



ANNUAL REPORT 2023

SAILING

STRONG







After steering through the volatile currents of globalization and digital disruption, MCB Bank, Pakistan's trusted financial partner for 76 years, emerges even more robust and agile. We weathered economic storms by prioritizing financial stability, pioneering innovative solutions, and championing responsible growth. But our journey is far from over. As we embrace the digital frontier, we're excited to empower communities and unlock limitless possibilities for Pakistan's future.

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 2023 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 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

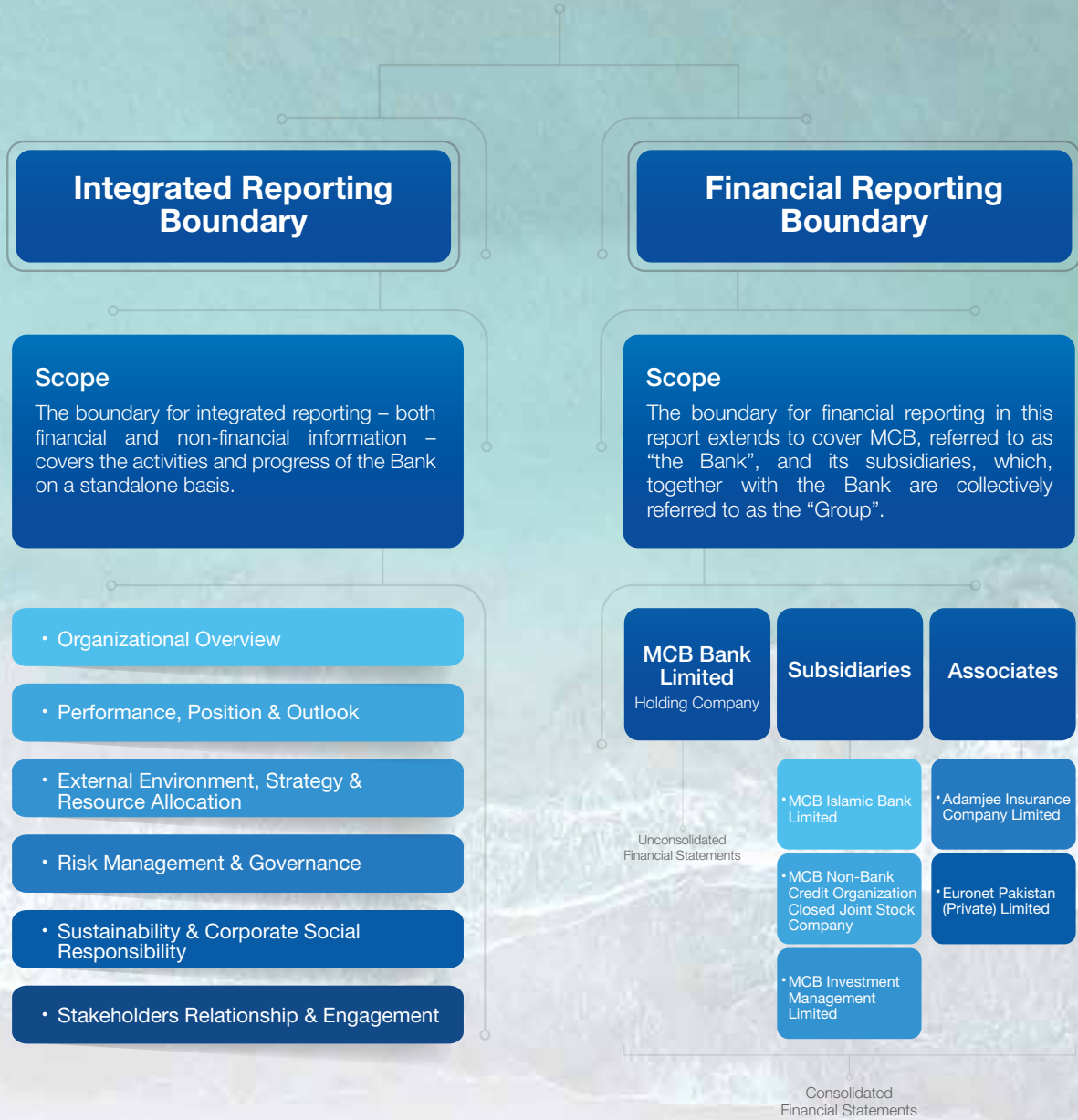


United Nations (UN) Sustainable Development Goals (SDG's)



GRI Sustainability Reporting Standards

Reporting Boundaries & Scope



Reporting Period

This report is produced and published annually, covering the year January 01, 2023 to December 31, 2023 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, 2024 have also been included. The most recent previous report was dated December 31, 2022.

External Assurance

Independent External Auditors, Messrs. A.F. Ferguson & Co have assured 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 vide email investor.relations@mcb.com.pk

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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.



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STRATEGIC

OBJECTIVES



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





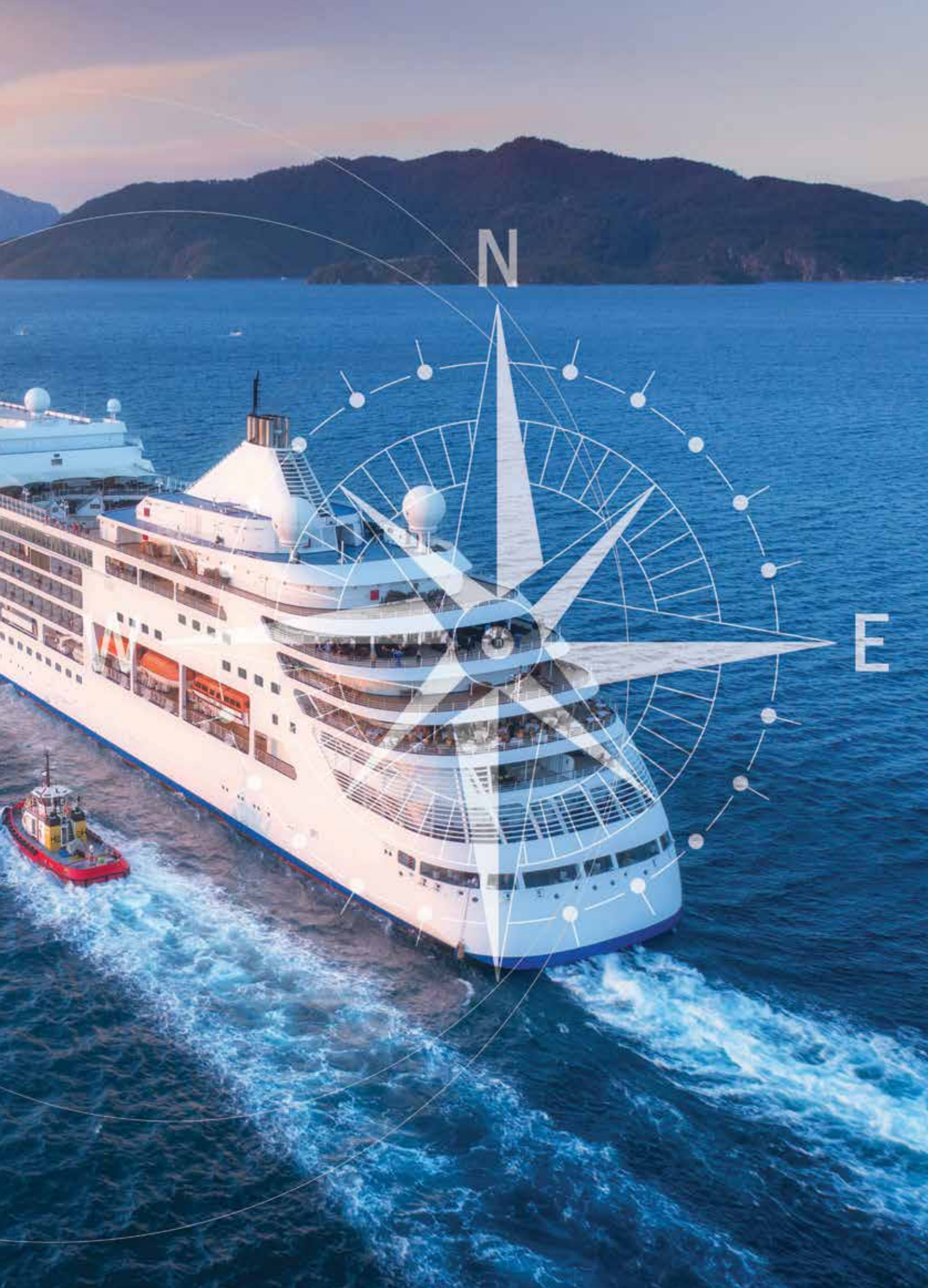


THE ANCHOR

A SYMBOL OF STABILITY



GUIDED BY OUR
COMPASS
OF SOCIAL RESPONSIBILITY





SECURED

HARBOUR

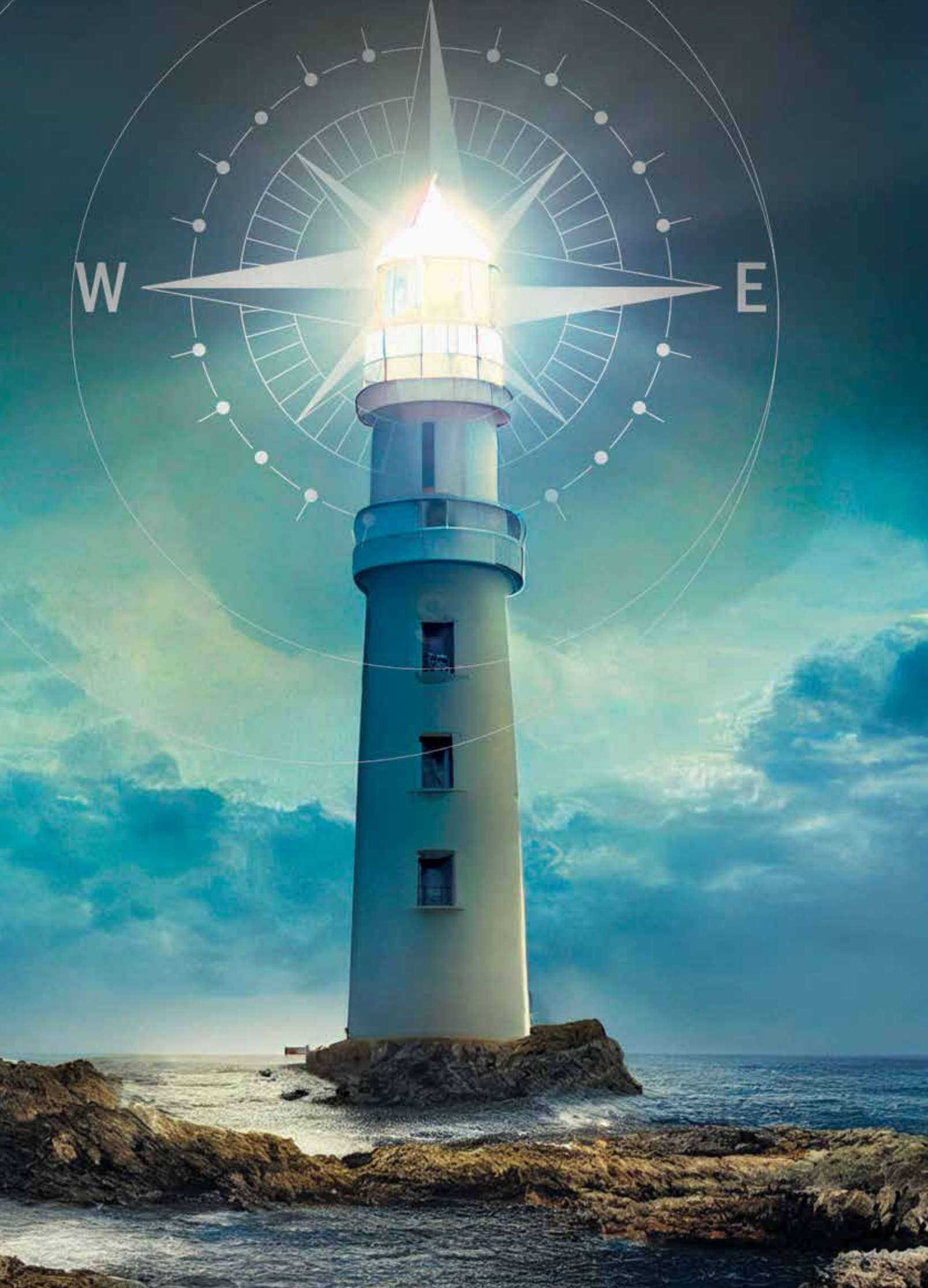
FOR STAKEHOLDERS

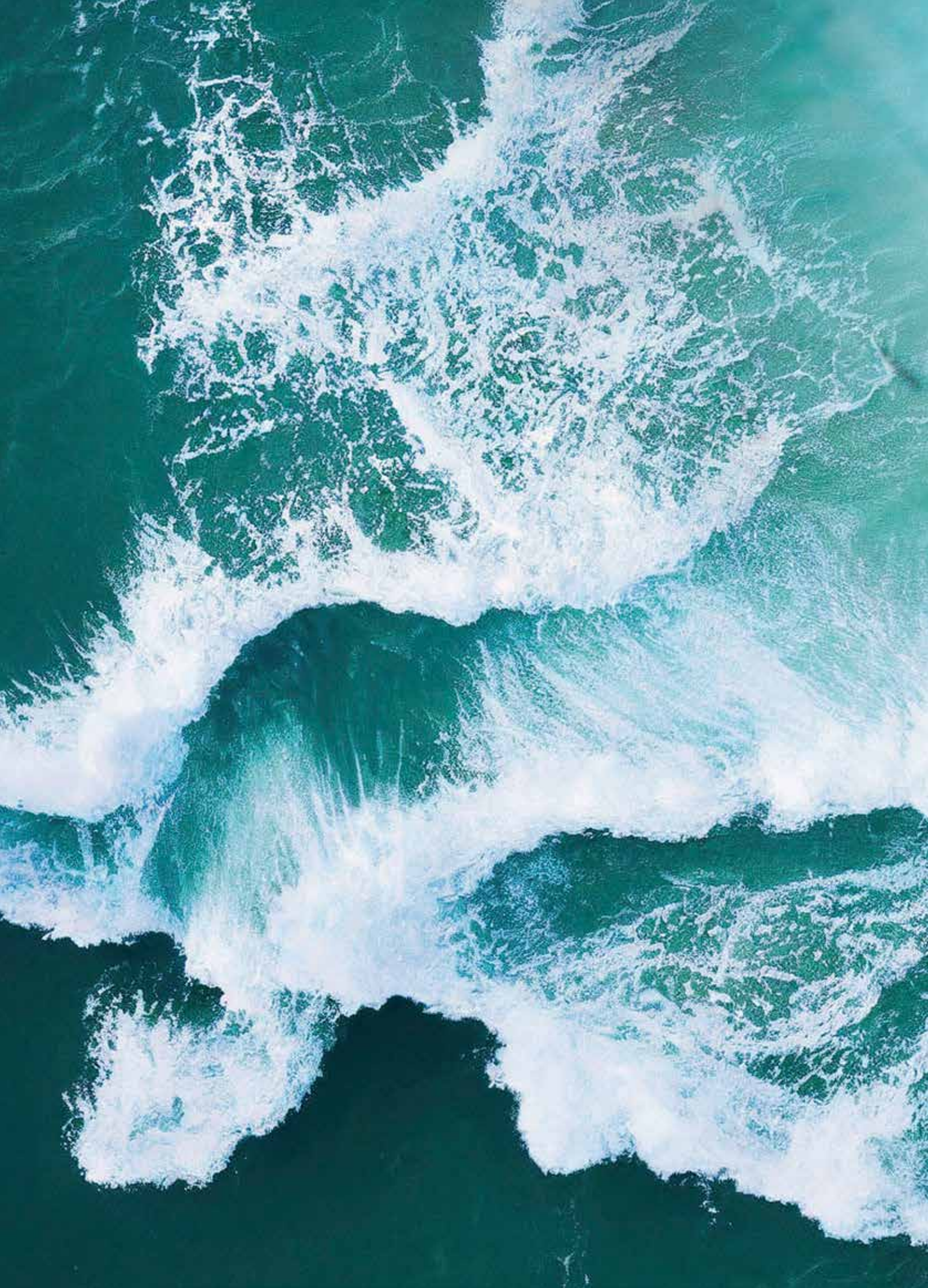


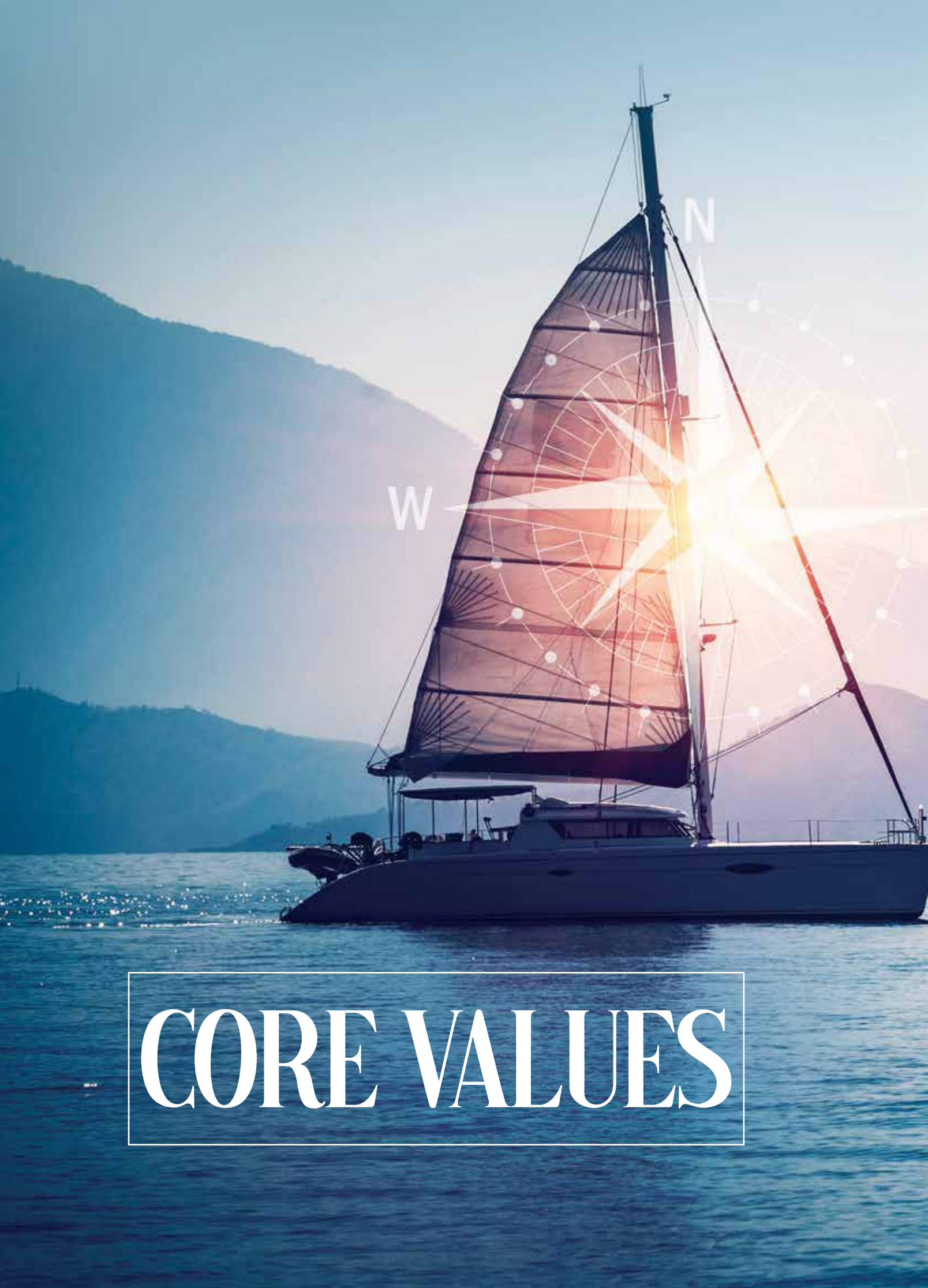


A BEACON

— OF STRENGTH AND PERSEVERANCE —







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

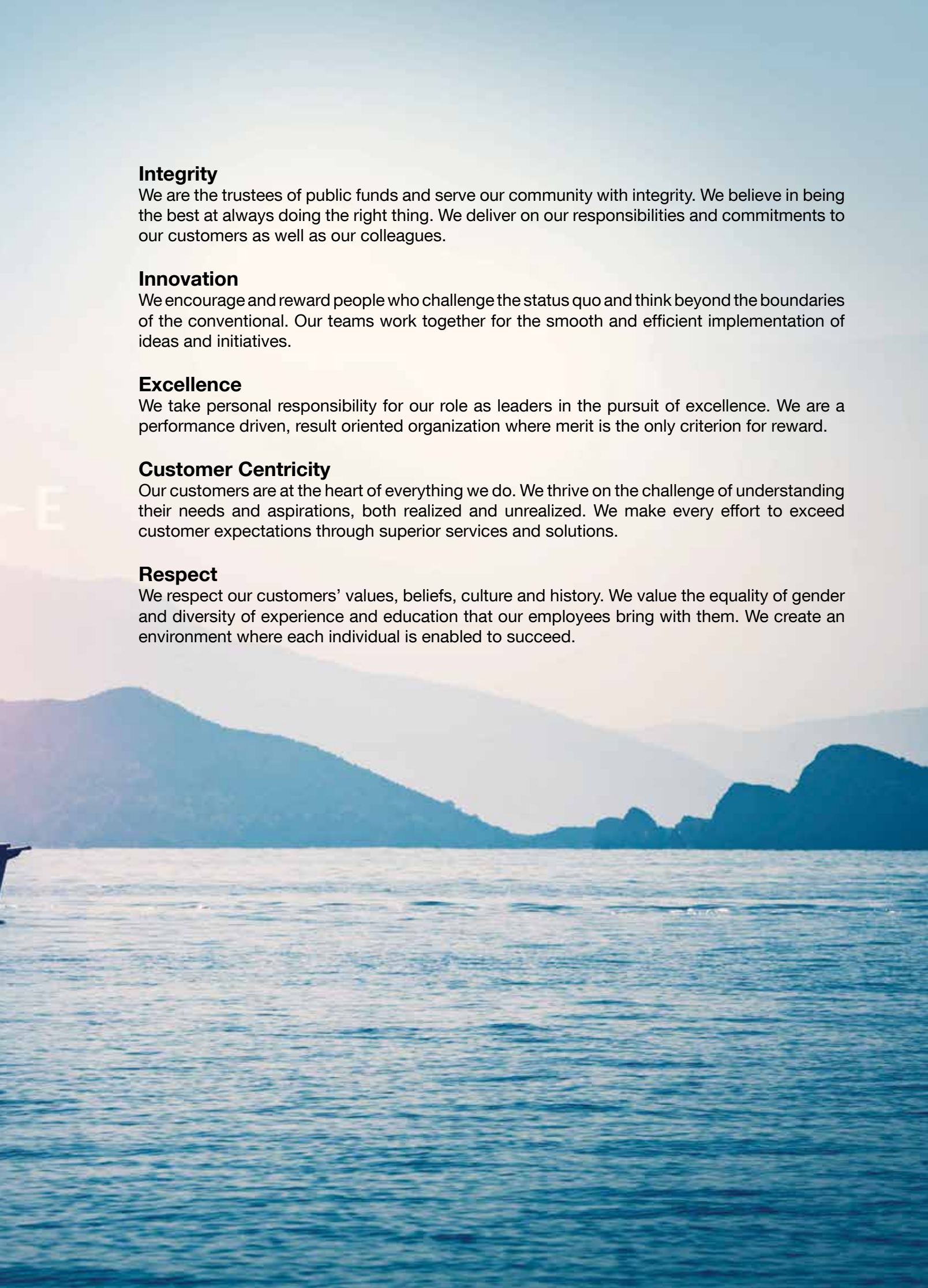
We take personal responsibility for our role as leaders in the pursuit of excellence. We are a performance driven, result oriented organization where merit is the only criterion for reward.

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.



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

2018

Asset Triple A Islamic Finance Awards

- Best Islamic Loan Adviser, Pakistan

Asset Triple A Infrastructure Awards

- Project Finance House of the Year, Pakistan
- Renewable Energy Deal of the Year - Solar, Pakistan to MCB Bank Limited, MCB Bahrain & MCB Dubai
- Oil and Gas Deal of the Year, Pakistan
- Telecom Deal of the Year, Pakistan

Asiamoney Best Bank Awards

- Best Domestic Bank

FinanceAsia Country Awards for Achievement

- Best Bank in Pakistan

ICAP & ICMAP

- Best Corporate Report Award 2017 - Winner (Banking Sector)



A close-up photograph of various seashells on a beach. The shells are illuminated by the warm, golden light of a sunset, creating a soft, glowing effect. The shells in the foreground are in sharp focus, showing their intricate patterns and colors, while those in the background are blurred. The overall scene is peaceful and evocative of a coastal environment.

PRODUCTS

& SERVICES



MCB Liability Products

MCB Bank offers a wide range of products and services, hence providing convenience to its customers through its vast branch network of 1,400+ locations across the country & 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 multi-tiered current account that caters to the diverse banking needs of all types of customers. It provides a holistic financial solution with affordability and flexibility, while empowering the customers to manage all their banking needs through a wide range of free banking services based on maintaining the required average monthly balance. This has become one of our most iconic products and is making significant contributions to our current deposit growth. This account can be conveniently opened digitally via MCB e-account portal.



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 FunClub Account

MCB FunClub Account aims to help children and teens to learn the basics of financial responsibility and also develop saving habits at an early age. Exclusive features/ benefits are embedded in MCB FunClub account which makes our product more lucrative. This account can be conveniently opened digitally via MCB e-account portal.



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 Debit Cards, and Free Online Banking 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 e-account portal.



MCB Ladies Account

Over the years, MCB Ladies 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 gap and enriching gender equilibrium in its customer mix. To exclusively cater to female segment, MCB Ladies Account is available in Current & Savings variants. Exclusive features/ benefits are embedded in MCB Ladies Accounts along with the provision of digital account opening via MCB e-account portal.



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 to take care of their financial needs with ease, while providing discounts on a wide array of services. This account can be conveniently opened digitally via MCB e-account portal.

MCB Pensioners Account

This account is designed specially to cater to the financial needs of pensioners or their beneficiaries in compliance with regulatory requirement for their monthly pension. Attractive discounts on numerous services can be availed through the MCB Pensioners Account. This account can be conveniently opened digitally via MCB e-account portal.

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 entities / institutions / corporates on maintaining large deposits intermittently. This account can be conveniently opened digitally via MCB e-account portal.

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 free debit card and insurance coverage to both the remitter & beneficiary and can be conveniently opened digitally via MCB e-account portal.



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 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 enrollment and provides easier access to banking information when needed without visiting the branch. This service also augments Bank efforts to reduce use of paper and facilitate Green Banking guidelines issued by SBP.



Roshan Digital Account

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, the bank offers a digital account opening solution (eAccount Portal) for Resident Pakistani individuals to enhance access to digital financial services. By following a few simple steps on the Digital 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 liability products (MCB Asaan Digital, MCB Asaan Digital remittance and MCB Freelancer 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). The 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). MCB Bank is offering both current and savings variants to its customers. For the first time in Pakistan, 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. Enhancement in RDA proposition is a continuous objective of the regulator and MCB Bank. Introduction of Roshan Apni Car and Roshan Apna Ghar initiatives have empowered Resident Pakistanis to fulfill their dreams. MCB Bank, alongside of the framework, is offering most of the products and services free to its RDA customers which makes our proposition more lucrative.



MCB Roshan Digital Current Account (PKR and FCY)

A digital current account available in local and foreign currency with benefits such as digital account opening, investment opportunities in Naya Pakistan Certificates and Pakistan Stock Market. It is designed to facilitate Non-Resident Pakistanis in their plans for investment in Pakistan based Savings Schemes.

MCB Roshan Digital Resident Current Account (FCY)

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

MCB Roshan Digital Savings Account (PKR and FCY)

A profit bearing digital savings account available in local and foreign currency with benefits such as digital account opening, investment opportunities in Naya Pakistan Certificates and Pakistan Stock Market. It is designed to facilitate Non-Resident Pakistanis in their plans for investment in Pakistan based Savings Schemes.

MCB Roshan Digital Resident Savings Account (FCY)

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

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

Current Account Products	Savings Account Products	Term Deposit Products
MCB Current Account	MCB Profit & Loss Account	MCB Flexi Deposit Account
MCB Business Account	MCB 365 Savings Account	MCB Mahana Profit Account
MCB Basic Banking Account	MCB Smart Savings Account	MCB Higher Mahana Profit Account
MCB Current Life Account	MCB Savings XTRA Account	MCB Special Foreign Currency Account
Asaan Digital Account	MCB Savings Maximizer Account	
Asaan Digital Remittance Account	Asaan Digital Account	
Freelancer Digital Account	Asaan Digital Remittance Account	
MCB New Foreign Currency Account	Freelancer Digital Account	
	MCB New Foreign Currency Account	

MCB Agri Financing Products

The Agri. financing products cover requirements of both production and development needs of farm & non-farm activities. The farmers may need long term finance to undertake development projects or there may be working capital requirements. Long term financing needs are met through Term Finance whereas working capital requirements are met by production finance.

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.

High Efficiency Irrigation System (HEIS)

The Financing Product for “High Efficiency Irrigation System (HEIS)” facilitates farmers in availing the subsidy provided under the provincial government schemes aimed at conservation of water and avoiding wastage of the precious resource. Drip and sprinkler irrigation systems are referred to as High Efficiency Irrigation Systems, (HEIS) which enable timely application of water and other inputs i.e. fertilizers, nutrients etc. as per plant requirements at various stages of growth. The HEISs are versatile in their applicability and provide complete control in irrigation operations. HEISs can be practiced on a variety of soil conditions e.g. uneven topography, odd field configurations, rolling sandy areas, etc. and are best suited for variety of crops such as orchards, vegetables, cotton, maize, sugarcane, wheat, fodder, gram etc.

Governments of Punjab and Sindh are subsidizing these high efficiency irrigation systems to farmers by contributing 60% of the total project cost and remaining 40% cost sharing by the farmers. Under HEIS Financing, MCB will provide financing to the extent of 80% of farmer’s share towards installation of HEIS. The purpose of HEIS financing scheme is to facilitate farmers in adoption of high efficiency irrigation system, which in turn would help them in efficient utilization of water & other resources to improve per acre yield. The solar/renewable energy requirements of farmers for agriculture purposes are also fully supported.

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.

Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM)

Government of Pakistan introduced “Markup subsidy and Risk Sharing Scheme for Farm Mechanization under the Prime Minister Kissan Package- 2022”. As per features of the scheme, the cost of markup subsidy and risk sharing will be borne by the Government. The scheme is very attractive for farmers to acquire much needed farm equipment such as tractors, threshers, planters, harvesters, Mobile Grain Dryers and solar tube wells. MCB has extended credit to a large number of farmers under the scheme.

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.

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 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 (MEI/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 lending 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, unsecured overdraft facility and 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 focuses 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 and a Legal Team 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. MCB Car4U also allows customers to finance up to three cars simultaneously from MCB Bank in line with their unique needs and requirements. Both finance and lease variants are offered under Car4U financing. MCB Car4U offers auto loans to customers in 1,400+ of our branches across 85 cities. Both self-employed and salaried customers can apply for a MCB Car4U Loan with ease. 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 Fleet4U

MCB Fleet4U provides financing solutions to help SE, ME, corporate and commercial entities on a limit sharing basis under the umbrella of consumer lending. Customers have an option of leasing local private vehicles, imported vehicles (new & used) (SUV), MPVs, commercial vehicles & light commercial vehicles.



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 provides 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 is now available across country through a network of our 1,400 branches supported by a team of skilled home finance specialists placed at multiple locations in the country.



MCB Credit Cards

MCB Credit Cards are secured with Chip & PIN & 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 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 cards are available in three different variants i.e. Classic, Gold and Platinum that cater to the diverse needs of our distinguished customers. 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 and MCB Live. In addition to 0% service fee on Installment Plans offered from time to time, the 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. They can also make payments through MCB Bank and other Bank's Digital Banking & ATM services.

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.

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.



Roshan Digital Account – Value Added Services

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 with the ambition to provide non-resident Pakistanis more avenues of lending and investment in Pakistan. Through Roshan Apni Car product, vehicle financing facility has been offered on lien and non-lien basis on reduced markup rates (fixed & floating) and attractive comprehensive insurance rates. However, Roshan Apna Ghar facility is being offered to non-resident Pakistanis to purchase their own home in Pakistan. This facility is currently available under standard home loan product only on lien and non-lien basis. Roshan Apna Ghar loan is being offered at very competitive/reduced markup rates.

MCB Digital Banking Products and Services

Step into a seamless banking experience with MCB's convenient and easy to use Digital Banking services, crafted to simplify the way customers engage with their finances. To live up to Bank's vision on, "partnering with our customers for a more prosperous and secure future," we introduced a comprehensive array of digital solutions that not only elevate customer experience but also anticipate and fulfill their evolving needs. Our mission is to seamlessly blend innovation, simpler, faster and better service with security, making customers financial journey a remarkably smooth and future-ready.

MCB Live – Mobile & Digital Banking Platform

MCB Live is a cutting-edge Omni-channel digital banking suite of services. Enriched with advanced mobile and online banking features, MCB Live empowers customers to engage in smooth financial transactions. With an outstanding fusion of convenience and security, MCB Live transcends traditional banking paradigm, allowing users to effortlessly transfer funds, conduct balance inquiries, check mini-statements, procure top-ups, pay utility bills, and beyond, all at their leisure.

MCB Live launched an array of financial lifestyle features, including MCB Funds investments, travel, health, and life insurances. In a synergistic alliance with BookMe, MCB Live seamlessly integrated this service into its digital channel, ensuring unparalleled reservation convenience for our customers.

MCB Live boasted industry leading security protocols, reducing fraud to the brink of extinction, thus proving its commitment to safeguarding the financial sanctity of its users. Additionally, MCB Live streamlined the process of updating expired CNICs and expediting the issuance of debit cards through its digital channel, thereby making overall user experience more convenient and pleasant.

MCB aims to continue bringing banking services to our customers' palms, especially digitalizing branch services in the near future. Simultaneously implementing security guidelines provided by the State Bank of Pakistan.



Raast – Digital Micro Payment Gateway

MCB Bank has been on the forefront of developing and implementing key use cases that not just help in digitalizing the bank's processes and transaction but also be one of a national cause of payments digitalization. MCB implemented the Raast Person to person (P2P) transfer services during 2023 and is also part of the first few banks part of Raast P2M (person to merchant payments) project. MCB as a bank is enabling P2M payments through scanning of QRs, transfer on IBANs and Raast IDs along with also enabling the existing merchants to accept payments using Raast P2M rails.



Branchless Banking

MCB Lite - Branchless Banking Wallet allows customers to open an account with minimum formalities and handle their financial transactions in an efficient manner. During 2023, MCB team worked with corporates to provide them a simple and easy corporate salary solution using branchless banking wallets. MCB Lite is all set to explore new avenues while embracing the Digital Revolution in the banking arena.



MCB Debit Cards

MCB has consistently been the market leader in introducing diverse payment schemes, offering customers the unparalleled choice between international payment schemes (VISA and Mastercard) and local payment scheme (PayPak).

In order to provide frictionless and world class service to its customers, the Bank enabled ecommerce activation on its international payment schemes i.e. VISA, enabling a record increase in eCommerce spend active users in FY 2023.



MCB Bank announces winning the highest 'cards in force' award by two payment schemes, VISA and PayPak. To sustain our momentum as well as serve markets segment by segment, MCB is expanding its VISA portfolio by adding VISA Infinite and VISA Signature brands. This milestone positions MCB among elite banks providing premium services to its high-net-worth clientele. Also being introduced is an exclusive to women segment card, offering targeted discounts and offers. 2023 also saw introduction of Fun Club & Senior Citizens debit cards, recognizing their significant role in revitalizing Pakistan's economy.

The Bank offers a rich value proposition to its cardholders offering exciting discounts on lifestyle products and round-the-clock services by enabling 1,450+ ATMs and POS networks across the country. In partnership with Peekaboo MCB Bank Ltd introduced a new and improved customer experience by transforming the discounts by enabling the customers to select special offers and alliances according to category, country, city, discount percentage, nearby GPS coordinated discounts.

Automated Teller Machines (ATMs)

The Bank expanded and improved its ATM network, one of the largest in the country, with over 1450 ATMs in more than 500 cities. Additionally, the bank enhanced customer service by upgrading over 1,000 ATMs with new, advanced machines. It also added over 2,000 payment options, including utility, donation, travel, lifestyle, property, education, asset management, health, insurance P2G, and B2B, to its network.



MCB Payment Solutions

Merchant POS



Expanding its payment systems presence in the market, MCB Bank has deployed over 6,300 POS terminals at various locations across the country having certifications for three different POS terminal models with five enabled payment schemes. Our Payment Solutions introduced Raast Person to Merchant (P2M) QR acquiring, onboarding select merchants during the pilot phase of this project that aims to expand national payments outreach. It plans to enhance POS transaction security by implementing the DRUPT Key injection technique.

MCB eGate (e-Commerce Services)

MCB eGate enables online businesses to securely accept payments from VISA, MASTERCARD, and Union Pay International debit and credit cards. The MCB Payment Solutions initiated the onboarding of UnionPay International (UPI) as a scheme in 2023, providing an additional payment channel for online clients/



customers. The online card acquisition footprint has substantially grown worldwide, with MCB Bank playing its role in developing the e-commerce market in the country.

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.



WBG Products and Services

MCB Burqraftaar

MCB Burqraftaar has solidified its position as a reliable choice for overseas Pakistanis seeking secure and efficient remittance services. A testament of the brand's success is the recent award received by MCB Bank at the PRI Awards 2023 in Malaysia, whereby the MCB Bank was honored as one of the "Leading Remittance Mobilizing Bank of Pakistan for FY 2023". The brand continues to spread its roots globally to ensure that when it comes to sending money back home to Pakistan, MCB Burqraftaar is the preferred choice of overseas Pakistanis.



MCB Burqraftaar Cash (Cash in Hand) is available via MCB Bank's entire branch network. Payments can be made from any of MCB'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 Lite Remit allows beneficiaries to receive money from their loved ones directly into their Mobile Wallet, from our global network of remittance partners. Money can be conveniently withdrawn from MCB Lite Card through MCB Bank branches, MCB ATMs, 1Link ATMs, or use the funds through the MCB Lite mobile app and POS terminals.

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.

MCB Collection Solutions



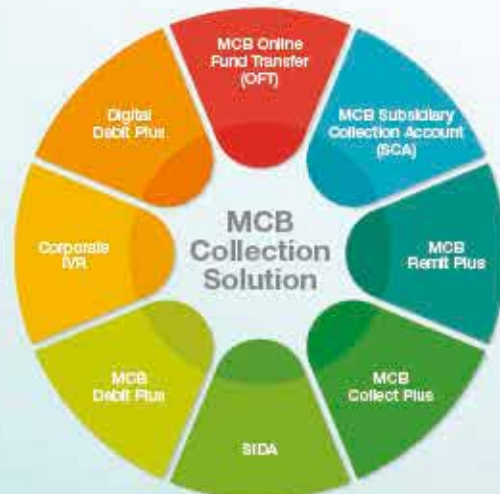
MCB Collection Solutions

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

MCB Remit Plus: 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 whos do not have an account with MCB Bank.
- Online method so dealers/distributors need not need to go 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.

Digital Debit Plus: An innovative digital banking solution where SIDA instructions of companies can now be done online for corporate convenience. Using this facility, corporates can access TBD's system through which they can execute their SIDA and obtain real time MIS of their transactions. They can process orders placed by dealers/distributors across Pakistan through any MCB accounts using TBD portal with convenience from their office premises. The facility will be provided to only the authorized users of the company for them to conduct their transactions. The benefits of Digital Debit Plus include:

- Real time MIS Reports for corporates
- SMS alerts for the dealers once Digital SIDA executed
- No need corporates to visit MCB branch to execute SIDA

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

TBD Other 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 Warrant 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.

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.

In summary, our Corporate Banking team serves as a trusted financial partner to businesses, offering a comprehensive suite of financial solutions and expertise to support their growth ambitions, manage financial risks, and drive sustainable success. As we continue to innovate and collaborate with our corporate clients, we remain committed to delivering exceptional value and driving long-term prosperity for businesses across diverse industries.

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 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



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.

Trade Services – Trading becomes convenient & faster

MCB Trade Services empower individuals and businesses to reach their highest potential by streamlining and customizing processes and product portfolio. We ensure that a comprehensive range of trade products and services will enable our customers to do their business successfully. Understanding the need of the hour, several initiatives were taken to encourage Export customers. Further, we have facilitated our customers to manage their Foreign Exchange requirements amidst the country-wide economic challenges.

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.

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

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 bank at a discount rate under the condition of not caiming 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

At MCB Wholesale Bank Bahrain, our primary objective is to align our financial portfolio with the dynamic demands of the market. With a focus on maintaining an optimal balance sheet size, we ensure responsiveness within the approved risk and return framework. Our franchise places emphasis on developing and implementing comprehensive policies and procedures to adapt to ever-evolving regulations. MCB Bahrain remains committed to prioritizing Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT), and compliance areas, fostering a secure environment for both customers and employees. The branch's future strategy is centered on the organic development and mobilization of liquidity, guided by gap assessments and approved internal policies and procedures.



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

MCB Current Account

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

MCB Savings Account

MCB Bahrain's Savings Account, denominated in international currencies (USD/AED/GBP/EUR), offers an attractive interest rate on deposits. Ideal for customers with higher balances, these accounts provide both flexibility and favorable returns for transactional needs.

Term Deposit

Available in international currencies (USD/GBP/EUR), our term deposits offer customers the flexibility to choose a tenor based on their investment needs. An appealing option for those seeking short to mid-term investment opportunities.

Syndicated Transactions

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

Loans and Advances

Providing financing for short-term or long-term facilities, MCB-Bahrain structures project-specific financing for clients in the region, ensuring comprehensive support for their financial needs.

Trade Finance

Offering a wide array of funded and non-funded trade finance facilities, including Letter of Credits, advising, confirmation, discounting of credit, documentary collection, bill discounting, and issuance of bank guarantees.

A photograph of a boat's steering wheel and rigging at sunset. The steering wheel is made of dark wood with a brass center. The rigging consists of thick wooden poles and ropes. The background shows a calm body of water reflecting the sunset sky, with a forested shoreline in the distance. The text 'CORPORATE INFORMATION' is overlaid in a white box in the center of the image.

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
Mr. Shariffuddin Bin Khalid
Shaikh Muhammad Jawed
Mr. Shoaib Mumtaz

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. Shariffuddin Bin Khalid

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

**Registrar's and Share
Registration Office(s):****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, 3rd floor, North Tower,
LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal,
Lahore, Pakistan.





EAST

BOARD OF
DIRECTORS







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. At present, the Nishat Group is one of the leading and most diversified 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. 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 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.

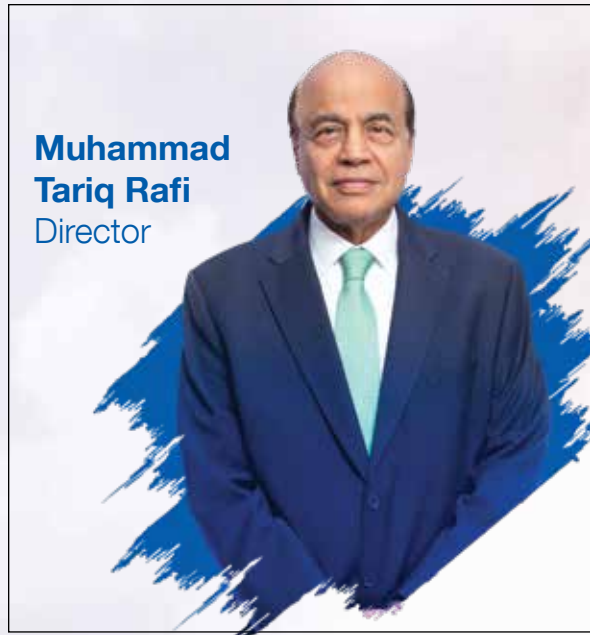
Pakistan's Civil Award, the Sitara-e-Imtiaz was conferred upon him in 2004 for his contributions to industrial development of Pakistan.

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 Trust Hospital, besides supporting Government of Punjab in their fight against COVID-19.

Other Directorships:

- MCB Non-Bank Credit Organization, CJSC, Azerbaijan.



**Muhammad
Tariq Rafi**
Director

Mr. 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 the member of Board's Write-off & Waiver Committee.

Other Directorships:

- Siddiqsons Limited;
- Siddiqsons Energy Limited;
- Siddiqsons Tin Plate Limited;
- TSM 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 and Monitoring Committee, Committee on Physical Planning & Contingency Arrangements, and Write-off & Waiver Committee and is also a member of Audit Committee and Risk Management & Portfolio Review 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 Dairy (Pvt) Limited;
- Nishat (Raiwind) Hotels and Properties Limited;
- Nishat Agriculture Farming (Pvt) Limited;
- Hyundai Nishat Motor (Pvt) Limited;
- Nishat Agrotech Farms (Pvt) Limited;
- Nishat Sutas Dairy Limited;
- National Textile Foundation.



Mrs. Iqraa Hassan Mansha has more than 15 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 and 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



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 28 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 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.

Other Directorships:

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



After graduating from the Lahore University of Management Sciences (LUMS), Mr. Yahya Saleem joined the family business as director of the Nishat Chunian Group by setting up a spinning mill in 1990. The company has since diversified into the weaving, home textile, power generation, and entertainment sectors. NCL ranks amongst the top 5 textile companies in Pakistan.

The group ventured into the power business in 2007 with a 200 MW Independent Power Plant (IPP), Nishat Chunian Power Ltd. The IPP provides electricity to the national grid. Both companies are listed on Pakistan Stock Exchange.

Together with his family, he has set up a Trust in the memory of Sheikh Mohammad Saleem which has set up a 200-bed tertiary care not-for-profit hospital in Lahore. The hospital is built to state-of-the-art international standards and provides subsidized health care to the underprivileged section of the city.

In 2015, he started a company by the name of NC Trading USA, which is a Cotton trading company based in the USA and actively sells US cotton to the leading textile mills in Pakistan.

In 2019, he was appointed as CEO and Director of NC Entertainment Private Limited which owns two Multiplexes, widely known as "Universal Cinemas", including the largest multiplex in Pakistan



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.



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 Group Chief Technology Officer for Maybank, Malaysia's largest Financial Services Institution. His previously held positions include 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 Maybank Shared Services Sdn. Bhd., MBB Labs Pvt. Ltd., MRANTI Corporation Sdn. Bhd. (formerly known as Technology Park Malaysia Corporation, Sdn. Bhd.) and Malaysian Global Innovation & Creativity Centre Bhd.

Notable awards received include being ranked top 3 CIOs in ASEAN in 2022 and 2021 by International Data Group (IDG)'s CIO 100, top 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 by PIKOM.

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



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.

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.



Mr. Masood Ahmed Puri is a multifaceted and accomplished senior executive with competencies in strategic and business planning, risk management and sound decision-making. He is the CEO and owner of different conglomerates in the field of logistics, shipping, supply chain, restaurants and textile within the GCC region for almost 45 Years. He started his career with Vegetable Ghee Industry in Pakistan but later on switched to logistics and shipping in the year 1976. He was hired as General Manager Finance in a logistics company in Saudi Arabia from where he took off and managed the overall operations of the Company. One after another, he kept on developing new businesses in the same field as well as diversified into textiles and restaurants all within the GCC region. Overall, he carries immense experience and exposure in various fields such as finance, corporate strategy, management, operations and most importantly on business start-ups.



Mr. Shariffuddin Bin Khalid was appointed as an Independent Non-Executive Director of Maybank on June 14, 2018. He serves as the Chair of the Board Sustainability Committee and Member of the Board Audit Committee and Board Compliance Committee.

He is a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom. He has over 30 years' experience in the banking and corporate sector. He had served in key positions in the corporate services, business development, corporate communications and human resource functions.

He was part of the pioneer management team tasked with the establishment of Pengurusan Danaharta Nasional Berhad ("Danaharta") during the 1998 Asian financial crisis. He served as General Manager, Communications and Human Resource, Danaharta, from its establishment in 1998 until 2005.

He joined Bank Negara Malaysia (BNM), the Malaysian Central Bank and banking industry regulator in 2008, as the pioneer Director of the Malaysia International Islamic Finance Center. In this position, he was responsible for planning and execution of strategies to position and brand Malaysia as an international Islamic financial center. He spent nearly 10 years at BNM and his final position was Director, Strategic Communications. This entailed the provision of strategic communication advice to the BNM Governor and senior leaders, planning and execution of major media and PR campaigns as well as Parliamentary responses and all media relations and e-communications work.

His current directorships within the Maybank Group include Maybank (Cambodia) Plc and Maybank Islamic Bhd. Currently, he also sits on the Board of Marine & General Berhad, a public company listed on the Main Market of Bursa Malaysia.



**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, Shaikh Muhammad 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



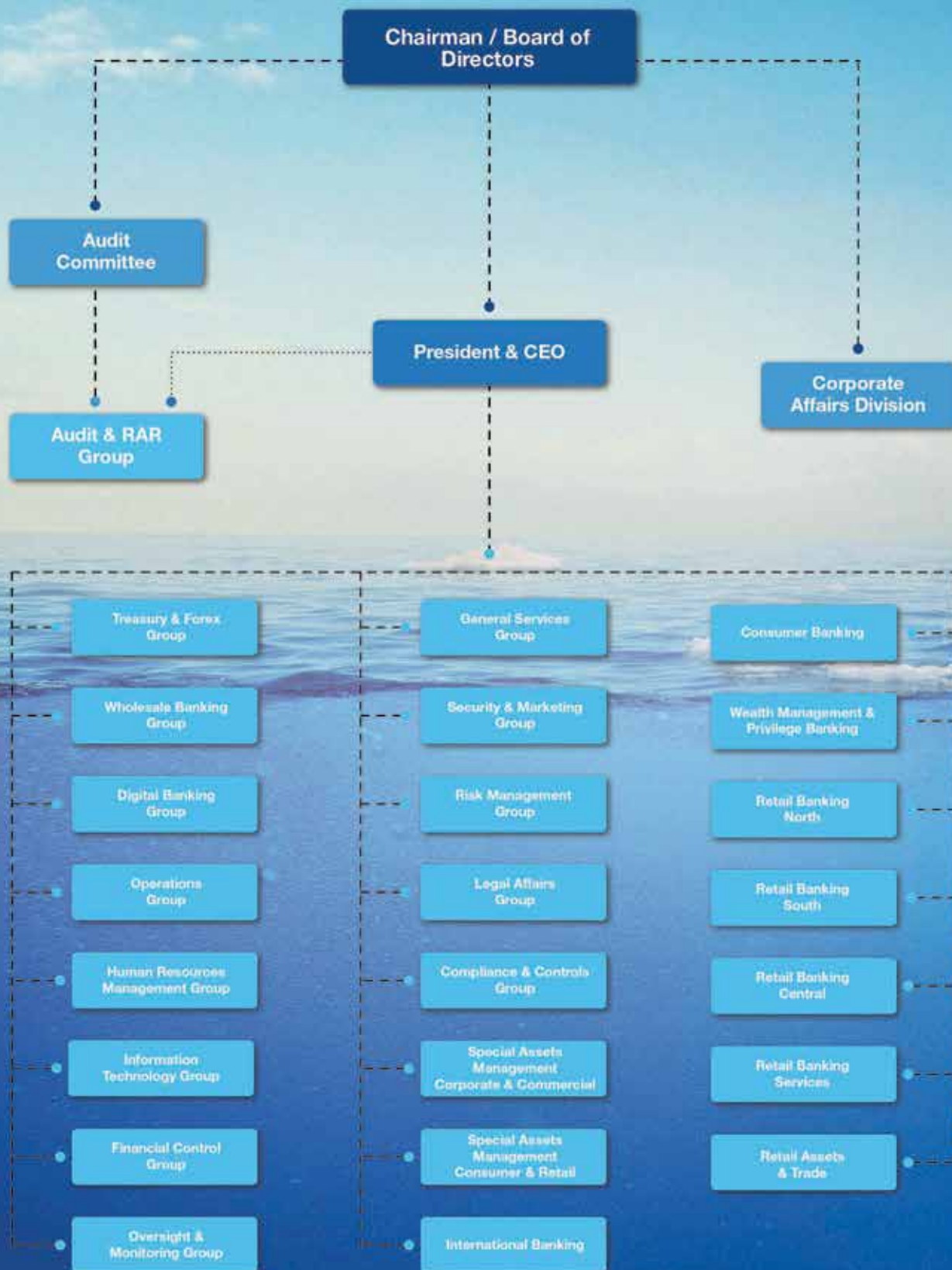
**Mr. Shoaib
Mumtaz**
President
& CEO

Mr. Shoaib Mumtaz is the President & CEO of MCB Bank Limited. Mr. Mumtaz completed his business degree from the United States of America and has a wealth of diverse experience in the field of Banking, both domestic and international, of over 30 years.

He has served the Bank in various senior roles, with his forte being retail business, credit, risk management, and corporate finance both domestically and in the Bank's international operations covering the United Arab Emirates, Sri Lanka, and Bahrain.

As the President of MCB Bank Ltd., his key priority has been to envisage and implement excellence in all areas of the Bank. Under his able leadership, MCB Bank has seen remarkable growth in all areas of business including an increase and improvement in corporate assets, development and creation of a strong footprint in the digital landscape for the Bank, while the Bank establishes itself as a leader in the industry and a trusted partner for all its stakeholder.

Mr. Mumtaz is actively involved in the community and serves as a Trustee/Chairman of MCB Employees Foundation. Through this role, he is making a positive impact on the lives of others and continues his efforts to give back to the community. He also serves as a nominee Director of MCB Non-Bank Credit Organization, CJSC, Azerbaijan, a subsidiary of MCB Bank Ltd., and MCB Investment Management Limited.



..... Administrative Reporting

----- Functional Reporting



ORGANIZATIONAL STRUCTURE





LEADERSHIP

— TEAM —



Front Row (Left to Right):

Centre Row (Left to Right):

Back Row (Left to Right):

Muhammad Haris Hasan, Usman Hassan, Muhammad Azfar Alam Nomani

Muhammad Ali, Adnan Aurangzeb Khan, Muhammad Nauman Chughtai,
Salman Yaqub Zaidi

Arif Abrar, Jawed Munshi, Muhammad Farooq Wasi, Hammad Khalid



Front Row (Left to Right):

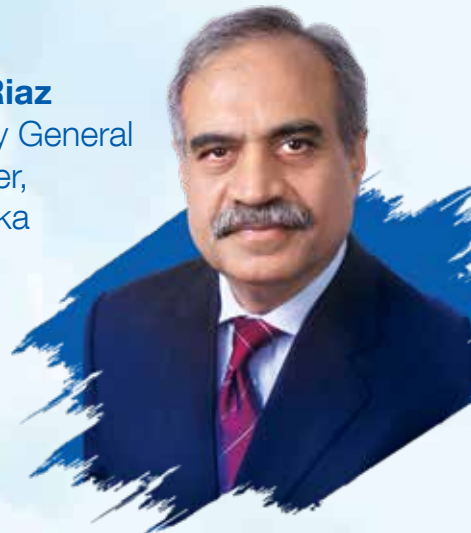
Centre Row (Left to Right):

Back Row (Left to Right):

Shoib Mumtaz, Malik Abdul Waheed, Farid Ahmad, Raza Ehsan
Hassan Nawaz Tarar, Waqas Mahmood, Shahzad Ishaq, Syed
Mudassar Hussain Naqvi
Omair Safdar, Faisal Anwar, Kashif Ali, Syed Sikander Zulqarnain,
Sultan Zeb Khan

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

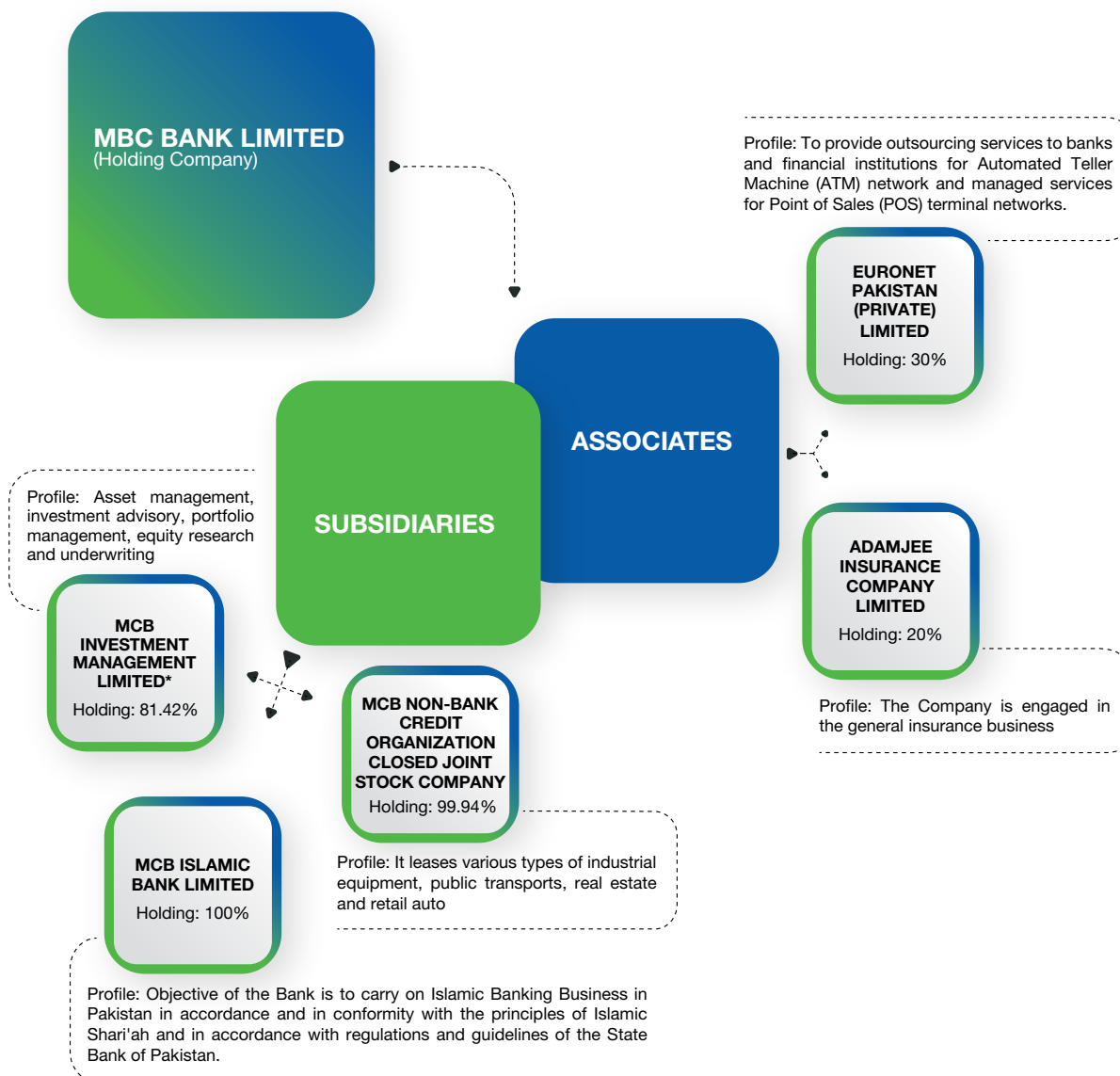
AAA

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.



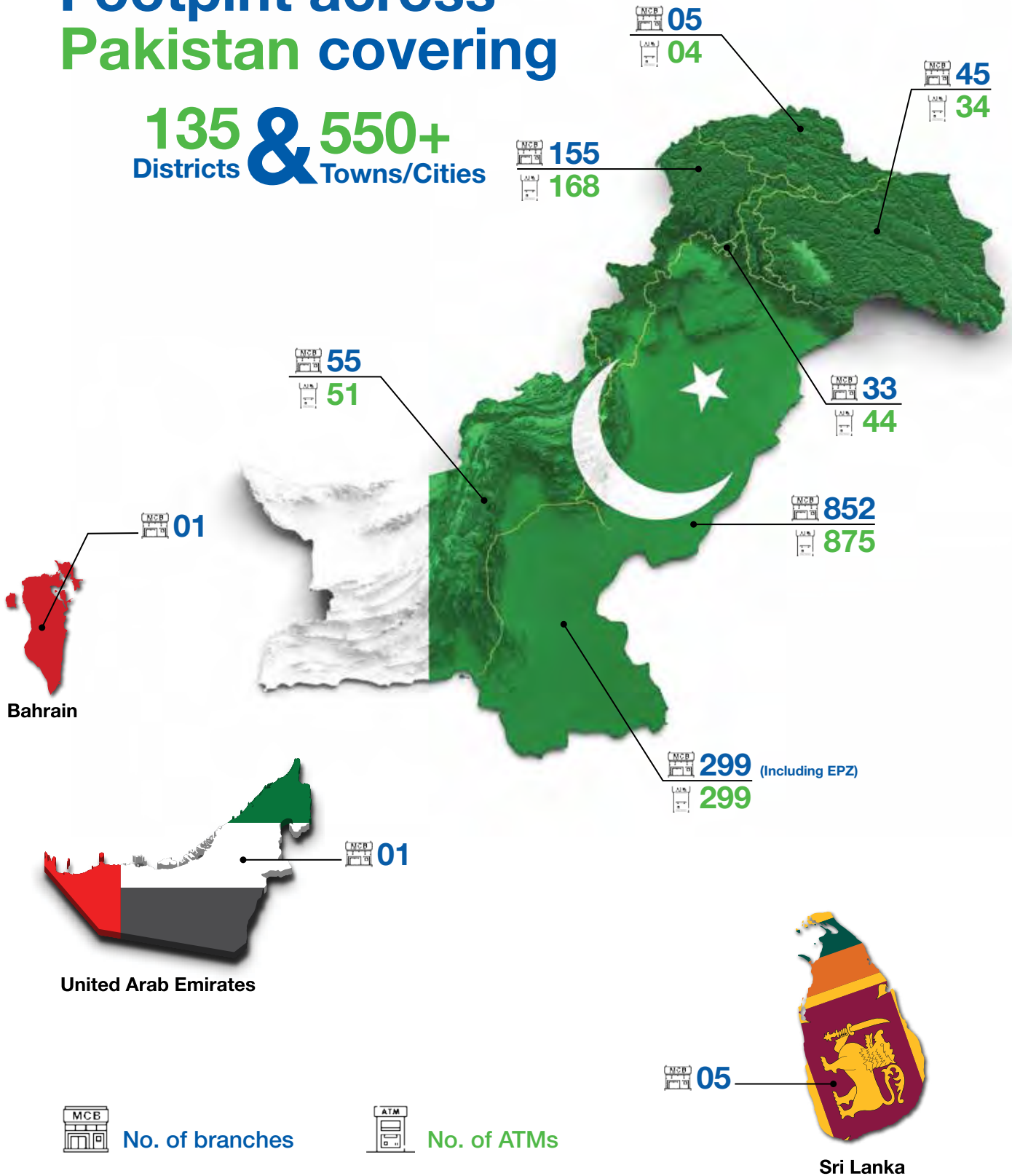
*formerly MCB-Arif Habib Savings and Investments Limited

Our Presence

The Bank operates a strong and vast network of over 1,440 branches (Including sub - branches) and over 1,470 ATMs in Pakistan and 7 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 1,600 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 overall performance of the Board of Directors in achieving Bank's strategic objectives.

The Board set the Bank's strategic aims to uphold and oversee the implementation of its vision, mission and core values and demonstrated high standards of business and professional conduct in supervising and managing the affairs of the Bank. During the year, the Board performed an in-house performance evaluation of the Board, its Committees, the Chairman, the President & CEO and Individual Directors. Last year, performance evaluation was conducted by external independent evaluator, M/s Pakistan Institute of Corporate Governance ("PICG"), as required once in every three years by the respective regulations.

The Board has always focused to safeguard the best interests of the Bank's shareholders. As part of this effort, the Board's properly structured Committees are in place, with each one having well-defined objectives and appropriate Terms of Reference; performing their respective roles effectively and efficiently.

The year 2023 was marked by geopolitical conflicts and tensions persisting in various regions with negative consequences for economies of the world. Uncertainties stemming from geopolitical tensions, trade disputes and climate related concerns have continued to impact financial markets worldwide. In this volatile environment, MCB Bank remained vigilant, ensuring focus on business and following prudent risk management policies and practices to safeguard our stakeholders' interests.

Locally, the economic landscape was marred by continuing twin deficits, high-interest rates and political uncertainty, which posed challenges for businesses and consumers alike. Persistent inflationary pressures and fluctuating exchange rates added to the complexities faced by the banking sector. Despite these headwinds, MCB Bank maintained its commitment to financial stability, providing reliable banking services and support to our valued customers.

Political stability is of paramount importance for economic stability and growth and thus, crucial for investor confidence. It is imperative that the government implements policies that promote economic stability and growth and foster an environment conducive for investment.

Stability in governance will ultimately lead to much-needed foreign direct investment in the country, fueling economic growth and job creation. MCB Bank remains committed to supporting the government's efforts towards economic development and prosperity for all citizens.

Amidst challenges, the year also presented exciting opportunities for innovation and growth. The rapid advancement of digital technologies including artificial intelligence (AI) have revolutionized the banking industry globally. Pakistan's banking sector is actively engaged in the digital transformation process, providing immense opportunities to better serve our customers.

I am immensely proud of MCB Bank's performance in 2023, a year marked by resilience, adaptability and record profitability. Despite macroeconomic conditions, the Bank posted highest ever Profit Before Tax (PBT) of PKR 125.2 billion. The Bank also rewarded the trust of our investors and shareholders through a declaration of a total cash dividend of 300% for 2023. Despite multiple challenges, we persevered, achieving remarkable milestones and surpassing expectations. During 2023, the Bank has contributed around Rs. 100 billion to the Government exchequer in the form of Income Tax, sales tax and various tax collected as withholding agent. The Bank channeled home remittance inflows of USD 3.2 billion as an important contributor to the national cause of improving flow of remittances through banking channels.

Going forward, our strong leadership and capable management team, equipped with extensive experience and expertise, are fully geared to navigate challenges and capitalize on opportunities and are thus poised to continue our journey of delivering excellence in banking services, fostering innovation and generating sustainable long-term value for our shareholders, customers and communities.

We remain optimistic about the future prospects of MCB Bank and are committed to upholding the highest standards of corporate governance and ethical conduct, ensuring sustainable growth and value creation for our stakeholders.

Mian Mohammad Mansha
Chairman
MCB Bank Limited



President's Review

2023 will be remembered as a challenging year around the globe; the complexities stemming from the aftermath of the pandemic and the Middle East's spiraling conflict continued to foster a feeling of uncertainty for businesses and consumers. Monetary tightening stance adoption by almost all major economies across the globe to control inflation, left the consumers coping with the higher borrowing costs. These conditions have made affordability a significant challenge for families and individuals while slowing the pace of growth and innovations of businesses.

We couldn't be prouder of what we have achieved together this year in our profitability matrices! From overcoming challenges to embracing opportunities, it has been an incredible journey. In the year 2022, the Bank adopted a strategy of tapering off high cost deposits and during 2023, the Bank while continuing with its strategy of low cost / no cost deposit mobilization has been able to add Rs. 427 billion to its total deposits base, being an unprecedented number. Factors fueling this growth include strategically defined initiatives of quality NTB onboarding, deepening of existing relationships, activation of dormant relationships, smartly designed KPIs coupled with constant focus on service quality.

Our track record of delivering superior returns to all our stakeholders continued this year as well. During 2023, our financial performance and strong capital position allowed us to return significant amount of capital to our shareholders in the form of dividends, totaling Rs. 36 billion. With a strong build up in core earnings the Bank reported its historic high Profit Before Tax of Rs. 125.2 Billion (+75%) and declared a 300% cash dividend for the year 2023. Assets of the Bank grew by 16% over last year and stretched to Rs. 2.43 trillion. Average current deposits of the Bank registered a highest ever growth of Rs. 180 Billion (+28%) in 2023, on the back of strategically focused drive. Analysis of the asset mix highlights that net investments increased by Rs. 271 billion (+28%) whereas due to subdued domestic demand gross advances decreased by Rs. 175 billion (-22%) over December 31, 2022.

Our results reflect the underlying strength emanating from the loyalty and trust of millions of relationships we have formed over generations with our customers. In comparison with 2022, net interest income increased to Rs. 148 billion registering an impressive growth of 69%, with Return on Assets (ROA) and Return on Equity (ROE) significantly improving to 2.64% and 31.60%, respectively. Continuing with our elite service standards we managed to achieve an excellent growth of 43% in our fee commission income whereas dividend income grew by 26% over last year. Despite exceptional inflationary pressures, the Bank continues to manage an efficient operating expense base with an increase of 25% over 2022.

Our capital is at industry-leading levels, significantly above the requirement of the regulator. We continue to prudently manage risk throughout the Bank while maintaining a strong risk management culture. Exceptional efforts have been made in reducing the delinquent portfolio with continuing improvements in credit quality across major consumer, commercial and corporate portfolios.

During the year, MCB Bank attracted home remittance inflows of USD 3.2 billion to further consolidate its position as an important contributor to the national cause of improving flow of remittances through banking channels. As one of the leading Banks in cash management, MCB Bank crossed the annual throughput milestone of four trillion and reported at Rs. 4.9 trillion in 2023. Our market share of foreign trade has significantly improved from 5.78% in 2022 to 8.06% in 2023. The Bank also facilitated overseas Pakistanis under the RDA initiative where the total inflows for the year 2023 summed up to USD 139 Million. During the year, our debit card spend increased by 57% whereas acquiring volume also grew by 87%.

Achieving growth in a no-cost current account base remained a key strategic objective of the Bank. Non-remunerative deposits grew by 28% to close at Rs. 871 billion in absolute terms as of December 31, 2023. The average current to total deposits ratio improved to 50.5% in the year 2023 as compared to 42.2% in the last year. Current Account-Savings Account (CASA) concentration was reported at 97%, an all-time high, whereas the total deposits of the Bank grew by 31% to close out the year at Rs. 1,805 billion, demonstrating the loyalty of our customers, earned through sustained provision of quality services.

MCB remained active throughout Pakistan, UAE, Bahrain and Sri Lanka through our network of 1,438 branches and 1,475 ATMs. During the year, our Account Base grew to 8.8 million accounts demonstrating our customer's confidence in MCB. The Bank along with its wholly-owned Islamic Bank subsidiary is operating the 2nd largest network of branches across Pakistan. In order to strengthen our international footprint and our outreach beyond our existing network, the Bank continued to explore investment opportunities within and outside Pakistan. We continued to offer accessible banking infrastructure for differently-abled persons to support equitable access to banking and financial services.

Our technology infrastructure is leading us to superior business outcomes, improved operational efficiencies and exceptional client experiences. With a well framed infrastructure in place, we improvise and constantly upgrade innovative digital solutions in our banking products and services for enhanced user experience. MCB's Digital Platform "MCB Live" being the most comprehensive, stable and flexible payment ecosystems welcomed more than 375k new customers during year 2023. MCB is determined to provide high quality products and services best suited to the diverse needs of our customers. In 2023, MCB Investment Services and MCB Bancassurance businesses paved way through fresh sales of Rs. 19 billion and Rs. 2.2 billion, respectively.

MCB is well positioned to benefit from the transformation that is taking place in the banking landscape with higher interest rates, intense pressure on volumes and technology driven exciting developments. Being on the front line in the fight against financial crimes we remained committed to further solidify our controls, conducting business process reviews and digitization of backend processes to enable an effective control environment. We understand and acknowledge the dynamic phase, challenging us to become faster, more responsive and more innovative in serving our customers.

MCB Bank has again demonstrated itself to be one of the best banks in the country with strong financial resilience, operational excellence and as a responsible corporate citizen. Our efforts to improve internal operational environment of MCB Bank were aptly recognized at different forums. Strength of our Bank was also reassured by the Pakistan Credit Rating Agency (PACRA), which maintained its credit ratings at AAA [Triple A] for long term and A1+ [A one plus] for short term, respectively. The Annual report of MCB Bank was adjudged Second by the committee of the Institute of Chartered Accountants of Pakistan & Institute of Cost and Management Accountants of Pakistan (ICAP/ICMAP) in the financial sector category. MCB has won this award 12 times in the last 14 years with 10 consecutive wins.

Providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers is our mission. Be it a child or a student wanting to open his first account, a young professional planning a digital transaction, a family planning on purchasing a house, a business owner desiring to expand or a retiree intending to invest for the future, we are always there offering them our well designed products and services that can best fulfil their needs. Building personalized relationships while helping customers is the core of our business. We will continue to put in our best to meet the expectations of our customers, shareholders, employees and regulators.

In the end it comes down to delivering what our customers need and doing it flawlessly over and over again. I am proud of MCB and its people that have brought us to where we are today, and I am excited about where we are heading from here. I extend my heartiest gratitude to the Chairman and Board of Directors for their vision, foresight and guidance for making 2023 yet another successful year. I would also like to thank State Bank of Pakistan and other regulatory bodies for their continued support and our shareholders for their trust and belief in us.

Shoaib Mumtaz
President & CEO
MCB Bank Limited

MCB Overview

Branches

1,431 Domestic
Branches across
Pakistan incl. EPZ:1

Global Presence

7 International
branches in 3
countries

Customers

Over **8.8** million
customer accounts

ATMs

1,475 ATMs all
across Pakistan

Market Share Deposits

5.92%
Domestic Industry
Deposits

Market Share Advances

4.71% of
Domestic Industry
Advances

Market Share Home Remittance

12.32%

Market Share Trade

8.06%

Credit Rating

Long Term - **AAA**
Short Term - **A1+**

Cash Dividends

Rs. **30**/share

Branch Network

2nd highest
branch network
on consolidated
basis (including MIB
branches)

Market Capitalization

3rd highest market
capitalization in the
industry
PKR **204.5** Billion
Dec 31st, 2023

Highlights 2023

PBT

PKR 125.24 Billion
(+75%)

PAT

PKR 59.63 Billion
(+82%)

ROA

2.64%

ROE

31.60%

Assets

PKR 2,427.2 Billion
(+16%)

**Non-Markup
Income**

PKR 32.92 Billion
(+34%)

**Total
Deposits**

PKR 1,805.39 Billion
(+31%)

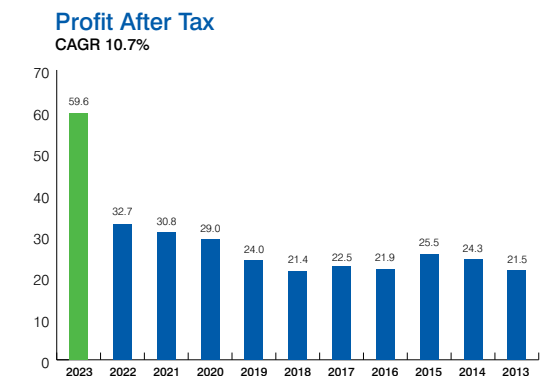
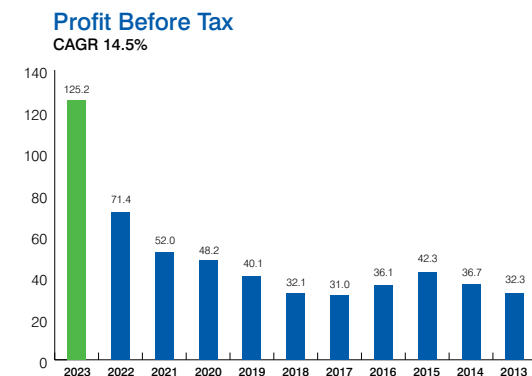
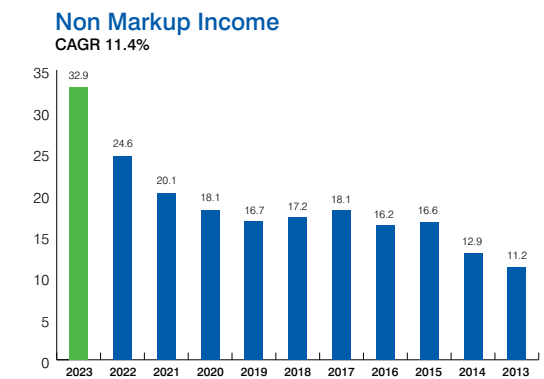
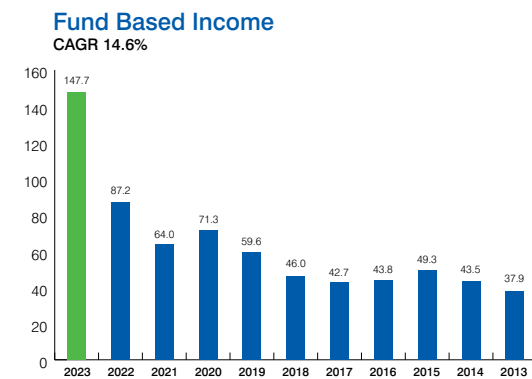
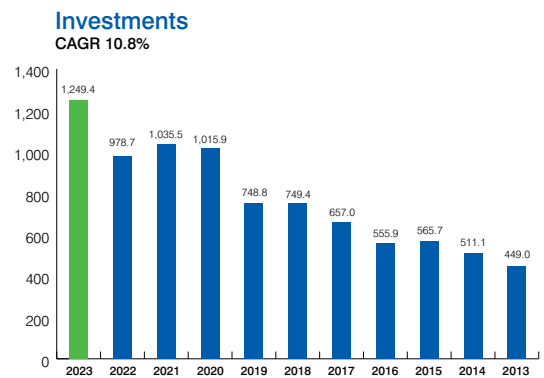
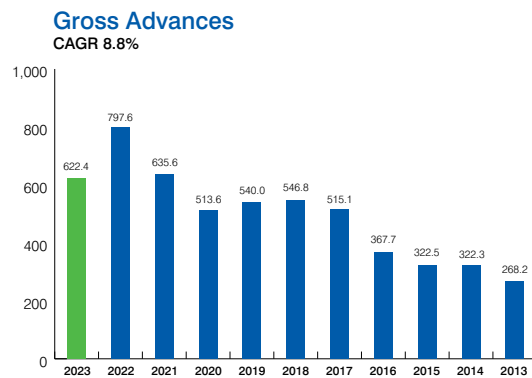
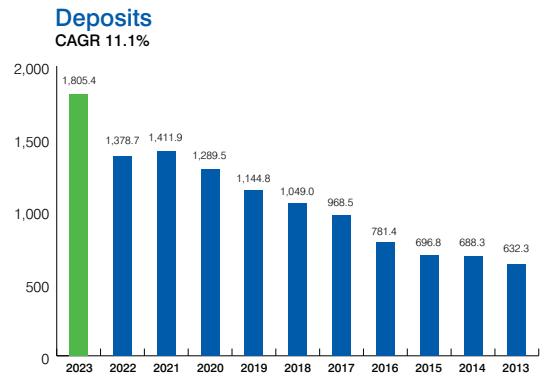
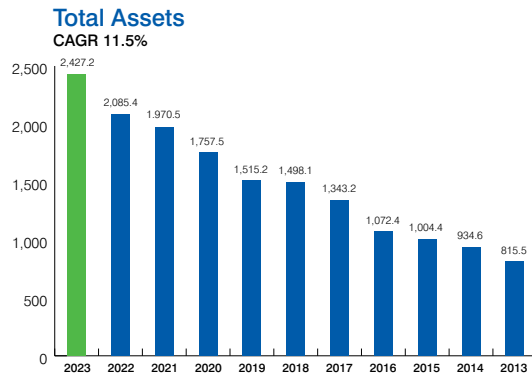
**Current
Deposits**

PKR 870.63 Billion
(+28%)

**Runner Up of BCR Award - 2022 by ICAP/ICMAP
(Banking Sector)**

Financial Performance 2013 - 2023

10 Years Trend - Rupees in Billion



Forward Looking Statement

The Annual Report of MCB Bank Limited carries forward looking statements in its different sections; since there are uncertainties related to the occurrence of future events, these should be read in conjunction for decision making by the users of the Annual Report. Forward looking statements contain words such as expect, anticipate, believe, seek, will, may, would, presume, assure, hope, so on and so forth. A forward-looking statement naturally addresses matters that are, to certain degrees, uncertain and may not happen. In most cases, a forward-looking statement is made in respect of Bank's expected income, earnings, business growth, horizontal expansion, cost structure, capital structure, dividends etc.

Pakistan's Economic Outlook

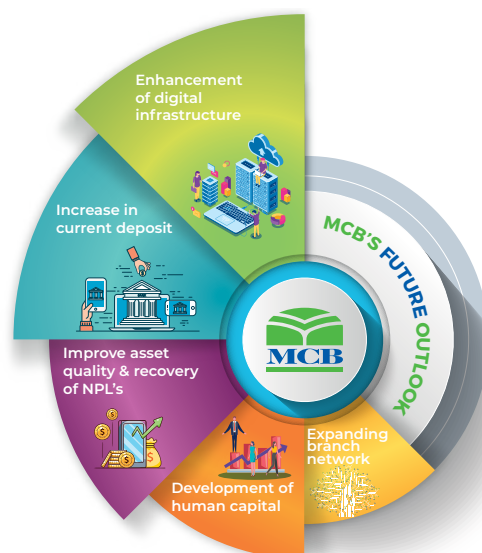
On the back of moderate economic recovery posted in the first half of FY 23-24, primarily led by the agriculture sector, SBP is projecting Pakistan's real GDP growth for the ongoing fiscal year to remain range bound between 2% to 3%. The momentum in industrial sector is expected to pick up; as reaffirmed from the 21-month high large-scale manufacturing (LSM) output recorded in December 2023, on the back of rising capacity utilizations in the manufacturing sector and improving business sentiment.

On the external front, a notable current account surplus recorded in December 2023 (reducing the current account deficit in the first half of FY 23-24 by 77% on a year on year basis) together with significant financial inflows, including the latest USD 700 million tranche release under IMF's Stand-By Arrangement (SBA), has provided much needed support to the dwindling foreign exchange reserves; improving their level to USD 8.217 billion by January 2024.

However, the country continues to grapple with substantial sovereign debt and an unsustainable debt-servicing burden; external debt accounted for 36.5% of the Pakistan's nominal GDP in 2023 while the government debt-to-GDP ratio reached 89%, underscoring the challenges of managing fiscal responsibilities and foreign inflows. Any unforeseen delays in the realization of official financial inflows, sustained rally in global commodity prices amidst escalated geopolitical tensions in the Red Sea region and failure in materialization of FDI inflows shall keep external position and currency parity in check.

The country's economic trajectory remains engulfed in a multitude of challenges. Achieving political stability through a smooth transition in the democratic power remains a key determinant to economic turnaround; hence, further emphasizing the need for developing a unified national agenda to target reforms in addressing structural issues and 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 headwinds in 2024. 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 managing 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 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.

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

Quantitative Projections

Outlook	Key Risks Going Forward
Deposit mobilization to exceed growth level achieved in 2023.	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 on the back of high interest rates.
Net Interest Margin (NIM) to increase from the 2023 level.	Risk of slower than expected deposit mobilization and advances growth; increase in net interest margin not realized in line with the expected yield curve movements.
Non Markup Income to achieve double digit growth.	Risk of lower than anticipated growth; as transactional volumes decline due to moderate economic activity amidst 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, higher commodity prices and elevated inflationary pressures to translate 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 slowdown in economic activity.
Constant / stable dividend payout to be maintained.	Regulatory restrictions impacting 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 increase in the discount rate will initially have an adverse impact on Bank's net interest income due to the repricing lag between earning assets and liabilities. However, as the rate stabilizes, the net interest margins will improve and have a positive impact on Bank's profitability. The impact of interest rate sensitivity on the banks profitability has been disclosed in note 46.2.4 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 policy 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 Management' sections of the Annual Report.

