

Serving the
Nation
Beyond
Borders



Meezan Bank
The Premier Islamic Bank



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Serving the country, a cause much higher than profit

The vision of Quaid-e-Azam Muhammad Ali Jinnah to present to the world an economic system based on the principles of Islam, is embodied in the values that Meezan Bank is founded on. He believed that this alone can secure the welfare, happiness and prosperity of mankind and it is this belief that propels us forward in our Mission to serve Pakistan and its citizens.

For many years, across the length and breadth of the country, we have been serving the nation and fulfilling their desire for Riba-free banking. It was with the same spirit of serving the country and nation that Meezan Bank embraced the tasks of promoting the Roshan Digital Account, Islamic Naya Pakistan Certificates, Mera Pakistan Mera Ghar low-cost housing scheme, Roshan Apna Ghar and Roshan Apni Car. These products were designed to serve the needs of Pakistanis, both within the country and abroad.

Meezan Bank remains the highest performer and largest contributor in bringing remittances to the country through Roshan Digital Account, an achievement which has been recognized and acknowledged by the Honourable Prime Minister of Pakistan. Meezan is also among the top performing banks in the Roshan Apna Ghar and Roshan Apni Car programmes. It is this story of success that we shall review in the pages that follow.

Contents

Organizational Overview & External Environment

Vision	11
Mission	11
Our Culture	11
Quaid's Concept of Islamic Banking	12
Highlights 2021	13
Our Presence	14
Corporate Profile	15
Credit Rating	15
Calendar of Major Events	15
Corporate Information	16
Shareholders	17
Organization Structure	18
Senior Management Team	19
History of Meezan Bank	20
Awards & Recognition	24
Products and Services	25
Chairman's Review	26
Directors' Report to the Members	28
Directors' Report to the Members (Urdu)	43

Performance

Business and Operations Review	45
Key Figures at a Glance	62
Six Years' Horizontal Analysis	64
Six Years' Vertical Analysis	65
Review of Six Years' Performance	66
Financial Analysis	67
Market Statistics of Meezan Bank's Share	69
Allocation of Income and Expenses to Remunerative Depositors' Pool	70
Statement of Value Added and Distributed	71
How We Distribute the Value Created	72
Statement of Inventory	73
Statement of Financing Portfolio Income	73

Strategy & Resource Allocation

Strategic Objectives	76
Strategies in Place	76
Resource Allocation	76
Key Performance Indicators and Future Relevance	77
Competitive Landscape & Market Positioning	78
SWOT Analysis	78

Risk Management

Risk Management Framework	80
Risk & Opportunity Report	81
Business Continuity Management	81
Pandemic Recovery Plan by the Management and Policy Statement	82
Responding to Critical Challenges and Uncertainties	82

Governance

Board of Directors	84
Shariah Board	88
Terms of Reference of Shariah Board	90
Board Committees	91
Management Committees	93
Best Corporate Governance Practices	95
Board Composition	95
Performance Evaluation of the Board of Directors	96
Roles and Responsibilities	97
Performance Review of the President and CEO	98
Election of the Board of Directors	98
Other Matters related to Corporate Governance	99
Report of the Board Audit Committee	101
Review Report to the Members	102
Statement of Compliance with Listed Companies Code of Corporate Governance	103
Statement of Internal Controls	105
Shariah Board Report	106
Shariah Board Report (Urdu)	112
Statement of Sources and Uses of Charity Fund	113
Policies and Guidelines	114
Standards of Ethics, Business Practices & Code of Conduct	114
Guidelines on Whistle Blowing	116
Guidelines for Safety of Records of the Company	116
Summary of Corporate Social Responsibility Policy	116
Summary of Sustainability Policy	117
Summary of Green Banking Policy	117
Summary of Information Security Policy	117
IT Governance Policy	118
Salient Features - Directors' Remuneration Policy	119

Stakeholders Relationship & Engagement

How We Engage with Our Stakeholders	121
Investors' Relations Section on Corporate Website	123
Steps to Encourage Minority Shareholders' Participation in General Meetings	123
Summary of Corporate and Analyst Briefings	123

Sustainability & Corporate Social Responsibility

Corporate Social Responsibility Report	126
Sustainability Report	130

Unconsolidated Financial Statements

Auditors' Report to the Members	138
Statement of Financial Position	142
Profit and Loss Account	143
Statement of Comprehensive Income	144
Statement of Changes in Equity	145
Cash Flow Statement	146
Notes to and forming part of the Financial Statements	147
Statement showing written-off Financing (Annexure 1)	217

Consolidated Financial Statements

Auditors' Report to the Members	221
Statement of Financial Position	225
Profit and Loss Account	226
Statement of Comprehensive Income	227
Statement of Changes in Equity	228
Cash Flow Statement	229
Notes to and forming part of the Financial Statements	230
Statement showing written-off Financing (Annexure 1)	304

Additional Information

Pattern of Shareholding	308
Categories of Shareholders	310
Glossary	311
Notice of Annual General Meeting (AGM)	312
Dividend Mandate Form	317
Proxy Form	319

About This Report

This Annual Report has been prepared in accordance with the Integrated Reporting Framework to present the Bank's performance during year 2021. The adoption of the integrated framework is in its preliminary stages and the Bank will continue to improve on the information mentioned in this report.

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

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

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

Audience

The Annual Report and Financial Statements have been prepared to provide information to the Bank's stakeholders including investors (equity shareholders, Sukuk holders and prospective investors), employees, customers, regulators, research analysts, credit rating agencies and society at large. The annual financial statements were approved by the Board of Directors on February 21, 2022 and signed on its behalf by the Chairman, President & CEO, two Directors and CFO.

Reporting & Publication Period

This report covers the financial and non-financial performance of Meezan Bank from the period January 01, 2021 to December 31, 2021 and is published within three months of the date of the Statement of Financial Position.

External Assurance

The Bank's financial statements for the year ended on December 31, 2021 are audited by external auditors, EY Ford Rhodes, Chartered Accountants; and provide an in-depth and transparent disclosure of its financial performance. As a regulatory requisite, the auditors are rotated every five years to ensure their independence and transparency.

Availability

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



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



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



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



Roshan Digital Account
Remittances in Meezan Bank

USD 700 million

This is **23%** of the
entire banking industry in Pakistan.

Roshan Digital Account

The Roshan Digital Account, introduced by the Government of Pakistan, makes it possible for overseas Pakistanis to open an account digitally, make fund transfers and payments, investments and all other banking transactions – all from the comfort of their homes, wherever in the world they may be. Meezan Bank has been the largest contributor to the remittances received in the Roshan Digital Accounts despite having no physical presence abroad.

Meezan Bank has been the top ranked bank in RDA remittances consistently since its launch in September, 2020 and was recognised by the Honourable Prime Minister with awards thrice during the year. This performance is not just a reflection of the trust and confidence placed in Meezan Bank by overseas Pakistanis but also a clear indication of the Bank's commitment and recognition of its national duty.

Roshan Apna Ghar & Mera Pakistan Mera Ghar

Meezan Bank financed the
first homes
under both these programmes

Roshan Apna Ghar & Mera Pakistan Mera Ghar

Owning a home is a dream for every Pakistani, whether they live in Pakistan or abroad, earning money to support their families back home. The Government of Pakistan launched the Roshan Apna Ghar programme, allowing overseas Pakistanis to purchase homes for their families in Pakistan either through self-investment or on easy instalments through bank financing. Mera Pakistan Mera Ghar programme gives Resident Pakistanis access to low-cost financing for homes in Pakistan. RDA customers can also apply for Mera Pakistan Mera Ghar scheme under Roshan Apna Ghar programme. Meezan Bank has been one of the top performers in both the programmes.

Meezan Bank was recognized by the Honorable Prime Minister of Pakistan on December 24, 2021 with the top performance award (2nd Position) for disbursements and approval in Mera Pakistan Mera Ghar programme.



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2 4 6

165 cars

delivered under **Roshan Apni Car** programme
with financing over Rs 500 million

First car in Pakistan

under **Roshan Apni Car**
was delivered by Meezan Bank

Roshan Apni Car

For Pakistanis working abroad, the comfort and lifestyle of their families back home is of paramount importance. After all, this is why they work so hard and spend time away from home. Owning a car has almost become a necessity for households in the country and through Roshan Apni Car, the Government of Pakistan has made it possible for overseas Pakistanis to obtain car financing in Pakistan and make monthly payments from wherever they are in the world.

Similar to its success in the Car Ijarah product, Meezan Bank has been very successful with Roshan Apni Car and has the 2nd largest portfolio, worth over Rs 500 million, of Roshan Apni Car in the banking industry. This is again a validation of the trust and confidence of overseas Pakistanis in Meezan Bank.



Organizational Overview & External Environment

Vision	11
Mission	11
Our Culture	11
Quaid's Concept of Islamic Banking	12
Highlights 2021	13
Our Presence	14
Corporate Profile	15
Credit Rating	15
Calendar of Major Events	15
Corporate Information	16
Shareholders	17
Organization Structure	18
Senior Management Team	19
History of Meezan Bank	20
Awards & Recognition	24
Products and Services	25
Chairman's Review	26
Directors' Report to the Members	28
Directors' Report to the Members (Urdu)	43



Vision

Establish Islamic banking as banking of first choice...

Mission

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

Our Culture

Core Values:

■ Shariah compliance ■ Integrity ■ Service Excellence

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

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

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

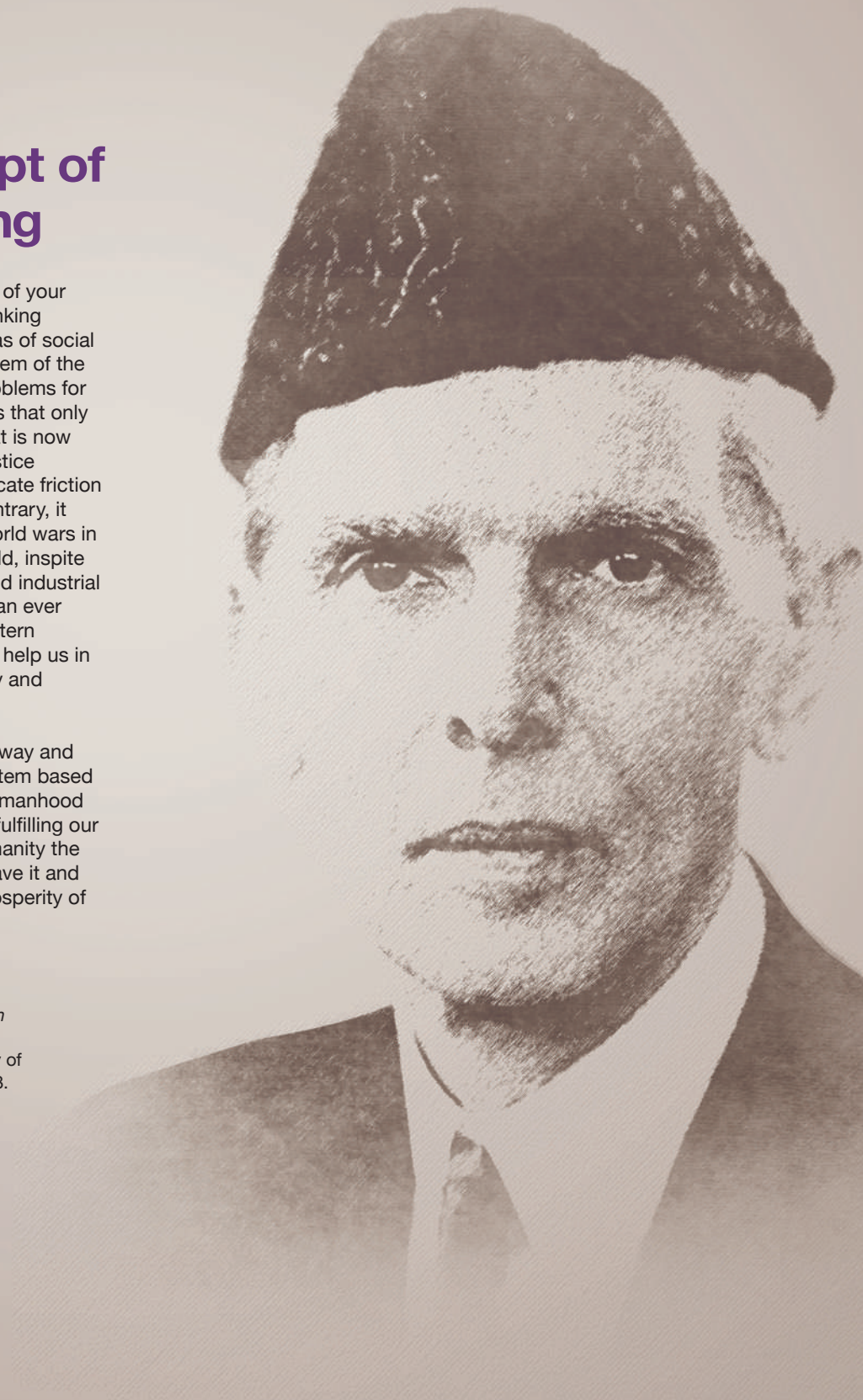
Quaid's Concept of Islamic Banking

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

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

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

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



Key Highlights of 2021

Our Growth

4th Largest Bank

in terms of Deposits and the
Largest Islamic Bank in the country



Most Valuable Bank by Market Capitalization

amongst all the banks listed on Pakistan Stock Exchange (PSX)

Highest-Rated Mobile App

on Google Playstore & Apple App Store



Highest No. of Transactions

passing through 1Link Grid in Industry



Largest processor of bill payments by value

on 1Link

Highest e-Commerce Spend

on Debit Cards in Industry



Categorized as

Designated Systemically Important Bank (D-SIB)

by the State Bank of Pakistan



First Islamic bank to be recognized as

Market Maker for Shariah-compliant debt instruments on Pakistan Stock Exchange (PSX)



Achievement



Credit ratings upgraded to AAA

- The youngest AAA rated bank in Pakistan

Profit after Tax

Rs **28.4** billion



Total Assets

Rs **1.9** trillion



Deposit Growth

16 %



Deposits

Rs **1.46** trillion



Earnings per Share

Rs **17.4**



over **3** million
Customers



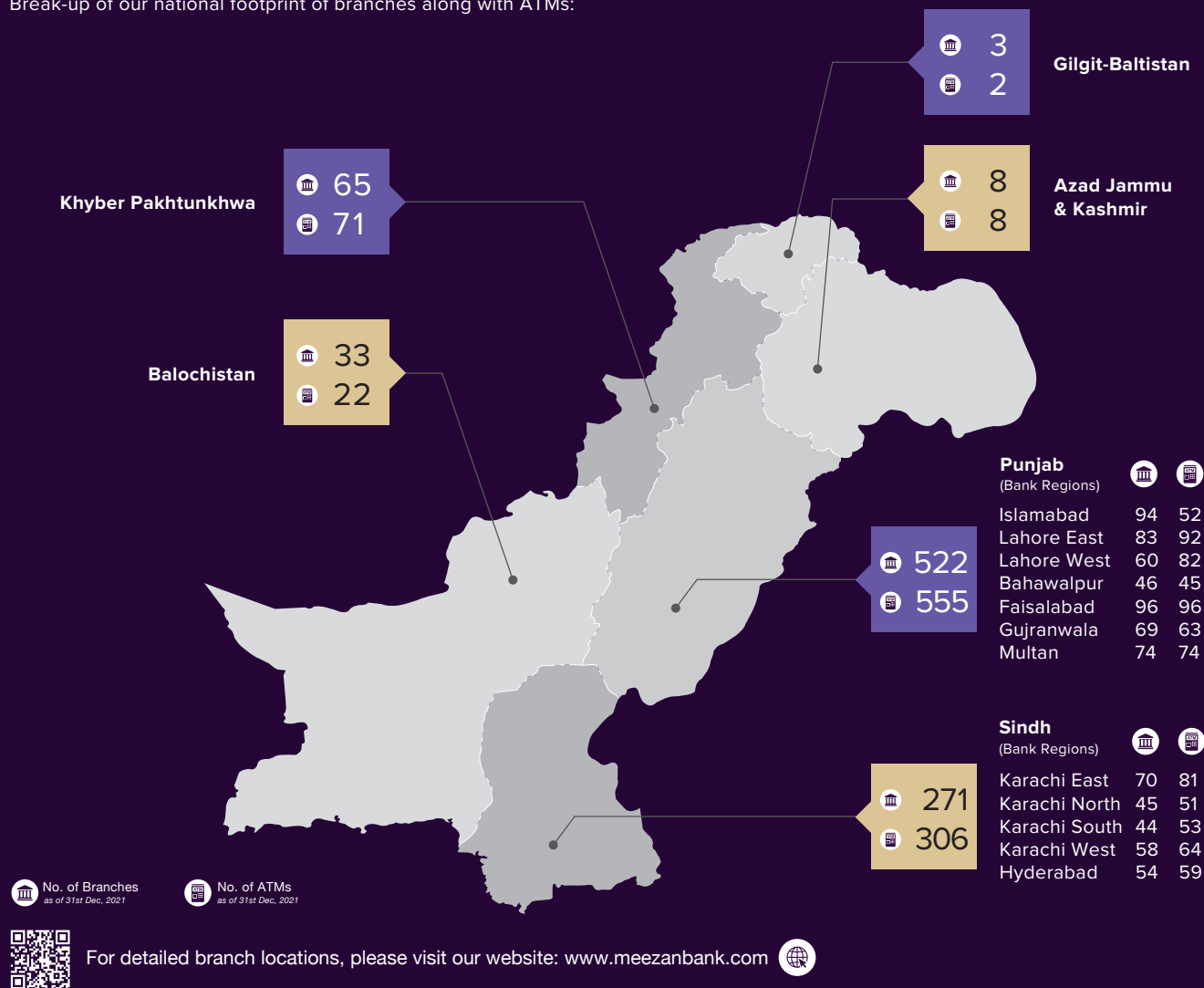
Employees

over **14,000** +



Our Presence

Break-up of our national footprint of branches along with ATMs:



902

Branches across Pakistan



290

Cities across Pakistan



964

Biometric & cardless services enabled ATMs



14

Premium Banking Centres nationwide



9

Consumer Finance Centres across Pakistan



3

Main Call Centres in Karachi

Digital Channels



Mobile App and Internet Banking

Social Media Channels



Learn more about Meezan Bank



On our website
www.meezanbank.com



In our financial reports:
<https://www.meezanbank.com/financial-information/>

Corporate Profile

Founded with the Vision to 'Establish Islamic banking as banking of first choice...', the Bank commenced operations in 1997 as Al Meezan Investment Bank Limited. It converted to Meezan Bank Limited, a full-fledged Islamic commercial bank in 2002, when the State Bank of Pakistan issued it Pakistan's first Islamic Commercial Banking license. Concurrently, the Bank acquired the Pakistan operations of Societe Generale, and started commercial banking with a small network of four branches, that has now grown to become one of the largest banking networks in the country with 902 branches in 290 cities.

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

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

Credit Rating

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

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

	2021	2020
Long Term	AAA	AA+
Short Term	A1+	A1+

Calendar of Major Events

Date of Incorporation
January 27, 1997

Date of Commencement of Business
September 29, 1997

Issuance of Scheduled Islamic
Commercial Bank license
January 31, 2002

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

Financial Calendar

2021
1st Quarter Results issued on
April 20, 2021

2nd Quarter Results issued on
August 12, 2021

3rd Quarter Results issued on
October 14, 2021

Annual Results issued on
February 21, 2022

Extraordinary General Meeting (EOGM)
November 17, 2021

26th Annual General Meeting
Scheduled on March 29, 2022

Corporate Information

Board of Directors

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

Shariah Board

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

Management

Irfan Siddiqui	President & CEO
Ariful Islam	Deputy CEO

Chief Financial Officer

Shabbir Hamza Khandwala

Company Secretary

Muhammad Sohail Khan

Auditors

EY Ford Rhodes, Chartered Accountants

Legal Adviser

Haidermota & Co., Advocates

Registered Office





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

Contacts

PABX: (92-21) 38103500, 37133500, Fax: (92-21) 36406056
24/7 Call Centre: 111-331-331 & 111-331-332
Email: info@meezanbank.com
Website: www.meezanbank.com, www.meezanbank.pk

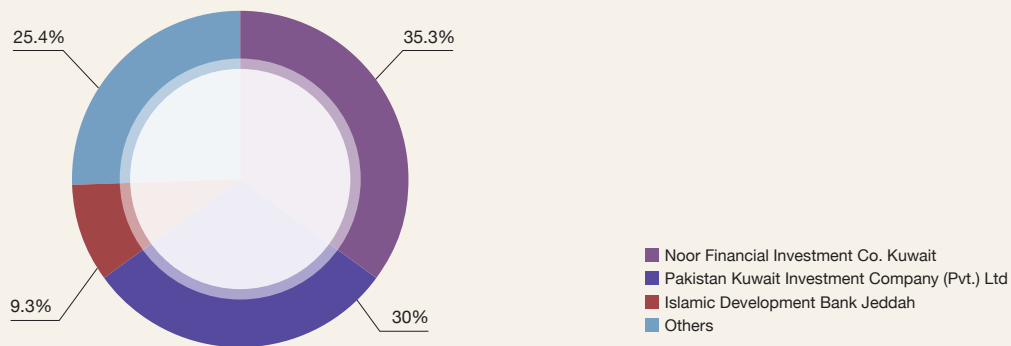
**The Bank has already submitted application for the Fit and Proper Test of the Director to the State Bank of Pakistan which is in process of reviewing the same.*

Meezan Bank Share Information

Company Name	Listed On	Stock Name	Financial Year End	Shares Registrar
 Meezan Bank Limited	 PAKISTAN STOCK EXCHANGE	 MEBL	 31 December	THK Associates (Pvt.) Ltd. Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan. PABX: (92-21) 35310191-6 UAN: (92-21) 111-000-322 Fax: 021-35310190 Email: secretariat@thk.com.pk ; sfc@thk.com.pk Website: www.thk.com.pk

Shareholders

Shareholding Structure



Noor Financial Investment Company



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

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

Pakistan Kuwait Investment Company



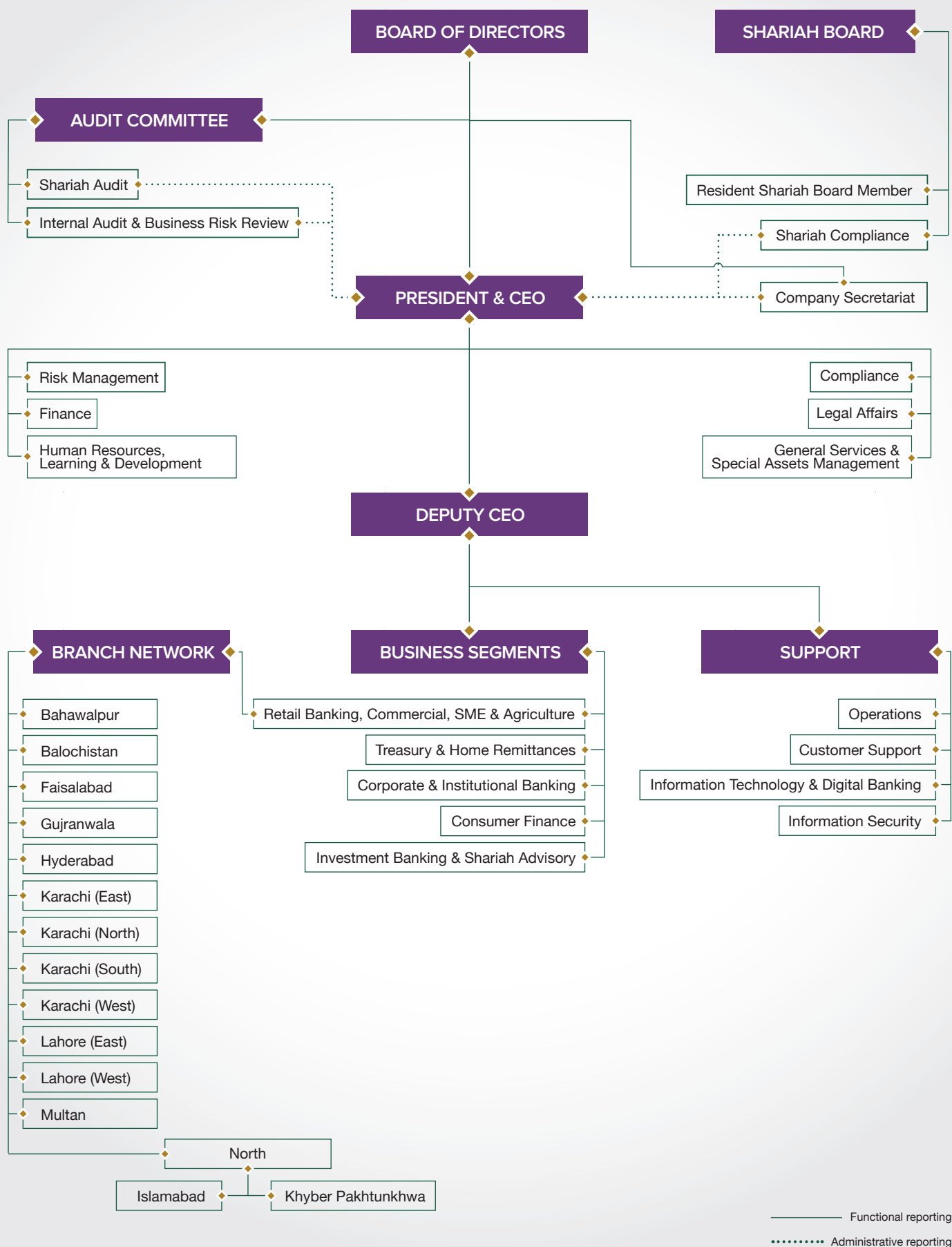
Pakistan Kuwait Investment Company (Private) Limited (PKIC), a joint venture between the Governments of Pakistan and Kuwait was established in 1979. PKIC is one of the most respected and profitable institutions in Pakistan. The company, operating for over 30 years in Pakistan, is engaged in investment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

Islamic Development Bank (IsDB)



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

Organization Structure



Senior Management Team

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

Regions

Mr. Muhammad Saleem Khan	General Manager - North
Mr. Anwar Ul Haq	General Manager - Lahore East
Syed Salman Ahmed	General Manager - Lahore West
Mr. Abid Hussain Abid	General Manager - Multan
Mr. Khurram Behzad Memon	Regional Manager - Hyderabad
Mr. Mashkoor A.G. Khan	Regional Manager - Karachi East
Mr. Moazzam Saeed Khan	Regional Manager - Faisalabad
Mr. Sohail Munir Bana	Regional Manager - Karachi North
Mr. Amir Ali Durrani	Regional Manager - Balochistan
Mr. Arif Aslam Khan	Regional Manager - Khyber Pakhtunkhwa
Chohdry Asif Javed	Regional Manager - Gujranwala
Mr. Muhammad Ejaz Nadeem	Regional Manager - Bahawalpur
Syed Mohammed Asad Alvi	Regional Manager - Karachi South
Syed Mohammed Asad Alvi	Regional Manager (Officiating) - Karachi West



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

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

History of Meezan Bank

1997



Establishment of
Al Meezan
Investment Bank

2002



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



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

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



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

2003



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

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



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

2004

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

Deposit base grows to
Rs.13.7 billion

Number of branches reaches
16

Online Banking
is launched
across all branches

2005



**Islamic Finance news
Awards**

Meezan Bank wins
Best Islamic Bank in Pakistan

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

2006

Deposit base grows to
Rs. 34 billion

Number of branches
reaches 62 in 21 cities

Internet Banking
launched



2007



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



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

Deposit base grows to
Rs. 54 billion

2008



Branch Network
expands to **40 cities**

Deposit base grows to
Rs. 70 billion

Launch of first
Government of Pakistan
Ijarah Sukuk

2009

201 Branches
54 Cities

Deposit base crosses **Rs. 100 billion**

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



Meezan **VISA** Debit Cards launched

Launched of Meezan **پاکستان**

2010

Over 222 Branches
Over 63 Cities

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

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

2011

275 Branches
83 Cities

9th largest bank in Pakistan in terms of branch network



Meezan House inaugurated

2012

10 years of Excellence Banking
310 Branches
90 Cities

Total deposits cross **Rs. 230 billion**

Launch of Meezan Visa Platinum Debit Card

MEEZAN PREMIUM BANKING

Launch of Meezan Premium Banking & Premium Banking Centers

Launch of Mock Branches for staff training

Meezan **Kids Club & Teens Club** Account
Launched

2013

Over 350 Branches
Over 100 Cities

8th largest bank in Pakistan in terms of branch network

Total deposits reach **Rs.289 billion**



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

Launch of SMS Banking

2014

428 Branches
117 Cities



Meezan Bank acquires **HSBC Pakistan**

Total deposits reach **Rs.380 billion**



Mobile Banking App Launched

Launch of

Meezan Kafalah
A Savings Plan with Takaful Benefits

Corporate Internet banking

Launched **eBiz**

Launch of **Meezan Roshni**
Generator Financing



Meezan Titanium MasterCard Debit Card Launched

2015

551 Branches
143 Cities

Meezan Bank acquires Pakistan operations of **HSBC Oman**



Agreement Signing with **Karandaaz Pakistan**

Total deposits reach **Rs. 472 billion**

پیسہ Upaisa

Meezan Upaisa - World's First Islamic Branchless Banking Service



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

2016

Over 570 Branches
Over 145 Cities

Best Islamic Bank in Pakistan



Pakistan Banking Awards

Launch of New Corporate Website



Official **facebook** Page crosses 1 Million Fans

2017



Top 25 Companies of the Year, 2016



Most Innovative Solution Deployed for Cash Displacement



Launch of EMV Chip & NFC enabled Debit Card

PSHRM Pakistan Society of Human Resource Management

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



Best HRM Practices Employer of the Year 2016



Launch of secure online shopping with 3D secure

2018



8th Largest Bank in terms of Branch Network



Awarded Best 'Bank for 2018' by Pakistan Banking Awards



Launch of Visa Platinum & Supplementary Debit Cards



Launch of Meezan Express Account



Launch of New Internet Banking



Launch of Fastest Debit Cards Activation over ATM in Pakistan



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

2019



6th Largest Bank in terms of Branch Network & Deposits

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



Launch of New Meezan Bank Mobile Banking App



Launch of SkimGuard protection on ATMs of other banks



2020



Best Bank 2020 Pakistan Banking Awards



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

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

Islamic Finance news



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

THE ASIAN BANKER



Launch of Continuous Improvement Program



2021



4th Largest Bank in terms of Deposits

CFA Society Pakistan



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

State Bank of Pakistan - by Honorable Prime Minister Imran Khan



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



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

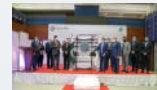
Islamic Finance news



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

VIS Credit Rating Company Limited

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



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

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



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

Awards and Recognition

2021

CFA Society of Pakistan

Best Bank of the Year - Large Size Banks
Best Islamic Bank of the Year

Islamic Finance News – Malaysia

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

Asset Triple A Country Awards

Best Structured Finance Deal, Pakistan - *Pakistan Mobile Communications Syndicated Term Finance Facility*

State Bank of Pakistan

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

Employer of Year Awards

Employer of the Year - Diamond Award

ICAP and ICMAP

Best Corporate Reports Awards - Banking sector 3rd Position

International Finance Award

Fastest Growing Digital Transformation Bank - Pakistan

Asiamoney

Most Outstanding Company in Pakistan - Banking Sector

World Finance Magazine

World Finance Banking Awards

Best Banking Group - Pakistan

Best Retail Bank - Pakistan

World Finance Islamic Finance Awards

Best Islamic Bank - Pakistan

Asian Banking and Finance Corporate & Investment Banking Awards 2021

Renewable Energy Bank of the Year - Pakistan
Green Deal of the Year - Pakistan

Asset Triple A – Hong Kong

Islamic Bank of the Year - Pakistan
Best Islamic Retail Bank - Pakistan
Best Islamic Trade Finance Bank - Pakistan
Best Islamic Investment Bank - Pakistan
Sukuk Adviser of the Year - Pakistan
Best Islamic Custodian - Pakistan

Asset Triple A Asia Infrastructure Awards

Power Deal of the Year - Pakistan for *Punjab Thermal Power Private Limited US\$583 million project finance and working capital finance facilities*

Global Islamic Finance Awards

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

The Banker

Islamic Bank of the Year, Pakistan

Global Finance – New York

Best Islamic Financial Institution in Pakistan

Islamic Finance Forum of South Asia (IFFSA) Awards

Gold Award - Islamic Finance Entity of the Year (Large)
Islamic Bank of the Year - Large
Islamic Investment Bank of the Year
Islamic Finance Advisory Services Provider of the Year



Mr. Irfan Siddiqui - President & CEO, Meezan Bank while receiving the award from Mr. Shaukat Tarin - Finance Minister at the 18th Annual Excellence Awards Ceremony hosted by the CFA Society of Pakistan.

