں اسٹاف، انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگاہی اور عمل کی سطح کو بہتر بنانے کے لیے تربیتی نظام کو مزید مستحکم کرنے کی ضرورت ہے۔ مزید برآں اعلیٰ انتظامیہ اور بورڈ آف ڈائریکٹرز نے شریعت کمپلائنس کے حوالے سے سنجیدہ کوششیں کی ہیں اور بینک کے مجموعی معاملات میں اس کی اہمیت کو بخوبی تسلیم کیا ہے۔

ح شریعت بورڈ کو اپنی ذمہ داریوں سے عہدہ برآہونے کے لئے حناطر خواہ وسائل فراہم کئے گئے ہیں۔

شریعت بورڈ، ایم سی بی اسلامی بینک لیٹڈ کے شریعت کمپلائنس ڈیپارٹمنٹ/ریزیڈنٹ شریعت بورڈ ممبر کی کاوشوں کا اعتراف کرتے ہوئے اس سے متعلق ذکر امر کی تعریف کرتا ہے کہ شریعت کمپلائنس ڈیپارٹمنٹ/ریزیڈنٹ شریعت بورڈ ممبر نے بینک کے شریعت کمپلائنس ماحول کو برقرار رکھتے ہوئے شریعت گورننس فریم ورک کی تعمیل کو یقینی بنایا ہے۔

شریعت بورڈ اللہ تعالیٰ کی بارگاہ میں اس کی تعریف پیش کرنے، اس کی ہدایت و توفیق اور سینئر منتظمین و اسلامی بینکاری انڈسٹری کی مخلصانہ کوششوں سے اسلامی بینکاری نظام کی مزید پیشرفت، ترقی اور خوشحالی کا متمنی ہے۔





مفتی ندیم اقبال
شریعت بورڈ ممبر

وَاللّٰهُ سُبْحٰنَهُ وَتَعَالٰى اَعْلَمُ

Muneer Ahmad

پروفیسر مفتی فیض الرحمن
چیرمین شریعت بورڈ


مفتی سید صابر حسین
ریزیڈنٹ شریعت بورڈ ممبر

تاریخ اجراء: ۱۲ فروری ۲۰۲۵ء

چیریٹی

جہاں تک چیریٹی فنڈ کا تعلق ہے، ہر طرح کے چیریٹی فنڈ جمع کرنے کے لئے علیحدہ نان چیکنگ، لائسنس یافتہ اکاؤنٹ کھولے جاتے ہیں۔

- i. ادائیگی میں تاخیر کی وجہ سے چیریٹی،
 - ii. باطل معاملات کی وجہ سے چیریٹی،
 - iii. منافع (ڈیویڈنڈ، Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے چیریٹی۔
- عام طور پر مذکورہ بالا تمام ہدایات میں جمع کی گئی رقم اپنے اپنے "شرعیہ کمپلائنس نفع بخش چیریٹی کو لیکشن فنڈ اکاؤنٹ" میں شرعیہ بورڈ / ریویژنٹ / شرعیہ بورڈ ممبر کی صوابدید پر جمع کی جاتی ہیں، چیریٹی فنڈ، چیریٹی کمیٹی / شرعیہ بورڈ کے منظور شدہ کسی خیراتی، معاشرتی، بسبود، مذہبی یا تعلیمی مقصد کے لئے استعمال ہوتا ہے۔

سال 2024ء میں چیریٹی فنڈ کی مختلف ہدایات میں جمع کی گئی رقم میں کل اضافہ 24.572 ملین رہا، جس کو چیریٹی اکاؤنٹ میں منتقل کرنے کی ہدایت کی گئی۔

روپے (۰۰۰) میں	رسال چیریٹی فنڈ میں اضافہ
۲۳،۲۶۹	صارف کی طرف سے ادائیگی میں تاخیر کی وجہ سے
-	منافع (ڈیویڈنڈ، Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے
-	باطل معاملات کی وجہ سے
۱،۳۰۳	چیریٹی سیونگ اکاؤنٹ پر منافع
۲۴،۵۷۲	رسال چیریٹی فنڈ میں کل اضافہ

بینک نے چیریٹی کی رقم شرعیہ سے منظور شدہ خیراتی اداروں کو ایم سی بی اسلامک بینک کی چیریٹی پالیسی اور اینٹی بینک کی ہدایات و لائحہ عمل کے مطابق فراہم کی ہے۔ چیریٹی اکاؤنٹ کی تفصیلات نوٹ نمبر 19.2.1 میں دستیاب ہیں۔ شرعیہ بورڈ بینک کے شرعیہ کمپلائنس ڈیپارٹمنٹ کی طرف سے ایک مضبوط شرعیہ کمپلائنس ماحول کو برقرار رکھنے کے عمل کو سراہتا ہے۔ شرعیہ بورڈ سال 2024ء کے دوران شرعیہ کمپلائنس ڈیپارٹمنٹ / RSBM کی طرف سے کی گئی کوششوں کی تعریف کرتا ہے۔

سفارشات

شرعیہ بورڈ شرعی اعتبار سے کئے گئے جائزوں کی جانچ پڑتال کے بعد درج ذیل سفارشات پیش کرتا ہے:

الف آٹھ اپریل 2022 کو وفاقی شرعی عدالت کے ربا (سود) پر فیصلے اور 1973 کے آئین میں چھبیسویں ترمیم کو مد نظر رکھتے ہوئے، یہ تجویز دی جاتی ہے کہ معیشت اور بینکاری کے نظام کی مکمل اسلامائزیشن میں فعال طور پر حصہ لیا جائے۔

ب شرعیہ بورڈ یہ تجویز کرتا ہے کہ غیر مالیاتی اداروں اور دیگر اداروں بشمول حکومتی اداروں کو ان کے امور کو اسلامائز کرنے کے لیے شرعیہ ایڈوائزری کی خدمات فراہم کی جائیں تاکہ معیشت کی مکمل اسلامائزیشن میں حصہ ڈالا جاسکے۔

ج مستقبل میں، ریگولیٹری تقاضوں کی تعمیل میں مسزید شرعیہ ٹریننگز ہونی چاہئیں۔ مسزید برآں شرعیہ بورڈ کلاس روم شرعیہ ٹریننگ سیشنز کی بھروسہ پور سفارش کرتا ہے۔ تربیتی مقصد کے تحت بنائے گئے معاملات کا انتظام بہتر سے بہتر بنایا جائے تاکہ شرکاء ایک عملی اور تربیتی ماحول میں زیادہ سے زیادہ فوائد حاصل کر سکیں۔

د کارپوریٹ، ٹریڈ، کمرشل، ٹریڈ، ایس ایم ای بینکاری کی پراڈکٹس اور شرعیہ کی ٹریننگز پر زیادہ توجہ دینے کی ضرورت ہے، لہذا بھروسہ پور سفارش کی جاتی ہے کہ عملے کی شرعی اصولوں کے تناظر میں پراڈکٹس کی تربیت کو یقینی بنایا جائے۔

ه اسلامی بینکاری اور مالیات کی اصل روح کے مطابق تشہیر اور عام لوگوں کو آگاہی دینے کے ساتھ ساتھ اسلامی بینکاری کے بارے میں حقیقی شعور پیدا کرنے اور عسٹا فہمیوں کو دور کرنے کے لئے، ایم سی بی اسلامک بینک کے پلیٹ فارم سے سیمینارز، ورکشاپس اور سوال و جواب کی نشست کا مسزید اہتمام کرنے کی سفارش کی جاتی ہے۔

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

ز ایم سی بی اسلامک بینک کے اعلیٰ منتظمین کی بھی شرعیہ ٹریننگز کی بھروسہ پور سفارش کی جاتی ہے۔

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

اسلامی بینکس بنیادی طور پر مختلف جہتوں سے روایتی بینکوں سے جدا ہیں، ان کا بنیادی اصول شریعت پر کاربند ہونا ہے۔ اگر وہ شریعت پر کاربند نہیں ہوتے تو غیر شرعی معاملات کا احتمال بڑھ جاتا ہے۔ چنانچہ کسٹمر کے اعتماد کو بحال رکھنے کے لئے مضبوط و مستحکم بنیادوں پر شریعہ کپلائنس کی موجودگی ضروری ہے۔ اسی چیز کو مد نظر رکھتے ہوئے ایم سی بی اسلامک بینک کے شریعہ بورڈ کی حباری کردہ چھ ہدایات و لائحہ عمل اور آٹھ فتاویٰ حبات بھی موجود ہیں۔ ایم سی بی اسلامک بینک میں شریعہ بورڈ کی حباری کردہ تمام ہدایات و لائحہ عمل اور فتاویٰ حبات پر عملدرآمد کو ان کی اصل روح کے مطابق یقینی بنایا گیا ہے۔

بینک کے منتظمین کے تعاون سے شریعہ کپلائنس ڈیپارٹمنٹ نے ریویژنڈ شریعہ بورڈ ممبر / ہیڈ - شریعہ کپلائنس ڈیپارٹمنٹ کی زیر نگرانی 2024ء میں تمام پراڈکٹس کی دستاویزات کا جائزہ لیا۔ شریعہ کپلائنس ڈیپارٹمنٹ نے شریعہ کپلائنس کو یقینی بنانے کے لئے مختلف براؤنچر اور بیک آفسر کا معائنہ کیا تاکہ بینک کے معاملات کو شریعہ کے اصولوں کے مطابق بنایا جائے۔ شریعہ بورڈ نے 99 فائنلنگ کے لائحہ عمل کی دستاویزات، جن میں کارپوریٹ کمرشل، اور ایس ایم ای بینکاری شامل ہیں، کے لائحہ عمل کا جائزہ لیا اور ان کی منظوری دی۔ جہاں تک پراڈکٹس کا تعلق ہے، تو شریعہ بورڈ نے شرکت، متناقص، تیار شدہ مال پر مرابحہ اور مرابحہ بالشراء، اجارہ، استئناغ، اور مشارکہ رنگ فائنلنگ کی پراڈکٹس کی اس سال منظوری دی۔

شریعہ کپلائنس ڈیپارٹمنٹ نے ایٹھ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے حباری کردہ سرکلر (نمبر 1 / 2021، تاریخ 14 جون 2021)، شریعہ نان کپلائنس رسک مینجمنٹ SNCRM کی تعمیل کے لیے تمام ضروری اقدامات کئے ہیں۔ ڈیپارٹمنٹ نے یقینی بنایا ہے کہ SNCRM بینک کے مجموعی رسک مینجمنٹ مندرجہ ذیل کا ایک لازمی عنصر ہونا چاہیے۔ مزید برآں ڈیپارٹمنٹ تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ بورڈ کی رسک مینجمنٹ اور پورٹ فولیو ریویو کمیٹی اور شریعہ نان کپلائنس رسک مینجمنٹ کمیٹی کے ساتھ ساتھ شریعہ بورڈ کو سہ ماہی بنیادوں پر کرے گا۔ شریعہ نان کپلائنس رسک مینجمنٹ کمیٹی آپریشنل / انتظامی سطح پر شرعی عدم تعمیل کے رسک کی کڑی نگرانی کے لیے ذمہ دار ہے۔ تمام کمیٹیوں کی باقاعدہ مینٹننگ کا انعقاد کیا جا رہا ہے اور شریعہ کپلائنس ڈیپارٹمنٹ تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ مذکورہ کمیٹیوں کو دیتا ہے۔

کیپیسٹی اینہانسمنٹ اینڈ اوپیریشنس سیشن

شریعہ کپلائنس ڈیپارٹمنٹ (SCD) نے بینک کے فرنٹ اور بیک آفس کے عملے کے لیے اسلامی بینکاری کے تربیتی سیشنز کا اہتمام کیا، تاکہ ریگولیٹری ہدایات کی تعمیل کی جا سکے۔ لرننگ اینڈ ڈیولپمنٹ ڈیپارٹمنٹ (L&D - HRG) کے تعاون سے بینک کے عملے کی اسلامی بینکاری اور مالیات کے بارے میں آگاہی کو بڑھانے کے لیے، شریعہ ٹریننگز کو بینک کے تمام عملے کے لیے لازمی مقرر کیا گیا۔

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

ایٹھ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے حباری کردہ سرکلر (نمبر 2 / 2018 بتاریخ 29 جون 2018) پر عملدرآمد کو یقینی بنانے کے لیے بینک کی جانب سے مؤثر اور جامع اقدامات کئے گئے۔ لہذا ایک مؤثر اور جامع پروگرام L&D-HRG کی طرف سے ترتیب دیا گیا، جس کے تحت بینک کے ہر درجہ کے فرنٹ اور بیک آفس اسٹاف کو اسلامی بینکاری کی ٹریننگ دی گئی۔ شریعہ کپلائنس ڈیپارٹمنٹ کے اسٹاف ممبرز نے شریعہ ٹریننگز کے لئے پورا سال اپنی خدمات پیش کیں۔ مزید برآں، ایگزیکٹو مینجمنٹ کی شریعہ ٹریننگ کی ریگولیٹری ضروریات کے ساتھ ساتھ، شریعہ کپلائنس ڈیپارٹمنٹ اور L&D نے ایگزیکٹو مینجمنٹ کی مہارت کو مزید بڑھانے کی غرض سے اسلامی بینکاری اور شرعی معیارات، اکاؤنٹنگ اینڈ ڈیٹنگ آرگنائزیشن برائے اسلامی مالیاتی ادارے AAOIFI کے کورسز تیار کئے، جنہیں شروع کر دیا گیا ہے۔

اس کے علاوہ، ایس سی ڈی نے عوام میں اسلامی بینکنگ کے بارے میں آگاہی کو فروغ دینے اور غلط فہمیوں کو دور کرنے کے لیے متعدد سیمینارز کے انعقاد میں کردار ادا کیا۔ یہ سرگرمی لائل اینڈ ڈی اور مارکیٹنگ ڈیپارٹمنٹ کے باہمی تعاون سے انجام دی گئی۔ ملک بھر کے مختلف چھوٹے بڑے شہروں میں علماء کرام، کالجیونیورسٹیز کے پروفیسرز و طلباء کرام اور عام کسٹمرز کے لیے مجموعی طور پر 34 سیشنز کا اہتمام کیا گیا۔ ان سیمینارز کے انعقاد میں ایس سی ڈی کے تمام ممبران بالخصوص آر ایس بی ایم کے کردار سہارا جاتا ہے۔

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الْحَمْدُ لِلّٰهِ رَبِّ الْعَالَمِیْنَ وَالصَّلٰوةُ وَالسَّلَامُ عَلٰی خَاتَمِ الْاَنْبِیَاءِ وَالْمُرْسَلِیْنَ وَعَلٰی اٰلِهِ وَصَحْبِهِ اَجْمَعِیْنَ اَمَّا بَعْدُ

شریعی بورڈ ایم سی بی اسلامک بینک لمیٹڈ کے امور سے متعلق اپنی سالانہ رپورٹ پیش کرتا ہے۔ ایم سی بی اسلامک بینک کا شریعی بورڈ ستمبر 2015ء کو تشکیل پایا، موجودہ شریعی بورڈ پروفیسر مفتی فیب الرحمن چیئر پرسن شریعی بورڈ، مفتی سید صابر حسین ریڈنٹ شریعی بورڈ ممبر اور مفتی ندیم اقبال، ممبر شریعی بورڈ پر مشتمل ہے۔ 2024ء میں پورا سال شریعی بورڈ کی خدمات ادارے کو حاصل رہیں، بینک کے معاملات کے حوالے سے شریعی بورڈ نے ٹیلی فون اور ویڈیو کانفرنس کالز کے ذریعے بھی کئی غیر رسمی ملاقاتیں کیں۔ علاوہ ازیں 2024ء میں شریعی بورڈ کے 4 رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے، جن میں دیگر امور کے علاوہ نئی پراڈکٹس اور خدمات کے ساتھ ساتھ موجودہ پراڈکٹس اور خدمات میں ترامیم کا شرعی جائزہ لیا گیا۔

☆	شریعی بورڈ کا پہلا اجلاس،	۲۸ مارچ ۲۰۲۳ء
☆	شریعی بورڈ کا دوسرا اجلاس،	۱۳ جون ۲۰۲۳ء
☆	شریعی بورڈ کا تیسرا اجلاس،	۱۰ ستمبر ۲۰۲۳ء
☆	شریعی بورڈ کا چوتھا اجلاس،	۲۷ دسمبر ۲۰۲۳ء

شریعی گورننس اینڈ کپلائنس

شریعی بورڈ ایک ایسا بنیادی میکانزم ہے جو اسلامی اور روایتی بینکوں کی گورننس میں امتیاز قائم کرتا ہے، علاوہ ازیں شریعی کپلائنس میکانزم اس چیز کو یقینی بناتا ہے کہ بینک کے معاملات شریعی بورڈ کے فتاویٰ حیات اور ہدایات کے مطابق ہوں۔ اسلامی بینک میں معاملات شریعت کے مطابق ہونے سے اس کی کارکردگی پر مثبت اثرات مرتب ہوتے ہیں۔ لہذا کسی بھی اسلامی بینک کے لئے لازم ہے کہ وہ شریعی بورڈ کے مندرجہ کردہ تمام فتاویٰ حیات اور ہدایات پر سختی کے ساتھ کاربند ہو۔

مندرجہ بالا شریعی بورڈ کی مجالس کے علاوہ سال بھر تمام امور کی نگرانی میں شریعی کپلائنس ڈیپارٹمنٹ نے اس کے ساتھ ہم آہستگی کو یقینی بنایا۔ شریعی کپلائنس کسی بھی اسلامی مالیاتی ادارے کی ریڈھ کی ہڈی ہے۔ مزید برآں شریعی کپلائنس کو پورے سال مد نظر رکھا جاتا ہے، جس کے نتیجے میں شریعی بورڈ کی بینک کے شرعی امور میں مستقل شمولیت اور مواصلاتی طریقہ کار کو بروئے کار لاتے ہوئے بینک کے مختلف النوع معاملات کی بروقت منظوری کو یقینی بنایا گیا۔ شریعی کپلائنس ڈیپارٹمنٹ، شریعی نان کپلائنس کے خطرات کو کم کرنے میں بھی مدد کرتا ہے اور یہ یقینی بناتا ہے کہ بینک کی آمدنی چیرٹی اکاؤنٹ میں نہ جائے۔

بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ کا کردار

چونکہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ اس امر کے ذمہ دار ہیں کہ ایم سی بی اسلامک بینک کے جملہ معاملات شریعت کے اصولوں کے عین مطابق ہوں۔ بورڈ آف ڈائریکٹرز کو انویسٹمنٹ اکاؤنٹ ہولڈرز کے متعلق اپنی مستحکم اور با اعتماد ذمہ داریوں کا مکمل اور جامع فہم حاصل ہونا چاہیے، جو شیئر ہولڈرز کی طرح مالی خطرات کا سامنا کرتے ہیں۔ اس کے علاوہ، بینک کی ایگزیکٹو مینجمنٹ شریعی گورننس فریم ورک (SGF) کے مکمل اور موثر نفاذ کی ذمہ دار ہے، تاکہ شریعت کے اصولوں اور ہدایات کی تعمیل یقینی بنائی جاسکے۔ لہذا ہم (شریعی بورڈ) ایم سی بی اسلامک بینک کے شریعی کپلائنس کی مجموعی صورت حال کے بارے میں ایک رپورٹ جمع کرانے کے پاسند ہیں۔ 2024ء میں شریعی بورڈ کے بورڈ آف ڈائریکٹرز کے ساتھ رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے:

☆	شریعی بورڈ- بورڈ آف ڈائریکٹرز کا پہلا اجلاس،	۱۳ جون ۲۰۲۳ء
☆	شریعی بورڈ- بورڈ آف ڈائریکٹرز کا دوسرا اجلاس،	۲۱ اکتوبر ۲۰۲۳ء

شریعی بورڈ اپنی جاری کردہ ہدایات و لائحہ عمل پر عملدرآمد کے اعتبار سے بینک کے منتظمین کی مسلسل اور جامع کوششوں کی تعریف اور حوصلہ افزائی کرتا ہے۔

شریعی کپلائنس ڈیپارٹمنٹ

رپورٹ میں ظاہر کردہ امور کے مطابق اپنی رائے دیتے ہوئے عرض یہ ہے کہ ایم سی بی اسلامک بینک کے شریعی کپلائنس ڈیپارٹمنٹ نے ریڈنٹ شریعی بورڈ ممبر/ ہیڈ شریعی کپلائنس ڈیپارٹمنٹ کی زیر نگرانی تمام قسم کے مالی معاملات، ان کے جملہ مراحل، پراڈکٹس، اور اختیار کئے گئے نظریات کا نمونے کی بنیاد پر جائزہ لیا ہے۔ شریعی کپلائنس ڈیپارٹمنٹ نے شریعی بورڈ کو بینک کے فرسٹ اور بیک آفسز کی شرعی تعمیل کا جائزہ لینے کے معاملات سے آگاہ رکھا۔ اس سلسلے میں 142 برانچوں کا شرعی معائنہ کیا گیا ہے اور جہاں تک بیک آفسز کی شرعی تعمیل کے جائزے کا تعلق ہے، تو اس کے لیے شریعی بورڈ کی منظور شدہ فہرست کی تعمیل کو یقینی بنایا گیا ہے۔ مزید برآں آرٹلس بی ایم/ ہیڈ- شریعی کپلائنس ڈیپارٹمنٹ اور اس کے سٹاف نے ریگولٹری اور شرعی تقاضوں کی تعمیل کو یقینی بنانے کے لیے جنوبی اور شمالی ریجن کی 27 شاخوں کا احاطہ دورہ کیا۔ اور اس کی باقاعدہ رپورٹ شریعی بورڈ اور بورڈ آف ڈائریکٹرز کو پیش کی گئی۔



**SUSTAINABILITY
& CSR**



Corporate Sustainability

As a leading institution in the Pakistan's banking sector, MCB Bank has a great legacy in preserving 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 employees, who fully uphold 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.



Our Approach to Sustainability

Sustainability is the umbrella that covers both Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR). ESG and CSR are both ways that the Bank can demonstrate its commitment to sustainable business practices.



Board's statement on adoption and review of CSR best practices

MCB's Board of Directors affirms its commitment to integrating Corporate Social Responsibility (CSR) principles into the Bank's core business strategy and operations. As a financial institution, being a steward of customer's trust and a vital contributor to the economic and social well-being of its stakeholders, the Bank recognizes its responsibility to serve the communities and operate sustainably and ethically.

The Board is committed to a process of continuous improvement in the Bank's CSR practices. This commitment is driven by the belief that CSR is a dynamic and an evolving field that requires ongoing adaptation and refinement. The Board of the Bank has approved Corporate Social Responsibility Policy covering major areas of SECP's CSR guidelines 2013. The Bank strives to stay abreast of best practices, emerging trends, and stakeholder expectations to ensure the relevance and effectiveness of its CSR program.

CSR Program

Clear CSR Policy

A comprehensive CSR policy approved by the Board outlines the Bank's commitment to key areas such as ethical conduct, environmental sustainability, community engagement, and responsible lending practices. This policy serves as a guiding document for developing, implementing, and monitoring the Bank's CSR strategy and plays a crucial role in ensuring alignment with its overall business strategy.

Regular Stakeholder Engagement:

The Bank actively engages with its stakeholders, including customers, employees, community members and investors, to understand their concerns and expectations.

To ensure the effectiveness of its CSR program, the Bank has established a structured framework for implementation, monitoring, and review.

Performance Measurement and Reporting

The Bank closely tracks key performance indicators (KPIs) related to CSR initiatives and measures the impact of its program for future decision-making.

Transparency and Accountability:

The Bank is committed to transparency in its CSR reporting and communication. The Bank believes that open and honest communication with the stakeholders is essential for building trust and demonstrating our commitment to responsible corporate citizenship.

Integration with Business Strategies:

The Bank strives to integrate CSR considerations into all aspects of its business operations, from product development & service delivery to risk management & supply chain management.

Board's statement on Bank's strategic objectives and intended impact on ESG reporting.

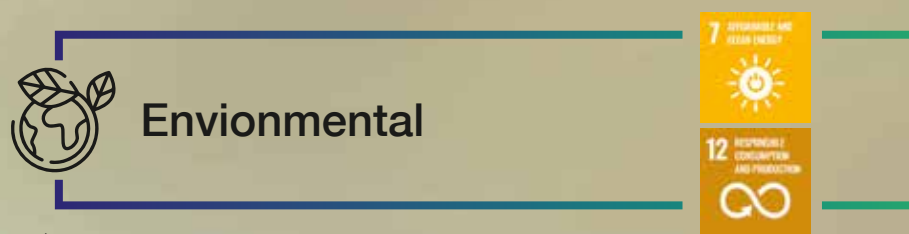
The Board is committed to integrating ESG factors into the Bank's strategic objectives. These strategic objectives are designed to deliver sustainable growth and positive outcomes for all its stakeholders, including customers, employees, shareholders and communities the Bank serve; underpinning the belief that strong ESG performance is intrinsically linked to financial performance and contributes to a more resilient and equitable future.

In alignment with its commitment to transparency and accountability, MCB is dedicated to provide clear and comprehensive sustainability-related financial information, adhering to the principles and requirements outlined in IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'.

ESG Strategy

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.



Strategic Objectives

- 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.

Intended Impact

Mitigate climate-related risks, enhance operational efficiency, and support the transition to a low-carbon economy.

Initiatives Overview

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

Key Highlights

- Launched a comprehensive paperless initiative, transitioning to digital processes across branch operations.
- Launched a comprehensive "Green Awareness" Campaign to mark key environmental events, including World Water Day, Mother Earth Day, and World Environment Day.
- Offering Green Ghar Finance, which promotes environmentally friendly housing solutions.
- Campaigns commemorating environmental days, reaching approximately **130,000+** views
- Successfully conserved over **320,000 KWh** of energy, contributing to a more sustainable and efficient operations.
- Remarkable reduction of approximately **250 tons** of CO₂e emissions, contributing to a greener future.
- Transitioned **275 branches/offices** and **252 ATMs** to Solar Energy. The total yearly power output exceeded **2,700 MWh**.
- Recycled over 8 tons of dry waste, reinforcing our commitment to environmental stewardship.
- Green Banking trainings provided to over **2,600 employees** during the year.



Social



Strategic Objectives

- 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.



Intended Impact

Enhance social equity, attract & retain talent and strengthen our relationships with local communities.



Initiatives Overview

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



Key Highlights

- Bank wide **51,414 participants** successfully attended different training sessions in 2024.
- Successfully completed training of “Women Champions” exceeding the target of **75%**, that was assigned from SBP.
- Achieved an impressive complaint resolution rate **98.89%**, ensuring customer service and responsiveness.
- Carried out service monitoring sessions across **1,371 branches** using advanced security camera systems to ensure the delivery of exceptional customer service
- Achieved an overall customer satisfaction score of **84%**, reflecting strong trust and confidence in our services.
- Sponsored BCCI Foundation for Advancement, FAST - NUCES Chiniot Faisalabad campus, with a donation of **Rs. 10 million** to support their campus and help deserving students in the area.



Governance



Strategic Objectives

Compliance with relevant laws & regulations, in letter and spirit



Intended Impact

Ensure transparency, accountability, and effective risk management.



Initiatives Overview

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



Key Highlights

- Regulatory trainings provided to employees covering following themes:
 - AML / CFT / CPF > **14K participants**
 - Fair Treatment of Customers > **8K participants**
 - Cyber Security Awareness > **3K participants**
- Conducted **14,500** comprehensive service monitoring sessions across **1,371 branches** to ensure the delivery of exceptional customer service.
- Real-time observation and detailed analysis of customer interactions, staff performance, and operational efficiency.
- Achieved an overall rating of **1.86** (Cautious/Average Zone) in self-assessment under Conduct Assessment Framework (CAF)”
- Successfully implemented latest policy updates in the Service Quality Manual and the Customer Experience and Consumer Protection & Grievance Handling Policy

Contribute towards the national financial inclusion agenda by widening branch network under Bank's 'Annual Branch Expansion Plan (ABEP 2025)'; with following tier wise geographical distribution:

- 2 branches in Tier 1
- 1 branch in Tier 2
- 1 branch in Tier 3*
- 1 branch in Tier 4

*upgradation



ATM uptime to be maintained at higher than 97%



Client Satisfaction Index to be maintained at higher than 90%



Achieve SME & Agri-based lending targets allotted by SBP for FY 2025

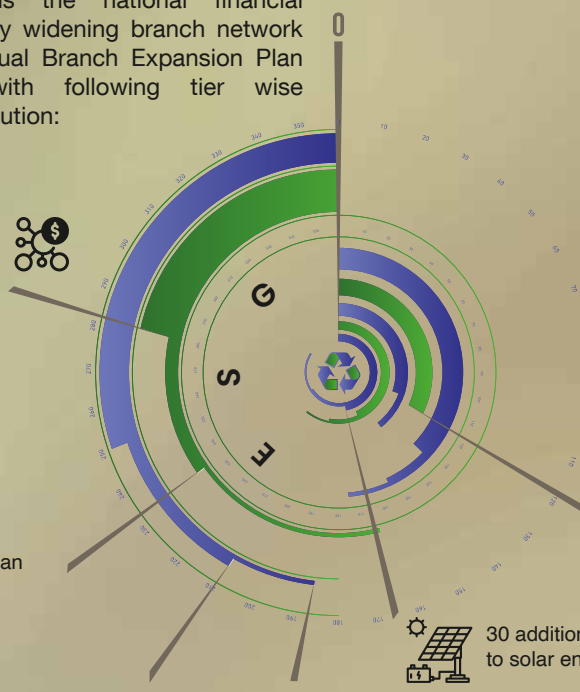


30 additional branches to be shifted to solar energy by 2025



50 additional branches to be covered under real time IoT based fuel management & monitoring system by 2025

ESG TARGETS 2025



ESG Related Supply Chain Disruptions 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 remain, operational risks 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 on global events and political developments, maintaining geographically diversified branch network to provide services to its customers and adopting 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 framework.

Sustainability Reporting & Challenges

1. Measuring & Quantifying

- No unified or “universal” standard

The absence of a unified sustainability reporting standard has resulted in the emergence of numerous sustainability reporting frameworks, surveys, and initiatives to engage shareholders and data providers, each with its own approach 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 sustainability reporting metrics poses a significant challenge, hindering performance comparison and decision-making for organizations and investors.

- Subjectivity and complexity

Sustainability factors encompass various performance measures. These are commonly referred to as qualitative and quantitative metrics or indicators that capture corporate sustainability 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 sustainability related data. Because corporate sustainability is inherently a cross-functional exercise, nearly every department tends to oversee some aspect of it. From human resources to 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**

Sustainability 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 sustainability related 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**

Sustainability 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 sustainability issues, reporting frameworks, and terminology. Communicating complex sustainability topics—and large volumes of data—in a way that is accessible and meaningful to diverse stakeholders can be challenging. 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 sustainability 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.

Sustainability Reporting & Disclosures

Four core content pillars for sustainability reporting

Governance:

The Board of Directors is responsible for integrating sustainability considerations into the Bank's overall strategic planning process. The Board's Risk Management & Portfolio Review Committee is delegated with the responsibility to oversee Bank's processes for identifying, assessing, and managing sustainability-related risks. The Board reviews and approves Bank's sustainability policy and monitors progress on ESG targets.

Strategy:

Recognizing that sustainability is not just an ethical imperative, but also a critical factor in achieving long-term financial stability and success, the Bank has been incorporating sustainability-related risks and opportunities into its strategic planning process. Key focus areas include; integration of sustainability practices into risk management, developing sustainable finance products, financial inclusion, stakeholder engagement and enhanced transparency & sustainability reporting.

Risk Management:

The Bank has a robust framework for identifying, assessing, and managing sustainability-related risks; enabling it to protect itself from potential losses and capitalize on emerging opportunities in the transition to a sustainable economy. Key components of the framework include; governance & oversight, risk identification & assessment, risk measurement & monitoring, risk mitigation & control and transparent disclosure & reporting.

Metrics and Targets:

The Bank tracks performance against key sustainability metrics to ensure consistent, transparent, and reliable measurement of its environmental, social, and governance (ESG) impacts; in turn, enabling informed decision-making and continuous improvement. Key ESG targets have been disclosed in the preceding sections.



Sustainability-related risks and opportunities and their impact on the financial performance

The Bank has identified several key sustainability-related risks and opportunities that could impact its financial performance:

	Short Term	Medium Term	Long Term
Risk	Reputational risk associated with financing projects with negative environmental or social impacts. Increasingly stringent ESG regulations can lead to fines and penalties for non-compliance	Credit risk emanating from loans to businesses in sectors most vulnerable to climate change impacts. Similarly, the transition to a low-carbon economy could impact the viability of certain industries the Bank finance's (e.g. stranded assets in the fossil fuel industry)	Systemic risks from climate change affecting the broader economy and financial system. Physical risks from climate change impacting the Bank's assets and operations (e.g., damage to branches from extreme weather events).
Impact	Loss of customer trust, negative media coverage, decreased brand value, potential regulatory fines.	Increased loan defaults, higher loan loss provisions, reduced profitability	Reduced economic growth, increased financial instability, potential losses on a large scale.
Opportunity	Growing demand for sustainable finance products, improved operational efficiency through resource reduction and waste management initiatives, augmentation of existing risk management framework to build resilience to the growing challenges of sustainability-related risks.	Developing expertise in ESG risk assessment and management, creating a competitive advantage. Conversely financing green technologies and renewable energy projects presents substantial opportunities.	Financing the transition to a sustainable economy, creating new markets and revenue streams.
Risk Mitigation	Inculcating sustainability considerations into the overall credit assessment process of the Bank within the purview of SBP's 'Environmental and Social Risk Management' implementation strategy	The Bank has developed innovative green loan products to attract new customers interested in sustainable investments, leading to increased loan volumes and revenue.	Building a resilient and sustainable business model that can withstand future environmental and social challenges.

The Bank assess the potential financial impact of these risks and opportunities using scenario analysis, stress testing, and financial modeling, incorporating factors like probability, magnitude, and timeframe.

Sustainability-related risks and opportunities throughout Bank's value chain

The Bank recognizes the importance of addressing sustainability-related risks and opportunities across its value chain:

	Upstream	Midstream	Downstream
	<p>The Bank engages with its suppliers to promote sustainable practices, including responsible procurement and ethical labor standards.</p>	<p>The Bank manages its own environmental and social footprint, and how it fosters a responsible and sustainable workplace.</p>	<p>The Banks' downstream value chain primarily involves its lending, investment, and customer-facing activities. Sustainability initiatives in this area focus on influencing clients and customers to adopt more sustainable practices</p>
Risk	<ul style="list-style-type: none"> • Environmental degradation in the supply chain (e.g., deforestation, unsustainable resource extraction). • Social issues in the supply chain (e.g., human rights violations, labor exploitation). • Reputational risk from association with suppliers with poor ESG performance. 	<ul style="list-style-type: none"> • Negative environmental impact from Bank's operations (e.g., energy consumption, waste generation). • Social risks within Bank's operations (e.g., employee well-being, diversity and inclusion). • Reputational risk from poor ESG performance. 	<ul style="list-style-type: none"> • Credit risk from lending to businesses with poor ESG performance. • Reputational risk from financing projects with negative environmental or social impacts. • Missed opportunities to provide sustainable finance products and services to customers.
Opportunity	<ul style="list-style-type: none"> • Cost savings from resource efficiency in the supply chain. • Enhanced brand reputation from partnering with sustainable suppliers. • Innovation and new product development through collaboration with sustainable suppliers. 	<ul style="list-style-type: none"> • Cost savings from resource efficiency in Bank's operations. • Enhanced brand reputation from demonstrating strong ESG performance. • Increased employee engagement and productivity through a focus on employee well-being and diversity. 	<ul style="list-style-type: none"> • Growth in demand for sustainable finance products and services. • Enhanced customer loyalty through a focus on sustainability. • Positive social and environmental impact from financing sustainable projects.
Initiatives	<ul style="list-style-type: none"> • Launched a comprehensive 'Green Awareness' campaign to mark key environmental events, including World Water Day, Mother Earth Day, and World Environment Day. By amplifying environmental awareness, MCB Bank encouraged all stakeholders to adopt sustainable practices and contribute to a greener future. 	<ul style="list-style-type: none"> • Invested in renewable energy sources for Bank operations. The Bank has converted 275 branches/offices and 252 ATMs to solar energy. • To reduce paper usage, launched a comprehensive paperless initiative, transitioning to digital processes across branch banking operations • Green Banking training provided to over 2,600 employees during the year. • Implemented robust cybersecurity measures to protect customer data. 	<ul style="list-style-type: none"> • The Bank created a dedicated Green Banking webpage on its Corporate Website under the "Social and Environmental Responsibility" section to provide a comprehensive overview of its environmental efforts. • Facilitated overseas Pakistani's under the RDA initiative and other national financial inclusion/support initiatives. • Started screening loan files on ESRM related requirements; in parallel to the conventional credit risk management procedures. The screening process has been completely rolled out on Bank's outstanding exposure in top 7 industries

Climate-related risks and opportunities

The Bank has recognized that climate change presents both challenges and opportunities for its business, and the Bank is committed to proactively managing these factors to ensure long-term value creation and resilience. In line with IFRS S2, the Bank has identified and assessed the following climate-related risks and opportunities:

Physical Risks:



Acute Risk: Increased frequency and intensity of extreme weather events (e.g., floods, droughts, storms) could damage our physical assets (branches, data centers), disrupt operations, and impact the creditworthiness of our borrowers, particularly in sectors like agriculture and real estate.

Chronic Risks: Gradual changes in climate patterns, such as rising sea levels and increasing temperatures, could impact the long-term viability of assets and business models.

Transition Risks:



Policy Risk: Policy changes aimed at reducing carbon emissions (e.g., carbon taxes, regulations) could impact the creditworthiness of our clients in carbon-intensive sectors.

Technological Risks: The transition to a low-carbon economy could render some technologies obsolete and create new competitive landscapes. Clients who fail to adapt could face financial difficulties.

Market Risks: Shifting consumer preferences and investor sentiment could impact the demand for certain products and services, affecting our lending and investment portfolios.

Reputational Risks: Negative public perception regarding our financing of environmentally harmful activities could damage our brand and reputation.

Opportunities:



Green Finance: Growing demand for sustainable finance presents opportunities to develop and offer green loans, sustainability-linked loans, green bonds, and other innovative financial products.

New Markets: The transition to a low-carbon economy will create new markets and business opportunities in areas such as renewable energy, green technology, and sustainable infrastructure.

Cost Savings: Investing in energy efficiency and renewable energy can reduce our operational costs and contribute to our sustainability goals.

Enhanced Reputation: Demonstrating a strong commitment to climate action can enhance our reputation, attract customers and investors, and improve employee engagement.

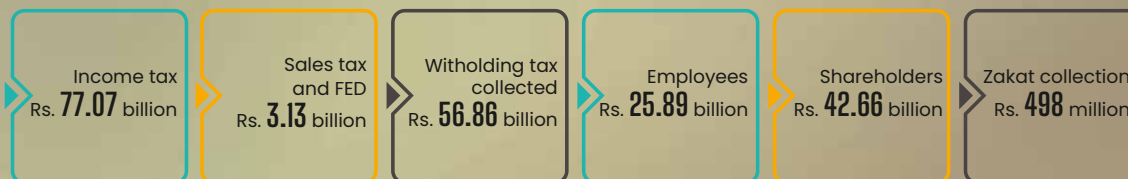
Key Sustainability related Initiatives

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.



MCB Bank has one of the highest market capitalizations in the banking industry. In 2024, the Bank paid approx. Rs. 77.07 billion on account of income taxes to Government Treasury and collected over Rs. 56.86 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. 3.13 billion in respect of sales tax and FED. The contribution by the Bank to the national economy by way of value addition was Rs. 150.43 billion, out of which around Rs. 25.89 billion were distributed to employees and Rs. 42.66 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 1450+ ATM network. MCB Bank also contributed to the national exchequer in Zakat Deductions to the sum of Rs. 498 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:

- Driving Strategy Through Learning & Development:
- Banking on Equality
- Regulatory requirement programs
- Customized training programs for field staff
- Occupational Health and Safety
- Business Continuity Plan
- Business Ethics and Anti-Corruption Measures
- Customer Experience Management, Consumer Protection Measures and Grievance Handling
- Banking on Equality and Women Empowerment
- Investing in communities

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

During 2024, Learning and Development strategy was to extend outreach of training and development programs across the Bank by using Classroom, Zoom and E-learning training platforms. Bank wide, 51,414 participants successfully attended different training sessions in 2024.

Being critical for the effective employee engagement at all levels and 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 specialized functions. Enhanced focus was also given on mobile learning programs to extend the coverage in remote areas. Year 2024 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 and extended focus on capacity building towards regulatory framework and global compliance obligations, several programs were offered on Anti Money Laundering, Trade Based Money Laundering and 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 according to their job roles requirements.

b. Banking on Equality & Women Empowerment

In keeping with SBP's Policy on Banking on Equality, the Bank has a Sub-Committee headed by the focal person in order to work towards this regulatory requirement, while focusing on related products, events, campaigns and initiatives to empower women both within the Bank as well as to encourage financial inclusion. The Bank's policy on gender mainstreaming was approved in December, 2022 and subsequently several campaigns and products were launched by the Marketing and Products teams. Revisions and improvements were made to Banks's 'Protection of Women Against Harassment Policy' and 'Gender Mainstreaming Policy' to align with broader objectives of safer and more inclusive workplace. Sessions on gender sensitization were conducted by internal and external trainers to foster an equitable and inclusive workplace.

- 'Mother's Day', 'International Women's Day', 'Women Entrepreneurship Day' and 'National Working Women Day' were celebrated for recognizing contribution of working women.
- Supercharged DEI Capability Building Training Sessions for senior leaders of the Bank were organized at Karachi, Lahore and Islamabad while 84% of staff members were trained for Gender Sensitization.
- MCB Bank has revamped and rebranded its Ladies Account as MCB Nayab Account, a tiered-based financial solution designed specifically for women.
- During the year the ratio of female staff members improved to 19.77% from 18.54% in the last year.

As a commitment towards inclusion and diversity, significant steps were taken to ensure equal opportunities. In line with the Bank's values as an equal opportunity employer, every job advertisement now explicitly encourages applications from Persons with Disabilities (PWDs) and females.

Women Champion Certification

A significant milestone was achieved towards SBP's Agenda of "Banking on Equality" where, a comprehensive rollout was initiated Pan Pakistan and successfully completed training of "Women Champions" exceeding the target of 75% i.e. training of total staff 1,762 (1,077 of 1,405 Branches Trained) that was assigned from SBP, started in 2022 and completed in 2024.

Gender Sensitivity Training

In the context of "Banking on Equality" development of comprehensive contents on "Gender Sensitivity", including e-learning and classroom training, encompassing the adult learning principles in the form of case studies, role plays, and audio video aids and subsequent rollout was another big initiative taken by Learning & Development Division during 2024. This special program helped employees to understand existing gender relations, eliminate implicit gender biases, and improve customer interaction at customer touch points. Through these channels Learning & Development Division completed the training of a total staff of 13,901 (Unique 11,778); beginning in 2022 and completing in 2024.

Diversity, Equity & Inclusion Program for Senior Management

Keeping in view the importance of cultivating a diverse, equitable and inclusive workplace, various tailored made sessions on the subject matter of “Supercharged DE&I Capability Building” were arranged for the senior leadership during 2024; across the learning and development centers. During these programs, participants gained valuable insights and tools to lead with a deeper understanding of DEI principles. These sessions not only enhanced their personal leadership journey but also contributed to strengthening MCB’s organizational commitment to creating an environment where all individuals feel respected, valued, and empowered to thrive.

Workshop on Sensitization & Financial Inclusion of PWDs

Learning & Development Division arranged a workshop of “Sensitization and Financial Inclusion of PWDs” across the Bank. 110 participants have attended this workshop to get the awareness of Financial Inclusion of PWDs.

c. Regulatory Requirement Programs

Keeping in view the critical importance of staying ahead of regulatory changes and maintaining compliance with the ever evolving financial landscape, Learning & Development Division offered an array of regulatory trainings during 2024. The Bank has an immerse focus towards imparting regulator required training programs by using classroom and E-learning training platforms.

Regulatory Courses	Total Sessions	Number of Participants
AML CFT CPF	230	14,995
Fair Treatment of Customers	165	8,397
Gender Sensitivity at Workplace	72	7,494
Cyber Security Awareness	54	3,075
Mitigation of ML - TF - PF Risks	18	998
Sensitization & Financial Inclusion of PWDs	31	602
Women Champions	16	320
Total	586	35,881

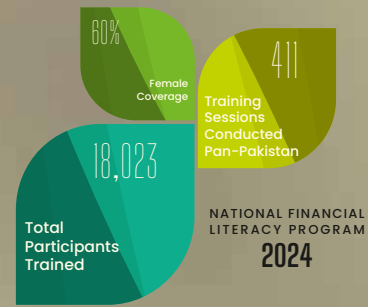
d. Customized Training Programs for Field Staff

Learning and Development Division designed specific training programs for the field staff to address their job role requirements and to develop necessary skills set for value addition.

Customized Courses	Total Sessions	Number of Participants
BM BootCame	54	1,210
RM BootCame	23	699
Potential BSM Development Program	3	57
Orientation for CSO's	1	33
Universal Services Officer Orientation & Beyond	10	159
Total	91	2,158

e. National Financial Literacy Program 2024

National Financial Literacy Program for Un-banked Population In line with SBP's initiatives towards increasing financial literacy in society and to include more of the unbanked population into the financial system through its National Financial Literacy Program (NFLP), MCB played its active role to support and achieve this aim again in its 8th year. During January 2024 till December 2024, MCB conducted 411 classroom training sessions and 62 street theaters across Pakistan with the inclusion of 18,023 total participants (classroom: 12,904 & street theater: 5,119) including 60% female coverage. Through these sessions our field trainers permeated financial literacy across the far-flung areas of Pakistan.



f. Occupational Health and Safety

At MCB Bank, the well-being of employees, customers, and visitors is a top priority. The Bank is dedicated to fostering a work environment that prioritizes health, safety, and adaptability to meet the unique demands of modern workplaces. By investing in occupational health and safety initiatives, MCB not only mitigates potential risks but also enhances productivity, service quality, and operational efficiency.

To address the ever-evolving nature of workplace challenges, MCB has implemented a range of proactive measures, strategies, and policies aimed at preventing, controlling, and eliminating occupational hazards. The Bank's comprehensive Occupational Health, Safety and Environment (HSE) policy and guidelines reflect its commitment to staying ahead of technological advancements, economic shifts, and safety requirements. The Bank's well-established policy guidelines undergo periodic reviews and approvals by the Board and senior management, ensuring they remain relevant and effective. Employees at MCB are not only well-versed in these standards but also play an active role in upholding them, ensuring a culture of safety and accountability.

MCB's unwavering commitment to health and safety is evident from implementation of robust controls, risk management strategies, and the senior management's emphasis on enactment of internal safety processes/initiatives. By prioritizing the well-being of its stakeholders, MCB Bank remains steadfast in its vision to create a safe, secure, and adaptable workplace for all.

MCB Bank leverages internal communication channels to reinforce protective measures against health, safety, and environmental risks. All bank premises are equipped with First Aid Kits, underscoring the Bank's focus on emergency preparedness and immediate response capabilities.

The Bank's readiness is further demonstrated through its Facility Level Plans and Crisis Response Plans, which are regularly updated to address potential emergencies. MCB has implemented stringent controls, advanced surveillance systems, and state-of-the-art security equipment to safeguard the physical safety of employees, customers, and visitors. Furthermore, MCB branches and buildings are equipped with modern fire safety systems, surveillance technology, and security equipment, reflecting a holistic approach to occupational health and safety. Trained security personnel ensure the effective execution of these measures, while external Safety and Security Audits help maintain alignment with industry best practices and drive continuous improvement for iconic buildings.

In essence, MCB Bank's proactive approach to occupational health and safety not only safeguards its people but also reinforces its position as a responsible and forward-thinking organization.

Board's Policy on Employee Health, Safety & Protection:

At MCB, the health, safety, and well-being of employees is at the core of everything we do. Management believes that a safe workplace is more than just meeting legal requirements—it's about going above and beyond to create an environment where everyone feels protected and valued. This commitment is reflected in our Board-approved "Health, Safety & Environment" policy, which underscores our promise to continuously improve health and safety practices.

Bank's approach to health and safety is proactive, not reactive. We don't wait for issues to arise; we work to prevent them. This mindset is woven into every aspect of our operations, from our corporate offices to our branches, ensuring that the same high standards of safety are upheld everywhere. At MCB, safety is a shared responsibility. Every employee is not only expected to follow safety protocols but also to actively look out for the well-being of their colleagues, customers, and anyone who walks through our doors.

By continuously enhancing policies, MCB build a workplace where everyone can thrive and succeed. MCB continuously tries to nurture a culture of health and safety by empowering teams to take ownership of safety and prepare themselves to tackle such situation effectively.

g. Business Continuity Plan (BCP)

At MCB Bank, Business Continuity Management (BCM) act as a shield against uncertainty. It's a proactive, forward-thinking framework designed to ensure seamless operations, no matter what the challenges are. By combining robust policies, actionable plans, and practical cutting-edge strategies, we protect critical processes, adapt to disruptions, and deliver uninterrupted service to our customers and stakeholders.

Our resilience starts at the top, the Board and Senior Management regularly review and approve our BCM Policy and Framework, ensuring alignment with evolving risks, emerging threats to meet stakeholders' expectations. The Business Continuity Management Committee (BCMC) translates these strategies into practical steps, safeguarding operations during outages or crises.

Banks invests in its employees by equipping them with the skills to manage crises effectively. Our tested BCM plans enabled us to maintain exceptional service and strengthen our preparedness to manage eventuality. Whether facing localized disruptions or global crises, we remain steadfast in our commitment to operational excellence.

For MCB, resilience isn't just about continuity—it's about trust. By embedding adaptability and innovation into our DNA, we don't just survive disruptions; we thrive through them, setting new standards for reliability in the banking industry.

In a world of constant change, MCB Bank stands as a pillar of stability, ready to face the future with confidence and resilience.

h. 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.

i. Service Quality Function & Grievance Handling Mechanism

2024 has been an intensive Service Quality (SQ) journey across the board at MCB Bank. Together with our business and support function stakeholders, we have managed to cover further ground on some critical customer experiential indicators across the process monitoring and optimization fronts. It has also been a year where special focus was paid to uplift courtesy and positive behavior across our customer dealing staff at branches for strengthening service health of the business and a rejuvenated will to drive enriched customer experience.

The Bank followed its roadmap for strategic transition from process centricity to customer centricity effectively. This strategic shift is supported by various programs and a robust analysis of customer journeys and satisfaction metrics, enabling us to effectively address critical customer requirements.

Board's Oversight on Customer Experience

The Compliance Risk Management Committee regularly monitored performance and provided an oversight to the Board on key performance indicators, this included tracking metrics related to Service Score Cards, Customer Satisfaction Scores, Net Promoter Score, Contact Center performance and resolution times for complaints. The committee also ensured that management invested in advanced technologies, digital banking solutions, and alternate delivery channels to provide personalized and efficient services to customers. This focus on leveraging technology and data-driven insights helped streamline customer interactions and imp overall service delivery.

By prioritizing these initiatives, the board played a key role in strengthening the organization's commitment to customer-centricity and driving long-term value.

Service Council

The Service Council, chaired by the President & CEO, serves as a forum uniting key stakeholder from across the bank. This platform prioritizes service through thought leadership, collaborative discussions, and the development of a clear roadmap for sustained service excellence. This council plays a pivotal role in fostering a culture of continuous improvement, innovation, and excellence in service delivery across the organization.

These high-level meetings are dedicated to reviewing and enhancing the organization's service quality and regulatory framework. Key activities include analyzing critical service indicators, Fair treatment of customers initiatives, identifying performance gaps, evaluating proactive and reactive feedback to drive data-driven decision-making.

Service Quality Manual and Policy Implementation

Successfully implemented the Service Quality Manual 2024 (Version 4.0) and the Customer Experience and Consumer Protection & Grievance Handling Policy (Version 5.0, 2024) across the entire organization. This initiative involved a comprehensive rollout strategy, including training sessions, workshops, and detailed communication plans to ensure seamless adoption by all departments and employees. The updated manual and policy were designed to align with the organization's commitment to delivering exceptional customer service, enhancing customer satisfaction, and ensuring robust consumer protection measures. Key focus areas included streamlining grievance resolution processes, improving service delivery standards, and fostering a customer-centric culture. Regular audits and feedback mechanisms were established to monitor compliance and identify opportunities for further refinement.

Branch Service Ladder (BSL)

The Branch Service Ladder (BSL) was introduced as a strategic initiative to ensure a consistent, high-quality customer experience across all MCB branches. The BSL is built on a foundation of Key Service Indicators (KSIs), which meticulously map out the customer journey from the moment they enter a branch to the fulfillment of their needs. These KSIs are designed to capture critical touchpoints in the customer experience, ensuring that every interaction is seamless, efficient, and aligned with MCB's service standards.

- Greeting and Welcome: Ensuring customers are warmly welcomed upon arrival.
- Queue Management: Minimizing wait times and providing clear guidance.
- Service Efficiency: Delivering prompt and accurate service.
- Staff Professionalism: Demonstrating knowledge, courtesy, and empathy.
- Issue Resolution: Effectively addressing customer concerns and complaints.
- Facility Cleanliness and Ambiance: Maintaining a clean, organized, and welcoming branch environment.
- Proactive Engagement: Anticipating customer needs and offering tailored solutions.

To reinforce accountability and drive continuous improvement, BSL scores are integrated into staff performance appraisals. This integration ensures that employees at all levels are not only aware of the service standards but are also motivated to uphold and exceed them. By linking BSL performance to appraisals, MCB fosters a culture of ownership, where every team member takes pride in delivering exceptional service and contributing to the overall success of the branch.

Furthermore, the BSL serves as a valuable tool for identifying areas of improvement and sharing best practices across the branch network. Regular monitoring and analysis of BSL data enable MCB to implement targeted training programs, refine processes, and celebrate high-performing branches and individuals.

Customer Experience Clinic

Another cornerstone of MCB's 2024 strategy was effective utilization of the Customer Experience Clinic, with a redefined program aimed at empowering employees to deliver exceptional, personalized, and empathetic service. This initiative trained ~7,800 MCB employees, equipping them with the skills, behaviors, and attitudes necessary to exceed customer expectations and foster lasting loyalty. The program focuses on cultivating key competencies such as active listening, problem-solving, and emotional intelligence, ensuring that every interaction is not only efficient but also deeply customer-centric. By investing in the development of its workforce, MCB is laying a strong foundation for a culture that prioritizes customer satisfaction and builds meaningful, long-term relationships.

Live Service Monitoring

Bank's initiative of Live Service Monitoring at its customer touch points i.e., Branches and ATMs significantly matured during the year and its coverage extended to almost entire network. Service Quality team conducted

~14,500 comprehensive service monitoring sessions across 1,371 branches using advanced security camera systems to ensure the delivery of exceptional customer service. These sessions involved real-time observation and detailed analysis of customer interactions, staff performance, and operational efficiency. This proactive approach not only maintained service quality but also contributed to the development of targeted training programs for staff, fostering a culture of continuous improvement and excellence in customer service.

Queue Management System (QMS)

To further streamline operations and improve customer satisfaction, MCB equipped ~850 branches with the Queue Management System (QMS). This advanced system is designed to organize, optimize, and manage the flow of transactions within branches, effectively reducing wait times and enhancing the overall customer experience. By leveraging technology to monitor and adjust queue dynamics in real-time, the QMS ensures that customers are served efficiently, minimizing frustration and maximizing satisfaction. This initiative reflects MCB's dedication to leveraging innovation to meet the evolving needs of its customers.

Contact Center Service Ladder

Contact Center Service Ladder was launched as a comprehensive framework to evaluate and improve the quality of customer interactions. This innovative tool measures key performance indicators such as adherence to service scripts, the demonstration of empathic and active listening skills, and the accuracy and completeness of information provided to customers. By setting clear benchmarks, the Contact Center Service Ladder ensures that every interaction is consistent, professional, and aligned with the organization's commitment to delivering exceptional service.

Complaint Management Function

Following the Consumer Grievance Handling Mechanism guidelines, various measures were taken to strengthen the complaint management unit department. Monitoring of the closed complaints, their resolution turnaround times, mystery shopping, voice of customer and quality assurance programs for complaint handling were introduced.

Below are the key stats for year 2024:

- Total Complaint Received = 343,311
- Total Complaint Resolved = 339,490 (As of Dec 31st, 2024)
- Problem Incident Ratio (PIR) = 3.62% (Total book)
- Average within TAT Resolution = 99.9%
- Average Complaint Resolution Satisfaction Ratio (CRS) = 83%
- Average Complaint Resolution Time: 4 Working days

To enhance visibility and accessibility of the complaint lodging and handling process, awareness campaigns were conducted through social media, and periodic SMS notifications were sent to customers. These efforts informed customers about the various modes of complaint submission, including email, call centers, letters, Fax, Bank's websites, branches, walk-in centers etc. All complaints are promptly investigated and resolved with customers kept informed of progress via SMS, email, calls or letters. To further enhance customer satisfaction, the Bank performs detailed root cause analyses to identify gaps and consistently improve its processes, products, and services.

During the year, customers experienced major challenges related to fund transfer delays, non-receipt or delays in debit card renewals, excessive/duplicate fees on debit cards or issues with new account openings etc were received. To address these concerns, the bank has strengthened its systems for seamless fund transfers, improved card issuance and renewal processes, streamlined account opening procedure. SQ team regularly collaborated with relevant stakeholders for comprehensive Root Cause Analysis of top complaints and steps were taken to fix identified gaps. Continuous monitoring and enhanced customer support have been implemented to ensure smoother banking experiences.

Conduct Assessment Framework (CAF) & Fair Treatment of Customers (FTC)

In line with SBP guidelines, enhancements were made to deliverables related to the Financial Consumer Protection (FCP) Framework and Conduct Assessment Framework (CAF).

Key initiatives included:

- Training programs for frontline staff and support functions on customer handling, fair treatment of customers.
- Ongoing financial literacy programs to educate staff via internal forums.
- Circulation of Financial Consumer Protection and Prohibited Banking Conduct guidelines to ensure comprehensive awareness.

Fair Treatment of Customers (FTC) remains a keystone of our service quality objectives. MCB Bank is committed to ensuring that every customer interaction reflects respect, fairness, and transparency. This involves not only adherence to regulatory standards but also the consistent application of ethical practices to enhance trust and long-term relationships. By embedding the principles of FTC into our organizational culture, we aim to deliver equitable and customer-centric solutions across all touchpoints.

As part of our commitment to these frameworks, an annual self-assessment “Conduct Assessment Framework (CAF)” was conducted and submitted to the regulator. MCB Bank achieved an overall rating of 1.86 (Cautious/Average Zone) in CAF for 2024.

Ethical Conduct Guidelines

As per the guidelines for Compliance Risk Management issued vide BPRD Circular # 07 dated August 09, 2017 by SBP Banking Policy and Regulatory Department, Banks were advised to develop/revise their existing policies in order to promote ethical behavior in their day to day operations in the organization. In light of these SBP guidelines, Bank has deputed Ethical Conduct Unit under the ambit of Service Quality Department.

The Ethical practices like transparency, integrity, honesty and compliance go hand in hand when it comes to financial industry and this area has emerge to be an essential element of overall compliance culture in any Bank. There will be no compromise on ethical standards of the bank and an immoral act will not be tolerated at any case.

Customer Satisfaction Surveys

In compliance with the State Bank of Pakistan’s directives, as outlined in BC & CPD Circular No. 1 dated February 29, 2016, regarding the Consumer Grievance Handling Mechanism (CGHM), and BC & CPD Circular No. 3 dated November 04, 2016, regarding the Conduct Assessment Framework (CAF), we are pleased to present the findings of our recently conducted Customer Satisfaction Survey. This initiative was carried out in collaboration with Abacus Consulting, a reputable independent research agency, to ensure transparency and credibility in the process.

The survey successfully captured feedback from approximately 3,500 customers across a wide range of segments, including Retail Banking, Privilege Banking, Commercial Products, Retail Lending, Bancassurance, Digital Banking, and Home Remittance. The results reflect our ongoing efforts to enhance customer experience and address their needs effectively.

Key highlights from the survey include:

- An overall customer satisfaction score of 84%, demonstrating a solid level of customer contentment with our services.
- A Net Promoter Score (NPS) of 74%, indicating a healthy level of customer advocacy and willingness to recommend our services.
- A loyalty score of 98%, showcasing the strong trust and commitment our customers have toward our brand.

Additionally, MCB achieved notable ratings across various customer service metrics, highlighting its commitment to excellence:

- 94% of customers rated MCB highly for its reputation of being “Fair & Honest” in all dealings, underscoring the bank’s integrity and trustworthiness.
- 87% customer satisfaction was recorded for providing all relevant product information, demonstrating the bank’s dedication to transparency and clarity.
- 92% satisfaction rate was achieved in explaining main product features, indicating that MCB’s efforts to communicate accurate and comprehensive product details were highly effective.
- 96% achieved in Customer Satisfaction Score for the complaint handling process, reflecting positive customer perception regarding visibility and accessibility.

These ratings collectively emphasize MCB’s success in fostering positive customer experiences and maintaining high standards of service delivery.

While these results are encouraging, we recognize that there is always room for improvement. We remain committed to building on these achievements, addressing areas for enhancement, and further elevating the quality of our services to meet and exceed customer expectations.

In-house VoC Platform

Our in-house surveys are a critical tool that enables us to maintain a close and proactive understanding of our customers' perceptions, identify areas for product improvement, and gather key insights into evolving customer demands. These surveys are meticulously designed to capture detailed feedback from ~10,580 customers, offering a comprehensive view of their experiences and expectations. The data collected provides invaluable insights into customer satisfaction levels, psychographic profiles, and potential attrition risks, allowing us to make informed decisions and tailor our strategies to better meet customer needs. By continuously monitoring these metrics, we can swiftly address concerns, enhance product offerings, and strengthen customer loyalty, ensuring that we remain aligned with market trends and customer preferences.

Way Forward

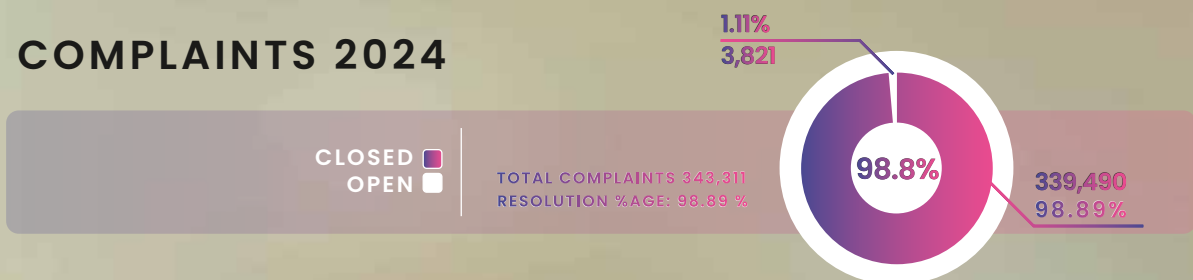
In 2025, we need to continue to “build momentum” around the customer experience value chains.

In this year, we aim to further stretch our arm and penetrate into building and implementing the monitoring mechanism for support functions. We also aim to reinvent our service standards from the results driven through external Customer Satisfaction Survey and work on the irregularities or defects in the system, identify weaknesses and evaluate possible improvements.

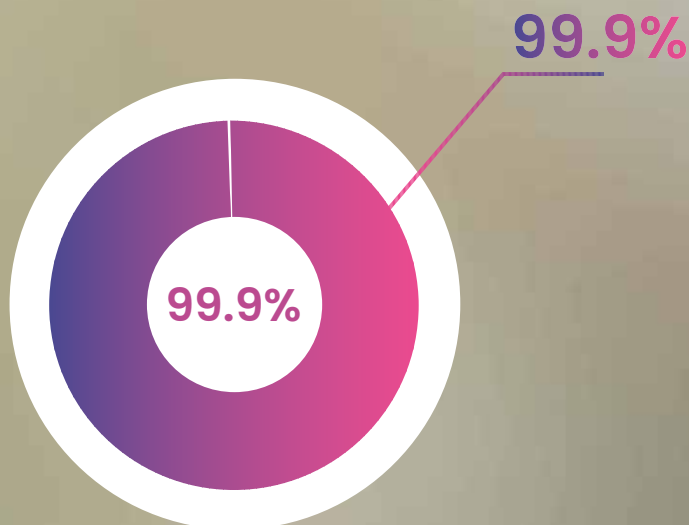
In order to ensure that MCB Bank delivers the best customer experience possible, we need to keep our finger on the pulse of the industry and remain flexible to change – that means constantly looking for ways to improve, keeping our solution ecosystem integrated & current, and embracing digital transformation.

	NUMBERS	PERCENTAGE
STATEMENT OF COMPLAINTS	343,311	-
CLOSED	339,490	98.89%
OPEN	3,821	1.11%
AVERAGE RESOLUTION TIME	-	4WDS

COMPLAINTS 2024



Turn Around Time (TAT)



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 2024:

- Support for education
- Healthcare awareness
- Privilege banking
- Energy Conservation
- Environmental Cleanliness & Protective Measures
- Solarisation
- Remittances services
- Green Banking

Celebrating Excellence – Supporting Education in Remote areas & MCB Gold Medal Awarded to FAST University's Topper

MCB Bank acknowledges efforts made by leading universities expanding into areas that need advanced education facilities and during 2024, the Bank sponsored BCCI Foundation for Advancement, FAST - NUCES Chiniot Faisalabad Campus, with Rs. 10 million donation, to support their campus and help deserving students in the area.



The Bank sponsored the top student with a gold medal and a Rs. 100,000 cheque as a token of encouragement for their outstanding achievements, at The FAST University Chiniot Faisalabad Campus. This endeavor reflects MCB Bank's dedication to corporate social responsibility and our unwavering belief in the power of education to shape a brighter future. The Bank aims to continue this legacy to encourage more talent in the country.

Participated in 20th State Bank Governor's Cup Interbank Regional Cricket Tournament 2024

The Inter Bank Sports Activities serve as a platform for fostering solidarity, promoting a healthy lifestyle and strengthening professional relationship within the banking community. In 2024, the Bank Participated in 20th State Bank Governor's Cup Interbank Regional Cricket Tournament to share experiences and build lasting connections beyond the workplace.

Creating awareness towards Noble Cause

In 2024, continuing its support towards charitable organizations and noble causes, MCB Bank helped generate awareness for Edhi Foundation, Shaukat Khanum Memorial Cancer Hospital, Pink Ribbon through its internal and external communication ADC platforms; especially during the holy month of Ramadan and Pinktober.



Priority Banking Facilities to NGO/ NPO and Partnership with World Health Organization

MCB Bank continuously makes a positive impact in communities through its Corporate Social Responsibility (CSR) initiatives by offering priority payment services, through its Transaction Banking Division (TBD), to various non-profit organizations (NPOs) and non-governmental organizations with special focus on supporting NGOs, namely Bedari, Human Appeal, National Rural Support program, Sukkur Rural Support Organization, Rural community Development Program, KASHF Foundation, Thardeep, Damen Support, CSC empowerment, in order to elevate neglected communities and underprivileged women and orphans. Our goal is to help these organizations operate more efficiently and focus on their impactful work, while also ensuring that our fees remain minimal and aligned with our CSR objectives of fostering social good.

In addition to this, we are proud to be a trusted payment partner of World Health Organization (WHO) in their efforts to combat polio in Pakistan. Through this collaboration, MCB Bank facilitates timely and secure payments to polio workers all over the country, ensuring that they are compensated swiftly for their essential work in the global fight against the disease. Our partnership with WHO reflects our dedication to supporting global health initiatives and making a difference where it's needed most.