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

Detail of last year projects	Status
Technical Upgradation of Oracle Financial Suite	Complete
Replacement of 1050 ATMs	Complete
Integration of 3rd party insurance and investment services in MCB Live	Complete
Centralized Branch Remote Monitoring	Complete
Migration of Debit Card portfolio from 6 digit to 8 digit BIN	Complete
Warehouse Inventory Management System	In Process
Card-less Bio-metric transactions through ATM	In Process
Rosetta Replacement Project – E2E Digital A/C opening at branches	In Process
Enterprise Fraud Risk Management System	In Process
Automated Screening Solution for Dual Usage Goods	In Process
ATM Security Enhancement (PCI Certification)	In Process

Performance of the Bank against Forward-Looking disclosure of 2023 as Presented in the Annual Report 2022

Forward-looking disclosure for 2023 as presented in annual report 2022	Performance of the Bank in 2023 against forward-looking disclosure
<p>Pakistan's banking sector is expected to face headwinds in 2023, on the back of slowing economic growth and rising interest rates impacting quality of assets.</p> <p>However, the Bank through its focused on customer centricity and aided by a strong digital transformation drive, is expected to perform well in these economically challenging times.</p> <p>To supplement the core deposit drive, the Bank will focus on conversion of Home Remittances, soliciting quality NTBs, retention / deepening of existing deposits, onboarding Cash Management, Collection and Payroll & Mandates. Disciplined implementation of policies and procedures in ensuring compliance and control culture along with creation of operational efficiencies shall remain focus areas.</p> <p>We would continue to improve our asset quality. Credit appetite 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 manage excess liquidity through strategic re-profiling of the investment book in an evolving yield curve scenario.</p>	<p>During the year under review, MCB posted its highest ever profit before tax of Rs. 125.241 billion. With the average tax rate reaching 52.4% for the year, Profit After Tax (PAT) was reported at Rs. 59.631 billion and translated into an Earning Per Share (EPS) of Rs. 50.32 as compared to an EPS of Rs. 27.63 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 remarkable growth of 33.73% in the non-markup income block; • efficient management of the operating expenditure base; and • provision reversal against non-performing loans through proactive monitoring and concerted recovery efforts. <p>An analysis of the interest earning assets' highlight that the gross markup income on advances and investments increased by Rs. 44.552 billion and Rs. 73.180 billion respectively; primarily on account of improving earning margins due to 55% (726bps) increase in the average policy rate during the year (from an average of 13.20% in 2022 to 20.46% in 2023).</p> <p>On the liabilities side, deposit mix continued its transformation; with the average current account concentration improving to 50.49% on the back of Bank's strategic drive. Hence, increase in cost of deposits was restricted to 240bps over the corresponding year.</p> <p>The non-markup income block of the Bank grew by a remarkable 33.73% and aggregated to Rs. 32.916 billion against Rs. 24.613 billion in the corresponding year. The major contributions came in from fee & commission and dividend income which grew by 42.63% and 25.53% respectively, 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; MCB attained its highest ever card-in-force (CIF) activation rate of 73% while the Debit card retail spent recorded a record growth of 59% to reach Rs. 54 billion. The market share of foreign trade has significantly improved from 5.78% in 2022 to 8.06% in 2023. During the year, acquiring volume grew by 87%. As one of the leading Banks in cash management, MCB Bank crossed the annual throughput milestone of Rs. 4 trillion and reported at Rs. 4.9 trillion in 2023.</p>

Forward-looking disclosure for 2023 as presented in annual report 2022	Performance of the Bank in 2023 against forward-looking disclosure
<p>Digital transformation is imperative to support enhanced customer experiences deducible from adoption of advanced e-banking avenues. The Bank's transformation strategy is focused on technology, processes, data analytics led transformation and more importantly, changing the entire culture within the Bank towards more technology driven solutions in day-to-day operations. We would continue to lead the 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. 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 it with the evolving business dynamics. MCB has initiated the process of establishing a digital-based consumer asset management service platform for individual customers to provide enriched customer experience along with reduced turn-around-time. The bank is geared up to launch MCB eStore, a product line extension of eGate, that will offer easy onboarding to small & medium sized businesses intending to start online business.</p> <p>Driving customer centricity remains a key area of focus for the next year; we will direct investments towards empowering employees to drive a pleasant service experience across all customer 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 our 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. We would acutely remain conscious in attracting and retaining the best talent pool in the industry.</p> <p>We are committed in maintaining our unique positioning, of diversified financial institution with a robust heritage and strong reputation, through enriched service offerings and financially viable products tailored to meet requirements of our esteemed customers; hence, enabling us to serve both our existing and next-generation customers in the coming years while simultaneously translating the underlying financial strength of the entity into profits.</p>	<p>The Bank operated in Pakistan, UAE and Sri Lanka with its diverse network of 1,451 branches (including 13 sub-branches) and more than 1,470 ATMs.</p> <p>Facilitation of overseas Pakistani's under the RDA initiative, Sohni Dharti Remittance Program (SDRP) 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 7.5 million cash over counter (COC) and account to account (A2A) remittance transactions, attracting cumulative inflows in excess of USD 3.2 billion.</p> <p>The Bank continues to manage an efficient operating expense base and monitor costs prudently. Despite exceptionally high inflation, impact of currency devaluation and continued investments in human resources, branch network and technological upgradation, growth in operating expenses was contained at 25%; indicative of Banks circumspect approach to manage strategic tradeoff between short term tactical cost reductions and long-term cost initiatives.</p> <p>On the provision side, the Bank made continued progress on its strategic path and recorded its highest ever cumulative recoveries of Rs. 3.83 billion by settling 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. 2.4 trillion (+16.39%). Return on Assets and Return on Equity improved to 2.64% and 31.60% respectively, whereas the book value per share was reported at Rs. 174.35.</p> <p>Deposits of the Bank registered a historic growth of Rs. 426.67 billion; with current deposits growing by Rs. 191 billion while the saving deposits book registering an increase of Rs. 235 billion. Key factors fueling this splendid deposit growth included strategically defined initiatives of quality NTB (New to Bank) onboarding, deepening of existing relationships, activation of dormant relationships and smartly designed KPIs coupled with constant focus on service quality.</p>

Forward-looking disclosure for 2023 as presented in annual report 2022	Performance of the Bank in 2023 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. During the year under review, integration with MCB Funds enabled customers to directly invest in a variety of funds on offer, by leveraging MCB Live’s digital banking platform.</p> <p>To enhance knowledge and skillset of its work force, 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 2023 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.

The chronic issues faced by Pakistan persist and pose a challenge to the overall economic growth of the country; and in turn the banking sector, being inextricably interlinked. With persistently high levels of inflation and a precarious external account outlook, adhering to IMF conditions will be inevitable for ensuring fiscal discipline and moving out of the current economic downtrend.

The recently witnessed resurgence in economic activity is indicative of a trend reversal in the recessionary cycle. Food and core inflation’s have been moderating for the past few months, reflecting positive impacts of a tight monetary policy stance; duly supported by the ongoing fiscal consolidation and improved domestic crop output and supplies.

Barring any unforeseen inflationary outruns and owing to a high base effect, SBP's projection for inflation in the short term remains range bound between 23% to 25%, while it is expected to trend down noticeably in FY 24-25; current real policy rate being significantly positive on the 12-month forward looking basis. Hence, the Bank expects easing of the monetary policy stance i.e. reduction in the discount rate after a period of pause.

A market-based exchange rate is one of the key conditions agreed upon by Pakistan under SBA with the IMF. Pakistan's external financing needs will remain high in the medium term, exerting pressure on its foreign exchange reserves, hence with respect to PKR parity, we expect the currency to devalue further.

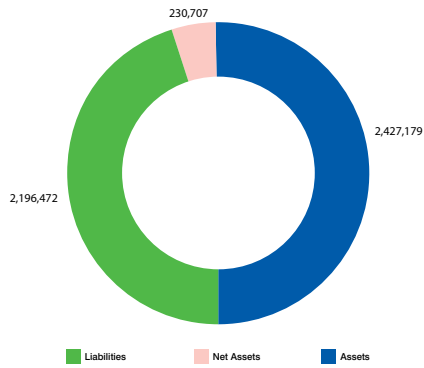
Our Response to Critical Challenges and Uncertainties

MCB remains well poised to respond to all critical challenges and uncertainties emanating from the realization of various systematic and idiosyncratic risks by capitalizing on its stable funding structure, ample liquidity buffers, resilient capital base, brand image and legacy established over a period of 76 years and a pragmatic business strategy.

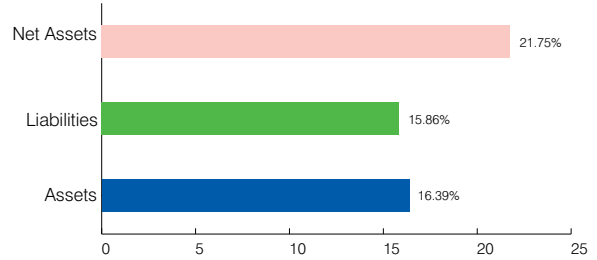
For details on Bank's readiness to respond to critical challenges and uncertainties, please refer to the 'Risk Management Framework', 'Business Continuity Management' and 'External Environment, Strategy & Resource Allocation' sections of the Annual Report.

Graphical Presentation of Financial Statements

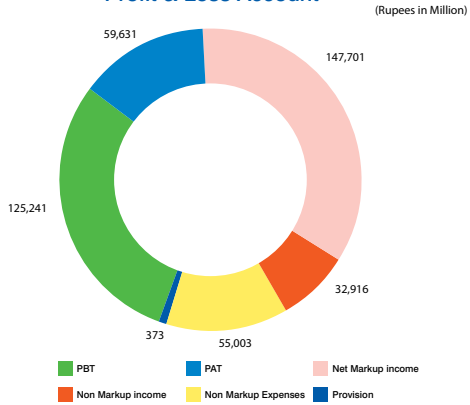
Statement of Financial Position (Rupees in Million)



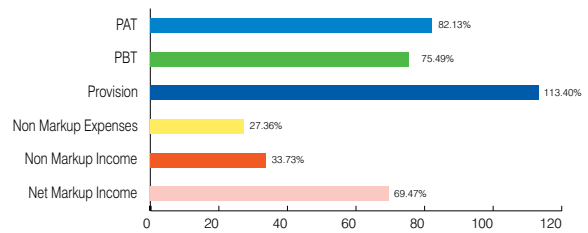
Variance from YE 2022



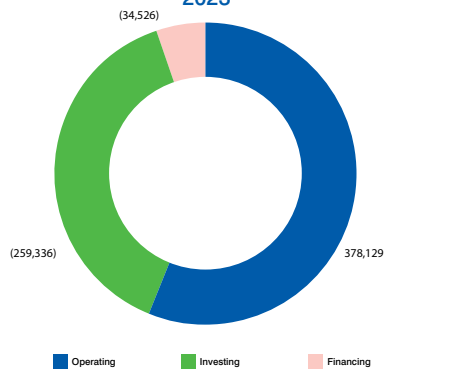
Profit & Loss Account (Rupees in Million)



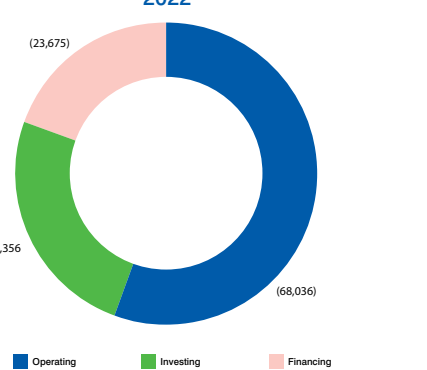
Variance from YE 2022



Cash Flows 2023 (Rupees in Million)



Cash Flows 2022 (Rupees in Million)



Analyses of Assets and Liabilities

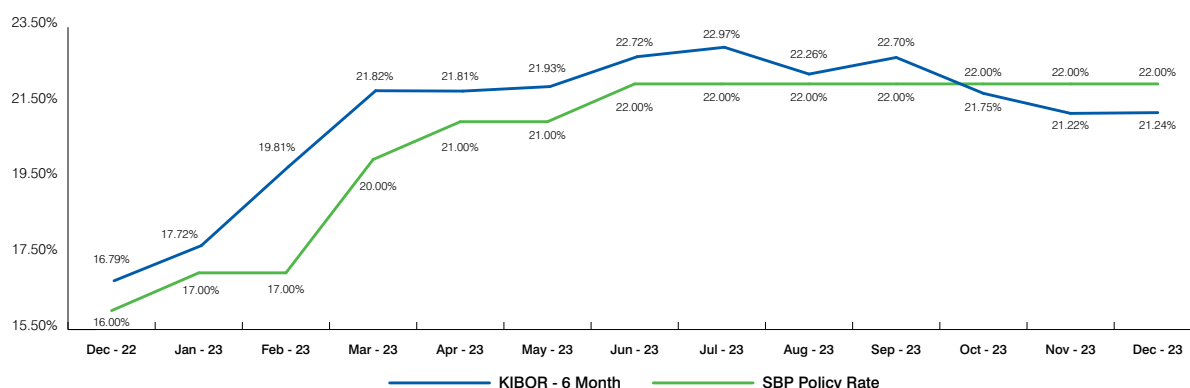
Maturities of Assets and Liabilities

	2023	Upto 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
Assets (PKR Mln)						
Cash and balances with treasury banks	170,717	170,717	-	-	-	-
Balances with other banks	35,073	35,073	-	-	-	-
Lendings to financial institutions	96,213	94,383	1,830	-	-	-
Investments - net	1,249,439	42,893	471,343	349,553	207,522	178,128
Advances - net	577,864	155,753	59,524	156,366	95,245	110,976
Fixed assets	82,821	1,360	4,390	8,405	5,425	63,241
Intangible assets	1,036	220	659	157	-	-
Other assets - net	214,016	169,588	25,542	9,301	9,585	-
	2,427,179	669,987	563,288	523,782	317,777	352,345
Liabilities (PKR Mln)						
Bills payable	25,096	25,096	-	-	-	-
Borrowings	216,611	155,557	18,035	7,102	7,176	28,741
Deposits and other accounts	1,805,387	244,153	98,093	878,541	438,464	146,136
Deferred tax liabilities - net	101	455	(1,701)	698	3,441	(2,792)
Other liabilities	149,277	73,941	41,286	11,953	15,952	6,145
	2,196,472	499,202	155,713	898,294	465,033	178,230

*Based on Expected Maturities

Key Interest Bearing Assets and Liabilities

	2023			2022		
	Avg. Vol (Mln)	Effective interest rate %	Interest (Mln)	Avg. Vol (Mln)	Effective interest rate %	Interest (Mln)
Interest Earning Assets						
Lendings to Financial Institutions	84,274	14.08	11,866	57,544	6.81	3,918
Gross Advances (excluding NPLs)	617,102	17.89	110,387	578,486	11.38	65,835
Gross Investments (excluding equity investments)	1,111,652	18.32	203,612	1,050,924	12.41	130,432
Interest Bearing Liabilities						
Deposits (excl. current deposits)	800,314	17.44	139,597	871,833	10.78	93,996
Borrowings	253,734	14.13	35,850	219,704	7.39	16,239



Analyses of Financial & Non Financial Performance

Financial Highlights

Gross markup income reported an increase of Rs. 127.294 billion for the year 2023 when compared with 2022. Income on advances increased by Rs. 44.552 billion, primarily on account of increase in yield by 651 bps; coupled with increase in average volume of advances by Rs. 38.616 billion. The markup income on investments also reported an increase, amounting to Rs. 73.180 billion, due to increase in yield by 590 bps along with increase in average volume of investment by Rs. 60.727 billion.

Mark-Up/ Return / Interest Earned	Rs in million			
	2023	2022	Variance	
			Amount	% age
Loans and advances	110,387	65,835	44,552	68%
Investments	203,612	130,432	73,180	56%
Lending's to financial institutions	11,866	3,918	7,948	203%
Balances with banks	2,193	579	1,614	279%
	328,058	200,764	127,294	63%

The Bank reported an increase of Rs. 66.749 billion over last year in markup expense. Mark up expense on deposits increased by Rs. 45.601 billion, whereas markup expense on borrowings increased by Rs. 19.611 billion.

Cost of deposits increased by 240 bps due to higher average policy rate during the year (average policy rate registered an increase of 726bps during the current year; from an average of 13.20% in 2022 to 20.46% in 2023).

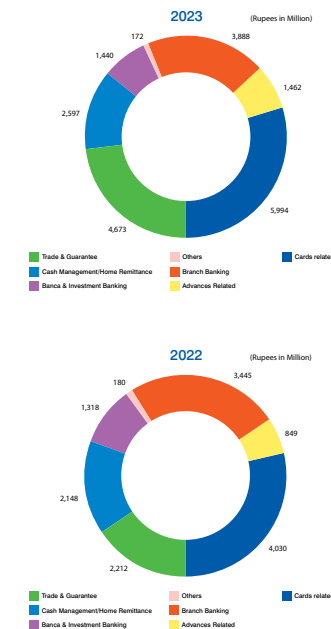
Mark-Up/Return / Interest Expensed	Rs in million			
	2023	2022	Variance	
			Amount	% age
Deposits	139,597	93,996	45,601	49%
Borrowings	35,850	16,239	19,611	121%
Cost of foreign currency swaps	3,549	2,198	1,351	61%
Unwinding cost of lease liability against right-of-use assets	1,361	1,174	187	16%
	180,357	113,607	66,750	59%

The non-markup income block of the Bank was reported at Rs. 32.916 billion; with major contributions coming in from fee & commission, foreign exchange and dividend income. Fee & commission income reported significant increase of 43% 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 61%.

Non Mark-Up / Interest Income	Rs in million			
	2023	2022	Variance	
			Amount	% age
Fee and commission income	20,227	14,182	6,045	43%
Dividend income	3,030	2,414	616	26%
Foreign exchange income	8,462	9,159	(697)	-8%
Income from derivatives	16	33	(17)	-52%
Gain / (loss) on securities	813	(1,464)	2,277	-156%
Other income	368	290	78	27%
Total non-markup / interest Income	32,916	24,614	8,302	34%

The Bank continues to manage an efficient operating expense base and manage costs prudently. Despite exceptionally high inflation, impact of currency devaluation and continued investments in human resources, branch

Fee Commission Income



network and technological upgradation, operating expenses of the Bank were recorded at Rs. 51.8 billion; growing by 25% over last year.

Performance against Targets

During 2023, the Bank has achieved its budgeted target for total deposits and profitability. Further, Bank's current year's performance against targets disclosed in the Annual Report of 2022 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 'Strategy and 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' sections of the Annual Report.

Explanation of negative change in the performance against prior year

During the year under review, SBP continued with its restrictive monetary policy stance in order to address the prevailing domestic uncertainty and external vulnerabilities. Amidst historically high interest rates, growth in private sector credit (PSC) recorded a slowdown. This coupled with changes in regulation impacting ADR based taxation and Bank's focus on managing credit risk and consequently, the asset quality, within confines of its defined risk appetite translated into a lower than envisaged growth in Bank's gross advances; recording a decline of 22% to reach Rs. 622 billion as on December 31, 2023.

Non-Financial Highlights



NUMBER OF BRANCHES

1,438

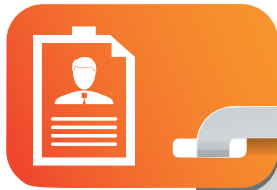
ABSOLUTE



NUMBER OF ATMs

1,475

ABSOLUTE



NUMBER OF ACCOUNTS

8,826,027

ABSOLUTE



HUMAN RESOURCES

14,420

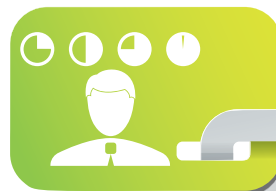
ABSOLUTE



TRAINING PARTICIPANTS

54,252

ABSOLUTE



TRAINING DAYS

49,912

ABSOLUTE

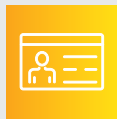
Non-Financial Highlights



Human Capital

Our employees, numbering 14,420 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



			2023	2022	2021
Average number of employees	Absolute	▲	14,249	13,962	13,605
Investment in training	Rs. In million	▲	89.00	62.20	35.41
Staff strength	Absolute	▲	14,420	14,341	13,849
Staff turn over ratio	%	▲	16	19	14
Promotions	Absolute	▼	1,508	4,013	2,248
Number of training participants	Absolute	▲	54,252	51,047	39,030
Female staff ratio	%	▲	18.54	18.25	16.90
Training days	Absolute	▲	49,912	46,555	28,092

Human Resource Accounting Policy

At MCB Bank we believe in pursuing a modern 'Human Resource Accounting Policy (HRA)' which encapsulates accounting of the 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



			2023	2022	2021
Capital expenditures on physical and digital infrastructure	Rs. in million	▲	7,452	4,598	3,121
Domestic Branches (exc. sub-branches)	Absolute	▼	1,430	1,439	1,426
Overseas Branches	Absolute	▼	8	9	11
ATMs	Absolute	▼	1,475	1,484	1,454
MCB Live customers	Absolute	▲	1,093,519	713,821	*125,900

*MCB Live was launched in December 2021



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 2023 we have focused on following points to enhance of 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



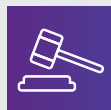
			2023	2022	2021
ATM uptime	%	▲	98	97	98
Independent Directors on the BoD	Absolute	◀▶	4	4	4
Net Promoter Score (NPS)	%	◀▶	16%	16%	-



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



			2023	2022	2021
No. of branches monitored under real time IoT based fuel management & monitoring system.	Absolute	▲	976	568	-
Solarization of branches	Absolute	▲	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



			2023	2022	2021
No. of accounts	Absolute	▲	8,826,027	8,586,001	8,372,786
Customer Satisfaction Index	%	▲	91	90	90
Dividends to Shareholders	Rs. In million	▲	35,552	23,701	22,516
Education Allowance	Rs. In million	▲	29	27	29
Staff Capacity Building & Trainings	Rs. In million	▲	89	62	35
Contribution to National Exchequer	Rs. In million	▲	60,787	28,106	21,497
Contribution To Staff Welfare Fund	Rs. In million	▲	5	1	5
Donation	Rs. In million	▲	21	1	8
Plantation	Rs. In million	▲	27	25	23

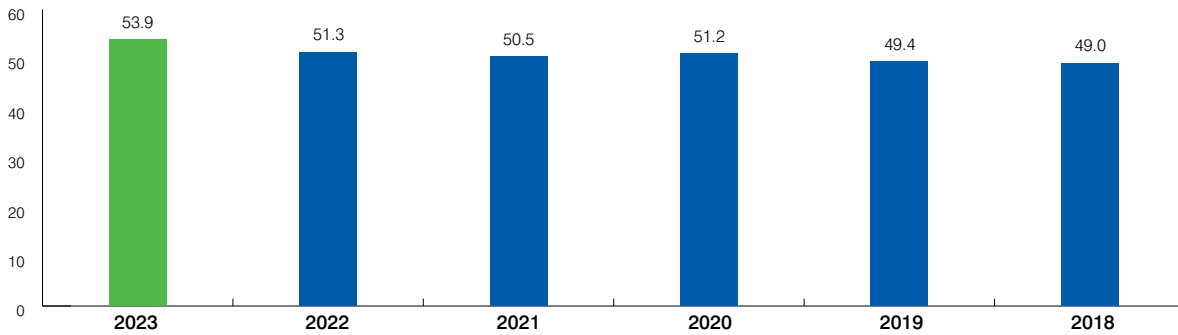
Non - Performing Loans

Rs. in Million

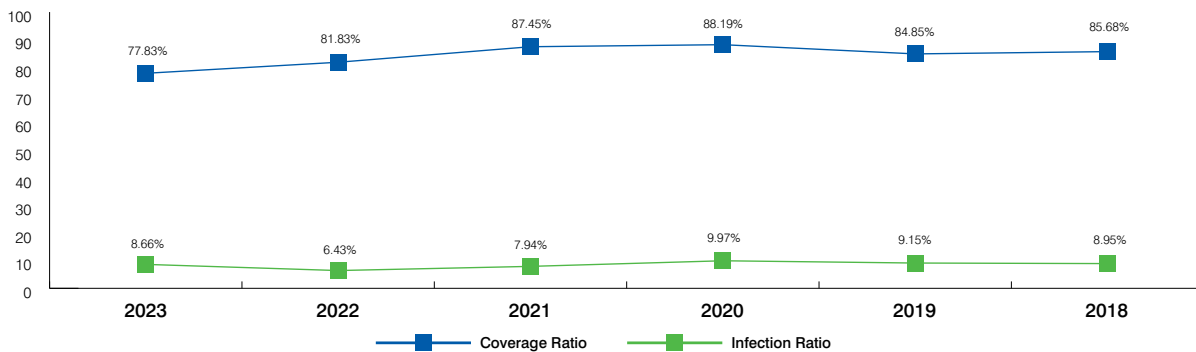
Categorywise	2023		2022		Variance		2023
	NPLs	Provision	NPLs	Provision	NPLs	Provision	Coverage
OAEM	1,517	2	1,465	2	3.55%	9.74%	0.11%
Substandard	863	54	126	31	581.89%	74.54%	6.22%
Doubtful	713	356	568	284	25.39%	25.24%	49.94%
Loss	50,790	41,526	49,100	41,631	3.44%	-0.25%	81.76%
Total	53,883	41,937	51,260	41,948	5.12%	-0.03%	77.83%

Groupwise	NPLs	Provision	NPLs	Provision	NPLs	Provision	Coverage
	Commercial	1,896	1,004	1,014	858	87.03%	17.04%
Consumer	1,779	1,565	1,752	1,664	1.52%	-5.95%	88.01%
Corporate	4,007	2,688	4,153	2,772	-3.50%	-3.03%	67.09%
Overseas	14,749	5,733	11,856	4,598	24.40%	24.68%	38.87%
Others	31,452	30,946	32,486	32,055	-3.18%	-3.46%	98.39%
Total	53,883	41,937	51,260	41,948	5.12%	-0.03%	77.83%

Non - Performing Loans (2018-2023) (Rupees in Billion)



Infection and Coverage Ratios (2018-2023)



Coverage Ratio's are based on specific provision only

Non - Performing Assets

	Non-performing Advances		Non-performing Investments (Debt Securities only)		Rs. in Million Non-performing Assets	
	2023	2022	2023	2022	2023	2022
	1. Movements in NPA					
Opening balance	51,260	50,491	478	478	51,738	50,969
Exchange adjustments	2,916	2,478	-	-	2,916	2,478
Additions	4,200	2,385	-	-	4,200	2,385
Recovery / Re-structuring	(3,714)	(4,020)	-	-	(3,714)	(4,020)
	486	(1,635)	-	-	486	(1,635)
Amounts written off	(779)	(74)	-	-	(779)	(74)
Closing balance	53,883	51,260	478	478	54,361	51,738
2. Sectoriwise breakup of NPA						
Agriculture, forestry and fishing	210	392	-	-	210	392
Construction	162	231	-	-	162	231
Electricity, gas, steam and air conditioning supply	1,718	1,757	-	-	1,718	1,757
Financials	135	716	-	-	135	716
Individuals	2,709	3,531	-	-	2,709	3,531
Manufacture of cement	393	393	285	285	678	678
Manufacture of chemicals and pharmaceutical products	180	191	-	-	180	191
Manufacture of food & beverages products	4,933	2,740	-	-	4,933	2,740
Manufacture of sugar	3,967	4,238	146	146	4,113	4,384
Manufacture of textiles	11,753	12,183	41	41	11,794	12,224
Services	443	428	-	-	443	428
Telecommunications	53	43	-	-	53	43
Transportation and storage	1,095	58	-	-	1,095	58
Wholesale and retail traders	16,999	14,779	-	-	16,999	14,779
Others	9,131	9,579	6	6	9,137	9,585
	53,883	51,260	478	478	54,361	51,738

	Non-performing Advances (Specific Provision only)		Non-performing Investments (Debt Securities only)		Non-performing Assets	
	2023	2022	2023	2022	2023	2022
	3. Movement of Provisions made against NPA					
Opening balance	41,948	44,156	478	478	42,426	44,634
Exchange adjustments	1,230	711	-	-	1,230	711
Charge for the year	3,108	948	-	-	3,108	948
Reversals	(3,570)	(3,793)	-	-	(3,570)	(3,793)
	(462)	(2,845)	-	-	(462)	(2,845)
Amounts written off	(779)	(74)	-	-	(779)	(74)
Closing balance	41,937	41,948	478	478	42,415	42,426

4. Details of accounts restructured as per regulatory guidelines

The outstanding amount against restructured accounts in NPA amounts to Rs. 11,755.346 million as at December 31, 2023: (December 31, 2022: Rs. 11,296.402 million).

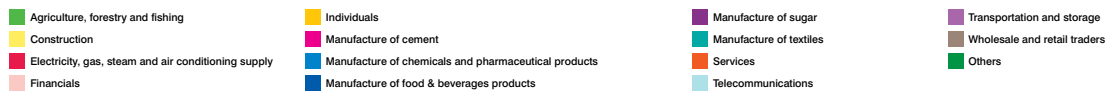
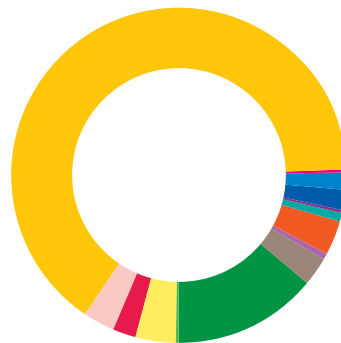
Analyses of Deposits, Advances & Investments

Deposits & Advances - Sector wise

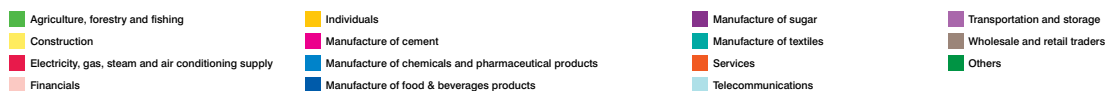
Rupees in Million

Sector	December 31, 2023	
	Deposits	Advances
Agriculture, forestry and fishing	6,981	7,036
Construction	71,622	9,395
Electricity, gas, steam and air conditioning supply	40,612	22,898
Financials	51,598	17,998
Individuals	1,176,432	49,029
Manufacture of cement	2,583	24,090
Manufacture of chemicals and pharmaceutical products	30,836	36,574
Manufacture of food & beverages products	36,620	48,729
Manufacture of sugar	6,483	31,978
Manufacture of textiles	10,531	122,111
Services	63,603	15,805
Telecommunications	1,141	42,082
Transportation and storage	8,159	79,769
Wholesale and retail traders	49,574	50,053
Others	248,611	64,877
	1,805,387	622,425

Deposits



Advances

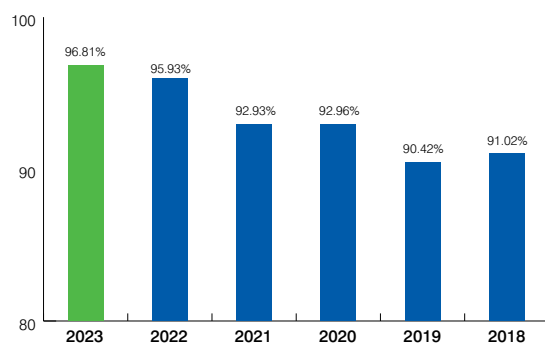


Deposits & Advances - Group wise

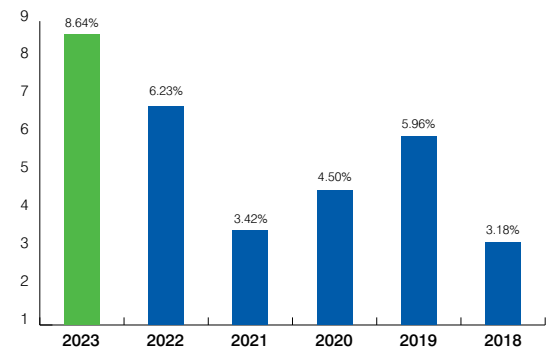
Rs. in Billion

	Group wise Deposits				Group wise Gross Advances			
	2023	2022	Variance		2023	2022	Variance	
			Amount	%			Amount	%
Retail	1,503.7	1,211.3	292.3	24.13%	73.9	87.5	(13.6)	-15.59%
Consumer	26.1	20.4	5.7	27.84%	38.6	43.0	(4.4)	-10.14%
Corporate	119.0	86.6	32.4	37.37%	438.0	606.5	(168.5)	-27.78%
Overseas	156.7	60.4	96.3	159.49%	41.0	28.6	12.4	43.44%
Others (SAM)	-	-	-	-	30.9	32.0	(1.1)	-3.39%
Total	1,805.4	1,378.7	426.7	30.95%	622.4	797.6	(175.1)	-21.96%

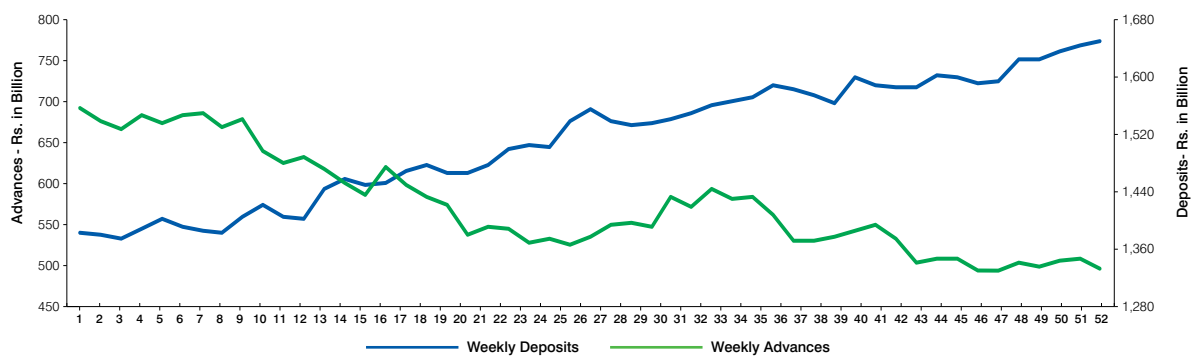
CASA Mix



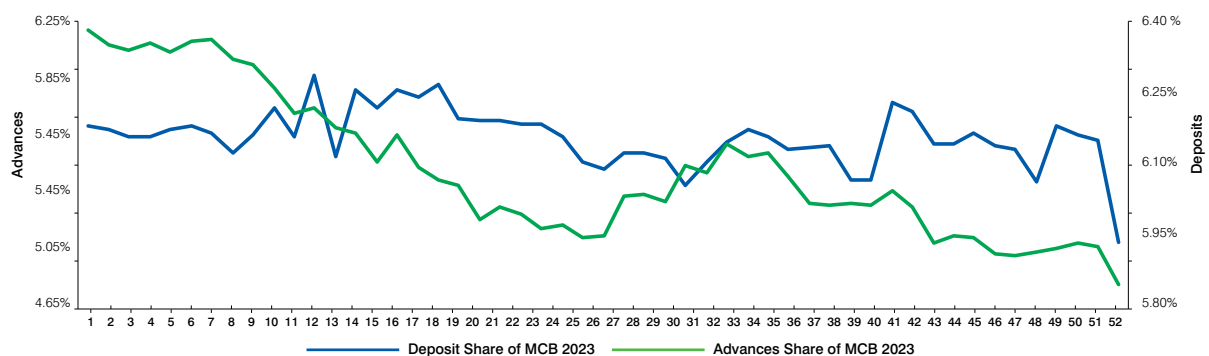
Weighted Average Cost of Deposits



Weekly Trend of MCB Deposits and Advances - 2023 (Domestic)



MCB's Industry Share in Deposits and Advances - 2023 (Domestic)

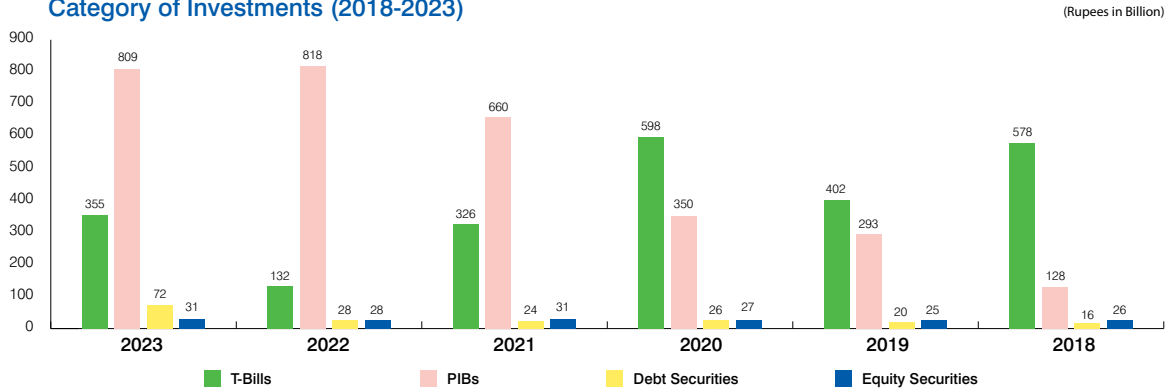


Investments

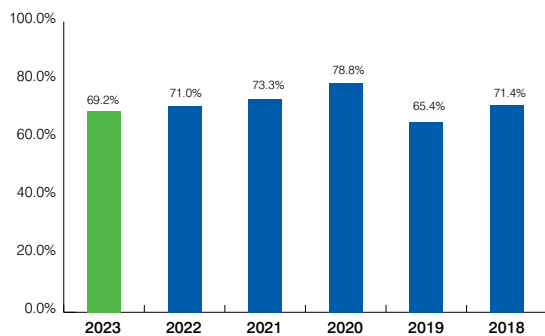
	2023	2022	Var.	Rupees in Million % Var.
Treasury Bills	354,827	131,584	223,243	170%
Pakistan Investment Bonds	808,553	817,630	(9,077)	-1%
Other government securities	60,082	17,043	43,038	253%
Other Debt Securities	11,823	10,986	837	8%
Shares in Listed, Unlisted Co.s & Mutual funds	31,082	28,277	2,805	10%
Subsidiaries & Associated Undertakings	17,669	17,019	650	4%
Investments at cost	1,284,036	1,022,539	261,497	26%
Provision for diminution in value of investments	(11,180)	(10,330)	(849)	8%
Deficit on revaluation of securities	(23,417)	(33,478)	10,061	-30%
Investments at revalued amount - net of provision	1,249,439	978,731	270,708	28%
Non-Statutory Investment Portfolio*	799,125	459,932		

*maintained in excess of Statutory Liquidity Requirement

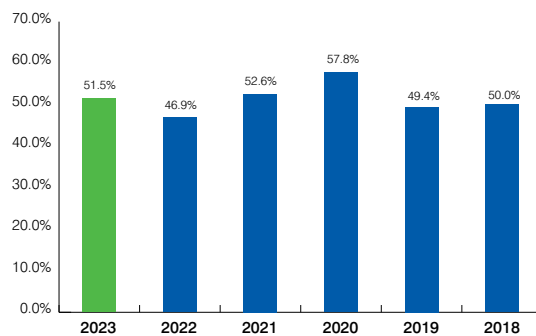
Category of Investments (2018-2023)



Investments to Deposits Ratio (2018-2023)



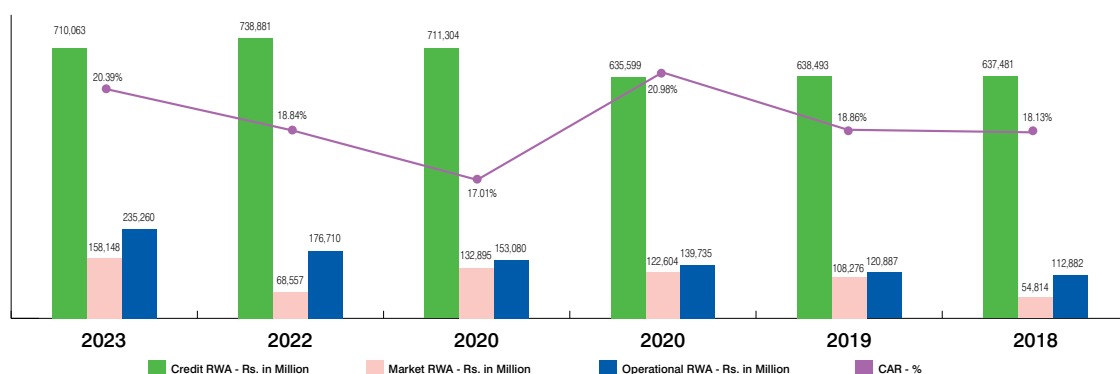
Investments to Total Assets (2018-2023)



Capital Structure

	2023	Rupees in Million 2022
Capital Structure		
Tier 1 Capital		
Shareholders equity /assigned capital	11,851	11,851
Share premium	23,751	23,751
Reserves	65,479	59,516
Unappropriated profits	96,039	70,425
	197,120	165,543
Deductions:		
Book value of intangible and advances given for intangible	1,035	801
Defined benefit pension fund assets - net	3,788	1,578
Other deductions	2,340	2,550
	7,163	4,929
Total Tier 1 capital	189,957	160,614
Tier 2 Capital		
General provisions subject to 1.25% of total risk weighted assets	2,624	2,225
Revaluation reserves	23,784	18,143
Foreign exchange translation reserves	8,585	4,403
	34,993	24,770
Deductions:		
Other deductions	-	-
Total Tier 2 Capital	34,993	24,770
Total Regulatory Capital Base	224,950	185,384
Capital Adequacy		
Risk Weighted Assets		
Credit Risk	710,063	738,811
Market Risk	158,148	68,558
Operational Risk	235,260	176,710
Total RWA	1,103,471	984,079
Capital Adequacy Ratio		
Total eligible regulatory capital held	224,950	185,384
Total Risk Weighted Assets	1,103,471	984,079
Capital Adequacy Ratio	20.39%	18.84%

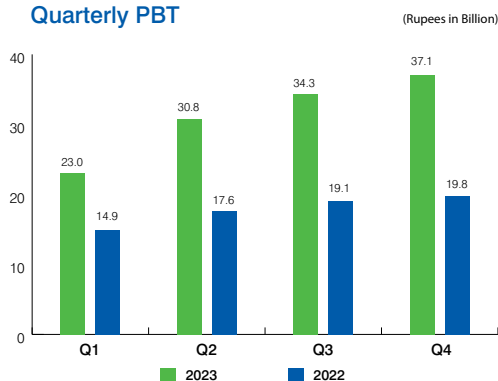
Capital Adequacy Ratio (2018-2023)



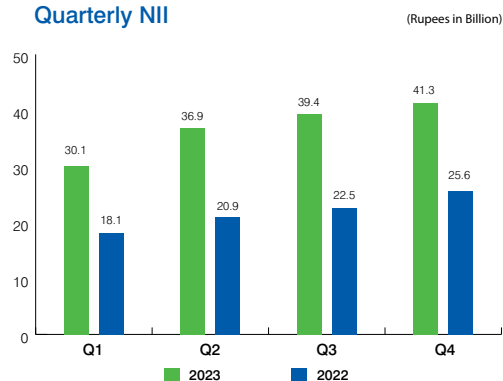
Quarterly Performance Analysis 2023 - 2022

	2023				2022			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	Rupees in Million							
Profit & Loss Account								
Mark-up earned	92,676	90,102	81,425	63,855	59,735	55,612	45,699	39,717
Mark-up expensed	(51,392)	(50,694)	(44,485)	(33,785)	(34,090)	(33,090)	(24,823)	(21,605)
Net mark-up/interest income	41,284	39,408	36,939	30,070	25,645	22,523	20,876	18,112
Non-mark-up income	10,316	8,535	8,143	5,922	4,360	7,355	7,177	5,722
Total Income	51,600	47,943	45,082	35,991	30,005	29,877	28,053	23,834
Non-mark-up expenses	(15,319)	(14,364)	(12,969)	(12,351)	(11,692)	(11,342)	(10,384)	(9,769)
Profit before provisions	36,282	33,579	32,113	23,640	18,313	18,536	17,669	14,065
Provisions & write off	863	675	(1,288)	(624)	1,465	516	(61)	864
Profit before taxation	37,145	34,254	30,826	23,016	19,778	19,051	17,607	14,928
Taxation	(21,661)	(16,794)	(17,194)	(9,960)	(6,890)	(10,323)	(15,397)	(6,014)
Profit after taxation	15,485	17,460	13,631	13,056	12,889	8,728	2,210	8,914
Statement of Financial Position Assets								
Cash and balances with treasury banks	170,717	162,715	184,503	143,987	96,369	152,450	171,331	143,307
Balances with other banks	35,073	39,214	45,024	37,419	24,872	34,320	20,496	23,367
Lendings to financial institutions	96,213	91,523	69,284	121,102	50,416	62,401	90,563	41,995
Investments	1,249,439	1,257,676	1,148,308	945,988	978,731	1,091,981	1,003,425	1,178,249
Advances	577,863	601,010	597,289	657,255	753,400	582,049	606,209	585,486
Fixed assets	82,821	80,909	79,765	80,462	79,918	58,316	58,240	57,398
Intangible assets	1,035	809	812	789	801	834	823	920
Deferred tax assets	-	12,543	14,338	13,765	7,547	5,684	5,307	1,170
Other assets	214,016	144,373	140,311	113,642	93,301	88,030	82,171	63,439
	2,427,179	2,390,774	2,279,634	2,114,410	2,085,355	2,076,066	2,038,565	2,095,331
Liabilities								
Bills payable	25,096	10,066	16,020	11,523	39,137	10,436	13,897	11,907
Borrowings	216,611	289,269	246,996	229,458	340,237	183,605	160,148	320,641
Deposits and other accounts	1,805,387	1,715,666	1,670,141	1,539,758	1,378,717	1,589,789	1,590,596	1,491,685
Deferred tax liabilities	101	-	-	-	-	-	-	-
Other liabilities	149,277	162,091	143,554	141,512	137,769	123,273	109,431	98,139
	2,196,472	2,177,092	2,076,712	1,922,251	1,895,861	1,907,104	1,874,072	1,922,372
Net assets	230,707	213,682	202,923	192,159	189,495	168,962	164,493	172,959
Represented by:								
Share capital	11,851	11,851	11,851	11,851	11,851	11,851	11,851	11,851
Reserves	98,724	97,844	96,331	94,704	88,578	87,425	85,073	84,287
Surplus on revaluation of assets – net of tax	24,093	14,819	13,034	10,497	18,641	4,491	5,514	11,010
Unappropriated profit	96,040	89,168	81,707	75,107	70,425	65,195	62,055	65,810
	230,707	213,682	202,923	192,159	189,495	168,962	164,493	172,959

Quarterly PBT

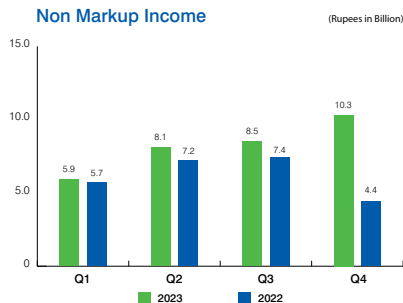


Quarterly NII

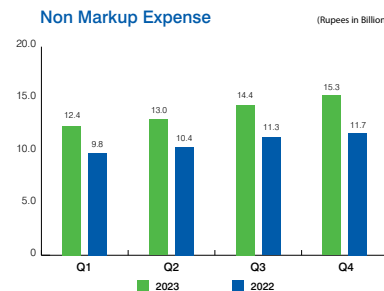


Net Interest Income	Non Markup Income	Non Mark up Expenses	Profit
Quarter 1			
<p>During the 1st quarter of 2023, Net Interest Income (NII) of the Bank increased by 66% and was reported at Rs. 30,070 billion. The markup income was concentrated by markup from investments which amounted to Rs. 35,595 billion and constituted 56% of the gross amount while the markup income from advances was reported at Rs. 25,995 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. 24,899 billion was reported on account of markup expense on deposits; representing an increase of 48% 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 2023 was reported at Rs. 5,922 billion against Rs. 5,722 billion reported in the corresponding period; representing an increase of 3.5%. The growth is mainly attributable to rise in fee and commission income (27%) which is offset by decrease in foreign exchange income and gain / (loss) on securities by 19% and 87% respectively.</p>	<p>Non Markup expenses grew by 26% in the 1st quarter of 2023 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 66% growth in NII and modest growth of 3.5% in Non Markup Income, MCB's profit before tax and provisions, for the 1st quarter of 2023, was reported at Rs. 23,640 billion against Rs. 14,065 billion reported in the comparative period.</p> <p>On the provision front, a charge of Rs. 938 million was recognized on account of diminution in the value of investments. Major portion of the said provision, amounting to Rs. 422 million, pertained to the equity scrips on account of week stock market performance. On the advances front, proactive monitoring and recovery efforts led to a net-reversal of Rs. 293 million during the period under review.</p> <p>Profit Before Tax (PBT) for the 1st quarter of 2023 resultantly grew by 54% to reach Rs. 23,016 billion.</p>
Quarter 2			
<p>NII during the 2nd quarter of 2023 was reported at Rs. 36,939 billion; growing by 77% as compared to the corresponding period. NII increased during the 2nd quarter 2023 on the back of rising volumes in earning assets coupled with improving margins; average yield on advances and investments, for the quarter, grew by 8.63% and 6.1% respectively compared to the corresponding period while the increase in average cost on deposits was contained at 2.43%.</p>	<p>Non Mark up Income for the 2nd quarter of 2023 was reported at Rs. 8,143 billion; posting a rise of 13% over the corresponding period. Major variance pertained to fee and commission income; increasing by Rs. 1,167 billion and translating into a growth of 34%. Dividend income increased by 66% while the foreign exchange income and gain on securities registered a decline of 10% and 92% respectively.</p>	<p>Non Markup expenses grew by 24% in the 2nd quarter of 2023. Increase was broad based due to the galloping inflation and rising cost of doing business amidst political uncertainty and rapidly depreciating PKR parity.</p>	<p>Profit before tax for the 2nd quarter of 2023 reported an increase of Rs. 13,218 billion (75%) over the corresponding period.</p> <p>NII and non mark up income increased by Rs. 16,062 billion and Rs. 966,378 million respectively. The increase in gross income was slightly offset by rise in non mark up expenses and provision charge, amounting to Rs. 2,585 billion and Rs. 1,226 billion respectively. Net impact of captioned variances resulted in increase in PBT for the quarter in review.</p> <p>Retrospective application of tax amendments, enacted through Finance Act, 2022, resulted into a significantly higher tax charge for the corresponding quarter. Hence, Profit After Tax (PAT) registered a significant growth of 517% to report at Rs. 13,631 billion.</p>
Quarter 3			
<p>NII during the 3rd quarter was reported at Rs. 39,408 billion; 75% higher compared to the corresponding period of 2022. Gross mark up earned increased by 62% on the back of improving earning yields in an upward sloping yield curve. Mark up income on investments and advances contributed 63% and 31% to the captioned increase respectively. On the expense side, mark up expense increased by 53% primarily on account of higher deposit mobilization and increase in minimum saving rate applicable during the quarter in review.</p>	<p>Non mark up income registered a growth of 16% over the corresponding period to report at Rs. 8,535 billion.</p> <p>Fee and commission income increased by 52%. Major components of the captioned increase were credit related fees and commission on guarantees. Dividend income and gain on securities increased by 23% and 123% respectively; in contrast, FX income registered a decline of 40% and diluted growth in non markup income.</p>	<p>Continuing their upward trajectory, non HR related operating expenses reported a broad based growth owing to rapidly accelerating inflationary pressures amidst currency devaluation, geopolitical uncertainties and rising commodity prices; translating into a total growth of 27% in non markup expenses for the 3rd quarter of 2023.</p>	<p>On the back of strong overall performance (75% growth in NII and 16% growth in non markup income), the Bank reported its quarterly Profit before Tax (PBT) of Rs. 34,254 billion in the 3rd quarter of 2023 while the Profit After Tax (PAT) was reported at Rs. 17,460 billion.</p>
Quarter 4			
<p>Amidst an evolving yield curve scenario, prudent positioning of earning assets coupled with successful materialization of the strategic drive to increase deposit mobilization and improve current account concentration in the deposit mix, provided further impetus to the NII growth; which reached Rs. 41,284 billion (+61%) for the quarter under review.</p>	<p>Non Mark up Income posted a significant increase of 137% to report at Rs. 10,316 billion for the 4th quarter of 2023. Prime contributors to the rising trend were:</p> <ul style="list-style-type: none"> (i) Increase in fee and commission income by 54%; to report at Rs. 5,98 billion. (ii) Increase in FX income, amounting to Rs. 1,364 billion (iii) Increase in gain on securities by 140%; as the Bank realized material gains on disposal of equity scrips amidst a bullish stock market rally. 	<p>Non markup expenses closed the period in line with the surging trend witnessed during the first three quarters of 2023; posting a growth of 31% to report at Rs. 15,318 billion.</p>	<p>During the last quarter of 2023, the Bank registered a significant growth of 88% in its Profit before Tax (PBT) to post its highest ever quarterly PBT of Rs. 37,145 billion compared to Rs. 19,778 billion posted in the corresponding period.</p> <p>Total income increased by 72% on the back of a registered increase of 61% in NII. The increase was slightly offset by a rise of 31% in non markup expenses.</p>

Non Markup Income



Non Markup Expense



Six Years' Performance 2018 - 2023

Financial Performance / Financial Ratios

		2023	2022	2021	2020	2019	2018
PROFIT AND LOSS ACCOUNT							
Mark-up/ return earned	Rs. Mln	328,057	200,763	123,334	136,076	138,292	83,319
Mark-up/ return expensed	" "	180,356	113,607	59,347	64,741	78,676	37,305
Fund based income	" "	147,701	87,156	63,987	71,334	59,616	46,014
Fee, Commission, brokerage & FX income	" "	29,074	23,664	17,011	13,594	14,469	14,625
Dividend and capital gains	" "	3,842	949	3,062	4,542	2,210	2,573
Total income	" "	180,617	111,769	84,061	89,470	76,295	63,212
Operating expenses	" "	55,003	43,186	36,894	33,908	33,709	32,902
Operating profit before tax and provision	" "	125,613	68,583	47,167	55,562	42,586	30,310
Provisions / write-offs	" "	373	(2,782)	(4,823)	7,313	2,484	(1,753)
Profit before tax	" "	125,241	71,365	51,989	48,249	40,102	32,064
Profit after tax	" "	59,631	32,741	30,811	29,037	23,977	21,360
Cash Dividends	" "	35,552	23,701	22,516	23,701	20,146	18,961

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	" "	98,724	88,578	84,602	80,696	77,591	74,148
Unappropriated Profit	" "	96,040	70,425	63,683	69,835	55,777	53,532
Shareholder's equity	" "	206,614	170,854	160,136	162,382	145,219	139,531
Surplus on revaluation of assets - net of tax	" "	24,093	18,641	14,272	27,720	23,695	9,747
Shareholder's funds	" "	230,707	189,495	174,407	190,102	168,915	149,278
Total Assets	" "	2,427,179	2,085,355	1,970,468	1,757,462	1,515,152	1,498,130
Earning Assets	" "	2,002,674	1,870,527	1,732,055	1,544,536	1,294,096	1,343,378
Gross Advances	" "	622,425	797,572	635,574	513,550	540,037	546,792
Advances - net of provisions	" "	577,863	753,400	589,711	462,942	496,679	503,581
Non-Performing Loans (NPLs)	" "	53,883	51,260	50,491	51,189	49,424	48,956
Investments	" "	1,249,439	978,731	1,035,585	1,015,869	748,765	749,369
Total Liabilities	" "	2,196,472	1,895,861	1,796,061	1,567,361	1,346,237	1,348,852
Deposits & other accounts	" "	1,805,387	1,378,717	1,411,852	1,289,502	1,144,763	1,049,038
Current & Saving Deposits (CASA)	" "	1,747,836	1,322,549	1,312,059	1,198,785	1,035,063	954,813
Borrowings	" "	216,611	340,237	269,526	164,002	89,506	216,019
Interest bearing Liabilities	" "	1,151,364	1,038,842	1,118,182	964,119	809,717	867,048
Contingencies and Commitments	" "	813,473	665,655	619,187	714,038	851,147	584,434

Profitability ratios:

Profit before tax ratio	%	38.18%	35.55%	42.15%	35.46%	29.00%	38.48%
Gross Yield on Average Earning Assets	" "	17.57%	11.15%	7.53%	9.59%	10.49%	6.41%
Gross Yield on Avg. Earning Assets (incl. dividend & capital gains)	" "	17.77%	11.20%	7.72%	9.91%	10.65%	6.61%
Gross Spread	" "	45.02%	43.41%	51.88%	52.42%	43.11%	55.23%
Cost to income ratio	" "	28.70%	37.13%	42.09%	36.49%	42.82%	50.77%
Return on average equity (ROE)	" "	31.60%	19.78%	19.11%	18.88%	16.84%	15.48%
Return on average assets (ROA)	" "	2.64%	1.61%	1.65%	1.77%	1.59%	1.50%
Return on Capital Employed (ROCE)	" "	31.60%	19.78%	19.11%	18.88%	16.84%	15.48%
Shareholder Funds (Shareholder Funds/Total Assets)	" "	9.51%	9.09%	8.85%	10.82%	11.15%	9.96%
Return on Shareholder Funds	" "	28.38%	17.99%	16.91%	16.18%	15.07%	14.11%
Total Shareholder Return	" "	71.79%	-11.86%	-1.58%	-4.71%	14.14%	-1.30%
Non interest income to total income	" "	18.22%	22.02%	23.88%	20.27%	21.86%	27.21%
Admin Exp to Profit before Tax	" "	41.39%	58.14%	68.05%	67.66%	81.47%	100.08%

Investment ratios/Market Ratios:

Earnings per share (after tax)	Rs.	50.32	27.63	26.00	24.50	20.23	18.02
Earnings per share (before tax)	" "	105.68	60.22	43.87	40.71	33.84	27.06
Breakup value per share							
- without surplus on revaluation of fixed assets & investments	" "	174.35	144.17	135.13	137.02	122.54	117.74
- without surplus on revaluation of fixed assets	" "	164.54	128.49	131.49	144.45	126.47	115.68
- with surplus on revaluation of fixed assets & investments	" "	194.68	159.90	147.17	160.42	142.54	125.97
- with surplus on revaluation of fixed assets & investments & investment in related party at fair / market value	" "	196.73	161.42	149.82	162.80	144.89	128.41
Cash Dividend	%	300%	200%	190%	200%	170%	160%
Dividend Yield ratio (based on cash dividend)	" "	17.39%	17.22%	12.39%	10.79%	8.30%	8.27%
Dividend Payout ratio	" "	59.62%	72.39%	73.08%	81.62%	84.02%	88.77%
Price to book value ratio	Times	0.99	0.81	1.13	1.35	1.67	1.64
Price to earning ratio	" "	3.43	4.20	5.90	7.56	10.13	10.74
Dividend cover ratio	" "	1.68	1.38	1.37	1.23	1.19	1.13

		2023	2022	2021	2020	2019	2018
Share Information:							
Market value per share - Dec 31	Rs.	172.55	116.16	153.35	185.28	204.94	193.57
High - during the year	" "	203.82	166.20	202.40	224.53	216.20	236.56
Low - during the year	" "	106.99	108.95	146.00	132.89	154.04	177.16
Market Capitalisation	Rs. Mln	204,482	137,657	181,729	219,568	242,866	229,392

Asset Quality and Liquidity ratios:

Gross Advances to deposits ratio	%	34.48%	57.85%	45.02%	39.83%	47.17%	52.12%
Net Advances to deposits ratio	" "	32.01%	54.64%	41.77%	35.90%	43.39%	48.00%
Investments to deposits ratio	" "	69.21%	70.99%	73.35%	78.78%	65.41%	71.43%
Weighted Average Cost of Deposits	" "	8.64%	6.23%	3.42%	4.50%	5.96%	3.18%
CASA to total deposits	" "	96.81%	95.93%	92.93%	92.96%	90.42%	91.02%
NPLs to Gross advances ratio	" "	8.68%	6.43%	7.94%	9.97%	9.15%	8.95%
NPLs to Shareholders Equity	" "	26.08%	30.00%	31.53%	31.52%	34.03%	35.09%
Coverage Ratio (specific provision/ NPLs)	" "	77.83%	81.83%	87.45%	88.19%	84.85%	85.68%
Coverage Ratio (total provision/ NPLs)	" "	82.70%	86.17%	90.83%	98.87%	87.73%	88.26%
Earning assets to total assets ratio	" "	82.51%	89.70%	87.90%	87.88%	85.41%	89.67%
Investments to total assets ratio	" "	51.48%	46.93%	52.56%	57.80%	49.42%	50.02%
Cash & Cash Equivalents to Total Assets	" "	8.43%	5.77%	9.23%	8.30%	9.50%	7.55%
Cash to Current Liabilities	" "	6.43%	4.92%	4.52%	6.34%	5.39%	3.44%
Cost of Funds	" "	8.68%	5.96%	3.40%	4.31%	5.76%	2.98%
Cash flow coverage ratio	" "	174.57%	-20.00%	41.08%	174.27%	53.84%	65.13%
Efficiency Ratio	" "	43.92%	60.51%	70.96%	70.28%	84.06%	102.61%
Cash Reserve Ratio	" "	6.00%	5.91%	5.09%	5.02%	5.02%	5.02%
Liquid Assets to Total Assets	" "	51.78%	51.12%	54.10%	50.99%	43.74%	43.18%
Gross Non Performing Assets to Gross Advances & Investments	" "	2.94%	2.93%	3.05%	3.38%	3.88%	3.82%
Earning assets to interest bearing Liabilities	Times	1.74	1.80	1.55	1.60	1.60	1.55
Deposits to shareholder equity	" "	8.74	8.07	8.82	7.94	7.88	7.52
Assets to Equity	" "	11.75	12.21	12.30	10.82	10.43	10.74
Current / Quick Ratio	" "	1.87	1.39	1.53	2.38	2.29	1.91

Risk Adequacy:

Tier I Capital	Rs. Mln	189,956	160,614	150,354	152,901	136,257	128,999
Total Eligible Capital	" "	224,949	185,384	169,604	188,409	163,611	145,987
Risk Weighted Assets (RWA)	" "	1,103,471	984,079	997,279	897,938	867,478	805,177
Tier I to RWA	%	17.21%	16.32%	15.08%	17.03%	15.71%	16.02%
RWA to total assets	" "	45.46%	47.19%	50.61%	51.09%	57.25%	53.75%
Capital Adequacy Ratio	" "	20.39%	18.84%	17.01%	20.98%	18.86%	18.13%
Statutory Liquidity Reserve (Ratio)	" "	72.68%	56.68%	72.92%	68.66%	60.08%	63.97%
Net Return on Average RWA	" "	5.71%	3.30%	3.25%	3.29%	2.87%	2.51%

Duo Pont Analysis:

Net Operating Margin	%	33.02%	29.29%	36.65%	32.45%	31.43%	33.79%
Asset Utilization	%	8.01%	5.51%	4.51%	5.47%	5.06%	4.45%
Leverage Ratio / Equity Multiplier	Times	11.95	12.25	11.56	10.64	10.58	10.29

Industry Share:

Deposits	%	5.92%	5.87%	6.41%	6.91%	7.45%	7.57%
Advances	" "	4.71%	6.46%	5.98%	5.69%	6.21%	6.57%
Market Capitalisation	" "	12.71%	13.40%	13.03%	16.08%	16.87%	17.17%

Consolidated:

Total Assets	Rs. Mln	2,680,085	2,274,333	2,122,121	1,891,276	1,612,215	1,585,210
Shareholders' Equity	" "	215,670	174,287	161,592	163,409	145,854	140,196
Net Assets	" "	241,751	194,478	177,569	192,991	171,347	151,323
Profit before tax	" "	137,519	75,340	53,275	49,318	40,154	30,806
Profit after tax	" "	65,271	34,451	31,328	29,562	23,947	20,415
Return on Average Assets	%	2.63%	1.57%	1.56%	1.69%	1.50%	1.37%
Return on Average Equity	" "	33.38%	20.42%	19.19%	19.02%	16.66%	14.60%
Earnings per share	Rs.	54.94	29.00	26.31	24.82	20.14	17.17
Breakup value per share (Net Assets per share)	" "	204.00	164.11	149.84	162.85	144.59	127.69
Capital Adequacy Ratio	%	19.77%	17.98%	15.99%	19.69%	17.84%	17.02%

Per Branch:

Gross Advances	Rs. Mln	432.84	550.81	442.29	359.38	383.01	394.23
Deposits	" "	1,255.48	952.15	982.50	902.38	811.89	756.34
CASA	" "	1,215.46	913.36	913.05	838.90	734.09	688.40
PBT	" "	87.09	49.29	36.18	33.76	28.44	23.12

Six Years' Non Financial Summary 2018-2023

		2023	2022	2021	2020	2019	2018
No. of accounts	Absolute	8,826,027	8,586,001	8,372,786	8,217,065	8,223,038	7,854,928
No. of branches	"	1,438	1,448	1,437	1,429	1,410	1,387
No. of permanent employees	"	14,420	14,341	13,849	13,643	13,596	12,860
Staff turnover ratio	%	16%	19%	14%	10%	13%	14%
Customer Satisfaction Index	%	91%	90%	90%	91%	85%	85%

Employee Productivity Rate

Deposits per Employee	Rs. Mln	125	96	102	95	84	82
Advances per Employee	Rs. Mln	43	56	46	38	40	43
PBT per Employee	Rs. Mln	9	5	4	4	3	2

Digital Banking

No. of ATMs	Absolute	1,475	1,484	1,454	1,434	1,360	1,321
No. of Debit cards/smart cards issued during the year	"	728,133	820,188	796,215	577,406	652,440	783,233

Credit Cards

No. of new issuance	Absolute	19,383	21,545	18,828	13,944	16,907	15,245
No. of customers	"	99,105	95,516	87,882	84,542	83,070	77,190
Total spend (transaction volume)	Rs. Mln	25,569	17,905	11,681	8,327	8,927	7,597

Auto Loan

No. of Loans disbursed	Absolute	1,837	4,981	8,706	5,549	5,999	8,266
Outstanding Volume	Rs. Mln	16,266	22,552	24,445	19,777	17,929	18,134

Home Loan

No. of Loans disbursed	Absolute	914	706	676	67	62	108
Outstanding Volume	Rs. Mln	9,785	11,694	8,528	4,733	4,110	4,116

Personal Loan

No. of Loans disbursed	Absolute	1,297	1,972	1,293	1,764	2,435	2,766
Outstanding Volume	Rs. Mln	1,344	1,500	1,519	1,912	2,262	2,707

Bancassurance

No. of customers	Absolute	328,053	300,579	273,178	232,035	196,633	152,145
No. of new customers	"	27,474	27,401	41,143	35,402	44,021	32,671
No. of policies	"	28,336	25,999	40,205	35,791	44,208	33,110
Bancassurance Premium (Including renewal)	Rs. Mln	10,755	10,617	10,756	9,654	8,927	7,060

Home Remittance

Volume of home remittance	USD Mln	3,247	3,434	3,527	3,206	3,051	3,064
Volume of home remittance	Rs. Mln	873,468	663,582	573,711	518,882	455,862	374,431
Home Remittance MCB Market Share	%	12.32%	11.49%	11.40%	12.35%	13.74%	14.88%

Cash Management

Throughput of Cash Management - WBG	Rs. Mln	4,699,010	3,866,980	3,020,171	2,082,095	1,884,135	1,673,812
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Performance Commentary

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

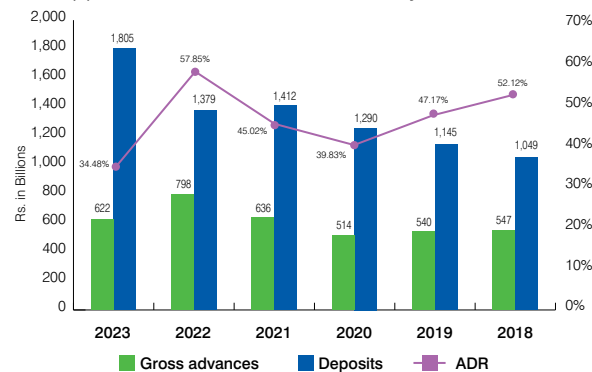
Statement of Financial Position

Total Assets:

The asset base of the Bank has registered a compounded annual growth rate (CAGR) of 10.13% over the last 6 years; growing to Rs. 2,427 billion as at December 31, 2023. Prime contributors to the said increase have been advances and investments; with investments growing annually by approximately 10.77% while the gross advances have recorded a growth of 2.62% 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; 82% 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 1.5% in 2018 to 2.64% in 2023.

Advances:

During the two year period preceding the current year, the gross advances of the Bank had registered a remarkable increase of Rs. 284 billion; significantly higher than the industry growth recorded over the same period and translated into an impressive CAGR of 24.6%. This remarkable performance had primarily been derived from the V-shaped economic recovery witnessed in 2021 and a renewed strategic focus to capitalize on emerging credit extension opportunities, within Bank's defined risk appetite. However, the current year witnessed a

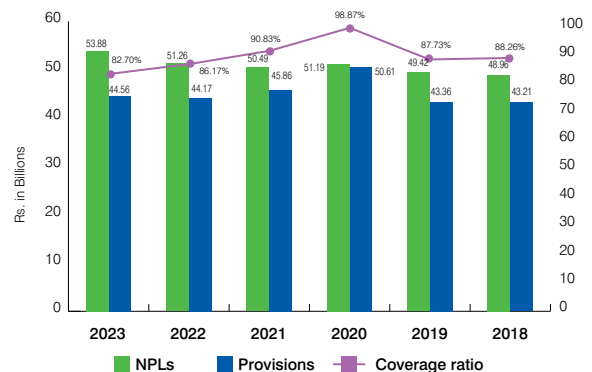


trend reversal, as historically high interest rates, amidst a restrictive monetary policy stance adopted by SBP, impacted private sector credit growth; which posted a significant slowdown. Managing Bank's credit risk and countering a dearth of quality lending opportunities in the market, excess liquidity was hence diverted towards the investment book; as reflected in the decrease in concentration of net advances in the total asset base from 36.1% in 2022 to 23.8% in 2023.

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 2023, the Bank continued with its trend of registering significant recoveries to post another year of historic performance; the total recoveries for the year amounted to Rs. 3.832 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; with infection ratio being reported at 8.66% in 2023 as compared to 8.95% reported in 2018. The coverage ratio of the Bank is being reported at 82.70%, as compared to 88.26% in 2018, due to the comparatively lower amount of NPLs classified in "loss" category. However, NPLs classified in "loss" category still constitute more than 95.16% of the NPLs base, which indicates adequacy of provision held against advances in the banking book.



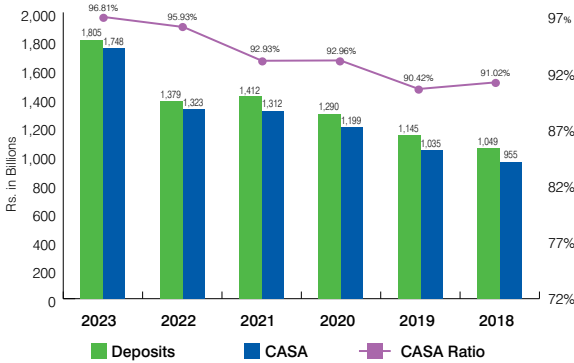
Investments:

During the earlier part of the time series analysis (2018-2020), 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 compared to its lowest level of 47%, over the course of review period, in 2022.

With an average annual growth rate of 10.77% over the last six years, the investment base of the Bank has grown from Rs. 749 billion in 2018 to Rs. 1,249 billion in 2023. 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 deposit base of the Bank has increased significantly over the last six years, surpassing the landmark of Rs. 1.75 trillion in 2023, with the absolute number increasing from Rs. 1,049 billion as at December 31, 2018 to Rs. 1,805 billion as at December 31, 2023; a CAGR of 11.47% has been maintained over the past 6 years. The CASA base has registered remarkable growth, increasing from Rs. 955 billion in 2018 to Rs. 1,748 billion in 2023; 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, 2023, 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 performance posted over the years. The capital base of the Bank is rated as strong which is substantiated by the reported CAR of 20.39% as at December 31, 2023 against the statutory requirement of 11.50%. The Shareholders' equity has grown significantly from Rs. 140 billion in 2018 to Rs. 207 billion in 2023.
- 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 markets.

Profit and Loss account

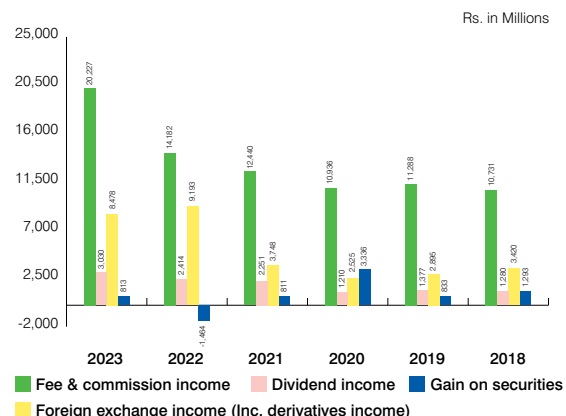
Net Interest Margin

- 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 44.36% in 2018 to 26.86% in 2021, while, over the same period, the contribution from markup income on investments increased from 53.67% 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 33.65% in 2023.
- The investment to total asset ratio has increased from 50.02% in 2018 to 51.48% in 2023. Whereas, the advances to total asset ratio, while witnessing an increasing trend in the earlier part of the time series analysis (36.50% in 2018 to 38.25% in 2022), has decreased to close 2023 at 25.64%.
- Achieving growth in no-cost current accounts to improve their concentration in the deposit 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 income margins achieved by the Bank.

Non-Markup Income

- During the last six years, fee and commission 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. 17 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 an historically high FX income of Rs. 9.159 billion for the year; the FX income for 2023 has been reported at Rs. 8.462 billion.



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 provision charge booked against advances over the years; in fact, with exception of year 2020, the Bank has been able to post significant provision reversals 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 two 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). 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 expense 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. 198 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.

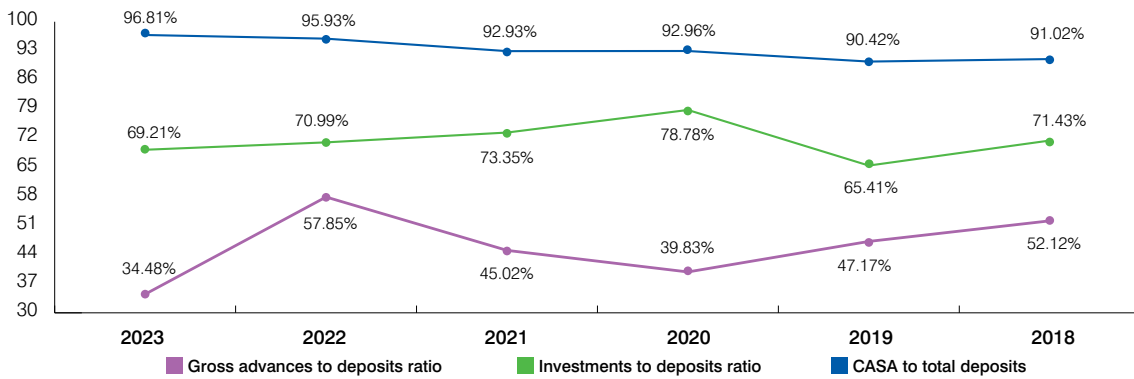
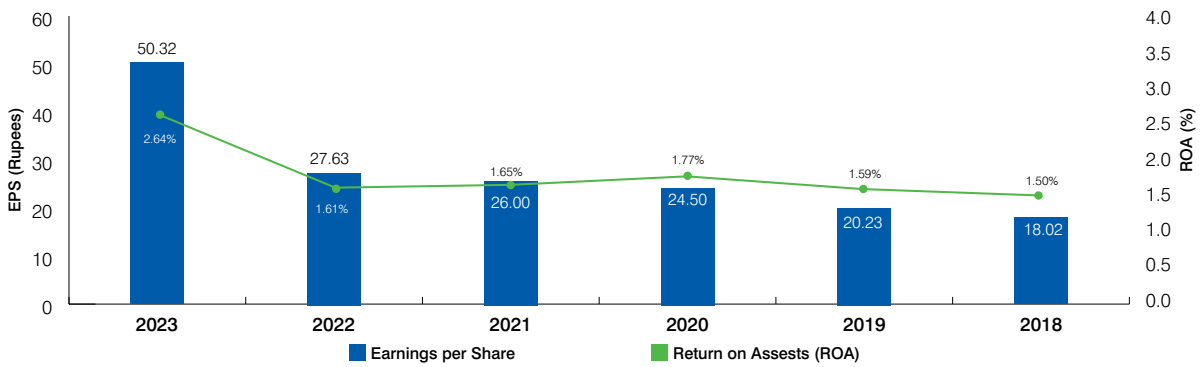
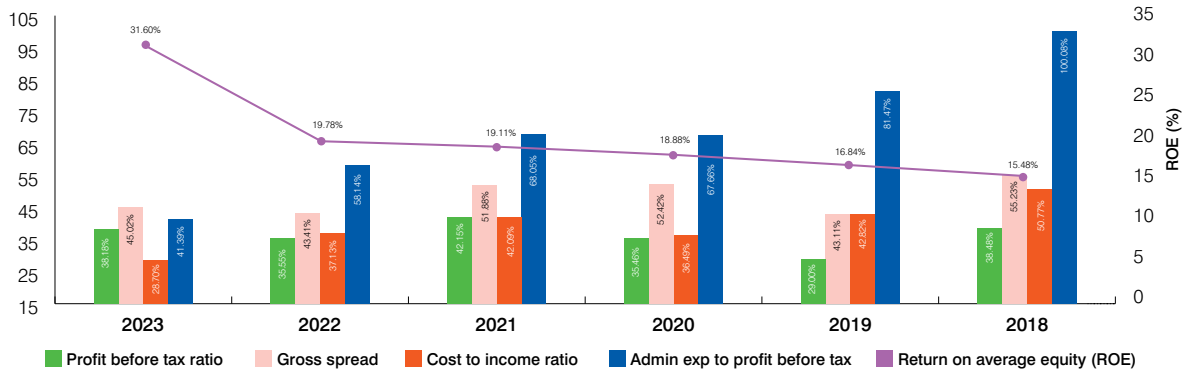
Other statistics

- The Bank has added more than a million bank accounts-net to its base during the past 6 years with

the current statistics highlighting the existing total bank accounts to be over 8.8 million.

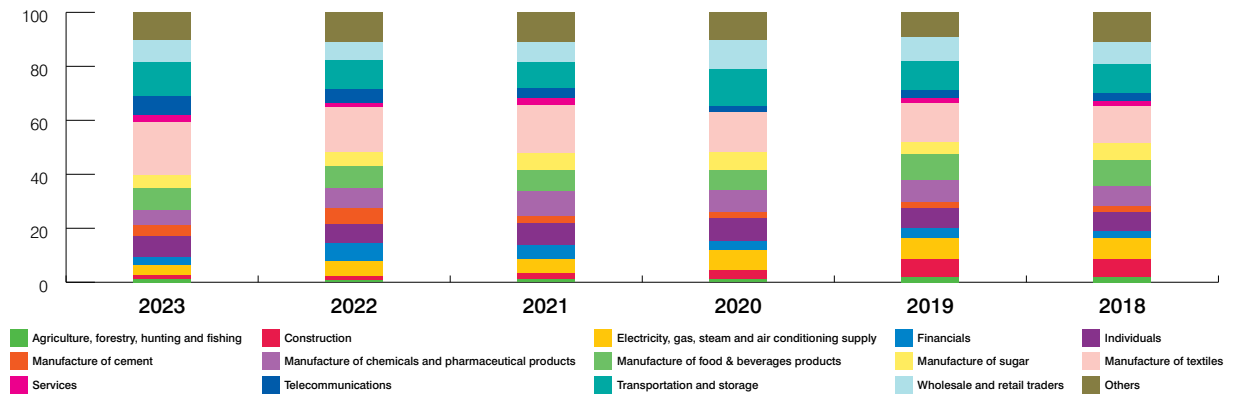
- The total home remittance inflows attracted by MCB in 2023 stood at USD 3.247 billion and hence further consolidated MCB's position as an active participant in SBP's cause for improving flow of foreign reserves into the country through banking channels. MCB's outstanding performance was also acknowledged in the 3rd Pakistan Remittance Summit wherein the Bank was recognized as the "Leading Remittance Mobilizing Bank of Pakistan"; the award being a testament to Bank's relentless focus on streamlining remittance processes and ensuring seamless transactions for its overseas customers.
- In 2008, the Bank launched Bancassurance which was a unique cross functional service to the customers of the Bank. With only 131 policies and 129 customers in 2008, MCB Bank has issued 28,336 new policies in 2023; with the total customer base of more than 320,000.
- 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 2023, MCB Live has more than a million registered users with a transaction volume of over Rs. 1,120 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 2023, MCB's Annual Report 2022 was adjudged runner up of the "Best Corporate Report" award in the financial sector category.