2020

Pakistan Banking Awards

Best Bank - 2020

CFA Society Pakistan

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

State Bank of Pakistan

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

The Asian Banker

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

Islamic Finance News (IFN) – Malaysia

Best Overall Islamic Bank - Global Award
Most Innovative Islamic Bank - Global Award
2nd Position, Best Islamic Private Bank - Global Award
2nd Position, Best Islamic Retail Bank - Global Award
Best Islamic Bank in Pakistan

Global Finance – New York

Best Islamic Financial Institution - Pakistan
Best Trade Finance Provider - Pakistan

Asset Triple A – Hong Kong

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

Asset Triple A Asia Infrastructure Awards

Renewable Energy Deal of the Year - Pakistan
Telecom Deal of the Year - Pakistan

Global Islamic Finance Awards

Shariah Authenticity Award
Shariah Auditor of the Year
Sukuk House of the Year

Islamic Finance Forum of South Asia (IFFSA) Awards

Gold Award - Islamic Finance Entity of the Year (Large)
Gold Award - Islamic Finance Advisory Services Provider of the Year
Gold Award - Islamic Investment Bank of the Year
Gold Award - Islamic Bank of the Year - Large
Silver Award - Islamic Finance Deal of the Year

Asian Banking and Finance Corporate & Investment Banking Awards

Project Infrastructure Finance Deal of the Year - Pakistan

ICAP and ICMAP

3rd Position - Best Corporate Report Awards, banking sector



Mr. Khalid Zaman Khan - Group Head Human Resources, Learning & Development, Meezan Bank while receiving the award from the Honourable President of Pakistan - Dr. Arif Alvi.

2019

Islamic Finance News (IFN) – Malaysia

Structured Finance Deal of the Year - *Avani Hotels transaction*
Pakistan Deal of the Year - *Nasda Green Energy transaction*
Cross Border Deal of the Year - *Nasda Green Energy transaction*
Best Islamic Bank in Pakistan

Asset Triple A Country Awards

Best secondary offering, Pakistan - *US\$100 million placement*

Asset Triple A Asia Infrastructure Awards

Utility Deal of the Year, Pakistan - *K-Electric Limited Rs 25 billion syndicated term finance facility in which Meezan Bank acted as a lead arranger and adviser, lead (Conventional facility) and lender (Islamic facility)*

Global Finance – New York

Best Islamic Financial Institution in Pakistan
Best Bank in Pakistan
Best Trade Finance Provider in Pakistan
World's Best Banks - Asia Pacific
Best Bank In Asia Pacific

Islamic Finance Forum of South Asia (IFFSA) Awards

Honorary Award in Recognition of Contribution to the IBF Industry
Gold Award - Entity of the Year
Gold Award - Bank of the Year
Gold Award - Investment Bank of the Year
Gold Award - Capital Markets Service Provider of the Year
Gold Award - Advisory Services Provider of the Year
Silver Award - Deal of the Year
Bronze Award - Education Provider of the Year

The Banker

Bank of the Year, Pakistan

Global Islamic Finance Awards

Shariah Authenticity Award
Shariah Auditor of the Year
GIFA Special Award (Shariah Advisory Role)

Asian Banking and Finance Corporate & Investment Banking Awards

Islamic Corporate & Investment Bank of the Year, Pakistan

CFA Society Pakistan

Islamic Bank of the Year (Runner-up)

International Finance Award

Most Innovative Islamic Bank, Pakistan

PakWheels.com – People's Choice Awards

Most Popular Bank in Pakistan's Islamic Auto Financing sector

Employers Federation of Pakistan (EFP)

3rd Position - Employer of the Year

J. P. Morgan

Straight Through Processing Award



Detailed information on our awards and recognition is available on our website: www.meezanbank.com

Products and Services

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

Deposit Products

Meezan Rupee | Current & Savings Accounts PKR

Meezan Asaan | Current & Savings Accounts PKR

Meezan Express | Current & Savings Accounts PKR

Meezan Kids Club | Savings Account PKR
Meezan Teen Club

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

Meezan Kafalah | Savings Account PKR

Meezan Bachat | Savings Account PKR

Karobari Munafa Account | Savings Account PKR

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

Meezan Roshan Digital | Current & Savings PKR, USD, GBP, EUR

Meezan Roshan Resident | Current & Savings USD, GBP, EUR

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

Monthly Mudarabah Certificate | One Month Maturity

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

Meezan Aamdan Certificate | 5.5 & 7 Years

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

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

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

Alternate Distribution Channels

Meezan Mobile Banking App

Meezan Internet Banking

SMS Alerts

SMS Banking

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

Meezan Visa Debit Cards | Platinum, Gold & Classic

Meezan PayPak Debit Card

Meezan Supplementary Debit Cards

Contactless Payments | Debit Cards & Mobile Tap & Go

Discounts & Privileges

Meezan ATM Network

Fintech Services | Biometric Cash Out & Wallet Management

Branchless Banking

Smart Remittance Wallet | Wallet Account

Smart Asaan Mobile Account | Wallet Account

Smart Disbursement Solution | Employee Salary Account

Smart Wallet | Wallet Account

Priority Banking

Meezan Premium Banking

Consumer Financing

Car Ijarah | Shariah-compliant Auto Financing

Roshan Apni Car

Meezan Women First | Car Ijarah

Bike Ijarah | Shariah-compliant Motorcycle Financing

Easy Home | Shariah-compliant Home Financing

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

Meezan Roshan Apna Ghar | Shariah-compliant Home Financing

Meezan Women First | Shariah-compliant Home Financing

Meezan Consumer Ease | Shariah-compliant Durable Goods Financing

Meezan Solar | Shariah-compliant Solar Panel Financing

Cash Management

Meezan eBiz | Business Internet Banking Solution

Meezan eBiz+ | Payments & Cash Management Solution

Meezan eBiz+ LITE | SME Payments Solution

Financing Products

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

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

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

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

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

Ijarah | Long-Term Rental Facility | Running Musharakah | Shirkat-ul-Aqd Based Financing

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

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

Letter Of Credit Services | Wakalah Based Facility for Import Facilitation

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

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

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

Alternative To Export Bill Discounting | Short Term Salam/Murabaha Based Facility

Islamic Export Refinance Scheme | Subsidized Short Term Financing for Exporters

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

Guarantee Services | Payment & Performance Guarantees | Kafalah Based Service

Retail Supply Chain Financing | Working Capital Finance for Small Scale Retailers

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



Detailed information on our product or service is available on our website.

www.meezanbank.com

Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah, it gives me great pleasure to present to you the Annual Report of Meezan Bank for 2021.

Meezan Bank was granted Pakistan's first Islamic Banking license in 2002 and over the last 19 years, has grown from the smallest bank in Pakistan to one of the leading and most successful banks in the country. We owe this success to the blessings of Allah SWT and the confidence and trust of the people of Pakistan, living both in and outside Pakistan.

Meezan Bank is now the 4th largest bank in the country (ranked by deposits) and, by far, the largest Islamic Bank with a market share of over 30% of the Islamic banking industry. It is also both humbling and gratifying that Meezan Bank was recognized by the Honorable Prime Minister of Pakistan on numerous occasions during 2021 for achievements related to an innovative digital account, Roshan Digital Account, especially targeted to Non-Resident Pakistanis (NRPs). A few of these achievements are:

- The Best Performing Bank (1st position) and the Fastest Growing Bank for its services to promote Roshan Digital Account
- The highest volume of remittances in Roshan Digital Account – Meezan Bank won this award twice
- The first bank in Pakistan to issue Islamic Naya Pakistan Certificates
- The highest amount of investment in Islamic Naya Pakistan Certificates
- The first bank in the industry to deliver a car under State Bank of Pakistan's Roshan Apni Car initiative, and
- The first bank in Pakistan to disburse a housing finance facility under State Bank of Pakistan's Roshan Apna Ghar scheme.

We are pleased to have supported these landmark initiatives of the Government of Pakistan and the State Bank of Pakistan and are thankful for the trust that Non-Resident Pakistanis have entrusted upon us.

During 2021, Alhamdulillah, Meezan Bank was once again conferred with the 'Best Bank of the Year – Large Size Banks' award, for the second time in a row, and 'Best Islamic Bank of the Year' Award by the CFA Society of Pakistan. These two especially prestigious accolades are testament to the Bank's commitment towards its Vision of establishing 'Islamic banking as banking of first choice...'

Meezan Bank recognizes the responsibility that comes with its leadership position in the industry and as a conscientious corporate citizen, has a strong focus on contributing to the society through CSR initiatives.

The need of the hour, in getting life back to normalcy, is to help people get vaccinated against COVID-19. The Bank undertook four vaccination initiatives during the year, including setting-up two drive-through vaccination centers, one of which is Pakistan's largest drive-through vaccination center - operating twenty-four booths at a time; two vaccination units in specialized custom-built vehicles and a free vaccination drive for its employees and their families, administering a total of more than 188,700 vaccines.

The Bank also established a separate Trust under the name of Meezan Foundation, with the sole purpose of undertaking CSR initiatives in a focused manner through a dedicated platform. This was a very effective way of ensuring that day-to-day business exigencies do not divert the team's attention away from making

efforts for the society's betterment.

The year 2021 also saw Meezan Bank's Entity Rating get upgraded to the highest possible level of 'AAA'. The 'AAA' rating denotes the highest credit quality, with negligible risk factors, being only slightly more than for risk-free debt of the Government of Pakistan. This is yet another recognition for which we are thankful to Allah SWT.

Starting 2022 with more than 900 branches in over 290 cities and an excellent financial performance in 2021, the Meezan team is now more motivated and committed than ever to 'establish Islamic banking as banking of first choice...'

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

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

I would also like to express my gratitude to our shareholders, members of our Shariah Board and my fellow Board members as well as all members of the Meezan team who worked determinedly to make Meezan Bank not only the leading Islamic financial institution but also a leading banking institution of the country.

Finally, and most importantly, I want to thank our customers for bestowing their trust and confidence upon Meezan Bank and to the cause of Islamic banking. It is their trust that has led to the growth and success of Islamic banking and the Riba-free financial system in the country.

“It is also both humbling and gratifying that Meezan Bank was recognized by the Honorable Prime Minister of Pakistan on numerous occasions during 2021 for achievements related to an innovative digital account, Roshan Digital Account, especially targeted to Non-Resident Pakistanis (NRPs).”



Riyadh S. A. A. Edrees
Chairman

February 21, 2022



Directors' Report to the Members

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

On behalf of the Board of Directors, we are pleased to present the twenty-fifth Annual Report of Meezan Bank Limited, setting out the detailed financial results of the Bank for the year ended December 31, 2021.

Economic Overview

Pakistan's economy made a strong comeback, recording a growth of 3.9% compared to negative 0.47% in 2019-20, mainly due to cogent measures taken by the Federal and Provincial Governments to contain the spread of COVID-19. The State Bank of Pakistan also played a pivotal role by maintaining an ultra-accommodative monetary policy and introduced various subsidized finance schemes that allowed businesses to meet the challenges of COVID-19, thereby stimulating economic recovery. This economic recovery exceeded the projections made by the IMF and the World Bank and is reflective of the fact that Pakistan's economy fared well despite multiple waves of pandemic. The Economist magazine also ranked Pakistan among the best performing countries for handling the COVID-19 pandemic.

With international commodity prices reaching decade-high levels in the latter part of 2021, slippages on current account escalated, putting pressure on foreign exchange reserves and the Rupee / US Dollar parity. This resulted in inflation reaching double digits in the last two months of 2021, prompting SBP to raise its Policy Rate by 275 basis points to 9.75%. The PSX 100 index also witnessed volatility during the year 2021 - after rising to the levels of 48,726 points, the index closed at 44,596 points in 2021.

COVID-19 and Measures Taken by the Bank

Having successfully managed the earlier waves of COVID-19, Pakistan is now going through the fifth wave of the pandemic and the Government of Pakistan is continuing its efforts to contain the spread of the pandemic without disrupting the economic activities of the country. The COVID-19 infection rate in Pakistan fell around three percent after a significant push by the Federal Government in the vaccination program, with almost 157 million doses administered till December 31, 2021 and daily vaccinations now crossing 0.7 million.

The Bank continues to operate at full strength and has maintained its service levels across both physical and alternate delivery channels. At Meezan Bank, we are committed to ensuring that all staff are vaccinated and we place great emphasis on health and safety of our staff, customers and their family members.

Under the drive initiated by the National Command and Operations Committee (NCOC), to make Pakistan COVID-19 free, the Bank established COVID Vaccination Centres (CVC) for its staff at Karachi, Lahore, Islamabad and Peshawar with the support of NCOC and local health authorities. Further, as a responsible Corporate Citizen, the Bank joined hands with the Sindh Government and established CVCs for the general public through two drive-through facilities and two mobile van services in Karachi - more than 188,700 have been vaccinated through these initiatives. The first drive-through vaccination center established at Gulberg Town Karachi is the largest drive-through vaccination center in Pakistan. The Bank has also launched vaccination awareness drives by placement of banners across the city.

Key Recognitions During the Year

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

Credit Rating Upgraded to 'AAA / A-1+'

During 2021, the Bank's Credit Rating was upgraded by the VIS Credit Rating Company Limited (VIS). The Bank now, Alhamdulillah, is rated at the highest possible level of 'AAA / A-1+'. The assigned rating denotes highest possible credit quality, with negligible risk factors, being only slightly more than for risk-free debt of the Government of Pakistan and is a credible acknowledgement of the Bank's strength and stability. The Board and the entire Meezan Bank family bow our heads to Allah (SWT) for granting us this recognition within a short span of just 19 years since our inception as Pakistan's first full-fledged Islamic commercial bank.

The VIS has also upgraded ratings of the Basel 3 Compliant Tier 1 and Tier 2 Sukuk of the Bank at 'AA+' (Double A Plus) and 'AAA' (Triple A) respectively.

Islamic Banker of the Year by Global Islamic Finance Awards

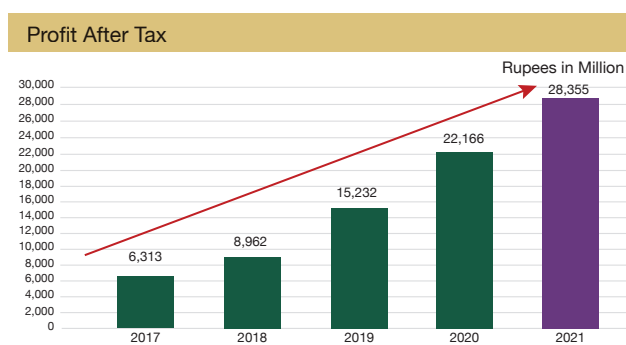
We are delighted to inform you that for the year 2021, the Founding President and CEO of the Bank, Mr. Irfan Siddiqui was recognized as the Islamic Banker of the Year at the Global Islamic Finance Awards 2021 - one of the most prestigious global awards in the field of Islamic banking. The Board acknowledges the extraordinary contributions of the President and CEO towards the establishment and growth of the Islamic Banking Industry in Pakistan. This recognition is an acknowledgement of the Bank's resolve towards establishing Shariah-compliant Banking and has further strengthened our commitment to uphold our core values of Shariah-compliance, Service Excellence and Integrity, Insha'Allah.



Our Performance

Meezan Bank delivered outstanding results, both in terms of profitability and growth. Profit After Tax of Rs 28.3 billion is the highest recorded in the history of the Bank with a return on equity of 36.4%.

- Profit After Tax increased by 28% over the previous year from Rs 22.2 billion to Rs 28.3 billion – achieved despite lower underlying average Policy Rate during the year.
- Earnings per Share – increased to Rs 17.43 from Rs 13.62 per share on enhanced share capital of Rs 16.27 billion.



Dividend per Share

The Board has approved Rs 1.50 (15%) per share final cash dividend for the year 2021, bringing the total payout for the year to Rs 6.00 (60%) per share as Rs 4.50 (45%) interim cash dividend was already paid during the year. This is in addition to issuance of 15% Bonus Shares during the year. The Bank has maintained its unbroken payout record since its date of listing on the Stock Exchange.

Most Valuable Bank by Market Capitalization

In 2021, Meezan Bank became the most valuable bank in Pakistan in terms of market capitalization amongst all the banks listed on Pakistan Stock Exchange, Alhamdulillah. The Bank's total market capitalization grew by 28% to Rs 218 billion as of December 31, 2021 as compared to Rs 170 billion last year (on enhanced share capital) despite the fact that PSX-100 index remained largely muted during the year closing at 44,596 points as compared to 43,755 points (growth of 2%). This signifies the investors' confidence on the Bank's management, its performance and growth potential.

The key business results achieved during the year are as under:

Key Business Results	2021	2020	Growth
Profit After Tax	Rs 28.36 Billion	Rs 22.17 Billion	28% ▲
Investments			
Sovereign	Rs 594 Billion	Rs 414 Billion	44% ▲
Others	Rs 26 Billion	Rs 20 Billion	28% ▲
	Rs 620 Billion	Rs 434 Billion	43% ▲
ADR (Gross Advance to Deposits) - %	53%	42%	26% ▲
Islamic Financing and Related Assets - Gross	Rs 777 Billion	Rs 532 Billion	46% ▲
Deposits	Rs 1.46 Trillion	Rs 1.25 Trillion	16% ▲
Total Assets	Rs 1.9 Trillion	Rs 1.5 Trillion	25% ▲
Equity	Rs 86.6 Billion	Rs 69.2 Billion	25% ▲
Capital Adequacy ratio	17.81%	17.82%	-
Dividend per share:			
Cash Dividend - Rs	6.00	6.00	-
Bonus Issue	15%	10%	50% ▲
Branch Network	902 Branches	815 Branches	11% ▲
Presence	290 Cities	248 Cities	17% ▲
Trade Business (Imports and Exports)	Rs 1.69 Trillion	Rs 1.13 Trillion	49% ▲

Rs in Million

Profit and Loss Account	2021	2020
Profit / return earned on financing, investments and placements	110,072	106,589
Return on deposits and other dues expensed	(41,151)	(41,740)
Net spread earned	68,921	64,849
Fee, commission and other income	10,193	6,611
Foreign exchange income	3,158	2,154
Dividend income and gain / (loss) on securities - net	1,541	1,307
Non-funded and other income	14,892	10,072
Total Income	83,813	74,921
Operating and other expenses	(35,324)	(29,775)
Profit before provisions	48,489	45,146
Provisions and write offs - net	(993)	(8,210)
Profit before taxation	47,496	36,936
Taxation	(19,141)	(14,770)
Profit after taxation	28,355	22,166
Earnings per share - on enhanced capital - Rs	17.43	13.62

Profitability

Net Spread

The Bank's return on financings, investments and placements increased to Rs 110.0 billion from Rs 106.6 billion last year – higher by 3%, despite a decline in average Policy Rate during the year from 8.95% to 7.29%, owing to the volumetric growth in average earning assets. The return on deposits and other dues recorded a decline of 1% from last year closing at Rs 41.1 billion from Rs 41.7 billion in 2020 due to lower average Policy Rate and substantial increase in average current account balances of 42% from last year which helped the Bank to maintain an optimal cost of funds. On an overall basis, the net spread of the Bank grew by 6% to Rs 68.9 billion from Rs 64.9 billion last year.

Fee, Commission and Other Income

The Bank's fee, commission and other income grew by 54% to Rs 10.2 billion from Rs 6.6 billion last year, mainly contributed by an increase in debit card, trade and branch banking related income. The trade business volume handled by the Bank grew to Rs 1.69 trillion from Rs 1.13 trillion in December 2020. The Bank's foreign exchange income also rose by 47% due to strong trade flows, prudent risk mitigation and concerted sales efforts. On an overall basis,

the Bank's non-funded income recorded a 48% growth closing at Rs 14.9 billion.

Operating Expenses

The Bank's operating and other expenses increased to Rs 35.3 billion from Rs 29.8 billion, primarily due to inflation and increase in cost associated with opening of 87 new branches from since last year – an investment in future. The Bank's income efficiency ratio of 42% is lower than the average income efficiency ratio of the Banking industry as a whole.

Contribution to the National Exchequer

The Bank's contribution to the national exchequer increased this year and it paid Rs 14.7 billion in the form of direct taxes to the Government of Pakistan as compared to Rs 12.2 billion contributed last year. In addition to this, the Bank also collected, withheld and deposited Rs 16.4 billion, as compared to Rs 14.3 billion in 2021, on account of Income Tax / Federal Excise Duty / Provincial Sales Tax on Services as withholding tax agent on behalf of Federal Board of Revenue and Provincial Tax Authorities.

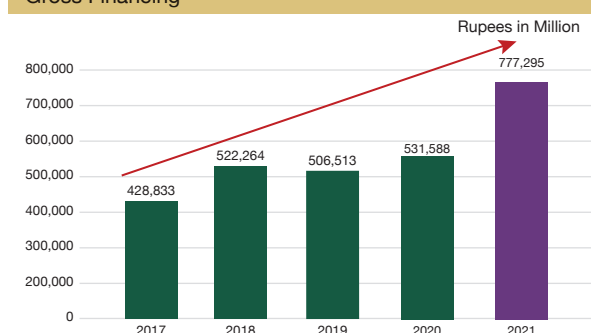
Assets Growth

Total assets of the Bank grew to Rs 1.9 trillion from Rs 1.5 trillion in 2020, recording a growth of 25% or Rs 381 billion driven by strong rise in financings and investment portfolio of the Bank.

46% Growth in Gross Financings Portfolio

As part of the Bank's strategy and concentrated efforts to build a high-quality financing portfolio well-distributed across all sectors of the economy, this year the Bank was able to grow its gross financing portfolio by 46% keeping all the risk-acceptance parameters in check. The Bank increased its gross financings by Rs 246 billion to close the year end at Rs 777 billion as compared to Rs 531 billion a year ago. The gross advances to deposits ratio (ADR) of the Bank rose to 53% from 42% last year. The strategy remains to maintain a well-diversified and quality portfolio spread across all segments including corporate, commercial & SME and the consumer segments.

Gross Financing



Contribution in SBP-led Initiatives

The Bank continued to actively support the SBP-led initiatives for increasing financial inclusion and extended financings under a number of refinance schemes and initiatives under Roshan Digital Account such as Roshan Apna Ghar and Roshan Apni Car for Non-Resident Pakistanis. The Bank has exceeded the mandatory targets assigned by the SBP for housing and construction finance and is also actively participating in 'Mera Pakistan Mera Ghar' (G-MSS), Kamyab Jawan scheme along with other SBP-led initiatives including Green Banking to reduce carbon footprint in the economy. As a measure to reduce gender gap in financial inclusion, the Bank has introduced a new product – 'Meezan Women First – Car Ijarah'. The Bank's total exposure under various SBP refinance schemes has increased by more than 35%.

Non-Performing Financings and Provisions

During 2021, the Bank recorded a specific provision charge of Rs 2.19 billion and a reversal of Rs 1.86 billion resulting in net provision charge of Rs 328 million against the non-performing financings. The Bank also made a general provision charge of Rs 417 million which further strengthened its coverage ratio to 133% while its non-performing financing ratio stood at 1.86% as against banking industry average of 8.8%. The Bank is fully geared up for adoption of IFRS – 9 and does not foresee any significant impact on its adoption.

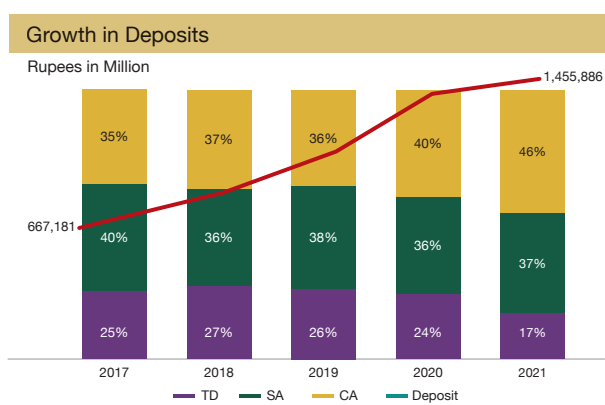
Growth in Investments

The Bank's investment portfolio grew by 43% to Rs 620 billion from Rs 434 billion last year, mainly due to investments in GoP Ijarah Sukuk after resumption of regular Sukuk auctions by the Government of Pakistan, which has enabled the Bank to reduce its dependency on inter-bank secured placements under Bai Muajjal. The issuance of GoP Ijarah Sukuk at regular intervals has addressed the chronic liquidity management challenges historically faced by the Islamic Banking industry. During the year, the Bank was able to invest additional Rs 219 billion in GoP Ijarah Sukuk taking the total GoP Ijarah Sukuk portfolio to Rs 398 billion from Rs 179 billion. Out of the total investment portfolio, 96% represents investment in Federal Government / Government Guaranteed Securities.

In other positive developments during the year, the SBP introduced Shariah-compliant Mudarabah based Open Market Operations (OMO-Injections) and Shariah-compliant Standing Ceiling Facility-Mudarabah based Financing Facility (MFF) with a view to provide liquidity management framework for Islamic Banking Industry (IBI). These facilities will allow the Islamic banks to manage their day-to-day liquidity more efficiently and bring them at par with conventional banking industry.

Growth in Deposits

Total Deposits of the Bank grew by 16% to Rs 1.45 trillion from Rs 1.25 trillion as at December 2020. The Bank has a market share of 7% of total banking industry deposits. The growth in deposits was largely driven by an increase in Current Account (CA) deposits of Rs 164 billion or 33%, which now comprise 46% of total deposits as compared to 40% last year. The Savings Accounts (SA) deposits were also higher by 19% from last year, bringing the Bank's total CASA deposits to Rs 1.2 trillion plus or 83% of the total deposits. On an overall basis, CASA deposits grew by 26% in alignment with the Bank's focus on low-cost deposits. These achievements are a direct result of our customers' continued trust in us and the Bank's strategy to extend its network and leverage technology to provide unparalleled banking services in Pakistan.

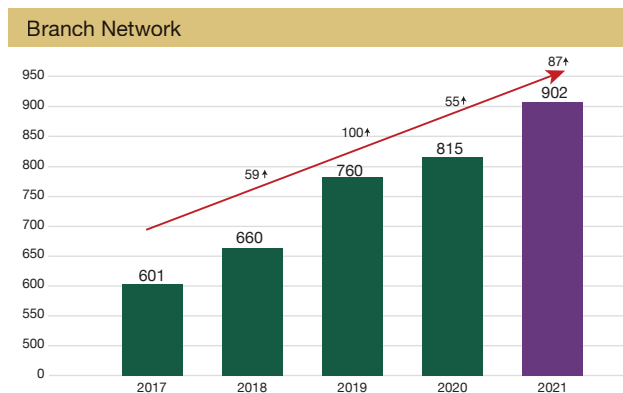


Roshan Digital Account

Till the end of 2021, the total funds received under Roshan Digital Account (RDA), a completely end-to-end digital account for non-resident Pakistanis - a major initiative of the SBP and the Federal Government, rose to USD 3.16 billion. Alhamdulillah, Meezan Bank continued to maintain its leadership in Roshan Digital Account (RDA) with market share of 23% in terms of total RDA deposits of the Pakistan Banking Industry. The Bank has opened over 44,000 new RDA accounts in 2021 and received several awards and recognitions by the Government of Pakistan through His Excellency the Prime Minister of Pakistan for its following achievements under this initiative of the Federal Government and the SBP:

- Highest volume of remittances;
- Highest volume of investment in Islamic Naya Pakistan Certificates;
- Best Performing Bank; and
- Fastest Growing Bank.

Meezan was also the first bank in the country to disburse facilities under State Bank's Roshan Apna Ghar and Roshan Apni Car initiatives.



Growth in Branch Network

The Bank continued to invest heavily in expanding its branch network and added another eighty-seven new branches in forty-two new cities. The Bank's network now stands at 902 branches in 290 cities (2020: 815 Branches in 248 cities). Growth in the number of over-the-counter transactions at branches reinforces our belief that continued expansion in both physical and digital space is important, owing to large, diversified and geographically dispersed unbanked population of the country.

Digital Banking Initiatives

A strong shift in customer transaction behavior towards digital modes, i.e., Mobile App, Internet banking, POS, ATM, debit cards, merchant payments, during the pandemic, materialized Bank's number of digital initiatives and enabled the Bank to further strengthen its digital presence. In 2021, the Bank added more than 600,000 cards to its debit card portfolio, growing the portfolio size to over 2.2 million cards. The overall spend on Debit Cards also nearly doubled, with e-Commerce transactions alone increasing by 118%. Following a similar trend, the Inter Bank Fund Transfers (IBFT) and Utility Bill Payments (UBPS) transactions also increased by 156% and 70% respectively.

As another first, Meezan Bank became the first bank in Pakistan to implement an in-house 3D Secure transaction authentication mechanism. The Bank also launched Mobile Tap and Go during 2021, which is the fastest growing payment method across the globe that allows customers to make instant payments at merchant outlets with NFC enabled POS machines with just a tap of their Android Smart Phones. Meezan Mobile Banking Application retained its title as the highest-rated mobile banking application in the industry with an unbeatable 4.9 rating on both Google Play Store and Apple App Store throughout the year, with over 1 million 'financially active' customers who conducted more than 84 million digital transactions in 2021.

Merchant Acquiring Business

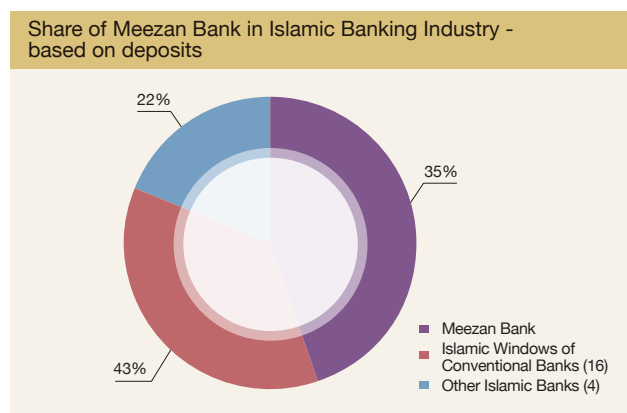
During the latter half of 2021, Meezan Bank launched its Merchant Acquiring Business with a state-of-the art POS and e-Commerce Payment Gateway solution for its retail and corporate customers, enabling it for both Master Card and Visa. With full-fledged operations of Acquiring business in 2022, the Bank aims to rapidly grow digital payments in Pakistan and fulfill the needs of a vast majority of retailers and online businesses who have been looking for a Shariah-compliant payment solution.

Fintech Collaborations

After successful collaboration with FINCA to support micro, small and medium-sized enterprises through Shariah-compliant digital financing, Meezan Bank is working closely with Techlogix and Burque to facilitate and finance SMEs. Meezan has also ventured with Haball to extended cash-flow based financing to different value chain partners. These innovative partnerships with Fintechs for developing end-to-end digital financing solutions will lay a strong foundation for digital ecosystem to offer financing to SMEs associated with corporates, under the umbrella of supply chain structure, thus bringing new-to-bank, small and medium enterprises into its network.

ATM Network

The Bank has a network of 964 ATMs across the country. During the year, Meezan Bank became the 3rd biggest Bank to acquire off-us transactions in Pakistan despite a relatively smaller ATM network size as compared to other larger-sized banks. This shows the trust and confidence of other banks' customers on the up-time and availability of cash at Meezan Bank's ATMs at all times.



Islamic Banking Industry

Islamic Banking continues to strengthen its roots in Pakistan with Meezan Bank as the market leader, offering a complete range of Islamic Banking products and services. The share of Islamic Banking Industry deposits is 19% of the total banking industry deposits. Meezan Bank's share of deposits amongst dedicated Islamic Banks operating in Pakistan is approximately 62% while its share of the Islamic Banking industry as a whole, including Islamic Banking windows of conventional banks in Pakistan, is 35%.

Capital Adequacy Ratio

The Bank is a well-capitalized institution with Capital Adequacy Ratio (CAR) of 17.81% over and above the minimum regulatory requirement of 11.50% for 2021:

Capital Adequacy Ratio (CAR)	Dec 31, 2021	Dec 31, 2020	Minimum Requirement
Common Equity Tier I – (CET I)	12.89%	12.25%	7.50%
Tier I	14.00%	13.63%	9.00%
CAR	17.81%	17.82%	11.50%

The Bank raised an additional amount of Rs 10 billion through an issue of subordinated Tier II Sukuk while the previously issued Tier II Sukuk of Rs 7 billion (issued in September 2016) was redeemed during the year. The Bank was able to issue the Sukuk at a very attractive pricing under Mudaraba arrangement which indicates the strong brand value and standing of the Bank.

Human Resources

The Bank has granted first tranche of share options to its key employees under the Meezan Bank Employees Share Option Scheme (ESOS) approved by its shareholders in their Annual General Meeting held in March 2021 and the Securities and Exchange Commission of Pakistan (SECP), as a part of the Bank's endeavors to attract and retain key talent and align the interests of employees and shareholders for long-term value creation.

During the year, Alhamdulillah, the Bank continued to create employment opportunities for the young population of the country, as a result of growth in its branch network in rural as well as urban areas, and added 1,500 + new employees to its workforce. The Bank's human capital now comprises of more than 14,000 resources.

Continuing with the philosophy of developing and nurturing quality talent, the Bank adopted a hybrid learning model comprising of in-person and online trainings and enhanced the gamut of learning opportunities available to its workforce compared to last year - ranging from Islamic Banking and role-based trainings to soft skills development, thus enabling the staff to deliver a superior banking experience to its customers. During the year, the Bank launched three flagship programs including 'Meezan Rehnuma' Mentorship Program, 'Meezan Ambassador' Program to create Islamic Banking Ambassadors in its Front-line Senior Roles and 'Meezan Pro-League' to become Training Organization for the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Chartered Accountants of England and Wales (ICAEW). Apart from this, the Bank has been participating in a series of webinars and awareness sessions for its customers, staff and general public at large to bring Shariah-compliant offerings at the doorstep of every individual.