Consumer Facilitation Services

Privilege Banking has conducted regular engagement for its customers. 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 its main 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 . 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, 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

As a resolve to its commitment for energy conservation and green banking, the Bank continued to implement clean energy projects for solarization of branches during the year. Owing to the mega project launched in 2023, the total number of solarized branches soared to 275 at year end as compared to 43 last year with an accumulated installed solar capacity at 4.030 MW. This resulted in generation of approx.2,744 MW of clean energy, leading to a reduction of approx.1,646 tons of carbon dioxide emissions. The provision of solar systems will not only contribute to a cleaner environment but also reduce overall energy cost.

On the buildings side, we successfully commissioned a 60.5kW On Grid solar power plant at our iconic MCB Landmark building in Islamabad during the previous year. Advancing on this momentum, we solarized key buildings in Lahore and Karachi during 2024. Notably, our MCB building on Shahrah-e-Aiwan-e-Tijarat, Lahore, became our largest solarized site with the installation of a 102kW On Grid solar system, and estimated annual generation capacity of approximately 140MWh units. Additionally, we equipped MCB Nila Gumbad building in Lahore with a 55.8kW solar system and MCB Guest House in Karachi with a 34.5kW system. We continue to explore opportunities for further solarization, with surveys conducted for flagship buildings such as MCB Head Office, MCB Contact Center, MCB DHA Phase VIII, and MCB Schon Circle Clifton. Feasibility reports are currently under review.

These initiatives demonstrate our commitment to environmental sustainability, corporate social responsibility, and adherence to the State Bank's Green Banking Guidelines. The MCB Bank management appreciates the cooperation it has received from its employees and the interest shown by its stakeholders in adopting the responsible and ethical business practices.

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. In 2023, the Bank took an initiative for green energy via the installation of solar panels at its branches. By the end of 2024, the Bank has successfully converted 275 branches on clean green energy and plans to convert an additional approximately 30 branches, in 2025, under the solarization initiative. 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.





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.

**SUSTAINABLE
DEVELOPMENT
GLOBAL
GOALS**

UN SDG

5 GENDER EQUALITY

5.1
End all forms of discrimination against all women and girls everywhere

5.4
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

MCB'S FOCUS

Internal Focus

- Providing equal employment opportunities that are free of discrimination and are being implemented on a methodical and merit based selection process.
- Diversity and Inclusion Programs

External Focus

- Financial Inclusion for Women
- Supporting Women-Owned Businesses

MCB'S PERFORMANCE IN 2024

- There has been a consistent growth in the number of female staffs at the Bank (18.54% in 2023 to 19.77% in 2024).
- 16.8% of the female staff report directly to the Head of Departments (HOD's); who in turn report to the CEO.
- Developed comprehensive training contents on "Gender Sensitivity" to help employees better understand existing gender relations, eliminate implicit gender biases, and improve interaction at customer touchpoints. The training's were imparted through multiple channels including e-learning and classroom trainings. A total staff count of 11,778 has been covered under the program since its roll out in 2022.
- Conducted specialized training programs for female entrepreneurs and business professionals, equipping approximately 450 women with essential knowledge regarding banking products and services and navigating the financial landscape.
- Launched MCB Nayab Account, a dedicated banking solution designed exclusively for women, empowering them with tailored financial services.
- Offered SBP backed Refinance and Credit Guarantee Scheme at special rates to promote women's participation in the SME and agriculture sectors.

3 GOOD HEALTH AND WELL-BEING

3.8
Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

- Offering comprehensive health insurance coverage to employees.
- Entering into alliances for offering discounted health care services to employees and their families.
- Providing generous paid time off and leave policies to allow employees to rest and recover.

- Organized medical camps for Bank's employees and their families, offering free medical consultations, health screenings and discounted diagnostic services to promote their health and wellness.
- Enhanced hospitalization limits, room entitlements and maternity limits across all employee grades.
- Improved features on offer, for employees and their families, via 'Sehat kahani' digital mobile application.

In addition to supporting employees' health and wellbeing, the Bank also actively engages in community services within the health sector under its CSR Plan. Key initiatives have been disclosed in the 'Sustainability & Corporate Social Responsibility' and 'Green Banking' sections of the Annual Report.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.1
Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.3
To increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

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.

- The Bank finances developmental infrastructure, including energy, water, transport and telecommunications infrastructure, while ensuring environmental and social risks are appropriately managed and minimized.
- The Bank supports SMEs in the agriculture value chain.
- We provide SMEs with access to finance, training, networking and market opportunities.

- MCB has over 1,400 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
- Participated in the 'Risk Coverage Scheme for Small and Medium Enterprises (SMEs)' introduced by the Government of Pakistan; in collaboration with SBP. The Bank disbursed Rs. 32.63 million to SME's, under the scheme, during the year. Furthermore, at year end, the Bank's total SME book size stood at Rs. 16,835 million.

MCB'S PERFORMANCE IN 2024

UN SDG

8 DECENT WORK AND ECONOMIC GROWTH

8.3

To promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of MSME's

8.5

To achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.

8.10

To strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

1 NO POVERTY

MCB'S FOCUS

The Bank continues 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:

- Providing entrepreneurs and SMEs with relevant, cost-effective services.
- Providing solutions tailored for young people
- Providing consumer education for individuals and business owners.

- Created employment opportunities which led to the hiring of 3,510 employees.
- Contributed Rs. 77.07 billion in the national exchequer on account of income taxes paid to Government Treasury.
- 45 differently abled people have been employed, as permanent staff, by the Bank as on December 31, 2024.
- Extended finance to all key economic segments including the SME and Agriculture sector which cumulatively contribute above 40% to the domestic GDP.
- Offered SBP backed 'Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS)' to support youth in availing affordable financing for their existing or new business ventures.
- MCB conducted 411 classroom training sessions and 62 street theaters across Pakistan with the inclusion of 18,023 participants under the 'National Financial Literacy Program 2024'; MCB was awarded the prestigious 'Financial Literacy Champion Bank' award in big banks category by the SBP.

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, banking on equality, digitalization of financial services, promotion of sustainable finance and facilitation of overseas Pakistanis have been disclosed in the 'Directors Report'.

7 AFFORDABLE AND CLEAN ENERGY

7.1

Ensure universal access to affordable, reliable and modern energy services

7.2

Increase substantially the share of renewable energy in the global energy mix

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The Bank finances renewable energy projects, including hydro, solar and wind, across Pakistan.

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.

MCB 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.

During the year, the Bank Integrated Environmental, Social, and Governance (ESG) factors into its lending decisions. Various milestones were successfully met by the Bank under different phases of ESRM implementation. Key initiatives have been disclosed in the 'Directors Report'.

The detailed policy has been disclosed in the 'Green Banking' section of the Annual Report

11 SUSTAINABLE CITIES AND COMMUNITIES

11.11

Ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums

The Bank provides affordable mortgage finance.

The Bank extended Rs. 312.508 million to 25 new affordable housing mortgage customers, with a total affordable housing loan book of Rs. 8.465 billion as at December 31, 2024.



CELEBRATING **WOMEN**





Throughout the year, MCB Bank introduced a series of targeted initiatives aimed at promoting women's advancement and tackling gender disparities in the workplace. These efforts included providing support to female employees to address concerns, alongside strengthening capabilities related to diversity, equity, and inclusion.

MCB Bank launched a series of campaigns designed to champion women's advancement and address gender disparities in the workplace. These initiatives ranged from supporting female staff to building capabilities.

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 for 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. To increase the representation of women in the workforce, a specialized program was launched at APWA Multan. An MOU was signed for this pilot project, which aimed to empower women and serve as a test case for future internships that could lead to job opportunities at MCB. This partnership signifies our commitment to bridging the gender gap and promoting women's economic empowerment and financial inclusion.



MCB Bank Revamps MCB Nayab Account:

A Lucrative Financial Solution for Women

MCB Bank has revamped and rebranded its Ladies Account as MCB Nayab Account, a lucrative and facilitative product designed to empower women. This innovative, tiered-based financial solution enables women to manage their financial needs independently, creating their own economic security.

Key Features of MCB Nayab Current Account including Free Optional Life & Health Insurance & Exclusive MCB Nayab Account Debit Card with unique benefits.

The enhanced product has received an overwhelming response, achieving tremendous success in deposit mobilization and new account penetration. MCB Nayab Account has also contributed significantly to financial inclusion initiatives.

To encourage the staff for creating awareness among female customers Nayab Campaign was launched resulting in deposits mobilization and new female accounts. To promote the product, branches across Pakistan organized women-centric sessions, providing information on the account's features and benefits. These sessions were well-received, attracting women from various professions and walks of life, including celebrities. The exclusive MCB Nayab Account Debit Card was a major highlight.

MCB Bank launched the MCB Nayab Top Champions Campaign to drive deposit mobilization, recognizing top-performing branches in promoting the MCB Nayab Account.

MCB Bank proudly celebrated Women Entrepreneurship Day, reaffirming its commitment to empowering women and promoting financial inclusion.



MCB Nayab Activation Campaign





Women Entrepreneurship Week

As per SBP's directives, Retail Banking network celebrated Women Entrepreneurship week across branches & SME centres. Marketing collateral were displayed in lending branches, and awareness sessions were conducted nationwide. A key event at MCB L&D Centre, Rawalpindi, featured prominent women entrepreneurs discussing their role in Pakistan's economic growth and to create awareness about MCB offerings. The event featured insightful discussions led by Mr. Sultan Zeb Khan, Head Retail Banking North and a special address by Ms. Tehmina Shafi Khan, Division Head Women Protection & Empowerment. Other senior officials from State Bank and MCB North Region also attended the event.



Emphasis on Priority Sectors

Additionally, the Agriculture Credit Division, in collaboration with Women Financial Services, celebrated Women Entrepreneurship week by directly reaching out to communities across Bahawalpur, Multan, Faisalabad, Gujranwala, Sialkot, Hyderabad, and Sukkur.

Focused gatherings with female agriculturists were conducted, providing tailored financial solutions and expert guidance under the Banking on Equality Policy by State Bank of Pakistan.

Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS)



MCB Bank Strengthens Financial Inclusion for Female Farmers



Celebrating Women in the Workforce

Celebrating Mother's Day

Mother's Day was celebrated across the bank to honor and pay tribute to mothers, recognizing the vital role they play both at home and in the workplace. This celebration served as an opportunity to acknowledge the hard work, dedication, and contributions of working mothers, highlighting their ability to balance professional responsibilities while nurturing their families.

HONOURING



Mothers

12TH MAY, 2024



My mother has always been a pillar of strength in my life. She is the most lovable person with a kind heart. The person I am today and whatever I have achieved in life is all because of her efforts, influence & guidance.

Sobia Iftikhar

Department Head
Cash Management, Investments & Global
Transaction Banking
WBG

Mummy, you're not just my mother, you're the support system of my life. You hide your pains to fill my life with colors. Mummy your strength and kindness is the guiding light for me. Thank you for everything. Happy Mother's Day!

Salima Punjwani

Manager
Business Planning
WBG





Heart is where mom is! She is my biggest strength and support from the day I took my first breath. Happy Mother's Day to my beloved mother!

Sufian Ghazanfar

Department Head Litigation
LAG

A Mother's love is the fuel that enables a normal human being to do the impossible.
Happy Mother's Day!

Shoaib Ishtiaq

Sr. Manager
Transaction Banking Division
WBG



I am so lucky to have you Mama (My Mom-in-Law), you have encouraged and supported me at all times; when I had to care for terminally ill parents and the times when I pursued a professional degree in the middle of my career, to managing long hours of job. Your bright smile, worthy guidance and good cheer has always lit my heart bright.

Tayyaba Najam

Unit Head
Women Protection & Empowerment
HRMG





Celebrating Diversity and Empowerment MCB Bank's International Women's Day Event

MCB Bank hosted a commemorative event for International Women's Day at its Head Office at MCB House, Lahore, under the theme of #InspireInclusion. The event transcended geographical boundaries, connecting virtually with the bank's foreign offices in Sri Lanka and Dubai. Distinguished speakers, including the bank's President & CEO, Mr. Shoab Mumtaz, CIO, Mr. Faisal Anwar, Division Head Service Quality Ms. Memoona Afridi, Chief Information Security Officer, Ms. Suman Siddiqui, Division Head of Portfolio, Trade and Business Planning, Ms. Faiza Mansoor delivered empowering speeches. With participants from various regional offices in Lahore, the event fostered a sense of unity and celebration. Overall, it was a resounding success, reflecting MCB Bank's commitment to diversity, inclusion, and empowerment.



MCB Karachi



MCB Bahawalpur



MCB UAE



MCB House - Lahore



MCB L&D Center - Lahore



MCB Faisalabad



MCB Rawalpindi



MCB Sri Lanka





"Every Woman's success should be an inspiration to another. We're strongest when we cheer each other on."

**Ambreen Latif Bawany - Head Marketing,
SMG - MCB Bank Ltd**

"Suffering from Rheumatoid Arthritis since early childhood has unexpectedly evolved me into an agile and resilient person. This illness restricted my mobility but I am the first Pakistani Cryptographer, qualified from King's College London on a fully funded British Chevening Scholarship with extensive experience in fintech, I broke all the stereotypes by choosing a STEM career."



**Shumaila Khan - Department Head IT Risk,
RMG - MCB Bank Ltd**



"A big focus of my life has been learning how to be 'You'. You need to invest your time and energy to discover who you are and then act on that to become the best version of yourself; then you can share your best with the world."

**Desiree Corea - Senior Officer Training, Contact Center,
OPG - MCB Bank Ltd**



NATIONAL WORKING WOMEN'S Day

Celebrating National Working Women's Day!

MCB Bank celebrated National Working Women's Day on December 26th, honoring the contributions and achievements of women in the workforce. President and CEO Nauman Chughtai graced the occasion, emphasizing the importance of developing products and services tailored towards women.

Representatives from the Banking on Equality (BOE) sub-committee, Mr. Waqas Mahmood and Ms. Tehmina Shafi Khan, also spoke about the significance of financial inclusion. Our teams from Dubai and Sri Lanka joined in, sharing their sentiments on the matter.



MCB House - Lahore



MCB Rawalpindi



MCB House - Lahore





MCB Sri Lanka



MCB L&D - Karachi



MCB UAE



MCB L&D Center - Lahore





GREEN BANKING





Green Banking

“Green Banking” refers to the integration of environmentally sustainable practices into the banking sector. It involves adopting eco-friendly initiatives in banking operations, offering financial products that support environmental sustainability, and promoting green investments. In Pakistan, where environmental challenges such as air pollution, water scarcity, and deforestation are pressing issues, green banking has emerged as a crucial tool for mitigating climate change and fostering sustainable development. Adopting green banking practices helps financial institutions comply with global environmental standards and regulations, and mitigate risks associated with climate-related investments and disasters.

In Pakistan, the urgency to address environmental issues has intensified, with significant concerns around climate change, environmental degradation, and social inequality impacting the nation. In response, the concept of Green Banking has gained momentum as a way for financial institutions to align their activities with the broader goal of sustainable development. The Environmental & Social Risk Management (ESRM) Implementation Manual provides a framework for integrating environmental and social risks into banking practices, aiming to strengthen the financial sector’s capacity to manage these critical challenges.

In 2024, MCB continued integrating sustainable banking practices, effectively minimizing environmental risks while fostering responsible financial management across all business operations and internal processes. MCB strongly aligned its strategies with SBP’s efforts to decarbonize Pakistan’s economy. The bank updated its Green Banking policy to incorporate the latest amendments, particularly emphasizing the inclusion of social risks alongside environmental concerns.

The bank’s core objective is to fortify its operations against the growing environmental and social risks increasingly affecting financial markets. Moreover, MCB Bank remains fully committed to accelerating the integration of sustainable practices within its operations by leveraging technology and sustainable infrastructure to reduce its carbon footprint.

A synopsis of Green Initiatives undertaken by the MCB Bank is mentioned below:



Environmental & Social Risk Management System

Under Green Banking initiatives of the Bank, Bank has established a dedicated Environment and Social Risk Management (ESRM) Department. The department looks after implementation of ESRM related aspects of the credit risk portfolio. Resultantly Bank has started Environmental & Social (E&S) Risk assessment of existing and prospective borrowers as an integral 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. Additionally, by doing so bank collects information from clients on their Environmental and Social performance. This exercise may yield into advisory services for client on managing their E&S Risks. Further to Environmental and Social Risk Assessment, Bank has trained 151 staff members on ESRM related aspects. The Bank has also started reporting to SBP on ESRM Monitoring & Evaluation Template on periodic basis.



Green Finance Products

MCB Bank has integrated sustainability into its offerings, including Green Ghar Finance, which promotes environmentally friendly housing solutions. This initiative not only benefits customers by providing them with sustainable living options but also contributes to the well-being of communities by reducing the overall environmental impact. Through such products and services, the Bank continues to support green financing and sustainable development across various sectors.



Green Operations and Services

To reduce paper usage, MCB Bank has launched a comprehensive paperless initiative, transitioning to digital processes across branch operations. This initiative includes:

- Digital validation of branch reports and elimination of manual registers
- System integration to reduce multiple printouts/forms
- Double-sided printing and digital collateral
- Application-based workflow systems
- Online dispute resolution platforms
- e-statements and online transactions for fund transfers, bill, and fee payments
- Eco-friendly ATM features enabling paperless transactions

Furthermore, MCB Bank’s commitment to paperless operations is reflected in its range of digital banking solutions, including MCB Live, Roshan Digital Account (RDA), MCB e-Account Portal, Asaan Mobile Account (AMA), QR Code Facility, e-statements, and RAAST. These tools and platforms encourage customers to embrace sustainable, paperless banking services, reducing the need for physical collateral and minimizing the environmental impact associated with traditional banking methods. By offering these digital solutions, the Bank promotes efficiency and environmental responsibility across its operations.

These efforts highlight MCB Bank’s commitment to environmental responsibility and innovation, offering customer-centric solutions while promoting sustainability.



Green Awareness Campaign

MCB Bank launched a comprehensive Green Awareness Campaign to mark key environmental events, including World Water Day, Mother Earth Day, and World Environment Day. The campaign utilized various channels to promote eco-friendly messages, such as:

- Artwork-Based Communication: Emails and customized standees at iconic buildings
- Web & Digital Platforms: Banners on the MCB Corporate Website, ATM screens, and official social media channels (Facebook, LinkedIn, Instagram, and Twitter)

- Digital Awareness Campaigns: Campaigns commemorating environmental days, reaching approximately 130,000+ views

By amplifying environmental awareness, MCB Bank encouraged customers, employees, and stakeholders to adopt sustainable practices and contribute to a greener future.



(WWF) – Green Office Certification

MCB Bank's iconic MCB Center in Lahore was awarded the prestigious WWF Green Office Certification, underscoring the Bank's commitment to environmental sustainability. This certification demonstrates MCB Bank's commitment to cost savings, carbon footprint reduction, and environmental sustainability. Under its comprehensive Environmental Management Plan (EMP), the MCB Center achieved the following significant environmental milestones in 2024 compared to the base year 2019:

- Energy Conservation: Over 320,000 KWH conserved
- CO₂e Emission Reduction: Approximately 250 tons reduced
- Diesel Savings: 59,738 liters conserved
- Dry Waste Recycling: 3.3 tons recycled through eco-friendly practices



Solarization of Branches/ATMs

MCB Bank is harnessing solar energy to power its branches and ATMs, increasing the share of clean energy in its overall energy mix while reducing CO₂e emissions. The Bank has converted 275 branches/offices and 252 ATMs to solar energy. Looking ahead, MCB Bank plans to evaluate the conversion of select solarized branches into fully green branches, in line with Green Banking Guidelines.



Dry Waste Management

In its mission for a Waste-Free Land, MCB Bank has partnered with green organizations to implement a robust dry waste management system. This initiative is currently operational at four key facilities in Lahore, with plans to expand to other MCB buildings. The system ensures proper segregation and recycling of dry waste, reducing landfill burden and contributing to a sustainable environment achieving the following key milestones:

- Successfully recycled over 8 tons of dry waste through ecofriendly practices
- Proper segregation and recycling of dry waste
- Reduced the burden on landfill sites, promoting a more sustainable environment
- Demonstrated commitment to minimizing ecological footprint and fostering a culture of sustainability



Travel Optimization/Reduced Carbon Commute

Acknowledging the significant impact of transportation on GHG emissions and climate change, MCB Bank has adopted proactive measures to reduce business-related travel. By leveraging advanced video conferencing and telepresence technology, the Bank has:

- Minimized the need for traditional travel-based meetings
- Achieved substantial time and cost savings
- Promoted a sustainable and efficient way of conducting business



Generator Fuel Monitoring System

The Bank has implemented an advanced IoT-based fuel management and monitoring system to track fuel consumption in real time. This system uses Internet of Things (IoT) technology, which involves the integration of sensors and smart devices to collect data on fuel usage, emissions, and operational efficiency.

The IoT solution continuously monitors fuel consumption and transmits data to a central platform, where it can be analyzed to optimize usage and detect any inefficiencies or irregularities. By leveraging telemetry data, the system helps the Bank improve fuel management, reduce wastage, and enhance overall energy efficiency. Additionally, the system generates quarterly stack emission reports, which provide insights into emissions levels, helping the Bank reduce the environmental impact of fuel consumption. This integration of IoT technology plays a crucial role in advancing the Bank's sustainability goals while also streamlining operations and promoting environmental responsibility.



Own Impact Reduction Measures

MCB Bank remains committed to minimizing its environmental footprint through efficient resource utilization, including electricity, water, paper, and petroleum. Key initiatives include:

- Resource-efficient technologies and sustainable business practices
- A pilot project conducted at a multistory building to assess baseline scenarios for energy and resource usage
- Development of achievable targets for branches and offices based on baseline data analysis



Green Banking Web-Page

The Bank created a dedicated Green Banking webpage on the MCB Corporate Website under the "Social and Environmental Responsibility" section to provide a comprehensive overview of its environmental efforts. This platform serves as a central hub for communicating the Bank's green initiatives, including sustainable banking practices, energy-saving measures, and eco-friendly products and services. By showcasing these initiatives, the webpage enables stakeholders—customers, employees, investors, and the general public—to stay informed about the Bank's commitment to environmental sustainability. It also fosters greater transparency and engagement, highlighting the Bank's role in promoting green practices within the financial sector.



Employees Capacity Building

Green Banking training is a mandatory component of MCB Bank's Annual Training Calendar. Training sessions are conducted through classroom and e-learning/video conferencing formats. Achievements include:

- Green Banking training provided to over 2,600 employees during the year
- The e-learning portal became a vital resource for staff, contributing to resource conservation and a reduced carbon footprint

Identifying our Key Stakeholders

We are committed to understand each stakeholder's concerns & expectations and then apply 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 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; and 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

Routine basis / 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; and
- 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; and
- 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

Engagement Frequency

Daily, weekly, quarterly
When the need arises

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

Value is created and preserved through

- Embracing responsible banking practices and regulatory compliance, which enable a safe & 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

- Industry regulation
- Open Banking
- Public policy
- Scams and Fraud

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

Engagement Frequency

When the need arises or on request by either sides

How we engage

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

Value is created and preserved through

- Contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes; and
- 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 & society positively through our lending & 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 76th Annual General Meeting of the shareholders of MCB Bank Limited was held on Wednesday, March 27, 2024 at 11:00 am (PST), Nishat Hotel, Lahore. Mian Mohammad Mansha, the Chairman of Board of Directors, presided over the meeting. The meeting was attended by Board members of the Bank, including the Chief Executive Officer, along with 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 2023 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 the exceptional growth in Bank's total income and its consequent translation into an 82% growth in Profit after Taxation (PAT), one of the shareholders enquired about the future outlook for Bank's revenue streams. Responding to the query, CFO apprised the forum that the 600bps increase in policy rate announced by SBP, during 2023, has created positive real rates on a 12-month forward looking basis. These rates are expected to bring the inflation down, barring any unforeseen shocks, and hence, the Bank expects the accommodative monetary cycle to follow. The easing interest rates will ultimately have a narrowing effect on Bank's earnings margins and its Net Interest Income. However, the Bank maintains its positive outlook for Non Interest Income as the focus on introduction of new products and services coupled with remote and digital banking initiatives is likely to help the Bank in maintaining traction in the recently witnessed growth momentum.

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, 2023.

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 75th AGM held on March 27, 2023.
- Consideration and approval of Annual Financial Statements of 2023.
- Approval of Final Cash Dividend.
- Appointment of External Auditors and affixation of their remuneration.
- Directors' 'Remuneration Policy' and revised scale of remuneration of the Board Members for attending Board and its Committees meetings.

Summary of the Analyst Briefings

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

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

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

Other than the quarterly analysts briefing, 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. The briefing further envisages our transparent and continuously evolving stakeholders’ engagement approach.

Briefing is being held vide teleconferencing and during the year following analysts briefing were held;



Corporate Briefing Session

Pakistan Stock Exchange (PSX) through notification has made it mandatory for all listed companies to hold at least one Corporate Briefing Session (CBS) during a financial year. The Bank will intimate to PSX the date, time and place of holding the CBS through PUCARS and publish notice of the same on its corporate website within timeline prescribed by the regulator.

It is at Bank’s discretion to either hold CBS physically or through electronic means. In order to attract maximum local and international audience, CBS was held digitally through Zoom call on October 29, 2024. CFO of the Bank presented a detailed analysis of Bank’s performance along with future outlook; session was followed by Q & A.

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)



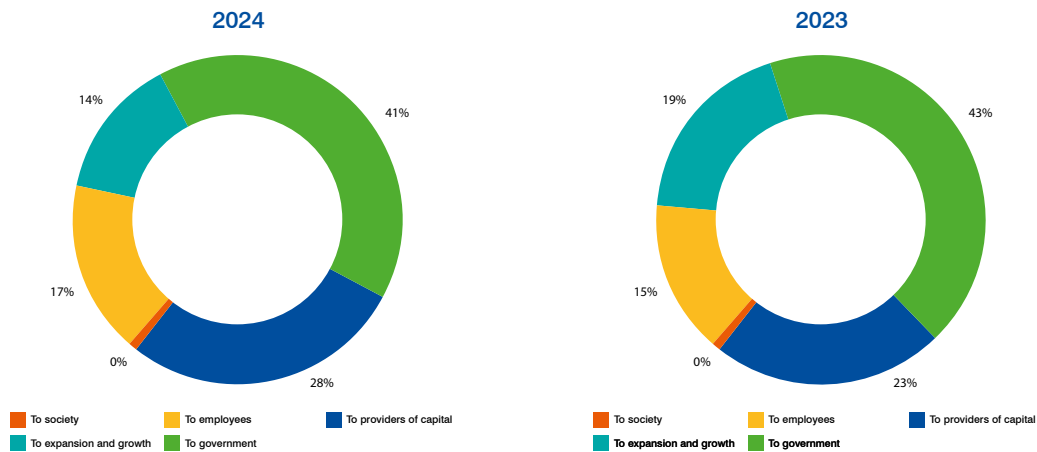
During AGM, a detailed briefing on the Bank's performance and future plans is given to the shareholders in both Urdu and English language



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

Statement of Value Added

	2024 PKR (mln)	%	2023 PKR (mln)	%
Value Added				
Net interest income	149,095		147,701	
Non interest income	37,432		32,916	
Operating expenses excluding staff costs, depreciation, amortization	(31,762)		(26,868)	
Provision against advances, investments & others	(4,332)		(373)	
Value added available for distribution	150,433		153,376	
Distribution of value added:				
To employees				
Remuneration, provident fund and other benefits	25,892	17.21%	23,238	15.15%
To government				
Income tax	60,806	40.42%	65,609	42.78%
To providers of capital				
Cash dividends to shareholders	42,662	28.36%	35,552	23.18%
To Society				
Donations	10	0.01%	21	0.01%
To expansion and growth				
Depreciation, amortization, retained earnings & reserves	21,064	14.00%	28,955	18.88%
	150,433	100%	153,376	100%





FINANCIAL STATEMENTS
UNCONSOLIDATED



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, 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 57 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit and loss account, 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, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit 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>Credit loss allowance against advances: (Refer notes 6.1.1.5, 6.1.1.6 and 11 to the unconsolidated financial statements)</p> <p>The Bank records credit loss allowance against advances in accordance with the requirements of International Financial Reporting Standard (IFRS) 9 'Financial Instruments'.</p>	<p>Our audit procedures to verify credit loss allowance against advances included, amongst others, the following:</p> <ul style="list-style-type: none"> We obtained and updated our understanding of management's assessment of credit loss allowance in respect of advances including the Bank's internal rating model, accounting policy and model methodology including any key changes made during the year.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>Under IFRS 9, the Bank assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with all advances and other debt financial assets not held at fair value through profit and loss, together with letters of credit, guarantees and unutilised financing commitments. A lifetime ECL is recorded on advances in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances which are credit impaired as on the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Bank compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The allowance is increased by provisions charged to the unconsolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries.</p> <p>The Bank records charge for Stage 3 based on the higher of provision under Prudential Regulations or ECL under IFRS 9, as per the instructions of the State Bank of Pakistan (SBP). This assessment is conducted at the borrower / facility level for corporate, commercial, retail and consumer portfolios. If one facility of a counterparty becomes more than 90 days past due or is otherwise defined as impaired under Prudential Regulations, all other facilities of that counterparty are classified as Stage 3.</p> <p>The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions.</p> <p>The net provision made / reversed during the year is charged to the unconsolidated statement of profit and loss account and accumulated provision is netted-off against advances.</p> <p>The Bank has recognised a net credit loss allowance / provision against advances (including general provision) amounting to Rs. 4,757.706 million in the unconsolidated statement of profit and loss account in the current year. As at December 31, 2024, the Bank holds a credit loss allowance / provision of Rs. 44,738.996 million against advances. In addition, the Bank has also maintained a general reserve of Rs. 8,456.884 million (December 31, 2023: Rs. 2,624.303 million) against advances / financing made in accordance with the prevailing circumstances as mentioned in note 6.1.1.5 to the unconsolidated financial statements.</p>	<ul style="list-style-type: none"> • We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against advances. • The testing of controls included testing of: <ul style="list-style-type: none"> ○ controls over correct classification of advances; ○ 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. • We selected a sample of loan accounts and performed the following substantive procedures: <ul style="list-style-type: none"> ○ Assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Bank as well as the related external sources used for this purpose; ○ Checked repayments of loans / mark-up installments and tested classification of advances based on the number of days overdue; ○ Tested the staging of loans and advances as per the criteria of SICR and in accordance with IFRS 9; ○ 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; ○ Assessed the ECL model used by the management to calculate Expected Credit Loss against loans and advances balances of the Bank for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; ○ Assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and ○ Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	The determination of credit loss allowance / provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered this area as a key audit matter.	<ul style="list-style-type: none"> We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Credit loss allowance 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.

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 statement of 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**.

Affirmed & Co.

A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 06, 2025

UDIN: AR20241009287dBiUGbq

Unconsolidated Statement of Financial Position

As at December 31, 2024

	Note	2024 (Rupees in '000)	2023
ASSETS			
Cash and balances with treasury banks	7	168,507,615	170,716,648
Balances with other banks	8	27,841,879	35,073,136
Lendings to financial institutions	9	55,655,504	96,213,400
Investments	10	1,167,452,611	1,249,439,347
Advances	11	1,041,626,286	577,863,329
Property and equipment	12	82,694,343	76,943,546
Right-of-use assets	13	6,045,346	5,877,865
Intangible assets	14	1,314,143	1,035,483
Other assets	15	152,201,578	214,016,002
Total Assets		2,703,339,305	2,427,178,756
LIABILITIES			
Bills payable	17	41,827,458	25,095,911
Borrowings	18	268,486,812	216,611,046
Deposits and other accounts	19	1,922,211,999	1,805,387,294
Lease liabilities	20	9,586,216	8,686,003
Subordinated debt		—	—
Deferred tax liabilities	21	16,637,759	100,718
Other liabilities	22	174,329,721	140,590,915
Total Liabilities		2,433,079,965	2,196,471,887
NET ASSETS		270,259,340	230,706,869
REPRESENTED BY			
Share capital	23	11,850,600	11,850,600
Reserves	24	104,929,819	98,723,536
Surplus on revaluation of assets	25	43,053,137	24,093,197
Unappropriated profit		110,425,784	96,039,536
		270,259,340	230,706,869
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.



Hammad Khalid

Chief Financial Officer



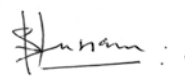
Muhammad Nauman
Chughtai

President/Chief Executive



Mian Umer Mansha

Director



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

Unconsolidated Statement of Profit and Loss Account

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
Mark-up / return / interest earned	28	367,020,252	328,057,196
Mark-up / return / interest expensed	29	217,925,684	180,356,436
Net mark-up / interest income		149,094,568	147,700,760
NON MARK-UP / INTEREST INCOME			
Fee and commission income	30	21,198,906	20,227,177
Dividend income		3,491,522	3,029,721
Foreign exchange income		9,168,427	8,462,240
Income from derivatives		1,982	15,837
Gain on securities – net	31	3,142,033	812,661
Net gains / (losses) on derecognition of financial assets measured at amortised cost		–	–
Other income	32	429,310	368,251
Total non-markup / interest income		37,432,180	32,915,887
Total income		186,526,748	180,616,647
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	33	60,962,882	51,838,317
Workers Welfare Fund		2,368,401	2,504,811
Other charges	34	443,893	660,082
Total non-markup / interest expenses		63,775,176	55,003,210
Profit before credit loss allowance		122,751,572	125,613,437
Credit loss allowance and write offs – net	35	4,331,527	372,878
PROFIT BEFORE TAXATION		118,420,045	125,240,559
Taxation	36	60,805,535	65,609,462
PROFIT AFTER TAXATION		57,614,510	59,631,097
(Rupees)			
Basic and diluted earnings per share	37	48.62	50.32

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.

				
Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	2024	2023
	(Rupees in '000)	
Profit after taxation for the year	57,614,510	59,631,097
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	444,832	4,182,402
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI / AFS investments – net of tax	16,734,866	7,143,661
	17,179,698	11,326,063
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations – net of tax	2,423,108	2,669,856
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI – net of tax	9,549,937	–
Movement in surplus on revaluation of property and equipment – net of tax	(212,382)	(254,301)
Movement in surplus on revaluation of non-banking assets – net of tax	(20,063)	(163,876)
	11,740,600	2,251,679
Total comprehensive income	86,534,808	73,208,839

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.



Hammad Khalid

Chief Financial Officer



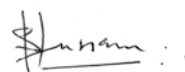
Muhammad Nauman
Chughtai

President/Chief Executive



Mian Umer Mansha

Director



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2024

	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	Property and equipment / non-banking assets				
Balance as at December 31, 2022	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	59,631,097	189,494,650
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	59,631,097
Other comprehensive income – net of tax	-	-	-	-	-	-	-	-	-	-	4,182,402
Effect of translation of net investment in foreign branches	-	-	-	-	-	-	-	-	-	-	(254,301)
Movement in surplus on revaluation of property and equipment – net of tax	-	-	-	4,182,402	-	-	-	(254,301)	-	-	(254,301)
Movement in surplus on revaluation of non-banking assets – net of tax	-	-	-	-	-	-	-	(163,876)	-	-	(163,876)
Re-measurement gain / (loss) on defined benefit obligations – net of tax	-	-	-	-	-	-	-	-	2,669,856	-	2,669,856
Movement in surplus / (deficit) on revaluation of AFS investments – net of tax	-	-	-	-	-	-	7,143,661	-	-	-	7,143,661
Transfer to statutory reserve	-	-	-	4,182,402	-	-	-	(418,177)	-	-	13,577,742
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit – net of tax	-	-	-	-	5,963,110	-	-	-	(5,963,110)	-	-
Surplus realized on disposal of revalued property and equipment – net of tax	-	-	-	-	-	-	-	(151,194)	151,194	-	-
Surplus realized on disposal of revalued non-banking assets – net of tax	-	-	-	-	-	-	-	(1,097,114)	1,097,114	-	-
Surplus realized on disposal of revalued non-banking assets – net of tax	-	-	-	-	-	-	-	(24,630)	24,630	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	(7,110,360)	-	(7,110,360)
Interim cash dividend at Rs. 7.0 per share – June 30, 2023	-	-	-	-	-	-	-	-	(8,295,420)	-	(8,295,420)
Interim cash dividend at Rs. 8.0 per share – September 30, 2023	-	-	-	-	-	-	-	-	(9,480,480)	-	(9,480,480)
Balance as at December 31, 2023	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	
Impact of adoption of IFRS 9 – net of tax (note 6.1.3)	-	-	-	-	-	-	-	-	-	-	-
Opening balance as at January 01, 2024 – after adoption of IFRS 9 'Financial Instruments'	11,850,600	23,751,114	908,317	8,585,375	46,878,730	18,600,000	(17,058,199)	36,031,912	96,838,843	226,386,692	
Profit after taxation for the year ended December 31, 2024	-	-	-	-	-	-	-	-	-	799,307	(4,320,177)
Other comprehensive income – net of tax	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches	-	-	-	-	-	-	-	-	-	-	444,832
Movement in surplus on revaluation of property and equipment – net of tax	-	-	-	-	-	-	-	(212,382)	-	-	(212,382)
Movement in surplus on revaluation of non-banking assets – net of tax	-	-	-	-	-	-	-	(20,063)	-	-	(20,063)
Re-measurement gain / (loss) on defined benefit obligations – net of tax	-	-	-	-	-	-	-	-	2,423,108	-	2,423,108
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI – net of tax	-	-	-	-	-	-	9,549,937	-	-	-	9,549,937
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI – net of tax	-	-	-	-	-	-	16,734,866	-	-	-	16,734,866
Transfer to statutory reserve	-	-	-	444,832	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit – net of tax	-	-	-	-	5,761,451	-	-	(232,445)	2,423,108	(5,761,451)	-
Surplus realized on disposal of investments in equity instruments through FVOCI – net of tax	-	-	-	-	-	-	-	(145,668)	145,668	-	-
Surplus realized on disposal of revalued property and equipment – net of tax	-	-	-	-	-	-	-	(13,222)	1,793,983	-	-
Surplus realized on disposal of non-banking assets – net of tax	-	-	-	-	-	-	-	(20,061)	20,061	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 9.0 per share – December 31, 2023	-	-	-	-	-	-	-	-	(10,665,540)	-	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – March 31, 2024	-	-	-	-	-	-	-	-	(10,665,540)	-	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – June 30, 2024	-	-	-	-	-	-	-	-	(10,665,540)	-	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – September 30, 2024	-	-	-	-	-	-	-	-	(10,665,540)	-	(10,665,540)
Balance as at December 31, 2024	11,850,600	23,751,114	908,317	9,030,207	52,640,181	18,600,000	7,432,621	35,620,516	110,425,784	(42,662,160)	270,259,340

For details of dividend declaration and appropriations, please refer note 49 to these unconsolidated financial statements. For details of reserves, please refer note 24 to these unconsolidated financial statements. The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.



Muhammad Nauman Chughtai

Chief Financial Officer



Mian Umer Mansha

Director/Chief Executive



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2024


	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		118,420,045	125,240,559
Less: Dividend income		(3,491,522)	(3,029,721)
		114,928,523	122,210,838
Adjustments:			
Net-mark-up / interest income		(149,094,568)	(147,700,760)
Depreciation on property and equipment	12.2	3,823,750	2,972,647
Depreciation on right-of-use assets	33	1,695,266	1,521,338
Depreciation on non-banking assets acquired in satisfaction of claims	33	18,390	23,878
Amortization	14	573,410	358,427
Credit loss allowance / provisions and write offs – net	35	4,331,527	372,878
Workers Welfare Fund		2,368,401	2,504,811
(Gain) / loss on sale of non-banking assets acquired in satisfaction of claims – net	32	(2,008)	3,224
Finance charges on lease liability against right-of-use assets	29	1,567,504	1,360,534
(Reversal) / charge for defined benefit plan – net	33.1	(501,969)	250,527
Gain on sale of property and equipment – net	32	(200,989)	(159,150)
Gain on termination of lease liability against right-of-use assets	32	(78,710)	(64,298)
Unrealized gain on forward contracts of government securities	31	(2,096,975)	–
Unrealized gain on revaluation of investments classified as FVTPL	31	(218,457)	7,644
		(137,815,428)	(138,548,300)
		(22,886,905)	(16,337,462)
(Increase) / decrease in operating assets			
Lendings to financial institutions		40,557,874	(45,797,632)
Securities classified as FVTPL		2,624,554	(292,517)
Advances		(489,922,274)	176,015,180
Others assets (excluding advance taxation)		59,366,836	(79,564,487)
		(387,373,010)	50,360,544
Increase / (decrease) in operating liabilities			
Bills payable		16,847,311	(14,040,973)
Borrowings from financial institutions		58,874,752	(123,907,337)
Deposits		122,257,133	426,670,226
Other liabilities (excluding current taxation)		10,293,074	18,398,831
		208,272,270	307,120,747
Mark-up / Interest received		375,578,718	306,845,471
Mark-up / Interest paid		(184,354,563)	(208,788,033)
Defined benefits paid		(371,278)	(284,916)
Income tax paid		(77,074,348)	(60,787,157)
Net cash flow (used in) / from operating activities		(88,209,116)	378,129,194
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities classified as FVOCI		131,607,146	(260,351,664)
Net investment in securities classified as amortised cost		1,825,850	(147,804)
Dividends received		3,497,816	3,027,800
Investments in property and equipment		(9,828,805)	(6,866,063)
Investments in intangible assets		(849,697)	(585,873)
Disposals of property and equipment		327,524	1,923,530
Disposals of non-banking assets acquired in satisfaction of claims		280,000	132,000
Net cash outflow on demerger	1.1	(5,078,964)	–
Investment in subsidiary		(1,000,000)	(649,925)
Effect of translation of net investment in foreign branches		444,832	4,182,402
Net cash flow from / (used in) investing activities		121,225,702	(259,335,597)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	38.1	(42,335,753)	(32,308,059)
Payment of lease liability against right-of-use-assets	38.1	(2,452,883)	(2,217,900)
Net cash flow used in financing activities		(44,788,636)	(34,525,959)
Effects of credit loss allowance changes on cash and cash equivalents		52,714	–
Cash and cash equivalents transferred to MIB under the scheme of demerger		(323,834)	–
(Decrease) / increase in cash and cash equivalents		(12,043,170)	84,267,638
Cash and cash equivalents at beginning of the year		205,098,206	109,894,358
Effects of exchange rate changes on cash and cash equivalents		(403,227)	10,532,983
Opening expected credit loss allowance on cash and cash equivalents		(605,179)	–
		204,089,800	120,427,341
Cash and cash equivalents at end of the year	38	192,046,630	204,694,979

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.



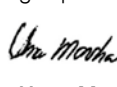
Hammad Khalid

Chief Financial Officer



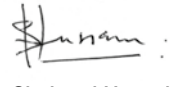
Muhammad Nauman
Chughtai

President/Chief Executive



Mian Umer Mansha

Director



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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 1,394 branches (2023: 1,430 branches) within Pakistan and 9 branches (2023: 8 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

1.1 Demerger of 39 Branches from MCB Bank Limited

The Board of Directors of MCB Bank Limited (MCB) in its meeting held on April 24, 2024 had approved the Scheme of Compromises, Arrangements and Reconstruction (the 'Scheme'), under Section 279 to 283 and 285 of the Companies Act, 2017, between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB) to demerge business operations of its 39 branches and transfer to wholly owned subsidiary MIB subject to regulatory approvals.

No Objection Certificate of the State Bank of Pakistan on the Scheme was received on April 29, 2024 and petition was filed before the Honourable Lahore High Court for sanctioning the scheme of demerger. The shareholders had approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on July 06, 2024.

The Honourable Lahore High Court sanctioned the Scheme and by virtue of the Court Order, the banking business along with assets, liabilities and operations of 39 branches was converted into Islamic banking and transferred to MIB with effect from close of business on November 15, 2024.

Details of assets and liabilities transferred to MIB are as follows:

	(Rupees in '000)
Assets	
Cash and balances with treasury banks	323,834
Property and equipment	148,365
Other assets	1,509
	473,708
Liabilities	
Bills payable	115,764
Deposits and other accounts	5,432,428
Other liabilities	4,480
	5,552,672
Net liabilities transferred to MIB	(5,078,964)

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 The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of unconsolidated financial statements of banks, with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 that are applicable for quarterly / half yearly / annual periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the unconsolidated financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position; as disclosed in note 50. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated financial statements in terms of recognition and measurement of assets and liabilities.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

- 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. 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.

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.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these unconsolidated financial statements except for IFRS 9 'Financial Instruments', the impact of which is disclosed under note 6.1.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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, 2025:

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 – Lack of Exchangeability	January 01, 2025
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 01, 2027

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 judgements 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. Critical accounting estimates and judgements applied in application of IFRS 9 have been disclosed under note 6.1. Other major 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) 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.

b) 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.

c) Depreciation, amortisation, impairment and revaluation of property and equipment

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to derive 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.

d) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 40 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.

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e) **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.

f) **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 property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; and staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) are measured at fair value on initial recognition.

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 48 to the unconsolidated financial statements.

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computation adopted in the preparation of these unconsolidated financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in note 6.1.

6.1 IFRS 9 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 dated April 13, 2023, IFRS 9 'Financial Instruments' is applicable on banks with effect from January 01, 2024. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard also introduces a new impairment model for financial assets which requires recognition of impairment charge based on a forward looking 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as previously followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

In preparation of these financial statements, the Bank has applied requirements of IFRS 9 and SBP's IFRS 9 Application Instructions issued through BPRD Circular No. 03 dated July 05, 2022 from the date of initial application of January 01, 2024 with a modified retrospective approach for restatement. As permitted by the transitional provisions of IFRS 9, the Bank has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative figures.

The SBP through BPRD Circular Letter No. 16 dated July 19, 2024, and BPRD Circular Letter No. 01 dated January 22, 2025 has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure

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compliance by the timelines. The circulars have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting and maintenance of general provisions over and above ECL. Accordingly, the Bank has adopted the treatment as instructed in the aforementioned circulars in these unconsolidated financial statements.

On application of IFRS 9, certain accounting policies have been revised to comply with the requirements of IFRS 9. The revised accounting policies have been disclosed in their respective policy notes in these unconsolidated financial statements.

6.1.1 Application to the Bank's financial assets

6.1.1.1 Initial recognition and subsequent measurement

Financial assets are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets like advances, lending to financial institutions etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

Financial assets under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the statement of profit and loss account. Interest income / profit / expense on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the statement of profit and loss account and for equity based financial assets classified as FVOCI, capital gain / loss is recognized directly in the statement of changes in equity.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Interest / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

6.1.1.2 Classification and measurement

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

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The business model reflects how groups of financial assets are managed to achieve a particular business objective. Debt based financial assets can only be held at amortised cost if these 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 based financial assets 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 measured at FVOCI, with unrealized gains or losses deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI; if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates the investment as FVOCI in which case, both the unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the statement of profit and loss account.

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

The requirements of IFRS 9 led to changes in classification of certain financial assets held by the Bank which are explained as follows:

a. Debt based financial assets previously classified as available for sale (AFS)

The application of IFRS 9 has resulted in classification and consequent remeasurement of investments in Islamic Naya Pakistan Certificates (INPC's), amounting to Rs. 5,699.494 million, held under AFS portfolio as of December 31, 2023 to FVTPL based on their business model assessment.

The failure of SPPI test upon assessment of contractual cash flows of debt based financial assets has resulted in classification and consequent remeasurement of investments in certain Non Government debt securities, amounting to Rs. 2,950.890 million, to FVTPL.

All other debt based financial assets previously classified as AFS upon passing the SPPI test have been designated as FVOCI 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. There is no change to their measurement basis and recognition of realized and unrealized gain / loss under IFRS 9.

b. Debt based financial assets previously classified as held to maturity (HTM)

Debt based financial assets currently classified as HTM upon passing the SPPI test have been designated as amortised cost under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows. Investments in certain non government debt securities, amounting to Rs. 7,506.816 million, on failing the SPPI test have been reclassified to FVTPL.

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The following table reconciles the carrying value of investments in debt based financial assets as reported on December 31, 2023 to the carrying amounts on transition to IFRS 9 at January 01, 2024:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement Category	Audited December 31, 2023	Measurement Category	Balance as of January 01, 2024 - before ECL
(Rupees in '000)				
Federal Government Securities				
- Market Treasury Bills	Available for sale	353,834,432	FVOCI	353,834,432
- Pakistan Investment Bonds	Available for sale	770,131,998	FVOCI	770,131,998
	Held to maturity	11,367,944	AC	11,367,944
- Islamic Naya Pakistan Certificates	Available for sale	5,699,494	FVTPL	5,699,494
- Euro Bonds	Available for sale	5,355,806	FVOCI	5,355,806
	Held to maturity	3,160,071	AC	3,160,071
Non Government Debt Securities				
- Sukuk Bonds	Available for sale	300,000	FVTPL	2,398,001
	Held to maturity	2,983,001	AC	885,000
- Term Finance Certificates	Available for sale	2,650,890	FVTPL	8,059,705
	Held to maturity	5,408,815	AC	-
Foreign Securities				
- Government securities	Available for sale	44,057,060	FVOCI	44,057,060
		<u>1,204,949,511</u>		<u>1,204,949,511</u>

*This amount includes ECL for overseas branches where IFRS 9 was already applicable.

c. Equity instruments previously classified as available for sale (AFS)

The Bank has elected to irrevocably designate all quoted and unquoted equity securities previously classified as available for sale (AFS) as FVOCI except units of open end mutual funds, amounting to Rs. 115.980 million, that have been mandatorily classified as measured at FVTPL. The fair value gain or losses recognized in OCI will not be recycled to statement of profit and loss account on derecognition of these securities.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 9,783.874 million on listed equity investments and Rs. 205.765 million for unlisted equity investments held as at December 31, 2023 to surplus / deficit on revaluation of investments.

Notes To The Unconsolidated Financial Statements

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The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 01, 2024 are compared as follows:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9**	
	Measurement Category	Audited December 31, 2023	Measurement Category	IFRS 9 January 01, 2024
(Rupees in '000)				
Cash and balances with treasury banks	Loans and receivables	170,716,648	AC	170,174,993
Balances with other banks	Loans and receivables	35,073,136	AC	35,009,612
Lendings to financial institutions	Loans and receivables	96,213,400	AC	96,207,417
Investments – net	Held for Trading	284,873	FVTPL	284,873
	Available for sale	1,208,566,005	FVOCI	1,199,799,641
			FVTPL	8,766,364
	Held to maturity	22,919,831	AC	15,408,711
			FVTPL	7,503,315
Advances – net	Loans and receivables	577,863,329	AC	556,204,540
Other assets	Loans and receivables	200,369,250	AC	205,564,538
		2,312,006,472		2,294,924,004

*This amount includes ECL for overseas branches where IFRS 9 was already applicable.

**The reconciliation between carrying amounts of financial assets before and after adoption of IFRS 9 has been disclosed in note 6.1.3.

6.1.1.3 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

6.1.1.4 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognize a modification gain or loss in the statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial assets original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the financial asset.

6.1.1.5 Expected Credit Loss (ECL)

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, financial guarantees and unutilised financing commitments hereinafter referred to as "Financial

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Instruments". The Bank recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

Staging criteria / Significant Increase in Credit Risk (SICR)

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in risk of default occurring over the remaining life of the financial instrument. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Internal Credit Risk Rating (ICRR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include restructuring, unavailability of financial information and pending litigations. 'Based on the level of increase in credit risk, the Bank shall calculate 12mECL for assets which did not have a SICR i.e., Stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to the Exposure At Default (EAD) and multiplied by the expected / forward looking Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and the forward looking LGD as computed for each portfolio / segment.
Guarantee & Letter of Credit contracts:	The Bank performs internal assesment and estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.



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Portfolio Segmentation

For assessment of significant deterioration in credit risk and estimation of corresponding risk parameters, financial instruments have been grouped together based on their shared risk characteristics to collectively assess for significant credit risk deterioration.

ECL Measurement Models

– Probability of Default (PD):

The Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime (Lifetime PD) of the obligation.

- for loans and advances, PD estimation is based on the historic transitions of segmented obligors from one credit state/rating to another credit state/rating. Credit states are defined by rating classes and are based on the Bank's internal credit risk ratings (i.e. from ICRR 1 to ICRR 12). In order to convert historic trends to forward-looking; PD's are weighted by considering key macro-economic drivers affecting credit ratings i.e. (Gross Domestic Product, Consumer Price Index, Volume of Export of Goods, Unemployment).
- For other financial assets (i.e. investments, lending to financial institutions, balances with other banks etc.), historical PDs have been estimated on the basis of global default Rates taken from S&P rating-wise transition matrices. These annual default rates have than been converted into forward-looking point in time PDs using the vasicek model.

– Exposure at Default (EAD):

Exposure at default (EAD) EAD represents the amount of potential exposure that is at risk. The estimation of EAD considers any expected changes in the exposure after the reporting date, including expected drawdowns on committed facilities through the application of a credit conversion factor (CCF). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

– Loss Given Default (LGD):

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive. It is expressed as a percentage of the EAD. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Bank has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs using the Jacob Frye model; that estimates LGD as an increasing function of default rate.

The calculation of ECLs

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities; effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

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As per BPRD Circular No. 03 of 2022 dated July 05, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

When estimating the ECLs, In addition to the base economic scenario, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of.

The Bank's management has only considered cash, liquid securities and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

General provisions over and above the ECL

ECL calculation under IFRS 9 involves evaluation against multiple qualitative and quantitative parameters, including forward looking estimates, and hence demands a considerable amount of subjectivity. Considering the volatility in current operating and macroeconomic environment, the sensitivity in ECL models could lead to significant variations in the ECL charge reported for comparative periods. In order to overcome this volatility, the Bank has set a minimum threshold for ECL recognition against advances and non-funded exposure classified in Stage 1 and Stage 2. SBP through its BPRD Circular Letter No. 01 dated January 22, 2025 has permitted banks to maintain general provisions, over and above the ECL worked out for Stage 1 and Stage 2, upto December 31, 2026.

– For Advances:

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 1% of gross advances classified under Stage 1, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 1% of gross advances classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 5% of gross advances classified under Stage 2, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 5% of gross advances classified under Stage 2 and ECL computed under IFRS 9 principles.

– For Non-Funded Credit Exposure:

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 0.20% of non-funded exposure classified under Stage 1, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.20% of non-funded exposure classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 0.50% of non-funded exposure classified under Stage 1, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.50% of non-funded exposure classified under Stage 2 and ECL computed under IFRS 9 principles.

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Backward Transition

In line with Bank's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a significant increase in credit risk (SICR) no longer exist. However, a minimum period of three months, as approved by the Board of Directors, from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2.

For a facility to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling-off period of three months before being reclassified to Stage 1.

Impact on Regulatory Capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has affected their lending capacity and ability to support their clients. In order to mitigate the impact of ECL provisioning, a transitional arrangement is allowed to the banks to absorb impact on regulatory capital; 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. However, the Bank has not availed benefit of captioned transitional arrangement in regulatory capital.

6.1.1.6 Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Bank has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

- If a customer fails to service mark-up and / or principal within days past due (DPD) criteria as prescribed by SBP from time to time;
- The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if held).

6.1.1.7 Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

6.1.2 Application to the Bank's financial liabilities

The accounting for financial liabilities remain largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortised cost except for derivatives that has been measured at fair value.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit and loss account.

6.1.3 Adoption Impacts

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 4,320.177 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

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	Impact due to:							Balances as of January 01, 2024	IFRS 9 Category
	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPTI assessments	Reversals of provisions held	Total impact - gross of tax	Taxation (current + deferred)		
(Rupees in '000)									
ASSETS									
Cash and balances with treasury banks	170,716,648	(541,655)	-	-	-	(541,655)	-	(541,655)	AC
Balances with other banks	35,073,136	(63,524)	-	-	-	(63,524)	-	(63,524)	AC
Lendings to financial institutions	96,213,400	(5,983)	-	-	-	(5,983)	-	(5,983)	AC
Investments	1,208,566,005	-	(1,208,566,005)	-	-	(1,208,566,005)	-	(1,208,566,005)	FVOCI
- Classified as available for sale	-	-	1,208,566,005	(8,766,364)	-	1,199,799,641	-	1,199,799,641	FVOCI
- Classified as fair value through other comprehensive income	22,919,831	-	(22,919,831)	(7,506,816)	-	(22,919,831)	-	(22,919,831)	AC
- Classified as held to maturity	-	(4,304)	22,919,831	(7,506,816)	-	15,408,711	-	15,408,711	AC
- Classified as amortised cost	284,873	-	(284,873)	-	-	(284,873)	-	(284,873)	AC
- Classified as held for trading	-	-	284,873	16,273,180	-	16,554,552	-	16,554,552	FVTPL
- Classified as fair value through profit or loss	700,401	-	-	-	-	-	-	-	Outside the scope of IFRS 9
- Associates	16,968,237	-	-	-	-	-	-	-	Outside the scope of IFRS 9
- Subsidiaries	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Advances	1,249,439,347	(4,304)	-	-	-	(7,805)	-	(7,805)	1,249,431,542
- Gross amount	622,424,762	-	-	-	-	(15,525,446)	-	(15,525,446)	606,899,316
- Provisions	(44,561,433)	(6,133,343)	-	-	-	(6,133,343)	-	(6,133,343)	(50,694,776)
Property and equipment	577,863,329	(6,133,343)	-	-	-	(21,658,789)	-	(21,658,789)	556,204,540
Right-of-use assets	76,943,546	-	-	-	-	-	-	-	76,943,546
Intangible assets	5,877,865	-	-	-	-	-	-	-	5,877,865
Deferred tax asset	1,035,483	-	-	-	-	-	-	-	1,035,483
Other assets - financial assets	-	-	-	-	-	-	(8,967,043)	8,967,043	8,967,043
Other assets - non financial assets	200,369,250	(123,113)	-	-	-	5,195,288	-	5,195,288	205,564,538
	13,646,752	-	-	-	-	-	-	-	13,646,752
	2,427,178,756	(6,871,922)	-	-	-	(17,082,468)	(8,967,043)	(8,967,043)	2,419,063,331



Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Impact due to:							Balances as of January 01, 2024	IFRS 9 Category		
	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPMI assessments	Remeasurements	Reversal of provisions held	Total impact - gross of tax			Taxation (current + deferred)	Total impact - net of tax
(Rupees in '000)											
LIABILITIES											
Bills payable	25,095,911	-	-	-	-	-	-	-	-	25,095,911	AC
Borrowings	216,611,046	-	-	-	-	(10,207,045)	-	-	(10,207,045)	206,404,001	AC
Deposits and other accounts	1,805,387,294	-	-	-	-	-	-	-	-	1,805,387,294	AC
Lease liability against right-of-use assets	8,686,003	-	-	-	-	-	-	-	-	8,686,003	AC
Subordinated debt	-	-	-	-	-	-	-	100,718	(100,718)	-	AC
Deferred tax liabilities	100,718	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities	140,590,915	1,595,511	-	-	-	-	1,595,511	(4,917,004)	6,512,515	147,103,430	AC
	2,196,471,887	1,595,511	-	-	-	(10,207,045)	(8,611,534)	(4,816,286)	(3,795,248)	2,192,676,639	
NET ASSETS	230,706,869	(8,467,433)	-	-	-	(3,501)	(8,470,934)	(4,150,757)	(4,320,177)	226,386,692	
REPRESENTED BY											
Share capital	11,850,600	-	-	-	-	-	-	-	-	11,850,600	
Reserves	98,723,536	-	-	-	-	-	-	-	-	98,723,536	
Surplus on revaluation of assets - net of tax	24,093,197	-	-	(11,416)	-	-	(10,026,787)	(4,918,719)	(5,119,484)	18,973,713	
Unappropriated profit	96,039,536	(8,467,433)	-	11,416	-	(3,501)	1,567,269	767,962	799,307	96,838,843	
	230,706,869	(8,467,433)	-	-	-	(3,501)	(8,470,934)	(4,150,757)	(4,320,177)	226,386,692	

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

6.2 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 statement of 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 statement of 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, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases 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

Investments include Federal Government securities, shares, mutual fund units, non-Government debt securities, foreign securities, associates and subsidiaries. Classification and measurement of investments has been detailed in note 6.1

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

6.4 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, unless the securities qualify for derecognition upon transfer of substantial risks and rewards associated with the securities to the counter party. 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.

6.5 Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance and general reserve / provision. Credit loss allowance against loans and advances have been made in accordance with the requirements of Prudential Regulations, IFRS 9 application instructions and various circulars issued by the SBP from time to time. The Bank also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025.

Staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition. Unwinding of income on fair value adjustment is recognised in the statement of profit and loss account.

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.

Advances are written off / charged off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

6.6 Property and equipment and depreciation

Property and equipment 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 property and equipment (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 property and equipment account. A decrease arising on revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to the statement of profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the statement of profit and loss account up to the extent of the original impairment.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

Surplus on revaluation of property and equipment (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 statement of 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 statement of 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 Bank. 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 statement of 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

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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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.

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 the statement of profit and loss account in the period of occurrence.

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 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.

6.11 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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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 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 statement of 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 statement of profit and loss account.

6.12.4 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.

6.13 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.

6.14 Revenue recognition

- Mark-up / interest on advances and returns on investments are recognized on an accrual 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.
- 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.

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 NBA is credited to the 'surplus on revaluation of non-banking assets' account through statement of comprehensive income and any deficit arising on revaluation is taken to the statement of 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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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, lending's to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition, classification and measurement methods adopted for significant financial assets and financial liabilities are disclosed under note 6.1 and within 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 statement of profit and loss account currently.

6.17.3 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.

6.18 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received except for Temporary Economic Refinance Facility (TERF) borrowing from the SBP which has been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the statement of profit and loss account. The cost of other borrowings / deposits is recognized as an expense in the statement of profit and loss account on an accrual basis using effective interest method.

6.19 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.

6.19.1 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 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, lending's and borrowings and derivatives for hedging and market making.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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.

6.19.2 Geographical segments

The Bank operates in three geographic regions being:

- Pakistan
- South Asia
- Middle East

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 statement of profit and loss account or as directed by the SBP.

6.22 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, 2024

	Note	2024 (Rupees in '000)	2023
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		36,773,730	33,955,027
Foreign currencies		5,702,061	8,187,466
		42,475,791	42,142,493
With State Bank of Pakistan in			
Local currency current account	7.1	88,510,145	74,211,050
Foreign currency current accounts	7.2	4,996,806	5,795,678
Foreign currency deposit account	7.3	8,178,869	8,541,394
		101,685,820	88,548,122
With other central banks in			
Foreign currency current accounts	7.4	20,199,247	7,618,129
With National Bank of Pakistan in			
Local currency current accounts		4,559,842	32,236,362
Prize bonds		139,503	171,542
Less: Credit loss allowance held against cash and balances with treasury banks		(552,588)	–
Cash and balances with treasury banks – net of credit loss allowance		168,507,615	170,716,648

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 and a foreign currency current account maintained under the cash reserve requirement of the SBP.

7.3 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. This includes balance of Rs. 8,178.869 million (2023: Rs. 8,541.394 million) which carries interest rate of 3.53% (2023: 4.34%) per annum as declared by SBP.

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

	Note	2024 (Rupees in '000)	2023
8. BALANCES WITH OTHER BANKS			
Inside Pakistan			
In current account		11,688	–
Outside Pakistan			
In current accounts	8.1	4,688,039	9,194,940
In deposit accounts	8.2	23,152,131	25,878,196
		27,840,170	35,073,136
Less: Credit loss allowance held against balances with other banks		(9,979)	–
Balances with other banks – net of credit loss allowance		27,841,879	35,073,136

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

8.1 It includes an amount of Nil balance (2023: 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 2.00% to 8.75% (2023: 2.50% to 12.50%) per annum.

	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	55,655,526	74,714,000
Repurchase agreement lendings (Reverse Repo)	9.2	–	21,499,400
		55,655,526	96,213,400
Less: Credit loss allowance held against lending to financial institutions		(22)	–
Lending to financial institutions – net of credit loss allowance		55,655,504	96,213,400

9.1 Call money lendings carry mark-up rate ranging from 4.40% to 15.75% (2023: 5.40% to 22.00%) per annum and are due to mature latest by June 04, 2025.