Graphical Summary of Ratios

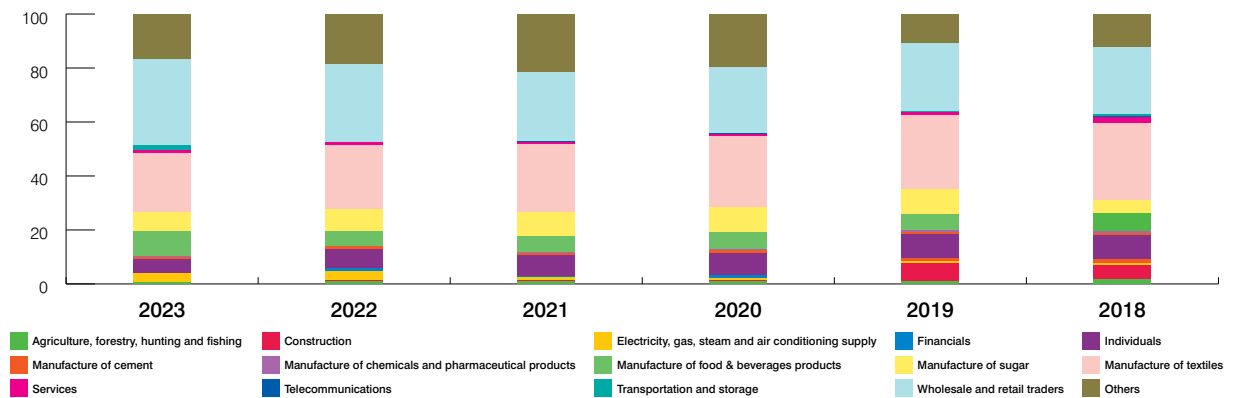


Concentration of Advances, NPLs and Off Balance Sheet Items

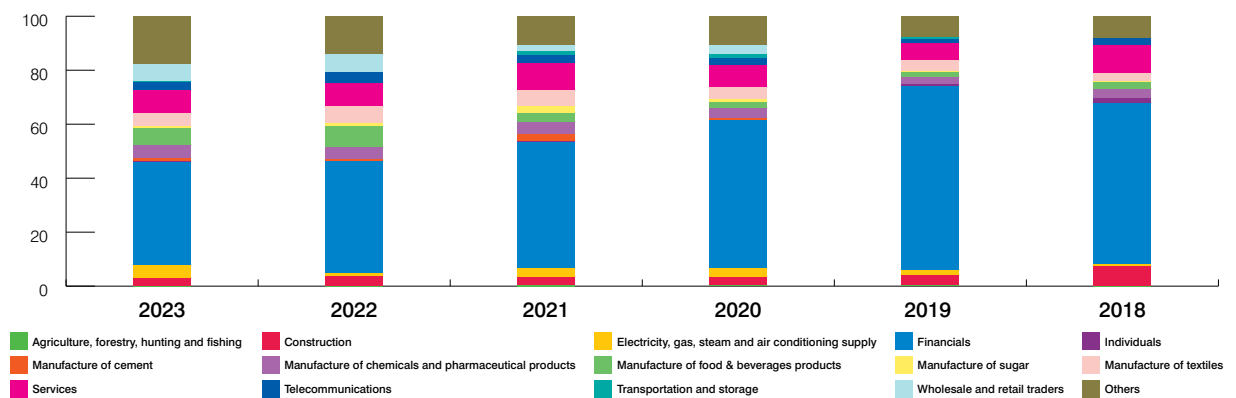
Gross Advances



Classified Advances

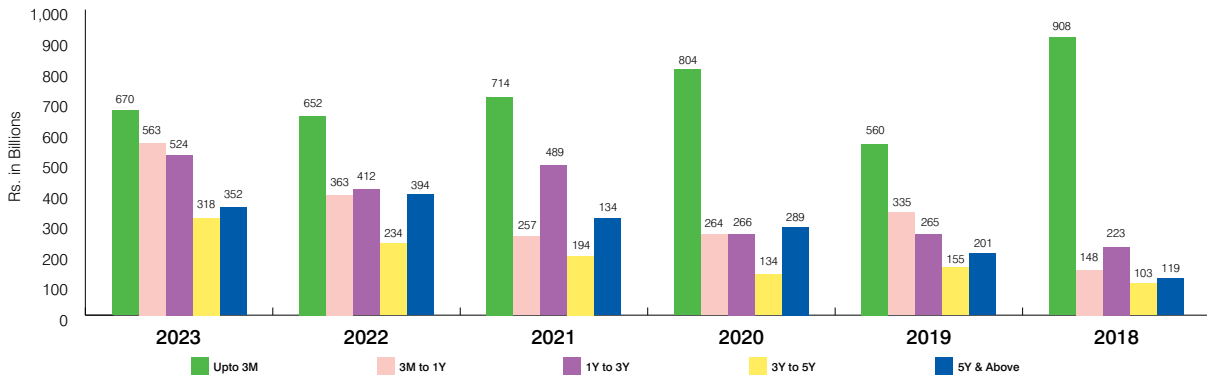


Off Balance Sheet Item

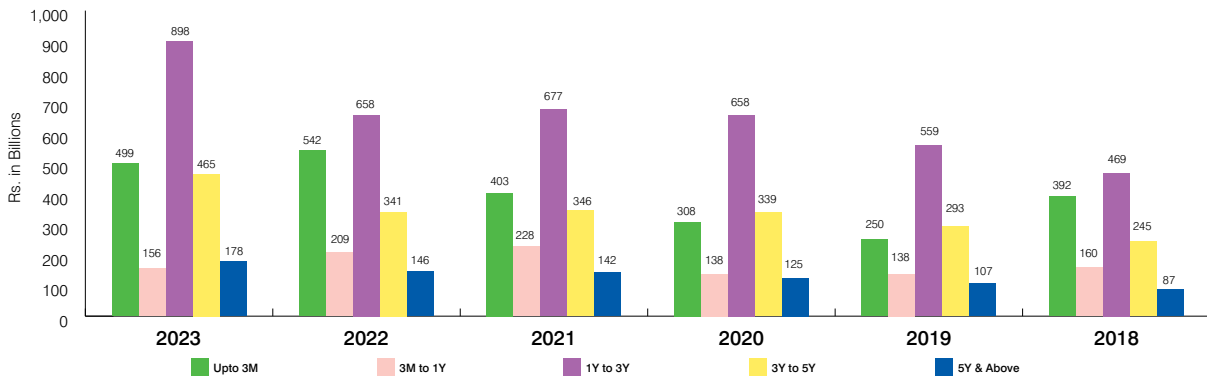


Maturities of Assets & Liabilities

Maturities of Assets



Maturities of Liabilities

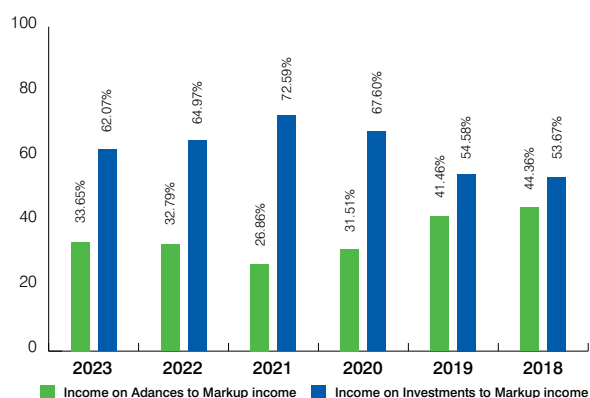


*Based on expected maturities

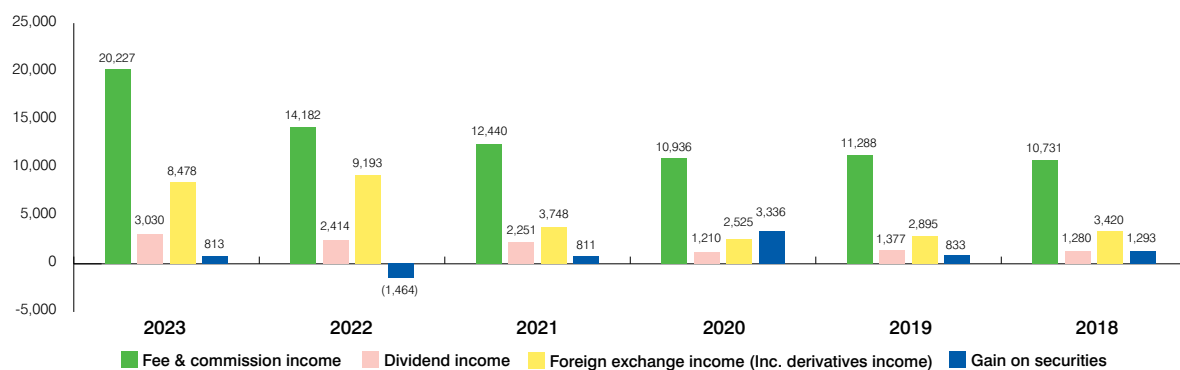
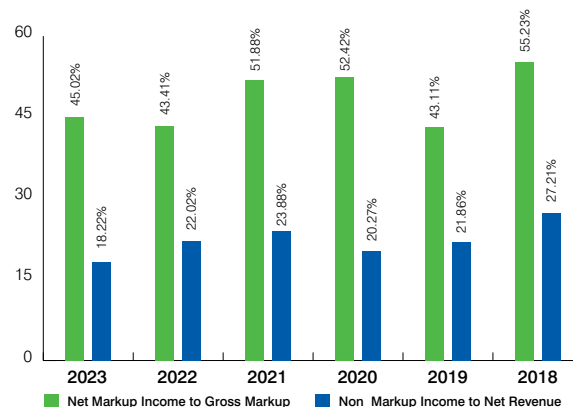
Markup & Non Markup Income

	2023	2022	2021	2020	Rupees in Million	
					2019	2018
Markup Income						
Loans and advances	110,387	65,835	33,123	42,879	57,330	36,964
Investments	203,612	130,432	89,523	91,983	75,481	44,719
Lendings to Financial Institutions	11,866	3,918	567	998	4,982	1,390
Balance with banks	2,193	579	122	215	499	246
	328,057	200,763	123,334	136,076	138,292	83,319
Markup Expense						
Deposits	139,597	93,996	47,107	55,095	65,344	32,081
Borrowings	35,850	16,239	9,717	6,152	8,977	4,253
Subordinated loan	–	–	–	–	214	308
Unwinding cost of liability against RoUA	3,549	2,198	1,610	2,387	1,132	–
Others	1,361	1,174	914	1,107	3,009	663
	180,356	113,607	59,347	64,741	78,676	37,305
Net Markup Income	147,701	87,156	63,987	71,334	59,616	46,014
Non Markup Income						
Fee & commission Income	20,227	14,182	12,440	10,936	11,288	10,731
Dividend Income	3,030	2,414	2,251	1,210	1,377	1,280
Foreign exchange income (Inc. derivatives income)	8,478	9,193	3,748	2,525	2,895	3,420
Gain / (Loss) on securities	813	(1,464)	811	3,336	833	1,293
Other Income	368	290	823	128	286	474
	32,916	24,613	20,074	18,136	16,679	17,198

Markup Income from Advances and Investments (2018-2023)



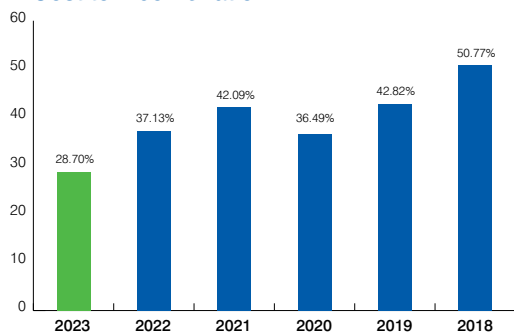
Income Composition (2018-2023)



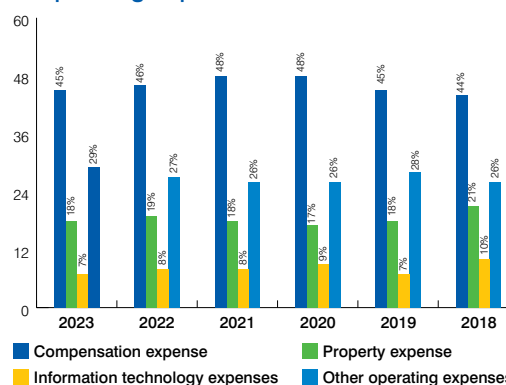
Operating Expenses

	Rupees in Million					
	2023	2022	2021	2020	2019	2018
Total compensation expense	23,238	19,020	16,940	15,806	14,585	14,053
Property expense						
Rent & taxes	306	208	193	161	227	1,959
Insurance	26	20	21	23	21	26
Utilities cost	2,377	1,957	1,567	1,218	1,203	1,095
Fuel Expense	1,245	1,042	414	335	534	514
Security (including guards)	1,960	1,673	1,506	1,240	1,382	1,603
Repair & maintenance (including janitorial charges)	1,089	935	716	653	812	945
Depreciation on right-of-use assets	1,521	1,327	1,202	1,217	1,162	–
Depreciation	956	766	710	642	504	458
	9,479	7,928	6,329	5,488	5,845	6,599
Information technology expenses						
Software maintenance	1,668	1,282	1,097	1,148	1,188	1,151
Hardware maintenance	336	264	185	212	299	364
Depreciation	877	642	619	548	616	721
Amortization	358	377	317	318	301	256
Network charges	642	568	518	598	601	616
Insurance	5	4	3	4	3	4
	3,887	3,137	2,740	2,829	3,009	3,112
Other operating expenses						
Directors' fees and allowances	46	46	46	50	57	41
Legal & professional charges	382	434	268	268	350	302
Outsourced services costs	959	860	766	692	690	1,119
Travelling & conveyance	502	345	272	261	321	343
NIFT clearing charges	212	190	154	166	152	146
Depreciation	1,140	968	847	816	797	802
Depreciation on non-banking assets	24	23	36	30	45	49
Training & development	89	62	35	37	57	51
Postage & courier charges	252	293	236	234	303	271
Communication	1,498	513	365	326	373	317
Stationery & printing	1,151	784	587	563	639	704
Marketing, advertisement & publicity	795	736	778	695	625	518
Donations	21	1	8	113	0	1
Auditors Remuneration	68	61	57	30	30	34
Cash transportation charges	1,107	922	860	709	799	744
Repair & maintenance	662	585	445	402	416	460
Subscription	28	28	13	21	20	24
Entertainment	407	279	203	184	232	233
Credit Card Related Expenses	2,793	1,473	992	829	1,182	738
CNIC verification charges	391	387	262	129	207	138
Insurance	1,953	1,806	1,668	1,483	1,441	821
Others	754	613	474	486	493	473
	15,234	11,409	9,372	8,523	9,232	8,327
Operating excluding compensation	28,601	22,475	18,441	16,840	18,086	18,038
Total operating expenses	51,838	41,495	35,381	32,646	32,671	32,091

Cost to income ratio



Operating Expenses Mix



Horizontal Analysis

	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	170,717	77%	96,369	-41%	164,613	35%	122,181	-8%	132,705	29%	103,175	-3%
Balances with other banks	35,073	41%	24,872	32%	18,830	-22%	24,030	92%	12,542	6%	11,879	159%
Lendings to financial institutions	96,213	91%	50,416	19%	42,467	148%	17,139	1472%	1,090	-97%	35,106	698%
Investments	1,249,439	28%	978,731	-5%	1,035,585	2%	1,015,869	36%	748,765	0%	749,369	14%
Advances	577,863	-23%	753,400	28%	589,711	27%	462,942	-7%	496,679	-1%	503,581	7%
Operating fixed assets	82,821	4%	79,918	39%	57,328	-1%	58,028	0%	58,271	43%	40,812	4%
Intangible assets	1,035	29%	801	-18%	979	4%	938	-2%	958	52%	630	56%
Deferred tax assets	-	-100%	7,547	100%	-	-	-	-	-	-	-	-
Other assets	214,016	129%	93,301	53%	60,955	8%	56,334	-12%	64,143	20%	53,578	-14%
	2,427,179	16%	2,085,355	6%	1,970,468	12%	1,757,462	16%	1,515,152	1%	1,498,130	12%
Liabilities												
Bills payable	25,096	-36%	39,137	59%	24,590	3%	23,981	103%	11,822	-25%	15,699	-31%
Borrowings	216,611	-36%	340,237	26%	269,526	64%	164,002	83%	89,506	-59%	216,019	62%
Deposits	1,805,387	31%	1,378,717	-2%	1,411,852	9%	1,289,502	13%	1,144,763	9%	1,049,038	8%
Sub-ordinated loan	-	-	-	-	-	-	-	-	-	-100%	3,891	-
Deferred tax liabilities	101	100%	-	-100%	729	-90%	6,975	19%	5,851	282%	1,532	-67%
Other liabilities	149,277	8%	137,769	54%	89,365	8%	82,901	-12%	94,296	50%	62,673	10%
	2,196,472	16%	1,895,861	6%	1,796,061	15%	1,567,361	16%	1,346,237	0%	1,348,852	13%
Net Assets												
	230,707	22%	189,495	9%	174,407	-8%	190,102	13%	168,915	13%	149,278	-3%
Represented by												
Share capital	11,851	0%	11,851	0%	11,851	0%	11,851	0%	11,851	0%	11,851	0%
Reserves	98,724	11%	88,578	5%	84,602	5%	80,696	4%	77,591	5%	74,148	5%
Surplus on revaluation of assets – net of tax	24,093	29%	18,641	31%	14,272	-49%	27,720	17%	23,695	143%	9,747	-43%
Unappropriated profit	96,040	36%	70,425	11%	63,683	-9%	69,835	25%	55,777	4%	53,532	0%
	230,707	22%	189,495	9%	174,407	-8%	190,102	13%	168,915	13%	149,278	-3%
Profit & Loss Account												
Mark-up earned	328,057	63%	200,763	63%	123,334	-9%	136,076	-2%	138,292	66%	83,319	12%
Mark-up expensed	(180,356)	59%	(113,607)	91%	(59,347)	-8%	(64,741)	-18%	(78,676)	111%	(37,305)	19%
Net mark-up income	147,701	69%	87,156	36%	63,987	-10%	71,334	20%	59,616	30%	46,014	8%
Non-mark-up income	32,916	34%	24,613	23%	20,074	11%	18,136	9%	16,679	-3%	17,198	-5%
Total income	180,617	62%	111,769	33%	84,061	-6%	89,470	17%	76,295	21%	63,212	4%
Non-mark-up expenses	(55,003)	27%	(43,186)	17%	(36,894)	9%	(33,908)	1%	(33,709)	2%	(32,902)	15%
Profit before provisions	125,613	83%	68,583	45%	47,167	-15%	55,562	30%	42,586	40%	30,310	-5%
Provisions & write off	(373)	-113%	2,782	-42%	4,823	-166%	(7,313)	194%	(2,484)	-242%	1,753	-268%
Profit before taxation	125,241	75%	71,365	37%	51,989	8%	48,249	20%	40,102	25%	32,064	3%
Taxation	(65,609)	70%	(38,624)	82%	(21,178)	10%	(19,212)	19%	(16,125)	51%	(10,704)	25%
Profit after taxation	59,631	82%	32,741	6%	30,811	6%	29,037	21%	23,977	12%	21,360	-5%

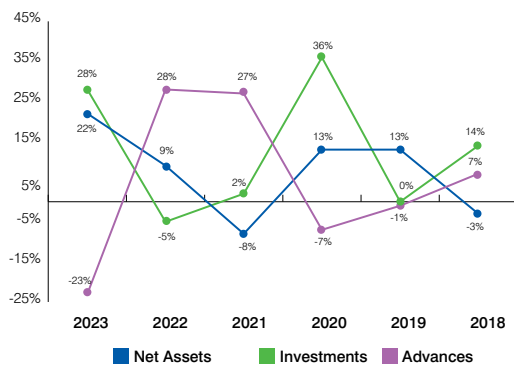
Vertical Analysis

	2023		2022		2021		2020		2019		2018	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	170,717	7%	96,369	5%	164,613	8%	122,181	7%	132,705	9%	103,175	7%
Balances with other banks	35,073	1%	24,872	1%	18,830	1%	24,030	1%	12,542	1%	11,879	1%
Lendings to financial institutions	96,213	4%	50,416	2%	42,467	2%	17,139	1%	1,090	0%	35,106	2%
Investments	1,249,439	51%	978,731	47%	1,035,585	53%	1,015,869	58%	748,765	49%	749,369	50%
Advances	577,863	24%	753,400	36%	589,711	30%	462,942	26%	496,679	33%	503,581	34%
Fixed assets	82,821	3%	79,918	4%	57,328	3%	58,028	3%	58,271	4%	40,812	3%
Intangible assets	1,035	0%	801	0%	979	0%	938	0%	958	0%	630	0%
Deferred tax assets	-	0%	7,547	0%	-	-	-	-	-	-	-	-
Other assets	214,016	9%	93,301	4%	60,955	3%	56,334	3%	64,143	4%	53,578	4%
	2,427,179	100%	2,085,355	100%	1,970,468	100%	1,757,462	100%	1,515,152	100%	1,498,130	100%
Liabilities												
Bills payable	25,096	1%	39,137	2%	24,590	1%	23,981	1%	11,822	1%	15,699	1%
Borrowings	216,611	9%	340,237	16%	269,526	14%	164,002	9%	89,506	6%	216,019	14%
Deposits	1,805,387	74%	1,378,717	66%	1,411,852	72%	1,289,502	73%	1,144,763	76%	1,049,038	70%
Sub-ordinated loan	-	-	-	-	-	-	-	-	-	-	3,891	0%
Deferred tax liabilities	101	0%	-	0%	729	0%	6,975	0%	5,851	0%	1,532	0%
Other liabilities	149,277	6%	137,769	7%	89,365	5%	82,901	5%	94,296	6%	62,673	4%
	2,196,472	90%	1,895,861	91%	1,796,061	91%	1,567,361	89%	1,346,237	89%	1,348,852	90%
Net Assets												
	230,707	10%	189,495	9%	174,407	9%	190,102	11%	168,915	11%	149,278	10%
Represented by												
Share capital	11,851	0%	11,851	1%	11,851	1%	11,851	1%	11,851	1%	11,851	1%
Reserves	98,724	4%	88,578	4%	84,602	4%	80,696	5%	77,591	5%	74,148	5%
Surplus on revaluation of assets – net of tax	24,093	1%	18,641	1%	14,272	1%	27,720	2%	23,695	2%	9,747	1%
Unappropriated profit	96,040	4%	70,425	3%	63,683	3%	69,835	4%	55,777	4%	53,532	4%
	230,707	10%	189,495	9%	174,407	9%	190,102	11%	168,915	11%	149,278	10%
Profit & Loss Account												
Mark-up earned	328,057	91%	200,763	89%	123,334	86%	136,076	88%	138,292	89%	83,319	83%
Mark-up expensed	(180,356)	-50%	(113,607)	-50%	(59,347)	-41%	(64,741)	-42%	(78,676)	-51%	(37,305)	-37%
Net mark-up income	147,701	41%	87,156	39%	63,987	45%	71,334	46%	59,616	38%	46,014	46%
Non-mark-up income	32,916	9%	24,613	11%	20,074	14%	18,136	12%	16,679	11%	17,198	17%
Total income	180,617	50%	111,769	50%	84,061	59%	89,470	58%	76,295	49%	63,212	63%
Non-mark-up expenses	(55,003)	-15%	(43,186)	-19%	(36,894)	-26%	(33,908)	-22%	(33,709)	-22%	(32,902)	-33%
Profit before provisions	125,613	35%	68,583	30%	47,167	33%	55,562	36%	42,586	27%	30,310	30%
Provisions & write off	(73)	0%	2,782	1%	4,823	3%	(7,313)	-5%	(2,484)	-2%	1,753	2%
Profit before taxation	125,241	35%	71,365	32%	51,989	36%	48,249	31%	40,102	26%	32,064	32%
Taxation	(65,609)	-18%	(38,624)	-17%	(21,178)	-15%	(19,212)	-12%	(16,125)	-10%	(10,704)	-11%
Profit after taxation	59,631	17%	32,741	15%	30,811	21%	29,037	19%	23,977	15%	21,360	21%

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 trillion in 2022. On an annualized basis, the asset base of the Bank has recorded an increase of 10.13% over the base year while the investments and gross advances have posted an increase of 10.77% and 2.62% respectively. Significant increase in the asset base has been observed in current year due to the increase in investment base that grew by 28% on a year on year basis (YOY); financed by an historically high deposit mobilization of Rs. 427 billion.



The deposit base of the Bank has registered significant growth over the years; increasing from Rs. 1,049 billion in 2018 to Rs. 1,805 billion in 2023 and translating into a CAGR of 11.47% over the past 6 years. In the current year, the Bank achieved un-precedent growth in its deposit base; increasing by 31% on a YOY basis. During the year 2018, MCB transferred business of its 90 branches to MCB's wholly owned subsidiary i.e. MCB Islamic Bank Limited and deposits amounting to Rs. 21.9 billion were transferred under the de-merger scheme. Despite this transfer, the deposits grew by 8.32% on YOY basis in 2018 and have continued on the path of upward trajectory in subsequent years.

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 8.17% over the base year.

On the Profit and Loss side, gross markup earned has posted an average increase of 31.53% over a span of six years. This is due to the increase in mark up earned on investments and advances on the back of a rising earning assets base and the evolving yield curve scenarios. The highest gross markup income over the span was reported in 2023; as the 600bps increase in policy rate coupled

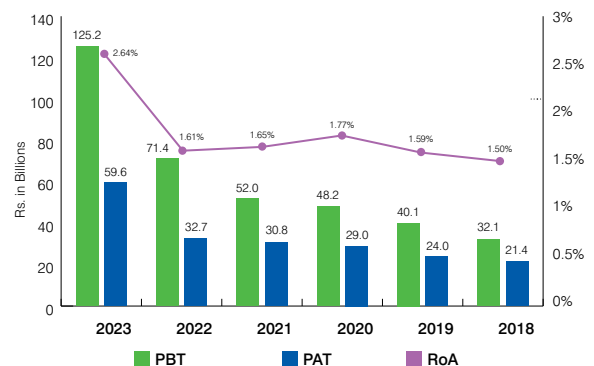
with healthy volumetric gains in the earning assets base contributed to the significant rise. The increase in markup expense on deposits is on account of regulatory revisions by SBP and volumetric increase achieved in the deposit base. The cost of deposits for the Bank has been strategically managed 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 180 billion (YoY: +28%). However, the total markup expense has increased by 37.05% over the six-year period 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 10.82% over the period under review, despite continuous investment in Banks digital and physical infrastructure along with sustained inflationary pressures 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 over the last few years barring the exception of 2020 wherein the management had proactively booked a general provision charge of Rs. 4.0 billion in anticipation that the customers affected by the pandemic might require provisioning once SBP's relaxations and waivers expire post year end. This coupled with the subjective provisioning of obligor accounts, on a prudent basis, resulted in trend reversal for recognition of credit charge in 2020.

In 2023, the Bank registered another year of historic recoveries against its classified portfolio; leading to a net reversal in credit charge for 2023.

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



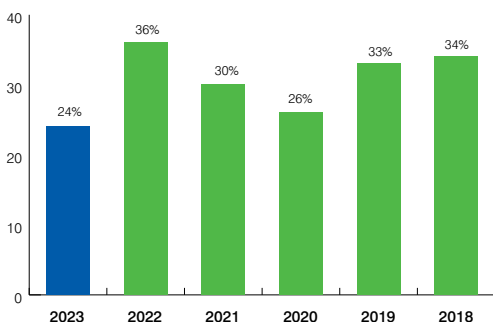
Vertical Analyses

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 till 2019. 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 had diluted advances concentration in the total asset mix; hence falling to 26% in 2020 from 34% in 2018. 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.

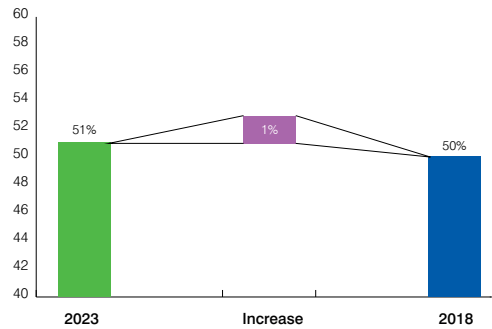
During 2020, the Banking industry steered through challenging economic conditions prevalent due to ongoing COVID-19 pandemic. Timely and well calibrated policy measures rolled out by the SBP facilitated the banking industry to improve profitability, enhance resilience and restrict the credit risk to 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 71% in 2018 to 78% in 2020.

Subsequently, on account of resurgence in economic activity witnessed in 2021 and record 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 58% in 2020; correspondingly, IDR declined to 71% from 79%. IDR in 2023 was reported at 69%.

Advances Concentration Level in Assets



Investments Concentration Level in Assets



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.

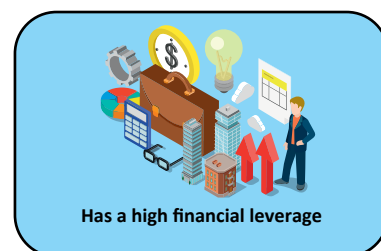
Markup income growth has registered a steady rise over the last 6 years, barring the exception of year 2021 wherein the earning margins had been adversely impacted by a reversion in yield curve and diluted the impact of volumetric growth achieved in the Bank's asset base. However, in the current year, mark up income has registered a significant growth of 63% primarily on account of improving earning margins amidst a 7.3% increase in the average applicable policy rate applicable during the year. The contribution from markup income approximates 82% of the total income.

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.

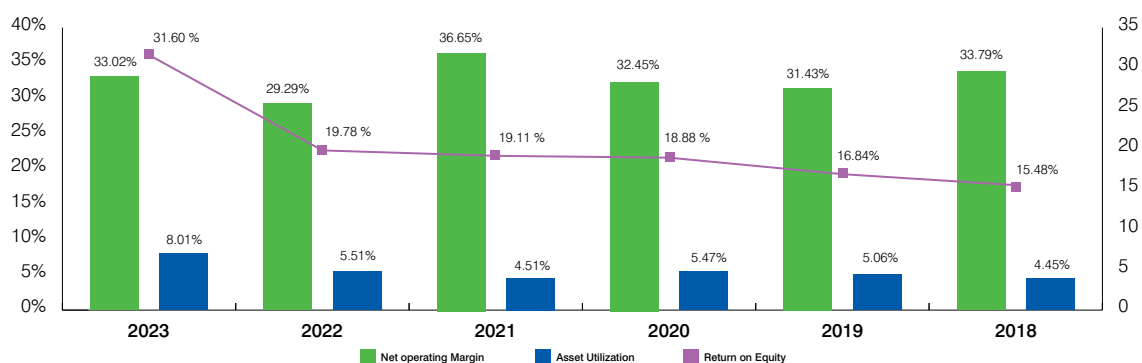
Concentration of non markup income in the total income has decreased from 17% in 2018 to 9% in 2023. This dilution has primarily been on account of rising gross markup income whose concentration levels have increased from 83% in 2018 to 91% in 2023. Non markup expense concentration level has declined from 47% in 2018 to 23% in 2023 despite expansion in business; which is due to various cost control initiatives.

DuPont Analysis

DuPont analysis entails an extended examination of Return on Equity (ROE) of a company by breaking it into three components i.e. Net Profit Margin, Asset Turnover and Financial Leverage. It gives a broader view of the return the company in earnings on its Equity, which in turn helps management to take various strategic and operational decisions. The analysis concludes that a company can earn higher return on equity if it:



			2023	2022	2021	2020	2019	2018
Net Operating Margin	PAT / Total Income	A	33.02%	29.29%	36.65%	32.45%	31.43%	33.79%
Asset Utilization	Total Income / Average Assets	B	8.01%	5.51%	4.51%	5.47%	5.06%	4.45%
Return on Assets		C = A x B	2.64%	1.61%	1.65%	1.77%	1.59%	1.50%
Leverage Ratio / Equity Multiplier	Average Assets / Average Equity	D	11.95	12.25	11.56	10.64	10.58	10.29
Return on Equity		C X D	31.60%	19.78%	19.11%	18.88%	16.84%	15.48%



Following are the main DuPont analysis highlights:

- 1) The year 2022 had witnessed a decline in Bank's net operating margin owing primarily to lower reversal in provisions and higher tax consequence of retrospective and additional tax amendments proposed through legislative updates. In 2023, amidst a rising yield curve scenario, the Bank's net operating margin has improved to 33.02%; primarily on the back of historic growth recorded in deposits and an ever improving concentration of average current deposits in the total mix.
- 2) Asset utilization has increased, in 2023, due to rising total income on account of higher average yield on earning assets.
- 3) Equity Multiplier has been showing an increasing trend since 2018 due to the growing profits.

Analyses of Cash Flows

Summary of Cash Flows

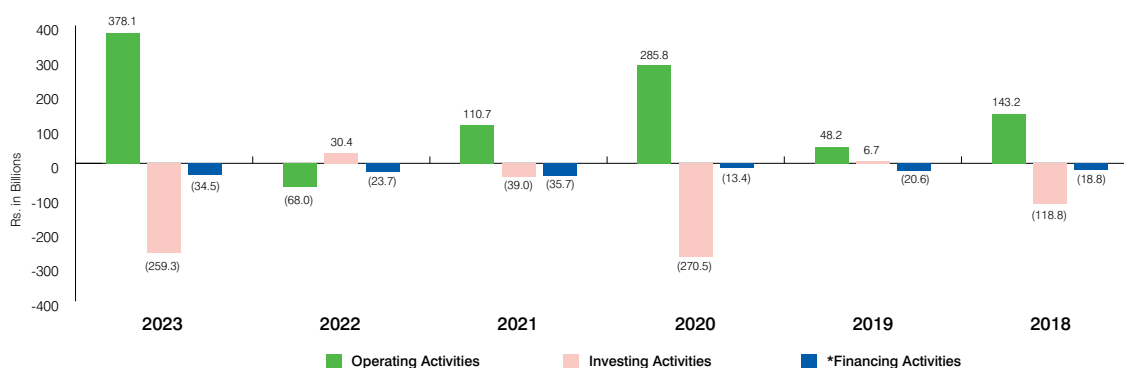
	Rupees in million					
	2023	2022	2021	2020	2019	2018
Cash flows from operating activities	378,129	(68,036)	110,719	285,808	48,192	143,221
Cash flows from investing activities	(259,335)	30,356	(39,027)	(270,459)	6,681	(118,767)
*Cash flows from financing activities	(34,526)	(23,675)	(35,722)	(13,433)	(20,603)	(18,794)
Cash and cash equivalents at the beginning of the year	120,427	181,783	145,814	143,898	109,628	103,968
Cash and cash equivalents at the end of the year	204,695	120,427	181,783	145,814	143,898	109,628

Commentary on Cash Flow Statement:

Operating cash flow depicts net cash inflow generated from core activities of bank i.e deposit mobilization and loans and advances disbursements. In 2023, total cash inflows generated from operating activities were Rs. 378.129 billion as compared to cash outflows of Rs. 68.036 billion recorded in 2022. Major reason for captioned increase was the historically high deposit mobilization of Rs. 426.670 billion in 2023.

The investing activities posted a net-cash outflow, as a dearth of quality lending opportunities amidst an abating private sector credit demand resulted in excess liquidity, generated through operating activities, being diverted towards expansion of the investment book; the net cash outflows from investments stood at Rs. 260.499 billion while the operating cash inflows from advances were recorded at Rs. 176.015 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 2023 on the back of improving profitability; a cumulative dividend of Rs. 27 per share was paid in 2023 as compared to Rs. 19 per share of dividend paid in 2022. 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 quarterly and annual payouts over the last 5 years.



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

Free Cash Flows

	Rupees in million					
	2023	2022	2021	2020	2019	2018
Profit before taxation	125,241	71,365	51,989	48,249	40,102	32,064
Adjustment for non-cash items & Dividends	6,123	1,540	(1,833)	11,687	6,174	264
Operating assets / liabilities changes	246,766	(140,942)	60,563	225,872	1,916	110,893
Net cash generated from / (used in) operating activities	378,129	(68,036)	110,719	285,808	48,192	143,221
Capital expenditure	(7,452)	(4,598)	(3,121)	(3,090)	(5,022)	(4,483)
Free cash flows	370,677	(72,635)	107,598	282,718	43,170	138,738

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.

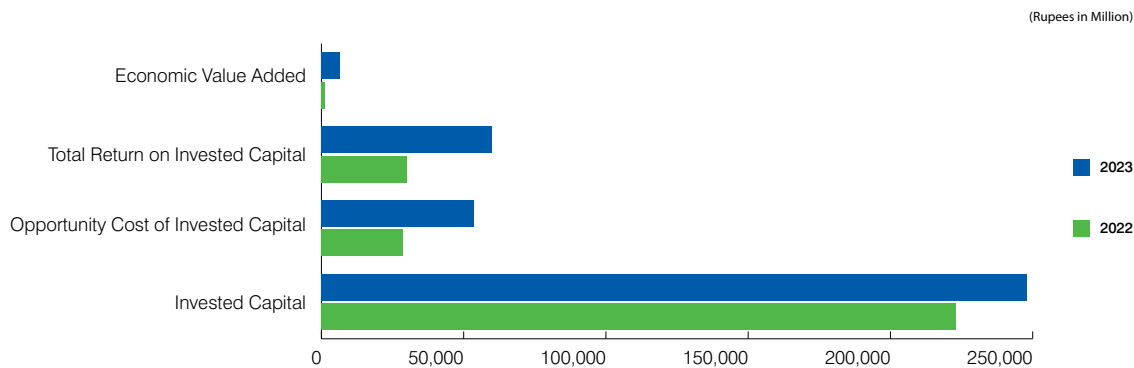
Cash Flow Statement - Direct Method

	2023 (Rupees in Million)	2022
Cash flows from operating activities		
Mark-up / return / interest and commission receipts	335,704	201,387
Mark-up / return / interest payments	(207,427)	(84,988)
Payments to employees, suppliers and others	(46,259)	(36,827)
	82,018	79,572
Decrease / (increase) in operating assets		
Lendings to financial institutions	(45,798)	(7,949)
Net (investments) / divestments in 'held for trading' securities	(293)	12
Advances - net	176,015	(161,165)
Other assets	(78,405)	(7,536)
	51,519	(176,638)
Increase / (decrease) in operating liabilities		
Bills payable	(14,041)	14,547
Borrowings	(123,907)	71,558
Deposits and other accounts	426,670	(33,134)
Other liabilities	16,657	4,165
	305,379	57,136
	438,916	(39,930)
Income tax paid	(60,787)	(28,106)
Net cash flows from / (used in) operating activities	378,129	(68,036)
Cash flows from investing activities		
Net (investments) / divestment in 'available for sale' securities	(260,352)	35,690
Net investments in 'held to maturity' securities	(148)	(201)
Dividends received	3,028	2,409
Investments in fixed assets	(6,866)	(4,391)
Investments in intangible assets	(586)	(207)
Proceeds from sale of fixed assets and intangible assets	1,924	200
Proceeds from sale of non-banking assets acquired in satisfaction of claims	132	154
Investment in subsidiary	(650)	(4,000)
Exchange differences on translation of the net investment in foreign branches	4,182	702
Net cash flows (used in) / from investing activities	(259,336)	30,356
Cash flows from financing activities		
Dividend paid	(32,308)	(21,808)
Payment of lease liability against right-of-use-assets	(2,217)	(1,868)
Net cash flows used in financing activities	(34,525)	(23,676)
Effects of exchange rate changes on cash and cash equivalents	10,533	9,600
Increase / (decrease) in cash and cash equivalents	94,801	(51,756)
Cash and cash equivalents at beginning of the year	109,894	172,183
Cash and cash equivalents at end of the year	204,695	120,427

Cash flow statement in annual financial statement is required to be prepared in line with the format prescribed by State Bank of Pakistan under BPRD Circular No .2 dated 25, 2018, 'Revised Forms of Annual Financial statements.

Economic Value Added Statement

	2023	2022
	(Rupees in Million)	
Invested Capital		
Average shareholders' equity	188,734	165,495
Add: Cumulative provisions against assets	59,111	57,569
	247,845	223,064
Return on Invested Capital		
Profit after taxation	59,631	32,741
Add: Provisions and write offs - net	373	(2,782)
Total return on invested capital	60,004	29,958
Economic cost		
Opportunity cost of invested capital	21.57%	12.84%
	53,460	28,641
Economic Value Added (EVA)	6,544	1,317



Comments:

Economic value added is a measure of profitability which takes into consideration the cost of total invested equity.

Increase in EVA as compared to the last year is due to rise in Profitability of the bank on account of higher NII and non markup income during the year.

Capital Expenditures

Capital expenditure during the year:

The total capital expenditure during 2023 was Rs. 7.452 billion for business expansion, property renovations and augmentation of IT infrastructure.

Capital expenditures planned for next year:

The Bank has budgeted capital expenditure of Rs. 18.1 billion for the next year. This would primarily be invested in increasing our operational outreach, continuous improvement in our information technology and digital banking platforms and safeguarding our existing infrastructure / relationships from growing threats on cyber security front along with normal replacements to ensure smooth operations.

Segment Analysis

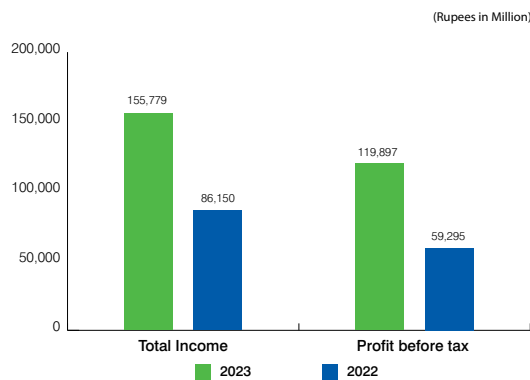
A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other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

Business Segments

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

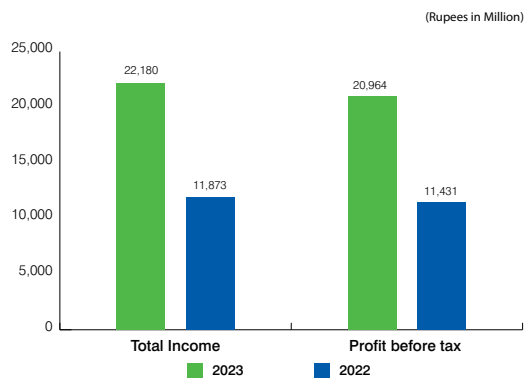
Retail

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



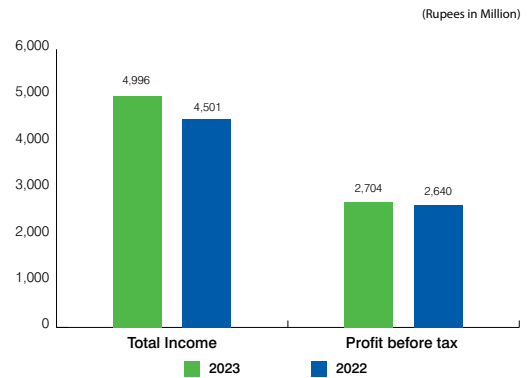
Corporate

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



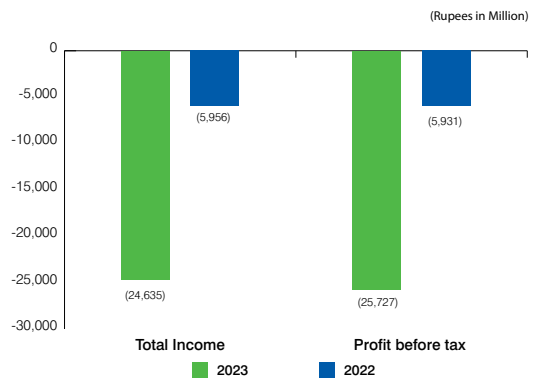
Consumer

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



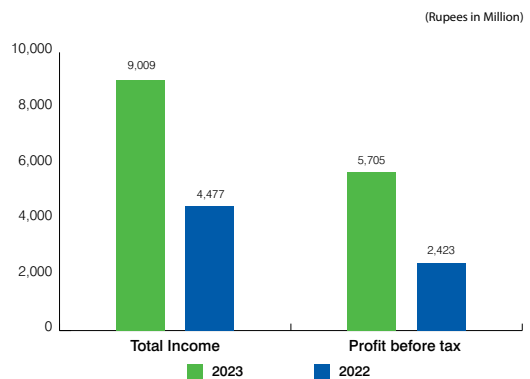
Treasury

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



International

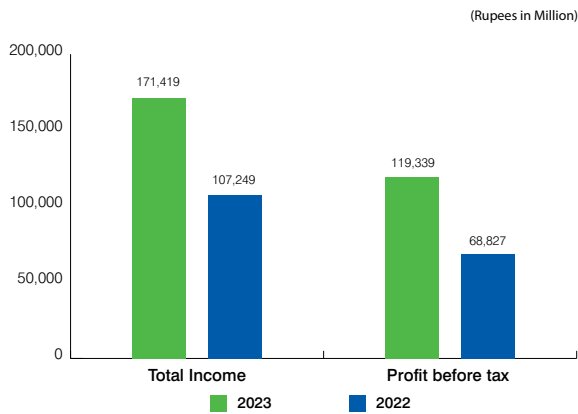
This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by the Bank's overseas operations.



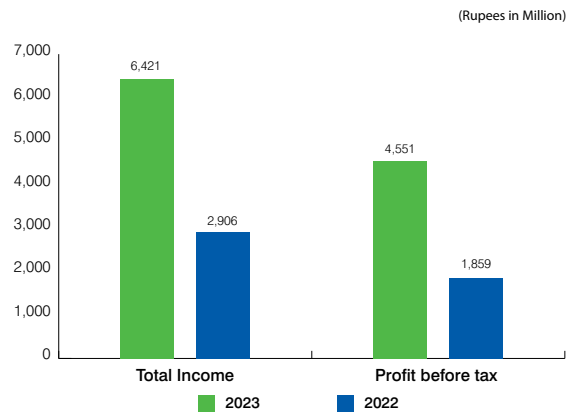
Geographical Segments

The Bank operates in the following geographic regions:

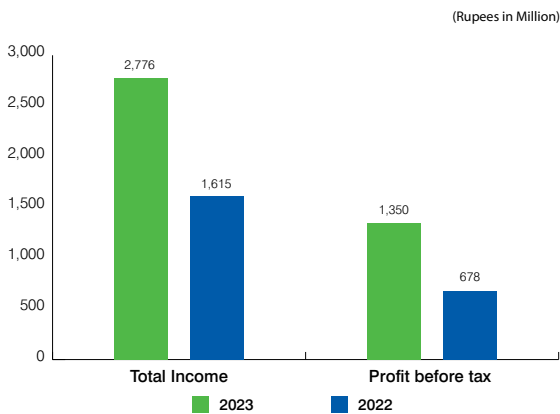
Pakistan



Middle East



South Asia



Product Revenue Analyses

Rupees in Million

2023

	Retail Banking Products	Consumer Banking Products	Corporate Banking Products	Treasury Products	Others	Total
Profit & Loss						
Mark-up / return / interest earned	305,109	13,592	92,546	241,476	330,407	983,131
Mark-up / return / interest expensed	161,080	11,327	79,274	273,158	310,591	835,430
Net mark-up / interest income	144,029	2,266	13,272	(31,682)	19,816	147,701
Non Mark-Up / Interest Income	11,750	2,730	8,908	7,047	2,481	32,916
Total Income	155,779	4,996	22,180	(24,635)	22,298	180,617
Non Mark-Up / Interest Expenses	33,480	2,222	1,002	702	17,597	55,003
Profit Before Provision	122,299	2,773	21,178	(25,337)	4,701	125,613
Provisions	2,402	69	214	390	(2,703)	373
Profit before tax	119,897	2,704	20,964	(25,727)	7,403	125,241

Statement of Charity and Donation

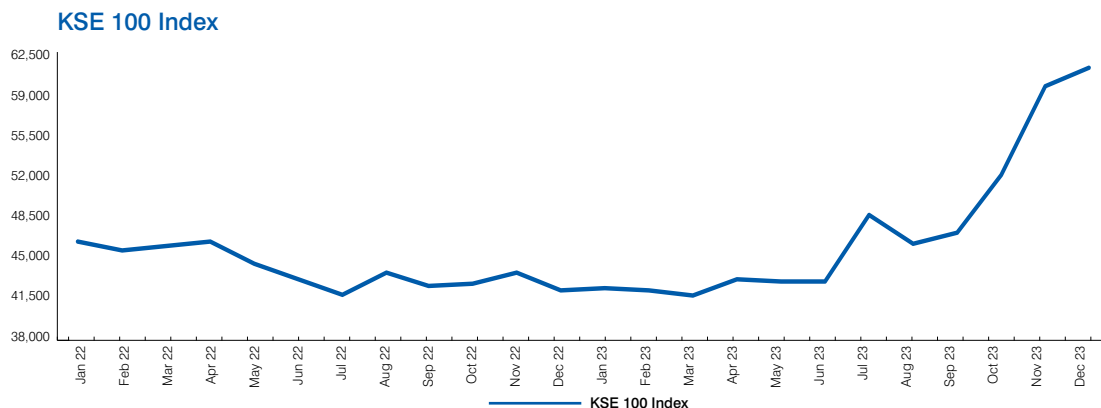
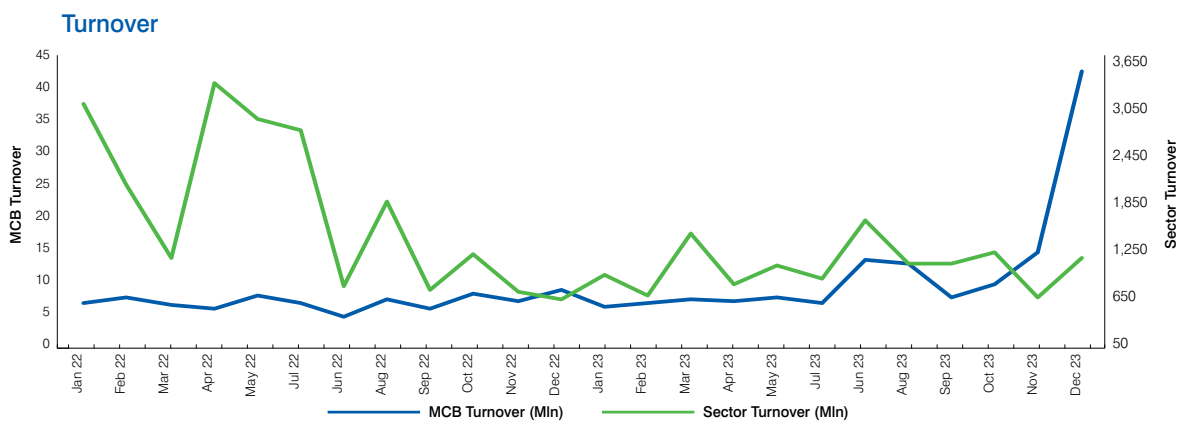
Statement of charity fund management by MCB Islamic Bank Limited (Wholly owned subsidiary of MCB Bank Limited) is as follows:

	2023	2022
	(Rupees in '000)	
Reconciliation of charity fund balance		
Opening balance	12,119	8,823
Additions during the year		
- Received from customers against late payment	25,353	20,120
- Dividend purification amount	451	351
- Charity against other Non-Shariah compliant income	14	-
- Profit on charity saving account	801	325
	26,619	20,796
Charity paid during the year	(15,500)	(17,500)
Closing balance	23,238	12,119
Charity was paid to the following institutions:		
Aziz Jehan Begum Trust for the Blind	1,000	1,500
Family Welfare Society	1,000	1,000
Indus Hospital	1,500	3,000
Infaq Memorial Trust	1,000	-
Mind Organization	300	500
Saleem Memorial Trust Hospital	4,000	3,000
Saylani Welfare Trust	4,500	2,500
The Citizens Foundation	1,000	-
The Lahore Hospital Welfare Society	500	500
Akhuwat Foundation	700	3,000
Prime Minister's Flood Relief Fund	-	1,000
Pakistan Society for the Rehabilitation of the Disabled	-	500
Baluchistan's Flood Relief and Rehabilitation Fund	-	1,000
	15,500	17,500
In addition to the above charity, detail of donation by the Bank is given below:		
M/s Bestway Foundation	-	1,352
Lahore Hospital Welfare Society	1,000	-
Habib University Foundation	5,000	-
Patient's Behbud Society for 'The Aga Khan University Hospital (AKUH)'	5,000	-
Saleem Memorial Trust Hospital	10,000	-
	21,000	1,352

Market Statistics of MCB's Share

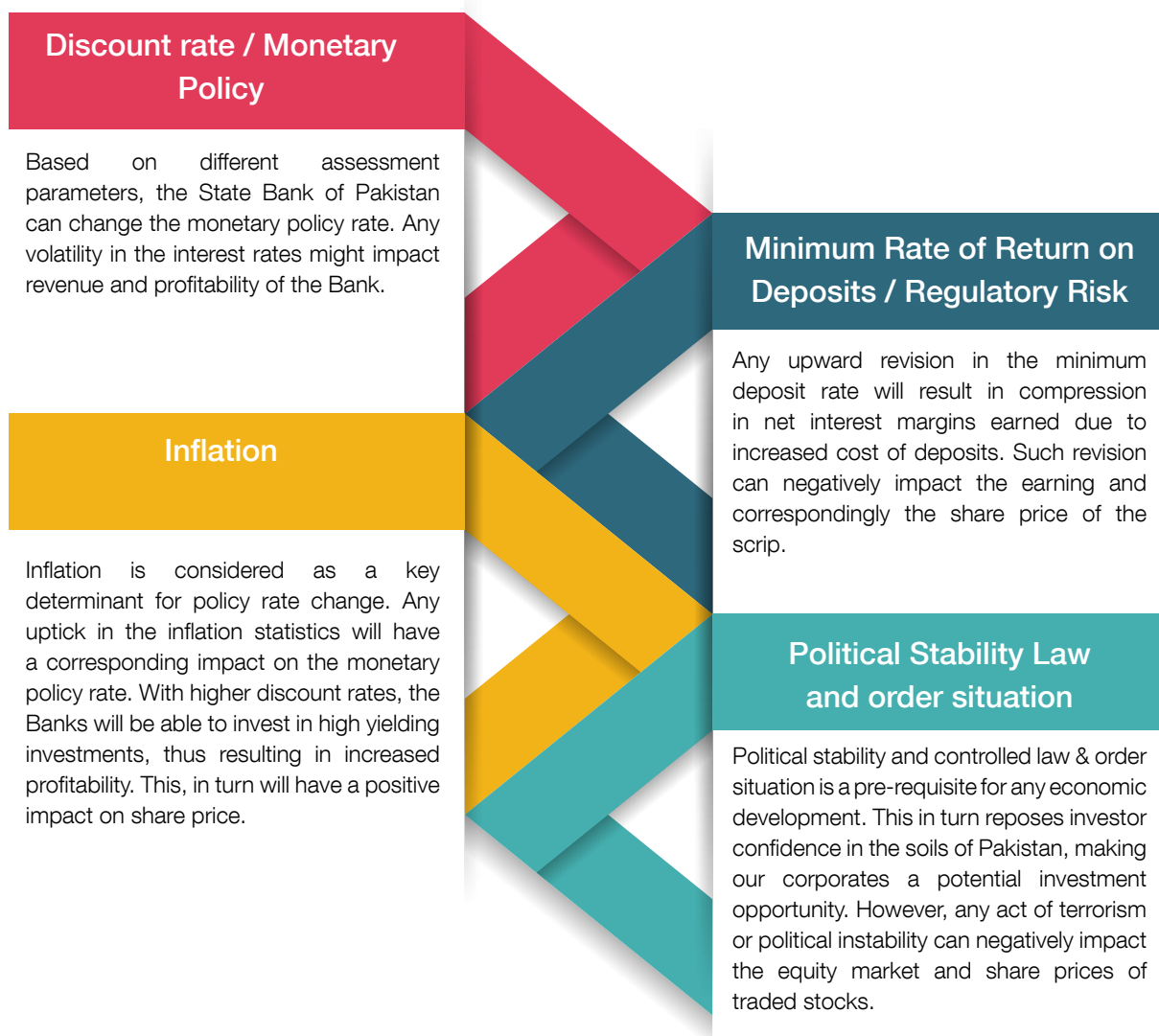
	Share Prices			Free Float		Market Capitalisation	
	MCB Scrip (Rs.)			Share ('000s)	%	Capital	Value
2023	High	Low	Closing			(Mln)	(Mln)
4th Quarter	203.82	128.41	172.55	379,842	32.05%	11,851	204,482
3rd Quarter	153.50	117.25	129.35	379,936	32.06%	11,851	153,288
2nd Quarter	123.00	110.00	114.47	380,787	32.13%	11,851	135,654
1st Quarter	121.70	106.99	115.00	400,155	33.77%	11,851	136,282
2022							
4th Quarter	122.40	108.95	116.16	398,611	33.64%	11,851	137,657
3rd Quarter	137.00	115.55	119.51	390,865	32.98%	11,851	141,627
2nd Quarter	154.99	119.41	122.98	393,126	33.17%	11,851	145,739
1st Quarter	166.20	141.15	145.66	393,390	33.20%	11,851	172,616

Dividend Distribution	2023		2022	
	Mln	%	Mln	%
Final cash dividend	10,666	90	7,110	60
3rd interim dividend	9,480	80	5,925	50
2nd interim dividend	8,295	70	4,740	40
1st interim dividend	7,110	60	5,925	50



Share Price Sensitivity Analysis

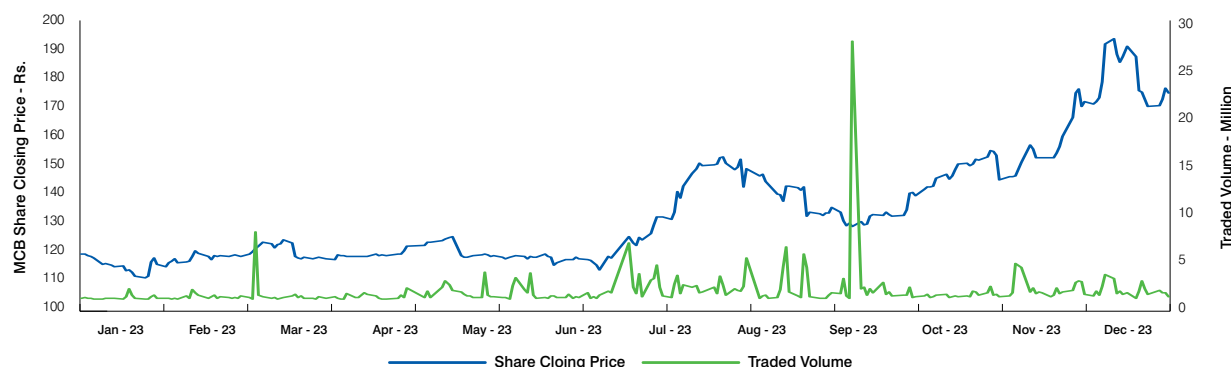
Factors that can influence the share price of MCB Bank Limited are given below:



Sensitivity Analysis of Change in Market Capitalization

Share Price as on December 31, 2023
 Market Capitalization as of December 31, 2023
 Change in Share Price by
 +10%
 -10%

PKR 172.55
 PKR 204,482 Million
 Change in Market Capitalization
 PKR +20,448 Million
 PKR -20,448 Million



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 last year (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.

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, 2023, extends across more than 1,450 branches and offices (including sub-branches). Of these, premises owned by the Bank represent a material infrastructural investment in immovable properties amounting to Rs. 64.936 billion (86.3% 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 highest dividend per share in the financial sector with quarterly payouts. For the year 2023, the Board of Directors have declared a final cash dividend of Rs. 9.0 per share which is in addition to Rs. 21.0 per share interim dividends already paid to the shareholders; taking the dividend payout ratio for the year to 60%. Dividend payout is expected, for the year 2024, 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 on the Bank's performance have been covered within the 'Forward Looking' 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 24 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 42 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 the 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 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 2018-2023
- Six Years summary of Operating Expenses
- Six Years summary of Markup and Non-markup income
- Statement on Internal Controls
- Groups' Performance Reviews
- Detail of Management Committees & Other Senior Management
- Profile of Shari'ah Advisor Board
- Role of Shari'ah Board
- Green Banking
- Statement of Charity & Donations
- Investor Awareness through Jama Punji Initiative by the Securities & Exchange Commission of Pakistan

President's Review:

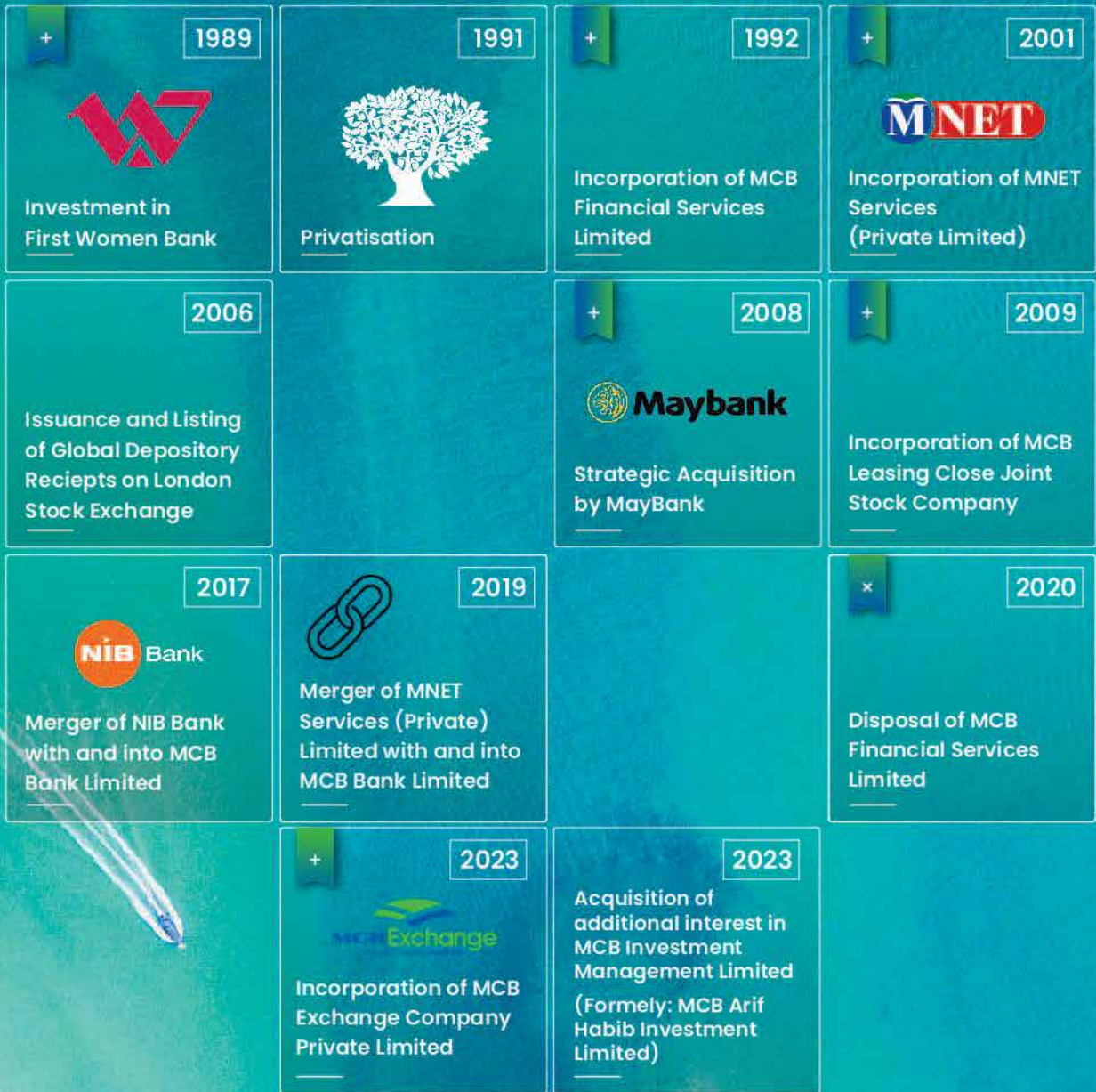
The President/CEO's video message on the Bank's business performance and strategy is available at:
<https://www.mcb.com.pk/investor-relations/ceo-message>

Historical Major Events

 <p>1947</p> <p>Incorporation</p>	 <p>1974</p> <p>Nationalization</p>		
 <p>2004</p>  <p>Investment in Adamjee Insurance Company Limited</p>	 <p>2005</p> <p>Incorporation of MCB Trade Services Limited</p>		
 <p>2011</p>  <p>Investment in Euro Net Pakistan (Private) Limited</p>	 <p>2011</p> <p>Amalgamation of MCB Asset Management Company with Arif Habib Investment Limited</p>	 <p>2014</p> <p>Incorporation of MCB Islamic Banking Limited – a subsidiary company</p>	
 <p>2021</p> <p>MCB Live launch</p>	 <p>2022</p>  <p>75th Anniversary</p>		

Calendar of Major Events 2023

<p>Annual Results 2022 issued</p> <p>2023 FEBRUARY 08</p>	<p>75th Annual General Meeting Held</p> <p>2023 MARCH 27</p>	<p>1st Quarter Results Issued</p> <p>2023 APRIL 27</p>	<p>2nd Quarter Results issued</p> <p>2023 AUGUST 02</p>
--	--	--	---



3rd Quarter Results issued on

2023
OCTOBER 25

Annual Results 2023 issued on

2024
FEBRUARY 06

76th Annual General Meeting Scheduled

2024
MARCH 27

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 # 278](#)

Determining Material Topics & Key Risks

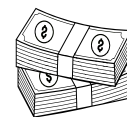
MCB's material issues are those that matter most to its stakeholders and providers of capital; and that impact on its ability to create value in the short, medium and long term

Key Trends and Expectations

Expanding markets for financial services

Total population expected to increase by **263** million by 2030

Pakistan has the highest rate of urbanization in South Asia; around **37.73%** (expected at 40% by 2030)



Digital payment solutions adoption

Expected launch of **5G** technology in 2024

Digitalization has the potential to add **USD 60** billion to Pakistan's Economy within 8 years








































According to the World Bank's Global Findex (2021) **21%** of adults in Pakistan are financially included compared to a global average of **69%**



















































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 [Read more Page # 163](#)

- Market Risk
- Credit Risk
- Technological / Information Security Risk
- Operational Risk
- Reputation Risk
- Capital Adequacy Risk
- Liquidity Risk
- Country Risk
- Regulatory Risk
- Climate Risk

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	

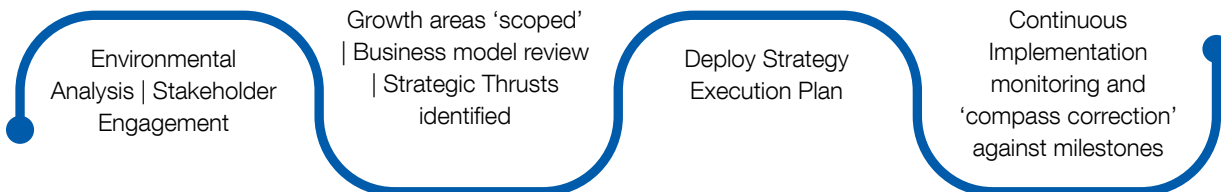
Material Topic	Description	Capitals Impacted	Stakeholders Engagement	Relevant GRI Topic	Contribution to UN SDG's
Employee Practices	At MCB, we believe our people are the cornerstone of our success. The Bank strives to establish a positive working atmosphere that encourages active development of its employees 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 analysis and engagement with key stakeholders:



For details please refer to the "Strategy & Resource Allocation" section of the Annual Report [Read more Page # 150](#)

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 # 153](#)

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 # 158](#)

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 # 191](#)

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



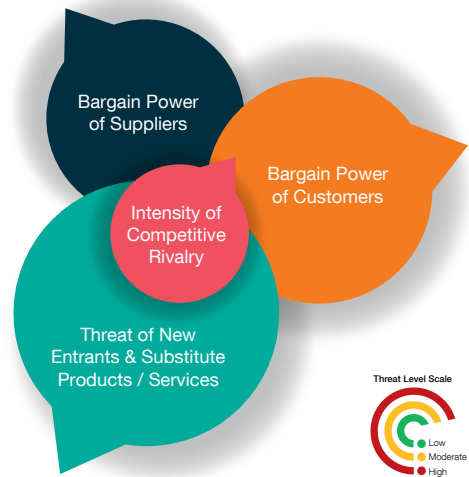
Mapping sustainability topics to our value chain

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	✓	✓

Comparative Landscape and 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.



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; and
- Adhering with all regulatory guidelines with a view to ensure the highest levels of compliance.

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 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.



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.



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, experience and brand image; and
- Staying on the cutting edge of offering customer convenience and low-cost banking solutions.

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;
- 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.



SWOT Analysis

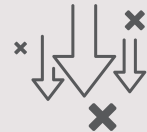
Strengths

- Strong Financial Position & Profitability
- Strong Capital Base
- Highest CASA ratio (>95%) 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 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 the 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 Fluctuations in Discount Rates
- 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

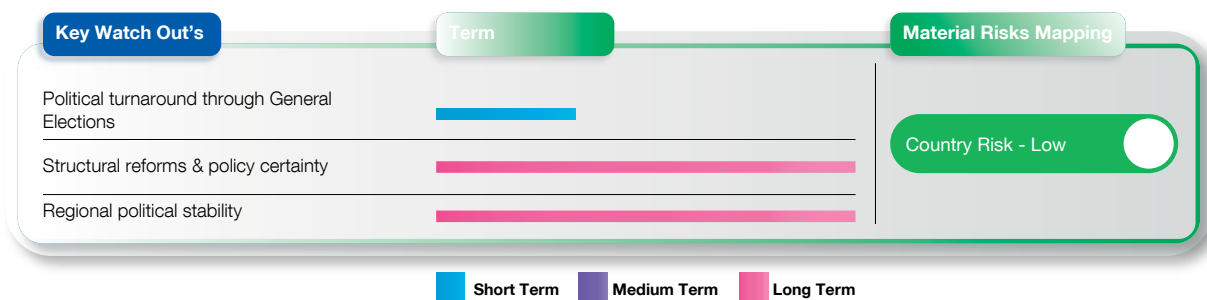
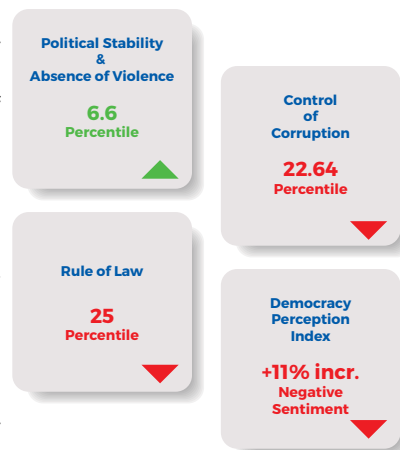
PESTEL Analysis

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.



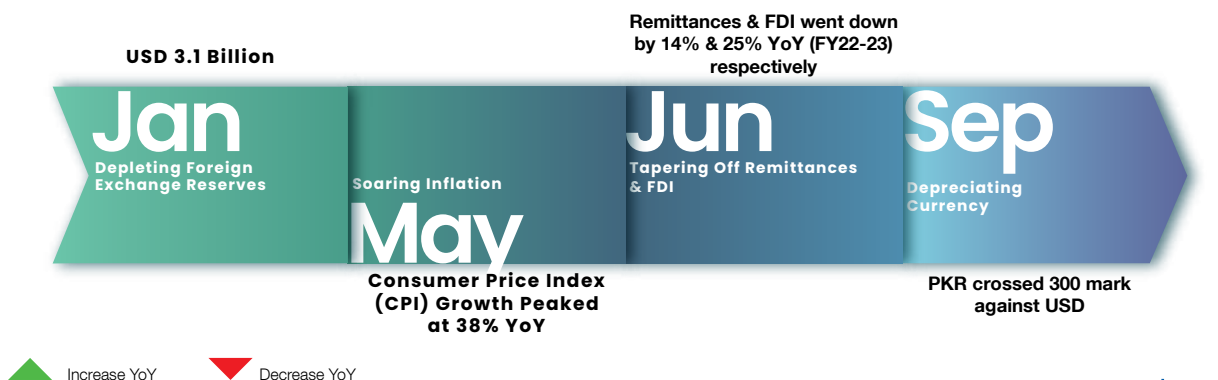
Economic Overview

An overview of Pakistan's economy, in 2023, tells a tale of two distinct halves; leaving behind a mix of despair and hope. The first half witnessed escalating economic and political uncertainty and eroding trust among the people and investors in the ability of the incumbent government to navigate the crises.

The overall economic activity was impeded as excessive sovereign debt and a perpetual fiscal deficit constrained the government's ability to catalyze growth. Weighed further by the impact of floods, rising cost of production, lower external demand together with the policy and administrative measures taken by the SBP, the real GDP growth turned negative 0.2% in FY 22-23.

The persistently elevated global commodity prices amidst lingering geo-political concerns, delay in the completion of 9th review of IMF's 'Extended Fund Facility Program' and ensuing dearth of foreign inflows exerted growing pressure on the country's external account balance and transpired into exchange rate and inflation outruns.

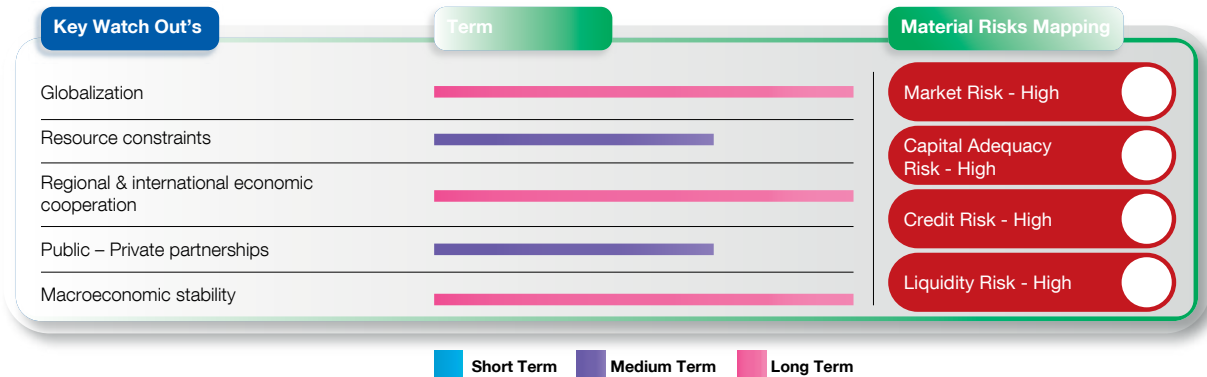
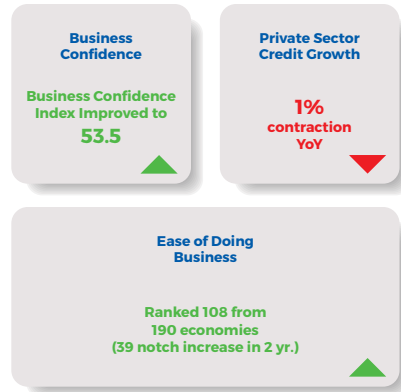
The fiscal consolidation didn't materialize as envisaged due to less than planned tax revenues amidst economic slow down and lower than targeted reduction in subsidies. In the challenging environment, the SBP persisted with its contractionary monetary policy stance; raising the discount rate by a cumulative 600bps that reached its historic high rate of 22%.



In the second half, following the 'Standby Arrangement (SBA) with IMF, investor confidence rebounded, leading to a resurgence of flows into the market. Administrative measures by SBP to curb illicit foreign exchange movements and to further strengthen the regulating framework, establishment of 'Special Investment Facilitation Council (SICF)' to attract FDI and successful rollovers from multilateral, bi-lateral sources and friendly countries all contributed towards boosting country's forex reserves; which rose to USD 8.2 billion by December, 2023. PKR rebounded after registering a depreciation of 26.54% against the greenback (from Rs. 226 to Rs. 286) in the first half of 2023 to mark a slight gain of 1%, in the second half, and close the year at Rs. 282 per USD.

Economic activity posted a moderate recovery, primarily led by the agriculture sector. Capacity utilization in the manufacturing sector has shown consistent increase while the business sentiment, for both industry and services, turned positive for the first time since 2022. On the external front, during the first half of FY 23-24, current account deficit registered a decline of 77% to USD 0.8 billion while the exports grew by 5.3%.

The fiscal position also continued to improve during the first half of FY 23-24; with the overall deficit declining to 0.8% of GDP from 1.5% last year, while the primary surplus increased to 1.4% as compared to 0.2% last year.

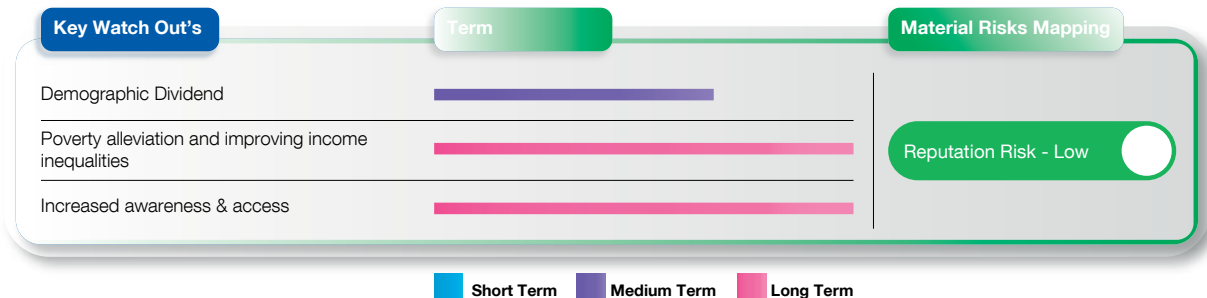
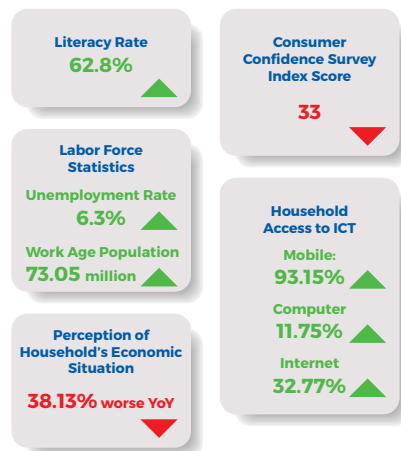


Social Factors

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, 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

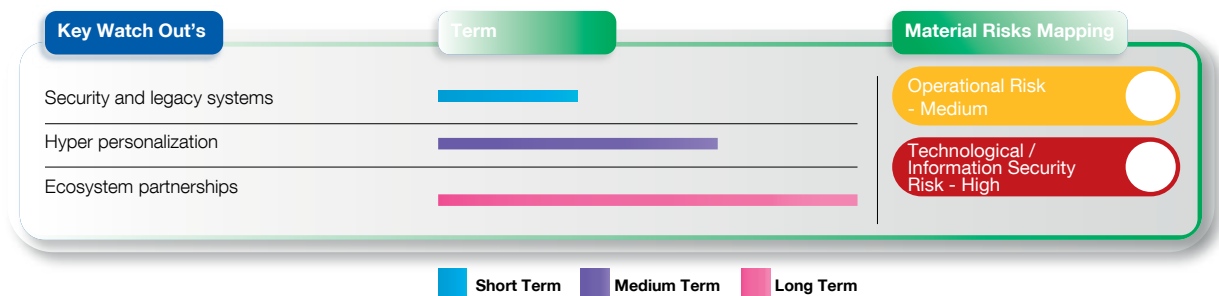
The ongoing global technology revolution and widespread adoption of digital technologies have transformed the way people interact with financial services, including how they access banking services, make payments, invest, and manage their money. In many ways it has accelerated the adoption of digital 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.

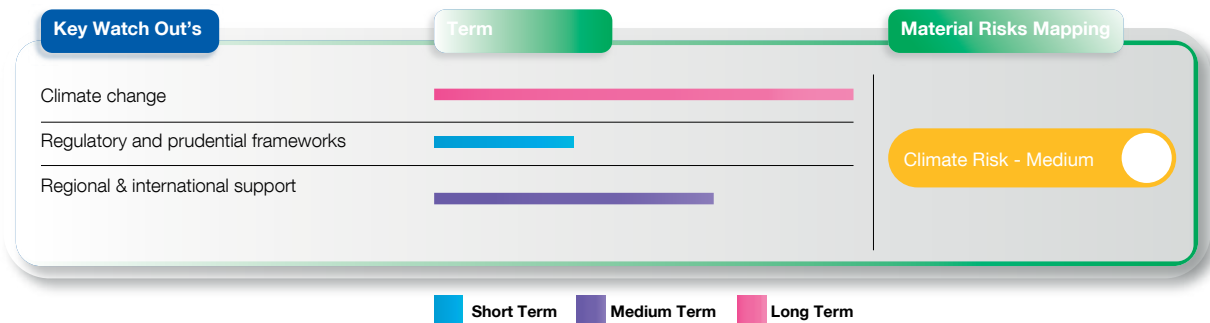
The financial system is impacted by climate change through two main channels. The first involves physical risks, arising from damage to property, infrastructure, and land that could manifest into increased default risk of loan portfolios and lower values of assets. The second is the transition risk, 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.

According to the Global Climate Risk Index (2021), Pakistan is ranked the 8th country in the world as the most vulnerable to long-term climate risk

Pakistan faces some of the highest disaster risk levels in the world, ranked 23 out of 191 countries in the Inform Risk Index (2024)

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

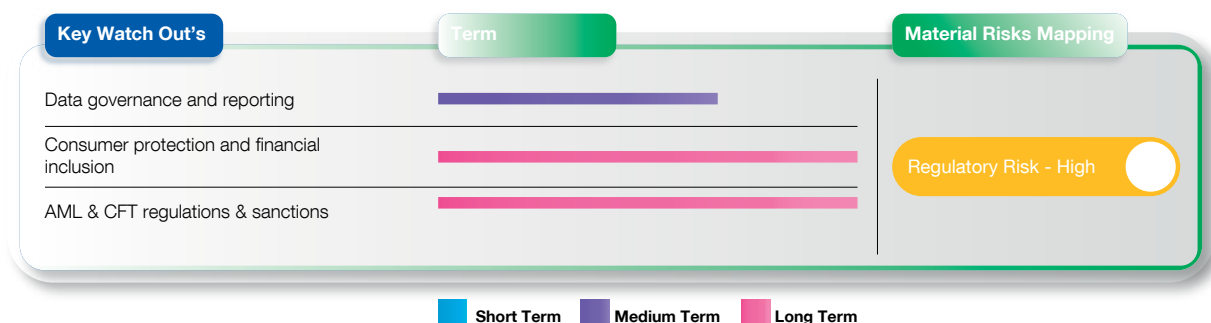
The characteristics and operations of the banking sector are governed by a comprehensive legal, regulatory and supervisory framework implemented by the State Bank of Pakistan (SBP). This framework embodies practices that promote and preserve financial sector stability, emphasize complete disclosure and 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 and encouraging wider adoption of digital financial services are likely to influence the banking regulatory perspectives in 2024.



Strategy & Resource Allocation

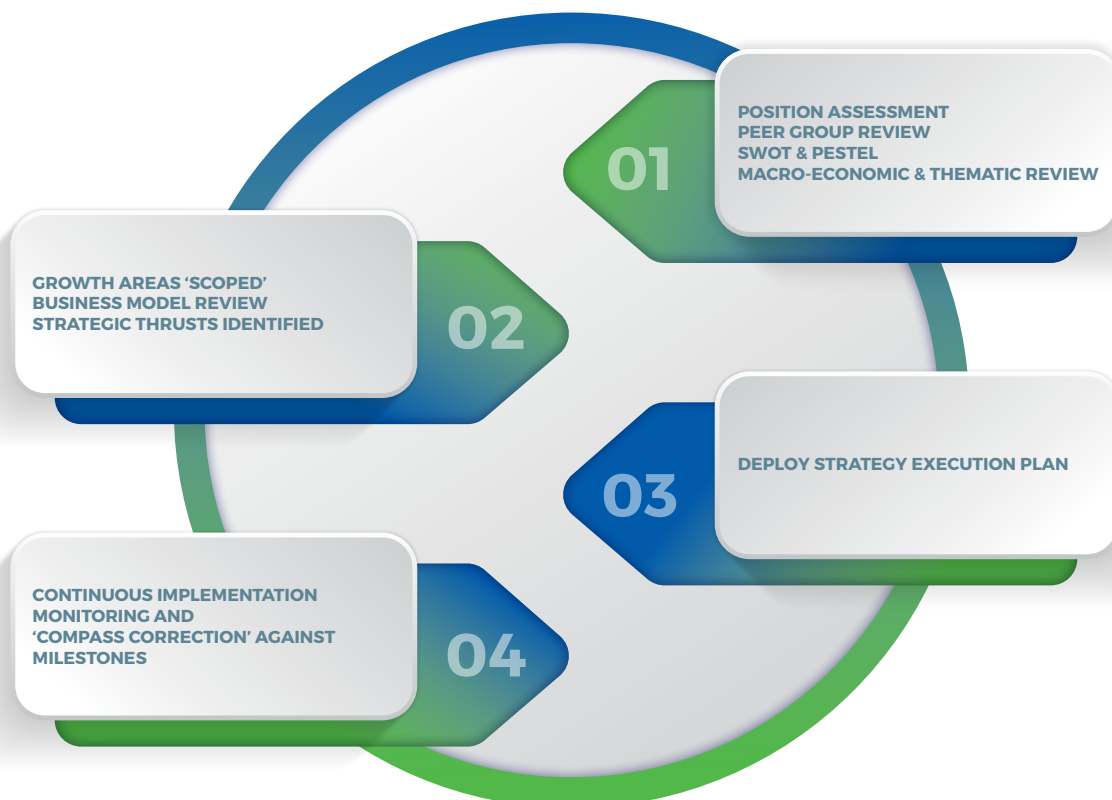
Execution of a well-defined strategy has been the key pillar for our growth momentum over the last many years. Our strategy broadly covers what we want to achieve in the short to long run duly focusing on the challenges posed by its operating context and macroeconomic imbalances.

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 road map.



Strategies in Place

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

We will endeavor to meet expectations of our valued customer base. Another important aspect remains credit quality and our refined risk appetite. We will thereby give value to our customers across the entire spectrum of retail, corporate and SME segments while improving our 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 millennial 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 operation 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 the 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
Increase focus on digitalization and automation of process to enhance efficiency, reduce cost, improve customer satisfaction and strengthen risk/compliance standards.	<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 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>Improve service execution and turnaround times.</p> <p>Effective risk assessment, identification, monitoring and mitigation.</p>	The KPI will remain relevant in the future.
To ensure quality asset retention with measures to constantly decrease the NPL's base of the Bank.	<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. 	Asset Quality	The KPI will remain relevant in the future.
Consistent improvement in service quality standards	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.	Customer Satisfaction and Retention	The KPI will remain relevant in the future.
Improve management & control of expenditures and contain growth in administrative expenses; while securing the necessary capacity to achieve Bank's strategic goals.	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.	Effective and efficient cost control while investing for growth	The KPI will remain relevant in the future.
To maintain a strong capital base	Healthy equity leading to maintain strong capital buffers.	Regulatory Capital Adequacy Ratios'	The KPI will remain relevant in the future.
<p>The Bank aims to increase its share in the domestic deposit pie; and</p> <p>To increase the current account concentration levels of the institution by capitalizing on the opportunities presented</p>	<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.




Strategic objectives	Strategies for Meeting Objectives	KPI	Future relevance
Delivering remarkable returns to stakeholders, sustainable performance exceeding market and shareholder expectations.	Higher profitability to pay higher returns to the shareholders.	Shareholder return	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 Generate economic activity through sustainable focused initiatives. 	Corporate culture	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 to improve the brand name. 	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>MCB'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 delivery and other 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.
<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, further compounded by the continuing political uncertainty are negatively 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 on process automation and IT network improvements; • Investment in infrastructure including buildings and equipment; • Invest in good quality asset base with high yield.

Nature of Capital	Factors impacting Availability, Quality & Affordability of Capital	Key Resources & Capabilities Providing Competitive Advantage	Resource allocation plan
<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 76 years of institutionalized knowledge.
<p>Social and Relationship Capital</p> 	<p>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.</p>	<p>At MCB, customers are at the heart of business; with trust gained over a rich legacy of 76 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.</p> <p>The Bank recognizes that not all returns can be monetized and its license to operate comes from the society at large</p>	<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 of 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 "Groups 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 • ensuring seamless and uninterrupted provision of essential banking services to the general public at large. <p>Refer to the "Groups Review" and "Sustainability & Corporate Social Responsibility" sections of the Annual report for further details.</p>

Factor	Effect on Bank's Strategy & Resource Allocation	Bank Response to Align its Strategy & Resource Allocation
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	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 more sustainable lowcarbon business models and improve customers' access to ESG investments. Refer to the "Groups Review" and "Sustainability & Corporate Social Responsibility" sections of the Annual report for further details.

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.

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 46) of the 'Unconsolidated Financial Statements'.

Significant Plans and Decisions

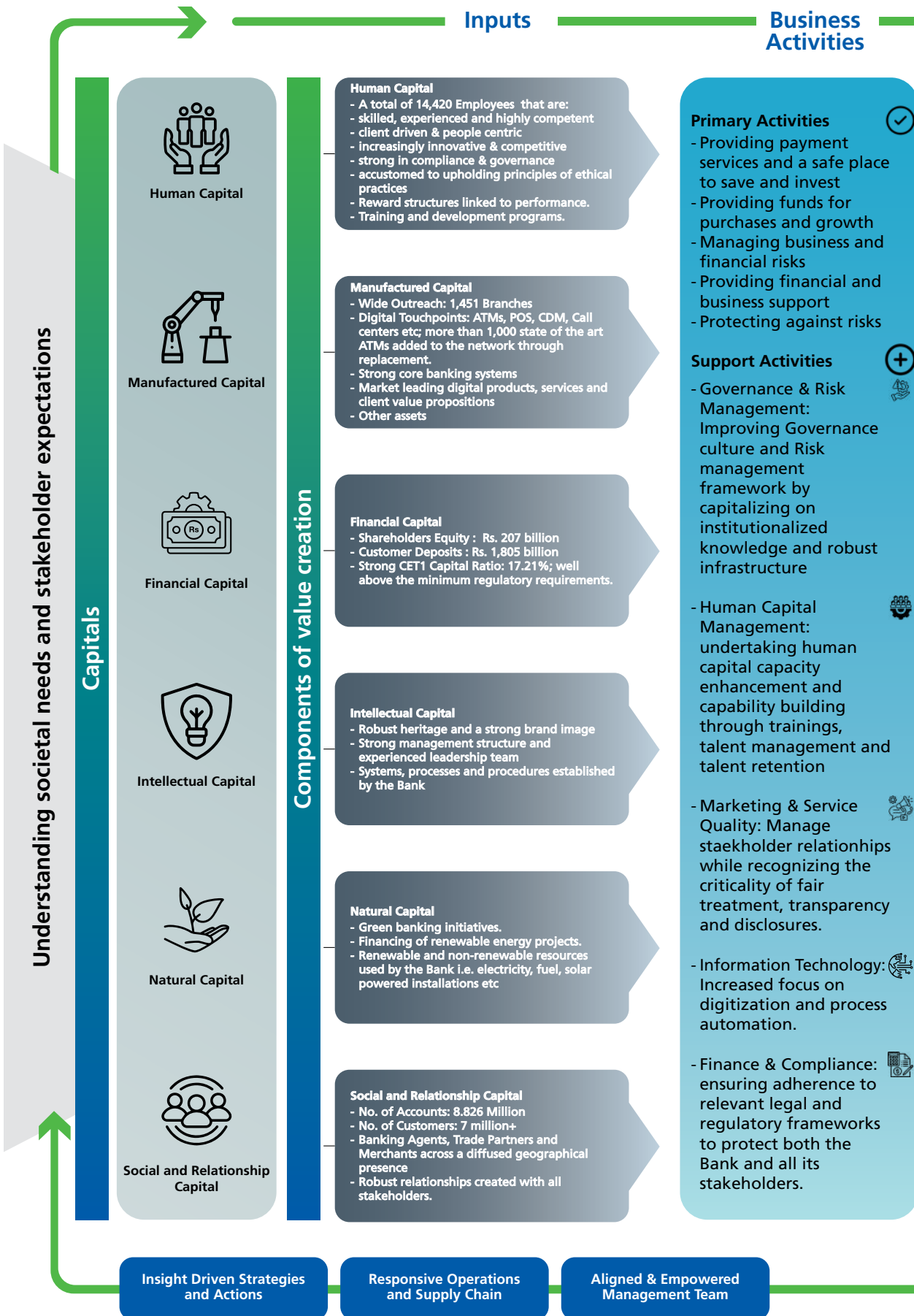
Following are the significant decisions for the year:

- The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 had approved an equity investment of Rs. 649.925 million to acquire further 30.09% shareholding of MCB Investment Management Limited (MCBIML; formerly MCB-Arif Habib Savings and Investments Limited), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBIML in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies.
- During the year, the Bank incorporated MCB Exchange Company (Private) Limited, a wholly owned subsidiary, with an authorized share capital of Rs 1.0 billion. The Bank will inject the share capital subsequent to the year end. The commercial operation of the said subsidiary will commence after issuance of license for commencement of operations by the State Bank of Pakistan.

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



Human Capital

- Female Staff Ratio: 18.54%
- New Recruitments: 2,329 Employees
- Investment in Trainings: Rs.89.005 Million
- No. of Training Participants: 54,252
- No. of Promotions: 1,508 Employees

Financial Capital

- Profit after Tax: Rs. 59.631 billion
- Earning per share: 50.32 / Share
- Dividend per share: Rs. 30 / Share
- Dividend Payout ratio: 60%
- Return on Equity (p.a): 31.6%
- Return on Assets (p.a): 2.64%

Intellectual Capital

- Digital Initiatives for all customers including continuous revamping of MCB Live 'Internet & Mobile Banking App'; more than a million registered users while the total generated throughput crossed the one trillion milestone
- Supported Government's policies aimed at fostering economic development and better utilization of resources
- Adjudged as the "Leading Remittance Mobilizing Bank of Pakistan" in the 3rd Pakistan Remittance Summit. .

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.