Performance of Subsidiary - Al Meezan Investment Management Limited

Al Meezan Investment Management Limited (Al Meezan) has a track record of over 26 years in fund management operations and has the distinction of having an exclusive mandate of providing Shariah-compliant investments solutions to its investors. Al Meezan also has the unique privilege of being the first asset management company in Pakistan which has been awarded the highest management quality rating of AM1 by both VIS and PACRA. With an investor base of over 155,000 customers, Al Meezan is the largest asset management company in Pakistan with Assets under Management (AUMs) crossing Rs 173 Billion mark as at December 31, 2021. It also manages Separately Managed Accounts (SMAs) for Corporate and high net worth individuals. Al Meezan also manages the largest Voluntary Pension Fund in Pakistan. These AUMs represent over 15% of the total mutual funds

industry and 40% of the Shariah-compliant mutual funds industry.

With a vision to make shariah-compliant offerings a first choice for investors, Al Meezan has made its products and services easily accessible through physical network and digital means through a network of 26 branches across 15 cities in Pakistan and an additional distribution network of Meezan Bank branches. Al Meezan offers a comprehensive product suite of 19 mutual funds and multiple investment plans, managing a range of basic equity and income funds to commodity funds, dedicated equity fund and aggressive asset allocation funds. It recently launched a Shariah-compliant Income Fund, under the moniker Meezan Daily Income Fund adding to its comprehensive product suite.

Future Outlook and Strategy

The Government of Pakistan is optimistic with GDP growth of around 5% for the Fiscal Year 2022. The industrial sector is expected to remain buoyant due to improvement in export volumes and capacity built-up post introduction of SBP's Temporary Economic Refinance Facility (TERF). With the resumption of the IMF program, economy is expected to remain on a stable growth track in 2022 and the monetary policy committee of the SBP has indicated that the goal of mildly positive real interest rates on a forward-looking basis is now close to being achieved.


The concrete measures taken by the Government and the SBP to address the liquidity management challenges faced by the Islamic banking industry indicate their commitment towards Islamic finance. The Bank will Insha'Allah continue to play its leadership role in evolving the Islamic banking industry of Pakistan and assisting the Government to shift towards Shariah-compliant finance.

The Bank intends to follow a balanced-growth strategy with respect to Islamic financings and would continue building up exposures in different sectors of the economy in 2022 as well, with all the risk acceptance parameters in check. The Bank remains committed to its national obligation and would continue to actively support the SBP-led initiatives for increasing financial inclusion. Meezan is the first Bank in the country to launch SBP's Islamic – Asaan Finance Scheme (I-SAAF) for Small and Medium Enterprises under which the Bank will extend Shariah-compliant short-term and long-term financing facilities to eligible customers, at a subsidized rate, for promoting economic growth in the country by allowing access to finance to SMEs that, despite being credit-worthy were unable to avail financing due to collateral requirements and other limitations.

With respect to geographical foot prints, the Bank remains committed to its long-standing branch expansion strategy and will Insha'Allah add another fifty plus branches to its network, which will help provide quality Islamic financial services to the population. The branch network will be supported by further investments in IT infrastructure to provide a seamless, best-in-class digital experience.

The Bank will Insha'Allah launch its Islamic Credit Card and employing a new high-tech Card Management System which will provide innovative solutions to its customers along with the state-of-the art upgraded version of Customer Relationship Management System.

Corporate Awards and Recognitions

Details of major awards won during the year are given in the Annual Report. 

Auditors

The present auditors, EY Ford Rhodes, Chartered Accountants have completed their term of five years and are not eligible for reappointment as per the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board of Directors and the Audit Committee place on record their appreciation for the services rendered by the retiring Auditors.

On recommendation of the Audit Committee, the Board recommends appointment of A. F. Ferguson & Co., Chartered Accountants (a member firm of the PwC network), as the statutory auditors of the Bank for the year ending December 31, 2022 at a statutory audit fee of Rs 7 million.

Endorsements

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

- Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- Profit amounting to Rs 2.8 billion has been transferred to Statutory Reserves for the year 2021 as required under Banking Companies Ordinance, 1962;
- Risk Management Framework of the Bank;
- Statement made by the Management relating to internal controls over financial reporting along with overall internal controls;
- The pattern of Shareholding as at December 31, 2021; and
- Corporate Social Responsibility.

Directors

Following the expiry of the three years term of the previous Board of Directors, an election of Directors was held on November 17, 2021 and a new Board was constituted. The Board would like to thank and wishes to place on record its sincere appreciation for the valuable services rendered by the outgoing directors Mr. Noor ur Rahman Abid and Mr. Atif Azim. The Board congratulates all the elected directors and welcomes the new directors namely Mr. Mohammad Abdul Aleem, Mr. Faisal Fahad AlMuzaini and Mr. Yousef S.M.A.AISaad. The new Board consists of eleven directors, including CEO as a deemed director:

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

* newly appointed Directors

^ Awaiting FTP clearance from the SBP

The record of the Board meetings held during the year and attended by the Directors is as follows:

Name of Directors	Category	No. of meetings held in tenure	No. of meetings attended
Mr. Riyadh S.A.A. Edrees – Chairman	Non-Executive Director	4	4
Mr. Faisal A.A.A. Al-Nassar – Vice Chairman	Non-Executive Director	4	4
Mr. Bader H.A.M.A. Al-Rabiah	Non-Executive Director	4	3
Mr. Mubashar Maqbool	Non-Executive Director	4	4
Mr. Saad Fazil Abbasi**	Non-Executive Director	1	1
Mr. Naveed Iftikhar Sherwani	Non-Executive Director	3	3
Mr. Mohamed Guermazi	Non-Executive Director	4	4
Mr. Noorur Rahman Abid*	Independent Director	4	4
Ms. Nausheen Ahmad	Independent/Female Director	4	4
Mr. Atif Azim*	Independent Director	4	4
Mr. Irfan Siddiqui – President & CEO	Executive Director	4	4


* Retired during the year.

** Resigned during the year.

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

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

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

Remuneration of Board members is recommended by the Board and approved by shareholders in the General Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his/her own remuneration. The Bank does not pay any remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Bank's remuneration policies are structured in line with the SBP regulations, prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2021, please refer notes to the Financial Statements. 

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

Performance Evaluation Mechanism for the Board

The Board of Directors and its sub-committees are competent and experienced, representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization. The Board of Directors is keen to ensure that it reviews the effectiveness of its performance periodically.

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

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

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

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

The SBP Guidelines require that at least once in every three years, the evaluation should be conducted by an external independent evaluator. The Bank engaged Pakistan Institute of Corporate Governance (PICG) as an independent evaluator to conduct this evaluation in 2019, while in 2020 this exercise was conducted by adopting in-house approach with quantitative technique, as per SBP guidelines.

Acknowledgement

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country. We would also like to congratulate the State Bank of Pakistan for being recognized as the Best Central Bank of 2021 across the world in promoting Islamic finance for the second consecutive year by Islamic Finance News of REDmoney Group, Malaysia.

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

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

On behalf of the Board



Riyadh S.A.A. Edrees
Chairman

Karachi:
February 21, 2022



Irfan Siddiqui
President & CEO

تصدیق

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

- لطف کمینڈو (کوڈ آف کارپوریٹ گورننس) ریگولیٹیشنز، 2019، سے مطابقت کا بیان،
- بینکنگ کمپنیز آرڈیننس، 1962 کے تقاضوں کے تحت سال 2021 میں 2.8 ارب روپے منافع کی Statutory Reserves میں منتقلی،
- بینک کارسک منجمنٹ فریم ورک،
- انتظامیہ کا فنانشل رپورٹنگ سے متعلق اندرونی کنٹرول معجمی اندرونی کنٹرول سے متعلق بیان،
- 31 دسمبر 2021 تک حصص یافتگی کا پیٹرن،
- کارپوریٹ سماجی ذمہ داری

ڈائریکٹرز

سابقہ بورڈ آف ڈائریکٹرز کی تین سالہ مدت ختم ہو جانے کے بعد 17 نومبر، 2021 کو ڈائریکٹرز کا انتخاب عمل میں آیا اور ایک نیا بورڈ تشکیل دیا گیا۔ بینک ریٹائر ہونے والے ڈائریکٹرز جناب نور الرحمن عابد اور جناب عاطف عظیم کو ان کی گراں قدر خدمات کے لئے خراج تحسین پیش کرتا ہے۔ بورڈ منتخب ہونے والے تمام ڈائریکٹرز کو مبارکباد پیش کرتا ہے اور نئے ڈائریکٹرز جناب محمد عبدالعلیم، جناب فیصل فہمدا لہیری اور جناب یوسف ایس ایم اے اے السعد کو خوش آمدید کہتا ہے۔ نیا بورڈ گیارہ ڈائریکٹرز پر مشتمل ہے جن میں ایک سی ای او (جنہیں ڈائریکٹر سمجھا جائے گا) بھی شامل ہیں:

نمبر شمار	ڈائریکٹرز کے نام	درجہ
۱	جناب ریاض ایس۔ اے۔ اے۔ اور ایس	نان ایگزیکٹو ڈائریکٹر
۲	جناب فیصل اے۔ اے۔ اے۔ انصیر	نان ایگزیکٹو ڈائریکٹر
۳	جناب بدرا بھج۔ اے۔ ایم۔ اے۔ البریجہ	نان ایگزیکٹو ڈائریکٹر
۴	جناب مبشر مقبول	نان ایگزیکٹو ڈائریکٹر
۵	جناب نوید افتخار شیر وانی	نان ایگزیکٹو ڈائریکٹر
۶	جناب فیصل فہمدا لہیری	نان ایگزیکٹو ڈائریکٹر
۷	جناب محمد گرمازی	نان ایگزیکٹو ڈائریکٹر
۸	محترمہ نوشین احمد	انڈیپنڈنٹ ڈائریکٹر/ خاتون ڈائریکٹر
۹	جناب محمد عبدالعلیم	انڈیپنڈنٹ ڈائریکٹر
۱۰	جناب یوسف ایس۔ ایم۔ اے۔ السعد*	انڈیپنڈنٹ ڈائریکٹر
۱۱	جناب عرفان صدیقی (صدر اور CEO)	ایگزیکٹو ڈائریکٹر/ ڈیڈ (Deemed) ڈائریکٹر

* منتخب ڈائریکٹرز

۸ اسٹیٹ بینک آف پاکستان کی جانب سے فٹ اینڈ پراپرٹیٹس میں منظوری کا انتظار ہے

دوران سال بورڈ کے اجلاسوں اور ان میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل کے مطابق ہے:

ڈائریکٹرز کے نام	درجہ	دوران مدت منعقدہ اجلاس	اجلاس میں شرکت کی تعداد
جناب ریاض ایس۔ اے۔ اے۔ اور ایس	نان ایگزیکٹو ڈائریکٹر	4	4
جناب فیصل اے۔ اے۔ اے۔ انصیر	نان ایگزیکٹو ڈائریکٹر	4	4
جناب بدرا بھج۔ اے۔ ایم۔ اے۔ البریجہ	نان ایگزیکٹو ڈائریکٹر	4	3
جناب مبشر مقبول	نان ایگزیکٹو ڈائریکٹر	4	4
جناب سعد فاضل عباسی**	نان ایگزیکٹو ڈائریکٹر	1	1
جناب نوید افتخار شیر وانی	نان ایگزیکٹو ڈائریکٹر	3	3
جناب محمد گرمازی	نان ایگزیکٹو ڈائریکٹر	4	4
جناب نور الرحمن عابد	انڈیپنڈنٹ ڈائریکٹر	4	4
محترمہ نوشین احمد	انڈیپنڈنٹ ڈائریکٹر/ خاتون ڈائریکٹر	4	4
جناب عاطف عظیم*	انڈیپنڈنٹ ڈائریکٹر	4	4
جناب عرفان صدیقی۔ صدر اور CEO	ایگزیکٹو ڈائریکٹر	4	4

* دوران سال ریٹائر ہو گئے ** دوران سال مستعفی ہو گئے

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

- 1- ہیومن ریسورس، ریمونڈیشن اینڈ کمپنیشن کمیٹی
- 2- رسک منجمنٹ کمیٹی
- 3- آڈٹ کمیٹی
- 4- انفارمیشن ٹیکنالوجی کمیٹی
- 5- IFRS 9 اپلی میٹیشن اوور سائٹ کمیٹی (IFRS 9 Implementation Oversight Committee)

الحمد للہ، بینک نے دوران سال ملک کی نوجوان آبادی کے لئے ملازمتوں کی تخلیق کا سلسلہ جاری رکھا، جو شہری اور دیہی علاقوں میں اس کے پھیلتے ہوئے برانچ نیٹ ورک کی وجہ سے پیدا ہوئیں اور اپنی افرادی قوت میں 1,500 سے زائد ملازمین کا اضافہ کیا۔ بینک کی افرادی قوت اب 14,000 سے زائد عملہ پر مشتمل ہے۔

اعلیٰ معیار کے باصلاحیت ٹیلنٹ کی نشوونما اور اسے پروان چڑھانے کے فلسفہ کو آگے بڑھاتے ہوئے بینک نے انفرادی اور آن لائن تربیت پر مشتمل ایک باہر ڈرنگ ماڈل متعارف کروایا ہے اور گزشتہ سال کے مقابلہ میں اس سال اپنی افرادی قوت کو دستیاب کیے گئے مواقع کا دائرہ کار بڑھا دیا ہے، جو اسلامی بینکاری اور منصب پر مبنی تربیت سے لے کر سافٹ اسکل ڈویلپمنٹ تک وسیع ہے، تاکہ بینک کے ملازمین صارفین کو اعلیٰ ترین بینکاری خدمات فراہم کرنے کی اہلیت حاصل کر سکیں۔ دوران سال بینک نے تین انتہائی اہم پروگرام متعارف کروائے جن میں ’میزان رہنما‘ نامی رہنمائی پروگرام، اپنے اہم عہدوں پر فائز افراد کو اسلامی بینکاری کا سفیر بنانے کے لئے ’میزان ایگزیکٹو پروگرام‘ اور انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) اور انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف انڈینڈ اینڈ ویلز (ICAEW) کا تربیتی ادارہ بننے کے لئے ’میزان پرو-لیگ پروگرام‘ شامل ہیں۔

اس کے علاوہ میزان بینک اپنے صارفین، عملے اور شخصیت مجموعی عوام الناس کو آگاہی فراہم کرنے کے لئے آگاہی نشستوں میں بھی شرکت کرتا ہے تاکہ شریعہ کیپٹل سٹ خدمات اور سہولیات ہر فرد کو حاصل ہو سکیں۔

ذیلی کمپنی المیزان انویسٹمنٹ منجمنٹ لمیٹڈ کی کارکردگی

زیر انتظام اثاثے (AUMs) میوچل فنڈز کی مجموعی صنعت کا تقریباً 15 فیصد اور شریعہ کیپٹل سٹ میوچل فنڈز کی صنعت کا 40 فیصد حصہ بنتے ہیں۔

شریعت کیپٹل سٹ سرمایہ کاری کو سرمایہ کاروں کا پہلا انتخاب بنانے کے اپنے عزم کے ساتھ المیزان نے پاکستان کے 15 شہروں میں 26 برانچوں کے نیٹ ورک کے ذریعے مادی اور ڈیجیٹل ذرائع سے، اور میزان بینک کی برانچوں کے اضافی ڈسٹری بیوشن نیٹ ورک کے ذریعے اپنی پروڈکٹس اور خدمات کو قابل رسائی بنایا ہے۔ المیزان 19 میوچل فنڈز پر مشتمل مصنوعات کا مکمل مجموعہ اور بنیادی ایکویٹی اور انکم فنڈز سے لے کر کمڈٹی فنڈز تک کے کثیر العنصر سرمایہ کاری منصوبے، خصوصی ایکویٹی فنڈ اور انگریجو ایسٹ ایکویٹیشن فنڈز پیش کرتی ہے۔ المیزان نے حال ہی میں اپنی پروڈکٹس کے وسیع مجموعہ میں اضافہ کرتے ہوئے میزان ذیلی کم فنڈ کے نام سے ایک شریعت کیپٹل سٹ انکم فنڈ کا اجرا کیا ہے۔

المیزان انویسٹمنٹ منجمنٹ لمیٹڈ (المیزان) فنڈ منجمنٹ آپریشنز کا 26 سالہ ٹریک ریکارڈ رکھنے والی اور اپنے سرمایہ کاران کو اسلامی شریعت کے مطابق انویسٹمنٹ سولوشنز فراہم کرنے کے خصوصی اختیار کا امتیاز رکھنے والی پاکستان کی سب سے بڑی ایسٹ منجمنٹ کمپنی ہے۔ المیزان کو پاکستان کی ایسی پہلی ایسٹ منجمنٹ کمپنی ہونے کا اعزاز بھی حاصل ہے جسے VIS اور PACRA دونوں کی جانب سے انتظامی معیار کی اعلیٰ ترین ریننگ AM1 سے نوازا گیا ہے۔ 155,000 صارفین کے مستحکم انویسٹر بیس کے ساتھ المیزان اس وقت پاکستان کی سب سے بڑی ایسٹ منجمنٹ کمپنی ہے اور 31 دسمبر 2021 تک اس کے زیر انتظام اثاثوں (AUMs) نے 173 ارب روپے کا سنگ میل عبور کر لیا تھا۔ المیزان کا رپورٹ اداروں اور باہمی نیٹ ورک کے حامل افراد کے لئے Separately Managed Accounts (SMAs) بھی منظم کرتی ہے۔ المیزان پاکستان کا سب سے بڑا رضا کارانہ فنڈ بھی منظم کرتی ہے۔ المیزان ان کے

مستقبل کے آثار اور حکمت عملی

حکومت پاکستان کو سال 2022 میں مجموعی ترقیاتی پیداوار (GDP) کے 5 فیصد رہنے کی امید ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے عارضی معاشی ری فنانس فیسلٹی (TERF) متعارف کروائے جانے کے بعد برآمدات کے حجم میں بہتری اور استعداد میں اضافہ کے باعث صنعتی شعبہ میں بدستور اضافہ کی توقع ہے۔ آئی ایم ایف پروگرام کی بحالی کے بعد توقع ہے کہ 2022 میں معیشت مستحکم ترقی کی راہ پر گامزن رہے گی اور اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی نے نشاندہی کی ہے کہ آئندہ کے امکانات کی بنیاد پر ایک معتدل مثبت حقیقی شرح سود کا مقصد حصول کے قریب ہے۔

حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے اسلامی بینکاری کی صنعت کو درپیش کھڑی ہوئی منجمنٹ کے مسائل کے حل کے لئے اٹھائے جانے والے اقدامات اسلامی فنانس کے حوالے سے ان کی وابستگی کا ثبوت ہیں۔ انشا اللہ، بینک، پاکستان میں اسلامی بینکاری کی صنعت کے ارتقاء اور شریعت کیپٹل سٹ فنانس پر منتقلی کے لئے حکومت کی مدد میں قائم کردہ ادارہ دارا کرنے کا سلسلہ جاری رکھے گا۔

بینک اسلامی فنانسنگ کے حوالے سے ایک متوازن ترقی کی حکمت عملی اختیار کرنے کا ارادہ رکھتا ہے اور 2022 میں بھی تمام رسک ایکسپنچس پیرامیٹرز کو مد نظر رکھتے ہوئے معیشت کے مختلف شعبوں میں فنانسنگ کا سلسلہ جاری رکھے گا۔ بینک اپنی قومی ذمہ داریوں کا بھی بخوبی ادراک رکھتا ہے اور مالیاتی شمولیت کے فروغ کے لئے اسٹیٹ بینک آف پاکستان کے تحت اسمال اینڈ میڈیم انٹرپرائزز کے لئے اسلاک - آسان فنانس اسکیم (I-SAAF) متعارف کروانے والا ملک کا پہلا بینک ہے، جس کے تحت بینک صارفین کو شریعت کیپٹل سٹ قلیل مدتی اور طویل مدتی فنانسنگ رعایتی شرح پر فراہم کرے گا، ایسے اسمال اور میڈیم انٹرپرائزز جو اہل ہونے کے باوجود ضمانتی ضروریات اور دیگر رکاوٹوں کے باعث فنانسنگ حاصل نہیں کر سکتے تھے، انہیں فنانسنگ کی سہولت حاصل ہوگی، اور اس طرح معاشی ترقی کو فروغ ملے گا۔

بینک جغرافیائی رسائی کے اعتبار سے برانچ نیٹ ورک میں وسعت کی اپنی دیرینہ حکمت عملی پر قائم ہے اور انشا اللہ اپنے برانچ نیٹ ورک میں مزید 50 سے زائد برانچوں کا اضافہ کرے گا، جس سے عوام الناس کو معیاری اسلامی مالیاتی خدمات کی فراہمی میں مدد ملے گی۔ برانچ نیٹ ورک کو انفارمیشن ٹیکنالوجی اسٹرکچر میں مزید سرمایہ کاری کے ذریعے مستحکم کیا جائے گا تاکہ صارفین کو بلا رکاوٹ اور اپنی نوعیت کی بہترین ڈیجیٹل خدمات فراہم کی جاسکیں۔

بینک، انشا اللہ، اپنا کریڈٹ کارڈ جاری کرے گا اور ایک نئے ہائی ٹیک کارڈ منجمنٹ سسٹم کا استعمال کرے گا جو اپنے صارفین کو سٹمر ریلیشن شپ منجمنٹ سسٹم کے جدید ترین تصور کے ساتھ جدت پر مبنی سولوشنز فراہم کرے گا۔

کارپوریٹ ایوارڈز اور اعتراف کارکردگی

دوران سال حاصل کردہ اہم ایوارڈز کی تفصیلات سالانہ رپورٹ میں شامل کی گئی ہیں۔

آڈیٹرز

موجودہ آڈیٹرز، EY فورڈ رہوڈز، چارٹرڈ اکاؤنٹنٹس نے اپنی پانچ سالہ مدت پوری کر لی ہے اور سڈ کپٹینز (کوڈ آف کارپوریٹ گورننس) ریگولیٹیشنز 2019 کے مطابق دوبارہ تقرری کے اہل نہیں ہیں۔ بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی ریٹائر ہونے والے آڈیٹرز کی خدمات کے معترف ہیں۔

آڈٹ کمیٹی کی تجویز پر بورڈ اے۔ ایف۔ فرگوں اینڈ کو، چارٹرڈ اکاؤنٹنٹس (ممبر فرم PwC نیٹ ورک) کو 31 دسمبر، 2022 کو ختم ہونے والے سال کے لئے 7 ملین روپے قانونی آڈٹ فیس کے عوض بینک کے قانونی آڈیٹرز مقرر کرنے کی تجویز کرتا ہے۔

ڈیجیٹل بینکنگ کے اقدامات

عالمی وبا کے دوران ٹرانزیکشنز کے حوالے سے صارفین کے طرز عمل میں تبدیلی واقع ہوئی اور ڈیجیٹل ذرائع جیسے کہ موبائل ایپ، انٹرنیٹ بینکنگ، پوائنٹ آف سیل، اے ٹی ایم، ڈیٹ کارڈز، مرچنٹ پیمنٹس پر منتقلی نے بینک کے ڈیجیٹل بینکنگ کے اقدامات میں اضافہ کیا اور ڈیجیٹل سطح پر بینک کی موجودگی کو مزید مستحکم بنایا۔ 2021 میں بینک نے اپنے ڈیٹ کارڈ پورٹ فولیو میں 600,000 سے زائد کارڈز کا اضافہ کیا جس سے اس کا حجم بڑھ کر 2.2 ملین کارڈز سے زائد ہو گیا۔ ڈیٹ کارڈز کے ذریعے کئے جانے والے اخراجات بھی تقریباً گئے گئے ہوئے، اور صرف ای کامرس ٹرانزیکشنز میں 118 فیصد اضافہ ہوا۔ اس رجحان کے بعد انٹرنیٹ فنانسنگ (IBFT) اور یوٹیلیٹی بل پیمنٹس (UBPs) سے متعلق ٹرانزیکشنز میں بھی بالترتیب 156 فیصد اور 70 فیصد اضافہ دیکھنے میں آیا۔

ایک بار پھر سب سے آگے رہتے ہوئے میزان بینک ان ہاؤس 3D Secure ٹرانزیکشن کی تصدیق کا طریقہ کار متعارف کروانے والا پہلا بینک بن گیا ہے۔ بینک نے 2021 میں موبائل Tap & Go کا بھی اجرا کیا ہے جو دنیا بھر میں تیزی سے پھیلتا ہوا ادائیگی کا طریقہ ہے۔ اس کی بدولت صارفین مرچنٹ آؤٹ لیٹس پر اپنے اینڈرائیڈ اسمارٹ فونز کے صرف ایک Tap کے ذریعے NFC کی حامل پوائنٹ آف سیل مشینوں پر ادائیگیاں کر سکتے ہیں۔ میزان موبائل بینکنگ ایپلی کیشن نے پورا سال Google Play Store اور Apple App Store پر ناقابل شکست 4.9 ریٹنگ کے ساتھ مسلسل بینکاری صنعت کی سب سے زیادہ ریٹنگ کی حامل موبائل ایپ ہونے کا اعزاز برقرار رکھا ہے اور 2021 میں ایک ملین سے زائد 'مالیاتی طور پر فعال' صارفین نے 84 ملین سے زائد ڈیجیٹل ٹرانزیکشنز کی ہیں۔

مرچنٹ ایکوائزنگ برنس

2021 کے دوسرے نصف حصہ میں میزان بینک نے اپنے ریشیل اور کارپوریٹ صارفین کے لئے جدید ترین پوائنٹ آف سیل اور ای کامرس پیمنٹ گیٹ ویس سولوشن کے ساتھ اپنا مرچنٹ ایکوائزنگ برنس شروع کیا ہے جو Mastercard اور Visa، دونوں کی اہلیت رکھتا ہے۔ 2022 میں ایکوائزنگ برنس کو مکمل طور پر عمل کار کرنے کے ساتھ بینک کا مقصد پاکستان میں ڈیجیٹل پیمنٹس میں تیزی سے اضافہ کرنا اور ایسے ریٹیلرز اور آن لائن کاروبار کرنے والے افراد کی وسیع تعداد کی ضروریات کی تکمیل کرنا ہے جو پیمنٹ کے ایک شریعہ مکمل نمائندہ طریقے کی تلاش میں ہیں۔

فنانس ٹیکنالوجی (Fintech) میں اشتراک

شرعیہ کمپلائنس فنانسنگ کے ذریعے اسماں اور میڈیم انٹرپرائزز (SMEs) کی معاونت کے لئے FINCA سے کامیاب اشتراک کے بعد بینک SMEs کو سہولیات اور فنانسنگ کی فراہمی کے لئے Techlogix اور Burque کے ساتھ مل کر کام کر رہا ہے۔ میزان بینک نے متعدد ویلیو چین پارٹنر کوشش فلو پر مبنی فنانسنگ کی فراہمی کے لئے Haball کے ساتھ بھی اشتراک کیا ہے۔ مکمل (end-to-end) ڈیجیٹل فنانسنگ سولوشن کے قیام کے لئے Fintechs کے ساتھ جدت پر مبنی شراکت داری ڈیجیٹل نظام کے لئے ایک مستحکم بنیاد ثابت ہوئی تاکہ سپلائی چین کارپوریشن سے وابستہ SMEs کو سپلائی چین کے نظام کے تحت فنانسنگ فراہم کی جاسکے، اور اس طرح پہلی بار بینکاری سہولیات سے فائدہ اٹھانے والے چھوٹے اور درمیانے درجے کے کاروبار کو اپنے نیٹ ورک میں شامل کیا جائے۔

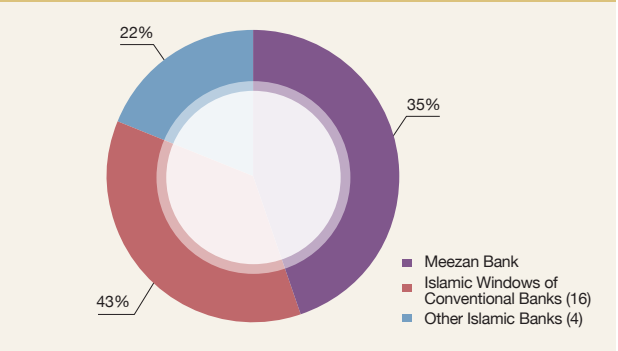
اے ٹی ایم نیٹ ورک

میزان بینک ملک بھر میں 1964 سے ٹی ایم نیٹ ورک کا حامل ہے۔؛ زیر جائزہ سال میزان بینک دیگر بڑے بینکوں کے مقابلہ میں نسبتاً چھوٹے اے ٹی ایم نیٹ ورک کا حامل ہونے کے باوجود پاکستان میں Off-us ٹرانزیکشنز حاصل کرنے والا تیسرا بڑا بینک رہا۔ اس سے میزان بینک کے اے ٹی ایم نیٹ ورک کی فعالیت اور ان میں رقم کی موجودگی پر دیگر بینکوں کے صارفین کے بھروسے اور اعتماد کی عکاسی ہوتی ہے۔

اسلامی بینکاری کی صنعت

اسلامی بینکاری نے پاکستان میں اپنی بنیادیں مستحکم کرنے کا سلسلہ جاری رکھا اور میزان بینک صوبہ اول کا بینک ہونے کی حیثیت سے اسلامی بینکاری کی پروڈکٹس اور سروسز کی جامع رینج پیش کر رہا ہے۔ بینکاری کی صنعت کی کل جمع شدہ رقوم میں اسلامی بینکاری کی صنعت کا حصہ 19 فیصد ہے۔ پاکستان کے مکمل طور پر اسلامی بینکاری کے لئے وقف بینکوں میں میزان بینک کی جمع شدہ رقوم کا حصہ تقریباً 62 فیصد ہے جبکہ مجموعی طور پر اسلامی بینکاری کی صنعت بشمول روایتی بینکوں کی اسلامی بینکاری کی شاخوں میں میزان بینک کے ڈپازٹس کا حصہ 35 فیصد ہے۔

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



کمپیٹل ایڈیکوئیسی ریشو

بینک ایک Well-capitalized ادارہ ہے اور اس کا کمپیٹل ایڈیکوئیسی ریشو 17.81 فیصد ہے، جو 2021 کے لئے لازمی شرح 11.50 فیصد سے کافی زیادہ ہے۔

کم از کم ضرورت	31 دسمبر 2020	31 دسمبر 2021	کمپیٹل ایڈیکوئیسی ریشو (CAR)
7.50%	12.25%	12.89%	کامین ایڈیکوئیٹی Tier I (CET I)
9.00%	13.63%	14.00%	Tier I
11.50%	17.82%	17.81%	CAR

بینک نے ثانوی Tier II سکوٹ کے اجراء کے ذریعے اضافی 10 ارب روپے کی رقم اکٹھی کی جبکہ اس سے قبل جاری کردہ 7 ارب روپے کے Tier II سکوٹ (جولائی 2016 میں جاری کئے گئے تھے) واپس لے لئے۔ بینک نے مضاربہ انتظام کے تحت انتہائی پرکشش قیمت پر سکوٹ جاری کئے جو بینک کی مستحکم قدر اور مقام کا مظہر ہے۔

ہیومن ریسورسز

بینک نے میزان بینک ایسپلائزیشنز آپریشن اسکیم (ESOS) کے تحت اپنے مرکزی ملازمین کو شیئر آپشنز کی پہلی قسط جاری کر دی ہے، جس کی منظوری حصص یافتگان نے مارچ 2021 میں منعقدہ سالانہ اجلاس عام میں دی تھی اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے بھی اسے منظور کیا تھا، جو اہم ٹیلنٹ کو راغب کرنے اور برقرار رکھنے اور طویل المدتی Value creation کے لئے ملازمین اور حصص یافتگان کے مفادات کو ہم آہنگ کرنے کی بینک کی کوششوں کا ایک حصہ ہے۔

اسٹیٹ بینک آف پاکستان کی زیر سرپرستی جاری اقدامات میں شرکت

بینک مالیاتی شمولیت میں اضافہ کے لئے اسٹیٹ بینک آف پاکستان کی زیر سرپرستی جاری اقدامات میں سرگرمی سے تعاون کر رہا ہے اور روشن ڈیجیٹل اکاؤنٹ کے تحت متعدد ری فنانس اسکیموں اور اقدامات، جیسے کہ بیرون ملک مقیم پاکستانیوں کے لئے روشن اپنا گھر اور روشن اپنی کار کے لئے فنانسنگ فراہم کر رہا ہے۔ بینک نے ہانگ کانگ اور تعمیرات کے لئے اسٹیٹ بینک آف پاکستان کے مقررہ لازمی اہداف سے زیادہ کی فنانسنگ جاری کی ہے اور 'میرا پاکستان، میرا گھر' (G-MSS)، کامیاب جوان اسکیم سمیت اسٹیٹ بینک آف پاکستان کی زیر سرپرستی دیگر اقدامات میں بھی سرگرمی سے حصہ لے رہا ہے، جس میں گرین بینکنگ بھی شامل ہے، جس کا مقصد معیشت سے کاربن کو کم کرنا ہے۔ مالیاتی شمولیت میں صنفی امتیاز ختم کرنے کے لئے بینک نے 'میزان دو من فرسٹ' کا راجارہ کے نام سے ایک نئی پروڈکٹ متعارف کروائی ہے۔ اسٹیٹ بینک آف پاکستان کی مختلف ری فنانس اسکیمز کے تحت بینک کی جاری کردہ فنانسنگ میں 35 فیصد سے زائد کا اضافہ ہوا ہے۔