9.2 Repurchase agreement lendings carry mark-up at the rate of Nil (2023: 22.00%) per annum.

		2024 (Rupees in '000)	2023 (Rupees in '000)
9.3 Particulars of lending			
In local currency		200,000	33,703,733
In foreign currencies		55,455,526	62,509,667
		55,655,526	96,213,400

	2024			2023		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
9.4 Securities held as collateral against Lending to financial institutions						
Market Treasury Bills	–	–	–	–	–	–
Pakistan Investment Bonds	–	–	–	21,499,400	–	21,499,400
Total	–	–	–	21,499,400	–	21,499,400

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

			2024		2023	
			Lending	Credit loss allowance held	Classified Lending	Provision held
(Rupees in '000)						
9.5	Particulars of credit loss allowance					
	Domestic					
	Performing	Stage 1	200,000	(22)	-	-
	Under performing	Stage 2	-	-	-	-
	Non-performing	Stage 3				
	Substandard		-	-	-	-
	Doubtful		-	-	-	-
	Loss		-	-	-	-
			-	-	-	-
	Total		200,000	(22)	-	-
	Overseas					
	Performing	Stage 1	55,360,426	-	-	-
	Under performing	Stage 2	95,100	-	-	-
	Non-performing	Stage 3				
	Substandard		-	-	-	-
	Doubtful		-	-	-	-
	Loss		-	-	-	-
			-	-	-	-
	Total		55,455,526	-	-	-

9.5.1 An analysis of changes in the credit loss allowance in relation to lendings to FI's of the Bank as at December 31, 2024 is as follows:

	Expected Credit Loss			
	Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)				
Balance at the start of the year	-	-	-	-
Impact of ECL on adoption of IFRS 9	5,983	-	-	5,983
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	5,983	-	-	5,983
New financial assets originated or purchased	22	-	-	22
Financial assets that have been derecognised	(5,983)	-	-	(5,983)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	22	-	-	22

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

		2024			
	Note	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
(Rupees in '000)					
10. INVESTMENTS					
10.1 Investments by type:					
- Debt instruments:					
Classified / Measured at FVTPL					
Federal Government Securities		2,621,794	-	-	2,621,794
Non Government Debt Securities		9,838,181	-	(31,052)	9,807,129
		12,459,975	-	(31,052)	12,428,923
Classified / Measured at FVOCI					
Federal Government Securities		1,010,039,782	(425,777)	3,822,524	1,013,436,529
Foreign Securities		58,082,509	-	38,551	58,121,060
		1,068,122,291	(425,777)	3,861,075	1,071,557,589
Classified / Measured at amortised cost					
Federal Government Securities		12,917,566	(215,096)	-	12,702,470
Provincial Government Securities		118	(118)	-	-
Non Government Debt Securities		1,360,360	(479,969)	-	880,391
		14,278,044	(695,183)	-	13,582,861
- Equity Instruments:					
Classified / Measured at FVTPL					
Shares and units					
Listed companies		1,470,023	-	249,509	1,719,532
Classified / Measured at FVOCI (Non-Reclassifiable)					
Shares					
Listed companies		36,259,896	-	11,830,638	48,090,534
Unlisted companies		1,611,616	-	(207,082)	1,404,534
		37,871,512	-	11,623,556	49,495,068
- Associates	10.12	700,401	-	-	700,401
- Subsidiaries	10.12	17,968,237	-	-	17,968,237
Total Investments		1,152,870,483	(1,120,960)	15,703,088	1,167,452,611

		2023			
		Cost / Amortised cost	*Credit loss allowance / 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
Shares and units		30,782,595	(10,026,787)	5,773,217	26,529,025
Non Government Debt Securities		2,953,840	-	(2,950)	2,950,890
Foreign Securities		43,970,571	-	93,789	44,064,360
		1,242,416,811	(10,441,559)	(23,409,247)	1,208,566,005
Held-to-maturity securities					
Federal Government Securities		14,788,331	(260,316)	-	14,528,015
Provincial Government Securities		118	(118)	-	-
Non Government Debt Securities		8,869,357	(477,541)	-	8,391,816
		23,657,806	(737,975)	-	22,919,831
Associates		700,401	-	-	700,401
Subsidiaries		16,968,237	-	-	16,968,237
Total Investments		1,284,035,772	(11,179,534)	(23,416,891)	1,249,439,347

*This amount includes ECL for overseas branches where IFRS 9 was already applicable



Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

10.2 Investments by segments:

Note	2024				2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	*Credit loss allowance / provision for diminution	Surplus / (Deficit)	Carrying value
(Rupees in '000)								
Federal Government Securities:								
Market Treasury Bills	76,304,280	-	396,778	76,701,058	354,826,708	-	(992,276)	353,834,432
Pakistan Investment Bonds	937,666,454	-	3,322,639	940,989,093	808,552,948	-	(27,053,006)	781,499,942
Islamic Naya Pakistan Certificates	2,621,794	-	-	2,621,794	5,699,494	-	-	5,699,494
Euro Bonds	8,986,614	(640,873)	103,107	8,448,848	10,418,966	(675,088)	(1,228,021)	8,515,877
	1,025,579,142	(640,873)	3,822,524	1,028,760,793	1,179,498,136	(675,088)	(29,273,303)	1,149,549,745
Provincial Government Securities								
	118	(118)	-	-	118	(118)	-	-
Shares and units:								
Listed Companies	37,729,919	-	12,080,147	49,810,066	29,446,041	(9,821,022)	5,765,573	25,390,592
Unlisted Companies	1,604,071	-	(205,199)	1,398,872	1,629,071	(204,025)	-	1,425,046
	39,333,990	-	11,874,948	51,208,938	31,075,112	(10,025,047)	5,765,573	26,815,638
Non Government Debt Securities								
Listed	1,873,691	-	(2,950)	1,870,741	2,472,490	-	(2,950)	2,469,540
Unlisted	9,324,850	(479,969)	(28,102)	8,816,779	9,350,707	(477,541)	-	8,873,166
	11,198,541	(479,969)	(31,052)	10,687,520	11,823,197	(477,541)	(2,950)	11,342,706
Foreign Securities								
Government securities	58,082,509	-	38,551	58,121,060	43,963,271	-	93,789	44,057,000
Unlisted equity securities	7,545	-	(1,883)	5,662	7,300	(1,740)	-	5,560
	58,090,054	-	36,668	58,126,722	43,970,571	(1,740)	93,789	44,062,620
Associates								
- Adamjee Insurance Company Limited	647,880	-	-	647,880	647,880	-	-	647,880
- Euronet Pakistan (Private) Limited	52,521	-	-	52,521	52,521	-	-	52,521
	700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries								
MCB Islamic Bank Limited	15,550,000	-	-	15,550,000	15,550,000	-	-	15,550,000
MCB Investment Management Limited	970,048	-	-	970,048	970,048	-	-	970,048
MCB Exchange Company (Private) Limited	1,000,000	-	-	1,000,000	-	-	-	-
MCB Non-Bank Credit Organization Closed Joint Stock Company	448,189	-	-	448,189	448,189	-	-	448,189
	17,968,237	-	-	17,968,237	16,968,237	-	-	16,968,237
Total Investments	1,152,870,483	(1,120,960)	15,703,088	1,167,452,611	1,284,035,772	(11,179,534)	(23,416,891)	1,249,439,347

2024
(Rupees in '000)

10.2.1 Investments given as collateral

- Market Treasury Bills	18,468,908	30,763,692
- Pakistan Investment Bonds	160,686,611	75,842,086
	179,155,519	106,605,778

*This amount includes ECL for overseas branches where IFRS 9 was already applicable

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10.3 An analysis of changes in exposure and credit loss allowance in relation to Bank's investment in debt securities as at December 31, 2024 is as follows:

	Exposure				Credit Loss Allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Particulars of exposure and credit loss allowance against debt securities								
Opening balance	1,219,167,605	15,639,458	477,659	1,235,284,722	-	675,088	477,659	1,152,747
Impact of adoption of IFRS 9	-	-	-	-	4,304	-	-	4,304
Balance as at January 01, 2024 after adoption of IFRS 9	1,219,167,605	15,639,458	477,659	1,235,284,722	4,304	675,088	477,659	1,157,051
New investments	556,357,257	-	-	556,357,257	-	-	-	-
Investments derecognised or repaid	(691,976,714)	(4,802,774)	(2,181)	(696,781,669)	-	(26,243)	(2,181)	(28,424)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(135,619,457)	(4,802,774)	(2,181)	(140,424,412)	-	(26,243)	(2,181)	(28,424)
Amounts written off / charged Off	-	-	-	-	-	-	-	-
Exchange Adjustments	-	-	-	-	-	(7,972)	-	(7,972)
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-	305	-	-	305
Closing balance	1,083,548,148	10,836,684	475,478	1,094,860,310	4,609	640,873	475,478	1,120,960

2024

2023

Outstanding amount	Credit loss allowance	Outstanding amount	*Credit loss allowance / Provision for diminution
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(Rupees in '000)

10.4 Particulars of credit loss allowance / provision against debt securities

Domestic

Performing	Stage 1	1,025,465,639	-	1,219,167,605	-
Under performing	Stage 2	1,850,070	-	5,220,472	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		475,478	475,478	477,659	477,659
		475,478	475,478	477,659	477,659
		1,027,791,187	475,478	1,224,865,736	477,659

Overseas

Performing	Stage 1	58,082,509	4,609	-	-
Under performing	Stage 2	8,986,614	640,873	10,418,986	675,088
Non-performing	Stage 3	-	-	-	-
		67,069,123	645,482	10,418,986	675,088
		1,094,860,310	1,120,960	1,235,284,722	1,152,747

*This amount includes ECL for overseas branches where IFRS 9 was already applicable

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

10.5 Quality of fair value through other comprehensive income securities (FVOCI) and available for sale securities (AFS)

Details regarding quality of securities held under "Held to Collect and Sell" model

	2024	2023
	Cost (Rupees in '000)	
Federal Government Securities – Government guaranteed		
Market Treasury Bills	76,304,280	354,826,708
Pakistan Investment Bonds	927,787,294	797,185,004
Euro Bonds	5,948,208	6,998,599
Islamic Naya Pakistan Certificates	–	5,699,494
	1,010,039,782	1,164,709,805
Listed Companies and mutual funds		
Automobile Assembler	2,133,261	1,908,574
Automobile Parts and Accessories	211,460	211,460
Cable and Electrical Goods	730,219	112,781
Cement	2,770,994	1,760,294
Chemical	949,662	508,654
Close end Mutual Fund	1,186,851	1,186,851
Commercial Banks	1,519,995	3,118,505
Engineering	2,305,868	1,186,104
Fertilizer	2,039,794	2,439,736
Food and Personal Care Products	2,121,951	1,660,440
Glass and Ceramics	340,673	340,673
Insurance	661,879	775,120
Investment Banks / Investment Companies / Securities Companies	700,435	585,624
NIT Units	–	5,253
Oil and Gas Exploration Companies	7,279,940	4,881,407
Oil and Gas Marketing Companies	519,747	1,205,609
Open End Mutual Fund	–	96,361
Paper and Board	562,738	562,738
Pharmaceuticals	312,627	1,167,763
Power Generation and Distribution	6,800,985	3,230,659
Refinery	458	–
Technology and Communication	2,135,334	2,039,576
Tobacco	824,921	–
Textile composite	133,935	153,173
Textile spinning	16,169	16,169
	36,259,896	29,153,524

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	2024		2023	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Unlisted Companies				
Central Depository Company Limited	184,426	1,116,664	184,426	971,642
First Capital Investment Private Limited	2,500	3,072	2,500	2,631
First Women Bank Limited	63,300	178,242	63,300	213,452
ISE Towers REIT Management Company Limited	30,346	127,935	30,346	124,529
National Investment Trust Limited	1,027,651	2,148,599	1,027,651	1,400,552
National Institutional Facilitation Technologies	1,527	62,042	1,527	52,914
Pak Agro Storage And Service Corporation	2,500	1,629,506	2,500	1,614,513
1 Link Private Limited	50,000	1,182,173	50,000	733,213
Naymat Collateral Management Company	29,286	4,042	29,286	6,858
Pakistan Corporate Restructuring Company	51,396	32,581	51,396	30,939
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
	1,604,071	6,484,856	1,629,071	5,176,243

*These investments are fully provided.

	2024		2023	
	Cost			
	(Rupees in '000)			
Non Government Debt Securities				
Listed				
– AA+, AA, AA–		–		1,333,840
– A+, A, A–		–		200,000
Unlisted				
– AA+, AA, AA–		–		1,420,000

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	2024		2023	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Foreign Securities				
Government Securities				
– United States of America	–	AA+	3,227,054	AA+
– United Arab Emirates	46,989,756	AA	29,544,714	AA
– Sri Lanka	11,092,753	*CCC+	11,191,503	*CCC+

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

	2024	2023
	Cost	
	(Rupees in '000)	
Unlisted Equity Securities		
Lanka Clear (Private) Limited	951	870
Credit Information Bureau of Sri Lanka	29	26
Lanka Financial Services Bureau Limited	1,902	1,741
Society for Worldwide Inter Fund Transfer (SWIFT)	4,663	4,663
	7,545	7,300

10.6 Particulars relating to securities classified Under Amortised Cost (AC) and Held to Maturity (HTM) securities

Details regarding quality of securities held under “Held to Collect” model

	2024	2023
	Cost	
	(Rupees in '000)	
Federal Government Securities – Government guaranteed		
Pakistan Investment Bonds	9,879,160	11,367,944
Euro Bonds	3,038,406	3,420,387
	12,917,566	14,788,331
Provincial Government Securities – Government guaranteed	118	118
Non Government Debt Securities		
Listed		
– AA+, AA, AA–	–	888,800
– CCC and below	–	49,851
	–	938,651
Unlisted		
– AAA	–	3,896,980
– AA+, AA, AA–	–	1,698,970
– A+, A, A–	885,000	1,507,215
– BB+, BB, BB–	–	350,000
– Unrated	475,360	477,541
	1,360,360	7,930,706

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

- 10.6.1** The market value of securities classified as amortised cost as at December 31, 2024 amounted to Rs. 13,398.946 million (held-to-maturity as at December 31, 2023: Rs. 20,845.750 million).
- 10.7** FVOCI Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.
- 10.8** Investments include Pakistan Investment Bonds amounting to Rs. 29.4 million (2023: 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 (2023: 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 (2023: 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.
- 10.9** Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 647.880 million (2023: Rs. 647.880 million) as at December 31, 2024. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2024 amounted to Rs. 3,496.500 million (2023: Rs. 2,391.900 million).
- 10.10** During the year, the Bank injected share capital of Rs 1.0 billion into MCB Exchange Company (Private) Limited, a wholly owned subsidiary.
- 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.
- 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)							
2024							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2024)	Pakistan	30%	1,910,127	321,344	334,085	2,279,467	1,925,074
Adamjee Insurance Company Limited (unaudited based on September 30, 2024)	Pakistan	20%	38,034,803	3,559,856	7,154,122	207,980,763	170,141,927
Subsidiaries							
MCB Islamic Bank Limited (audited based on December 31, 2024)	Pakistan	100%	45,874,654	4,238,672	4,820,477	307,343,628	281,397,622
MCB Investment Management Limited (formerly MCB-Arif Habib Savings and Investments Limited) (audited based on June 30, 2024)	Pakistan	81.42%	1,841,338	861,302	861,302	3,267,731	1,313,719
MCB Non-Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2024)	Azerbaijan	99.94%	845,219	273,005	273,005	5,580,419	4,160,146
MCB Exchange Company (Private) Limited (unaudited based on December 31, 2024)	Pakistan	100%	19,300	11,025	11,025	1,113,739	68,032

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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%	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

11. ADVANCES

Note	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023
(Rupees in '000)						
Loans, cash credits, running finances, etc.	1,012,943,705	547,237,076	52,781,005	53,000,544	1,065,724,710	600,237,620
Bills discounted and purchased	28,327,243	21,305,091	770,213	882,051	29,097,456	22,187,142
Advances – gross	1,041,270,948	568,542,167	53,551,218	53,882,595	1,094,822,166	622,424,762
Credit loss allowance against advances						
– Stage 1	(2,400,994)	–	–	–	(2,400,994)	–
– Stage 2	(845,982)	–	–	–	(845,982)	–
– Stage 3	–	–	(41,492,020)	–	(41,492,020)	–
– Specific	–	–	–	(41,937,130)	–	(41,937,130)
– General	(8,456,884)	(2,624,303)	–	–	(8,456,884)	(2,624,303)
	(11,703,860)	(2,624,303)	(41,492,020)	(41,937,130)	(53,195,880)	(44,561,433)
Advances – net of credit loss allowance	1,029,567,088	565,917,864	12,059,198	11,945,465	1,041,626,286	577,863,329

11.1 Includes net investment in finance lease as disclosed below:

	2024				2023			
	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	1,512,284	7,039,463	714,491	9,266,238	1,404,199	5,422,276	604,207	7,430,682
Residual value	294,463	2,368,066	65,596	2,728,125	161,838	1,503,322	14,698	1,679,858
Minimum lease payments	1,806,747	9,407,529	780,087	11,994,363	1,566,037	6,925,598	618,905	9,110,540
Financial charges for future periods	(74,330)	(1,848,913)	(379,003)	(2,302,246)	(35,732)	(1,723,545)	(396,704)	(2,155,981)
Present value of minimum lease payments	1,732,417	7,558,616	401,084	9,692,117	1,530,305	5,202,053	222,201	6,954,559

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

		2024	2023
		(Rupees in '000)	
11.2	Particulars of advances (Gross)		
	In local currency	946,875,715	545,801,761
	In foreign currencies	147,946,451	76,623,001
		1,094,822,166	622,424,762
11.3	Advances to Women, Women-owned and Managed Enterprises		
	Women	7,975,917	6,693,124
	Women Owned and Managed Enterprises	1,281,102	748,796
		9,257,019	7,441,920

11.3.1 Gross loans disbursed to women, women-owned and managed enterprises during the year amounted to Rs. 5,687.207 million (2023: Rs. 3,829.282 million).

11.4 Particulars of Credit Loss Allowance

11.4.1 Advances – Exposure

An analysis of changes in exposure in relation to loans & advances of the Bank as at December 31, 2024 is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)				
Opening balance	525,719,078	41,313,117	55,392,567	622,424,762
Impact of adoption of IFRS 9	(15,475,631)	(49,815)	–	(15,525,446)
Balance as at January 01, 2024 after adoption of IFRS 9	510,243,447	41,263,302	55,392,567	606,899,316
New advances	142,547,376	4,934,069	100,608	147,582,053
Advances derecognised or repaid	(78,030,815)	(4,961,553)	(1,618,499)	(84,610,867)
Transfer to stage 1	14,654,895	(14,646,434)	(8,461)	–
Transfer to stage 2	(9,319,539)	9,472,448	(152,909)	–
Transfer to stage 3	(1,405,717)	(3,979,605)	5,385,322	–
	68,446,200	(9,181,075)	3,706,061	62,971,186
Amounts written off	–	–	(1,120,526)	(1,120,526)
Amounts charged off	–	–	(1,191,935)	(1,191,935)
Changes in risk parameters (PDs/LGDs/EADs)	430,302,545	196,529	(3,234,949)	427,264,125
Closing balance	1,008,992,192	32,278,756	53,551,218	1,094,822,166

Notes To The Unconsolidated Financial Statements

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11.4.2 Advances – Credit loss allowance

An analysis of changes in credit loss allowance in relation to loans & advances of the Bank as at December 31, 2024 is as follows:

	2024							
	Credit loss allowance							
	Stage 1	Stage 2	Stage 3	General	Total			
	(Rupees in '000)							
Opening balance	–	–	41,937,130	2,624,303	44,561,433			
Impact of ECL on adoption of IFRS 9	1,856,822	898,536	1,592,047	1,785,938	6,133,343			
Balance as at January 01, 2024 after adoption of IFRS 9	1,856,822	898,536	43,529,177	4,410,241	50,694,776			
New advances	304,693	217,927	92,724	1,149,557	1,764,901			
Advances derecognised or repaid	(122,979)	(115,448)	(959,238)	(789,959)	(1,987,624)			
Transfer to stage 1	312,041	(306,889)	(5,152)	(590,925)	(590,925)			
Transfer to stage 2	(28,325)	117,148	(88,823)	291,604	291,604			
Transfer to stage 3	(11,396)	(54,411)	65,807	(147,230)	(147,230)			
	454,034	(141,673)	(894,682)	(86,953)	(669,274)			
Amounts written off	–	–	(1,120,526)	–	(1,120,526)			
Amounts charged off	–	–	(1,191,935)	–	(1,191,935)			
Exchange Adjustments	64,427	–	(8,568)	–	55,859			
Changes in risk parameters (PDs/LGDs/EADs)	25,711	89,119	1,178,554	4,133,596	5,426,980			
Closing balance	2,400,994	845,982	41,492,020	8,456,884	53,195,880			
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Performing	Non-performing	Total	
	(Rupees in '000)							
11.4.3 Advances – Credit loss allowance								
/ Provision details								
Internal / External rating / stage classification								
Outstanding gross exposure								
Gross advances	–	–	–	–	568,542,167	–	568,542,167	
Performing – ICRR 1 to ICRR 6	1,008,992,192	–	–	1,008,992,192	–	–	–	
Under Performing – ICRR 7 to ICRR 9	–	32,278,756	–	32,278,756	–	–	–	
Non-performing – ICRR 10 to ICRR 12								
Other Assets Especially Mentioned (OAEM)	–	–	1,431,702	1,431,702	–	1,517,142	1,517,142	
Substandard	–	–	971,623	971,623	–	862,537	862,537	
Doubtful	–	–	2,708,660	2,708,660	–	712,755	712,755	
Loss	–	–	48,439,233	48,439,233	–	50,790,161	50,790,161	
	–	–	53,551,218	53,551,218	–	53,882,595	53,882,595	
Total	1,008,992,192	32,278,756	53,551,218	1,094,822,166	568,542,167	53,882,595	622,424,762	
Corresponding Credit loss allowance								
/ Provision								
Stage 1 and Stage 2	2,400,994	845,982	–	3,246,976	–	–	–	
Stage 3 / Specific provision	–	–	41,492,020	41,492,020	–	41,937,130	41,937,130	
General Provision	7,688,928	767,956	–	8,456,884	2,624,303	–	2,624,303	
	10,089,922	1,613,938	41,492,020	53,195,880	2,624,303	41,937,130	44,561,433	

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

11.5 Advances include Rs. 53,551.218 million (2023: Rs. 53,882.595 million) which have been placed under Non-performing / Stage 3 status as detailed below:

	2024		2023	
	Outstanding amount	Credit loss allowance	Outstanding amount	Provision
(Rupees in '000)				
11.5.1 Category of Classification in Stage 3 / Non-performing				
Domestic				
Other Assets Especially Mentioned (OAEM)	1,431,702	687,259	1,517,142	1,684
Substandard	510,274	286,404	834,737	46,687
Doubtful	2,279,272	1,147,921	224,303	111,716
Loss	35,068,633	34,211,855	36,557,845	36,043,900
	39,289,881	36,333,439	39,134,027	36,203,987
Overseas				
Substandard	461,349	220,855	27,800	6,950
Doubtful	429,388	214,694	488,452	244,226
Loss	13,370,600	4,723,032	14,232,316	5,481,967
	14,261,337	5,158,581	14,748,568	5,733,143
Total	53,551,218	41,492,020	53,882,595	41,937,130

11.5.2 Particulars of credit loss allowance against advances

	Note	2024				2023		
		Expected Credit Loss						
		Stage 3	Stage 1 & Stage 2	General	Total	Specific	General	Total
(Rupees in '000)								
Opening balance		41,937,130	-	2,624,303	44,561,433	41,947,778	2,224,575	44,172,353
Impact of ECL on adoption of IFRS 9		1,592,047	2,755,358	1,785,938	6,133,343	-	-	-
Exchange adjustments		(8,568)	64,427	-	55,859	1,230,321	236,763	1,467,084
Charge for the year	11.5.4 &	4,238,357	1,679,489	4,046,643	9,964,489	3,108,219	382,213	3,490,432
Reversals	11.5.5	(3,954,485)	(1,252,298)	-	(5,206,783)	(3,570,328)	(219,248)	(3,789,576)
		283,872	427,191	4,046,643	4,757,706	(462,109)	162,965	(299,144)
Amounts written off	11.6	(1,120,526)	-	-	(1,120,526)	(778,860)	-	(778,860)
Amounts charged off	11.6	(1,191,935)	-	-	(1,191,935)	-	-	-
Closing balance		41,492,020	3,246,976	8,456,884	53,195,880	41,937,130	2,624,303	44,561,433
(Rupees in '000)								
2024								
Expected Credit Loss								
		Stage 3	Stage 1 & Stage 2	General	Total	Specific	General	Total
(Rupees in '000)								
In local currency		35,497,618	2,491,045	7,363,873	45,352,536	35,945,290	1,369,793	37,315,083
In foreign currencies		5,994,402	755,931	1,093,011	7,843,344	5,991,840	1,254,510	7,246,350
		41,492,020	3,246,976	8,456,884	53,195,880	41,937,130	2,624,303	44,561,433

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- 11.5.3** 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.
- 11.5.4** This includes reversal of provisions and reduction of non-performing loans amounting to Nil (2023: Nil) balance as a result of settlement on debt asset swap arrangement with customers.
- 11.5.5** The Bank also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025. The details have been disclosed in note 6.1.1.5.

		2024	2023
		(Rupees in '000)	
Note			
11.6	Particulars of write offs / charge off:		
11.6.1	Write Offs Against Provisions	1,120,526	778,860
	Charge Offs Against Provisions	1,191,935	–
		2,312,461	778,860
11.6.2	Write Offs of Rs. 500,000 and above		
	– Domestic	402,377	778,860
	– Overseas	714,006	–
	Write Offs of below Rs. 500,000	4,143	–
		1,120,526	778,860

11.6.3 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, 2024 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.

		2024	
		No. of Borrowers	Amount in '000'
11.6.4	Movement of charged off loans		
	Opening Balance	–	–
	Charge-off during the year	12,660	1,191,935
		12,660	1,191,935
	Recoveries made during the year against already charged-off cases	(431)	(46,877)
	Amount written off from already charged off loans	–	–
	Closing Balance	12,229	1,145,058

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	Note	2024 (Rupees in '000)	2023
12. PROPERTY AND EQUIPMENT			
Capital work-in-progress	12.1	4,300,760	1,696,937
Property and equipment	12.2	78,393,583	75,246,609
		82,694,343	76,943,546
12.1 Capital work-in-progress			
Civil works		2,558,070	1,335,418
Equipment		56,108	26,012
Advances to suppliers		1,685,317	330,898
Others		1,265	4,609
		4,300,760	1,696,937

12.2 Property and Equipment

	2024								
	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, 2024									
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
Year ended December 31, 2024									
Opening 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
Additions	59,791	-	628,371	12,317	385,695	3,855,872	1,007,043	1,270,694	7,219,783
Disposals	(13,240)	-	(46,203)	-	(1,282)	(19,047)	(46,763)	-	(126,535)
Transfer to MIB	-	-	-	-	(14,746)	(106,009)	(12)	(22,399)	(143,166)
Depreciation charge	-	-	(687,931)	(44,631)	(194,937)	(2,228,004)	(258,479)	(409,768)	(3,823,750)
Exchange rate adjustments	-	-	16,651	(341)	1,038	2,747	751	(204)	20,642
Closing net book value	41,415,739	4,175,896	18,338,254	931,737	1,134,241	8,525,462	1,704,427	2,167,827	78,393,583
At December 31, 2024									
Cost / Revalued amount	41,415,739	4,175,896	19,666,541	1,019,136	2,813,385	23,416,171	2,594,166	3,343,427	98,444,461
Accumulated depreciation	-	-	(1,328,287)	(87,399)	(1,679,144)	(14,890,709)	(889,739)	(1,175,600)	(20,050,878)
Net book value	41,415,739	4,175,896	18,338,254	931,737	1,134,241	8,525,462	1,704,427	2,167,827	78,393,583
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, 2024

	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
Disposal	(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	-

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, 2024 amounts to Rs. 39,032.404 million (2023: Rs. 39,331.254 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:

	2024	2023
	(Rupees in '000)	
Freehold land	11,304,482	11,244,709
Leasehold land	2,334,051	2,334,051
Building on Freehold land	11,552,294	11,373,591
Building on Leasehold land	638,395	653,238

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

	2024	2023
	(Rupees in '000)	
Furniture and fixtures	810,445	712,295
Electrical, office and computer equipment	8,815,420	7,862,213
Vehicles	521,250	640,317
Building on Freehold land	37,307	-

12.2.5 Carrying amount of temporarily idle property of the Bank is Rs. 543.004 million (2023: Rs. 562.907 million)

12.2.6 The information relating to disposal of property and equipment to related parties is given in Annexure II of these unconsolidated financial statements.

	Note	2024	2023
		(Rupees in '000)	
13. RIGHT-OF-USE ASSETS	13.1	6,045,346	5,877,865

	2024			2023		
	Buildings	Others	Total	Buildings	Others	Total
	(Rupees in '000)					
13.1 At January 01,						
Cost	11,457,135	-	11,457,135	10,191,155	-	10,191,155
Accumulated depreciation	(5,579,270)	-	(5,579,270)	(4,476,309)	-	(4,476,309)
Net carrying amount at January 01,	5,877,865	-	5,877,865	5,714,846	-	5,714,846
Additions / adjustments during the year	1,952,331	-	1,952,331	1,725,069	-	1,725,069
Deletions during the year	(101,228)	-	(101,228)	(151,124)	-	(151,124)
Exchange adjustments	11,644	-	11,644	110,412	-	110,412
Depreciation charge for the year	(1,695,266)	-	(1,695,266)	(1,521,338)	-	(1,521,338)
Closing net carrying amount	6,045,346	-	6,045,346	5,877,865	-	5,877,865

	Note	2024	2023
		(Rupees in '000)	
14. INTANGIBLE ASSETS			
Capital work-in-progress		395,281	519,955
Computer software	14.1	918,862	515,528
		1,314,143	1,035,483

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	2024	2023
	(Rupees in '000)	
	Computer software	
14.1 At January 01,		
Cost	5,250,161	4,879,476
Accumulated amortisation and impairment	(4,734,633)	(4,300,102)
Net Book Value	515,528	579,374
Year ended December 31		
Opening net book value	515,528	579,374
Additions	974,371	287,661
Amortisation charge	(573,410)	(358,427)
Exchange rate adjustments	2,373	6,920
Closing Net Book Value	918,862	515,528
At December 31		
Cost	6,200,651	5,250,161
Accumulated amortisation and impairment	(5,281,789)	(4,734,633)
Net Book Value	918,862	515,528
Rate of amortisation	14.29% to 33.33%	14.29% to 33.33%
Useful life	3 – 7 years	3 – 7 years
14.2	The gross carrying amount (cost) of fully amortised intangible assets that are still in use is Rs. 4,100.293 million (2023: Rs. 3,966.917 million).	

Notes To The Unconsolidated Financial Statements

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	Note	2024 (Rupees in '000)	2023
15. OTHER ASSETS			
Income / mark-up accrued in local currency		53,058,018	62,017,227
Income / mark-up accrued in foreign currencies		904,108	503,365
Advances, deposits, advance rent and other prepayments		9,440,982	4,753,438
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims	15.1	1,380,837	1,637,884
Mark to market gain on forward foreign exchange contracts		1,588,049	2,348,323
Mark to market gain on forward contracts of government securities	31	2,096,975	–
Unrealized gain on derivative financial instruments	27	157,610	73,852
Acceptances	22	34,343,175	40,966,674
Receivable from the pension fund	40.4	13,336,849	7,428,142
Clearing and settlement accounts		25,743,659	25,796,177
Receivable from the Government of Pakistan	15.3	–	67,187,000
Deferred cost on staff loans	15.4	6,112,869	–
Claims receivable against fraud and forgeries		598,183	607,980
Others		6,356,054	3,325,471
		155,251,177	216,779,342
Less: Credit loss allowance / provision held against other assets	15.2	3,610,740	3,370,145
Other Assets net of credit loss allowance		151,640,437	213,409,197
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		561,141	606,805
Other Assets – total		152,201,578	214,016,002
15.1 Market value of Non-banking assets acquired in satisfaction of claims		1,901,887	2,156,606

Non-banking assets acquired in satisfaction of claims of the Bank are revalued as at December 31, 2024 by independent valuers (Pee Dee & Associates, Tristar International Consultant (Pvt) Limited and J&M Associates) on the basis of market value.

	Note	2024 (Rupees in '000)	2023
15.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		2,156,606	2,804,844
Additions		–	–
Revaluation		(6,329)	(10,196)
Disposals		(277,992)	(135,224)
Depreciation	33	(18,390)	(23,878)
Reversal of impairment		47,992	6,074
Transfer to fixed assets		–	(485,014)
Closing balance		1,901,887	2,156,606

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	Note	2024 (Rupees in '000)	2023
15.1.2 Gain / (loss) on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		280,000	132,000
Less			
– Revalued amounts		277,992	135,224
– Accumulated depreciation		–	–
		277,992	135,224
Gain / (loss)	32	2,008	(3,224)
15.2 Credit loss allowance / provision held against other assets			
Non banking assets acquired in satisfaction of claims		40,091	88,083
Claims receivable against fraud and forgeries		598,183	607,980
Mark-up accrued		99,361	4,972
Others		2,873,105	2,669,110
		3,610,740	3,370,145
15.2.1 Movement in credit loss allowance / provision held against other assets			
Opening balance		3,370,145	3,066,275
Impact of ECL on adoption of IFRS 9		123,113	–
Charge for the year		193,068	36,184
Reversals		(58,447)	(8,080)
	35	134,621	28,104
Amount written off		(521)	(2,062)
Exchange and other adjustments		(16,618)	277,828
Closing balance		3,610,740	3,370,145

15.3 This represents principal amount receivable from the Government of Pakistan against floating rate Pakistan Investments Bonds which had matured on December 30, 2023.

15.4 This refers to notional deferred cost on fair valuation of subsidised staff loans.

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2024 (2023: Nil).

	2024 (Rupees in '000)	2023
17. BILLS PAYABLE		
In Pakistan	41,801,315	24,832,685
Outside Pakistan	26,143	263,226
	41,827,458	25,095,911

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	Note	2024 (Rupees in '000)	2023
18. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	18.1	40,524,304	47,943,376
Under Long Term Financing Facility	18.2	15,598,591	19,511,569
Under Renewable Energy Performance Platform	18.3	2,121,916	2,126,104
Under Temporary Economic Refinance Facility	18.4	25,839,999	38,160,612
Under Financing Facility for Storage of Agricultural Produce	18.5	176,755	239,697
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	18.6	4,567	6,272
		84,266,132	107,987,630
Repurchase agreement borrowings	18.7	179,227,580	106,366,325
Total secured		263,493,712	214,353,955
Unsecured			
Call borrowings		527,950	1,000,000
Overdrawn nostro accounts		4,302,864	1,094,805
Others		162,286	162,286
Total unsecured		4,993,100	2,257,091
		268,486,812	216,611,046

18.1 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 16.5% per annum (2023: 1.0% to 19.0% per annum).

18.2 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 8.5% per annum (2023: 2.0% to 19.0 % per annum).

18.3 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% to 3.0% per annum (2023: 2.0% per annum).

18.4 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 (2023: 1.0% per annum). The balance has been adjusted by Rs. 7,797.134 million on account of fair valuation measurement under IFRS 9.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

- 18.5** 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 (2023: 2.5% to 3.5% per annum).
- 18.6** 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% per annum (2023: 0% per annum).
- 18.7** These carry mark-up rates ranging from 12.95% to 14.00% per annum (2023: 9.60% to 22.75% per annum) and are secured against government securities of carrying value of Rs. 179,155.519 million (2023: Rs. 106,605.778 million). These are repayable latest by January 2025.

		2024	2023
		(Rupees in '000)	
18.8	Particulars of borrowings with respect to currencies		
	In local currency	263,756,000	213,862,861
	In foreign currencies	4,730,812	2,748,185
		268,486,812	216,611,046

19. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	689,868,538	196,127,089	885,995,627	636,394,833	162,616,011	799,010,844
Savings deposits	866,812,045	35,204,745	902,016,790	820,048,373	42,644,437	862,692,810
Term deposits	25,872,766	18,399,616	44,272,382	21,590,642	20,254,444	41,845,086
Others	34,080,636	4,216,067	38,296,703	45,309,420	4,930,851	50,240,271
	1,616,633,985	253,947,517	1,870,581,502	1,523,343,268	230,445,743	1,753,789,011
Financial Institutions						
Current deposits	16,246,174	3,400,370	19,646,544	17,560,771	3,717,302	21,278,073
Savings deposits	22,331,061	730,511	23,061,572	14,020,325	488,698	14,509,023
Term deposits	424,968	8,412,163	8,837,131	8,489,897	7,216,607	15,706,504
Others	-	85,250	85,250	-	104,683	104,683
	39,002,203	12,628,294	51,630,497	40,070,993	11,527,290	51,598,283
	1,655,636,188	266,575,811	1,922,211,999	1,563,414,261	241,973,033	1,805,387,294

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

		2024	2023
		(Rupees in '000)	
19.1	Composition of deposits		
	– Individuals	1,278,035,206	1,176,431,979
	– Government (Federal and Provincial)	60,752,027	77,762,935
	– Public Sector Entities	35,878,856	49,034,504
	– Banking Companies	7,015,712	7,498,145
	– Non-Banking Financial Institutions	44,614,785	44,100,138
	– Private Sector	495,915,413	450,559,593
		1,922,211,999	1,805,387,294

19.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs. 1,395,934.721 million (2023: Rs. 1,257,578.745 million).

		Note	2024	2023
			(Rupees in '000)	
20.	LEASE LIABILITIES			
	Lease Liabilities	20.1	9,586,216	8,686,003

		2024			2023		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
20.1	At January 01,	8,686,003	–	8,686,003	7,943,593	–	7,943,593
	Additions / adjustments during the year	1,952,331	–	1,952,331	1,725,069	–	1,725,069
	Lease payments including interest	(2,452,883)	–	(2,452,883)	(2,217,900)	–	(2,217,900)
	Finance charges	1,567,504	–	1,567,504	1,360,534	–	1,360,534
	Deletions during the year	(179,938)	–	(179,938)	(215,422)	–	(215,422)
	Exchange adjustments	13,199	–	13,199	90,129	–	90,129
	Closing Balance	9,586,216	–	9,586,216	8,686,003	–	8,686,003

		2024			2023		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
20.2	Contractual maturity of lease liabilities						
	Short-term lease liabilities – within 1 year	1,138,973	–	1,138,973	988,860	–	988,860
	Long-term lease liabilities – 1 to 5 years	4,186,092	–	4,186,092	3,645,351	–	3,645,351
	– 5 to 10 years	3,267,716	–	3,267,716	3,196,565	–	3,196,565
	– More than 10 years	993,435	–	993,435	855,227	–	855,227
	Total at the year end	9,586,216	–	9,586,216	8,686,003	–	8,686,003

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

21. DEFERRED TAX LIABILITY / (ASSET) – NET

2024

Note	At December 31, 2023	Impact of adoption of IFRS 9	At January 01, 2024	Recognized in P&L A/C	Recognized in OCI	At December 31, 2024	
(Rupees in '000)							
Taxable Temporary differences on							
– Surplus on revaluation of property and equipment	25.1	3,608,814	–	3,608,814	(139,960)	212,382	3,681,236
– Surplus on revaluation of Non-banking assets	25.2	297,334	–	297,334	(19,275)	13,734	291,793
– Accelerated tax depreciation		3,521,615	–	3,521,615	594,147	–	4,115,762
– Receivable from pension fund		3,639,789	–	3,639,789	803,432	2,491,940	6,935,161
– Business combination		705,218	–	705,218	–	–	705,218
– Surplus / Deficit on revaluation of investments	25	(11,470,532)	(4,918,719)	(16,389,251)	–	24,441,261	8,052,010
		302,238	(4,918,719)	(4,616,481)	1,238,344	27,159,317	23,781,180
Deductible Temporary differences on							
– Credit loss allowance against financial assets		(201,520)	(4,149,042)	(4,350,562)	(2,792,859)	–	(7,143,421)
		(201,520)	(4,149,042)	(4,350,562)	(2,792,859)	–	(7,143,421)
		100,718	(9,067,761)	(8,967,043)	(1,554,515)	27,159,317	16,637,759

2023

Note	At 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 property and equipment	25.1	3,291,460	(145,297)	462,651	3,608,814
– Surplus on revaluation of Non-banking assets	25.2	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					
– Credit loss allowance against financial assets		(1,362,935)	1,161,415	–	(201,520)
– Surplus / Deficit on revaluation of investments	25	(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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
22. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		37,547,920	3,926,926
Mark-up / return / interest payable in foreign currencies		512,636	562,509
Unearned commission and income on bills discounted		2,630,291	2,024,523
Accrued expenses		9,300,306	7,856,382
Provision for taxation (provisions less payments)		12,546,312	20,150,115
Workers' Welfare Fund	22.1	16,178,985	13,810,584
Acceptances	15	34,343,175	40,966,674
Unclaimed / dividend payable		2,746,424	2,420,017
Mark to market loss on forward foreign exchange contracts		912,461	996,797
Unrealized loss on derivative financial instruments	27	157,610	73,848
Branch adjustment account		129,455	240,409
Provision for employees' compensated absences	40.4	1,249,500	1,266,190
Provision for post retirement medical benefits	40.4	2,169,019	2,121,129
Provision for employees' contributory benevolent scheme	40.4	142,549	140,847
Insurance payable against consumer assets		30,428	586,691
Unclaimed balances		395,575	508,115
Duties and taxes payable		2,712,028	10,955,674
Credit loss allowance / provision against off-balance sheet obligations	22.2	1,459,096	78,807
Security deposits against lease		3,075,992	2,068,373
Clearing and settlement accounts		38,081,228	24,223,005
Others		8,008,731	5,613,300
		174,329,721	140,590,915

22.1 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.

22.2 An analysis of changes in credit loss allowance / provision against off-balance sheet obligations as at December 31, 2024 is as follows:

	2024 (Rupees in '000)	2023
Opening balance	78,807	48,403
Impact of ECL on adoption of IFRS 9	1,595,511	-
Exchange adjustment	1,606	8,449
Charge for the year	286,777	21,955
Reversals	(503,605)	-
	(216,828)	21,955
Amount written off	-	-
Closing balance	1,459,096	78,807

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

23. SHARE CAPITAL

23.1 Authorized Capital

2024 (Number of shares)		2023 (Number of shares)	2024 (Rupees in '000)		2023 (Rupees in '000)
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000	

23.2 Issued, subscribed and paid up

2024 (Number of shares)		2023 (Number of shares)	2024 (Rupees in '000)		2023 (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	
<u>1,185,060,006</u>	<u>1,185,060,006</u>		<u>11,850,600</u>	<u>11,850,600</u>	

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

2024 (Number of shares)		2023 (Number of shares)	2024 (Rupees in '000)		2023 (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	

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

	2024 (Number of Shares)	2023 (Number of Shares)
Adamjee Insurance Company Limited	59,225,639	59,225,639
Nishat Mills Limited	95,125,651	95,125,651
Siddiqsons Limited	11,201,920	12,016,543
Nishat (Aziz Avenue) Hotels and Properties Limited	1,315,336	1,024,376
Nishat Real Estates Development Company (Private) Limited	483,650	347,100
Adamjee Life Assurance Company Limited	1,330,000	1,200,000
Habib University Foundation	108,300	108,300
Security General Insurance Company Limited	59,136,076	59,136,076
	<u>227,926,572</u>	<u>228,183,685</u>

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
24. RESERVES			
Share premium		23,751,114	23,751,114
Non – distributable capital reserve – gain on bargain purchase option	24.1	908,317	908,317
Exchange translation reserve		9,030,207	8,585,375
Statutory reserve	24.2	52,640,181	46,878,730
General reserve		18,600,000	18,600,000
		104,929,819	98,723,536

24.1 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 statement of 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.

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

	Note	2024 (Rupees in '000)	2023
25. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
– Securities measured at FVOCI – Debt / AFS securities	10.1	3,861,075	(29,182,464)
– Securities measured at FVOCI – Equity / AFS securities		11,623,556	5,773,217
– Property and equipment	25.1	39,032,404	39,331,254
– Non–banking assets acquired in satisfaction of claims	25.2	561,141	606,806
		55,078,176	16,528,813
Deferred tax on surplus / (deficit) on revaluation of:			
– Securities measured at FVOCI – Debt / AFS securities	21	(2,007,760)	14,299,408
– Securities measured at FVOCI – Equity / AFS securities	21	(6,044,250)	(2,828,876)
– Property and equipment	25.1	(3,681,236)	(3,608,814)
– Non–banking assets acquired in satisfaction of claims	25.2	(291,793)	(297,334)
		(12,025,039)	7,564,384
		43,053,137	24,093,197

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
25.1	Surplus on revaluation of property and equipment		
	Surplus on revaluation as at January 01	39,331,254	40,516,509
	(Deficit) / surplus recognised during the year	–	–
	Realised on disposal during the year – net of deferred tax	(13,222)	(1,097,114)
	Related deferred tax liability on surplus realised on disposal	–	(27)
	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	(145,668)	(151,194)
	Related deferred tax liability on incremental depreciation charged during the year	(139,960)	(145,270)
	Surplus on revaluation as at December 31	39,032,404	39,331,254
	Less: Related deferred tax liability on:		
	– revaluation as at January 01	3,608,814	3,291,460
	– effect of change in tax rate	212,382	459,275
	– recognised during the year	–	–
	– surplus realised on disposal during the year	–	(27)
	– transfer of revaluation surplus on change in use	–	3,376
	– incremental depreciation charged during the year	(139,960)	(145,270)
		3,681,236	3,608,814
		35,351,168	35,722,440
25.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
	Surplus on revaluation as at January 01	606,806	873,647
	(Deficit) / surplus recognised during the year	(6,329)	(10,196)
	Realised on disposal during the year – net of deferred tax	(20,061)	(24,630)
	Related deferred tax liability on surplus realised on disposal	(19,275)	(23,665)
	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	561,141	606,806
	Less: Related deferred tax liability on:		
	– revaluation as at January 01	297,334	375,669
	– effect of change in tax rate	16,835	52,418
	– (deficit) / surplus recognised during the year	(3,101)	(4,996)
	– surplus realised on disposal during the year	(19,275)	(23,665)
	– transfer of revaluation surplus on change in use	–	(102,092)
		291,793	297,334
		269,348	309,472

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
26. CONTINGENCIES AND COMMITMENTS			
– Guarantees	26.1	245,965,320	302,480,219
– Commitments	26.2	735,379,420	477,719,622
– Other contingent liabilities	26.3	28,432,693	33,273,187
		1,009,777,433	813,473,028
26.1 Guarantees:			
Financial guarantees		151,784,648	126,410,819
Performance guarantees		91,752,480	169,265,393
Other guarantees		2,428,192	6,804,007
		245,965,320	302,480,219
26.2 Commitments:			
Documentary credits and short-term trade-related transactions			
– letters of credit		261,162,111	303,775,804
Commitments in respect of:			
– forward foreign exchange contracts	26.2.1	157,415,286	153,858,023
– forward government securities transactions	26.2.2	301,115,690	15,220,315
– derivatives (notional)	26.2.3	12,927,274	1,595,548
Commitments for acquisition of:			
– property and equipment		2,164,870	2,023,934
– intangible assets		594,189	1,245,998
		735,379,420	477,719,622
26.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		71,498,197	82,635,941
Sale		85,917,089	71,222,082
		157,415,286	153,858,023
26.2.2 Commitments in respect of government securities transactions			
Purchase		301,115,690	15,197,000
Sale		–	23,315
		301,115,690	15,220,315

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	2024	2023
	(Rupees in '000)	
26.2.3 Commitments in respect of derivatives		
FX options (notional)		
Purchase	6,463,637	736,983
Sale	6,463,637	736,983
	12,927,274	1,473,966
Cross Currency Swaps (notional)		
Purchase	–	60,791
Sale	–	60,791
	–	121,582
	12,927,274	1,595,548

26.2.4 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.

	Note	2024	2023
		(Rupees in '000)	
26.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	26.3.1	28,432,693	33,273,187

26.3.1 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.

26.4 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. 2,632.390 million (2023: Rs. 5,902.495 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.

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.

26.5 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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

27. DERIVATIVE INSTRUMENTS

27.1 Product Analysis

		2024					
		Cross Currency Swaps		Interest Rate Swaps		FX Options	
Counterparties		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		-	-	-	-	6,463,637	157,610
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		-	-	-	-	6,463,637	(157,610)
Total							
Hedging		-	-	-	-	6,463,637	157,610
Market Making		-	-	-	-	6,463,637	(157,610)
		2023					
		Cross Currency Swaps		Interest Rate Swaps		FX Options	
Counterparties		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)

Notes To The Unconsolidated Financial Statements

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27.2 Maturity Analysis

	2024				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Remaining Maturity					
Upto 1 month	16	658,587	(440)	440	–
1 to 3 months	34	1,262,826	(6,131)	6,131	–
3 to 6 months	90	3,291,798	(33,501)	33,501	–
6 month to 1 Year	230	7,714,063	(117,538)	117,538	–
2 to 3 Years	–	–	–	–	–
Total	370	12,927,274	(157,610)	157,610	–
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 month to 1 Year	–	–	–	–	–
2 to 3 Years	–	–	–	–	–
Total	50	1,595,548	(73,848)	73,852	4

27.3 Risk management related to derivatives is discussed in note 48.5.

	Note	2024	2023
		(Rupees in '000)	
28. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		111,305,848	110,386,516
Investments		246,251,644	203,611,762
Lendings to financial institutions		6,841,806	11,866,368
Balances with banks		2,089,034	2,192,550
IFRS 9 adjustment for staff loans – notional	33.1	531,920	–
		367,020,252	328,057,196
28.1 Interest income recognised on:			
Financial assets measured at amortised cost		121,125,378	
Financial assets measured at FVOCI		237,634,646	
Financial assets measured at FVTPL		8,260,228	
		367,020,252	
29. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		177,398,088	139,596,722
Borrowings		35,758,307	35,850,218
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,201,785	3,548,962
Unwinding cost of lease liability against right-of-use assets		1,567,504	1,360,534
		217,925,684	180,356,436

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
30. FEE AND COMMISSION INCOME			
Branch banking customer fees		4,218,201	3,561,386
Consumer finance related fees		685,801	762,859
Card related fees (debit and credit cards)		7,920,653	5,994,430
Credit related fees		633,307	699,306
Investment banking fee		115,463	238,688
Commission on trade		3,574,112	3,329,607
Commission on guarantees		946,038	1,343,873
Commission on cash management		1,020,451	902,070
Commission on remittances including home remittances		181,970	1,694,714
Commission on utility bills		106,727	93,680
Commission on Bancassurance		828,227	876,058
Rent on lockers		234,031	232,609
Commission on investments services		525,897	325,688
Other commission		208,028	172,209
		21,198,906	20,227,177
31. GAIN / (LOSS) ON SECURITIES – NET			
Realised	31.1	826,601	820,305
Unrealised – Measured at FVTPL	10.1	218,457	(7,644)
Unrealised – Forward contracts of government securities	15	2,096,975	–
		3,142,033	812,661
31.1 Realised gain / (loss) – net on:			
Federal Government securities		562,422	98,289
Non Government debt securities		6,705	657
Shares and units		257,474	721,359
		826,601	820,305
31.2 Net gain on financial assets measured:			
At FVTPL			
Designated upon initial recognition		375,545	
Mandatorily measured at FVTPL		–	
		375,545	
Net gain on financial assets measured at FVOCI – Debt		451,056	
		451,056	
		826,601	
32. OTHER INCOME			
Rent on property		147,603	148,027
Gain on sale of property and equipment – net		200,989	159,150
Gain on termination of lease liability against right-of-use assets		78,710	64,298
Gain / (loss) on sale of non-banking assets – net	15.1.2	2,008	(3,224)
		429,310	368,251

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
33. OPERATING EXPENSES			
Total compensation expense	33.1	25,891,908	23,237,768
Property expense			
Rent and taxes		405,615	305,654
Insurance		26,163	25,957
Utilities cost		2,892,030	2,376,373
Fuel expense generators		959,139	1,245,347
Security (including guards)		2,213,711	1,959,841
Repair and maintenance (including janitorial charges)		1,247,749	1,088,588
Depreciation on right-of-use assets	13.1	1,695,266	1,521,338
Depreciation	12.2	1,142,624	956,027
		10,582,297	9,479,125
Information technology expenses			
Software maintenance		1,985,214	1,668,354
Hardware maintenance		336,306	336,439
Depreciation	12.2	1,333,808	876,582
Amortisation	14.1	573,410	358,427
Network charges		613,701	642,175
Insurance		7,247	4,937
		4,849,686	3,886,914
Other operating expenses			
Directors' fees and allowances	42.2	64,300	46,200
Legal and professional charges		427,420	381,843
Outsourced services costs		1,095,428	959,052
Travelling and conveyance		598,717	501,561
NIFT clearing charges		232,583	212,457
Depreciation	12.2	1,347,318	1,140,038
Depreciation on non-banking assets acquired in satisfaction of claims	15.1.1	18,390	23,878
Training and development		72,437	89,005
Postage and courier charges		310,102	251,623
Communication		2,149,736	1,497,658
Stationery and printing		1,216,446	1,151,277
Marketing, advertisement & publicity		2,121,389	795,353
Donations	33.2	10,100	21,000
Auditors' remuneration	33.3	92,225	68,016
Cash transportation charges		1,241,525	1,107,143
Repair and maintenance		799,568	661,992
Subscription		34,686	28,003
Entertainment		437,521	407,397
Remittance charges		272,546	273,400
Brokerage expenses		59,698	52,368
Card related expenses		3,733,411	2,793,382
CNIC verification charges		414,708	390,903
Insurance		2,315,340	1,952,693
Others		573,397	428,268
		19,638,991	15,234,510
		60,962,882	51,838,317

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

The Bank has material outsourcing arrangement with “Euronet Pakistan Private Limited” (a related party) for hosting of POS acquiring & e-commerce gateway services. Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 134.242 million (2023: Rs. 138.578 million). 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.

	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
33.1	Total compensation expense		
	Fees and allowances	1,259,979	948,289
	Managerial remuneration		
	i) Fixed	18,725,521	16,723,305
	ii) Variable – cash bonus / awards / incentives	3,974,049	3,636,378
	Charge for defined benefit plan	(501,969)	250,527
	Contribution to defined contribution plan	600,770	550,373
	Staff group insurance	789,840	696,859
	Rent and house maintenance	55,850	81,060
	Medical	53,991	47,179
	Conveyance	310,350	280,229
		25,268,381	23,214,199
	Sign-on bonus	11,607	23,569
	IFRS 9 adjustment for staff loans – notional	531,920	–
	Severance allowance	80,000	–
		25,891,908	23,237,768

33.1.1 During the year sign on bonus was paid to 37 employees (2023: 25).

33.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

33.1.3 Severance allowance pertains to 1 employee (2023: NIL).

		2024 (Rupees in '000)	2023 (Rupees in '000)
33.2	Detail of donations made during the year is as follows:		
	FAST– National University of Computer and Emerging Science	10,100	–
	Saleem Memorial Trust Hospital	–	10,000
	Habib University Foundation	–	5,000
	Patient’s Behbud Society for ‘The Aga Khan University Hospital (AKUH)’	–	5,000
	Lahore Hospital Welfare Society	–	1,000
		10,100	21,000

33.2.1 None of the directors, executives or their spouses had any interest in the donees.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
33.3 Auditors' remuneration			
Audit fee		24,480	20,400
Fee for audit of foreign branches		30,809	20,617
Special certifications and sundry advisory services		3,000	5,099
Tax services		29,040	17,820
Sales tax on audit fee		1,224	1,020
Out-of-pocket expenses		3,672	3,060
		92,225	68,016
34. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		95,930	206,028
VAT & National Building tax & Crop Insurance Levy		217,344	330,468
Education cess		130,619	123,586
		443,893	660,082
35. CREDIT LOSS ALLOWANCE AND WRITE OFFS – NET			
(Reversal of) / credit loss allowance against balance with other banks		(63,647)	7,087
Credit loss allowance against cash and balances with treasury banks		10,933	–
(Reversal of) / credit loss allowance for diminution in value of investments	10.3	(28,119)	794,665
Credit loss allowance / (reversal of) against loans and advances	11.5.2	4,757,706	(299,144)
Reversal of credit loss allowance against lendings to financial institutions		(5,961)	–
(Reversal of) / credit loss allowance against off balance sheet items	22	(216,828)	21,955
Credit loss allowance against other assets	15.2.1	134,621	28,104
Bad debts written off directly	11.6.1	–	–
Recovery of written off / charged off bad debts		(257,178)	(179,789)
		4,331,527	372,878
36. TAXATION			
Current		65,830,556	59,679,924
Prior years		(3,470,506)	3,438,642
Deferred	21	(1,554,515)	2,490,896
		60,805,535	65,609,462

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

		2024	2023
		(Rupees in '000)	
36.1	Relationship between tax expense and accounting profit		
	Accounting profit for the year	118,420,045	125,240,559
	Tax on income @ 44% (2023: 39%)	52,104,820	48,843,818
	Super tax @ 10% (2023: 10%)	11,842,005	12,524,056
	Tax effect of permanent differences	51,802	100,954
	Tax effect of prior years charge	(3,470,506)	3,438,642
	Others	277,414	701,992
	Tax charge for the year	60,805,535	65,609,462
		(Rupees in '000)	
37.	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the year after tax	57,614,510	59,631,097
		(Number)	
	Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
		(Rupees)	
	Basic and diluted earnings per share	48.62	50.32

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

		2024	2023
		(Rupees in '000)	
38.	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	168,507,615	170,716,648
	Balances with other banks	27,841,879	35,073,136
	Overdrawn nostro accounts	(4,302,864)	(1,094,805)
		192,046,630	204,694,979

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2024					2023				
	Liabilities	Equity			Total	Liabilities	Equity			Total
	Other liabilities	Share Capital	Reserves	Unappropriated profit		Other liabilities	Share Capital	Reserves	Unappropriated profit	
(Rupees in '000)										
Opening balance	149,276,918	11,850,600	98,723,536	96,039,536	355,890,590	137,769,297	11,850,600	88,578,024	70,425,375	308,623,296
Impact of adoption of IFRS 9	(2,173,488)	-	-	799,307	(1,374,181)	-	-	-	-	-
Revised opening balance	147,103,430	11,850,600	98,723,536	96,838,843	354,516,409	137,769,297	11,850,600	88,578,024	70,425,375	308,623,296
Changes from financing cash flows										
Payment of lease liability against right-of-use-assets	(2,452,883)	-	-	-	(2,452,883)	(2,217,900)	-	-	-	(2,217,900)
Dividend paid	-	-	-	(42,335,753)	(42,335,753)	-	-	-	(32,308,059)	(32,308,059)
Total changes from financing cash flows	(2,452,883)	-	-	(42,335,753)	(44,788,636)	(2,217,900)	-	-	(32,308,059)	(34,525,959)
Changes arising from demerger	(4,480)	-	-	-	(4,480)	-	-	-	-	-
Liability related										
Changes in other liabilities										
- Cash based	9,921,796	-	-	-	9,921,796	(10,317,682)	-	-	-	(10,317,682)
- Dividend payable	326,407	-	-	(326,407)	-	(311,439)	-	-	311,439	-
- Non cash based	19,435,451	-	-	-	19,435,451	24,354,642	-	-	-	24,354,642
Total liability related other changes	29,683,654	-	-	(326,407)	29,357,247	13,725,521	-	-	311,439	14,036,960
Total equity related other changes	-	-	6,206,283	56,249,101	62,455,384	-	-	10,145,512	57,610,781	67,756,293
Closing balance	174,329,721	11,850,600	104,929,819	110,425,784	401,535,924	149,276,918	11,850,600	98,723,536	96,039,536	355,890,590

2024 **2023**
(Number)

39. STAFF STRENGTH

Permanent	14,171	14,306
On Bank contract	118	114
Bank's own staff strength at end of the year	14,289	14,420

39.1 In addition to the above, 102 (2023: 77) 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 91 (2023: 68) working domestically and 11 (2023: 9) working abroad.

2024 **2023**
(Number)

39.2 Staff Strength Bifurcation

Domestic	14,148	14,288
Overseas	141	132
	14,289	14,420

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

40. DEFINED BENEFIT PLAN

40.1 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.

40.2 Number of Employees under the scheme

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

	2024	2023
	(Number)	
– Pension fund – funded	5,012	5,373
– Benevolent scheme – unfunded	934	1,073
– Post retirement medical benefits – unfunded	14,035	14,178
– Employees compensated absence – unfunded	14,035	14,179

40.3 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, 2024. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2024	2023	2024	2023	2024	2023	2024	2023
	(%)							
Discount rate	12.25	15.50	12.25	15.50	12.25	15.50	12.25	15.50
Expected rate of return on plan assets	12.25	15.50	–	–	–	–	–	–
Expected rate of salary increase	10.25	13.50	10.25	13.50	–	–	10.25	13.50
Expected rate of increase in pension	0-5	0-5	–	–	–	–	–	–
Expected rate of increase in medical benefit	–	–	–	–	10.25	13.50	–	–

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

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
		(Rupees in '000)							
Present value of obligations	40.5	4,732,130	4,287,273	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190
Fair value of plan assets	40.6	(18,068,979)	(11,715,415)	–	–	–	–	–	–
(Receivable) / payable	40.7	(13,336,849)	(7,428,142)	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

40.5 Movement in defined benefit obligations

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Obligations at the beginning of the year		4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992
Current service cost	40.8.1	66,621	60,005	3,583	12,134	84,237	79,635	51,334	43,876
Interest cost		633,817	597,690	19,066	20,981	316,419	310,148	182,473	164,945
Benefits paid		(396,261)	(395,897)	(35,687)	(41,457)	(159,434)	(160,653)	(177,890)	(84,875)
Re-measurement loss / (gain)	40.8.1 & 40.8.2	140,680	(294,471)	14,740	(16,237)	(193,332)	(327,282)	(72,607)	(37,748)
Obligations at end of the year	40.4	4,732,130	4,287,273	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190

40.6 Movement in fair value of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Fair value at the beginning of the year		11,715,415	7,088,088	-	-	-	-	-	-
Interest income on plan assets		1,785,179	999,070	-	-	-	-	-	-
Benefits paid		(396,261)	(395,897)	-	-	-	-	-	-
Re-measurement gain / (loss): Net return on plan assets over interest income gain / (loss)	40.8.2	4,964,646	4,024,154	-	-	-	-	-	-
Fair value at end of the year	40.4	18,068,979	11,715,415	-	-	-	-	-	-

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

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Opening balance		(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992
(Reversal) / charge for the year	40.8.1	(1,084,741)	(341,375)	20,916	31,046	400,656	389,783	161,200	171,073
Employees' contribution		-	-	1,733	2,069	-	-	-	-
Re-measurement (gain) / loss recognised in OCI during the year	40.8.2	(4,823,966)	(4,318,625)	14,740	(16,237)	(193,332)	(327,282)	-	-
Benefits paid by the Bank		-	-	(35,687)	(41,457)	(159,434)	(160,653)	(177,890)	(84,875)
Closing balance	40.4	(13,336,849)	(7,428,142)	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

40.8 Charge for defined benefit plans

40.8.1 Cost recognised in statement of profit and loss account

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Current service cost	40.5	66,621	60,005	3,583	12,134	84,237	79,635	51,334	43,876
Net interest on defined benefit asset / liability		(1,151,362)	(401,380)	19,066	20,981	316,419	310,148	182,473	164,945
Employees' contribution		-	-	(1,733)	(2,069)	-	-	-	-
Actuarial (gain) / loss	40.5	-	-	-	-	-	-	(72,607)	(37,748)
	40.7	(1,084,741)	(341,375)	20,916	31,046	400,656	389,783	161,200	171,073

40.8.2 Re-measurements recognised in OCI during the year

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
(Gain) / loss on obligation	40.5								
Financial assumptions		404,078	(48,655)	16,936	(5,494)	107,624	(39,772)	-	-
Experience adjustments		(263,398)	(245,816)	(2,196)	(10,743)	(300,956)	(287,510)	-	-
Return on plan assets over interest income	40.6	(4,964,646)	(4,024,154)	-	-	-	-	-	-
Re-measurement (gain) / loss recognised in OCI	40.7	(4,823,966)	(4,318,625)	14,740	(16,237)	(193,332)	(327,282)	-	-

40.9 Components of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Cash and cash equivalents – net		223,500	63,273	-	-	-	-	-	-
Shares		17,546,703	11,403,500	-	-	-	-	-	-
Open ended mutual funds units		298,776	248,642	-	-	-	-	-	-
	40.4	18,068,979	11,715,415	-	-	-	-	-	-

40.9.1 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 Unconsolidated Financial Statements

For the year ended December 31, 2024

40.10 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	(248,662)	(8,410)	(264,098)	(68,185)
1% decrease in discount rate	277,285	9,371	333,963	76,052
1 % increase in expected rate of salary increase	56,367	–	–	76,776
1 % decrease in expected rate of salary increase	(53,996)	–	–	(69,958)
1% increase in expected rate of pension increase	159,518	–	–	–
1% decrease in expected rate of pension increase	(145,465)	–	–	–
1% increase in expected rate of medical benefit increase	–	–	191,324	–
1% decrease in expected rate of medical benefit increase	–	–	(161,686)	–

40.11 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.

40.12 Expected (reversal) / charge 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 (reversal) / charge for the next financial year	(1,586,275)	18,975	351,959	197,101
40.13 Maturity profile				
The weighted average duration of the obligation (in years)	7.75	7.75	7.75	7.75

40.14 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.

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For the year ended December 31, 2024

40.15 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.

41. DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 11,581 (2023: 12,061) employees where contributions are made by the Bank at 8.33% (2023: 8.33%) and employees ranging from 8.33% to 15% per annum (2023: 8.33% to 15% per annum) of the basic salary.

The Bank also operates an approved non-contributory provident fund for 504 (2023: 555) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 15% per annum (2023: 8.33% to 15% per annum) of the basic salary.

42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total compensation expense

		2024					
		Directors			President / CEO*	Key management personnel	Other material risk takers / controllers
Note		Chairman	Executive (other than CEO)	Non Executive			
(Rupees in '000)							
	42.2	8,100	-	56,200	-	12,508	63,342
		Managerial Remuneration					
		-	-	-	86,545	647,076	1,286,586
	42.1.1	-	-	-	75,000	316,543	391,880
		-	-	-	4,395	18,752	46,971
		-	-	-	33	33,669	5,978
		-	-	-	168	3,260	15,053
		-	-	-	80,000	-	-
		-	-	-	-	96,981	125,494
		-	-	-	942	-	-
		-	-	-	108	400	600
		-	-	-	44,681	-	-
		8,100	-	56,200	291,872	1,129,189	1,935,904
		1	-	12	1	30	189

*Mr. Shoaib Mumtaz completed his term as President & CEO on December 20, 2024 and Mr. Muhammad Nauman Chughtai has been appointed as the President & CEO of the Bank effective from December 21, 2024.

**This represents amounts paid to the outgoing President & CEO on account of leave encashment and post retirement medical benefit.

Notes To The Unconsolidated Financial Statements

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2023

	Directors					
	Chairman	Executive (other than CEO)	Non Executive	President / CEO	Key management personnel	Other material risk takers / controllers
	(Rupees in '000)					
Fee and allowances	6,000	-	40,200	-	12,432	32,488
Managerial Remuneration						
i) Fixed	-	-	-	75,900	521,126	1,028,087
ii) Cash Bonus / Awards / Incentives	-	-	-	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
Severance allowance	-	-	-	-	-	-
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

42.1.1 During the year 2024, Rs 52.917 million bonus has been deferred (2023: Rs. 49.619 million).

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

2024

	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	-	1,000	-	1,300	-	1,000	-	-	8,100
Mr. Tariq Rafi	1,600	-	-	-	-	-	-	-	-	1,600
Mian Umer Mansha	2,000	1,000	1,000	1,000	300	1,600	1,000	1,000	-	8,900
Mrs. Iqraa Hassan Mansha	2,000	-	-	-	400	-	600	-	-	3,000
Mr. Muhammad Ali Zeb	2,000	1,300	-	1,000	1,300	-	1,000	1,000	-	7,600
Mr. Mohd Suhail Amar Suresh	3,200	-	900	600	-	1,200	-	-	-	5,900
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	1,000	1,000	1,300	1,600	-	1,000	-	9,900
Mr. Masood Ahmed Puri	4,000	-	400	-	-	-	-	-	-	4,400
Mr. Shahzad Hussain	2,000	1,300	-	-	-	-	-	-	-	3,300
Mr. Shariffuddin Bin Khalid	1,600	400	-	-	-	-	-	-	-	2,000
Mr. Noruzkarnien Bin Nor Mohamad	2,400	600	-	-	-	-	-	-	-	3,000
Mr. Shaikh Muhammad Jawed	2,000	-	600	-	-	-	-	-	-	2,600
Total	35,600	4,600	4,900	3,600	4,600	4,400	3,600	3,000	-	64,300

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	2023									
	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	-	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
	35,200	1,900	2,000	1,600	1,300	1,500	1,500	1,200	-	46,200

42.3 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.

43. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. 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 unquoted debt securities, 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 6.5 to these unconsolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 48.