Social & Relationship Capital

- Contribution to the National Exchequer: Rs. 60.787 Billion.
- Continued socio economic spending
- Long Term entity credit rating: AAA
- Short Term entity credit rating: A1+
- Total complaints resolved: 379,798
- Complaint resolution rate: 98.71%
- Low Infection Ratio: 8.66%
- ATM's network processed over 84 million financial transactions

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, 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 the financial standing of the Bank, 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 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.

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 2023, 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 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.

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.

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 derivative 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 a quarterly basis.

The Bank has developed its Technology Risk Management Framework that provides guidelines to manage the technology and security risk with respect to information security practices and standards. The Technology Risk Management Framework helps the management to identify and manage 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 Information security awareness program which is aimed at building capacity and inculcating risk aware culture in the staff through mediums such as class room and Computer Base Training (CBT).

Capital Structure of the Bank

The Bank remains 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 20.39% 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 17.21% against the requirement of 6%. The Bank maintained the leverage ratio of 6.17% 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 250.62% and Net Stable Funding Ratio (NSFR) of 147.41% against requirement of 100%.

Sensitivity Analysis due to Foreign Currency Fluctuation

The PKR depreciated by around 24.48% against the US Dollar in 2023. 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 the profit and loss account and other comprehensive income is as follows:

	2023		2022	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rs. 000)			
Profit and loss account	(13,956)	–	(149,131)	–
Other comprehensive income	185,690	–	128,034	–

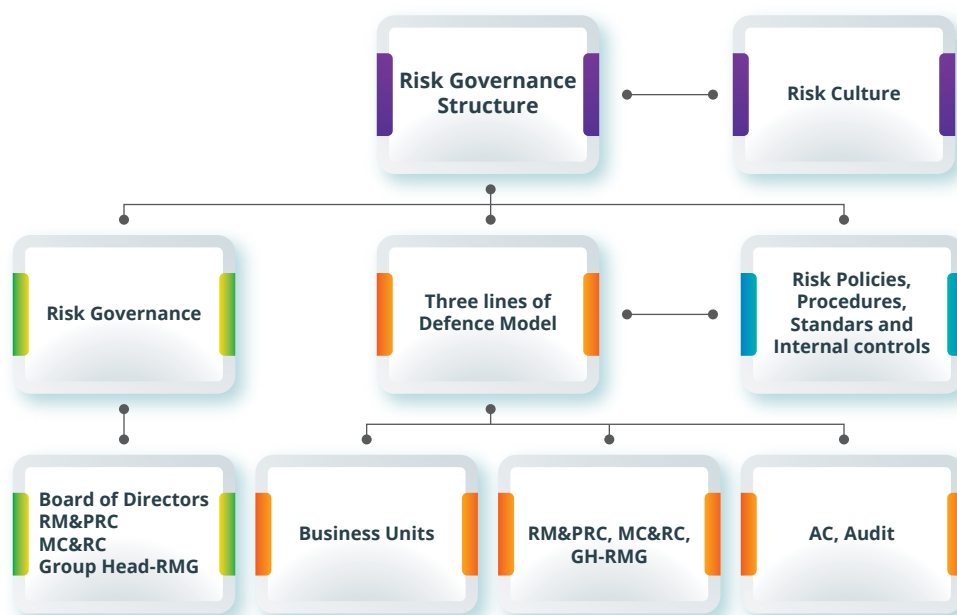
Risk and Opportunity Report

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 risk 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

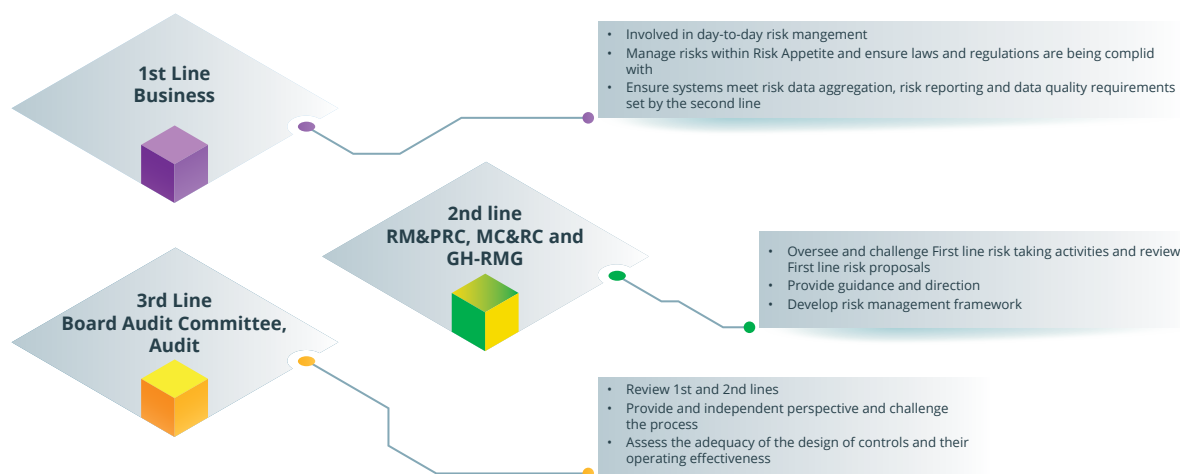
- Board of Directors (BOD)
- Risk Management & Portfolio Review Committee (RM&PRC)
- Management Credit & Risk Committee (MC&RC)
- Group Head – Risk Management

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.

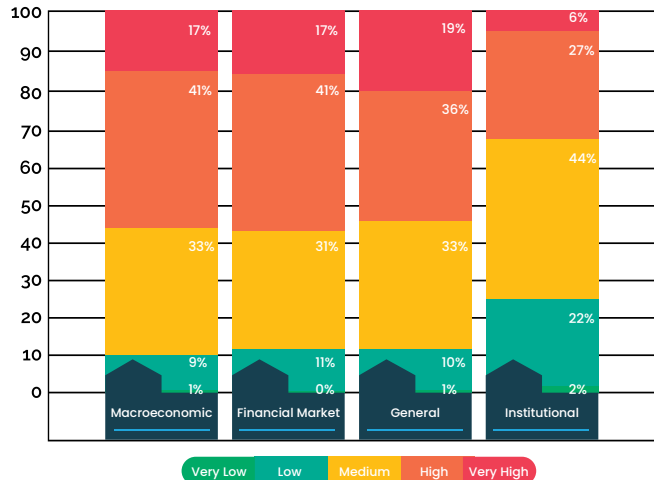
Bank has identified the following risks after analyzing the external and internal factors:

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 honour 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 and severely compromise 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 or due to internal/external events (e.g. fraud) 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 expected regulatory requirements specifically implementation of IFRS 9 in Pakistan, 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 'System 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:

Systemic Risk Category	MCB's Material Risk Type
Macro Economic Risk	Country Risk Credit Risk
Financial Market Risk	Market Risk Liquidity Risk
General Risk	Reputational Risk Climate Risk
Institutional Risk	Regulatory Risk Operational Risk Technological Risk/Informational Security Risk Capital Adequacy Risk









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.

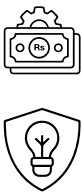


Summarized risks, opportunities and related mitigating factors identified through detailed analysis of key external and internal factors impacting the operating context of the Bank are documented below:-

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 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 20.39% 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 17.21% against the requirement of 6%. The bank maintained a leverage ratio of 6.17% 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. For risk categorized as sovereign/ government risk, MCB's 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.</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 exposure. 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, the 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, the Bank tracks and evaluates the levels of technology and security risk with the evolving risk & threat landscape. The findings 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>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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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, 2023.

Profit and Appropriation

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

	(Rs. in Million)
Profit Before Taxation	125,241
Taxation	65,610
Profit After Taxation	59,631
Un-appropriated profit brought forward	70,425
Re-measurement gain on defined benefit obligations - net of tax	2,670
Surplus realized on disposal of revalued fixed assets - net of tax	1,097
Surplus realized on disposal of non-banking assets - net of tax	25
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	151
	74,368
Profit Available for Appropriation	133,999
Appropriations:	
Statutory Reserve	5,963
Final Cash Dividend at Rs. 6.0 per share - December 31, 2022	7,110
First Interim Cash Dividend at Rs. 6.0 per share - March 31, 2023	7,110
Second Interim Cash Dividend at Rs. 7.0 per share - June 30, 2023	8,295
Third Interim Cash Dividend at Rs. 8.0 per share - September 30, 2023	9,481
Total Appropriations	37,959
Un-appropriated Profit Carried Forward	96,040
Earnings Per Share (Rs)	50.32

Dividends

The Board of Directors declared a final cash dividend of Rs. 9.00 per share for the year ended December 31, 2023, which is in addition to Rs. 21.00 per share interim dividends already paid to the shareholders, taking the dividend payout ratio for 2023 to 59.62%. The effect of the final cash dividend declared is not reflected in the above appropriations.

Performance Review

Through focused efforts of the Bank's management in building no-cost deposits and optimizing its earning assets mix, MCB achieved significant growth in core earnings to post a historic Profit Before Tax (PBT) of Rs. 125.2 billion; registering an impressive increase of 75% over last year. The Profit After Tax (PAT) was recorded at Rs. 59.6 billion (+82%) and translated into an Earning Per Share (EPS) of Rs. 50.32 compared to an EPS of Rs. 27.63 reported in the last year.

Aided by a strong volumetric growth in current account and timely repositioning of the asset book, net interest income for the year 2023 increased by 69% as compared to last year.

Non-markup income increased to Rs. 32.9 billion (+34%) against Rs. 24.6 billion in the last year with major contributions coming in from fee & commission income (Rs. 20.2 billion), income from dealing in foreign currencies (Rs. 8.5 billion) and dividend income (Rs. 3.0 billion).

Improving customer and interbank flows, diversification of revenue streams through continuous enrichment of service suite, investments towards digital transformation and an unrelenting focus on upholding high standards of service delivery supplemented a broad-based growth of 43% in income from fee & commission line; with trade and guarantee related business income growing by 111%, cards related income by 49%, branch banking customer fees by 14% and income from home remittance by 26%.

The Bank continues to manage an efficient operating expense base and incur costs prudently. Amidst a persistently high inflationary environment, currency devaluation, rapidly escalating commodity prices and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 51.8 billion (+25%). The cost to income ratio of the Bank improved significantly to 29% from 37% reported in the last year.

Navigating a challenging operating and macroeconomic environment, the Bank has been addressing asset quality issues by maintaining discipline in management of its risk return decisions. Diversification of loan book across customer segments and a robust credit underwriting framework that encompasses structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk; the Non-performing loan (NPLs) base of the Bank was reported at Rs. 53.9 billion as at December 31, 2023. The coverage and infection ratios of the Bank were reported at 82.70% and 8.66% respectively.

On the financial position side, the total asset base of the Bank grew by 16% and was reported at Rs. 2.43 trillion. Analysis of the assets mix highlights that net investments increased by Rs. 271 billion (+28%) whereas gross advances reported a decrease of Rs. 175 billion (-22%) over December 31, 2022.

The Bank continued its focus on building no cost deposits, leading to an un-precedented growth of Rs. 180 billion (YoY: +28%) in average current deposits. The average current to total deposits ratio improved to 50.5% in the year 2023 as compared to 42.2% in the last year. Despite a 7.3% increase in average policy rate during the year, the domestic cost of deposits was contained at 9.12% as compared to 6.51% in the year 2022.

Return on Assets and Return on Equity significantly improved to 2.64% and 31.60% respectively, whereas the book value per share was reported at Rs. 174.35.

During the year, MCB attracted home remittance inflows of USD 3,247 million to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels; with market share improving to 12.3% as compared to 11.5% in the year 2022.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 20.39% 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 the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 17.21% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.17% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 250.62% and Net Stable Funding Ratio (NSFR) of 147.41% against requirement of 100%.

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, 2023, the overall branch network of the Bank stood at 1,438 branches along with 13 sub-branches while the ATM network stood at 1,475. With strategic focus on expanding our customer base, the Bank added 580,000+ New to Bank (NTB) relationships during the year.

The Bank on consolidated basis is operating the 2nd largest network of more than 1,600 branches in Pakistan. The Bank posted highest ever Consolidated Profit Before Tax of Rs. 137.5 billion (+83%) for the year 2023, with deposit book crossing the Rs. 2 trillion mark as at December 31, 2023.

Impact of Government Policies on the Bank's Performance

Amidst the manifold 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, digitalization of financial services, reforms in the Foreign Exchange (FX) framework, 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. Key milestones achieved during the year are as follows:
 - successful rollout of the revamped "Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS)" aimed at enabling youth

to avail affordable financing for establishing new businesses or strengthening their existing businesses. MCB financed 33 farmers and disbursed Rs. 81.96 million under PMYB&ALS in 2023.

- successful rollout of the "Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM)" aimed at supporting farmers for acquiring agricultural equipment. MCB financed 716 farmers and disbursed Rs. 1,378 million under MSRSSFM in 2023.
- In order to empower the farming community by creating awareness regarding the available financial schemes and government-driven initiatives, MCB conducted 67 awareness sessions nationwide under SBP's "Agriculture Finance Literacy Program (AFLP)".
- The Bank surpassed its regulatory target for agriculture credit disbursements in 2023; with total disbursements being recorded at Rs. 155,484 million against the target of Rs. 150,000 million (104% achievement). Furthermore, the Bank's total SME book size stood at Rs. 13,501 million as at December 31, 2023.
- Facilitation of overseas Pakistani's under the RDA initiative, Sohni Dharti Remittance Program (SDRP) 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 7.5 million home remittance transactions, attracting cumulative inflows in excess of USD 3 billion.
- MCB's outstanding performance was also acknowledged in the 3rd Pakistan Remittance Summit wherein the Bank was recognized as the "Leading Remittance Mobilizing Bank of Pakistan"; the award being a testament to Bank's relentless focus on streamlining remittance processes and ensuring seamless transactions for its overseas customers.
- In 2021, SBP had embarked on the deployment of Pakistan's first instant payment system "RAAST". This initiative laid the foundation for economy's digitization and promotion of digital financial services in the country. During the year under review, RAAST gained further traction and experienced continuous growth in both of its use cases i.e. bulk payment and 'Person to Person' (P2P) transactions. As of December 31, 2023, the Bank had achieved an aggregate of 67,048 RAAST ID registrations whereas the total volume generated through outgoing transactions during the year exceeded Rs. 187 billion.

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 completed beta testing for P2M service; in accordance with the specifications for technical integration shared by the SBP and remains on track for the formal service rollout.

- MCB has been actively participating in SBP's policy objective of improving access and usage of quality financial services to individuals and firms alike; while upholding principles of dignity and fairness as being the cornerstones of financial service delivery. During the year in review, MCB collaborated with MCB Islamic Bank (MIB) to give MIB's customers the convenience and access of using MCB's wide spread network, across the country, for availing cash deposits, cash withdrawal through cheques and cheque deposit services.
- During the year, SBP introduced structural reforms in the exchange companies' sector to strengthen governance, internal controls and compliance culture in the sector. These reforms while aimed at catering to the legitimate foreign exchange needs of the general public shall simultaneously improve service quality, transparency and competitiveness within the sector. Within the ambit of these reforms, MCB has incorporated its wholly owned subsidiary to carry out the business of an exchange company.

Economy Review

Global Economy

The global economy continues to face the dual challenges of inflation with low growth prospects, amidst ever increasing geo-political tensions. Despite stronger than expected World GDP growth reported for 2023, the global economy seems to be moderating due to tighter financial conditions, and its sentiment is reflected in the weak trade growth, lower business and consumer confidence across the board. Chief risks to the near-term global outlook include further heightening of the geopolitical tensions and a larger than expected impact of monetary policy tightening.

The Organization for Economic Cooperation and Development (OECD) expects the global growth to be 2.9% in 2023, but followed by a slight correction to 2.7% in during 2024, and is projected to bounce back again to 3% in 2025. The US and China are expected to experience growth changes in the coming years, with the US growth forecast at 1.5% and China's at 4.7% in 2024. Fitch Ratings, however, shares a gloomier view and anticipates a significant decline in world growth to 2.1% in 2024 due to the full impact of recent monetary tightening, China's ongoing property slump, and the stagnation of the eurozone.

In the absence of further large shocks to food and energy prices, projected headline inflation is expected to return to levels consistent with central bank targets in most major economies by the end of 2025. Global trade growth has

been surprisingly weak, with merchandise trade volumes falling, while services trade volumes are estimated to have risen. The global economy is now highly dependent on fast-growing Asian economies.

The world economy is expected to slow over the next decade relative to the prior ten years, with global growth becoming increasingly dependent on central banks loosening the constraints on the economy.

Domestic Economy

In the economic journey of 2023, Pakistan faced several challenges in a changing global landscape. Pakistan experienced a notable economic shift, marked by a rise in the average inflation rate to 30.8%, significantly higher than the previous year's 19.9%. This increase was due to currency depreciation, higher energy and food prices, and a global rise in oil prices.

On the balance of payments front, the current account deficit decreased from USD 17.481 billion in FY 2021-22 to USD 2.235 billion in the FY 2022-23. This improvement was a result of strategic import rationalization, showcasing effective economic management. Total liquid foreign exchange reserves increased from USD 10.1 billion to USD 13.2 billion by the end of the year. Resultantly, the currency stabilized and gained ground against the USD, marking a positive turnaround after historical depreciation witnessed in the first half of the year. The budget deficit for FY 2022-23 settled in at 7.7% of GDP, showing improvement from the 7.9% recorded in FY 2021-22. A notable achievement was observed in the primary budget deficit, which declined from 3.1% of GDP in FY 2021-22 to 0.8% in FY 2022-23, mainly due to disciplined expenditure reduction.

By mid of the calendar year, the government successfully negotiated a Stand-by Arrangement (SBA) deal with the International Monetary Fund (IMF) worth USD 3.0 billion. The release of the first tranche, USD 1.2 billion, played a vital role in preventing a severe economic crisis and stabilizing the rupee post-agreement.

Future Outlook of the Economy

The revival of the stalled IMF program and external inflows from friendly countries remain vital for Pakistan's economy. However, the country will have to undergo strong fiscal and monetary adjustments to satisfy the IMF. These adjustments include reduction in gas and power circular debts, flexible exchange rate and enhanced tax revenue collection amongst others. These adjustments are expected to put further inflationary pressures and significantly reduce aggregate demand.

Risk Management Framework

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

Credit Rating

Pakistan Credit Rating Agency (PACRA) re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 23, 2023.

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. 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. 5.963 billion has been transferred to the Statutory Reserve for the year 2023.
- 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 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 2023, 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 40 of the unconsolidated financial statements.
- The principal risks and uncertainties facing the Bank have been disclosed separately in 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 corporate sustainability 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 2024 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,



Shoab Mumtaz
President & CEO
MCB Bank Limited



Mian Umer Mansha
Director
MCB Bank Limited

February 06, 2024

بیرونی آڈیٹرز
ریٹائرنگ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (A.F. Fergusons & Co)
چارٹرڈ اکاؤنٹنٹس، اگلی مدت کے لیے اہلیت کے باعث دوبارہ تفسری 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 اکاؤنٹنٹس، کو مالی سال 2024ء کیلئے قانونی (Statutory)
آڈیٹرز تجویز کرتے ہیں۔

تسلیم و تحسین
ایم سی بی بینک کے بورڈ آف ڈائریکٹرز حکومت پاکستان، اسٹیٹ بینک آف
پاکستان، سیکورٹی اینڈ اینجیجمنٹ کمیشن آف پاکستان اور دیگر انضباطی اداروں کی
جاری معاونت، بینک کے شیئر ہولڈرز اور صارفین کا اسکے اعتماد اور اپنے
ملازمین کا اسکے حصول اور عزم پر شکریہ ادا کرتا ہے۔

مخائب و برائے بورڈ آف ڈائریکٹرز

میاں عمر مشاء
ڈائریکٹر ایم سی بی بینک لمیٹڈ

شعیب ممتاز
پریزیڈنٹ اور سی ای او
ایم سی بی بینک لمیٹڈ

06 فروری 2024ء

- اندرونی انضباط کا نظام مضبوط غدو حلال پر استوار کیا گیا ہے اور نہایت
موثر انداز میں نافذ اور جانچا 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۔

- قانون میں مجوزہ شرائط کی تعمیل میں شیئر 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 2023ء 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 کمیٹیاں اور اسکے ضابطہ کار / چارٹر کو سالانہ
رپورٹ کے کارپوریٹ گورننس کے سیکشن میں الگ سے بیان کیا گیا ہے۔

- سال کے دوران بورڈ اور اسکی کمیٹیوں 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۔

- چیئرمین، پریزیڈنٹ / سی ای او اور غیر انتظامی ڈائریکٹرز کو ادا کیے گئے مشاہرہ
کی تفصیل غیر مجموعی فنانشل اسٹیٹمنٹس کے نوٹ نمبر 40 میں درج
کی گئی ہیں۔

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

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

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

کریڈٹ ریٹنگ
پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے نو ٹیکنیکل مورجنہ 23 جون 2023ء کے مطابق بینک کی طویل اور قلیل مدتی کریڈٹ ریٹنگ باسٹریٹیب ٹریل اے (AAA) اور اے ون (A1+) پر دوبارہ برقرار ہے۔

انٹرنل کنٹرول اسٹیٹمنٹ
میجمنٹ کی حساب سے فنانشل رپورٹنگ پر اندرونی انضباط (ICFR) اور مجموعی اندرونی انضباط (انٹرنل کنٹرول) سے متعلقہ بیان کی، بورڈ بخوشی توثیق کرتا ہے۔ مینجمنٹ کا اندرونی انضباط سے متعلق بیان سالانہ رپورٹ میں شامل ہے۔

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

- بینک کی مینجمنٹ کی طرف سے تیار کردہ فنانشل اسٹیٹمنٹس اسکے معاملات اور کارکردگی، صورتحال، نقدی کے ہسٹوری (کیش فلوز) اور لیکویٹی میں تبدیلیوں کا واضح اظہار کرتی ہیں۔

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

- فنانشل اسٹیٹمنٹس کی تیاری میں 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 قابل 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 ضابطہ عمل سے کوئی قابل ذکر روگردانی نہیں کی گئی ہے۔

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

- سال 2023ء کے دوران 5.963 بلین روپے کا منافع قانونی ریزرو میں منتقل کیا گیا ہے۔

عالمی معیشت کے گزشتہ دس سالوں کے مقابلے میں آئندہ آنے والی ایک دہائی میں قدرے ست روی کا شکار رہنے کی توقع ہے۔ جس میں عالمی نمو زیادہ تر مرکزی بینکوں کی جانب سے معیشت کی راہ میں حائل رکاوٹوں کو دور کرنے کی کوششوں پر انحصار کرتی رہے گی۔

ملکی معیشت

اس تیزی سے بدلتے عالمی منظر نامے میں پاکستان کو سال 2023ء میں اپنے معاشی سفر کے دوران کئی چیلنجز درپیش ہیں۔ پاکستان کو ایک قابل ذکر معاشی تبدیلی کا سامنا رہا جس کے نتیجے میں افراط زر کی اوسط شرح 30.8 فیصد تک بڑھ گئی جو کہ پچھلے سال کی 19.9 فیصد کی شرح سے نمایاں طور پر بلند ہے۔ اس اضافے کی بنیادی وجہ کرنسی کی قدر میں فرسودگی، توانائی اور خوراک کی بلند قیمتیں اور تیل کی عالمی قیمتوں کا اضافہ رہیں۔ او ایلیوں کے توازن کے محاذ پر کرنٹ اکاؤنٹ کا خسارہ مالی سال 2022 - 2023 کے 17.481 بلین امریکی ڈالرز کے مقابلے میں سال 2022 - 2023 کے ساتھ مالی سال 2022 - 2023 میں 2.235 بلین امریکی ڈالرز تک پہنچ گیا۔ یہ بہتری درآمدات کی اسٹریٹجک معقولیت اور موثر معاشی انتظام کے باعث حاصل ہوئی۔ سال کے اختتام تک مجموعی دستیاب زر مبادلہ کے ذخائر 10.1 بلین امریکی ڈالرز سے بڑھ کر 13.2 بلین امریکی ڈالرز تک جا پہنچے۔ جس کے نتیجے میں روپے کی قدر مستحکم ہوئی اور امریکی ڈالر کے مقابلے میں اس کی قدر میں اضافہ ہوا جو کہ سال کی پہلی ششماہی کے دوران درپیش تاریخی گراؤ کے بعد ایک مثبت تبدیلی کا پیش خیمہ ہے۔

مالی سال 2022 - 2023 کے لیے بجٹ خسارہ جی ڈی پی کا 7.7 فیصد رہا جو کہ گزشتہ مالی سال 2021 - 2022 کے درج شدہ 7.9 فیصد کے بجٹ خسارے سے بہتر ہے۔ پرائمری بجٹ خسارے میں بحرحال ایک قابل ذکر بہتری بھی نظر آئی جو کہ مالی سال 2022 - 2021 میں جی ڈی پی کی 3.1 فیصد کی شرح کی نسبت مالی سال 2023 - 2022 کے دوران اخراجات میں نظم و ضبط میں کمی کی بنیادی وجہ سے یہ خسارہ جی ڈی پی کی 0.8 فیصد کی شرح تک رہ گیا۔

اس سال کے وسط کے دوران، حکومت نے عالمی مالیاتی فنڈ (آئی ایم ایف) کے 3 بلین امریکی ڈالرز کے ایک اسٹینڈ بائی اقدامات کے معاہدے (ایس بی اے - SBA) پر کامیابی سے مذاکرات کیے ہیں۔ اس بارے میں 1.2 بلین امریکی ڈالرز کی پہلی قسط کے اجراء نے موجودہ سنگین معاشی بحران کو روکنے اور اس معاہدے کے بعد روپے کی قدر کو مستحکم کرنے میں اہم کردار ادا کیا ہے۔

معیشت کے مستقبل کی پیش بینی

آئی ایم ایف کے جھوم کے شکار پروگرام کی بحالی اور دوست ممالک سے بیرونی امداد اور سرمائے کا حصول، پاکستان کی معیشت کے لیے ناگزیر ہے۔ تاہم، آئی ایم ایف کو مطمئن کرنے کی حناطر ملک کو آئی ایم ایف کے زکے ہونے پروگرام کو بحال اور مضبوط مالیاتی اور انضباطی اصلاحات کو اپنانا ہو گا۔ ان اصلاحات میں دیگر کے ساتھ گیس اور توانائی کے سرکلر ڈیبٹس (Debts) میں کمی، زر مبادلہ کے ٹرپکدار ریٹ اور ٹیکس وصولیوں کے اضافے کے اقدامات بھی شامل ہیں۔ ان اقدامات سے افراط زر کے دہاؤ میں مزید اضافہ اور مجموعی طلب میں نمایاں کمی واقع ہو گی۔

سال 2023ء کے دوران بینک نے زرعی قرضوں کی تقسیم کے اپنے ریگولیٹری ہدف کو عبور کیا۔ 150,000 ملین کے ہدف کی نسبت مجموعی طور پر 155,484 ملین (104 فیصد کامیابی) کی رقم تقسیم کی گئی۔ مزید برآں، 31 دسمبر 2023ء کو بینک کے ایس ایم ای قرضہ حبات کا حجم 13,501 ملین روپے پر درج ہوا۔

سمندر پار مقیم پاکستانیوں کی آر ڈی اے (RDA) اقدامات کے تحت سہولتوں، سوہنی دھرتی ریٹینشن پروگرام (Remittance Program - SDRP - Sohni Dharti) اور مالی شمولیت کے دیگر قومی اقدامات کی معاونت، آپ کے بینک کے کلیدی معتمد کے طور پر برقرار ہے۔ اس زیر تحبزیہ عرصہ کے دوران، بینک نے تقریباً 7.5 ملین ترسیلات کی ٹرانزیکشنز کو کامیابی سے مکمل کیا جس میں مجموعی طور پر 3 بلین روپے سے زائد کے ان فنڈز کو راغب کیا گیا۔

ایم سی بی کی اس شاندار کارکردگی کا اعتراف تیسرے پاکستان ریٹینشن سمٹ (3rd Pakistan Remittance Summit) میں بھی کیا گیا۔ جہاں اس کو لیڈنگ ریٹینشن موبلائزنگ بینک آف پاکستان (Leading Remittance Mobilizing Bank of Pakistan) کے ایوارڈ سے نوازا گیا۔ یہ ایوارڈ ترسیلات زر کے طریقہ کار کو بہتر بنانے اور اپنے سمندر پار صارفین کی ٹرانزیکشنز کی بلا تعطل فراہمی کو یقینی بنانے کے بینک کے غیر متزلزل عزم کی عکاسی کرتا ہے۔

سال 2021ء کے دوران، اسٹیٹ بینک آف پاکستان نے پاکستان کے لیے فوری ادائیگی کے نظام "راست" کا آغاز کیا۔ اس قدم سے ملک کی معیشت کی ڈیجیٹلائزیشن اور ڈیجیٹل مالی خدمات کے فروغ کی بنیاد رکھی گئی۔ اس زیر تحبزیہ سال کے دوران "راست" نے مزید توجہ حاصل کی اور اس میں بلک پیمنٹ (Bulk Payment) اور پرسن ٹو پرسن (Person to Person) دونوں ٹرانزیکشنز میں حنا صی افزائش دہی گئی۔ 31 دسمبر 2023ء تک بینک نے مجموعی طور پر 67,048 "راست" آر ڈی ڈی (ID) رجسٹریشن درج کیں جبکہ اس مد میں سال کے دوران، بیرون ملک کی حبانے والی ٹرانزیکشنز کے ذریعے حاصل شدہ کل رقم کا حجم 187 بلین روپے سے تجاوز کر گیا۔

سال 2023ء کے دوران "راست" کے نفاذ کے پروگرام کے ایک حصے کے طور پر، اسٹیٹ بینک آف پاکستان نے پرسن ٹو مرچنٹ (P2M - Person to Merchant) کی سروس کا بھی ہاتھ باندھا۔ اس کے ذریعے کاروباری ٹرانزیکشنز کی رفتار میں اضافہ کیا جاسکے۔ ایم سی بی نے ڈیجیٹل ہیٹ سازی کی اس قومی تحریک کی حمایت اور تعاون کے اپنے عزم پر ثابت قدم رہتے ہوئے، اسٹیٹ بینک آف پاکستان کی حبانے سے ٹیکنیکل انٹیگریشن (integration) کے لیے مہیا کردہ مخصوص ہدایات کی روشنی میں پی ٹو ایم (P2M) سروس کی (Beta Testing) بیٹا ٹیسٹنگ کے عمل کو کامیابی سے مکمل کیا اور خود کو ان خدمات کے باضابطہ اجراء کی راہ پر گامزن رکھا۔

اسٹیٹ بینک آف پاکستان کے افراد اور اداروں (فرموں) کو معیاری خدمات کی رسائی اور ان کے استعمال میں بہتری کے مقصد کے فروغ میں ایم سی بی فعال طور پر حصہ لے رہا ہے۔ جبکہ ایمانداری کے

اصولوں کی پاسداری اور انصاف و شفافیت اس سمیت تمام خدمات کی فراہمی کی بنیاد ہیں۔ اس زیر تحبزیہ سال کے دوران، ایم سی بی نے ایم سی بی اسلامک بینک (ایم آئی بی) کے ساتھ تعاون و اشتراک کیا۔ تاکہ ایم آئی بی کے صارفین کو کیش و چیک ڈیپازٹ کروانے، اور چیک ذریعے کیش نکالنے کے لیے ملک بھر میں ایم سی بی کے وسیع نیٹ ورک کو استعمال کرنے کی سہولت اور رسائی مہیا کی جاسکے۔

رواں سال کے دوران، اسٹیٹ بینک آف پاکستان نے ایچ پی سی کے شعبے میں گورننس، داخلی کنٹرول اور تعمیلات کے تمدن کو مضبوط بنانے کی حنا طر، سٹرکچرل اصلاحات متعارف کرائیں۔ ان اصلاحات کا مقصد نا صرف عوام کی زرمبادلہ کی حبانے ضروریات کو پورا کرنا ہے بلکہ اس شعبے میں خدمات کے معیار، شفافیت اور مسابقت کو بھی بہتر بنانا ہے۔ ان اصلاحات کے تحت ایم سی بی نے اپنی ایک مکمل ملکییتی ایچ پی سی کو انکار پورے کر دیا ہے۔

معاشی حبانہ عالمی معیشت

عالمی معیشت تیزی سے بڑھتے جنسرافیائی اور سیاسی تنازعوں کے مابین، افراط زر اور نمو کی کم توقعات کے دہرے چیلنجز سے مسلسل سبرد آزما ہے۔ سال 2023ء کے لیے عالمی جی ڈی پی کی نمو کے توقعات سے زیادہ مضبوط ہونے کے باوجود، عالمی معیشت کڑی مالیاتی صورتحال کی بناء پر قدرے اعتدل کی طرف گامزن ہے اور کنزور حبانے کر کے کاروبار اور دنیا بھر میں صارفین کے اعتماد کی اس کے ان جذبات کی عکاسی کرتی ہے۔ جنسرافیائی و سیاسی تنازعوں میں شدت اور مائیٹری پالیسی کے کڑے پیمانے کے توقع سے زیادہ دیرپا اثرات عالمی معاشی پیش بینی کو لاحق نمایاں چیلنجز میں شامل ہیں۔

اقتصادی تعاون و ترقی کی تنظیم (آرگنائزیشن فار اکنامک کو آپریشن اینڈ ڈیولپمنٹ - OECD) کو توقع ہے کہ سال 2023ء میں عالمی نمو کی شرح 2.9 فیصد رہے گی۔ جبکہ سال 2024ء میں قدرے کمی کے ساتھ 2.7 فیصد اور سال 2025ء میں اسکی شرح میں دوبارہ بہتری کے ساتھ 3 فیصد تک حبانے کا اندازہ ہے۔ امریکہ اور چین میں آئندہ چند سالوں کے دوران نمو میں تبدیلیوں کے ظہور پذیر ہونے کی توقع ہے۔ جس کی بنا پر سال 2024ء کے لیے امریکہ کی نمو کی توقع 1.5 فیصد جبکہ چین میں نمو کا تخمینہ 4.7 فیصد پر لگایا گیا ہے۔ تاہم، فٹچ (Fitch) رینٹنگ حالیہ مائیٹری سٹیٹی کے مکمل اثرات، چین میں حبانے پر لپٹنے کے زوال اور یورو زون میں جمود کی کیفیت کے تناظر میں ایک مختلف اور منفی صورتحال کے ساتھ، سال 2024ء میں عالمی نمو کی شرح 2.1 فیصد پر رہنے کی توقع ظاہر کرتی ہے۔

سال 2025ء کے دوران خوراک اور توانائی کی قیمتوں میں کسی بڑے رد و بدل کی عدم موجودگی کی بناء پر متوقع بیڈ لائن افراط زر کی تقسیمات عام اہم معیشتوں میں مرکزی بینک کی حبانے سے اندازہ کی گئی شرح کے ہدف کی مطابقت میں آنے کی توقع ہے۔ عالمی حبانے کی نمو حبانے کن حد تک کی کا شکار ہے جس میں حبانے کاروبار کی متداری کی واقع ہوئی ہے۔ جبکہ خدمات کے کاروبار کی متداری بڑھی ہے۔ عالمی معیشت اب تیزی سے ترقی کرتی ایشیائی معیشتوں پر زیادہ انحصار کرتی ہے۔

تعداد 1,438 پر رہی جس میں 13 سب برانچیں شامل ہیں۔ جبکہ، اسے ٹی ایم کا نیٹ ورک 1,475 پر رہا۔ بینک نے اس سال کے دوران 580,000 + نئے صارفین (نپو ٹو بینک NTB) کا اضافہ کیا۔

گروپ لیول پر بینک مجموعی طور پر 1,600 سے زائد برانچوں کے ساتھ، پاکستان کے دوسرے بڑے نیٹ ورک کی حیثیت سے کاروبار کر رہا ہے۔ سال 2023ء میں بینک نے، گروپ لیول پر، 137.5 بلین روپے (+83%) کا مجموعی منافع قبل از ٹیکس حاصل کیا، جبکہ 31 دسمبر 2023ء تک ڈیپازٹس 2 ٹریلین روپے کی حد عبور کر گئے۔

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 مثبت قدم رہا ہے۔

مالی شمولیت، مالیاتی خدمات کی ڈیجیٹلائزیشن، فنڈز انجینئرنگ فریم ورک میں اصلاحات، سمندر پار مقیم پاکستانیوں کے لیے سہولیات کی فراہمی اور پائیدار قرضہ حیات کے فروغ کے قومی ایجنڈے کے اقدامات میں تعاون اور مدد کی حنا طرہ کی کلیدی اقدامات اٹھائے گئے۔ جن میں مندرجہ ذیل شامل ہیں

• زراعت اور ایس 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 انکی تفصیل کچھ یوں ہے

• وزیر اعظم یوتھ بزنس اینڈ ایگریکلچر لون سکیم (PMYB&ALS) کا نہایت کامیابی سے آغاز کیا۔ جس کا مقصد نوجوانوں کو نئے کاروبار کے قیام یا اپنے موجودہ کاروبار کو مضبوط بنانے اور فروغ دینے کے لیے کم لاگت کے قرضہ حیات کے حصول کا اہل بنانا ہے۔ ایم سی بی نے سال 2023ء کے دوران اس (PMYB & ALS) سکیم کے تحت 33 کانوں کو 81.96 ملین روپے کے قرض فراہم کر کے اگلی مالی اعانت کی۔

• سمارٹ اپ سبڈی اور رسک شیئرنگ اسکیم مندرجہ ذیل میکانائزیشن (MSRSSFM) کا کامیاب آغاز کیا۔ تاکہ کانوں کو زرعی آلات کی خریداری میں مدد دی جاسکے۔ ایم سی بی نے اس (MSRSSFM) اسکیم کے تحت 716 کانوں کو 1,378 ملین روپے کی رقم فراہم کی۔

• 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 فنانس لٹریسی پروگرام (Litracy Program) کے 67 سینٹرز کا انعقاد کیا گیا تاکہ کاشتکار برادری کو با اختیار بنایا جاسکے۔

مالیاتی پوزیشن کے حوالے سے، بینک کے کل اثاثہ حیات 16 فیصد کی نمو کے ساتھ 2.43 ٹریلین روپے پر درج ہوئے۔ اثاثہ حیات کی ترکیب کے تجزیے سے یہ امر واضح ہوتا ہے کہ 31 دسمبر 2022ء کے مقابلے میں حنا لیس سرمایہ کاری میں 271 بلین روپے (+28 فیصد) کا اضافہ ہوا، جبکہ مجموعی قرضوں میں 175 بلین روپے (-22 فیصد) کی کمی ریکارڈ ہوئی۔

بغیر لاگت کے ڈیپازٹس کے فروغ پر اپنی توجہ برقرار رکھتے ہوئے بینک نے، اپنے اوسط ڈیپازٹس میں 180 بلین روپے (+28 فیصد) سال ب سال کی بنیاد پر) کا ایک غیر معمولی اضافہ حاصل کیا۔ کرنٹ ڈیپازٹس کی کل ڈیپازٹس میں تناسب کی اوسط شرح پچھلے سال کی 42.2 فیصد کی سطح سے سال 2023ء کے دوران بہتر ہوتے ہوئے 50.5 فیصد پر پہنچ گئی۔ اوسط پالیسی ریٹ میں سال کے دوران 7.3 فیصد کے اضافے کے باوجود، ڈیپازٹس کی داخلی لاگت کو سال 2022ء کی 6.51 فیصد کی شرح کے مقابلے میں 9.12 فیصد کی شرح پر محدود رکھا گیا۔

اثاثہ حیات کی آمدنی اور لیکویٹی کی آمدنی نمایاں بہتری کے ساتھ بالترتیب 2.64 فیصد اور 31.60 فیصد پر جا پہنچیں۔ جبکہ فی حصص تک ویلو 174.35 روپے پر رپورٹ ہوئی۔

بینکنگ چیلنجز کے ذریعے ملک میں تریلاٹ زر کے ہماؤ کے فروغ و بہتری کے اسٹیٹ بینک آف پاکستان کے مقصد میں اپنی بھرپور شراکت اور پوزیشن کو مزید مستحکم کرنے کی حنا طرہ، ایم سی بی بینک نے سال کے دوران 3,247 ملین امریکی ڈالرز کی تریلاٹ کو راغب کیا۔ اس مد میں، مارکیٹ شیئر سال 2022ء کی 11.5 فیصد کی شرح کے مقابلے میں 12.3 فیصد کی شرح پر درج ہوا۔

سرمائے کے ضوابط کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکویٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 20.39 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 تخفیف کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایکیٹی ٹائر 1 - Common Equity Tier 1 (CET1) سے کل رسک وٹھڈ ایسٹس (Risk Weighted Assets) کی شرح سے ہوتا ہے جو کہ 6.0 فیصد کی مطلوبہ حد کے مقابلے میں 17.21 فیصد کی شرح پر درج کی گئی۔ بینک کی کیپٹلائزیشن کے نتیجے میں لیورج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کی حد سے نمایاں اضافہ کے ساتھ 6.17 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریٹو (Coverage Ratio) 250.62 کو (LCR - Liquidity) اور نیٹ سٹیبل فنڈنگ ریٹو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 147.41 فیصد پر رپورٹ کیا۔

بینک نے اپنی مارکیٹ پوزیشن کو مزید برقرار و مضبوط رکھنے اور اپنے صارفین کو فراہم کردہ سہولتوں میں اضافے کے مقصد کی حنا طرہ، اپنی موجودہ لوکیشنز کی اپ گریڈیشن میں سرمایہ کاری جاری رکھی ہے۔ جبکہ، صارفین کی رسائی میں وسعت کے لیے ڈیجیٹل ایسیس پوائنٹس (Digital Access Points) میں اضافے کو بھی جاری رکھا گیا ہے۔ 31 دسمبر 2023ء 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 محترمہ 31 دسمبر 2023ء کو پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

منافع اور تخصیص

31 دسمبر 2023ء کو اختتام پذیر سال میں بینک کے انحصاری منافع قبل و بعد از ٹیکس اور تخصیص مندرجہ ذیل ہے

ملین روپے	منافع قبل از ٹیکس
125,241	ٹیکس
65,610	
59,631	منافع بعد از ٹیکس
70,425	افتتاحی غیر تخصیص شدہ منافع
2,670	ڈیفائنڈ سینٹ واجبات کا دوبارہ تعین شدہ منافع/تقصان
1,097	حاصل آمدن۔ منافع از ٹیکس
25	پائیدار اثاثوں کے سرپلس پر فروخت سے
151	غیر بینکاری اثاثوں کے سرپلس پر فروخت سے
74,368	حاصل آمدن۔ منافع از ٹیکس
133,999	پائیدار اثاثوں کی تخمینہ نو سے اضافی
5,963	آمدنی کی غیر تخصیص شدہ منافع کی
7,110	انگریزی نیشنل ڈیپازٹری اینڈ (قدر میں کمی) کی مد میں منتقلی
7,110	تخصیص کے لیے دستیاب منافع
8,295	تخصیص
9,481	قانونی ریزرو
37,959	حتمی کیش ڈیویڈنڈ 6 روپے فی حصص 31 دسمبر 2022ء
96,040	پہلا عبوری کیش ڈیویڈنڈ 6 روپے فی حصص 31 مارچ 2023ء
50.32	دوسرا عبوری کیش ڈیویڈنڈ 7 روپے فی حصص 30 جون 2023ء
	تیسرا عبوری کیش ڈیویڈنڈ 8 روپے فی حصص 30 ستمبر 2023ء
	کل تخصیص
	اختتامی غیر تخصیص شدہ منافع
	فی حصص آمدنی۔ (روپے)

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2023ء کو اختتام پذیر سال کے لئے 9 روپے فی حصص کے حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ حصص یافتگان کو 21 روپے فی حصص کے پہلے سے ادا شدہ عبوری ڈیویڈنڈ کے علاوہ ہے اور اس طرح سال 2023ء کے لیے ڈیویڈنڈ ادا کرنے کی شرح 59.62 فیصد پر ریکارڈ ہوئی ہے۔ حتمی کیش ڈیویڈنڈ کے اس اعلان کے اثرات کو مندرجہ بالا تخصیص میں شمار نہیں کیا گیا ہے۔

کارکردگی کا جائزہ

بینک کی انحصاری منافع کے بغیر لاگت کے ڈیپازٹس کے حصول اور پیداواری اثاثہ جات کی ترکیب کی موزونیت کی کوششوں پر مرکوز توجہ کے باعث

بینک نے اپنی حوالہ آمدنیوں میں شاندار نمو حاصل کی اور 125.2 بلین روپے کا تاریخی منافع قبل از ٹیکس حاصل کیا جو کہ گزشتہ سال کے مقابلے میں 75 فیصد کے قابلِ رشک اضافے کا مظہر ہے۔ منافع بعد از ٹیکس 59.6 بلین روپے (+82 فیصد) پر درج ہوا اور اس کی مطابقت سے فی حصص آمدنی (ای پی ایس) گزشتہ سال کی 27.63 روپے فی حصص کی درج شدہ سطح کی نسبت 50.32 روپے فی حصص پر ریکارڈ ہوئی۔

کرنٹ اکاؤنٹ میں مضبوط معتمداری نمو اور اثاثہ جات کی بروقت ری پوزیشننگ کی مدد سے سال 2023ء کے دوران حوالہ انحصاری آمدنی میں گزشتہ سال کی نسبت 69 فیصد کا اضافہ ہوا۔

نان مارک آمدنی کا حجم، فیس و کمیشن کی آمدنی (20.2 بلین روپے)، غیر ملکی کرنسیوں کی ڈیلنگ کی آمدنی (8.5 بلین روپے) اور ڈیویڈنڈ کی آمدنی (3 بلین روپے) کی اہم شمولیت کے باعث گزشتہ سال کی 24.6 بلین روپے کی سطح کی نسبت +34 فیصد کے اضافے کے ساتھ 32.9 بلین روپے پر حوالہ ہوئی۔

صارفین اور بینکوں کے مابین لین دین کی مقدار میں بہتری، آمدنی کے ذرائع میں تنوع، ڈیجیٹل ہیٹ سازی میں سرمایہ کاری اور خدمات کی فراہمی کے عملی معیار کو برقرار رکھتے ہوئے، بینک نے اپنی فیس و کمیشن آمدنی میں 43 فیصد کی ایک وسیع البیناد نمو کا اندراج کیا جس میں ٹریڈ اور گارنٹی سے متعلقہ کاروباری آمدنی میں 111 فیصد کی بڑھوتری، کارڈ سے متعلقہ آمدنی میں 49 فیصد کا اضافہ، برانچ بینکنگ کے صارفین کی فیس میں 14 فیصد اور گسٹریو ترسیلات زر کی آمدنی میں 26 فیصد کی افزائش دیکھی گئی۔

بینک اپنے کاروباری اخراجات اور لاگتوں کے موثر انتظام کو دانشمندی سے جاری رکھے ہوئے ہے۔ ایک مسلسل بڑھتے ہوئے افراط زر کے ماحول، کرنسی کی قدر میں فرسودگی، تیزی سے بڑھتی اجناس کی قیمتوں اور افرادی وسائل اور ٹیکنالوجیکل اپ گریڈیشن میں جاری سرمایہ کاری کے مد نظر، بینک کے کاروباری اخراجات 51.8 بلین روپے (+25 فیصد) پر رپورٹ ہوئے۔ بینک کی لاگت اور آمدنی کے مابین شرح، گزشتہ سال کی 37 فیصد کی سطح کے مقابلے میں نمایاں بہتری کے ساتھ 29 فیصد پر درج کی گئی۔

ایک چیلنجنگ کاروباری و میکرواکنامک ماحول سے گزرتے ہوئے بینک نے اپنے اثاثہ جات کے معیار کے معاملات کو، اس کے رسک ریٹرن فیصلوں کے انتظام میں نظم و نسق برقرار رکھتے ہوئے، حاصل کیا۔ صارفین کے مختلف شعبوں کو قرضہ جات کی فراہمی میں تنوع اور ایک مضبوط کریڈیٹ انڈر رائٹنگ فریم ورک، جو منظم تخصیصی ماڈلز، قرض کی فراہمی سے پیشتر حوالہ کے موزوں طریقہ کار (نظام) اور قرض کی فراہمی کے بعد تواتر سے گرائی کے موثر عمل کی بنیاد پر وضع کیا گیا ہے، کی بدولت بینک اپنے کریڈٹ خدشات کے بہتر انتظام کا اہل ہوا۔ غیر فعال قرضہ جات 31 دسمبر 2023ء تک 53.9 بلین روپے پر درج ہوئے۔ بینک کی کوریج اور انفیکشن کی شرحیں ہائسترجیب 82.70 فیصد اور 8.66 فیصد پر رپورٹ کی گئیں۔

Groups Review

Wholesale Banking Group

The Group remained focused on all business areas during 2023 and all business teams including Corporate Banking, Investment Banking and Transaction Banking contributed for another profitable year. Bottom line contribution for the Bank was through increased fee income generation, with traction from large corporate entities during the year on account of trade business and dividend payouts based on the banks strong FX position. The loan-book was well-managed; with minimal additional charge on the portfolio on net basis during 2023.

To manage the corporate portfolio on a proactive basis, the group continued to closely monitor concentration of sectors and business regions. Several strategy papers were issued which included group limit settings for large corporates, limit review exercise and Risk Asset Acceptance Criteria (RAAC).

The Corporate team managed to use its relationship and resources to augment trade-based flows to boost the bottom line, cross-sell various products including cash management products to Corporate Customers.

The Investment Banking segment continues to be a prominent player amongst its peers and concluded numerous transactions throughout the year achieving noteworthy revenue through fee-based activities. Overall, this segment has Led and Participated in transactions totaling Rs.250 billion covering sectors from Telecommunications, Textile, Education, Pharma, Cables, infrastructure, etc. During this period, MCB also received several international recognitions through the following awards:

MCB Awarded Title	Awards Name	Publication
Best Local Currency SUKUK	Islamic Finance Award 2023	The Asset
Telecom Deal of the Year	Sustainable Infrastructure Awards 2023	The Asset
Best Corporate Bank of Pakistan	Asia Money Awards 2023	Asia Money

The Cash Management business continues to remain one of the leading cash management solution providers in the country and with its growth momentum surpassed annual volume milestone of PKR 4.5 trillion in 2023. This was realized through focus on expanding customer base with more emphasis on automation and digitization. Our main products, Payment Portal, Multi-collection channels, E-Dividends, Electronic tax payments and biller payments through Digital banking platform for corporates' / OTC with enhanced domestic Cash Management module to meet the requirements of top Corporations across the country.

MCB Burqraftaar has solidified its position as a reliable choice for overseas Pakistanis seeking secure and efficient remittance services. A testament of the brand's success is the recent award received by MCB Bank at the PRI Awards 2023 in Malaysia, whereby the MCB Bank was honored as one of the "Leading Remittance Mobilizing Bank of Pakistan for FY 2023". The brand continues to spread its roots globally to ensure that when it comes to sending money back home to Pakistan, MCB Burqraftaar is the preferred choice of overseas Pakistanis.

Pakistan's economy is expected to continue facing severe headwinds in the year 2024 as well, however, Business Teams would strive to achieve budgeted numbers with one eye on maintaining portfolio quality.

International Banking Group

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

MCB international banking network comprising MCB Sri Lanka, MCB UAE and MCB Bahrain had PBT of (US\$ 21 million) in the year ending December 2023 and this showed growth of 67 % over the last year.

Sri Lanka Operations:

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. MCB Bank Sri Lanka has posted highest ever Profit Before Tax in 2023.

UAE Operations:

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 Bank UAE has reported Profit Before Tax of AED 52.04 million for the year ending December 2023.

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.

Bahrain Operations:

MCB-Bahrain had a successful year in terms of its operations. The bottom line closed at USD 2.533 million. For the coming year, the branch intends to keep its focus on mobilizing organic liquidity, which was also the focus of last year. At year-end, our assets stood funded through organic liquidity. It gave the branch balance sheet a solid foundation for future growth and enabled it to further expand its services and offerings to customers in the region.

Retail Banking Group

Transformation of Retail Banking Group into Retail Banking & Retail Banking Services facilitated in delivering stellar financial results during a challenging macroeconomic environment by attaining service excellence, sustained deposit growth, improved governance and operational efficiencies.

Under this improved management structure, Retail Banking is geographically divided into North, Central and South, managed by respective Retail Banking Head. Branch frontline teams are supervised by them with the support of 19 General Managers, reporting directly into them. Whereas the Branch Services teams are driven by seven Area Head Services, under the supervision of Head Retail Banking Services. These synergies aided the transition from a process centric to a customer centric approach and helped enrich customer experience, increase operational efficiencies and spur business growth. Key customer focused milestones for the year 2023 included:

- Implementation of Universal Services Officers (USO) across bank's complete branch network for improved customer facilitation.
- Revamp of Roshan Digital Account (RDA) Division structure to cater for Local Digital Onboarding.
- Formation of Currency Management Division for improved management of cash.
- Focus on improving customer experience through upgraded branch ambiance. 300 plus branch customer waiting areas were created/renovated across the bank.
- Deployment of 1,050 advanced ATMs with more customer facilitating features.
- Placement of QMS in more branches assisted in efficient management of customer traffic in a disciplined manner.

The year brought with it an exceptional set of opportunities and challenges. Continuance of soaring inflation, volatile parity rates, and persistently high discount rate throughout the year became a test of resolve, capabilities and commitment. Retail Banking with its over 1,424 locations, 9,700 plus employees effectively served more than 8 million valued customers across all major economic geographies

and business segments. Being the biggest deposit and revenue contributor in the overall growth of MCB Bank, the passionate Retail Banking team was instrumental in building impressive levels of "Current Account (CA) deposit" and made exceptional contributions to the overall CASA mix which was 99% in 2023. A strategically focused team made this possible with a smart mix of new and revamped products, process innovations, re-engineering initiatives, sales support programs, service management activities, robust governance and untiring sales efforts.

Robust planning, commitment, dedication and flawless execution helped the team surpass all business targets set for Retail Banking. Milestones of growth in current deposits, fee-based income, cross sell numbers, trade & advances portfolio - without compromising on credit quality, were successfully achieved by the team. On-going expense management including cost rationalization at all business functional levels played its role in revenue maximization and profitability of the bank.

On the advances side, Retail Banking ensured provision of complete range of products to our corporate and SME customers including Working Capital, Trade and Seasonal Finance and all other Advances related requirements, diligently overseen by Head Retail Assets & Trade. Our Agri and SME financing teams were proactively engaged in marketing their respective portfolios and making loan disbursements to potential customers convenient and hassle free.

The Retail team also enriched our customers digital experience by encouraging usage of Bank's app 'MCB Live' for their routine banking needs. The team is proud to have contributed to the 1 million plus subscribers count on the app.

With increased passion, determination and hard work, the team is geared to deliver even better results in 2024. The growth of core deposit book alongside an increase in quality of assets will be among key objectives. Being the 'face' of the bank, facilitation of all types of financial banking needs - deposits, advances, trade and associated services - financial inclusion, digital innovation, process reengineering, sales and service enrichment will remain key considerations while maximizing stakeholders' interests. The team will also focus on conversion of Home Remittances, soliciting quality New-to-Bank (Q-NTB) customers, retention as well as deepening of existing deposits, on-boarding fresh mandates for Collection, Payroll and Cash Management. Disciplined implementation of policies and procedures for creating further operational efficiencies and ensuring a compliance and control-oriented culture shall remain focus areas throughout 2024.

Team Retail Banking is committed to deliver an even stronger performance in all aspects and intends to create new milestones of excellence in the days beyond.

Special Assets Management (SAM)

The year 2023 proved to be another difficult year in the history of Pakistan's economy. Businesses and individuals faced persistent hardships owing to elevated interest rates, soaring commodity prices and other microeconomic imbalances. Resultantly, all these factors grossly impaired repayment capacity of the borrowers.

However, despite these challenges, SAM achieved a historic milestone with highest-ever recovery of Rs. 3.83 billion, marking a remarkable 21% increase over the previous year, coupled with a significant improvement in the recovery yield. Besides, SAM's all segments have again upheld highest Audit ratings, exhibiting a rigorous remedial risk management and clinical control environment of its operations. This momentous performance has been achieved as a result of Trust in Allah coupled with untiring commitment & dedication of entire SAM team across the country.

Although the business landscape in 2024 is expected to remain challenging, however, SAM's proactive remedial management functions are prepared to navigate all probable headwinds, paving the way for another banner year.

Wealth Management and Privilege Banking

The year 2023 posed new challenges to the Bancassurance business in terms of tightened SBP regulations, which enhanced focus on sales quality, product suitability and customer retention. The business took a number of product initiatives in 2023 to offset the reduction in volume due to the prohibition by SBP on offering Takaful products by conventional banks. Various product categories were introduced during the year including low-ticket term coverage products (travel & health) to be distributed through Alternate Distribution Channels (ADCs), particular the MCB live app. Total sales volume of 2,232 Million resulted in a 15% increase in business profitability i.e. FY2023: 1,125 million vs FY 2022: 976 million despite a reduction in commission rates mandated by SECP. Another factor in the improvement in profitability was the income earned as persistency bonuses, which was a factor of improved policy renewals and increased focus on customer value. In addition to ADCs, Bancassurance business is also adding more customer centric products with high allocation to boost the sale of conventional products.

Continuing the trajectory of 2022, the Investment Services (IS) business posted impressive results. Total volume for

the year was Rs. 19.2 billion against Rs. 11.3 billion for the previous year, a massive growth of 70%. Profitability increased by 108% i.e. FY2023: 292 million vs FY2022: 140 million that portrays our commitment to go even higher and lead the industry by example.

We continued the journey to revive Privilege Banking in 2022 with focus on revamping the proposition and enhancing brand promise, reach and profitability. The strategy is beginning to pay dividends with robust traction and growth in CA, cross-sell and profitability. The average CA deposit grew by 8% and NFI by 55% over the previous year, resulting in an extremely impressive 159% growth in profitability (PBT) i.e. from Rs. 707 million in 2022 to Rs. 1,121 million in 2023. This clearly reflects the potential of high net-worth banking segment in the market and the feasibility to enhance the reach and penetration of the proposition across the country.

Consumer Banking Group

Consumer Banking has been at the forefront of a strategic realignment with market dynamics, successfully re-establishing itself as brand ambassador for MCB Bank. Our strategic intent has been to make our customer journey seamless while establishing long term relationships and bringing-in innovative financing solutions for customers. Despite a volatile economic environment with high interest rates and inflation adversely impacting Consumer businesses across the board - we have continued to engage and facilitate our customers and have launched two new products i.e., Green Ghar (solar financing) and Cash your Wheels (Secured Personal Loan). The Business also continued to form strategic alliances with Auto Manufacturers (OEMs) to provide value-added services to our auto customers, while we also offered high-end tactical and regular discount campaigns to our credit card customers. Our credit card business went on to register its best performance in terms of spend (up by 43% YoY), whereas volumes under Fleet Financing (up by 86% + YoY) continued their upward trajectory.

Capital Market

The year 2023 was an eventful year for the market which can easily be described as a game of two halves. During the first half, market remained lack luster and after June the market started to rally behind improved economic sentiment and recorded a high of 67,000 points. Overall during the year KSE100 posted a return of 54.5%. The market rallied mainly behind improved economic discipline, IMF disbursement, talks of foreign direct investment in the Oil & Gas sector, resolution of long delayed issues of corporate entities and date announcement of general elections. MCB's Capital Market Division managed to post a decent return by focusing on dividend yielding investments. Going forward economic and political stability is a must for the market to reach new highs.

Treasury and FX Group

Within the Treasury and FX Group, Sales team assisted clients in navigating challenges posed by currency depreciation and inflation. The sales team provided crucial insights and tailored solutions during volatile times. The Interbank Money Market desk, in collaboration with the fixed income sales team, maintained its position as a top market maker for its clients and broadened its customer base during the year. Due to these efforts, MCB Bank Limited improved its Primary Dealership ranking to number three. The Research Desk prudently played its role in analyzing leading economic indicators based on evolving economic landscape, provided timely forecasts. This analysis was vital for informed decision-making within the bank and its customers. The Interbank FX Desk effectively managed volatility in the FX market, navigating challenges with skill. Their achievements included being amongst the top three banks to attract remittance volumes and offering effective hedging solutions to clients facing currency-related risks.

In summary, despite economic challenges in 2023, the Treasury and FX Group showed resilience and strategic prowess. The collective efforts of each desk within the group played a crucial role in guiding the bank through a dynamic economic landscape, ensuring continued success.

Information Technology Group

Information Technology has transformed the banking industry worldwide for the better and has provided us with the necessary tools to manage the challenges of an ever growing economy. The integration of technology has been the cornerstone of recent financial sector reforms across industry aimed at increasing the productivity and efficiency of financial operations, strengthening the banking sector to meet high consumer expectations and to secure a leadership position amongst peers. However, the most challenging part of the ever changing world of 'Technology' is to neutralize the impact of obsolescence and advancements at a strategic level without compromising availability, security and reliability of the 'Data and Information'.

In MCB Bank, the entire management and the Board is committed to enrich Information Technology infrastructure at the enterprise level which is clearly evident from the investments the bank chose to make in the recent past. We are committed in our mission "To be a leading bank in the Information Technology sphere, with our focus on digital transformation to enhance customer experience". The multi-pronged approach comprises of but is not limited to one of the largest footprint of online branches with a centralized core and associated banking systems, strategic acceptance systems at both E-Commerce and

POS levels, robust Internet Banking and Mobile Banking platforms, revolutionary product and services offered through world class Digital Lounges, highly efficient & scalable Contact Centers, one of its kind state-of-the-art Enterprise Data network, established International footprint, proactive controls to combat money laundering and frauds, interoperability with other financial entities and Branchless Banking solutions to facilitate the customers irrespective of their location.

Information Technology Group (ITG) at MCB Bank is comprised of a team consisting of thorough professionals having a proven track record of project delivery and IT infrastructure management at an enterprise. The components of the organizational structure of ITG are included with IT Operations, IT Software Solutions, IT Support Services, IT Governance, IT Innovation & Transformation Enablement, IT Business Continuity & DR who are committed to servicing its consumers both internally and externally 24/7. Recently ITG successfully streamlined existing operations across board and recorded the highest ever uptime of core banking along with affiliated applications throughout the year. Nevertheless, the availability of Data Centers and the back-end systems along with all necessary services were remarkably remained at five-nines. In addition to operational achievements by ITG, new benchmarks were achieved to comply with the highlighted recommendations by external and internal audit committees and the SBP.

ITG had also closely monitored Bank wide projects and had driven related technology functions with a motive to accomplish the assigned tasks within the agreed timelines. Close coordination and liaison with working groups and vendor relationship management are the key factors in above achievements.

Looking forward to 2024, IT Group is more committed towards:

- Optimized and secure Core Banking System, via integration with all other applications through a middleware.
- Zero Trust Architecture- Analyze existing environment with respect to Zero Trust Principle to enhance security layers due to digitalization acceleration.
- Automated Compliance Risk Management Solution with transactional controls.
- Secure digital and card payment channels to mitigate risks of card skimming, call spoofing and phishing etc.
- Proactive and Vigilant Technology Performance Monitoring Mechanism.
- Efficient and effective digitized Bills payment system, which aims to enhance revenue of the bank by smooth onboarding of billers.

Apart from above commitments, IT Group shall continue to empower the staff with the requisite trainings and job enrichment plans to impart motivation and job success factors.

Digital Banking

As a key financial services industry player, MCB Bank continues efforts to enhance digital banking offerings, connect with customers innovatively, and prioritize a customer-centricity. Our strategy aligns with SBP objectives of promoting financial inclusion, providing financial access to unserved and underserved population segments, and delivering affordable digital financial services.

In the year 2023, Digital Banking continued its philosophy of crafting “built-to-last” products and services to scale and delivered an unprecedented growth.

Debit Card

Beyond simple transactions, debit cards offered by MCB Bank, unlock a world of convenience, seamlessly integrating into the user’s daily life. From contactless payments to acceptance at millions of online & Point of Sale (POS) merchants both Pan-Pakistan and worldwide.

Continuing to set new records and being the industry leader by winning the highest ‘cards in force’ award by VISA and PayPak, MCB Bank attained its highest-ever Card in Force (CIF) activation rate of 73%. The year concluded with a record growth in Debit Card retail spend of Rs. 54 billion reflecting a substantial increase of 59% as compared to the spend volume of the previous year.

MCB Live

MCB Live goes beyond banking and it has become a one-stop shop for financial well-being. In 2023, 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 Live throughput crossed elusive Rs. 1 trillion value milestone alongside customer registrations in excess of 1 million, showing a 139% & 62% year on year growth respectively.

MCB Payment Solutions

MCB Payments Solution made waves in the payment systems landscape! With over 6,300 POS terminals, deployed across the country, generating a volume exceeding Rs. 90 billion in 2023, offered multiple payment schemes and accommodating various terminal models, ensuring businesses have the tools they need to accept payments seamlessly.

For online businesses, MCB eGate 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 Rs. 17 billion in 2023.

MCB ATMs

To elevate customer’s banking experience, MCB Bank invested in over 1,000 brand new, state-of-the-art ATMs, offering faster transactions and enhanced functionalities of more than just cash withdrawals. Customers can seamlessly settle their utility bills, make donations, pay government, property & education fee from anywhere in the country.

In the year 2023, with the enhanced in-built modern banking features, and the high uptime rate of 98.01%, MCB ATMs network processed over 84 million financial transactions, 21% more than last year.

Operations Group

In its quest to position itself as a Centre of Excellence, the Operations Group has remained committed to its own operational prowess by contributing to broader business growth and elevated customer experiences through prioritizing business process re-engineering, capacity optimization and enhanced controls. The Group has not only met operational objectives through the thoughtful application of digitization and centralization but has also positioned itself as a driving force for positive change within the organization, aligning seamlessly with broader transformation objectives of the bank. Additionally, the Group’s focus on improving process and cost efficiencies through technology utilization, centralization, and integration demonstrates its commitment to fostering agility and flexibility within its operations.

In the year 2023, the emphasis was squarely on Digitization. The Operations Group remained steadfast in its commitment to advance contributions in this domain, aiming to elevate the both branch and back-end operations through a range of Bank-wide projects. The highlight of the year was the revision of the Branch Operations Manual, transforming it into an electronic, web-based version with intelligent search functionalities and establishing the foundation for its real-time updates. Furthermore, the Operations Group launched the Paperless Branch Initiative as its flagship project, marking a departure from traditional paper-intensive transactions towards digital and paperless processes. This transformative endeavor aims to reduce or eliminate paper usage by implementing an end-to-end Business Process Reengineering (BPR) approach in branch operations. The objective is to enhance convenience for customers by simplifying the transactional journey, while

also optimizing processes for branch staff, allowing them to focus more on sales and service tasks rather than lengthy manual transaction processing. A new Account Opening System was also introduced, presenting an improved workflow for account opening. This system provides better integration with various auxiliary systems, enhances user experience through a user-friendly interface, streamlines documentary requirements, and reinforces system controls. These strategic initiatives align with the Operations Group's commitment to modernizing processes, improving efficiency, and elevating the overall experience for both customers and branch staff.

In enhancing customer service, the implementation of the Chatbot in the MCB Contact Centre achieved an outstanding 99% answer ratio, significantly reducing abandoned chats to under 1%. Simultaneously, the nationwide rollout of the Courier Tracking System for branches and the contact center provides improved visibility into the delivery of consumer and digital products. A comprehensive effort was also undertaken to strengthen customer notifications via transactional SMS, incorporating additional disclosures for increased clarity and relevance. Introducing an automated system for trade payment intimations via email proved transformative for trade customers, ensuring quicker visibility of their inflows. This was coupled with the establishment of a dedicated section in Trade Services to generate meaningful MIS reports and promptly provide all trade-related information to the customers. For corporate customers, the implementation of a 360-degree view dashboard equipped branch staff with enhanced tools and information related to customer limits, business performance, and deposits. A strategic partnership with MCB Islamic Bank was also fostered, enabling their customers to conduct transactions seamlessly through MCB counters, achieving synergies between the two entities. These initiatives collectively reflect a commitment to elevating customer service, leveraging technology, and fostering strategic partnerships.

In a pivotal move towards enhancing operational controls, the Operations Group achieved a significant milestone by unifying and consolidating all branch counter transactions into a single screen. This streamlined interface is intelligently integrated with Biometric and Safe Watch systems, presenting a comprehensive approach to transaction convenience and security. This consolidation helped the Bank on multiple fronts from improving regulatory compliance to bringing marked efficiency in the transaction processing and automation of transaction charges while significantly reducing the dependency on vendor and saving hefty amount through automation of various charges. Simultaneously, a Data Cleansing Exercise was revamped through innovative ideation and the design of dedicated screens which also provides

effective reports for real-time monitoring. The revamped approach ensures a more systematic and efficient process in maintaining data integrity.

Acknowledging the importance of financial discipline, the Operations Group has undertaken strategic initiatives to automate key processes. Firstly, Operations Group successfully implemented the automation of various charges including Intercity Charges and Clearing Charges which serves as a mitigation to the risk of income leakage. Furthermore, the automation of ATM Receipt charges has proven instrumental in prompt recovery, leading to a notable increase in revenue generation for the bank. Another significant shift has been the automation of Customer Intimation letters for Identity Document Expiry and Dormancy Intimation, seamlessly transitioning from traditional channels. This not only drastically reduced bank costs but also aligns with the green banking initiatives, emphasizing the bank's commitment to environmental sustainability.

The Operations Group also maintained steadfast commitment to Green Banking and Business Continuity, aligning closely with the State Bank of Pakistan's (SBP) vision to transform the nation's economy into a low-carbon and climate-resilient model. This commitment reflects MCB's dedication to reducing both direct and indirect carbon footprints, a responsibility embedded in the implementation of Green Banking Guidelines. Moreover, the Operations Group's focus extends beyond sustainability to encompass robust Business Continuity Plans. In recognition of the potential threats posed by environmental and external vulnerabilities, the Group, in coordination with stakeholders, has diligently worked on enhancing contingency planning and crisis response. These efforts are backed by dedicated and thoroughly tested Business Continuity Plans, ensuring the bank's resilience in the face of unforeseen challenges.

In the promising landscape of 2024, the Operations Group pledges to maintain a customer-centric approach. Hand-in-hand with business partners, Operations Group positions itself as a robust operational and strategic support, driving the bank towards heightened operational efficiency, excellence and collaborative success which extends across products, processes, and systems. The seeds planted in various automation, digitization and centralization initiatives are poised to yield tangible improvements, enriching the experiences of both customers and internal users. Operations Group remains dedicated to pushing its boundaries in 2024, foreseeing the scaling-up of existing endeavors while ensuring strict adherence to internal controls, cost management and strict compliance. This unwavering dedication ensures that the Operations Group continues to be a driving force behind MCB's pursuit of becoming leading financial

service provider, partnering with its customers for a more prosperous and secure future.

Compliance and Controls Group

Banking industry thrives on transparent and efficient customer service coupled with strong risk management systems through strong Compliance culture for sustained growth maintaining financial stability, customer protection and upholding the integrity of the overall financial system. Criticality of this function has increased manifolds owing to enhanced Global focus on risks associated with financial crimes such as; Money laundering, Terrorist Financing, Proliferation Financing, exposure to embargoed jurisdictions along with Cyber Security and Fair Treatment of all customer segments. This requires a robust Compliance & Controls function in the bank that keeps up with the existing and emerging challenges through a well-integrated and technology based risk mitigation framework in the aforesaid areas of banking operations. As heightened focus on regulatory compliance remains across the banking industry, management of the bank remains fully committed towards investing more in resources, processes and technologies at CCG to combat these risks adequately.

Accordingly, CCG aims to regularly maintain combination of well-defined policies, elaborated procedures and state of the art technology solutions / systems to achieve highest standards of regulatory compliance especially in the areas of AML/CFT/CPF and sanction risk compliance. This requires management and employees to meticulously adhere to these standards to prevent use of Bank's delivery channels, products and services for financial crimes including money laundering and terrorist financing. The Group provides a structural base, operating guidelines, tools & technology and ongoing awareness & training to enable all concerned stakeholders to mitigate regulatory risks. It also assists 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.

Highlights of 2023 include successful completion of project on integration of the name list screening system (Safe Watch) with Core Banking System & Home remittance system, implementation of automated system for price checking of commodities in trade transactions (Aks IQ), implementation of 4-eye check on review of High Value Transactions & Turnover exceptions reports, automation of sanctioned list updating process in the name List Screening system i.e. SafeWatch and digitization of KYC of funds provider/mandate holders/beneficial owners. Further, CCG through a structured model of Internal Risk Assessment, continuously assesses its inherent

and residual Money Laundering, Terrorism Financing & Proliferation Financing risk based on threats and vulnerabilities through risk control matrices. Accordingly, bank-wide Internal Risk Assessment Report (IRAR) as of 31-12-2022 was devised and approved by the BoD during the year 2023. This activity also enables the bank to explore opportunities and strengthen its systems and controls to mitigate the residual risk. Lastly, during 2023 the bank successfully tested Proof of Concept (POC) of eKYC sharing with other banks through Block Chain technology. Further, 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.

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 also strives to achieve regulatory obligations by mitigating the risk emanating from High Risk Jurisdictions and Customers.

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.

It manages Compliance related Policies and Procedures to ensure that obligations set out are meticulously observed and plays an effective role in managing / organizing CCM and matters pertinent to BoD Committees / Sub Committees.

An important function of CCG is to work as a bridge between the bank, its regulators and other Government Authorities. The role of CCG is directly relevant to mitigating 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 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/inquiries 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.

The Fraud Risk Management Department (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, Implementation of 'Internal Eye', a tool for reviewing and monitoring of transactions associated with customers' as well as employees' accounts for potentially fraudulent activities. This tool is designed to detect and manage the fraud risk encountered by the bank through various predefined system based potential scenarios by highlighting suspicious and fraudulent activities well in time. In addition, FRMD is leading Bank-wide Fraud Risk Assessment Exercise with an objective to build new controls or reinforcement of existing controls in order to counter the potential frauds and safeguard Bank's interest. Moreover, FRMD also spearheads the resolution of regulatory observations through a cross functional management committee. In compliance with the Regulatory requirements of Employee Due Diligence, FRMD has designed a program called Know Your Employee (KYE) that conducts quarterly reviews of the credentials of newly hired regular employees.

Bank's Service Quality (SQ) function, an integral part of the Compliance and Controls Group (CCG), is committed to enhancing the customer experience through relentless focus and endeavor. The SQ team leverages senior management oversight and continuous stakeholder engagement to ensure that the bank delivers unparalleled

service quality. To achieve this, the bank adopts a multi-pronged approach to assess the quality of service standards for its customers. This includes ongoing evaluations of the look and feel of the bank's branches, the speed of product and service delivery, the efficiency of digital channels, and the performance of its contact center. Additionally, the bank actively solicits customer feedback through its in-house Voice of Customer team and third-party Mystery Shopping vendors. These initiatives help the bank identify areas for improvement and reinforce its commitment to delivering better customer experiences.

Bank's unwavering commitment to treating its customers fairly remained a top priority throughout 2023. To ensure that frontline staff are equipped to handle customers with care, the bank implemented an e-learning program in 2021 that reinforced their roles and responsibilities. The program gained significant momentum throughout the year 2022 and remained an ongoing project during 2023. In addition, the bank's Induction program is 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 has been a mandated part of the Orientation program, ensuring that all staff is well-versed in the principles of fair treatment.

The Service Quality function takes pride in serving as the custodian of customer grievances. It is the nerve center of the bank, working hand in hand with all businesses and functions responsible for addressing customer complaints. The SQ team acknowledges, conducts follow ups, escalates, and aims towards closure of all customer complaints within the specified turnaround times, performs root cause analyses periodically to identify opportunities for improvement to ensure that each customer grievance is handled with utmost focus and urgency. Whether it comes to resolving a simple issue or addressing a complex problem, the Service Quality function is always at the forefront, striving to ensure an improved 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 International Standards for the Professional Practice of Internal Auditing 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 2023. 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 2024.

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 Resource

Aligned with the bank's commitment towards cultivating a positive workforce culture, underscored by principles of mutual respect, transparent communication, and fostering a strong sense of belonging, the HRMG has affirmed its dedication to ensuring a non-discriminatory, transparent, harassment free and respectful atmosphere regardless of their cast, creed, religion and gender. We believe in hiring and retaining talent who can contribute towards the achievement of all defined targets.

The talent management program of the Bank is strategically aligned with the vision of the bank, ensuring that identified skills and competencies directly contributed to achieve business goals. It embraced a holistic approach, not only

focusing on recruitment but encompassed employee development retention and succession planning. Through this program high potential individuals have been identified, fostering a pipeline of future leaders crucial for sustained organizational success.

A transformative journey based on self-discovery and growth was offered to the talent pool providing them with an exclusive opportunity to discover their unique leadership capabilities and strengths. This program has been designed phased wise, commenced with the self-discovery surveys, providing the staff with profound insights into their leadership strengths and areas of growth, setting the base for Leadership journey of 700+ staff.

2023 remained an exceptional year for learning and development where HRMG empowered staff to navigate dynamic challenges, thereby bolstering organizational adaptability. From virtual infrastructure up-gradation to extending innovative learning opportunities, HRMG made concerted efforts to equip the employees with the best skill-set enabling them to discover new ways to serve our customers better. Continuous technological investments over the years also led to smooth and effective transition towards online learning platforms. Overall more than 12,000 unique staff, including key job families, female leaders and senior management, were trained during 2023.

Significant initiatives FTY 2023 includes:

- Increase in Grade Special Pay - OG-III to OG-I grade is increased from 32.5% to 40% of Basic Pay per month and from Rs. 10,422 to Rs. 20,422/- per month for AVP grade.
- Fixation/Revision in Minimum Salary for grades OG III to AVP
- Increase in Car Monetization Allowance FVP to SEVP Grade (Fixed increase of 75% in earlier allowance)
- Revision in Functional Vehicles for Business Groups – Functional vehicles for were upgraded.
- Introduction of Functional Fuel Allowance to Relationship Manager(s) – Rs. 10,000/- Employee Per Month over & above monthly salaries.

Security

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 2023 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.

The security apparatus at branches was upgraded with the latest technical equipment and enhanced vigilance. 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 Brand and supports Bank's business activities through the development and deployment of effective marketing content and other innovative collateral on different communication channels and mediums.

The Division relentlessly endeavors to enhance the soft and positive image of the Bank through promotion of Bank's products & services on optimized communication mediums, standardization of corporate & brand communications, branch merchandizing, Corporate Social Responsibility (CSR) and public relations among other activities.

During 2023, the Marketing Division strived to improve the visual outlook and facade of its conventional and Privilege Banking branches. Similarly, MCB Brand Identity at different iconic buildings across Pakistan was enhanced through the installation of new illuminated Logos.

Marketing Division also supported the redesign of the complete MCB Credit and Debit Card portfolio. The Bank's corporate website was also revamped and upgraded with better aesthetics and technological features to provide customers with a smoother, visually dynamic and more convenient online experience and is now better poised to showcase Bank's products & services. The Team revitalized its efforts to strengthen the Bank's presence on Social Media and made optimal use of this channel to enhance visibility of Bank's strategic products & services, brand alliances and regulator initiatives.

Marketing Division launched multiple media campaigns including a TVC campaign to foster awareness for MCB's omni-channel digital platform MCB Live. Additionally, intensive campaigns were launched to facilitate intending

Hajis and to promote the national cause of increasing inflow of remittances through targeted media broadcasts on national and international media.

Significant efforts were made to effectively support key regulator initiatives such as Roshan Digital Account, RAAST, QR Code Project, Banking on Equality, National Financial Literacy Programme (NFLP) and Asaan Mobile Account among others.

The Bank commemorated national milestone days in a befitting manner. On Independence Day, the Bank's Head Office was festively illuminated as per annual tradition besides a celebratory event and flag hoisting ceremony that was organized for employees and their families. The Bank also helped create awareness of Women Empowerment and Gender Equality through engaging events held to celebrate International Women's Day and National Working Women's Day. The Division also continued its initiative to educate, encourage and guide customers in using the Bank's financial solutions and services including through tutorial content.

On the CSR front, key initiatives include providing support to leading NGOs, such as Shaukat Khanum Memorial Cancer Hospital, Pink Ribbon, Sundus Foundation, Edhi Foundation and others in their respective Zakat collection and awareness campaigns. The Bank built on its past support for Saleem Memorial Hospital and donated Rs. 10 million. As a part of its regular CSR focus, the team also worked to enhance awareness of Breast Cancer during 'Pinktober' with communication campaigns and a special event held at MCB House, Lahore in association with Pink Ribbon.

Going forward, Marketing Division will continue to focus on enhancing Brand visibility through a combination of available mediums, thereby reinforcing brand presence and creating greater awareness of the Bank's products and services.

MCB Islamic Bank Limited

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

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

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

Performance Review

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

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

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

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

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

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

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

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

Corporate Governance

Corporate Governance at MCB Bank Limited (“MCB” or the “Bank”) refers to rights and responsibilities among different stakeholders of the Bank through a set of rules, policies and practices by focusing on proper delegation, transparency and accountability in the organization as a whole. Corporate Governance at MCB provides an essential foundation for sustainable corporate success and to build stakeholders’ confidence. It has been structured to ensure the regulatory compliance and to cater the maximum needs of Bank’s stakeholders. Thus, it holds the balance between economic and social goals and aligns the interest of investor, corporation and society.

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. Mohd Suhail Amar Suresh Bin Abdullah Mr. Muhammad Ali Zeb Mr. Shariffuddin Bin Khalid Shaikh Muhammad Jawed
Executive Director (President & CEO)	Mr. Shoaib Mumtaz
Female Director (Non-Executive)	Mrs. Iqraa Hassan Mansha

Casual Vacancies on the Board of Directors:

During the year, Shaikh Muhammad Jawed has been appointed as a Non-Executive Director against casual vacancy on February 08, 2023.

Independent Directors and their Independence:

The Board has four (04) Independent Directors who meet the criteria of independence under the Companies Act, 2017 and the directives issued by the State Bank of Pakistan (“SBP”).

Representation of Female Directors on the Board:

Mrs. Iqraa Hassan Mansha is representing female Director on the Board.

Non-Executive Directors:

All the 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 provide an outside viewpoint to the Bank and are neither involved in managing the day-to-day affairs of the Bank nor form part of the Executive Management Team of the Bank.

Executive director serving on the Board of other companies/trust:

The Executive Director, i.e., President & CEO is serving on the Boards of MCB Non-Bank Credit Organization, Closed Joint Stock Company, Azerbaijan and MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited), the subsidiaries of the Bank, as a nominee Director and also as Chairman of the Board of Trustees of MCB Employees Foundation.

Detail of Board Meetings held outside Pakistan:

During the year 2023, all the Board of Directors meetings were held in Pakistan.

Diversity in the Board of Directors

The Board comprises of local as well as foreign directors who have a diverse educational background and professional 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. Please refer to “Profile of the Board of Directors” section of the Annual Report.

Process of Election and Appointment of directors:

As per the applicable provisions of the law and regulations, the directors are elected by the shareholders of the Bank, whereas, the casual vacancies arising on the Board, if any, are filled by the directors for the remaining term in accordance with the requirements of the Companies Act, 2017 and SBP regulations. Every director has to qualify the prior assessment criteria of 'Fit and Proper Test (FPT)' as framed by the State Bank of Pakistan. At the time of election of directors, the Bank conducts the 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, mix of directors including female member(s), diversity and should be well-structured to add value and to make it an effective governing body.

Selection of Independent Directors:

Independent Directors are elected through the process of election of directors and also meet the requirements laid down by the State Bank of Pakistan as well as comply with the provisions of the relevant laws, rules and regulations. An independent director means a director who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the company, its associated companies, subsidiaries, holding company or directors; and he can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest. At present, Independent Directors are selected from the data bank maintained by the Pakistan Institute of Corporate Governance as approved by the SECP.

Selection of Independent Directors through PICG:

The selection of independent directors as members of the Bank's Board of Directors is carried out from a list maintained by the Pakistan Institute of Corporate Governance (PICG) under the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

PICG is a self-governing body and has no other connections with the Bank, except for providing access to the database on independent directors besides directors' training and performance evaluation of Board, its Committees and individual directors as an independent body.

Directors' Participation/Attendance in Board and Committee Meetings held during 2023

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	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended
1	Mian Mohammad Mansha	◆	5/5	-	-	◆	4/4	-	-	-	-	-	-	◆	4/4	◆	4/4	-	-
2	Mr. Muhammad Tariq Rafi	◆	4/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	◆	-
3	Mian Umer Mansha	◆	5/5	◆	5/5	◆	4/4	◆	4/4	◆	4/4	◆	5/5	-	-	◆	4/4	◆	-
4	Mrs. Iqra Hassan Mansha	◆	4/5	-	-	-	-	-	-	-	-	-	-	◆	1/4	◆	3/4	-	-
5	Mr. Muhammad Ali Zeb	◆	5/5	◆	4/5	-	-	◆	4/4	◆	4/4	-	-	◆	4/4	◆	4/4	◆	-
6	Mr. Mohd Suhail Amar Suresh	◆	5/5	-	-	◆	4/4	◆	4/4	-	-	◆	5/5	-	-	-	-	-	-
7	Mr. Yahya Saleem	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Mr. Salman Khalid Butt	◆	5/5	-	-	◆	4/4	◆	4/4	◆	4/4	◆	5/5	◆	4/4	-	-	-	-
9	Mr. Shahzad Hussain	◆	5/5	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Mr. Masood Ahmed Puri	◆	5/5	-	-	◆	4/4	-	-	-	-	-	-	-	-	-	-	-	-
11	Mr. Sharifuddin bin Khalid	◆	5/5	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Mr. Shaikh Muhammad Jawad	◆	3/3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Mr. Shoab Mumtaz (President & CEO)	◆	5/5	-	-	◆	4/4	◆	4/4	◆	4/4	◆	5/5	-	-	◆	4/4	-	-
Total Number of Meetings Held		5		5		4		4		4		5		4		4		0	

Chairman ◆ Member ◆

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

Note: The Board in its meeting held on February 08, 2023, appointed Shaikh Muhammad Jawed as a Non-Executive Director, while SBP provided its FPT clearance on June 23, 2023.