غیر فعال فنانسنگ اور پروویژنز

سال 2021 کے دوران بینک نے 2.19 ارب روپے کا خصوصی پروویژن چارج اور 1.86 ارب روپے کا Reversal ریکارڈ کیا جس کے نتیجے میں 2021 میں غیر فعال فنانسنگ کی مد میں بینک کا اصل پروویژن چارج 328 ملین روپے ہو گیا۔ بینک نے 417 ملین روپے عمومی پروویژنز کے لئے بھی مختص کئے جس سے اس کا کوریج ریشو مستحکم ہو کر 133 فیصد ہو گیا جبکہ اس کی غیر فعال فنانسنگ کی شرح بینکاری صنعت کی اوسط شرح 8.8 فیصد کے مقابلہ میں 1.86 فیصد پر برقرار ہے۔ بینک IFRS-9 کو اختیار کرنے کے لئے پوری طرح تیار ہے اور اسے اختیار کرنے سے کوئی نمایاں اثرات مرتب ہوتے نظر نہیں آتے۔

سرمایہ کاریوں میں اضافہ

بینک کا سرمایہ کاری پورٹ فولیو گزشتہ سال کے 434 ارب روپے کے مقابلہ میں 43 فیصد اضافہ کے بعد 620 ارب روپے ہو گیا، جس کی بنیادی وجہ حکومت پاکستان کی جانب سے صکوک کی باقاعدہ نیلامی کے دوبارہ آغاز کے بعد حکومت پاکستان کے اجارہ صکوک میں سرمایہ کاری تھی، جو قعقل کے تحت Inter-bank secured پینتینس پر بینک کا انحصار کم کرنے میں معاون ثابت ہوئی۔ حکومت پاکستان کے اجارہ صکوک کے باقاعدہ وقفوں سے اجراء اسلامی بینکاری کی صنعت کو درپیش کلوڈ پینتینس کے دیرینہ مسائل سے نمٹنے میں بھرپور مدد دی۔ زیر جائزہ سال بینک نے حکومت پاکستان کے اجارہ صکوک میں اضافی 219 ارب روپے کی سرمایہ کاری کی جس سے بینک کا اجارہ صکوک کا مجموعی پورٹ فولیو 179 ارب روپے سے بڑھ کر 398 ارب روپے ہو گیا۔ بینک کے مجموعی سرمایہ کاری پورٹ فولیو میں 96 فیصد حصہ وفاقی حکومت / حکومت کی ضمانت شدہ سیکورٹیز میں سرمایہ کاری کا ہے۔

زیر جائزہ سال ایک اور مثبت پیش رفت ہوئی جب اسٹیٹ بینک آف پاکستان نے مضاربہ پر مبنی شریعہ کیلنڈر اسٹ اوپن مارکیٹ آپریشنز (OMO-Injections) اور شریعہ کیلنڈر اسٹ اوپن مارکیٹ اسٹانڈنگ سیلنگ فیکلٹی (Standing Ceiling Facility) متعارف کروائی۔ یہ ایک مضاربہ پر مبنی فنانسنگ فیکلٹی (MFF) ہے جو اسلامی بینکاری کی صنعت (IBI) کو کلوڈ پینتینس فریم ورک کی فراہمی کو مد نظر رکھتے ہوئے متعارف کروائی گئی ہے۔ ان فیکلٹیز کی بدولت اسلامی بینک اپنی روزمرہ کلوڈ پینتینس کی ضروریات زیادہ مؤثر انداز سے منظم کر سکیں گے اور یہ فیکلٹیز انہیں روایتی بینکاری صنعت کے برابر لاکھڑا کرنے میں اہم کردار ادا کریں گی۔

جمع شدہ رقوم میں اضافہ

بینک کی جمع شدہ رقوم دسمبر 2020 کے 1.25 ٹریلین روپے کے مقابلہ میں 16 فیصد اضافہ کے بعد 1.45 ٹریلین روپے ہو گئیں۔ بینکاری صنعت کی کل جمع شدہ رقوم میں بینک کا حصہ 7 فیصد ہے۔ ڈپازٹس میں اضافہ بڑی حد تک کرنٹ اکاؤنٹ (CA) کے ڈپازٹس میں 164 ارب روپے یا 33 فیصد اضافہ کی وجہ سے ہوا، جو اس وقت کل ڈپازٹس کا 46 فیصد ہیں، جبکہ گزشتہ سال کرنٹ اکاؤنٹ کے ڈپازٹس 40 فیصد تھے۔ سیونگز اکاؤنٹس کے ڈپازٹس میں بھی گزشتہ سال کے مقابلہ میں 19 فیصد اضافہ ہوا، جس سے کرنٹ اکاؤنٹس سیونگز اکاؤنٹس (CASA) کے ڈپازٹس 1.2 ٹریلین روپے سے زائد یا بینک کے کل ڈپازٹس کا 83 فیصد ہو گئے۔ مجموعی طور پر CASA ڈپازٹس میں کم لاگت ڈپازٹس پر بینک کی توجہ کے باعث 26 فیصد اضافہ ہوا۔ یہ کامیابیاں ہمارے صارفین کے ہم پر مسلسل اعتماد اور پاکستان میں بے مثال بینکاری خدمات کی فراہمی کے لئے اپنے نیٹ ورک میں توسیع اور ٹیکنالوجی کے استعمال کی بینک کی حکمت عملی کے باعث ممکن ہوئی ہیں۔

روشن ڈیجیٹل اکاؤنٹ

روشن ڈیجیٹل اکاؤنٹ (RDA) بیرون ملک مقیم پاکستانیوں کے لئے ایک مکمل ڈیجیٹل اکاؤنٹ ہے، جو اسٹیٹ بینک آف پاکستان اور وفاقی حکومت کا ایک انتہائی اہم قدم ہے، اور سال 2021 کے اختتام تک اس اکاؤنٹ میں حاصل ہونے والی رقوم 3.16 ارب امریکی ڈالر تک پہنچ گئیں۔ الحمد للہ، میزان بینک نے روشن ڈیجیٹل اکاؤنٹ (RDA) میں بھی اپنی صف اول کی حیثیت برقرار رکھی ہے اور پاکستان کی بینکاری صنعت میں روشن ڈیجیٹل اکاؤنٹ کے کل ڈپازٹس میں میزان بینک کا 23 فیصد حصہ ہے۔ بینک نے 2021 میں 44,000 سے زائد نئے روشن ڈیجیٹل اکاؤنٹ کھولے اور حکومت پاکستان کی جانب سے متعدد اپوارڈز اور اعزازات حاصل کئے، وزیر اعظم پاکستان نے وفاقی حکومت اور اسٹیٹ بینک آف پاکستان کے اس اقدام کے تحت میزان بینک کو اس کی درج ذیل کامیابیوں کے لئے اعزازات سے نوازا:

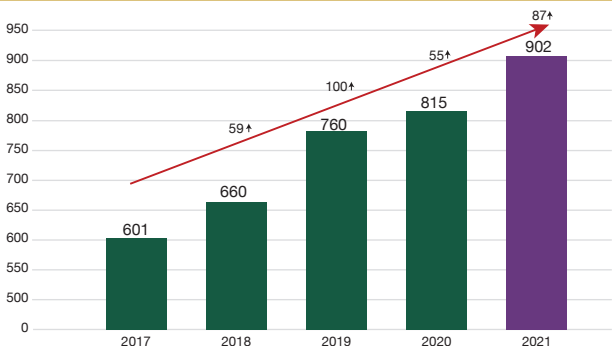
- سب سے زیادہ ڈپازٹس
- اسلامک نیا پاکستان سرٹیفیکیشن میں سب سے زیادہ سرمایہ کاری
- بہترین کارکردگی کا مظاہرہ کرنے والا بینک، اور
- سب سے تیزی سے ترقی کرنے والا بینک

مزید برآں، آپ کا بینک روشن اپنا گھر اور روشن اپنی کار اسکیم کے تحت پہلے گھر اور پہلی کار کے لئے فنانسنگ فراہم کرنے والا بینکاری صنعت کا صف اول کا بینک ہے۔

برانچ نیٹ ورک میں توسیع

'اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے مقصد کے تحت بینک نے اپنے برانچ نیٹ ورک میں اضافہ کا سلسلہ جاری رکھا اور 42 نئے شہروں میں 87 نئی برانچیں کھولیں۔ موجودہ طور پر بینک کی 290 شہروں میں 902 برانچیں موجود ہیں (2020 : 248 شہروں میں 815 برانچیں)۔ چونکہ برانچوں میں اور دی کاؤنٹر ٹرانزیکشنز مسلسل اضافہ ہو رہے ہیں، اس سے ہمارا یہ یقین مزید پختہ ہوا ہے کہ ملک کی بڑی، متنوع اور جغرافیائی لحاظ سے بکھری ہوئی آبادی، جو بینکوں کی صراف نہیں، کے لئے مادی اور ڈیجیٹل، دونوں ذرائع میں مسلسل توسیع ضروری ہے۔

Branch Network



2020	2021	نفع نقصان کھاتہ
106,589	110,072	فنانسنگ، سرمایہ کاری اور قرضوں سے حاصل شدہ منافع / آمدنی
(41,740)	(41,151)	جمع شدہ رقوم پر منافع کی ادائیگی اور دیگر واجب الادا مصارف
64,849	68,921	اصل منافع
6,611	10,193	فیس، کمیشن کی آمدنی اور دیگر آمدنی
2,154	3,158	غیر ملکی کرنسی میں لین دین کی آمدنی
1,307	1,541	ڈیوڈنڈ کی آمدنی اور سکیورٹیز پر منافع - اصل
10,072	14,892	نان - فنڈ ڈاؤر دیگر آمدنی
74,921	83,813	کل آمدنی
(29,775)	(35,324)	انتظامی اور دیگر اخراجات
45,146	48,489	پروویژن سے قبل منافع
(8,210)	(993)	پروویژن اور قرضوں کی معافی - اصل
36,936	47,496	منافع قبل از ٹیکس
(14,770)	(19,141)	ٹیکس
22,166	28,355	منافع بعد از ٹیکس
13.62	17.43	فی حصص آمدنی - اضافہ شدہ سرمائے پر - روپے

منافع جات

اصل منافع

رسک کی محتاط تخفیف اور Concerted sales کی کوششوں کی وجہ سے بینک کی زرمبادلہ کی آمدنی میں بھی 47 فیصد اضافہ ہوا۔ مجموعی طور پر بینک کی نان - فنڈ ڈاؤر آمدنی میں 48 فیصد اضافہ ریکارڈ کیا گیا جو 14.9 ارب روپے پر بند ہوئی۔

انتظامی اخراجات

بینک کے انتظامی اور دیگر اخراجات 29.8 ارب روپے سے بڑھ کر 35.3 ارب روپے ہو گئے، جس کی بنیادی وجہ اخراجات اور گزشتہ سال 87 نئی برانچیں کھولنے پر آنے والے اخراجات تھے، جو مستقبل کے لئے سرمایہ کاری ہے۔ بینک کی آمدنی کی شرح استعداد (Income Efficiency Ratio) 42 فیصد ہے جو مجموعی طور پر پوری بینکاری صنعت سے کم ہے۔

قومی خزانہ میں حصہ

بینک نے زبرجائزہ سال قومی خزانہ میں بھاری حصہ ڈالا اور حکومت پاکستان کو براہ راست ٹیکسوں کی مدد میں 14.7 ارب روپے جمع کروائے، جبکہ گزشتہ سال 12.2 ارب روپے جمع کروائے تھے۔ اس کے علاوہ بینک نے فیڈرل بورڈ آف ریونیو اور صوبائی ٹیکس اتھارٹیز کے ودولڈنگ ٹیکس ایجنٹ کے طور پر خدمات (Services) پر انکم ٹیکس / فیڈرل ایکسائز ڈیوٹی / پروویژنل سٹیکس کی مدد میں سال 2021 کے 14.3 ارب روپے کے مقابلہ میں 16.4 ارب روپے اکٹھے کئے اور ودولڈنگ ٹیکس کی مدد میں جمع کروائے۔

بینک کی فنانسنگ، سرمایہ کاریوں اور Placements پر منافع گزشتہ سال کے 106.6 ارب روپے کے مقابلہ میں بڑھ کر سال 2021 میں 110.0 ارب روپے ہو گیا، 3 فیصد کا یہ اضافہ دوران سال اوسط پالیسی شرح 8.95 فیصد سے کم ہو کر 7.29 ہو جانے کے باوجود حاصل کیا گیا، جس کی وجہ آمدنی پیدا کرنے والے اوسط اثاثوں کے حجم میں نمایاں اضافہ تھی۔ جمع شدہ رقوم اور دیگر واجبات پر بینک کے منافع میں کمی آئی جو سال 2020 کے 41.7 ارب روپے کے مقابلہ میں کم ہو کر 41.1 ارب روپے رہ گیا۔ اس کی وجہ کم اوسط پالیسی شرح اور گزشتہ سال کے مقابلہ میں اوسط کرنٹ اکاؤنٹ ہیلنسز میں 42 فیصد کا خاصا بڑا اضافہ تھا جس سے بینک کو فنڈز کی مناسب ترین لاگت برقرار رکھنے میں مدد ملی۔ مجموعی طور پر بینک کا اصل منافع گزشتہ سال کے 64.9 ارب روپے کے مقابلہ میں 6 فیصد بڑھ کر 68.9 ارب روپے ہو گیا۔

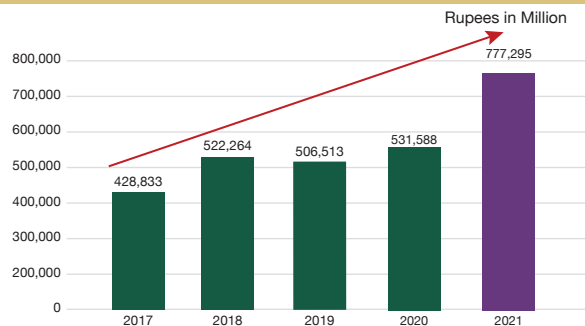
فیس، کمیشن اور دیگر آمدنی

بینک کی فیس، کمیشن اور دیگر آمدنی گزشتہ سال کے 6.6 ارب روپے کے مقابلہ میں 54 فیصد اضافے کے بعد 10.2 ارب روپے ہو گئی، جس میں ڈیٹ کارڈ، تجارت اور برانچ بینکنگ سے متعلق آمدنی نے بڑا حصہ ڈالا۔ بینک کی جانب سے کئے جانے والے تجارتی کاروبار کا حجم دسمبر 2020 میں 1.13 ٹریلین روپے کے مقابلہ میں بڑھ کر 1.69 ٹریلین روپے ہو گیا۔ مستحکم ٹریڈ فلو (Trade Flow)،

اثاثوں میں اضافہ

بینک کے کل اثاثے 2020 کے 1.5 ٹریلین روپے کے مقابلہ میں بڑھ کر 1.9 ٹریلین روپے تک پہنچ گئے، 25 فیصد یا 381 ارب روپے کا یہ اضافہ بینک کے فنانسنگ اور سرمایہ کاری پورٹ فولیو میں زبردست اضافے کا نتیجہ تھا۔

Gross Financing

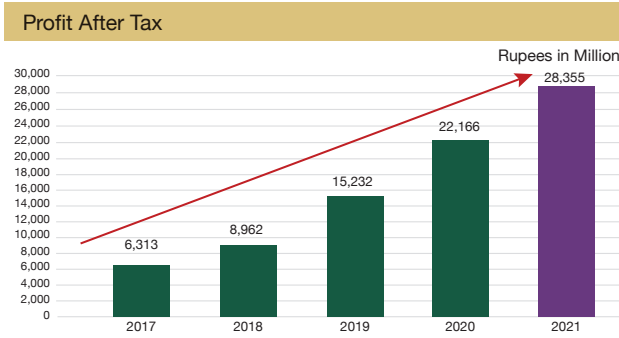


مجموعی فنانسنگ پورٹ فولیو میں 46 فیصد اضافہ

معیشت کے تمام شعبوں میں منقسم اعلیٰ معیار کا فنانسنگ پورٹ فولیو قائم کرنے کے لئے بینک کی حکمت عملی اور مرکز کوششوں کے طور پر اس سال بینک نے تمام رسک آپٹیمائزیشن پیرامیٹرز کو مد نظر رکھتے ہوئے اپنے مجموعی فنانسنگ پورٹ فولیو میں 46 فیصد اضافہ کیا۔ بینک کی مجموعی فنانسنگ 246 ارب روپے اضافہ کے بعد سال کے آخر میں 777 ارب روپے پر بند ہوئی جو کہ ایک سال قبل 531 ارب روپے پر بند ہوئی تھی۔ بینک کا مجموعی ایڈوانسز ٹو ڈپازٹ ریٹو (ADR) گزشتہ سال کے 42 فیصد کے مقابلہ میں بڑھ کر 53 فیصد ہو گیا۔ بینک اب بھی ایک متنوع پورٹ فولیو قائم رکھنے کی حکمت عملی پر کاربند ہے جو اعلیٰ معیار کے کریڈٹ پر مشتمل اس کے تمام شعبوں بشمول کمرشل، SME اور کنزرویٹو سٹیٹک وسیع ہے۔

ہماری کارکردگی

میزان بینک نے منافع اور نمو، دونوں کے اعتبار سے زبردست نتائج پیش کئے۔ ایکویٹی پر 36.4 فیصد منافع کے ساتھ 28.3 ارب روپے کا بعد از ٹیکس منافع بینک کی تاریخ میں ریکارڈ کیا جانے والا سب سے زیادہ منافع ہے۔



- بینک کا بعد از ٹیکس منافع سال 2020 کے 22.2 ارب روپے کے مقابلہ میں 28 فیصد اضافہ کے بعد 28.3 ارب روپے ہو گیا، دوران سال کم اوسط پالیسی شرح کے باوجود یہ منافع حاصل کیا گیا۔
- 16.27 ارب روپے کے اضافہ شدہ حصص کے سرمائے پر فی حصص آمدنی 13.62 روپے فی حصص سے بڑھ کر 17.43 روپے فی حصص ہو گئی۔

فی حصص ڈیویڈنڈ

بورڈ نے سال 2021 کے لئے 1.50 روپے فی حصص (15 فیصد) حتمی نقد ڈیویڈنڈ کی منظوری دی ہے، جس سے سال کے لئے کل ادائیگی 6.00 روپے فی حصص (60 فیصد) ہو گئی ہے، کیونکہ 4.50 روپے فی حصص (45 فیصد) عبوری نقد ڈیویڈنڈ سال کے دوران پہلے ہی ادا کیا جا چکا ہے۔ اس کے علاوہ سال کے دوران 15 فیصد بونس حصص بھی جاری کئے گئے ہیں۔ بینک نے اسٹاک ایکسچینج میں درج ہونے کے بعد سے بلا تعلق ادائیگیوں کا ریکارڈ برقرار رکھا ہے۔

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

الحمد للہ، سال 2021 میں میڈان بینک پاکستان اسٹاک ایکسچینج میں درج تمام بینکوں میں مارکیٹ کیپیٹلائزیشن کے لحاظ سے سب سے زیادہ قدر کا حامل بینک بن گیا ہے۔ 31 دسمبر، 2021 تک مارکیٹ کیپیٹلائزیشن (اضافہ شدہ حصص کے سرمائے پر) گزشتہ سال کے 170 ارب روپے کے مقابلہ میں 28 فیصد اضافہ کے بعد 218 ارب روپے ہو گئی، باوجود یکہ دوران سال PSX 100 انڈیکس زیادہ تر جمود کا شکار رہی اور 43,755 پوائنٹس کے مقابلہ میں (2 فیصد اضافہ کے ساتھ) 44,596 پوائنٹس پر بند ہوئی۔ یہ اضافہ بینک کی انتظامیہ اور بینک کی کارکردگی اور ترقی کی صلاحیت پر سرمایہ کاروں کے اعتماد کا مظہر ہے۔ دوران سال حاصل کردہ اہم کاروباری نتائج کی تفصیل درج ذیل ہے:

اضافہ	2020	2021	اہم کاروباری نتائج
▲ 28%	22.17 ارب روپے	28.36 ارب روپے	بعد از ٹیکس منافع
			سرمایہ کاریاں
▲ 44%	414 ارب روپے	594 ارب روپے	خود مختار (Sovereign)
▲ 28%	20 ارب روپے	26 ارب روپے	دیگر
▲ 43%	434 ارب روپے	620 ارب روپے	
▲ 26%	42%	53%	ADR (مجموعی ایڈوانسڈ ٹوڈ پازٹ ریٹو)
▲ 46%	532 ارب روپے	777 ارب روپے	اسلامی فنانسنگ اور متعلقہ اثاثے - مجموعی
▲ 16%	1.25 ٹریلین روپے	1.46 ٹریلین روپے	جمع شدہ رقوم
▲ 25%	1.5 ٹریلین روپے	1.9 ٹریلین روپے	کل اثاثے
▲ 25%	69.2 ارب روپے	86.6 ارب روپے	ایکویٹی
-	17.82%	17.81%	کیپیٹل ایڈیوکیسی ریٹو
			فی حصص ڈیویڈنڈ
-	6.00	6.00	نقد ڈیویڈنڈ - روپے
▲ 50%	10%	15%	بونس حصص
▲ 11%	815 برانچیں	902 برانچیں	برانچ نیٹ ورک
▲ 17%	248 شہر	290 شہر	موجودگی
▲ 49%	1.13 ٹریلین روپے	1.69 ٹریلین روپے	تجارتی کاروبار (درآمدات و برآمدات)

ڈائریکٹرز کی رپورٹ برائے ممبران

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2021 کو مکمل ہونے والے سال کے لئے میزان بینک کے تفصیلی مالیاتی نتائج پر مبنی 25 ویں سالانہ رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

معاشی جائزہ

سال 2019-20 میں 0.47 فیصد کی منفی نمو کے بعد پاکستانی معیشت دوبارہ مستحکم ہوئی اور 3.9 فیصد کی نمو ظاہر کی، جس کی وجہ COVID-19 کے پھیلاؤ کو روکنے کے لئے وفاقی اور صوبائی حکومت کی جانب سے کئے جانے والے اقدامات تھے۔ اسٹیٹ بینک آف پاکستان نے بھی انتہائی باسہولت مانیٹری پالیسی برقرار رکھ کر ایک اہم کردار ادا کیا اور متعدد عارضی مالیاتی اسکیمیں متعارف کروائیں جن سے کاروبار کو COVID-19 سے پیدا شدہ مسائل سے نبرد آزما ہونے میں مدد ملی، جس کے نتیجے میں معاشی بحالی کی رفتار میں اضافہ ہوا۔ معاشی بحالی کی شرح آئی ایم ایف اور ورلڈ بینک کے اندازوں سے کہیں زیادہ رہی اور یہ اس بات کی عکاسی کرتی ہے کہ پاکستانی معیشت نے عالمی وبا کے متعدد دورانیوں میں بہتر کارکردگی مظاہرہ کیا۔ اکنامسٹ جریدے نے پاکستان کو COVID-19 سے بہترین انداز میں نمٹنے والے ممالک کی فہرست میں شامل کیا۔

تاہم عالمی سطح پر اشیائے صرف کی بڑھتی ہوئی قیمتوں کے ساتھ (جوسال 2021 کے دوسرے حصہ میں رواں دہائی کی بلند ترین سطح پر پہنچ گئیں) کرنٹ اکاؤنٹ پر خسارہ بڑھ گیا جس سے غیر ملکی زرمبادلہ کے ذخائر اور پاکستانی روپے اڈالر کے تبادلہ کی قدر پر بھی فرق پڑا۔ اس کے نتیجے میں کنزیومر پرائس انڈیکس افراط زر (CPI Inflation) 2021 کے آخری دو ماہ میں دوبارہ دوہرے ہندسوں میں داخل ہو گئی، جس کے باعث اسٹیٹ بینک آف پاکستان کو پالیسی شرح 275 بیس پوائنٹس بڑھا کر 9.75 فیصد کرنا پڑی۔ سال 2021 کے دوران PSX 100 انڈیکس میں بھی اتار چڑھاؤ کا رجحان دیکھنے میں آیا اور انڈیکس 48,726 پوائنٹس کی سطح کو چھونے کے بعد 2021 میں 44,596 پوائنٹس پر بند ہوئی۔

COVID-19 اور بینک کی جانب سے کئے گئے اقدامات

COVID-19 کے پہلے دورانیوں سے نمٹنے کے بعد پاکستان کو عالمی وبا کی پانچویں اہم ترین سامنا ہے اور حکومت پاکستان معاشی سرگرمیوں کے تسلسل میں رکاوٹ ڈالے بغیر اس وبا کے پھیلاؤ کو روکنے کے لئے کوششیں کر رہی ہے۔ وفاقی حکومت کی جانب سے ویکسینیشن پروگرام میں نمایاں تیزی کے بعد پاکستان میں COVID-19 انفیکشن کی شرح تین فیصد تک کم ہو گئی ہے، اور 31 دسمبر 2021 تک ویکسین کی 157 ملین ڈوز لگائی گئیں اور یومیہ ویکسینیشن کی تعداد سات لاکھ تک پہنچ گئی ہے۔

بینک اپنی پوری استعداد کے ساتھ کام جاری رکھے ہوئے ہے اور اپنے مادی اور مبادلہ کی ترسیل ذرائع، دونوں میں خدمت کا اعلیٰ معیار برقرار رکھا ہے۔ میزان بینک میں ہم اس بات کو یقینی بنانے کے لئے پرعزم ہیں کہ ہمارے تمام عمل کو ویکسین لگائی جا چکی ہو اور ہم اپنے عملے، صارفین اور ان کے اہل خانہ کی صحت اور تحفظ پر بھرپور زور دیتے ہیں۔

نیشنل کمانڈ اینڈ آپریشن سینٹر (NCOC) کی پاکستان کو COVID-19 سے پاک کرنے کی مہم کے تحت بینک نے کراچی، لاہور، اسلام آباد اور پشاور میں NCOC اور مقامی ہیلتھ اتھارٹیز کی مدد سے اپنے عملے کے لئے COVID-19 ویکسینیشن سینٹر (CVCs) قائم کئے۔ مزید برآں، ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے بینک نے سندھ حکومت کے ساتھ اشتراک کیا اور کراچی میں دو ڈرائیو-تھرو فیسلٹیٹز اور دو موٹروں کے ذریعے عوام الناس کے لئے CVCs قائم کئے۔ ان سہولیات کے تحت 188,700 سے زائد افراد ویکسین لگوا چکے ہیں۔ پہلا ڈرائیو تھرو ویکسینیشن سینٹر، جو گلبرگ ٹاؤن، کراچی میں قائم کیا گیا تھا، پاکستان کا سب سے بڑا ڈرائیو تھرو ویکسینیشن سینٹر ہے۔ بینک نے شہر میں بینڈ آویزاں کر کے ویکسین سے متعلق آگاہی مہم بھی چلائی ہے۔

دوران سال کارکردگی کے نمایاں اعترافات و اعزازات

میزان بینک نے دوران سال متعدد قابل قدر اعزازات حاصل کئے، جس میں درج ذیل اعزازات شامل ہیں:

کرڈٹ ریٹنگ میں بہتری کے بعد 'AAA/A-1+' ریٹنگ کا حصول

سال 2021 کے دوران VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے بینک کی کرڈٹ ریٹنگ میں اضافہ کیا۔ الحمد للہ اب بینک کو اعلیٰ ترین قابل حصول ریٹنگ AAA/A-1+ حاصل ہے۔ تفویض کردہ یہ ریٹنگ نہ ہونے کے برابر رسک فیکٹرز کے ساتھ کرڈٹ کے ممکنہ حد تک اعلیٰ ترین معیار کی نشاندہی کرتی ہیں، جو حکومت پاکستان کے رسک فری قرضہ جات کے لئے ذرا ہی زیادہ ہے اور بینک کی صلاحیت اور استحکام کا ایک قابل اعتماد ثبوت ہے۔ میزان بینک کا بورڈ اور میزان بینک فیملی اللہ تعالیٰ کے سامنے سر بخود ہیں جس نے پاکستان کے پہلے مکمل اسلامی کمرشل بینک کو اس کے قیام کے صرف 19 سال کے مختصر عرصے میں اس اعزاز سے نوازا۔

VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کے Basel 3 کمپلائنسٹ Tier 1 اور Tier 2 صکوک کی ریٹنگ کو بھی بہتر کر کے 'AA+' (ڈبل اے پلس) اور 'AAA' (ٹرپل اے) کر دیا ہے۔



گلوبل اسلامک فنانس ایوارڈز کی جانب سے اسلامک بینکر آف دی ایئر کا اعزاز

ہمیں آپ کو یہ اطلاع دینے میں مسرت محسوس ہو رہی ہے کہ بینک کے بانی پریزیڈنٹ اور سی ای او جناب عرفان صدیقی کو گلوبل اسلامک فنانس ایوارڈز، 2021 میں اسلامک بینکر آف دی ایئر کے ایوارڈ سے نوازا گیا ہے۔ یہ ایوارڈ اسلامی بینکاری کے شعبے کے سب سے معتبر عالمی ایوارڈز ہیں۔ بورڈ ملک میں اسلامی بینکاری کی صنعت کے قیام اور فروغ کے لئے جناب عرفان صدیقی کی کاوشوں کو خراج تحسین پیش کرتا ہے۔ یہ ایوارڈ شریعہ کمپلائنسٹ بینکاری کے لئے بینک کے عزم، مہم کا اعتراف ہے، جس سے شریعہ کمپلائنس، اعلیٰ ترین معیار خدمت اور دیانتداری کی بنیادی اقدار پر کاربند رہنے کے ہمارے ارادوں کو مزید تقویت حاصل ہوگی، انشاء اللہ۔



Performance

Business and Operations Review	45
Key Figures at a Glance	62
Six Years' Horizontal Analysis	64
Six Years' Vertical Analysis	65
Review of Six Years' Performance	66
Financial Analysis	67
Market Statistics of Meezan Bank's Share	69
Allocation of Income and Expenses to Remunerative Depositors' Pool	70
Statement of Value Added and Distributed	71
How We Distribute the Value Created	72
Statement of Inventory	73
Statement of Financing Portfolio Income	73

Business and Operations Review

Business Review

Alhamdulillah, 2021 was another year of achievements for Meezan Bank. The Bank achieved strong growth in both volume and profitability in all business segments. A quick summary of growth in key numbers is as follows:

	2021	2020	Growth
Total Assets	Rs 1.9 trillion	Rs 1.5 trillion	25%
Islamic Financing & Related Assets – Gross	Rs 777 billion	Rs 531 billion	46%
Investments	Rs 620 billion	Rs 434 billion	43%
Deposits	Rs 1.45 trillion	Rs 1.25 trillion	16%
Entity Credit Rating	AAA	AA+	

The Bank's Credit Rating was upgraded by the VIS Credit Rating Company Limited to the highest possible level of AAA. The AAA rating denotes the highest credit quality, with negligible risk factors, being only slightly more than that of risk-free debt of the Government of Pakistan.

The Bank's total asset crossed Rs 1.9 trillion, recording a 25% growth while the gross financing portfolio grew by 46% to Rs 777 billion. ADR of the Bank improved to 53% against last year's 42%. The volumetric growth in financing portfolio was due to a significant rise in the corporate portfolio, supplemented by commercial, SME and consumer segments. Out of the gross financing portfolio of Rs 777 billion, Rs 237 billion (2020: Rs 111 billion) or 30% (21%) represents exposure in Government / Public sector entities. The Bank played its role in supporting the economy by actively participating in various SBP-led initiatives extending credit to the private sector. The Bank's financing exposures under these initiatives grew to Rs 108 billion compared to 78 billion last year as a result of its strategy to diversify its exposures across a wide range of business sectors while, at the same time, keeping all the risk acceptance parameters in check. The Bank's non-performing ratio of 1.86% against a banking industry average of 9% reflects its prudent credit risk management and lending strategy. The Bank's NPL coverage ratio of 133% is also one of the best in the industry.

The Bank's investments portfolio grew by 43% over last year to reach Rs 620 billion. The Bank invested Rs 219 billion in GOP Ijarah Sukuks pursuant to its regular issuance in 2021, while its placements under Bai- Muajjal decreased from Rs 342 billion to Rs 238 billion. During the year, the State Bank of Pakistan (SBP) introduced Shariah-compliant Mudarabah based Open Market Operations (OMO-Injections) and Shariah-compliant Standing Ceiling Facility – a Mudarabah based Financing Facility (MFF) for Islamic Banking Industry to manage their day-to-day liquidity more efficiently. As at

December 31, 2021, the Bank had a total exposure of Rs 40 billion under Shariah-compliant Standing Ceiling Facility.

The Bank's deposits increased to Rs 1.45 trillion compared to Rs 1.25 trillion last year, maintaining its overall share of deposits in the banking industry at 7%. The Bank's CASA deposits, representing 83% of total deposits, rose to Rs 1.2 trillion compared to Rs 958 billion last year, a strong growth of 26% with a significant increase in Current Account deposits of 32%. Current Account deposits now represent 46% of the Bank's total deposits (2020: 40%). Fixed deposits, representing 17% of total deposits, decreased by Rs 49 billion as a result of the Bank's concentrated efforts to re-align its deposit mix.