In the opinion of the management, the fair value of the remaining financial assets and financial liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

Notes To The Unconsolidated Financial Statements

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43.1 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, sukuks, 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).
Property and Equipment (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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	2024				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	1,016,058,323	–	1,016,058,323	–	1,016,058,323
Shares and units	49,810,066	49,708,452	101,614	–	49,810,066
Non-Government Debt Securities	9,807,129	–	9,807,129	–	9,807,129
Foreign Securities	58,121,060	–	58,121,060	–	58,121,060
Financial assets – disclosed but not measured at fair value					
Investments (amortised cost, unlisted ordinary shares, subsidiaries and associates)	33,656,033	–	–	–	–
Non – Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,861,626	–	64,861,626	–	64,861,626
Non-banking assets	1,901,887	–	1,901,887	–	1,901,887
Off-balance sheet financial instruments – measured at fair value					
Forward purchase of foreign exchange	71,498,197	–	726,974	–	726,974
Forward sale of foreign exchange	85,917,089	–	1,402,562	–	1,402,562
Forward purchase of government securities	301,115,690	–	2,096,975	–	2,096,975
Derivatives purchase	6,463,637	–	157,610	–	157,610
Derivatives sale	6,463,637	–	157,610	–	157,610

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	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	-	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					
Property and equipment (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

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

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44 SEGMENT INFORMATION

44.1 Segment details with respect to business activities

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

	2024								
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	(Rupees in '000)								
Profit & Loss									
Net mark-up / return / profit	(147,372,934)	7,777,501	65,061,197	215,492,159	8,136,645	-	149,094,568	-	149,094,568
Inter segment revenue – net	280,744,637	(5,578,141)	(55,924,382)	(233,615,189)	(447,739)	14,820,814	-	-	-
Non mark-up / return / interest income	13,601,926	2,852,628	9,092,731	10,108,417	2,157,830	(381,352)	37,432,180	-	37,432,180
Total Income	146,973,629	5,051,988	18,229,546	(8,014,613)	9,846,736	14,439,462	186,526,748	-	186,526,748
Segment direct expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	17,180,281	63,775,176	-	63,775,176
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	17,180,281	63,775,176	-	63,775,176
Credit loss allowance and write offs – net	2,676,558	134,097	415,594	-	(240,940)	1,346,218	4,331,527	-	4,331,527
Profit / (loss) before tax	105,505,324	2,937,587	15,472,108	(8,667,786)	7,259,849	(4,087,037)	118,420,045	-	118,420,045
Balance Sheet									
Cash and Bank balances	46,364,878	112,551	201,339	104,117,273	45,563,659	(10,206)	196,349,494	-	196,349,494
Investments	-	-	10,671,310	1,084,998,962	71,479,168	303,171	1,167,452,611	-	1,167,452,611
Net inter segment lending	1,540,925,947	-	-	-	-	306,652,585	1,847,578,532	(1,847,578,532)	-
Lendings to financial institutions	-	-	-	199,978	55,455,526	-	55,655,504	-	55,655,504
Advances – performing / underperforming – net	61,051,389	36,075,897	895,659,616	-	45,235,202	(8,455,016)	1,029,567,088	-	1,029,567,088
- non performing – net	221,802	129,398	936,180	-	9,102,756	1,669,062	12,059,198	-	12,059,198
Others	61,358,291	3,648,516	56,430,997	36,583,876	4,169,533	80,064,197	242,255,410	-	242,255,410
Total Assets	1,709,922,307	39,966,362	963,899,442	1,225,900,089	231,005,844	380,223,793	4,550,917,837	(1,847,578,532)	2,703,339,305
Borrowings	4,811,563	42,145	79,574,711	183,036,102	1,022,291	-	288,486,812	-	288,486,812
Deposits and other accounts	1,627,321,691	-	109,698,501	-	185,184,270	7,537	1,922,211,999	-	1,922,211,999
Net inter segment borrowing	-	33,742,698	739,981,530	1,042,577,045	31,277,259	-	1,847,578,532	(1,847,578,532)	-
Others	77,789,053	6,181,519	34,644,700	286,942	13,522,024	109,956,916	242,381,154	-	242,381,154
Total liabilities	1,709,922,307	39,966,362	963,899,442	1,225,900,089	231,005,844	109,964,453	4,280,658,497	(1,847,578,532)	2,433,079,965
Equity	-	-	-	-	-	270,259,340	270,259,340	-	270,259,340
Total Equity & liabilities	1,709,922,307	39,966,362	963,899,442	1,225,900,089	231,005,844	380,223,793	4,550,917,837	(1,847,578,532)	2,703,339,305
Contingencies & Commitments	77,434,778	-	416,240,574	471,458,250	13,340,003	31,303,828	1,009,777,433	-	1,009,777,433
	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 / (loss) 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	-	9,015,425	505,600	11,945,465	-	11,945,465
Others	58,036,413	4,929,573	59,669,219	108,819,168	1,977,881	64,440,642	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

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44.2 Segment details with respect to geographical locations

Geographical Segment Analysis

	2024					
	Pakistan	South Asia	Middle East	Sub-total	Eliminations	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	140,945,022	1,421,346	6,728,200	149,094,568	-	149,094,568
Inter segment revenue – net	318,073	(132,504)	(185,569)	-	-	-
Non mark-up / return / interest income	35,273,492	286,145	1,872,543	37,432,180	-	37,432,180
Total Income	176,536,587	1,574,987	8,415,174	186,526,748	-	186,526,748
Segment direct expenses	60,952,262	1,084,184	1,738,730	63,775,176	-	63,775,176
Total expenses	60,952,262	1,084,184	1,738,730	63,775,176	-	63,775,176
Credit loss allowance and write offs – net	4,572,467	(179,498)	(61,442)	4,331,527	-	4,331,527
Profit before tax	111,011,858	670,301	6,737,886	118,420,045	-	118,420,045
Balance Sheet						
Cash and Bank balances	151,395,630	3,304,063	41,649,801	196,349,494	-	196,349,494
Investments	1,095,973,443	11,119,781	60,359,387	1,167,452,611	-	1,167,452,611
Net inter segment lendings	28,850,057	-	-	28,850,057	(28,850,057)	-
Lendings to financial institutions	199,978	95,100	55,360,426	55,655,504	-	55,655,504
Advances – performing / underperforming – net	984,437,404	8,510,587	36,619,097	1,029,567,088	-	1,029,567,088
- non performing – net	11,498,493	560,705	-	12,059,198	-	12,059,198
Others	238,115,601	1,360,854	2,778,955	242,255,410	-	242,255,410
Total Assets	2,510,470,606	24,951,090	196,767,666	2,732,189,362	(28,850,057)	2,703,339,305
Borrowings	267,464,520	427,950	594,342	268,486,812	-	268,486,812
Deposits and other accounts	1,741,730,189	14,367,385	166,114,425	1,922,211,999	-	1,922,211,999
Net inter segment borrowing	-	9,236,833	19,613,224	28,850,057	(28,850,057)	-
Others	231,016,557	918,922	10,445,675	242,381,154	-	242,381,154
Total liabilities	2,240,211,266	24,951,090	196,767,666	2,461,930,022	(28,850,057)	2,433,079,965
Equity	270,259,340	-	-	270,259,340	-	270,259,340
Total Equity & liabilities	2,510,470,606	24,951,090	196,767,666	2,732,189,362	(28,850,057)	2,703,339,305
Contingencies & Commitments	996,437,431	839,081	12,500,921	1,009,777,433	-	1,009,777,433
2023						
	Pakistan	South Asia	Middle East	Sub-total	Eliminations	Total
(Rupees in '000)						
Profit & Loss						
Net mark-up / return / profit	140,443,861	2,417,141	4,839,758	147,700,760	-	147,700,760
Inter segment revenue – net	254,652	(109,096)	(145,556)	-	-	-
Non mark-up / return / interest income	30,720,476	468,329	1,727,082	32,915,887	-	32,915,887
Total Income	171,418,989	2,776,374	6,421,284	180,616,647	-	180,616,647
Segment direct expenses	52,470,330	1,150,406	1,382,474	55,003,210	-	55,003,210
Total expenses	52,470,330	1,150,406	1,382,474	55,003,210	-	55,003,210
(Reversals) / Provisions	(390,749)	275,931	487,696	372,878	-	372,878
Profit before tax	119,339,408	1,350,037	4,551,114	125,240,559	-	125,240,559
Balance Sheet						
Cash and Bank balances	165,962,973	4,443,283	35,383,528	205,789,784	-	205,789,784
Investments	1,196,863,772	11,251,094	41,324,481	1,249,439,347	-	1,249,439,347
Net inter segment lendings	24,880,839	-	-	24,880,839	(24,880,839)	-
Lendings to financial institutions	33,703,733	348,080	62,161,587	96,213,400	-	96,213,400
Advances – performing	540,716,935	7,784,909	17,416,020	565,917,864	-	565,917,864
- non performing – net	11,680,388	265,077	-	11,945,465	-	11,945,465
Others	295,925,730	1,033,069	914,097	297,872,896	-	297,872,896
Total Assets	2,269,734,370	25,125,512	157,199,713	2,452,059,595	(24,880,839)	2,427,178,756
Borrowings	213,201,158	1,653,380	1,756,508	216,611,046	-	216,611,046
Deposits and other accounts	1,653,323,219	14,371,520	137,692,555	1,805,387,294	-	1,805,387,294
Net inter segment borrowing	-	8,295,534	16,585,305	24,880,839	(24,880,839)	-
Others	172,503,124	805,078	1,165,345	174,473,547	-	174,473,547
Total liabilities	2,039,027,501	25,125,512	157,199,713	2,221,352,726	(24,880,839)	2,196,471,887
Equity	230,706,869	-	-	230,706,869	-	230,706,869
Total Equity & liabilities	2,269,734,370	25,125,512	157,199,713	2,452,059,595	(24,880,839)	2,427,178,756
Contingencies & Commitments	798,017,289	172,134	15,283,605	813,473,028	-	813,473,028

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

44.3 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.

44.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2024 or 2023.

45 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	2024				Total
	Number of IPS Accounts	Securities Held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
(Rupees in '000)					
Corporates	106	160,224,450	126,946,300	2,600	287,173,350
Insurance Companies	10	8,250,000	4,700,000	–	12,950,000
Asset Management Companies	40	40,920,635	625,000	–	41,545,635
Pension & Employee Funds	153	60,342,530	53,664,500	–	114,007,030
NGO / Charitable Organisation	30	7,000,560	774,500	–	7,775,060
Individuals	2,569	4,855,055	1,499,800	107,800	6,462,655
Others	76	144,208,225	184,175,600	382,500	328,766,325
Total	2,984	425,801,455	372,385,700	492,900	798,680,055

Category	2023				Total
	Number of IPS Accounts	Securities Held (Face Value)			
		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

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46 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:

	2024						2023					
	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	-	-	9,000,000	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	76,600,000	-	-	-	-	-	78,200,000	-	-	-
Repaid during the year	-	-	(85,600,000)	-	-	-	-	-	(69,200,000)	-	-	-
Closing balance	-	-	-	-	-	-	-	-	9,000,000	-	-	-
Credit loss allowance held against lending to financial institutions*	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	16,988,237	700,401	249,253	-	-	-	16,318,312	700,401	249,253	-
Investment made during the year	-	-	1,000,000	-	-	-	-	-	649,925	-	-	-
Investment disposed off during the year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	17,988,237	700,401	249,253	-	-	-	16,968,237	700,401	249,253	-
Credit loss allowance for diminution in value of investments*	-	-	-	-	-	-	-	-	-	-	-	-
Advances												
Opening balance	1,436	339,386	581,933	-	1,509,280	1,543	281,237	1,039,898	-	-	4,445,292	-
Addition / exchange adjustment during the year	33,104	111,052	32,121	-	4,911,914	5,963	95,327	-	-	-	914,191	-
Repaid / exchange adjustment during the year	(13,883)	(108,796)	-	-	(1,132,390)	(6,070)	(85,184)	(457,965)	-	-	(3,850,203)	-
Transfer in / (out)	-	26,415	-	-	-	-	48,006	-	-	-	-	-
Closing balance	20,707	368,057	614,054	-	5,288,804	1,436	339,386	581,933	-	-	1,509,280	-
Credit loss allowance against advances*	(747)	(12,374)	(1,248)	-	(9,864)	-	-	-	-	-	-	-
Property and equipment												
Purchase of Property and equipment	-	-	-	25,666	541,045	-	-	-	-	7,533	191,247	-

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	2024						2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties		
	(Rupees in '000)											
Other Assets												
Income / markup accrued	-	3,924	7,188	-	64,558	-	4,302	22,354	-	26,675		
Advances, deposits, advance rent and other prepayments	-	-	88,594	470,036	26,329	-	-	25,663	573,809	25,684		
Receivable from pension fund	-	-	-	-	13,336,850	-	-	-	-	7,428,143		
	-	3,924	95,782	470,036	13,427,737	-	4,302	48,017	573,809	7,480,502		
Credit loss allowance against other assets*	-	(104)	(16)	-	(98)	-	-	-	-	-		
Borrowings												
Opening balance	-	-	71,914	-	-	-	-	5,146	-	-		
Borrowings / exchange adjustment during the year	-	-	4,474,959	-	-	-	-	4,458,449	-	-		
Settled during the year	-	-	(4,513,148)	-	-	-	-	(4,391,681)	-	-		
Closing balance	-	-	33,725	-	-	-	-	71,914	-	-		
Deposits and other accounts												
Opening 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		
Received during the year	6,929,977	2,661,377	46,786,972	75,020,811	225,529,950	4,574,426	1,701,697	9,730,003	90,801,961	108,421,525		
Withdrawn during the year	(9,815,845)	(2,658,593)	(45,949,690)	(74,163,605)	(227,616,705)	(1,733,287)	(1,718,969)	(9,815,360)	(88,104,394)	(103,993,441)		
Transfer (out) / in - net	(1,035)	867	-	-	373,223	-	33,644	-	-	10,161		
Closing balance	147,783	204,135	939,294	9,178,670	8,319,616	3,034,686	200,484	102,012	8,321,464	10,033,148		
Other Liabilities												
Markup / return / interest payable	1,342	2,403	7,122	171,862	114,516	-	2,009	-	121,341	5,268		
Accrued expenses and other payable	-	-	38,452	92,360	32,760	-	-	24,157	47,714	168		
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-		
	1,342	2,403	65,574	264,222	147,276	-	2,009	44,157	169,055	5,436		
Credit loss allowance against off-balance sheet obligations*	-	-	245	476	10,086	-	-	-	-	-		
Contingencies and Commitments												
Letter of Credit	-	-	-	-	4,111,927	-	-	-	-	5,009,367		
Bank guarantee	-	-	178,575	8,734,277	1,846,504	-	-	174,196	8,839,177	1,722,909		
	-	-	178,575	8,734,277	5,958,431	-	-	174,196	8,839,177	6,732,276		

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	2024						2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties		
	(Rupees in '000)											
Income												
Markup / return / interest earned	-	19,489	477,009	-	155,267	36	18,703	354,046	-	122,956		
Fee and commission income	3	-	298,109	1,054,427	30,231	1	-	188,545	941,366	15,076		
Dividend income	-	-	351,726	210,000	121,416	-	-	322,415	219,704	68,786		
Gain on forward foreign exchange contracts matured	-	-	-	-	100,133	-	-	-	-	35,516		
Net gain / (loss) on sale of securities	7	98	91	5,400	6,245	2	(21)	-	1,565	1,321		
Gain on sale of Property and equipment	-	258	-	-	460	-	222	19,193	-	74		
Rent income	-	-	106,328	11,106	6,263	-	-	73,003	10,486	6,234		
Expense												
Markup / return / interest expensed	62,677	20,606	157,627	741,546	1,740,402	69,550	9,826	9,150	701,869	1,124,951		
Other Operating expenses												
Clearing expenses paid to NIFT	-	-	-	-	232,583	-	-	-	-	212,457		
Contribution to provident fund	-	-	-	-	600,768	-	-	-	-	550,373		
Rent expenses	-	-	-	87,195	61,256	-	-	-	79,159	56,339		
Professional Fee	-	-	7,352	-	-	-	-	-	-	-		
Cash sorting expenses	-	-	-	-	130,968	-	-	-	-	139,365		
Stationery expenses	-	-	-	-	406,608	-	-	-	-	544,568		
Security guards expenses	-	-	-	-	5,492	-	-	-	-	57,010		
Remuneration to key executives and non-executive directors fee	356,172	1,129,189	-	-	-	172,935	931,491	-	-	-		
Outsourcing service expenses	-	-	-	134,242	-	-	-	-	138,578	-		
Donations	-	-	-	-	-	-	-	-	-	15,000		
E-dividend processing fee and CDC charges	-	-	-	-	9,265	-	-	-	-	5,836		
Travelling Expenses	-	-	-	-	109,109	-	-	-	-	68,341		
Hotel stay expenses	-	-	-	-	17,615	-	-	-	-	5,120		
Repair & Maintenance Charges	-	-	-	-	7,512	-	-	-	-	4,383		
Utility expenses	-	-	-	-	3,021	-	-	-	-	1,875		
Miscellaneous expenses and payments	-	-	-	-	4,102	-	-	-	-	2,696		
Insurance premium-net of refund	-	-	-	871,082	-	-	-	-	1,080,940	-		
Insurance claim settled	-	-	-	85,631	-	-	-	-	52,763	-		
Other Transactions												
Proceeds from sale of Property and equipment	-	361	9,398	-	3,463	-	222	23,000	-	89		
Payment against scheme of demerger	-	-	5,000,788	-	-	-	-	-	-	-		
Sale of foreign currency	-	-	3,997,851	-	-	-	-	29,468,840	-	-		
Purchase of foreign currency	-	-	4,275,276	-	-	-	-	33,534,409	-	-		
Payments against home remittances	-	-	4,441,954	-	-	-	-	5,709,744	-	-		
Reimbursement of other expenses	-	-	94,266	-	-	-	-	73,846	-	-		
Sale of government securities	123,702	106,754	160,611	10,250,745	24,680,305	60,911	120,574	-	31,221,203	29,041,986		
Purchase of government securities	-	126,317	-	10,236,331	16,842,651	4,995	124,150	-	10,477,465	71,813,813		
Forward exchange contracts matured during the year	-	-	-	-	10,257,277	-	-	-	-	12,692,596		
Insurance premium paid on behalf of related party	-	-	-	-	-	-	-	-	-	67,504		

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.

The Chairman has been provided with free use of the Bank's 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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For the year ended December 31, 2024

		2024	2023
		(Rupees in '000)	
47	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
	47.1 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	216,926,557	189,956,074
	Eligible Additional Tier 1 (ADT 1) Capital	–	–
	Total Eligible Tier 1 Capital	216,926,557	189,956,074
	Eligible Tier 2 Capital	53,942,822	34,993,403
	Total Eligible Capital (Tier 1 + Tier 2)	270,869,379	224,949,477
	Risk Weighted Assets (RWAs):		
	Credit Risk	892,722,644	710,062,627
	Market Risk	209,096,250	158,148,274
	Operational Risk	298,196,285	235,260,192
	Total	1,400,015,179	1,103,471,093
	Common Equity Tier 1 Capital Adequacy ratio	15.49%	17.21%
	Tier 1 Capital Adequacy Ratio	15.49%	17.21%
	Total Capital Adequacy Ratio	19.35%	20.39%

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, 2024 stood at Rs. 11.851 billion (2023: 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.

		2024	2023
		(Rupees in '000)	
	47.2 Leverage Ratio (LR):		
	Eligible Tier-1 Capital	216,926,557	189,956,074
	Total Exposures	3,405,253,089	3,079,976,278
	Leverage Ratio	6.37%	6.17%

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

	2024	2023
	(Rupees in '000)	
47.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,355,092,505	1,122,745,627
Total Net Cash Outflow	561,499,238	447,994,607
Liquidity Coverage Ratio	241.33%	250.62%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,697,337,126	1,534,467,842
Total Required Stable Funding	1,323,057,743	1,040,919,407
Net Stable Funding Ratio	128.29%	147.41%

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>.

48 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. The 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.

Notes To The Unconsolidated Financial Statements

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The MC&RC and 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. Risk Appetite review is carried out in regular meetings of RM&PRC.

48.1 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. The Bank's credit risk management philosophy is aligned with its overall business strategy and direction, as established by the Board of Directors. The Bank is committed to conducting thorough due diligence to ensure that credit risks are properly analyzed, quantified, disclosed and managed. 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 a well-defined credit policy approved by the Board of Directors, which guides its lending activities. The credit evaluation system consists of robust credit appraisal, sanctioning, and review procedures to ensure prudence in lending and maintain a high-quality asset portfolio. The comprehensive credit risk management framework encompasses following policies and procedures:

- 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.

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

Notes To The Unconsolidated Financial Statements

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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 to manage concentrations in terms of risk quality, industry and large exposure. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

An internal credit rating system is in place, which is capable of quantifying counter-party risk. The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises and Agricultural portfolios. These models are designed using a diverse array of qualitative and quantitative variables, each assigned specific weights or scores. The aggregate score of these variables is mapped to determine the final obligor risk rating. These models are regularly validated and updated to maintain their predictive accuracy.

Management of Non Performing Loans

To handle the specialized requirements of managing delinquent and problem accounts, the Bank has a separate Special Asset Management function to negotiate repayment / settlement of the Bank's non-performing exposure and protect the interests of the Bank. The priority of the Special Asset Management (SAM) function is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Bank are protected. Where no other recourse is possible, SAM may proceed with legal recourse so as to maximize the recovery of the Bank's assets. The Risk Management Group also monitors NPL portfolio of the Bank and reports the same to Board's sub-committee i.e.; Risk Management & Portfolio Review Committee.

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. Additionally, 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.

48.1.1 Credit risk – general disclosures Basel specific

The Bank uses the Standardized Approach (SA) of the SBP's Basel accord to estimate credit risk-weighted assets. This approach allows the Bank to consider external ratings from specified External Credit Assessment Institutions (ECAIs) when calculating risk-weighted assets. A detailed procedural manual outlining the processes for deriving Credit Risk Weighted Assets is in place and adhered to by the Bank.

48.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

48.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), VIS, Moody's, Fitch and Standard & Poor's.

48.1.3 Disclosures with respect to credit risk mitigation for standardised approach

48.1.3.1 Credit risk mitigation policy

The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

Notes To The Unconsolidated Financial Statements

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48.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Bank makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

48.1.3.3 Types of collaterals

The Bank describes the appropriate collateral for respective facility based on the category of product and counterparty. There are two types of collateral:

- Primary collateral comprises assets that are acquired / to be acquired through Bank 's financing i.e. hypothecation and pledge of stocks in case of Running Finance and Cash Finance facilities respectively.
- Secondary collateral is in addition to primary collateral and it serves the purpose of additional security. Generally, for short term financing facilities, tangible fixed assets i.e. immovable properties are required as secondary collateral.

48.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Bank considers various types of financial collaterals that are eligible under the SBP Basel III accord. This includes cash / TDRs, gold and securities issued by Government of Pakistan such as T-Bills and PIBs.

48.1.3.5 Credit concentration risk

The Bank manages credit concentration risk by monitoring exposure to single borrowers, groups, industries and geographical regions. Regulatory limits are in place to prevent excessive exposure on single Obligor and Group basis, while, Industry concentration limits are in place (as part of Bank's Global Risk Appetite Statement) to monitor excessive exposures to any specific industry. Moreover, geographic concentration limits are also in place for Pakistan.

Particulars of the Bank's on-balance sheet and off-balance sheet credit risk in various sectors are analysed in note 48.1.4 to note 48.1.7

48.1.3.6 Methodologies and models used for measurement of Expected Credit Loss (ECL)

The Bank's has established a comprehensive policy framework to enable it in complying with the accounting and provisioning requirements as set out in IFRS 9 by the International Accounting Standards Board's (IASB's) and IFRS 9 Application Instructions issued by the State Bank of Pakistan (SBP), as amended from time to time.

The key elements of the policy framework include:

- Bank's governance structure (i.e. ownership, roles and responsibilities) to organize the operational, financial and risk management and reporting processes for IFRS 9 implementation;
- Implementing requirements related to identification, recognition, classification, measurement, impairment and de-recognition of financial instruments; and
- Interpretation and guidance on the technical areas of IFRS 9 related to computation of ECL allowance; including developing an ECL allowance methodology and corresponding measurement models for Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Based on the above framework, key details about significant data inputs and assumptions used in the ECL allowance estimation process have been disclosed in note. 6.1.1.5

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48.1.4 Lending's to financial institutions

Credit risk by public / private sector

Note	Gross lendings		Non-performing lendings		Credit loss allowance / Provision held					
	2024	2023	2024	2023	Stage 1		Stage 2		Stage 3	
					2024	2023	2024	2023	2024	2023
(Rupees in '000)										
Public / Government	55,455,526	62,509,667	-	-	-	-	-	-	-	-
Private	200,000	33,703,733	-	-	(22)	-	-	-	-	-
9	55,655,526	96,213,400	-	-	(22)	-	-	-	-	-

48.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance / Provision held					
	2024	2023	2024	2023	Stage 1		Stage 2		Stage 3	
					2024	2023	2024	2023	2024	2023
(Rupees in '000)										
Chemical and pharmaceuticals	885,000	885,000	-	-	4,609	-	-	-	-	-
Financials including										
government securities	1,093,499,950	1,233,922,181	118	118	-	-	640,873	-	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	-	-	-	-	285,000	285,000
Manufacture of sugar	144,676	145,656	144,676	145,656	-	-	-	-	144,676	145,656
Manufacture of textiles	40,732	40,732	40,732	40,732	-	-	-	-	40,732	40,732
Others	4,952	6,153	4,952	6,153	-	-	-	-	4,952	6,153
	1,094,860,310	1,235,284,722	475,478	477,659	4,609	-	640,873	-	475,478	477,659
Credit risk by public / private sector										
Public / Government	1,084,450,363	1,224,250,377	-	-	-	-	640,873	-	-	-
Private	10,409,947	11,034,345	475,478	477,659	4,609	-	-	-	475,478	477,659
	1,094,860,310	1,235,284,722	475,478	477,659	4,609	-	640,873	-	475,478	477,659

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Note		Gross advances		Non-performing advances		Credit loss allowance / Provision held					
						Stage 1		Stage 2		Stage 3	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		(Rupees in '000)									
48.1.6	Advances										
	Credit risk by industry sector										
	Agriculture, forestry and fishing	6,879,384	7,036,186	291,266	210,349	48,712	-	44,648	-	233,188	152,678
	Construction	10,986,733	9,394,638	120,164	162,106	93,362	-	21,226	-	120,164	154,891
	Electricity, gas, steam and air conditioning supply	51,493,380	22,897,719	1,642,139	1,718,379	162,178	-	145,221	-	981,909	399,402
	Electronics and electrical appliances	15,737,127	5,769,845	85,471	86,871	25,289	-	-	-	85,471	86,871
	Financials	212,716,581	17,997,916	128,760	135,349	154,945	-	1,942	-	128,760	135,349
	Footwear and Leather garments	2,194,464	3,143,550	147,255	153,954	5,200	-	257	-	147,255	153,954
	Human health and social work activities	338,177	1,115,624	41,605	41,605	1,766	-	-	-	41,605	41,605
	Individuals	43,461,788	49,029,122	1,586,643	2,708,709	784,955	-	178,643	-	1,433,767	2,444,836
	Manufacture of basic metals and metal products	11,359,321	14,949,485	4,308,988	2,868,135	2,848	-	14,911	-	4,308,988	2,865,390
	Manufacture of cement	60,971,819	24,089,960	392,862	392,862	34,107	-	-	-	392,862	392,862
	Manufacture of chemicals and pharmaceutical products	39,907,983	36,573,944	192,637	180,474	45,810	-	13,360	-	192,637	180,474
	Manufacture of coke and refined petroleum products	6,656,783	9,570,242	378,870	1,437,983	1,327	-	-	-	189,435	1,226,607
	Manufacture of food & beverages products	70,875,793	48,729,007	6,259,739	4,932,572	110,208	-	81,033	-	4,795,932	4,660,318
	Manufacture of machinery, equipment and transport Equipment	6,966,620	4,589,454	362,264	364,664	7,528	-	9,468	-	362,264	364,664
	Manufacture of rubber and plastics products	8,495,909	5,138,473	455,558	499,938	18,856	-	3,206	-	455,558	499,938
	Manufacture of sugar	73,122,372	31,978,439	3,597,751	3,966,501	116,706	-	20,321	-	3,597,751	3,966,501
	Manufacture of textiles	266,954,921	122,111,424	11,760,765	11,753,330	334,735	-	40,947	-	11,160,248	11,519,444
	Mining and quarrying	6,523,637	3,086,070	5,414	5,180	5,085	-	-	-	5,414	5,180
	Manufacturing of Pulp, Paper, Paperboard	13,315,011	10,613,660	176,349	176,349	41,141	-	-	-	176,349	176,349
	Ship Breaking	3,015,955	3,431,765	2,871,265	3,095,601	52	-	-	-	2,871,265	3,095,601
	Services	16,467,429	15,805,363	332,742	443,359	45,698	-	100,442	-	307,484	394,159
	Telecommunications	57,760,123	42,082,390	57,304	53,352	240,670	-	-	-	57,304	53,352
	Transportation and storage	25,498,262	79,768,952	432,822	1,094,713	22,716	-	-	-	432,822	450,034
	Wholesale and retail traders	77,307,964	50,052,813	17,610,594	16,999,306	91,644	-	158,679	-	8,702,173	8,205,884
	Others	5,814,630	3,468,721	311,991	400,954	5,456	-	11,678	-	311,415	310,787
11		1,094,822,166	622,424,762	53,551,218	53,882,595	2,400,994	-	845,982	-	41,492,020	41,937,130
	Credit risk by public / private sector										
	Public / Government	114,286,772	101,930,464	575,948	1,209,531	154,088	-	135,367	-	575,948	564,853
	Private	980,535,394	520,494,298	52,975,270	52,673,064	2,246,906	-	710,615	-	40,916,072	41,372,277
11		1,094,822,166	622,424,762	53,551,218	53,882,595	2,400,994	-	845,982	-	41,492,020	41,937,130

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Note	2024	2023
	(Rupees in '000)	
48.1.7 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, forestry and fishing	129,363	74,488
Construction	21,498,516	24,646,846
Electricity, gas, steam and air conditioning supply	42,286,349	37,869,383
Electronics and electrical appliances	11,047,526	7,936,907
Financials	523,304,417	310,876,439
Footwear and Leather garments	1,035,521	1,410,701
Human health and social work activities	376,100	1,329,450
Individuals	3,992,915	2,737,589
Manufacture of basic metals and metal products	6,837,963	8,582,109
Manufacture of cement	2,913,044	8,426,893
Manufacture of chemicals and pharmaceutical products	35,201,485	41,624,140
Manufacture of coke and refined petroleum products	37,656,846	39,843,603
Manufacture of food & beverages products	55,552,737	48,868,717
Manufacture of machinery, equipment and transport Equipment	30,367,203	26,073,202
Manufacture of rubber and plastics products	6,348,324	9,386,350
Manufacture of sugar	7,059,325	8,604,328
Manufacture of textiles	84,249,995	38,858,119
Mining and quarrying	1,020,858	256,477
Manufacturing of Pulp, Paper, Paperboard	4,861,428	4,095,452
Ship Breaking	1,361,315	1,939,188
Services	27,747,849	67,732,003
Telecommunications	22,621,289	24,176,428
Transportation and storage	273,585	3,397,134
Wholesale and retail traders	53,863,014	49,688,797
Others	28,170,466	45,038,285
26	1,009,777,433	813,473,028
Credit risk by public / private sector		
Public / Government	143,314,327	239,067,457
Private	866,463,106	574,405,571
26	1,009,777,433	813,473,028

48.1.8 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 418,580.786 million (2023: Rs. 357,105.559 million) are as following:

	2024	2023
	(Rupees in '000)	
Funded	313,154,688	92,555,618
Non Funded	105,426,098	264,549,941
Total Exposure	418,580,786	357,105,559

The sanctioned limits against these top 10 exposures aggregated to Rs. 467,887.030 million (2023: Rs. 411,686.375 million). There is no provision against these top 10 exposures. For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

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48.1.9 Advances – Province / Region-wise Disbursement & Utilization

		2024					
		Disbursements		Utilization			
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Province / Region							
Punjab	703,321,077	661,771,569	32,890,006	7,757,008	–	902,487	7
Sindh	850,477,353	9,021,364	822,510,404	874,026	18,071,270	132	157
KPK including FATA	3,631,580	223	162	3,631,185	–	10	–
Balochistan	85,191	53	223	–	84,915	–	–
Islamabad	229,757,203	1,019	533	2,579,649	–	227,176,002	–
AJK including Gilgit-Baltistan	3,719,485	695	–	–	–	–	3,718,790
	1,790,991,889	670,794,923	855,401,328	14,841,868	18,156,185	228,078,631	3,718,954

		2023					
		Disbursements		Utilization			
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Province / Region							
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

48.2 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 the 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.

The Bank has clearly defined, in its Global Risk Management policy, the positions which shall be subject to trading book treatment. The definition covers the accounting classifications as well as positions booked by different business groups/functions under FVOCI category. The assets subject

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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 regulatory requirements.

The Bank measures and manages Market Risk by using different risk parameters with combinations of various limits. The Board approved Risk Appetite and Global Risk Management Policy provide guidelines for assuming controlled market risk, its monitoring, reporting 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 the bank. In-house developed 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. Interest rate risk is measured through the risk parameters viz. duration, Price Value of a Basis Point (PVBP), and VaR on individual security basis as well as on portfolio basis. The result of these paramaters are presented to the senior management for review on a daily basis.

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.

48.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	168,507,615	-	168,507,615	170,716,648	-	170,716,648
Balances with other banks	27,841,879	-	27,841,879	35,073,136	-	35,073,136
Lendings to financial institutions	55,655,504	-	55,655,504	96,213,400	-	96,213,400
Investments	83,466,099	1,083,986,512	1,167,452,611	40,588,469	1,208,850,878	1,249,439,347
Advances	1,041,626,286	-	1,041,626,286	577,863,329	-	577,863,329
Property and equipment	82,694,343	-	82,694,343	76,943,546	-	76,943,546
Right-of-use assets	6,045,346	-	6,045,346	5,877,865	-	5,877,865
Intangible assets	1,314,143	-	1,314,143	1,035,483	-	1,035,483
Other assets	152,201,578	-	152,201,578	214,016,002	-	214,016,002
	1,619,352,793	1,083,986,512	2,703,339,305	1,218,327,878	1,208,850,878	2,427,178,756

48.2.2 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 the 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 is in place to control risk. Bank's net open position and Foreign Exchange Exposure Limit (FEEL) are 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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	2024				2023			
	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	104,553,344	60,845,424	(45,973,381)	(2,265,461)	116,612,799	62,765,390	(56,527,384)	(2,679,975)
Sri Lankan Rupees	-	71,537	-	(71,537)	-	50,950	-	(50,950)
Arab Emirates Dirham	138,281	399,938	(482,720)	(744,377)	859,122	27,393	76,156	907,885
Euro	14,105,890	11,276,650	(2,844,201)	(14,961)	15,788,001	13,644,389	(2,169,115)	(25,503)
Great Britain Pound Sterling	8,778,457	8,722,225	(69,941)	(13,709)	8,539,286	8,567,976	-	(28,690)
Japanese Yen	49,008	12	(9,809)	39,187	21,757	13	-	21,744
Chinese Yuan	3,343,783	22,853	(3,286,685)	34,245	1,761,878	25,929	(1,534,217)	201,732
Other currencies	528,230	299,753	(39,715)	188,762	591,606	352,688	19,203	258,121
	131,496,993	81,638,392	(52,706,452)	(2,847,851)	144,174,449	85,434,728	(60,135,357)	(1,395,636)

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Statement of profit and loss account		(28,479)	-	(13,956)
- Other comprehensive income		210,834	-	185,690

48.2.3 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 limits, 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 prices 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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Other comprehensive income		- 2,490,503	-	1,269,530

48.2.4 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:

	2024		2023	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Statement of profit and loss account	(1,442,540)	-	(3,863,898)	-
- Other comprehensive income	-	(7,458,431)	-	(7,236,827)

The Bank has classified FVOCI investments as Trading in Basel-II.

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48.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective yield/ interest rate	Total	Exposed to Yield/ Interest risk							Non-interest bearing financial instruments	
		2024								
		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
(Rupees in '000)										
On-balance sheet financial instruments										
Assets										
	Cash and balances with treasury banks	8,178,869	-	-	-	-	-	-	-	160,328,746
1.18%	Balances with other banks	22,666,652	475,500	-	-	-	-	-	-	4,699,727
9.81%	Lending to financial institutions	55,555,515	-	99,989	-	-	-	-	-	-
18.60%	Investments	197,684,989	223,968,188	369,909,892	90,893,693	37,988,187	86,324,155	73,899,711	16,931,610	69,852,186
16.87%	Advances	842,678,584	149,361,051	26,651,888	2,425,277	2,821,008	3,700,890	2,768,937	6,254,029	4,964,622
	Other assets	-	-	-	-	-	-	-	-	128,203,498
	Total	1,126,764,609	373,804,739	396,661,769	93,319,970	40,809,195	90,025,045	76,668,648	23,185,639	363,084,157
Liabilities										
	Bills payable	41,827,458	-	-	-	-	-	-	-	41,827,458
14.85%	Borrowings	268,466,812	18,070,439	15,892,526	1,770,105	3,371,675	3,001,021	4,778,780	19,694,881	51,151
9.23%	Deposits and other accounts	937,098,914	24,357,569	11,992,982	4,421,409	178,408	118,154	20,439	-	944,024,124
	Other liabilities	141,913,901	-	-	-	-	-	-	-	141,913,901
	Total	1,129,296,085	42,428,008	27,885,508	6,191,514	3,550,083	3,119,175	4,799,219	19,694,881	1,127,765,463
Off-balance sheet gap										
On-balance sheet gap										
	FX options purchase	329,293	631,413	1,710,110	3,792,821	-	-	-	-	-
	Forward purchase of Government securities	87,918,950	213,196,740	-	-	-	-	-	-	-
	Foreign exchange contracts purchase	35,161,297	22,514,310	11,756,471	2,066,119	-	-	-	-	-
	Total	123,409,540	236,342,463	13,466,581	5,859,940	-	-	-	-	-
Off-balance sheet financial instruments										
	FX options sale	329,293	631,413	1,710,110	3,792,821	-	-	-	-	-
	Forward sale of Government securities	-	-	-	-	-	-	-	-	-
	Cross Currency Swaps sale	-	-	-	-	-	-	-	-	-
	Foreign exchange contracts sale	39,030,442	26,890,638	13,205,867	6,790,242	-	-	-	-	-
	Total	39,359,735	27,521,951	14,915,977	10,583,063	-	-	-	-	-
Off-balance sheet gap										
	Total	84,049,805	208,820,512	(1,449,396)	(4,724,123)	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap										
	Total	71,859,266	540,197,243	367,326,665	82,403,333	37,259,112	86,905,870	71,869,429	3,490,758	4,913,471
Cumulative Yield / Interest Risk Sensitivity Gap										
	Total	71,859,266	612,056,509	979,383,374	1,061,786,707	1,099,045,819	1,185,951,689	1,257,821,118	1,266,225,347	1,266,225,347

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

Effective yield / interest rate	Total	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments		
		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				
		(Rupees in '000)												
		On-balance sheet financial instruments												
		Assets												
			8,541,394	-	-	-	-	-	-	-	-	-	-	162,175,254
1.36%	170,716,648	23,916,124	1,982,071	-	-	-	-	-	-	-	-	-	-	9,194,941
14.08%	35,073,136	88,280,584	6,102,166	1,220,433	610,217	-	-	-	-	-	-	-	-	-
18.24%	96,213,400	267,156,562	109,581,374	342,850,258	361,885,741	41,070,293	2,263,899	36,602,439	44,164,033	43,814,748	-	-	-	-
17.89%	1,249,489,347	510,531,023	18,238,275	13,022,240	4,486,024	3,701,726	3,311,876	3,023,723	6,866,392	14,682,050	-	-	-	-
	577,863,329	-	-	-	-	-	-	-	-	-	-	-	-	200,369,250
	200,369,250	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,329,675,110	898,425,687	135,883,886	357,192,931	366,931,982	44,772,019	5,575,775	39,626,162	51,030,425	14,682,050	-	-	-	415,554,193
		Liabilities												
			-	-	-	-	-	-	-	-	-	-	-	-
14.13%	25,095,911	129,771,115	25,786,486	16,166,000	1,863,880	3,614,296	3,486,431	7,176,468	28,741,370	-	-	-	-	25,095,911
8.64%	216,611,046	892,724,908	17,810,799	12,713,316	9,720,114	1,563,650	162,008	56,628	-	-	-	-	-	870,633,871
	1,805,387,294	-	-	-	-	-	-	-	-	-	-	-	-	-
	111,547,644	-	-	-	-	-	-	-	-	-	-	-	-	111,547,644
	2,158,641,895	1,022,496,023	43,597,265	28,881,316	11,568,994	5,177,946	3,648,439	7,233,096	28,741,370	-	-	-	-	1,007,277,426
	171,033,215	(124,070,336)	92,286,601	328,311,615	355,942,988	39,594,073	1,927,336	32,393,066	22,289,055	14,682,050	-	-	-	(591,723,233)
	On-balance sheet gap													
		Off-balance sheet financial instruments												
			286,716	450,267	-	-	-	-	-	-	-	-	-	-
	736,983	15,197,000	-	-	-	-	-	-	-	-	-	-	-	-
	15,197,000	60,791	-	-	-	-	-	-	-	-	-	-	-	-
	60,791	54,157,544	21,703,681	6,774,716	-	-	-	-	-	-	-	-	-	-
	82,635,941	-	-	-	-	-	-	-	-	-	-	-	-	-
	98,630,715	69,702,051	22,153,948	6,774,716	-	-	-	-	-	-	-	-	-	-
			450,267	450,267	-	-	-	-	-	-	-	-	-	-
	736,983	23,315	-	-	-	-	-	-	-	-	-	-	-	-
	23,315	60,791	-	-	-	-	-	-	-	-	-	-	-	-
	60,791	32,397,486	22,109,682	7,132,638	9,582,256	-	-	-	-	-	-	-	-	-
	71,222,082	32,768,308	22,559,949	7,132,638	9,582,256	-	-	-	-	-	-	-	-	-
	72,043,171	-	-	-	-	-	-	-	-	-	-	-	-	-
	Off-balance sheet gap		(406,001)	(637,942)	(9,582,256)	-	-	-	-	-	-	-	-	-
	26,587,544	36,933,743	91,860,600	327,953,673	345,760,732	39,594,073	1,927,336	32,393,066	22,289,055	14,682,050	-	-	-	-
	Total Yield / Interest Risk Sensitivity Gap	(87,136,593)	4,744,007	332,697,680	678,458,412	718,032,485	719,979,821	752,372,887	774,661,942	789,343,992	-	-	-	-
	Cumulative Yield / Interest Risk Sensitivity Gap													

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For the year ended December 31, 2024

	2024 (Rupees in '000)	2023 (Rupees in '000)
Reconciliation to total assets		
Balance as per balance sheet	2,703,339,305	2,427,178,756
Less: Non financial assets		
Property and equipment	82,694,343	76,943,546
Right-of-use assets	6,045,346	5,877,865
Intangible assets	1,314,143	1,035,483
Other assets	23,998,080	13,646,752
Total financial assets	114,051,912	97,503,646
	2,589,287,393	2,329,675,110
Reconciliation to total liabilities		
Balance as per balance sheet	2,433,079,965	2,196,471,887
Less: Non financial liabilities		
Lease Liability	9,586,216	8,686,003
Deferred tax liability	16,637,759	100,718
Other liabilities	32,415,820	29,043,271
	58,639,795	37,829,992
Total financial liabilities	2,374,440,170	2,158,641,895

48.3

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 the Board, 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. Bank on continuous basis strengthens its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

48.3.1

Operational Risk--Disclosures Basel II Specific

Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). The Bank have adopted a number of measures e.g. 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.

48.4

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 adequate 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:

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

- 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. The 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. 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.

Intraday Liquidity Management

Intraday liquidity management is about managing the daily payments and cash flows. The 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

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 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

For the year ended December 31, 2024

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

2024

	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	168,507,615	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,715,140	20,844,348	-	-	475,500	-	-	-	-	-	-	-	-
Lendings to financial institutions	55,655,504	55,460,415	-	-	-	-	99,989	-	-	-	-	-	-
Investments - net	1,167,452,611	18,597,098	13,102,315	4,443,768	11,117,151	18,100,045	269,314,504	20,160,133	77,177,862	155,688,734	132,513,093	399,441,183	46,637,827
Advances - net	1,041,826,286	74,061,868	10,192,048	129,368,636	294,638,806	127,985,399	103,072,467	29,952,659	20,955,398	49,801,356	35,577,094	57,193,941	75,202,487
Property and equipment	82,694,343	134,427	156,831	380,875	627,324	694,537	2,038,803	2,061,208	2,061,208	3,823,750	4,756,582	4,747,752	61,188,642
Right-of-use assets	6,045,346	-	-	97,095	97,033	96,702	282,702	270,013	260,917	1,163,640	776,789	1,242,369	1,758,086
Intangible assets	1,314,143	15,924	18,578	45,117	74,311	82,272	241,509	244,163	244,163	345,452	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets - net	152,201,578	36,632,256	8,605,526	15,565,839	27,378,156	21,972,976	13,122,922	565,279	1,756,841	5,186,513	41,855	15,484,434	5,783,091
	2,703,339,305	188,268,136	33,782,189	149,901,330	334,408,281	168,931,961	388,172,896	53,273,455	102,456,389	209,989,445	173,765,413	478,109,679	190,630,133
Liabilities													
Bills payable	41,827,458	8,085,637	9,444,910	22,937,638	-	-	-	-	-	-	-	-	-
Borrowings	288,486,812	163,325,409	506,571	17,547,723	3,014,878	15,055,561	15,892,526	854,132	915,973	3,371,675	3,001,021	4,778,780	19,746,032
Deposits and other accounts	1,922,211,989	1,869,672,546	1,525,181	9,379,143	6,767,628	17,589,941	11,992,982	2,503,488	1,917,920	178,408	118,154	20,439	-
Lease liabilities	9,586,216	-	-	90,278	91,249	91,140	273,982	288,980	323,345	1,066,872	992,189	2,127,031	4,261,150
Deferred tax liabilities - net	16,637,759	7,422	(40,386)	(147,820)	(410,810)	(348,700)	(1,400,773)	(1,228,517)	(1,293,864)	3,623,157	5,016,050	7,473,348	5,350,226
Other liabilities	174,329,721	46,790,761	11,676,448	29,652,098	10,762,576	11,939,908	5,280,397	15,917,717	4,513,881	5,551,957	388,556	16,889,121	1,731,899
	2,433,079,965	1,938,327,537	22,133,712	79,459,060	20,225,521	44,326,850	32,019,114	18,315,800	6,377,255	13,792,089	9,515,970	31,288,719	31,089,307
Net assets	270,259,340	(1,706,677,509)	11,648,477	70,442,270	314,182,760	124,605,081	356,153,782	34,957,655	96,079,134	196,197,376	164,249,443	446,820,960	159,540,826
Share capital	11,850,600	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	104,929,819	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	43,053,137	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	110,425,784	-	-	-	-	-	-	-	-	-	-	-	-
	270,259,340	-	-	-	-	-	-	-	-	-	-	-	-

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

2023

	2023													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	170,716,648	170,716,648	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	35,073,136	9,194,940	21,328,426	1,742,117	845,582	1,788,031	174,040	-	-	-	-	-	-	-
Lendings to financial institutions	96,213,400	348,080	78,237,503	9,685,000	-	4,271,517	1,830,650	1,220,433	610,217	-	-	-	-	-
Investments - net	1,249,439,347	22,969,915	3,050,496	4,072,824	5,885,080	14,974,111	8,924,959	75,986,175	101,379,049	294,016,293	264,364,661	85,279,207	208,240,187	160,296,990
Advances - net	577,863,329	72,965,366	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	36,606,681	50,809,635	96,123,940
Property and equipment	76,943,546	12,970	77,826	90,797	207,539	389,132	389,132	1,167,396	1,167,396	1,167,396	2,972,647	3,505,867	4,311,576	61,483,872
Right-of-use assets	5,877,865	-	-	-	96,428	96,430	96,080	276,858	261,627	253,494	1,159,063	787,667	1,112,880	1,757,308
Intangible assets	1,035,483	2,437	14,640	17,080	39,039	73,199	73,199	219,596	219,596	157,101	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets - net	214,016,002	413,377	115,190,208	4,658,186	11,576,823	22,584,525	15,164,810	19,204,477	3,318,475	3,019,733	4,634,535	4,666,005	9,594,748	-
	2,427,178,756	276,623,133	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	319,682,110
Liabilities														
Bills payable	25,095,911	836,530	5,019,182	5,855,713	13,384,486	-	-	-	-	-	-	-	-	-
Borrowings	216,611,046	22,874,263	105,788,599	837,145	171,108	7,596,577	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	1,805,387,294	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	-
Lease liabilities	8,686,003	-	-	-	109,160	84,641	-	325,969	233,988	235,123	1,171,274	906,890	1,567,187	4,051,791
Deferred tax liabilities	100,718	30,494	52,768	45,803	108,674	114,968	102,231	178,612	(1,926,141)	(53,181)	(607,330)	1,305,399	3,440,465	(2,792,044)
Other liabilities	140,590,915	38,584,066	6,088,884	2,954,792	9,488,989	9,893,101	7,027,422	10,083,204	25,513,409	4,894,743	4,921,520	4,952,990	14,384,554	2,083,241
	2,196,471,887	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	10,683,410	10,813,718	26,625,302	32,094,358
Net assets	230,706,869	(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	299,083,540	120,011,709	247,433,774	287,567,752
Share capital	11,850,600	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	98,723,536	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	24,093,197	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	96,039,536	-	-	-	-	-	-	-	-	-	-	-	-	-
	230,706,869	-	-	-	-	-	-	-	-	-	-	-	-	-



Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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

2024

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	168,507,615	168,507,615	-	-	-	-	-	-	-	-
Balances with other banks	27,841,879	27,366,379	475,500	-	-	-	-	-	-	-
Lendings to financial institutions	55,655,504	55,555,515	-	99,989	-	-	-	-	-	-
Investments - net	1,167,452,611	19,276,211	29,234,828	269,314,504	97,337,995	155,668,734	132,513,093	399,441,183	45,997,425	18,668,638
Advances - net	1,041,626,286	242,757,372	306,790,260	94,110,552	31,052,977	89,668,205	81,886,840	104,714,980	71,252,403	19,392,697
Property and equipment	82,694,343	677,042	1,354,085	2,031,128	4,062,255	3,823,750	4,762,273	4,784,994	7,325,620	53,873,196
Right-of-use assets	6,045,346	97,094	193,735	282,702	530,931	1,163,640	776,789	1,197,830	1,514,739	287,886
Intangible assets	1,314,143	82,273	156,683	241,509	488,326	345,452	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets - net	152,201,578	60,500,278	49,740,365	13,122,922	2,342,120	5,186,513	41,855	15,484,434	879,021	4,904,070
	2,703,339,305	574,819,779	387,945,356	379,203,306	135,814,604	255,856,294	219,980,850	525,623,421	126,969,208	97,126,487
Liabilities										
Bills payable	41,827,458	41,827,458	-	-	-	-	-	-	-	-
Borrowings	268,486,812	201,856,234	18,070,439	15,892,526	1,770,105	3,371,675	3,001,021	4,778,780	19,694,881	51,151
Deposits and other accounts	1,922,211,999	111,167,261	154,853,993	174,698,321	193,403,941	386,510,032	386,449,779	386,352,064	128,777,208	-
Lease liabilities	9,586,216	90,278	182,389	273,982	592,325	1,066,872	992,189	2,127,031	3,267,716	993,434
Deferred tax liabilities	16,637,759	(142,361)	(759,509)	(1,400,779)	(2,522,381)	3,623,157	5,016,050	7,473,348	532,172	4,818,056
Other liabilities	174,329,721	101,374,709	22,701,485	5,260,397	20,431,597	5,551,957	388,556	16,889,121	1,731,899	-
	2,433,079,965	456,173,579	195,048,197	194,724,453	213,675,587	400,123,693	395,847,595	417,620,344	154,003,876	5,862,641
Net assets										
Share capital	270,259,340	118,646,200	192,897,159	184,478,853	(77,860,983)	(144,267,399)	(175,866,745)	108,003,077	(27,034,668)	91,263,846
Reserves	11,850,600	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	104,929,819	-	-	-	-	-	-	-	-	-
Unappropriated profit	43,053,137	-	-	-	-	-	-	-	-	-
	110,425,784	-	-	-	-	-	-	-	-	-
	270,259,340	-	-	-	-	-	-	-	-	-

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

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
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	170,716,648	-	-	-	-	-	-	-	-
Balances with other banks	33,111,065	1,962,071	-	-	-	-	-	-	-
Lendings to financial institutions	88,280,584	6,102,166	1,220,433	610,217	-	-	-	-	-
Investments – net	1,249,439,347	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 – net	577,863,329	53,741,496	29,551,644	29,971,911	77,882,247	78,484,027	95,245,201	92,289,878	18,685,852
Property and equipment	76,943,546	389,132	1,167,396	2,334,792	2,972,647	3,505,867	4,311,576	6,905,940	54,577,932
Right-of-use assets	5,877,865	96,430	372,918	515,121	1,159,063	767,667	1,112,930	1,497,801	259,507
Intangible assets	1,035,483	73,198	219,596	439,191	157,101	-	-	-	-
Deferred tax assets	-	146,397	-	-	-	-	-	-	-
Other assets – net	214,016,002	37,804,971	19,204,477	6,338,208	4,634,535	4,666,005	9,584,748	-	-
	2,427,178,756	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	25,095,911	-	-	-	-	-	-	-	-
Borrowings	216,611,046	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	147,497,214	88,373,399	9,720,114	439,971,374	438,569,731	438,464,352	146,135,908	-
Lease liabilities	8,686,003	109,161	325,969	469,090	1,171,274	906,890	1,567,187	3,175,524	876,267
Deferred tax liabilities	100,718	237,741	178,612	(1,879,323)	(607,330)	1,305,399	3,440,465	3,920,494	(6,712,539)
Other liabilities	140,590,915	57,126,731	10,083,204	30,408,152	4,921,520	4,952,990	14,384,554	2,093,241	-
	2,196,471,887	308,995,861	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	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	24,093,197	-	-	-	-	-	-	-	-
Unappropriated profit	96,039,536	-	-	-	-	-	-	-	-
	230,706,869	-	-	-	-	-	-	-	-

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. The 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	30%
Over 2 to 3 Years	30%
Over 3 to 5 Years	30%
Over 5 to 10 Years	10%

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2024

48.5 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, the Bank back-to-back hedges all option transactions with other financial institutions. The Bank minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. The 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. The 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, the Bank manages liquidity risk through its liquidity risk framework which is defined in the relevant Liquidity Risk Section.

The 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, 2024

The 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.

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.

49 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 06, 2025 has announced a final cash dividend in respect of the year ended December 31, 2024 of Rs. 9.00 per share (2023: Rs. 9.00 per share). These unconsolidated financial statements for the year ended December 31, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

50 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.

Description of item	Nature	From	To	(Rupees in '000)
Right-of-use assets	Asset	Property and equipment	Right-of-use assets	5,877,865
Lease liabilities against right-of-use-assets	Liability	Other liabilities	Lease liabilities	8,686,003

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

51 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, 2025.

Hammad Khalid

Chief Financial Officer

Muhammad Nauman
Chughtai

President/Chief Executive

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 2024

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	Aslam Khan House No. 573, Street No.18, Chahwala, Mughalpura, Lahore	Aslam Khan	35201-9889865-1	Sultan Khan Pawanda	-	1,284	67	1,351	1,284	67	1,351
2	M/s. A.R. Computers Shop No.5 Basement, Prime Centre, Hall Road, Lahore	Abdul Razzaq Abdul Rashid	34501-5863758-7 34501-2046275-9	Muhammad Ibrahim Muhammad Masood	-	1,509	67	1,576	1,509	67	1,576
3	M/s. Swan & Snow Mohallah Bangla Road, Pir Plaza, G.T Road, Muridke, Distt: Shelkhpura	Javed Iqbal Khalid Umar Khizar Hayat Robina Mehmood	35401-4823115-7 35401-5601055-5 35401-2981555-1 35202-2797980-2	Malik Umar Daraz Malik Umar Daraz Malik Umar Daraz Syed Mehmood Ali Zaidi	-	1,812	17	1,829	1,812	17	1,829
4	Sohail Sardar House No.150, Street No.33, Sector-1, 10/2, Islamabad	Sohail Sardar	61101-5437859-3	Muhammad Sardar	-	1,055	-	1,055	1,055	-	1,055
5	Mir Niaz Ahmed Talpur House No. A-42/1, Green Homes, Nasim Nagar, Qasimabad, Hyderabad	Mir Niaz Ahmed Talpur	41103-0232652-1	Mir Abdullah Talpur	-	1,429	-	1,429	1,429	-	1,429
6	M/s. Hasnain Fashion Apparel Flat No-26, 2nd Floor, Saleem Centre Sector 11-1, North Karachi	Muhammad Shabbir Hussain Qamar Un Nisa	42101-67777180-1 42101-6964606-2	Sher Muhammad Sher Muhammad	-	5,775	36	5,811	5,775	36	5,811
7	Anjum Rasool 58-Mian Park, Walton Road, Lahore	Anjum Rasool	35201-3641997-7	Ghulam Rasool	-	1,467	-	1,467	1,467	-	1,467
8	M/s. Omicron Chemicals (Pvt) Ltd. House No. 29-C, Mohallah Gulbahar Park, Thokar Niaz Baig, Lahore	Arif Hameed Mian Babar Hameed Naseem Akhtar	35202-8588027-7 35202-3897938-3 35202-0109719-6	Mian Abdul Hameed Mian Abdul Hameed Mian Abdul Hameed	-	2,124	16	2,140	2,124	16	2,140
9	M/s. Faisal Oil Traders Adil Ghar, Ghakkar Mandi, Tehsil Wazirabad, Distt: Gujranwala	Muhammad Aslam Cheema Rehmat Ali	34104-2365607-5 34104-2245370-3	Abdul Ghafoor Cheema Muhammad Hussain	-	830	17	847	830	17	847
10	M/s. Al Rehman Rice Dealer Gujranwala Road, Near Shell Petrol Pump, Hafizabad	Irfan Jamil Najma Razzaq	34301-8351788-9 34301-6359781-4	Jamil Akhtar Khan Shahid Abdul Razzaq Mughal	-	859	73	932	859	73	932
11	M/s. Gill Poultry Farm Sialkot By-Pass Road, Near Anmol Marriage Hall, Fareed Town, Gujranwala.	Muhammad Yaqoob Gill	34101-2730326-3	Chaudhary Nazir Ahmed	-	941	67	1,008	941	67	1,008

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2024

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	Total					
							Others	Total				
Domestic												
12	M/s. Khalid Oil Mills Burewala Road, Adda Pakhi More, Tehsil Malisi, Distt: Vehari	Muhammad Shafi Javed Iqbal Khalid Farooq	33303-2176433-1 36601-4324281-7 36601-7180480-5	Allah Bakhsh Muhammad Shafi Muhammad Shafi	-	3,876	63	3,939	-	3,876	63	3,939
13	M/s. S.A Enterprises Multan Silk Mill, Near Gulzeb Colony, Mumtazabad, Multan	Muhammad Kamran Dogar Muhammad Imran Dogar Malik Muhammad Umar	36302-0466664-5 36302-0408920-3 36302-0408742-9	Malik Muhammad Umar Malik Muhammad Umar Malik Naik Muhammad	-	3,129	67	3,196	-	3,129	67	3,196
14	Zeeshan Hayder House No.438, Umer Block, Bahria Town, Lahore	Zeeshan Hayder	35202-7524541-3	Ijaz Hayder Zahidi	-	1,153	-	1,153	-	1,153	-	1,153
15	Muhammad Awais Farooq Steet No.5, Gulbahar Colony, Batala Colony, Faisalabad	Muhammad Awais Farooq	33100-9733509-1	Muhammad Farooq Hanfi	-	335	-	335	-	689	17	706
16	Muhammad Ibrahim House No.203/20, Alamgeer Street, Nouthia Road, Peshawar Cantt.	Muhammad Ibrahim	17301-1429373-5	Hameed Ullah	-	-	-	-	-	711	63	774
17	M/s. Bilawal & Brothers Ghalla Mandi, Olla Didar Singh, Gujranwala	Abbas Ali	34101-2479376-3	Sultan Ahmad	833	2,077	117	3,027	-	1,911	117	2,028
18	M/s. New Gondal Cold Storage Mouza Arzani, Tehsil Phalia, Distt: Mandi Bahauddin	Ghulam Abbas Gondal Muhammad Ahsan	34403-1925972-5 34403-1902932-7	Bahadur Khan Bahadur Khan	-	1,129	67	1,196	-	1,129	67	1,196
19	Muhammad Sharif Sipra Village Bukan Kalan, Vanike Tarar, Hafizabad	Muhammad Sharif Sipra	34301-1415472-5	Muhammad Khan	-	1,094	93	1,187	-	1,094	93	1,187
20	Muhammad Ashraf Bari Wala, Vanike Tarar, Hafizabad	Muhammad Ashraf Ahmad Ali	34301-1779079-9 34301-1779077-3	Ahmad Ali Abdullah	-	532	55	587	-	532	55	587
21	Qaisar Aman Bosai Sukhra, Tehsil Malakwail, Distt: Mandi Bahauddin	Qaisar Aman	34401-8535428-3	Allah Bukhsh	-	637	53	690	-	604	53	657
22	M/s. Tawakkal Commission Shop Grain Market, Gaggio Mandi, Burewala	Muhammad Hussain Shahid	36601-5822326-9	Abdul Kareem	-	524	18	542	-	524	18	542
23	M/s. Ejaz Brothers Grain Market, Gaggio Mandi, Burewala	Ejaz Hussain Raza Hussain Tanveer Haider	36601-6259421-5 36601-1747380-5 36601-0254211-7	Muhammad Hussain Shahid Abdul Rehman Abdul Rehman	-	522	16	538	-	522	16	538

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2024

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												
24	M/s. Ittefaq Enterprises Cotton Factory & Oil Mills Mouza Sarai, Tehsil Kehror Pacca, Distt: Lodhran	Muhammad Saleem Irfan Ahmad Razia Bibi Muhammad Tufail Sabir Syed Ali Shah	36601-9858993-7 36202-2251635-5 36601-9131650-4 36202-6926664-9 36202-6373090-7	Noor Muhammad Zafar Ullah Khan Muhammad Saleem Noor Muhammad Sadar-Ud-Din	-	1,873	18	1,891	-	1,873	18	1,891
25	M/s. Adam Ismail Construction Co. 213-Susan Road, Main Boulevard, Opposite Hockey Stadium, Madina Town, Faisalabad	Mian Faisal Hameed Maqsooda Hameed Mian Abdul Hameed	33100-9638765-5 33100-0231096-2 33100-1740435-3	Mian Abdul Hameed Mian Abdul Hameed Mian Muhammad Ismail	-	21,912	87	21,999	-	21,912	87	21,999
26	Muhammad Iqbal Chak No. 98/JB, Tehsil Gojra, Distt: Faisalabad	Muhammad Iqbal	33301-0358361-5	Fazal Din	-	484	25	509	-	484	25	509
27	M/s. Safdar Hayat Mouza Kalowala, Mohallah Islam Nagar, Tehsil Sadar, Distt: Jhang	Safdar Hayat	33202-5638031-5	Sikandar Hayat	-	935	68	1,003	-	935	68	1,003
28	Abdul Jabbar Malik Brothers, Malikan Wali Gali, Iqbal Bazar, Maouza Kamalia, Distt: Toba Tek Singh	Abdul Jabbar	33302-7846537-9	Abdul Sattar	-	662	67	729	-	662	67	729
29	M/s. Mother Care Shopping Centre Bilal Street, Latif Nagar, Samundari, Distt: Faisalabad	Muhammad Zahid Bilal Habiba Bibi Khalid Mehmood Tariq Mehmood Khalida Rasool Tahira Perveen Zahida Perveen Abida Rashid	33105-1815688-9 33105-7249084-0 33105-0651327-9 33105-9840823-1 33201-1576639-8 33105-9104765-8 33105-8339888-6 35202-2818895-8	Haji Bilal Ahmad Haji Bilal Ahmad Haji Bilal Ahmad Haji Bilal Ahmad Malik Ghulam Rasool Asghar Mushiq Haji Bilal Ahmad Malik Rashid Umar Malik	-	558	35	593	-	558	35	593
30	M/s. Mian Auto Store Chak No. 199/RB, Gatwala, Sheikhupura Road, Faisalabad	Muhammad Parvez Iqbal	33103-0631009-1	Khushi Muhammad	-	1,858	-	1,858	-	1,858	-	1,858
31	M/s. Al Rehman Corporation Shop No. 180/A, Shoaib Bilal Market, Sargodha Road, Faisalabad	Qaisar-Ur-Rehman Ibaad-Ur-Rehman	33100-3485127-5 33100-1173624-3	Abdul Rehman Abdul Rehman	-	1,517	63	1,580	-	1,175	63	1,238
32	M/s. Al-Madina Zari Corporation Chak No. 158/RB (Burewala), Salar Wala Road, Chak Jhumra, Faisalabad	Khalid Mehmood Muhammad Saleem Pervaz Iqbal	33101-4218925-3 33101-6418469-3 33101-1684047-5	Ghulam Rasool Chaudhary Allah Rakha Chaudhary Allah Rakha	-	1,128	42	1,170	-	1,128	42	1,170

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2024

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											
33	M/s. Farooq Electronics House No. 817-B, Peoples Colony, Faisalabad	Naveed Aziz	33100-4656810-9	Malik Muhammad Siddique	-	10,515	70	10,585	10,515	70	10,585
		Munawar Sultana	35202-2468002-6	Abdul Qayyum							
		Malik Buksh Elahi	33100-4319222-1	Malik Muhammad							
		Malik Muhammad Shafiq	33100-0991762-1	Suleman							
34	M/s. Haji Shahid Fabrics Shop No. 1079, Near Pakistan Cloth Market, Lahore	Muhammad Shahid	35202-0145651-3	Sheikh Muhammad Sharif	-	7,232	21	7,253	7,232	21	7,253
		Maqsood	35202-2586914-2	Riaz Ul Haq							
		Rubina Riaz	35202-9928714-4	Muhammad Shahid							
		Najma Ruhi		Maqsood							
		Riaz Ul Haq	35202-2734532-1	Ikram Ul Haq							
35	M/s. Excel Marketing House No. 1034, Street No. 45, Sector E-11/3, Islamabad	Ali Ameer Sheikh	35201-8879857-9	Mumtaz Manzoor Sheikh	-	3,597	17	3,614	3,597	17	3,614
		Ali Tauqeer Sheikh	61101-1006434-7	Mumtaz Manzoor Sheikh							
		Ali Tanveer Sheikh	35202-0950806-1	Mumtaz Manzoor Sheikh							
		Zainab Ul Nisa	35202-0438980-2	Ali Ameer Sheikh							
		Abdul Qayyum	31202-4242811-7	Rehmat Ali							
36	M/s. Smile Telecom Regal Centre, Regal Chowk, The Mall, Lahore	Muhammad Afzal	35202-3002099-7	Muhammad Ismail	-	448	59	507	448	59	507
		Muhammad Latif Anwar	34101-2625003-1	Jan Muhammad							
37	Shahzad Ishtat House No. 5/11, Mohallah Rangpura North, Sialkot	Shahzad Ishtat	34603-2453369-5	Muhammed Younas	-	1,402	519	1,921	1,904	17	1,921
		Behzad Younis	34603-2285976-1	Muhammed Younas							
		Muhammed Younas	34603-5040680-5	Muhammed Yousaf							
38	M/s. Hotline Associates Plot No. 25, F-I, Opposite LDA- M-A Johar Town, Lahore	Muhammed Ehsan Ul Haq	35202-1203390-5	Wali Muhammad	-	2,197	-	2,197	2,197	-	2,197
39	M. Amjad & M Akmal & M Imran House No. 47, Street No. 06, New Elahi Park, Misri Shahr, Lahore	Muhamamd Amjad	35202-2764416-1	Muhammad Umar	-	625	-	625	625	-	625
		Muhammad Imran	35202-4724480-5	Muhammad Umar							
		Muhammad Akmal	35202-3505664-9	Muhammad Umar							
40	Niaz Ahmed Flat No. 43/1, Block A, Elite Town, Ferozpur Road, Kahna Nau, Lahore	Niaz Ahmed	35102-0699674-1	Muhammad Shareef	-	649	-	649	649	-	649
41	M/s. Bright Future High School House No. 35-A, Street No. 03, Mobeen Park, Bakkar Mandi, Lahore	Muhammad Farooq	35202-5178414-1	Hassan Muhammad	-	609	-	609	609	-	609
42	Muhammad Saleem Khan House No. 137, Street No. 08, Phase II Gulraiz, Rawalpindi	Muhammad Saleem Khan	37405-4966417-1	Fazal Muhammad	-	3,956	320	4,276	3,956	320	4,276