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

Disclosure on Board of Directors

Sr. No.	Name of Directors	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	1	MCB Non-Bank Credit Organization, CJSC, Azerbaijan
2	Mr. Muhammad Tariq Rafi	08-Apr-1991	Non-Executive Director	- WO&WC	6	Central Depository Company of Pakistan Limited Habib University Foundation Siddiqsons Energy Limited Siddiqsons Limited Siddiqsons Tin Plate Limited TSM 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	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	4	Emporium Properties (Pvt) Limited Nishat (Raiwind) Hotels and Properties Limited Nishat Hotels & Properties Limited Nishat Real Estate Development Company (Private) Limited
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

Sr. No.	Name of Directors	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)
6	Mr. Mohd Suhail Amar Suresh Bin Abdullah	24-Feb-2014	Non-Executive Director	- BS&DC - RM&PRC - ITC	4	Maybank Shared Services Sdn Bhd (a wholly owned subsidiary of Maybank)
						Malaysian Global Innovation & Creativity Centre Bhd
						MBB Labs Pvt Ltd (a subsidiary of Maybank Shared Services)
						MRANTI Corporation Sdn Bhd (Formerly known as Technology Park Malaysia Corporation Sdn Bhd)
7	Mr. Yahya Saleem	27-Mar-2018	Non-Executive (Independent) Director	-	8	HUM-YS Films (Private) Limited
						International Cotton Association
						NC Entertainment Private Limited
						NC Trading USA
						Saleem Memorial Trust Hospital
						YS Services Canada
						YS Services Private Limited
YSG Trading Private Limited						
8	Mr. Salman Khalid Butt	10-Nov-2018	Non-Executive (Independent) Director	- HR&RC - BS&DC - RM&PRC - ITC - CR&MC	4	New Heights Concepts Ltd., a BVI Company
						New Heights Management Ltd., a BVI Company
						Next Commercial FZ LLC, a Ras El Khaimah (Rakez), U.A.E. Company
						Next Pharmaceutical Products (Pvt) Limited
9	Mr. Shahzad Hussain	31-May-2019	Non-Executive (Independent) Director	- AC	1	NAMAL Education Foundation
10	Mr. Masood Ahmed Puri	31-May-2019	Non-Executive (Independent) Director	- BS&DC	3	Jedex Logistics Pvt Limited (Pakistan)
						Jedex Transport Company LLC (UAE)
						Transarab Trading Services (KSA)
11	Mr. Shariffuddin Bin Khalid	23-Jul-2019	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	-	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. Shoaib Mumtaz President & CEO	21-Dec-2021	Executive Director	- BS&DC - RM&PRC - CR&MC - ITC - PP&CA	3	MCB Non-Bank Credit Organization, CJSC, Azerbaijan
						MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited)
						MCB Employees Foundation

AC:	Audit Committee
BS&DC:	Business Strategy & Development Committee
RM&PRC:	Risk Management & Portfolio Review Committee
HR&RC:	Human Resource & Remuneration Committee

ITC:	IT Committee
PP&CA:	Committee on Physical Planning & Contingency Arrangements
CR&MC:	Compliance Review & Monitoring Committee
WO&WC:	Write-Off & Waiver Committee

Board 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. Shariffuddin Bin Khalid - (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:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - Going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with listing regulations, other Statutory and regulatory requirements; and
 - 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. Ensuring coordination of internal auditors with external auditors of the Bank and SBP inspection team(s);
7. 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;

8. 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.
9. 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;
10. 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.
11. 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.
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 Resource & Remuneration Committee. However, recommendation of Board's Human Resource & 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. 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;
26. 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';

27. 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;
28. Reviewing, on a periodic basis, the Internal Controls over Financial Reporting (ICFR) system for its effective implementation and its continuous up gradation.
29. Monitoring compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof;
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 Bin Abdullah - (Non-Executive Director)
4. Mr. Salman Khalid Butt - (Independent Director)
5. Mr. Masood Ahmed Puri - (Independent 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 Bin Abdullah - (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 an 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 Board, Bank's Risk Appetite Statement on an annual basis;
4. Review various reports pertaining to the risk in the Bank's portfolio prepared by the Risk Management Group. The Committee shall also consider comments of the relevant senior management official/ Committee while reviewing such reports and communicate the planned/executed corrective actions to the Board, if required;
5. 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 Bin Abdullah - (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 will 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;
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. Mrs. Iqraa Hassan Mansha - (Non-Executive Director)
4. Mr. Muhammad Ali Zeb - (Non-Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are 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 ("MRC") 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 set up 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. 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.
17. 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.
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.
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 Mohammad 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;
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;

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 – Legal Affairs
14. Group Head – Security & Marketing
15. Head – Retail Banking North
16. Head – Retail Banking South
17. Head – Retail Banking Central
18. Head – Retail Banking Services
19. Head – Wealth Management & Privilege Banking
20. Head – Consumer Banking
21. Head – International Banking
22. Head – SAM Corporate & Commercial

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. Head – Retail Banking Central
10. Head – Retail Banking North
11. Head – Retail Banking South

Write off Committee

1. President & CEO – Chairman
2. Group Head – Risk Management
3. Group Head – Wholesale Banking
4. Chief Financial Officer
5. Head – Retail Assets & Trade
6. Chief Digital Officer
7. Secretary of Management Credit & Risk Committee

8. Head – SAM Consumer & Retail
9. Head – SAM Corporate & Commercial

Investment Committee

1. President & CEO – Chairman
2. Group Head – Wholesale Banking
3. Group Head - Treasury & Forex
4. Chief Financial Officer
5. Group Head – Risk Management
6. Head – International Banking

IT Steering Committee

1. President & CEO - Chairman
2. Chief Financial Officer
3. Chief Information Officer
4. Group Head – Operations
5. Group Head – Risk Management
6. Chief Digital Officer
7. Head – Retail Assets & Trade
8. Group Head – Wholesale Banking
9. Chief Compliance Officer
10. Chief Information Security Officer

Disciplinary Action Committee

1. Group Head – Human Resource Management – Chairman
2. Group Head – Operations
3. Chief Compliance Officer
4. Group Head – Risk Management
5. Group Head – Security & Marketing

Litigation Review Committee

1. Group Head – Legal Affairs – Chairman
2. Group Head – Oversight & Monitoring
3. Group Head – Human Resource Management
4. Head – Retail Assets & Trade
5. Head – SAM Corporate & Commercial
6. Head – SAM Consumer & Retail
7. Head – Consumer Banking
8. Division Head – Legal Affairs

Management Credit & Risk Committee

1. President & CEO – Chairman
2. Group Head – Risk Management
3. Division Head – FIPS & MRMD – Acting member

Overseas Monitoring Committee

1. Group Head – Oversight & Monitoring – Chairman
2. Chief Financial Officer
3. Group Head – Risk Management
4. Chief Compliance Officer
5. Group Head – Operations
6. Head – International Banking

Compliance Committee of Management

1. President & CEO – Chairman
2. Group Head – Risk Management
3. Group Head – Wholesale Banking

4. Head – International Banking
5. Head – Retail Banking North
6. Head – Retail Banking South
7. Head – Retail Banking Central
8. Head – Retail Banking Services
9. Chief Digital Officer
10. Head – Consumer Banking
11. Head – Wealth Management & Privilege Banking
12. Group Head – Oversight & Monitoring
13. Group Head – Operations
14. Chief Information Officer
15. Group Head – Legal Affairs
16. Group Head – Human Resource Management
17. Chief Compliance Officer

Cyber Security Committee

1. Group Head – Risk Management – Chairman
2. Chief Information Officer
3. Chief Digital Officer
4. Chief Compliance Officer
5. Group Head – Operations
6. Head – International Banking
7. Head – Retail Banking Services
8. Head – Consumer Banking

Outsourcing Relationship Review Committee

1. Group Head – Operations
2. Group Head – Risk Management
3. Chief Compliance Officer

Management Sub-Committee for Resolution of Long Outstanding Audit Issues

1. Group Head – Oversight & Monitoring – Chairman
2. Group Head – Operations
3. Head – Retail Banking Services
4. Chief Financial Officer
5. Chief Information Officer

Management Sub-Committee on AML/CFT

1. Chief Compliance Officer – Chairman
2. Group Head – Oversight & Monitoring
3. Group Head – Operations
4. Head – Retail Banking Services
5. Group Head – Risk Management
6. Head – International Banking

Management Sub-Committee for Monitoring of Central Banks' Inspection Reports

1. Group Head – Oversight & 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. Chief Compliance Officer
3. Head – Retail Banking North

4. Head – Retail Banking South
5. Head – Retail Banking Central
6. Division Head – Service Quality
7. Head – Wealth Management & Privilege Banking

Performance Evaluation of the Board of Directors, its Committee and Individual Directors:

The Bank has developed a formal and effective mechanism for annual performance evaluation of the Board as a whole, its Committees, the Chairman, Individual Directors and the President & CEO in line 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. This activity is performed annually, whereas, the same is undertaken by an external independent evaluator at least every three years.

In 2023, MCB Bank Limited conducted performance evaluation of the Board as a whole, the Chairman, Individual Directors including Independent Directors, the President & CEO and Board's Committees for the year 2022 by adopting an in-house approach.

Performance Evaluation through External Independent Evaluator:

In order to comply with the regulatory requirements and to bring objectivity to the Board's annual performance evaluation process, the Bank carries out independent third party assessment of the Board, its Committees and individual directors once in every three years.

In 2022, the Bank engaged M/s Pakistan Institute of Corporate Governance (PICG) as an Independent External Evaluator who conducted the performance evaluation of the Board as a whole, its Committees and individual directors for the year 2021. The Board secured a strong rating of 93% as per results given by the Board Strategic Performance Index (BSPI) of PICG; depicting Board's overall effectiveness. The next performance evaluation through external independent evaluator shall be conducted for the year 2024 in line with the regulatory requirements.

Criteria for Annual Performance Evaluation of the Overall Board of Directors:

The Board considers the long-term policy related matters and sets the Bank's strategic aims to put them into effect and to uphold the vision, mission and core values of the Bank. It exhibits high standards of business and professional conduct in managing and supervising the affairs of the Bank and reporting to shareholders on its stewardship. The Board acts on a fully informed basis in the best interest of the Bank and its stakeholders and set 'tone at the top' in order to promote a sound corporate culture.

During the year 2023, the overall performance evaluation of the Board was conducted by the Evaluation Committee of the Bank on the basis of following questionnaires, as laid down by 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?
- 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:

The performance evaluation of the Chairman is linked with the functioning of the overall board as well as the performance of individual director. Independent Directors are entrusted with the responsibility to conduct the performance evaluation of the Chairman as per the criteria given in SBP Guidelines. Similarly, the 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 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. The performance evaluation of individual director in term of maintaining high ethical standards, contribution to strategy development and time/responsibilities commitment was assessed by PICG at the score range of 85% to 98%.

Annual Performance Evaluation of the President & CEO of the Bank:

The President & Chief Executive Officer ("CEO") of the Bank is vested with the responsibility of managing overall affairs of the Bank. The Board, assuming a monitoring role, delegates its authority to the CEO to effectively manage the affairs of the Bank, implement strategic decisions/ policies and to align the Bank's direction with its vision and mission through setting objectives and goals. Through effective leadership and team building efforts, the CEO achieves the maximum possible performance and manages the affairs of the Bank in accordance with strategic and long-term objectives of the Bank. The Senior Management under his leadership devises its goals in line with the strategic direction of the Bank. The performance evaluation of the President & CEO was conducted by all the Directors of the Bank. During the year 2023, the performance evaluation of the President & CEO was conducted on the basis of questionnaires broadly covering the below mentioned criteria:

Criteria for Annual Performance Evaluation of the Board Committees:

The rationale for the formation of Board Committees is to assist it in the performance of its functions and enhance the efficiency by sharing the work load of the Board. MCB Board has formed eight (8) Committees assisting the Board in the area of audit, strategy setting, risk management, human resource management, physical planning & contingency arrangements, information technology, compliance reviews and write-offs & waivers. The size, structure and skill set of the Board Committees are in line with the applicable rules, regulations and laws as well as business needs of the Bank.

During the year 2023, annual performance evaluation of the Board Committees was also performed by the Evaluation Committee by using an in-house-approach. The results of in-house performance evaluation of the Board's Committees are consistent with the results of last evaluation conducted by PICG at 94%.

The performance evaluation of the Board Committees is conducted on the basis of questionnaires broadly covered under below mentioned criteria:

- a) Are the size, structure and skill set of committees appropriate?

- 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 the recommendation of Board's Human Resource & Remuneration Committee, approves the 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 the level of expertise and experience of each Member and responsibility assigned. The scale of remuneration, including the 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 the 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;
- The Board shall determine and 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 same 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.

Payment of Directors' Remuneration:

The detail of remuneration paid to the Executive Director and the Non-Executive Directors during the year 2023 has been disclosed in the Note No. 40 of the Unconsolidated

Financial Statements of the Bank for the year ended December 31, 2023.

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 the 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. 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.

Policy of retention of Board meeting fee earned 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. The Board meeting fee earned from other companies shall be surrendered to the Bank.

Directors' Training Program:

All Board Members, either have minimum education and experience required for exemption from Directors Training Program ("DTP") or have already undergone such training as narrated in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") and the Corporate Governance Regulatory Framework issued by SBP. MCB Board is fully adhered to directors training arrangements under the 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 shareholder 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 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:

- Annual budget of the Bank;
- Information Technology ('IT') Strategy 2023-25 and IT Strategy Roadmap 2023-25 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;
- Periodical 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;
- 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;
- Complaints Received under Whistle Blowing Program and Action 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' for the year 2022;
- Annual Fraud Risk Assessment for the year 2022;
- Internal Risk Assessment Report as of December 31, 2022 of the Bank;
- Performance review of Consumer Lending Business, Wealth Management Business and Digital Banking Business;
- 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 2023.

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 a leading Bank always adheres to provide 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 of four.
- 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 law.

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 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 is 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, are 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 to the Board for the implementation of its strategies, policies and decisions. 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; and
- 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.

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 and 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 captioned external assessment exercise for 2023 is ongoing

- while the latest concluded exercise pertains to 2020.
- 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 2023.
 - 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.

Directors' Profile:

Directors' profiles have been incorporated in the "Board of Directors" section.

Accessibility of Annual Report-2023:

Annual Report-2023 and other information of the Bank are accessible on Bank's Website: www.mcb.com.pk

Security Clearance of Foreign Directors:

Foreign Directors elected on the Board of Bank requires security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met and fulfilled in this regard.

Board's Policy on Governance of Risk and Internal Controls.

The Board oversees matters relating to risks, compliance and internal control matters 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" 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 reputation and achievement.

The Bank embraces and encourages employees with a mix of age, physical disability, family ethnicity, language, political affiliation, religion, sexual orientation, socioeconomic status and other characteristics that make its employees unique.

Board's Policy on Communication with Stakeholders:

Conscious to the need of creating a culture of clear and open communication with stakeholders and to follow a disciplined and professional approach for managing the 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.

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.

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, are not

limited to the 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. The Bank has also provided a video link facility to the shareholders for participation in AGM. 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.

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.

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 impair 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 that every director of the Bank has 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.

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 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 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 shall be extended at market terms and conditions and be dealt with on 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, Bank has approved policy on Prohibition of Insider Trading which is effectively implemented throughout the Bank.

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 is rigorously following 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 Division strives hard to manage any such investor grievances in consultation with the share registrar. Investors can lodge complaints by contacting the shares registrar or sends 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 readily available on our website and annual reports.

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.

Human resource management policies and succession planning

Human Resource Policies have been approved by the Board of Directors of the Bank on the recommendation of Human Resource & Remuneration Committee (HR&RC) of the Board in order to provide clear and definitive directions on human resource (HR) related matters.

MCB being an equal opportunity employer is committed to creating a congenial and efficient work environment in which the employees are assured a non-discriminatory, transparent, harassment free and respectful atmosphere regardless of their cast, creed, religion and gender. The Bank's talent-acquisition policies provide unbiased criteria for hiring people through lateral and batch hiring from any background as long as they qualify for the professional criteria required by the Bank. The culture at MCB Bank also depicts a healthy, team based and cooperative environment. We value the unique talents and perspectives of our employees and strive to create a respectful workplace.

The Bank is committed towards employee development practices which enable all its employees to reach their optimum potential, thereby creating a high-performance organization. This belief is supported by the Bank's comprehensive approach towards performance

management, career development and management training. The Bank affirms its belief in motivating its work force through positive reinforcement and opportunities in each of these key areas regarding employee development.

The Bank has a transparent KPI based performance assessment and reward mechanism that allows front office employees to track their performance with their goal achievement throughout the year.

MCB Bank is having approved policy as defined in the realm of “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” assigns the responsibility to eliminate the menace of sexual harassment from the organizations to their management. Thus, the emphasis is on holding individuals accountable for their illicit behavior through professional mechanisms..

The Management of the bank, under this Act, is obligated to follow the Act in letter & spirit for the implementation of provisions and ensure any complaint of harassment is addressed based on fair, impartial, and just inquiry, totally free of any sort of victimization and retaliation towards the complainant (Harassment complaints are being addressed/processed through Inquiry Committee which is constituted under guidelines of applicable laws, rules and regulations.

Succession planning provides guidelines to develop train and retain the pool of employees as the successor to the key / critical positions to ensure the continuity of leadership within the Bank that helps the management to align its business goals with its human capital needs.

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 state. 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 year 1.

Policy for Sustainability and Corporate Social Responsibility (CSR)

Policy Sustainability and Corporate Social Responsibility (CSR) is detailed in “Sustainability and Corporate Social Responsibility” section of this 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.

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 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 generated daily which are of ongoing importance to MCB's overall service capability and regulatory compliance. In its endeavor to comply with these guidelines / processes, the Bank has already achieved major milestones.

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, 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 2023, 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 'Green Banking' and 'Risk Management Framework' sections of the Annual Report.

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 obligation. 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

Review of the Business Continuity Plan (BCP) by the Board

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 Bank endeavors to have sustainable, effective enterprise wide BCM program to provide seamless services and product reach to its customers/ stakeholders.

The Board of Directors periodically reviews and gauges Banks 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 Banks structure and branch network, thus it gives confidence to its millions of customers, stakeholders and 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.

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.

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.

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 2023 was 51.

Significant changes from prior years

- Shaikh Muhammad Jawed has been appointed as a Non-Executive Director by the Board of Directors on February 08, 2023.
- Appointment of Company Secretary of the Bank, on permanent basis.
- Chief Information Officer of the Bank has separated his services from the bank and the Board of Directors approved his replacement accordingly.
- The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 had approved an equity investment of Rs. 649.925 million to acquire further 30.09% shareholding of MCB Investment Management Limited (MCBIML; formerly MCB-Arif Habib Savings and Investments Limited), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBIML in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies.

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

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.

Chairman's Significant commitments

Mian Mohammad Mansha has served as Chairman of MCB Bank, after its privatization, from 1991 to mid-1995 and then from 1997 till date. Presently, at MCB Bank Limited, he is also a member of the Board's Business Strategy & Development Committee, Human Resource & Remuneration Committee and Committee on Physical Planning & Contingency Arrangements. He does not have any significant commitments other than the those mentioned in his profile under the section "Directors Profile" of the Annual Report.

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 Service Support Management
- IT Operations
- IT Software Solutions
- Data and Advance Analytics
- Core Banking
- Digital Innovation
- Business Technology
- IT Governance

- j. Disaster Recovery Planning
- k. IT Compliance & Internal Controls
- l. 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 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 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, the banking regulatory body 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 "Technology Governance Framework", "Information / Cyber Security Management Framework", "Information Security Policy" and "Technology Risk Management Framework" has laid the foundation for a robust governance model encompassing following key aspects:

- **Governance Structure (Board Oversight & Engagement with Management)**

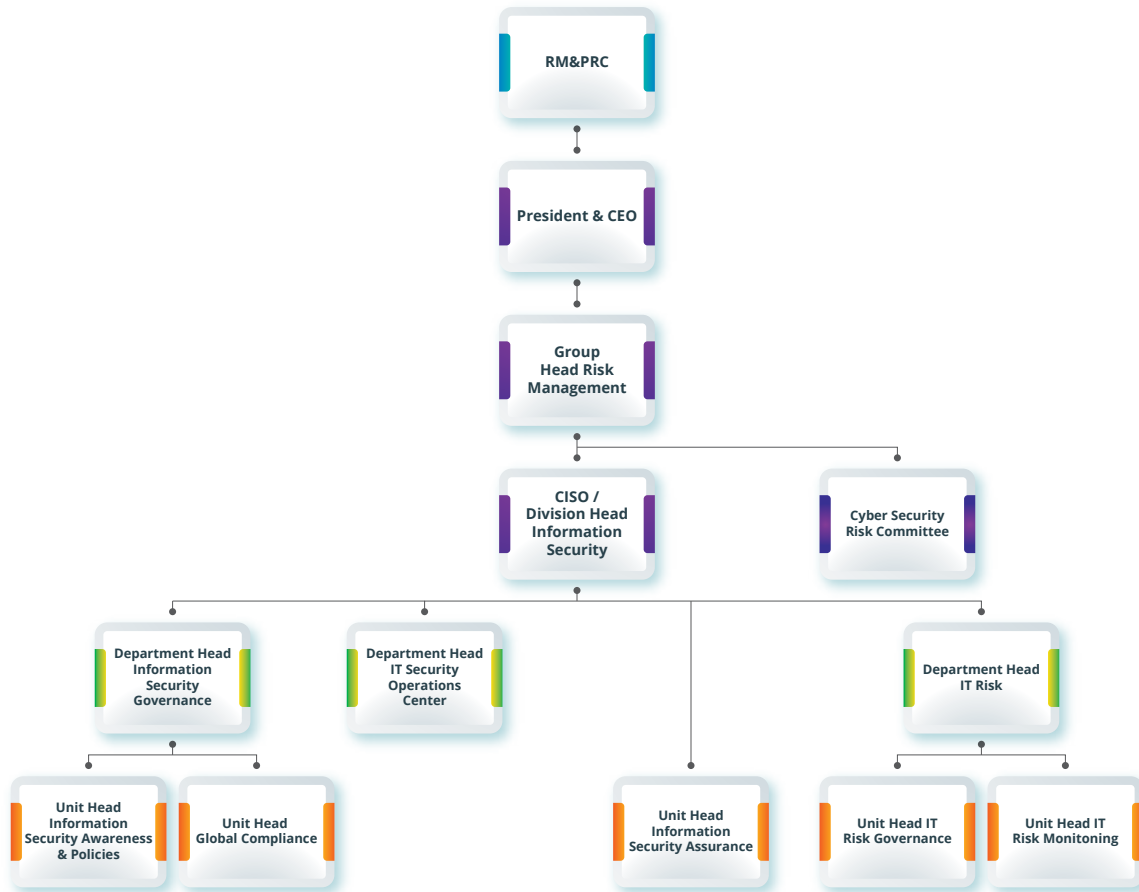
Key roles and responsibilities, for various lines of defense, in managing and governing cyber security (CS) risks across the Bank have been formalized, with an emphasis on defining business ownership and individual accountability. The structural framework paves the way for greater understanding and collaboration between the Board of Directors and the senior management, by formalizing an 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 also created a "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 Risks, and to increase business understanding and awareness 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 operational plan.

CISO heads the Information Security Division which is responsible for providing proactive security expertise, governing and maintaining a resilient & secure infrastructure 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 Committee (CSC)" to achieve Bank's information security and technology objectives.



- Risk Identification and Assessment (Early Warning System)**

The Bank's CISO is responsible to perform security operations and conduct risk assessments to identify key cyber security threats, risks, breaches, security anomalies, and to ascertain the severity of the risk posture. Risk-based vulnerability exercises are also 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 the 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 actively gather threat intelligence, detect anomalies posing security risks to the Bank's technology infrastructure and proactively report these for corrective and preventive actions. Whereas the Information Security Assurance and IT Risk functions ensure security assessment and risk assessment to identify 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 Cyber Security 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 the value of information assets and corresponding risk tolerance levels.

- **Testing Programs**

Comprehensive testing programs are established within MCB's overall information security action plan to validate the effectiveness of the information security environment. The programs involve the engagement of relevant external and internal stakeholders. The results of the testing programs are continually evaluated to support improvement in Banks' information/Cyber Security posture.

The following methodologies are being employed by the Bank, regularly, to test its cyber resilience:

- o Vulnerability Assessments
- o Scenario Based Testing
- o Penetration Testing

- **Incident Management & Reporting**

Information Security Division not only ensures proactive threat management, but it is also prepared for any unforeseen incident which disrupts business continuity with a possible security failure or cyber breach. The 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, the 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 reliable and secure information security controls at the infrastructure level with the capacity to address future challenges and threats. The information / cyber security governance is ensured by the enforcement of the Board-approved

Cyber / Information Security Framework, Information Security Policy and Technology Risk Management which framework 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 a quarterly basis; where the Chief Risk Officer and Chief Information Officer apprise the RM & PRC and Chief Information Officer (CIO) to BITC.

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.

Disaster Recovery Plan (DRP) and cyber insurance

The Bank has a robust Disaster Recovery Plan (DRP), formulated in accordance with the 'Enterprise Technology Governance and Risk Management framework' issued by the State Bank of Pakistan, and serves to address the key risks and threats to which the Bank's highly significant applications are exposed. The primary aim is to facilitate a structured and timely recovery of banking services in the event of a contingency and to equip the staff with the readiness to respond effectively in an organized manner; hence, supporting the broader business community plans of the Bank.

The DRP encompasses disaster assessment & notification, disaster recovery procedures for a variety of contingency scenarios (including cyber breaches) along with their corresponding Recovery Time Objectives (RTOs), disaster recovery setup & specifications, network recovery strategies for all critical applications and a disaster notification list that outlines the roles and responsibilities of IT Crisis Management Team (IT CMT).

In order to test MCB's institutional readiness in successfully executing its DRP in the event of a contingency, the Bank regularly conducts its DR drills. During the year 2023, MCB conducted its first ever DR drill on a large scale; encompassing shifting of 94 applications, identified as 'Critical Business Applications' from their business impact analysis, to a DR site. All objectives of the drill in terms of DR site's capacity to manage all stack of applications, transactions load, datacenter resilience, network bandwidth and human resource capabilities were successfully achieved.

The Bank is also evaluating cyber insurance to help cover the financial losses that result from cyber events and incidents.

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 Bank's 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 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 Bank's 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

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 Handbook and Anti-fraud Framework Policy for the Management and the staff.
- Not to engage in any act of violation of CDD & AML / CFT 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 / BH(for RBG) 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 advertisings 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 of Corporate Communication & GH - HRM.

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 with Female Employees

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 2022 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



Hammad 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, 2023

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, 2023 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. Mohd Suhail Amar Suresh bin Abdullah Mr. Muhammad Ali Zeb Mr. Shariffuddin bin Khalid Shaikh Muhammad Jawed*
Executive Director (President & CEO)	Mr. Shoaib Mumtaz
Female Director (Non-Executive)	Mrs. Iqraa Hassan Mansha

*Shaikh Muhammad Jawed appointed as a Non-Executive Director against casual vacancy, on February 08, 2023.

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. The fraction of 0.33 is below half (0.50) and accordingly, the same has not been rounded up as 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 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, 2023, as given below:

1. Audit Committee (AC):		2. Business Strategy & Development Committee (BS&DC):	
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. Shariffuddin Bin Khalid	Member	Mr. Salman Khalid Butt	Member
		Mr. Masood Ahmed Puri	Member
		President & CEO	Member

3. Risk Management & Portfolio Review Committee (RM&PRC):		4. Human Resource & Remuneration Committee (HR&RC):	
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	Mrs. Iqraa Hassan Mansha	Member
Mr. Salman Khalid Butt	Member	Mr. Muhammad Ali Zeb	Member
President & CEO	Member		

5. Committee on Physical Planning & Contingency Arrangements (PP&CA)		6. IT Committee (ITC)	
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 (CR&MC)		8. Write-Off & Waiver Committee (WO&WC)	
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 is given below:

Name of Committee	No. of Meetings held during the year, 2023
Audit Committee	Five
Business Strategy & Development Committee	Four
Risk Management & Portfolio Review Committee	Four
Human Resource & Remuneration Committee	Four
Committee on Physical Planning & Contingency Arrangements	Four
IT Committee	Five
Compliance Review & Monitoring Committee	Four
Write Off & Waiver Committee	None

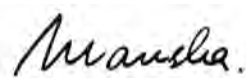
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Bank;

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 the 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, 2024
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, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: March 05, 2024

UDIN: CR202310092rX9yBxRme

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. Moreover, one of the members is a fellow member of Chartered Institute of Management Accountants, United Kingdom. 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's overall approach to risk management and internal control:

- 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.
- 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;
- 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 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 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 2023, 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 2023.

- 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 M/s A. F. Ferguson & Co., Chartered Accountants for the third consecutive term, 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 during the year 2023 was 51.

In addition to the above, the Committee also reviewed and recommended the following to the Board for approval:

- Global Internal Audit Policy (Version 6.0);
- IFRS 9 Expected Credit Loss Provisioning Policy – Domestic Operations (Version 1.0);
- IFRS 9 Expected Credit Loss Provisioning Policy - MCB Sri Lanka Operations (Version 5.0);
- IFRS 9 Expected Credit Loss Provisioning Policy - MCB Bahrain (Version 5.0);
- IFRS 9 Expected Credit Loss Provisioning Policy – MCB UAE (Version 5.0);
- Appointment of External Auditor and Prohibition of Non-Audit Services – MCB UAE Operations (Version 3.0);
- Fraud Prevention Policy (Version 6.0); and
- Policy on Internal Controls (Version 9.0).

Committee performance

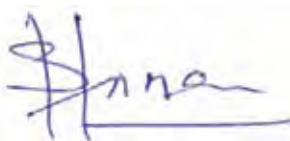
The Committee secured a strong rating in self-evaluation. Performance of the Audit Committee is annually reviewed by the Board of Directors and Board appreciated the Committee's role in thoroughly reviewing the financial statements and Bank's internal audit function and other financial matters of critical 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 – 2023)



Prof. Mufti Munib-Ur-Rehman

Chairman Shari'ah Board

Prof. Mufti Munib-ur-Rehman, working with MCB Islamic Bank since September 2015, is a renowned Shari'ah scholar with a vast 51 years' teaching and 36 years' 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.

He remained member of the Board of Studies of University of Karachi, Federal Urdu University & Board of Intermediate Karachi. He remained member of the syndicate of University of Karachi & PMAS Arid University, Rawalpindi. He is the member of National Curriculum Pakistan & National Education Task Force. He was Shari'ah Adviser of Federal Shariat Court Pakistan. The 11 Volumes of his fatawa has already published and has vast acceptability amongst Ulama. He is the Principle & 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 24 years of teaching, 17 years of Fatawa and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He is enrolled in PhD. in Islamic Banking and Finance from International Islamic University, Islamabad (IIU).

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



Mufti Nadeem Iqbal

Shari'ah Board Member

Mufti Nadeem Iqbal is the Shari'ah Board Member at MCB Islamic Bank since October, 2018. He is a senior teacher and Mufti at Dar-ul-Uloom Amjadia, Karachi and currently heading Dar-ul-Ifta. He has 32 years' experience of teaching Islamic Jurisprudence and 20 years' experience of issuing Fatawa. He has 18 years' experience in Islamic Banking. He holds Master's Degree in Islamic Studies from University of Karachi, Takhusus-Fil-Fiqh from Dar-ul-Uloom Amjadia, Karachi, Fazil Dars-e-Nizami, and Fazil Shahada-tul-Almia. He gave his services as Resident

Shari'ah Board Member/Shari'ah Advisor at Soneri Bank's Islamic Banking Division for 13 years. He has served as visiting faculty member at Sheikh Zayed Islamic Centre, University of Karachi and Hamdard University, Karachi. He is a writer of several books including Islamic Jurisprudence.

Role of Shari'ah Board

- i. The Shari'ah Board (SB) shall advise the BOD and the executive management of the MCB Islamic Bank Ltd. on all Shari'ah related matters. All the SB's Decisions/Rulings/Fatawa shall be binding on the MCB Islamic whereas the Shari'ah Board shall be responsible and accountable for all its Shari'ah decisions and Fatawa.
- ii. The SB shall cause to develop a comprehensive Shari'ah compliance framework for all areas of operations of the MCB Islamic and shall approve all products/services to be offered and/or launched by the MCB Islamic.
- iii. The SB shall ensure that all the MCB Islamic products and services as well as all related agreements, contracts, structures, process flows, product manuals, marketing advertisements, sales illustrations and brochures etc. are in conformity with the rules and principles of Shari'ah. The executive management while seeking the SB's decision on any proposal shall ensure provision of all the necessary information, details and documents enabling the SB to have adequate understanding of the product, its process flows, business and economic outcomes and Shari'ah permissibility or impermissibility.
- iv. The Shari'ah Board shall have unhindered access to all records, documents and information from all sources including professional advisors and MCB Islamic employees in discharge of its duties.
- 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/ fatwa; all such deliberations and rationale for allowing or disallowing a particular product/service etc. shall be duly recorded and documented.
- vi. All the reports of internal/external Shari'ah audit and Shari'ah compliance reviews shall be submitted to the SB for prescribing appropriate enforcement action. SB shall take up the unresolved issues with the management and if warranted shall include the outstanding issues in their annual Shari'ah Board Report. Moreover, Head of SCD and RSBM shall discuss all the significant and unresolved issues with SBP inspection team during on-site inspection.
- 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 2023:

S. No	Quarter	Date of Meeting	Meeting Attended (Yes / No)		
			Chairman	Member	RSBM
1	Q1	20-Mar-23	Yes	Yes	Yes
2	Q2	19-Jun-23	Yes	Yes	Yes
3	Q3	06-Sep-23	Yes	Yes	Yes
4	Q4	19-Dec-23	Yes	Yes	Yes

Meetings of Shari'ah Board-Board of Directors held in 2023:

S. No	Half Year	Date of Meeting	Meeting Attended (Yes / No)		
			Chairman	Member	RSBM
1	1st	26-Apr-23	Yes	Yes	Yes
2	2nd	19-Dec-23	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- Chairman/ Resident member/ Non Resident Member	Number of Other Board Memberships along with name of companies
1	Mufti Munib-ur-Rehman	15-Sep-15	Chairman	1. Chairman Shar'ah Supervisory Board • Dawood Family Takaful
2	Mufti Syed Sabir Hussain	16-Sep-15	Resident Member	1. Shar'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, 2023)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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

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

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

- First Shari'ah Board Meeting – March 20, 2023
- Second Shari'ah Board Meeting – June 19, 2023
- Third Shari'ah Board Meeting – September 06, 2023
- Fourth Shari'ah Board Meeting – December 19, 2023

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

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

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of the Bank are conducted in a manner that comply with Shari'ah principles at all times, we are required to submit a report on the overall Shari'ah compliance environment of the Bank. During the year 2023, Shari'ah Board – Board of Directors' Meeting held on the following dates:
 - First Shari'ah Board – Board of Directors' Meeting – April 26, 2023
 - Second Shari'ah Board – Board of Directors' Meeting – December 19, 2023
2. To form our opinion as expressed in this report, the Shari'ah Compliance Department (SCD) of the Bank carried out reviews of each type of transactions on sample basis, product, process flow/ modus operandi and concepts under the supervision of RSBM/Head Shari'ah Compliance. SCD kept Shari'ah board informed regarding Shari'ah compliance review activities of branches and back offices of the Bank. A list of branches for Shari'ah compliance review was approved by the Shari'ah Board. In this regard, 128 branches have been reviewed for Shari'ah compliance and compliance has been observed regarding non-branch entities as per Shari'ah Compliance Program approved by SB. In order to enhance the level of knowledge on Islamic Banking and Finance of Bank's staff; Shari'ah trainings were made mandatory for entire staff of the Bank with the coordination of Learning & Development Department (L&D – HRG). Furthermore, RSBM/Head-SCD and SCD's staff made surprise visits to 19 branches at South and North regions to ensure regulatory and Shari'ah compliance. Subsequently, report presented to Board of Directors and Shari'ah Board.
3. Islamic Banks are fundamentally very different from their traditional counterparts out of a variety of angles. The basic rule for Islamic bank is adherence to Shari'ah, and in case of divergence from it, raises the probability of Shari'ah Non-Compliance that is very important besides observance of banking regulations. So, to maintain and increase the confidence of customers, Shari'ah compliance plays a vital role in this regard. So far, to ensure the Shari'ah compliance five (5) Instructions & Guidelines and Seven (7) Fatawa by the Shari'ah Board of the Bank are in vogue without any changes. Instructions & Guidelines and Fatawa issued by the Shari'ah Board are being implemented in the Bank in true letter and spirit.

4. SCD with the coordination of management and under the supervision of RSBM/Head Shari'ah Compliance has reviewed various Product documents. The SCD conducted review of 128 branches plus made surprise visits of 19 benches and subsequently issued reports to relevant branches. Additionally, SCD conducted Shari'ah compliance review of back offices to ensure that the Bank's operations are in line with Shari'ah principles. SB has reviewed and approved 46 modus operandi out of which 25 for Corporate Banking, 15 for Commercial Banking, 06 for SME Banking. As far as modes are concerned, 09 pertain to Diminishing Musharakah, 18 for Finished Goods Musharakah & Musharakah, 1 for Ijarah, 1 for Istasna, 1 for, Musharakah Running Finance and 1 for Currency Salam in the year 2023.
5. SCD has also facilitated Islamic Banking training sessions for the front and back offices staff of the Bank in order to comply with regulatory instructions. L&D not only arranged class room sessions but also arranged virtual session through different available modes. Online Islamic Banking training modules were also available at Learning Management Systems (LMS) for the easy access of Islamic Banking knowledge to staff. L&D found determined to adhere with the regulatory requirement on training of staff on Islamic Banking & Finance. Therefore, number of session were arranged for the capacity enhancement of staff with the facilitation of SCD. A combination of both Classroom & Virtual sessions were adopted to fulfill the need of outreach branches for Islamic Banking trainings.

Moreover L&D-HRG has taken initiatives to establish an effective and comprehensive Islamic Banking training mechanism in compliance with IBD Circular No. 02 of 2018, Dated: Jun 29, 2018, "Enhanced Training & Capacity Building Measures for Islamic Banking Institutions (IBIs)" issued by Islamic Banking Department, State Bank of Pakistan, for the Bank's front and back offices staff at all levels. SCD's staff facilitated as internal trainers on the Shari'ah related training initiatives during the year. Furthermore, alongside regulatory requirements of executive management Shari'ah trainings, L&D and SCD have jointly developed Islamic Banking & Finance Module and AAOIFI Shari'ah Standards Module for capacity building of Executive Management.

6. SCD has taken all necessary required actions in order to comply with the SBP-IBD Circular No. 01 of 2021, Dated: June 14, 2021, Shari'ah Non-Compliance Risk Management (SNCRM). SCD has ensured that SNCRM should be an essential element of Bank's overall Risk Management Framework. SCD shall report all Shari'ah Non-Compliance events and transactions to the Risk Management & Portfolio Review Committee of the Board & Shari'ah Non-Compliance Risk Management Committee as well as to the Shari'ah Board on a quarterly basis. As far as monitoring of SNCRM is concerned, a Management Committee with the title of Shari'ah Non-Compliance Risk Management Committee has been formed under Chair of President/CEO and representation from all Groups. This committee is responsible for close monitoring of Shari'ah Non-Compliance Risk at the operational/management level. Regular meetings of all committees are being conducted and SCD reports all Shari'ah Non-Compliance events and transactions to the said committees.
7. Shari'ah Board praises and encourages the continuous, comprehensive & profound efforts and commitment of the Bank's Board of Directors and the Management regarding implementation of all Fatawa and instructions & guidelines issued by the Shari'ah Board.

Recommendations:

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

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

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

Conclusion:

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

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

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

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

In the year 2023 the addition in the amount of Charity was PKR 26.312 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	25,380
- Dividend purification amount	117
- Charity against other Non-Shari'ah compliant income	14
- Profit on charity saving account	801
Total additions in Charity account during the year	26,312

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

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

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

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

وَاللَّهُ سُبْحَانَهُ وَتَعَالَىٰ أَعْلَمُ

Munib ur Rehman

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

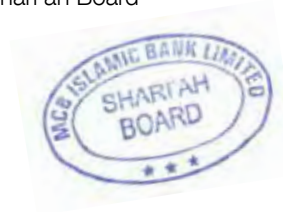
[Signature]

Mufti Syed Sabir Hussain
Resident Shari'ah Board Member

Date of Report: February 15, 2024

[Signature]

Mufti Nadeem Iqbal
Member Shari'ah Board



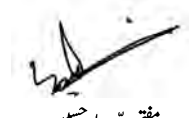
قابل ذکر امر کی تعریف کرتا ہے کہ شریعہ کیپلائنس ڈیپارٹمنٹ اریزیڈنٹ شریعہ بورڈ ممبر نے بینک کے شریعہ کیپلائنس ماحول کو برقرار رکھتے ہوئے شریعہ گورننس فریم ورک کی تعمیل کو یقینی بنایا۔
شریعہ بورڈ اللہ تعالیٰ کی بارگاہ میں اس کی تعریف پیش کرنے، اس کی ہدایت و توفیق اور سینئر منتظمین و اسلامی بینکاری انڈسٹری کی مخلصانہ کوششوں سے اسلامی بینکاری نظام کی مزید پیشرفت، ترقی اور خوشحالی کا متمنی ہے۔



وَاللّٰهُ سُبْحٰنَهُ وَتَعَالٰى اَعْلَمُ

Munir ul Ahm e

پروفیسر مفتی منیب الرحمن
چیئرمین شریعہ بورڈ



مفتی سید صابر حسین
ریزیڈنٹ شریعہ بورڈ ممبر
تاریخ اجراء: ۱۵ فروری ۲۰۲۳ء

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۔

جہاں تک بینک کے داخلی ماحول کا تعلق ہے، تو فرنٹ اور بیک آفسز کے تمام عملے کو ڈریس کوڈ کی سختی سے پیروی کرنے کی بھرپور تاکید کی جاتی ہے۔

اسٹاف کا لباس ایم سی بی اسلامک بینک ڈریس کوڈ پالیسی، ثقافتی اصولوں اور شرعی تقاضوں کے مطابق شرم و حیا کی عکاسی کرتا ہو۔ اس کی خلاف ورزی کی صورت میں تادیبی کارروائی کی سفارش بھی کی جاتی ہے۔

یہ تجویز دی جاتی ہے کہ زیادہ سے زیادہ کسٹمر پورٹ فولیو کو مکافل میں منتقل کیا جائے، جو کہ اسلامی اصولوں کے مطابق ہے۔ تاکید کے ساتھ یہ ہدایت کی جاتی ہے کہ رنگ مشاکرہ سے متعلق جتنے بھی تاخیر شدہ مسائل ہیں، بالخصوص حکومتی اداروں کے ساتھ، ان کو جلد از جلد حل کیا جائے۔ علاوہ آزیں دوسرے بینکوں کے ساتھ فنڈ پلیٹفیمز کے تحت کئے جانے والے مشاکرہ یا مضاربہ کے منافع کی تقسیم کے حوالے سے مسائل کو حل کرنے کی تاکید کی جاتی ہے۔

تاخیر سے ادائیگی کی وجہ سے علاء 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

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

ایم سی بی اسلامک بینک نے شریعی بورڈ کے جاری کردہ فتاویٰ حیات اور ہدایات و لائحہ عمل کے مطابق شرعی اصول و ضوابط کو پورا کیا ہے۔

ایم سی بی اسلامک بینک نے حقیقی معنوں میں اصل روح کو مد نظر رکھتے ہوئے ایس بی پی انٹیکشن رپورٹ پر عملدرآمد کیا ہے۔ ایم سی بی اسلامک بینک، ایسٹ بینک آف پاکستان کے احکامات، قوانین و ہدایات اور لائحہ عمل (جو ایسٹ بینک آف پاکستان کے شریعی ایڈوائزری کمیٹی کے احکام کے مطابق ہیں) سے ہم آہنگ ہے۔

بینک کے پاس اپنے مجموعی آپریشنز میں شریعی کمپلائنس کو یقینی بنانے کے لیے ایک جامع طریقہ کار موجود ہے۔ جہاں تک چیریٹی فنڈ کا تعلق ہے، ہر طرح کے چیریٹی فنڈ جمع کرنے کے لئے علیحدہ نان چیکنگ، لائیویلیٹی 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 مدات میں جمع کی گئی رقم اپنے اپنے "شرعی کمپلائنس نفع بخش چیریٹی کلیکشن فنڈ اکاؤنٹ" میں شریعی بورڈ / ریویژنٹ شریعی بورڈ ممبر کی صوابدید پر جمع کی جاتی ہیں۔ چیریٹی فنڈ، چیریٹی کمیٹی / شریعی بورڈ کے منظور شدہ کسی خیراتی، معاشرتی بہبود، مذہبی یا تعلیمی مقاصد کے لئے استعمال ہوتا ہے۔

سال 2023ء میں چیریٹی فنڈ کی مختلف مدات میں جمع کی گئی رقم میں کل اضافہ 26.312 ملین رہا، جس کو چیریٹی اکاؤنٹ میں منتقل کرنے کی ہدایت کی گئی۔

ایم سی بی اسلامک بینک نے شریعی بورڈ میں اضافہ

صرف 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

چیریٹی سیونگ اکاؤنٹ پر منافع

ایم سی بی اسلامک بینک نے شریعی بورڈ میں کل اضافہ

۲۶،۳۱۲

۸۰۱

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۲۵،۸۳۰

روپے (۰۰۰) میں

بینک نے چیریٹی کی رستم شریعی سے منظور شدہ خیراتی اداروں کو ایم سی بی اسلامک بینک کی چیریٹی پالیسی اور ایسٹ بینک کی ہدایات و لائحہ عمل کے مطابق فراہم کی ہے۔ چیریٹی اکاؤنٹ کی تفصیلات نوٹ نمبر 19.2.1 میں دستیاب ہیں۔ شریعی بورڈ بینک کے شریعی کمپلائنس ڈیپارٹمنٹ کی طرف سے ایک مضبوط شریعی کمپلائنس ماحول کو برقرار رکھنے کے عمل کو سراہتا ہے۔ شریعی بورڈ سال 2023ء کے دوران شریعی کمپلائنس ڈیپارٹمنٹ /RSBM کی طرف سے کی گئی کوششوں کی تعریف کرتا ہے۔

ایم سی بی اسلامک بینک کے نفع و نقصان کی تقسیم اور پول کی تنظیم کاری ایسٹ بینک آف پاکستان کی ہدایات کے مطابق ہے۔ اگرچہ بینک فعال طریقے سے اپنے افراد کار کو اسلامی بینکاری اور مالیاتی نظام کے بارے میں تربیت دے رہا ہے۔ اور اس سلسلے میں ایک نیا تربیتی پروگرام "نیو ہائر اورٹھینیشن اینڈ انڈرٹیکنیشن سرٹیفیکیشن پروگرام" بھی متعارف کرایا گیا ہے، تاہم افراد کار، عملی سطحی انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگہی پیدا کرنے کی عہدہ سے اسلامی بینکاری کی تربیت میں مزید اضافے کی ضرورت ہے۔ انتظامیہ اور بورڈ آف ڈائریکٹرز نے احیاء پر مبنی کوششوں کی ہیں اور انہوں نے ایم سی بی اسلامک بینک میں شریعی کمپلائنس کی اہمیت کو سراہا ہے۔

شریعی بورڈ کو اپنی ذمہ داریوں سے عہدہ برآہونے کے لئے حنا طر خواہ مسائل فراہم کئے گئے ہیں۔ شریعی بورڈ، ایم سی بی اسلامی بینک لمیٹڈ کے شریعی کمپلائنس ڈیپارٹمنٹ / ریویژنٹ شریعی بورڈ ممبر کی کوششوں کا اعتراف کرتے ہوئے اس

دستاویزات، جن میں سے 25 کارپوریٹ ب، 15 کمرشل، اور 6 ایس ایم ای بینکاری کے لائحہ عمل کا جائزہ لیا اور ان کی منظوری دی۔ جہاں تک پراڈکٹس کا تعلق ہے، تو شریعہ بورڈ نے 09 شرکت متناقصہ، 18 تیار شدہ مال پر مراہج اور مراہجہ لائبر ہاشراء، ۱۰ احبارہ، استخناع، ۱۰ مشارکہ رنگہ فنانس اور ۱۰ کرنسی سلم کی پروڈکٹس کی اس سال منظوری دی۔

۵ شریعہ کپلائنس ڈیپارٹمنٹ نے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ ہدایات پر عملدرآمد کو یقینی بنانے کے لئے بینک کے فرنٹ اور بیک آفس اسٹاف کے لئے اسلامی بینکاری کی ٹریننگ کے کئی پروگرامز منعقد کئے۔ L&D نے اسٹاف کی اسلامی بینکاری اور مالیاتی نظام کی معلومات تک آسان رسائی کے لئے کلاس روم سیشنز کا انعقاد کیا، اس کے ساتھ ساتھ لرننگ مینجمنٹ سسٹم (LMS) کے تحت آن لائن اسلامک بینکنگ ٹریننگ ماڈیولز بھی اپ لوڈ کیے۔ L&D نے اپنے اسٹاف کی اسلامی بینکاری میں تربیت کا عزم مصمم کیا ہوا ہے، لہذا اس سال بھی L&D نے شریعہ کپلائنس ڈیپارٹمنٹ کے تعاون سے عملے کی استعداد کار میں اضافے کے لیے تمام ریجنز 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۔

اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر 2 / 2018 بتاریخ 29 جون 2018) پر عملدرآمد کو یقینی بنانے کے لئے بینک کی جانب سے مؤثر اور حباب اقدامات کئے گئے۔ لہذا ایک مؤثر اور حباب 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 ریگولٹری ضروریات کے ساتھ ساتھ، شریعہ کپلائنس ڈیپارٹمنٹ اور L&D نے ایگزیکٹو مینجمنٹ کی مہارت کو مزید بڑھانے کی عہد شکنی سے اسلامی بینکاری اور شرعی معیارات، اکاؤنٹنگ اینڈ آڈٹنگ آرگنائزیشن برائے اسلامی مالیاتی ادارے (AAOIFI) کے کورسز تیار کئے، جنہیں شروع کر دیا گیا ہے۔

۶ شریعہ کپلائنس ڈیپارٹمنٹ نے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر ۱/۲۰۲۱، تاریخ ۱۳ جون ۲۰۲۱)، 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 فریم ورک کا ایک لازمی عنصر ہونا چاہیے۔ مزید برآں ڈیپارٹمنٹ تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ بورڈ کی رسک مینجمنٹ اور پورٹ فولیو ریویو کمیٹی اور شریعہ نان کپلائنس رسک مینجمنٹ کمیٹی کے ساتھ ساتھ شریعہ بورڈ کو سہ ماہی بنیادوں پر کرے گا۔ جہاں تک SNCRM کی نگرانی کا تعلق ہے، اس کے ساتھ ایک انتظامی کمیٹی شریعہ نان کپلائنس رسک مینجمنٹ کمیٹی کے عنوان سے پریزیڈنٹ/سی ای او کی سربراہی میں تشکیل دی گئی ہے جس میں تمام گروپس کی نمائندگی موجود ہے۔ یہ کمیٹی آپریشنل/انتظامی سطح پر شرعی عدم تعمیل کے رسک کی کڑی نگرانی کے لیے ذمہ دار ہے۔ تمام کمیٹیوں کی باقاعدہ 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۔

۷ شریعہ بورڈ اپنی جاری کردہ ہدایات و لائحہ عمل پر عملدرآمد کے اعتبار سے بینک کے منتظمین کی مسلسل اور حباب کوششوں کی تعریف اور حوصلہ افزائی کرتا ہے۔

سفارشات

شریعی بورڈ شرعی اعتبار سے کئے گئے جائزوں کی جانچ پڑتال کے بعد درج ذیل سفارشات پیش کرتا ہے

الف مستقبل میں، ریگولٹری تفتاحوں کی تعمیل میں مزید شریعہ ٹریننگز ہونی چاہئیں۔ مزید برآں شریعہ بورڈ کلاس روم شریعہ ٹریننگز سیشنز کی بھرپور سفارش کرتا ہے۔ تربیتی مقصد کے تحت بنائے گئے معاملات کا انتظام بہتر سے بہتر بنایا جائے تاکہ شرکاء ایک عملی اور تربیتی ماحول میں زیادہ سے زیادہ فوائد حاصل کر سکیں۔

ب کارپوریٹ، کمرشل، ٹریڈ، ایس ایم ای بینکاری کی پروڈکٹس اور شریعہ کی ٹریننگز پر زیادہ توجہ دینے کی ضرورت ہے، لہذا بھرپور سفارشات کی جاتی ہے کہ عملے کی شرعی اصولوں کے تناظر میں پروڈکٹ کی تربیت کو یقینی بنایا جائے۔

ج اسلامی بینکاری اور مالیات کی اصل روح کے مطابق تشریح اور عام لوگوں کو آگاہی دینے کے ساتھ ساتھ اسلامی بینکاری کے بارے میں حقیقی شعور پیدا کرنے اور غلط فہمیوں کو دور کرنے کے لئے، ایم سی بی اسلامک بینک کے پلیٹ فارم سے سیمینارز، ورکشاپس اور سوال و جواب کی نشست کا اہتمام کرنے کی سفارش کی جاتی ہے۔

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

ه شریعہ بورڈ سفارش کرتا ہے کہ فیڈرل شریعت کورٹ کا 28 اپریل 2022ء کا سوڈ کے متعلق فیصلے کو سامنے رکھتے ہوئے ایم سی بی اسلامک شریعہ بورڈ یہ بھی سفارش کرتا ہے کہ حکومتی اداروں کو بھی شریعہ ایڈوائزری خدمات فراہم کی جائیں تاکہ ان کے معاملات بھی شرعی اصولوں کے مطابق ہوں

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

ح مزید برآں مائیکرو فنانس سرگرمیوں کو جاری رکھنے کی سفارش کی جاتی ہے۔ ایم سی بی اسلامک بینک کو ملک میں مائیکرو فنانس کی ضرورت کے سبب اسلامی مائیکرو فنانس کی حوصلہ افزائی کرنی چاہئے۔ اسلامی مائیکرو فنانس کے ذریعے،

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

اَلْحَمْدُ لِلّٰهِ رَبِّ الْعَالَمِیْنَ وَالصَّلٰوةُ وَالسَّلَامُ عَلٰی خَاتَمِ الْاَنْبِیَاءِ وَالْمُرْسَلِیْنَ وَعَلٰی الْاٰلِہِ وَصَحْبِہِ 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 منیب الرحمن چیئرمین شریعی بورڈ، مفتی سید صابر حسین ریزیڈنٹ شریعی بورڈ ممبر اور مفتی ندیم اقبال، ممبر شریعی بورڈ پر مشتمل ہے۔ 2023ء 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 2023ء میں شریعی بورڈ کے 4 رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے، جس میں دیگر امور کے علاوہ نئی پراڈکٹس اور خدمات کے ساتھ ساتھ موجودہ پراڈکٹس اور خدمات میں ترامیم کا شرعی جائزہ لیا گیا۔

☆	شریعی بورڈ کا پہلا اجلاس،	۲۰ مارچ ۲۰۲۳ء
☆	شریعی بورڈ کا دوسرا اجلاس،	۱۹ جون ۲۰۲۳ء
☆	شریعی بورڈ کا تیسرا اجلاس،	۰۶ ستمبر ۲۰۲۳ء
☆	شریعی بورڈ کا چوتھا اجلاس،	۱۹ دسمبر ۲۰۲۳ء

شریعی بورڈ ایک ایسا بنیادی میکانزم ہے جو اسلامی اور روایتی بنسکوں کی گورنس میں امتیاز قائم کرتا ہے، علاوہ ازیں شریعی کمپلائنس 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 فراہم 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 کمپلائنس ڈیپارٹمنٹ نے اس کے ساتھ ہم آہستگی کو یقینی بنایا، مزید برآں شریعی کمپلائنس 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۔

۱ چونکہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو منتظمین اس امر کے ذمہ دار ہیں کہ ایم سی بی اسلامک بینک کے جملہ معاملات شریعت کے اصولوں کے عین مطابق ہوں، لہذا ہم (شریعی بورڈ) ایم سی بی اسلامک بینک کے شریعی کمپلائنس کی مجموعی صورت حال کے بارے میں ایک رپورٹ جمع کرانے کے پابند ہیں۔ 2023ء 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،	۲۶ اپریل ۲۰۲۳ء
☆	شریعی بورڈ- بورڈ آف ڈائریکٹرز کا دوسرا اجلاس،	۱۹ دسمبر ۲۰۲۳ء

۲ رپورٹ میں ظاہر کردہ امور کے مطابق اپنی رائے دیتے ہوئے عرض یہ ہے کہ ایم سی بی اسلامک بینک کے شریعی کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعی بورڈ ممبر/ ہیڈ شریعی کمپلائنس 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 کمپلائنس ڈیپارٹمنٹ نے شریعی بورڈ کو بینک کے فرنٹ اور بیک آفسز کی شرعی تعمیل کا جائزہ لینے کے معاملات سے آگاہ رکھا۔ شرعی تعمیل کے جائزے کے لیے شریعی بورڈ نے براؤننگ کی فہرست کو منظور کیا۔ اس سلسلے میں 128 برانچوں کا شرعی معائنہ کیا گیا ہے اور جہاں تک بیک آفسز کے شرعی تعمیل کے جائزے کا تعلق ہے، تو اس کے لیے شریعی بورڈ کی منظور شدہ کے تعاون سے فرنٹ اور (L&D - HRG) فہرست کی تعمیل کو یقینی بنایا گیا ہے۔ ہیومن ریسورس گروپ کے لرننگ اینڈ ڈیولپمنٹ ڈیپارٹمنٹ بیک آفسز کے عملے کے ارکان کی اسلامی بینکاری، مالیاتی معلومات اور مہارت کو بڑھانے کی عنصر سے بینک کے تمام عملے کے لیے شرعی شریعی کمپلائنس ڈیپارٹمنٹ نے ریگولٹری اور شرعی تقاضوں کی تعمیل کو یقینی بنانے کے لیے جنوبی RSBM/Head تربیت کو لازمی قرار دیا گیا۔ مزید اور شمالی ریجن کی 19 شاخوں کا احپانک دورہ کیا اور اس کی باقاعدہ رپورٹ شریعی بورڈ اور بورڈ آف ڈائریکٹرز کو پیش کی گئی۔

۳ اسلامک بینک بنیادی طور پر مختلف جہتوں سے روایتی بنسکوں سے جدا ہیں، ان کا بنیادی اصول شریعت پر کاربند ہونا ہے۔ اگر وہ شریعت پر کاربند نہیں ہوتے تو غیر شرعی معاملات کا احتمال بڑھ جاتا ہے۔ چنانچہ گاہک کے اعتبار کو بحال رکھنے کے لئے مضبوط و مستحکم بنیادوں پر شریعی کمپلائنس کی موجودگی ضروری ہے۔ ایم سی بی اسلامک بینک کے شریعی بورڈ کی جاری کردہ پانچ ہدایات و لائحہ عمل اور سات فتاویٰ حیات بھی موجود ہیں۔ ایم سی بی اسلامک بینک میں شریعی بورڈ کی جاری کردہ تمام ہدایات و لائحہ عمل اور فتاویٰ حیات پر عملدرآمد کو ان کی اصل روح کے مطابق یقینی بنایا گیا ہے۔

۴ بینک کے منتظمین کے تعاون سے شریعی کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعی بورڈ ممبر/ ہیڈ شریعی کمپلائنس ڈیپارٹمنٹ کی زیر نگرانی 2023ء میں تمام پراڈکٹس کی دستاویزیات کا جائزہ لیا۔ شریعی کمپلائنس ڈیپارٹمنٹ نے شریعی بورڈ کو یقینی بنانے کے لئے مختلف برانچز اور بیک آفسز کا معائنہ کیا تاکہ بینک کے معاملات کو شریعی کے اصولوں کے مطابق بنایا جائے۔ شریعی بورڈ نے 46 مائنٹننگ کے لائحہ عمل کی





SUSTAINABILITY
& CSR

Sustainability & Corporate Social Responsibility

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

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



Environmental, Social and Governance (ESG) Strategy & Overview

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

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

Our CSR policy

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



Key Pillars

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



Environmental



Social



Governance

Initiatives Overview

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

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

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

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

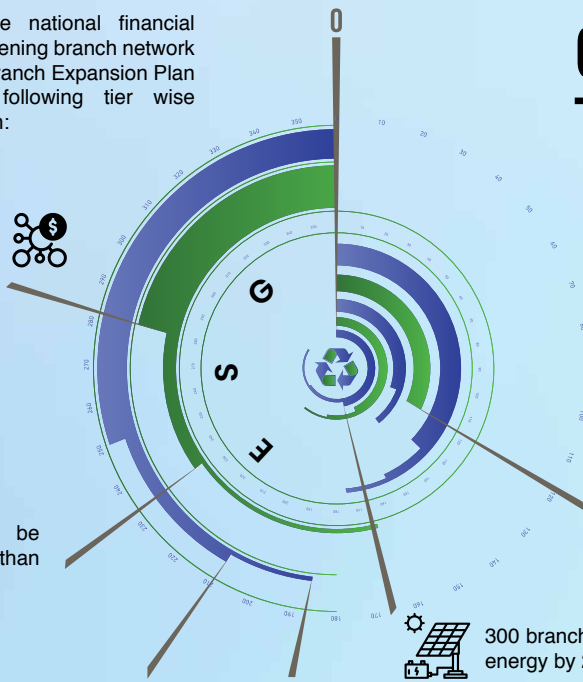
A code of conduct is developed for Directors & Employees which is revised every year. SBP & Board approved guidelines for all businesses and departments are in place.





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


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


Quantitative Targets




 ATM uptime to be maintained at higher than 97%

 Client Satisfaction Index to be maintained at higher than 90%

 1000 branches to be covered under real time IoT based fuel management & monitoring system by 2024

 300 branches to be shifted to solar energy by 2024

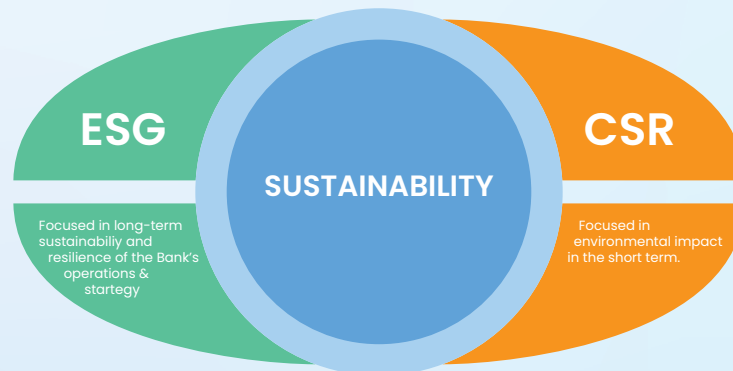
 Achieve SME & Agri-based lending targets allotted by SBP for FY 2024

Key Highlights

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

Our approach to sustainability

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

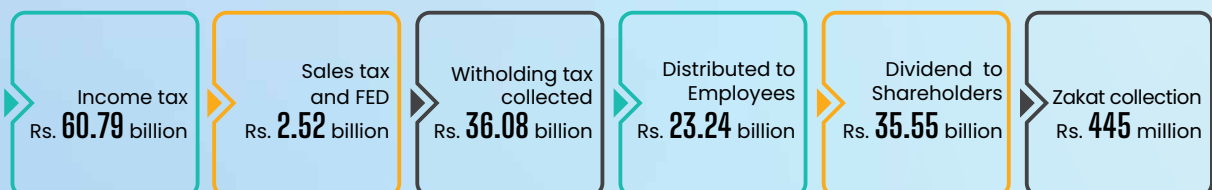


The Bank focuses on several key principles as an institution. It is committed towards fostering a better work place and cleaner environment through varied initiatives with measurable outcomes. By committing to a culture of excellence, good governance, transparency and integrity, it ensures that all activities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



1. Contributing to sustainable economic growth

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



Contribution to Economy & National Exchequer

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

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

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

Key financial highlights

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

2. Being a responsible organization

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

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

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

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



a. Driving Strategy Through Learning & Development

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

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

IFC Train the Trainer – Elevating Training Skills

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

TPMA Certification – Making

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

b. Women Champions – Facilitation of Women Customer

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

Gender Sensitivity – Beyond Bias

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

RISE to Leadership - An Exclusive Learning Initiative for Female Leaders

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

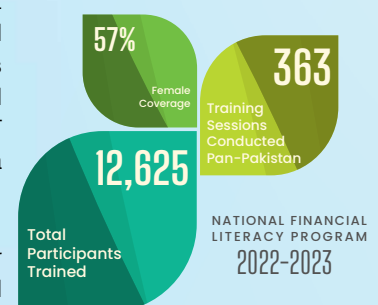
Leadership Excellence - Discover. Develop. Deliver

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

National Financial Literacy Program – Financial Inclusion for All

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

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



c. Occupational Health and Safety

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

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

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

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

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

Board's Policy on Employee Health, Safety & Protection

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

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

d. Business Continuity Plan (BCP)

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

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

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

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

e. Business Ethics and Anti-Corruption Measures

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

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

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

f. Service Quality Function & Grievance Handling Mechanism

Service Council

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

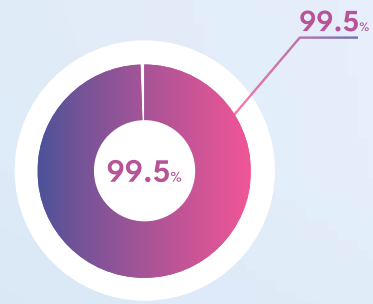
Customer Experience Management

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

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

Turnaround Time (TAT) Monitoring

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



Consumer Protection Measures

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

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

Customer Grievance Handling

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

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

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

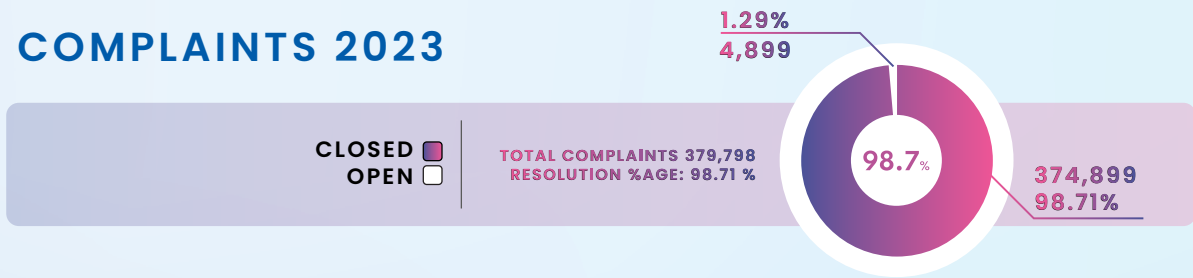
Service Quality Division also performs in-depth qualitative and quantitative complaints analysis followed by suggestions and recommendations in order to eliminate root causes of customer issues and drive continuous improvement.

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

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

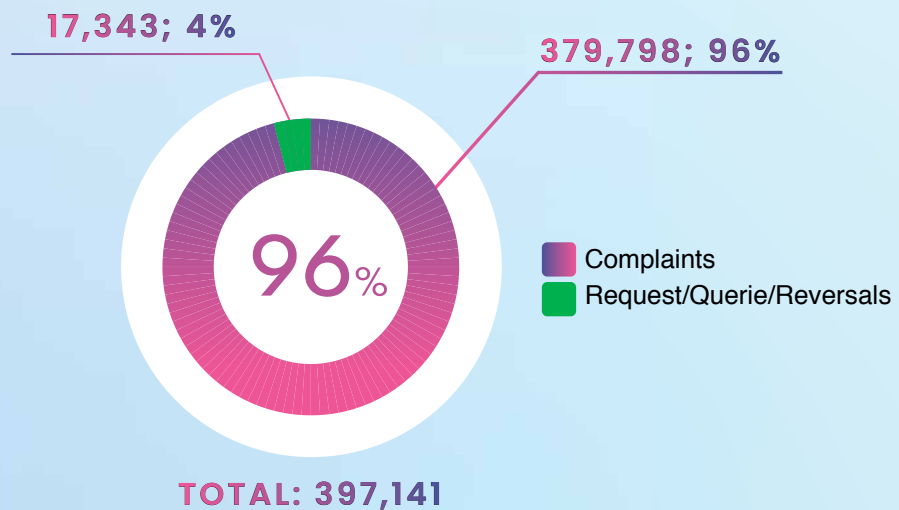
	NUMBERS	PERCENTAGE
STATEMENT OF COMPLAINTS	379,798	-
CLOSED	374,899	98.71%
OPEN	4,899	1.29%
AVERAGE RESOLUTION TIME	-	5WDS

COMPLAINTS 2023



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

Total Login Details



g. Banking on Equality and Women Empowerment

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

Training

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

Empowering Women

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

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

Products

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

People with Disabilities initiatives:

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

3. Investing in communities

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

Following areas were addressed by the Bank in 2023:

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



Youth Development Program

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

Community Development & Healthcare awareness

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

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



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

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

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

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



Consumer Facilitation Services

Credit Card Online Portal

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

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

Wealth Management

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

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

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

Privilege Banking

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

Energy Conservation

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

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

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

Energy Saving Measures

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

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

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

Environmental Cleanliness & Protective Measures

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

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

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

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

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

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

Solarization

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

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

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

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

Remittances flow in the country

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

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

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

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

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

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

Chairman's Overview: Embed Sustainability for Financial Performance

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

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

- **Embrace Sustainability as a Core Strategy**

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

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

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

- **Stakeholder Engagement**

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

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

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

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

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

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

- **Enhanced Transparency and Accountability**

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

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

- **Competitive Advantage and Differentiation**

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

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

Supply chain disruption and Risk Mitigation

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

Environment

Natural Disaster Risks

Overview

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

Risk Mitigation

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

Social

• Geopolitical Risks

Overview

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

Risk Mitigation

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

• Man-Made Risks

Overview

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

Risk Mitigation

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

Governance

Cybersecurity Risks

Overview

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

Risk Mitigation

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

ESG Reporting & Challenges

1. Measuring & Quantifying ESG Factors

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

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

- **Subjectivity and complexity**

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

2. Data Collection and Management

- **Data fragmentation and silos**

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

- **Inefficient and convoluted workflows**

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

- **Data complexity and scope**

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

3. Stakeholder Engagement and Communication

- **Diverse stakeholder groups**

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

- **Varying levels of knowledge & complexity**

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

- **Transparency and trust concerns**

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

Certifications Acquired and International Standards Adopted

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

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

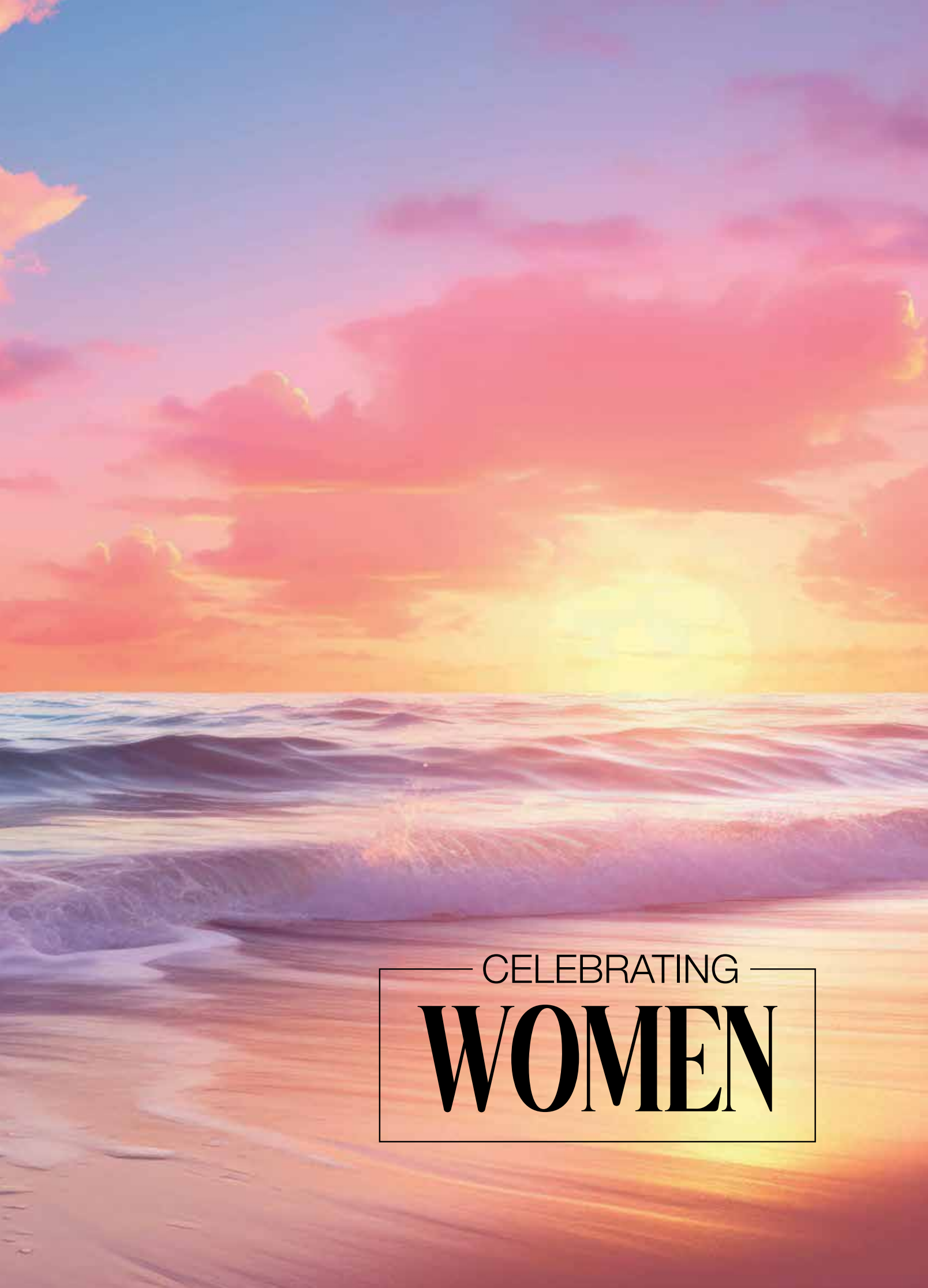
MCB and The Sustainable Development Goals

Connecting an international building standard with global aims

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

 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>In addition to supporting employees' health and wellbeing, the Bank also actively engages in community services within the health sector under its CSR Plan. During the year under review, MCB donated Rs. 16 million cumulatively to 'Lahore Hospital Welfare Society', Patient's Behbud Society for 'The Aga Khan University Hospital (AKUH)' and 'Saleem Memorial Trust Hospital'.</p> <p>Additional initiatives have been disclosed in the 'Sustainability & Corporate Social Responsibility' 'Green Banking' sections of the Annual Report.</p>	 <p>5 GENDER EQUALITY</p> <p>The Bank prides itself on providing equal employment opportunities that are free of discrimination and are being implemented on a methodical and merit based selection process:</p> <ul style="list-style-type: none"> • There has been a consistent growth in the number of female staff at the Bank (18.3% in 2022 to 18.54% in 2023). • 12.8% of the women reporting directly to the Head of Departments (HOD's) who in turn report to the CEO. • During FY 2022-23, MCB conducted 363 training sessions pan-Pakistan with the inclusion of 12,625 participants in total; including 57% female coverage 	 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>MCB, being originator of Green Financing activity, gives preference to energy efficient & social conscious industries by following its internal financing protocols. Before considering any financing request, due weightages are given to customer's environmental & social factors including compliance to all national, international and provincial environmental & social laws.</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>The Bank continued to effectively play its role as a key service provider and intermediary in the financial market; hence, making a significant contribution to the country's economic growth:</p> <ul style="list-style-type: none"> • Created employment opportunities which led to the hiring of 2,329 employees. • Contributed Rs. 60.787 billion in the national exchequer on account of income taxes paid to Government Treasury. • 59 differently abled people have been employed, as permanent staff, by the Bank as on December 31, 2023. • Extended finance to all key economic segments including the SME and Agriculture sector which cumulatively contribute above 40% to the domestic GDP. <p>MCB remains steadfast in its commitment to support government's economic policies aimed at fostering economic development and better utilization of resources. Key measures taken to support policy initiatives stemming from the national agenda of financial inclusion, digitalization of financial services, reforms in the Foreign Exchange (FX) framework and promotion of sustainable finance have been disclosed in the 'Directors Report'.</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>The Bank continues to actively contribute to SBP's cause of improving financial inclusion in the country by extending branch outreach and customer access avenues.</p> <p>MCB has over 1450 branches across Pakistan and is connected with its customers through multiple digital touchpoints. These touchpoints include ATM, CCDM, POS machines, QR codes and Bank's corporate website</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>MCB's Green Banking Policy lays the foundation for safeguarding the Bank against environmental vulnerabilities and playing its due role in transforming the country towards a low carbon and climate resilient economy.</p> <p>The detailed policy has been disclosed in the 'Green Banking' section of the Annual Report</p>
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— CELEBRATING —
WOMEN

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

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

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

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

Celebrating Women in the Workforce: International Women's Day

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



“



Natasha Ahmed

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

”

“



Wajiha Afridi

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

”

“



Mehreen Iftikhar

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

”

“



Nadia Aslam

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

”

“



Samia Rehman

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

”

“



Shazia Basheer

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

”

MCB Bank's Mother's Day campaign 2023

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

*Celebrating
Mothers*



MCB
Bank for Life

75
YEARS
MCBL
PAKISTAN

*Celebrating
Mothers*



“ Happy Mother's Day to all the amazing moms out there! We appreciate all that you do and hope you have a wonderful day.

- Shoib Mumtaz
President & CEO, MCB Bank



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

-Nausheen Karamally



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

-Kamran Butt



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

-Natasha Ahmed



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

-Syed Faheem Ahmed



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

-Bilal Andrabi





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

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

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

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

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





MCB House Lahore



MCB L&D Centre Lahore

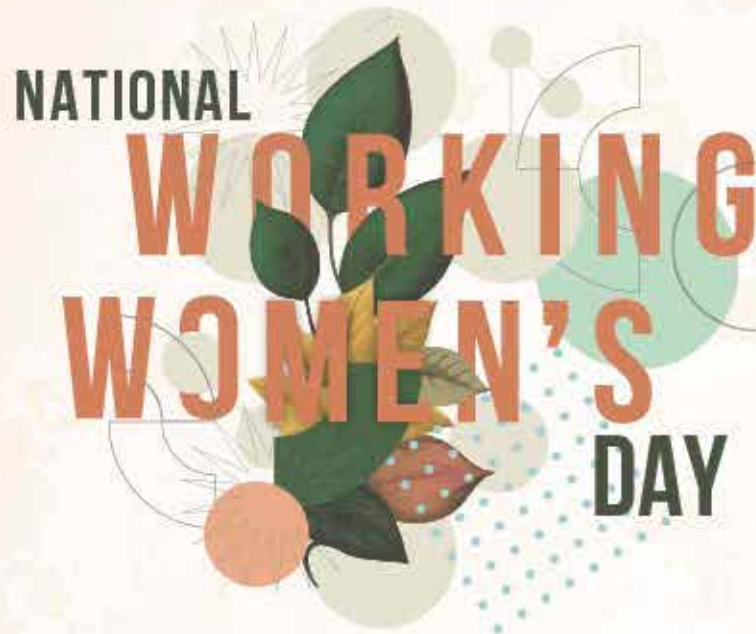


MCB Sri Lanka



MCB Bank's National Working Women's Day Event

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





Naz Mansha

Chief Executive Officer
Nishat Linen (Pvt) Limited

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

“

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



Roshaneh Zafar

Founder and Managing
Director Kashf Foundation



Shoaib Mumtaz

President & CEO

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

“





MCB Karachi



MCB Sri Lanka



MCB L&D Centre Lahore

Successful Commemoration of National Working Women's Day

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





GREEN BANK



ING

Green Banking

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

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

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

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



Environmental & Social Risk Management System

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



Green Finance Products/Services

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

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



Paperless Operations

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



Green Awareness Campaign

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



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

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

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

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



Solarization of Branches/ATMs

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



Dry Waste Management

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



Reduction of Business Travel

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



Generator Fuel Monitoring System

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

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



Own Impact Reduction Measures

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

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

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



Green Banking Web-Page

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



Employees Capacity Building

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

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

Identifying our Key Stakeholders

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





Stakeholder Engagement

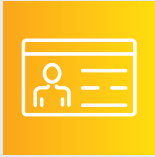
The development of sustained stakeholder relationships is paramount to the performance of any institution. From short term assessments to long-term strategic relationship building, 'Stakeholders' Engagement' lies at the core of our business practices to promote improved risk management, compliance with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

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

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

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

Employees



Why we engage

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

How we engage

Engagement Frequency

- Annual
- When the need arises

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

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

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

Value is created and preserved through

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

Needs & Interests

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

Risk Impacted

- Operational
- Reputational
- Technological

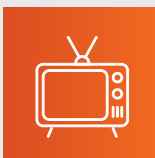
Capitals Impacted



ESG Issues of Interest

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

Media



Why we engage

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

How we engage

Engagement Frequency

When the need arises

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

Value is created and preserved through

- Strategic brand positioning
- Earned publicity

Needs & Interests

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

Risk Impacted

- Market
- Reputational


Capitals Impacted



ESG Issues of Interest

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

Customers



Why we engage

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

Engagement Frequency

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

How we engage

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

Value is created and preserved through

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


Needs & Interests

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

Risk Impacted

- Market
- Credit
- Reputational


Capitals Impacted



ESG Issues of Interest

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

Suppliers / Service Providers



Why we engage

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

Engagement Frequency

Routine basis / When the need arises

How we engage

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

Value is created and preserved through

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


Needs & Interests

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

Risk Impacted

- Reputational
- Operational
- Credit
- Market


Capitals Impacted



ESG Issues of Interest

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

Regulator



Why we engage

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

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 and stable banking system and a thriving society; and
- Working closely with regulators during times of crisis.