The Bank added 87 new branches to its network, taking the total network size to 902 branches in 290 cities. The growing 'brick & mortar' network is supplemented by a comprehensive array of digital services including Internet Banking and Mobile App, which is the top-rate app in the banking industry, as well as other Alternate Distribution Channels.

Profit After Tax grew to Rs 28.4 billion compared to Rs 22.2 billion last year, higher by 28%, due to growth in both funded and non-funded income. The Bank's net spread grew to Rs 69 billion from Rs 65 billion due to strong balance sheet growth and increase in Current Account balances. The Bank's non-funded income recorded a 48% growth, closing at Rs 14.9 billion compared to Rs 10.1 billion in the 2020 with major contribution coming in from trade, branch banking and debit card related fee income. Trade Business has contributed to growth in Current Account deposits as well as enhanced the fee and forex income.



Retail Banking



Meezan Bank commenced its journey in 2002 as the smallest bank in Pakistan with just four branches and has come a long way since then. Over the last nineteen years, the Bank has achieved impressive growth and is recognised as the flag bearer of Islamic banking in Pakistan. The key elements behind the

Bank's growth and success have been its ability to providing a wide range of deposit products, its strong focus on customer services, fast & secure digital banking solutions and complete Shariah-compliance in all areas of its business.

Our Achievements in 2021

Total Deposits	▲ 16%
CASA Mix	83%
Freelancer Account Portfolio	▲ Three Fold

As compared to 2020

Over 50,000 Roshan Digital Accounts



As of December 31, 2021

RDA Achievements in 2021

Highest Amount of Remittances



Highest Amount of Investment in Islamic Naya Pakistan Certificates



Market Share 23%



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

Branch Network

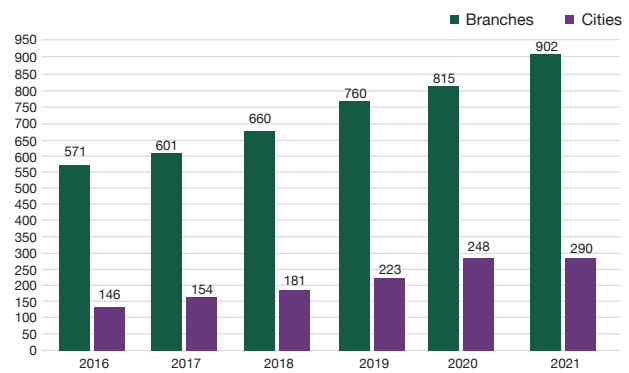
Meezan Bank opened 87 new branches during the year, bringing its network to 902 branches in 290 cities across Pakistan. In addition to a growing brick-and-mortar network, its growing suite of Alternate Distribution Channels (ADCs), provides efficient and convenient touchpoints to its customers for conducting their banking transactions.

For detailed branch locations,

please visit our website: www.meezanbank.com



Branch Network



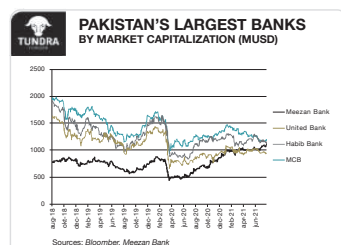
Deposits

The Bank's total deposits as of December 31, 2021 stood at Rs 1,456 billion, increasing by 16% over the previous year. A significant achievement was the increase in the Bank's Current and Savings Account ratio to 83% against 76% in 2020.



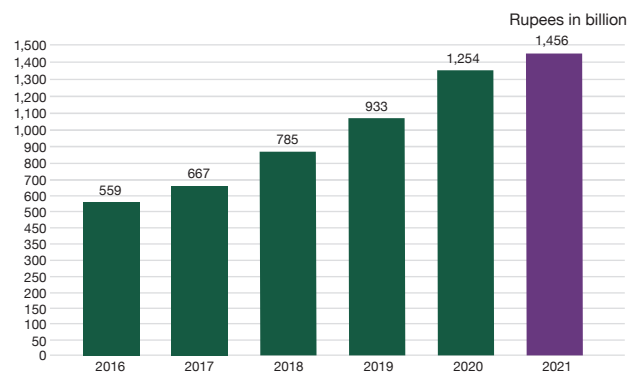
Mattias Martinsson
@Tundra_CIO

Well done
[@MeezanBankLtd.](https://www.meezanbank.com)
Not far from becoming
#Pakistan's largest bank
by mcp now
#EmergingMarkets
#FrontierMarkets



Mattias Martinsson is the Chief Investment Officer and Founding Partner of Tundra Fonder, a Swedish asset management company specializing in frontier markets and new emerging markets.

Deposits



Credit Rating Achievement

Meezan Bank's credit rating was upgraded to AAA/A1+ in August 2021, which is the highest credit rating in the financial services industry. The credit rating agency has acknowledged Meezan Bank as the highest ranked bank as inferred from its RoAA(3-Year Average), while its growth rate stood at approximately twice that of the industry in 2020. The Bank also gained a full 1% market share YoY which is yet another milestone.



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

After opening more than 10,000 RDA accounts and gaining the highest market share in the industry in 2020, Meezan Bank retained its leadership position during 2021 and closed the year with over 50,000 RDA accounts, over USD 700 million remittances and a 23% market share.

The Bank was recognized for its achievements through the following RDA awards during the year:

- Highest amount of remittances through Roshan Digital Account
- Highest amount of investment in Islamic Naya Pakistan Certificates
- Best Performing Bank – 1st Position
- Fastest Growing Bank

In addition to its achievement in RDA deposits, Meezan Bank also has the distinction of being the first bank to disburse home and car finance facility under the Roshan Apna Ghar and Roshan Apni Car initiatives.



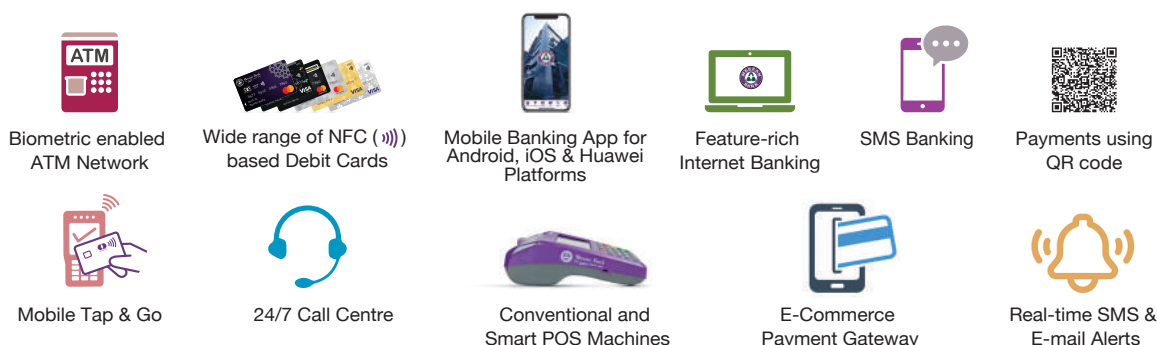
Mr. Irfan Siddiqui - Founding President & CEO, Meezan Bank, receiving awards for top performance in RDA from Honourable PM Pakistan - Mr. Imran Khan, Governor SBP - Dr. Reza Baqir & Minister of Finance (Pakistan) - Mr. Shaukat Tarin.

Freelancer Accounts

As part of its efforts to support the growing talent of entrepreneurs in Pakistan, the Bank is also focusing on providing conducive banking services to Freelancers and opened more than 2,000 Freelancer accounts, growing this portfolio by more than three times in 2021.

Alternate Distribution Channels

Meezan Bank provides convenient and instant access to banking services through a wide variety of channels other than the brick-and-mortar branch network. These channels are often collectively referred to as Alternate Distribution Channels (ADCs). A robust state-of-the-art ADC infrastructure is an integral part of the Bank's corporate philosophy. The Bank also launched POS Acquiring & e-commerce payment gateway during 2021 and Meezan Bank's POS machines are now placed at merchants/retail outlets for payments through debit/credit cards.



Our Achievements in 2021

Migration of customers to digital platforms **▲ 38%**

Debit cards portfolio **▲ 17%**

Bill payment transactions **▲ 70%**

IBFT transactions **▲ 156%**

E-commerce transactions **▲ 118%**









ATM up-time **98.1%**

*Largest market share of Debit Cards e-commerce transactions, comprising more than 40% of the market.

As compared to 2020

*As per State Bank of Pakistan Report Q3FY21

Key Achievements

-  Launch of Mastercard World Debit Card
-  Highest Transaction Volume in the industry through 1Link grid with share of 22.2%
-  Largest market share of Debit Cards e-commerce transactions comprising over 40% of the market
-  Launch of Pakistan's first in-house 3D-Secure service for e-commerce transactions
-  Card discounts and alliances program spanning over 300 merchants across Pakistan
-  Launch of Corporate Debit Card
-  Introduced Cash Deposits into 1Link member bank accounts through Cash Deposit Machines
-  Integration and Launch of Raast Instant Payment System

ATM Network

Meezan Bank added 84 ATMs to its network during the year, bringing its total network to 964 ATMs in over 250 cities of Pakistan. The network also includes 100 off-site ATMs at various locations.

All ATMs of Meezan Bank are EMV compliant with biometric facility that allows customers to use these ATMs without a physical Card. Meezan Bank's ATMs offer quick and convenient Debit Card activation and over 70% of all Meezan Debit Cards were activated through ATMs during the year. Meezan Bank's ATMs also offer the highest withdrawal limit of Rs 100,000 in a single transaction for the convenience of its customers.

The Bank dispensed over 1 trillion Rupees in cash through its ATM network, which was 69% higher than the previous year.

Mobile App & Internet Banking

Meezan Mobile App and Internet Banking offer a quick and user-friendly way of conducting banking transactions on the go. Meezan Mobile App consistently remained the top-rated banking App among all banks in Pakistan throughout the year, and maintained a rating of 4.9 out of 5.0 on both Google Playstore and Apple Store.

Meezan Bank's customers performed over 88 million financial transactions digitally during the year, making Meezan Bank one of the top banks in Pakistan in terms of digital transactions as per 1Link's Monthly Ranking Reports (a 3rd party switch) published during the year.

Meezan Mobile App

- 15 Million**
Logins to the App monthly
- 62% Increase**
in Mobile App Active Users
- 85% Growth**
in financially active customers
- 4.9 Rated**
on Play Store & App Store

Highest Rated Mobile App



Debit Cards

Meezan Bank's Debit Cards offer all the latest features such as Chip & PIN based security, and mobile-based contactless payments and 3-D Secure e-commerce payments. The launch of Meezan World Debit Card this year added to the Bank's ever-growing debit card premium product suite. The card offers the highest transaction limits in the industry and numerous travel related benefits as well as exclusive alliances. Meezan Bank also launched Corporate Debit Cards for institutions to meet their online payment needs.

Meezan Bank is the market leader in e-commerce usage on its Debit Cards with more than 40% share of the industry volume as per the Payment Systems Review for fiscal year 2020-2021 published by State Bank of Pakistan. The Bank's number of e-commerce transactions grew by 118% and their value increased by an impressive 169% compared to last year. POS spend also grew by 95% by value during the year whereas the cards portfolio grew by 17%.

Meezan Bank provides its Debit Card holders the largest deals and discounts program on Debit Cards in Pakistan, with over 300 partners.



Digital Fund Transfers

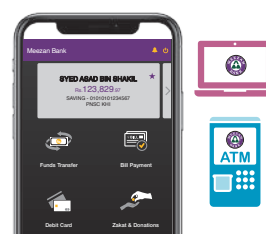
Meezan Bank's customers can transfer funds to both Meezan and other banks' customers through their Mobile App, Internet Banking and ATM channels. Overall fund transfer transactions through digital channels increased by over 2 times during the year, primarily led by Meezan Bank's Mobile App that is the highest rated App in the industry. On 1Link Network, Meezan Bank received the largest amount of funds via IBFT (Interbank Funds Transfer) during 2021 - amounting to Rs 1.59 trillion. Meezan Bank also ranked number 1 in IBFT income, number 2 in sending IBFT by value and number 3 in IBFT sending transactions by volume, only behind two of the largest microfinance wallet providers in the industry and ahead of all commercial banks in Pakistan.

Less than 30 seconds in Meezan Mobile App to

- Transfer Funds
- Make Bill Payments
- Top-up Balance
- Pay Zakat & Donation
- Add Beneficiaries

Bill Payments

Meezan Bank offers one of the largest portfolios of bill payments to its customers, comprising of over 1,500 bill payment options including Utility Bills, Top-ups, Internet Bundles, Challans, FBR Taxes, School Fees, University Fees, Club Fees, Vouchers, Credit Card payments and many others. The Bank processed approximately 23 million bill payment/top-up transactions during the year amounting to Rs 561 billion via 1Link and ranked 2nd among 37 banks using 1Link's Bill Payment service.



Now 80% of all transfers take place digitally.

POS & E-Commerce Gateway

Meezan Bank launched state-of-the-art POS machines during the year to facilitate businesses seeking digital payment acceptance solution at their outlets. For acceptance of online payments, Meezan Bank has launched an e-commerce payment gateway that will allow Mastercard or Visa card holder all over the world to make payments through the website of any Meezan Bank merchant.



Collaboration with Fintechs

Meezan Bank encourages collaborations with Fintechs and has already developed a range of API based payment services for its Fintech partners, including sponsorship services with local and international payment schemes. Meezan Bank also serves as the settlement bank as well as acts as a Trustee for various fintechs. Some of the Bank's key Fintech partners are:



Home Remittance

Meezan Bank plays a vital role in driving home remittances through banking channels under the Pakistan Remittance Initiative (PRI) and non-PRI arrangements. While remittance flows faced challenges across geographies, Pakistan managed to grow remittance flows and the Bank successfully captured a sizeable portion of these flows compared to previous years - rising by approx. 50% YoY, which is significantly above the industry average. The Bank improved its customer experience through leveraging technology, digitization and automation of processes and tapping additional payment corridors, all with the intention of providing ease of transacting to both senders and recipients of remittances. Going forward, the Bank will focus on accessing new payment corridors and facilitating customers through tech-savvy solutions and enhancing digitization of the customer experience.



Financing Portfolio

The Bank's gross financing portfolio grew by 46%, reaching Rs 777 billion in December 2021. This growth was well-distributed across all business segments including Corporate, Commercial, SME and Consumer. ADR of the Bank improved from 42% in 2020 to 53% in 2021, a substantial increase that has also helped contribute to growth in the Bank's income.

The Bank achieved this growth while keeping all risk parameters well under control, which is evidenced by the fact that the Bank's non-performing ratio is at 1.86% against a banking industry average of 9%, which reflects well on its prudent credit risk management and lending strategy.

Corporate Banking

Meezan Bank offers a comprehensive array of Shariah-compliant financing solutions to cater to the working capital finance, import, export re-finance, commodity operations financing, long-term finance, documentary credit requirements, and project-based financing needs of a large number of corporate clientele comprising private and public sector entities as well as multinationals.

A focused business strategy to diligently build a high quality and well-diversified portfolio has enabled the Bank to grow its Corporate Banking portfolio from Rs 385 billion in 2020 to Rs 573 billion in 2021, a substantial growth of 49%.

Corporate Banking Portfolio

2021	<div style="width: 100%; height: 15px; background-color: #006666;"></div>	Rs 573 billion	Growth	<div style="width: 100%; height: 15px; background-color: #006666;"></div>	49%	Non-Performing Financing under 2%
2020	<div style="width: 100%; height: 15px; background-color: #663399;"></div>	Rs 385 billion				

Investment Banking

Meezan Bank is one of the most active Investment Banking players in Pakistan's banking industry and has led arrangement and advisory mandates for a significant number of project finance, syndications and capital market transactions.

The Bank successfully negotiated and led transactions worth Rs 196 billion comprising debt arrangements and advisory and equity advisory deals in the infrastructure, power, telecommunications, real estate and pharmaceuticals sectors.

The Bank has been awarded the prestigious 'Pakistan Deal of the Year' and 'Most Innovative Deal of the Year' awards by Islamic Finance News (IFN) of REDMoney Group, Malaysia for the Sukuk transaction arranged and executed for Enertech Water Private Limited structured under Public Private Partnership (PPP) mode.

Most prominent deals of this year were:

- Largest syndicated deal of the year amounting to Rs 50 Bn for Pakistan Mobile Communications Limited;
- Largest PPP deal of Rs 27.5 Bn for GoS/Enertech Water Private Limited;
- Issuance of 3rd Tier II Sukuk amounting to Rs 9.99 billion.

Key Transactions:

Key deals of 2021 were:

Pakistan Mobile Communications Limited Syndicated Finance Facility Mandated Lead Advisor & Arranger and Shariah Structuring Agent	Rs 50,000 million
Enertech Water Private Limited Project Finance Facility Mandated Lead Arranger & Advisor, Investment Agent, Security Agent & Shariah Structuring Agent	Rs 25,500 million
Malir Expressway Private Limited Project Finance Facility Mandated Lead Arranger & Advisor and Shariah Structuring Agent	Rs 17,929 million
Enertech Water Private Limited Sukuk Issue Mandated Lead Arranger & Advisor, Investment Agent and Security Agent	Rs 2,000 million
Pakistan Mobile Communications Limited Syndicated Finance Facility Mandated Lead Advisor & Arranger and Shariah Structuring Agent	Rs 15,000 million
Engro Enfrashare Private Limited Syndicated Islamic Finance Facility Mandated Lead Advisor & Arranger, Investment Agent and Shariah Structuring Bank	Rs 4,500 million
Almoiz Industries Limited Syndicated Islamic Finance Facility Mandated Lead Advisor & Arranger and Investment Agent	Rs 3,500 million
Pakistan Oxygen Limited Syndicated Islamic Finance Mandated Lead Advisor & Arranger and Investment Agent	Rs 3,400 million
Hub Power Company Limited Series of Short Term Sukuk Advisor & Arranger	Rs 9,000 million
Pak Gulf Construction Private Limited Syndicated Finance Facility Mandated Lead Arranger & Financial Advisor, Investment Agent & Accounts Bank	Rs 6,202 million
Mughal Iron and Steels Industries Limited Underwriter to the issuance of right shares underwritten by Meezan Bank	Rs 2,737 million
Macter International Limited Underwriter to the issuance of right shares underwritten by Meezan Bank	Rs 1,100 million

**Negotiated and
led transactions worth**

Rs 196 billion

during 2021

**Negotiated and
led total volume of investment
banking transactions over**

Rs 1.2 trillion

since inception

Key Awards and Recognitions

Key awards and recognitions for 2021 were:

Islamic Finance News Awards

Syndicated Deal of the Year
for Pakistan Mobile Communications Limited
Rs 50 billion syndicated term finance facility

Pakistan Deal of the Year for Enertech Water Private Limited Rs 2 billion Sukuk facility

Most Innovative Deal of the Year for Enertech Water Private Limited Rs 2 billion Sukuk facility

Asian Banking and Finance Corporate & Investment Banking Awards

Renewable Energy Bank of the Year – Pakistan
Green Deal of the Year – Pakistan
for Cherat Cement Islamic Finance Facility for renewable energy of Rs 1,400 million

The Asset Triple A Islamic Finance Awards

Best Islamic Investment Bank in Pakistan

Best Structured Finance Deal – Pakistan (Country Awards)
for Pakistan Mobile Communications Limited
Rs 50 billion syndicated term finance facility

Power Deal of the Year – Pakistan
for Punjab Thermal Power Private Limited
Rs 78,400 million project finance facility

Sukuk Advisor of the year – Pakistan

Islamic Finance Forum of South Asia (IFFSA) Awards

Islamic Investment Bank of the Year - Gold Award
Islamic Finance Advisory Services Provider of the Year - Gold Award

Commercial Banking

Including Small & Medium Enterprises (SME) and Agricultural Finance



Meezan Bank recognizes the fact that in order to achieve its Vision of establishing 'Islamic banking as banking of first choice...' it must increase the outreach of Islamic banking well beyond the blue-chip corporate sector.

Following this philosophy, the Bank has

focused on developing the SME and Agriculture sectors, which represent the backbone of Pakistan's economy. The consistent growth of the Bank's Commercial Banking business over the years reflects the level of trust and confidence that the Bank has built with its customers in this sector.

Our Achievements in 2021

Commercial banking portfolio	Rs 140 billion
Commercial banking portfolio growth	▲ 32%

Commercial banking trade volume	Rs 898 billion
Commercial banking trade volume growth	▲ 49%

As of December 31, 2021

The Bank's Commercial Banking portfolio stood at Rs 140 billion at year-end 2021, registering an impressive growth of 32% over the year. Moreover, the Bank's Trade (Import/Export) business volume for its Commercial Banking segment also grew by 49% to Rs 898 billion during 2021.

Meezan Bank also actively participated and played a key role in various financial relief measures initiated by SBP in the form of refinance schemes.

Islamic Asaan Financing Scheme (ISAAF)

Meezan Bank is fully engaged in the initiatives being taken by State Bank of Pakistan to support SMEs in the post COVID-19 scenario. ISAAF is one such initiative under which Meezan Bank is offering unsecured financing to customers who are struggling for liquidity & access to finance due to collateral deficiency, asymmetry of information and high delivery costs. Under the scheme, Meezan Bank has committed to finance Rs 30 billion to 11,000 businesses by June 2024, both through its branch network as well as through a digital financing platform.



PM Kamyab Jawan Program

The Kamyab Jawan Program is an initiative of Government of Pakistan to facilitate the youth with affordable and subsidized financing for establishing new or strengthening existing businesses. Meezan Bank disbursed more than Rs 1 billion under this scheme during 2021 and continues to grow this portfolio.

Disbursed more than
Rs 1 billion

Housing & Construction Financing

Meezan Bank is actively engaged in providing financing for housing and construction projects as a part of the reforms introduced by Government of Pakistan and the central bank for the construction industry. Meezan Bank's financing to Housing & Construction sector increased by 66% to Rs 26.53 billion in 2021. Approximately 40% of this portfolio was directed towards development of real estate projects, including residential houses, high rise apartment buildings and commercial towers. The Bank has not only surpassed the targets set by the central bank but has also developed strong relationships with industry players.

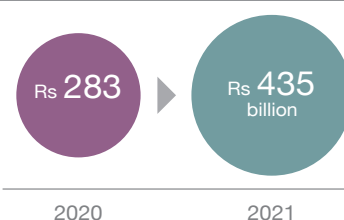


Mr. Irfan Siddiqui - Founding President & CEO, Meezan Bank, Mr. Naeem Qamar, Director FG Investments and Syed Tanveer Hussain - General Manager Commercial Banking, Meezan Bank at the signing ceremony of 'The Garden Residence' project.

Small & Medium Enterprises

Meezan Bank maintained the size of its SME financing portfolio in 2021, keeping non-performing finances at a reasonable level. However, the recent initiative of SBP under ISAAF is expected to generate sizeable growth in SME financing next year. Despite an overall economic slow-down, the Bank managed to achieve Rs 435 billion trade (import/Export) volume in its SME business in 2021 as compared to Rs 283 billion in 2020, a 54% growth.

SME Trade (import/export) Volume



Agriculture Financing

Meezan Bank has maintained its leadership status in Islamic agriculture finance and has exceeded the agriculture disbursement targets set by State Bank of Pakistan for the fiscal year 2020-21. In order to meet the financing needs of rural communities, a comprehensive set of Agri products is being offered that includes working capital financing as well as development / long-term financing for both crop and non-crop sectors. Meezan Bank's core agriculture portfolio grew by 300% during 2021, mainly through the PM Kamyab Jawan Program. Presently, the Bank's Agri portfolio encompasses the Punjab, Sindh and Khyber Pakhtunkhwa provinces. The Bank has joined hands with Pakistan Poverty Alleviation Fund under Growth for Rural Advancement & Sustainable Progress - GRASP initiative for tapping the agriculture finance potential of Balochistan.

Agriculture financing
portfolio grew by
300%

Commercial Vehicles Financing

The transport industry faced various challenges during 2021, such as rise in financing rate, increase in asset cost due to exchange rate, high inflation and imposition of partial lockdown & strict travel SOPs, etc. Despite these challenges, Meezan Bank disbursed Rs 2.41 billion during 2021 for commercial vehicles in the passenger transport segments as well as in the oil transportation and distribution segments.

Portfolio Mix

Meezan Bank's Commercial Banking portfolio is well diversified amongst the commodity, construction industry, steel, FMCG, pharmaceuticals, logistic & distribution and agriculture sectors. The Bank is continuously exploring new and untapped sectors of the economy both to enhance its portfolio and to diversify its risk.

Consumer Finance

Meezan Bank is the pioneer in providing Shariah-compliant consumer financing in the country and offers a diverse range of consumer asset products to its customers. The Bank's performance of this important business vertical during 2021 is detailed below:

Our Achievements in 2021

Car Ijarah portfolio	▲ 38%
Easy Home portfolio	▲ Rs 1.2 billion

As compared to 2020

First bank in the industry to disburse a facility under State Bank of Pakistan Roshan Apna Ghar and Roshan Apni Car



Car Ijarah

The automobile industry in Pakistan witnessed a 59% growth in 2021. Meezan Bank enjoys a leadership position in the auto finance industry. With 38% growth in 2021, the Bank has an active portfolio of Rs 55 billion with 33,000 vehicles on road.

The Bank also launched a female-centric version of its auto finance product 'Meezan Women First' Car Ijarah to specifically cater to female customers and reduce the gender gap in financial inclusion.

Meezan Roshan Apni Car

The Bank launched the 'Meezan Roshan Apni Car' product in March 2021 with discounted profit rates under the State Bank's initiative of facilitating non-resident Pakistanis, and has disbursed over 160 units amounting to Rs 0.5 billion under this initiative.

Easy Home

The Bank witnessed robust growth in regular housing finance during the year due to lower financing rates during the first 9 months of the year and was able to increase its portfolio by Rs 1.2 billion with an outstanding portfolio of Rs 13.7 billion as of December 31, 2021.

Under the female inclusion initiative of the State Bank, Meezan Bank is providing housing finance at preferential rates to female customers with additional benefits to reduce the gender gap in financial inclusion.

Mera Pakistan Mera Ghar

During 2021, the Government of Pakistan (GoP) launched a massive drive for revival of the housing industry an initiative named Mera Pakistan Mera Ghar (MPMG) and there was a rapid influx of applications under this scheme.

Meezan Bank exceeded its December, 2021 SBP assigned mandatory targets and was also conferred with Performance Award (2nd Position) by the Prime Minister of Pakistan for disbursements and approvals in MPMG.

Roshan Apna Ghar

Launched in August, 2021 by the State Bank of Pakistan under the Roshan Digital initiative, Roshan Apna Ghar is a financing program that allows non-resident Pakistanis to avail housing finance without having to visit a bank branch.

Meezan Bank was the first bank in the industry to disburse a facility under this scheme, which it did on the day the scheme was launched by the Government and continues to be one of the leading banks in disbursements and applications going into 2022.

Meezan Consumer Ease

In the consumer durables financing segment, the Bank has focused on its newly launched product 'Meezan Solar', which offers financing of complete solar panel systems for residential users as part of its efforts to contribute towards reduction of carbon emission.

The Bank has also entered into several MOUs for initiatives related to digital retail supply chain financing, financing inclusion of differently-abled persons under Kamyab Jawan scheme and financing of solar panels and home appliances.



First disbursement of Roshan Apni Car by Meezan Bank.

**Outstanding
Easy Home portfolio:
Rs 13.7 billion**

As of December 31, 2021



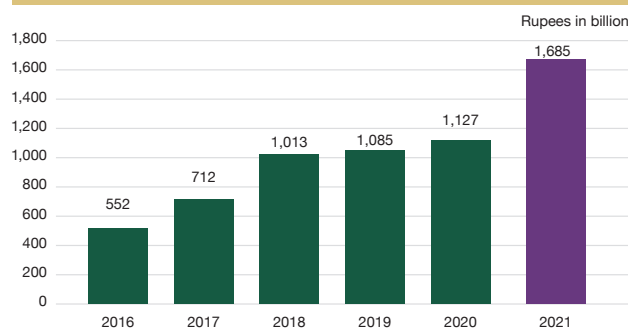
Mr. Ariful Islam - Deputy CEO, Meezan Bank, receiving performance award for MPMG from Honourable PM Pakistan - Mr. Imran Khan, Governor SBP - Dr. Reza Baqir & Minister of Finance (Pakistan) - Mr. Shaukat Tarin.



Trade Business

Islamic banking is ideally suited to cater to the trade finance needs of customers and the Bank's trade business (Import & Export) performed very well during 2021 despite the challenges posed by the pandemic. The Bank's trade business volume touched an all-time high figure of Rs 1.685 trillion which was almost 50 percent higher than last year.

Trade Business



Shariah Advisory Services

Meezan Bank regularly facilitates banking as well as non-banking financial institutions including mutual funds, stock exchange, takaful companies, microfinance companies and other corporate entities, both locally and internationally, by providing Shariah advisory and Shariah technical services and support for development of Shariah-compliant products for their business needs.

Highlight of the year was the agreement executed with EXIM Bank of Pakistan for development of Islamic trade finance and takaful products and services including Export Credit Takaful products, for the very first time in Pakistan.

Another notable achievement was the development of an innovative, first of its kind, long-term Sukuk structure based on Shirkat-ul-Aqd for Pakistan Mortgage Refinance Company against the Islamic housing finance portfolios of commercial banks offering a desired yield.



Mr. Irfan Siddiqui - Founding President & CEO, Mr. Ariful Islam - Deputy CEO, Mr. Urooj ul Hassan - GM and Head Investment Banking & Shariah Advisory from Meezan Bank with Mr. Irfan Bukhari - President & CEO, EXIM Bank of Pakistan at the signing ceremony.

Details of Shariah Advisory initiatives of the Bank are provided in the Shariah Board Report 2021 included in this Annual Report.

Treasury

Meezan Bank has maintained its dominance in the local foreign exchange and money markets as an active market maker and formidable player. The Bank managed its risk very effectively while at the same time helping customers navigate through volatile market conditions during a year when volatility in currency markets peaked at around 8.2% and the Rupee depreciated by almost 10% depreciation.

The Bank's investment portfolio grew by approximately 84%, owing to regular Sukuk auctions by Govt of Pakistan. The Bank was able to capture a sizeable portion of the total Sukuk issued, which in turn allowed it to optimize the risk profile of its investment portfolio while maximizing earnings. The landmark achievement for the Islamic banking industry in 2021 was the introduction of a Shariah-compliant Mudarabah based Financing Facility (MFF) for SBP Ceiling Facility Utilization and Open Market Operations - Injections facility (OMO). Meezan Bank was a key player in the introduction of this facility and was also the first institution to utilize the facility at the SBP counter.

**Investment
portfolio grew by
approx. 84%**

Financial Institutions and Correspondent Banking

The Bank's Correspondent Banking network currently spreads to over 80 countries with over 630 correspondents and the Bank is planning to further strengthen the infrastructure of correspondent banks in Asia, EU, and particularly Africa. The Bank's nostro network covers 18 currencies, giving its clients easy access to make trade payments and foreign remittances.

The Bank has established a compliance unit under its Financial Institutions department in order to address the increasing need of compliance and KYC for Correspondent Banking. The unit conducts KYC reviews of all trade correspondents, maintaining close co-ordination with the Bank's Compliance department. This will bring the Bank's compliance processes in line with international practices.

Back-to-back guarantee business has also grown with a larger number of international banks including China CITIC Bank, ICBC China, Commerzbank Germany, Wells Fargo USA, Bank of America, Citibank, etc. Beneficiaries of these guarantees include both government and private entities.

This year, Meezan Bank opened a commodity LC of approximately USD 100 million on which a reputed foreign bank added its confirmation, reflecting an enhanced level of comfort of correspondent banks working with Meezan.



Mr. Irfan Siddiqui - Founding President & CEO with Mr. Abdullah Ahmed - Group Head Corporate & Institutional Banking and Mr. Shahzad Abdullah - Group Head Treasury & Home Remittances at the signing ceremony conducted over Zoom.



Meezan Bank Limited signed a Master Tahawwut Agreement with ICBC Pakistan to execute Islamic derivatives under the umbrella of the ISDA/IIFM Wa'ad structure. This landmark agreement is a first for the Islamic banking industry in Pakistan with Chinese banks, and will pave way for increased collaboration between Islamic banks and their Chinese counterparts. The Tahawwut Master Agreement (TMA) is an Islamic alternative to the globally recognized International Swaps and Derivatives Association (ISDA) agreements which allow banks to trade over-the-counter (OTC) financial products. The TMA is governed under the International Islamic Financial Market framework, & provides the first standard contract document for cross-border transactions in Shariah-compliant derivatives.

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

Asset Management



AI Meezan Investment Management Limited

Meezan Bank's subsidiary, AI Meezan Investment Management Limited (AI Meezan) is the largest Shariah-compliant asset management company in Pakistan, with Assets Under Management of over Rs 187 billion. AI Meezan enjoys one of the longest and most consistent performance records among asset Management

companies in Pakistan. It also has the distinct feature of being the only fully Shariah-compliant Asset Management Company in Pakistan. Apart from asset management, AI Meezan is also licensed to render Investment Advisory Services and manage Voluntary Pension Schemes (VPS).