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2024

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											
43	Taj Muhammad Chak No. 642/GB, Tehsil Jaranwala, Distt: Faisalabad	Taj Muhammad	33104-2703795-5	Sikandar Hayat	-	684	33	717	684	33	717
44	M/s. Anis Associates (Pvt.) Ltd. 4-KM, Raiwind Manga Road, Lahore	Nasib Ahmed Saifi Azmat Saifi Salma Shoukat	35202-6687685-3 35202-5011867-6 35202-20565880-0	Abdul Mejeed Saifi Nasib Ahmed Saifi Shoukat Ali	-	85,253	15	85,268	83,553	15	83,568
45	M/s. Bajwa Rice Dealers Muridke Road, Narowal	Sarfraz Ahmed Bajwa Amjad Akram Shahid	34501-1915464-3 35202-5001995-5	Said Ahmed Muhammad Akram	-	12,427	-	12,427	12,427	-	12,427
46	Farooq Ahmad House No.6/A1, Block-3, Jehanian, Distt: Khanewal	Farooq Ahmad	36101-6067625-1	Muhammad Iqbal Alias Bakhsh Elahi	999	498	-	1,497	502	-	502
47	M/s. Ibrahim Oil Mills House No. 259, Mohallah Chan Chimni, Tehsil & Distt: Bhakkar	Ehsan Ul Haq Awan Ruqayya Awan	38101-9889589-9 38101-2401414-4	Muhammad Shatque Arif Ehsan Ul Haq Awan	-	5,608	67	5,675	5,608	67	5,675
48	M/s. Mian Fakhar & Co. (i)-House No. 85, Punjab Cloth Market, Circular Road, Lahore (ii) House No. 145-A-E-1, Gulberg-III, Lahore	Fakhar Ul Islam	35202-2598502-7	Waheed Ud Din	-	3,919	67	3,986	3,919	67	3,986
49	M/s. H.M Associates (Pvt) Ltd. (i) Plot No. 315, Cavalary Ground Ext., Lahore Cantt. (ii) House No. 50, Block A-III, Gulberg-III, Lahore	Zakia Jameel Salah Ud Din Zahid Jamshaid Huma Jamshaid	35201-5774108-6 35201-6141892-9 35202-2699331-3 35202-1643265-6	Muhammad Jameel Nazeer Ahmed Nisar Ahmed Zahid Jamshaid	-	1,427	-	1,427	1,427	-	1,427
50	Tariq Asghar Butt House No. 240, Block-A, Canal View Cooperative Housing Society Ltd, Lahore	Tariq Asghar Butt	35202-4951149-7	Muhammad Asghar Butt	2,346	6,265	-	8,611	6,155	-	6,155
51	M/s. Allah Yar Steel Works House No. 03, Street No. 03, Block -A, Eden Value Homes, Multan Road, Lahore	Allah Yar	35200-1577170-7	Muhammad Abdullah	-	9,869	20	9,889	9,869	20	9,889
52	M/s. Results International 04-Qayyum Block, Mustafa Town, Wahdat Road, Lahore	Khalid Mehmood	35202-2546582-1	Muhammad Hanif	-	21,395	69	21,464	21,395	69	21,464
53	M/s. Muhammad Riaz Chohan & Muhammad Saleem Chohan House No 184-C, Block C, Faisal Town, Lahore	Muhammad Riaz Chohan Muhammad Saleem Chohan	35202-2502688-5 35202-2502658-5	Nawab Din Chohan Muhammad Riaz Chohan	-	2,782	-	2,782	2,782	-	2,782

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
54	M/s. Zulfiqar Ali & Surriya Zulfiqar Mohallah Hamza Ghous, Gulistan-e-Iqbal Park Tehsil & Distt: Sialkot	Zulfiqar Ali Surriya Zulfiqar	34603-8162828-5 34603-1647896-8	Muhammad Rafique Zulfiqar Ali	-	539	-	539	-	539	-	539
55	Muhammad Qamar & Muhammad Anjad House No 1, Street No 62, Mohallah Umar Din Road, Wasan Pura, Lahore	Muhammad Qamar Muhammad Anjad	35202-1402026-3 35202-2764416-1	Muhammad Umar Muhammad Umar	-	946	-	946	-	946	-	946
56	M/s. Chief Cadit School Kot Kallian, Post Office Khas Wazirabad, Distt: Gujranwala	Ali Akbar Noor Muhammad	34101-2501812-1 34101-2484087-9	Noor Muhammad Sajawal Khan	-	1,298	-	1,298	-	1,298	-	1,298
57	Tarveer Ahmad Village Nithranwali, PO Guna Aour, Tehsil Kamoke, Distt: Gujranwala	Tarveer Ahmad Satdar Hussain Shahida Bibi	34102-1357854-7 34102-3250899-9 34102-9363009-4	Satdar Hussain Nizam Ud Din Shakeel Ahmad	149	1,419	17	1,585	-	1,420	17	1,437
58	Naveed Qadir Village Kalran Kalan, Tehsil & Distt: Gujrat	Naveed Qadir Chaudhary Ghulam Qadir	34201-0361342-9 34201-0365259-7	Chaudhary Ghulam Qadir Chaudhary Sultan Ahmed	-	919	57	976	-	919	57	976
59	Faisal Naseer M-7 Rays View Apartment, Block-2 Gulshan-e-Iqbal, Karachi	Faisal Naseer	42201-9061173-5	Naseer Ud Din	-	-	-	-	-	790	-	790
60	Muhammad Ateeq Ansari House No. 7-E, Mohallah Chauburji, Garden Estate, Multan Road, Lahore	Muhammad Ateeq Ansari	35202-2668276-9	Muhammad Shafiq Ansari	-	585	-	585	-	585	-	585
61	Muhammad Zaryab Qureshi House No. 157, Block-B, State Life Insurance Co-operative Housing Society, Lahore	Muhammad Zaryab Qureshi	35202-3227317-3	Khalid Saleem Qureshi	-	508	19	527	-	508	19	527
62	Khawaja Abdul Saboor 82-New Defence Officers Colony, Sharni Road, Peshawar Cantt.	Khawaja Abdul Saboor	17301-7177257-1	Khawaja Abdul Samad	-	5,201	-	5,201	-	5,201	-	5,201
63	M/s. Afifa Enterprises Dar-e-Arqam School Naseem Hayat Shaheed Road, Abadi Ali Ahmed Shah Colony, Distt: Kasur	Sheikh Inam Ur Rehman Abdul Kareem	33100-3280723-7 35102-0575203-1	Sheikh Abdul Wahab Hassan Ali	416	5,574	67	6,057	-	5,378	67	5,445

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		Name	NIC No.		Principal	Interest / mark-up	Others					Total
Domestic												
64	M/s. Gunnaur Commission Shop New Ghalla Mandi, Kamoke, Distt: Gujranwala	Rana Muhammad Ijaz Ahmed Shahid Ali Rana Naeem Akhtar Rana Nadeem Akhtar Naveed Iqbal Abdul Waheed Saeed Ahmed	34102-0442878-3 34102-2660109-7 34102-9059934-5 34102-2800098-7 34102-1342852-1 34102-9920652-9 34102-0710504-7	Abdul Jabbar Abdul Sattar Khan Abdul Ghaffar Khan Abdul Ghaffar Khan Abdul Ghaffar Khan Abdul Ghaffar Khan Abdul Ghaffar Khan	542	3,905	98	4,545	-	3,578	98	3,676
65	M/s. Jabbar Paper Industries (Pvt) Ltd. 2.5-KM Sheikhupura Road, Muridke, Distt: Sheikhupura	Abdul Jabbar Tahseen Riaz Muhammad Iqbal Shahnaz Akhtar	35202-5920359-5 35202-9882537-8 296-52-100929 244-52-360367	Abdul Wahab Muhammad Riaz Abdul Wahab Fazal Muhammad Khan	-	16,044	92	16,136	-	16,044	92	16,136
66	Rana Muhammad Qasim Amin House No. 155, Block-F, Model Town, Lahore	Rana Muhammad Qasim Amin	35202-1446629-5	Rana Muhammad Amin	839	5,435	18	6,292	-	5,275	18	5,293
67	Malik Muhammad Naeem House No. 891, Block-B, Sabzazar Scheme, Lahore	Malik Muhammad Naeem	35202-2777776-1	Malik Muhammad Saadiq	239	886	17	1,142	-	1,252	17	1,269
68	M/s. New Variety Iron & Perfect Aluminium Store House No. E-68/A-1 & II, Main Walton Road, Hadbast Mouza Korey, Near Defence Chowk, Tehsil Cantt., Distt: Lahore	Mian Khalid Nazir	35201-8985812-7	Mian Nazir Ahmad	14,392	5,126	20	19,538	-	2,664	20	2,684
69	M/s. Shoaib Traders Circular Road, Chowk Dar-Ul-Salam, Gujranwala	Muhammad Amjad Mughal Muhammad Yousaf Zeeshan Yousaf Umair Ahmad Noman Yousaf Muhammad Shoaib Mughal	34101-7894343-1 34101-3580539-9 34101-9619282-7 34101-7775314-3 34101-4966766-3 34101-5371442-3	Ehsan Ullah Mughal Fazal Ellahi Muhammad Yousaf Muhammad Yousaf Ehsan Ullah Mughal	10,490	51,757	-	62,247	10,490	51,757	-	62,247
70	M/s. Super Moon Steel Traders Naz Cinema Street, Gondal Wala Road, Gujranwala	Shahzad Anwer Muhammad Usman Muhammad Abubakar Muhammad Bilal Khokhar Muhammad Aslam Mughal Gulzar Ahmed	34101-4078924-7 34101-8214809-7 34101-3178542-9 34101-3283042-9 34101-7931622-7 34101-1022332-1	Muhammad Anwer Mughal Abdul Rehman Muhammad Sharif Khokhar Muhammad Sharif Khokhar Ghulam Rasool Mughal Ghulam Rasool	12,887	39,096	-	51,983	12,887	39,096	-	51,983

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
71	M/s. Shadab Engineering Works C-101-104, Small Industrial Estate # 02, Gujranwala	Ehsan Ullah Mughal Shahzad Anwar Sohail Anwar Mughal Muhammad Akram Mughal Muhammad Shoaib Mughal Muhammad Rehan Mughal Muhammad Aslam Mughal Muhammad Yousaf Mughal	34101-5873861-3 34101-4078924-7 34101-1544585-1 34101-2710608-5 34101-5371442-3 34101-9801292-9 34101-7931622-7 34101-3580539-9	Anayat Ullah Mughal Muhammad Anwar Mughal Muhammad Anwar Mughal Fazal Ellahi Ehsan Ullah Mughal Ehsan Ullah Mughal Ghulam Rasool Mughal Fazal Ellahi	24,387	106,867	-	131,254	24,387	106,867	-	131,254
72	M/s. Shadab Engineering Industries (Pvt) Limited C-101-104, Small Industrial Estate # 02, Gujranwala	Muhammad Amjad Mughal Shahzad Anwar	34101-7894343-1 34101-4078924-7	Ehsan Ullah Mughal Muhammad Anwar	30,820	40,122	-	70,942	30,820	40,122	-	70,942
73	Abdul Waheed Area No. 16, House No. 11, Mohallah Magbool Road, Ichra, Lahore	Abdul Waheed	35202-6911604-7	Noor Muhammad	214	1,922	-	2,136	-	1,917	-	1,917
74	Muhammad Tariq Chak No. 52/A/G-D, Post Office, Noor Shah, Tehsil & Disst: Vehari.	Muhammad Tariq	36502-4854777-9	Bashir Ahmed	840	528	9	1,377	-	533	9	542
75	M/s. English Wire House No. L-53, Sector 11-C/1, North, Karachi.	Javed Iqbal	42101-1863660-3	Mirza Azhar Baig	-	736	35	771	-	736	35	771
76	M/s. Paramount Spinning Mills Ltd. 2nd Floor, Finlay House, I.I.Chundrigar Road, Karachi.	Nusrat Rasheed Siddiqui Abdul Shakoor Tanveer Ahmed Shakoor Sheikh Riaz Ahmed Naseer Ahmed Umar Hayat Gull	42301-9612577-3 42201-0350226-5 42201-0350138-5 35202-2643382-5 42201-0632509-5 35202-3052767-1	Shujat Ali Siddiqui Haji Jamal Ud Din Abdul Shakoor Sheikh Fazal Kareem Abdul Shakoor Chaudhary Ghulam Muhammad Gull Maqsood Ellahi	53,371	84,959	-	138,330	53,371	84,959	-	138,330
77	M/s. Hascol Petroleum Limited. (i) Office No.29, 29th Floor, Sky Towers, West Wing, Dolmen City, Abdul Sattar Edhi Avenue, Block-4, Clifton Karachi. (ii) The Forum, 1st Floor, Suite No 105-106, G-20, Khayaban-e-Jami, Block-9, Karachi.	Mumtaz Hasan Khan Saleem Butt Farooq Rahmatullah Khan Sohail Hasan Liaquat Ali Akhtar Hasan Khan Najmus Saqib Hameed	42301-0922835-7 42301-6756584-3 42301-0967597-5 35201-1614241-1 42000-0575918-9 61101-1755196-3 42301-9340863-3	Hasan Mohammad Khan Ahmed Din Butt Rahmatullah Khan Syed Asghar Hasan Muhammad Shafi Hasan Mohammad Khan Mian Abdul Hameed	290,832	1,700	2,001	294,533	268,803	84,821	2,001	355,625
78	Bashir Ahmad Plot No. 21, Block-D, Phase-II, Judicial Employee Cooperative Housing Society, Lahore.	Bashir Ahmad	35202-2212344-3	Wali Muhammad	325	586	-	911	-	588	-	588

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		NIC No.			Principal	Interest / mark-up	Others	Total				
		Name	NIC No.									
Domestic												
79	Muhammad Shakil Street No. 12, Mohallah Khalil Abad Colony, Depalpur, Distt: Okara.	Muhammad Shakil	35301-1653841-1	Muhammad Shafi	1,459	851	-	2,310	-	876	-	876
80	M/s. Medina Traders Chowk Allah Abad, Distt: Rajanpur.	Muhammad Younas Khan Chaudhary Barkat Ali Surriya Begum	32403-9106720-3 32403-0423078-3 32403-1683331-8	Chaudhary Barkat Ali Chiragh Din Muhammad Younas Khan	756	539	48	1,343	-	507	48	555
81	Muhammad Ashraf Chak No.398/GB, Post Office 455/GB, Tehsil Tandlianwala, Distt: Faisalabad.	Muhammad Ashraf	33106-8815672-5	Muhammad Khan	502	976	57	1,535	-	930	57	987
82	M/s. Samoor Traders Chak Samoor, Mangani Road, Gojra More, Tehsil & Distt: Jhang	Muhammad Ishaq Altaf Hussain Mushiaq Hussain Muhammad Ayub	33202-1427264-1 33202-1427262-9 33202-3866260-1 33202-1427261-7	Ghulam Sarwar Ghulam Sarwar Ghulam Sarwar	-	553	69	622	-	553	69	622
83	M/s. Adeel Shahbaz Steel Mills Plot No. 34, Near Nescorm Hospital, Sector-I-11/3, Islamabad.	Muhammad Ashiq Jahanzeb Adeel Khan	13302-0485619-5 61101-2035250-5 13302-5503329-1	Sheikh Ahmad Ghulam Farooq Muhammad Ashiq	93,618	17,739	-	111,357	-	18,386	-	18,386
84	Rana Muhammad Ahsan Jilani Jilani House, Chak No. 180/9L, Tehsil Chichawatni, Distt: Sahiwal.	Rana Muhammad Ahsan Jilani	36501-1794433-1	Ghulam Jilani Khan	191	576	35	802	-	568	35	603
85	M/s. Irfan Cold Drink House No. 26/189, Drigh Road, Cantt. Bazar, Karachi.	Muhammad Irfan Gondal Hameeda Begum	42201-5315446-5 42201-1671831-0	Akhtar Ali Akhtar Ali	4,824	6,744	-	11,568	-	6,834	-	6,834
86	Malik Ghulam Farooq (i) House No. 64, Street No. 10, Al-Shams Colony, Goira More, Islamabad. (ii) K & A Autos Service, Plot No. 3.4 & 5, Octroi Post No.22, Trench Bhata Road, Rawalpindi.	Malik Ghulam Farooq	37105-5607685-5	Malik Sultan Muhammad	-	10,689	-	10,689	-	10,689	-	10,689
87	M/s. Ashiq Brothers House No.595, Street No. 15, Mohallah Mansoorabad, Faisalabad.	Ashiq Hussain Alias Guddu	35404-9657327-7	Noor Muhammad	971	2,686	68	3,725	-	2,421	68	2,489
88	Muhammad Imran Kareem Garden Phase-2, Satyana Road, Faisalabad.	Muhammad Imran Ayesha Imran	33100-5929566-7 33100-7544602-8	Muhammad Tufail Muhammad Imran	387	10,959	65	11,411	-	10,565	65	10,630

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
89	M/s. Zawar Poultry Farm (i) Chak No.103/JB, Barnala Post Office, Tehsil Chak Jhumra, Distt: Faisalabad. (ii) Chak No. 204/ RB, Tehsil & Distt: Faisalabad.	Zahid Mehmood Mehboob Ali	33100-8082597-1 33100-0966396-1	Chaudhary Fazal Muhammad Noor Muhammad	-	3,653	142	-	3,653	142	-	3,795
90	M/s. Rose Impex (i) Chak No.103/JB Barnala Post Office, Tehsil Chak Jhumra, Distt: Faisalabad. (ii) Chak No. 204/ RB, Tehsil & Distt: Faisalabad.	Zahid Mehmood Mehboob Ali	33100-8082597-1 33100-0966396-1	Chaudhary Fazal Muhammad Noor Muhammad	-	2,415	102	-	2,415	102	-	2,517
91	M/s. Ali Poultry Feed Plot No. 33, Ward No. 01, Ravi Mohallah, Samundari, Distt: Faisalabad.	Muhammad Ahmed Muhammad Iqbal	33105-5406506-1 33105-6919997-9	Faqir Muhammad Fateh Muhammad	1,444	1,129	59	-	1,010	59	-	1,069
92	M/s. Nisar & Co Ghalla Mandi Sharki, Hatfzabad.	Abdul Sattar Nisar Ahmed Mehfooz Khan	34301-2030432-5 34301-1716179-3 34301-1716177-9	Mehfooz Khan Mehfooz Khan Nancoo Khan	2,893	755	63	-	782	63	-	845
93	Abdul Sattar, Nisar Ahmed & Mehfooz Khan Punjatha, Post Office Kot Hassan Khan, Tehsil & Distt: Hatfzabad	Abdul Sattar Nisar Ahmed Mehfooz Khan	34301-2030432-5 34301-1716179-3 34301-1716177-9	Mehfooz Khan Mehfooz Khan Nancoo Khan	1,199	838	-	-	803	-	-	803
94	M/s. Haji Sadiq Cloth House Main Bazar, Hatfzabad	Muhammad Sadiq Ghulam Muhammad Amjad Pervaiz	34301-5261055-7 34301-4122598-9 34301-3336849-7	Chaudhary Nawab Din Ahmad Khan Allah Rakha	1,000	998	47	-	978	47	-	1,025
95	Akhtar Hussain House No. 04, Block-N, Marghzar Colony Phase II, Lahore.	Akhtar Hussain	35202-9516139-5	Babu Khan	-	1,869	92	-	1,869	92	-	1,961
96	M/s. Taimour Immitation Jewellery Survey No. SW-II-2-S-4, House No. 04, Street No.02, Rafoo Street, Near Veterinary Hospital, Sanat Nagar, Lahore.	Munir Ahmed Nazir Ahmed Safia Begum Firdous Islam	35202-1448503-3 35202-4194663-1 35202-6228964-8 35202-7303026-2	Muhammad Rasheed Muhammad Rasheed Muhammad Rasheed Muhammad Rasheed	2,987	3,552	17	-	3,273	17	-	3,290
97	M/s. Shahid Anjad Industries Peeray Wala More, Khanewal Road, Multan.	Shahid Rafi Sheikh Amjad Rafi Sheikh Fazal Elahi Ayeshah Rashid	36302-0371960-3 36302-7581393-9 36302-7039576-7 36302-1794741-0	Sheikh Muhammad Rafi Sheikh Muhammad Rafi Sheikh Muhammad Rafi Sheikh Fazal Elahi	-	72,447	218	-	72,447	218	-	72,665

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		Name	NIC No.		Principal	Interest / mark-up	Others					Total
Domestic												
98	M/s. Al Karam Poultry House No. 114-C, Block No. 13, Mohallah Bagh Umer, Sargodha.	Muhammad Jamshed Rana Hakim Khan Rana Muhammad Javed	38403-6089283-9 38403-4744985-9 38403-2669814-1	Rana Hakim Khan Rana Khan Muhammad Rana Hakim Khan	-	1,354	119	1,473	-	1,354	119	1,473
99	M/s. Punjab Enterprises Daska Road Adda, Sialkot	Chaudhary Arshad Javaid Warraich	34603-8979862-1	Muhammad Hussain	2,319	5,364	132	7,815	-	5,019	132	5,151
100	Syed Sharafat Ali House No. 776/15, Lane No. 02, Chaklala Scheme, Waliat Colony, Rawalpindi.	Syed Sharafat Ali	37405-1368720-7	Syed Ishrat Ali	-	10,725	85	10,810	-	10,725	85	10,810
101	M/s. Kaka Guddi Farosh House No. 125-I, Kocha Hassan Shah Wali, Inside Mochi Gate, Lahore.	Muhammad Ramzan Alias Kaka	35202-3304792-9	Miraj Din	81	945	17	1,043	-	928	17	945
102	Muhammad Omer Khan Tareen House No. 12, Ali Block, Sector-B, Bahria Town, Lahore	Muhammad Omer Khan Tareen	35202-2618898-7	Muhammad Ishaq Khan Tareen	3,095	3,004	-	6,099	-	3,058	-	3,058
103	M/s. UKJ Enterprises House No. 16/254-A, Mohallah Ali Ghar, Power House, Sialkot.	Muhammad Qadeer Ijaz Ahmed	34603-3596789-5 34603-1485361-1	Feroz Din Feroz Din	555	834	-	1,389	-	852	-	852
104	Jamil Ahmed Naz House No. 17, Zia Colony, Rahat Park, Samanabad, Lahore.	Jamil Ahmed Naz	35202-2474963-5	Mian Muhammad Aslam Late	531	827	110	1,468	531	827	110	1,468
105	Khushnood Ahmed House No. 15, Street No. 65, G-6/4, Islamabad.	Khushnood Ahmed	35202-7545214-5	Muhammad Sharif	2,336	13,243	16	15,595	-	7,336	16	7,352
106	M/s. Heji Alla-Ud-Din/ Muhammad Safdar & Co. Shop No. 126, New Sabzi Mandi, Multan.	Muhammad Safdar Atiqa Afzal Hashmi Rizvi	36302-5661303-5 34101-2390634-0 36302-1033965-3	Alia Ud Din Muhammad Safdar Pir Syed Naimat Hussain Rizvi	-	8,957	-	8,957	-	8,957	-	8,957
107	M/s. New Kamran Enterprises G.T Road, Near Tehsil Office, Mian Channu.	Qaisar Zaman Malik Ashiq Hussain Malik Bashir Ahmed	36104-9849600-3 36104-1377210-9 42301-7672636-9	Malik Ashiq Hussain Malik Karam Ali Malik Karam Ali	550	809	17	1,376	-	614	17	631
108	M/s. Far Eastern Trading Company Plot No. 32/134, (Survey sheet No. 35 -P/1) Town. House No.6, Sadiq Bungalows, Dawood Bohra Co-operative Housing Society Ltd, Karachi.	Faizan Amiwala Meharunnisa	42101-8472226-9 42201-5080002-4	Muhammad Arif Muhammad Arif	1,548	1,644	-	3,192	-	1,277	-	1,277

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
109	Qudsia Naveed House No. 08, Street No.01, University Road, Faisal Park, Sargodha.	Qudsia Naveed	38403-6706765-0	Naveed Raza	1,440	625	-	2,065	-	652	-	652
110	M/s. Gondal Motors Chak No. 215/ RB, Hamayoun Town, Jaranwala Road, Faisalabad.	Chaudhary Nasir Abbas Gondal	33100-2950277-1	Chaudhary Muhammad Bakshish Gondal	600	536	54	1,190	-	457	54	511
111	Rana Muhammad Azam Khan Chak No. 188-RB, Tehsil Chak Jhumra, Distt: Faisalabad.	Rana Muhammad Azam Khan	33101-2036227-7	Muhammad Aslam	700	738	30	1,468	-	639	30	669
112	M/s. Itefaq Feed Mills Sanda Chistana, Post Office Ganda Singh, Distt: Kasur.	Muhammad Aslam Muhammad Yasin	35102-3249443-1 35102-0690907-1	Jan Muhammad Hakim Ali	1,598	1,405	78	3,081	-	1,255	78	1,333
113	Muhammad Asghar Qureshi House No.113, Block F, Model Town, Lahore.	Muhammad Asghar Qureshi Muhammad Jamil	35202-2088783-5 35202-2894555-7	Muhammad Khalil Muhammad Khalil	2,025	8,205	17	10,247	-	7,067	17	7,084
114	Ijaz Ahmad Vanike Tarar, Hafizabad.	Ijaz Ahmad Muhammad Nawaz Ghulam Abbas	34301-1701209-3 34301-1965715-5 34301-1701212-3	Muhammad Nawaz Saleh Muhammad Saleh Muhammad	200	700	58	968	-	607	58	665
115	M/s. Riaz Enterprises Kotla Ananda, P/O Jalalpur Bhattian, Tehsil Pindi Bhattian, Distt: Hafizabad.	Muhammad Riaz Aliah Baikhsh	34302-5455370-7 34302-8061400-9	Noor Muhammad Muhammad	237	1,227	88	1,562	-	1,073	88	1,161
116	Muhammad Javed Khan Khatak Awazi Banda, Post Office Chokara, Teshil Takhat Nasarti, Distt: Karak.	Muhammad Javed Khan Khatak Amjad Iqbal	14203-2061400-3 14203-5477235-9	Navab Khan Late Sher Dil Khan	586	1,372	22	1,980	-	1,317	22	1,339
117	M/s. Shah Rukn-e-Alam Travels (Pvt.) Ltd. Rehmat Plaza, D-Block, Burewala.	Mehmood Ul Hassan Saddique Noor Ul Hassan Milan Muhammad Hassan Zahri Ruksana Bano Ruqla Bano	61101-0248157-3 36601-1803540-7 36601-1619518-3 61101-3904568-4 61101-7663587-6	Milan Sardar Ali Milan Sardar Ali Milan Sardar Ali Noor Ul Hassan Mehmood Ul Hassan Saddique	764	6,300	68	7,132	-	6,309	68	6,377
118	M/s United Industries (i) Plot No. 148, Sector No. 27, Korangi Industrial Area, Karachi. (ii) Plot No. 241, Sector No. 27, Korangi Industrial Area, Karachi.	Muhammad Asghar Khan	42201-0721216-5	Muhammad Saleem	3,106	9,243	-	12,349	-	8,838	-	8,838

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		Name	NIC No.		Principal	Interest / mark-up	Others					Total
Domestic												
119	M/s. Globle International Residential Apartment Building Bearing Survey No. 14, Sheet No. GRW, Situated at Pratt & Udham Dass Tara Road, Garden West Quarters, Karachi.	Faisal Sharif	42201-8632630-9	Muhammad Amin	-	24,701	33	24,734	-	24,701	33	24,734
120	Naheed Ruham House No. R-1043, Sector 15/A-4, Buffer Zone North, Karachi.	Naheed Ruham	42101-6137378-6	Syed Abdus Sami Ruham	430	1,207	33	1,670	-	1,212	33	1,245
121	M/s. Libas Collection House No. A-478, Sector 11-B, North Karachi.	Rizwana Kamran	42101-9780832-6	Kamran Hussain	131	1,204	-	1,335	-	805	-	805
122	M/s. Al Hassan Technology & Engineering Services (Pvt) Ltd Plot No.60/1, Khyabane-Hafiz, DHA Phase-V, Karachi.	Shamsul Hassan Jibran Shamsul Hassan Khawar Shamsul Hassan Nauman Farrukh	42301-0823367-1 42301-0921237-9 42301-0945579-7 42301-0871737-5	Zafar Hassan Shamsul Hassan Shamsul Hassan Muhammad Farrukh Hassan	265	7,666	75	8,006	-	7,366	75	7,441
123	Ahsan Mehmood Street No. 2, Model Town, Tehsil & Distt: Mandi Bahauddin.	Ahsan Mehmood	34402-5388533-7	Sultan Mehmood	1,749	1,020	-	2,769	-	976	-	976
124	M/s. G.M Garments Plot No. WS-11, Block No.02, F.B Industrial Area, Karachi.	Ghulam Murtaza Ghulam Mustafa Zareena Begum	42101-5421783-5 42101-3477365-1 42101-9954966-4	Ghulam Muhammad Sabri Ghulam Muhammad Sabri Ghulam Muhammad Sabri	11,500	80,977	125	92,602	-	81,147	125	81,272
125	M/s Saleem Rice & Wheat Dealer Near Harria Wala Chowk, By-Pass Road, Gujrat	Muhammad Saleem Shamim Akhtar Chaudhary Touseef Liaqat Tanveer Liaqat Tauriq Liaqat Atiqia Nosheen Adeela Nosheen	34201-1029657-7 34201-3862947-2 34201-0944285-5 34201-9448946-5 34201-3920979-3 31202-2419672-6 38403-7538717-8	Muhammad Sharif Muhammad Saleem Chaudhary Liaqat Hayat Chaudhary Liaqat Hayat Chaudhary Liaqat Hayat Ehsan Ullah Waqar Moazzam Bhatti	62,000	42,913	172	105,085	-	49,273	172	49,445
126	M/s. M.M Hussain Traders Khawaja Metal Market, Shop No. 1, Kacha Sheikhpura Road, Near NBP, Gujranwala.	Akmal Shahzad Walyat Begum	34101-5658385-9 34101-9110413-4	Muhammad Hussain Muhammad Hussain	1,622	4,902	108	6,632	-	739	-	739
127	Tawakkal Hussain Shah House No.P-3346, Street No. 16, Mohallah Mansoorabad, Faisalabad.	Tawakkal Hussain Shah	33100-4505534-3	Syed Fida Hussain	-	541	70	611	-	541	70	611
128	Muhammad Abdul Rehman House No. P-141, D-Type, Samundri Road, Faisalabad.	Muhammad Abdul Rehman	33100-9030474-9	Muhammad Shafi	1,694	1,540	59	3,293	-	1,605	59	1,664

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		Name	NIC No.		Principal	Interest / mark-up	Others				
Domestic											
129	M/s. Hayat Petroleum Services House No. 2, Street 2, Qasim Park, Sargodha	Qasim Ehsan	38403-3848977-5	Ehsan Ullah	343	634	65	1,042	489	65	554
130	M/s. Lashari Filling Station Lashari Post Office, Tehsil & Distt: Jhang.	Bashir Ahmed Khan	33202-1376506-3	Waryam Khan	1,500	944	59	2,503	811	59	870
131	M/s. Habib Ur Rehman & Co. (Khan & Co.) House No.48, Ward No.2, Kachi Gali, Aminabad, Tehsil Saccdar, Distt: Gujranwala.	Muhammad Nadeem Akhtar	34101-8592130-3	Malik Muhammad Shaifq Khan	250	1,033	17	1,300	900	17	917
132	M/s. New Lahore Motors 7-E, Main Market, Gulberg-III Lahore.	Imtiaz Elahi Muhammad Naveed Younas Butt Nasrullah	35202-5266132-7 35201-1520143-9 35202-7648826-7	Chaudhary Bashir Ahmed Tanveer Muhammad Younas Butt Muhammad Boota	-	21,036	-	21,036	21,036	-	21,036
133	M/s. Hajvery Transport Services 7-E, Main Market, Gulberg-III Lahore.	Nasrullah Muhammad Naveed Younas Butt	35202-7648826-7 35201-1520143-9	Muhammad Boota Muhammad Younas Butt	11,393	13,146	21	24,560	13,237	21	13,258
134	M/s. Javid Shahid Traders Bilal Pura, Samajjabad, Multan.	Muhammad Javed Akhtar Muhammad Yaqoob	36302-3812145-1 323-92-765069	Muhammad Yaqoob Chaudhary Ghulam Muhammad	369	2,062	31	2,462	2,063	31	2,094
135	M/s. Amarant Instruments House No. 12, Shalimar Town, Tehsil Cantt, Distt: Lahore.	Muhammad Zahid Abbas Muhammad Afzal Ashraf	34603-2122272-1 35201-1623067-7	Akhtar Hussain Muhammad Ashraf	-	1,423	32	1,455	1,423	32	1,455
136	M/s. Premier Electric Store Shop No. 4-A, Koh-i-Noor Chamber, Shah Alam Market, Lahore.	Atif Sajjad Sheikh Sheikh Sajjad Ahmad	35202-0695718-1 35202-0929810-5	Sheikh Sajjad Ahmad Sheikh Khadim Hussain	7,874	15,353	18	23,245	15,056	18	15,074
137	Muhammad Asif Jah, Muhammad Rashid Akhtar, Muhammad Nasir House No. 152, Raza Block, Allama Iqbal Town, Lahore	Muhammad Asif Jah Muhammad Rashid Akhtar Muhammad Nasir	35202-3636121-9 35202-5700277-7 35202-0891034-1	Chaudhary Akhtar Hussain Chaudhary Akhtar Hussain Chaudhary Akhtar Hussain	549	2,373	133	3,055	2,267	133	2,400
138	M/s. Rawal Shoes Shop No. 2-G, Main Shoes Market, Shah Alam, Lahore	Farzana Sohail Shabana Shakeel Sheikh Sohail Afzal Sheikh Shakeel Afzal	35202-2534212-4 35202-2583449-4 35202-2673547-1 35202-3172953-1	Sheikh Sohail Afzal Sheikh Shakeel Afzal Sheikh Muhammad Afzal Sheikh Muhammad Afzal	1,786	3,465	-	5,251	3,491	-	3,491

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		Name	NIC No.		Principal	Interest / mark-up	Others	Total			
Domestic											
139	M/s. Abrar Textile Factory House No. A-486, Sector 11-A, Township, North, Karachi.	Israr Ahmed Lodhi Omer Daraz Khan Lodhi	42101-0401015-7 42101-7629360-1	Umer Daraz Khan Lodhi Ghulam Nabi Khan Lodhi	-	12,490	-	12,490	-	-	12,490
140	M/s. Royal Builders House No. 175, Street No.06, Sector-K6, Phase-03, Hayatabad, Peshawar.	Naik Muhammad Khan	15401-6985852-1	Abdul Manan Khan	-	1,115	25	1,140	1,115	25	1,140
141	Rashid Pervaiz Malik Mianpur, New Model Town, Tehsil & Distt: Sialkot.	Rashid Pervaiz Malik	34603-2913893-1	Malik Muhammad Suleman	524	678	-	1,202	698	-	698
142	M/s. Al Munir & Co. 31-KM Ferozpur Road, Adda Suwa Asil, Lahore.	Muhammad Munir Shahzad	35201-1434785-5	Muhammad Hussain	495	1,802	17	2,254	1,816	17	1,833
143	Muhammad Akhtar Masjid Nurani, Mohallah Muzaffar Khan, Distt: Hafizabad.	Muhammad Akhtar Arshad Iqbal Nusrat Iqbal	34301-2413566-3 34301-5200729-7 34301-1964741-5	Muhammad Ismail Chaudhary Sardar Ali Chaudhary Sardar Ali	999	1,038	67	2,104	1,028	67	1,095
144	Adro Khan House No.C-97/10, F.B Area, Karachi	Adro Khan	21707-6789752-3	Sardar Toor Khan	10,999	10,252	33	21,284	8,799	33	8,832
145	M/s. Hassan Brothers Shop No. 2/3, B-II-6/1, "M.M Super Store & Al-Rehman Chemist" Ceroz Gali, Near GPO, Mall Road, Murree.	Muhammad Azad Zahid Iqbal	61101-7147046-5 37404-3748702-7	Munsab Daar Abdul Shakkor	689	4,444	6	5,139	4,415	-	4,415
146	M/s. Nagina Cloth House Jeddah Market, Shop No. 09, Jamia Street No. 1, Katchery Bazar, Faisalabad.	Muhammad Akram Nagina	33100-1016762-1	Haji Muhammad Hanif	3,498	5,771	78	9,347	5,699	78	5,777
147	M/s. Aqib Bilal Weaving Factory Chak No. 243/RB, Roshanwala By-Pass, Samundri Road, Faisalabad.	Muhammad Javaid Babar Ali Khan	33100-0423784-7 33100-3657603-9	Muhammad Sadiq Muhammad Sadiq	1,698	2,257	67	4,022	2,166	67	2,233
148	M/s. Zeeshan Amir Weaving Factory Chak No. 243/RM, Roshanwala By-Pass, Samundri Road, Faisalabad.	Babar Ali Khan Muhammad Javaid	33100-3657603-9 33100-0423784-7	Muhammad Sadiq Muhammad Sadiq	700	3,012	67	3,779	2,907	67	2,974

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Domestic												
149	M/s. Abdullah Rice Traders Ghalla Mandi, Mundekey Goraya, Tehsil Daska, Distt: Sialkot.	Tariq Javed Muhammad Raza Ullah Muhammad Siddique	34601-3549005-7 34601-0821823-3 34601-4426612-1	Muhammad Siddique Satdar Ali Ghulam Muhammad	1,184	1,446	17	2,647	-	1,359	17	1,376
150	M/s. Gondal Bar Petroleum Satsira Chowk, Mandi Bahauddin.	Muhammad Afzal Nadir Khan	34402-9963842-1 34402-2140179-9	Nadir Khan Rehmat Khan	6,975	2,223	-	9,198	-	2,092	-	2,092
151	M/s Asaad Textile Mills Chak No. 505-EB, Burewala, Vehari.	Muhammad Aslam Shahraz Aslam Muhammad Ashraf	36601-7248320-9 36601-3068176-6 36601-1553795-7	Taj Muhammad Muhammad Aslam Taj Muhammad	-	8,085	16	8,101	-	7,936	165	8,101
152	M/s. S & Z Traders 1st Floor, Shameem Chamber, 26/6, Davis Road, Lahore.	Abdul Rehman Gulbaz Ali Sejida Gulbaz	278-74-154802 35202-9416106-9 35202-6023798-6	Muhammad Jamil Khan Ghulam Nabi Gulbaz Ali	4,706	8,259	51	13,016	-	8,454	51	8,505
153	Shabbir Hussain & Shafique Hussain Muhallah Darbar Sharif, Paoca Ghara, Gujjar Camp, Tehsil & Distt: Sialkot.	Shabbir Hussain Shafique Hussain	34603-4023587-9 34603-4169541-5	Abdul Qadir Abdul Qadir	757	829	1	1,587	-	847	-	847
154	Muhammad Sohail House No. 08, Street No. 134, Mohallah Kacha Nisbat Road, Gawalmandi, Lahore.	Muhammad Sohail	35202-1387018-3	Abdul Rasheed	1,518	2,289	20	3,827	-	2,344	20	2,364
155	Raza Tufail House No. 377, Block-GG, DHA Phase-IV, Lahore.	Raza Tufail	38401-0305747-9	Muhammad Tufail	1,890	4,230	68	6,128	-	4,029	68	4,097
156	M/s. Abdul Sattar & Co. Ghalla Mandi, Tattay Wali, Distt: Gujranwala.	Abdul Sattar Ifikhar Ahmed Sagheer Bibi	34101-7657485-1 34101-2664608-1 34101-2535118-0	Maheer Din Abdul Sattar Abdul Sattar	-	5,792	117	5,909	-	4,452	117	4,569
157	M/s. Intizar Rice Traders Ghalla Mandi, Tattay Wali, Distt: Gujranwala.	Intizar Hussain Abdul Sattar	34101-8387762-3 34101-7657485-1	Abdul Sattar Maheer Din	4,105	11,018	117	15,240	-	7,188	117	7,305
158	M/s. Ifikhar & Brothers Ghalla Mandi, Tattay Wali, Distt: Gujranwala.	Ifikhar Ahmed Abdul Sattar	34101-2664608-1 34101-7657485-1	Abdul Sattar Maheer Din	-	9,136	112	9,248	-	8,616	112	8,728
159	Ghulam Fareed Katcha Sadqabad Road, Rahim Yar Khan.	Ghulam Fareed	31303-3475291-3	Faqeer Bukhsh	601	2,954	26	3,581	-	3,050	26	3,076

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		Name	NIC No.		Principal	Interest / mark-up	Total					
							Others	Total				
Domestic												
160	M/s. Akbar & Co. Ghalla Mandi, Bahawalnagar.	Muhammad Akbar Qadeer Ahmad Fareeda Khanam Zahra Bibi Zama Farooq	31101-1617287-1 31101-3785973-1 31101-1136545-2 31101-4874136-0 31101-3296993-2	Ali Jan Ali Jan Ali Jan Ali Jan Muhammad Farooq	179	908	37	1,124	-	877	37	914
161	Haroon Khan & Ahmad Ali Khan Village & P.O. Dagai, Tehsil Chota Lahore, Distt: Swabi.	Haroon Khan Ahmad Ali Khan	16202-1221055-7 16202-0932349-7	Ahmad Ali Khan Jabir Khan	568	1,063	-	1,621	-	810	-	810
162	Allah Ditta (AI Maroof Mirann JII Construction Company) Allah Ditta Thakedar Wali Street, Mohallah Khoi Wala, Pasrur Road, Fareed Town, Gujranwala.	Allah Ditta Muhammad Boota	34101-9015308-5 34101-2102927-7	Taj Din Kramat Ali	977	1,973	17	2,967	-	1,985	17	2,002
163	Muhammad Farooq House No. 1048, Street No. 05, Mohallah Qadeer Abad, Multan.	Muhammad Farooq	36302-0909844-7	Muhammad Nawaz	1,976	1,401	-	3,377	-	1,529	-	1,529
164	M/s. Eagle Enterprises House No. 19, Argori Bagh Scheme No. 02, Feroz Ali Park, Baghbanpura, Lahore.	Abrar Khaliq Samina Zaheer	35201-5092059-9 35201-8966349-4	Malik Zaheer Ahmad Malik Zaheer Ahmad	475	1,704	-	2,179	-	1,618	-	1,618
165	Chaudhary Shahzad Mehmood Mohallah Gondal Town, Tehsil & Distt: Mandi Bahaudin.	Chaudhary Shahzad Mehmood Chaudhary Muhammad Iqbal	34401-1589301-9 34401-1588351-9	Chaudhary Muhammad Hussain Chaudhary Muhammad Hussain	822	1,592	52	2,466	-	1,605	52	1,657
166	Shabbir Ahmad & Bushra Shabbir House No.119-C, LDA Street No. A, Old Abadi, Mouza Bhabra, Tehsil Cantt: Lahore.	Shabbir Ahmad Bushra Shabbir	35202-0408358-3 35201-6228389-2	Rasheed Ahmad Sindhu Shabbir Ahmad	-	733	17	750	-	533	17	550
167	M/s. Kasur Commission Shop House No. 2, Gali Dilawar Hussain Wali, Warburton, Distt: Nankana Sahib.	Muhammad Tariq Muhammad Ali	35102-3681717-1 35102-9230574-3	Muhammad Ali Abdullah	-	928	17	945	-	626	17	643
168	Abdul Ghaffar House No. P-48, Mohallah Hejiabad, Shelkhpura Road, Faisalabad.	Abdul Ghaffar	33102-0353677-5	Abdul Majeed	1,492	1,487	69	3,048	-	1,402	69	1,471

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Domestic												
169	M/s. Classic Metal Trading Company House No. 521, Block -A, Model Town, Gujranwala	Fazal Ur Rehman Paracha Saif Ur Rehman Bliques Begum Rubina Saif	14301-8372618-1 34101-5578426-1 34101-2507229-2 34101-3590047-6	Abdul Rashid Fazal Ur Rehman Paracha Saif Ur Rehman	7,099	35,033	138	42,270	-	32,858	138	32,996
170	M/s. Younis Repairing Works 11-KM, Attawa More, G. T Road, Gujranwala.	Muhammad Yousaf Muhammad Amin	34103-9540711-9 34103-0551749-5	Muhammad Younas Muhammad Younas	391	3,894	86	4,371	-	3,888	86	3,974
171	Abid Rashid Abadi Mir Muzaffar, Street No. 19, Hafizabad Road, Gujranwala.	Abid Rashid Khurshid Ahmed Parveen Akhtar Sohail Manzoor Rizwan Manzoor Farina Manzoor	34101-2676675-7 285-86-094301 34101-4821713-2 285-89-512184 34101-5945861-3 285-73-512185	Abdul Rashid Haji Hidayat Ullah Manzoor Ahmad Manzoor Ahmad Manzoor Ahmad Manzoor Ahmad	291	1,044	17	1,352	-	840	17	857
172	Zahid Abbas Bhonda P.O Kolo Tarar, Tehsil & Distt: Hafizabad.	Zahid Abbas	34301-1702027-5	Bashir Ahmad	820	2,042	58	2,920	-	1,966	58	2,024
173	Ali Asghar Sundrana, Kaleki Mandi, Tehsil & Distt: Hafizabad.	Ali Asghar Ali Akbar Ali Imran Rai Mehdi Hasan	34301-1360971-7 34301-6443966-3 34301-1909355-1 34301-1778890-1	Rai Muhammad Sharif Rai Muhammad Sharif Rai Muhammad Sharif Hayat Muhammad	771	690	55	1,516	-	594	55	649
174	M/s. Long Links Corporation Roras Road, Harar, Sialkot.	Nazir Ahmad Rasheed Ahmad Waqas Bashir Sadaqat Ali Muhammad Shafi Muhammad Bashir Shahnaz Begum Ghazala Tariq Fouzia Atzal Ruqia Begum Hina Bashir Sobia Bashir	34603-2612734-9 34603-1353660-5 34603-3599452-5 34603-7882877-5 305-12-326930 34603-2052824-1 34603-9019645-4 34603-8905703-2 34603-3998590-6 34603-5964896-2 34603-8729979-0 34603-4896359-0	Muhammad Shafi Muhammad Shafi Muhammad Bashir Tariq Mehmood Muhammad Afzal Muhammad Ashraf Muhammad Bashir Muhammad Bashir	3,646	12,173	105	15,924	-	12,006	105	12,111
175	M/s. Effeff Industries Lahore Office, 43/8, Main Gulberg, Lahore.	Mian Akbar Mahmood Fahim Saeed Humayun Mahmood Mian Mian Muhammad Mehmood Nadeem Ahmad Saeed Saeed Ahmed	61101-7922178-1 27658-6886483-1 37405-0336083-1 37405-0229737-3 42301-0721667-1 42301-0721668-1	Mian Muhammad Mahmood Saeed Ahmed Mian Muhammad Mahmood Mian Muhammad Nazir Saeed Ahmed Noor Ud Din Ahmad	1,202	1,031	322	2,555	-	4,551	-	4,551

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Domestic												
176	Muhammad Ashraf House No. Ex 78/8, Mohallah Ansar Colony, Chungi No. 11, Budhla Road, Multan.	Muhammad Ashraf	36302-9069670-5	Muhammad Yaqoob Alias Boola	298	1,074	-	1,372	-	725	-	725
177	Yasir Sharmim Shop No. 119-120, 1st Floor, Mehboob Super Market, Abdullah Haroon Road, Saddar, Karachi.	Yasir Sharmim	42201-9143561-9	Nasir Sharmim	416	188	1	605	416	188	-	604
178	Khaili Ahmad Mughal Aluminium Works, 69-Rasol Park, Sahma Road, Lahore.	Khaili Ahmad	35201-9455831-7	Tauqeer Ahmed	155	409	1	565	155	409	-	564
179	Muhammad Anwar Nide PVC Ded-Coating Centre, Opposite Haji Muhammad Nawaz Pechan Wali Factory, Sialkot.	Muhammad Anwar	34603-4643430-7	Nawab Din	217	490	1	708	217	490	-	707
180	Muhammad Ali M.A Rice Corporation, Plot No. 1438, Shop No. 02, Block-14, F.B Area, Karachi.	Muhammad Ali	42301-3887119-1	Omer	300	254	1	555	300	254	-	554
Overseas												
1	K D P T Enterprises No.175, Maddewila, Ethkadura, Galle, Sri Lanka	K D P T Geethmal (Kos Gallana Durage Praneath Tharaka Geethmal)	922701784V	K.D Somachandra	1,533	12,254	238	14,025	-	12,485	-	12,485
2	D Nalaka Hewage 613/4, L M P Mawatha, Kurudugahatakma, Elpitiya, Sri Lanka	D Nalaka Hewage	801490565V	NA	4,736	5,439	272	10,447	-	4,993	718	5,711
3	Societe Anonyme Marocaine De L'Industrie Du Raffinage (SAMIIF) Kingdom Of Morocco.	Jason Milazzo Jamal BA-Amber Gorge Salem Bassam Aburdene Laris Nelson	NA	NA	-	-	-	-	714,006	30,298	-	744,304
					752,450	1,256,124	10,494	2,019,068	1,116,383	1,350,278	9,988	2,476,649

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	117	117	-	12	As per Bank's policy	Hammad Khalid	Lahore
Laptop	169	169	-	17	As per Bank's policy	Adnan Aurangzeb Khan	Lahore
Laptop	150	131	19	30	As per Bank's policy	Tahir Riaz	Sri Lanka
Laptop	300	256	44	60	As per Bank's policy	Azfar Alam Nomani	Lahore
Laptop	305	305	-	31	As per Bank's policy	Shoaib Mumtaz	Lahore
Laptop	150	109	41	44	As per Bank's policy	Raza Ehsan	Lahore
	1,191	1,087	104	194			
Vehicles							
Hyundai Sonata	6,623	3,621	3,002	3,002	As per Bank's policy	Shoaib Mumtaz	Lahore
	6,623	3,621	3,002	3,002			
	7,814	4,708	3,106	3,196			



FINANCIAL STATEMENTS **CONSOLIDATED**



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, MCB Exchange Company (Pvt.) Limited, MCB Islamic Bank Limited and MCB Non-Banking Credit Organization Closed Joint Stock Company for the year ended December 31, 2024.

Profit and Appropriations

The profit before and after taxation for the year ended December 31, 2024 together with appropriations is as under:

	(Rs. in Million)
Profit Before Taxation	131,177
Taxation	(67,711)
Profit After Taxation	63,466
Profit attributable to non-controlling interest	(241)
Profit attributable to Equity shareholders of the Bank	63,225
Un-appropriated profit brought forward	102,689
Impact of adoption of IFRS 9	(114)
Re-measurement gain on defined benefit obligations - net of tax	2,423
Surplus realized on disposal of revalued property and equipment - net of tax	14
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	1,794
Surplus realized on disposal of non-banking assets - net of tax	20
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	148
	106,974
Profit Available for Appropriation	170,199
Appropriations:	
Transfer to Statutory Reserve	6,609
Final Cash Dividend at Rs. 9.0 per share - December 31, 2023	10,666
First Interim Cash Dividend at Rs. 9.0 per share - March 31, 2024	10,666
Second Interim Cash Dividend at Rs. 9.0 per share - June 30, 2024	10,666
Third Interim Cash Dividend at Rs. 9.0 per share - September 30, 2024	10,666
Total Appropriations	49,273
Un-appropriated Profit Carried Forward	120,926
Earnings per Share (Rs)	53.35

Dividends

The Board of Directors declared a final cash dividend of Rs. 9.00 per share for the year ended December 31, 2024, which is in addition to Rs. 27.00 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,



Muhammad Nauman Chughtai
President & CEO
MCB Bank Limited



Mian Umer Mansha
Director
MCB Bank Limited

February 06, 2025

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز، ایم سی بی بینک لمیٹڈ اور اس کے ذیلی اداروں جن میں ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ، ایم سی بی ایکسچینج کسپنی (پرائیویٹ) لمیٹڈ، ایم سی بی اسلامک بینک لمیٹڈ اور ایم سی بی نان بینک کریڈٹ آرگنائزیشن کورڈ جوائنٹ اسٹاک کسپنی شامل ہیں، کی مجموعی مالیاتی اسٹیٹمنٹس برائے سال 31 دسمبر 2024ء پر رپورٹ پیش کرتے ہیں۔

منافع اور تخصیص

31 دسمبر 2024ء کو اختتام پذیر سال میں منافع قبل و بعد از ٹیکس اور تخصیص، مندرجہ ہے

ملین روپے	
131,177	منافع از ٹیکس
(67,711)	ٹیکس
63,466	منافع بعد از ٹیکس
(241)	نان کنٹروولنگ انٹرسٹ کے لیے تفویض شدہ منافع
63,225	عام حصص یافتگان کے لیے تفویض شدہ منافع
102,689	افتتاحی غیر تخصیص شدہ منافع
(114)	آئی ایف آر ہلس (IFRS-9) کے اطلاق کے اثرات
2,423	ڈیفائنڈ سینٹ واجبات کا دوبارہ تعین شدہ منافع حوالہ از ٹیکس
14	از سر نو تخمینہ شدہ حبابیاد و آلات کی مندرجہ سے حاصل شدہ سرپلس۔ حوالہ از ٹیکس
1,794	ایف وی او سی آئی (FVOCI) کے ذریعے لیکویٹی انٹروینٹس کی مندرجہ سے حاصل شدہ سرپلس حوالہ از ٹیکس
20	نان بینکنگ اثاثہ حبات کی مندرجہ سے حاصل شدہ سرپلس۔ حوالہ از ٹیکس
148	از سر نو تخمینہ شدہ معین اثاثوں کے سرپلس سے انسانی مندرجہ کی غیر تخصیص شدہ منافع میں منتقلی حوالہ از ٹیکس
106,974	
170,199	تخصیص کے لیے دستیاب منافع
	تخصیص
6,609	متاثری ریزرو میں منتقلی
10,666	حتی کیش ڈیویڈنڈ 9 روپے فی حصص 31 دسمبر 2023
10,666	پہلا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 31 مارچ 2024
10,666	دوسرا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 30 جون 2024
10,666	تیسرا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 30 ستمبر 2024
49,273	کل تخصیص
120,926	اختتامی غیر تخصیص شدہ منافع
53.35	فی حصص آمدنی (روپے)

ڈیویڈنڈز

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2024ء کو اختتام پذیر سال کے لئے 9 روپے فی حصص کے حتی کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ حصص یافتگان کو 27 روپے فی حصص کے پہلے سے ادا شدہ عبوری ڈیویڈنڈز کے علاوہ ہے حتی کیش ڈیویڈنڈ کے اس اعلان کے اثرات کو مندرجہ بالا تخصیص میں شمار نہیں کیا گیا ہے۔

منجانب و برائے بورڈ آف ڈائریکٹرز

میاں عمر منشاء
ڈائریکٹر ایم سی بی بینک لمیٹڈ

محمد نعمان چغتائی
پریزیڈنٹ اور سی ای او
ایم سی بینک لمیٹڈ

06 جنوری 2025ء

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 subsidiary companies (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of 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	<p>Credit loss allowance against advances: (Refer notes 6.1.1.5, 6.1.1.6 and 11 to the consolidated financial statements)</p> <p>The Group records credit loss allowance against advances in accordance with the requirements of International Financial Reporting Standard (IFRS) 9 'Financial Instruments'.</p> <p>Under IFRS 9, the Group assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with all advances and other debt financial assets not held at fair value through profit and loss, together with letters of credit, guarantees and unutilised financing commitments. A lifetime ECL is recorded on advances in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances which are credit impaired as on the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Group compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The allowance is increased by provisions charged to the consolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries.</p>	<p>Our audit procedures to verify credit loss allowance against advances included, amongst others, the following:</p> <ul style="list-style-type: none"> • We obtained and updated our understanding of the Group management's assessment of credit loss allowance in respect of advances including the Group's internal rating model, accounting policy and model methodology including any key changes made during the year. • We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against advances. • The testing of controls included testing of: <ul style="list-style-type: none"> o controls over correct classification of advances; o controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; o controls over accurate computation and recording of provisions; and o 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>The Group records charge for Stage 3 based on the higher of provision under Prudential Regulations or ECL under IFRS 9, as per the instructions of the State Bank of Pakistan (SBP). This assessment is conducted at the borrower / facility level for corporate, commercial, retail and consumer portfolios. If one facility of a counterparty becomes more than 90 days past due or is otherwise defined as impaired under Prudential Regulations, all other facilities of that counterparty are classified as Stage 3.</p> <p>The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions.</p> <p>The net provision made / reversed during the year is charged to the consolidated statement of profit and loss account and accumulated provision is netted-off against advances.</p> <p>The Group has recognised a net credit loss allowance / provision against advances (including general provision) amounting to Rs. 5,312.327 million in the consolidated statement of profit and loss account in the current year. As at December 31, 2024, the Group holds a credit loss allowance / provision of Rs. 47,710.013 million against advances. In addition, the Group has also maintained a general reserve of Rs. 8,739.178 million (December 31, 2023: Rs. 3,169.899 million) against advances / financing made in accordance with the prevailing circumstances as mentioned in note 6.1.1.5 to the consolidated financial statements.</p> <p>The determination of credit loss allowance / provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> • We selected a sample of loan accounts and performed the following substantive procedures: <ul style="list-style-type: none"> o Assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Group as well as the related external sources used for this purpose; o Checked repayments of loans / mark-up instalments and tested classification of advances based on the number of days overdue; o Tested the staging of loans and advances as per the criteria of SICR and in accordance with IFRS 9; o Evaluated the Group 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; o Assessed the ECL model used by the Group management to calculate Expected Credit Loss against loans and advances balances of the Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; o Assessed the reasonableness of the forward-looking assumptions used by the Group management in calculation of ECL; and o Assessed the relevant disclosures made in the consolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan. • We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Credit loss allowance 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.

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 06, 2025

UDIN: AR202410092720OZmTGk

Consolidated Statement of Financial Position

As at December 31, 2024

	Note	2024 (Rupees in '000)	2023
ASSETS			
Cash and balances with treasury banks	7	186,680,045	190,245,798
Balances with other banks	8	28,854,218	37,806,854
Lendings to financial institutions	9	57,655,504	89,713,400
Investments	10	1,306,556,156	1,372,343,715
Advances	11	1,165,914,626	670,673,495
Property and equipment	12	88,019,025	80,736,669
Right-of-use assets	13	8,452,814	8,001,881
Intangible assets	14	2,650,482	1,859,032
Other assets	15	164,938,886	228,704,335
Total Assets		3,009,721,756	2,680,085,179
LIABILITIES			
Bills payable	17	53,421,951	27,271,384
Borrowings	18	320,236,834	235,664,480
Deposits and other accounts	19	2,130,525,378	2,009,828,619
Lease liabilities	20	12,663,814	11,429,243
Subordinated debt		—	—
Deferred tax liabilities	21	20,824,376	3,552,321
Other liabilities	22	184,802,159	150,588,030
Total Liabilities		2,722,474,512	2,438,334,077
NET ASSETS		287,247,244	241,751,102
REPRESENTED BY			
Share capital	23	11,850,600	11,850,600
Reserves	24	108,157,770	101,129,809
Surplus on revaluation of assets	25	45,811,069	25,740,282
Unappropriated profit		120,926,276	102,689,217
		286,745,715	241,409,908
Non-controlling interest		501,529	341,194
		287,247,244	241,751,102
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.



Hammad Khalid

Chief Financial Officer



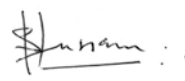
Muhammad Nauman
Chughtai

President/Chief Executive



Mian Umer Mansha

Director



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

Consolidated Statement of Profit and Loss Account

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
Mark-up / return / interest earned	28	413,551,319	364,448,721
Mark-up / return / interest expensed	29	245,603,966	199,026,667
Net mark-up / interest income		167,947,353	165,422,054
NON MARK-UP / INTEREST INCOME			
Fee and commission income	30	24,784,627	22,460,483
Dividend income		2,929,796	2,510,757
Foreign exchange income		9,613,683	9,197,358
Income from derivatives		1,982	15,837
Gain on securities – net	31	3,466,555	837,442
Net gains / (losses) on derecognition of financial assets measured at amortised cost		–	–
Other income	32	443,544	375,874
Total non-markup / interest income		41,240,187	35,397,751
Total income		209,187,540	200,819,805
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	33	72,527,182	60,127,915
Workers Welfare Fund		2,599,084	2,744,424
Other charges	34	447,184	701,754
Total non-markup / interest expenses		75,573,450	63,574,093
Share of profit of associates		2,441,139	1,348,508
Profit before credit loss allowance		136,055,229	138,594,220
Credit loss allowance and write offs – net	35	4,878,210	1,075,258
PROFIT BEFORE TAXATION		131,177,019	137,518,962
Taxation	36	67,711,345	72,247,962
PROFIT AFTER TAXATION		63,465,674	65,271,000
Attributable to:			
Equity shareholders of the Bank		63,225,058	65,104,619
Non-controlling interest		240,616	166,381
		63,465,674	65,271,000
(Rupees)			
Basic and diluted earnings per share attributable to ordinary shareholders	37	53.35	54.94

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.

				
Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	2024	2023
	(Rupees in '000)	
Profit after taxation for the year	63,465,674	65,271,000
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 subsidiary		
– Equity shareholders of the Bank	431,337	4,374,032
– Non-controlling interest	(8)	114
	431,329	4,374,146
Share of exchange translation reserve of associate	(12,561)	121,524
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI / AFS investments – net of tax	17,322,532	7,691,680
Movement in surplus on associated undertaking – net of tax	527,762	295,440
	18,269,062	12,482,790
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations – net of tax	2,423,108	2,669,856
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI – net of tax	9,549,937	–
Movement in surplus on revaluation of property and equipment – net of tax	(218,243)	(266,285)
Movement in surplus on revaluation of non-banking assets – net of tax	(20,063)	(163,876)
	11,734,739	2,239,695
Total comprehensive income	93,469,475	79,993,485
Attributable to:		
– Equity shareholders of the Bank	93,228,867	79,826,990
– Non-controlling interest	240,608	166,495
	93,469,475	79,993,485

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.



Hammad Khalid

Chief Financial Officer



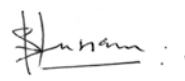
Muhammad Nauman
Chughtai

President/Chief Executive



Mian Umer Mansha

Director



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Share capital		Capital reserve		Statutory reserve	Revenue reserve	Surplus/(deficit) on revaluation of			Unappropriated profit	Sub Total	Non-controlling interest	Grand Total
	Share capital	Share premium	Non-distributable capital reserve	Exchange translation reserve			Investments	Associate	Property and equipment/ non-banking assets				
Balance as at December 31, 2022	11,850,600	23,973,024	908,317	4,845,697	41,313,438	18,600,000	(19,162,304)	127,321	38,493,465	72,795,700	193,745,258	732,489	194,477,747
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	65,104,619	65,104,619	166,381	65,271,000
Other comprehensive income - net of tax	-	-	-	4,495,556	-	-	-	-	(266,285)	-	4,495,556	114	4,496,670
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	-	-	(266,285)	-	(266,285)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	295,440	-	295,440	-	295,440
Movement in surplus on associated undertaking-net of tax	-	-	-	-	-	-	-	-	(163,876)	-	(163,876)	-	(163,876)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	2,669,866	2,669,866	-	2,669,866
Re-measurement gain/ (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	7,691,680	-	7,691,680
Movement in surplus / (deficit) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	4,495,556	6,993,777	-	-	295,440	(430,161)	2,669,866	14,722,371	114	14,722,485
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	(6,993,777)	-	-	(6,993,777)
Surplus realized on disposal of revalued property and equipment - net of tax	-	-	-	-	-	-	-	(153,415)	(153,415)	153,415	-	-	-
Surplus realized on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	-	(1,097,114)	(1,097,114)	1,097,114	-	-	-
Investment in subsidiary	-	-	-	-	-	-	-	(24,630)	(24,630)	24,630	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	(165,720)	(165,720)	(484,205)	(649,925)
Final cash dividend at Rs. 6.0 per share - December 31, 2022	-	-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	-	(7,110,360)
Interim cash dividend at Rs. 5.0 per share - March 31, 2023	-	-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	-	(7,110,360)
Interim cash dividend at Rs. 7.0 per share - June 30, 2023	-	-	-	-	-	-	-	-	-	(8,295,420)	(8,295,420)	-	(8,295,420)
Interim cash dividend at Rs. 8.0 per share - September 30, 2023	-	-	-	-	-	-	-	-	-	(9,480,480)	(9,480,480)	-	(9,480,480)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	(31,996,620)	(31,996,620)	(73,585)	(31,996,620)
Balance as at December 31, 2023	11,850,600	23,973,024	908,317	9,341,253	48,307,215	18,600,000	(11,470,624)	422,761	36,788,145	102,889,217	241,409,908	341,194	241,751,102
Impact of adoption of IFRS 9 - net of tax (note 6.1.3)	-	-	-	-	-	-	(5,116,113)	-	-	(114,787)	(5,230,900)	-	(5,230,900)
Opening balance as at January 01, 2024 - after adoption of IFRS 9 Financial Instruments	11,850,600	23,973,024	908,317	9,341,253	48,307,215	18,600,000	(16,586,737)	422,761	36,788,145	102,574,430	236,179,008	341,194	236,520,202
Profit after taxation for the year ended December 31, 2024	-	-	-	-	-	-	-	-	-	63,225,068	63,225,068	240,616	63,465,674
Other comprehensive income - net of tax	-	-	-	418,776	-	-	-	-	-	-	418,776	(8)	418,768
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	(218,243)	-	(218,243)	-	(218,243)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	(20,063)	-	(20,063)	-	(20,063)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	527,762	-	527,762
Movement in surplus on associated undertaking-net of tax	-	-	-	-	-	-	-	527,762	-	-	527,762	-	527,762
Re-measurement gain/ (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	2,423,108	2,423,108	-	2,423,108
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	-	-	-	-	-	9,549,937	-	9,549,937
Transfer to statutory reserve	-	-	-	418,776	6,609,185	-	-	527,762	(238,306)	2,423,108	17,322,532	(8)	17,322,532
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(6,609,185)	(6,609,185)	-	-	(6,609,185)
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	-	-	-	-	-	-	-	-	(147,759)	147,759	-	-	-
Surplus realized on disposal of revalued property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	1,793,983	1,793,983	-	1,793,983
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	(20,061)	(20,061)	-	(20,061)
Final cash dividend at Rs. 9.0 per share - December 31, 2023	-	-	-	-	-	-	-	-	-	(10,665,540)	(10,665,540)	-	(10,665,540)
Interim cash dividend at Rs. 9.0 per share - March 31, 2024	-	-	-	-	-	-	-	-	-	(10,665,540)	(10,665,540)	-	(10,665,540)
Interim cash dividend at Rs. 9.0 per share - June 30, 2024	-	-	-	-	-	-	-	-	-	(10,665,540)	(10,665,540)	-	(10,665,540)
Interim cash dividend at Rs. 9.0 per share - September 30, 2024	-	-	-	-	-	-	-	-	-	(10,665,540)	(10,665,540)	-	(10,665,540)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	(42,662,160)	(42,662,160)	(80,273)	(42,662,160)
Balance as at December 31, 2024	11,850,600	23,973,024	908,317	9,760,029	54,916,400	18,600,000	(8,491,749)	950,523	36,368,797	120,926,276	286,745,715	501,529	287,247,244

For details of dividend declaration and appropriations, please refer note 49 to these consolidated financial statements. For details of reserves, please refer note 24 to these consolidated financial statements. The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.