Needs & Interests

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

Risk Impacted

- Operational
- Capital Adequacy
- Reputational


Capitals Impacted



ESG Issues of Interest

- 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;
- Creating jobs to leverage the strengths of the economy


Needs & Interests

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

Risk Impacted

- Regulatory
- Country

Capitals Impacted



ESG Issues of Interest

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

Communities



Why we engage

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

How we engage

Engagement Frequency

When the need arises

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

Value is created and preserved through

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

Needs & Interests

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

Risk Impacted

Reputational
Operational
Climate

Capitals Impacted



ESG Issues of Interest

- Financial resilience
- Mental health and wellbeing

Investors Relations Section on Corporate Website

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

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

Issues Raised in the Last Annual General Meeting (AGM)

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

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

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

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

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

Following businesses were also discussed during the AGM:

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

Summary of the Analyst Briefings

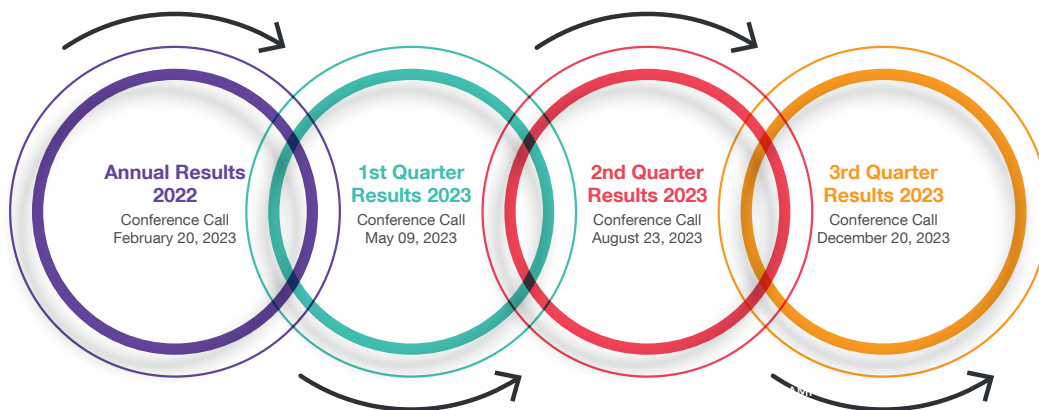
Analyst briefings are interactive sessions between the Bank's management and its investor community; whereby the Bank takes the opportunity to apprise local and foreign investors about the business environment and economic indicators of the country and explain Bank's financial performance, the competitive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

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

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

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

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



Corporate Briefing Session

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

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

Encourage Minority Shareholders Participation in AGM

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



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



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



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



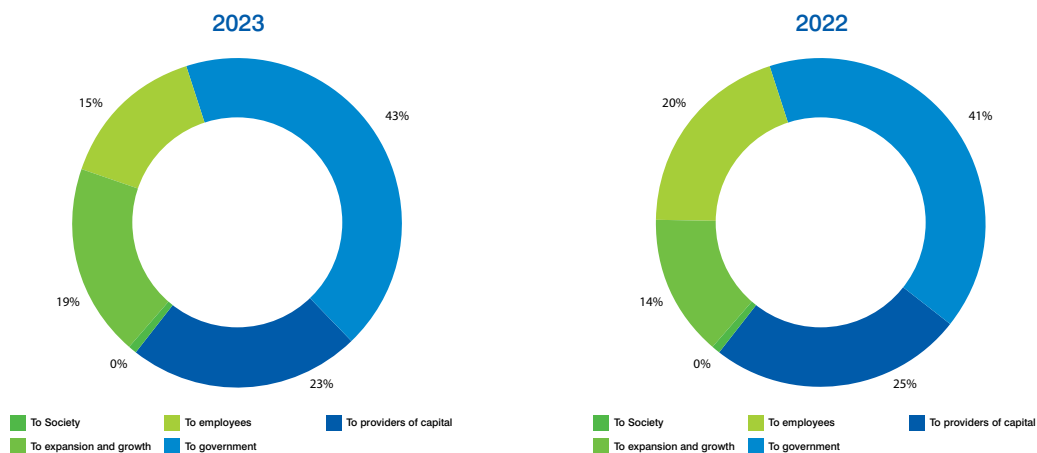
During AGM, a detailed briefing on the Bank's performance and future plans is given to the shareholders in both Urdu and English language



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

Statement of Value Added

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



UNCONSOLIDATED

Financial Statements MCB Bank Limited



Independent Auditor’s Report

To the members of MCB Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matter(s)

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

Following is the Key Audit Matter:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

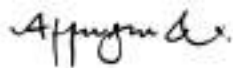
We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

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



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 05, 2024

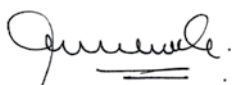
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Unconsolidated Statement of Financial Position

As at December 31, 2023

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

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



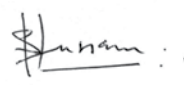
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



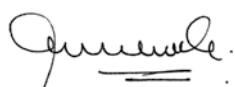
Muhammad Ali Zeb
Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2023

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

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



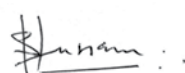
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



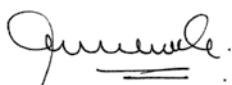
Muhammad Ali Zeb
Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2023

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

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



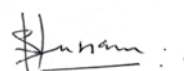
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2023

Share capital	Capital reserve			Statutory reserve	Revenue reserve		Surplus/(deficit) on revaluation of		Unappropriated profit	Total
	Share premium	Non-distributable capital reserve	Exchange translation reserve		General reserve	Investments	Fixed / non-banking assets			
11,850,600	23,751,114	908,317	3,701,067	37,641,526	18,600,000	(4,738,725)	19,010,242	63,683,267	174,407,408	
-	-	-	-	-	-	-	-	32,740,935	32,740,935	
-	-	-	701,906	-	-	(14,343,651)	18,805,912	(301,720)	4,862,447	
-	-	-	701,906	-	-	(14,343,651)	18,805,912	32,439,215	37,603,382	
-	-	-	-	3,274,094	-	-	-	(3,274,094)	-	
-	-	-	-	-	-	-	(76,031)	76,031	-	
-	-	-	-	-	-	-	(3,140)	3,140	-	
-	-	-	-	-	-	-	(13,956)	13,956	-	
-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	
-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	
-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	
-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	
-	-	-	-	-	-	-	-	(22,516,140)	(22,516,140)	
11,850,600	23,751,114	908,317	4,402,973	40,915,620	18,600,000	(19,082,376)	37,723,027	70,425,375	189,494,650	
-	-	-	-	-	-	-	-	59,631,097	59,631,097	
-	-	-	4,182,402	-	-	7,143,661	(418,177)	2,669,856	13,577,742	
-	-	-	4,182,402	-	-	7,143,661	(418,177)	62,300,953	73,208,839	
-	-	-	-	5,963,110	-	-	-	(5,963,110)	-	
-	-	-	-	-	-	-	(151,194)	151,194	-	
-	-	-	-	-	-	-	(1,097,114)	1,097,114	-	
-	-	-	-	-	-	-	(24,630)	24,630	-	
-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	
-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	
-	-	-	-	-	-	-	-	(8,295,420)	(8,295,420)	
-	-	-	-	-	-	-	-	(9,480,480)	(9,480,480)	
-	-	-	-	-	-	-	-	(31,996,620)	(31,996,620)	
11,850,600	23,751,114	908,317	8,585,375	46,878,730	18,600,000	(11,938,715)	36,031,912	96,039,536	230,706,869	

(Rupees in '000)

Balance as at December 31, 2021

Total comprehensive income for the year ended December 31, 2022

Profit after taxation for the year ended December 31, 2022

Other comprehensive income – net of tax

Transfer to statutory reserve

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

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

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

Transactions with owners, recorded directly in equity

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

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

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

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

Balance as at December 31, 2022

Total comprehensive income for the year ended December 31, 2023

Profit after taxation for the year ended December 31, 2023

Other comprehensive income – net of tax

Transfer to statutory reserve

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

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

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

Transactions with owners, recorded directly in equity

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

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

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

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

Balance as at December 31, 2023

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

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

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


Shoaib Mumtaz
President/Chief Executive


Hammad Khalid
Chief Financial Officer


Mian Umer Mansha
Director


Shahzad Hussain
Director

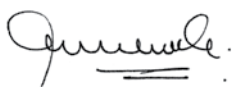

Muhammad Ali Zeb
Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2023

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

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



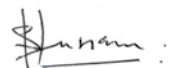
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

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

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

2.3 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

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

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

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

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

IFRS 9 - Financial Instruments

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

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

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

Governance, ownership and responsibilities

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

Classification and measurement

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

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

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

Equity Securities

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

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

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

Debt securities and Loans and advances

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

Impairment of financial assets not held at FVTPL

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

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

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

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

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

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

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

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

Significant increase in credit risk (SICR)

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

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

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

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

Presentation and disclosure

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

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

Impact of adoption of IFRS 9

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

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

Impact on Equity of the Bank

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

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

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

Impact on regulatory capital

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

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

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

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

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

3.4 Critical accounting estimates and judgements

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

a) Classification of investments

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

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

b) Provision against advances

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

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

c) Impairment of 'available for sale' equity investments

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

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

d) Taxation

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

e) Fair value of derivatives

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

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

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

g) Staff retirement benefits

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

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

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

i) Provision and contingent assets and liabilities

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

4. BASIS OF MEASUREMENT

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

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5. FINANCIAL RISK MANAGEMENT

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

6. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

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

6.2 Investments

The Bank classifies its investments as follows:

Held for trading

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

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Held to maturity

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

Available for sale

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

Initial measurement

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

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

Subsequent measurement

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

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

Investments in Subsidiaries and Associates

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

Impairment

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

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

6.3 Sale and repurchase agreements

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

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6.4 Advances

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

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

6.5 Fixed assets and depreciation

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

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

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

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

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

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

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

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

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6.5.1 Intangible assets

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

6.6 Impairment

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

6.7 Staff retirement benefits

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

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

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

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

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

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

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

Employees' compensated absences

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

6.8 Taxation

Current and prior years

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

Deferred

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

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

6.9 Provisions

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

6.10 Foreign currencies

6.10.1 Foreign currency transactions

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

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6.10.2 Foreign operations

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

6.10.3 Translation gains and losses

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

6.10.4 Commitments

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

6.11 Acceptances

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

6.12 Revenue recognition

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

6.13 Assets acquired in satisfaction of claims

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

6.14 Cash and cash equivalents

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

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6.15 Financial instruments

6.15.1 Financial assets and financial liabilities

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

6.15.2 Derivative financial instruments

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

6.15.3 Off setting

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

6.16 Borrowings / deposits

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

6.17 Segment reporting

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

6.17.1 Business segments

Retail Banking

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

Corporate Banking

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

Consumer Banking

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

Treasury

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

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International Banking

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

Others

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

6.17.2 Geographical segments

The Bank operates in three geographic regions being:

- Pakistan
- South Asia
- Middle East

6.18 Dividend distribution and appropriation

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

6.19 Business combination

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

6.20 Earnings Per Share

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

7.2 These represents foreign currencies settlement accounts maintained with SBP.

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

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

10. INVESTMENTS

10.1 Investments by type:

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

10.2 Investments by segments:

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

10.3.2 Particulars of provision against debt securities

Category of classification

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

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

10.4 Quality of Available for Sale Securities

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

*These investments are fully provided.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

10.12 Summarized financial information of associates and subsidiaries

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

11. ADVANCES

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

11.1 Includes net investment in finance lease as disclosed below:

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

11.2 Particulars of advances (Gross)

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

11.4 Particulars of provision against advances

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

11.4.1 Particulars of provision against advances

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

- 11.4.2** State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. However, the management has not taken the FSV benefit in calculation of specific provision.
- 11.4.3** This includes reversal of provisions and reduction of non-performing loans amounting to Nil (2022: Nil) balance as a result of settlement on debt asset swap arrangement with customers.
- 11.4.4** The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Bank also maintains a general provision against gross advances on a prudent basis.

	Note	2023 (Rupees in '000)	2022
11.5 Particulars of write offs:			
11.5.1 Against Provisions	11.4	778,860	74,228
Directly charged to Profit & Loss account	33	–	680
		778,860	74,908
11.5.2 Write Offs of Rs. 500,000 and above			
- Domestic	11.6	778,860	74,068
- Overseas	11.6	–	–
Write Offs of below Rs. 500,000		–	840
	11.4	778,860	74,908

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

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

	Note	2023 (Rupees in '000)	2022
12. FIXED ASSETS			
Capital work-in-progress	12.1	1,696,937	1,064,714
Property and equipment	12.2	75,246,609	73,138,764
Right-of-use assets	12.3	5,877,865	5,714,846
		82,821,411	79,918,324
12.1 Capital work-in-progress			
Civil works		1,335,418	805,081
Equipment		26,012	92,330
Advances to suppliers		330,898	163,858
Others		4,609	3,445
		1,696,937	1,064,714

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

12.2 Property and Equipment

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

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

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Notes To The Unconsolidated Financial Statements

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

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

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

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For the year ended December 31, 2023

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

15. CONTINGENT ASSETS

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

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

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For the year ended December 31, 2023

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

Notes To The Unconsolidated Financial Statements

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18. DEPOSITS AND OTHER ACCOUNTS

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

19. DEFERRED TAX LIABILITY / (ASSET) - NET

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

20.1 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank has maintained its provision in respect of WWF.

21. SHARE CAPITAL

21.1 Authorized Capital

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

21.2 Issued, subscribed and paid up

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

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

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

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

25. DERIVATIVE INSTRUMENTS

25.1 Product Analysis

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

25.2 Maturity Analysis

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
32. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		206,028	49,620
VAT & National Building tax & Crop Insurance Levy		330,468	179,910
Education cess		123,586	34,843
		660,082	264,373
33. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provisions / (reversals) against balance with Banks		7,087	(14,856)
Provisions / (reversals) for diminution in value of investments	10.3.1	794,665	(356,995)
(Reversals) / provisions against loans & advances	11.4	(299,144)	(2,326,798)
Provisions / (reversals) against off balance sheet items	20	21,955	4,297
Provisions against other assets	14.2.1	28,104	108,132
Bad debts written off directly	11.5.1	–	680
Recovery of written off / charged off bad debts		(179,789)	(196,923)
		372,878	(2,782,463)
34. TAXATION			
Current		59,679,924	33,667,769
Prior years		3,438,642	3,470,506
Deferred	19	2,490,896	1,485,955
		65,609,462	38,624,230
34.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		125,240,559	71,365,165
Tax on income @ 39% (2022: 39%)		48,843,818	27,832,414
Super tax @ 10% (2022: 10%)		12,524,056	7,136,517
Tax effect of permanent differences		100,954	24,314
Tax effect of prior years charge		3,438,642	3,470,506
Others		701,992	160,479
Tax charge for the year		65,609,462	38,624,230
		(Rupees in '000)	
35. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year after tax		59,631,097	32,740,935
		(Number)	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		(Rupees)	
Basic and diluted earnings per share		50.32	27.63

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Notes To The Unconsolidated Financial Statements

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

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

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

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates the following retirement benefits for its employees:

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

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

38.2 Number of Employees under the scheme

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

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

38.3 Principal actuarial assumptions

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

38.5 Movement in defined benefit obligations

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

38.6 Movement in fair value of plan assets

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

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

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

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38.8 Charge for defined benefit plans

38.8.1 Cost recognised in profit and loss

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

38.8.2 Re-measurements recognised in OCI during the year

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

38.9 Components of plan assets

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

38.9.1 Significant risk associated with the plan assets

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

38.10 Sensitivity analysis

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

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

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

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

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

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

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

38.14 Funding Policy

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

39. DEFINED CONTRIBUTION PLAN

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

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

40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total compensation expense

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

Notes To The Unconsolidated Financial Statements

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

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

41. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.4 to these unconsolidated financial statements.

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

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

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41.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

42. SEGMENT INFORMATION

42.1 Segment details with respect to business activities

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

	2023								
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	(Rupees in '000)								
Profit & Loss									
Net mark-up/return/profit	(110,451,262)	4,929,550	69,955,466	176,013,531	7,253,475	-	147,700,760	-	147,700,760
Inter segment revenue - net	254,479,978	(2,663,982)	(56,683,539)	(207,695,404)	(375,402)	12,938,349	-	-	-
Non mark-up / return / interest income	11,750,204	2,730,000	8,907,637	7,046,922	2,131,134	349,990	32,915,887	-	32,915,887
Total Income	155,778,920	4,995,568	22,179,564	(24,634,951)	9,009,207	13,288,339	180,616,647	-	180,616,647
Segment direct expenses	33,480,192	2,222,248	1,001,747	702,338	2,540,137	15,056,548	55,003,210	-	55,003,210
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	33,480,192	2,222,248	1,001,747	702,338	2,540,137	15,056,548	55,003,210	-	55,003,210
Provisions / (reversals)	2,401,991	69,405	214,164	389,924	763,627	(3,466,233)	372,878	-	372,878
Profit before tax	119,896,737	2,703,915	20,963,653	(25,727,213)	5,705,443	1,698,024	125,240,559	-	125,240,559
Balance Sheet									
Cash and Bank balances	73,010,365	1,075,800	286,062	90,718,130	40,699,427	-	205,789,784	-	205,789,784
Investments	-	-	11,329,945	1,185,533,827	52,575,575	-	1,249,439,347	-	1,249,439,347
Net inter segment lending	1,323,367,835	-	-	-	-	249,763,494	1,573,131,329	(1,573,131,329)	-
Lendings to financial institutions	-	-	-	33,703,733	62,509,667	-	96,213,400	-	96,213,400
Advances - performing	93,175,361	36,852,172	410,689,401	-	25,200,930	-	565,917,864	-	565,917,864
- non performing - net	892,197	213,265	1,318,978	-	9,015,426	505,599	11,945,465	-	11,945,465
Others	58,036,413	4,929,573	59,669,219	108,819,168	1,977,880	64,440,643	297,872,896	-	297,872,896
Total Assets	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756
Borrowings	7,854,875	28,071	100,265,851	105,313,558	3,148,691	-	216,611,046	-	216,611,046
Deposits and other accounts	1,502,187,242	26,053,661	119,652,517	-	157,493,874	-	1,805,387,294	-	1,805,387,294
Net inter segment borrowing	-	12,006,350	220,902,573	1,313,185,790	27,036,616	-	1,573,131,329	(1,573,131,329)	-
Others	38,440,054	4,962,728	42,472,664	275,510	4,299,724	84,002,867	174,473,547	-	174,473,547
Total liabilities	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,905	84,002,867	3,769,603,216	(1,573,131,329)	2,196,471,887
Equity	-	-	-	-	-	230,706,869	230,706,869	-	230,706,869
Total Equity & liabilities	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756
Contingencies & Commitments	91,494,401	-	499,006,135	170,673,886	15,455,739	36,842,867	813,473,028	-	813,473,028
	2022								
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
(Rupees in '000)									
Profit & Loss									
Net mark-up/return/profit	(77,715,625)	4,209,753	41,976,296	115,352,325	3,333,085	-	87,155,834	-	87,155,834
Inter segment revenue - net	154,640,563	(2,013,974)	(35,995,220)	(126,734,396)	(200,333)	10,303,360	-	-	-
Non mark-up / return / interest income	9,224,705	2,304,862	5,892,310	5,426,418	1,344,354	420,653	24,613,302	-	24,613,302
Total Income	86,149,643	4,500,641	11,873,386	(5,955,653)	4,477,106	10,724,013	111,769,136	-	111,769,136
Segment direct expenses	26,854,472	1,821,733	776,159	453,334	1,570,911	11,709,825	43,186,434	-	43,186,434
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	26,854,472	1,821,733	776,159	453,334	1,570,911	11,709,825	43,186,434	-	43,186,434
(Reversals) / provisions	(191)	38,696	(333,869)	(478,163)	483,367	(2,492,303)	(2,782,463)	-	(2,782,463)
Profit before tax	59,295,362	2,640,212	11,431,096	(5,930,824)	2,422,828	1,506,491	71,365,165	-	71,365,165
Balance Sheet									
Cash and Bank balances	34,465,076	622,340	242,694	60,644,247	23,563,344	1,683,327	121,241,028	-	121,241,028
Investments	-	-	10,517,351	958,937,705	9,276,084	-	978,731,140	-	978,731,140
Net inter segment lending	1,114,563,059	-	-	-	-	190,628,927	1,305,191,986	(1,305,191,986)	-
Lendings to financial institutions	-	-	-	26,679,756	23,736,012	-	50,415,768	-	50,415,768
Advances - performing	96,972,626	41,235,105	589,623,635	-	16,255,805	-	744,087,171	-	744,087,171
- non performing - net	156,088	87,709	1,380,470	-	7,257,344	430,794	9,312,405	-	9,312,405
Others	50,005,640	2,399,035	37,780,657	26,778,287	1,667,282	62,936,751	181,567,652	-	181,567,652
Total Assets	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Borrowings	13,558,449	-	98,051,501	227,813,628	813,687	-	340,237,265	-	340,237,265
Deposits and other accounts	1,209,548,280	20,379,488	87,712,328	-	61,067,142	9,830	1,378,717,068	-	1,378,717,068
Net inter segment borrowing	-	18,909,590	428,058,745	841,864,507	16,359,144	-	1,305,191,986	(1,305,191,986)	-
Others	73,075,760	5,055,111	25,722,233	3,361,860	3,515,898	66,175,319	176,906,181	-	176,906,181
Total liabilities	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	66,185,149	3,201,052,500	(1,305,191,986)	1,895,860,514
Equity	-	-	-	-	-	189,494,650	189,494,650	-	189,494,650
Total Equity & liabilities	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Contingencies & Commitments	76,591,298	-	376,393,133	163,574,410	18,749,788	30,345,931	665,654,560	-	665,654,560

Notes To The Unconsolidated Financial Statements

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42.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	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
Provisions / (reversals)	(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
	2022					
	Pakistan	South Asia	Middle East	Sub-total	Eliminations	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	83,835,049	1,368,679	1,952,106	87,155,834	-	87,155,834
Inter segment revenue – net	139,184	(41,425)	(97,759)	-	-	-
Non mark-up / return / interest income	23,274,316	287,478	1,051,508	24,613,302	-	24,613,302
Total Income	107,248,549	1,614,732	2,905,855	111,769,136	-	111,769,136
Segment direct expenses	41,622,552	681,088	882,794	43,186,434	-	43,186,434
Total expenses	41,622,552	681,088	882,794	43,186,434	-	43,186,434
(Reversals) / Provisions	(3,201,464)	255,412	163,589	(2,782,463)	-	(2,782,463)
Profit before tax	68,827,461	678,232	1,859,472	71,365,165	-	71,365,165
Balance Sheet						
Cash and Bank balances	98,140,191	3,500,659	19,600,178	121,241,028	-	121,241,028
Investments	969,455,056	4,114,254	5,161,830	978,731,140	-	978,731,140
Net inter segment lendings	14,071,055	-	-	14,071,055	(14,071,055)	-
Lendings to financial institutions	26,679,756	308,100	23,427,912	50,415,768	-	50,415,768
Advances - performing	727,892,435	6,087,539	10,107,197	744,087,171	-	744,087,171
- non performing – net	9,084,595	227,810	-	9,312,405	-	9,312,405
Others	179,939,079	674,844	953,729	181,567,652	-	181,567,652
Total Assets	2,025,262,167	14,913,206	59,250,846	2,099,426,219	(14,071,055)	2,085,355,164
Borrowings	338,758,794	-	1,478,471	340,237,265	-	340,237,265
Deposits and other accounts	1,321,671,722	9,577,139	47,468,207	1,378,717,068	-	1,378,717,068
Net inter segment borrowing	-	4,598,248	9,472,807	14,071,055	(14,071,055)	-
Others	175,337,001	737,819	831,361	176,906,181	-	176,906,181
Total liabilities	1,835,767,517	14,913,206	59,250,846	1,909,931,569	(14,071,055)	1,895,860,514
Equity	189,494,650	-	-	189,494,650	-	189,494,650
Total Equity & liabilities	2,025,262,167	14,913,206	59,250,846	2,099,426,219	(14,071,055)	2,085,355,164
Contingencies & Commitments	646,904,872	342,976	18,406,712	665,654,560	-	665,654,560

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

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

43. TRUST ACTIVITIES

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

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

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44. RELATED PARTY TRANSACTIONS

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

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

Notes To The Unconsolidated Financial Statements

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

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

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

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

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

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

46. RISK MANAGEMENT

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

46.1 Credit Risk

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

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

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

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

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

Management of Non Performing Loans

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

Stress Testing

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

46.1.1 Lendings to financial institutions

Credit risk by public / private sector

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

46.1.2 Investment in debt securities

Credit risk by industry sector

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

46.1.3 Advances

Credit risk by industry sector

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

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

46.1.5 Concentration of Advances

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

46.1.6 Advances - Province/Region-wise Disbursement & Utilization

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

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

46.2 Market Risk

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

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

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

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

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

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

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

46.2.1 Balance sheet split by trading and banking books

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

46.2.2 Foreign Exchange Risk

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

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

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

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

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

46.2.3 Equity position Risk

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

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

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

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

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

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

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

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

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46.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

2023

Effective yield/ interest rate	Total	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years			
													(Rupees in '000)
On-balance sheet financial instruments													
Assets													
	170,716,648	8,541,394	-	-	-	-	-	-	-	-	-	-	162,175,254
Cash and balances with treasury banks	35,073,136	23,916,124	-	-	-	-	-	-	-	-	-	-	9,194,941
Balances with other banks	96,213,400	88,280,584	1,220,433	610,217	-	-	-	-	-	-	-	-	-
Lending to financial institutions	1,249,439,347	267,156,562	342,950,258	361,885,741	41,070,293	2,263,899	36,602,439	44,164,033	-	-	-	-	43,814,748
Investments	577,863,329	510,531,023	13,022,240	4,486,024	3,701,726	3,311,876	3,023,723	6,666,392	14,682,050	-	-	-	200,369,250
Advances	200,369,250	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,329,675,110	898,425,687	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													
	25,095,911	-	-	-	-	-	-	-	-	-	-	-	25,095,911
Bills payable	216,611,046	129,771,115	16,166,000	1,663,880	3,614,296	3,486,431	7,176,468	28,741,370	-	-	-	-	-
Borrowings	1,805,387,294	892,724,908	12,715,316	9,720,114	1,563,650	162,008	56,628	-	-	-	-	-	870,633,871
Deposits and other accounts	111,547,644	-	-	-	-	-	-	-	-	-	-	-	111,547,644
Other liabilities	2,158,641,895	1,022,496,023	28,881,316	11,588,994	5,177,946	3,648,439	7,293,096	28,741,370	1,007,277,426	-	-	-	1,007,277,426
On-balance sheet gap	171,033,215	(124,070,336)	328,311,615	355,342,988	39,594,073	1,927,336	32,398,066	22,289,055	14,682,050	-	-	-	(591,723,233)
Off-balance sheet financial instruments													
	736,983	286,716	-	-	-	-	-	-	-	-	-	-	-
FX options purchase	15,197,000	15,197,000	-	-	-	-	-	-	-	-	-	-	-
Forward purchase of Government securities	60,791	60,791	-	-	-	-	-	-	-	-	-	-	-
Cross Currency Swaps purchase	82,635,941	54,157,544	21,703,681	6,774,716	-	-	-	-	-	-	-	-	-
Foreign exchange contracts purchase	98,630,715	69,702,051	22,153,948	6,774,716	-	-	-	-	-	-	-	-	-
	736,983	286,716	-	-	-	-	-	-	-	-	-	-	-
FX options sale	23,315	23,315	-	-	-	-	-	-	-	-	-	-	-
Forward sale of Government securities	60,791	60,791	-	-	-	-	-	-	-	-	-	-	-
Cross Currency Swaps sale	71,222,082	32,397,466	22,109,682	7,132,658	-	-	-	-	-	-	-	-	-
Foreign exchange contracts sale	72,043,171	32,768,308	22,559,949	7,132,658	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	26,587,544	36,933,743	(406,001)	(657,942)	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap	(87,136,593)	91,890,600	327,953,673	345,760,732	39,594,073	1,927,336	32,398,066	22,289,055	14,682,050	-	-	-	789,343,992
Cumulative Yield/Interest Risk Sensitivity Gap	(87,136,593)	4,744,007	332,697,680	678,458,412	718,052,485	719,979,821	752,372,887	774,661,942	789,343,992	-	-	-	-

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2022

Effective yield/ interest rate	Total	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments		
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years				
		(Rupees in '000)												
		96,368,918	-	-	-	-	-	-	-	-	-	-	-	96,368,918
0.43%		24,872,110	492,960	-	-	-	-	-	-	-	-	-	-	17,700,810
6.81%		50,415,768	50,415,768	-	-	-	-	-	-	-	-	-	-	-
12.41%		978,731,140	144,817,076	150,973,578	79,405,515	69,298,630	39,610,342	9,542,226	74,437,166	-	-	-	34,719,554	
11.36%		753,399,576	680,743,836	4,190,325	3,133,574	4,577,682	3,750,853	2,619,871	6,418,442	-	-	12,094,413	-	
		84,351,677	-	-	-	-	-	-	-	-	-	-	-	84,351,677
		1,988,199,189	1,113,764,987	155,163,903	82,539,089	73,876,312	43,361,195	12,162,097	80,855,608	-	-	12,094,413	233,140,959	
		39,136,884	-	-	-	-	-	-	-	-	-	-	-	39,136,884
7.39%		340,237,265	147,788,198	6,087,827	1,659,084	3,779,083	3,633,405	7,435,913	34,117,066	-	-	-	-	
6.23%		1,378,717,088	657,277,024	13,991,588	7,220,932	2,128,738	1,587,553	155,140	271,654	-	-	-	680,112,486	
		105,248,443	-	-	-	-	-	-	-	-	-	-	-	105,248,443
		1,863,339,680	805,065,222	151,708,672	8,880,016	5,907,821	5,220,958	7,591,053	34,866,710	-	-	-	824,497,813	
		124,799,529	308,689,775	29,471,944	73,659,073	67,988,491	38,140,237	4,571,044	46,466,898	-	-	12,094,413	(591,356,854)	
		8,817,006	1,244,046	4,551,316	-	-	-	-	-	-	-	-	-	-
		12,328,130	12,328,130	-	-	-	-	-	-	-	-	-	-	-
		303,953	-	-	-	303,953	-	-	-	-	-	-	-	
		75,618,221	33,717,498	7,623,798	586,136	-	-	-	-	-	-	-	-	
		97,067,310	47,289,674	36,712,433	586,136	303,953	-	-	-	-	-	-	-	
		8,817,006	1,244,046	4,551,316	-	-	-	-	-	-	-	-	-	
		1,469,305	1,469,305	-	-	-	-	-	-	-	-	-	-	
		303,953	-	-	-	303,953	-	-	-	-	-	-	-	
		55,916,836	18,387,913	7,688,923	5,947,100	-	-	-	-	-	-	-	-	
		66,507,100	21,101,264	12,250,239	5,947,100	303,953	-	-	-	-	-	-	-	
		30,560,210	26,188,410	(75,125)	(5,360,964)	-	-	-	-	-	-	-	-	
		334,888,185	39,279,833	135,009,383	68,296,109	67,988,491	38,140,237	4,571,044	46,466,898	-	-	12,094,413	-	
		334,888,185	374,168,018	509,177,401	577,475,510	645,444,001	683,584,238	688,155,282	734,622,180	-	-	746,716,593	-	

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks
Balances with other banks
Lending to financial institutions
Investments
Advances
Other assets

Liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

On-balance sheet gap

Off-balance sheet financial instruments

FX options purchase
Forward purchase of Government securities
Cross currency swaps - purchase
Foreign exchange contracts purchase

FX options sale

Forward sale of Government securities
Cross Currency Swaps - sale
Foreign exchange contracts sale

Off-balance sheet gap

Total Yield/Interest Risk Sensitivity Gap

Cumulative Yield/Interest Risk Sensitivity Gap

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	2023 (Rupees in '000)	2022 (Rupees in '000)
Reconciliation to total assets		
Balance as per balance sheet	2,427,178,756	2,085,355,164
Less: Non financial assets		
Fixed assets	82,821,411	79,918,324
Intangible assets	1,035,483	801,117
Deferred tax assets	-	7,547,068
Other assets	13,646,752	8,949,466
Total financial assets	97,503,646	97,215,975
	2,329,675,110	1,988,139,189
Reconciliation to total liabilities		
Balance as per balance sheet	2,196,471,887	1,895,860,514
Less: Non financial liabilities		
Other liabilities	37,729,274	32,520,854
Deferred tax liability	100,718	-
Total financial liabilities	37,829,992	32,520,854
	2,158,641,895	1,863,339,660

46.3

Operational Risk

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

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

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

46.3.1

Operational Risk-Disclosures Basel II Specific

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

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

46.4

Liquidity Risk

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

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For the year ended December 31, 2023

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

Liquidity Management

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

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

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

Intraday Liquidity Management

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

Managing Funding Sources

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

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

2023

	(Rupees in '000)												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets													
Cash and balances with treasury banks	170,716,648	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	9,194,940	21,328,426	1,742,117	845,582	1,788,031	174,040	-	-	-	-	-	-	-
Lending to financial institutions	348,080	78,237,503	9,695,000	-	4,271,517	1,830,650	1,220,433	6,102,217	-	-	-	-	-
Investments	22,969,315	3,050,496	4,072,824	5,885,080	14,974,111	8,924,959	75,986,175	10,137,049	294,016,293	264,364,661	85,279,207	208,240,187	160,296,990
Advances	577,863,329	19,926,912	10,259,321	27,084,175	82,589,231	58,607,626	46,442,106	25,050,893	14,928,500	36,468,943	36,006,681	50,809,635	96,123,940
Fixed assets	12,970	77,826	90,797	303,967	485,562	485,192	1,444,254	1,429,023	1,420,890	4,131,710	4,273,534	5,424,506	63,241,180
Intangible assets	2,437	14,640	17,080	39,039	73,199	73,199	219,596	219,596	219,596	157,101	-	-	-
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	413,377	115,190,208	4,658,186	11,576,923	22,584,525	15,164,810	19,204,477	3,918,475	3,019,733	4,634,535	4,666,005	9,594,748	-
Total	214,016,002	237,826,011	30,535,325	45,734,766	126,766,176	85,260,476	144,517,041	132,007,253	313,605,012	309,736,950	130,825,427	274,059,076	319,662,110
Liabilities													
Bills payable	836,530	5,019,182	5,855,713	13,384,486	-	-	-	-	-	-	-	-	-
Borrowings	22,874,263	105,788,599	937,145	171,108	7,586,577	18,199,909	16,166,000	935,349	933,531	3,614,296	3,486,431	7,176,468	28,741,370
Deposits and other accounts	1,749,110,479	2,505,137	8,452,908	3,290,255	4,335,636	13,475,163	12,715,316	4,472,720	5,247,394	1,583,650	162,008	56,628	-
Deferred tax liabilities - net	30,494	52,768	45,803	108,674	114,988	102,231	178,612	(1,826,141)	(53,181)	(607,330)	1,305,399	3,440,465	(2,792,044)
Other liabilities*	38,594,066	6,088,884	2,954,792	9,598,149	9,677,742	7,027,422	10,409,173	25,747,377	5,129,868	6,092,794	5,869,880	15,951,741	6,145,032
Total	1,811,435,832	119,464,570	18,246,361	26,552,672	21,714,923	38,804,725	39,489,101	29,329,305	11,257,610	10,663,410	10,813,718	26,625,302	32,094,358
Net assets	(1,534,812,699)	118,361,441	12,289,964	19,182,094	105,051,253	46,455,751	105,047,940	102,677,948	302,347,402	299,093,540	120,011,709	247,433,774	287,567,752
Share capital	11,850,600	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	98,723,536	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	24,093,197	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	96,039,536	-	-	-	-	-	-	-	-	-	-	-	-
Total	230,706,869	118,361,441	12,289,964	19,182,094	105,051,253	46,455,751	105,047,940	102,677,948	302,347,402	299,093,540	120,011,709	247,433,774	287,567,752

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

2023

	(Rupees in '000)												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total	-	-	-	-	84,641	-	325,969	233,988	235,123	1,171,274	906,880	1,567,187	4,051,791

Lease liability against right of use assets

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

2022

	2022												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total	96,368,918	17,700,810	2,264,164	4,414,156	308,100	184,860	-	-	-	-	-	-	-
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	96,368,918	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	24,872,110	-	2,264,164	4,414,156	308,100	184,860	-	-	-	-	-	-	-
Lending to financial institutions	50,415,768	50,415,768	-	-	-	-	-	-	-	-	-	-	-
Investments	978,731,140	1,297,650	26,653,596	21,728,384	21,809,651	51,455,503	11,809,643	127,859,640	155,449,803	93,734,041	126,674,039	122,904,855	212,286,188
Advances	753,399,576	68,814,902	35,332,777	94,026,759	29,153,164	61,503,216	44,180,754	28,861,885	29,834,895	49,828,407	34,151,216	53,672,634	101,031,525
Fixed assets	79,916,324	9,555	66,895	246,637	379,982	379,588	1,134,913	1,126,281	1,115,861	3,523,994	3,573,397	4,244,680	64,069,002
Intangible assets	801,117	1,663	11,638	26,602	49,879	49,879	149,636	149,636	149,636	202,572	-	-	-
Deferred tax assets	7,547,068	5,132	22,068	47,294	110,638	282,082	252,414	1,315,528	433,392	2,529,182	1,588,865	(1,411,407)	2,353,889
Other assets	93,301,143	887,190	5,624,069	12,193,207	19,440,080	12,413,828	9,124,087	2,306,501	994,087	5,049,024	-	5,572,987	-
	2,085,355,164	249,043,647	69,880,227	132,683,239	70,951,494	126,266,966	66,651,447	161,919,471	187,977,674	148,867,220	165,967,517	184,983,749	379,730,624
Liabilities													
Bills payable	39,136,884	1,304,562	9,131,940	20,873,005	-	-	-	-	-	-	-	-	-
Borrowings	340,237,265	32,622,993	1,499,326	80,878,169	67,999,702	67,736,997	6,087,827	739,436	919,647	3,779,083	3,633,405	7,435,913	34,117,056
Deposits and other accounts	1,378,717,088	1,326,309,306	1,566,785	7,233,561	4,628,904	11,343,069	13,991,568	5,614,148	1,606,784	2,128,738	1,587,563	155,140	271,854
Other liabilities*	137,769,297	21,306,064	9,392,603	22,202,334	9,463,001	6,925,068	7,623,441	22,606,415	3,720,078	6,483,543	1,131,935	13,424,762	5,616,813
	1,895,860,514	1,381,542,915	21,612,654	131,187,089	82,091,607	86,005,134	27,702,836	28,969,999	6,246,509	12,391,364	6,352,893	21,015,815	40,005,523
Net assets	189,494,650	(1,132,499,068)	48,267,573	1,496,150	(11,140,113)	40,263,822	38,948,611	132,659,472	181,731,165	136,475,856	159,634,624	163,967,934	339,725,101
Share capital	11,850,600	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	88,578,024	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	18,640,651	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	70,425,375	-	-	-	-	-	-	-	-	-	-	-	-
	189,494,650	-	-	-	-	-	-	-	-	-	-	-	-

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

	2022												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total	7,943,583	-	-	73,611	73,638	75,289	228,970	229,101	230,605	1,140,285	837,397	1,529,913	3,524,804
(Rupees in '000)													
Lease liability against right of use assets													

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

2023

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

2022

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	96,368,918	-	-	-	-	-	-	-	-	-
Balances with other banks	24,872,110	492,960	-	-	-	-	-	-	-	-
Lending to financial institutions	50,415,768	-	-	-	-	-	-	-	-	-
Investments	978,731,140	54,734,415	73,254,130	11,777,614	283,284,776	93,704,534	126,508,479	122,879,858	193,593,274	18,994,060
Advances	753,399,576	207,817,373	72,370,645	33,362,731	48,828,695	92,669,654	82,237,609	103,134,738	98,825,592	16,152,539
Fixed assets	79,918,324	380,627	759,569	1,134,913	2,242,142	3,523,994	3,573,397	4,206,434	7,226,862	56,870,386
Intangible assets	801,117	49,878	99,758	149,636	299,273	202,572	-	-	-	-
Deferred tax assets	7,547,068	92,475	392,720	252,414	1,748,920	2,529,182	1,588,865	(1,411,407)	553,845	1,800,054
Other assets	93,301,143	24,542,527	45,711,929	9,124,087	3,300,589	5,049,024	-	5,572,987	-	-
	2,085,355,164	458,781,131	193,081,711	55,801,395	337,704,395	197,678,960	213,908,350	234,382,610	300,199,573	93,817,039
Liabilities										
Bills payable	39,136,884	-	-	-	-	-	-	-	-	-
Borrowings	340,237,265	147,788,198	135,736,699	6,087,827	1,659,084	3,779,083	3,633,405	7,435,913	34,117,056	-
Deposits and other accounts	1,378,717,068	73,291,874	68,730,836	90,015,213	77,040,336	321,777,455	321,236,270	319,803,857	106,821,227	-
Other liabilities*	137,769,297	60,774,243	16,388,068	7,623,441	26,326,492	6,483,543	1,131,935	13,424,762	4,802,238	814,575
	1,895,860,514	320,991,199	220,855,603	103,726,481	105,025,912	332,040,081	326,001,610	340,664,532	145,740,521	814,575
Net assets	189,494,650	137,789,932	(27,773,892)	(47,925,086)	232,678,483	(134,361,121)	(112,093,260)	(106,281,922)	154,459,052	93,002,464
Share capital	11,850,600									
Reserves	88,578,024									
Surplus on revaluation of assets – net of tax	18,640,651									
Unappropriated profit	70,425,375									
	189,494,650									
	7,943,593	73,611	148,907	228,970	459,706	1,140,285	837,397	1,529,913	2,710,229	814,575

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

	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
Lease liability against right of use assets	30%	30%	30%	10%

Liquidity Gap Reporting

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

46.5 Derivative Risk

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

Risk management activities take place at the following different levels.

Strategic Level:

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

Macro Level

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

Micro Level:

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

Derivative Risk Management caters the following risks:-

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

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

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

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

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2023

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

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

47. EVENTS AFTER THE REPORTING DATE

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

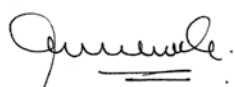
48. GENERAL

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

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

49. DATE OF AUTHORIZATION FOR ISSUE

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



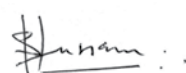
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Domestic												
114	Rashid Zahoor House No. 370/31, Street No. 3, Khasra No. 3445/571, Mouza Amar Sidhu, Tehsil & District Lahore.	Rashid Zahoor	35202-2173811-9	Zahoor Ahmed	1,553	1,006	32	2,591	-	1,035	32	1,067
115	M/s. Ijaz Traders Shop N. 44, Ghalla Mandi Farooqabad, District Sheikhpura.	Ijaz Rasool Ghulam Rasool Munawar Hussain	35404-2774190-9 35404-4844349-5 35404-0119279-1	Ghulam Rasool Sarfraz Ahmed Bashir Ahmed	1,699	1,411	18	3,128	-	1,347	18	1,365
116	M/s. Alhamd Protein Farm House No. 171, Block-P, Model Town Extension Scheme, Lahore.	Amir Sohail Mira Muhammad Saghir Mira	35202-2660552-3 35202-3660554-5	Muhammad Saghir Mira Haji Imam Din	8,847	8,890	16	17,753	-	14,890	16	14,906
117	Sher-Ud-Din Saleemi House No. 34, Block B, Tech Society, Canal Bank Road, Lahore.	Sher-Ud-Din Saleemi	35202-2037296-3	Wazir Ali	3,739	3,680	17	7,436	-	3,094	17	3,111
118	M/s. Sara Cotton Corporation 9-B, Ghalliah Mandi, Khanewal.	Shabbir Ahmad	36103-1632802-1	Habib Ahmad (Late)	1,520	665	17	2,202	-	556	17	573
119	M/s. Daraj Traders Adda Ghai, Pur Dol, P.O Garh Maharaja, Tehsil Ahmed Pur Sial, District Jhang.	Muhammad Ejaz Ahmed	33203-5565058-3	Ghulam Ali	4,000	2,710	78	6,788	-	2,313	78	2,391
120	M/s. Al-Abbas Commission Shop Mouza Piplan Pacca, Tehsil Piplan, District Mianwali.	Ghazanfar Abbas Khan	38303-8773021-1	Bashir Ahmad Khan	2,490	1,868	84	4,442	-	1,366	84	1,450
121	M/s. Joyia Commission Shop Post Office Naseer Wala, Tehsil Piplan, District Mianwali.	Malik Mureed Ahmad	38303-8305654-7	Malik Hussain Baktish	3,300	1,581	74	4,955	-	1,332	74	1,406
122	Waqas Ahmad Yousaf House No. 88 F Block, Al Rehman Garden Phase-II, Lahore.	Waqas Ahmad Yousaf	35402-2785033-5	Muhammad Yousaf	2,085	819	19	2,923	-	853	19	872
123	M/s. GN Spinning Mills Residents of House No. 37, Nizamabad Block B, Faisalabad.	Ghulam Nabi Shamim Akhter Shakeel Ahmed	33100-1310226-1 33100-8410163-6 33100-3676998-1	Haji Shabrati Khan Ghulam Nabi Ghulam Nabi	-	27,840	87	27,927	-	27,840	87	27,927
124	M/s. Kary International Flat No. B-4, Ohad Residency, 324 Britto Road, Garden East near Fatimid Blood Bank, Karachi.	Karim Bhojani Talib Hussain	61101-2944755-7 34202-4118443-1	Muhammad Hussain Bhojani Lal Shah	250	1,355	16	1,621	-	1,174	16	1,190

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

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

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Domestic												
147	M/s. Amjad Traders P-402, Street No. 7/12, Near Imam Bargah Safdar Chowk-Mansoorabad, Faisalabad.	Amjad Rafique	33100-3330461-3	Chaudhary Muhammad Rafique	800	1,616	67	2,483	-	1,529	67	1,596
148	M/s. Safdar Food Industries P-205, In-front of MCB Bank Limited, Dijkot Road, Faisalabad.	Muhammad Asim	33100-7525370-7	Satdar Hussain	434	988	68	1,490	-	767	68	835
149	Muhammad Hussain Khasra No. 528, Mouza Kot Lakhpat, Ittehad Colony, Ittefaq Road, Near PSO Depot, Kot Lakhpat, Lahore.	Muhammad Hussain	35201-6570604-5	Muhammad Ramzan	-	529	37	566	-	529	37	566
150	Chaudhary Zahoor Ahmad	Chaudhary Zahoor Ahmad	35201-7455082-1	Nazir Hussain Chaudhary	-	675	70	745	-	675	70	745
151	M/s. SH Enterprises 134/2, Block E, Model Town, Lahore.	Shakeel Wahid Mahpara Asad	35202-9185186-7 35202-3312527-2	Mian Abdul Wahid Asad Iqbal Sheikh	7,499	7,659	17	15,175	-	7,820	17	7,837
152	Masood Nizami House No. 162, Block J-3, Johar Town, Lahore.	Masood Nizami	35202-2816087-1	Abdul Manan Nizami	797	1,016	40	1,863	-	837	40	877
153	Abdul Waheed House No. 368, Block G-III, MA Johar Town, Lahore.	Abdul Waheed	35202-6777069-9	Abdul Hai	-	5,590	17	5,607	-	5,590	17	5,607
154	Ifthikhar Ul Haq House No. 196-A, Farid Park, Multan Road, Lahore.	Ifthikhar Ul Haq	35202-6405301-5	Chaudhary Muhammad Yaqoob	-	1,877	79	1,956	-	1,760	69	1,829
155	M/s. Chaudhary Rice Dealers House No. 26, Block-E, Model Town, Lahore.	Chaudhary Asif Sardar	35401-11859488-1	Chaudhary Sardar Muhammad Mian Abdul Majeed	799	760	17	1,576	-	654	17	671
156	M/s. Malik M. Shafiq Enterprises Old Narawal Road, Dera Shah Awan, Shahdara Town, Lahore.	Malik Muhammad Shafiq	35202-1532592-5	Malik Abdul Rehman	946	758	18	1,722	-	611	18	629
157	Yawar Ali Shop No.1, Located at Ground Floor, Malik Bashir Market, Mohallah Barian, Shahalam Gate, Lahore.	Yawar Ali	35202-6303421-1	Asif Ali	354	2,242	89	2,685	-	2,153	89	2,242

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

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

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

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

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
179	M/s. Habib Weaving Factory Behind Gaim Sain Darbar, Faisalabad.	Muhammad Jamil Habib Ur Rehman Abdul Rehman Muhammad Sarwar Nizam Muhammad Sabir	33303-4287122-5 33100-7409658-1 33100-8423103-3 33100-2366201-3 33100-6134881-5	Muhammad Rafique Nizam Din Nizam Din Nizam Din Nizam Din	-	1,730	57	1,787	-	1,730	57	1,787
180	M/s. Altaf Printing Press Marri Road, Near Amir Rice Mills, Tehsil Kamoke, District Gujranwala.	Altaf Ahmad	34402-1044811-3	Muhammad Baqir	1,698	810	-	2,508	-	524	-	524
181	M/s. Jjaz & Sons House No. 56, Mohallah Jinnah Hospital Colony, Lahore.	Jjaz Hussain	35502-0107584-7	Khushi Muhammad	942	928	18	1,888	-	883	18	901
182	Muhammad Arshad Anjum Nai Abadi Talwara Mughalan, Jamu Road Near Cantt Public School, Sialkot.	Muhammad Arshad Anjum	34603-2392039-1	Muhammad Ramzan	427	1,395	-	1,822	-	1,403	-	1,403
183	M/s. Hassan Jewellers Katchery Bazar, Okara.	Maqbool Hassan	35302-1382288-7	Muhammad Hassan	199	3,098	19	3,316	-	3,042	19	3,061
184	M/s. Sports Master International Kohinoor Estate, Noul More, Wazirabad Road, Sialkot.	Shehla Farooq Munir Ahmed	34603-7487559-0 34603-2265862-3	Abdul Farooq Choudhary Piranditta	6,499	4,313	-	10,812	-	4,486	-	4,486
185	M/s. Friends Exports (Pvt.) Limited E-2, E-3, E-5 & E-6, Phase II, S.I.T.E., Super Highway, Karachi-75400	Adnan Salim Asim Salim Feroza Saleem	42201-2886129-3 42201-3879168-3 42202-3459730-0	Muhammad Salim Mahmood Muhammad Salim Muhammad Salim Mahmood	193,538	96,611	540	290,689	158,232	101,425	540	260,197
186	Abdul Rauf Shakoori Chak NO. 40/WB, Post Office Vehari, Tehsil & Disst Vehari.	Abdul Rauf Shakoori	36603-1951558-5	Allah Bakhsh	-	854	60	914	-	854	60	914
187	Aman Plot C4, Flat 103, 1st Floor Rehman Corner, Gulberg Town, Block-4, FB Area, Karachi.	Aman	42101-2766891-3	Muhammad Hanif	567	53	54	674	-	289	246	535
188	M/s. Ali & Brother House No. 60, Sector B-II, Mirpur, Azad Kashmir.	Abdul Wahab Chaudhary Chaudhary Abdul Razzaq	81302-3878823-3 81302-6467223-5	Chaudhary Abdul Razzaq Chaudhary Karam Elahi	1,490	1,000	-	2,490	-	1,012	-	1,012
189	Muhammad Ali Flat No. 07, Block-36-A, Sector G-9/2, Islamabad.	Muhammad Ali	61101-1893853-9	Muhammad Hanif	1,705	1,919	-	3,624	-	1,961	-	1,961

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

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												
190	Chaudhri Muhammad Ramzan Mouza Jatoi Shumali, Tehsil Jatoi, District Muzaffargarh.	Chaudhri Muhammad Ramzan	32302-2776676-5	Chaudhri Muhammad Yousaf	3,299	3,495	16	6,810	-	3,502	16	3,518
191	M/s. Imran Traders Rampur Road, Jatoi, District Muzaffargarh.	Muhammad Imran Shakir	32302-2438172-1	Muhammad Iqbal Shakir	699	1,374	37	2,110	-	1,387	37	1,424
192	M/s. Subhan Enterprises 15-KM, Main Ferozepur KM Sheikhpura Road Main Bazar Khaki, Tehsil Ferozewala, Sheikhpura.	Ghulam Abbas Malik	35401-1784145-3	Malik Muhammad Saif	450	889	53	1,392	-	853	53	906
193	Syed Ali Haider Shah House No.1, Street No. 39, Ahata BB, Near Thana Misri Shah, Lahore.	Syed Ali Haider Shah	35202-3053438-5	Syed Muhammad Saleem Shah	1,135	1,081	-	2,216	-	1,109	-	1,109
194	M/s. Abdul Aziz Karyana Store Tatlay Aali Chowk, Distt: Gujranwala.	Sardar Abdul Aziz	34101-0516191-9	Sardar Mirza Khan	2,570	9,454	87	12,111	-	9,438	87	9,525
195	Abdul Aziz Ghalla Mandi, Qila Didar Singh, Gujranwala.	Abdul Aziz Abdul Shakoor Abrar Hussain Muhammad Mansha	34103-0552461-3 34101-7887979-1 34103-2638705-9 34103-0552460-3	Muhammad Mansha Muhammad Mansha Muhammad Mansha (Late)	390	635	77	1,102	-	566	77	643
196	M/s. Highnoon Textile Limited 25-KM, Multan Road, Lahore.	Babar Agha Sohail Hameed Khan	35202-3065543-3 35202-2337062-5	Agha Fakhar Hussain Hameed Ullah Khan	107,917	229,604	23	337,544	107,917	229,604	23	337,544
197	M/s. R. Usman Enterprises 3rd Floor, 15-KM Multan Road, Ofr. Angora Textile, Lahore.	Usman Jawad Abdul Sattar Tahira Sattar	35201-1587350-7 35201-1587345-7 35201-1476627-2	Abdul Sattar Muhammad Ibrahim Abdul Sattar	3,815	2,178	-	5,993	-	2,241	-	2,241
198	M/s. Four Waves Enterprises (i) R/O Flat No. A-11, Aman Castle, Garden East, Karachi. (ii) R/O Plot No. A-311, Sector 11-A, North Karachi, Township Karachi.	Muhammad Khalid Muhammad Nazir Ali Zai Zaib-un-Nisa	42201-6143222-3 42401-0552020-7 42101-5346461-4	Muhammad Ahmed Muhammad Pain Muhammad Haroon	84,291	55,057	405	139,753	84,291	55,057	405	139,753

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

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

Disposal of fixed assets (refer note 12.2.6)

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

CONSOLIDATED

Financial Statements MCB Bank Limited



Directors' Report

On Consolidated Financial Statements

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

Profit and Appropriations

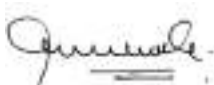
The profit before and after taxation for the year ended December 31, 2023 together with appropriations is as under:

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

Dividends

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

For and on behalf of the Board of Directors,



Shoaib Mumtaz
President & CEO
MCB Bank Limited

February 06, 2024



Mian Umer Mansha
Director
MCB Bank Limited

ڈائریکٹرز رپورٹ

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

منافع اور تخصیص

31 دسمبر 2023ء کو اختتام پذیر سال میں منافع قبل و بعد از ٹیکس اور تخصیص، مندرجہ ہے

ملین روپے	
137,519	منافع از ٹیکس
(72,248)	ٹیکس
65,271	منافع بعد از ٹیکس
(166)	ٹران کنٹریولنگ انٹرسٹ کے لیے تفویض شدہ منافع
65,105	عام حصص یافتگان کے لیے تفویض شدہ منافع
72,796	افتتاحی غیر تخصیص شدہ منافع
2,670	ڈیٹا سٹریٹجی و اجبات کا دوبارہ تعین شدہ منافع/ نقصان، حناص از ٹیکس
1,097	پائیدار اثاثوں کے سرپلس پر فروخت سے حاصل آمدن حناص از ٹیکس
(166)	ذیلی اداروں میں مزید سرمایہ کاری کے لیے مختص ریزرو کا استعمال
25	غیر بینکاری اثاثوں کے سرپلس پر فروخت سے حاصل آمدن، حناص از ٹیکس
152	پائیدار اثاثوں کی تخمینہ نو سے اضافی آمدنی کی غیر تخصیص شدہ منافع کی
	انٹرمیڈیٹ ڈیپریسی ایشن (قدر میں کمی) کی مد میں منتقلی
76,574	
141,679	تخصیص کے لیے دستیاب منافع
	تخصیص
6,994	قانونی ریزرو
7,110	حتمی کیش ڈیویڈنڈ 6 روپے فی حصص 31 دسمبر 2022
7,110	پہلا عبوری کیش ڈیویڈنڈ 6 روپے فی حصص 31 مارچ 2023
8,295	دوسرا عبوری کیش ڈیویڈنڈ 7 روپے فی حصص 30 جون 2023
9,481	تیسرا عبوری کیش ڈیویڈنڈ 8 روپے فی حصص 30 ستمبر 2023
38,990	کل تخصیص
102,689	اختتامی غیر تخصیص شدہ منافع
54.94	فی حصص آمدنی (روپے)

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2023ء کو اختتام پذیر سال کے لئے 9 روپے فی حصص کے حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ حصص یافتگان کو 21 روپے فی حصص کے پہلے سے ادا شدہ عبوری ڈیویڈنڈز کے علاوہ ہے حتمی کیش ڈیویڈنڈ کے اس اعلان کے اثرات کو مندرجہ بالا تخصیص میں شمار نہیں کیا گیا ہے۔

مخاتب و برائے بورڈ آف ڈائریکٹرز

میاں عمر منشاہ
ڈائریکٹر ایم سی بی بینک لمیٹڈ

شعبہ ممتاز
پریزیڈنٹ اور سی ای او
ایم سی بینک لمیٹڈ

06 فروری 2024ء

INDEPENDENT AUDITOR'S REPORT

To the members of MCB Bank Limited

Opinion

We have audited the annexed consolidated financial statements of MCB Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Provision against advances	
	<p>(Refer notes 3.4, 6.5 and 11.5 to the consolidated financial statements).</p> <p>The Group makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Provision against advances of overseas branches is made as per the requirements of the respective regulatory regimes.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time-based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over accurate computation and recording of provisions; and controls over the governance and approval process related to provisions, including continuous reassessment by the management.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>As at December 31, 2023, the Group holds a total provision of Rs. 45,852.279 million against advances in the consolidated financial statements of the Group.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p> <p>We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.</p>

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

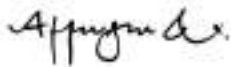
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 05, 2024

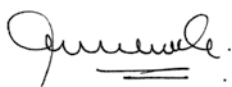
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Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023 (Rupees in '000)	2022
ASSETS			
Cash and balances with treasury banks	7	190,245,798	110,275,163
Balances with other banks	8	37,806,854	26,162,849
Lendings to financial institutions	9	89,713,400	56,585,768
Investments	10	1,372,343,715	1,040,889,059
Advances	11	670,673,495	844,985,763
Fixed assets	12	88,738,550	85,021,165
Intangible assets	13	1,859,032	1,682,671
Deferred tax assets	19	–	5,439,278
Other assets	14	228,704,335	103,291,437
		2,680,085,179	2,274,333,153
LIABILITIES			
Bills payable	16	27,271,384	42,874,366
Borrowings	17	235,664,480	356,016,610
Deposits and other accounts	18	2,009,828,619	1,532,695,961
Liabilities against assets subject to finance lease		–	–
Subordinated debt		–	–
Deferred tax liabilities	19	3,552,321	–
Other liabilities	20	162,017,273	148,268,469
		2,438,334,077	2,079,855,406
NET ASSETS			
		241,751,102	194,477,747
REPRESENTED BY			
Share capital	21	11,850,600	11,850,600
Reserves	22	101,129,809	89,640,476
Surplus on revaluation of assets - net of tax	23	25,740,282	19,458,482
Unappropriated profit		102,689,217	72,795,700
		241,409,908	193,745,258
Non-controlling interest		341,194	732,489
		241,751,102	194,477,747
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



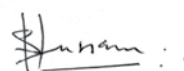
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



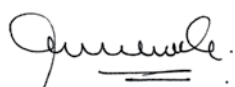
Muhammad Ali Zeb
Director

Consolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
Mark-up / return / interest earned	26	364,448,721	219,422,758
Mark-up / return / interest expensed	27	199,026,667	123,454,752
Net mark-up / interest income		165,422,054	95,968,006
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	22,460,483	15,573,910
Dividend income		2,510,757	2,121,696
Foreign exchange income		9,197,358	9,588,551
Income from derivatives		15,837	33,148
Gain / (loss) on securities	29	837,442	(1,714,850)
Other income	30	375,874	295,837
Total non-markup / interest income		35,397,751	25,898,292
Total income		200,819,805	121,866,298
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	60,127,915	48,075,386
Workers Welfare Fund		2,744,424	1,509,781
Other charges	32	701,754	267,536
Total non-markup / interest expenses		63,574,093	49,852,703
Share of profit of associates		1,348,508	685,888
Profit before provisions		138,594,220	72,699,483
Provisions / (reversals) and write offs - net	33	1,075,258	(2,641,001)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		137,518,962	75,340,484
Taxation	34	72,247,962	40,889,320
PROFIT AFTER TAXATION		65,271,000	34,451,164
Attributable to:			
Equity shareholders of the Bank		65,104,619	34,365,061
Non-controlling interest		166,381	86,103
		65,271,000	34,451,164
(Rupees)			
Basic and diluted earnings per share attributable to ordinary shareholders	35	54.94	29.00

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



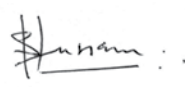
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



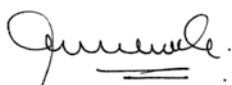
Muhammad Ali Zeb
Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
Profit after taxation for the year	65,271,000	34,451,164
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	4,374,032	862,163
- Non-controlling interest	114	96
	4,374,146	862,259
Share of exchange translation reserve of associate	121,524	151,001
Movement in (deficit) / surplus on revaluation of investments - net of tax		
Equity shareholders of the Bank	7,691,680	(14,366,272)
Movement in surplus on associated undertaking - net of tax	295,440	(288,807)
	7,987,120	(14,655,079)
	12,482,790	(13,641,819)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	2,669,856	(301,720)
Movement in surplus on revaluation of operating fixed assets - net of tax	(266,285)	18,939,852
Movement in surplus on revaluation of non-banking assets - net of tax	(163,876)	82,879
	2,239,695	18,721,011
Total comprehensive income	79,993,485	39,530,356
Attributable to:		
- Equity shareholders of the Bank	79,826,990	39,444,157
- Non-controlling interest	166,495	86,199
	79,993,485	39,530,356

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



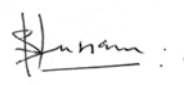
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Share capital		Capital reserve		Statutory reserve	Revenue reserve	Surplus/(deficit) on revaluation of			Unappropriated profit	Sub Total	Non controlling interest	Grand Total
	Share premium	Non-distributable capital reserve	Exchange transition reserve	General reserve			Investments	Associate	Fixed / non-banking assets				
Balance as at December 31, 2021	11,850,600	23,973,024	908,317	3,832,533	37,297,718	18,600,000	416,128	19,605,593	64,697,360	176,817,241	751,419	177,568,660	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	34,365,061	34,365,061	86,103	34,451,164	
Profit after taxation for the year ended December 31, 2022	-	-	-	1,013,164	-	-	(288,807)	19,022,731	(301,720)	5,079,096	96	5,079,192	
Other comprehensive income - net of tax	-	-	-	1,013,164	-	-	(288,807)	19,022,731	34,063,341	39,444,157	86,109	39,530,356	
Transfer to statutory reserve	-	-	-	-	3,583,720	-	-	-	(3,583,720)	-	-	-	
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(77,423)	77,423	-	-	-	
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(43,480)	43,480	-	-	-	
Surplus realized on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	-	(13,956)	13,956	-	-	-	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)	
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)	
Interim cash dividend at Rs. 5.0 per share - March 31, 2022	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-	(4,740,240)	
Interim cash dividend at Rs. 4.0 per share - June 30, 2022	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)	
Interim cash dividend at Rs. 5.0 per share - September 30, 2022	-	-	-	-	-	-	-	-	(22,516,140)	(22,516,140)	(105,129)	(22,516,140)	
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(105,129)	(105,129)	
Balance as at December 31, 2022	11,850,600	23,973,024	908,317	4,845,697	41,313,438	18,600,000	127,321	38,493,465	72,795,700	193,745,258	732,489	194,477,747	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	-	-	65,104,619	65,104,619	166,381	65,271,000	
Profit after taxation for the year ended December 31, 2023	-	-	-	4,495,556	-	-	7,691,680	(430,161)	2,669,856	14,722,371	114	14,722,485	
Other comprehensive income - net of tax	-	-	-	4,495,556	-	-	7,691,680	(430,161)	67,774,475	79,826,990	166,495	79,993,485	
Transfer to statutory reserve	-	-	-	-	6,993,777	-	-	-	(6,993,777)	-	-	-	
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(153,415)	153,415	-	-	-	
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(1,097,114)	1,097,114	-	-	-	
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(24,630)	24,630	-	-	-	
Investment in subsidiary	-	-	-	-	-	-	-	-	(165,720)	(165,720)	(484,205)	(649,925)	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	-	(7,110,360)	
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. 6.0 per share - March 31, 2023	-	-	-	-	-	-	-	-	(8,295,420)	(8,295,420)	-	(8,295,420)	
Interim cash dividend at Rs. 7.0 per share - June 30, 2023	-	-	-	-	-	-	-	-	(9,480,480)	(9,480,480)	-	(9,480,480)	
Interim cash dividend at Rs. 8.0 per share - September 30, 2023	-	-	-	-	-	-	-	-	(31,996,620)	(31,996,620)	(73,585)	(31,996,620)	
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(73,585)	(73,585)	
Balance as at December 31, 2023	11,850,600	23,973,024	908,317	9,341,253	48,307,215	18,600,000	422,761	36,788,145	102,689,217	241,409,908	341,194	241,751,102	

For details of dividend declaration and appropriations, please refer note 47 to these consolidated financial statements.

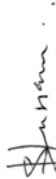
For details of reserves, please refer note 22 to these consolidated financial statements.

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.


Shoaib Mumtaz
President/Chief Executive


Hamid Khalid
Chief Financial Officer


Mian Umer Mansha
Director


Shahzad Hussain
Director

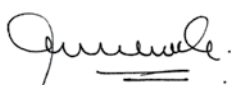

Muhammad Ali Zeb
Director

Consolidated Cash Flow Statement

For the year ended December 31, 2023

Note	2023 (Rupees in '000)	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	137,518,962	75,340,484
Less: Dividend income and share of profit of associates	(3,859,265)	(2,807,584)
	133,659,697	72,532,900
Adjustments:		
Depreciation on fixed assets	12.2 3,468,181	2,781,591
Depreciation on right-of-use assets	31 2,079,323	1,834,736
Depreciation on non-banking assets acquired in satisfaction of claims	31 23,878	23,389
Amortisation	13 560,040	566,633
Provisions / (reversals) and write offs - net	33 1,075,258	(2,641,001)
Workers welfare fund	2,744,424	1,509,781
Loss / (gain) on sale of non-banking assets acquired in satisfaction of claims	30 3,224	(6,817)
Charge for defined benefit plan	31.1 250,527	209,051
Gain on sale of fixed assets	30 (160,262)	(138,376)
Gain on termination of lease liability against right-of-use assets	30 (70,616)	(62,670)
Unrealized loss on revaluation of investments classified as held for trading	29 3,038	-
Interest expensed on lease liability against right-of-use assets	27 1,688,954	1,474,249
	11,665,969	5,550,566
	145,325,666	78,083,466
Decrease / (increase) in operating assets		
Lendings to financial institutions	(33,127,632)	(15,968,658)
Held-for-trading securities	(2,495,273)	-
Advances	174,088,768	(156,476,863)
Others assets (excluding advance taxation)	(106,990,868)	(31,390,952)
	31,474,995	(203,836,473)
Increase / (decrease) in operating liabilities		
Bills Payable	(15,602,982)	16,387,921
Borrowings from financial institutions	(120,564,531)	73,992,926
Deposits	477,132,658	(1,890,710)
Other liabilities (excluding current taxation)	(7,095,050)	34,222,005
	333,870,095	122,712,142
Defined benefits paid	(284,916)	(292,346)
Income tax paid	(66,204,582)	(28,409,347)
Net cash flow from / (used in) operating activities	444,181,258	(31,742,558)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investment) / divestment in available-for-sale securities	(298,144,174)	12,249,839
Net investment in held-to-maturity securities	(19,172,354)	(15,737,320)
Dividends received	2,738,028	2,344,657
Investments in fixed assets	(8,116,651)	(4,930,232)
Investments in intangible assets	(729,428)	(416,497)
Proceeds from sale of fixed assets	1,925,535	405,748
Proceeds from sale of non-banking assets acquired in satisfaction of claims	132,000	153,500
Investment in subsidiary	(649,925)	-
Net investment in associates	267,428	143,124
Effect of translation of net investment in foreign branches & subsidiary	4,374,032	862,163
Net cash flow used in investing activities	(317,375,509)	(4,925,018)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	36.1 (32,381,201)	(21,912,342)
Payment of lease liability against right-of-use-assets	36.1 (3,022,309)	(2,583,670)
Net cash flow used in financing activities	(35,403,510)	(24,496,012)
Effects of exchange rate changes on cash and cash equivalents	10,532,983	9,600,163
Increase in cash and cash equivalents	101,935,222	(51,563,425)
Cash and cash equivalents at beginning of the year	125,097,564	187,193,972
Cash and cash equivalents at end of the year	36 227,032,786	135,630,547

The annexed notes 1 to 49 and annexure I form an integral part of these consolidated financial statements.



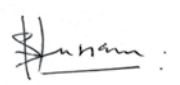
Shoab Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

- Holding company

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,430 branches (2022: 1,439 branches) within Pakistan and 8 branches (2022: 9 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

- Subsidiary companies

a) MCB Islamic Bank Limited

MCB Islamic Bank Limited (MIB) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 to carry out the business of an Islamic Commercial Bank in accordance and in conformity with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted "Certificate of Commencement of Business" to MIB on January 30, 2015. MIB is a wholly owned subsidiary of the Bank.

The State Bank of Pakistan (SBP) granted a "Certificate of Commencement of Banking Business" to MIB on September 14, 2015 under Section 27 of the Banking Companies Ordinance, 1962. MIB formally commenced operations as a Scheduled Islamic Commercial Bank with effect from October 15, 2015 upon receiving notification in this regard from SBP under section 37 of the State Bank of Pakistan Act, 1956. Currently, MIB is engaged in corporate, commercial, consumer, micro finance, investment and retail banking activities.

MIB is operating through 226 branches including two sub branches in Pakistan (December 31, 2022: 198 branches including one sub branch). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 14-A Main Jail Road, Gulberg, Lahore.

b) MCB Investment Management Limited (formerly MCB-Arif Habib Savings and Investments Limited)

MCB Investment Management Limited (MCBIM) (formerly MCB-Arif Habib Savings and Investments Limited) was incorporated on August 30, 2000, as an unquoted public limited company. During 2008, the company was listed on the Pakistan Stock Exchange Limited by way of offer for sale of shares by a few of the existing shareholders of the company to the general public. The registered office of the company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.

The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 had approved an equity investment of Rs. 649.925 million to acquire further 30.09% shareholding of "MCB Investment Management Limited (Formerly: MCB Arif-Habib Savings and Investments Limited), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBIML in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The Bank owns 81.42% shares of the company.

c) MCB Non-Bank Credit Organization Closed Joint Stock Company

MCB Non-banking Credit Organization Closed Joint Stock Company was incorporated on October 16, 2009 and domiciled in the Republic of Azerbaijan. The company is a closed joint stock company limited by shares and was set up in accordance with Azerbaijani regulations. The registered office of the company is located at 49B Tbilisi Ave. Baku AZ1065, Republic of Azerbaijan. The Bank owns 99.94% shares of the company.

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For the year ended December 31, 2023

The Company's principal business activity is provision of finance leases within the Republic of Azerbaijan. The Company leases out various types of automotive vehicles, industrial equipment, equipment used in medicine, health care, and for other business needs. In addition, the Company leases out cars and trucks. Further the Company is involved in real estate finance leases. During the year 2021, the Central Bank of the Republic of Azerbaijan (CBAR) has issued non-banking credit organization (NBCO) license (BKT-42) to the Company.

2. BASIS OF PRESENTATION

- 2.1** These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the "Group").
- 2.2** These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018.
- 2.3** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The Islamic Banking operations of the Group have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Act, 2017.
- 2.4** Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand.

3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
 - Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002 and International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) through BSD Circular Letter No. 10, dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

IFRS 10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 (Section 228 of Companies Act 2017) and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', through BPRD Circular No.04 dated February 25, 2015.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2024:

	Effective date (annual periods beginning on or after)
Amendment to IFRS 16 – Leases on sale and leaseback	January 01, 2024
Amendment to IAS 1 – Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 21 - Lack of Exchangeability	January 01, 2025

IFRS 9 - Financial Instruments

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2024 for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Furthermore, final instructions on IFRS 9 (Application Instructions), for ensuring smooth and consistent implementation of the standard across banks, have already been issued by SBP via BPRD Circular No. 3 of 2022 dated July 05, 2022.

During 2023, the management of the Group has performed an impact assessment of IFRS 9 for holding company and one of the subsidiaries taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group at the time of finalizing the impact for initial application of IFRS 9. In addition, the Group will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Governance, ownership and responsibilities

The Group has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Notes To The Consolidated Financial Statements

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Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at fair value through profit or loss ('FVTPL') regardless of the business model in which they are held. The Group's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised.

The classification of equity instruments is generally measured at FVTPL unless the Group, at initial recognition, irrevocably designates as FVOCI but both unrealized and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the income statement.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

The Group has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity Securities

The Group expects to continue measuring at fair value all financial assets currently held at fair value.

For equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI, the Group will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities. Expected credit losses are not recognised for equity instruments designated at FVOCI.

Unquoted equity securities are required to be measured at fair value under IFRS 9, however, SBP has allowed relaxation to the banks till December 31, 2023 to carry these investments under the current PR regime.

Debt securities and Loans and advances

Debt securities currently classified as AFS and those passing the SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those passing the SPPI test are expected to be measured at amortised cost under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows.

Impairment of financial assets not held at FVTPL

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for Expected Credit Losses ('ECL') resulting from default events that are

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possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are categorized in 'stage 1'; financial assets that are considered to have experienced a SICR are categorized in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are categorized in 'stage 3'.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Group has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default. These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Group expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

For calculating ECL, the Group shall classify its financial assets under three following categories:

- a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Group shall recognize an allowance based on the 12-month ECL.
- b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Group shall recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Group shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential Regulations (PR).

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply. An exposure cannot be upgraded from Stage 3 to 1 directly and should be upgraded to Stage 2 initially.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Group uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

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Based on the level of increase in credit risk, the Group shall calculate 12 month ECL for assets which did not have a SICR i.e., stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., stage 2.

At every reporting date, the Group shall assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (stage 2 or 3).

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, stage 1 and stage 2 provisions would be made as per IFRS 9 ECL framework and stage 3 provision would be higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Group's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The State Bank of Pakistan has issued a revised format for financial statements of the banks for the accounting periods starting from January 01, 2024, which includes presentation and disclosure requirement upon adoption of IFRS 9 as applicable in Pakistan.

Impact of adoption of IFRS 9

The Group will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. As permitted by IFRS 9, the Group will not be restating comparatives on initial application. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period.

The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Impact on Equity of the Group

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 01, 2024 is reduction in equity of approximately Rs. 4,336.246 million, representing corresponding impact of:

- An increase of approximately Rs. 4,738.486 million (net of tax) related to impairment requirements; and
- Adjustment of approximately Rs. 402.240 million related to classification and measurement requirements, other than impairment.

The Group continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption.

Impact on regulatory capital

The Group is allowed to include provisions for stage 1 and stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the Group to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply transitional arrangement, may implement this arrangement in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in Annexure-B of BPRD Circular No. 3 of 2022

Notes To The Consolidated Financial Statements

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The estimated impact of initial adoption of IFRS 9 on the Group's capital ratios, without accounting for the allowed transitional arrangement, is as follows:

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	16.53%	16.50%
Tier 1 Capital Adequacy Ratio	16.53%	16.50%
Total Capital Adequacy Ratio	19.92%	19.77%
CET1 available to meet buffers (as a percentage of risk weighted assets)	9.03%	9.00%

These consolidated financial statements have been prepared in accordance with the existing prudential regime to the extent of the Group's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

Including the above, there are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not to have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

3.4 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) Classification of investments

In classifying investments, the Group follows the guidance provided in SBP circulars:

- Investments classified as 'held for trading', are securities which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days of acquisition.
- Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Group evaluates its intention and ability to hold such investment to maturity.
- The investments other than those in associates which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'.

b) Provision against advances

The Group reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement, various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 11.5.4.

c) Impairment of 'available for sale' equity investments

The Group determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors,

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the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational/financial cash flows.

d) Taxation

In making the estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

e) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.

f) Depreciation, amortisation, impairment and revaluation of operating fixed assets

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 38 of these consolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

h) Lease term for lease liability and right-of-use asset

The Group applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

i) Provision and contingent assets and liabilities

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. Contingent assets are not recognized and are also not disclosed until an inflow of economic benefits is probable. Contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

5. FINANCIAL RISK MANAGEMENT

These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly in line with emerging risks. Detailed disclosure on financial risk management has been reported in note 46 to the consolidated financial statements.

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year:

6.1 Basis of consolidation

- a) These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates are accounted for under the equity basis of accounting.
- b) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases / the subsidiaries are disposed off. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial statements as at December 31, 2023 and the carrying value of investments held by the Bank is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements. Material intra-group balances and transactions have been eliminated.
- c) Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost, thereafter for the post-acquisition change in the Group's share of net assets of the associate, the cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.
- d) Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

6.2 IFRS 16 - Lease Liability & Right-of-Use Assets

The Group enters into leasing arrangements of buildings for its branches and offices. Rental contracts are typically for a fixed period and may have extension options. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of lease payments to be made over the term of the lease, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The carrying amount is remeasured/adjusted if there are changes in the future cash flows or the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date. On subsequent measurement, right-of-use assets are stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight line basis over the lease term as this method closely reflects the expected pattern of consumption of future economic benefits. Carrying amount of the lease liability is derecognized upon termination of the lease contract with corresponding adjustment

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to right-of-use asset. Gain or loss on termination of lease contract is recognized in the consolidated profit and loss account.

The Group has elected not to recognize a right-of-use asset and the corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Payments associated with these leases are recognized as an expense in the consolidated profit or loss account on a straight-line basis.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

6.3 Investments

The Group classifies its investments as follows:

Held for trading

These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Group has the positive intent and ability to hold to maturity.

Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the 'held for trading' or 'held to maturity' categories.

Initial measurement

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment. Transaction costs on investments held for trading are expensed in the profit and loss account.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

Subsequent measurement

In accordance with the requirements of the SBP, quoted securities, other than those classified as 'held to maturity', investments in subsidiaries and investments in associates are subsequently re-measured to market value. Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is taken to surplus / deficit on revaluation of investments through statement of comprehensive income in equity till disposal at which time it is recorded in profit and loss account. Surplus / deficit arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account, currently.

Unquoted equity securities (excluding investments in associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost less accumulated impairment losses, if any.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

Investments in Associates

Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Impairment

Provision for impairment in the values of securities (except debentures, participation term certificates and term finance certificates) is made currently. Impairment of 'available for sale' equity investments is discussed in 3.4(c). Provisions for impairment in value of debentures, participation term certificates and term finance certificates are made as per the requirements of the Prudential Regulations issued by the SBP.

Impairment against investment in associates is assessed as per the requirements of IAS 36.

6.4 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in these consolidated financial statements as investments and the amount extended to the counter party is included in lending's to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

6.5 Advances

Advances are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the SBP and charged to the consolidated profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there is no realistic prospect of recovery.

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

The Group values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Group / customers as the agent of the Group for subsequent sale.

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In Ijarah financing, the Group provides the asset on pre-agreed rentals for specific tenors to the customers. Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue. The Group charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Diminishing Musharaka based financing, the Group enters into Musharaka based on Shirkat-ul-Milk for financing and agreed share of fixed assets (example: house, land, plant, machinery or vehicle) with its customers and enters into period profit payment agreement for the utilization of the Group's Musharaka share by the customer.

In Istisna financing, the Group acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Salam financing, the Group pays full in advance to its customer for buying specified goods / commodities to be delivered to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Running Musharaka based financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

6.6 Fixed assets and depreciation

Fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year-end rates.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets become available for use.

Depreciation on all fixed assets (excluding land) is charged using the straight line method in accordance with the rates specified in note 12.2 to these consolidated financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Gains / losses on sale of property and equipment are credited / charged to the profit and loss account currently, except that the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

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Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated profit and loss account.

6.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Group. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

6.8 Impairment

The carrying amount of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

6.9 Staff retirement benefits

MCB Bank Limited (Holding Company)

The Bank operates the following staff retirement benefits for its employees:

- a) For clerical / non-clerical staff who did not opt for the new scheme, the Bank operates the following:
 - an approved contributory provident fund;
 - an approved gratuity scheme; and
 - a contributory benevolent scheme
- b) For clerical / non-clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the following:
 - an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
 - an approved pension fund; and
 - contributory benevolent scheme
- c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:
 - an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
 - an approved pension fund, and
 - contributory benevolent fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

- d) For executives and officers who joined the Bank on or after January 01, 2000, the Bank operates an approved contributory provident fund.
- e) Post retirement medical benefits to entitled employees.

Notes To The Consolidated Financial Statements

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Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the Projected Unit Credit Method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income in the period of occurrence.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Bank recognizes past service cost as an expense at the earlier of the following dates:

- (i) when the plan amendment or curtailment occurs; and
- (ii) when the Bank recognizes related restructuring costs or termination benefits.

Employees' compensated absences

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in Profit and Loss account in the period of occurrence.

MCB Islamic Bank Limited

MIB operates a recognised contributory provident fund scheme for all its permanent employees. Equal monthly contributions are made both by the Bank and its permanent employees, to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his/her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

6.10 Taxation

Current and prior years

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Group records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the reporting date expected to be applicable at the time of its reversal. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

6.11 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a

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reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

6.12 Foreign currencies

6.12.1 Foreign currency transactions

Transactions in foreign currencies other than the results of foreign operations discussed in note 6.12.2 are translated to Pak Rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

6.12.2 Foreign operations

The assets and liabilities of foreign branches and subsidiary are translated to Pak Rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

6.12.3 Translation gains and losses

Translation gains and losses are included in the consolidated profit and loss account, except those arising on the translation of the Group's net investment in foreign branches and subsidiary which are taken to the capital reserve (exchange translation reserve) until the disposal of the net investment, at which time these are recognized in the consolidated profit and loss account.

6.12.4 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the statement of financial position date.

6.13 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers.

6.14 Revenue recognition

- Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP or as permitted by the regulations of the overseas regulatory authorities of countries where the branches operate. Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.
- Fee, brokerage and commission income is recognized on an accrual basis.
- Dividend income is recognized when the Group's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account.
- Profit on Salam financing is recognised on accrual basis.
- Profit on Running Musharaka financing is booked on an accrual basis and is subject to adjustment (if any) upon declaration of profit by Musharakah partners.

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- Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.
- Profit from Bai-Mua'jjal is recognised on an accrual basis.
- Profit on Diminishing Musharaka is recognised on an accrual basis.
- Profit on Istisna financing is recognised on accrual basis.
- Profit from Musharaka placements with financial institutions is recognised on accrual basis.
- Profit from Murabaha financing is accounted for on culmination of Murabaha transaction. Profit on Murabaha is recognised on an accrual basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately on the later date.
- Revenue for acting as trustee is recognized on Net Assets Value (NAV) of respective funds.
- Management / advisory fee is calculated on a daily / monthly basis by charging specified rates to the net assets value / income of the Collective Investment Schemes. Advisory fee from the discretionary portfolio is calculated in accordance with the respective agreements with the clients. Management fee from the pension funds is calculated by charging the specified rates to the average net assets value.
- Revenue from trusteeship and custodian is recognised when the Group satisfies a performance obligation by rendering promised services as per respective agreements.

The income on Islamic financing is recognised in accordance with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. However, income, if any, received which does not comply with the principles of Islamic Shari'ah is recognised as charity payable if so directed by the Shari'ah Board of the subsidiary.

6.15 Assets acquired in satisfaction of claims

Non-Banking Assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment loss. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account through statement of comprehensive income in equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalized.

6.16 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn Nostro balances) in current and deposit accounts.

6.17 Financial instruments

6.17.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

6.17.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

Notes To The Consolidated Financial Statements

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6.17.3 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in these consolidated financial statements when there is a legally enforceable right to set off and the Group intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

6.18 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

Deposits, with respect to Islamic Banking operations, are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' or 'Fixed deposits'. No profit or loss is passed to current account depositors.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools may be created at the Group's discretion and the Group may add, amend, and transfer an asset to any other pool in the interests of the deposit holders.

6.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments.

6.19.1 Business segments

Retail Banking

This includes retail lending and deposits, banking services, cards and branchless banking.

Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities / with Group's corporate and public sector customers.

Consumer Banking

This segment primarily constitutes consumer financing activities with individual customers of the Group. Product suite offered to these customers include credit cards, auto loans, housing finance and personal loans.

Islamic Banking

This segment includes Islamic Banking operations of the Group.

Treasury

This includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings and borrowings and derivatives for hedging and market making.

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Assets Management

It includes asset management, investment advisory, portfolio management, equity research and underwriting.

International Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by Group's overseas operations.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

6.19.2 Geographical segments

The Group operates in three geographic regions being:

- Pakistan
- South Asia
- Middle East
- Eurasia

6.20 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6.21 Business combination

Business combinations other than under common control transaction are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account or as directed by the SBP.

6.22 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

6.23 Pool Management

The Islamic Banking Subsidiary of the Group (MIB) operates general and specific pools for deposits and inter-Group funds accepted / acquired under Mudaraba, Musharaka and Wakala modes.

Under the general deposits pool, MIB accepts funds on Mudaraba basis from depositors (Rabb-ul-Maal) where MIB acts as Manager (Mudarib) and invests the funds in the Shari'ah Compliant modes of financings, investments and placements. When utilising investing funds, MIB prioritizes the funds received from depositors over the funds generated from own sources.

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Specific pools may be operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to MIB customers and liquidity management respectively under the Musharaka / Mudaraba modes. MIB also maintains an Equity Pool which consists of MIB equity and funds accepted on Qard (non-remunerative current deposit account) basis.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. The directly related costs comprise of depreciation on Ijarah assets, takaful premium, documentation charges etc. No general or administrative nature of expense is charged to pool. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharaka at gross level (before charging of Mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of Mudarib fee.

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the notes and are also invested in Government of Pakistan backed Ijarah Sukuks. Staff financings are exclusively financed from the equity pool.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool.

MIB is maintaining the following types of pools for profit declaration and distribution:

General Pool

MIB manages one general pool for its depositors' (Rabbul Mal) maintaining deposits under Mudaraba in both local and foreign currencies and also commingled its equity in this pool. The income (gross income less direct expenses) generated from the pool is distributed between Bank's equity and depositors' fund in proportion to their respective share in the pool. Under the Mudaraba mechanism, the income so distributed to depositors' fund is shared between the Bank (Mudarib) and depositors' (Rabbul Mal) according to the pre-agreed profit sharing ratios and assigned weightages.

The average rate of profit earned on the earning assets was 20.38% (2022: 13.22%) and rate of profit paid was 11.68% (2022: 7.49%). Profit rate and weightage announcement period is monthly.

Treasury Musharaka / Mudaraba Pools

MIB accepts funds from other banks to manage its liquidity under Musharaka / Mudaraba mode. The funds accepted are tagged to remunerative assets having maturity on or after the period for which funds are accepted. The revenue generated from the pool asset is shared between the bank and other member of the pool according to pre-agreed profit sharing ratios or assigned weightages accordingly.

The average rate of profit earned on the earning assets was 17.04% (2022: 13.03%) and rate of profit paid was 14.98% (2022: 12.88%).

Special Musharaka Pool

MIB also accepts funds / deposits (other than Banks) under Musharaka mode. The comingled funds under this arrangement are deployed in remunerative assets as per the terms of agreement. The revenue generated from these assets are then shared as per pre-agreed profit sharing ratio.

The average rate of profit earned on the earning assets was 16.81% (2022: 13.21%) and rate of profit paid was 14.54% (2022: 12.52%).

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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 15.06% (2022: 7.81%).

6.24 Funds due to / from financial institutions

Bai Mu'ajjal

In Bai Mu'ajjal, the Group sells sukuk on deferred basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the deferral period. Bai Muajjal with the Federal Government is classified as investment.

Musharaka / Mudaraba / Wakala

In Musharaka / Mudaraba / Wakala, the Group invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio / fees.

	Note	2023 (Rupees in '000)	2022
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		37,437,971	33,233,850
Foreign currencies		8,807,239	8,010,501
		46,245,210	41,244,351
With State Bank of Pakistan in			
Local currency current account	7.1	88,108,940	60,486,793
Foreign currency current accounts	7.2	2,454,172	2,963,386
Foreign currency deposit account	7.3	12,812,091	–
		103,375,203	63,450,179
With other central banks in			
Foreign currency current accounts	7.4	7,618,129	5,208,116
With National Bank of Pakistan in			
Local currency current accounts		32,835,691	207,220
Prize bonds		171,565	165,297
		190,245,798	110,275,163

7.1 This represents current account maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

7.2 This includes foreign currencies settlement accounts maintained with SBP along with Rs. 881.096 million (2022: Rs. 631.968 million) maintained to comply with the cash reserve and special cash reserve requirements by a subsidiary.

7.3 This represents account maintained by Holding company with the SBP to comply with the Special Cash Reserve requirement. This includes balance of Rs. 8,541.394 million (2022: Nil) which carries interest rate of 4.34% per annum as declared by SBP. The Holding company was maintaining Nil balance as of December 31, 2022 as allowed by SBP for a short term.

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7.4 Foreign currency current account with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Group.

	Note	2023 (Rupees in '000)	2022
8. BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		17,842	29,428
In deposit account		7,886	7,383
		25,728	36,811
Outside Pakistan			
In current account	8.1	11,902,930	18,954,730
In deposit account	8.2	25,878,196	7,171,308
		37,781,126	26,126,038
		37,806,854	26,162,849

8.1 It includes an amount of USD 3.852 million pledged as collateral for a standby letter of credit issued on behalf of the Bank.

8.2 Balances with other banks outside Pakistan in deposit accounts carry interest rate of 2.50% to 12.50% (2022: 3.00% to 24.00%) per annum.

	Note	2023 (Rupees in '000)	2022
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	65,714,000	23,736,012
Repurchase agreement lendings (Reverse Repo)	9.2	21,499,400	26,679,756
Musharaka arrangements		2,500,000	6,170,000
		89,713,400	56,585,768

9.1 Call money lendings carry mark-up rate ranging from 5.40% to 22.00% (2022: 4.40% to 14.50%) per annum and are due to mature latest by January 05, 2024.