Our Achievements in 2021

Asset Under Management **▲ 6.05%**

During CY21

Launch of 'Meezan Daily Income Fund'

Investor base over **156,000**

Key Figures

Market share in mutual funds industry **15%**

Market share in Shariah-compliant segment **40%**

AI Meezan exhibits a strong Islamic asset management franchise with a healthy Assets Under Management (AUM) profile with sizeable retail AUMs, adequate governance & control framework, a stable & professional management team and well-defined investment processes and its 156,000 plus strong investor base indicates strong customer confidence. AI Meezan is rapidly growing its presence across Pakistan with 26 branches in 15 cities, supplemented by Meezan Bank's countrywide branch network. Investors can conveniently open their account through AI Meezan's account opening service and easily manage all their investment needs through their mobile application and online portal (Meezan Funds Online). AI Meezan's digital reach goes beyond borders with its services being offered digitally to overseas Pakistanis through the RDA initiative.

AI Meezan offers a comprehensive product suite of 19 mutual funds, multiple investment plans spanning across various asset classes and Separately Managed Accounts (SMA) customized to the unique needs of the clients. It manages the largest open-end Shariah-compliant Funds in Equity, Income, Money Market categories and the largest Voluntary Pension Scheme. During 2021, AI Meezan AUM grew by 6%. AI Meezan's market share is the highest in the Mutual Funds industry at approximately 15%, while it is 40% in the Shariah-compliant segment of the industry.

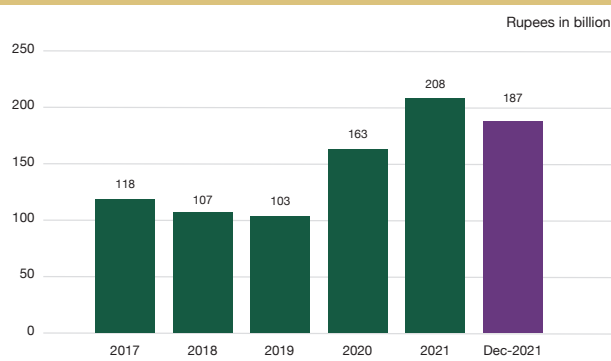
AI Meezan has earned the following accolades during 2021:

Award	Awarded By
Asset Management Company of The Year	IFFSA Awards – 2021
Islamic Asset Manager of The Year	The Asset Triple A Islamic Finance Awards – 2021
Mohammad Shoaib, CFA, CEO AI Meezan Investments was recognized as one the 'Top 25 Leaders in Asset Management'	Asia Asset Management Magazine – 2021
Mohammad Shoaib, CFA, CEO AI Meezan Investments was recognized as one the 'Top 25 Leaders in Asset Management'	Asia Asset Management Magazine – 2021
Best Asset Management Company of Pakistan	International Business Magazine – 2021

AI Meezan also maintained the highest Asset Management Quality rating of AM1 (AM-One) with stable outlook by both VIS & PACRA Credit Rating Companies.

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

Funds Under Management of AI Meezan



During the year, AI Meezan launched Meezan Daily Income Plan-I which is an allocation plan under 'Meezan Daily Income Fund'.

To view the fund-wise break up of Assets Under Management along with return on the funds since inception and for calendar year 2021, please visit the company's website at www.almeezangroup.com

Operations Review

For an organization to deliver products and services that consistently meet the demands of its customers, it needs to have an efficient support functions infrastructure. At Meezan Bank, the support units work together to ensure that all transactions undertaken by the Bank are in accordance with the directives of its Resident Shariah Board Member (RSBM) and the Shariah Board (SB) as well as with the Bank's policies and procedures. Following is a brief introduction of the support units and their role in the organization.

Service Quality

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

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

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

Initiatives

Major initiatives undertaken during 2021 were:

1. Deployment of a Service Quality Mobile App to improve efficiency of the customer feedback process.
2. Development of an email management system to centralize and improve end-to-end tracking of customer emails received through the Bank's info email channel.
3. Launch of automated customer feedback through SMS. The Bank serves on the Monitoring and Development Committee of the Joint Call Centre (JCC) of Mera Pakistan Mera Ghar – launched jointly through the Pakistan Banks Association.



Information Technology and Digital Banking

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

Meezan Bank has grown at a very fast pace ever since its inception and its technology infrastructure has always played a pivotal role in supporting its growing portfolio of products and services. Today, Meezan Bank leverages the power of world-class technology solutions to seamlessly process millions of transactions every day and win the confidence and trust of its customers.

The last two years have been particularly demanding due to COVID-19 which has affected all businesses across the world and has heavily shifted reliance on technology for provision of business solutions. Being fully cognizant of this, Meezan Bank has maintained its focus on continually strengthening its IT capabilities. Accelerating the adoption of digital payments, Meezan Bank has fast tracked the migration of its customers to Mobile App, Internet banking, POS, ATM, Debit card and Merchant payments with relative ease, which has enabled the Bank to efficiently serve its growing customer base.

In addition to digitizing its financing processes to enhance productivity and Shariah-compliance visibility, the Bank is also enhancing value for its SME customers by creating synergies in payments and financings through Retail Supply Chain Financing by collaborating with FinTechs. The Bank has also automated its Consumer Financing approval system, significantly reducing the time and administrative costs associated with manual tasks.

Meezan Bank is amongst the first banks in Pakistan to fully migrate to an in-house 3D Secure system, saving substantial costs each month. Also the launch of digital customer on-boarding has enabled current and prospective customers to open accounts digitally without the need to visit a branch. The Smart Wallet is another initiative taken by the Bank to serve the unbanked population of the country with Islamic banking services.

Meezan Bank is at the forefront of embracing IT innovation and digital disruptions and focuses on maintaining a robust IT infrastructure and a strong digital customer value proposition.



Human Resources



Meezan Bank believes in building a dynamic and professionally competent workforce that is fully capable of providing a world-class banking experience to its customers. The Bank's

network of 902 branches in 290 cities is supported by a workforce of over 12,000 full-time employees and more than 1,900 outsourced staff.

Highlights

Employees **12,000+**

Elevations **453**

Outsourced staff **1,900+**

Families supported through EBFT **272**

Staff Head Count

Region	2021	2020
Central	4,363	3,887
South	3,096	2,841
North	1,723	1,482
Head Office	2,828	2,401
Total	12,010	10,611

In 2021, the Bank inducted 2,654 staff during the year, out of which 833 were inducted through batch-hiring, mainly as Branch Services Officers, Personal Banking Officers, Officer Operations Head Office, CA Trainee Batch and IT Officers.

The Bank strongly believes in providing career growth opportunities to its staff through Internal Job Postings (IJPs) and Elevations. This year, 52 positions were filled internally while 453 elevations were made across the Bank at different levels.

The Bank maintained its focus on induction of female staff to achieve diversity and inclusion in its workforce. 462 female staff joined the Bank during the year, which was 17% of the total new joiners, bringing the overall female staff ratio of the Bank to 10.7%. The overall female staff ratio of the Bank is continually on the rise.

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

All employees are covered under a Health Takaful policy. The Bank enhanced the staff Life Takaful limits significantly during the year.

Inducted 2,654 Staff

Gender Analysis



New Hires

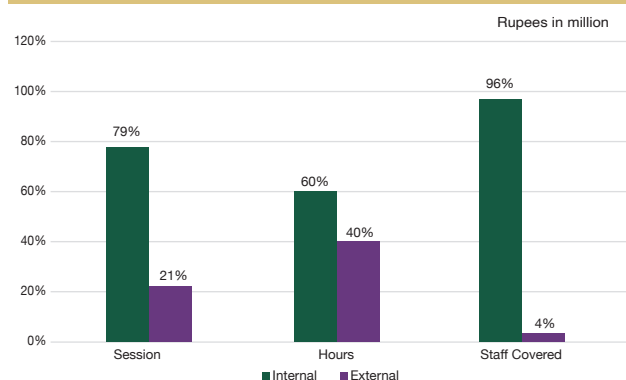


Learning & Development

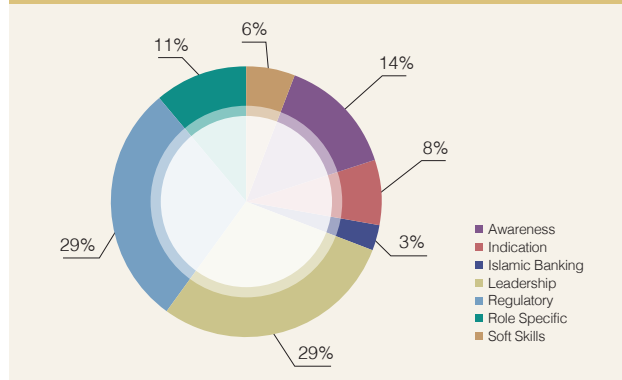
With sporadic episodes of the pandemic during 2021, the Bank continued its learning activities using a blended approach including both Virtual Instructor Led Trainings (VILTs) as well as classroom trainings.

During 2021, the Bank organized 839 learning interventions that comprised 660 internal training sessions (out of which 72% were conducted as VILT) covering 29,874 (9,849 unique) staff, as well as 179 external training sessions for 531 (444 unique) staff. These learning interventions ranged from induction training programs to technical trainings pertaining to specific roles, dedicated Islamic banking sessions, soft skills and compliance & control.

Internal External Training Summary



Categories wise Staff Covered



Key Trainings

- 69** Induction Trainings
- 128** Dedicated Islamic Banking Trainings
- 352** Role-specific Trainings
- 172** Compliance, Governance & Control Trainings covering AML/CFT, TBML, Outreach Awareness Sessions ML/TF/PF
- 60** Soft-skills Trainings
- 18** Leadership Trainings
- 37** Customer & Public Awareness Sessions
- 22** LMS Trainings covering Islamic Banking Knowledge, Fair Treatment of Customers, AML-CFT, Benami Accounts, etc.

The Bank also launched the following four flagship programs during 2021:

Meezan Ambassador | The Program trains and grooms front-line senior staff to become ambassadors of Islamic banking.

Meezan Pro League | Meezan Bank has partnered with Institute of Chartered Accountants in England and Wales (ICAEW) and Institute of Chartered Accountants of Pakistan (ICAP) to facilitate talented individuals who wish to grow in the field of Finance and Accounting.

Meezan Rehnuma | A mentoring program launched as a pilot for Bank's middle-management staff.

Revamped Orientation Program | This program aims at training Branch Managers and Senior Staff members using experiential learning methods.



Mr. Irfan Siddiqui - Founding President & CEO and Mr. Arif Islam - Deputy CEO, with the winning team at the Pakistan Final of CFA Institute Research Challenge 2020-2021 at Meezan House.

Shariah Compliance

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

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

Secretariat to the Shariah Board

The department serves as a secretariat to the SB- providing all the necessary support to the SB. During 2021 the SCD organized 5 meetings of the SB for seeking their guidance on various matters. Furthermore, the department also liaises between management and the Shariah Board- reviewing all proposals, agreements, manuals, process flows contracts, checklists etc submitted by different units of the Bank. SCD also reviews profit calculation on deposits pools and its distribution to depositors.

Product Support & Research

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



Shariah Compliance Review

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

Scope of Shariah Compliance Review

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

Corporate Banking	Fresh Proposals, Renewals, Enhancements, Structured transactions
SME/Commercial/Agri Finance	Fresh Proposals, Renewals, Enhancements, Structured transactions
Ancillary Documents	Letter of Guarantees, MOUs, Security Agreements, NOCs, procurement agreements, Vendor Agreements, Service Agreements
Investment Banking	Term Sheets, Shariah Structure, Legal Agreements, Post transaction review
Treasury	Placement of Funds, Acceptance of Funds, Internationals placements, Forex transactions, Alternate to Bill discounting transactions
Branch Assessment	Branch Environment and understanding of employees
Marketing promotions	Bank's product promotions, social media posts, print and electronic media ads, Sponsorship proposals, Enlistment of charitable institutions
Other Head Office Departments	Policies, MoU, legal agreements, understanding and application of Shariah guidelines

Internal and External Training

SCD works with the Learning Department to design, implement and facilitate Islamic banking and financing products knowledge (Shariah aspect and modus operandi) to employees, customers and public at large to facilitate a better understanding of the principles and products of Islamic banking. Training sessions are conducted throughout the year and include orientations, refreshers and specialized courses for staff, based on Training Need Analysis.



Mr. Ahmed Ali Siddiqui - Group Head Shariah Compliance speaking at the Islamic banking seminar organised for Hamdard University.

Furthermore, SCD also supports IBA-CEIF towards the common aim of capacity building for Islamic banking. Major programs include Certified Shariah Auditor AAOIFI certification, Certified Islamic Finance Reporting and Auditing Course.



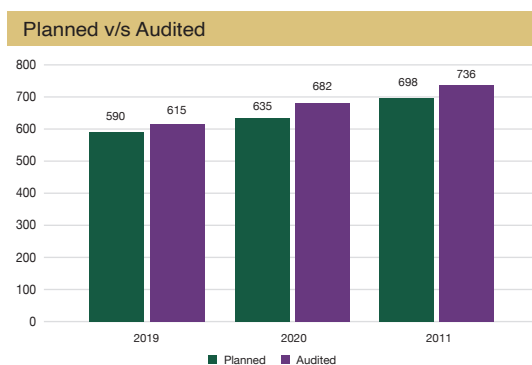
Contributions Towards the Islamic Banking Industry of Pakistan

The Bank acts as joint financial advisor for issuance of Government of Pakistan Sukuk that help address the liquidity management needs of the Islamic banking industry.

During 2021, Bank played a lead role in the UKIFC Working Group formulated and supervised by the SBP. This Group focuses on improving sustainable banking practices. Meezan Bank's experience of sustainable and ethical practices through adoption of Islamic Finance and Shariah-compliance has inspired several other industry participants.

Shariah Audit

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



736 Units audited

135
Limited Scope
Reviews

27
Surprise
Re-audits

The department has a qualified team of Shariah Auditors and Advisers certified by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Certified Chartered Accountants and Shariah Scholars. In recognition of its efforts, the Bank has been recognized as 'Shariah Auditor of the Year' for the fourth consecutive year and received the 'Shariah Authenticity Award' by Global Islamic Finance Awards (GIFA) UK in 2021.

As a special project during the year, the Bank developed and delivered the first draft of 'Internal Shariah Audit Guidelines' to AAOIFI, an assignment that reflects on the Bank's high level of credibility in understanding Shariah compliance in financial transactions.



Our Focus on Cyber Security

Meezan Bank is fully cognizant of the importance and impact of technology in today's financial world, as well as of the need of digitizing its operations. Keeping in view the needs of its customers in terms of both the security of their data and ease of doing banking transactions, the Bank is using cutting-edge technology to provide a seamless banking experience and to improve its customers' trust in doing digital banking.

The Bank has implemented various initiatives to continuously improve the cyber security of its digital assets, engaging departments such as Information Technology, Information Security, Internal Audit, Compliance and Risk Management carrying diverse responsibilities within their scope. Cyber Security is managed through tools and systems as well as through process-level controls.

The Bank understands the significance of Cyber Security and the importance of strengthening it on a continuous basis. Local and international experts in this domain are regularly engaged to review the Bank's information assets and controls and to conduct penetration test exercises.

The Bank is also investing in systems and resources to develop its expertise in areas such as data sciences, information security and internal audit to further strengthen and secure its operations, assessments and IT Audits.



Non-Resident Pakistanis have invested **more than USD 950 million** in Shariah-compliant Islamic Naya Pakistan Certificates.

DID YOU KNOW?

MEEZAN BANK'S SOCIAL MEDIA FOOTPRINT

in

LinkedIn

More than



218,400
Followers



31%
Growth
since 2020

More than
110 Job Ads
An increase of

144%
since 2020



YouTube

More than



28,500
Subscribers



63%
Growth
since 2020

First
dedicated
Islamic
Banking
Channel
in the country

More than
14.3
Million
Impressions

f

facebook

19th in
World's
Top 100
Banks
on Facebook by
'The Financial
Brand'

Largest fan
base
in Pakistan's
banking industry

More than



2.20 Million
Likes

More than
1.44
Billion
Impressions

Meezan Careers
Facebook Page

More than
41,500 likes

25%
Growth
since 2020



Instagram

The
highest
number of
followers
amongst
all banks in
Pakistan



24%
Growth
since 2020

More than



96,700
Followers



twitter

More than



17,500
Followers



64%
Growth
since 2020

Key Figures at a Glance

	2021	2020	2019	2018	2017	2016
Profit and Loss Account						
Return on financing, investments and placements	110,073	106,589	94,270	48,625	36,427	31,027
Return on deposits and other dues expensed	41,152	41,740	47,731	20,457	15,684	13,239
Net Spread earned	68,921	64,849	46,539	28,168	20,743	17,788
Fee, commission, forex and other income	13,351	8,765	9,396	6,887	5,622	4,102
Gain / (loss) on securities - net and dividend income	1,541	1,307	(76)	575	2,002	1,622
Total income	83,813	74,921	55,859	35,630	28,367	23,512
Operating and other expenses	35,324	29,775	25,522	19,670	16,832	14,787
Profit before Provisions	48,489	45,146	30,337	15,960	11,535	8,725
Provisions / (reversals) and write offs - net	993	8,210	4,186	1,168	1,283	(218)
Profit before Taxation	47,496	36,936	26,151	14,792	10,252	8,943
Taxation	19,141	14,770	10,919	5,830	3,939	3,381
Profit after Taxation	28,355	22,166	15,232	8,962	6,313	5,562
Statement of Financial Position						
Islamic Financing and Related Assets - Gross	777,295	531,588	506,513	522,264	428,833	319,617
Total Assets	1,902,971	1,521,560	1,121,258	937,915	788,808	662,055
Total Deposits	1,455,886	1,254,431	932,579	785,477	667,181	559,398
Share Capital	16,269	14,147	12,861	11,692	10,629	10,027
Sub-ordinated sukuk	20,990	18,000	14,000	14,000	7,000	7,000
Total Shareholders Equity	86,558	69,155	59,015	40,333	35,077	30,474
Market Capitalization	218,188	147,754	122,348	108,022	71,321	67,422
Number of Staff	14,007	12,423	11,649	10,069	9,551	9,168
Number of Branches	902	815	760	660	601	571
Ratios						
Book Value (Rs)	53.2	48.9	45.9	34.5	32.3	28.1
Market Value per Share (Rs)	134.1	104.4	95.1	92.4	67.1	67.2
Price to Book Value Ratio	2.5	2.1	2.1	2.7	2.1	2.4
Cash Dividend (%)	60	60	50	35	30	30
Stock Dividend (%)	15	10	10	10	-	-
Right Shares at par (%)	-	-	-	-	6	-
Price Earning Ratio	7.7	6.7	8.8	13.3	12.1	12.3
Basic Earning per Share (Rs)	17.4	13.6	9.4	5.5	3.9	3.4
Net Spread to Gross Return (%)	62.6	60.8	49.4	57.9	56.9	57.3
Profit Before Tax to Gross Income (%)	38.0	31.7	25.2	26.4	23.3	24.3
Profit After Tax to Gross Income (%)	22.7	19	14.7	16	14.3	15.1
Operating & Other Expenses to Income before provisions (%)	42.2	39.7	45.7	55.2	59.3	62.9
Gross Financing / Advances to Deposit Ratio-ADR (%)	53.4	42.4	54.3	66.5	64.3	57.1
Investment to Deposit Ratio - IDR (%)	42.6	34.6	24.2	15.8	17.9	23.3
Capital Adequacy Ratio (%)	17.8	17.8	16.6	14.6	12.9	12.9
Return on Average Assets (%)	1.7	1.7	1.5	1	0.9	0.9
Return on Average Equity (%)	36.4	34.6	30.7	23.8	19.3	19.6

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

Rupees in Million

2015	2014	2013	2012	2011
32,893	28,487	23,016	21,592	17,809
15,181	15,539	12,658	11,385	8,666
17,712	12,948	10,358	10,207	9,143
3,617	3,387	1,971	1,413	1,347
971	1,432	1,539	986	1,158
22,300	17,767	13,868	12,606	11,648
13,313	10,402	8,128	6,925	5,903
8,987	7,365	5,740	5,681	5,745
535	467	93	451	1,389
8,452	6,898	5,647	5,230	4,356
3,429	2,328	1,690	1,722	965
5,023	4,570	3,957	3,508	3,391

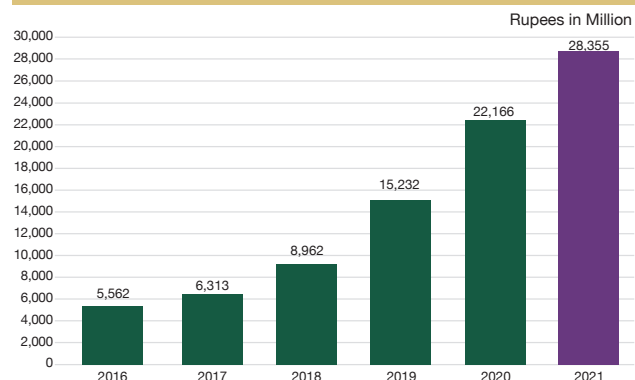
215,776	183,286	133,475	94,402	75,698
535,864	440,149	332,095	278,084	203,439
468,281	378,744	288,433	229,892	169,429
10,027	10,027	10,027	9,034	8,030
-	-	-	-	-
26,347	23,890	18,913	16,563	13,781
45,875	47,129	39,488	27,147	13,956
8,581	7,429	6,248	5,953	4,900
551	428	351	310	275

25.5	23.2	17.9	17.1	16.6
45.7	47	39.4	30.1	17.4
1.8	2	2.2	1.8	1.1
30	27.5	20	15	10
-	-	-	11	12.5
-	-	-	-	-
9.1	10.3	10	8.6	4.6

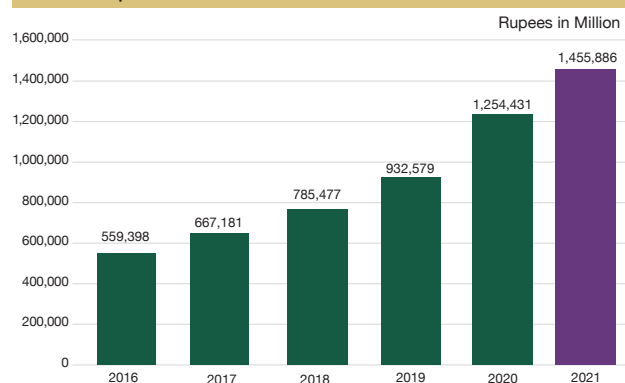
3.1	2.8	2.4	2.2	2.1
53.9	45.5	45	47.3	51.4
22.6	20.7	21.3	21.8	21.4
13.4	13.7	14.9	14.6	16.7
59.7	58.6	58.6	54.9	50.7

46.1	48.4	46.3	41.1	44.7
31.2	30.1	52.6	66.3	58.1
11	11.9	12.5	14.1	14.9
1	1.2	1.3	1.5	1.9
20	21.4	22.3	23.1	27.3

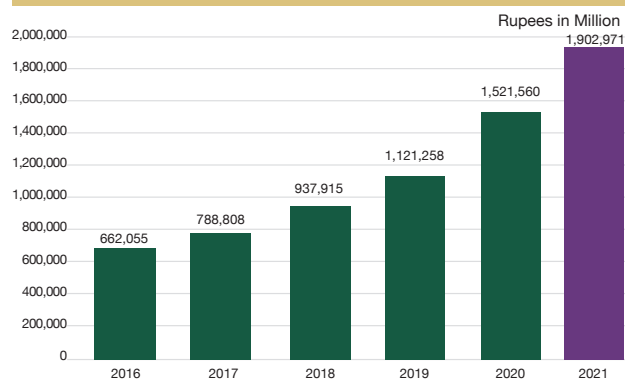
Profit After Taxation



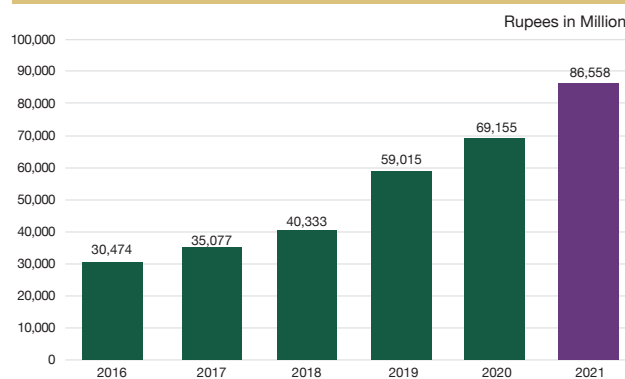
Total Deposits



Total Assets



Total Shareholders Equity



Six Years' Horizontal Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position

	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
		%		%		%		%		%		%
Assets												
Cash and balances with treasury banks	170,501	25	136,243	48	92,194	42	65,022	1	64,556	15	56,037	28
Balances with other banks	16,420	(16)	19,446	27	15,372	86	8,255	69	4,896	(59)	12,021	8
Due from financial institutions - net	238,402	(30)	342,069	53	223,689	21	184,815	26	147,229	14	129,115	28
Investments - net	620,132	43	434,208	92	225,646	82	123,743	4	119,238	(8)	130,156	(11)
Islamic financing and related assets - net	758,086	48	512,532	4	493,775	(4)	512,564	22	420,029	35	311,530	50
Fixed assets	33,958	44	23,568	1	23,285	77	13,129	16	11,364	34	8,470	11
Intangible assets	1,496	39	1,080	38	780	25	625	22	512	13	455	(1)
Deferred tax asset	175	(55)	390	100	-	(100)	983	-	-	-	-	-
Other assets - net	63,801	23	52,024	12	46,517	62	28,779	37	20,984	47	14,271	(21)
	1,902,971	25	1,521,560	36	1,121,258	20	937,915	19	788,808	19	662,055	24
Liabilities												
Bills payable	36,141	36	26,494	54	17,187	(28)	23,751	38	17,175	25	13,757	36
Due to financial institutions	220,414	133	94,501	125	42,047	15	36,408	(1)	36,813	15	32,006	135
Deposits and other accounts	1,455,886	16	1,254,431	35	932,579	19	785,477	18	667,181	19	559,398	19
Sub-ordinated Sukuk	20,990	17	18,000	29	14,000	-	14,000	100	7,000	-	7,000	-
Deferred tax liabilities	-	-	-	(100)	2,830	-	-	(100)	8	(99)	1,362	247
Other liabilities	82,982	41	58,979	10	53,600	41	37,946	48	25,554	42	18,058	5
	1,816,413	25	1,452,405	37	1,062,243	18	897,582	19	753,731	19	631,581	24
Net Assets	86,558	25	69,155	17	59,015	46	40,333	15	35,077	15	30,474	16
Represented by:												
Share capital	16,269	15	14,147	10	12,861	10	11,692	10	10,629	6	10,027	-
Reserves	23,393	15	20,424	12	18,207	20	15,161	13	13,369	38	9,700	13
Unappropriated profit	42,832	48	29,022	56	18,546	37	13,526	31	10,340	23	8,422	21
Surplus / (deficit) on revaluation of assets - net of tax	4,064	(27)	5,562	(41)	9,401	204 times	(46)	(106)	739	(68)	2,325	194
	86,558	25	69,155	17	59,015	46	40,333	15	35,077	15	30,474	16

Profit & Loss Account

	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
		%		%		%		%		%		%
Return on financing, investments and placements	110,073	3	106,589	13	94,270	94	48,625	33	36,427	17	31,027	(6)
Return on deposits and other dues expensed	(41,152)	(1)	(41,740)	(13)	(47,731)	133	(20,457)	30	(15,684)	18	(13,239)	(13)
Net spread earned	68,921	6	64,849	39	46,539	65	28,168	36	20,743	17	17,788	-
Fee, Commission, forex and other income	13,351	52	8,765	(7)	9,396	36	6,887	23	5,622	37	4,102	13
Gain / (loss) on securities - net and dividend income	1,541	18	1,307	1,820	(76)	(113)	575	(71)	2,002	23	1,622	67
Total income	83,813	12	74,921	34	55,859	57	35,630	26	28,367	21	23,512	5
Operating and other expenses	(35,324)	19	(29,775)	17	(25,522)	30	(19,670)	17	(16,832)	14	(14,787)	11
Profit before Provisions	48,489	7	45,146	49	30,337	90	15,960	38	11,535	32	8,725	(3)
Provisions and write offs - net	(993)	(88)	(8,210)	96	(4,186)	258	(1,168)	(9)	(1,283)	(689)	218	(141)
Profit before taxation	47,496	29	36,936	41	26,151	77	14,792	44	10,252	15	8,943	6
Taxation	(19,141)	30	(14,770)	35	(10,919)	87	(5,830)	48	(3,939)	17	(3,381)	(1)
Profit after taxation	28,355	28	22,166	46	15,232	70	8,962	42	6,313	14	5,562	11

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

Six Years' Vertical Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%
Cash and balances with treasury banks	170,501	9	136,243	9	92,194	8	65,022	7	64,556	8	56,037	8
Balances with other banks	16,420	1	19,446	1	15,372	2	8,255	1	4,896	1	12,021	2
Due from financial institutions - net	238,402	12	342,069	22	223,689	20	184,815	20	147,229	19	129,115	20
Investments - net	620,132	33	434,208	29	225,646	20	123,743	13	119,238	15	130,156	20
Islamic financing and related assets - net	758,086	40	512,532	34	493,775	44	512,564	55	420,029	53	311,530	47
Fixed assets	33,958	2	23,568	2	23,285	2	13,129	1	11,364	1	8,470	1
Intangible assets	1,496	-	1,080	-	780	-	625	-	512	-	455	-
Deferred tax asset	175	-	390	-	-	-	983	-	-	-	-	-
Other assets - net	63,801	3	52,024	3	46,517	4	28,779	3	20,984	3	14,271	2
Total Assets	1,902,971	100	1,521,560	100	1,121,258	100	937,915	100	788,808	100	662,055	100
Liabilities												
Bills payable	36,141	2	26,494	2	17,187	2	23,751	3	17,175	3	13,757	2
Due to financial institutions	220,414	12	94,501	6	42,047	4	36,408	4	36,813	5	32,006	5
Deposits and other accounts	1,455,886	76	1,254,431	82	932,579	83	785,477	84	667,181	84	559,398	84
Sub-ordinated Sukuk	20,990	1	18,000	1	14,000	1	14,000	1	7,000	1	7,000	1
Deferred tax liabilities	-	-	-	-	2,830	-	-	-	8	-	1,362	-
Other liabilities	82,982	4	58,979	4	53,600	5	37,946	4	25,554	3	18,058	3
	1,816,413	95	1,452,405	95	1,062,243	95	897,582	96	753,731	96	631,581	95
Net Assets	86,558	5	69,155	5	59,015	5	40,333	4	35,077	4	30,474	5
Represented by:												
Share capital	16,269	1	14,147	1	12,861	1	11,692	1	10,629	1	10,027	2
Reserves	23,393	2	20,424	2	18,207	2	15,161	2	13,369	2	9,700	2
Unappropriated profit	42,832	2	29,022	2	18,546	2	13,526	1	10,340	1	8,422	1
Surplus / (deficit) on revaluation of assets - net of tax	4,064	-	5,562	-	9,401	-	(46)	-	739	-	2,325	-
	86,558	5	69,155	5	59,015	5	40,333	4	35,077	4	30,474	5
Profit & Loss Account												
	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%
Return on financing, investments and placements	110,073	88	106,589	91	94,270	91	48,625	87	36,427	82	31,027	85
Return on deposits and other dues expensed	(41,152)	(33)	(41,740)	(36)	(47,731)	(46)	(20,457)	(37)	(15,684)	(36)	(13,239)	(36)
Net spread earned	68,921	55	64,849	55	46,539	45	28,168	50	20,743	46	17,788	49
Fee, Commission, forex and other income	13,351	11	8,765	8	9,396	9	6,887	12	5,622	13	4,102	11
Gain / (loss) on securities - net and dividend income	1,541	1	1,307	1	(76)	-	575	1	2,002	5	1,622	4
Total income	83,813	67	74,921	64	55,859	54	35,630	63	28,367	64	23,512	64
Operating and other expenses	(35,324)	(28)	(29,775)	(25)	(25,522)	(25)	(19,670)	(35)	(16,832)	(38)	(14,787)	(40)
Profit before Provisions	48,489	39	45,146	39	30,337	29	15,960	28	11,535	26	8,725	24
Provisions and write offs - net	(993)	(1)	(8,210)	(7)	(4,186)	(4)	(1,168)	(2)	(1,283)	(3)	218	-
Profit before taxation	47,496	38	36,936	32	26,151	25	14,792	26	10,252	23	8,943	24
Taxation	(19,141)	(15)	(14,770)	(13)	(10,919)	(10)	(5,830)	(10)	(3,939)	(9)	(3,381)	(9)
Profit after taxation	28,355	23	22,166	19	15,232	15	8,962	16	6,313	14	5,562	15

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

Review of Six Years' Performance

The summary of financial performance of Meezan Bank Limited over the last six years (2016 – 2021) is as under:

Statement of Financial Position

Assets

Total assets of the Bank recorded three fold increase as it grew to Rs 1.9 trillion in 2021 from Rs 662 billion in 2016 with Compound Annual Growth Rate (CAGR) of 23%. The gross Islamic financing grew to Rs 777 billion as compared to Rs 319 billion in 2016 - at a CAGR of 20% over last six years as a result of the Bank's cogent measures to increase its financing book. The Bank's Gross ADR ratio stands at 53% by end of 2021. The Bank has kept its cautious lending approach with the strategy to maintain a high quality diversified financing portfolio, and accordingly, the Bank's non-performing financing ratio improved to 1.86% in 2021 as compared to 2.14% in 2016. The financing portfolio is spread across all segments including Corporate, SME/Commercial and Consumer Financing (primarily Car Ijarah and Easy Home).