Hamad Khalid
Chief Financial Officer


Muhammad Nauman Chughtai
President/Chief Executive


Mian Umer Mansha
Director


Shahzad Hussain
Director


Muhammad Ali Zeb
Director

Consolidated Cash Flow Statement

For the year ended December 31, 2024


	Note	2024 (Rupees in '000)	2023
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		131,177,019	137,518,962
Less: Dividend income and share of profit of associates		(5,370,935)	(3,859,265)
		125,806,084	133,659,697
Adjustments:			
Net-mark-up / interest income		(167,947,353)	(165,422,054)
Depreciation on property and equipment	12.2	4,507,526	3,468,181
Depreciation on right-of-use assets	33	2,365,859	2,079,323
Depreciation on non-banking assets acquired in satisfaction of claims	33	18,390	23,878
Amortization	14	766,220	560,040
Credit loss allowance / provisions and write offs – net	35	4,878,210	1,075,258
Workers Welfare fund		2,599,084	2,744,424
(Gain) / loss on sale of non-banking assets acquired in satisfaction of claims – net	32	(2,008)	3,224
Finance charges on lease liability against right-of-use assets	29	1,959,921	1,688,954
(Reversal) / charge for defined benefit plan – net	33.1	(501,969)	250,527
Gain on sale of property and equipment – net	32	(223,852)	(160,262)
Gain on termination of lease liability against right-of-use assets	32	(86,514)	(70,616)
Unrealized (gain) on forward contracts of government securities	31	(2,096,975)	–
Unrealized (gain) / loss on revaluation of investments classified as FVTPL	31	(209,681)	3,038
		(153,973,142)	(153,756,085)
		(28,167,058)	(20,096,388)
(Increase) / decrease in operating assets			
Lendings to financial institutions		32,057,874	(33,127,632)
Securities classified as FVTPL		3,720,083	(2,495,273)
Advances		(525,532,657)	174,088,768
Others assets (excluding advance taxation)		57,442,600	(81,314,029)
		(432,312,100)	57,151,834
Increase / (decrease) in operating liabilities			
Bills payable		26,150,567	(15,602,982)
Borrowings from financial institutions		92,851,227	(120,564,531)
Deposits		120,696,759	477,132,658
Other liabilities (excluding current taxation)		11,176,745	20,337,275
		250,875,298	361,302,420
Mark-up / Interest received		424,399,489	338,771,882
Mark-up / Interest paid		(211,787,332)	(226,458,992)
Defined benefits paid		(371,278)	(284,916)
Income tax paid		(83,897,007)	(66,204,582)
Net cash flow (used in) / from operating activities		(81,259,988)	444,181,258
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities classified as FVOCI		111,610,547	(298,144,174)
Net investment in securities classified as amortized cost		9,671,566	(19,172,354)
Dividends received		3,157,361	2,738,028
Investments in property and equipment		(11,907,944)	(8,116,651)
Investments in intangible assets		(1,555,297)	(729,428)
Disposals of property and equipment		361,180	1,925,535
Disposals of non-banking assets acquired in satisfaction of claims		280,000	132,000
Investment in subsidiary		–	(649,925)
Net investment in associates		(88,050)	267,428
Effect of translation of net investment in foreign branches and subsidiary		431,337	4,374,032
Net cash flow from / (used in) investing activities		111,960,700	(317,375,509)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	38.1	(42,415,715)	(32,381,201)
Payment of lease liability against right-of-use-assets	38.1	(3,457,629)	(3,022,309)
Net cash flow used in financing activities		(45,873,344)	(35,403,510)
Effects of credit loss allowance changes on cash and cash equivalents		54,854	–
(Decrease) / increase in cash and cash equivalents		(15,117,778)	91,402,239
Cash and cash equivalents at beginning of the year		227,436,013	125,097,564
Effects of exchange rate changes on cash and cash equivalents		(403,227)	10,532,983
Opening expected credit loss allowance on cash and cash equivalents		(627,132)	–
		226,405,654	135,630,547
Cash and cash equivalents at end of the year	38	211,287,876	227,032,786

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.




Hammad Khalid

Chief Financial Officer



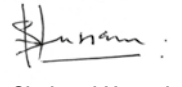
Muhammad Nauman
Chughtai

President/Chief Executive



Mian Umer Mansha

Director



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

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 1,394 branches (2023: 1,430 branches) within Pakistan and 9 branches (2023: 8 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 303 branches including two sub branches in Pakistan (December 31, 2023: 226 branches including two sub branches). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantonment and Principal Office is situated at 14–A Main Jail Road, Gulberg, Lahore.

b) MCB Investment Management Limited

MCB Investment Management Limited (MCBIM) was incorporated on August 30, 2000, as an unquoted public limited Company. During 2008, the Company was listed on the Pakistan Stock Exchange 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 Holding Company owns 81.42% shares of the Company.

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.

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 Holding Company owns 99.94% shares of the Company.

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. 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.



Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

d) **MCB Exchange Company (Private) Limited**

MCB Exchange Company (Private) Limited (the Company) was incorporated in Pakistan on November 14, 2023, as a private limited company under the Companies Act, 2017. The company obtained license for commencement of operations from the State Bank of Pakistan (SBP) on March 22, 2024 for a period of three years. The Company is required to operate in accordance with the rules and regulations laid down by the State Bank of Pakistan (SBP) through Foreign Exchange Circular No. 9 dated July 30, 2002. The registered office of the Company is situated at 15–Main Gulberg, Jail Road, Lahore, Pakistan. The head office of the Company is situated at MCB Center, 1st floor, Airport Access Road Near Rangers Headquarters Opposite, Askari X, Lahore, Punjab. The Company is a wholly owned subsidiary of MCB Bank Limited (the holding 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 The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of consolidated financial statements of banks, with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 that are applicable for quarterly / half yearly / annual periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the consolidated financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position; as disclosed in note 50. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated financial statements in terms of recognition and measurement of assets and liabilities.

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.

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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

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. 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.

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. 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 new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Group's operations and therefore are not detailed in these consolidated financial statements except for IFRS 9 'Financial Instruments', the impact of which is disclosed under note 6.1.

3.3 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, 2025:

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 – Lack of Exchangeability	January 01, 2025
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 01, 2027

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 judgements 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. Critical accounting estimates and judgements applied in application of IFRS 9 have been disclosed under note 6.1. Other major 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) 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

b) 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.

c) Depreciation, amortisation, impairment and revaluation of property and equipment

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to derive 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.

d) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 40 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.

e) 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.

f) 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 property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; and staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) are measured at fair value on initial recognition.

5. FINANCIAL RISK MANAGEMENT

These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly in line with the emerging risks. Detailed disclosure on financial risk management has been reported in note 48 to the consolidated financial statements.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computation adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2023 except for changes mentioned in note 6.1.

6.1 IFRS 9 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 dated April 13, 2023, IFRS 9 'Financial Instruments' is applicable on banks with effect from January 01, 2024. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard also introduces a new impairment model for financial assets which requires recognition of impairment charge based on a forward looking 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as previously followed. The ECL approach has an impact on all assets of the Group which are exposed to credit risk.

In preparation of these consolidated financial statements, the Group has applied requirements of IFRS 9 and SBP's IFRS 9 Application Instructions issued through BPRD Circular No. 03 dated July 05, 2022 from the date of initial application of January 01, 2024 with a modified retrospective approach for restatement. As permitted by the transitional provisions of IFRS 9, the Group has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative figures.

The SBP through BPRD Circular Letter No. 16 dated July 19, 2024, and BPRD Circular Letter No. 01 dated January 22, 2025 has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The circulars have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting and maintenance of general provisions over and above ECL, accounting methodology from Islamic banking institutions and treatment of charity. Accordingly, the Group has adopted the treatment as instructed in the aforementioned circulars in these consolidated financial statements.

On application of IFRS 9, certain accounting policies have been revised to comply with the requirements of IFRS 9. The revised accounting policies have been disclosed in their respective policy notes in these consolidated financial statements.

6.1.1 Application to the Group's financial assets

6.1.1.1 Initial recognition and subsequent measurement

Financial assets are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets like advances, lending to financial institutions etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised Cost (AC)

Financial assets under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An Expected Credit Loss allowance (ECL) is recognised for financial assets in the statement of profit and loss account. Interest income / profit / expense on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account.

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b. Fair Value through Other Comprehensive Income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An Expected Credit Loss allowance (ECL) is recognised for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the statement of profit and loss account and for equity based financial assets classified as FVOCI, capital gain / loss is recognized directly in the statement of changes in equity.

c. Fair Value Through Profit or Loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account. An Expected Credit Loss allowance (ECL) is not recognised for these financial assets.

6.1.1.2 Classification and measurement

The classification and measurement of financial assets is based 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 determines whether the financial assets are measured at Amortised Cost (AC), 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. Debt based financial assets can only be held at amortised cost if these 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 based financial assets 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 measured at FVOCI, with unrealized gains or losses deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI; if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The classification of equity instruments is generally measured at FVTPL unless the Group, at initial recognition, irrevocably designates the investment as FVOCI in which case, both the unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the consolidated statement of profit and loss account.

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

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The requirements of IFRS 9 led to changes in classification of certain financial assets held by the Bank which are explained as follows:

a. Debt based financial assets previously classified as Available for Sale (AFS)

The application of IFRS 9 has resulted in classification and consequent remeasurement of investments in Islamic Naya Pakistan Certificates (INPC's), amounting to Rs. 5,699.494 million, held under AFS portfolio as of December 31, 2023 to FVTPL based on their business model assessment.

The failure of SPPI test upon assessment of contractual cash flows of debt based financial assets has resulted in classification and consequent remeasurement of investments in certain Non Government debt securities, amounting to Rs. 3,714.280 million, to FVTPL.

All other debt based financial assets previously classified as AFS upon passing the SPPI test have been designated as FVOCI 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. There is no change to their measurement basis and recognition of realized and unrealized gain / loss under IFRS 9.

b. Debt based financial assets previously classified as Held To Maturity (HTM)

Debt based financial assets currently classified as HTM upon passing the SPPI test have been designated as amortised cost under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows. Investments in certain non government debt securities, amounting to Rs. 7,506.816 million, on failing the SPPI test have been reclassified to FVTPL.

The following table reconciles the carrying value of investments in debt based financial assets as reported on December 31, 2023 to the carrying amounts on transition to IFRS 9 at January 01, 2024:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement Category	Audited December 31, 2023	Measurement Category	Balance as of January 01, 2024 - before ECL
(Rupees in '000)				
Federal Government Securities				
– Market Treasury Bills	Available for sale	353,834,432	FVOCI	353,834,432
	Held for trading	206,562	FVTPL	206,562
– Pakistan Investment Bonds	Available for sale	770,131,998	FVOCI	770,131,998
	Held to maturity	11,367,944	AC	11,367,944
– Islamic Naya Pakistan Certificates	Available for sale	5,699,494	FVTPL	5,699,494
– Euro Bonds	Available for sale	5,355,806	FVOCI	5,355,806
	Held to maturity	3,160,071	AC	3,160,071
Government of Pakistan (GOP) Ijarah Sukuks	Available for sale	93,563,182	FVOCI	93,563,182
	Held for trading	2,000,800	FVTPL	2,000,800
	Held to maturity	36,216,930	AC	36,216,930
Non Government Debt Securities				
– Sukuk Bonds / Ijarah Sukuk	Available for sale	1,063,390	FVTPL	3,161,391
	Held to maturity	2,983,001	AC	885,000
– Term Finance Certificates	Available for sale	2,650,890	FVTPL	8,059,705
	Held to maturity	5,408,815	AC	–
Foreign Securities				
– Government securities	Available for sale	44,057,060	FVOCI	44,057,060
		<u>1,337,700,375</u>		<u>1,337,700,375</u>

*This amount includes ECL for overseas branches where IFRS 9 was already applicable.

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c. Equity instruments previously classified as Available For Sale (AFS)

The Group has elected to irrevocably designate all quoted and unquoted equity securities previously classified as available for sale (AFS) as FVOCI except units of open end mutual funds, amounting to Rs. 115.980 million, that have been mandatorily classified as measured at FVTPL. The fair value gain or losses recognized in OCI will not be recycled to statement of profit and loss account on derecognition of these securities.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rs. 9,783.874 million on listed equity investments and Rs. 205.765 million for unlisted equity investments held as at December 31, 2023 to surplus / deficit on revaluation of investments.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 01, 2024 are compared as follows:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9**	
	Measurement Category	Audited December 31, 2023	Measurement Category	IFRS 9 January 01, 2024
(Rupees in '000)				
Cash and balances with treasury banks	Loans and receivables	190,245,798	AC	189,686,215
Balances with other banks	Loans and receivables	37,806,854	AC	37,739,305
Lendings to financial institutions	Loans and receivables	89,713,400	AC	89,707,417
Investments – net	Held for Trading	2,492,235	FVTPL	2,492,235
	Available for sale	1,302,892,842	FVOCI	1,294,119,868
			FVTPL	8,002,974
	Held to maturity	59,136,761	AC	51,625,641
			FVTPL	8,273,315
Advances – net	Loans and receivables	670,673,495	AC	645,437,082
Other assets	Loans and receivables	213,691,126	AC	219,472,975
		2,566,652,511		2,546,557,027

*This amount includes ECL for overseas branches where IFRS 9 was already applicable.

**The reconciliation between carrying amounts of financial assets before and after adoption of IFRS 9 has been disclosed in note 6.1.3.

6.1.1.3 Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either;
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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6.1.1.4 Modification

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9, the Group recalculates the gross carrying amount of the financial asset and shall recognize a modification gain or loss in the statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial assets original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the financial asset.

6.1.1.5 Expected Credit Loss (ECL)

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, financial guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Group recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the Lifetime Expected Credit Loss (LTECL)), unless there has been no Significant Increase in Credit Risk (SICR) since origination, in which case, the allowance is based on the 12 months' Expected Credit Loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

Staging criteria / Significant Increase in Credit Risk (SICR)

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in risk of default occurring over the remaining life of the financial instrument. The Group uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Internal Credit Risk Rating (ICRR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include restructuring, unavailability of financial information and pending litigations. 'Based on the level of increase in credit risk, the Group shall calculate 12mECL for assets which did not have a SICR i.e., Stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

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Based on the above process, the Groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:	When financial instruments are first recognised, the Group recognises an allowance based on 12mECL. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to the Exposure At Default (EAD) and multiplied by the expected / forward looking Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a (SICR) since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Group recognises the LTECLs for these instruments. The Group uses a PD of 100% and the forward looking LGD as computed for each portfolio / segment.
Guarantee & Letter of Credit contracts:	The Group performs internal assesment and estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Portfolio Segmentation

For assessment of significant deterioration in credit risk and estimation of corresponding risk parameters, financial instruments have been grouped together based on their shared risk characteristics to collectively assess for significant credit risk deterioration.

ECL Measurement Models

– Probability of Default (PD):

The Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime (Lifetime PD) of the obligation.

- for loans and advances, PD estimation is based on the historic transitions of segmented obligors from one credit state/rating to another credit state/rating. Credit states are defined by rating classes and are based on the Group's internal credit risk ratings (i.e. from ICRR 1 to ICRR 12). In order to convert historic trends to forward-looking; PD's are weighted by considering key macro-economic drivers affecting credit ratings i.e. (Gross Domestic Product, Consumer Price Index, Volume of Export of Goods, Unemployment).
- For other financial assets (i.e. investments, lending to financial institutions, balances with other banks etc.), historical PDs have been estimated on the basis of global default Rates taken from S&P rating-wise transition matrices. These annual default rates have than been converted into forward-looking point in time PDs using the vasicek model.

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– **Exposure at Default (EAD):**

Exposure at Default (EAD) represents the amount of potential exposure that is at risk. The estimation of EAD considers any expected changes in the exposure after the reporting date, including expected drawdowns on committed facilities through the application of a Credit Conversion Factor (CCF). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has a legal right to call it earlier. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

– **Loss Given Default (LGD):**

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive. It is expressed as a percentage of the EAD. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Group has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs using the Jacob Frye model; that estimates LGD as an increasing function of default rate.

The calculation of ECLs

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities; effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

As per BPRD Circular No. 03 of 2022 dated July 05, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

When estimating the ECLs, in addition to the base economic scenario, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of.

The Group's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

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General provisions over and above the ECL

ECL calculation under IFRS 9 involves evaluation against multiple qualitative and quantitative parameters, including forward looking estimates, and hence demands a considerable amount of subjectivity. Considering the volatility in current operating and macroeconomic environment, the sensitivity in ECL models could lead to significant variations in the ECL charge reported for comparative periods. In order to overcome this volatility, the Group has set a minimum threshold for ECL recognition against advances and non-funded exposure classified in Stage 1 and Stage 2. SBP through its BPRD Circular Letter No. 01 dated January 22, 2025 has permitted banks to maintain general provisions, over and above the ECL worked out for Stage 1 and Stage 2, upto December 31, 2026.

– For Advances:

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 1% of gross advances classified under Stage 1, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 1% of gross advances classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 5% of gross advances classified under Stage 2, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 5% of gross advances classified under Stage 2 and ECL computed under IFRS 9 principles.

– For Non-Funded Credit Exposure:

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 0.20% of non-funded exposure classified under Stage 1, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.20% of non-funded exposure classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 0.50% of non-funded exposure classified under Stage 1, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.50% of non-funded exposure classified under Stage 2 and ECL computed under IFRS 9 principles.

Backward Transition

In line with Group's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a SICR no longer exist. However, a minimum period of three months, as approved by the Board of Directors, from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2.

For a facility to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling-off period of three months before being reclassified to Stage 1.

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Impact on Regulatory Capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has affected their lending capacity and ability to support their clients. In order to mitigate the impact of ECL provisioning, a transitional arrangement is allowed to the banks to absorb impact on regulatory capital; 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. However, the Group has not availed benefit of captioned transitional arrangement in regulatory capital.

6.1.1.6 Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Group has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

- If a customer fails to service mark-up and / or principal within Days Past Due (DPD) criteria as prescribed by SBP from time to time;
- The Group considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if held).

6.1.1.7 Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

6.1.2 Application to the Group's financial liabilities

The accounting for financial liabilities remain largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortised cost except for derivatives that has been measured at fair value.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit and loss account.

6.1.3 Adoption Impacts

The Group has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 5,230.900 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

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	Impact due to:							Balances as of January 01, 2024	IFRS 9 Category
	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPTI assessments	Reversals of provisions held	Total impact - gross of tax	Taxation (current + deferred)		
(Rupees in '000)									
ASSETS									
Cash and balances with treasury banks	190,245,798	(559,583)	-	-	-	(559,583)	-	(559,583)	189,686,215 AC
Balances with other banks	37,806,854	(67,549)	-	-	-	(67,549)	-	(67,549)	37,739,305 AC
Lendings to financial institutions	89,713,400	(5,983)	-	-	-	(5,983)	-	(5,983)	89,707,417 AC
Investments	1,302,892,842	-	(1,302,892,842)	-	-	(1,302,892,842)	-	(1,302,892,842)	- FVOCI
- Classified as available for sale	-	-	1,302,892,842	(8,772,974)	-	1,294,119,868	-	1,294,119,868	1,294,119,868
- Classified as fair value through other comprehensive income	59,136,761	-	(59,136,761)	(7,506,816)	-	(59,136,761)	-	(59,136,761)	- AC
- Classified as held to maturity	2,492,235	(4,304)	(2,492,235)	16,279,790	-	(2,492,235)	-	(2,492,235)	51,625,641 AC
- Classified as amortised cost	-	-	-	-	-	-	-	-	-
- Classified as held for trading	-	-	-	-	-	-	-	-	-
- Classified as fair value through profit or loss	7,821,877	-	2,492,235	-	(3,501)	18,768,524	-	18,768,524	18,768,524 FVTPL
- Associates	-	-	-	-	-	-	-	-	7,821,877 Outside the scope of IFRS 9
Advances	1,372,343,715	(4,304)	-	-	(3,501)	(7,805)	-	(7,805)	1,372,335,910
- Gross amount	716,525,774	-	-	-	(17,695,894)	(17,695,894)	-	(17,695,894)	698,829,880
- Provisions	(45,852,279)	(7,540,519)	-	-	-	(7,540,519)	-	(7,540,519)	(53,392,798)
Property and equipment	670,673,495	(7,540,519)	-	-	(17,695,894)	(25,236,413)	-	(25,236,413)	645,437,082 AC
Right-of-use assets	80,736,669	-	-	-	-	-	-	-	80,736,669 Outside the scope of IFRS 9
Intangible assets	8,001,881	-	-	-	-	-	-	-	8,001,881 Outside the scope of IFRS 9
Deferred tax asset	1,859,032	-	-	-	-	-	-	-	1,859,032 Outside the scope of IFRS 9
Other assets - financial assets	213,691,126	(210,586)	-	-	-	-	(6,298,361)	6,298,361	6,298,361 Outside the scope of IFRS 9
Other assets - non financial assets	15,013,209	-	-	-	5,992,445	5,781,849	-	5,781,849	219,472,975 AC
	2,680,085,179	(8,388,534)	-	-	(11,706,950)	(20,095,484)	(6,298,361)	(13,797,123)	2,666,288,056

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	Impact due to:							Balances as of January 01, 2024	IFRS 9 Category		
	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPMI assessments	Re-measurements	Reversal of provisions held	Total impact - gross of tax			Taxation (current + deferred)	Total impact - net of tax
(Rupees in '000)											
LIABILITIES											
Bills payable	27,271,384	-	-	-	-	-	-	-	-	27,271,384	AC
Borrowings	235,664,480	-	-	-	-	-	-	(11,505,394)	-	224,159,086	AC
Deposits and other accounts	2,009,828,619	-	-	-	-	-	-	-	-	2,009,828,619	AC
Lease liability against right-of-use assets	11,429,243	-	-	-	-	-	-	-	-	11,429,243	AC
Subordinated debt	-	-	-	-	-	-	-	-	-	-	AC
Deferred tax liabilities	3,552,321	-	-	-	-	-	-	3,552,321	-	-	AC
Other liabilities	150,588,030	1,673,186	-	-	-	-	-	1,673,186	(4,818,306)	157,079,522	Outside the scope of IFRS 9
	2,438,334,077	1,673,186	-	-	-	-	-	(9,832,208)	(1,265,985)	2,429,767,854	AC
NET ASSETS											
	241,751,102	(10,061,720)	-	-	-	-	-	(10,263,276)	(5,032,376)	236,520,202	
REPRESENTED BY											
Share capital	11,850,600	-	-	-	-	-	-	-	-	11,850,600	
Reserves	101,129,809	-	-	-	-	-	-	-	-	101,129,809	
Surplus on revaluation of assets - net of tax	25,740,282	-	-	(8,045)	-	-	(10,026,787)	(10,034,832)	(4,918,719)	20,624,169	
Unappropriated profit	102,689,217	(10,061,720)	-	8,045	-	-	10,026,787	(228,444)	(113,657)	102,574,430	
	241,409,908	(10,061,720)	-	-	-	-	-	(10,263,276)	(5,032,376)	236,179,008	
Non-controlling interest	341,194	-	-	-	-	-	-	-	-	341,194	
	241,751,102	(10,061,720)	-	-	-	-	-	(10,263,276)	(5,032,376)	236,520,202	

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For the year ended December 31, 2024

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 to right-of-use asset. Gain or loss on termination of lease contract is recognized in the statement of 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 statement of 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

Investments include Federal Government securities, shares, mutual fund units, non-Government debt securities, foreign securities, associates. Classification and measurement of investments has been detailed in note 6.1.

6.3.1 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.

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For the year ended December 31, 2024

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, unless the securities qualify for derecognition upon transfer of substantial risks and rewards associated with the securities to the counter party. 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 Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance and general reserve / provision. Credit loss allowance against loans and advances have been made in accordance with the requirements of Prudential Regulations, IFRS 9 application instructions and various circulars issued by the SBP from time to time. The Group also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025.

Staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition. Unwinding of income on fair value adjustment is recognised in the statement of profit and loss account.

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.

Advances are written off / charged off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

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.

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.

Notes To The Consolidated Financial Statements

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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 Property and equipment and depreciation

Property and equipment 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 property and equipment (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 property and equipment account. A decrease arising on revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to the statement of profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the statement of profit and loss account up to the extent of the original impairment.

Surplus on revaluation of property and equipment (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 statement of 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of 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.

Notes To The Consolidated Financial Statements

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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 statement of 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 Holding company 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

- 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.

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 the statement of 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.

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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 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 statement of 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 statement of 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 an accrual 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.
- 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.
- 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.
- 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

- 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. Islamic banking income on performing advances and debt securities is recognised on a time proportion basis / effective interest rate method as per the terms of the contract and as permitted by the SBP.

6.15 Assets acquired in satisfaction of claims

Non–Banking Assets (NBAs) 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 and any deficit arising on revaluation is taken to the statement of 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, lending’s to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition, classification and measurement methods adopted for significant financial assets and financial liabilities are disclosed under note 6.1 and within 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 statement of profit and loss account currently.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

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 except for Temporary Economic Refinance Facility (TERF) borrowing from the SBP which has been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the statement of profit and loss account. The cost of other borrowings / deposits is recognized as an expense in the statement of profit and loss account on an accrual basis using effective interest method.

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.

Notes To The Consolidated Financial Statements

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Treasury

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

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 four 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 statement of 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.

Notes To The Consolidated Financial Statements

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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 19.83% (2023: 20.38%) and rate of profit paid was 13.34% (2023: 11.68%). 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 19.03% (2023: 17.04%) and rate of profit paid was 17.59% (2023: 14.98%).

Special Musharaka Pool

MIB also accepts funds / deposits (other than Banks) under Musharaka mode. The commingled 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 20.03% (2023: 16.81%) and rate of profit paid was 18.15% (2023: 14.54%).

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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 13.76% (2023: 15.06%).

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	2024 (Rupees in '000)	2023
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		40,924,288	37,437,971
Foreign currencies		6,457,260	8,807,239
		47,381,548	46,245,210
With State Bank of Pakistan in			
Local currency current accounts	7.1	100,539,415	88,108,940
Foreign currency current accounts	7.2	5,848,604	6,724,869
Foreign currency deposit account	7.3	8,178,869	8,541,394
		114,566,888	103,375,203
With other central banks in			
Foreign currency current accounts	7.4	20,199,247	7,618,129
With National Bank of Pakistan in			
Local currency current accounts		4,961,153	32,835,691
Prize bonds		140,118	171,565
Less: Credit loss allowance held against cash and balances with treasury banks		(568,909)	–
Cash and balances with treasury banks – net of credit loss allowance		186,680,045	190,245,798

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. 788.575 million (2023: Rs. 881.096 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. 8,178.869 million (2023: Rs. 8,541.394) which carries interest rate of 3.53% (2023: 4.34%) per annum as declared by SBP.

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.

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	Note	2024 (Rupees in '000)	2023
8. BALANCES WITH OTHER BANKS			
Inside Pakistan			
In current accounts		41,813	17,842
In deposit accounts		46,376	7,886
		88,189	25,728
Outside Pakistan			
In current accounts	8.1	5,627,378	11,902,930
In deposit accounts	8.2	23,152,131	25,878,196
		28,779,509	37,781,126
Less: Credit loss allowance held against balances with other banks		(13,480)	–
Balances with other banks – net of credit loss allowance		28,854,218	37,806,854

8.1 It includes an amount of Nil balance (2023: USD 3.852 million) pledged as collateral for a standby letter of credit issued on behalf of the Holding Company.

8.2 Balances with other banks outside Pakistan in deposit accounts carry interest rate of 2.00% to 8.75% (2023: 2.50% to 12.50%) per annum.

	Note	2024 (Rupees in '000)	2023
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	55,655,526	65,714,000
Repurchase agreement lendings (Reverse Repo)	9.2	–	21,499,400
Musharaka arrangements	9.3	2,000,000	2,500,000
		57,655,526	89,713,400
Less: Credit loss allowance held against lending to financial institutions		(22)	–
Lending to financial institutions – net of credit loss allowance		57,655,504	89,713,400

9.1 Call money lendings carry mark-up rate ranging from 4.40% to 15.75% (2023: 5.40% to 22.00%) per annum and are due to mature latest by June 04, 2025.

9.2 Repurchase agreement lendings carry mark-up at the rate of Nil (2023: 22.00%) per annum.

9.3 This represents Musharaka placements with various financial institutions carrying average profit rate of 13.0% per annum (2023: 22.15% per annum) and due to mature latest by January 02, 2025.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

		2024		2023			
		(Rupees in '000)					
9.4	Particulars of lending						
	In local currency		2,200,000		27,203,733		
	In foreign currencies		55,455,526		62,509,667		
			57,655,526		89,713,400		
		2024		2023			
		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 Lending to financial institutions						
	Market Treasury Bills	-	-	-	-	-	-
	Pakistan Investment Bonds	-	-	-	21,499,400	-	21,499,400
	Total	-	-	-	21,499,400	-	21,499,400
		2024		2023			
		Lending	Credit loss allowance held	Classified Lending	Provision held		
		(Rupees in '000)					
9.6	Particulars of credit loss allowance						
	Domestic						
	Performing	Stage 1	2,200,000	(22)	-	-	-
	Under performing	Stage 2	-	-	-	-	-
	Non-performing	Stage 3					
	Substandard		-	-	-	-	-
	Doubtful		-	-	-	-	-
	Loss		-	-	-	-	-
	Total		2,200,000	(22)	-	-	-
	Overseas						
	Performing	Stage 1	55,360,426	-	-	-	-
	Under performing	Stage 2	95,100	-	-	-	-
	Non-performing	Stage 3					
	Substandard		-	-	-	-	-
	Doubtful		-	-	-	-	-
	Loss		-	-	-	-	-
	Total		55,455,526	-	-	-	-

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For the year ended December 31, 2024

9.6.1 An analysis of changes in the credit loss allowance in relation to lendings to FI's of the Group as at December 31, 2024 is as follows:

	Expected Credit Loss			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Balance at the start of the year	-	-	-	-
Impact of ECL on adoption of IFRS 9	5,983	-	-	5,983
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	5,983	-	-	5,983
New financial assets originated or purchased	22	-	-	22
Financial assets that have been derecognised	(5,983)	-	-	(5,983)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	22	-	-	22

2024

10. INVESTMENTS	Note	2024			
		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)			
10.1 Investments by type:					
- Debt instruments:					
Classified / Measured at FVTPL					
Federal Government Securities		3,070,508	-	91	3,070,599
Non Government Debt Securities		10,508,181	-	(39,919)	10,468,262
		13,578,689	-	(39,828)	13,538,861
Classified / Measured at FVOCI					
Federal Government Securities		1,125,555,607	(425,777)	6,029,040	1,131,158,870
Foreign Securities		58,082,509	-	38,551	58,121,060
		1,183,638,116	(425,777)	6,067,591	1,189,279,930
Classified / Measured at amortised cost					
Federal Government Securities		41,288,780	(215,096)	-	41,073,684
Provincial Government Securities		118	(118)	-	-
Non Government Debt Securities		1,360,360	(479,969)	-	880,391
		42,649,258	(695,183)	-	41,954,075
- Equity Instruments:					
Classified / Measured at FVTPL					
Shares and units					
Listed companies		1,470,023	-	249,509	1,719,532
Classified / Measured at FVOCI (Non-Reclassifiable)					
Shares					
Listed companies		36,260,161	-	11,830,638	48,090,799
Unlisted companies		1,611,616	-	(207,082)	1,404,534
		37,871,777	-	11,623,556	49,495,333
- Associates	10.13	10,568,425	-	-	10,568,425
Total Investments		1,289,776,288	(1,120,960)	17,900,828	1,306,556,156



Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	2023			
	Cost / Amortised cost	*Credit loss allowance / provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
Investments by type:				
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
Shares and units	30,782,860	(10,025,047)	5,773,217	26,531,030
Non Government Debt Securities	3,723,840	-	(9,560)	3,714,280
Foreign Securities	43,970,571	(1,740)	93,789	44,062,620
	1,335,825,823	(10,441,559)	(22,491,422)	1,302,892,842
Held-to-maturity securities				
Federal Government Securities	51,005,261	(260,316)	-	50,744,945
Provincial Government Securities	118	(118)	-	-
Non Government Debt Securities	8,869,357	(477,541)	-	8,391,816
	59,874,736	(737,975)	-	59,136,761
Associates	7,821,877	-	-	7,821,877
Total Investments	<u>1,406,017,709</u>	<u>(11,179,534)</u>	<u>(22,494,460)</u>	<u>1,372,343,715</u>

*This amount includes ECL for overseas branches where IFRS 9 was already applicable.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

10.2 Investments by segments:

	2024				2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	*Credit loss allowance / provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Federal Government Securities:								
Market Treasury Bills	76,752,994	-	396,870	77,149,864	355,032,845	-	(991,851)	354,040,994
Pakistan Investment Bonds	937,824,941	-	3,322,639	941,147,580	808,552,948	-	(27,053,006)	781,499,942
Sukuks bonds	143,728,552	-	2,206,516	145,935,068	130,852,296	-	928,616	131,780,912
Islamic Naya Pakistan Certificates	2,621,794	-	-	2,621,794	5,699,494	-	-	5,699,494
Euro Bonds	8,986,614	(640,873)	103,106	8,448,847	10,418,966	(675,088)	(1,228,021)	8,515,877
	1,169,914,895	(640,873)	6,029,131	1,175,303,153	1,310,556,569	(675,088)	(28,344,262)	1,281,537,219
Provincial Government Securities								
	118	(118)	-	-	118	(118)	-	-
Shares and units:								
Listed Companies	37,730,184	-	12,080,147	49,810,331	29,446,306	(9,821,022)	5,765,573	25,390,857
Unlisted Companies	1,604,071	-	(205,199)	1,398,872	1,629,071	(204,025)	-	1,425,046
	39,334,255	-	11,874,948	51,209,203	31,075,377	(10,025,047)	5,765,573	26,815,903
Non Government Debt Securities								
Listed	1,873,691	-	(2,950)	1,870,741	2,472,490	-	(2,950)	2,469,540
Unlisted	9,994,850	(479,969)	(36,969)	9,477,912	10,120,707	(477,541)	(6,610)	9,636,556
	11,868,541	(479,969)	(39,919)	11,348,653	12,593,197	(477,541)	(9,560)	12,106,096
Foreign Securities								
Government securities	58,082,509	-	38,551	58,121,060	43,963,271	-	93,789	44,057,060
Unlisted equity securities	7,545	-	(1,883)	5,662	7,300	(1,740)	-	5,560
	58,090,054	-	36,668	58,126,722	43,970,571	(1,740)	93,789	44,062,620
Associates								
- Adamjee Insurance Company Limited	8,551,051	-	-	8,551,051	6,578,813	-	-	6,578,813
- Eurojet Pakistan (Private) Limited	106,318	-	-	106,318	8,361	-	-	8,361
- Funds under Management of MCBIM	1,911,056	-	-	1,911,056	1,234,703	-	-	1,234,703
	10,568,425	-	-	10,568,425	7,821,877	-	-	7,821,877
Total Investments	1,289,776,288	(1,120,960)	17,900,828	1,306,556,156	1,406,017,709	(11,179,534)	(22,494,460)	1,372,343,715

	2024	2023
(Rupees in '000)		
10.2.1 Investments given as collateral		
- Market Treasury Bills	18,468,908	30,763,692
- Pakistan Investment Bonds	160,686,611	75,842,086
- Ijarah Sukuks	6,134,850	-
	179,155,519	106,605,778

*This amount includes ECL for overseas branches where IFRS 9 was already applicable.

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For the year ended December 31, 2024

10.3 An analysis of changes in exposure and credit loss allowance in relation to Group's investment in debt securities as at December 31, 2024 is as follows:

	Exposure				Credit Loss Allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Particulars of exposure and credit loss allowance against debt securities								
Opening balance	1,350,996,038	15,639,458	477,659	1,367,113,155	-	675,088	477,659	1,152,747
Impact of adoption of IFRS 9	-	-	-	-	4,304	-	-	4,304
Balance as at January 01, 2024 after adoption of IFRS 9	1,350,996,038	15,639,458	477,659	1,367,113,155	4,304	675,088	477,659	1,157,051
New investments	569,534,577	-	-	569,534,577	-	-	-	-
Investments derecognised or repaid	(691,976,714)	(4,802,774)	(2,181)	(696,781,669)	-	(26,243)	(2,181)	(28,424)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(122,442,137)	(4,802,774)	(2,181)	(127,247,092)	-	(26,243)	(2,181)	(28,424)
Amounts written off / charged Off	-	-	-	-	-	-	-	-
Exchange Adjustments	-	-	-	-	-	(7,972)	-	(7,972)
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-	305	-	-	305
Closing balance	1,228,553,901	10,836,684	475,478	1,239,866,063	4,609	640,873	475,478	1,120,960

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2023

Outstanding amount	Credit loss allowance	Outstanding amount	*Credit loss allowance / Provision for diminution
(Rupees in '000)			

10.4 Particulars of credit loss allowance / provision against debt securities

Domestic

Performing	Stage 1	1,170,471,392	-	-	-
Under performing	Stage 2	1,850,070	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		475,478	475,478	477,659	477,659
		475,478	475,478	477,659	477,659
		1,172,796,940	475,478	477,659	477,659

Overseas

Performing	Stage 1	58,082,509	4,609	-	-
Under performing	Stage 2	8,986,614	640,873	10,418,986	675,088
Non-performing	Stage 3	-	-	-	-
		67,069,123	645,482	10,418,986	675,088
		1,239,866,063	1,120,960	10,896,645	1,152,747

*This amount includes ECL for overseas branches where IFRS 9 was already applicable.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

10.5 Quality of Fair Value through Other Comprehensive Income securities (FVOCI) and available for sale securities (AFS)

Details regarding quality of securities held under “Held to Collect and Sell” model.

	2024	2023
	Cost (Rupees in '000)	
Federal Government Securities – Government guaranteed		
Market Treasury Bills	76,304,280	354,826,708
Pakistan Investment Bonds	927,787,294	797,185,004
Euro Bonds	5,948,208	6,998,599
Sukuk Bonds	115,515,825	92,638,747
Islamic Naya Pakistan Certificates	–	5,699,494
	1,125,555,607	1,257,348,552
Listed Companies and mutual funds		
Automobile Assembler	2,133,261	1,908,574
Automobile Parts and Accessories	211,460	211,460
Cable and Electrical Goods	730,219	112,781
Cement	2,770,994	1,760,294
Chemical	949,662	508,654
Close end Mutual Fund	1,187,116	1,187,116
Commercial Banks	1,519,995	3,118,505
Engineering	2,305,868	1,186,104
Fertilizer	2,039,794	2,439,736
Food and Personal Care Products	2,121,951	1,660,440
Glass and Ceramics	340,673	340,673
Insurance	661,879	775,120
Investment Banks / Investment Companies / Securities Companies	700,435	585,624
NIT Units	–	5,253
Oil and Gas Exploration Companies	7,279,940	4,881,407
Oil and Gas Marketing Companies	519,747	1,205,609
Open End Mutual Fund	–	96,361
Paper and Board	562,738	562,738
Pharmaceuticals	312,627	1,167,763
Power Generation and Distribution	6,800,985	3,230,659
Refinery	458	–
Technology and Communication	2,135,334	2,039,576
Tobacco	824,921	–
Textile composite	133,935	153,173
Textile spinning	16,169	16,169
	36,260,161	29,153,789

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	2024		2023	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Unlisted Companies				
Central Depository Company Limited	184,426	1,116,664	184,426	971,642
First Capital Investment (Private) Limited	2,500	3,072	2,500	2,631
First Women Bank Limited	63,300	178,242	63,300	213,452
ISE Towers REIT Management Company Limited	30,346	127,935	30,346	124,529
National Investment Trust Limited	1,027,651	2,148,599	1,027,651	1,400,552
National Institutional Facilitation Technologies	1,527	62,042	1,527	52,914
Pak Agro Storage And Service Corporation	2,500	1,629,506	2,500	1,614,513
1 Link Private Limited	50,000	1,182,173	50,000	733,213
Naymat Collateral Management Company	29,286	4,042	29,286	6,858
Pakistan Corporate Restructuring Company	51,396	32,581	51,396	30,939
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
	1,604,071	6,484,856	1,629,071	5,176,243

*These investments are fully provided.

	2024		2023	
	Cost			
	(Rupees in '000)			
Non Government Debt Securities				
Listed				
– AA+, AA, AA–	–	–	–	1,333,840
– A+, A, A–	–	–	–	200,000
	–	–	–	1,533,840
Unlisted				
– AA+, AA, AA–	–	–	–	2,090,000
– AA+, AA, AA–, A	–	–	–	100,000
	–	–	–	2,190,000

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	2024		2023	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Foreign Securities				
Government Securities				
– United States of America	–	AA+	3,227,054	AA+
– United Arab Emirates	46,989,756	AA	29,544,714	AA
– Sri Lanka	11,092,753	*CCC+	11,191,503	*CCC+

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

	2024	2023
	Cost	
	(Rupees in '000)	
Unlisted Equity Securities		
Lanka Clear (Private) Limited	951	870
Credit Information Bureau of Sri Lanka	29	26
Lanka Financial Services Bureau Limited	1,902	1,741
Society for Worldwide Inter Fund Transfer (SWIFT)	4,663	4,663
	7,545	7,300

10.6 Particulars relating to securities classified Under Amortised Cost (AC) and Held to Maturity (HTM) securities

Details regarding quality of securities held under "Held to Collect" model

	2024	2023
	Cost	
	(Rupees in '000)	
Federal Government Securities – Government guaranteed		
Pakistan Investment Bonds	10,037,647	11,367,944
Euro Bonds	3,038,406	3,420,387
Ijarah Sukuks	28,212,727	36,216,930
	41,288,780	51,005,261
Provincial Government Securities – Government guaranteed	118	118
Non Government Debt Securities		
Listed		
– AA+, AA, AA–	–	888,800
– Unrated	–	49,851
	–	938,651
Unlisted		
– AAA	–	3,896,980
– AA+, AA, AA–	–	1,698,970
– A+, A, A–	885,000	1,507,215
– BB+, BB, BB–	–	350,000
– Unrated	475,360	477,541
	1,360,360	7,930,706

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

- 10.6.1** The market value of securities classified as amortised cost as at December 31, 2024 amounted to Rs. 42,563.946 million (held-to-maturity as at December 31, 2023: Rs. 57,593.750 million).
- 10.7** FVOCI Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.
- 10.8** Investments include Pakistan Investment Bonds amounting to Rs. 29.4 million (2023: 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 (2023: 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 (2023: 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.
- 10.9** Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.
- 10.10** During the year, the Holding Company injected share capital of Rs 1.0 billion into MCB Exchange Company (Private) Limited, a wholly owned subsidiary.
- 10.11** 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, 2024 amounted to Rs. 3,469.500 million. (2023: Rs. 2,391.900 million).

Investment in Adamjee Insurance Company Limited under equity method – holding 20.00% (2023: 20%)

	Note	2024 (Rupees in '000)	2023
Opening balance		6,578,813	5,393,123
Share of profit for the year before tax		1,712,347	912,280
Dividend from associate		(210,000)	(210,000)
Share of tax		(708,968)	(425,830)
		793,379	276,450
Share of other comprehensive income / (loss)	10.11.1	1,178,859	909,240
Closing balance		8,551,051	6,578,813
10.11.1 Share of other comprehensive income / (loss)			
Share of unrealized surplus on assets – net of tax		1,191,420	787,716
Share of exchange translation reserve of associate		(12,561)	121,524
		1,178,859	909,240

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'.

Notes To The Consolidated Financial Statements

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Investment in Euronet Pakistan (Private) Limited under equity method – holding 30% (2023: 30.00%)

	2024	2023
	(Rupees in '000)	
Opening balance	8,361	9,356
Share of profit for the year before tax	129,218	20,401
Share of tax	(31,261)	(21,396)
	97,957	(995)
Closing balance	106,318	8,361

10.12 Investment in units of funds under management of MCB Investment Management Limited

Investment of the Group in units of funds under management of MCB Investment Management 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'.

	2024	2023
	(Rupees in '000)	
Investment at the beginning the year	1,234,703	1,105,496
Investment / (redemptions) during the year–net	88,050	(267,428)
Share of profit for the year	599,574	415,827
Dividend Income	(11,271)	(19,192)
	676,353	129,207
Closing balance	1,911,056	1,234,703

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)							
2024							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2024)	Pakistan	30%	1,910,127	321,344	334,085	2,279,467	1,925,074
Adamjee Insurance Company Limited (unaudited based on September 30, 2024)	Pakistan	20%	38,034,803	3,559,856	7,154,122	207,980,763	170,141,927
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

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11. ADVANCES

Note	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023
(Rupees in '000)						
Loans, cash credits, running finances, etc.	1,017,885,653	550,702,472	52,781,005	53,000,544	1,070,666,658	603,703,016
Islamic financing and related assets	120,011,147	88,677,808	2,588,556	1,957,808	122,599,703	90,635,616
Bills discounted and purchased	28,327,243	21,305,091	770,213	882,051	29,097,456	22,187,142
Advances – gross	1,166,224,043	660,685,371	56,139,774	55,840,403	1,222,363,817	716,525,774
Credit loss allowance against advances						
– Stage 1	(3,003,535)	-	-	-	(3,003,535)	-
– Stage 2	(1,283,679)	-	-	-	(1,283,679)	-
– Stage 3	-	-	(43,422,799)	-	(43,422,799)	-
– Specific	-	-	-	(42,682,380)	-	(42,682,380)
– General	(8,739,178)	(3,169,899)	-	-	(8,739,178)	(3,169,899)
	(13,026,392)	(3,169,899)	(43,422,799)	(42,682,380)	(56,449,191)	(45,852,279)
Advances – net of credit loss allowance	1,153,197,651	657,515,472	12,716,975	13,158,023	1,165,914,626	670,673,495

11.1 Includes net investment in finance lease as disclosed below:

	2024				2023			
	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	4,027,157	9,349,508	714,491	14,091,156	3,151,494	7,121,109	604,207	10,876,810
Residual value	294,463	2,368,066	65,596	2,728,125	649,871	1,736,009	14,698	2,400,578
Minimum lease payments	4,321,620	11,717,574	780,087	16,819,281	3,801,365	8,857,118	618,905	13,277,388
Financial charges for future periods	(619,263)	(2,163,067)	(379,003)	(3,161,333)	(521,170)	(1,956,232)	(396,704)	(2,874,106)
Present value of minimum lease payments	3,702,357	9,554,507	401,084	13,657,948	3,280,195	6,900,886	222,201	10,403,282

2024
2023
(Rupees in '000)

11.2 Particulars of advances (Gross)

In local currency	1,068,945,681	636,444,276
In foreign currencies	153,418,136	80,081,498
	1,222,363,817	716,525,774

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

11.3 Islamic Financing And Related Assets – Net

	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023
	(Rupees in '000)					
Murabaha	17,966,225	12,202,918	46,456	46,550	18,012,681	12,249,468
Musawamah	531,196	-	-	-	531,196	-
Istisna	8,928,030	4,613,657	510,679	177,761	9,438,709	4,791,418
Salam	-	38,042	-	-	-	38,042
Ijarah	1,514,883	1,804,112	2,388	973	1,517,271	1,805,085
Running Musharaka	44,233,477	45,626,287	200,000	-	44,433,477	45,626,287
Diminishing Musharaka	30,956,613	22,491,209	1,829,033	1,732,524	32,785,646	24,223,733
Staff finance	1,529,774	1,901,583	-	-	1,529,774	1,901,583
Bai Muajjal	14,350,949	-	-	-	14,350,949	-
	120,011,147	88,677,808	2,588,556	1,957,808	122,599,703	90,635,616
Less: Credit loss allowance against Islamic financing and related assets						
- Stage 1	(595,926)	-	-	-	(595,926)	-
- Stage 2	(437,561)	-	-	-	(437,561)	-
- Stage 3	-	-	(1,930,779)	-	(1,930,779)	-
- Specific	-	-	-	(745,250)	-	(745,250)
- General	(282,294)	(542,951)	-	-	(282,294)	(542,951)
	(1,315,781)	(542,951)	(1,930,779)	(745,250)	(3,246,560)	(1,288,201)
Islamic financing and related assets – net of provisions	118,695,366	88,134,857	657,777	1,212,558	119,353,143	89,347,415

2024 **2023**
(Rupees in '000)

11.4 Advances to Women, Women-owned and Managed Enterprises

Women	8,834,519	7,541,157
Women Owned and Managed Enterprises	1,696,941	988,368
	10,531,460	8,529,525

11.4.1 Gross loans disbursed to women, women-owned and managed enterprises during the year amounted to Rs. 11,875.155 million (2023: Rs. 11,233.525 million).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

11.5 Particulars of Credit Loss Allowance

11.5.1 Advances – Exposure

An analysis of changes in exposure in relation to loans & advances of the Group as at December 31, 2024 is as follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance	580,634,736	78,287,173	57,603,865	716,525,774
Impact of adoption of IFRS 9	(17,646,079)	(49,815)	–	(17,695,894)
Balance as at January 01, 2024 after adoption of IFRS 9	562,988,657	78,237,358	57,603,865	698,829,880
New advances	239,316,668	6,375,812	719,041	246,411,521
Advances derecognised or repaid	(108,649,295)	(37,076,038)	(2,103,915)	(147,829,248)
Transfer to stage 1	16,433,913	(16,422,966)	(10,947)	–
Transfer to stage 2	(11,038,733)	11,193,060	(154,327)	–
Transfer to stage 3	(1,449,234)	(4,184,233)	5,633,467	–
	134,613,319	(40,114,365)	4,083,319	98,582,273
Amounts written off	–	–	(1,120,526)	(1,120,526)
Amounts charged off	–	–	(1,191,935)	(1,191,935)
Changes in risk parameters (PDs/LGDs/EADs)	430,302,545	196,529	(3,234,949)	427,264,125
Closing balance	1,127,904,521	38,319,522	56,139,774	1,222,363,817

11.5.2 Advances – Credit loss allowance

An analysis of changes in credit loss allowance in relation to loans & advances of the Group as at December 31, 2024 is as follows:

	2024				
	Credit loss allowance				
	Stage 1	Stage 2	Stage 3	General	Total
	(Rupees in '000)				
Opening balance	2,509	136	42,682,380	3,167,254	45,852,279
Impact of ECL on adoption of IFRS 9	2,153,817	1,492,490	2,651,225	1,242,987	7,540,519
Balance as at January 01, 2024 after adoption of IFRS 9	2,156,326	1,492,626	45,333,605	4,410,241	53,392,798
New advances	759,764	248,312	560,660	1,149,557	2,718,293
Advances derecognised or repaid	(297,467)	(328,231)	(1,253,031)	(789,959)	(2,668,688)
Transfer to stage 1	340,904	(333,688)	(7,216)	(308,631)	(308,631)
Transfer to stage 2	(35,104)	177,390	(142,286)	291,604	291,604
Transfer to stage 3	(11,693)	(61,849)	73,542	(147,230)	(147,230)
	756,404	(298,066)	(768,331)	195,341	(114,652)
Amounts written off	–	–	(1,120,526)	–	(1,120,526)
Amounts charged off	–	–	(1,191,935)	–	(1,191,935)
Exchange Adjustments	65,095	–	(8,568)	–	56,527
Changes in risk parameters (PDs/LGDs/EADs)	25,710	89,119	1,178,554	4,133,596	5,426,979
Closing balance	3,003,535	1,283,679	43,422,799	8,739,178	56,449,191

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

		2024				2023		
		Stage 1	Stage 2	Stage 3	Total	Performing	Non-performing	Total
		(Rupees in '000)						
11.5.3	Advances – Credit loss allowance / Provision details							
	Internal / External rating / stage classification							
	Outstanding gross exposure							
	Gross advances							
	Performing – ICRR 1 to CRR 6	1,127,904,521	-	-	1,127,904,521	660,685,371	-	660,685,371
	Under Performing – ICRR 7 to ICRR 9	-	38,319,522	-	38,319,522	-	-	-
	Non-performing – ICRR 10 to ICRR 12							
	Other Assets Especially							
	Mentioned (OAEM)	-	-	1,446,068	1,446,068	-	1,517,142	1,517,142
	Substandard	-	-	1,008,033	1,008,033	-	1,084,713	1,084,713
	Doubtful	-	-	3,187,841	3,187,841	-	870,734	870,734
	Loss	-	-	50,497,832	50,497,832	-	52,367,814	52,367,814
		-	-	56,139,774	56,139,774	-	55,840,403	55,840,403
	Total	1,127,904,521	38,319,522	56,139,774	1,222,363,817	660,685,371	55,840,403	716,525,774
	Corresponding Credit loss allowance / Provision							
	Stage 1 and Stage 2	3,003,535	1,283,679	-	4,287,214	-	-	-
	Stage 3 / Specific provision	-	-	43,422,799	43,422,799	-	42,682,380	42,682,380
	General Provision	7,971,222	767,956	-	8,739,178	3,169,899	-	3,169,899
		10,974,757	2,051,635	43,422,799	56,449,191	3,169,899	42,682,380	45,852,279

11.6 Advances include Rs. 56,139.774 million (2023: Rs. 55,840.403 million) which have been placed under Non-performing / Stage 3 status as detailed below:

		2024		2023	
		Outstanding amount	Credit loss allowance	Outstanding amount	Provision
		(Rupees in '000)			
11.6.1	Category of Classification in Stage 3 / Non-performing				
	Domestic				
	Other Assets Especially Mentioned (OAEM)	1,446,068	696,827	1,517,142	1,684
	Substandard	546,684	307,920	1,056,913	52,169
	Doubtful	2,758,453	1,535,514	382,282	114,909
	Loss	37,127,232	35,723,957	38,135,498	36,780,475
		41,878,437	38,264,218	41,091,835	36,949,237
	Overseas				
	Substandard	461,349	220,855	27,800	6,950
	Doubtful	429,388	214,694	488,452	244,226
	Loss	13,370,600	4,723,032	14,232,316	5,481,967
		14,261,337	5,158,581	14,748,568	5,733,143
	Total	56,139,774	43,422,799	55,840,403	42,682,380

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

11.6.2 Particulars of credit loss allowance against advances

Note	2024				2023		
	Expected Credit Loss						
	Stage 3	Stage 1 & Stage 2	General	Total	Specific	General	Total
(Rupees in '000)							
Opening balance	42,682,380	2,645	3,167,254	45,852,279	42,122,972	2,638,230	44,761,202
Impact of ECL on adoption of IFRS 9	2,651,225	3,646,307	1,242,987	7,540,519	-	-	-
Exchange adjustments	(8,568)	65,095	-	56,527	1,230,321	237,236	1,467,557
Charge for the year	4,948,291	2,276,912	4,328,937	11,554,140	3,685,905	531,609	4,217,514
Reversals	(4,538,068)	(1,703,745)	-	(6,241,813)	(3,576,979)	(237,176)	(3,814,155)
Amounts written off	410,223	573,167	4,328,937	5,312,327	108,926	294,433	403,359
Amounts charged off	(1,120,526)	-	-	(1,120,526)	(779,839)	-	(779,839)
Closing balance	43,422,799	4,287,214	8,739,178	56,449,191	42,682,380	3,169,899	45,852,279

Note	2024				2023		
	Expected Credit Loss						
	Stage 3	Stage 1 & Stage 2	General	Total	Specific	General	Total
(Rupees in '000)							
In local currency	37,428,397	3,531,283	7,646,167	48,605,847	36,690,540	1,912,744	38,603,284
In foreign currencies	5,994,402	755,931	1,093,011	7,843,344	5,991,840	1,257,155	7,248,995
	43,422,799	4,287,214	8,739,178	56,449,191	42,682,380	3,169,899	45,852,279

11.6.3 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. 531.299 million (December 31, 2023: Rs. 967.863 million) in determining the provisioning against non-performing Islamic financing and related assets as at December 31, 2024. The additional benefit arising from availing the FSV benefit – net of tax amounts to Rs. 255.02 million as at December 31, 2024 (December 31, 2023: Rs. 493.610 million) is not available for payment of cash or stock dividends to shareholders.

11.6.4 This includes reversal of provisions and reduction of non-performing loans amounting to Nil (2023: Nil) balance as a result of settlement on debt asset swap arrangement with customers.

11.6.5 The Group also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025. The details have been disclosed in note 6.1.1.5.

Notes To The Consolidated Financial Statements

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	Note	2024 (Rupees in '000)	2023
11.7	Particulars of write offs / charge off:		
11.7.1	Write Offs against Provisions	1,120,526	779,839
	Charge Offs against Provisions	1,191,935	–
		2,312,461	779,839
11.7.2	Write Offs of Rs. 500,000 and above		
	– Domestic	402,377	778,860
	– Overseas	714,006	–
	Write Offs of below Rs. 500,000	4,143	979
		1,120,526	779,839

11.7.3 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, 2024 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.

	2024	
	No. of Borrowers	Amount in '000'
11.7.4	Movement of charged off loans	
	Opening Balance	–
	Charge-off during the year	1,191,935
		12,660
	Recoveries made during the year against already charged-off cases	(46,877)
	Amount written off from already charged off loans	–
	Closing Balance	1,145,058

	Note	2024 (Rupees in '000)	2023
12.	PROPERTY AND EQUIPMENT		
	Capital work-in-progress	4,764,665	2,191,569
	Property and equipment	83,254,360	78,545,100
		88,019,025	80,736,669
12.1	Capital work-in-progress		
	Civil works	2,659,625	1,348,446
	Equipment	282,439	101,966
	Advances to suppliers	1,821,336	736,548
	Others	1,265	4,609
		4,764,665	2,191,569

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

12.2 Property and Equipment

2024

	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, 2024									
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
Year ended December 31, 2024									
Opening 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
Additions	59,916	-	641,185	12,317	501,243	5,329,838	1,063,596	1,726,753	9,334,848
Disposals	(13,240)	-	(46,203)	-	(1,450)	(28,599)	(47,836)	-	(137,328)
Depreciation charge	-	-	(700,844)	(44,631)	(229,691)	(2,600,772)	(294,159)	(637,429)	(4,507,526)
Exchange rate adjustments	-	-	16,651	(341)	1,001	1,539	620	(204)	19,266
Closing net book value	42,284,072	4,175,896	18,854,368	931,737	1,376,551	10,751,574	1,870,900	3,009,262	83,254,360
At December 31, 2024									
Cost / Revalued amount	42,284,072	4,175,896	20,208,840	1,019,136	3,225,804	27,387,110	2,886,609	5,082,414	106,269,881
Accumulated depreciation	-	-	(1,354,472)	(87,399)	(1,848,527)	(16,635,536)	(1,015,709)	(2,066,593)	(23,008,236)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	42,284,072	4,175,896	18,854,368	931,737	1,376,551	10,751,574	1,870,900	3,009,262	83,254,360
Rate of depreciation / estimated useful life	-	-	2.00%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-

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	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
Disposal	(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	-	-	2.00%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

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 (Private) Limited, Design Crafts, Ahmad Associates, Materials & Designs Services (Private) Limited, Dharmaratne Holdings (Private) Limited and Medallion Services (Private) Limited, valuation and engineering consultants) on the basis of market value. The total surplus against revaluation of fixed assets as at December 31, 2024 amounts to Rs. 39,880.011 million (2023: Rs. 40,183.271 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:

	2024	2023
	(Rupees in '000)	
Freehold land	11,805,902	11,746,002
Leasehold land	2,334,051	2,334,051
Building on Freehold land	11,877,397	11,694,435
Building on Leasehold land	638,395	653,238

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

	2024	2023
	(Rupees in '000)	
Furniture and fixtures	832,075	725,778
Electrical, office and computer equipment	9,523,143	8,228,354
Vehicles	599,386	702,018
Lease hold Improvements	478,431	-
Building on Freehold land	37,307	275,439

12.2.5 Carrying amount of temporarily idle property of the Group is Rs. 589.899 million (2023: Rs. 609.802 million).

12.2.6 The information relating to disposal of property and equipment to related parties is given in Annexure I of these consolidated financial statements.

		2024	2023
	Note	(Rupees in '000)	
13	RIGHT-OF-USE ASSETS	8,452,814	8,001,881

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	2024			2023		
	Buildings	Others	Total	Buildings	Others	Total
(Rupees in '000)						
13.1	At January 01,					
Cost	15,874,308	-	15,874,308	13,758,044	-	13,758,044
Accumulated depreciation	(7,872,427)	-	(7,872,427)	(6,094,319)	-	(6,094,319)
Net carrying amount at January 01,	8,001,881	-	8,001,881	7,663,725	-	7,663,725
Additions / adjustments during the year	2,916,145	-	2,916,145	2,480,248	-	2,480,248
Deletions during the year	(113,171)	-	(113,171)	(173,181)	-	(173,181)
Exchange adjustments	13,818	-	13,818	110,412	-	110,412
Depreciation charge for the year	(2,365,859)	-	(2,365,859)	(2,079,323)	-	(2,079,323)
Closing net carrying amount	8,452,814	-	8,452,814	8,001,881	-	8,001,881

	Note	2024	2023
		(Rupees in '000)	
14. INTANGIBLE ASSETS			
Capital work-in-progress		1,098,995	615,465
Goodwill		82,127	82,127
Management rights		192,000	192,000
Computer software	14.1	1,277,360	969,440
		2,650,482	1,859,032

	2024	2023
	(Rupees in '000)	
Computer software		
14.1	At January 01,	
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
Year ended December 31		
Opening net book value	969,440	1,132,474
Additions	1,071,767	390,033
Amortisation charge	(766,220)	(560,040)
Exchange rate adjustments	2,373	6,973
Closing Net Book Value	1,277,360	969,440
At December 31		
Cost	7,770,906	6,722,875
Accumulated amortisation and impairment	(6,493,546)	(5,753,435)
Net Book Value	1,277,360	969,440
Rate of amortisation	14.29% to 33.33%	14.29% to 33.33%
Useful life	3 – 7 years	3 – 7 years

14.2 The gross carrying amount (cost) of fully amortised intangible assets that are still in use is Rs. 4,852.402 million (2023: Rs. 4,101.856 million).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
15. OTHER ASSETS			
Income / mark-up accrued in local currency		60,310,117	71,559,030
Income / mark-up accrued in foreign currencies		904,108	503,365
Advances, deposits, advance rent and other prepayments		9,989,441	5,429,263
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims	15.1	1,380,837	1,637,884
Branch adjustment account		240,545	–
Mark to market gain on forward foreign exchange contracts		1,588,049	2,596,164
Mark to market gain on forward contracts of government securities		2,096,975	–
Unrealized gain on derivative financial instruments	27	157,610	73,852
Acceptances	22	35,955,874	42,551,113
Receivable from the pension fund	40.4	13,336,849	7,428,142
Clearing and settlement accounts		26,346,723	27,296,155
Receivable from the Government of Pakistan	15.3	–	67,187,000
Deferred cost on staff loans	15.4	7,022,534	–
Claims receivable against fraud and forgeries		598,183	607,980
Others		8,001,956	4,463,918
		168,063,610	231,467,675
Less: Credit loss allowance / provision held against other assets	15.2	3,685,865	3,370,145
Other Assets net of credit loss allowance		164,377,745	228,097,530
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		561,141	606,805
Other Assets – total		164,938,886	228,704,335
15.1 Market value of Non-banking assets acquired in satisfaction of claims		1,901,887	2,156,606

Non-banking assets acquired in satisfaction of claims of the Bank are revalued as at December 31, 2024 by independent valuers (Pee Dee & Associates, Tristar International Consultant (Private) Limited and J&M Associates) on the basis of market value.

	Note	2024 (Rupees in '000)	2023
15.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		2,156,606	2,804,844
Additions		–	–
Revaluation		(6,329)	(10,196)
Disposals		(277,992)	(135,224)
Depreciation	33	(18,390)	(23,878)
Reversal of impairment		47,992	6,074
Transfer to fixed assets		–	(485,014)
Closing balance		1,901,887	2,156,606

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
15.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		280,000	132,000
Less			
– Revalued amounts		277,992	135,224
– Accumulated depreciation		–	–
		277,992	135,224
Gain / (loss)	32	2,008	(3,224)
15.2 Credit loss allowance / provision held against other assets			
Non banking assets acquired in satisfaction of claims		40,091	88,083
Claims receivable against fraud and forgeries		598,183	607,980
Mark-up accrued		174,486	4,972
Others		2,873,105	2,669,110
		3,685,865	3,370,145
15.2.1 Movement in credit loss allowance / provision held against other assets			
Opening balance		3,370,145	3,066,275
Impact of ECL on adoption of IFRS 9		210,596	–
Charge for the year		193,068	36,184
Reversals		(70,805)	(8,080)
	35	122,263	28,104
Amount written off		(521)	(2,062)
Exchange and other adjustments		(16,618)	277,828
Closing balance		3,685,865	3,370,145

15.3 This represents principal amount receivable from the Government of Pakistan against floating rate Pakistan Investment Bonds which had matured on December 30, 2023.

15.4 This refers to notional deferred cost on fair valuation of subsidised staff loans.

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at December 31, 2024 (2023: Nil).

	2024 (Rupees in '000)	2023
17. BILLS PAYABLE		
In Pakistan	53,395,808	27,008,158
Outside Pakistan	26,143	263,226
	53,421,951	27,271,384

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
18. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	18.1	43,530,025	51,576,669
Under Long Term Financing Facility	18.2	17,311,266	21,441,512
Under Renewable Energy Performance Platform	18.3	2,459,272	2,445,557
Under Temporary Economic Refinance Facility	18.4	27,695,530	42,326,816
Under Financing Facility for Storage of Agricultural Produce	18.5	176,755	239,697
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	18.6	4,567	6,272
Under Shariah Compliant Open Market Operations		6,072,476	–
		97,249,891	118,036,523
Repurchase agreement borrowings	18.7	179,227,580	106,366,325
Total secured		276,477,471	224,402,848
Unsecured			
Call borrowings		527,950	1,000,000
Borrowings from other financial institution		3,384,206	2,314,827
Overdrawn nostro accounts		4,246,387	1,019,866
Musharaka Arrangements		35,438,534	6,764,653
Others		162,286	162,286
Total unsecured		43,759,363	11,261,632
		320,236,834	235,664,480

18.1 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 16.5% per annum (2023: 1.0% to 19.0% per annum).

18.2 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 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 8.5% per annum (2023: 2.0% to 19.0% per annum).

18.3 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% to 3.0% per annum (2023: 2.0% per annum).

18.4 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 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 (2023: 1.0% per annum). The balance has been adjusted by Rs. 9,476.052 million on account of fair valuation measurement under IFRS 9.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

- 18.5** 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 (2023: 2.5% to 3.5% per annum).
- 18.6** 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 Bank with SBP. These borrowings are repayable within a period of 5 years. These carry mark-up ranging from 0% per annum (2023: 0% per annum).
- 18.7** These carry mark-up rates ranging from 12.95% to 14.00% per annum (2023: 9.60% to 22.75% per annum) and are secured against government securities of carrying value of Rs. 179,155.519 million (2023: Rs. 106,605.778 million). These are repayable latest by January 2025.
- 18.8** This includes Musharaka arrangements with banks carrying profit at expected rates ranging from 11.25% to 13.65% per annum (2023: 14.00% to 22.90% per annum) and having maturity till January 31, 2025.