9.2 Repurchase agreement lendings carry mark-up rate of 22.00% (2022: 16.00% to 16.55%) per annum and are due to mature latest by January 12, 2024.

9.3 This represents Musharaka placements with various financial institutions carrying average profit rate of 22.15% per annum (2022: 16.05% per annum) and due to mature latest by January 04, 2024.

		2023 (Rupees in '000)	2022
9.4 Particulars of lending			
In local currency		27,203,733	32,849,756
In foreign currencies		62,509,667	23,736,012
		89,713,400	56,585,768

Notes To The Consolidated Financial Statements

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	2023			2022		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	(Rupees in '000)					
9.5 Securities held as collateral against lendings to financial institutions						
Pakistan Investment Bonds	21,499,400	-	21,499,400	-	-	-
Market Treasury Bills	-	-	-	26,679,756	-	26,679,756
	21,499,400	-	21,499,400	26,679,756	-	26,679,756

10. INVESTMENTS

10.1 Investments by type:

	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)							
Held-for-trading securities								
Shares and units	292,517	-	(7,644)	284,873	-	-	-	-
Federal Government Securities	2,202,756	-	4,606	2,207,362	-	-	-	-
	2,495,273	-	(3,038)	2,492,235	-	-	-	-
Available-for-sale securities								
Federal Government Securities	1,257,348,552	(414,772)	(28,348,868)	1,228,584,912	1,001,440,422	(134,427)	(32,886,502)	968,419,493
Shares and units	30,782,860	(10,025,047)	5,773,217	26,531,030	28,327,743	(9,618,325)	(721,393)	17,988,025
Non Government Debt Securities	3,723,840	-	(9,560)	3,714,280	3,723,840	-	5,782	3,729,622
Foreign Securities	43,970,571	(1,740)	93,789	44,062,620	4,134,882	(1,232)	(15,965)	4,117,685
	1,335,825,823	(10,441,559)	(22,491,422)	1,302,892,842	1,037,626,887	(9,753,984)	(33,618,078)	994,254,825
Held-to-maturity securities								
Federal Government Securities	51,005,261	(260,316)	-	50,744,945	32,670,061	(98,464)	-	32,571,597
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,869,357	(477,541)	-	8,391,816	8,032,203	(477,541)	-	7,554,662
	59,874,736	(737,975)	-	59,136,761	40,702,382	(576,123)	-	40,126,259
Associates	7,821,877	-	-	7,821,877	6,507,975	-	-	6,507,975
Total Investments	1,406,017,709	(11,179,534)	(22,494,460)	1,372,343,715	1,084,837,244	(10,330,107)	(33,618,078)	1,040,889,059

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

10.2 Investments by segments:

Note	2023				2022				
	Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	
(Rupees in '000)									
Federal Government Securities									
Market Treasury Bills	355,032,845	-	(991,851)	354,040,994	131,583,990	-	(698,933)	130,885,057	
Pakistan Investment Bonds	808,552,948	-	(27,063,006)	781,499,942	817,629,996	-	(29,326,723)	788,303,273	
Sukuks bonds	130,852,296	-	928,616	131,780,912	71,981,530	-	(142,464)	71,839,066	
Islamic Naya Pakistan Certificates	5,699,494	-	-	5,699,494	4,801,864	-	-	4,801,864	
Euro Bonds	10,418,986	(675,088)	(1,228,021)	8,515,877	8,113,103	(232,891)	(2,718,382)	5,161,830	
	1,310,556,569	(675,088)	(28,344,262)	1,281,537,219	1,034,110,483	(232,891)	(32,886,502)	1,000,991,090	
Provincial Government Securities									
	118	(118)	-	-	118	(118)	-	-	
Shares and units									
Listed Companies	29,446,306	(9,821,022)	5,765,573	25,390,857	26,698,672	(9,431,098)	(721,393)	16,546,181	
Unlisted Companies	1,629,071	(204,025)	-	1,425,046	1,629,071	(187,227)	-	1,441,844	
	31,075,377	(10,025,047)	5,765,573	26,815,903	28,327,743	(9,618,325)	(721,393)	17,988,025	
Non Government Debt Securities									
Listed	2,472,490	-	(2,950)	2,469,540	4,570,731	-	5,782	4,576,513	
Unlisted	10,120,707	(477,541)	(6,610)	9,636,556	7,185,312	(477,541)	-	6,707,771	
	12,593,197	(477,541)	(9,560)	12,106,096	11,756,043	(477,541)	5,782	11,284,284	
Foreign Securities									
Government securities	43,963,271	-	93,789	44,057,060	4,128,352	-	(15,965)	4,112,387	
Unlisted equity securities	7,300	(1,740)	-	5,560	6,530	(1,232)	-	5,298	
	43,970,571	(1,740)	93,789	44,062,620	4,134,882	(1,232)	(15,965)	4,117,685	
Associates									
- Adamjee Insurance Company Limited	10.10	6,578,813	-	-	6,578,813	5,393,123	-	-	5,393,123
- Euronet Pakistan (Private) Limited	10.11	8,361	-	-	8,361	9,356	-	-	9,356
- Funds under Management of MCBIM	10.12	1,234,703	-	-	1,234,703	1,105,496	-	-	1,105,496
		7,821,877	-	-	7,821,877	6,507,975	-	-	6,507,975
Total Investments	1,406,017,709	(11,179,534)	(22,494,460)	1,372,343,715	1,084,837,244	(10,330,107)	(33,618,078)	1,040,889,059	

2023 **2022**
(Rupees in '000)

10.2.1 Investments given as collateral

- Market Treasury Bills	30,763,692	32,722,107
- Pakistan Investment Bonds	75,842,086	191,811,500
	106,605,778	224,533,607

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

10.3 Provision for diminution in value of investments

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
10.3.1 Opening balance		10,330,107	10,921,647
Exchange and other adjustments		54,762	27,649
Charge / (reversals)			
Charge for the year		1,744,532	2,483,239
Reversals for the year		–	–
Reversal on disposals		(949,867)	(3,102,428)
		794,665	(619,189)
Amounts written off		–	–
Closing balance	10.3.3	11,179,534	10,330,107

10.3.2 Particulars of provision against debt securities

Category of classification

	2023		2022	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.3.3 This includes a general provision of Rs. 675.088 million (December 31, 2022: Rs. 232.891 million) held by overseas branches in accordance with the requirements of IFRS 9.

10.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows;

	2023	2022
	Cost	
	(Rupees in '000)	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	354,826,708	131,583,990
Pakistan Investment Bonds	797,185,004	804,899,596
Euro Bonds	6,998,599	5,365,822
Sukuk Bonds	92,638,747	54,789,150
Islamic Naya Pakistan Certificates	5,699,494	4,801,864
	1,257,348,552	1,001,440,422

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Listed Companies and mutual funds		
Automobile Assembler	1,908,574	1,456,200
Automobile Parts and Accessories	211,460	211,460
Cable and Electrical Goods	112,781	13,412
Cement	1,760,294	1,832,837
Chemical	508,654	508,654
Close end Mutual Fund	1,187,116	1,186,851
Commercial Banks	3,118,505	4,539,180
Engineering	1,186,104	1,186,104
Fertilizer	2,439,736	2,305,197
Food and Personal Care Products	1,660,440	1,417,443
Glass and Ceramics	340,673	-
Insurance	775,120	775,120
Investment Banks / Investment Companies / Securities Companies	585,624	585,624
NIT Units	5,253	5,253
Oil and Gas Exploration Companies	4,881,407	3,552,340
Oil and Gas Marketing Companies	1,205,609	294,292
Open End Mutual Fund	96,361	96,361
Paper and Board	562,738	562,738
Pharmaceuticals	1,167,763	1,020,578
Power Generation and Distribution	3,230,659	3,191,306
Technology and Communication	2,039,576	1,737,566
Textile composite	153,173	203,987
Textile spinning	16,169	16,169
	29,153,789	26,698,672

2023

2022

Cost	Breakup value	Cost	Breakup value
(Rupees in '000)			

Unlisted Companies				
Central Depository Company Limited	184,426	971,642	184,426	929,121
First Capital Investment Private Limited	2,500	2,631	2,500	2,633
First Women Bank Limited	63,300	213,452	63,300	215,838
ISE Towers REIT Management Company Limited	30,346	124,529	30,346	105,977
National Investment Trust Limited	1,027,651	1,400,552	1,027,651	1,820,462
National Institutional Facilitation Technologies	1,527	52,914	1,527	44,622
Pak Agro Storage And Service Corporation	2,500	1,614,513	2,500	1,614,513
1 Link Private Limited	50,000	733,213	50,000	428,290
Naymat Collateral Management Company	29,286	6,858	29,286	13,824
Pakistan Corporate Restructuring Company	51,396	30,939	51,396	40,771
Arabian Sea Country Club*	5,000	-	5,000	-
SME Bank Limited*	10,106	-	10,106	-
Al-Ameen Textile Mills Limited*	197	-	197	-
Custodian Management Services*	1,000	-	1,000	-
Galaxy Textile Mills Limited*	30,177	-	30,177	-
Pakistan Textile City Private Limited*	50,000	-	50,000	-
Ayaz Textile Mills Limited*	2,253	-	2,253	-
Musarrat Textile Mills Limited*	36,045	-	36,045	-
Sadiqabad Textile Mills Limited*	26,361	-	26,361	-
Pak Elektron Limited - Preference shares	25,000	25,000	25,000	25,000
	1,629,071	5,176,243	1,629,071	5,241,051

*These investments are fully provided.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	1,333,840	1,333,840
- A+, A, A-	200,000	200,000
	1,533,840	1,533,840
Unlisted		
AAA - AA+, AA, AA-	2,090,000	2,090,000
- AA+, AA, AA-,A	100,000	100,000
	2,190,000	2,190,000

	2023		2022	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Foreign Securities				
Government Securities				
- United States of America	3,227,054	AA+	-	
- United Arab Emirates	29,544,714	AA	-	
- Sri Lanka	11,191,503	*CCC+	4,128,352	*CC

* Local currency rating as the Bank has Nil investment in Foreign Currency Bonds.

	2023	2022
	Cost	
	(Rupees in '000)	
Equity Securities		
Unlisted Equity Securities		
Lanka Clear (Private) Limited	870	616
Credit Information Bureau of Sri Lanka	26	19
Lanka Financial Services Bureau Limited	1,741	1,232
Society for Worldwide Inter Fund Transfer (SWIFT)	4,663	4,663
	7,300	6,530
10.5 Particulars relating to Held to Maturity securities are as follows:		
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	11,367,944	12,730,400
Euro Bonds	3,420,387	2,747,281
Ijarah Sukuks	36,216,930	17,192,380
	51,005,261	32,670,061
Federal Government Securities - Government guaranteed	118	118

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	Cost	
	(Rupees in '000)	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	888,800	889,040
- Unrated	49,851	49,851
	938,651	938,891
Unlisted		
- AAA	3,896,980	3,897,700
- AA+, AA, AA-	1,698,970	1,700,705
- A+, A, A-	1,507,215	667,366
- BB+, BB, BB-	350,000	350,000
- Unrated	477,541	477,541
	7,930,706	7,093,312

- 10.5.1** The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 57,593.750 million (December 31, 2022: Rs. 36,974.244 million).
- 10.6** "Available for sale" Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.
- 10.7** Investments include Pakistan Investment Bonds amounting to Rs. 67.9 million (2022: Rs. 67.9 million) earmarked by the SBP against TT discounting facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (2022: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account and Pakistan Investment Bonds amounting to Rs. 200 million (2022: Rs. 200 million) have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) on account of removal of irrevocable undertaking as alternate option for collateral against participant's exposure in stock market.
- 10.8** Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.
- 10.9** During the year, the Holding company incorporated MCB Exchange Company (Private) Limited, a wholly owned subsidiary, with an authorized share capital of Rs 1.0 billion. The Holding company will inject the share capital subsequent to the year end. The commercial operation of the said subsidiary will commence after issuance of license for commencement of operations by the State Bank of Pakistan.
- 10.10** Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2023 amounted to Rs. 2,391.900 million. (2022: Rs. 1,971.900 million).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2022: 20%)

Note	2023 (Rupees in '000)	2022
Opening balance	5,393,123	5,240,911
Share of profit for the year before tax	912,280	700,164
Dividend from associate	(210,000)	(210,000)
Share of tax	(425,830)	(163,131)
	276,450	327,033
Share of other comprehensive income / (loss) 10.10.1	909,240	(174,821)
Closing balance	6,578,813	5,393,123
10.10.1 Share of other comprehensive income / (loss)		
Share of unrealized surplus / (deficit) on assets - net of tax	787,716	(325,822)
Share of exchange translation reserve of associate	121,524	151,001
	909,240	(174,821)

- 10.11** Investment of the Group in Euronet Pakistan (Private) Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

Investment in Euronet Pakistan (Private) Limited under equity method - holding 30% (2022: 30.00%)

	2023 (Rupees in '000)	2022
Opening balance	9,356	42,371
Share of profit / (loss) for the year before tax	20,401	(28,933)
Share of tax	(21,396)	(4,082)
	(995)	(33,015)
Closing balance	8,361	9,356

10.12 Investment in units of funds under management of MCB Investment Management Limited (Formely: MCB Arif Habib Savings and Investments Limited)

During the current year, MCB Investment Management Limited (Formely: MCB Arif Habib Savings and Investments Limited), a subsidiary of the Bank has reclassified its investments in units of funds under its management from financial assets at fair value through profit or loss to investment in associates. The reclassification has no impact on the total amount of investments reflected in the statement of financial position, the earnings per share, the statement of comprehensive income and the statement of changes in equity.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
Investment at the beginning the year	1,105,496	1,242,630
Investment / (redemptions) during the year-net	(267,428)	(143,124)
Share of profit for the year	415,827	14,657
Dividend Income	(19,192)	(8,667)
	129,207	(137,134)
Closing balance	1,234,703	1,105,496

10.13 Summarized financial information of associates

Name	Country of incorporation	% of interest held	Revenue	Profit/ (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
(Rupees in '000)							
2023							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014	1,526,982
Adamjee Insurance Company Limited (unaudited based on September 30, 2023)	Pakistan	20%	31,207,110	2,167,872	4,467,753	168,919,609	139,946,503
2022							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2022)	Pakistan	30%	898,423	(123,247)	(123,247)	989,942	958,753
Adamjee Insurance Company Limited (unaudited based on September 30, 2022)	Pakistan	20%	26,802,182	1,330,355	649,050	137,855,092	111,961,733

11. ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	2023	2022	2023	2022
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		550,702,472	736,691,310	53,000,544	50,204,881	603,703,016	786,896,191
Islamic financing and related assets	11.2	88,677,808	89,208,021	1,957,808	1,678,791	90,635,616	90,886,812
Bills discounted and purchased		21,305,091	10,908,660	882,051	1,055,302	22,187,142	11,963,962
Advances - gross		660,685,371	836,807,991	55,840,403	52,938,974	716,525,774	889,746,965
Provision against advances							
- Specific		-	-	(42,682,380)	(42,122,972)	(42,682,380)	(42,122,972)
- General	11.5.4	(3,169,899)	(2,638,230)	-	-	(3,169,899)	(2,638,230)
		(3,169,899)	(2,638,230)	(42,682,380)	(42,122,972)	(45,852,279)	(44,761,202)
Advances - net of provision		657,515,472	834,169,761	13,158,023	10,816,002	670,673,495	844,985,763

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

11.1 Includes net investment in finance lease as disclosed below:

	2023			2022				
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	3,151,494	7,121,109	604,207	10,876,810	2,578,128	4,263,753	676,596	7,518,477
Residual value	649,871	1,736,009	14,698	2,400,578	35,800	833,077	50,333	919,210
Minimum lease payments	3,801,365	8,857,118	618,905	13,277,388	2,613,928	5,096,830	726,929	8,437,687
Financial charges for future periods	(521,170)	(1,956,232)	(396,704)	(2,874,106)	(332,027)	(996,285)	(410,737)	(1,739,049)
Present value of minimum lease payments	3,280,195	6,900,886	222,201	10,403,282	2,281,901	4,100,545	316,192	6,698,638

11.2 Islamic Financing And Related Assets - Net

	Performing		Non Performing		Total	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Murabaha	12,202,918	10,019,296	46,550	1,283	12,249,468	10,020,579
Istisna	4,613,657	3,669,842	177,761	-	4,791,418	3,669,842
Salam	38,042	-	-	-	38,042	-
Ijarah	1,804,112	1,764,790	973	1,676	1,805,085	1,766,466
Running Musharaka	45,626,287	44,824,547	-	-	45,626,287	44,824,547
Diminishing Musharaka	22,491,209	27,436,009	1,732,524	1,675,832	24,223,733	29,111,841
Staff finance	1,901,583	1,493,537	-	-	1,901,583	1,493,537
	88,677,808	89,208,021	1,957,808	1,678,791	90,635,616	90,886,812
Less: Provision against non-performing Islamic financing and related assets						
- Specific	-	-	(745,250)	(175,194)	(745,250)	(175,194)
- General	(542,951)	(409,909)	-	-	(542,951)	(409,909)
	(542,951)	(409,909)	(745,250)	(175,194)	(1,288,201)	(585,103)
Islamic financing and related assets - net of provisions	88,134,857	88,798,112	1,212,558	1,503,597	89,347,415	90,301,709

2023 **2022**
(Rupees in '000)

11.3 Particulars of advances (Gross)

In local currency	636,444,276	844,651,460
In foreign currencies	80,081,498	45,095,505
	716,525,774	889,746,965

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

- 11.4** Advances include Rs. 55,840.403 million (2022: Rs. 52,938.974 million) which have been placed under the non-performing status as detailed below:

Note	2023		2022	
	Non performing Loans	Provision	Non performing Loans	Provision
(Rupees in '000)				
Category of Classification				
Domestic				
Other Assets Especially Mentioned 11.4.1	1,517,142	1,684	1,465,104	1,535
Substandard	1,056,913	52,169	1,326,934	172,053
Doubtful	382,282	114,909	139,735	69,867
Loss	38,135,498	36,780,475	38,151,508	37,281,168
	41,091,835	36,949,237	41,083,281	37,524,623
Overseas				
Not past due but impaired	–	–	–	–
Overdue by:				
Upto 90 days	2,902	726	434,904	218,623
91 to 180 days	24,898	6,225	16,035	4,573
181 to 365 days	1,297	1,297	134	67
> 365 days	14,719,471	5,724,895	11,404,620	4,375,086
	14,748,568	5,733,143	11,855,693	4,598,349
Total	55,840,403	42,682,380	52,938,974	42,122,972

- 11.4.1** This includes non-performing portfolio of agricultural financing, small enterprise financing and infrastructure project financing classified as “Other Assets Especially Mentioned” as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.

11.5 Particulars of provision against advances

Note	2023			2022		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	42,122,972	2,638,230	44,761,202	44,281,189	1,771,000	46,052,189
Exchange adjustments	1,230,321	237,236	1,467,557	711,262	144	711,406
Charge for the year 11.5.4	3,685,905	531,609	4,217,514	1,108,144	928,004	2,036,148
Reversals	(3,576,979)	(237,176)	(3,814,155)	(3,898,555)	(60,918)	(3,959,473)
	108,926	294,433	403,359	(2,790,411)	867,086	(1,923,325)
Amounts written off 11.6	(779,839)	–	(779,839)	(79,068)	–	(79,068)
Closing balance	42,682,380	3,169,899	45,852,279	42,122,972	2,638,230	44,761,202

11.5.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	36,690,540	1,912,744	38,603,284	37,130,950	1,947,552	39,078,502
In foreign currencies	5,991,840	1,257,155	7,248,995	4,992,022	690,678	5,682,700
	42,682,380	3,169,899	45,852,279	42,122,972	2,638,230	44,761,202

Notes To The Consolidated Financial Statements

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- 11.5.2** State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 967.863 million (December 31, 2022: Rs. 555.936 million) in determining the provisioning against non-performing Islamic financing and related assets as at December 31, 2023. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 493.610 million as at December 31, 2023 (December 31, 2022: Rs. 283.527 million) is not available for payment of cash or stock dividends to shareholders.
- 11.5.3** This includes reversal of provisions and reduction of non-performing loans amounting to Nil (2022: Nil) balance as a result of settlement on debt asset swap arrangement with customers.
- 11.5.4** The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Group also maintains a general provision against gross advances on a prudent basis.

	Note	2023 (Rupees in '000)	2022
11.6	Particulars of write offs:		
11.6.1	Against Provisions	779,839	79,068
	Directly charged to Profit & Loss account	–	680
		779,839	79,748
11.6.2	Write Offs of Rs. 500,000 and above		
	- Domestic	778,860	74,068
	- Overseas	–	–
	Write Offs of below Rs. 500,000	979	5,680
		779,839	79,748

11.7 **Details of loan write off of Rs. 500,000/- and above**

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given at Annexure I of the unconsolidated financial statements. However, this write off does not affect the Bank's right to recover the debts from these customers.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
12. FIXED ASSETS			
Capital work-in-progress	12.1	2,191,569	1,296,860
Property and equipment	12.2	78,545,100	75,935,987
Right-of-use assets	12.3	8,001,881	7,788,318
		88,738,550	85,021,165
12.1 Capital work-in-progress			
Civil works		1,348,446	929,384
Equipment		101,966	152,024
Advances to suppliers		736,548	212,007
Others		4,609	3,445
		2,191,569	1,296,860

12.2 Property and Equipment

	2023								Total
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	
	(Rupees in '000)								
At January 01, 2023									
Cost / Revalued amount	42,683,420	4,173,285	18,891,493	996,555	2,526,658	19,854,494	1,408,796	2,469,324	93,004,025
Accumulated depreciation	-	-	-	-	(1,509,751)	(13,610,484)	(812,786)	(1,127,732)	(17,060,753)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
Year ended December 31, 2023									
Opening net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
Additions	821,010	4,923	618,983	4,860	281,140	3,739,577	749,337	1,002,112	7,221,942
Transfer from Non-Banking assets	430,000	-	55,014	-	-	-	-	-	485,014
Disposals	(1,699,346)	-	(15,607)	-	(2,864)	(11,167)	(36,270)	(19)	(1,765,273)
Depreciation charge	-	-	(660,548)	(42,779)	(200,067)	(1,963,052)	(171,095)	(430,640)	(3,468,181)
Exchange rate adjustments	-	-	54,244	5,756	11,150	40,006	10,697	13,758	135,611
Transfers	2,312	(2,312)	-	-	(92)	194	-	(102)	-
Closing net book value	42,237,396	4,175,896	18,943,579	964,392	1,105,448	8,049,568	1,148,679	1,920,142	78,545,100
At December 31, 2023									
Cost / Revalued amount	42,237,396	4,175,896	19,604,451	1,007,171	2,796,007	22,664,048	2,041,514	3,434,395	97,960,878
Accumulated depreciation	-	-	(660,872)	(42,779)	(1,689,833)	(14,614,480)	(892,835)	(1,507,694)	(19,408,493)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	42,237,396	4,175,896	18,943,579	964,392	1,105,448	8,049,568	1,148,679	1,920,142	78,545,100
Rate of depreciation / estimated useful life	-	-	2.50%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-

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For the year ended December 31, 2023

	2022								
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2022									
Cost / Revalued amount	27,181,381	2,902,388	15,835,783	835,142	2,361,270	18,013,550	1,243,942	2,204,571	70,578,027
Accumulated depreciation	-	-	(1,025,996)	(64,876)	(1,405,688)	(12,924,579)	(737,107)	(939,663)	(17,097,909)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	27,181,381	2,902,388	14,809,787	770,266	954,856	5,088,971	506,835	1,258,349	53,472,833
Year ended December 31, 2022									
Opening net book value	27,181,381	2,902,388	14,809,787	770,266	954,856	5,088,971	506,835	1,258,349	53,472,833
Additions	363,018	-	603,638	2,415	246,656	2,749,547	223,294	373,349	4,561,917
Movement in surplus on assets revalued during the year	15,318,328	1,270,897	4,124,524	253,682	-	-	-	-	20,967,431
Disposal	(179,307)	-	(59,687)	-	(3,591)	(9,141)	(15,618)	(28)	(267,372)
Write offs	-	-	-	-	(134)	(1,041)	(568)	-	(1,743)
Depreciation charge	-	-	(551,838)	(36,212)	(184,245)	(1,583,571)	(117,349)	(308,376)	(2,781,591)
Exchange rate adjustments	-	-	(34,931)	6,404	3,791	(1,907)	(584)	11,739	(15,488)
Transfers	-	-	-	-	(1,152)	1,152	-	-	-
Closing net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
At December 31, 2022									
Cost / Revalued amount	42,683,420	4,173,285	18,891,493	996,555	2,526,658	19,854,494	1,408,796	2,469,324	93,004,025
Accumulated depreciation	-	-	-	-	(1,509,751)	(13,610,484)	(812,786)	(1,127,732)	(17,060,753)
Accumulated Impairment	-	-	-	-	(726)	-	-	(6,559)	(7,285)
Net book value	42,683,420	4,173,285	18,891,493	996,555	1,016,181	6,244,010	596,010	1,335,033	75,935,987
Rate of depreciation / estimated useful life	-	-	2.50%-5.0%	2.50%-5.0%	10%	10%-25%	20%	Lease term	-

12.2.1 Leasehold land includes a plot of land measuring 3,120.46 square yards having book value of Rs. 1,721.170 million situated at Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession of an insignificant area of only 18 square feet of the plot, however there is no dispute over the title of the subject property that would impact the right of the Group. Both the Constitutional Petitions filed by the Group have been dismissed by the Sindh High Court on January 28, 2016 against the Group. The Group has filed an appeal before the Supreme Court of Pakistan.

12.2.2 The land and buildings of the Group were revalued as at December 31, 2022 by independent valuers (Pee Dee & Associates, J&M Associates, Tristar International Consultant (Pvt) Limited, Design Crafts, Ahmad Associates, Materials & Designs Services (Pvt) Limited and Dharmaratne Holdings (Pvt) Limited), valuation and engineering consultants, on the basis of market value. The total surplus against revaluation of fixed assets as at December 31, 2023 amounts to Rs. 40,183.217 million (2022: Rs. 41,372.828 million).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

12.2.3 Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at the reporting dates would have been as follows:

	2023	2022
	(Rupees in '000)	
Freehold land	11,746,002	11,296,400
Leasehold land	2,334,051	2,331,440
Building on Freehold land	11,694,435	11,366,180
Building on Leasehold land	653,238	667,585

12.2.4 The gross carrying amount (cost) of fully depreciated assets that are still in use are as follows:

	2023	2022
	(Rupees in '000)	
Furniture and fixtures	725,778	659,449
Electrical, office and computer equipment	8,228,354	8,164,529
Vehicles	702,018	677,698
Leasehold Improvements	275,439	220,564

12.2.5 Carrying amount of temporarily idle property of the Group is Rs. 609.802 million (2022: Rs. 564.469 million)

12.2.6 The information relating to disposal of operating fixed assets to related parties is given in Annexure I of these consolidated financial statements.

12.3 Movement in right-of-use assets is as follows:

	Note	2023	2022
		(Rupees in '000)	
Opening balance		7,788,318	7,950,167
Additions / adjustments	12.3.1	2,466,067	1,819,310
Derecognition		(173,181)	(146,423)
Depreciation charge	31	(2,079,323)	(1,834,736)
Closing Net Book Value		8,001,881	7,788,318

12.3.1 This includes impact of lease modifications pertaining to change in consideration of the lease(s), increase in scope of the lease(s) due to an extension in contractual lease terms and termination of existing lease(s) due to relocation of branches to new premises.

	Note	2023	2022
		(Rupees in '000)	
13. INTANGIBLE ASSETS			
Capital work-in-progress		615,465	276,070
Goodwill		82,127	82,127
Management rights		192,000	192,000
Computer software	13.1	969,440	1,132,474
		1,859,032	1,682,671

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	(Rupees in '000)	
	Computer software	
13.1 At January 01		
Cost	6,250,026	5,687,650
Accumulated amortisation and impairment	(5,117,552)	(4,592,320)
Net Book Value	1,132,474	1,095,330
Year ended December 31		
Opening net book value	1,132,474	1,095,330
Additions	390,033	609,106
Amortisation charge	(560,040)	(566,633)
Exchange rate adjustments	6,973	(5,329)
Closing Net Book Value	969,440	1,132,474
At December 31		
Cost	6,722,875	6,250,026
Accumulated amortisation and impairment	(5,753,435)	(5,117,552)
Net Book Value	969,440	1,132,474
Rate of amortisation	14.29% to 33.33%	14.29% to 33.33%
Useful life	3 - 7 years	3 - 7 years

13.2 The gross carrying amount (cost) of fully amortised intangible assets that are still in use is Rs. 4,101.856 million (2022: Rs. 3,769.790 million).

	Note	2023	2022
		(Rupees in '000)	
14. OTHER ASSETS			
Income / mark-up accrued in local currency		71,559,030	46,063,081
Income / mark-up accrued in foreign currencies		503,365	322,475
Advances, deposits, advance rent and other prepayments		5,429,263	4,596,339
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims	14.1	1,637,884	2,025,354
Branch adjustment account		-	114,461
Mark to market gain on forward foreign exchange contracts		2,596,164	1,639,308
Unrealized gain on derivative financial instruments	25	73,852	778,441
Acceptances	20	42,551,113	27,938,800
Receivable from the pension fund	38.4	7,428,142	2,768,142
Clearing and settlement accounts		27,296,155	14,417,909
Receivable from the Government of Pakistan	14.3	67,187,000	-
Claims receivable against fraud and forgeries		607,980	587,468
Others		4,463,918	4,098,478
		231,467,675	105,484,065
Less: Provision held against other assets	14.2	3,370,145	3,066,275
Other Assets (net of provision)		228,097,530	102,417,790
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		606,805	873,647
Other Assets - total		228,704,335	103,291,437

Notes To The Consolidated Financial Statements

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		2023	2022
		(Rupees in '000)	
14.1	Market value of Non-banking assets acquired in satisfaction of claims	2,156,606	2,804,844

Non-banking assets acquired in satisfaction of claims of the Group are revalued as at December 31, 2023 by independent valuers (Pee Dee & Associates, Oriental Engineering Services, ARCH-e-decon, K.G. Traders and Ahmad Associates) on the basis of market value.

	Note	2023	2022
		(Rupees in '000)	
14.1.1	Non-banking assets acquired in satisfaction of claims		
	Opening balance	2,804,844	2,785,535
	Revaluation	(10,196)	194,765
	Disposals	(135,224)	(146,683)
	Depreciation	(23,878)	(23,389)
	Reversal / (charge) of impairment	6,074	(5,384)
	Transfer to fixed assets	(485,014)	-
	Closing balance	2,156,606	2,804,844
14.1.2	Gain on disposal of non-banking assets acquired in satisfaction of claims		
	Disposal proceeds	132,000	153,500
	Less		
	- Revalued amounts	135,224	146,888
	- Accumulated depreciation	-	(205)
		135,224	146,683
	(Loss) / gain	(3,224)	6,817
14.2	Provision held against other assets		
	Non banking assets acquired in satisfaction of claims	88,083	94,157
	Claims receivable against fraud and forgeries	607,980	587,468
	Others	2,674,082	2,384,650
		3,370,145	3,066,275
14.2.1	Movement in provision held against other assets		
	Opening balance	3,066,275	2,709,281
	Charge for the year	36,184	109,887
	Reversals	(8,080)	(1,755)
		28,104	108,132
	Amount written off	(2,062)	(1,193)
	Exchange and other adjustments	277,828	250,055
	Closing balance	3,370,145	3,066,275
14.3	This represents principal amount receivable from the Government of Pakistan against floating rate Pakistan Investment Bonds which had matured on December 30, 2023.		

Notes To The Consolidated Financial Statements

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15. CONTINGENT ASSETS

There were no contingent assets of the Group as at December 31, 2023 (2022: Nil).

	Note	2023 (Rupees in '000)	2022
16. BILLS PAYABLE			
In Pakistan		27,008,158	42,816,529
Outside Pakistan		263,226	57,837
		27,271,384	42,874,366
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	17.1	51,576,669	49,551,963
Under Long Term Financing Facility	17.2	21,441,512	25,102,717
Under Renewable Energy Performance Platform	17.3	2,445,557	2,568,874
Under Refinance Scheme for Payment of Wages & Salaries	17.4	–	790,403
Under Temporary Economic Refinance Facility	17.5	42,326,816	44,107,566
Under Refinance Facility for combating COVID-19	17.6	–	32,540
Under Financing Facility for Storage of Agricultural Produce	17.7	239,697	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	17.8	6,272	4,082
		118,036,523	122,270,007
Repurchase agreement borrowings	17.9	106,366,325	227,700,898
Total secured		224,402,848	349,970,905
Unsecured			
Call borrowings		1,000,000	–
Borrowings from other financial institution		2,314,827	1,114,808
Overdrawn nostro accounts		1,019,866	807,465
Musharaka Arrangements	17.10	6,764,653	3,961,146
Others		162,286	162,286
Total unsecured		11,261,632	6,045,705
	17.11	235,664,480	356,016,610

17.1 The Group has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within six months from the deal date. These carry mark up rate ranging from 1.0% to 19.0% per annum (2022: 1.0% to 10.0% per annum).

17.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.0% to 19.0% per annum (2022: 2.0% to 8.0 % per annum).

Notes To The Consolidated Financial Statements

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- 17.3** These borrowings have been obtained from the SBP for providing financing facilities to customers against renewable energy projects. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a maximum period of twelve years with two years of maximum grace period from date of disbursement. These carry mark up rate of 2.0% per annum (2022: 2.0% per annum).
- 17.4** These borrowings are obtained from the SBP for providing financing facilities to help businesses in payment of wages and salaries to their workers and employees for supporting continued employment. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP.
- 17.5** These borrowings have been obtained from the SBP for providing concessionary refinancing facility to the industry for purchase of new imported and locally manufactured plant & machinery to set up new projects. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period of 10 years including a grace period of upto 2 years. These carry mark up rate of 1.0% per annum (2022: 1.0% per annum).
- 17.6** These borrowings are obtained from the SBP under a scheme to provide combat the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP.
- 17.7** These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.5% to 3.5% per annum (2022: 2.5% to 3.5% per annum).
- 17.8** These borrowings have been obtained from SBP under "Refinance and Credit Guarantee Scheme for Women Entrepreneurs" to finance women entrepreneurs for setting up of new business enterprises and for expansion of existing ones. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period of 5 years. These carry mark-up ranging from 0% to 2.0% per annum (2022: 0% to 2.0% per annum).
- 17.9** These carry mark-up rates ranging from 9.60% to 22.75% per annum (2022: 15.23% to 16.50% per annum) and are secured against government securities of carrying value of Rs. 106,605.778 million (2022: Rs. 224,533.607 million). These are repayable latest by January 2024.
- 17.10** This includes Musharaka arrangements with banks carrying profit at expected rates ranging from 14.00% to 22.90% per annum (2022: 9.25% to 16.35% per annum) and having maturity till June 17, 2025.

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	2023	2022
	(Rupees in '000)	
17.11 Particulars of borrowings with respect to currencies		
In local currency	230,601,468	354,088,115
In foreign currencies	5,063,012	1,928,495
	235,664,480	356,016,610

18. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	689,410,951	165,889,903	855,300,854	589,526,117	73,439,252	662,965,369
Savings deposits	888,371,233	44,118,221	932,489,454	647,540,901	40,288,897	687,829,798
Term deposits	70,574,277	22,114,167	92,688,444	78,969,210	13,097,592	92,066,802
Others	52,203,271	4,930,851	57,134,122	38,584,482	5,827,480	44,411,962
	1,700,559,732	237,053,142	1,937,612,874	1,354,620,710	132,653,221	1,487,273,931
Financial Institutions						
Current deposits	17,749,339	3,717,505	21,466,844	19,798,048	1,036,279	20,834,327
Savings deposits	32,272,124	488,590	32,760,714	16,052,784	94,549	16,147,333
Term deposits	10,666,897	7,216,607	17,883,504	4,197,968	2,299,049	6,497,017
Others	-	104,683	104,683	-	1,943,353	1,943,353
	60,688,360	11,527,385	72,215,745	40,048,800	5,373,230	45,422,030
	1,761,248,092	248,580,527	2,009,828,619	1,394,669,510	138,026,451	1,532,695,961

	2023	2022
	(Rupees in '000)	
18.1 Composition of deposits		
- Individuals	1,236,382,105	1,055,530,159
- Government (Federal and Provincial)	94,971,302	71,832,810
- Public Sector Entities	55,402,625	30,932,498
- Banking Companies	7,479,876	7,003,251
- Non-Banking Financial Institutions	64,735,869	38,418,779
- Private Sector	550,856,842	328,978,464
	2,009,828,619	1,532,695,961

18.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs. 1,362,540.387 million (2022: Rs. 1,142,439.427 million).

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For the year ended December 31, 2023

19. DEFERRED TAX LIABILITY / (ASSET) - NET

		2023			
Note	As January 01, 2023	Recognized in P&L A/C	Recognized in OCI	At December 31, 2023	
(Rupees in '000)					
Taxable Temporary differences on					
- Surplus on revaluation of fixed assets	23.1	3,377,341	(147,432)	474,635	3,704,544
- Surplus on revaluation of Non-banking assets	23.2	375,669	(23,665)	(54,670)	297,334
- Accelerated tax depreciation		2,795,861	882,801	-	3,678,662
- Receivable from pension fund		1,190,300	625,525	1,823,964	3,639,789
- Business combination		705,218	-	-	705,218
- Investments in associated undertaking		2,040,453	373,428	492,275	2,906,156
		10,484,842	1,710,657	2,736,204	14,931,703
Deductible Temporary differences on					
- Provision against advances		(1,426,401)	1,222,195	-	(204,206)
- Deficit on revaluation of investments		(14,455,774)	-	3,434,976	(11,020,798)
- Minimum Tax and WWF	23	(41,945)	(112,433)	-	(154,378)
		(15,924,120)	1,109,762	3,434,976	(11,379,382)
		(5,439,278)	2,820,419	6,171,180	3,552,321
		2022			
Note	As January 01, 2022	Recognized in P&L A/C	Recognized in OCI	At December 31, 2022	
(Rupees in '000)					
Taxable Temporary Differences on					
- Surplus on revaluation of fixed assets	23.1	1,413,266	(63,504)	2,027,579	3,377,341
- Surplus on revaluation of non-banking assets	23.2	274,315	(10,532)	111,886	375,669
- Accelerated tax depreciation		2,297,390	498,471	-	2,795,861
- Receivable from pension fund		1,255,185	427,287	(492,172)	1,190,300
- Business combination		705,218	-	-	705,218
- Investments in associated undertaking		1,791,281	286,187	(37,015)	2,040,453
		7,736,655	1,137,909	1,610,278	10,484,842
Deductible Temporary Differences on					
- Tax losses carried forward		(594,182)	594,182	-	-
- Provision against advances		(2,008,135)	581,734	-	(1,426,401)
- Deficit on revaluation of investments		(3,066,316)	-	(11,389,458)	(14,455,774)
- Minimum Tax and WWF		(489,240)	447,295	-	(41,945)
		(6,157,873)	1,623,211	(11,389,458)	(15,924,120)
		1,578,782	2,761,120	(9,779,180)	(5,439,278)

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		7,032,232	34,829,337
Mark-up / return / interest payable in foreign currencies		579,109	214,329
Unearned commission and income on bills discounted		2,119,095	1,313,520
Accrued expenses		9,446,800	7,840,303
Provision for taxation (provisions less payments)		21,099,089	18,155,030
Workers' Welfare Fund	20.1	13,892,531	11,365,617
Acceptances	14	42,551,113	27,938,800
Unclaimed / dividend payable		2,425,756	2,736,752
Mark to market loss on forward foreign exchange contracts		1,202,115	1,047,154
Unrealized loss on derivative financial instruments	25	73,848	778,137
Staff welfare fund		–	1,275
Branch adjustment account	14	28,696	–
Provision for employees' compensated absences	38.4	1,266,190	1,179,992
Provision for post retirement medical benefits	38.4	2,121,129	2,219,281
Provision for employees' contributory benevolent scheme	38.4	140,847	165,426
Retention money		–	12,473
Insurance payable against consumer assets		586,691	828,882
Unclaimed balances		508,115	642,169
Duties and taxes payable		11,440,990	1,939,694
Charity fund balance		23,238	12,119
Provision against off-balance sheet obligations		78,807	48,403
Security deposits against lease		3,020,407	2,104,713
Lease liability against right of use assets		11,429,243	10,560,611
Clearing and settlement accounts		24,223,005	15,210,786
Others		6,728,227	7,123,666
		162,017,273	148,268,469

20.1 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Group has maintained its provision in respect of WWF.

21. SHARE CAPITAL

21.1 Authorized Capital

	2023 (Number of shares)	2022		2023 (Rupees in '000)	2022
	1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

21.2 Issued, subscribed and paid up

2023		2022		2023		2022	
(Number of shares)				(Rupees in '000)			
Ordinary shares							
197,253,795	197,253,795	Fully paid in cash		1,972,538		1,972,538	
915,776,953	915,776,953	Issued as bonus shares		9,157,769		9,157,769	
72,029,258	72,029,258	Issued for consideration other than cash		720,293		720,293	
1,185,060,006	1,185,060,006			11,850,600		11,850,600	

21.3 The movement in the issued, subscribed and paid-up capital during the year is as follows:

2023		2022		2023		2022	
(Number of shares)				(Rupees in '000)			
1,185,060,006	1,185,060,006	Opening balance at January 01		11,850,600		11,850,600	
1,185,060,006	1,185,060,006	Closing balance at December 31		11,850,600		11,850,600	

21.4 Number of shares held by the associated undertakings as at December 31, are as follows:

	2023	2022
	(Number of shares)	
Adamjee Insurance Company Limited	59,225,639	59,225,639
Nishat Mills Limited	95,125,651	95,125,651
Siddiqsons Limited	12,016,543	12,016,543
Nishat (Aziz Avenue) Hotels and Properties Limited	1,024,376	654,376
Nishat Real Estates Development Company (Private) Limited	347,100	194,000
Adamjee Life Assurance Company Limited	1,200,000	1,200,000
Habib University Foundation	108,300	–
	169,047,609	168,416,209

	Note	2023	2022
		(Rupees in '000)	
22. RESERVES			
Share premium		23,973,024	23,973,024
Non - distributable capital reserve - gain on bargain purchase option	22.1	908,317	908,317
Exchange translation reserve		9,341,253	4,845,697
Statutory reserve	22.2	48,307,215	41,313,438
General reserve		18,600,000	18,600,000
		101,129,809	89,640,476

22.1 Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Group, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Group or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

22.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(22,491,422)	(33,618,078)
- Fixed Assets	23.1	40,183,217	41,372,828
- Non-banking assets acquired in satisfaction of claims		606,806	873,647
- Associated undertaking	23.2	1,250,067	462,352
		19,548,668	9,090,749
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	19	11,020,798	14,455,774
- Fixed Assets	23.1	(3,704,544)	(3,377,341)
- Non-banking assets acquired in satisfaction of claims		(297,334)	(375,669)
- Associated undertaking	23.2	(827,306)	(335,031)
		6,191,614	10,367,733
		25,740,282	19,458,482
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01		41,372,828	20,589,804
Recognised during the year		-	20,967,431
Realised on disposal during the year - net of deferred tax		(1,097,114)	(43,480)
Related deferred tax liability on surplus realised on disposal		(27)	(5,096)
Transfer of revaluation surplus on change in use - net of deferred tax		204,974	-
Related deferred tax liability on transfer of revaluation surplus on change in use		3,376	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(153,415)	(77,423)
Related deferred tax liability on incremental depreciation charged during the year		(147,405)	(58,408)
Surplus on revaluation of fixed assets as at December 31		40,183,217	41,372,828
Less: Related deferred tax liability on:			
- revaluation as at January 01		3,377,341	1,413,266
- opening liability remeasurement		471,259	144,951
- recognised during the year		-	1,882,628
- surplus realised on disposal during the year		(27)	(5,096)
- transfer of revaluation surplus on change in use		3,376	-
- incremental depreciation charged during the year		(147,405)	(58,408)
	19	3,704,544	3,377,341
		36,478,673	37,995,487

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022	
23.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January 01	873,647	703,370	
	(Deficit) / surplus recognised during the year	(10,196)	194,765	
	Realised on disposal during the year - net of deferred tax	(24,630)	(13,956)	
	Related deferred tax liability on surplus realised on disposal	(23,665)	(10,532)	
	Transfer of revaluation surplus on change in use - net of deferred tax	(106,258)	–	
	Related deferred tax liability on transfer of revaluation surplus on change in use	(102,092)	–	
	Surplus on revaluation as at December 31	606,806	873,647	
	Less: Related deferred tax liability on:			
	- revaluation as at January 01	375,669	274,315	
	- opening liability remeasurement	52,418	28,137	
	- (deficit) / surplus recognised during the year	(4,996)	83,749	
	- surplus realised on disposal during the year	(23,665)	(10,532)	
	- transfer of revaluation surplus on change in use	(102,092)	–	
	19	297,334	375,669	
		309,472	497,978	
24.	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	24.1	318,643,498	284,145,632
	- Commitments	24.2	512,200,312	393,253,385
	- Other contingent liabilities	24.3	34,363,515	29,051,044
			865,207,325	706,450,061
24.1	Guarantees:			
	Financial guarantees		126,236,623	224,156,073
	Performance guarantees		176,196,192	49,704,896
	Other guarantees		16,210,683	10,284,663
			318,643,498	284,145,632
24.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		318,590,512	219,119,699
	Commitments in respect of:			
	- forward foreign exchange contracts	24.2.1	171,638,288	138,880,321
	- forward government securities transactions	24.2.2	15,220,315	13,797,435
	- derivatives (notional)	24.2.3	1,595,548	18,241,918
	- commitments to extent credit	24.2.4	1,128,247	921,578
	Commitments for acquisition of:			
	- operating fixed assets		2,390,799	1,976,122
	- intangible assets		1,636,603	316,312
			512,200,312	393,253,385

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

		2023	2022
		(Rupees in '000)	
24.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	93,150,006	80,282,447
	Sale	78,488,282	58,597,874
		171,638,288	138,880,321
24.2.2	Commitments in respect of government securities transactions		
	Purchase	15,197,000	12,328,130
	Sale	23,315	1,469,305
		15,220,315	13,797,435
24.2.3	Commitments in respect of derivatives		
	FX options (notional)		
	Purchase	736,983	8,817,006
	Sale	736,983	8,817,006
		1,473,966	17,634,012
	Cross Currency Swaps (notional)		
	Purchase	60,791	303,953
	Sale	60,791	303,953
		121,582	607,906
		1,595,548	18,241,918

24.2.4 The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

		2023	2022
		(Rupees in '000)	
24.3	Other contingent liabilities		
	Claims against the Group not acknowledged as debts	34,363,515	29,051,044

24.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated financial statements.

24.4 For assessment year 1988-89 through tax year 2023, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 5,902.495 million (2022: Rs. 844 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

The Group has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Group are being contested by the department at higher forums. No provision has been made in the consolidated financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Group's favour as and when these are taken up by the Appellate Authorities.

24.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortisation for few years has been assessed in Holding company favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

25. DERIVATIVE INSTRUMENTS

25.1 Product Analysis

		2023					
Counterparties		Cross currency swaps		Interest rate swaps		FX options	
		Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss
		(Rupees in '000)					
With Banks for							
Hedging		60,791	62,365	-	-	736,983	11,487
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		60,791	(62,361)	-	-	736,983	(11,487)
Total							
Hedging		60,791	62,365	-	-	736,983	11,487
Market Making		60,791	(62,361)	-	-	736,983	(11,487)
		2022					
Counterparties		Cross currency swaps		Interest rate swaps		FX options	
		Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss	Notional Principal	Mark to market gain/loss
		(Rupees in '000)					
With Banks for							
Hedging		303,953	185,139	-	-	8,817,006	593,302
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		303,953	(184,835)	-	-	8,817,006	(593,302)
Total							
Hedging		303,953	185,139	-	-	8,817,006	593,302
Market Making		303,953	(184,835)	-	-	8,817,006	(593,302)

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

25.2 Maturity Analysis

	2023				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Remaining Maturity					
Upto 1 month	24	695,014	(64,258)	64,262	4
1 to 3 months	26	900,534	(9,590)	9,590	-
3 to 6 months	-	-	-	-	-
6 months to 1 Year	-	-	-	-	-
2 to 3 Years	-	-	-	-	-
Total	50	1,595,548	(73,848)	73,852	4

	2022				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Remaining Maturity					
Upto 1 month	40	2,229,963	(18,637)	18,637	-
1 to 3 months	114	6,301,417	(203,092)	203,092	-
3 to 6 months	160	8,701,844	(353,887)	353,887	-
6 months to 1 Year	8	400,788	(17,686)	17,686	-
2 to 3 Years	2	607,906	(184,835)	185,139	304
Total	324	18,241,918	(778,137)	778,441	304

25.3 Risk management related to derivatives is discussed in note 46.5.

	2023	2022
	(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	126,722,451	78,181,479
Investments	223,127,226	136,586,428
Lendings to financial institutions	12,370,089	3,918,598
Balances with banks	2,228,955	736,253
	364,448,721	219,422,758
27. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	156,143,909	102,515,123
Borrowings	37,644,842	17,267,776
Subordinated debt		
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,548,962	2,197,604
Unwinding cost of lease liability against right-of-use assets	1,688,954	1,474,249
	199,026,667	123,454,752

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
28. FEE AND COMMISSION INCOME			
Branch banking customer fees		3,584,897	3,142,643
Consumer finance related fees		773,012	612,043
Card related fees (debit and credit cards)		6,214,473	4,185,885
Credit related fees		717,372	278,872
Investment banking fee		238,688	194,775
Commission on trade		3,515,338	1,745,007
Commission on guarantees		1,426,590	648,910
Commission on cash management		942,619	845,884
Commission on remittances including home remittances		1,731,252	1,327,640
Commission on utility bills		93,680	87,736
Commission on Bancassurance		910,813	981,704
Rent on lockers		255,772	247,488
Commission on investments services		1,608,988	950,737
Other commission		446,989	324,586
		22,460,483	15,573,910
29. GAIN / (LOSS) ON SECURITIES - NET			
Realised	29.1	840,480	(1,714,850)
Unrealised - Held for trading	10.1	(3,038)	-
		837,442	(1,714,850)
29.1 Realised gain / (loss) on:			
Federal Government securities		98,402	140,141
Non Government debt securities		657	-
Shares and units		741,421	(1,854,991)
		840,480	(1,714,850)
30. OTHER INCOME			
Rent on property		126,829	69,096
Gain on sale of fixed assets - net		160,262	138,376
Gain on termination of lease liability against right-of-use assets		70,616	62,670
Gain on conversion of Ijarah agreements		21,391	18,878
(Loss) / gain on sale of non-banking assets - net	14.1.2	(3,224)	6,817
		375,874	295,837

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
31. OPERATING EXPENSES			
Total compensation expense	31.1	27,287,976	22,136,078
Property expense			
Rent and taxes		338,200	227,821
Insurance		63,998	55,036
Utilities cost		2,679,379	2,177,430
Fuel expense generators		1,310,889	1,097,326
Security (including guards)		2,372,360	1,982,210
Repair and maintenance (including janitorial charges)		1,314,106	1,108,163
Depreciation on right-of-use assets	12.3	2,079,323	1,834,736
Depreciation	12.2	1,289,064	1,021,805
		11,447,319	9,504,527
Information technology expenses			
Software maintenance		2,003,867	1,540,763
Hardware maintenance		410,202	364,921
Depreciation	12.2	1,005,536	762,728
Amortisation	13.1	560,040	566,633
Network charges		796,277	715,732
Insurance		7,713	6,202
		4,783,635	3,956,979
Other operating expenses			
Directors' fees and allowances	40.2	46,200	45,800
Fees and allowances to Sharia Board members		13,312	11,645
Legal and professional charges		453,930	501,345
Outsourced services costs	37.1	1,135,752	992,271
Travelling and conveyance		616,960	424,838
NIFT clearing charges		244,271	217,526
Depreciation	12.2	1,173,581	997,058
Depreciation on non-banking assets acquired in satisfaction of claims	14.1.1	23,878	23,389
Training and development		104,094	74,100
Postage and courier charges		292,964	336,953
Communication		1,592,299	553,730
Stationery and printing		1,304,328	885,414
Marketing, advertisement & publicity		829,257	841,877
Donations	31.2	21,000	1,352
Auditors' remuneration	31.3	86,775	76,533
Cash transportation charges		1,107,143	921,828
Repair and maintenance		748,164	625,816
Subscription		71,255	57,501
Entertainment		491,848	346,926
Remittance charges		273,400	223,262
Brokerage expenses		105,853	90,637
Card related expenses		2,793,382	1,472,699
CNIC verification charges		390,903	387,431
Insurance/ Takaful		2,102,762	1,929,784
Others		585,674	438,087
		16,608,985	12,477,802
		60,127,915	48,075,386

Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 170.482 million (2022: Rs. 165.336 million). Out of this cost Rs. 166.744 million pertains to companies incorporated in Pakistan and Rs. 3.738 million pertains to companies incorporated outside Pakistan. Total cost includes the payment made to "Euronet Pakistan Private Limited" (a related party) amounting to Rs. 138.578 million (2022: Rs. 138.651 million) for hosting of POS acquiring & e-commerce gateway services. Outsourcing shall have the same meaning as specified in BPRD Circular No. 06 of 2019.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022
31.1	Total compensation expense		
	Fees and allowances	948,289	664,656
	Managerial remuneration		
	i) Fixed	19,074,671	15,869,856
	ii) Variable - cash bonus / awards / incentives	4,158,843	3,268,982
	Charge for defined benefit plan	250,527	209,051
	Contribution to defined contribution plan	626,544	540,377
	Staff group insurance	797,054	539,638
	Rent and house maintenance	589,042	492,008
	Medical	85,199	75,023
	Conveyance	730,179	444,005
	Others	994	230
		27,261,342	22,103,826
	Sign-on bonus	26,634	8,153
	Severance allowance	–	24,099
		27,287,976	22,136,078

31.1.1 During the year sign on bonus was paid to 29 employees (2022: 15).

31.1.2 No severance allowance was paid during the year (2022: 4 employees).

31.2 Detail of donations made during the year is as follows:

	2023 (Rupees in '000)	2022
M/s Bestway Foundation	–	1,352
Lahore Hospital Welfare Society	1,000	–
Habib University Foundation	5,000	–
Patient's Behbud Society for 'The Aga Khan University Hospital (AKUH)'	5,000	–
Saleem Memorial Trust Hospital	10,000	–
	21,000	1,352

31.2.1 None of the directors, executives or their spouses had any interest in the donees, except for Mr. Yahya Saleem who is a director in Saleem Memorial Trust Hospital and Mr. Tariq Rafi who is a director in Habib University Foundation.

	2023 (Rupees in '000)	2022
31.3	Auditors' remuneration	
	Audit fee	17,738
	Fee for audit of foreign branches	21,891
	Fee and other charges for audit of subsidiaries	15,424
	Special certifications and sundry advisory services	1,000
	Tax services	17,820
	Sales tax on audit fee	887
	Out-of-pocket expenses	1,773
		76,533

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
32. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		247,700	52,783
VAT & National Building tax & Crop Insurance Levy		330,468	179,910
Education cess		123,586	34,843
		<u>701,754</u>	<u>267,536</u>
33. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provisions / (reversals) against balance with Banks		7,034	(14,673)
Provisions / (reversals) for diminution in value of investments	10.3.1	794,665	(619,189)
Provisions / (reversals) against loans & advances	11.5	403,359	(1,923,325)
Provisions / (reversals) against off balance sheet items	20	21,955	4,297
Provisions against other assets	14.2.1	28,104	108,132
Bad debts written off directly	11.6.1	–	680
Recovery of written off / charged off bad debts		(179,859)	(196,923)
		<u>1,075,258</u>	<u>(2,641,001)</u>
34. TAXATION			
Current		65,387,323	34,490,481
Prior years		3,592,994	3,470,506
Deferred		2,820,419	2,761,120
Share of tax of associates	19	447,226	167,213
		<u>72,247,962</u>	<u>40,889,320</u>
34.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		137,518,962	75,340,484
Tax on income @ 39% (2022: 39%)		53,632,395	29,382,789
Super tax @ 10% (2022: 10%)		13,751,896	7,534,048
Tax effect of permanent differences		121,373	25,864
Tax effect of prior years charge		3,592,994	3,470,506
Others		1,149,304	476,113
Tax charge for the year		<u>72,247,962</u>	<u>40,889,320</u>
			(Rupees in '000)
35. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year after tax attributable to ordinary shareholders		65,104,619	34,365,061
			(Number)
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
			(Rupees)
Basic and diluted earnings per share		54.94	29.00

Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue at the reporting dates.

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For the year ended December 31, 2023

	Note	2023		2022	
		(Rupees in '000)		(Rupees in '000)	
36. CASH AND CASH EQUIVALENTS					
Cash and balances with treasury banks	7		190,245,798		110,275,163
Balances with other banks	8		37,806,854		26,162,849
Overdrawn nostro accounts	18		(1,019,866)		(807,465)
			227,032,786		135,630,547
36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities					
		2023			
		(Rupees in '000)			
		Liabilities	Equity	Liabilities	Equity
		Other Liabilities	Share Capital Reserves Unappropriated profit	Other Liabilities	Share Capital Reserves Unappropriated profit Non-controlling interest
		Total		Total	
Opening Balance		148,268,469	11,850,600 88,640,476 72,795,700	99,002,039	11,850,600 85,043,592 64,697,360
Changes from Financing cash flows					
Payment of lease liability against right-of-use-assets		(3,022,309)	-	(3,022,309)	-
Dividend paid		-	(32,307,616)	(73,585)	(105,129)
Total changes from financing cash flows		(3,022,309)	(32,307,616)	(73,585)	(105,129)
Liability related					
Changes in Other liabilities					
- Cash based		(7,379,966)	-	(7,379,966)	-
- Dividend payable		(310,996)	310,996	-	(708,927)
- Non cash based		24,462,075	-	24,462,075	-
Total liability related other changes		16,771,113	310,996	17,082,109	(708,927)
Total equity related other changes		-	11,489,333	(317,710)	30,614,480
Closing Balance		162,017,273	11,850,600 101,129,809 102,689,217	148,268,469	11,850,600 89,640,476 72,795,700

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	2023	2022
	(Number)	
37. STAFF STRENGTH		
Permanent	16,354	16,174
On Bank contract	474	497
Bank's own staff strength at end of the year	16,828	16,671

37.1 In addition to the above, 399 (2022: 370) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding, tea and janitorial services. Outsourced staff includes 390 (2022: 362) working domestically and 9 (2022: 8) working abroad.

	2023	2022
	(Number)	
37.2 Staff Strength Bifurcation		
Domestic	16,681	16,526
Overseas	147	145
	16,828	16,671

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates the following retirement benefits for its employees:

- Pension fund - funded
- Benevolent scheme - unfunded
- Post retirement medical benefits - unfunded
- Employees compensated absence - unfunded

The plan assets and defined benefit obligations are based in Pakistan.

38.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	(Number)	
- Pension fund - funded	5,373	5,688
- Benevolent scheme - unfunded	1,073	930
- Post retirement medical benefits - unfunded	14,178	14,067
- Employees compensated absence - unfunded	14,179	14,068

38.3 Principal actuarial assumptions

The latest actuarial valuations of the pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employees' compensated absences were carried out at December 31, 2023. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2023	2022	2023	2022	2023	2022	2023	2022
	(%)							
Discount rate	15.50	14.50	15.50	14.50	15.50	14.50	15.50	14.50
Expected rate of return on plan assets	15.50	14.50	-	-	-	-	-	-
Expected rate of salary increase	13.50	12.50	13.50	12.50	-	-	13.50	12.50
Expected rate of increase in pension	0-5	0-5	-	-	-	-	-	-
Expected rate of increase in medical benefit	-	-	-	-	15.50	12.50	-	-

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

38.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Present value of obligations	38.5	4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992
Fair value of plan assets	38.6	(11,715,415)	(7,088,088)	-	-	-	-	-	-
(Receivable) / payable	38.7	(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

38.5 Movement in defined benefit obligations

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Obligations at the beginning of the year		4,319,946	5,031,961	165,426	197,712	2,219,281	1,982,169	1,179,992	1,100,865
Current service cost	38.8.1	60,005	65,893	12,134	15,470	79,635	62,068	43,876	37,574
Interest cost		597,690	567,009	20,981	21,437	310,148	224,498	164,945	122,248
Benefits paid		(395,897)	(412,708)	(41,457)	(30,531)	(160,653)	(143,092)	(84,875)	(120,915)
Re-measurement (gain) / loss	38.8.1 & 38.8.2	(294,471)	(932,209)	(16,237)	(38,662)	(327,282)	93,638	(37,748)	40,220
Obligations at end of the year	38.4	4,287,273	4,319,946	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

38.6 Movement in fair value of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Fair value at the beginning of the year		7,088,088	8,250,387	-	-	-	-	-	-
Interest income on plan assets		999,070	945,174	-	-	-	-	-	-
Benefits paid		(395,897)	(412,708)	-	-	-	-	-	-
Re-measurement gain / (loss): Net return on plan assets over interest income gain / (loss)	38.8.2	4,024,154	(1,694,765)	-	-	-	-	-	-
Fair value at end of the year	38.4	11,715,415	7,088,088	-	-	-	-	-	-

38.7 Movement in (receivable) / payable under defined benefit schemes

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Opening balance		(2,768,142)	(3,218,426)	165,426	197,712	2,219,281	1,982,169	1,179,992	1,100,865
Charge / (reversal) for the year	38.8.1	(341,375)	(312,272)	31,046	34,715	389,783	286,566	171,073	200,042
Employees' contribution		-	-	2,069	2,192	-	-	-	-
Re-measurement (gain) / loss recognised in OCI during the year	38.8.2	(4,318,625)	762,556	(16,237)	(38,662)	(327,282)	93,638	-	-
Benefits paid by the Bank		-	-	(41,457)	(30,531)	(160,653)	(143,092)	(84,875)	(120,915)
Closing balance	38.4	(7,428,142)	(2,768,142)	140,847	165,426	2,121,129	2,219,281	1,266,190	1,179,992

Notes To The Consolidated Financial Statements

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38.8 Charge for defined benefit plans

38.8.1 Cost recognised in profit and loss

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Current service cost	38.5	60,005	65,893	12,134	15,470	79,635	62,068	43,876	37,574
Net interest on defined benefit asset / liability		(401,380)	(378,165)	20,981	21,437	310,148	224,498	164,945	122,248
Employees' contribution		-	-	(2,069)	(2,192)	-	-	-	-
Actuarial (gain) / loss	38.5	-	-	-	-	-	-	(37,748)	40,220
	38.7	(341,375)	(312,272)	31,046	34,715	389,783	286,566	171,073	200,042

38.8.2 Re-measurements recognised in OCI during the year

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
(Gain) / loss on obligation	38.5								
Financial assumptions		(48,655)	(140,403)	(5,494)	(20,092)	(39,772)	211,953	-	-
Experience adjustments		(245,816)	(791,806)	(10,743)	(18,570)	(287,510)	(118,315)	-	-
Return on plan assets over interest income	38.6	(4,024,154)	1,694,765	-	-	-	-	-	-
Re-measurement (gain) / loss recognised in OCI	38.7	(4,318,625)	762,556	(16,237)	(38,662)	(327,282)	93,638	-	-

38.9 Components of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2023	2022	2023	2022	2023	2022	2023	2022
		(Rupees in '000)							
Cash and cash equivalents - net		63,273	209,899	-	-	-	-	-	-
Shares		11,403,500	6,669,075	-	-	-	-	-	-
Open ended mutual funds units		248,642	209,114	-	-	-	-	-	-
	38.4	11,715,415	7,088,088	-	-	-	-	-	-

38.9.1 Significant risk associated with the plan assets

The Fund's investments in equity securities and units of mutual funds are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

Notes To The Consolidated Financial Statements

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38.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
1% increase in discount rate	(205,544)	(7,914)	(252,679)	(69,570)
1% decrease in discount rate	226,578	8,781	317,981	77,330
1 % increase in expected rate of salary increase	61,344	–	–	78,040
1 % decrease in expected rate of salary increase	(58,471)	–	–	(71,330)
1% increase in expected rate of pension increase	122,814	–	–	–
1% decrease in expected rate of pension increase	(113,915)	–	–	–
1% increase in expected rate of medical benefit increase	–	–	284,871	–
1% decrease in expected rate of medical benefit increase	–	–	(227,079)	–

38.11 Expected contributions to be paid to the funds in the next financial year

No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. No contribution to the pension fund is expected in the next year.

38.12 Expected charge / (reversal) for the next financial year

Based on actuarial advice, management estimates that the charge / (reversal) in respect of defined benefit plans for the year ending December 31, 2024 would be as follows:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
Expected charge / (reversal) for the next financial year	(1,084,741)	22,047	413,012	236,153
38.13 Maturity profile				
The weighted average duration of the obligation (in years)	5.42	5.42	5.42	5.42

38.14 Funding Policy

The Group endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

38.15 The defined benefit plans may expose the Group to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below;

Investment risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Longevity risk	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary increase risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal rate	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

39. DEFINED CONTRIBUTION PLAN

MCB Bank Limited (holding company)

The Holding Company operates an approved contributory provident fund for 12,061 (2022: 11,138) employees where contributions are made by the Bank at 8.33% (2022: 8.33%) and employees ranging from 8.33% to 15% per annum (2022: 8.33% to 15% per annum) of the basic salary.

The Holding Company also operates an approved non-contributory provident fund for 555 (2022: 592) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 15% per annum (2022: 8.33% to 15% per annum) of the basic salary.

39.1 MCB Islamic Bank Limited (Subsidiary)

The subsidiary operates an approved contributory provident fund for 1,374 (2022: 1,165) employees. Equal monthly contributions are made both by the Bank and its permanent employees to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his / her contribution upto 15% of basic salary.

40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total compensation expense

		2023						
Note	Directors			Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers	
	Chairman	Executive (other than CEO)	Non executive					
(Rupees in '000)								
Fee and allowances	40.2	6,000	-	40,200	-	-	20,508	32,488
Managerial Remuneration		-	-	-	-	-	-	-
i) Fixed		-	-	-	7,900	75,900	600,260	1,317,404
ii) Cash Bonus / Awards / Incentives	40.1.1	-	-	-	1,282	45,000	301,539	474,652
Contribution to defined contribution plan		-	-	-	232	4,080	18,530	49,837
Rent & house maintenance		-	-	-	1,254	-	52,101	114,898
Medical		-	-	-	-	379	4,384	22,424
Overseas allowance		-	-	-	-	-	76,103	14,592
Commission		-	-	-	-	-	-	1,073
Security		-	-	-	-	928	-	-
Utilities		-	-	-	279	-	4,250	23,618
Special Pay		-	-	-	241	-	-	12,324
Conveyance		-	-	-	1,601	-	-	66,414
Charge allowance		-	-	-	-	-	-	1,906
Fuel Allowance		-	-	-	523	-	-	17,390
Leave fare assistance		-	-	-	-	-	4,290	25,559
Club membership		-	-	-	-	112	1,000	2,800
Others		-	-	-	-	336	16,916	158,198
Total		6,000	-	40,200	13,312	126,735	1,099,881	2,335,577
Number of Persons		1	-	11	3	1	41	254

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	2022						
	Directors			Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
	Chairman	Executive (other than CEO)	Non executive				
	(Rupees in '000)						
Fee and allowances	5,900	-	39,900	-	-	6,438	9,764
Managerial Remuneration							
i) Fixed	-	-	-	7,323	67,890	484,961	1,147,043
ii) Cash Bonus / Awards / Incentives	-	-	-	1,000	30,390	207,052	396,949
Contribution to defined contribution plan	-	-	-	206	3,624	16,763	45,921
Rent & house maintenance	-	-	-	1,115	54	48,122	111,972
Medical	-	-	-	-	54	3,627	17,600
Severance allowance	-	-	-	-	-	17,300	5,099
Overseas allowance	-	-	-	-	-	55,215	11,608
Security	-	-	-	-	681	-	-
Utilities	-	-	-	248	-	4,853	21,525
Special Pay	-	-	-	241	-	-	12,432
Conveyance	-	-	-	1,164	-	-	48,671
Charge allowance	-	-	-	-	-	-	1,774
Fuel Allowance	-	-	-	348	-	-	11,750
Leave fare assistance	-	-	-	-	-	-	13,280
Club membership	-	-	-	-	2,304	-	300
Others	-	-	-	-	-	20,020	106,231
Total	5,900	-	39,900	11,645	104,997	864,351	1,961,919
Number of Persons	1	-	11	3	1	42	258

40.1.1 During the year 2023, Rs 55.566 million bonus has been deferred (2022: Rs. 84.695 million).

40.2 Remuneration paid to Directors for participation in Board and Committee meetings

	2023									
	For Board Committee									
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	Total
	(Rupees in '000)									
Mian Mohammad Mansha	4,800	-	400	-	400	-	400	-	-	6,000
Mr. Tariq Rafi	1,600	-	-	-	-	-	-	-	-	1,600
Mian Umer Mansha	2,000	500	400	400	-	500	400	400	-	4,600
Mrs. Iqraa Hassan Mansha	1,600	-	-	-	100	-	300	-	-	2,000
Mr. Muhammad Ali Zeb	2,000	400	-	400	400	-	400	400	-	4,000
Mr. Mohd Suhail Amar Suresh	4,000	-	400	400	-	500	-	-	-	5,300
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	400	400	400	500	-	400	-	6,100
Mr. Masood Ahmed Puri	4,000	-	400	-	-	-	-	-	-	4,400
Mr. Shahzad Hussain	2,000	500	-	-	-	-	-	-	-	2,500
Mr. Shariffuddin Bin Khalid	4,000	500	-	-	-	-	-	-	-	4,500
Mr. Shaikh Muhammad Jawed	1,200	-	-	-	-	-	-	-	-	1,200
Total	35,200	1,900	2,000	1,600	1,300	1,500	1,500	1,200	-	46,200

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2022										
Board meeting	For Board Committee									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	-	300	-	-	5,900
Mr. S. M. Muneer	1,200	-	-	-	-	-	-	400	-	1,600
Mr. Tariq Rafi	2,000	-	-	-	-	-	-	-	-	2,000
Mian Umer Mansha	2,000	500	500	400	-	500	400	-	-	4,300
Mrs. Iqraa Hassan Mansha	1,600	-	-	-	200	-	200	-	-	2,000
Mr. Muhammad Ali Zeb	2,000	500	-	400	400	-	400	400	-	4,100
Mr. Mohd Suhail Amar Suresh	3,200	-	400	300	-	400	-	-	-	4,300
Mr. Yahya Saleem	4,000	-	-	-	-	-	-	-	-	4,000
Mr. Salman Khalid Butt	4,000	-	500	400	400	500	-	300	-	6,100
Mr. Masood Ahmed Puri	4,000	-	500	-	-	-	-	-	-	4,500
Mr. Shahzad Hussain	2,000	500	-	-	-	-	-	-	-	2,500
Mr. Shariffuddin Bin Khalid	4,000	500	-	-	-	-	-	-	-	4,500
	34,800	2,000	2,300	1,500	1,400	1,400	1,300	1,100	-	45,800

40.3 The Chairman has been provided with free use of the Bank's maintained car. In addition to the above, the Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

40.4 Remuneration paid to Shariah Board Members

2023				
	Chairman	Resident member	Non-Resident member(s)	Total
(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
Total Number of Persons	1	1	1	3

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	2022			
	Chairman	Resident member	Non-Resident member(s)	Total
	(Rupees in '000)			
Meeting Fees and Allowances	-	-	-	-
Other Heads				
Basic salary	2,626	2,477	2,220	7,323
House rent	-	1,115	-	1,115
Utilities	-	248	-	248
Conveyance	-	1,164	-	1,164
Fuel	-	347	-	347
Special pay	-	241	-	241
Bonus	-	1,000	-	1,000
PF Employer	-	207	-	207
Total Amount	2,626	6,799	2,220	11,645
Number of persons	1	1	1	3

41. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Group as 'held to maturity'. Quoted securities classified as held to maturity are carried at amortised cost. Fair value of unquoted equity investments other than investments in associates is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 6.4 to these consolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 45.

In the opinion of the management, the fair value of the financial assets and financial liabilities other than those carried at fair value and disclosed in note 41.1 are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

41.1 Fair value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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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 and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP)
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Group essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Group has adopted revaluation model (as per IAS 16) in respect of land and building & non-banking assets acquired in satisfaction of claims.

2023

Carrying value / Notional value	Level 1	Level 2	Level 3	Total
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(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	–
Shares and units	25,390,857	25,283,009	107,848	–
Non-Government Debt Securities	3,714,280	–	3,714,280	–
Foreign Securities	44,057,060	–	44,057,060	–
Financial assets - disclosed but not measured at fair value				
Investments (HTM, unlisted ordinary shares and associates)	68,389,244	–	–	–
Non - Financial Assets measured at fair value				
Operating fixed assets (land and buildings)	66,321,263	–	66,321,263	–
Non-banking assets	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	–
Forward sale of foreign exchange	78,488,282	–	2,146,773	–
Derivatives purchase	797,774	–	73,852	–
Derivatives sale	797,774	–	73,848	–

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	2022				Total
	Carrying value / Notional value	Level 1	Level 2	Level 3	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	968,419,493	-	968,419,493	-	968,419,493
Shares and units	17,651,677	16,482,650	1,169,027	-	17,651,677
Non-Government Debt Securities	3,729,622	-	3,729,622	-	3,729,622
Foreign Securities	4,112,387	-	4,112,387	-	4,112,387
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares and associates)					
	46,975,880	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	66,744,753	-	66,744,753	-	66,744,753
Non-banking assets	2,804,844	-	2,804,844	-	2,804,844
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	80,282,447	-	5,036,921	-	5,036,921
Forward sale of foreign exchange	58,597,874	-	2,971,339	-	2,971,339
Derivatives purchase	9,120,959	-	778,441	-	778,441
Derivatives sale	9,120,959	-	778,137	-	778,137

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

42.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2023						
	Pakistan	South Asia	Middle East	Eurasia	Sub-total	Eliminations	Total
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	157,812,059	2,417,141	4,839,758	353,096	165,422,054	-	165,422,054
Inter segment revenue - net	254,652	(109,096)	(145,556)	-	-	-	-
Non mark-up / return / interest income	34,489,166	468,329	1,727,082	61,682	36,746,259	-	36,746,259
Total Income	192,555,877	2,776,374	6,421,284	414,778	202,168,313	-	202,168,313
Segment direct expenses	60,852,033	1,150,406	1,382,474	189,180	63,574,093	-	63,574,093
Total expenses	60,852,033	1,150,406	1,382,474	189,180	63,574,093	-	63,574,093
Provisions / (reversals)	313,258	275,931	487,696	(1,627)	1,075,258	-	1,075,258
Profit before tax	131,390,586	1,350,037	4,551,114	227,225	137,518,962	-	137,518,962
Balance Sheet							
Cash and Bank balances	188,189,237	4,443,284	35,383,528	36,603	228,052,652	-	228,052,652
Investments	1,319,768,140	11,251,094	41,324,481	-	1,372,343,715	-	1,372,343,715
Net inter segment lendings	24,880,839	-	-	-	24,880,839	(24,880,839)	-
Lendings to financial institutions	27,203,733	348,080	62,161,587	-	89,713,400	-	89,713,400
Advances - performing	628,294,970	7,784,909	17,416,020	4,019,573	657,515,472	-	657,515,472
- non performing - net	12,892,947	265,076	-	-	13,158,023	-	13,158,023
Others	317,288,485	1,033,068	914,094	66,270	319,301,917	-	319,301,917
Total Assets	2,518,518,351	25,125,511	157,199,710	4,122,446	2,704,966,018	(24,880,839)	2,680,085,179
Borrowings	229,376,044	1,653,380	1,756,508	2,878,548	235,664,480	-	235,664,480
Deposits and other accounts	1,857,764,544	14,371,520	137,692,555	-	2,009,828,619	-	2,009,828,619
Net inter segment borrowing	-	8,295,534	16,585,305	-	24,880,839	(24,880,839)	-
Others	190,787,432	805,077	1,165,342	83,127	192,840,978	-	192,840,978
Total liabilities	2,277,928,020	25,125,511	157,199,710	2,961,675	2,463,214,916	(24,880,839)	2,438,334,077
Equity	240,590,331	-	-	1,160,771	241,751,102	-	241,751,102
Total Equity & liabilities	2,518,518,351	25,125,511	157,199,710	4,122,446	2,704,966,018	(24,880,839)	2,680,085,179
Contingencies & Commitments	849,751,586	172,134	15,283,605	-	865,207,325	-	865,207,325
	2022						
	Pakistan	South Asia	Middle East	Eurasia	Sub-total	Eliminations	Total
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	92,448,927	1,368,679	1,952,106	198,294	95,968,006	-	95,968,006
Inter segment revenue - net	139,184	(41,425)	(97,759)	-	-	-	-
Non mark-up / return / interest income	25,213,562	287,478	1,051,508	31,632	26,584,180	-	26,584,180
Total Income	117,801,673	1,614,732	2,905,855	229,926	122,552,186	-	122,552,186
Segment direct expenses	48,170,910	681,088	882,794	117,911	49,852,703	-	49,852,703
Total expenses	48,170,910	681,088	882,794	117,911	49,852,703	-	49,852,703
(Reversals) / Provisions	(3,060,315)	255,412	163,589	313	(2,641,001)	-	(2,641,001)
Profit before tax	72,691,078	678,232	1,859,472	111,702	75,340,484	-	75,340,484
Balance Sheet							
Cash and Bank balances	113,313,067	3,500,658	19,600,178	24,109	136,438,012	-	136,438,012
Investments	1,031,612,975	4,114,254	5,161,830	-	1,040,889,059	-	1,040,889,059
Net inter segment lendings	14,071,055	-	-	-	14,071,055	(14,071,055)	-
Lendings to financial institutions	32,849,756	308,100	23,427,912	-	56,585,768	-	56,585,768
Advances - performing	815,658,267	6,087,539	10,107,197	2,316,758	834,169,761	-	834,169,761
- non performing - net	10,588,192	227,810	-	-	10,816,002	-	10,816,002
Others	193,647,578	674,845	953,730	158,398	195,434,551	-	195,434,551
Total Assets	2,211,740,890	14,913,206	59,250,847	2,499,265	2,288,404,208	(14,071,055)	2,274,333,153
Borrowings	352,970,468	-	1,478,472	1,567,670	356,016,610	-	356,016,610
Deposits and other accounts	1,475,650,615	9,577,139	47,468,207	-	1,532,695,961	-	1,532,695,961
Net inter segment borrowing	-	4,598,248	9,472,807	-	14,071,055	(14,071,055)	-
Others	189,428,530	737,819	831,361	145,125	191,142,835	-	191,142,835
Total liabilities	2,018,049,613	14,913,206	59,250,847	1,712,795	2,093,926,461	(14,071,055)	2,079,855,406
Equity	193,691,277	-	-	786,470	194,477,747	-	194,477,747
Total Equity & liabilities	2,211,740,890	14,913,206	59,250,847	2,499,265	2,288,404,208	(14,071,055)	2,274,333,153
Contingencies & Commitments	687,700,373	342,976	18,406,712	-	706,450,061	-	706,450,061

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

42.3 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

42.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2023 or 2022.

43. TRUST ACTIVITIES

The Group undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	2023				Total
	Securities Held (Face Value)				
	Number of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
(Rupees in '000)					
Corporates	88	22,113,825	17,372,500	2,600	39,488,925
Insurance Companies	24	7,379,400	2,400,000	1,010,000	10,789,400
Asset Management Companies	24	12,165,000	–	–	12,165,000
Pension & Employee Funds	156	46,527,190	41,388,850	191,100	88,107,140
NGO / Charitable Organisation	29	5,446,920	1,121,500	–	6,568,420
Individuals	1,903	5,140,595	913,400	62,700	6,116,695
Others	60	43,776,545	70,509,300	777,500	115,063,345
Total	2,284	142,549,475	133,705,550	2,043,900	278,298,925
2022					
Category	Securities Held (Face Value)				Total
	Number of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
	(Rupees in '000)				
Corporates	80	42,579,360	1,319,100	155,100	44,053,560
Insurance Companies	14	3,300,000	300,000	350,000	3,950,000
Asset Management Companies	20	–	–	–	–
Pension & Employee Funds	154	44,302,650	27,885,550	88,000	72,276,200
NGO / Charitable Organisation	28	4,265,315	1,075,500	–	5,340,815
Individuals	1,330	2,919,460	675,000	–	3,594,460
Others	55	32,127,825	108,176,500	–	140,304,325
Total	1,681	129,494,610	139,431,650	593,100	269,519,360

Notes To The Consolidated Financial Statements

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44.

RELATED PARTY TRANSACTIONS

The Group has related party relationship with associates, employee benefit plans, its directors and key management personnel and their close family members. The detail of associates are stated in note 10.11 to the consolidated financial statements.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Remuneration to Chief Executive, Directors and Executives is disclosed in note 40 to the consolidated financial statements.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2023						2022					
	Directors	Key management personnel and shariah advisors	Associates	Other related parties	Directors	Key management personnel and shariah advisors	Associates	Other related parties	Directors	Key management personnel and shariah advisors	Associates	Other related parties
	(Rupees in '000)											
Investments												
Opening balance	-	-	6,507,975	1,367,493	-	-	-	-	-	-	5,283,282	1,372,493
Equity method adjustments	-	-	919,807	-	-	-	-	-	-	-	1,393,068	-
Investment made during the year	-	-	10,295,480	-	-	-	-	-	-	-	11,101,050	-
Investment redemption during the year	-	-	(9,901,385)	-	-	-	-	-	-	-	(11,269,425)	(5,000)
Closing balance	-	-	7,821,877	1,367,493	-	-	-	-	-	-	6,507,975	1,367,493
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	-	-
Advances												
Opening balance	1,543	367,236	-	6,328,079	109	239,706	1,018,449	5,395,022				
Addition / exchange adjustment during the year	5,963	110,327	-	3,750,713	23,615	93,306	-	18,501,526				
Repaid during the year	(6,070)	(85,184)	-	(6,614,049)	(22,181)	(70,567)	(1,018,449)	(17,565,416)				
Transfer in / (out)	-	48,006	-	(9,574)	-	104,791	-	(3,053)				
Closing balance	1,436	440,385	-	3,455,169	1,543	367,236	-	6,328,079				
Fixed Assets												
Purchase of fixed assets	-	-	7,533	191,247	-	-	6,157	62,667				
Other Assets												
Markup receivable	-	4,302	-	120,958	-	3,208	-	108,054				
Advances, deposits, advance rent and other prepayments	-	-	954,780	73,829	-	1,880	475,852	59,573				
Receivable from Pension Fund	-	-	-	7,428,143	-	-	-	2,768,142				
	-	4,302	954,780	7,622,930	-	5,088	475,852	2,935,769				

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2022

2023

	Directors	Key management personnel and shariah advisors	Associates	Other related parties	Directors	Key management personnel and shariah advisors	Associates	Other related parties
(Rupees in '000)								
Borrowings								
Opening balance	-	-	-	-	-	-	-	103,120
Borrowings / exchange adjustment during the year	-	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	(103,120)
Closing balance	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	193,547	312,366	5,980,204	6,278,578	700,547	750,185	4,184,153	9,507,140
Received during the year	4,574,426	11,806,001	90,801,961	152,251,507	7,966,971	10,414,454	59,131,008	140,067,607
Withdrawn during the year	(1,733,287)	(11,802,950)	(88,460,701)	(144,303,869)	(8,473,340)	(10,860,021)	(57,334,957)	(143,277,844)
Transfer in / (out) - net	-	33,727	-	9,942	(631)	7,748	-	(18,325)
Closing balance	3,034,686	349,144	8,321,464	14,236,158	193,547	312,366	5,980,204	6,278,578
Other Liabilities								
Markup payable	-	3,491	121,341	35,014	4,804	5,281	59,052	56,573
Accrued expenses and other payable	-	194	449,536	32,484	-	3,470	472,340	3,948
Payable to MCB Employee Security Services	-	-	-	-	-	-	-	14,314
	-	3,685	570,877	67,498	4,804	8,751	531,392	74,835
Contingencies and Commitments								
Letter of Credit	-	-	-	5,603,537	-	-	-	6,638,499
Bank guarantee	-	-	8,839,177	2,782,569	-	-	7,102,828	2,259,629
	-	-	8,839,177	8,386,106	-	-	7,102,828	8,898,128
Related Party Transactions								
Income								
Markup / return / interest earned	36	20,585	-	413,663	86	17,378	26,956	469,880
Fee and commission income	1	-	966,160	49,389	-	-	748,846	49,615
Dividend income	-	-	253,907	68,786	-	-	229,425	82,716
Gain / loss on forward foreign exchange contracts matured during the year	-	-	-	35,516	-	-	-	(8,179)
Net gain / loss on sale of securities	2	(21)	1,565	1,321	-	39	1,432	42,301
Gain on sale of fixed assets	-	222	-	-	-	716	-	-
Rent income and reimbursement of other expenses	-	-	110,108	6,268	-	4	109,054	3,972
Management fee and Advisory income	-	-	1,446,592	-	-	-	1,097,092	-
Expense								
Markup / return / interest expensed	69,550	38,649	701,894	1,289,292	52,364	92,667	305,359	1,954,648

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	2023					2022				
	Directors	Key management personnel and shariah advisors	Associates	Other related parties		Directors	Key management personnel and shariah advisors	Associates	Other related parties	
Other Operating expenses					(Rupees in '000)					
Clearing expenses paid to NIFT	-	-	-	212,457	-	-	-	-	189,640	-
Contribution to provident fund	-	-	-	705,319	-	-	-	-	606,417	-
Rent expenses	-	-	107,779	56,339	-	-	-	104,356	53,069	-
Cash sorting expenses	-	-	-	139,365	-	-	-	-	117,167	-
Stationery expenses	-	-	-	544,568	-	-	-	-	380,041	-
Security guards expenses	-	-	-	59,670	-	-	-	-	285,527	-
Remuneration to key executives, shariah advisors and non-executive directors fee	172,935	1,113,193	-	213,109	150,798	875,996	-	-	107,709	-
Outsourcing service expenses	-	-	138,578	-	-	-	-	138,651	-	-
E-dividend processing fee and CDC charges	-	-	-	5,836	-	-	-	-	6,047	-
Travelling expenses	-	-	-	68,341	-	-	-	-	30,378	-
Hotel stay expenses	-	-	-	5,120	-	-	-	-	6,121	-
Repair & Maintenance Charges	-	-	-	4,383	-	-	-	-	3,184	-
Advertisement expenses	-	-	-	-	-	-	-	-	3,132	-
Miscellaneous expenses and payments	-	-	284	2,874	-	-	-	1,088	3,517	-
Donations	-	-	-	15,000	-	-	-	-	-	-
Selling & Marketing	-	-	576,645	-	-	-	-	350,628	-	-
Sharia Fee paid	-	-	2,590	-	-	-	-	9,910	-	-
Insurance premium-net of refund	-	-	1,099,244	140,324	-	-	-	942,987	100,678	-
Insurance claim settled	-	-	52,763	-	-	-	-	40,380	-	-
Other Transactions										
Proceeds from sale of fixed assets	-	222	-	17	-	8,320	-	-	2,685	-
Sale of government securities	60,911	120,574	31,221,203	29,041,986	50,060	154,836	23,153,428	35,215,242	-	-
Purchase of government securities	4,995	124,150	10,477,465	71,813,813	-	13,741	22,187,916	15,254,061	-	-
Insurance premium paid on behalf of related party	-	-	-	67,504	-	-	-	-	-	-
Forward exchange contracts matured during the year	-	-	-	12,692,596	-	-	-	-	1,772,994	-

The Chairman has been provided with free use of the Group maintained car. The Chief Executive and certain executives are provided with free use of the Group maintained cars and household equipment in accordance with the terms of their employment.