The investment portfolio of the Bank has also recorded substantial growth – from Rs 130 billion in 2016 to Rs 620 billion in 2021 at a CAGR of 37% - post regular issuance of GoP Ijarah Sukuk by the Federal Government of Pakistan. The Bank's sizable investment in Pakistan Energy Sukuk (guaranteed by the Government of Pakistan) in 2019 and 2020 also contributed to this growth. As of December 31, 2021 the Bank's total investment in GoP Ijarah Sukuk, GoP Bai Muajjal and Pakistan Energy Sukuk amounted to Rs 398 billion, Rs 64 billion and Rs 120 billion respectively. The Bank's investment to deposit ratio accordingly improved to 43% in 2021 as compared to 23% in 2016. The share of Placements under Secured Bai Muajjal (Due from Financial Institutions) in relation to Total Assets reduced to 13% in 2021 from 20% in 2016.

The Bank's fixed assets (excluding right-of-use assets recognized under IFRS 16) has increased to Rs 21 billion in 2021 from Rs 8 billion in 2016 primarily due to the Bank's sizable investment in its Branch network which reached to 902 branches in 2021 as compared to 571 branches in 2016 – an increase of 331 branches during period. This expansion in Branch Network has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years. The Bank's significant investment in technological infrastructure and digital channels (including Internet Banking and Mobile App) also contributed to this growth in fixed assets and intangible assets.

Liabilities

On liabilities front, deposits of the Bank grew at CAGR of 21% taking the Bank to the league of big banks in Pakistan. The Bank's deposits growth during 2016 to 2021 is significantly higher than the CAGR of 13% recorded in overall banking industry in the same period. More importantly, the Bank's current deposits grew at CAGR of 28% during the period from Rs 196 billion in 2016 to Rs 661 billion in 2021 and now comprise of 46% of total deposits of the Bank as compared to 35% in 2016. The Bank's branch expansion strategy and its commitment towards high standards of customer service duly complemented by unparalleled digital banking services has played pivotal role in its deposit growth. The Bank's wide range of deposit products caters every sphere of the country's population.

Post COVID-19 outbreak, in 2020 the SBP introduced various subsidized refinancing schemes to support the business with liquidity problems. These SBP measures were well supported by the Bank resulting in increase in balances under due to financial institutions. Resultantly, the total amounts due to SBP under these subsidized refinancing schemes amounted to Rs 102 billion in 2021 as compared to Rs 17 billion in 2016. The Bank also availed SBP's Shariah Compliant Standing ceiling facility of Rs 40 billion at end of 2021 – which along with increase in Musharakah based placements from other Banks also contributed to this growth. Accordingly, the total amounts due to financial institution

in 2021 stands at Rs 220 billion as compared to Rs 32 billion in 2016.

Due to significant growth in the Bank's business, the strategic direction set by the Board of Directors, and the enhanced capital adequacy requirement of the State Bank of Pakistan under Basel Framework; the Bank successfully issued subordinated Tier II sukuk and first ever Shariah-compliant Additional Tier I Sukuk to further strengthen its regulatory capital base. As of December 31, 2021 the total sub-ordinated sukuk stood at Rs 21 billion comprising of Rs 7 billion of Additional Tier 1 sukuk and Rs 14 billion of Subordinated Tier II sukuk. Accordingly, despite three fold increase in total assets in the period from 2016 to 2021, the Bank's Capital Adequacy Ratio is at comfortable level of 17.8% in 2021.

Equity

The Bank's total equity has also grown by almost three times from Rs 30 billion in 2016 to Rs 87 billion in 2021 representing CAGR of 23%. The Bank's Board and management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. This optimal capital / debt ratio provide reasonable assurance to depositors about safety and security of their funds and at the same time provide impetus to the management to invest these funds into profitable ventures without compromising the risk profile of the Bank. The Bank has maintained the record of unbroken payout since the date of listing on the Stock Exchange.

Profit and Loss account

The Bank's Profit after Tax has recorded five fold increase - from Rs 5.56 billion in 2016 to Rs 28.35 billion in 2021 with an average ROE of more than 20% during the six years' period while maintaining an unbroken payout to its shareholders.

In line with the growth in the Bank's assets, the net spread of the Bank grew at CAGR of 31% to Rs 69 billion as compared to Rs 18 billion in 2016. The Bank's net spread percentage improved from 57% in 2016 to 63% in 2021 on the ground of higher current account. The Bank's fee, commission, foreign exchange and other income grew significantly from Rs 4.1 billion in 2016 to Rs 13.3 billion in 2021, primarily due to the Bank's growing Trade Business which reached to Rs 1.7 trillion as compared to Rs 552 billion in 2016. The Bank's tremendous growth in digital banking business also played a significant role in the growth of fee income. The increase in over the counter branch banking customer fee also recorded substantial increase inline with the Bank's deposit growth.

The expansion in Branch network and significant investment in IT infrastructure to support the ever increasing banking transaction of our customers, resulted in increase in the Bank's operating expenses to Rs 35 billion in 2021 from Rs 14 billion in 2016. The inflation and rupee devaluation also contributed to these increase operating costs. The Bank now employs more than 14,000 staff across Pakistan thereby creating more employment opportunities in Pakistan. Despite the increase in operating expenses, the Bank's Cost to Income Ratio improved to 42% in 2021 from 63% in 2016.

The Bank, in line with the prudent practices historically adopted, further strengthened its NPL coverage ratio which stood at 133% in 2021 as compared to 118% in 2016. The Bank's direct contribution to national exchequer also increased manifold with the total taxation charge (including Super tax) for the year 2021 increasing to Rs 19.1 billion from Rs 3.3 billion in 2016 on account of higher profitability.

Financial Analysis

Statement of Financial Position

Total assets of the Bank grew by 25% to Rs 1.9 trillion while gross financings grew by 46% to Rs 777 billion. The gross Advance to Deposits ratio (ADR) of the Bank improved to 53% from 42%.

The Bank has followed a strategy of developing a financing portfolio that is well-diversified over various industry segments, while keeping all risk acceptance parameter in check. The Bank's non-performing financing ratio declined from 1.86% in 2021 from last year's 2.81% as the non-performing financings remained at the prior year-end levels despite significant growth in the overall financing portfolio.

Investment portfolio of the Bank also recorded a 43% growth, closing at Rs 620 billion, mainly due to sizeable investments in GoP Ijarah Sukuk after resumption of regular Sukuk auctions by the Government of Pakistan. This has also enabled the Bank to reduce its portfolio of secured placements under Bai Muajjal from Rs 342 billion in 2020 to Rs 238 billion in 2021.

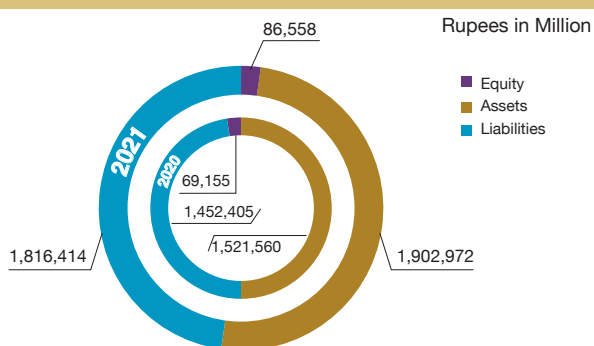
Total deposits of the Bank grew by 16% to Rs 1.46 trillion as compared to Rs 1.25 trillion last year. Major part of this growth came through an increase in Current Account deposits, which increased by 32% Rs 163 billion. Current Account deposits now comprise 46% of total deposits. Total Current and Savings Account (CASA) deposits registered an increase of 26% to close at Rs 1.2 trillion against Rs 959 billion last year. The CASA mix is now 83% of total deposits. The Bank has a market share of 7% of the total banking industry deposits and 35% of the Islamic banking industry deposits as a whole, including Islamic banking windows of conventional banks in Pakistan.

The Bank added 87 new branches to its network during the year, taking the network to 902 branches spread across 290 cities of the country, along with 964 ATMs. In addition to the physical network, the Bank has a strong presence in the digital space which has contributed to a two-fold increase in 'debit card spend' along with significant increase in Inter Bank Fund Transfers (IBFT) and utility bill payments through its digital channels. The Bank's Mobile Banking App has been consistently ranked as the No.1 Mobile Banking App in Pakistan by both Apple Store and Google Play Store.

Equity of the Bank increased to Rs 87 billion against Rs 69 billion a year ago. The Board has approved 15% (Rs 1.50) per share final cash dividend of for the year 2021, bringing the total payout for the year to 60% (Rs 6.00) per share as 45% (Rs 4.50) interim cash dividend was already paid during the year. This is in addition to issuance of 15% bonus shares during the year.

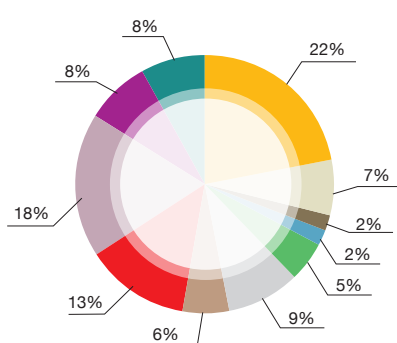
Meezan Bank is a well-capitalized institution with a Capital Adequacy Ratio of 17.81%, which is well above the minimum regulatory requirement of 11.50%. To further strengthen the capital base, the Bank raised an additional Rs 10 billion by issuing subordinated Tier II Sukuk while the previously issued Tier II Sukuk of Rs 7 billion (issued in September 2016) was redeemed during the year.

Statement of Financial Position

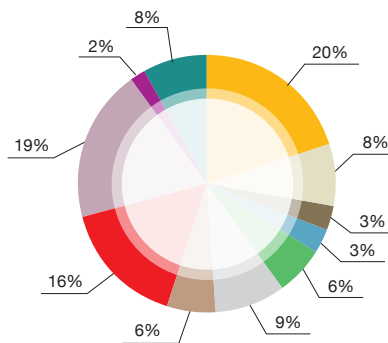


Islamic Financing and Related Assets (Gross)

2021



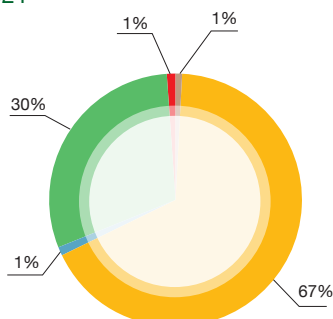
2020



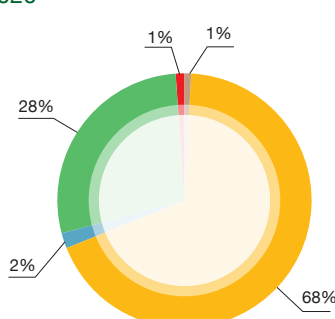
- Food
- Transport, Storage and Communication
- Cement
- Chemical and Pharmaceuticals
- Construction and allied industries
- Individuals
- Oil and Gas
- Power (electricity)
- Textile
- Wholesale and Retail Trade
- Others

Deposits

2021



2020



- Government
- Individuals
- Public Sector Entities
- Private Sector
- Others

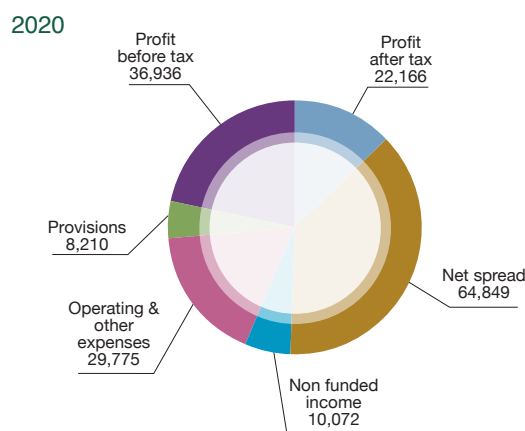
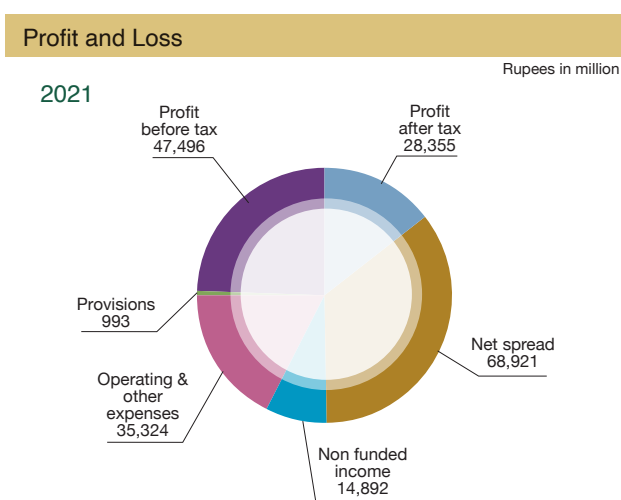
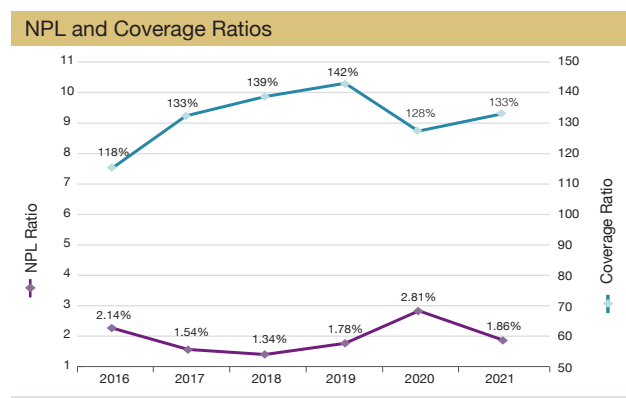
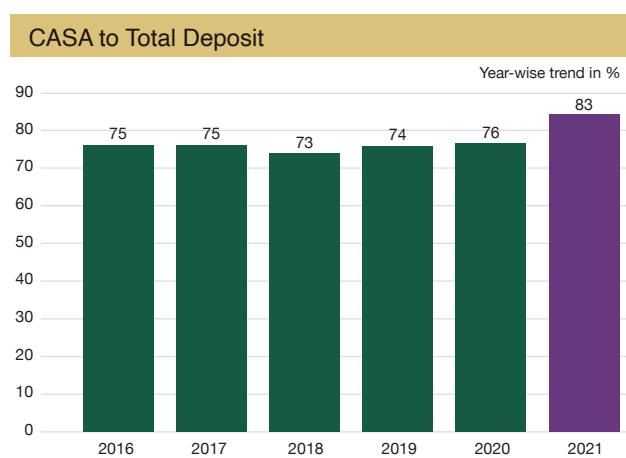
Profit and Loss Account

The Bank recorded profit after tax of Rs 28.35 billion as compared to Rs 22.17 billion last year – a growth of 28%. The return on average equity increased to 36.4% while Earnings Per Share on enhanced share capital was Rs 17.43 per share against Rs 13.62 in 2020.

The Bank's net spread grew by 6%, primarily due to strong balance sheet growth, complemented by higher average current account balance which enabled the Bank to maintain a healthy net spread, notwithstanding the lower average policy rate during the year. Fee, commission and other income on the other hand increased by 54% over last year with a major rise in trade, branch banking and debit card related fee income. The Bank's trade business also increased by 49%

during the year. The Bank recorded capital gain and dividend income of Rs 1.54 billion as compared to Rs 1.31 billion last year. On an overall basis, the Bank's non-funded income recorded an excellent growth of 48%, closing at Rs 14.9 billion as compared to Rs 10.1 billion in 2020.

Operating and other expenses increased to Rs 35.3 billion from Rs 29.8 billion, primarily due to increase in costs associated with branch expansion, investment in IT infrastructure, inflation and Rupee devaluation. The total tax charge for the year, including Super Tax charge, increased to Rs 19.1 billion as compared to Rs 14.8 billion due to the Bank's higher profitability.



DuPont Analysis

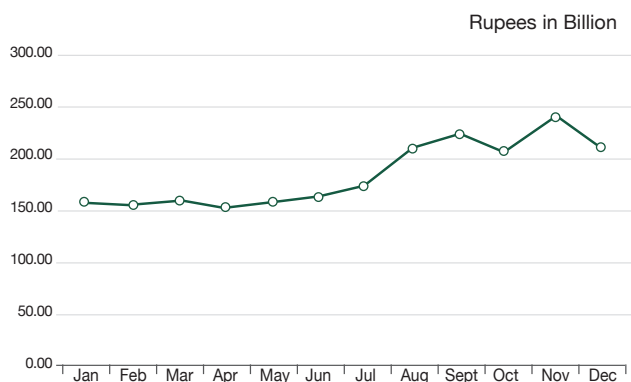
Description	2021	2020	2019	2018	2017	2016
Profit Margin - %	22.7%	19%	14.7%	16%	14.3%	15.1%
Asset turnover	0.07	0.09	0.10	0.06	0.06	0.06
Equity Multiplier - Times	22	20.6	20.7	22.9	22.1	21.1
ROE	36.4%	34.6%	30.7%	23.8%	19.3%	19.6%

Following are the main DuPont analysis highlights:

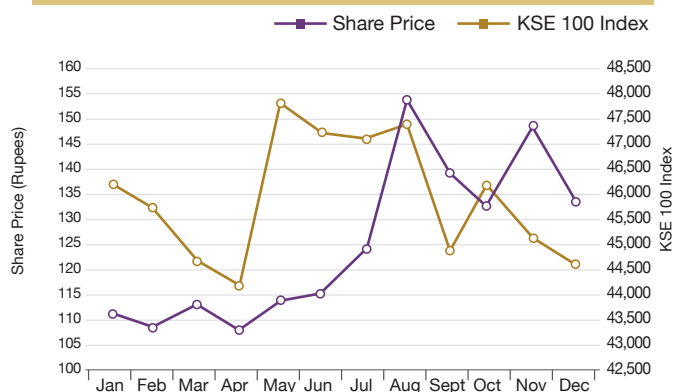
- The Bank's profit margin has increased in the current year
- The asset turnover has remained stable over last few years
- The equity multiplier is directly dependent on the Bank's equity in relation to total assets
- The Bank's Return on Equity is dependent on above mentioned three factors

Market Statistics of Meezan Bank's Share during 2021

Market Capitalisation



Share Price Sensitivity



	Share Price			Daily average volume	Number of trading days	Market Capitalisation	
	High	Low	Closing			Share Capital	Value
	Rupees					Rupees in Million	
Fourth Quarter	158.90	131.55	134.11	989,601	65	16,269	218,188
Third Quarter	165.00	114.03	139.93	1,103,130	61	16,269	227,656
Second Quarter	117.00	105.31	115.41	611,546	59	14,147	163,273
First Quarter	120.00	101.90	113.18	1,149,315	62	14,147	160,118

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

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

Allocation of Income and Expenses to Remunerative Depositors' Pool

For the year ended December 31, 2021

	2021	2020
	Rupees in '000	
Income from financing activities	38,409,877	43,196,111
Income from investments	39,750,947	26,639,661
Income from placements with financial institutions	24,654,260	29,442,719
Other income attributable to pools	4,330,174	3,446,880
Total Income	107,145,258	102,725,371
Less: Directly attributable charges to pools including takaful (Note)	(1,794,432)	(1,701,049)
Less: Profit on assets allocated to IERS and other special pools	(26,729,388)	(23,405,708)
Less: Profit share allocated to bank's equity and other pools in Mudarabah pools	(23,527,530)	(16,996,402)
Gross distributable Income	55,093,908	60,622,212
Mudarib (Bank) share of profit before hiba	27,734,239	30,673,762
Less: Hiba from Mudarib (Bank) share	(564,181)	(3,858,468)
Net Mudarib (Bank) Share of profit	27,170,058	26,815,294
Rab-ul-Maal share of profit	27,923,850	33,806,918
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositors' profit share in mudarabah pools	27,923,850	33,806,918

The Bank maintain following four remunerative general pools:

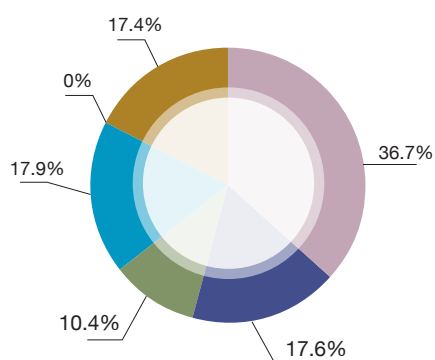
	Income earned	Profit share allocated to bank's equity and other pools in mudarabah pools	Mudarib share of profit	Hiba from Mudarib (Bank) share	Net Mudarib (Bank) Share of profit	Remunerative depositors's share in Mudarabah pool
	2021 Rupees in '000					
Rupee deposit pool	77,558,142	23,192,628	27,182,756	564,181	26,618,575	27,746,939
Dollar deposit pool	1,012,471	318,656	520,362	-	520,362	173,453
Pound deposit pool	37,280	9,865	24,673	-	24,673	2,742
Euro deposit pool	13,545	6,381	6,448	-	6,448	716
	<u>78,621,438</u>	<u>23,527,530</u>	<u>27,734,239</u>	<u>564,181</u>	<u>27,170,058</u>	<u>27,923,850</u>
	2020 Rupees in '000					
Rupee deposit pool	75,745,959	16,533,528	29,606,215	3,858,468	25,747,747	33,464,684
Dollar deposit pool	1,766,488	424,785	1,006,277	-	1,006,277	335,426
Pound deposit pool	79,181	26,827	47,118	-	47,118	5,236
Euro deposit pool	26,986	11,262	14,152	-	14,152	1,572
	<u>77,618,614</u>	<u>16,996,402</u>	<u>30,673,762</u>	<u>3,858,468</u>	<u>26,815,294</u>	<u>33,806,918</u>

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

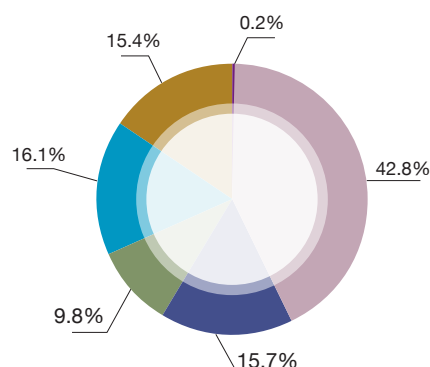
Statement of Value Added and Distributed

Value Added	2021 Rupees in '000	%	2020 Rupees in '000	%
Profit / return on Islamic financings, investments and placements-net of provision	109,079,717	97.4%	98,378,762	100.9%
Fee and commission income	9,352,808	8.3%	5,913,990	6.1%
Dividend income	1,192,467	1.1%	623,683	0.6%
Foreign exchange income	3,158,131	2.8%	2,153,669	2.2%
Gain on securities and other income	1,188,394	1.1%	1,380,547	1.5%
	123,971,517		108,450,651	
Operating and other expenses excluding salaries, depreciation, amortisation and workers welfare fund	(11,950,378)	(10.7%)	(10,999,110)	(11.3%)
	112,021,139	100%	97,451,541	100%
Value allocated as follows:				
To Depositors / Financial Institutions Profit on deposits and other dues expensed	41,151,438	36.7%	41,740,168	42.8%
To Employees Salaries, allowances & other benefits	19,660,123	17.6%	15,272,678	15.7%
To Shareholders Cash Dividend	9,514,013	8.5%	8,231,115	8.4%
Bonus Shares	2,122,084	1.9%	1,286,112	1.4%
	11,636,097	10.4%	9,517,227	9.8%
To Government Workers Welfare Fund	939,869	0.8%	872,949	0.9%
Income tax	19,140,588	17.1%	14,770,136	15.2%
	20,080,457	17.9%	15,643,085	16.1%
To Expansion Depreciation & Amortisation - owned assets	2,773,452	2.5%	2,402,705	2.4%
Retained in business	16,719,060	14.9%	12,648,379	13.0%
	19,492,512	17.4%	15,051,084	15.4%
To promote development and welfare of the society Donations	512	-	227,299	0.20%
	112,021,139	100%	97,451,541	100%

Statement of Value Added & Distributed 2021



Statement of Value Added & Distributed 2020



■ To Depositors/Financial Institutions ■ To Employees ■ To Shareholders ■ To Government ■ To Expansion ■ To Society

How We Distribute the Value Created

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

**Rs
112,021
Mn**



To the Economy

17.9% Rs 20,080 Million

A total of Rs 20,080 Mn in Income Tax & Workers Welfare Fund to Government, contributing to the development of the country's economy



To our Shareholders

10.4% Rs 11,636 Mn

We rewarded our equity shareholders with a cash dividend of Rs 6 (60%) per share and bonus shares at 15%



To Expansion

17.4% Rs 19,493 Mn

Depreciation & amortization - owned assets retained in business



To Depositors/ Financial Institutions

36.7% Rs 41,151 Mn

Profit paid to depositors and financial institutions



To Society

Rs 512,000

Donations to promote development and welfare of the society



To our Employees

17.6% Rs 19,660 Mn

Salaries, allowances & other benefits to Bank's employees amounted to Rs 19,660 Mn

Statement of Inventory

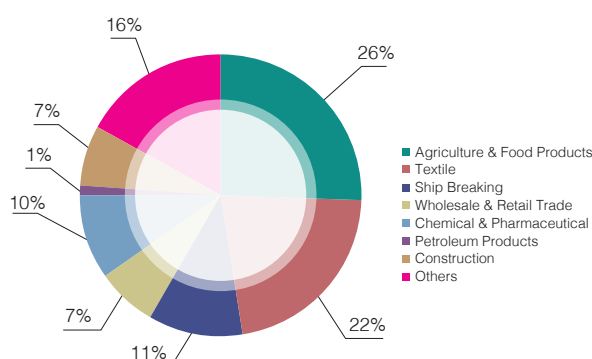
Meezan Bank Limited provides financing through various sale-based modes including Murabaha, Musawamah, Istisna, Tijarah, Salam, etc. Under these modes, the Bank either purchases the goods or gets them manufactured. Meezan Bank being a premier Islamic bank, has a diversified portfolio, well spread amongst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

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

The goods lying unsold at the date of the financial statements are carried as inventory in the financial statements of the Bank. The sector wise detail of inventory held by the Bank as at December 31, 2021 is as follows:

Sector	Nature of Inventory	2021 Rs in '000	2020 Rs in '000
Agriculture & Food Products	Corn, Sugar, Soybean, Ghee, Canola, Rice (Grain, Paddy), Wheat, Syrups, Oil Cake, Edible Oil, Meat, Seed, Flour	10,365,216	11,408,246
Textile	Cotton (Raw Cotton, Bales, Fabric, Yarn), Bed Sheets, Garments, Home Textile Products (Towels, Pillow Covers, etc)	8,863,254	5,372,612
Ship Breaking	Ship Scrap	4,526,344	4,850,463
Chemical & Pharmaceutical	Chemicals, Medicines, Paints, Fertilizer, Polymers	4,053,760	2,323,205
Construction	Iron & Steel, Sanitary items & Fittings, Pipes, Cement Bags, Construction Equipment	2,822,306	2,112,506
Wholesale & Retail Trade	Rock Phosphate, Coal, Caps and Corks, Confectionary Items, Medical Machinery	2,698,779	2,384,478
Petroleum Products	High Speed Diesel, Low Sulphur Furnace Fuel Oil, High Sulphur Furnace Fuel Oil, Premium Motor Gasoline	299,953	2,137,310
Others	Poultry Feed, Float Glass, Copper Wire, Bottle Caps, Battery Lead Panels, Electronic Components, Sport Goods, Cars, ATM Machines, Fans, Furniture, Foam, Fiber, Auto Spare, Tractors, Cleaning Products, Finished Leather, Hardware Parts, Paper, Plastic Products, Packaging & Material (Chip Boards, Glass Vials, Glass Bottles)	6,696,526	5,167,372
Grand Total		40,326,138	35,756,192

Sector-wise Breakup



Statement of Financing Portfolio Income

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

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

Rs in Million

Islamic mode of financing	Amount	2021 %	Amount	2020 %
Diminishing Musharakah	12,297	28.4%	12,963	27%
Running Musharakah	9,123	21%	11,551	24%
Ijarah	5,561	12.9%	4,773	9.9%
Istisna	3,719	8.6%	6,608	13.7%
Musawamah	3,394	7.8%	2,592	5.4%
Wakalah	3,051	7%	4,951	10.3%
Murabaha	2,665	6.2%	1,033	2.1%
Tijarah	713	1.7%	1,176	2.4%
Salam	635	1.5%	947	2%
Others	2,173	4.9%	1,479	3.2%
Total	43,331	100%	48,073	100%

A PRODUCT MATRIX THAT DISTINGUISHES US

Meezan Bank establishes distinct and meaningful relationships with different customers; specifically designed to meet financing needs of our valued customers. Our wide range of Shariah-compliant products can be classified under four broad categories based on the distinct relationships formed with the customers.

SALE-BASED

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

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

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

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

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

PARTNERSHIP-BASED

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

RENT-BASED

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

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

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

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

SERVICE-BASED

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

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

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



Strategy & Resource Allocation

Strategic Objectives	76
Strategies in Place	76
Resource Allocation	76
Key Performance Indicators and Future Relevance	77
Competitive Landscape & Market Positioning	78
SWOT Analysis	78

Strategic Objectives

Meezan Bank focuses on specific formulation and precise execution of strategy. To that end, the Bank ensures that its direction and pace are geared towards not just producing optimum performance in the present but readying the organization for the future. For the present, Meezan Bank closely monitors its performance against established benchmarks and specific KPIs, and recalibrates its resource allocation and energies to respond to a shifting environment. For the future, the organization deliberates its strategic priorities periodically and ensures alignment of the growth imperative with the organizational Vision and Mission.

Long Term Objectives

- Establish Islamic banking as the banking of first choice
- Protect and augment Meezan Bank's brand by maintaining its Core Values of Shariah-compliance, Integrity and Service Excellence

Medium Term Objectives

- Establish itself as the best customer franchise by offering innovative, value-added services
- Collaborate with educational institutes to nurture Islamic bankers

Short Term Objectives

- Provide financial solutions to fulfill needs and expectations of an increasingly technology-oriented customer base
- Ensure consistent profitability to exceed shareholder and market expectations



Strategies in Place

Pakistan's population is dominated by the young whose expectations from banking have been shaped by the ease, intuitiveness and responsiveness of digital platforms. The pandemic has introduced digital technologies to more segments, resulting in a paradigm shift for the traditional banking industry. At Meezan Bank we have risen to the challenge to provide digital services in an increasingly digital world by looking at what the most dynamic and purposeful clientele of the Bank could wish for.

Furthermore, Meezan Bank routinely conducts awareness sessions on Islamic banking throughout Pakistan, engaging audiences from all professions and age groups.

Moreover, Meezan Bank reviews its product base and services for constant alignment with fluid market dynamics, all to offer products to not just satisfy its customer base but also stay ahead of the market.

Resource Allocation

Human Capital

- Enhancing employee base
- Work-from-home facilitation
- Rs 27 million investment in learning & development
- Employee benefits



Manufactured Capital

- 87 New Branches
- 946 biometric & cardless services enabled ATMs
- Call Centres, Premium Banking and Consumer Finance Centres
- State-of-the-art Data Centres
- 41.6% share of e-commerce spend on debit cards in industry*
- Biggest discounts program among banks issuing only debit cards



Financial Capital

- Rs 28,355 million net profit
- Rs 86,558 million total equity



Natural Capital

- 59 branches and Head Office converted to Solar Power
- Cumulative solar capacity in FY20: 1,140 KW



Intellectual Capital

- Highest rated Mobile Banking App in Pakistan on App Store and Play Store (4.9 rating out of 5)
- 80% of all transfers take place digitally
- 38% increase in migration of customers to digital platforms



Social and Relational Capital

- CSR initiatives executed through public-private partnerships
- Multiple Security Awareness & Financial Literacy Campaigns for customers
- 16.3 Million awareness SMS sent in 10 different awareness campaigns to customers
- First dedicated Islamic Banking Youtube Channel in the country











Key Performance Indicators and Future Relevance

Meezan Bank tracks its key performance indicators at multiple levels so that smart business decisions may be made regarding the direction of all current and future projects.