	2024	2023
	(Rupees in '000)	
18.9 Particulars of borrowings with respect to currencies		
In local currency	312,121,816	230,601,468
In foreign currencies	8,115,018	5,063,012
	320,236,834	235,664,480

19. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	746,636,631	199,023,817	945,660,448	689,410,951	165,889,903	855,300,854
Savings deposits	946,745,949	36,927,823	983,673,772	888,371,233	44,118,221	932,489,454
Term deposits	68,449,798	19,440,357	87,890,155	70,574,277	22,114,167	92,688,444
Others	39,143,119	4,216,067	43,359,186	52,203,271	4,930,851	57,134,122
	1,800,975,497	259,608,064	2,060,583,561	1,700,559,732	237,053,142	1,937,612,874
Financial Institutions						
Current deposits	16,578,595	3,400,370	19,978,965	17,749,339	3,717,505	21,466,844
Savings deposits	40,305,095	730,376	41,035,471	32,272,124	488,590	32,760,714
Term deposits	429,968	8,412,163	8,842,131	10,666,897	7,216,607	17,883,504
Others	-	85,250	85,250	-	104,683	104,683
	57,313,658	12,628,159	69,941,817	60,688,360	11,527,385	72,215,745
	1,858,289,155	272,236,223	2,130,525,378	1,761,248,092	248,580,527	2,009,828,619

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

		2024	2024
		(Rupees in '000)	
19.1	Composition of deposits		
	– Individuals	1,351,112,524	1,236,382,105
	– Government (Federal and Provincial)	69,852,682	94,971,302
	– Public Sector Entities	44,829,706	55,402,625
	– Banking Companies	6,245,319	7,479,876
	– Non-Banking Financial Institutions	63,696,498	64,735,869
	– Private Sector	594,788,649	550,856,842
		2,130,525,378	2,009,828,619

19.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs. 1,509,201.309 million (2023: Rs. 1,362,540.387 million).

		Note	2024	2023
			(Rupees in '000)	
20.	LEASE LIABILITIES			
	Lease Liabilities	20.1	12,663,814	11,429,243

		2024			2023		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					

20.1	At January 01,	11,429,243	–	11,429,243	10,432,368	–	10,432,368
	Additions / adjustments during the year	2,910,826	–	2,910,826	2,526,333	–	2,526,333
	Lease payments including interest	(3,457,629)	–	(3,457,629)	(3,022,309)	–	(3,022,309)
	Finance charges	1,959,921	–	1,959,921	1,688,954	–	1,688,954
	Deletions during the year	(199,685)	–	(199,685)	(243,797)	–	(243,797)
	Exchange adjustments	21,138	–	21,138	47,694	–	47,694
	Closing Balance	12,663,814	–	12,663,814	11,429,243	–	11,429,243

		2024			2023		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					

20.2	Contractual maturity of lease liabilities						
	Short-term lease liabilities						
	– within 1 year	1,800,910	–	1,800,910	1,484,827	–	1,484,827
	Long-term lease liabilities						
	– 1 to 5 years	6,137,353	–	6,137,353	5,270,360	–	5,270,360
	– 5 to 10 years	3,732,116	–	3,732,116	3,711,685	–	3,711,685
	– More than 10 years	993,435	–	993,435	962,371	–	962,371
	Total at the year end	12,663,814	–	12,663,814	11,429,243	–	11,429,243

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

21. DEFERRED TAX LIABILITY / (ASSET) – NET

2024

Note	At December 31, 2023	Impact of adoption of IFRS 9	At January 01, 2024	Recognized in P&L A/C	Recognized in OCI	At December 31, 2024	
(Rupees in '000)							
Taxable Temporary differences on							
– Surplus on revaluation of property and equipment	25.1	3,704,544	–	3,704,544	(142,225)	218,243	3,780,562
– Surplus on revaluation of Non-banking assets	25.2	297,334	–	297,334	(19,275)	13,734	291,793
– Accelerated tax depreciation		3,678,662	–	3,678,662	760,013	–	4,438,675
– Receivable from pension fund		3,639,789	–	3,639,789	803,432	2,491,940	6,935,161
– Business combination		705,218	–	705,218	–	–	705,218
– Surplus / Deficit on revaluation of investments	25	(11,020,798)	(4,920,439)	(15,941,237)	–	25,140,635	9,199,398
– Investments in associated undertaking		2,906,156	–	2,906,156	539,834	663,658	4,109,648
		3,910,905	(4,920,439)	(1,009,534)	1,941,779	28,528,210	29,460,455
Deductible Temporary differences on							
– Credit loss allowance against financial assets		(204,206)	(4,930,243)	(5,134,449)	(3,141,163)	(97,047)	(8,372,659)
– Minimum Tax and WWF		(154,378)	–	(154,378)	(109,042)	–	(263,420)
		(358,584)	(4,930,243)	(5,288,827)	(3,250,205)	(97,047)	(8,636,079)
		3,552,321	(9,850,682)	(6,298,361)	(1,308,426)	28,431,163	20,824,376

2023

Note	At 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 property and equipment	25.1	3,377,341	(147,432)	474,635	3,704,544
– Surplus on revaluation of Non-banking assets	25.2	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					
– Credit loss allowance against financial assets		(1,426,401)	1,222,195	–	(204,206)
– Surplus / Deficit on revaluation of investments	25	(14,455,774)	–	3,434,976	(11,020,798)
– Minimum Tax and WWF		(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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
22. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		40,902,391	7,032,232
Mark-up / return / interest payable in foreign currencies		525,584	579,109
Unearned commission and income on bills discounted		2,801,265	2,119,095
Accrued expenses		11,301,460	9,446,800
Provision for taxation (provisions less payments)		12,571,095	21,099,089
Workers' Welfare Fund	22.1	16,807,730	13,892,531
Acceptances	15	35,955,874	42,551,113
Unclaimed / dividend payable		2,752,474	2,425,756
Mark to market loss on forward foreign exchange contracts		1,026,820	1,202,115
Unrealized loss on derivative financial instruments	27	157,610	73,848
Branch adjustment account		-	28,696
Provision for employees' compensated absences	40.4	1,249,500	1,266,190
Provision for post retirement medical benefits	40.4	2,169,019	2,121,129
Provision for employees' contributory benevolent scheme	40.4	142,549	140,847
Insurance payable against consumer assets		30,428	586,691
Unclaimed balances		395,575	508,115
Duties and taxes payable		3,301,622	11,440,990
Charity fund balance		26,310	23,238
Credit loss allowance / provision against off-balance sheet obligations	22.2	1,543,367	78,807
Security deposits against lease		3,942,199	3,020,407
Clearing and settlement accounts		38,081,228	24,223,005
Others		9,118,059	6,728,227
		184,802,159	150,588,030

22.1 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.

22.2 An analysis of changes in credit loss allowance against off-balance sheet obligations as at December 31, 2024 is as follows:

	2024 (Rupees in '000)	2023
Opening balance	78,807	48,403
Impact of ECL on adoption of IFRS 9	1,673,186	-
Exchange adjustment	1,606	8,449
Charge for the year	293,373	21,955
Reversals	(503,605)	-
	(210,232)	21,955
Amount written off	-	-
Closing balance	1,543,367	78,807

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

23. SHARE CAPITAL

23.1 Authorized Capital

2024 (Number of shares)		2023 (Number of shares)	2024 (Rupees in '000)		2023 (Rupees in '000)
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000	15,000,000

23.2 Issued, subscribed and paid up

2024 (Number of shares)		2023 (Number of shares)	2024 (Rupees in '000)		2023 (Rupees in '000)
Ordinary shares					
197,253,795	197,253,795	Fully paid in cash	1,972,538	1,972,538	1,972,538
915,776,953	915,776,953	Issued as bonus shares	9,157,769	9,157,769	9,157,769
72,029,258	72,029,258	Issued for consideration other than cash	720,293	720,293	720,293
<u>1,185,060,006</u>	<u>1,185,060,006</u>		<u>11,850,600</u>	<u>11,850,600</u>	<u>11,850,600</u>

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

2024 (Number of shares)		2023 (Number of shares)	2024 (Rupees in '000)		2023 (Rupees in '000)
1,185,060,006	1,185,060,006	Opening balance at January 01	11,850,600	11,850,600	11,850,600
<u>1,185,060,006</u>	<u>1,185,060,006</u>	Closing balance at December 31	<u>11,850,600</u>	<u>11,850,600</u>	<u>11,850,600</u>

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

	2024 (Number of Shares)	2023 (Number of Shares)
Adamjee Insurance Company Limited	59,225,639	59,225,639
Nishat Mills Limited	95,125,651	95,125,651
Siddiqsons Limited	11,201,920	12,016,543
Nishat (Aziz Avenue) Hotels and Properties Limited	1,315,336	1,024,376
Nishat Real Estates Development Company (Private) Limited	483,650	347,100
Adamjee Life Assurance Company Limited	1,330,000	1,200,000
Habib University Foundation	108,300	108,300
Security General Insurance Company Limited	59,136,076	59,136,076
	<u>227,926,572</u>	<u>228,183,685</u>

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
24. RESERVES			
Share premium		23,973,024	23,973,024
Non – distributable capital reserve – gain on bargain purchase option	24.1	908,317	908,317
Exchange translation reserve		9,760,029	9,341,253
Statutory reserve	24.2	54,916,400	48,307,215
General reserve		18,600,000	18,600,000
		108,157,770	101,129,809

24.1 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 statement of 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 Holding company, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Holding company or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

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

	Note	2024 (Rupees in '000)	2023
25. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
– Securities measured at FVOCI – Debt / AFS securities	10.1	6,067,591	(28,264,639)
– Securities measured at FVOCI – Equity / AFS securities		11,623,556	5,773,217
– Property and equipment	25.1	39,880,011	40,183,217
– Non-banking assets acquired in satisfaction of claims	25.2	561,141	606,806
– Associated undertaking		2,441,488	1,250,067
		60,573,787	19,548,668
Deferred tax on surplus / (deficit) on revaluation of:			
– Securities measured at FVOCI – Debt / AFS securities	21	(3,155,148)	13,849,674
– Securities measured at FVOCI – Equity / AFS securities	21	(6,044,250)	(2,828,876)
– Property and equipment	25.1	(3,780,562)	(3,704,544)
– Non-banking assets acquired in satisfaction of claims	25.2	(291,793)	(297,334)
– Associated undertaking		(1,490,965)	(827,306)
		(14,762,718)	6,191,614
		45,811,069	25,740,282

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
25.1	Surplus on revaluation of property and equipment		
	Surplus on revaluation as at January 01	40,183,217	41,372,828
	(Deficit) / Surplus recognised during the year	–	–
	Realised on disposal during the year – net of deferred tax	(13,222)	(1,097,114)
	Related deferred tax liability on surplus realised on disposal	–	(27)
	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	(147,759)	(153,415)
	Related deferred tax liability on incremental depreciation charged during the year	(142,225)	(147,405)
	Surplus on revaluation as at December 31	39,880,011	40,183,217
	Less: Related deferred tax liability on:		
	– revaluation as at January 01	3,704,544	3,377,341
	– effect of change in tax rate	218,243	471,259
	– recognised during the year	–	–
	– surplus realised on disposal during the year	–	(27)
	– transfer of revaluation surplus on change in use	–	3,376
	– incremental depreciation charged during the year	(142,225)	(147,405)
	21	3,780,562	3,704,544
		36,099,449	36,478,673
25.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
	Surplus on revaluation as at January 01	606,806	873,647
	Deficit recognised during the year	(6,329)	(10,196)
	Realised on disposal during the year – net of deferred tax	(20,061)	(24,630)
	Related deferred tax liability on surplus realised on disposal	(19,275)	(23,665)
	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	561,141	606,806
	Less: Related deferred tax liability on:		
	– revaluation as at January 01	297,334	375,669
	– effect of change in tax rate	16,835	52,418
	– (deficit) / surplus recognised during the year	(3,101)	(4,996)
	– surplus realised on disposal during the year	(19,275)	(23,665)
	– transfer of revaluation surplus on change in use	–	(102,092)
	21	291,793	297,334
		269,348	309,472

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
26. CONTINGENCIES AND COMMITMENTS			
– Guarantees	26.1	272,138,880	318,643,498
– Commitments	26.2	768,027,533	512,200,312
– Other contingent liabilities	26.3	29,546,944	34,363,515
		1,069,713,357	865,207,325
26.1 Guarantees:			
Financial guarantees		151,606,073	126,236,623
Performance guarantees		103,399,996	176,196,192
Other guarantees		17,132,811	16,210,683
		272,138,880	318,643,498
26.2 Commitments:			
Documentary credits and short-term trade-related transactions			
– letters of credit		275,549,395	318,590,512
Commitments in respect of:			
– forward foreign exchange contracts	26.2.1	172,408,517	171,638,288
– forward government securities transactions	26.2.2	301,115,690	15,220,315
– derivatives (notional)	26.2.3	12,927,274	1,595,548
– commitments to extent credit		2,799,434	1,128,247
Commitments for acquisition of:			
– property and equipment		2,320,206	2,390,799
– intangible assets		907,017	1,636,603
		768,027,533	512,200,312
26.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		80,842,372	93,150,006
Sale		91,566,145	78,488,282
		172,408,517	171,638,288
26.2.2 Commitments in respect of government securities transactions			
Purchase		301,115,690	15,197,000
Sale		–	23,315
		301,115,690	15,220,315

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	2024	2023
	(Rupees in '000)	
26.2.3 Commitments in respect of derivatives		
FX options (notional)		
Purchase	6,463,637	736,983
Sale	6,463,637	736,983
	12,927,274	1,473,966
Cross Currency Swaps (notional)		
Purchase	–	60,791
Sale	–	60,791
	–	121,582
	12,927,274	1,595,548

26.2.4 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.

	Note	2024	2023
		(Rupees in '000)	
26.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	26.3.1	29,546,944	34,363,515

26.3.1 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.

26.4 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. 2,632.390 million (2023: Rs. 5,902.495 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.

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.

26.5 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

27. DERIVATIVE INSTRUMENTS

27.1 Product Analysis

		2024					
		Cross Currency Swaps		Interest Rate Swaps		FX Options	
Counterparties		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		-	-	-	-	6,463,637	157,610
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		-	-	-	-	6,463,637	(157,610)
Total							
Hedging		-	-	-	-	6,463,637	157,610
Market Making		-	-	-	-	6,463,637	(157,610)
		2023					
		Cross Currency Swaps		Interest Rate Swaps		FX Options	
Counterparties		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)

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

27.2 Maturity Analysis

	2024				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
	(Rupees in '000)				
Remaining Maturity					
Upto 1 month	16	658,587	(440)	440	–
1 to 3 months	34	1,262,826	(6,131)	6,131	–
3 to 6 months	90	3,291,798	(33,501)	33,501	–
6 month to 1 Year	230	7,714,063	(117,538)	117,538	–
2 to 3 Years	–	–	–	–	–
Total	370	12,927,274	(157,610)	157,610	–
	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 month to 1 Year	–	–	–	–	–
2 to 3 Years	–	–	–	–	–
Total	50	1,595,548	(73,848)	73,852	4

27.3 Risk management related to derivatives is discussed in note 48.5.

	Note	2024	2023
		(Rupees in '000)	
28. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		129,759,630	126,722,451
Investments		273,837,920	223,127,226
Lendings to financial institutions		7,107,920	12,370,089
Balances with banks		2,091,893	2,228,955
IFRS 9 adjustment for staff loans – notional	33.1	753,956	–
		413,551,319	364,448,721
28.1 Interest income recognised on:			
Financial assets measured at amortised cost		146,779,490	
Financial assets measured at FVOCI		258,510,441	
Financial assets measured at FVTPL		8,261,388	
		413,551,319	
29. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		201,253,456	156,143,909
Borrowings		39,188,804	37,644,842
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,201,785	3,548,962
Unwinding cost of lease liability against right-of-use assets		1,959,921	1,688,954
		245,603,966	199,026,667

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
30. FEE AND COMMISSION INCOME			
Branch banking customer fees		4,241,556	3,584,897
Consumer finance related fees		703,049	773,012
Card related fees (debit and credit cards)		8,253,493	6,214,473
Credit related fees		695,145	717,372
Investment banking fee		115,463	238,688
Commission on trade		3,768,392	3,515,338
Commission on guarantees		1,032,373	1,426,590
Commission on cash management		1,052,970	942,619
Commission on remittances including home remittances		229,013	1,731,252
Commission on utility bills		106,727	93,680
Commission on Bancassurance		870,460	910,813
Rent on lockers		258,258	255,772
Commission on investments services		2,806,993	1,608,988
Other commission		650,735	446,989
		24,784,627	22,460,483
31. GAIN / (LOSS) ON SECURITIES – NET			
Realised	31.1	1,168,766	840,480
Unrealised – Reclassification due to business model and SPPI assessment		(8,867)	–
Unrealised – Measured at FVTPL	10.1	209,681	(3,038)
Unrealized – Forward contracts of government securities	15	2,096,975	–
		3,466,555	837,442
31.1 Realised gain / (loss) on:			
Federal Government securities		900,326	98,402
Non Government debt securities		6,705	657
Shares and units		261,735	741,421
		1,168,766	840,480
31.2 Net gain on financial assets measured:			
At FVTPL			
Designated upon initial recognition		717,710	
Mandatorily measured at FVTPL		–	
		717,710	
Net gain on financial assets measured at FVOCI – Debt		451,056	
		1,168,766	
32. OTHER INCOME			
Rent on property		121,408	126,829
Gain on conversion of Ijarah agreements		9,762	21,391
Gain on sale of property and equipment – net		223,852	160,262
Gain on termination of lease liability against right-of-use assets		86,514	70,616
Gain / (loss) on sale of non-banking assets – net	15.1.2	2,008	(3,224)
		443,544	375,874

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
33. OPERATING EXPENSES			
Total compensation expense	33.1	31,748,893	27,287,976
Property expense			
Rent and taxes		505,461	338,200
Insurance		74,277	63,998
Utilities cost		3,371,116	2,679,379
Fuel expense generators		1,016,144	1,310,889
Security (including guards)		2,595,334	2,236,150
Repair and maintenance (including janitorial charges)		1,541,882	1,314,106
Depreciation on right-of-use assets	13.1	2,365,859	2,079,323
Depreciation	12.2	1,570,154	1,289,064
		13,040,227	11,311,109
Information technology expenses			
Software maintenance		2,415,367	2,003,867
Hardware maintenance		391,965	410,202
Depreciation	12.2	1,532,275	1,005,536
Amortisation	14.1	766,220	560,040
Network charges		812,801	796,277
Insurance		10,390	7,713
		5,929,018	4,783,635
Other operating expenses			
Directors' fees and allowances	42.2	64,300	46,200
Fees and allowances to Sharia Board members		17,361	13,312
Legal and professional charges		543,923	453,930
Outsourced services costs		1,306,509	1,135,752
Travelling and conveyance		797,649	616,960
NIFT clearing charges		276,424	244,271
Depreciation	12.2	1,405,097	1,173,581
Depreciation on non-banking assets acquired in satisfaction of claims	15.1.1	18,390	23,878
Training and development		91,978	104,094
Postage and courier charges		367,547	292,964
Communication		2,330,502	1,592,299
Stationery and printing		1,418,760	1,304,328
Marketing, advertisement & publicity		2,280,285	829,257
Donations	33.2	10,100	21,000
Auditors' remuneration	33.3	122,545	86,775
Cash transportation charges		1,374,830	1,243,353
Repair and maintenance		877,923	748,164
Subscription		83,653	71,255
Entertainment		550,454	491,848
Remittance charges		272,546	273,400
Brokerage expenses		112,502	105,853
Card related expenses		3,733,411	2,793,382
CNIC verification charges		415,114	390,903
Insurance		2,530,201	2,102,762
Others		807,040	585,674
		21,809,044	16,745,195
		72,527,182	60,127,915

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

The Group has material outsourcing arrangement with “Euronet Pakistan Private Limited” (a related party) for hosting of POS acquiring & e-commerce gateway services. Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 180.339 million (2023: Rs. 170.482 million). 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.

	Note	2024 (Rupees in '000)	2023
33.1	Total compensation expense		
	Fees and allowances	1,259,979	948,289
	Managerial remuneration		
	i) Fixed	22,035,092	19,074,671
	ii) Variable – cash bonus / awards / incentives	4,814,467	4,158,843
	Charge for defined benefit plan	(501,969)	250,527
	Contribution to defined contribution plan	698,846	626,544
	Staff group insurance	910,033	797,054
	Rent and house maintenance	712,099	589,042
	Medical	98,848	85,199
	Conveyance	874,352	730,179
	Others	868	994
		30,902,615	27,261,342
	Sign-on bonus	12,322	26,634
	IFRS 9 adjustment for staff loans – notional	753,956	–
	Severance allowance	80,000	–
		31,748,893	27,287,976

33.1.1 During the year sign on bonus was paid to 41 employees (2023: 29).

33.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

33.1.3 Severance allowance pertains to 1 employee (2023: NIL).

		2024 (Rupees in '000)	2023
33.2	Detail of donations made during the year is as follows:		
	FAST– National University of Computer and Emerging Science	10,100	–
	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
		10,100	21,000

33.2.1 None of the directors, executives or their spouses had any interest in the donees.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
33.3 Auditors' remuneration			
Audit fee		24,480	20,400
Fee for audit of foreign branches		30,809	20,617
Fee and other charges for audit of subsidiaries		30,320	18,759
Special certifications and sundry advisory services		3,000	5,099
Tax services		29,040	17,820
Sales tax on audit fee		1,224	1,020
Out-of-pocket expenses		3,672	3,060
		122,545	86,775
34. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		99,221	247,700
VAT & National Building tax & Crop Insurance Levy		217,344	330,468
Education cess		130,619	123,586
		447,184	701,754
35. CREDIT LOSS ALLOWANCE AND WRITE OFFS – NET			
(Reversal of) / credit loss allowance against balance with other banks		(64,437)	7,034
Credit loss allowance against cash and balances with treasury banks		9,583	–
(Reversal of) / credit loss allowance for diminution in value of investments	10.3	(28,119)	794,665
Credit loss allowance / (reversal of) against loans and advances	11.6.2	5,312,327	403,359
Reversal of credit loss allowance against lendings to financial institutions		(5,961)	–
(Reversal of) / credit loss allowance against off balance sheet items	22	(210,232)	21,955
Credit loss allowance against other assets	15.2.1	122,263	28,104
Bad debts written off directly	11.7.1	–	–
Recovery of written off / charged off bad debts		(257,214)	(179,859)
		4,878,210	1,075,258
36. TAXATION			
Current		71,738,579	65,387,323
Prior years		(3,459,037)	3,592,994
Deferred	21	(1,308,426)	2,820,419
Share of tax of associates		740,229	447,226
		67,711,345	72,247,962

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

		2024	2023
		(Rupees in '000)	
36.1	Relationship between tax expense and accounting profit		
	Accounting profit for the year	131,177,019	137,518,962
	Tax on income @ 44% (2023: 39%)	57,717,888	53,632,395
	Super tax @ 10% (2023: 10%)	13,117,702	13,751,896
	Tax effect of permanent differences	53,579	121,373
	Tax effect of prior years charge	(3,459,037)	3,592,994
	Others	281,213	1,149,304
	Tax charge for the year	67,711,345	72,247,962

(Rupees in '000)

37. BASIC AND DILUTED EARNINGS PER SHARE

	Profit for the year after tax attributable to ordinary shareholders	63,225,058	65,104,619
--	---------------------------------------------------------------------	------------	------------

(Number)

	Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
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(Rupees)

	Basic and diluted earnings per share	53.35	54.94
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Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue at the reporting dates.

		2024	2023
		(Rupees in '000)	
38.	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	186,680,045	190,245,798
	Balances with other banks	28,854,218	37,806,854
	Overdrawn nostro accounts	(4,246,387)	(1,019,866)
		211,287,876	227,032,786

38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	2024						2023					
	Liabilities		Equity				Liabilities		Equity			
	Other liabilities	Share Capital	Reserves	Unappropriated profit	Non-controlling interest	Total	Other liabilities	Share Capital	Reserves	Unappropriated profit	Non-controlling interest	Total
	(Rupees in '000)											
Opening Balance	162,017,273	11,850,600	101,129,809	102,689,217	341,194	378,028,093	148,268,469	11,850,600	89,640,476	72,795,700	732,489	323,287,734
Impact of adoption of IFRS 9	(4,937,751)	-	-	(114,787)	-	(5,052,538)	-	-	-	-	-	-
Revised Opening Balance	157,079,522	11,850,600	101,129,809	102,574,430	341,194	372,975,555	-	-	-	-	-	-
Changes from Financing cash flows												
Payment of lease liability against right-of-use-assets	(3,457,629)	-	-	-	-	(3,457,629)	(3,022,309)	-	-	-	-	(3,022,309)
Dividend paid	-	-	-	(42,335,442)	(80,273)	(42,415,715)	-	-	-	(32,307,616)	(73,586)	(32,381,201)
Total changes from financing cash flows	(3,457,629)	-	-	(42,335,442)	(80,273)	(45,873,344)	(3,022,309)	-	-	(32,307,616)	(73,586)	(35,403,510)
Liability related												
Changes in Other liabilities												
- Cash based	10,805,467	-	-	-	-	10,805,467	(7,379,966)	-	-	-	-	(7,379,966)
- Dividend payable	326,718	-	-	(326,718)	-	-	(310,996)	-	-	310,996	-	-
- Non cash based	20,048,081	-	-	-	-	20,048,081	24,462,075	-	-	-	-	24,462,075
Total liability related other changes	31,180,266	-	-	(326,718)	-	30,853,548	16,771,113	-	-	310,996	-	17,082,109
Total equity related other changes	-	-	7,027,961	61,014,006	240,608	68,282,575	-	-	11,489,333	61,890,137	(317,710)	73,061,760
Closing Balance	184,802,159	11,850,600	108,157,770	120,926,276	501,529	426,238,334	162,017,273	11,850,600	101,129,809	102,689,217	341,194	378,028,093

	2024	2023
	(Number)	
39. STAFF STRENGTH		
Permanent	16,697	16,354
On Bank contract	546	474
Bank's own staff strength at end of the year	17,243	16,828

39.1 In addition to the above, 522 (2023: 399) 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 511 (2023: 390) working domestically and 11 (2023: 9) working abroad.

	2024	2023
	(Number)	
39.2 Staff Strength Bifurcation		
Domestic	17,086	16,681
Overseas	157	147
	17,243	16,828

40. DEFINED BENEFIT PLAN

40.1 General description

The Holding Company 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.

Notes To The Consolidated Financial Statements

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40.2 Number of Employees under the scheme

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

	2024	2023
	(Number)	
– Pension fund – funded	5,012	5,373
– Benevolent scheme – unfunded	934	1,073
– Post retirement medical benefits – unfunded	14,035	14,178
– Employees compensated absence – unfunded	14,035	14,179

40.3 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, 2024. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2024	2023	2024	2023	2024	2023	2024	2023
	(%)							
Discount rate	12.25	15.50	12.25	15.50	12.25	15.50	12.25	15.50
Expected rate of return on plan assets	12.25	15.50	–	–	–	–	–	–
Expected rate of salary increase	10.25	13.50	10.25	13.50	–	–	10.25	13.50
Expected rate of increase in pension	0-5	0-5	–	–	–	–	–	–
Expected rate of increase in medical benefit	–	–	–	–	10.25	15.50	–	–

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

		Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
	Note	(Rupees in '000)							
Present value of obligations	40.5	4,732,130	4,287,273	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190
Fair value of plan assets	40.6	(18,068,979)	(11,715,415)	–	–	–	–	–	–
(Receivable) / payable	40.7	(13,336,849)	(7,428,142)	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190

40.5 Movement in defined benefit obligations

		Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
	Note	(Rupees in '000)							
Obligations at the beginning of the year		4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992
Current service cost	40.8.1	66,621	60,005	3,583	12,134	84,237	79,635	51,334	43,876
Interest cost		633,817	597,690	19,066	20,981	316,419	310,148	182,473	164,945
Benefits paid		(396,261)	(395,897)	(35,687)	(41,457)	(159,434)	(160,653)	(177,890)	(84,875)
Re-measurement loss / (gain)	40.8.1 & 40.8.2	140,680	(294,471)	14,740	(16,237)	(193,332)	(327,282)	(72,607)	(37,748)
Obligations at end of the year	40.4	4,732,130	4,287,273	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

40.6 Movement in fair value of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Fair value at the beginning of the year		11,715,415	7,088,088	-	-	-	-	-	-
Interest income on plan assets		1,785,179	999,070	-	-	-	-	-	-
Benefits paid		(396,261)	(395,897)	-	-	-	-	-	-
Re-measurement gain / (loss):									
Net return on plan assets									
over interest income gain / (loss)	40.8.2	4,964,646	4,024,154	-	-	-	-	-	-
Fair value at end of the year	40.4	18,068,979	11,715,415	-	-	-	-	-	-

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

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Opening balance		(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992
(Reversal) / charge for the year	40.8.1	(1,084,741)	(341,375)	20,916	31,046	400,656	389,783	161,200	171,073
Employees' contribution		-	-	1,733	2,069	-	-	-	-
Re-measurement (gain) / loss recognised in OCI during the year	40.8.2	(4,823,966)	(4,318,625)	14,740	(16,237)	(193,332)	(327,282)	-	-
Benefits paid by the Bank		-	-	(35,687)	(41,457)	(159,434)	(160,653)	(177,890)	(84,875)
Closing balance	40.4	(13,336,849)	(7,428,142)	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190

40.8 Charge for defined benefit plans

40.8.1 Cost recognised in statement of profit and loss account

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in '000)									
Current service cost	40.5	66,621	60,005	3,583	12,134	84,237	79,635	51,334	43,876
Net interest on defined benefit asset / liability		(1,151,362)	(401,380)	19,066	20,981	316,419	310,148	182,473	164,945
Employees' contribution		-	-	(1,733)	(2,069)	-	-	-	-
Actuarial (gain) / loss	40.5	-	-	-	-	-	-	(72,607)	(37,748)
	40.7	(1,084,741)	(341,375)	20,916	31,046	400,656	389,783	161,200	171,073

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40.8.2 Re-measurements recognised in OCI during the year

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
		(Rupees in '000)							
(Gain) / loss on obligation	40.5								
Financial assumptions		404,078	(48,655)	16,936	(5,494)	107,624	(39,772)	-	-
Experience adjustments		(263,398)	(245,816)	(2,196)	(10,743)	(300,956)	(287,510)	-	-
Return on plan assets over interest income	40.6	(4,964,646)	(4,024,154)	-	-	-	-	-	-
Re-measurement (gain) / loss recognised in OCI	40.7	(4,823,966)	(4,318,625)	14,740	(16,237)	(193,332)	(327,282)	-	-

40.9 Components of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2024	2023	2024	2023	2024	2023	2024	2023
		(Rupees in '000)							
Cash and cash equivalents – net		223,500	63,273	-	-	-	-	-	-
Shares		17,546,703	11,403,500	-	-	-	-	-	-
Open ended mutual funds units		298,776	248,642	-	-	-	-	-	-
	40.4	18,068,979	11,715,415	-	-	-	-	-	-

40.9.1 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.

40.10 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	(248,662)	(8,410)	(264,098)	(68,185)
1% decrease in discount rate	277,285	9,371	333,963	76,052
1% increase in expected rate of salary increase	56,367	-	-	76,776
1% decrease in expected rate of salary increase	(53,996)	-	-	(69,958)
1% increase in expected rate of pension increase	159,518	-	-	-
1% decrease in expected rate of pension increase	(145,465)	-	-	-
1% increase in expected rate of medical benefit increase	-	-	191,324	-
1% decrease in expected rate of medical benefit increase	-	-	(161,686)	-

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

40.11 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.

40.12 Expected (reversal) / charge 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 (reversal) / charge for the next financial year	(1,586,275)	18,975	351,959	197,101
40.13 Maturity profile				
The weighted average duration of the obligation (in years)	7.75	7.75	7.75	7.75

40.14 Funding Policy

The Holding Company 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.

40.15 The defined benefit plans may expose the Holding Company 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.

41. DEFINED CONTRIBUTION PLAN

MCB Bank Limited (Holding Company)

The Holding Company operates an approved contributory provident fund for 11,581 (2023: 12,061) employees where contributions are made by the Bank at 8.33% (2023: 8.33%) and employees ranging from 8.33% to 15% per annum (2023: 8.33% to 15% per annum) of the basic salary.

The Holding Company also operates an approved non-contributory provident fund for 504 (2023: 555) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 15% per annum (2023: 8.33% to 15% per annum) of the basic salary.

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41.1 MCB Islamic Bank Limited (Subsidiary)

The Subsidiary operates an approved contributory provident fund for 1,648 (2023: 1,374) 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.

42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total compensation expense

		2024							
		Directors			Members shariah board	President / CEO*	Key Management Personnel	Other material risk takers / controllers	
Note		Chairman	Executive (other than CEO)	Non Executive					
		(Rupees in '000)							
	Fee and allowances	42.2	8,100	-	56,200	-	-	29,108	63,342
	Managerial Remuneration								
	i) Fixed		-	-	-	9,372	86,545	758,095	1,647,049
	ii) Cash Bonus / Awards / Incentives	42.1.1	-	-	-	1,469	75,000	382,275	588,796
	Contribution to defined contribution plan		-	-	-	258	4,395	21,655	60,092
	Rent & house maintenance		-	-	-	1,392	33	57,855	135,898
	Medical		-	-	-	-	168	5,151	28,700
	Overseas allowance		-	-	-	-	-	96,981	125,494
	Commission		-	-	-	-	-	-	1,568
	Security		-	-	-	-	942	-	-
	Utilities		-	-	-	309	-	5,374	28,773
	Special Pay		-	-	-	397	-	-	11,936
	Conveyance		-	-	-	2,153	-	-	80,863
	Charge allowance		-	-	-	-	-	-	2,101
	Fuel Allowance		-	-	-	296	-	-	9,299
	Leave fare assistance		-	-	-	-	-	-	-
	Severance allowance		-	-	-	-	80,000	-	-
	Club membership		-	-	-	-	108	400	600
	Others**		-	-	-	-	44,681	17,576	248,492
	Total		8,100	-	56,200	15,646	291,872	1,374,470	3,033,004
	Number of Persons		1	-	12	3	1	42	286

*Mr. Shoaib Mumtaz completed his term as President & CEO on December 20, 2024 and Mr. Muhammad Nauman Chughtai has been appointed as the President & CEO of the Bank effective from December 21, 2024.

**This represents amounts paid to the outgoing President & CEO on account of leave encashment and post retirement medical benefit.

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	2023						
	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	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	-	-	-	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
Severance allowance	-	-	-	-	-	-	-
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

42.1.1 During the year 2024, Rs 63.966 million bonus has been deferred (2023: Rs. 55.566 million).

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

	2024									
	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	-	1,000	-	1,300	-	1,000	-	-	8,100
Mr. Tariq Rafi	1,600	-	-	-	-	-	-	-	-	1,600
Mian Umer Mansha	2,000	1,000	1,000	1,000	300	1,600	1,000	1,000	-	8,900
Mrs. Iqraa Hassan Mansha	2,000	-	-	-	400	-	600	-	-	3,000
Mr. Muhammad Ali Zeb	2,000	1,300	-	1,000	1,300	-	1,000	1,000	-	7,600
Mr. Mohd Suhail Amar Suresh	3,200	-	900	600	-	1,200	-	-	-	5,900
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	1,000	1,000	1,300	1,600	-	1,000	-	9,900
Mr. Masood Ahmed Puri	4,000	-	400	-	-	-	-	-	-	4,400
Mr. Shahzad Hussain	2,000	1,300	-	-	-	-	-	-	-	3,300
Mr. Sharifuddin Bin Khalid	1,600	400	-	-	-	-	-	-	-	2,000
Mr. Noruzkarnien Bin Nor Mohamad	2,400	600	-	-	-	-	-	-	-	3,000
Mr. Shaikh Muhammad Jawed	2,000	-	600	-	-	-	-	-	-	2,600
Total	35,600	4,600	4,900	3,600	4,600	4,400	3,600	3,000	-	64,300

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2023										
Board meeting	For Board Committees								Total	
	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	-	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
	35,200	1,900	2,000	1,600	1,300	1,500	1,500	1,200	-	46,200

42.3 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.

42.4 Remuneration paid to Shariah Board Members

2024				
	Chairman	Resident member	Non-Resident member(s)	Total
(Rupees in '000)				
Meeting Fees and Allowances	-	-	-	-
Other Heads				
Basic salary	3,720	3,094	2,558	9,372
House rent	-	1,392	-	1,392
Utilities	-	309	-	309
Conveyance	-	2,153	-	2,153
Fuel	-	296	-	296
Special pay	-	397	-	397
Bonus	-	1,429	-	1,429
PF Employer	-	258	-	258
Medical	-	40	-	40
Total Amount	3,720	9,368	2,558	15,646
Total Number of Persons	1	1	1	3

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	2023			
	Chairman	Resident member	Non-Resident member(s)	Total
(Rupees in '000)				
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
Number of persons	1	1	1	3

43. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. 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 6.5 to these consolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 48.

In the opinion of the management, the fair value of the remaining financial assets and financial liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

43.1 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).

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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, Sukuks and Bonds	Investments in debt securities (comprising term finance certificates, sukuks, 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).
Property and Equipment (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.

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	2024				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	1,134,229,469	–	1,134,229,469	–	1,134,229,469
Shares and units	49,810,331	49,708,717	101,614	–	49,810,331
Non-Government Debt Securities	10,468,262	–	10,468,262	–	10,468,262
Foreign Securities	58,121,060	–	58,121,060	–	58,121,060
Financial assets – disclosed but not measured at fair value					
Investments (amortised cost, unlisted ordinary shares and associates)	53,927,034	–	–	–	–
Non – Financial Assets measured at fair value					
Property and equipment (land and buildings)	66,246,073	–	66,246,073	–	66,246,073
Non-banking assets	1,901,887	–	1,901,887	–	1,901,887
Off-balance sheet financial instruments – measured at fair value					
Forward purchase of foreign exchange	80,842,372	–	726,974	–	726,974
Forward sale of foreign exchange	91,566,145	–	1,402,562	–	1,402,562
Forward purchase of government securities	301,115,690	–	2,096,975	–	2,096,975
Derivatives purchase	6,463,637	–	157,610	–	157,610
Derivatives sale	6,463,637	–	157,610	–	157,610

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	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	1,230,792,274	–	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					
Property and equipment (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

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.

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44 SEGMENT INFORMATION

44.1 Segment details with respect to business activities

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

	2024										
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	(Rupees in '000)										
Profit & Loss											
Net mark-up / return / profit	(147,372,934)	7,777,501	65,061,197	215,492,159	8,136,645	18,175,764	41,741	635,280	167,947,353	-	167,947,353
Inter segment revenue – net	280,744,637	(5,578,141)	(65,924,382)	(233,615,189)	(447,739)	-	-	14,820,814	-	-	-
Non mark-up / return / interest income	13,601,926	2,852,628	9,092,731	9,546,691	2,157,830	1,734,833	3,158,843	1,535,844	43,681,326	-	43,681,326
Total Income	146,973,629	5,051,988	18,229,546	(8,576,339)	9,846,736	19,910,597	3,200,584	16,991,938	211,628,679	-	211,628,679
Segment direct expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	10,259,275	1,238,098	17,481,182	75,573,450	-	75,573,450
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	10,259,275	1,238,098	17,481,182	75,573,450	-	75,573,450
Credit loss allowance and write offs – net	2,676,558	134,097	415,594	-	(240,940)	542,989	-	1,349,912	4,878,210	-	4,878,210
Profit / (loss) before tax	106,505,324	2,937,587	15,472,108	(9,229,512)	7,269,849	9,108,333	1,962,486	(1,839,156)	131,177,019	-	131,177,019
Balance Sheet											
Cash and Bank balances	46,364,878	112,551	201,339	104,117,273	45,563,659	19,076,604	63,957	34,002	215,534,263	-	215,534,263
Investments	-	-	10,671,310	1,066,820,725	71,479,168	146,596,201	2,360,126	8,628,626	1,306,556,156	-	1,306,556,156
Net inter segment lending	1,540,925,947	-	-	-	-	-	-	317,728,339	1,858,654,286	(1,858,654,286)	-
Lendings to financial institutions	-	-	-	199,978	55,455,526	2,000,000	-	-	57,655,504	-	57,655,504
Advances – performing / underperforming – net	61,051,389	36,075,897	895,102,516	-	45,236,202	118,695,366	27,363	(2,990,082)	1,153,197,651	-	1,153,197,651
- non performing – net	221,802	129,398	936,180	-	9,102,756	657,777	-	1,669,082	12,716,975	-	12,716,975
Others	61,228,836	3,648,516	56,988,097	36,583,876	4,169,533	20,261,748	1,701,268	79,479,333	264,061,207	-	264,061,207
Total Assets	1,709,792,852	39,966,362	963,899,442	1,207,721,852	231,005,844	307,287,696	4,152,714	404,549,280	4,868,376,042	(1,858,654,286)	3,009,721,756
Borrowings	4,811,563	42,145	79,574,711	182,422,525	1,022,291	48,422,293	-	3,941,306	320,236,834	-	320,236,834
Deposits and other accounts	1,626,526,489	-	109,698,501	-	185,184,270	209,108,581	-	7,537	2,130,525,378	-	2,130,525,378
Net inter segment borrowing	-	33,742,698	739,981,530	1,025,012,385	31,277,259	25,946,006	2,694,408	-	1,858,654,286	(1,858,654,286)	-
Others	78,454,800	6,181,519	34,644,700	286,942	13,522,024	23,810,816	1,458,306	113,353,193	271,712,300	-	271,712,300
Total liabilities	1,709,792,852	39,966,362	963,899,442	1,207,721,852	231,005,844	307,287,696	4,152,714	117,302,036	4,581,128,798	(1,858,654,286)	2,722,474,512
Equity	-	-	-	-	-	-	-	287,247,244	287,247,244	-	287,247,244
Total Equity & liabilities	1,709,792,852	39,966,362	963,899,442	1,207,721,852	231,005,844	307,287,696	4,152,714	404,549,280	4,868,376,042	(1,858,654,286)	3,009,721,756
Contingencies & Commitments	77,434,778	-	416,240,574	471,223,497	13,340,003	60,170,677	-	31,303,828	1,069,713,357	-	1,069,713,357
2023											
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
(Rupees in '000)											
Profit & Loss											
Net mark-up / return / profit	(110,451,262)	4,929,550	99,955,466	176,013,531	7,283,475	17,375,200	(7,002)	353,096	-	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	156,778,920	4,995,568	22,179,584	(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 / (loss) before tax	119,898,737	2,703,915	20,963,653	(26,259,828)	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	1,168,355,590	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	88,134,657	25,113	4,019,573	657,515,472	-	657,515,472
- non performing – net	892,197	213,265	1,318,978	-	9,015,425	1,212,559	-	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	191,978,904	266,787,993	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	-	-	2,008,828,619	-	2,008,828,619
Net inter segment borrowing	-	12,006,350	220,902,573	1,296,646,213	27,036,616	22,036,252	1,832,403	-	1,580,460,407	(1,580,460,407)	-
Others	38,458,887	4,982,728	42,472,664	275,510	4,299,723	14,478,037	1,009,145	86,864,284	192,840,978	-	192,840,978
Total liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,904	266,787,993	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	191,978,904	266,787,993	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	170,499,890	15,455,739	51,908,493	-	36,842,867	865,207,325	-	865,207,325

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44.2 Segment details with respect to geographical locations

Geographical Segment Analysis

	2024						
	Pakistan	South Asia	Middle East	Eurasia	Sub-total	Eliminations	Total
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	159,316,873	1,421,346	6,728,200	480,934	167,947,353	-	167,947,353
Inter segment revenue – net	318,073	(132,504)	(185,569)	-	-	-	-
Non mark-up / return / interest income	41,447,361	286,145	1,872,543	75,277	43,681,326	-	43,681,326
Total Income	201,082,307	1,574,987	8,415,174	556,211	211,628,679	-	211,628,679
Segment direct expenses	72,539,702	1,084,184	1,738,730	210,834	75,573,450	-	75,573,450
Total expenses	72,539,702	1,084,184	1,738,730	210,834	75,573,450	-	75,573,450
Credit loss allowance and write offs – net	5,115,713	(179,498)	(61,442)	3,437	4,878,210	-	4,878,210
Profit before tax	123,426,892	670,301	6,737,886	341,940	131,177,019	-	131,177,019
Balance Sheet							
Cash and Bank balances	170,522,149	3,304,063	41,649,801	58,250	215,534,263	-	215,534,263
Investments	1,235,076,988	11,119,781	60,359,387	-	1,306,556,156	-	1,306,556,156
Net inter segment lendings	28,850,057	-	-	-	28,850,057	(28,850,057)	-
Lendings to financial institutions	2,199,978	95,100	55,360,426	-	57,655,504	-	57,655,504
Advances – performing / underperforming – net	1,102,603,033	8,510,587	36,619,097	5,464,934	1,153,197,651	-	1,153,197,651
- non performing – net	12,156,270	560,705	-	-	12,716,975	-	12,716,975
Others	259,864,163	1,360,854	2,778,955	57,235	264,061,207	-	264,061,207
Total Assets	2,811,272,638	24,951,090	196,767,666	5,580,419	3,038,571,813	(28,850,057)	3,009,721,756
Borrowings	315,273,236	427,950	594,342	3,941,306	320,236,834	-	320,236,834
Deposits and other accounts	1,950,043,568	14,367,385	166,114,425	-	2,130,525,378	-	2,130,525,378
Net inter segment borrowing	-	9,236,833	19,613,224	-	28,850,057	(28,850,057)	-
Others	260,128,863	918,922	10,445,675	218,840	271,712,300	-	271,712,300
Total liabilities	2,525,445,667	24,951,090	196,767,666	4,160,146	2,751,324,569	(28,850,057)	2,722,474,512
Equity	285,826,971	-	-	1,420,273	287,247,244	-	287,247,244
Total Equity & liabilities	2,811,272,638	24,951,090	196,767,666	5,580,419	3,038,571,813	(28,850,057)	3,009,721,756
Contingencies & Commitments	1,056,373,355	839,081	12,500,921	-	1,069,713,357	-	1,069,713,357
	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	4,899,758	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
(Reversals) / Provisions	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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

44.3 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.

44.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2024 or 2023.

45 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	2024				Total
	Number of IPS Accounts	Securities Held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
(Rupees in '000)					
Corporates	106	160,224,450	126,946,300	2,600	287,173,350
Insurance Companies	12	8,250,000	4,700,000	810,000	13,760,000
Asset Management Companies	40	40,920,635	625,000	–	41,545,635
Pension & Employee Funds	155	60,342,530	53,664,500	193,000	114,200,030
NGO / Charitable Organisation	30	7,000,560	774,500	–	7,775,060
Individuals	2,569	4,855,055	1,499,800	107,800	6,462,655
Others	76	144,208,225	184,175,600	382,500	328,766,325
Total	2,988	425,801,455	372,385,700	1,495,900	799,683,055

Category	2023				Total
	Number of IPS Accounts	Securities Held (Face Value)			
		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

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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 10.13 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 42 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:

	2024					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)									
Investments										
Opening balance	-	-	7,821,877	1,367,493	-	-	6,507,975	1,367,493	-	-
Equity method adjustments	-	-	3,576,674	-	-	-	919,807	-	-	-
Investment made during the year	-	-	3,360,332	-	-	-	10,295,480	-	-	-
Investment disposed off during the year	-	-	(4,190,458)	-	-	-	(9,901,385)	-	-	-
Closing balance	-	-	10,568,425	1,367,493	-	-	7,821,877	1,367,493	-	-
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	1,436	440,385	-	3,455,169	1,543	367,236	-	6,328,079	-	-
Addition / exchange adjustment during the year	33,104	111,052	-	7,358,769	5,963	110,327	-	3,750,713	-	-
Repaid during the year	(13,833)	(116,814)	-	(3,867,307)	(6,070)	(85,184)	-	(6,614,049)	-	-
Transfer in / (out)	-	26,415	-	-	-	48,006	-	(9,574)	-	-
Closing balance	20,707	461,038	-	6,946,631	1,436	440,385	-	3,455,169	-	-
Credit loss allowance against advances*	(747)	(12,374)	-	(1,753)	-	-	-	-	-	-
Property and equipment										
Purchase of Property and equipment	-	-	32,145	541,045	-	-	7,533	191,247	-	-

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

	2024				2023			
	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties
Other Assets								
Markup receivable	-	3,924	1	93,780	-	4,302	-	120,958
Advances, deposits, advance rent and other prepayments	-	-	1,238,460	26,330	-	-	954,780	73,829
Receivable from Pension Fund	-	-	-	13,336,850	-	-	-	7,428,143
Credit loss allowance / provision held against other assets*	-	(104)	-	(98)	-	-	-	-
Deposits and other accounts								
Opening balance	3,034,686	349,144	8,321,464	14,236,158	193,547	312,366	5,980,204	6,278,578
Received during the year	6,929,977	8,636,027	75,020,811	274,181,575	4,574,426	11,806,001	90,801,961	152,251,507
Withdrawn during the year	(9,815,845)	(8,701,156)	(74,163,605)	(277,109,812)	(1,733,287)	(11,802,950)	(88,460,701)	(144,303,869)
Transfer in / (out) – net	(1,035)	867	-	374,026	-	33,727	-	9,942
Closing balance	147,783	284,882	9,178,670	11,681,947	3,034,686	349,144	8,321,464	14,236,158
Other Liabilities								
Markup payable	1,342	3,111	171,862	131,391	-	3,491	121,341	35,014
Accrued expenses and other payable	-	194	493,426	80,738	-	194	449,536	32,484
Credit loss allowance / provision against off-balance sheet obligations*	-	-	476	10,086	-	-	-	-
Contingencies and Commitments								
Letters of Credit	-	-	-	4,576,047	-	-	-	5,603,537
Bank guarantee	-	-	8,734,277	3,606,499	-	-	8,839,177	2,782,569
Related Party Transactions								
Income								
Markup / return / interest earned	-	211,109	-	466,698	36	20,585	-	413,663
Fee and commission income	3	-	1,106,974	68,835	1	-	966,160	49,389
Dividend Income	-	-	210,000	121,416	-	-	253,907	68,786
Gain / loss on forward foreign exchange contracts matured during the year	-	-	-	100,133	-	-	-	35,516
Net gain / loss on sale of securities	7	98	5,400	6,245	2	(21)	1,565	1,321
Gain on sale of Property and equipment	-	258	-	-	-	222	-	-
Rent income and reimbursement of other expenses	-	-	121,521	52,267	-	-	110,108	6,268
Management fee and Advisory income	-	-	2,845,683	-	-	-	1,446,592	-

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Expense	2024				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)							
Expense								
Markup / return / interest expensed	62,677	60,575	741,978	2,118,909	69,550	38,649	701,894	1,289,292
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	232,583	-	-	-	212,457
Contribution to provident fund	-	-	-	800,285	-	-	-	705,319
Rent expenses	-	-	133,161	61,256	-	-	107,779	56,339
Cash sorting expenses	-	-	-	130,958	-	-	-	139,365
Stationery expenses	-	-	-	406,608	-	-	-	544,568
Security guards expenses	-	-	-	5,492	-	-	-	59,670
Remuneration to key executives, shariah advisors and non-executive directors fee	356,172	1,390,116	-	193,146	172,935	1,113,193	-	213,109
Outsourcing service expenses	-	-	134,242	-	-	-	138,578	-
E-dividend processing fee and CDC charges	-	-	-	9,265	-	-	-	5,836
Travelling Expenses	-	-	-	109,109	-	-	-	68,341
Hotel stay expenses	-	-	-	17,615	-	-	-	5,120
Repair & Maintenance Charges	-	-	-	7,512	-	-	-	4,383
Utilities cost	-	-	20,981	5,406	-	-	-	-
Miscellaneous expenses and payments	-	-	1,490	4,102	-	-	284	2,874
Donations	-	-	-	-	-	-	-	15,000
Selling & Marketing	-	-	226,356	-	-	-	576,645	-
Sharia Fee Paid	-	-	1,242	-	-	-	2,590	-
Insurance premium-net of refund	-	-	912,956	270,289	-	-	1,099,244	140,324
Insurance claim settled	-	-	85,631	-	-	-	52,763	-
Other Transactions								
Proceeds from sale of Property and equipment	-	361	-	112	-	222	-	17
Sale of government securities	123,702	106,754	10,250,745	24,680,305	60,911	120,574	31,221,203	29,041,986
Purchase of government securities	-	126,317	10,236,331	16,842,651	4,995	124,150	10,477,465	71,813,813
Insurance premium paid on behalf of related party	-	-	-	-	-	-	-	67,504
Forward exchange contracts matured during the year	-	-	-	10,257,277	-	-	-	12,692,596

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.

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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		2024	2023
		(Rupees in '000)	
47	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
	47.1 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	221,355,610	191,312,686
	Eligible Additional Tier 1 (ADT 1) Capital	–	–
	Total Eligible Tier 1 Capital	221,355,610	191,312,686
	Eligible Tier 2 Capital	57,262,104	37,941,962
	Total Eligible Capital (Tier 1 + Tier 2)	278,617,714	229,254,648
	Risk Weighted Assets (RWAs):		
	Credit Risk	937,630,609	736,886,134
	Market Risk	217,684,208	164,887,944
	Operational Risk	331,256,057	257,825,971
	Total	1,486,570,874	1,159,600,049
	Common Equity Tier 1 Capital Adequacy ratio	14.89%	16.50%
	Tier 1 Capital Adequacy Ratio	14.89%	16.50%
	Total Capital Adequacy Ratio	18.74%	19.77%

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, 2024 stood at Rs. 11.851 billion (2023: 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.

		2024	2023
		(Rupees in '000)	
	47.2 Leverage Ratio (LR):		
	Eligible Tier-1 Capital	221,355,610	191,312,686
	Total Exposures	3,753,643,548	3,361,118,695
	Leverage Ratio	5.90%	5.69%

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	2024	2023
	(Rupees in '000)	
47.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,478,648,150	1,206,951,258
Total Net Cash Outflow	647,316,425	499,477,977
Liquidity Coverage Ratio	228.43%	241.64%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,887,441,253	1,699,651,967
Total Required Stable Funding	1,462,807,887	1,148,136,107
Net Stable Funding Ratio	129.03%	148.04%

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>.

48 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 Group 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 Group 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 Group 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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The MC&RC and 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. Risk Appetite review is carried out in regular meetings of RM&PRC.

48.1 Credit Risk

Credit risk arises from Group'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 Group's both on and off-balance sheet activities. The Group's credit risk management philosophy is aligned with its overall business strategy and direction, as established by the Board of Directors. The Group is committed to conducting thorough due diligence to ensure that credit risks are properly analyzed, quantified, disclosed and managed. 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 a well-defined credit policy approved by the Board of Directors, which guides its lending activities. The credit evaluation system consists of robust credit appraisal, sanctioning, and review procedures to ensure prudence in lending and maintain a high-quality asset portfolio. The comprehensive credit risk management framework encompasses following policies and procedures:

- 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; and
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

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

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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 to manage concentrations in terms of risk quality, industry and large exposure. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

An internal credit rating system is in place, which is capable of quantifying counter-party risk. The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises and Agricultural portfolios. These models are designed using a diverse array of qualitative and quantitative variables, each assigned specific weights or scores. The aggregate score of these variables is mapped to determine the final obligor risk rating. These models are regularly validated and updated to maintain their predictive accuracy. Credit loss allowance against loans and advances have been made in accordance with the requirements of Prudential Regulations, IFRS 9 application instructions and various circulars issued by the SBP from time to time. The Group also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025.

Management of Non Performing Loans

To handle the specialized requirements of managing delinquent and problem accounts, the Group has a separate Special Asset Management function to negotiate repayment / settlement of the Group's non-performing exposure and protect the interests of the Group. The priority of the Special Asset Management (SAM) function is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Group are protected. Where no other recourse is possible, SAM may proceed with legal recourse so as to maximize the recovery of the Group's assets.

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. Additionally, 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.

48.1.1 Credit risk – general disclosures Basel specific

The Group uses the Standardized Approach (SA) of the SBP's Basel accord to estimate credit risk-weighted assets. This approach allows the Group to consider external ratings from specified External Credit Assessment Institutions (ECAIs) when calculating risk-weighted assets. A detailed procedural manual outlining the processes for deriving Credit Risk Weighted Assets is in place and adhered to by the Group.

48.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

48.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), VIS, Moody's, Fitch and Standard & Poor's.

Notes To The Consolidated Financial Statements

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48.1.3 Disclosures with respect to credit risk mitigation for standardised approach

48.1.3.1 Credit risk mitigation policy

The Group defines collateral as the assets or rights provided to the Group by the borrower or a third party in order to secure a credit facility. The Group would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

48.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Group uses the comprehensive approach for collateral valuation. Under this approach, the Group reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Group makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

48.1.3.3 Types of collaterals

The Group describes the appropriate collateral for respective facility based on the category of product and counterparty. There are two types of collateral:

- Primary collateral comprises assets that are acquired / to be acquired through Group 's financing i.e. hypothecation and pledge of stocks in case of Running Finance and Cash Finance facilities respectively.
- Secondary collateral is in addition to primary collateral and it serves the purpose of additional security. Generally, for short term financing facilities, tangible fixed assets i.e. immovable properties are required as secondary collateral.

48.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Group considers various types of financial collaterals that are eligible under the SBP Basel III accord. This includes cash / TDRs, gold and securities issued by Government of Pakistan such as T-Bills and PIBs.

48.1.3.5 Credit concentration risk

The Group manages credit concentration risk by monitoring exposure to single borrowers, groups, industries and geographical regions. Regulatory limits are in place to prevent excessive exposure on single Obligor and Group basis, while, Industry concentration limits are in place to monitor excessive exposures to any specific industry. Moreover, geographic concentration limits are also in place for Pakistan.

Particulars of the Group's on-balance sheet and off-balance sheet credit risk in various sectors are analysed in note 48.1.4 to note 48.1.7.

48.1.3.6 Methodologies and models used for measurement of Expected Credit Loss (ECL)

The Group's has established a comprehensive policy framework to enable it in complying with the accounting and provisioning requirements as set out in IFRS 9 by the International Accounting Standards Board's (IASB's) and IFRS 9 Application Instructions issued by the State Bank of Pakistan (SBP), as amended from time to time.

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The key elements of the policy framework include:

- Group's governance structure (i.e. ownership, roles and responsibilities) to organize the operational, financial and risk management and reporting processes for IFRS 9 implementation;
- Implementing requirements related to identification, recognition, classification, measurement, impairment and de-recognition of financial instruments; and
- Interpretation and guidance on the technical areas of IFRS 9 related to computation of ECL allowance; including developing an ECL allowance methodology and corresponding measurement models for Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Based on the above framework, key details about significant data inputs and assumptions used in the ECL allowance estimation process have been disclosed in note. 6.1.1.5

48.1.4 Lendings to financial institutions

Credit risk by public / private sector

Note	Gross lendings		Non-performing lendings		Credit loss allowance / Provision held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Public / Government	55,455,526	62,509,667	-	-	-	-	-	-	-	-
Private	2,200,000	27,203,733	-	-	(22)	-	-	-	-	-
9	57,655,526	89,713,400	-	-	(22)	-	-	-	-	-

48.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance / Provision held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Chemical and pharmaceuticals	885,000	885,000	-	-	4,609	-	-	-	-	-
Financials including government securities	1,240,096,151	1,365,750,614	118	118	-	-	640,873	-	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	-	-	-	-	285,000	285,000
Manufacture of sugar	145,656	145,656	144,676	145,656	-	-	-	-	144,676	145,656
Manufacture of textiles	40,732	40,732	40,732	40,732	-	-	-	-	40,732	40,732
Others	4,952	6,153	4,952	6,153	-	-	-	-	4,952	6,153
	1,241,457,491	1,367,113,155	475,478	477,659	4,609	-	640,873	-	475,478	477,659
Credit risk by public / private sector										
Public / Government	1,230,386,431	1,365,308,840	-	-	-	-	640,873	-	-	-
Private	11,072,060	11,804,315	475,478	477,659	4,609	-	-	-	475,478	477,659
	1,241,457,491	1,367,113,155	475,478	477,659	4,609	-	640,873	-	475,478	477,659

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Note	Gross advances		Non-performing advances		Credit loss allowance / Provision held						
					Stage 1		Stage 2		Stage 3		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
(Rupees in '000)											
48.1.6	Advances										
	Credit risk by industry sector										
	Agriculture, forestry and fishing	7,824,497	8,261,667	581,566	517,449	48,712	-	44,648	-	523,488	152,678
	Construction	12,511,245	11,666,186	143,188	199,130	93,362	-	21,226	-	132,775	154,891
	Electricity, gas, steam and air conditioning supply	60,301,229	24,368,812	1,642,139	1,718,379	162,178	-	145,221	-	981,909	399,402
	Electronics and electrical appliances	16,658,141	6,450,391	85,471	86,871	25,289	-	-	-	85,471	86,871
	Financials	228,210,430	17,439,727	128,760	135,349	750,871	-	439,503	-	128,760	135,349
	Footwear and Leather garments	2,197,213	3,143,550	147,255	153,954	5,200	-	257	-	147,255	153,954
	Human health and social work activities	338,177	1,115,624	41,605	41,605	1,766	-	-	-	41,605	41,605
	Individuals	51,767,356	58,946,869	1,691,613	2,799,124	791,570	-	178,779	-	1,475,555	2,479,465
	Manufacture of basic metals and metal products	15,875,104	19,302,720	4,890,509	3,085,337	2,848	-	14,911	-	4,890,509	2,993,098
	Manufacture of cement	65,092,358	27,506,561	392,862	392,862	34,107	-	-	-	392,862	392,862
	Manufacture of chemicals and pharmaceutical products	46,772,809	38,178,836	192,637	180,474	45,810	-	13,360	-	192,637	180,474
	Manufacture of coke and refined petroleum products	8,666,783	9,570,242	378,870	1,437,983	1,327	-	-	-	189,435	1,226,607
	Manufacture of food & beverages products	81,994,657	56,936,934	6,633,712	5,123,324	110,208	-	81,033	-	4,807,543	4,660,318
	Manufacture of machinery, equipment and transport Equipment	6,977,916	5,013,865	362,264	364,664	7,528	-	9,468	-	362,264	364,664
	Manufacture of rubber and plastics products	16,753,174	6,661,206	455,558	499,938	18,856	-	3,206	-	455,558	499,938
	Manufacture of sugar	85,154,866	36,608,973	3,597,751	3,966,501	116,706	-	20,321	-	3,597,751	3,966,501
	Manufacture of textiles	277,464,133	131,370,262	11,760,765	11,753,330	334,735	-	40,947	-	11,160,248	11,519,444
	Mining and quarrying	6,523,637	3,086,070	5,414	5,180	5,085	-	-	-	5,414	5,180
	Manufacturing of Pulp, Paper, Paperboard	16,320,708	10,614,070	176,349	176,349	41,141	-	-	-	176,349	176,349
	Ship Breaking	4,007,197	4,423,007	3,862,507	4,086,843	52	-	-	-	3,862,507	3,678,420
	Services	32,751,598	18,980,614	332,742	443,359	45,698	-	100,442	-	307,484	394,159
	Telecommunications	57,760,123	42,082,390	57,304	53,352	240,670	-	-	-	57,304	53,352
	Transportation and storage	25,720,819	114,921,462	432,822	1,094,713	22,716	-	-	-	432,822	450,034
	Wholesale and retail traders	81,940,336	51,582,420	17,774,845	17,045,866	91,644	-	157,679	-	8,703,879	8,205,978
	Others	12,989,311	8,293,316	371,266	478,477	5,456	-	12,678	-	311,415	310,787
11		1,222,363,817	716,525,774	56,139,774	55,840,403	3,003,535	-	1,283,679	-	43,422,799	42,682,380
	Credit risk by public / private sector										
	Public / Government	114,495,856	137,348,632	575,948	1,209,531	154,088	-	135,367	-	575,948	564,853
	Private	1,107,867,961	579,177,142	55,563,826	54,630,872	2,849,447	-	1,148,312	-	42,846,851	42,117,527
11		1,222,363,817	716,525,774	56,139,774	55,840,403	3,003,535	-	1,283,679	-	43,422,799	42,682,380

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	Note	2024 (Rupees in '000)	2023
48.1.7 Contingencies and Commitments			
Credit risk by industry sector			
Agriculture, forestry and fishing		180,887	285,547
Construction		29,018,650	31,206,721
Electricity, gas, steam and air conditioning supply		43,292,623	38,350,428
Electronics and electrical appliances		12,484,778	8,305,637
Financials		538,295,452	328,974,942
Footwear and Leather garments		1,042,373	1,410,701
Human health and social work activities		376,100	1,329,450
Individuals		4,001,299	2,743,475
Manufacture of basic metals and metal products		11,129,132	11,004,865
Manufacture of cement		3,163,218	8,842,631
Manufacture of chemicals and pharmaceutical products		38,519,412	44,926,105
Manufacture of coke and refined petroleum products		37,659,046	39,843,603
Manufacture of food & beverages products		58,204,789	49,664,145
Manufacture of machinery, equipment and transport Equipment		32,280,761	27,571,175
Manufacture of rubber and plastics products		8,119,176	10,957,372
Manufacture of sugar		8,908,627	9,071,202
Manufacture of textiles		88,222,078	41,719,287
Mining and quarrying		1,020,858	256,477
Manufacturing of Pulp, Paper, Paperboard		4,914,539	4,162,616
Ship Breaking		1,832,085	2,576,244
Services		34,737,929	70,173,568
Telecommunications		22,621,289	24,176,428
Transportation and storage		336,102	3,475,884
Wholesale and retail traders		59,120,791	56,879,641
Others		30,231,363	47,299,181
	11	1,069,713,357	865,207,325
Credit risk by public / private sector			
Public Government		143,763,604	240,370,255
Private		925,949,753	624,837,070
	11	1,069,713,357	865,207,325

48.1.8 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 418,580.786 million (2023: Rs. 357,105.559 million) are as following:

	2024 (Rupees in '000)	2023
Funded	313,154,688	92,555,618
Non Funded	105,426,098	264,549,941
Total Exposure	418,580,786	357,105,559

The sanctioned limits against these top 10 exposures aggregated to Rs. 467,887.030 million (2023: Rs. 411,686.375 million). There is no provision against these top 10 exposures. For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

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48.1.9 Advances – Province/Region-wise Disbursement & Utilization

2024

	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	

(Rupees in '000)

Province / Region	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	1,120,688,127	1,077,997,467	33,825,895	7,801,745	–	1,056,917
Sindh	1,031,148,611	12,048,534	1,000,142,793	874,026	18,071,314	8,788
KPK including FATA	4,115,656	23,874	162	4,070,489	1,523	16,600
Balochistan	130,762	2,932	3,874	–	123,956	–
Islamabad	258,152,707	1,596,731	533	2,582,170	1,685	253,971,588
AJK including Gilgit-Baltistan	3,750,833	5,534	–	–	–	2,694
	2,417,986,696	1,091,675,072	1,033,973,257	15,328,430	18,198,478	255,056,587
						3,754,872

2023

	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	

(Rupees in '000)

Province / Region	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	965,571,685	925,955,174	33,879,580	4,797,049	406,776	525,858
Sindh	655,850,967	11,129,175	615,445,172	14,348,602	14,922,027	5,963
KPK including FATA	5,885,564	52,121	1,943	5,796,082	–	27,646
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
	1,778,347,523	941,433,397	649,332,691	26,209,467	16,763,785	144,239,986
						368,197

48.2 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 the 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 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.

The Group has clearly defined, in its Global Risk Management policy, the positions which shall be subject to trading book treatment. The definition covers the accounting classifications as well as positions booked by different business groups/functions under FVOCI category. The assets subject

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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 regulatory requirements.

The Group measures and manages Market Risk by using different risk parameters with combinations of various limits. The Board approved Risk Appetite and Global Risk Management Policy provide guidelines for assuming controlled market risk, its monitoring, reporting 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 the bank. In-house developed 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. Interest rate risk is measured through the risk parameters viz. Duration, Price Value of a Basis Point (PVBP), and VaR on individual security basis as well as on portfolio basis. The result of these parameters are presented to the senior management for review on a daily basis.

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.