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		2023	2022
		(Rupees in '000)	
45.	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
45.1	Capital Adequacy		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	11,850,600	11,850,600
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	191,312,686	158,467,590
	Eligible Additional Tier 1 (ADT 1) Capital	–	–
	Total Eligible Tier 1 Capital	191,312,686	158,467,590
	Eligible Tier 2 Capital	37,941,962	26,444,431
	Total Eligible Capital (Tier 1 + Tier 2)	229,254,648	184,912,021
	Risk Weighted Assets (RWAs):		
	Credit Risk	736,886,134	763,368,141
	Market Risk	164,887,944	75,115,355
	Operational Risk	257,825,971	190,227,624
	Total	1,159,600,049	1,028,711,120
	Common Equity Tier 1 Capital Adequacy ratio	16.50%	15.40%
	Tier 1 Capital Adequacy Ratio	16.50%	15.40%
	Total Capital Adequacy Ratio	19.77%	17.98%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank for the year ended December 31, 2023 stood at Rs. 11.851 billion (2022: Rs. 11.851 billion) and is in compliance with the SBP requirements. Further, under Basel III instructions, banks are required to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as at reporting dates (including a capital conservation buffer of 1.5% which has been revised downwards from 2.5% as per BPRD Circular No. 12 dated March 26, 2020), Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50% as at reporting dates. The Group is fully compliant with prescribed ratios.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Group's exposures based on eligible collateral under simple approach.

		2023	2022
		(Rupees in '000)	
45.2	Leverage Ratio (LR):		
	Eligible Tier-1 Capital	191,312,686	158,467,590
	Total Exposures	3,361,118,695	2,846,612,866
	Leverage Ratio	5.69%	5.57%

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	2023	2022
	(Rupees in '000)	
45.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,206,951,258	803,179,881
Total Net Cash Outflow	499,477,977	404,125,964
Liquidity Coverage Ratio	241.64%	198.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,699,651,967	1,375,022,084
Total Required Stable Funding	1,148,136,107	987,602,872
Net Stable Funding Ratio	148.04%	139.23%

The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time are available at <https://www.mcb.com.pk/investor-relations/capital-adequacy-statements>.

46. RISK MANAGEMENT

Risk is an inherent part of banking business activities. The risk management framework and governance structure at Group helps to mitigate and counter any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its Global Risk Management Policy, the Bank sets the best course of action under uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders' value. Group's risk management structure is based on the following five guiding principles:

- Optimizing risk/return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the bank regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Group executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM&PRC), the senior management and its relevant committees, i.e. the Management Credit and Risk Committee (MC&RC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring processes which are closely aligned with the activities of the Bank. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the bank to ensure that risks are kept within an acceptable level.

The Group ensures that not only the relevant risks are identified but their implications are also considered and basis provided for managing and measuring the risks. Through Internal Control units, the Group ensures that effective controls are in place to mitigate each of the identified risk.

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Independent from business groups, Head of Risk Management reports functionally to the Risk Management & Portfolio Review Committee (RM&PRC) and administratively to the President; the RM&PRC convenes regular meetings to evaluate Group's risk and portfolio concentrations. The Risk Management Group performs the following critical functions:

- Risk Management Policy Formulation
- Credit Risk Management
- Credit Review
- Credit Risk Control
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- IT Risk Management

Keeping in view the international best practices and SBP requirements, Board of Directors of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks.

46.1 Credit Risk

Credit risk arises from bank's dealings with individuals, corporate borrowers, financial institutions, sovereigns etc. The Group is exposed to credit risk through its lending and investment activities. Credit risk makes up the largest part of the Group's exposure and it stems from Bank's both on and off-balance sheet activities. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Group provide additional comfort and support. Such controls range from quality of eligible collateral, pre-disbursement safety measures to post disbursement monitoring.

The Group has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Group has developed rating systems and all its borrowers are internally rated. In order to further enhance the credit risk analysis and the processes, Probability Default based Internal Credit Risk Rating (ICRR) system based on the statistical modeling and validation in line with Basel principles. The revamped ICRR is currently focused on Corporate Commercial and Corporate Large customer categories. The ICRR Model for rating of SME Customers has also been revamped to achieve more accurate results and to improve the quality of credit decisions.

In order to manage Group's credit risk, following policies and procedures are in place:

- Individuals who take or manage risks clearly understand them in order to protect the Group from avoidable risks;
- The approval of credit limits to counter parties are subject to pre-fact review;
- Extension in credit facility or material change to the credit facility is subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

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Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Group's Credit Risk Control is responsible for performing following activities:

- Credit disbursement authorization
- Collateral coverage and monitoring
- Compliance of loan covenants/ terms of approval
- Maintenance / custody of collateral and security documentation
- Credit Risk Limit Controls

Credit Risk Monitoring is based on a comprehensive reporting framework. Continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division, etc.

To ensure a prudent distribution of asset portfolio, the Group manages its lending and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

The Group creates specific provision against Non-Performing Loans (NPLs) in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer loans and Small enterprise (SEs) made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Please refer note No. 11.4 for reconciliation of changes in specific and general provisions.

The Risk Management function of the Group has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment.

Management of Non Performing Loans

The Group has a Special Assets Management (SAM) function, which is responsible for management of non performing loans. SAM undertakes restructuring / rescheduling of problem loans, as well as litigation of both civil and criminal cases for collection of debt.

Stress Testing

Credit Risk stress testing is a regular exercise. Group's credit exposures including funded and non-funded facilities are subjected to stress tests. This exercise is conducted on a quarterly basis through assigning shocks to all assets of the Group and assessing its resulting affect on capital adequacy inline with SBP requirements.

In 2023, Pakistan's economy grappled with inflationary pressures stemming from supply chain disruptions and increased energy costs following the international geopolitical issues and conflicts. As a result the Pakistani Rupee experienced significant depreciation against all major currencies and inflation rose to un-precedented levels. To address inflationary trend, the State Bank of Pakistan (SBP) raised the policy rate further by a cumulative 600 basis points to 22% during the year 2023, resulting in an economic slowdown. To gauge the macroeconomic head winds in the light of above economic challenges and their potential impact on Group's exposures, a comprehensive analysis of Group's advances portfolio was conducted in addition to the regular quarterly stress tests described earlier. The Group determined that it maintains a high-quality advances portfolio and possesses sufficient equity to withstand the current economic shock. Summary of analysis along with its results was presented to Risk Management & Portfolio Review Committee (RM&PRC) of the Board.

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The Group is regularly conducting assessments of the credit portfolio, with robust post disbursement credit review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Group is confident that it has more than sufficient risk bearing capacity to withstand these difficult times.

46.1.1 Lendings to financial institutions

Credit risk by public / private sector

Note	Gross lendings		Non - performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public / Government	62,509,667	30,869,383	-	-	-	-
Private	27,203,733	25,716,385	-	-	-	-
9	89,713,400	56,585,768	-	-	-	-

46.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non - performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Chemical and pharmaceuticals	885,000	-	-	-	-	-
Financials including government securities	1,365,750,614	1,049,517,455	118	118	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	285,000	285,000
Manufacture of sugar	145,656	145,656	145,656	145,656	145,656	145,656
Manufacture of textiles	40,732	40,732	40,732	40,732	40,732	40,732
Others	6,153	6,153	6,153	6,153	6,153	6,153
	1,367,113,155	1,049,994,996	477,659	477,659	477,659	477,659

Credit risk by public / private sector	Gross Investments		Non - performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public / Government	1,355,308,840	1,039,029,542	-	-	-	-
Private	11,804,315	10,965,454	477,659	477,659	477,659	477,659
	1,367,113,155	1,049,994,996	477,659	477,659	477,659	477,659

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46.1.3 Advances

Credit risk by industry sector

Note	Gross Advances		Non - performing Advances		Provision held		
	2023	2022	2023	2022	2023	2022	
	(Rupees in '000)						
	Agriculture, forestry and fishing	8,261,667	7,090,675	517,449	749,020	152,678	334,664
	Construction	11,666,186	13,323,624	199,130	273,095	154,891	231,071
	Electricity, gas, steam and air conditioning supply	24,368,812	48,759,571	1,718,379	1,757,187	399,402	376,717
	Electronics and electrical appliances	6,450,391	11,990,882	86,871	89,980	86,871	89,980
	Financials	17,439,727	51,254,271	135,349	716,076	135,349	716,076
	Footwear and Leather garments	3,143,550	5,292,962	153,954	154,403	153,954	154,403
	Human health and social work activities	1,115,624	1,014,702	41,605	44,452	41,605	44,452
	Individuals	58,946,869	67,235,788	2,799,124	3,568,456	2,479,465	3,419,376
	Manufacture of basic metals and metal products	19,302,720	18,626,433	3,085,337	3,539,992	2,993,098	3,332,419
	Manufacture of cement	27,506,561	49,530,533	392,862	392,862	392,862	392,862
	Manufacture of chemicals and pharmaceutical products	38,178,836	64,337,486	180,474	191,248	180,474	187,478
	Manufacture of coke and refined petroleum products	9,570,242	1,595,977	1,437,983	755,125	1,226,607	578,891
	Manufacture of food & beverages products	56,936,934	70,131,148	5,123,324	2,773,137	4,660,318	2,524,123
	Manufacture of machinery, equipment and transport Equipment	5,013,865	21,490,594	364,664	363,386	364,664	363,386
	Manufacture of rubber and plastics products	6,661,206	10,841,530	499,938	538,155	499,938	538,155
	Manufacture of sugar	36,608,973	45,151,989	3,966,501	4,238,251	3,966,501	4,238,251
	Manufacture of textiles	131,370,262	139,950,147	11,753,330	12,183,374	11,519,444	11,968,607
	Mining and quarrying	3,086,070	3,804,693	5,180	1,877	5,180	1,877
	Manufacturing of Pulp, Paper, Paperboard	10,614,070	12,052,576	176,349	174,634	176,349	174,634
	Ship Breaking	4,423,007	4,811,458	4,086,843	4,804,857	3,678,420	3,931,259
	Services	18,980,614	17,070,822	443,359	429,490	394,159	386,448
	Telecommunications	42,082,390	39,616,332	53,352	42,798	53,352	42,798
	Transportation and storage	114,921,462	121,762,742	1,094,713	57,759	450,034	57,759
	Wholesale and retail traders	51,582,420	55,439,643	17,045,856	14,778,915	8,205,978	7,716,841
	Others	8,293,316	7,570,387	478,477	320,445	310,787	320,445
11		716,525,774	889,746,965	55,840,403	52,938,974	42,682,380	42,122,972
	Credit risk by public / private sector						
	Public / Government	137,348,632	153,700,141	1,209,531	564,853	564,853	564,853
	Private	579,177,142	736,046,824	54,630,872	52,374,121	42,117,527	41,558,119
11		716,525,774	889,746,965	55,840,403	52,938,974	42,682,380	42,122,972

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Note	2023 (Rupees in '000)	2022
46.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, forestry and fishing	285,547	923,612
Construction	31,206,721	28,038,340
Electricity, gas, steam and air conditioning supply	38,350,428	10,393,451
Electronics and electrical appliances	8,305,637	5,488,380
Financials	328,974,942	281,882,328
Footwear and Leather garments	1,410,701	2,589,787
Human health and social work activities	1,329,450	919,212
Individuals	2,743,475	1,262,717
Manufacture of basic metals and metal products	11,004,865	10,354,318
Manufacture of cement	8,842,631	4,755,329
Manufacture of chemicals and pharmaceutical products	44,926,105	31,173,463
Manufacture of coke and refined petroleum products	39,843,603	18,960,447
Manufacture of food & beverages products	49,664,145	55,389,456
Manufacture of machinery, equipment and transport Equipment	27,571,175	25,088,455
Manufacture of rubber and plastics products	10,957,372	9,151,357
Manufacture of sugar	9,071,202	6,843,596
Manufacture of textiles	41,719,287	45,426,766
Mining and quarrying	256,477	118,562
Manufacturing of Pulp, Paper, Paperboard	4,162,616	3,878,219
Ship Breaking	2,576,244	1,650,419
Services	70,173,568	60,017,717
Telecommunications	24,176,428	26,666,124
Transportation and storage	3,475,884	347,352
Wholesale and retail traders	56,879,641	47,129,960
Others	47,299,181	28,000,694
24	865,207,325	706,450,061
Credit risk by public / private sector		
Public/ Government	240,370,255	164,558,353
Private	624,837,070	541,891,708
24	865,207,325	706,450,061

46.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 357,105.559 million (2022: Rs. 340,909.143 million) are as following:

	2023 (Rupees in '000)	2022
Funded	92,555,618	170,034,940
Non Funded	264,549,941	170,874,203
Total Exposure	357,105,559	340,909,143

The sanctioned limits against these top 10 exposures aggregated to Rs. 411,686.375 million (2022: Rs. 470,959.712 million). There is no provision against these top 10 exposures.

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46.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2023					
		Disbursements		Utilization			
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Province/Region							
Punjab	965,571,685	925,955,174	33,879,580	4,797,049	406,776	525,858	7,248
Sindh	655,850,967	11,129,175	615,445,172	14,348,602	14,922,027	5,963	28
KPK including FATA	5,885,564	52,121	1,943	5,796,082	-	27,646	7,772
Balochistan	1,447,057	7,116	5,400	-	1,432,742	1,799	-
Islamabad	149,219,522	4,280,142	596	1,267,734	2,240	143,668,810	-
AJK including Gilgit-Baltistan	372,728	9,669	-	-	-	9,910	353,149
	1,778,347,523	941,433,397	649,332,691	26,209,467	16,763,785	144,239,986	368,197

		2022					
		Disbursements		Utilization			
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Province/Region							
Punjab	1,205,219,677	1,161,626,482	31,275,617	10,918,553	374,463	1,021,994	2,568
Sindh	795,243,822	42,071,609	703,121,834	30,102,633	19,940,753	6,813	180
KPK including FATA	19,315,117	347,574	18,331	18,882,880	-	57,300	9,032
Balochistan	3,917,219	12,940	16,771	-	3,880,767	2,201	4,540
Islamabad	111,515,307	21,579,876	462	2,304,967	-	87,630,002	-
AJK including Gilgit-Baltistan	3,971,452	28,825	-	1,008	-	18,295	3,923,324
	2,139,182,594	1,225,667,306	734,433,015	62,210,041	24,195,983	88,736,605	3,939,644

46.2 Market Risk

Market Risk arises from changes in market rates such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Group is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Foreign Exchange Group and the Capital Market Division. Market risk also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes bank to interest rate risk, foreign exchange risk and equity price risk.

The Group's Market Risk Management structure consists of Risk Management & Portfolio Review Committee (RM&PRC) of the Board, Management Credit and Risk Committee, ALCO and independent Market Risk Management Division reporting directly to Group Head Risk Management. Market Risk function works in close partnership with the business segments to identify and monitor market risks throughout the Group and to define market risk policies and procedures. Market Risk seeks to facilitate efficient risk/return management decisions, reduce volatility in operating performance and provide transparency into the Group's market risk profile for senior management, the Board of Directors and regulators. Market risk authority, including both approval of market risk limits and approval of market risks is vested in the ALCO.

In line with regulatory requirements, the Group has clearly defined, in its Global Risk Management policy, the positions which shall be subject to market risk. The definition covers the accounting classifications as well as positions booked by different business groups under "Available for Sale" category. The assets subject to trading book treatment are frequently, mostly on daily basis, valued and actively managed. The positions which does not fulfill the criteria of Trading book falls under the Banking Book and are treated as per SBP requirements.

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The Group measures and manages Market Risk by using different risk parameters with combinations of various limits. Board approved Global Risk Management Policy provides guidelines for assuming controlled market risk, its monitoring and management. The approved limits are compared with the numbers generated by the market risk management systems based on the trading activity and the outstanding positions.

Besides conventional methods, the Group also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by its treasury and capital market groups. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon.

A framework of stress testing, scenario analysis and reverse stress tests covering both banking and trading books as per SBP guidelines is also in place. The results of the stress tests are reviewed by senior management and also reported to the SBP.

The Group is also exposed to interest rate risk both in trading and banking books. Risk parameters along with the marked to market values of government securities held by the Group's treasury are generated on daily basis. The risk parameters include duration, Price Value of a Basis Point (PVBP), and VaR on individual security basis as well as on portfolio basis. These reports are presented to the senior management for review on a daily basis.

46.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	190,245,798	-	190,245,798	110,275,163	-	110,275,163
Balances with other banks	37,806,854	-	37,806,854	26,162,849	-	26,162,849
Lendings to financial institutions	89,713,400	-	89,713,400	56,585,768	-	56,585,768
Investments	66,958,638	1,305,385,077	1,372,343,715	45,528,738	995,360,321	1,040,889,059
Advances	670,673,495	-	670,673,495	844,985,763	-	844,985,763
Fixed assets	88,738,550	-	88,738,550	85,021,165	-	85,021,165
Intangible assets	1,859,032	-	1,859,032	1,682,671	-	1,682,671
Deferred tax assets	-	-	-	5,439,278	-	5,439,278
Other assets	228,704,335	-	228,704,335	103,291,437	-	103,291,437
	1,374,700,102	1,305,385,077	2,680,085,179	1,278,972,832	995,360,321	2,274,333,153

46.2.2 Foreign Exchange Risk

Foreign exchange risk exposes the Group to changes in the values of current holdings and future cash flows denominated in currencies other than home currency due to the exchange rate fluctuation and volatility. The types of instruments exposed to this risk include investments in foreign branches, foreign currency-denominated loans, foreign currency-denominated deposits, future cash flows in foreign currencies arising from foreign exchange transactions, etc.

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Group remains within defined risk appetite and insulate Group against undue losses that may arise due to volatile movements in foreign exchange rates or interest rates.

Limit structure to manage Foreign exchange risk including gap limits on different tenors in major currencies are in place to control risk. Group's net open position and Foreign Exchange Exposure Limit (FEEL) is monitored and reported on intra-day and day end basis. Foreign exchange risk parameters including VaR is generated and monitored on daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the Board is a regular feature.

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	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	119,338,155	68,930,151	(53,199,087)	(2,791,083)	30,105,775	59,890,176	14,910,406	(14,873,995)
Sri Lankan Rupees	-	50,950	-	(50,950)	-	1,063,792	-	(1,063,792)
Arab Emirates Dirham	859,122	27,393	76,156	907,885	180,113	51,301	(43,157)	85,655
Euro	16,273,124	14,126,385	(2,169,115)	(22,376)	4,441,552	9,122,353	4,706,796	25,995
Great Britain Pound Sterling	9,482,940	9,504,200	-	(21,260)	4,759,438	8,324,327	3,567,730	2,841
Japanese Yen	40,486	192	-	40,294	24,742	168	-	24,574
Chinese Yuan	1,761,878	25,929	(1,534,217)	201,732	915,242	5	(786,512)	128,725
Other currencies	724,637	352,688	19,205	391,154	542,740	347,457	55,794	251,077
	148,480,342	93,017,888	(56,807,058)	(1,344,604)	40,969,602	78,799,579	22,411,057	(15,418,920)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account		(13,446)	-	(154,189)
- Other comprehensive income		185,690	-	128,034

46.2.3 Equity position Risk

Group's proprietary positions in the equity instruments exposes it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management on a daily basis. The stress test for equity price risk assesses the impact of the fall in the stock market index using certain assumptions. In addition to this stress testing, historical scenario analysis on equities is also performed periodically as advised by the State Bank of Pakistan through Guideline on Stress Testing.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Other comprehensive income		-	1,269,543	-
				882,584

46.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Group's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

The increase / (decrease) in earnings due to change in the interest rate is as follows:

	2023		2022	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(3,768,963)	-	(1,320,523)	175,698
- Other comprehensive income	-	(6,956,297)	-	(947,571)

The Group has classified Available for Sale investments as Trading in Basel-II.

Notes To The Consolidated Financial Statements

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46.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective yield/ interest rate	Total	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
		8,541,394	-	-	-	-	-	-	-	-	-	181,704,404
1.36%	37,806,654	23,937,635	1,962,071	-	-	-	-	-	-	-	-	11,907,148
14.08%	89,713,400	89,713,400	-	-	-	-	-	-	-	-	-	-
18.24%	1,372,343,715	281,783,671	134,886,874	362,042,303	41,070,293	2,263,899	36,602,439	44,164,033	-	-	32,733,549	-
17.89%	658,585,837	510,808,356	71,382,663	8,962,170	3,701,726	3,311,876	3,023,723	6,666,392	-	-	14,682,050	18,927,476
	213,691,126	-	-	-	-	-	-	-	-	-	-	213,691,126
	2,562,986,730	914,784,456	208,231,608	453,716,059	371,004,473	5,575,775	39,626,162	51,030,425	-	-	14,682,050	458,983,703
Liabilities												
	27,271,384	-	-	-	-	-	-	-	-	-	-	27,271,384
14.13%	235,664,480	136,326,576	28,604,349	17,203,110	2,427,686	4,344,535	8,718,812	30,789,275	-	-	-	-
8.64%	2,009,828,619	1,033,807,334	17,810,799	12,715,316	9,720,114	162,008	56,628	-	-	-	-	933,992,770
	124,215,576	-	-	-	-	-	-	-	-	-	-	124,215,576
	2,396,980,059	1,170,133,910	46,415,148	29,918,426	12,147,800	4,506,543	8,774,940	30,789,275	-	-	1,085,479,730	-
	165,406,671	(255,349,454)	161,816,460	423,797,633	358,856,673	1,069,232	30,851,222	20,241,150	-	-	14,682,050	(626,516,027)
On-balance sheet gap												
Off-balance sheet financial instruments												
	736,983	286,716	450,267	-	-	-	-	-	-	-	-	-
	15,197,000	15,197,000	-	-	-	-	-	-	-	-	-	-
	60,791	60,791	-	-	-	-	-	-	-	-	-	-
	93,150,006	64,143,910	24,208,514	4,797,582	-	-	-	-	-	-	-	-
	109,144,780	79,688,417	24,658,781	4,797,582	-	-	-	-	-	-	-	-
	736,983	286,716	450,267	-	-	-	-	-	-	-	-	-
	23,315	23,315	-	-	-	-	-	-	-	-	-	-
	60,791	60,791	-	-	-	-	-	-	-	-	-	-
	78,488,292	39,298,997	23,840,755	5,766,274	9,582,256	-	-	-	-	-	-	-
	79,309,371	39,689,819	24,291,022	5,766,274	9,582,256	-	-	-	-	-	-	-
	29,835,409	40,018,598	367,759	(968,692)	(9,582,256)	-	-	-	-	-	-	-
		(215,330,856)	162,194,219	422,829,941	349,274,417	36,957,792	1,069,232	20,241,150	-	-	14,682,050	-
		(215,330,856)	(53,146,637)	369,682,304	718,956,721	754,914,453	766,834,907	807,076,057	-	-	821,758,107	-

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	2023 (Rupees in '000)	2022 (Rupees in '000)
Reconciliation to total assets		
Balance as per balance sheet	2,680,085,179	2,274,333,153
Less: Non financial assets		
Islamic financing and related assets	12,087,658	11,520,220
Fixed assets	88,738,550	85,021,165
Intangible assets	1,859,032	1,682,671
Deferred tax assets	-	5,439,278
Other assets	15,013,209	9,591,228
	117,698,449	113,254,562
Total financial assets	2,562,386,730	2,161,078,591
Reconciliation to total liabilities		
Balance as per balance sheet	2,438,334,077	2,079,855,406
Less: Non financial liabilities		
Other liabilities	37,801,697	32,563,617
Deferred tax liability	3,552,321	-
	41,354,018	32,563,617
Total financial liabilities	2,396,980,059	2,047,291,789

46.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks.

The Group's operational risk management framework, as laid down in the Global Risk Management Policy, duly approved by BOD, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Group. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

Operational Risk Management helps the Group understand risks and improve mitigating controls so as to minimize operational risks that are inherent in almost all areas of the Group. Going forward, the Bank will further strengthen its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

46.3.1 Operational Risk-Disclosures Basel II Specific

Currently, the Group is reporting operational risk capital charge under Basic Indicator Approach (BIA). The Group took a number of initiatives with respect to operational risk management like using Key Risk Indicators (KRIs), loss events database and Risk & Control Self Assessments (RCSA) to manage its operational risk effectively.

In accordance with the Operational Risk Management (OR) regulations, policy and framework, a database covering operational risk events is being maintained using a state of the art software solution, which has enhanced features and a better workflow management. This new software has further augmented Group's capacity to capture and report operational risk events and KRIs. The software is also capable of generating periodical regulatory and management reports. Periodical updates on Operational Risk events are presented to senior management and the Risk Management and Portfolio Review Committee of the Board.

46.4 Liquidity Risk

Liquidity represents the ability to fund assets and meet obligations as they become due. The Group understands that liquidity does not come for free, and surplus liquidity has an opportunity cost which needs to be recognized. Liquidity risk is a risk of not being able to obtain funds at a reasonable price within a reasonable time period to meet obligations as they become due. Liquidity is essential to the ability to operate financial services businesses and, therefore, the ability to maintain surplus levels of liquidity through economic cycles is crucial. Particularly during periods of adverse conditions, liquidity management is among the most important activities that the Group conducts during both normal and stress periods. The Group recognizes that liquidity risk can arise from the Group's activities and can be grouped into three categories:

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- Inflows/Outflows from on-balance sheet items (other than marketable securities and wholesale borrowings) and off-balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

Liquidity Management

The Asset Liability Committee of the Group has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management function. Board has approved a comprehensive Liquidity Risk Policy (part of Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Groups' liquidity under normal and stress scenarios. A framework to assess the maturity profile of non-contractual assets and liabilities is in place to supplement the liquidity management. Group's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing, to ensure effective and timely decision making.

The Group's liquidity risk management framework is designed to identify measure and manage in a timely manner the liquidity risk position of the Group. The underlying policies and procedures include: Global Risk Management policy, Global Treasury Policy, Investment policy, Contingency Funding Plan, Liquidity Strategy and Limit Structure which are reviewed and approved regularly by the senior management / Board members. Moreover; the Group also prepares a 'Contingency Funding Plan' (CFP) to address liquidity issues in time of stress/crisis situation containing early warning indicators to preempt unforeseen liquidity crises. The Group conducts Liquidity Risk Analysis on regular basis as well as Maturity of gaps are also reviewed in order to ensure diversification in terms of tenors. MCB liquidity risk framework envisages to project the Group's funding position during temporary and long-term liquidity changes, including those caused by liability erosion and explicitly identifying quantifying and ranking all sources of funding preferences, such as reducing assets, modifying or increasing liability structure; and using other alternatives for controlling statement of financial position changes. The Group performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Group under both idiosyncratic and systemic market stress conditions. The Group's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.

In view of the relaxation granted by SBP for deferral of principal and markup and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Group. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

Intraday Liquidity Management

Intraday liquidity management is about managing the daily payments and cash flows. Group has policies to ensure that sufficient cash is maintained during the day to make payments through local payment system. The policy of the Group is to maintain adequate liquidity at all times, in all geographical locations and for all currencies and hence to be in a position, in the normal course of business, to meet obligations, repay depositors and fulfill commitments.

Managing Funding Sources

Managing funding sources, as per policy the Group maintain a portfolio of marketable securities that can either be sold outright or sold through a repurchase agreement to generate cash flows for meeting unexpected liquidity requirement. As a part of liquidity management the Group maintains borrowing relationships to ensure the continued access to diverse market of funding sources. The Group's sound credit rating together with excellent market reputation has enabled the Group to secure ample call lines with local and foreign banks. The level of liquidity reserves as per regulatory requirements also mitigates risks. The Group's investment in marketable securities is much higher than the Statutory Liquidity Requirements.

Notes To The Consolidated Financial Statements

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46.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

2023

	2023												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total													
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	190,245,798	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	11,928,658	21,328,426	1,742,117	845,562	1,788,031	17,404	-	-	-	-	-	-	-
Lending to financial institutions	89,713,400	79,670,320	9,695,000	-	-	-	-	-	-	-	-	-	-
Investments	1,372,943,715	3,132,810	4,168,856	6,104,583	15,335,678	9,335,527	88,015,675	121,722,049	288,264,055	275,921,140	155,189,938	208,240,187	179,847,152
Advances	670,673,495	22,158,120	12,396,395	29,249,528	92,860,943	61,691,679	56,497,598	29,547,369	19,352,620	50,668,620	49,210,802	63,848,722	108,452,903
Fixed assets	88,738,550	14,551	102,094	388,140	581,246	583,353	1,730,134	1,707,813	1,684,767	5,038,257	5,142,131	6,463,842	65,194,713
Intangible assets	1,659,032	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- net	-	-	-	-	-	17,000,757	20,633,582	4,540,961	4,242,218	-	-	-	-
Other assets	228,704,335	116,781,903	6,343,474	13,754,030	24,765,610	17,000,757	20,633,582	4,540,961	4,242,218	4,634,535	4,666,005	9,584,748	-
	2,680,085,179	243,174,004	34,465,338	50,397,877	135,472,609	88,877,738	168,151,630	157,791,561	323,798,838	336,535,280	214,288,487	288,253,414	353,829,306
Liabilities													
Bills payable	27,271,384	5,454,277	6,363,323	14,544,738	-	-	-	-	-	-	-	-	-
Borrowings	235,664,480	111,980,521	1,046,326	282,979	8,611,302	19,993,047	17,203,110	1,202,697	1,224,990	7,250,637	4,944,535	8,718,912	30,789,275
Deposits and other accounts	2,009,828,619	1,901,819,488	12,261,258	18,343,229	9,825,708	16,416,108	15,562,846	8,878,445	14,894,269	4,697,661	273,552	57,128	-
Deferred tax liabilities- net	3,552,321	53,055	46,090	109,289	116,198	103,461	196,758	(1,703,380)	(31,986)	(632,254)	1,604,891	6,376,150	(2,716,486)
Other liabilities*	162,017,273	40,369,366	4,960,440	12,017,194	10,351,227	7,880,535	10,714,881	25,860,637	5,270,491	7,456,840	6,312,409	16,643,258	6,660,152
	2,438,334,077	1,966,133,184	24,679,437	45,297,429	28,604,435	43,893,151	43,677,595	34,238,399	21,357,764	18,772,874	12,535,387	31,794,848	34,732,941
Net assets	241,751,102	(1,681,084,107)	9,785,901	5,100,448	106,868,174	44,984,607	124,474,035	123,553,162	302,441,074	317,762,406	201,753,100	256,458,566	319,096,365
Share capital	11,850,600												
Reserves	101,129,809												
Surplus on revaluation of assets- net of tax	25,740,282												
Unappropriated profit	102,889,217												
Non-controlling interest	341,194												
	241,751,102												

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2023

	2023												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total													
(Rupees in '000)													
Lease liability against right of use assets	1,696	10,176	11,871	137,991	117,468	57,593	425,058	347,227	375,749	1,652,237	1,358,419	2,258,704	4,674,054

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2022

	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total													
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	99,845,486	3,476,559	3,476,559	3,476,559	-	-	-	-	-	-	-	-	-
Balances with other banks	26,162,849	309,580	2,573,764	4,723,736	308,100	184,860	-	-	-	-	-	-	-
Lending to financial institutions	56,585,788	56,585,788	-	-	-	-	-	-	-	-	-	-	-
Investments	1,040,889,059	5,135,011	1,371,349	21,924,917	22,178,150	51,824,002	11,809,643	127,859,640	155,449,803	93,834,041	138,218,318	170,199,642	214,339,964
Advances	844,985,763	132,151,642	73,103,305	99,090,375	37,233,563	66,840,256	50,838,293	32,148,614	37,534,012	54,682,446	44,573,726	64,558,141	110,682,696
Fixed assets	85,021,165	10,913	66,483	309,474	456,613	457,443	1,363,579	1,353,449	1,336,067	4,475,982	4,178,448	5,031,803	65,905,515
Intangible assets	1,682,671	1,873	9,976	41,871	65,151	65,378	195,990	196,017	195,652	439,720	-	101,078	358,327
Deferred tax assets	5,439,278	5,044	17,359	45,904	107,915	279,359	244,361	1,370,941	425,311	2,459,137	1,628,063	(3,445,640)	2,280,088
Other assets	103,291,437	1,650,147	20,895,531	13,690,335	20,064,926	13,179,592	9,797,079	4,452,076	1,604,452	6,089,483	-	5,572,987	-
	2,274,333,153	256,862,925	155,834,910	80,767,905	80,414,418	132,830,890	74,248,945	167,380,737	196,545,297	161,980,809	188,598,545	242,018,011	393,546,590
Liabilities													
Bills payable	42,874,366	1,429,145	8,574,873	10,004,019	-	-	-	-	-	-	-	-	-
Borrowings	356,016,610	35,691,287	34,795,353	1,509,320	68,159,026	69,502,793	8,088,611	755,760	919,647	4,903,878	3,857,151	7,533,865	39,445,246
Deposits and other accounts	1,532,695,961	1,438,023,470	6,061,760	6,970,585	8,449,377	14,678,136	16,698,510	15,172,180	8,277,320	2,176,667	4,666,303	155,354	271,654
Other liabilities*	148,268,469	22,474,702	9,084,889	24,126,002	9,806,489	7,128,696	7,776,553	24,230,248	3,838,100	7,442,423	1,529,411	14,041,810	6,212,276
	2,079,855,406	1,497,618,604	58,516,875	29,060,794	86,414,882	91,309,625	32,583,674	40,158,188	13,035,067	14,522,968	10,062,865	217,31,029	44,929,176
Net assets	194,477,747	(1,240,755,679)	97,318,035	51,707,111	(6,000,474)	41,521,265	41,685,271	127,222,549	183,510,230	147,457,841	178,545,680	220,286,982	348,617,414
Share capital	11,850,600												
Reserves	89,640,476												
Surplus on revaluation of assets- net of tax	19,458,482												
Unappropriated profit	72,795,700												
Non-controlling interest	732,489												
	194,477,747												

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total													
(Rupees in '000)													
Lease liability against right of use assets	10,560,611	1,113	7,824	9,128	102,645	123,498	319,454	317,723	348,927	1,732,725	1,234,873	2,146,961	4,120,267

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46.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

2023

	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Total									
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	190,245,798	-	-	-	-	-	-	-	-
Balances with other banks	37,806,854	1,962,071	-	-	-	-	-	-	-
Lending to financial institutions	89,713,400	-	-	-	-	-	-	-	-
Investments	19,410,433	24,716,792	89,002,774	419,961,328	275,875,909	155,144,440	207,521,969	171,907,006	8,803,064
Advances	670,673,495	67,097,261	39,607,136	38,892,506	92,081,923	91,088,149	108,284,288	100,262,858	23,041,836
Fixed assets	88,738,550	592,329	1,829,424	3,392,580	5,058,257	5,138,866	6,463,842	10,357,274	54,837,439
Intangible assets	1,859,032	90,817	274,641	528,546	252,461	79,611	390,042	60,411	-
Deferred tax assets- net	-	-	-	-	-	-	-	-	-
Other assets	228,704,335	138,395,733	20,633,582	8,783,179	4,634,535	4,666,005	9,584,748	-	-
	2,680,085,179	584,610,831	137,033,719	151,347,557	377,903,085	256,117,071	332,244,889	282,587,549	86,682,339
Liabilities									
Bills payable	27,271,384	-	-	-	-	-	-	-	-
Borrowings	235,664,480	28,604,349	17,203,110	2,427,686	7,250,637	4,344,535	8,718,312	30,789,275	-
Deposits and other accounts	2,009,828,619	131,586,577	158,838,756	23,772,714	477,610,933	473,186,834	472,970,410	163,388,687	17,252,779
Deferred tax liabilities - net	3,552,321	219,680	196,758	(1,735,369)	(632,254)	1,604,891	6,376,150	3,996,053	(6,712,539)
Other liabilities*	162,017,273	65,182,294	17,916,312	31,131,127	7,456,840	6,312,409	16,643,258	5,526,325	1,133,827
	2,438,334,077	360,605,802	205,579,077	55,596,158	491,686,156	485,448,669	504,708,130	203,700,340	11,674,067
Net assets	241,751,102	224,005,029	(68,545,358)	32,011,879	(113,783,071)	(229,331,598)	(172,463,241)	78,887,209	75,008,272
Share capital	11,850,600								
Reserves	101,129,809								
Surplus on revaluation of assets - net of tax	25,740,282								
Unappropriated profit	102,689,217								
Non-controlling interest	341,194								
	241,751,102								
	11,429,243	161,734	175,061	425,058	1,652,237	1,359,419	2,258,704	3,690,644	983,411

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

Lease liability against right of use assets

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2022

	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Total									
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	110,275,163	—	—	—	—	—	—	—	—
Balances with other banks	26,162,849	492,960	—	—	—	—	—	—	—
Lending to financial institutions	56,585,768	—	—	—	—	—	—	—	—
Investments	1,040,889,059	73,998,280	11,781,189	283,293,715	93,813,621	138,061,846	170,183,732	207,022,361	7,627,101
Advances	844,985,763	226,549,520	85,788,080	57,814,537	103,523,693	92,660,119	114,020,245	105,184,702	19,424,600
Fixed assets	85,021,165	462,266	1,363,579	2,689,517	4,475,982	4,178,448	4,993,557	9,073,375	56,870,386
Intangible assets	1,682,671	130,530	195,990	391,670	364,432	75,288	405,668	53,736	—
Deferred tax assets	5,439,278	89,752	244,361	1,796,252	2,459,137	1,628,052	(3,445,639)	480,034	1,800,054
Other assets	103,291,437	47,402,539	9,797,079	6,056,529	6,089,482	—	5,572,987	—	—
	2,274,333,153	209,113,719	63,402,465	352,042,220	210,726,347	236,603,753	291,730,550	321,814,208	85,722,141
Liabilities									
Bills payable	42,874,366	—	—	—	—	—	—	—	—
Borrowings	356,016,610	137,661,819	8,088,611	1,675,408	4,903,878	3,857,151	7,533,865	38,445,246	—
Deposits and other accounts	1,532,685,961	83,017,982	92,722,155	93,268,904	344,919,400	347,409,036	342,898,087	129,915,243	—
Other liabilities*	148,268,469	16,935,183	7,776,553	28,068,348	7,442,423	1,529,411	14,041,810	5,099,970	1,112,307
	2,079,855,406	237,614,984	108,587,319	123,012,660	357,265,701	352,795,598	364,473,762	173,460,459	1,112,307
Net assets	194,477,747	(28,501,265)	(45,184,854)	229,029,560	(146,539,354)	(116,191,845)	(72,743,212)	148,353,749	84,609,834
Share capital	11,850,600								
Reserves	89,640,476								
Surplus on revaluation of assets – net of tax	19,458,482								
Unappropriated profit	72,795,700								
Non-controlling interest	732,489								
	194,477,747								
Lease liability against right of use assets	10,560,611	114,029	319,454	666,350	1,732,534	1,234,873	2,146,961	3,118,766	1,001,501

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

Liquidity Gap Reporting

When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity. Group regularly conducts an objective and systematic behavioral study using regression analysis technique to ascertain the maturity of its non-contractual assets and liabilities. Core and non-core parts of the non-contractual assets and liabilities are segregated through the behavioral study. Non Core part is placed among the short term maturity buckets i.e. up to 1 Year based on the model results, whereas core part is distributed among the longer terms buckets based on the discussion and decision by the ALCO. Following percentages are used to distribute the core assets and liabilities among longer term buckets:

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, 2023

46.5 Derivative Risk

Most business clients have either interest rate exposures arising from debt financing or currency exposures arising out of commercial transactions from import and export of goods. Businesses face the risk of sudden movements in interest rates or foreign exchange rates that may adversely affect their profitability. The Group provides solutions to this problem through its derivatives desk in major types of derivative instruments i.e.; forwards, futures, swaps and options. As an Authorized Derivative Dealer (ADD), the Group is an active participant in Derivative market and has flexibility in providing a broad range of derivatives products covering both hedging and market making to satisfy customers' needs. As an ADD, the Group offers derivative products which are permitted under the Financial Derivative Business Regulations (FDBR) or as permitted by the State Bank of Pakistan. Before executing Derivative transactions, the Group ensures that the clients understand the risk and reward associated with the derivative being offered. Derivative transactions are executed with appropriate clients only.

Risk management activities take place at the following different levels.

Strategic Level:

By senior management Assets and Liabilities Committee (ALCO), Management Credit and Risk Committee (MC&RC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank-wide basis. The Board provides the overall limits/thresholds for derivatives business.

Macro Level

By Treasury and FX Group and Risk Management Group, responsible for policy formulation, procedure development and implementation, monitoring and reporting.

Micro Level:

Treasury Derivatives and Structured Product Desk where risks are actually created and Treasury Operations for settlements of the transactions.

Derivative Risk Management caters the following risks:-

Market Risk arises from changes in market rates such as Interest Rates, Foreign Exchange Rates, Equity Prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. In line with SBP's regulatory guidelines, Group hedges back-to-back all option transactions with other financial institutions. Group minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. Group also manages interest rate risk on its Interest Rate Derivatives and Cross Currency Swaps through various sensitivity limits approved by ALCO. Marked to market positions and sensitivity of the derivatives transactions are monitored on regular basis. All individual deals are approved at the appropriate level of authority after analyzing the risk and benefits associated with the deals.

Credit risk is a probable risk of loss resulting from customer's inability to meet contractual obligation that may have adverse impact on Group's profitability. Group manages the risk by setting policies and limits for counterparty based on a pre-defined criteria linked with financial health of the customer. The exposure of each counterparty is monitored by Risk Management Function of the Bank on daily basis.

Considering small Derivative portfolio, the Group is not exposed to any liquidity risk. However; Group manages its liquidity risk through Group's liquidity risk framework which is defined in relevant Liquidity Risk Section.

Group has adequate system and controls for smooth execution of derivative transactions. Transactions are executed in line with well defined accounting and operational aspects to mitigate the operational risk. Policies and control functions are regularly reviewed on periodic basis.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2023

The Group uses a third party's Super Derivative System which provides front end sales and structuring capabilities, end to end valuation solutions, risk management systems, back end processing and provides analytical tools to measure various risk exposures and carry out sensitivity analysis.

The goal of asset/liability management (ALM) is to properly manage the risk related to changes in interest rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies, and the use of derivatives. Due to thin liquidity in the derivative market, interest rate derivatives are not actively used to manage/alter the interest rate risk profile of the Group.

47. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 06, 2024 has announced a final cash dividend in respect of the year ended December 31, 2023 of Rs. 9.00 per share (2022: Rs. 6.00 per share). These consolidated financial statements for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

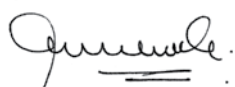
48. GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the year.

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

49. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 06, 2024.



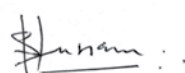
Shoaib Mumtaz
President/Chief Executive



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Disposal of fixed assets (refer note 12.2.6)

Description	Cost/ reval- ued amount	Ac- cumu- lated depre- ciation	Book value	Sales pro- ceeds	Mode of disposal	Particulars of buyers	Location
(Rupees in '000)							
Computers							
Laptop	295	295	–	30	As per Bank's policy	Hammad Khalid	Lahore
Laptop	268	268	–	27	As per Bank's policy	Malik Abdul Waheed	Lahore
Laptop	344	344	–	34	As per Bank's policy	Muhammad Nauman Chughtai	Lahore
Laptop	305	305	–	31	As per Bank's policy	Syed Sikander Zul- qurnain	Lahore
Laptop	344	344	–	34	As per Bank's policy	Farid Ahmad	Lahore
Laptop	280	280	–	28	As per Bank's policy	Omair Safdar	Lahore
Laptop	344	330	–	69	As per Bank's policy	Abrar Aleem	Lahore
Laptop	87	87	–	9	As per Bank's policy	Omer Khalid Lashari	Lahore
Laptop	87	87	–	9	As per Bank's policy	Muhammad Hamid Yasin	Lahore
	2,354	2,340	–	271			

Branch Network 2023

As of December 31, 2023

Retail Banking Central			
Circle/ No. of Branches	Region	No. of Branches	No. of Sub-Branches
BAHAWALPUR - 78	Bahawalnagar	19	–
	Bahawalpur	27	–
	Rahim Yar Khan	32	–
FAISALABAD - 86	Faisalabad	30	–
	Faisalabad City	28	1
	Toba Tek Singh	28	–
GUJRANWALA - 72	Gujranwala	28	–
	Narowal	21	1
	Sheikhupura	23	–
LAHORE EAST - 68	Lahore Defence	23	–
	Lahore Gulberg	21	–
	Lahore Johar Town	24	–
LAHORE WEST - 65	Lahore City	24	–
	Lahore Multan Road	20	–
	Lahore The Mall	21	–
MULTAN - 72	Dera Ghazi Khan	20	–
	Multan	31	–
	Muzaffargarh	21	–
SAHIWAL - 76	Okara	23	1
	Sahiwal	26	–
	Vehari	27	–
SIALKOT - 83	Gujrat	29	–
	Jhang	28	1
	Sialkot	26	–
Total - Retail Banking Central		600	4

Retail Banking North			
Circle / No. of Branches	Region	No. of Branches	No. of Sub-Branches
ABBOTTABAD - 94	Abbottabad	27	–
	Attock	20	–
	Muzaffarabad A.K.	23	–
	Swat	24	1
ISLAMABAD - 88	Fateh Jang	21	–
	Islamabad	25	–
	Rawalpindi Cantt	23	–
	Rawalpindi City	19	–
JHELUM - 92	Chakwal	27	–
	Jhelum	34	–
	Mirpur A.K.	31	–
PESHAWAR - 98	Kohat	28	–
	Mardan	24	–
	Peshawar East	23	1
	Peshawar West	23	–
SARGODHA - 95	Mandi Bahauddin	29	–
	Mianwali	31	–
	Sargodha	35	2
Total - Retail Banking North		467	4

Branch Network 2023

As of December 31, 2023

Retail Banking South			
Circle / No. of Branches	Region	No. of Branches	No. of Sub-Branches
HYDERABAD - 73	Badin	14	–
	Hyderabad	23	–
	Mirpurkhas	17	1
	Nawabshah	19	–
KARACHI CITY - 54	Karachi City	28	1
	Karachi North	26	–
KARACHI EAST - 53	Karachi East	26	–
	Karachi South	27	–
KARACHI WEST - 45	Karachi Central	22	–
	Karachi West	23	–
QUETTA - 50	Khuzdar	15	–
	Makran	9	1
	Quetta	26	2
SUKKUR - 69	Larkana	22	–
	Naushero Feroze	20	–
	Sukkur	27	–
Total - Retail Banking South		344	5

Wholesale Banking Group (WBG)		
Corporate Banking North	7	–
Corporate Banking South	1	–
Inv. & Global Transaction Banking	2	–
Total - WBG	10	–
Wealth Management & Privilege Banking		
Privilege Banking	9	–

Overseas Branches / International Banking	No. of Branches
Sri Lanka	
Colombo	1
Kandy	1
Maradana	1
Pettah	1
Wellawatte	1
Bahrain	
MCB Offshore Banking Unit (OBU) Bahrain	1
UAE	
MCB Dubai Wholesale Branch (UAE)	1
Pakistan	
EPZ	1
Total	8

Branch Network 2023

As of December 31, 2023

Group/Area-Wise				
Group	Circles	Regions	No. of Branches	No. of Sub-Branches
Retail Banking Central	8	24	600	4
Retail Banking North	5	18	467	4
Retail Banking South	6	16	344	5
Wholesale Banking Group	4	6	10	–
Wealth Management & Privilege Banking	1	1	9	–
Total	24	65	1,430	13
Overseas Branches / International Banking	–	–	7	–
EPZ	–	–	1	–
Grand Total	24	65	1,438	13

Province-Wise			
Provinces / Territories / AJK	Branches	Sub-Branches	Total
Azad Jammu & Kashmir	45	–	45
Balochistan	52	3	55
Federal Capital Territory	33	–	33
Gilgit-Baltistan	5	–	5
Khyber Pakhtunkhwa	153	2	155
Punjab	846	6	852
Sindh	296	2	298
Domestic Total	1,430	13	1,443
Overseas Branches / International Banking	7	–	7
EPZ	1	–	1
Grand Total	1,438	13	1,451

Complete list of Branches along with its contact details is available on below link:
<https://www.mcb.com.pk/branch-locator/branch-locator>

Pattern of Shareholding

As of December 31, 2023

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
26,951	1	100	867,803
13,475	101	500	3,317,660
5,714	501	1,000	4,268,002
7,513	1,001	5,000	13,312,534
519	5,001	10,000	3,802,880
578	10,001	50,000	13,217,367
157	50,001	100,000	11,365,501
136	100,001	500,000	30,274,421
31	500,001	1,000,000	23,750,475
57	1,000,001	5,000,000	117,144,503
8	5,000,001	10,000,000	60,913,471
5	10,000,001	15,000,000	56,820,664
2	15,000,001	25,000,000	41,641,452
13	25,000,001	Above	804,363,273
55,159			1,185,060,006

Categories of Shareholders

As of December 31, 2023

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children	160,371,562	13.5328%
Associated Companies, Undertakings and Related Parties	246,172,792	20.7730%
NIT and ICP	912	0.0001%
Banks, Development Financial Institutions, Non Banking Financial Institutions	25,943,420	2.1892%
Insurance Companies	117,993,517	9.9568%
Modarabas and Mutual Funds	13,692,602	1.1554%
Shareholders Holding 10%	222,606,147	18.7844%
General Public Local	164,759,266	13.9030%
General Public Foreign	20,729,927	1.7493%
Others	212,789,861	17.9560%
Total	1,185,060,006	100.0000%

Categories of Shareholders

As of December 31, 2023

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children		
Mian Mohammad Mansha	10,007,834	0.8445%
Naz Mansha	28,680,944	2.4202%
Muhammad Tariq Rafi	34,876,772	2.9430%
Mrs. Nighat Tariq	5,715,093	0.4823%
Mian Umer Mansha	34,216,616	2.8873%
Iqraa Hassan Mansha	9,037,167	0.7626%
Mian Hassan Mansha	34,539,042	2.9145%
Muhammad Ali Zeb	550	0.0000%
Mohd Suhail Amar Suresh Bin Abdullah	884	0.0001%
Yahya Saleem	500	0.0000%
Salman Khalid Butt	49,000	0.0041%
Shahzad Hussain	500	0.0000%
Masood Ahmed Puri	1,000	0.0001%
Shariffuddin Bin Khalid	500	0.0000%
Shaikh Muhammad Jawed	2,909	0.0002%
Uneza Jawed	3,242,251	0.2736%
	160,371,562	13.5328%
Associated Companies, Undertakings and Related Parties		
Nishat Mills Limited	95,125,651	8.0271%
Adamjee Insurance Company Limited	59,225,639	4.9977%
Siddiqsons Limited	12,016,543	1.0140%
Adamjee Life Assurance Company Limited	1,200,000	0.1013%
Adamjee Life Assurance Company Ltd-IMF	9,437,598	0.7964%
Nishat (Aziz Avenue) Hotels and Properties Limited	1,024,376	0.0864%
Nishat Real Estates Development Company (Private) Limited	347,100	0.0293%
Trustee - MCB Provident Fund Pak Staff	34,166,060	2.8831%
Trustee - MCB Employees Pension Fund	25,117,997	2.1196%
Nishat Mills Limited Employees Provident Fund Trust	8,284,390	0.6991%
Trustees of Adamjee Insurance Company Ltd. Employees Provident Fund	66,138	0.0056%
Habib University Foundation	108,300	0.0091%
CDC - Trustee MCB Pakistan Dividend Yield Plan	53,000	0.0045%
	246,172,792	20.7730%
NIT and ICP		
Investment Corporation of Pakistan	912	0.0001%
	912	0.0001%
Banks, Development Financial Institutions, Non Banking Financial Institutions		
The Bank of Punjab	741	0.0001%
Prudential Investment Bank Ltd.	1,393	0.0001%
Crescent Investment Bank Ltd.	590	0.0000%
Saudi Pak Industrial & Agricultural Investment Co. (Pvt) Ltd.	1,292,992	0.1091%
Trust Leasing Corporation Ltd.	101	0.0000%
Universal Leasing Corporation Ltd.	1	0.0000%
Islamic Investment Bank Ltd.	4	0.0000%
National Development Finance Corporation	433	0.0000%
M/s. Al Faysal Investment Bank Ltd.	49	0.0000%
Interasia Leasing Company Limited	950	0.0001%
Pakistan Kuwait Investment Co. (Pvt) Ltd.	2,400,000	0.2025%
Allied Bank Limited	10,372,224	0.8752%
Habib Bank Limited	2,967,637	0.2504%
Faysal Bank Limited	965,570	0.0815%
Habib Metropolitan Bank Limited	1,200,000	0.1013%
Bank Al Habib Limited	700,000	0.0591%
Bank Alfalah Limited	832,565	0.0703%
The Punjab Provincial Cooperative Bank	1,558	0.0001%
Escorts Investment Bank Limited	225	0.0000%
National Bank of Pakistan	2,559,436	0.2160%
Askari Bank Limited	2,055,000	0.1734%
House Building Finance Company Limited	41,951	0.0035%

Categories of Shareholders	Shares Held	Percentage
Pair Investment Company Limited	375,000	0.0316%
Samba Bank Limited	175,000	0.0148%
	25,943,420	2.1892%

Insurance Companies

National General Insurance Co. Ltd.	1,359	0.0001%
Business & Industrial Insurance Co. Ltd.	9	0.0000%
M/s. New Jubilee Insurance Co. Ltd.	2	0.0000%
The South British Insurance Company Ltd.	1,864	0.0002%
M/s. Beema Pakistan Company Ltd.	69	0.0000%
E.F.U. General Insurance Ltd.	713	0.0001%
Orient Insurance Co. Ltd.	3	0.0000%
Premier Insurance Limited	125,204	0.0106%
Jubilee General Insurance Company Limited	1,264,110	0.1067%
State Life Insurance Corp. of Pakistan	48,457,028	4.0890%
EFU Life Assurance Ltd.	6,613,009	0.5580%
EFU Health Insurance Limited	12,626	0.0011%
Pakistan Reinsurance Company Limited	700,000	0.0591%
The Crescent Star Insurance Co.Ltd.	3	0.0000%
Jubilee Life Insurance Company Limited	125,000	0.0105%
East West Insurance Co.Ltd.	25,000	0.0021%
Century Insurance Company Ltd.	13,489	0.0011%
Ghaf Limited	52,500	0.0044%
Security General Insurance Co Ltd.	59,136,076	4.9901%
The Pakistan General Insurance Co. Limited	106	0.0000%
IGI General Insurance Limited	50,586	0.0043%
Alfalah Insurance Company Limited	156,500	0.0132%
Askari General Insurance Company	885,761	0.0747%
Atlas Insurance Limited	372,500	0.0314%
	117,993,517	9.9568%

Modarabas and Mutual Funds

First Hajveri Modaraba	60	0.0000%
Crescent Modaraba Management Co. Ltd.	17	0.0000%
First Elite Capital Modaraba	39	0.0000%
First Crescent Modaraba	4,030	0.0003%
Trust Modaraba	313	0.0000%
UNICAP Modaraba	15	0.0000%
First Interfund Modaraba	2	0.0000%
Industrial Capital Modaraba	4	0.0000%
Pak Asian Fund Limited	162	0.0000%
Safeway Mutual Fund Ltd	1,681	0.0001%
Golden Arrow Selected Stocks Fund Ltd.	15	0.0000%
Prudential Stocks Funds Limited	24	0.0000%
M/s. Asian Stock Fund Ltd.	4	0.0000%
PICIC Benovelent Fund-2	29	0.0000%
CDC - Trustee HBL Investment Fund	1,000	0.0001%
CDC - Trustee JS Large CAP. Fund	54,000	0.0046%
CDC - Trustee Atlas Stock Market Fund	3,489,649	0.2945%
CDC - Trustee Alfalah GHP Value Fund	30,911	0.0026%
CDC - Trustee Unit Trust of Pakistan	134,000	0.0113%
CDC - Trustee AKD Index Tracker Fund	124,508	0.0105%
Tri-Star Mutual Fund Limited	754	0.0001%
CDC - Trustee Faysal Asset Allocation Fund	15,411	0.0013%
CDC - Trustee UBL Stock Advantage Fund	1,769,788	0.1493%
Crescent Standard Business Management (Pvt) Limited	1	0.0000%
CDC - Trustee NBP Stock Fund	2,385,495	0.2013%
CDC - Trustee NBP Balanced Fund	64,850	0.0055%
CDC - Trustee APF-Equity Sub Fund	216,900	0.0183%
CDC - Trustee JS Pension Savings Fund - Equity Account	19,800	0.0017%
CDC - Trustee HBL - Stock Fund	108	0.0000%
MC FSL - Trustee JS Growth Fund	380,000	0.0321%
CDC - Trustee Alfalah GHP Stock Fund	162,306	0.0137%
CDC - Trustee Alfalah GHP Alpha Fund	75,665	0.0064%

Categories of Shareholders	Shares Held	Percentage
CDC - Trustee NIT-Equity Market Opportunity Fund	1,155,676	0.0975%
CDC - Trustee ABL Stock Fund	642,126	0.0542%
CDC - Trustee AL Habib Stock Fund	42,000	0.0035%
CDC - Trustee Lakson Equity Fund	517,274	0.0436%
CDC - Trustee NBP Sarmaya Izafa Fund	70,000	0.0059%
CDC - Trustee UBL Asset Allocation Fund	66,000	0.0056%
CDC - Trustee First Capital Mutual Fund	30,000	0.0025%
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	350,880	0.0296%
CDC - Trustee National Investment (Unit) Trust	856,493	0.0723%
CDC - Trustee ABL Pension Fund - Equity Sub Fund	24,000	0.0020%
CDC - Trustee AWT Stock Fund	38,600	0.0033%
CDC - Trustee NITPF Equity Sub-Fund	36,000	0.0030%
CDC - Trustee Faysal MTS Fund - MT	5,118	0.0004%
CDC - Trustee Lakson Tactical Fund	50,216	0.0042%
CDC - Trustee Al Habib Asset Allocation Fund	22,500	0.0019%
CDC - Trustee NBP Financial Sector Fund	127,150	0.0107%
CDC - Trustee UBL Financial Sector Fund	387,404	0.0327%
CDC - Trustee Allied Finergy Fund	105,987	0.0089%
CDC - Trustee NIT Asset Allocation Fund	65,637	0.0055%
CDC - Trustee NIT Pakistan Gateway Exchange Traded Fund	21,090	0.0018%
CDC - Trustee UBL Pakistan Enterprise Exchange Traded Fund	20,046	0.0017%
CDC - Trustee NBP Pakistan Growth Exchange Traded Fund	18,462	0.0016%
CDC - Trustee HBL Income Fund - MT	30,882	0.0026%
CDC - Trustee Alfalah GHP Dedicated Equity Fund	15,274	0.0013%
CDC - Trustee HBL Financial Sector Income Fund Plan I - MT	5,000	0.0004%
CDC - Trustee JS Global Banking Sector Exchange Traded Fund	57,246	0.0048%
	13,692,602	1.1554%

Share Holders Holding 10%

Maybank International Trust (Labuan) Berhad	222,606,147	18.7844%
	222,606,147	18.7844%

General Public

- Local	164,759,266	13.9030%
- Foreign	20,729,927	1.7493%

Others

- Foreign Companies	22,645,167	1.9109%
- Local Companies	87,867,134	7.4146%
- Share Holders Holding 5%		
- D.G. Khan Cement Company Limited	102,277,232	8.6306%
- Nishat Mills Limited (as disclosed in Associated Companies, Undertakings and Related Parties)		
- Executives (as per the threshold determined by Board of Directors)	328	0.0000%

Total	1,185,060,006	100.0000%
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All the trades in shares carried out by Directors, CEO, CFO, Secretary, Executives, their Spouses and Minor Children during the year 2023 are given below:

Name	Status	No. of Shares	Purchase/Sale/Transfer
Iqraa Hassan Mansha	Director	29,167	Transmission of Shares from Father
Mian Mohammad Mansha	Chairman	10,000,000	Gift Received from Son
Mian Umer Mansha	Director	(10,000,000)	Gifted to Father
Iqraa Hassan Mansha	Director	9,000,000	Gift Received from Spouse
Mian Hassan Mansha	Spouse of Director	(9,000,000)	Gifted to Spouse

Notice of 76th Annual General Meeting

Notice is hereby given that 76th Annual General Meeting of **MCB Bank Limited** (the “**Bank**”) will be held on **Wednesday, March 27, 2024 at 11:00 AM (PST)** at Grand Ball Room-A, 4th Floor, The Nishat Hotel adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore with Zoom Link facility to transact the following business:

Ordinary Business:

1. To confirm the minutes of Annual General Meeting held on March 27, 2023.
2. To receive, consider and adopt the Annual Audited Separate and Consolidated Financial Statements of the Bank together with the Directors’ Report and Auditors’ Report thereon and the Chairman’s Review Report for the year ended December 31, 2023.

The Annual Report including the Audited Financial Statements and related reports has been uploaded on the website of the Bank which can be downloaded from the following link:

<https://www.mcb.com.pk/assets/documents/Annual-Report-2023.pdf>

3. To appoint Auditors of the Bank and fix their remuneration. The members are hereby notified that the Board’s Audit Committee and the Board of Directors have recommended the name of retiring auditors, namely, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, for re-appointment as auditors of the Bank.
4. To approve, as recommended by the Board of Directors, the payment of Final Cash Dividend @ 90% i.e., PKR 9.00 per share, having face value of PKR 10/- in addition to 210% i.e., PKR 21.00 per share Interim Cash Dividends already declared and paid, thus, total 300% i.e., PKR 30.00 per share for the year ended December 31, 2023.
5. To elect twelve (12) Directors as fixed by the Board of Directors of the Bank under Section 159(1) of the Companies Act, 2017 for a period of three (3) years commencing from March 27, 2024. The following are names of retiring directors who are eligible for re-election:

- | | |
|--|----------------------------------|
| 1. Mian Mohammad Mansha. | 7. Mr. Yahya Saleem. |
| 2. Mr. Muhammad Tariq Rafi. | 8. Mr. Salman Khalid Butt. |
| 3. Mian Umer Mansha. | 9. Mr. Masood Ahmed Puri. |
| 4. Mrs. Iqraa Hassan Mansha. | 10. Mr. Shahzad Hussain. |
| 5. Mr. Muhammad Ali Zeb. | 11. Mr. Shariffuddin Bin Khalid. |
| 6. Mr. Mohd Suhail Amar Suresh Bin Abdullah. | 12. Shaikh Muhammad Jawed. |

Special Business:

6. To consider and if deemed fit, to pass an Ordinary Resolution, as proposed in the Statement of Material Facts annexed to this Notice, in pursuance of S.R.O. 389 (I)/2023, dated March 21, 2023 of the Securities & Exchange Commission of Pakistan to authorize the Bank to transmit the Annual Report comprising annual balance sheet, profit & loss account, auditors report, directors report etc., to the members of the Bank through QR enabled code and web-link instead of transmitting the same through CD/DVD/USB.
7. To consider and if deemed fit, to pass an Ordinary Resolution, as proposed in the Statement of Material Facts annexed to this Notice, to approve the amended Directors’ Remuneration Policy and revised scale of remuneration of the directors for attending the Board and its Committees Meetings.

{Attached to this Notice circulated to the members is the Statement of Material Facts as required under Section 134(3) of the Companies Act, 2017 (the “Act”) and draft resolutions pertaining to the special businesses and the Statement under Section 166(3) of the Act}.

By Order of the Board,

-Sd-

FARID AHMAD
Company Secretary

March 06, 2024
Lahore.

Notes:

1. Minutes of the Annual General Meeting held on March 27, 2023 have been kept at the registered office of the Bank for inspection of members from 9:00 a.m. to 5:30 p.m. on any working day, up to the last working day before the date of the Annual General meeting (“AGM”/ “Meeting”). The same shall also be available for inspection by the members at the AGM.
2. The Shares Transfer Books of the Bank will remain closed from **March 18, 2024 to March 27, 2024** (both days inclusive). Transfers received at office of the Share Registrar and Transfer Agent of the Bank at its below mentioned address, at close of business hours on **March 15, 2024** will be treated as being in time for the purpose of entitlement of Final Cash Dividend and also to attend, speak and vote at the AGM of the Bank.
3. A member entitled to attend and vote at AGM may appoint another member as a proxy to attend and vote on his/her behalf. No person shall act as a proxy, who is not a member of the Bank. A corporate entity, being a member, may authorize through resolution of its board or other governing body, an individual to act as its representative and the individual so authorized shall be entitled to exercise the same powers on behalf of the corporate entity which he represents.
4. The proxies and in case of corporate entity, the power of attorney or resolution of the board of directors or other governing body (if any) under which it is signed, a notarized/certified copy of the same in order to be effective must be deposited at the Registered Office of the Bank not later than 48 hours (no account shall be taken of any part of the day that is not a working day) before the time for holding the Meeting, and must be duly stamped, signed and witnessed.
5. If a Member appoints more than one proxy, and more than one instrument of proxy is deposited by a Member, all such instruments of proxy shall be rendered invalid.
6. Members having physical scrip of shares are requested to immediately notify the change, if any, in their registered addresses and e-mails, in writing, to the Share Registrar and Transfer Agent of the Bank, whereas, CDC Account holders are requested to contact their CDC Participant/CDC Investor Account Services.
7. As per Members’ Register, some of the shareholders are maintaining more than one folio. Carrying two or more different folios may be inconvenient for the shareholders to reconcile and receiving different benefits in the shape of dividends/ bonus etc. Such shareholders may send requests to the Bank’s Share Registrar to merge their folios into one folio.
8. Central Depository Company of Pakistan (“CDC”) Accountholders will further have to follow the under mentioned guidelines as laid down by Circular No. 01, dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (“SECP”):

For Attending the Meeting:

- i. In case of individuals, the account-holder or sub-account-holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (“CNIC”) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors’ resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing of Proxies:

- In case of individuals, the account-holder or sub-account-holder and their registration details are uploaded as per the CDC Regulations, shall submit the Proxy Form as per the above requirement.
 - The Proxy Form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the Proxy Form.
 - Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
 - The proxy shall produce his/her original CNIC or passport at the time of the Meeting.
 - In case of corporate entity, the Board of Directors’ resolution/power of attorney with specimen signature shall be submitted along with Proxy Form of the Bank.
9. A Proxy Form, both in English and Urdu language, is being sent to the Members, along with Notice of AGM. The form of proxy is also available on website of the Bank i.e., www.mcb.com.pk

10. Copies of the Notice of AGM and the latest annual audited/quarterly financial statements of the Bank have been kept at the Registered Office of the Bank which can be obtained during the business hours on any working day from the date of publication of this Notice of AGM till the day before the AGM.
11. Annual Report 2023 including Notice of AGM, and the annual audited financial statements, reports and other material has been placed on website of the Bank. www.mcb.com.pk

Election of Directors

1. The existing term of the Board of Directors of the Bank will expire on March 26, 2024. The Board of Directors in its Meeting held on February 06, 2024 has fixed the number of directors at twelve (12) to be elected in AGM for the period of next three years commencing from March 27, 2024 in accordance with the provisions of Section 159(1) of the Act.
2. Any person who seeks to contest the election for the office of a Director, whether he is retiring director or otherwise, shall file the following documents with the Company Secretary at the Registered Office of the Bank, located at MCB Building, 15-Main Gulberg, Jail Road, Lahore, not later than fourteen days before the date of AGM:
 - a) His/her complete Folio Number/CDC Account Number including Participant ID etc.;
 - b) Notice of his/her intention to offer him/herself for the election of directors in terms of Section 159(3) of the Act in the following categories as per the requirements of Regulation 7A(8) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "CCG-2019") as amended through SECP-SRO 906(I)/2023, dated July 07, 2023:

Sr. No.	Category
1.	Female Director
2.	Independent Directors
3.	Non-Independent Directors

- c) Consent to act as a director of the Bank under Section 167 of the Act, on "Appendix to Form-9" as prescribed in the Companies Regulations, 2024;
 - d) A detailed profile of candidates along with office address, as required under SECP's SRO 1196 (I)/2019, dated October 03, 2019;
 - e) Declaration under Section 155 of the Act read with Regulation 3 of the CCG-2019;
 - f) Declaration that he/she is not ineligible to become a director of the Bank in terms of Section 153 and 177 of the Act or under any provision of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and any other applicable law, rules and regulations.;
 - g) Detail of other directorships and offices held; and
 - h) Fit and Proper Test Proforma, Affidavit, Declarations and Questionnaire duly completed, recent photographs and valid copy of CNIC/NICOP/Passport to, inter-alia, meet the requirements of the Corporate Governance Regulatory Framework ("CGRF") issued by the State Bank of Pakistan ("SBP").
3. He / She will meet the 'Eligibility Criteria' under G-2 of the CGRF and also be evaluated on the basis of the Bank's "Standing Operating Procedure" for conducting prior self-assessment by the Bank. The appointment of directors shall be subject to prior clearance from the SBP;
4. In terms of the criteria prescribed by the SBP, appointment of the following person as a director is undesirable and against public interest:
 - A person who is / has been associated with any illegal activity, especially relating to banking business;
 - A person who is in his individual capacity or a proprietary concern of any partnership firm or any company (of which he has been a proprietor, partner, director or shareholder), has been in default of payment of dues owed to any financial institution, Government duties and / or in default of payment of any taxes;
 - Has not been associated as director and/or chief executive with the corporate bodies who have defaulted in payment of Government duties/taxes etc.;
 - Has not sufficient means to discharge his/her financial obligations, if any; and
 - A person is not permitted to be a director of more than one Bank/DFI.

5. In case of an Independent Director, a declaration of independence in terms of requirements of Section 166(2) of the Act read with Regulation 6(3) of the CCG-2019 as well as the criteria laid down under Appendix-III of "Fit & Proper Test Proforma" contained in the CGRF, shall be provided.
6. A member who seeks to contest for election may select any one category in which he / she intends to contest election of directors. For the purposes of election of directors of the Bank the voting shall be held in the following three (3) categories for the specified number of seats:

Sr. No	Category	Number of Seats
1.	Female Director	01
2.	Independent Directors	04
3.	Non-Independent Directors	07
TOTAL		12

7. The members in their discretion may cast vote to any candidate contesting election in each of the above categories. However, it must be noted that division of votes available to each member for a category shall be in proportion to the number of seats of directors under such category. The members can cast their votes, on the basis of each category, as per the following methodology:

Category	Number of Directors to be elected	Number of Ordinary Shares	Total Number of votes in each category
Female Directors	1	-	Total votes for female director = (number of voting shares X one (1) female director to be elected)
Independent Directors	4	-	Total votes for independent directors = (number of voting shares X four (4) independent directors to be elected)
Non-Independent Directors	7	-	Total votes for remaining directors = (number of voting shares X seven (7) remaining directors to be elected)

8. If the number of persons who offer themselves to be elected in a category is not more than the number of directors to be elected in such category, such persons will be elected unopposed without the voting process.
9. The procedure for E-Voting and Voting through Ballot Paper, in accordance with the requirements of the Companies (Postal Ballot) Regulations, 2018 ("Postal Ballot Regulations") as amended from time to time, is given below:

Procedure for E-Voting:

- a. E-voting facility will be provided by M/s Corplink (Private) Limited, the Share Registrar & Corporate Consultants, acting as E-Voting Service Provider, appointed by the Board of Directors;
- b. Details of e-voting facility will be shared through an e-mail to those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses (Registered email ID) available in the register of members of the Bank on or before March 15, 2024.
- c. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login;
- d. Members shall cast their votes for Agenda Item No. 5 (if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 of the Act) and for Agenda Items No. 6 and 7 (Special Businesses as mentioned in the Notice of AGM) through the web portal provided by M/s Corplink (Private) Limited from 09:00 AM {Pakistan Standard Time ("PST")} March 24, 2024 till 5:30 PM (PST) March 26, 2024. Votes shall only be casted during this schedule; and
- e. Once the vote on a resolution is casted by a Member, he/she shall not be allowed to change it subsequently.

Procedure for Voting Through Ballot Paper:

- a. Members may alternatively opt for voting through Ballot Paper. As per the requirements of Postal Ballot Regulations, the Ballot Paper will be published in the newspapers and will also be uploaded on Bank's website www.mcb.com.pk not later than seven days before the AGM;

- b. Members shall cast their votes for Agenda Item No. 5 (if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 of the Act) and for Agenda Items No. 6 and 7 (Special Businesses as mentioned in the Notice of AGM) shall send the postal ballot, duly filled-in, signed and accompanied with a copy of valid Computerized National Identity Card (“CNIC”) to the Chairman of the AGM at 6th Floor, MCB Building, 15-Main Gulberg, Jail Road, Lahore and/or through email at corporate.affairs@mcb.com.pk. The Postal Ballot should reach the aforementioned office on or before 05:30 PM, March 26, 2024;
- c. Any Ballot Paper received after this time/date will not be considered for voting;
- d. In case of an Individual, signature on Ballot Paper should match with signature on CNIC, NICOP/Passport (in case of foreigner); however, in case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138/139 of the Act. In the case of foreign body corporate etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the member; and
- e. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written Ballot Paper will be rejected.

Requirements to attend the AGM through Video-Link

As per the requirements of the SECP, the Bank is providing Video-Link facility for participation in the AGM. This facility is in addition to hold physical AGM at designated venue. The Members or their proxy holders who wish to attend the AGM through Video-Link are required to register themselves by providing the following information along with valid CNIC/Passport (both sides)/attested copy of board resolution/power of attorney as applicable through email at: corporate.affairs@mcb.com.pk of the Bank on or before March 22, 2024.

Name of Shareholder	Folio/CDC Account Number	Number of Shares Held	Valid CNIC/NTN/Passport Number	Mobile Number and Email Address

The Members or their proxies who are registered after necessary verification shall be provided a Video-Link facility by the Bank on their email addresses. The Login facility shall remain open from the start of the AGM till its proceedings are concluded.

Statement under Section 166(3) of the Companies Act, 2017 in respect of Independent Director(s):

Agenda Item No. 5

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act. They shall meet the requirements of Section 166(2) of the Act read with Regulation 6(3) of the CCG-2019 and also criteria given in ‘Appendix-III’ of the CGRF.

Section 166(3) of the Act requires that a statement of material facts is required to be annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing independent directors. Accordingly, it will be ensured that the independent directors to be elected must meet the criteria of independence laid down under Section 166 of the Act and the Companies (Manner and Selection of Independent Directors) Regulations, 2018 and his/her name is included in the data bank of independent directors maintained by the Pakistan Institute of Corporate Governance (“PICG”) duly authorized by the SECP. Further, their selection will be made due to their respective competencies, skills, knowledge and experience.

The present Directors of the Bank have no interest in the above said business except being eligible for re-election as director of the Bank.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017
IN RESPECT OF SPECIAL BUSINESS

This statement under Section 134(3) of the Companies Act, 2017 sets out the material facts pertaining to the Special Business to be transacted at AGM of the Bank:

Circulation of Annual Audited Financial Statements to Members of the Bank through QR enabled code and web-link:

Agenda Item No. 6

SECP vide its S.R.O. 389(I)/2023, dated March 21, 2023 has allowed the listed companies to circulate the Annual Audited accounts together with Auditors', Chairman's and Directors' Report ("Annual Audited Financial Statements") to its members through QR (Quick Response) enabled code and web-link subject to approval of the members in the general meeting. Further SECP has also allowed the companies to discontinue the existing practice of circulation of Annual Audited Financial Statements through CD/DVD/USB.

Considering technological advancements and old technology becoming obsolete, the SECP has allowed to circulate the Annual Audited Financial Statements through QR code; however, its hard copy will be provided to the shareholders, on demand at their registered addresses, free of cost, within one week of receipt of such demand. The Bank will transmit Annual Audited Financial Statements to the shareholders via email where email addresses are available.

The Board has reviewed and recommended the above business to the shareholders for their approval.

For the purpose aforesaid, it is proposed to consider and, if thought fit, to pass the following resolutions as Ordinary Resolution(s) with or without modifications:

"RESOLVED THAT approval of the members of MCB Bank Limited (the 'Bank') be and is hereby accorded and the Bank be and is hereby authorized to circulate the Annual Audited Financial Statements together with Auditors', Chairman's and Directors' Report, to the members through QR enabled code and Web-link as part of Notice of Annual General Meeting instead of transmitting the same through CD/DVD/USB, as allowed by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023, dated March 21, 2023 and under Section 223(6) of the Companies Act, 2017."

"FURTHER RESOLVED THAT the Bank, be and is hereby authorized to discontinue the circulation of Annual Audited Financial Statements through CD/DVD/USB."

"FURTHER RESOLVED THAT the Company Secretary, be and is hereby authorized and empowered to do all acts, deeds and things, take or cause to be taken all necessary action for the purposes of implementing this resolution."

The Directors / the Chief Executive Officer ('CEO') of the Bank have no interest, directly or indirectly, in this Special Business except in their capacities as Directors/CEO/shareholders, as has been detailed in the Pattern of Shareholding.

Approval for amended Directors' Remuneration Policy and revised scale of remuneration of the Board Members for attending Board and its Committees Meetings:

Agenda Item No. 7

The Directors' Remuneration Policy (the "Policy") of MCB Bank Limited (the "Bank") has been prepared in accordance with the requirements of the Corporate Governance Regulatory Framework ("CGRF") issued by the State Bank of Pakistan ("SBP"). The Policy was last approved by the shareholders in their Annual General Meeting ("AGM") held on March 29, 2022.

There has been no new regulation issued on the subject since last review of the Policy and therefore, the changes in the current review are minor in nature and are for better clarity only.

The Board has thoroughly reviewed the amended Directors' Remuneration Policy along with the revised scale of remuneration of the Board Members for attending Board and its Committees Meetings and considered that fee for Committee meetings should be increased from PKR 100,000/- (Rupees one hundred thousand only) to PKR 300,000/- (Rupees three hundred thousand only) per Committee per meeting and has recommended the same to the shareholders for approval.

The revised scale of remuneration, as annexed to the Directors' Remuneration Policy, is given below:

Amount in PKR

	Board Meeting Fee	Additional Remuneration for Holding Office of the Chairman	Committee Meeting Fee
Resident Directors	400,000/- per Meeting	–	300,000/- per Committee per Meeting
Non-Resident /Foreign Directors	800,000/- per Meeting	–	300,000/- per Committee per Meeting
Chairman of the Board	800,000/- per Meeting	*20% of Board Meeting Fee	300,000/- per Committee per Meeting

All the payments are subject to applicable taxes.

***Note:** Considering the experience, stature and the valuable contribution made by the Chairman of the Board, he will be paid additional remuneration to the extent of 20% (as compared to Non-Resident/Foreign Directors). This arrangement is in line with the G-14 of the Corporate Governance Regulatory Framework issued by the State Bank of Pakistan ("SBP") vide its BPRD Circular No. 05 of 2021, dated November 22, 2021.

The Shareholders are requested to consider and if thought fit, to approve, with or without modifications, the amended Directors' Remuneration Policy of the Bank and the revised scale of remuneration by passing the following resolution as an Ordinary Resolution:

"RESOLVED THAT the amended Directors' Remuneration Policy, as recommended by the Board of Directors of the Bank, in accordance with the requirements of the Corporate Governance Regulatory Framework ('CGRF'), issued by the State Bank of Pakistan ('SBP') vide its BPRD Circular No. 05 of 2021, dated November 22, 2021, be and is hereby approved."

"FURTHER RESOLVED THAT the enhancement in fee for attending only the Board's Committees Meetings from PKR 100,000/- (Rupees one hundred thousand only) to PKR 300,000/- (Rupees three hundred thousand only) per Committee per meeting, as recommended by the Board of Directors and annexed to the Directors' Remuneration Policy, be and is hereby approved."

Directors of the Bank have no personal interest, directly or indirectly, in the above-mentioned special business, save to the extent of their respective shareholding in the Bank and the remuneration from the Bank. Further, the amended Directors' Remuneration Policy of the Bank has been kept at the Registered Office of the Bank which can be inspected during the business hours on any working day from the date of publication of this Notice of AGM till the day before AGM.

Attention of Shareholders is drawn towards Circulars/Notifications:

The following Circulars/Notifications require special attention of Shareholders of the Bank:

1. Zakat Declaration (CZ-50):

Pursuant to the Zakat and Ushr Ordinance, 1980 read with the Zakat (Collection and Refund) Rules, 1981, MCB Bank Limited (the "Bank") is under a legal obligation to deduct zakat from payment of dividend(s) to shareholders and to deposit zakat amount with the relevant Authority. Zakat is applicable @2.5% of face value, i.e., PKR 10/- per share. Shareholders who intend to claim exemption from zakat deduction, if not provided earlier, are once again requested to submit the Zakat Declaration, i.e., 'Form CZ-50' to the Stock Brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in book-entry form) or to the Bank's Share Registrar and Transfer Agent (in case the shares are held in Physical Form).

2. Mandatory Requirement of Valid CNIC and IBAN:

As per the regulatory requirements issued by the Securities & Exchange Commission of Pakistan ("SECP"), the payment of cash dividend shall only be made to those Shareholders who have provided copies of their valid CNIC/ NICOP/ Passport (in the case of Individuals) and NTN certificate (in the case of corporate entities) and valid details of designated International Bank Account Number ("IBAN"). In case of non-availability of the said information, the Bank will hold the payment of cash dividends. Therefore, Shareholders who have not yet provided the required information, are requested to provide copies of their valid CNIC/NICOP/NTN/Passport and details of valid IBAN.

3. Payment of Cash Dividend through electronic mode:

In accordance with the regulatory requirements of the SECP, Shareholders are requested to submit signed "IBAN Form" available on Bank's website along with copy of CNIC to the Share Registrar and Transfer Agent of the Bank at the below mentioned address, in case of physical shares. In case shares are held in electronic form, the IBAN Form must be submitted directly to the Stock Brokers or the Central Depository Company of Pakistan Limited ("CDC").

4. Unclaimed Dividends and Shares Certificates:

Shareholders, who have not yet claimed their cash dividend warrants 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. They are also requested to claim any right/bonus share certificates that have either remained unclaimed or undelivered with the Share Registrar and Transfer Agent of the Bank. In this regard, the Bank has 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.

5. 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.

6. Deduction of Withholding Tax as Filer/Non-Filer and Joint Shareholders:

FBR has provided the Active Tax-Payer List ("ATL"), for identification of filer/non-filer status of the Shareholders on the basis of NTN/CNIC number. In case of non-availability of correct NTN/CNIC number with the Share Registrar and Transfer Agent of the Bank, 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

7. Circulation of Annual Audited Financial Statements to Shareholders and Provision of Email Address and Mobile Number:

SECP vide its Notification No. S.R.O. 389 (I)/2023 dated March 21, 2023 has allowed the listed companies to circulate the Annual Audited Financial Statements to its Shareholders through QR enabled code and web-link which is subject to the shareholders' approval. Additionally, Annual Audited Financial Statements shall also be circulated to the shareholders through their emails as maintained with the Bank. However, in case a shareholder requires hard copy of the Annual Audited 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

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. In order to meet both 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 of 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 to 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 it into book-entry form by opening an account 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, no stamp duty is required on issuance of duplicate share certificates and transfer of shares, and the smooth crediting of bonus or right shares. We strongly advise members, in their best interest, to promptly undertake the conversion of their physical shares into book-entry form.

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

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1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	74
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1.08	a) Explanation of significant factors effecting 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."	145-149, 163-170
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5.17	<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 in relation 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 to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor’s performance.</p> <p>e) 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 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> <p>i) Results of the self-evaluation of the Audit Committee carried out of its own performance.</p> <p>j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.</p>	228-229
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Glossary of Terms

Important terms and formulae used for calculation in 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.

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.

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.

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. 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

KIBOR – (Karachi Interbank Offered Rate)

KIBOR is the interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

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.

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

76th 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 **76th Annual
General Meeting (“AGM”)** of the Bank to be held on **Wednesday**, the **27th** day of **March, 2024 at 11:00 AM (PST)** at
Grand Ball Room-A, 4th Floor, The Nishat Hotel adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, and
at any adjournment thereof.

Signed this _____ day of _____ 2024.

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

76واں سالانہ عام اجلاس

میں / ہم _____ ولدیت / زوجیت _____
 ساکن _____ بحیثیت ممبر ایم سی بی بینک لمیٹڈ اور عام حصص _____ کا مالک جو کہ فولیو ای سی ڈی سی اکاؤنٹ نمبر _____ کے تحت
 مستمی / مسماة _____ کو جس کا فولیو ای سی ڈی سی اکاؤنٹ نمبر _____ جس کا 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 76ویں سالانہ عام اجلاس جو بروز بدھ، مورخہ 27 مارچ 2024، بوقت 11:00 بجے صبح، بمقام گریڈ بال روم۔ اے، چوتھی منزل،
 دی نشاط ہوٹل ملحقہ 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 _____ 2024ء

پچاس روپے کے یونیٹڈ سٹامپ 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 ہو گئے 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، جی کٹرشل 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 ہو گئے) 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 پاسپورٹ 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 پاسپورٹ 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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