48.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	186,680,045	–	186,680,045	190,245,798	–	190,245,798
Balances with other banks	28,854,218	–	28,854,218	37,806,854	–	37,806,854
Lendings to financial institutions	57,655,504	–	57,655,504	89,713,400	–	89,713,400
Investments	103,737,365	1,202,818,791	1,306,556,156	66,958,638	1,305,385,077	1,372,343,715
Advances	1,165,914,626	–	1,165,914,626	670,673,495	–	670,673,495
Property and equipment	88,019,025	–	88,019,025	88,738,550	–	88,738,550
Right-of-use assets	8,452,814	–	8,452,814	1,859,032	–	1,859,032
Intangible assets	2,650,482	–	2,650,482	–	–	–
Other assets	164,938,886	–	164,938,886	228,704,335	–	228,704,335
	<u>1,806,902,965</u>	<u>1,202,818,791</u>	<u>3,009,721,756</u>	<u>1,374,700,102</u>	<u>1,305,385,077</u>	<u>2,680,085,179</u>

48.2.2 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 the 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 is in place to control risk. Group's net open position and Foreign Exchange Exposure Limit (FEEL) are 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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	2024				2023			
	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	106,692,259	65,628,035	(43,413,185)	(2,348,961)	119,338,155	68,930,151	(53,199,087)	(2,791,083)
Sri Lankan Rupees	-	71,537	-	(71,537)	-	50,950	-	(50,950)
Arab Emirates Dirham	138,281	399,938	6,868	(254,789)	859,122	27,393	76,156	907,885
Euro	14,557,422	11,725,752	(2,757,176)	74,494	16,273,124	14,126,385	(2,169,115)	(22,376)
Great Britain Pound Sterling	9,123,368	9,541,919	(69,941)	(488,492)	9,482,940	9,504,200	-	(21,260)
Japanese Yen	50,339	30	(9,809)	40,500	40,486	192	-	40,294
Chinese Yuan	3,343,783	22,853	(3,286,685)	34,245	1,761,878	25,929	(1,534,217)	201,732
Other currencies	608,405	299,769	(39,715)	268,921	724,637	352,688	19,205	391,154
	134,513,857	87,689,833	(49,569,643)	(2,745,619)	148,480,342	93,017,888	(56,807,058)	(1,344,604)

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account		(27,456)	-	(13,446)
- Other comprehensive income		210,834	-	185,690

48.2.3 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 limits, 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 prices 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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Other comprehensive income		2,490,517	-	1,269,543

48.2.4 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:

	2024		2023	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Statement of profit and loss account	(1,320,564)	-	(3,768,963)	-
- Other comprehensive income	-	(7,096,955)	-	(6,956,297)

The Group has classified FVOCI investments as Trading in Basel-II.

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48.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective yield/interest rate	Total	Exposed to Yield/Interest risk										Non-interest bearing financial instruments	
			2024											
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years			
(Rupees in '000)														
On-balance sheet financial instruments														
Assets														
Cash and balances with treasury banks		186,680,045	8,178,869	-	-	-	-	-	-	-	-	-	-	178,501,176
Balances with other banks	1.18%	28,854,218	22,744,535	475,500	-	-	-	-	-	-	-	-	-	5,634,183
Lending to financial institutions	9.81%	57,655,504	57,555,515	99,989	-	-	-	-	-	-	-	-	-	-
Investments	18.60%	1,306,556,156	215,396,410	479,653,172	91,342,498	86,324,155	37,988,187	16,931,610	74,058,198	265	4,964,622	4,964,622	61,751,973	
Advances	16.94%	1,141,900,718	842,529,394	189,105,615	32,606,450	8,825,466	3,504,124	4,384,007	4,135,171	-	-	-	45,591,840	
Other assets		138,859,680	-	-	-	-	-	-	-	-	-	-	-	138,859,680
		2,860,506,321	1,146,404,723	432,790,803	512,259,611	100,167,964	41,492,311	90,708,162	78,193,369	23,185,639	4,964,887	4,964,887	430,338,852	
Liabilities														
Bills payable		53,421,951	-	-	-	-	-	-	-	-	-	-	-	53,421,951
Borrowings	14.98%	320,236,834	239,663,301	20,308,701	3,235,604	3,791,118	4,740,373	19,800,528	6,276,193	51,151	-	-	-	
Deposits and other accounts	9.23%	2,130,525,378	1,085,364,446	11,992,982	4,421,409	118,154	178,408	20,439	-	-	-	-	-	1,004,071,971
Other liabilities		152,515,794	-	-	-	-	-	-	-	-	-	-	-	152,515,794
		2,656,699,957	1,325,027,747	46,727,434	32,301,683	7,657,013	4,918,761	3,909,272	6,296,632	19,800,528	51,151	1,210,009,716		
On-balance sheet gap		203,806,364	(176,623,024)	386,063,369	479,957,928	92,510,951	36,573,530	86,798,890	71,896,737	3,385,111	4,913,736	(779,670,864)		
Off-balance sheet financial instruments														
FX options purchase		6,463,637	329,293	631,413	1,710,110	3,792,821	-	-	-	-	-	-	-	-
Forward purchase of Government securities		301,115,690	87,918,950	213,196,740	-	-	-	-	-	-	-	-	-	-
Foreign exchange contracts purchase		80,842,372	44,036,490	24,740,432	9,999,331	2,066,119	-	-	-	-	-	-	-	-
		388,421,699	132,284,733	238,568,585	11,709,441	5,855,940	-	-	-	-	-	-	-	-
FX options sale		6,463,637	329,293	631,413	1,710,110	3,792,821	-	-	-	-	-	-	-	-
Forward sale of Government securities		-	-	-	-	-	-	-	-	-	-	-	-	-
Cross Currency Swaps sale		-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange contracts sale		91,566,145	44,395,963	28,236,349	12,143,591	6,790,242	-	-	-	-	-	-	-	-
		98,029,782	44,725,256	28,867,762	13,853,701	10,583,063	-	-	-	-	-	-	-	-
Off-balance sheet gap		290,391,917	87,559,477	209,700,823	(2,144,260)	(4,724,123)	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		(91,063,547)	595,764,192	477,813,668	87,786,828	86,798,890	36,573,530	86,798,890	71,896,737	3,385,111	4,913,736	1,268,955,409	1,273,869,145	
Cumulative Yield / Interest Risk Sensitivity Gap		(91,063,547)	504,700,645	982,514,313	1,070,301,141	1,193,673,561	1,106,874,671	1,268,955,409	1,268,955,409	1,268,955,409	1,268,955,409	1,268,955,409	1,268,955,409	

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2023

Effective yield / interest rate	Total	Exposed to Yield / Interest risk							Non-interest bearing financial instruments		
		Up to 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%	Cash and balances with treasury banks	23,937,635	1,962,071	-	-	-	-	-	-	-	11,907,148
14.08%	Balances with other banks	89,713,400	-	-	-	-	-	-	-	-	-
18.24%	Lending to financial institutions	281,783,671	134,886,874	436,796,654	362,042,303	41,070,293	2,283,899	36,602,439	44,184,033	-	32,733,549
17.89%	Investments	510,808,356	71,382,663	16,919,405	8,962,170	3,701,726	3,311,876	3,023,723	6,866,392	14,682,050	18,927,476
	Advances	-	-	-	-	-	-	-	-	-	213,691,126
	Other assets	-	-	-	-	-	-	-	-	-	458,963,703
	Total	2,562,386,730	208,231,608	453,716,059	371,004,473	44,772,019	5,575,775	39,626,162	51,030,425	14,682,050	-
Liabilities											
	Bills payable	27,271,384	-	-	-	-	-	-	-	-	27,271,384
14.13%	Borrowings	235,664,480	28,604,349	17,203,110	2,427,686	7,250,687	4,344,535	8,718,312	30,789,275	-	-
8.64%	Deposits and other accounts	2,009,828,619	17,810,799	12,715,316	9,720,114	1,563,660	162,008	56,628	-	-	933,992,770
	Other liabilities	124,215,576	-	-	-	-	-	-	-	-	124,215,576
	Total	2,396,980,059	46,415,148	29,918,426	12,147,800	8,814,287	4,506,543	8,774,940	30,789,275	-	1,085,479,730
	On-balance sheet gap	165,406,671	161,816,460	423,797,633	358,856,673	35,957,732	1,069,232	30,851,222	20,241,150	14,682,050	(626,516,027)
Off-balance sheet financial instruments											
	FX options purchase	736,983	450,267	-	-	-	-	-	-	-	-
	Forward purchase of Government securities	15,197,000	-	-	-	-	-	-	-	-	-
	Cross currency swaps - purchase	60,791	-	-	-	-	-	-	-	-	-
	Foreign exchange contracts purchase	93,150,006	24,208,514	4,797,582	-	-	-	-	-	-	-
	Total	109,144,780	24,666,781	4,797,582	-	-	-	-	-	-	-
	FX options sale	736,983	450,267	-	-	-	-	-	-	-	-
	Forward sale of Government securities	23,315	-	-	-	-	-	-	-	-	-
	Cross Currency Swaps - sale	60,791	-	-	-	-	-	-	-	-	-
	Foreign exchange contracts sale	78,488,282	23,840,755	5,766,274	9,582,256	-	-	-	-	-	-
	Total	79,309,371	24,291,022	5,766,274	9,582,256	-	-	-	-	-	-
	Off-balance sheet gap	29,835,409	367,759	(968,692)	(9,582,256)	-	-	-	-	-	-
	Total Yield / Interest Risk Sensitivity Gap	(215,330,856)	162,184,219	422,828,941	349,274,417	35,957,732	1,069,232	30,851,222	20,241,150	14,682,050	-
	Cumulative Yield / Interest Risk Sensitivity Gap	(215,330,856)	(53,146,637)	369,682,304	718,956,721	754,914,453	755,983,685	786,834,907	807,076,057	821,738,107	-

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	2024 (Rupees in '000)	2023 (Rupees in '000)
Reconciliation to total assets		
Balance as per balance sheet	3,009,721,756	2,680,085,179
Less: Non financial assets		
Islamic financing and related assets	24,013,908	12,087,658
Property and equipment	88,019,025	80,736,669
Right-of-use assets	8,452,814	8,001,881
Intangible assets	2,650,482	1,859,032
Other assets	26,079,206	15,013,209
	149,215,435	117,698,449
Total financial assets	2,860,506,321	2,562,386,730
Reconciliation to total liabilities		
Balance as per balance sheet	2,722,474,512	2,438,334,077
Less: Non financial liabilities		
Lease Liability	12,663,814	11,429,243
Deferred tax liability	20,824,376	3,552,321
Other liabilities	32,286,365	26,372,454
	65,774,555	41,354,018
Total financial liabilities	2,656,699,957	2,396,980,059

48.3 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 the Board, 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. Group on continuous basis strengthens its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

48.3.1 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.

48.4 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 Bank has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management function. The 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 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. Moreover; the Group 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 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 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 Group's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.

Intraday Liquidity Management

Intraday liquidity management is about managing the daily payments and cash flows. The 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

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 Bank maintains borrowing relationships to ensure continued access to diverse market of funding sources. The Group'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 Consolidated Financial Statements

For the year ended December 31, 2024

48.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

2024

	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	186,680,045	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	5,727,479	20,844,348	1,806,891	-	475,500	-	-	-	-	-	-	-	-
Lendings to financial institutions	57,655,504	57,460,415	-	-	-	-	99,989	-	-	-	-	-	-
Investments - net	1,306,556,156	628,862	13,102,315	4,443,768	11,117,151	18,100,045	275,344,992	23,309,548	78,423,617	176,933,704	173,696,006	466,010,002	64,321,248
Advances - net	1,165,914,626	76,495,906	12,069,906	136,509,443	316,938,582	136,531,036	116,292,966	34,562,105	31,237,824	56,400,701	47,827,679	71,580,148	88,627,979
Property and equipment	88,019,025	22,404	156,831	461,363	694,689	762,983	2,242,802	2,263,466	2,394,404	4,581,061	5,427,186	5,673,228	63,204,381
Right-of-use assets	8,452,814	1,919	13,432	129,715	156,342	154,164	451,730	432,599	468,980	1,736,668	1,232,540	1,703,615	1,959,597
Intangible assets	2,650,482	2,691	18,851	54,168	84,412	92,783	275,951	285,987	289,484	537,531	173,599	314,639	504,218
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets - net	1,307,785	38,079,318	10,032,989	17,290,600	29,600,159	23,456,602	14,339,923	1,593,595	2,740,022	5,186,513	41,855	15,484,434	5,783,091
	3,009,721,756	194,160,993	37,200,215	158,889,057	359,066,835	179,099,682	409,048,153	62,447,300	115,560,331	245,376,178	228,998,865	560,766,066	224,400,514
Liabilities													
Bills payable	53,421,951	10,984,260	12,343,533	25,836,262	-	15,476,447	20,308,701	1,574,699	1,660,905	4,740,373	3,791,118	6,276,193	19,851,679
Borrowings	320,236,834	190,685,076	4,572,294	23,769,779	6,893,418	18,568,441	17,426,714	8,773,481	9,398,511	36,372,785	38,255,739	38,101,824	36,078,285
Deposits and other accounts	2,130,525,378	10,839,147	5,825,700	20,537,434	13,641,551	18,568,441	17,426,714	8,773,481	9,398,511	36,372,785	38,255,739	38,101,824	36,078,285
Lease liabilities	12,663,814	12,174	14,203	124,772	148,683	135,792	400,805	402,800	575,712	1,720,001	1,571,899	2,829,394	4,725,550
Deferred tax liabilities - net	20,824,376	38,475	(40,032)	(147,061)	(409,290)	(347,027)	(1,381,146)	(1,212,530)	(1,386,227)	2,401,902	5,405,482	12,271,799	5,622,254
Other liabilities	184,802,169	48,737,044	13,863,350	32,064,456	12,038,306	12,290,237	5,443,948	15,917,717	4,513,881	5,551,957	388,556	16,889,121	1,731,899
	2,722,474,512	1,946,289,362	36,685,048	102,185,642	32,312,668	46,123,880	42,189,022	25,456,167	14,762,782	52,787,018	49,410,794	76,368,331	70,009,667
Net assets	287,247,244	(33,723,138)	515,167	56,703,415	326,754,167	132,975,792	366,849,131	36,991,133	100,797,549	192,589,160	178,985,071	484,397,735	154,390,847
Share capital	11,850,600												
Reserves	108,157,770												
Surplus on revaluation of assets	45,811,069												
Unappropriated profit	120,826,276												
Non-controlling interest	501,529												
	287,247,244												

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

2023

	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	190,245,738	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	37,806,854	21,328,426	1,742,117	845,562	1,788,031	174,040	-	-	-	-	-	-	-
Lendings to financial institutions	89,713,400	79,670,320	9,685,000	6,104,583	15,365,678	9,336,527	88,015,675	121,722,049	298,264,065	275,921,407	155,188,938	208,240,187	179,847,152
Investments - net	1,372,943,715	3,132,810	4,168,856	29,249,528	92,860,943	61,891,679	56,497,598	29,547,369	19,352,820	50,668,620	49,210,802	63,848,722	108,452,903
Advances - net	670,673,495	74,738,196	12,396,395	265,662	437,925	440,401	1,319,647	1,317,456	1,304,451	3,454,029	4,019,281	4,888,627	63,106,489
Property and equipment	80,736,669	13,017	91,368	265,662	437,925	440,401	1,319,647	1,317,456	1,304,451	3,454,029	4,019,281	4,888,627	63,106,489
Right-of-use assets	8,001,881	1,532	10,726	122,478	143,322	142,933	410,488	390,357	390,317	1,604,228	1,122,850	1,575,215	2,088,221
Intangible assets	1,650,032	2,484	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	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets - net	228,704,335	116,781,903	6,949,474	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	243,174,005	34,465,338	50,397,877	135,472,610	88,877,759	168,151,631	157,791,561	323,798,839	336,535,280	214,288,487	288,253,414	353,829,303
Liabilities													
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	1,202,687	1,224,990	7,250,637	4,944,535	8,718,312	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	-
Lease liabilities	11,429,243	1,696	11,871	137,930	117,468	57,593	425,058	347,227	375,749	1,652,237	1,369,419	2,258,704	4,674,055
Deferred tax liabilities	3,552,321	30,535	46,090	109,289	116,198	103,461	196,758	(1,703,390)	(31,968)	(632,254)	1,604,891	6,376,150	(2,716,486)
Other liabilities	150,566,030	40,367,670	4,946,569	11,879,205	10,233,759	7,322,941	10,289,824	25,513,409	4,894,743	5,804,603	4,965,990	14,384,554	1,986,096
	2,438,334,077	1,966,133,184	24,679,437	45,297,430	28,604,435	43,893,150	43,677,596	34,238,398	21,357,765	18,772,874	12,535,387	31,794,848	34,732,940
Net assets	241,751,102	(1,681,084,109)	9,785,901	5,100,447	106,868,175	44,984,609	124,474,035	123,553,163	302,441,074	317,762,406	201,753,100	256,458,566	319,086,363
Share capital	11,850,600												
Reserves	101,129,809												
Surplus on revaluation of assets	25,740,282												
Unappropriated profit	102,889,217												
Non-controlling interest	341,194												
	241,751,102												

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

48.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

2024

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	186,680,045	186,680,045	-	-	-	-	-	-	-	-
Balances with other banks	28,854,218	28,378,718	475,500	-	-	-	-	-	-	-
Lendings to financial institutions	57,655,504	57,555,515	-	99,989	-	-	-	-	-	-
Investments - net	1,306,556,156	19,276,211	29,234,828	275,344,992	101,739,165	176,933,704	173,696,006	466,010,002	53,502,558	10,818,690
Advances - net	1,165,914,626	255,526,241	337,635,731	107,331,052	45,944,849	102,267,550	94,037,425	119,101,187	78,448,398	25,622,193
Property and equipment	88,019,025	757,530	1,489,896	2,234,927	4,597,709	4,581,061	5,432,877	5,710,470	9,341,359	53,873,196
Right-of-use assets	8,452,814	156,579	310,507	451,730	901,579	1,736,668	1,232,540	1,659,076	1,716,249	287,886
Intangible assets	2,650,482	91,870	177,204	275,951	575,470	537,531	173,599	314,639	504,218	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets - net	164,938,886	66,306,257	53,463,196	14,339,923	4,333,617	5,186,513	41,855	15,484,434	879,021	4,904,070
	3,009,721,756	614,728,966	422,786,862	400,078,564	158,092,389	291,243,027	274,614,302	608,279,808	144,391,803	95,506,035
Liabilities										
Bills payable	53,421,951	53,421,951	-	-	-	-	-	-	-	-
Borrowings	320,236,834	239,663,301	22,369,865	20,308,701	3,235,604	4,740,373	3,791,118	6,276,193	19,800,528	51,151
Deposits and other accounts	2,130,525,378	139,954,272	162,705,816	180,132,054	207,154,523	424,704,410	424,585,363	424,433,448	147,816,350	19,039,142
Lease liabilities	12,663,814	153,179	284,475	400,805	978,512	1,720,001	1,571,899	2,829,394	3,732,115	993,434
Deferred tax liabilities	20,824,376	(140,843)	(756,317)	(1,381,146)	(2,598,757)	2,401,902	5,405,482	12,271,799	804,200	4,818,056
Other liabilities	184,802,159	110,036,537	24,328,544	5,443,948	20,431,597	5,551,957	388,556	16,889,121	1,731,899	-
	2,722,474,512	543,088,397	208,932,383	204,904,362	229,201,479	439,118,643	435,742,418	462,899,955	173,885,092	24,901,783
Net assets	287,247,244	71,640,569	213,854,479	195,174,202	(71,109,090)	(147,875,616)	(161,128,116)	145,579,853	(29,493,289)	70,604,252
Share capital	11,850,600									
Reserves	108,157,770									
Surplus on revaluation of assets	45,811,069									
Unappropriated profit	120,926,276									
Non-controlling interest	501,529									
	287,247,244									

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

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
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	190,245,798	-	-	-	-	-	-	-	-
Balances with other banks	37,806,854	1,962,071	-	-	-	-	-	-	-
Lendings to financial institutions	89,713,400	-	-	-	-	-	-	-	-
Investments – net	1,372,343,715	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 – net	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
Property and equipment	80,736,669	448,398	1,322,876	2,621,906	3,454,029	4,016,016	4,888,627	8,662,727	54,443,765
Right-of-use assets	8,001,881	143,931	506,548	770,674	1,604,228	1,122,850	1,575,215	1,694,547	393,673
Intangible assets	1,859,032	90,817	274,641	528,546	252,461	79,611	390,042	60,411	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets – net	228,704,335	42,006,553	20,633,582	8,783,179	4,634,535	4,666,005	9,584,748	-	-
	2,680,086,179	584,610,831	151,347,557	471,558,139	377,903,085	256,117,071	332,244,889	282,587,549	86,682,338
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	158,838,756	91,220,929	23,772,714	477,610,933	473,186,834	472,970,410	163,388,687	17,252,779
Lease liabilities	11,429,243	161,733	425,058	722,975	1,652,237	1,359,419	2,258,704	3,493,084	1,240,972
Deferred tax liabilities	3,552,321	238,971	196,758	(1,735,369)	(632,254)	1,604,891	6,376,150	3,996,053	(6,712,539)
Other liabilities	150,588,030	65,020,560	10,289,824	30,408,152	5,804,603	4,952,990	14,384,554	1,986,096	-
	2,438,334,077	360,605,801	119,335,679	58,596,158	491,686,156	485,448,669	504,708,130	203,593,195	11,781,212
Net assets	241,751,102	(68,545,357)	32,011,878	415,961,981	(113,783,071)	(229,331,598)	(172,463,241)	78,994,354	74,901,126
Share capital	11,850,600	-	-	-	-	-	-	-	-
Reserves	101,129,809	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	25,740,282	-	-	-	-	-	-	-	-
Unappropriated profit	102,689,217	-	-	-	-	-	-	-	-
Non-controlling interest	341,194	-	-	-	-	-	-	-	-
	241,751,102	-	-	-	-	-	-	-	-

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. The 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:

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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2024

48.5 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, the Bank back-to-back hedges all option transactions with other financial institutions. The Bank minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. The 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. The 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 Group on daily basis.

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

The 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, 2024

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.

49 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 06, 2025 has announced a final cash dividend in respect of the year ended December 31, 2024 of Rs. 9.00 per share (2023: Rs. 9.00 per share). These consolidated financial statements for the year ended December 31, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

50 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.

Description of item	Nature	From	To	(Rupees in '000)
Right-of-use assets	Asset	Property and equipment	Right-of-use assets	8,001,881
Lease liabilities against right-of-use-assets	Liability	Other liabilities	Lease liabilities	11,429,243

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

51 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, 2025.



Hammad Khalid

Chief Financial Officer



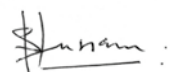
Muhammad Nauman
Chughtai

President/Chief Executive



Mian Umer Mansha

Director



Shahzad Hussain

Director



Muhammad Ali Zeb

Director

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	117	117	-	12	As per Bank's policy	Hammad Khalid	Lahore
Laptop	169	169	-	17	As per Bank's policy	Adnan Aurangzeb Khan	Lahore
Laptop	150	131	19	30	As per Bank's policy	Tahir Riaz	Sri Lanka
Laptop	300	256	44	60	As per Bank's policy	Azfar Alam Nomani	Lahore
Laptop	305	305	-	31	As per Bank's policy	Shoaib Mumtaz	Lahore
Laptop	150	109	41	44	As per Bank's policy	Raza Ehsan	Lahore
Laptop	132	126	6	200	As per Bank's policy	Syed Salman Qutb	Lahore
	1,323	1,213	110	214			
Vehicles							
Hyundai Sonata	6,623	3,621	3,002	3,002	As per Bank's policy	Shoaib Mumtaz	Lahore
	6,623	3,621	3,002	3,002			
	7,946	4,834	3,112	3,216			

Branch Network 2024

As of December 31, 2024

Retail Banking Central			
Circle/ No. of Branches	Region	No. of Branches	No. of Sub-Branches
Bahawalpur - 73	Bahawalnagar	17	–
	Bahawalpur	23	–
	Khanpur	16	–
	Rahim Yar Khan	17	–
Faisalabad - 84	Faisalabad	20	–
	Faisalabad City	21	1
	Faisalabad Peoples Colony	20	–
	Toba Tek Singh	23	–
Gujranwala - 73	Gujranwala	29	–
	Narowal	21	1
	Sheikhupura	23	–
Lahore East - 69	Lahore Defence	24	–
	Lahore Gulberg	22	–
	Lahore Johar Town	23	–
Lahore West - 64	Lahore City	24	–
	Lahore Multan Road	19	–
	Lahore The Mall	21	1
Multan - 71	Dera Ghazi Khan	19	–
	Multan	31	–
	Muzaffargarh	21	–
Sahiwal - 77	Okara	24	–
	Sahiwal	27	–
	Vehari	26	–
Sialkot - 84	Gujrat	29	–
	Jhang	28	1
	Sialkot	27	–
Total - Retail Banking Central		595	4

Retail Banking North			
Circle / No. of Branches	Region	No. of Branches	No. of Sub-Branches
Abbottabad - 95	Abbottabad	27	–
	Attock	19	–
	Muzaffarabad A.K.	23	1
	Swat	26	1
Islamabad - 80	Fateh Jang	22	–
	Islamabad	24	–
	Rawalpindi Cantt	18	–
	Rawalpindi City	16	–
Jhelum - 95	Chakwal	23	–
	Gujar Khan	22	–
	Jhelum	24	–
	Mirpur A.K.	26	–

Branch Network 2024

As of December 31, 2024

Peshawar - 93	Dera Ismail Khan	15	–
	Kohat	14	–
	Mardan	22	–
	Peshawar East	22	1
	Peshawar West	20	–
Sargodha - 93	Mandi Bahauddin	25	–
	Mianwali	24	–
	Sargodha East	21	–
	Sargodha West	23	1
Total - Retail Banking North		456	4

Retail Banking South			
Circle / No. of Branches	Region	No. of Branches	No. of Sub-Branches
Hyderabad - 68	Badin	13	–
	Hyderabad	21	–
	Mirpurkhas	16	1
	Nawabshah	18	–
Karachi City - 48	Karachi Gulshan	16	1
	Karachi Nazimabad	16	–
	Karachi North	16	–
Karachi East - 52	Karachi DHA	18	–
	Karachi Malir & Societies	17	–
	Karachi Shahrah-e-Faisal & Korangi	17	–
Karachi West - 43	Karachi Central	21	–
	Karachi I.I. Chundrigar	22	–
Quetta - 50	Khuzdar	12	–
	Makran	12	1
	Quetta Market	14	2
	Quetta North	12	–
Sukkur - 63	Larkana	22	–
	Naushero Feroze	19	–
	Sukkur	22	–
Total - Retail Banking South		324	5

Wholesale Banking Group (WBG)			
Corporate Banking North		7	–
Corporate Banking South		1	–
Inv. & Global Transaction Banking		2	–
Total - WBG		10	–

Privilege Banking			
Privilege Banking		9	–

Branch Network 2024

As of December 31, 2024

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
Wholesale Branch - Sharjah	1
Pakistan	
EPZ	1
Total	9

Group/Area-Wise				
Group	Circles	Regions	No. of Branches	No. of Sub-Branches
Retail Banking Central	8	26	595	4
Retail Banking North	5	21	456	4
Retail Banking South	6	19	324	5
Wholesale Banking Group (WBG)	4	6	10	–
Privilege Banking	1	1	9	–
Total	24	73	1,394	13
Overseas Branches / International Banking	–	–	8	–
EPZ	–	–	1	–
Grand Total	24	73	1,403	13

Province-Wise			
Provinces / Territories / AJK	Branches	Sub-Branches	Total
Azad Jammu & Kashmir	45	1	46
Balochistan	52	3	55
Federal Capital Territory	31	–	31
Gilgit-Baltistan	4	–	4
Khyber Pakhtunkhwa	150	2	152
Punjab	836	5	841
Sindh	276	2	278
Domestic Total	1,394	13	1,407
Overseas Branches / International Banking	8	–	8
EPZ	1	–	1
Grand Total	1,403	13	1,416

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, 2024

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
26,791	1	100	855,416
13,198	101	500	3,233,743
5,534	501	1,000	4,117,090
7,222	1,001	5,000	12,746,096
445	5,001	10,000	3,281,919
530	10,001	50,000	12,013,905
145	50,001	100,000	10,570,197
136	100,001	500,000	30,983,160
33	500,001	1,000,000	24,419,534
57	1,000,001	5,000,000	120,040,761
8	5,000,001	10,000,000	60,397,082
5	10,000,001	15,000,000	55,006,541
2	15,000,001	25,000,000	41,771,452
13	25,000,001	Above	805,623,110
54,119			1,185,060,006

Categories of Shareholders

As of December 31, 2024

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children	161,185,685	13.6015%
Associated Companies, Undertakings and Related Parties	304,586,443	25.7022%
NIT and ICP	912	0.0001%
Banks, Development Financial Institutions, Non Banking Financial Institutions	23,836,831	2.0114%
Insurance Companies	58,621,426	4.9467%
Modarabas and Mutual Funds	17,123,536	1.4450%
Shareholders Holding 10%	222,606,147	18.7844%
General Public Local	160,032,839	13.5042%
General Public Foreign	22,302,389	1.8820%
Others	214,763,798	18.1226%
Total	1,185,060,006	100.0000%

Categories of Shareholders

As of December 31, 2024

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	35,691,395	3.0118%
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%
Shaikh Muhammad Jawed	2,909	0.0002%
Uneza Jawed	3,242,251	0.2736%
	161,185,685	13.6015%
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	11,201,920	0.9453%
Adamjee Life Assurance Company Limited	1,330,000	0.1122%
Adamjee Life Assurance Company Ltd-IMF	8,825,286	0.7447%
Nishat (Aziz Avenue) Hotels and Properties Limited	1,315,336	0.1110%
Nishat Real Estates Development Company (Private) Limited	483,650	0.0408%
Trustee - MCB Provident Fund Pak Staff	34,166,060	2.8831%
Trustee - MCB Employees Pension Fund	25,317,997	2.1364%
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%
Security General Insurance Co Ltd.	59,136,076	4.9901%
	304,586,443	25.7022%
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.	7,992	0.0007%
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.	500,000	0.0422%
Allied Bank Limited	10,372,224	0.8752%
Habib Bank Limited	3,101,892	0.2617%
Faysal Bank Limited	965,570	0.0815%
Habib Metropolitan Bank Limited	1,725,233	0.1456%
Bank Alfalah Limited	3,015,352	0.2544%
The Punjab Provincial Cooperative Bank	1,558	0.0001%
Escorts Investment Bank Limited	225	0.0000%
National Bank of Pakistan	1,994,885	0.1683%
Askari Bank Limited	2,042,691	0.1724%
Pair Investment Company Limited	104,947	0.0089%
	23,836,831	2.0114%

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.	51,042	0.0043%
Orient Insurance Co. Ltd.	3	0.0000%
Premier Insurance Limited	72,404	0.0061%
Jubilee General Insurance Company Limited	1,045,327	0.0882%
State Life Insurance Corp. of Pakistan	48,702,242	4.1097%
EFU Life Assurance Ltd.	6,491,621	0.5478%
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.	25,977	0.0022%
GHAf Limited	52,500	0.0044%
The Pakistan General Insurance Co. Limited	106	0.0000%
IGI General Insurance Limited	70,786	0.0060%
Alfalah Insurance Company Limited	234,678	0.0198%
Askari General Insurance Company	360,000	0.0304%
Atlas Insurance Limited	648,808	0.0547%
	58,621,426	4.9467%

Modarabas and Mutual Funds

First Hajveri Modaraba	60	0.0000%
Crescent Modaraba Managment 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	233	0.0000%
M/s. Asian Stock Fund Ltd.	4	0.0000%
PICIC Benevolent Fund-2	29	0.0000%
CDC - Trustee Atlas Stock Market Fund	3,570,858	0.3013%
CDC - Trustee Alfalah GHP Value Fund	30,000	0.0025%
CDC - Trustee AKD Index Tracker Fund	136,440	0.0115%
Tri-Star Mutual Fund Limited	754	0.0001%
CDC - Trustee UBL Stock Advantage Fund	3,391,358	0.2862%
Crescent Standard Business Management (Pvt) Limited	1	0.0000%
CDC - Trustee NBP Stock Fund	2,657,570	0.2243%
CDC - Trustee NBP Balanced Fund	79,250	0.0067%
CDC - Trustee APF-Equity Sub Fund	220,897	0.0186%
CDC - Trustee JS Pension Savings Fund - Equity Account	5,900	0.0005%
CDC - Trustee HBL Multi - Asset Fund	5,600	0.0005%
CDC - Trustee Alfalah GHP Stock Fund	736,367	0.0621%
CDC - Trustee Alfalah GHP Alpha Fund	232,665	0.0196%
CDC - Trustee NIT-Equity Market Opportunity Fund	1,130,676	0.0954%
CDC - Trustee ABL Stock Fund	594,132	0.0501%
CDC - Trustee AL Habib Stock Fund	100,000	0.0084%
CDC - Trustee Lakson Equity Fund	380,381	0.0321%
CDC - Trustee NBP Sarmaya Izafa Fund	66,400	0.0056%
CDC - Trustee HBL PF Equity Sub Fund	6,420	0.0005%
CDC - Trustee UBL Asset Allocation Fund	83,500	0.0070%
CDC - Trustee First Capital Mutual Fund	30,000	0.0025%
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	476,373	0.0402%
CDC - Trustee National Investment (Unit) Trust	731,493	0.0617%
CDC - Trustee ABL Pension Fund - Equity Sub Fund	26,000	0.0022%
CDC - Trustee AWT Stock Fund	26,000	0.0022%

CDC - Trustee NITPF Equity Sub-Fund	36,000	0.0030%
CDC - Trustee Lakson Tactical Fund	11,666	0.0010%
CDC - Trustee NBP Financial Sector Fund	94,241	0.0080%
CDC - Trustee UBL Financial Sector Fund	810,533	0.0684%
CDC - Trustee Allied Finergy Fund	4,837	0.0004%
CDC - Trustee NIT Asset Allocation Fund	65,637	0.0055%
CDC - Trustee NIT Pakistan Gateway Exchange Traded Fund	20,488	0.0017%
CDC - Trustee NBP Pakistan Growth Exchange Traded Fund	22,680	0.0019%
CDC - Trustee NBP Financial Sector Income Fund - MT	1,202,096	0.1014%
CDC - Trustee Alfalah GHP Dedicated Equity Fund	38,058	0.0032%
CDC - Trustee HBL Financial Sector Income Fund Plan I - MT	2,000	0.0002%
CDC - Trustee JS Global Banking Sector Exchange Traded Fund	89,661	0.0076%
	17,123,536	1.4450%

Share Holders Holding 10%

Maybank International Trust (Labuan) Berhad	222,606,147	18.7844%
	222,606,147	18.7844%

General Public

	182,335,228	15.3862%
- Local	160,032,839	13.5042%
- Foreign	22,302,389	1.8820%

Others

	214,763,798	18.1226%
- Foreign Companies	28,049,922	2.3670%
- Local Companies	84,436,341	7.1251%
- 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)	303	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 2024 are given below:

Name	Status	No. of Shares	Purchase/Sale/Transfer
Muhammad Tariq Rafi	Director	814,623	Purchase
Farid Ahmad	Company Secretary	100	Purchase
Farid Ahmad	Company Secretary	100	Sale

Notice of 77th Annual General Meeting

Notice is hereby given that 77th Annual General Meeting of **MCB Bank Limited** (the “**Bank**”) will be held on **Thursday, March 27, 2025 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 Extra-Ordinary General Meeting held on July 06, 2024.
2. To receive, consider and adopt the Annual Audited Un-consolidated 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, 2024.

The Annual Report including the Financial Statements and related reports / documents has been uploaded on website of the Bank, which can be downloaded from the following web-link and QR enabled code:

<https://www.mcb.com.pk/AR2024>



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 270% i.e., PKR 27.00 per share Interim Cash Dividends already declared and paid, thus, total 360% i.e., PKR 36.00 per share for the year ended December 31, 2024.

By Order of the Board,

-Sd-

FARID AHMAD
Company Secretary

March 06, 2025
Lahore.

Notes:

1. Minutes of the Extra-Ordinary General Meeting held on July 06, 2024 have been kept at the registered office of the Bank for inspection of members, during office hours, 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 Share Transfer Books of the Bank will remain closed from **March 18, 2025 to March 27, 2025** (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 17, 2025** will be treated as being in time for the purpose of entitlement of Final Cash Dividend and also to attend, speak and vote at 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/she represents.
4. 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
5. Proxy Form shall be duly signed and stamped and witnessed by two persons whose names, addresses, and Computerized National Identity Card (“CNIC”) numbers shall be mentioned on the form. 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 together with the original proxy form duly filled-in must be received at the Company Secretary Office of the Bank located at MCB Building, 15-Main Gulberg, Jail Road, Lahore, 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. The nominees shall produce their original CNIC or original passport at the time of attending the meeting for identification purpose.
6. If more than one instrument of proxy is deposited by a Member, all such instruments of proxy shall be rendered invalid.
7. Members, whether Physical account holders or CDC/sub-account holders, who wish to attend AGM in person are requested to must bring their original CNIC or passport along with folio/participant’s I.D. number and their account number in CDS for identification purposes.
8. 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.
9. 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.
10. 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 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:

- i 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.
 - ii The Proxy Form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the Proxy Form.
 - iii Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
 - iv The proxy shall produce his/her original CNIC or passport at the time of the Meeting.
 - v 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.
11. As per the requirements of the SECP, the Bank is providing Video-Link facility for participation in 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 copy of CNIC (both sides)/NTN/Passport (in case of an individual) and also attested copy of board resolution/power of attorney (in case of corporate entity) through email at: corporate.affairs@mcb.com.pk of the Bank on or before March 21, 2025.

Name of Shareholder	Folio/CDC Account Number	Number of Shares Held	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.

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 – Cash Dividends:

As per the regulatory requirements issued by the Securities & Exchange Commission of Pakistan ("SECP"), the payment of cash dividends shall only be made to those shareholders who have provided copies of their valid CNIC/ NICOP/ Passport (in case of individuals) and NTN certificate (in case of corporate entities) as well as valid details of designated International Bank Account Number ("IBAN") ("**requisite information**"). In case of non-availability of the requisite information, the Bank will hold the payment of cash dividends. Therefore, shareholders who have not yet provided the requisite information, are requested to provide the same. In case of physical shares, the requisite information is required to be sent to the Share Registrar and Transfer Agent of the Bank at the below mentioned address. However, in case the shares are held in electronic form, the requisite information must be submitted directly to the Stock Brokers or the Central Depository Company of Pakistan Limited ("CDC"). In this regard, shareholders are requested to submit signed "IBAN Form" along with copy of CNIC. The Standard Request Form is available on the Bank's website.

3. Unclaimed Dividends and Share Certificates:

Shareholders, who have not yet claimed their cash dividend warrants including right/bonus share certificates either kept with themselves or have been returned as undelivered to the Share Registrar and Transfer Agent of the Bank, are requested to make a claim for such unpaid/unclaimed dividends and right/bonus share certificates. In this regard, the Bank had already sent notices to the Shareholders at their registered addresses and also published notices in the newspapers having nationwide circulation, requesting them to submit their claims. In the absence of such claims, the Bank will proceed to comply with regulatory requirements.

4. Requirement of FBR’s Approval or Valid Tax Exemption Certificate for Claim of Exemption under Section 159/150 of the Income Tax Ordinance, 2001:

The Honorable Lahore High Court, Lahore, in its decision has directed that the Mutual Funds as approved by the Federal Board of Revenue (“FBR”), would not be required to provide exemption certificate under Section 159 of the Income Tax Ordinance, 2001 (“Ordinance”) to claim tax immunity as per clause (47B) of Part-IV of the Second Schedule to the Ordinance. It is, therefore, requested to provide either approval certificate from FBR or a valid exemption certificate under Section 159 (1) of the Ordinance issued by the concerned Commissioner of the Income Tax, Inland Revenue, FBR. In case of non-availability of approval/ exemption certificate(s), the deduction of advance tax on dividend shall be made as per the relevant provisions of the Ordinance.

5. Deduction of Withholding Tax as Filer/Non-Filer and Joint Shareholders:

Withholding tax on payment of dividend will be deducted on the basis of Active Tax-Payer List (“ATL”) provided by FBR, for identification of filer/non-filer status of the shareholders. In case of non-availability of correct NTN/CNIC number, it will not be possible to identify the status of Shareholder as filer or non-filer and such Shareholders will be treated as ‘Non-filer’ and the higher tax rate will be applied, accordingly. Further, Joint Shareholders are also requested to communicate their percentage of shareholding to the Share Registrar and Transfer Agent of the Bank, as per the below table, in order to calculate withholding tax applicable to each Joint Shareholder based on filer/non-filer status. Kindly note that in case of non-receipt of such information, each Joint Shareholder will be assumed to hold equal proportion of shares and the deduction will be made, accordingly.

CDC Account No./ Folio No.	Name of Principal Shareholder/Joint Holders	Shareholding Proportion	CNIC No. (copy attached)	Signature

6. Circulation of Annual Audited Financial Statements to Shareholders:

The Bank has transmitted the Financial Statements to members through QR enabled code and web-link. However, in case a shareholder requires hard copy of the Financial Statements, the same can be obtained, free of cost, within one week of the request. In this regard, a Standard Request Form has been placed on website of the Bank, i.e., www.mcb.com.pk

7. Provision of Email Address and Mobile Number:

In addition to the above, the Financial Statements shall also be circulated to the shareholders through their emails, as maintained with the Bank. Similarly, the Companies (Postal Ballot) Regulations, 2018 also requires that the Bank shall maintain the record of email address and mobile number of shareholders for casting vote, in a secured manner, through e-voting. Therefore, in order to meet above-mentioned regulatory requirements, the shareholders are requested, if not provided earlier, to submit their email addresses and mobile numbers to the Share Registrar and Transfer Agent of the Bank at the below mentioned address, in case of physical shares. However, in case the shares are held in electronic form, the said information must be provided directly to the Stock Brokers or the CDC.

8. Conversion of Physical Shares into Book-Entry Form:

SECP through its letter No. CSD/ED/Misc/2016-639-640, dated March 26, 2021 has advised the listed companies to adhere with the provisions of the Section 72 of the Companies Act, 2017 (the "Act") requiring all the existing companies to replace physical shares issued by them with shares in book-entry form in a manner as may be specified by the SECP. Therefore, shareholders still carrying physical shares are requested to convert them into book-entry form by opening CDC sub-account with any of the brokers or Investor Account directly with the CDC. Members are apprised of the various advantages associated with holding shares in book-entry form, including secure and convenient custody, easy tradability, elimination of risks like loss or theft, avoidance of formalities required for issuance of duplicate share certificates and transfer of shares, and the smooth crediting of bonus or right shares.

M/s THK Associates (Pvt.) Limited
Share Registrar and Transfer Agent-MCB Bank Limited
Plot No. 32-C, Jami Commercial Street 2
D.H.A., Phase VII, Karachi-75500, Pakistan.
UAN: +92 (21) 111-000-322
Fax: +92 (21) 35310190.

Email: sfc@thk.com.pk
Website: www.thk.com.pk

BCR Criteria Mapping

S. No	BCR criteria	Page No.
1	Organizational Overview and External Environment	
1.01	Mission, vision, code of conduct, ethical, principal and core values.	11-21, 225-228
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	24-45, 180-192
1.03	Geographical location and address of all business units including sales units and plants.	46, 546-548
1.04	The legislative and regulatory environment in which the company operates.	143-147
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	70-71, 549-552
1.06	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	70
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	60
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	180-192
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	24-45, 80, 130, 180-192
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	139
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. b) The effect of seasonality on business in terms of production and sales.	143-147, 161-168
1.13	The legitimate needs, interests of key stakeholders and industry trends.	292-296
1.14	SWOT Analysis of the company.	142
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	140-141
1.16	History of major events.	78-79
1.17	Details of significant events occurred during the year and after the reporting period.	78-79, 218-219
2	Strategy and Resource Allocation	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	148-149
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	152-155
2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	133-138, 152-157
2.04	Company's strategy on market development, product and service development.	155
2.05	The effects of the given factors on the company strategy and resource allocation: a) Technological Changes; b) Sustainability reporting and challenges; c) Initiatives taken by the company in promoting and enabling innovation; and d) Resource shortages (if any).	154-155, 252-253,
2.06	Key Performance Indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	150-151
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	150
2.08	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	82-90, 124, 155

S. No	BCR criteria	Page No.
2.09	a) Information about defaults in payment of any debt with reasons and its repayment plan; b) Board strategy to overcome liquidity problems and plans to meet operational losses.	155, 168
3	Risks and Opportunities	
3.01	Key risks and opportunities (internal and external), including Sustainability-related risks and opportunities affecting availability, quality and affordability of Capitals.	161-168
3.02	A Statement from the Board for determining the following: a) Company's level of risk tolerance by establishing risk management policies; b) Company's robust assessment of the principal risks being faced, including those that would threaten the business model, future performance and solvency or liquidity.	158-168
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	158-168
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	161-168
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	251-252
4	Sustainability Reporting and Corporate Social Responsibility (CSR)	
4.01	Board's statement for the adoption of CSR best practices including Board's commitment to continuous improvement and implementation updates in the form of periodic reviews to ensure the relevance and effectiveness of CSR practices in business strategies.	
4.02	Board's statement about the company's strategic objectives and the intended impact on stakeholders on ESG (Environmental, Social and Governance) reporting/ Sustainability Reporting in line with IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'. Weightage will be given to companies who provides following disclosures (as per IFRS S1 and IFRS S2) along with the company specific examples for each factor for the investor's information: a) Disclosures of company specific sustainability-related risks and opportunities and their impact on the financial performance in the short, medium and long term; b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrics designed by the company to demonstrate the performance and progress of the company. c) Disclosures of material information about sustainability-related risks and opportunities throughout a company's value chain together with specific examples of initiatives taken by the company. [In IFRS S1, the 'value chain' is the full range of interactions, resources and relationships related to a company's business model and the external environment in which it operates] d) Disclosure about company's climate-related risks and opportunities, as required in IFRS S2 including explanation of the specific methodologies and tools used by the company. [Climate-related opportunities refer to the potential positive effects arising from climate change for a company. Climate-related risks refers to the potential negative effects of climate change on a company and are of two types, physical risks (such as those resulting from increased severity of extreme weather) and transition risks (such as those associated with policy action and changes in technology)]	246-268
4.03	A chairman's overview on how the company's sustainable practices can affect the financial performance of the company.	268-269
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR: <ul style="list-style-type: none"> • Social initiatives such as research and development initiatives, employment generation, community health and education, and health and safety of staff etc.; • Environmental initiatives like climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle) and how does the company reduce pollution, depletion and degradation of natural resources; • Technological innovation such as contributing to sustainability (i.e. energy-efficient processes or eco-friendly product designs); • Information on consumption and management of materials, energy, water, emissions and waste. 	246-268

S. No	BCR criteria	Page No.
4.05	<ul style="list-style-type: none"> Status of adoption/ compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP. ISO certifications acquired for best sustainability and CSR practices. 	248, 271
5	Governance	
5.01	Board composition: a) Leadership structure of those charged with governance; b) Name of independent directors indicating justification for their independence; c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience; d) Profile of each director including education, experience and engagement in other entities as CEO, Director CFO or Trustee etc.; e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	52-59, 193-203
5.02	A brief description about role of the Chairman and the CEO.	209-211
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	208-209
5.04	Chairman's Review Report on the overall performance of the board including: a) Effectiveness of the role played by the board in achieving the company's objectives; b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year'; c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	72-73
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	211
5.06	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	205-206
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	205
5.08	Details of formal orientation courses for directors.	207-208
5.09	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	208
5.10	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	211
5.11	Disclosure about related party transactions: a) Approved policy for related party transactions; b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding; c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement; d) Disclosure of director's interest in related party transactions; e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	212-213 217 384-385
5.12	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan.	211-212 212 212-213 376 213 213 193

S. No	BCR criteria	Page No.
	<p>h) Human resource management including:</p> <ul style="list-style-type: none"> • Preparation of succession plan; • Merit based recruitment; • Performance based appraisal system; • Promotion, reward and motivation; • Training and development; • Gender and race diversity; • Appointment of / quota for people with disability; and • Employee engagement /feedback. <p>i) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions.</p> <p>j) Communication with stakeholders.</p> <p>k) Dividend policy.</p> <p>l) Investors' relationship and grievances.</p> <p>m) Employee's health, safety and protection.</p> <p>n) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in Audit Committee's report.</p> <p>o) Safety of records of the company.</p>	213-217
5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	218
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	230-233
5.15	"Disclosure about: a) Shares held by Sponsors / Directors / Executives;"	550-552
	b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors / Executives etc.) or foreign shareholding (if any).	
5.16	Details about Board meetings and its attendance.	195
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	198-203
5.18	<p>Timely Communication: Date of authorization of financial statements by the board of directors: Within 40 days - 6 marks Within 50 days - 6 marks (in case of holding company who has listed subsidiary / subsidiaries) Within 60 days - 3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).</p>	February 06,2025
5.19	<p>Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <p>a) Composition of the committee with at least one member qualified as "financially literate" and all members are non-executive / Independent directors including the Chairman of the Audit Committee.</p> <p>b) Committee's overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed.</p> <p>c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.</p> <p>d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.</p> <p>e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures.</p> <p>f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.</p> <p>g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.</p> <p>h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.</p>	234-235

S. No	BCR criteria	Page No.
	i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	234-235
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	218
5.21	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) How it is designed to manage and integrate the functions of core business processes / modules like finance, HR, supply chain and inventory management in a single system; b) Management support in the effective implementation and continuous updation; c) Details about user training of ERP software; d) How the company manages risks or control risk factors on ERP projects; e) How the company assesses system security, access to sensitive data and segregation of duties.	223-224
5.22	Disclosure about the Government of Pakistan policies related to company's business / sector in Directors' Report and their impact on the company business and performance.	169-179
5.23	Information on company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	124, 246-273, 300
6	Analysis of the Financial Information	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators, showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred, as well as future prospects of profits.	93-97
6.02	a) Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators. b) Explanation of negative change in the performance as compared to last year.	Annexure I 93
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	117-122
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	123
6.05	a) Information about business segment and non-business segment; and b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	125-126
6.06	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	128
6.07	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	Not applicable
6.08	Disclosure of market share of the company and its products and services.	130
6.09	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	300
6.10	Statement of Economic value added (EVA) [EVA = NOPAT – WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	124
6.11	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	132
7	Business Model	
7.01	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	156-157
7.02	Explanation of any material changes in the entity's business model during the year.	155

S. No	BCR criteria	Page No.
8	Disclosures on IT Governance and Cybersecurity	
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	220-224
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	
9	Future Outlook	
9.01	Forward-looking statement in narrative and quantitative form, including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	82-90
9.02	Explanation as to how the performance of the company aligns with the forward-looking disclosures made in the previous year.	87-89
9.03	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year.	86
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement, and any assistance taken by any external consultant.	89
9.05	Disclosure about company's future Research & Development initiatives.	90
10	Stakeholders Relationship and Engagement	
10.01	Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	292-296
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	292-296
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	299
10.04	Investors' Relations section on the corporate website.	297
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	297
10.06	"a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and b) Disclosure of brief summary of Analyst briefing conducted during the year."	298
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	216, 263

S. No	BCR criteria	Page No.
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	124, 300
11	Striving for Excellence in Corporate Reporting	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	217-218
11.02	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	558-566
12	Specific Disclosures of the Financial Statements	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	Annexure II
13	Assessment based on Qualitative Factors	
13.01	Assessment of overall quality of information contained in the annual report based on the following qualitative factors: a) Clarity, simplicity and lucidity in presentation of Financial Statements; b) Theme on the cover page; c) Effective use of presentation tools, particularly diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report; d) Effectiveness and relevance of photos and graphs; e) Effectiveness of the theme on the cover page.	Various sections of the Annual Report
ANNEXURE 'I' - FINANCIAL RATIOS (FINANCIAL SECTOR)		
Financial Sector		
Profitability Ratios		
a)	Profit before tax ratio	106-107
b)	Gross Yield on Earning Assets	
c)	Gross Spread ratio	
d)	Cost/Income ratio	
e)	Return on Equity	
f)	Return on Capital employed	
g)	Shareholders' Funds	
h)	Return on Shareholders' Funds	
i)	Return on Investment	
j)	Total Shareholder Return	
Liquidity Ratios		
a)	Advances to deposits ratio	106-107
b)	Current ratio	
c)	Net interest income as a percentage of working funds / operating cost – Efficiency ratio	
d)	Non-interest income as a percentage of working funds	
e)	Quick / Acid test ratio	
f)	Cash to Current Liabilities	
g)	Cost of Funds	
h)	Cash flow coverage ratio	
i)	Net interest income as a percentage of working funds / Operating cost - Efficiency ratio	
j)	Cash Reserve Ratio / Liquid Asset ratio	
k)	Gross Non-Performing assets to gross advances	
l)	Non-Performing loans (Assets) to Total Loans (Assets)	
m)	Credit-- Deposit Ratio	
Investment / Market Ratios		
a)	Earnings per share (EPS) and diluted EPS	106-107
b)	Price Earnings ratio	
c)	Price to Book ratio	
d)	Dividend Yield ratio	
e)	Dividend Payout ratio / Dividend Cover Ratio	

ANNEXURE 'I' - FINANCIAL RATIOS (FINANCIAL SECTOR)		
f)	Cash Dividend per share / Stock Dividend per share	106-107
g)	Market value per share at the end of the year and high/low during the year	
h)	Breakup value per share	
i.	Without Surplus on Revaluation of property, plant and equipment"	
ii.	With Surplus on Revaluation of property plant and equipment including the effect of all Investments	
iii.	Including Investment in Related Party at fair /market value and also with Surplus on Revaluation of property plant and equipment.	
i)	DuPont Analysis	121
j)	Free Cash Flow	122
k)	Economic Value Added (EVA)	124
Capital Structure		
a)	Capital Adequacy ratio	106-107
b)	Earning assets to total assets ratio	
c)	Weighted Average cost of deposit	
d)	Statutory Liquidity Reserve (Ratio)	
e)	Net assets per share	
f)	Debt to Equity ratio (as per book and as per market value)	Not applicable
Non-Financial Ratios		
a)	Staff turnover ratio	108
b)	Customer Satisfaction Index	
c)	Employee Productivity Rate	
d)	Revenue per Employee	
e)	Customer Retention Ratio	
Annexure II - Specific Disclosures of the Financial Statements		
1	Fair value of Property, Plant and Equipment.	131
2	Particulars of significant / material assets and immovable property including location and area of land.	131
3	Capacity of an industrial unit, actual production and the reasons for shortfall.	Not applicable
4	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	131
5	Specific disclosures required for shariah compliant companies / companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	Not applicable
6	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53(I)/2022 dated January 12, 2022)	Not applicable
7	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	94-95, 367
8	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/ offering document with regards to utilization of proceeds raised till full implementation of such plans.	Not applicable
9	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	348

Annexure III - Specific Disclosures for Banking Company		
1	Disclosure of Credit Ratings given by various rating agencies for the Bank and for its Instruments. For e.g. Tier I and Tier II.	68-69
2	Details of Advances portfolio Classification wise as per the direction issued by SBP.	342-346
3	"Disclosure for Non-Performing Assets (NPA): i. Movements in NPA; ii. Sector-wise breakup of NPA; iii. Movement of Provisions made against NPA; and iv. Details of accounts restructured as per regulatory guidelines"	99
4	Maturity Pattern of Key Assets and Liabilities.	94, 144
5	Classification and valuation of investments as per SBP guidelines / IAS / IFRSs.	335-342
6	Details of credit concentration / sector-wise exposure.	393
7	Concentration of assets, liabilities and off-Balance Sheet items.	113
8	Disclosure of Non-Performing Loans.	98
9	Disclosures under regulatory requirements (for e.g. Prudential Regulations and Basel III) issued by SBP.	Annexed Financial Statement (301-545)
10	Details of Non statutory investment portfolio.	102
11	Disclosures for derivative investments.	363-364
12	Bank's Network: List of Bank's Branches.	546-548

Glossary of Terms

Financial Statements are briefly described here;

Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Basel III

Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk.

Basis point

One hundredth of a per cent i.e. 0.01 per cent. 100 basis points is 1 per cent. Used when quoting movements in interest rates or yields on securities.

Breakup Value per share

Represents the total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

BSD

Banking Surveillance Department of State Bank of Pakistan

BPRD

Banking Policy and Regulation Department of State Bank of Pakistan

CAGR

An abbreviation for Compound Annual Growth Rate.

Capital Adequacy Ratio (CAR)

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

Cash Reserve Ratio (CRR)

Cash Reserve Ratio is the amount of funds that the banks have to keep with SBP. Cash Reserves was required to be maintained at an average of 6% of total of demand liabilities and time deposits with tenor of less than 1 year, during the reserve maintenance period.

Cash Equivalents

Short-term highly liquid investments that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Cost to Income Ratio

The proportion of admin expenses to total income, represented as combination of net interest income and non-interest income.

Credit Risk Spread

The credit spread is the yield spread between securities with the same coupon rate and maturity structure but with different associated credit risks, with the yield spread rising as the credit rating worsens. It is the premium over the benchmark or risk-free rate required by the market to take on a lower credit quality.

Discount rate

Discount is the rate at which SBP provides three-day Repo facility to banks, acting as the lender of last resort.

Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio

Dividend per share divided by the market value of share.

Earnings Per Share

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Efficiency Ratio

Calculated as Net Interest Income as a percentage of working funds / operating cost.

Financial Instruments

Financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)

All financial assets other than those classified at Amortised Cost or FVOCI are classified as measured at FVTPL. These are held for trading or managed and their performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Fixed Deposits

Deposits having fixed maturity dates and a rate of return.

Forced Sale Value (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged / pledged assets in a forced / distressed sale conditions.

Foreign Exchange Options (FX Options)

Contracts that give the buyer the right, but not the obligation, to buy or sell one currency against the other, at a predetermined price and on or before a predetermined date. The buyer of a call/ put FX option has the right to buy/sell a currency against another at a specified rate.

Forward Purchase Contract

Forward purchase contract is one in which the exporter enters into the forward booking contract to protect himself from the exchange rate fluctuation at the time of receiving payment.

Forward Sale Contract

In a forward sale contract the importer enters into a transaction to buy foreign currency from the Bank at the predetermined rate to protect himself from the exchange fluctuation at the date the payment.

Government Securities

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

Historical Cost Convention

Recording transactions at the actual value received or paid.

Impairment allowances

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

IFRIC

International Financial Reporting Interpretation Committee

Interest Spread

Represents the difference between the average interest rate earned and the average interest rate paid on funds.

Loan losses and provisions

Amount set aside against identified and possible losses on loans, advances and other credit facilities as a result of their becoming party or wholly uncollectible.

Loss Given Default (LGD)

LGD is the percentage of an exposure that a lender expects to lose in the event of default.

LIBOR (London Interbank Offered Rate)

An interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market. The LIBOR is fixed on a daily basis by the British Bankers' Association.

Liquid Assets

The assets which are readily convertible into cash without recourse to a court of law and mean encashment / realizable value of government securities, bank deposits, certificates of deposit, shares of listed companies which are actively traded on the stock exchange, NIT Units, certificates of mutual funds, Certificates of Investment (COIs) issued by DFIs / NBFCs rated at least 'A' by a credit rating agency on the approved panel of State Bank of Pakistan, listed TFCs rated at least 'A' by a credit rating agency on the approved panel of State Bank of Pakistan and certificates of asset management companies for which there is a book maker quoting daily offer and bid rates and there is active secondary market trading. These assets with appropriate margins should be in possession of the banks / DFIs with perfected lien.

KIBOR – (Karachi Interbank Offered Rate)

KIBOR is the interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

Market Capitalization

Number of ordinary shares in issue multiplied by the market value of share as at any cut-off date.

Net Interest Income (NII)

Net interest income is the difference between the interest earned on assets and interest expensed on liabilities.

Non-Performing Loan

A non-performing loan is a loan that is in default or close to being in default. Loans become non-performing in accordance with provision of prudential regulations issued by SBP.

Non-Performing Assets

A financial asset held on the books of a financial institution with respect to which the obligor has been in arrears for more than one year on any payment obligation and includes all security interests with respect thereto.

NPLs to Gross Advances/Loans

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Non-Performing Loan-Substandard Category

Where mark-up/interest or principal is overdue by 90 days or more from the due date.

Non-Performing Loan-Doubtful Category

Where mark-up/interest or principal is overdue by 180 days or more from the due date.

Non-Performing Loan-Loss Category

Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

Off Balance Sheet Transactions

Transactions that are not recognized as assets or liabilities in the statement of financial position but which give rise to contingencies and commitments.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Probability of Default (PD)

PD is a financial term describing the likelihood of a default over a particular time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations.

Repo / Reverse Repo

A repurchase agreement, or repo, is a short term funding agreements which allow a borrower to sell a financial asset, such as ABS or government bonds as collateral for cash. As part of the agreement the borrower agrees to repurchase the security at some later date, usually less than 30 days, repaying the proceeds of the loan. For the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo.

Return on Equity (ROE)

Represents the ratio of the current year's profit available for distribution to the weighted average shareholders' equity over the period under review, calculated by dividing the net profit (profit after tax) to the average equity (before surplus) for the period.

Return on Assets (ROA)

Indicator of profitability of the business relative to the value of its assets, calculated by dividing the net profit (profit after tax) to the average total assets for the period.

Statutory Reserve Funds

A capital reserve created as per the provisions of the section 21 of Banking Companies Ordinance, 1962.

Small Enterprise

A Small Enterprise (SE) is a business entity which meets both the following parameters:

Number of Employees	Annual Sales Turnover
*Up to 50	Up to Rs. 150 million

*including contract employees.

Strategic Investment

Strategic Investment is an investment which a bank / DFI make with the intention to hold it for a period of minimum 5 years.

The following must be noted further in respect of strategic investment:

- The bank should mark strategic investment as such at the time of investment
- If there are a series of purchases of stocks of a company, the minimum retention period of 5 years shall be counted from the date of the last purchase.

SRO

Statutory Regulatory Order

VaR

Value at Risk is an estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day, measured to a confidence level of 97.5 per cent.

Weighted Average Cost of Deposits

Percentage of the total interest expense on average deposit of the bank for the period.

Form of Proxy

77th Annual General Meeting

I/We _____ S/o/D/o/W/o _____
resident of _____ being a member of **MCB Bank Limited**, holder of
_____ Ordinary Share(s) as per Folio/CDC Account No. _____
do hereby appoint Mr./Mrs./Miss _____ Folio/CDC Account No.
_____ having CNIC No. _____ resident of _____
_____ as my/our proxy to attend, speak and vote for me/us on my/our behalf at the **77th Annual General Meeting (“AGM”)** of the Bank to be held on **Thursday, the 27th day of March, 2025 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, and at any adjournment thereof.

Signed this _____ day of _____ 2025.

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature of Member(s)
On PKR 50/-
Revenue Stamp

The signature should agree
with the specimen registered
with the Bank.

Witnesses:

1. Signature : _____	2. Signature : _____
Date : _____	Date : _____
Name : _____	Name : _____
CNIC No. : _____	CNIC No. : _____
Full Address : _____	Full Address : _____

Notes:

1. A member eligible to attend, speak and vote at the AGM may appoint another member as his/her proxy who shall have such rights as narrated in Section 137 of the Companies Act, 2017.
2. This Proxy Form, duly completed and signed, must be deposited in the office of M/s THK Associates (Pvt) Limited, the Share Registrar and Transfer Agent of the Bank, situated at Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, not later than 48 hours before (no account shall be taken of any part of the day that is not a working day) the time of holding the meeting.
3. If a member appoints more than one proxy and more than one instrument of proxies are deposited by a member with the Share Registrar and Transfer Agent of the Bank, all such instruments of proxy shall be rendered invalid.
4. **For CDC Account Holders / Corporate Entities**
 - Attested copies of CNIC/ NICOP or the passport of the beneficial owners and the proxy shall be provided with the Proxy Form.
 - The proxy shall produce his/her original CNIC/ NICOP or passport at the time of the meeting.
 - In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with Proxy Form to the Share Registrar and Transfer Agent of the Bank.

پراکسی فارم

77واں سالانہ اجلاس عام

میں / ہم _____ ولدیت / زوجیت _____ ساکن _____ بحیثیت ممبر ایم سی بی بینک لمیٹڈ اور عام حصص _____ کا مالک جو کہ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ کے تحت مستمی / مسماة _____ کو جس کا فولیو / سی ڈی سی اکاؤنٹ نمبر _____ شناختی کارڈ نمبر _____ ساکن _____ کو بطور پراکسی مقرر کرتا ہوں / کرتی ہوں تاکہ وہ میری / ہماری غیر موجودگی میں میری / ہماری طرف سے بینک کے 77 ویں سالانہ اجلاس عام جو بروز جمعرات، مورخہ 27 مارچ 2025، بوقت 11:00 بجے صبح، بمقام گرینڈ بال روم۔ اے، چوتھی منزل، دی نشاط ہوٹل ملحق ایمپوریم مال، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے اس میں اور اس کے کسی ملتی شدہ اجلاس میں، شرکت کرے، بات کرے اور ووٹ ڈالے۔

دستخط بتاریخ _____ 2025ء

پچاس روپے کے یونیٹس ماب پر دستخط

دستخط بینک میں رجسٹرڈ نمونے سے
مطابقت رکھتے ہوں

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
پارٹیشن ID	اکاؤنٹ نمبر	

گواہان:

(1) دستخط: _____ تاریخ: _____ نام: _____ شناختی کارڈ نمبر: _____ مکمل پتہ: _____
(2) دستخط: _____ تاریخ: _____ نام: _____ شناختی کارڈ نمبر: _____ مکمل پتہ: _____

نوٹس:

- 1- اے جی ایم میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل رکن کسی دوسرے رکن کو اپنا / اپنی پراکسی مقرر کر سکتا ہے جس کو وہ تمام حقوق حاصل ہونگے جیسا کہ کمپنیز ایکٹ 2017ء کے سیکشن 137 میں بیان کئے گئے ہیں۔
- 2- یہ مکمل پر کردہ اور دستخط شدہ پراکسی فارم بینک کے شیئرز رجسٹرار اور ٹرانسفر ایجنٹ میسرز ڈی ایچ کے ایسوی ایٹس (پرائیویٹ) لمیٹڈ، بمقام پلاٹ نمبر C-32، جہاں کٹرل اسٹریٹ 2، ڈی ایچ اے، فیڑا VII، کراچی۔ 75500 کے دفتر میں اجلاس کے انعقاد سے 48 گھنٹے پہلے (جس میں صرف کاروباری دنوں کے اوقات شامل ہونگے) جمع کروانا ہوگا۔
- 3- اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور بینک کے شیئرز رجسٹرار اور ٹرانسفر ایجنٹ کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زائد دستاویزات جمع کرائی جائیں تو پراکسی کی ایسی تمام دستاویزات کا عدم تصور ہوں گی۔
- 4- سی ڈی سی اکاؤنٹ رکھنے والوں / کارپوریٹ اداروں کے لیے:
 - مستفید مالکان اور پراکسی کے سی این آئی سی / این آئی سی او پی یا سپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ مہیا کی جائیں گی۔
 - اجلاس کے موقع پر پراکسی اپنا اصل سی این آئی سی / این آئی سی او پی یا سپورٹ مہیا کرے گا۔
 - کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نمونے کے مطابق دستخط کے ساتھ بینک کے رجسٹرار اور ٹرانسفر ایجنٹ کے پاس پراکسی فارم کے ساتھ جمع کروانا ہوگا۔

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