Strategy	Initiative	KPIs	Future Relevance
Ensure profitability	Meezan Bank will look to optimize its returns on equity and assets, increasing its net non-funded income to maximize the impact of each rupee invested and remain one of Pakistan's most profitable banks.	<ul style="list-style-type: none"> ROA ROE NFI CASA mix 	✓
Maintain growth momentum	Meezan Bank will maintain its upward trajectory in terms of deposits.	<ul style="list-style-type: none"> Deposits in PKR 	✓
Maintain quality of financing portfolio	Meezan Bank will further optimize its financing portfolio mix, allocating an increasing share of its assets into lines with greater returns, enhancing its Assets to Deposit Ratio.	<ul style="list-style-type: none"> Financing mix ADR NPL 	✓
Increase brand value and customer confidence	Meezan Bank will keep protecting and augmenting its brand value by adhering to its lofty Shariah-compliance and customer care standards.	<ul style="list-style-type: none"> Brand Equity 	✓
Enhance customer services	Meezan Bank interacts deeply with all business segments, and determines the Net Promoter Score so as to retain focus on what customers really value. Customer feedback is collected continuously and studied to determine where and in what form would a given organizational response provide the greatest value for customers, ultimately leading to redesigning processes.	<ul style="list-style-type: none"> NPS Platinum, Gold and Indigo branches 	✓
Enhance interdepartmental coordination and controls	Enhancing internal synergies and cross-functional coordination leads to efficiencies, ultimately enjoyed by the customer as superior customer care. This is an area Meezan Bank will keep on improving, to redefine process flows, reduce errors, improve time-to-market and enhance compliance.	<ul style="list-style-type: none"> Error rate Surveys Process flows reviewed / automated 	✓
Enrich human and organizational capital	Meezan Bank considers its employees its assets, and strives to train and retain them, providing them a learning yet challenging environment.	<ul style="list-style-type: none"> Retention Employee Satisfaction Survey 	✓

Areas of Focus

During 2021, the key areas that the Board focused on included:

 Strategic Direction	 Cyber Security
 Digital Banking	 Regulatory and External Affairs
 Sustainability	 Employee Capacity Enhancement
 Risk Review and Monitoring	 Annual and Quarterly Accounts Reporting

Competitive Landscape & Market Positioning

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

Political

The environment Meezan Bank operates in is many ways a typical developing nation scenario. Slow economic growth, abundant natural and human resource potential awaits optimum channelization by policy makers, while institutional gaps cause less than ideal situations for not just commerce and industry but in many other aspects of communal life.

Economic

Economic slowdown, cautiousness among national and international commercial actors, lower interest rates, increasing oil prices, lockdowns, increase in non-performing loans and spending cuts are all factors contributing to the Bank's economic impact.

Social

A majority of the country's population lies within the 23-55 age bracket which is increasingly technology oriented. This has increasing implications for traditional banks including growing influence of social media and increasing customer expectations implying that Banks will have to compete with technology companies looking to operate in the financial space.

Technological

Innovation, artificial intelligent, increasing adoption of digital banking channels, product development, automation, growing

information security threats have had a major impact for the Bank's operating environment. The Government and Central Bank are also focused towards financial inclusion working hand-in-hand with banks to promote banking channels.

Environmental

Pakistan is considered to be amongst the countries at the highest risk of crises emanating from climate change. With increasing demand for green banking and green lending, the State Bank of Pakistan circulated the Green Banking Guideline for Financial Institutions by which the Environmental Impact Assessment has been made a mandatory legal requirement for specific industries in Pakistan.

Legal

In an effort to ensure financial crime prevention, the Bank has taken steps to combat trade-based money laundering. The drive to ensure ease of business and financial inclusion has resulted in a lot of activity, and it is expected that innovation, progressive banking regulations and an increased awareness among the general population will allow the banking industry to provide more efficient solutions such as the Roshan Digital Account initiative, which breathed fresh life into the prospect of serving the Pakistani diaspora.

SWOT Analysis

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

S

STRENGTHS

Largest Islamic Bank of Pakistan

Shariah credibility

Dedicated Shariah Board comprising of world-renowned Shariah scholars

The Highest-rated Mobile Banking Application in Pakistan

Comprehensive services and product portfolio

W

WEAKNESSES

Lack of availability of human resources having specialized knowledge related to Islamic banking

Surplus liquidity with limited investment opportunities

O

OPPORTUNITIES

General acceptance and increased demand for Islamic banking products

Digital banking

Growing local and international Islamic banking market

T

THREATS

Increased competition in Islamic banking from conventional banks

Increased security concerns with respect to increase in demand of digital transactions

COVID-19-style pandemic, debilitating the whole business environment

Risk Management

Risk Management Framework	80
Risk & Opportunity Report	81
Business Continuity Management	81
Pandemic Recovery Plan by the Management and Policy Statement	82
Responding to Critical Challenges and Uncertainties	82

Risk Management Framework

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

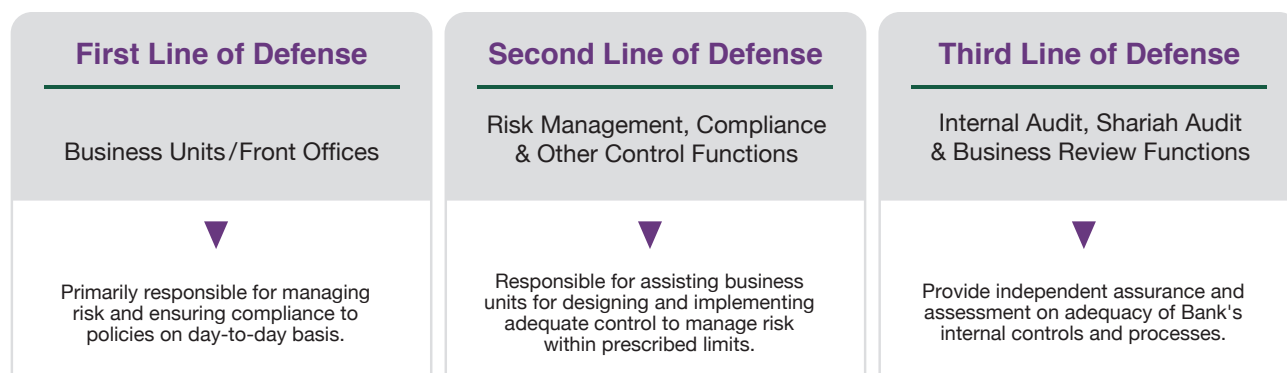
The Board has established specialized committees with well-defined terms of reference that report directly to it and perform functions on its behalf which mainly include Board Risk Management Committee and Board IT Committee which, amongst other IT and digital banking related matters, ensure that cyber security risk management strategies are designed and implemented. The Bank's risk governance is mainly exercised through the following management committees:

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

For detailed Terms of Reference, please refer to the Management Committees & Board Committees sections in the Annual Report 

The Bank's Risk Management Department operates within a Board approved Risk Appetite Framework that identifies the key risks of the Bank, its risk tolerance and defines the appropriate risk limits and controls.

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



Meezan Bank has been designated as Domestic Systemically Important Bank (D-SIB) by State Bank of Pakistan for 2021-2022, after being designated as Sample D-SIB for last three (3) years. This designation requires the Bank to hold an additional 1.0% capital by June 30, 2022, over and above minimum Capital Adequacy Ratio prescribed by the Regulator. The Bank has comprehensive Recovery Plan in place dealing with various crisis scenarios along with early warning signals and appropriate remedial actions. It also has in place Board approved Internal Capital Adequacy Assessment Process and Risk Appetite Statement. The Bank has been continuously improving upon its Stress Testing Framework to capture the impact of various shocks on the Bank's financing and investment portfolio, capital adequacy and liquidity. Moreover, Macro Stress Testing scenarios have also been developed to monitor the impact of change in macro-economic variables on the financial position of the Bank.

Risk Management Group (RMG) is mandated to implement this framework as a function, independent of commercial lines of business. RMG continued its efforts by mainly focusing on

improving policies and procedures, limit structuring and strengthening systems and controls. Under Risk Management Group, the credit risk function caters corporate, investment banking, commercial & SME, agriculture, supply chain and consumer business segments. The Bank has in place automated financing approval system for corporate, commercial, SME, agriculture and supply chain customers that has brought significant improvements in customer facilitation. Enterprise Risk Management (ERM) under RMG caters to market, liquidity, financial institutions, country, operational and business continuity risks. ERM function also deals with Basel implementation, capital strategy formulation and development of risk related policy framework.

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

Risk and Opportunity Report

At Meezan Bank, risk and opportunity management is one of our key activities. Based on the internal and external environment, the Bank's Governance works to identify and mitigate the risks to formulate a strategy that is both risk-responsive and opportunity-aware.

Key Sources of Uncertainty

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

Year 2021 continued to be challenging due to the pandemic and its continued adverse impact across the globe. However, due to mass vaccination, the impact of COVID-19 was seen to decrease during the second half of 2021.

The response to contain the adverse impact of pandemic by the Government and State Bank of Pakistan was impressive. The decision of smart lockdown and reopening of businesses in phases resulted in less than expected adverse impact on the economy. Various relief measures ranging from drastic cut in policy rate in 2020 and maintaining the same in first half of 2021 to promotion of digital channels for banking transactions, helped to significantly sustain the economy during the pandemic. The banking sector proactively responded to the regulatory measures and continued its journey of growth and profitability. Continuous flow of GoP Ijarah Sukuks provided much needed relief to the Islamic banks in managing their excess liquidity. During the second half of 2021, adverse movement in exchange rate, significant increase in trade deficit due to remarkable increase in imports and significant hike in commodity prices resulted in inflation.

Despite economic challenges, Meezan Bank continued to grow by increasing its deposit and financing base along with the growth in its branch network nationwide. Moreover, the Bank proactively took part in Government financing schemes like Prime Minister's 'Mera Pakistan Mera Ghar', 'Islamic SME Asaan Finance', and car & house financing schemes under Roshan Digital Accounts as well.

In 2022, the management of fiscal account, external funding, policy rate, level of inflation and FX Reserve position, will be the key determinants for the economy of Pakistan and banking sector. Repricing of assets at higher rates may result in higher profitability for banking sector however it may also result in higher credit risk and weaker demand for financing.

Statement of Board of Directors on Risk Assessment

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

Materiality Approach

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

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

Business Continuity Management

The COVID-19 pandemic has strategically transformed the means to manage continuity of important business operations while ensuring minimal impact of the same. While demonstrating preparedness and full functionality in the event of continuing pandemic, Meezan Bank has implemented enhanced Business Continuity Management plans to ensure uninterrupted operations. The Bank has implemented well-defined, approved plans, effective decision-making processes, outlined description of distressed scenarios and roles and responsibilities of various functions, so as to ensure coordinated efforts among stakeholders and operational continuity in case of any disruption. Simultaneously, the Bank has also been able to leverage on its technology infrastructure and improve upon its IT Disaster Recovery Set-up, to develop the right contingency plans and mitigating actions beforehand.

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

Business Continuity Plan

The Business Continuity Plan (BCP) is regularly updated, based on current situations to ensure human resource, infrastructure and organizational readiness at all times and levels. It applies to all departments and branches at Meezan Bank. The BCP remained active throughout the year. Staff were segregated into work from office, work from home and work from alternative processing sites.

The Bank continued to closely monitor the pandemic situation and proactively managed its operations. Strict compliance of COVID-19 Standard Operating Procedures (SOPs) were implemented for staff and customers across all offices and branches of the Bank to ensure that employees and customers nationwide would be able to adapt and manage the pandemic risk without compromising on their well-being. A proactive approach to ensure all facilitation to customers through continuous improvements and expansion in business continuity arrangements played a very important role in achieving brilliant performance of the Bank during the year 2021.



Pandemic Recovery Plan by the Management & Policy Statement

Policy Statement

Facilitate organized and speedy response in the event of any pandemic situation to ensure safety and health of staff, their families, customers and suppliers/vendors while ensuring continuity of critical banking operations and to mobilise all necessary resources to ensure business continuity.

Pandemic Recovery Plan

The Bank has developed a comprehensive recovery plan that provides a governance structure and set of directions to tackle the economic, fiscal and social fallouts of the pandemic to protect the interests of its customers and business. Pandemic Recovery Plan is therefore an integral part of the overall recovery plan. It provides a proactive approach by developing crisis scenarios and assigning specific responsibilities for the recovery of critical functions in case of such events. It encompasses recovery options, challenges/risk involved, ownership, roles and responsibilities, execution time and reporting and communication strategy.

Under the Pandemic Recovery Plan, the Bank implemented rules for containment of COVID-19 including work-from-home policies for the staff. Business Continuity Plan was activated to ensure continuity of critical operations from various alternate processing sites. The Bank remains committed to providing a safe and secure working environment for all employees and to this end provided medical assistance for its employees under which all COVID-19 related tests and hospitalisation expenses were covered by the Bank irrespective of the individual's hospitalisation limit. The Bank also carried out a vaccination drive for staff members and their immediate family members i.e., spouse and dependent children. Further, in coordination with the Provincial Government, the Bank sponsored and established vaccination centres at various locations throughout Karachi.



Responding to Critical Challenges and Uncertainties

Meezan Bank is fully cognizant of the critical challenges and the high level of uncertainty surrounding the pandemic. Throughout 2021 the Bank focused on building a balanced target portfolio across customer segments and remained cognizant of the added importance of risk management function. Where necessary, the Bank recalibrated its underlying policies, frameworks and tools in an effort to manage shareholder expectation all the while ensuring health and safety of its staff, customers and their families.

The Bank has alternate processing sites and recovery plan in place that makes the Bank equipped to manage any eventuality on an ongoing basis. On the economic front, volatility in profit benchmark rates will always be a major concern as it translates into market risk. Higher profit benchmark rates may also result in adverse impact on paying capacity of financing customers translating into high risk of Non-Performing Financing. Considering the Government's focus on complying with FATF conditions and on account of changing regulatory environment, the Bank has been further fine-tuning its compliance tools, techniques and systems.

The Bank's digital offering during the year was designed to ensure that employees and customers were facilitated without

significant disruption. Considering the exponential growth in digital banking, banks have been exposed to elevated information security and cyber-crime risks. To mitigate these, the Bank undertook a number of actions including periodic vulnerability assessment, penetration testing and awareness sessions for the Staff. The Bank has an independent Information Security Department responsible for monitoring and analysing its information security position on an ongoing basis.

Sustaining high level of asset quality on account of macro environment and, sector & customer specific uncertainties is also a critical challenge. The Bank has equipped itself through robust risk assessment mechanism, limits structuring, four eye financing approval mechanism and post disbursement monitoring to minimize the level of its non-performing assets portfolio.

Employee training and development will continue to be priority at the Bank, ensuring their competitiveness and ability to face new challenges and uncertainties. The Bank has a competitive compensation plan and reward policy to ensure retention of existing staff and continues to hire the best human resources from the industry.



Governance

Board of Directors	84
Shariah Board	88
Terms of Reference of Shariah Board	90
Board Committees	91
Management Committees	93
Best Corporate Governance Practices	95
Board Composition	95
Performance Evaluation of the Board of Directors	96
Roles and Responsibilities	97
Performance Review of the President and CEO	98
Election of the Board of Directors	98
Other Matters related to Corporate Governance	99
Report of the Board Audit Committee	101
Review Report to the Members	102
Statement of Compliance with Listed Companies	
Code of Corporate Governance	103
Statement of Internal Controls	105
Shariah Board Report	106
Shariah Board Report (Urdu)	112
Statement of Sources and Uses of Charity Fund	113
Policies and Guidelines	114
Standards of Ethics, Business Practices &	
Code of Conduct	114
Guidelines on Whistle Blowing	116
Guidelines for Safety of Records of the Company	116
Summary of Corporate Social Responsibility Policy	116
Summary of Sustainability Policy	117
Summary of Green Banking Policy	117
Summary of Information Security Policy	117
IT Governance Policy	118
Salient Features - Directors' Remuneration Policy	119

Board of Directors

Mr. Riyadh S.A.A. Edrees Chairman/Non-Executive Director

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

Mr. Riyadh S.A.A. Edrees holds a B.Sc. degree in Chemical Engineering from Newcastle Upon Tyne University, U.K. and M.Sc. in Chemical Engineering from Kuwait University. His skills and experience encompass a wide range of industries and various roles which include:

Current Directorships:

- Deputy CEO, National Industries Group Holding - Kuwait
- Board Member, Privatization Holding Company - Kuwait
- Chairman & CEO, Ikarus Petroleum Industries - Kuwait
- Chairman, IT Partners Information Technology Company - Kuwait
- Chairman, Middle East Complex for Engineering, Electronics and Heavy Industries Company - Jordan
- Board Member, Noor Financial Investment Company - Kuwait
- Board Member, Sahara International Petrochemical Company (SIPCHEM) - KSA
- Advisory Board Member, Cleantech I & II Zouk Venture Limited - U.K.

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

Mr. Faisal A.A.A. Al-Nassar has been a Director of Meezan Bank since March, 2015. He is Vice Chairman of the Board and Chairman of the Risk Management Committee as well as member of the Audit Committee and Information Technology Committee of the Board. Mr. Faisal A. A. A. Al-Nassar has a Bachelor's degree in Accounting and Finance from Kuwait University and has held

many senior management positions in the finance industry including Corporate Affairs Executive Manager at National Industries Group Holding Co., Auditor for government agencies in Kuwait Bureau of Accountancy and Head of Taxation Department, Ministry of Finance, Kuwait.

Current Directorships:

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

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

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

Mr. Bader H.A.M.A. Al-Rabiah has a strong academic background

in accounting and a focused experience in investments honed over the past 14 years. He was involved in establishing the Real Estate Investment Department at Noor Financial Investment Company and served as the Chairman at Arab Investment, Real Estate and Agricultural Development Group, Egypt.

Current Directorships:

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

Mr. Mubashar Maqbool Non-Executive Director

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

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

like Citigroup, Samba Financial Group, Habib Bank Limited, etc. both in Pakistan and abroad.

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

Current Directorships:

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

Mr. Naveed Iftikhar Sherwani Non-Executive Director

Mr. Naveed Iftikhar Sherwani joined the Board of Directors of Meezan Bank as Director in April, 2021. He has over 35 years of experience in Islamic and conventional banking of local and foreign banks. This includes over 15 years of working experience at the front end of Corporate, Commercial & SME segments and last 20 years his expertise has moved to risk management.

Mr. Naveed has worked at various key senior roles with different local and foreign banks, such as Team Leader CIBG, Faysal Bank Limited; Country Head Risk Asset Review, Senior Credit Officer at Union Bank Limited/Standard Chartered Bank Pakistan Limited, Country Head Corporate Banking, Country Head Risk-SME/Commercial during two different stints with NIB Bank Limited; Head of Credits for Corporate & Investment Banking and Islamic

Banking at Bank Alfalah Limited, Chief Risk Officer at Dubai Islamic Bank Pakistan Limited. Since 2016 working with Pakistan Kuwait Investment Company Pvt. Limited as Chief Risk Officer. He has also represented PKIC as a Nominee Director on the Board of The General Tyre and Rubber Company of Pakistan Limited from October 2019 to September 2020. He has also performed due diligence exercise for some major local banks in Pakistan.

Mr. Naveed Sherwani holds Master's degree from Karachi University and has also attended various international and local trainings/seminars related with banking and management. Mr. Naveed Sherwani has also attended the Director Orientation Workshop arranged by Pakistan Institute of Corporate Governance (PICG).

Mr. Faisal Fahad Al-Muzaini Non-Executive Director

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

Mr. Al Muzaini holds a Bachelor Degree in Business Administration from Gulf University for Science and Technology and a PLD

Harvard Business school Alumni. He has more than 15 years' experience of working in Investments and Corporate Finance and has held various senior management positions.

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

Mr. Mohamed Guermazi Non-Executive Director

Mr. Mohamed Guermazi joined the Board of Directors of Meezan Bank in 2018. He is also a member of the Audit Committee of the Board. He is currently serving as 'Lead Awqaf Investment Specialist' in the Islamic Development Bank (IsDB). He is also serving as a Member of the Board of Irada for Microfinance Co. Ltd., which is part of the Bank of Khartoum Group in Sudan, and the Board of the Waqf BID Guinée (WBG), a not-for-profit organization to support the development of education and health sectors in Guinea.

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

Before joining the IsDB in 2010, and over 15 years, he served as Director of Equities, Asset Management, Treasury, and Financial Markets at Banque de Tunisie, one of the most prominent private

commercial banks in Tunisia. Besides his operational responsibilities within Banque de Tunisie, he also served as Chairman of the 'Société de Bourse de Tunisie' - a subsidiary of the bank specialized in brokerage in securities; General Manager and Chairman of the Board of 'Placements de Tunisie' - an affiliated investment company; Board Member and Chairman of the Audit Committee of ASTREE Insurance company; Board Member of the Tunis Stock Exchange, as well as Board Member of several companies in which Banque de Tunisie holds a participation of reference.

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

Current Directorships:

- Board of the Waqf BID Guinée (WBG) - Guinea
- Irada for Microfinance Co. Ltd. - Sudan

Mr. Mohammad Abdul Aleem Independent Director

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

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

Mr. Abdul Aleem is currently the CEO and Secretary General of Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within both Exxon Chemicals and Engro Corporation, serving in both Singapore and Pakistan. Thereafter, he has worked with British American Tobacco Group UK (BAT) in Pakistan and overseas, where he ultimately served as

CEO of BAT Operations in Cambodia, Mauritius, and Indian Ocean territory. Since 2004, he has served in senior positions with large Government-owned organizations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Ltd.

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

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

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

Ms. Nausheen Ahmad Independent Director

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

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

Having spent over three decades in the corporate sector, Ms. Ahmad brings with her a tremendous amount of experience and expertise in the legal field, as well as proven leadership skills.

She began her legal practice with the corporate law firm Surridge and Beecheno. Later, she went on to hold the position of Legal Counsel at Pakistan Petroleum Ltd., Unilever Pakistan Ltd., ICI Pakistan Ltd. and Habib Bank Limited as the Company Secretary and General Counsel.

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

Current Directorships:

- International Steels Limited (ISL)
- Altern Energy Limited (ALTN)
- Jubilee General Insurance Company Limited (JGICL)

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

Mr. Yousef S. M. A. AlSaad joined the Board of Directors of Meezan Bank as an Independent Director in November, 2021.

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

Mr. AlSaad has completed various local and international training

courses from institutes including Harvard Kennedy School, SCOR Global P&C, JP Morgan & Chase Co., Wellington Institute and The Blackstone Group.

He brings over 14 years of Investment and Finance expertise, having held several key management positions over the span of his career, including prior entrepreneurial experience in various areas.

Current Directorships:

- Chief Executive Officer - Al Ahleia Insurance Company (S.A.K.P.) - Kuwait
- Board Member - Al Etihad Co-operative Insurance (PLC) - Kuwait
- Vice Chairman and Managing Director - Trade Union Holding Company (B.S.C.) - Kuwait

* The Bank has already submitted application for the Fit and Proper Test of the Director to the State Bank of Pakistan which is in process of reviewing the same.

Mr. Irfan Siddiqui President & CEO/Executive Director

Mr. Irfan Siddiqui is the founding President and CEO of Meezan Bank. He is also a member of the Information Technology Committee and of IFRS 9 Implementation Oversight Committee of the Board. Having articulated with Coopers & Lybrand, London from 1975 - 1979, Mr. Irfan Siddiqui qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He has held several senior

management positions including Chief Executive Officer at Al Meezan Investment Bank Limited, General Manager at Pakistan Kuwait Investment Company, Chairman, Al Meezan Investment Management Advisor to the Managing Director at Kuwait Investment Authority, Manager Finance and Operation at Abu Dhabi Investment Company and Senior Business Analyst at Exxon Chemical (Pakistan) Ltd.

Current Positions:

- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Member of Government of Pakistan Advisory Committee of the Planning Commission
- Member of IBA Centre of Excellence in Islamic Finance, (CEIF), Board of Management
- President of the Islamic Finance Association of Pakistan
- Member of Government of Pakistan sub-committee on awareness, training and capacity building for Promotion of Islamic Banking in Pakistan
- Council Member, Institute of Bankers Pakistan (IBP)
- Chairman, Institute of Bankers Pakistan (IBP) HR Committee
- Member of Steering Committee of Housing & Construction Finance
- Chairman of Steering Committee on Media Campaign - Improving Islamic Finance Literacy
- Member of State Bank of Pakistan, Electronic Warehouse Receipt Financing Implementation Task Force (ETF)
- Member of Securities & Exchange Commission of Pakistan, Capital Market Advisory Council
- Member of Ministry of Finance Steering Committee for Establishment of Hajj Fund

Other Recent Offices held:

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



During the past two years Pakistan has issued Sukuk, worth **more than 1.3 trillion PKR!** This collaborative effort of the Islamic banking industry in Pakistan lead by the Ministry of Finance is reflective of the volume and potential of Islamic Banking. Not only is this a step away from Riba, closer to the constitution of Pakistan and making Quaid-e-Azam's dream a reality but has also resulted in significant cost savings for the Government.

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KNOW?**

Shariah Board

Justice (Retd.) Muhammad Taqi Usmani Chairman – Shariah Board

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

He is generally known as one of the leading Shariah scholars active in the field of Islamic finance. For more than a decade he has served as Chairman or Member of Shariah Supervisory Boards of a dozen Islamic banks and financial institutions in various parts of the world. He presently serves as Chairman of the International Shariah Council for the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. He has held many positions in the higher echelons of the education sector of Pakistan and has participated in numerous commissions set up by the Government of Pakistan in the field of education and economics. Since 1967, he has been the Chief

Editor of the monthly Urdu-language magazine 'Albalagh' and since 1990, he has been Chief Editor of the monthly English-language magazine 'Albalagh International'. He has also contributed articles to leading Pakistani newspapers on a range of issues. He has authored more than 60 books in Arabic, English and Urdu.

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

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

Current Board Memberships:

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

- Member Shariah Board Guidance Financial Group, USA
- Chairman Shariah Board, IFSB, Malaysia

Awards Received

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

Dr. Muhammad Imran Ashraf Usmani Vice Chairman – Shariah Board

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

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

Dr. Imran Usmani has been engaged with the Government of Pakistan in various initiatives and is also a member of the Steering

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

He also is serving as an Executive Committee Member of AAOIFI (Dubai), Shariah Supervisory Board of International Islamic Financial Market (IIFM) Bahrain and Academic Board at Institute of Business Administration (IBA)-Centre for Excellence in Islamic Finance (CEIF), Karachi and Director at Centre for Islamic Economics (CIE), Hira Foundation School and Hira Institute of Emerging Sciences, Karachi.

Board Memberships:

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

Sheikh Esam Mohamed Ishaq Board Member – Shariah Board

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

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

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

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

Current Board Memberships:

- The Shariah Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
 - The Shariah Council of the Maldives Monetary Authority (MMA), Maldives
 - The Shariah Panel of International Islamic Financial Market (IIFM), Bahrain
- In addition to membership of the Shariah Supervisory Boards of a number of local, regional and international Islamic Financial Institutions (IFIs), he is the Chairman of Shariah Supervisory Boards of the following IFIs:
- The Family Bank for Microfinance, Bahrain
 - Islamic Bank of Guinea, Africa
 - Investment Dar Bank, Bahrain
 - Eco Islamic Bank, Kyrgyzstan
 - Al Barakah Islamic Bank, Pakistan

Mufti Muhammad Naveed Alam Resident Shariah Board Member

Mufti Muhammad Naveed Alam holds a Masters in Islamic Banking and Finance from University of Karachi and Shahadat ul Alamiyah and Takhassus (specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. He is also a Certified Shariah Advisor & Auditor (CSAA) from Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Mufti Muhammad Naveed Alam joined Meezan Bank in 2013 as a member of the Shariah Compliance Department of the Bank. His main responsibilities include Islamic banking training, Shariah Compliance review and Shariah Audit of different departments and branches.

He is an active teacher / trainer at Centre for Excellence in Islamic Finance (CEIF) of Institute of Business Administration (IBA) Karachi, Center of Islamic Economics (CIE) of Jamia Darul Uloom Karachi, as well as several other renowned universities.

He is also a member of the Shariah Board of NBP Funds. Prior to joining as RSBM, Mufti Muhammad Naveed Alam served as Shariah Advisor of Premier Window Takaful Operations and also as Shariah Coordinator at Indus Hospital.

Mufti Muhammad Naveed Alam is serving as the Resident Member of Meezan Bank's Shariah Board since October 1, 2018.

Terms of Reference of Shariah Board

Definition of Shariah Board

- A Shariah Board is an independent body of specialised jurists in *fiqh almua'malat* (Islamic commercial jurisprudence). Islamic Banking Institutions (IBIs) may, in consultation with the Shariah Board (SB), also seek services of or engage lawyers, accountants, economists and such other professionals to assist and advise the SB on banking, legal, financial, economic and other relevant matters. The engagement of such members shall however be of advisory nature and they shall not have any voting rights in the meetings of SB. The Shariah Board is entrusted with the duty of directing, reviewing and supervising the activities of the Islamic financial institution in order to ensure that they are in compliance with Islamic Shariah Rules and Principles. The fatwas, and rulings of the Shariah Board are binding on the Bank.
- Shariah Board (SB) would be appointed by the Board of Directors in line with SBP directives.

Composition, Selection and Dismissal of Shariah Board

- The Shariah Board shall consist of at least THREE members including the in-house Resident Shariah Board Member (RSBM). The SB may seek the service of consultants who have expertise in Shariah, business, economics, law, accounting and/or others. The SB should not include directors or significant shareholders of the Bank.
- Any member can resign from its membership by giving written notice of at least three months to BOD and the copy of which will be submitted to Islamic Banking Department - SBP.
- The SB by its majority resolution and in consultation with the Chairman of Board of Directors of the Bank may relieve any member from its membership.

Functions of the Shariah Board

- The SB will review, revise, and modify when necessary all standard and other agreements of Islamic modes of finance, as and when used by the Bank, whether with the Bank's clients, shareholders or others.
- The SB shall supervise the Shariah review of the Bank through RSBM and will also guide the Shariah Compliance team of the Bank. SB, or/ RSBM has a right to conduct spot Shariah reviews of the Bank's operation at their sole discretion.
- The RSBM through the SCD Department shall ensure the implementation of guidelines of SB/RSBM in the Bank.
- SB or any of its members may represent the Bank in various Islamic Finance Conferences, Symposia, and/or Conventions, if and when necessary, which shall not be a conflict of interest.
- The Quorum of SB meeting including that with BOD of the Bank, is at least two third of members of SB and all SB rulings are majority-based decisions by any properly minuted and logged meeting of the SB.
- Rulings of the SB are arrived at by voting. However, in case of difference of opinion, the decisions may be made by a majority vote of the SB members. In the event of equality of votes, the Chairperson shall have a second or casting vote.
- The SB ordinarily holds at least 4 quarterly meetings every financial year. It may hold an extra-ordinary meeting if and when required by the Bank/Chairman of SB.
- The SB has a right to review and modify its former rulings on the basis of factors including but not limited to Internal Shariah Audit Report, Shariah Compliance Review, New findings/developments in industry, etc.
- Dates of SB meetings will be finalized by mutual consent of the members and normally each meeting will fix the date of next meeting.
- All meetings shall be chaired by the Chairperson of the SB and in his absence one of the Shariah Scholar members, other than the RSBM, shall be elected as the acting Chairperson to preside over the meeting.
- The agenda of the SB meeting along with sufficient details and documents shall be sent to SB members 05 days before the meeting to help them come prepared to the meeting; the specific timelines shall be set by the SB itself.
- The SB shall ensure that minutes of its meetings are properly recorded incorporating necessary details of all decisions, rulings and fatwa issued along with the rationale and difference of opinion or dissenting note, if any. Further, the minutes shall be signed by all the SB members who attended the meeting and a copy thereof be provided to each member of SB.
- Any regulations pertaining to Governance of Shariah Board, issued by Islamic Banking Department of State Bank of Pakistan, will become part of this TOR as and when such regulation becomes applicable.

Name of Shariah Board Member	No. of Meetings Attended
Justice (Retd.) Muhammad Taqi Usmani	3
Dr. Muhammad Imran Ashraf Usmani	5
Sheikh Esam Mohamed Ishaq	4
Mufti Muhammad Naveed Alam	5
Total Meetings Held	5

Board Committees

Board Human Resources, Remuneration and Compensation Committee

Mr. Riyadh S.A.A. Edrees (Chairman) – Non-Executive Director
Mr. Mohammad Abdul Aleem – Independent Director
Ms. Nausheen Ahmad – Independent Director

Terms of Reference

The Board Human Resources, Remuneration & Compensation Committee (BHRR&CC) ensures that the Bank manages its Human Resource in light of the best practices of the industry. It reviews and recommends Human Resource Management policies to the Board of Directors including but not limited to remuneration practices defined by the State Bank of Pakistan, the selection, evaluation, compensation (including retirement benefits), succession planning as well as the recommendation of structure of compensation package of Executive Directors, President & CEO, Key Executives and of any other employee(s) along with ensuring implementation of the same. The (BHRR&CC) also monitors the training activities, utilization and implementation of training & development budget and policy of the Bank.

Board Risk Management Committee

Mr. Faisal A.A.A. Al-Nassar (Chairman) – Non-Executive Director
Mr. Mubashar Maqbool – Non-Executive Director
Mr. Badar Al Rabiah – Non-Executive Director

Terms of Reference

The Board Risk Management Committee (BRMC) is responsible for assessing Bank's policies on all major risk categories including credit, market, liquidity and operational risk and adequacy of the risk management function of the Bank. The BRMC reviews adequacy of the Bank's capital in accordance with laid down rules and regulations as per Basel Accord. It also reviews the techniques developed and implemented to measure the Bank's risk exposure. Its responsibilities also include to evaluate the risk profile and appetite of the Bank and ensuring that systems are in place for monitoring overall risk of the Bank. The Committee reviews exception reports highlighting deviations from the approved policies as well as deliberates upon risk related reports including Shariah non-compliance and early warning signals of potential risks emerging from Bank's activities.

Board Audit Committee

Mr. Mohammad Abdul Aleem (Chairman) – Independent Director
Mr. Faisal A.A.A. Al-Nassar – Non-Executive Director
Mr. Mohamed Guermazi – Non-Executive Director
Mr. Mubashar Maqbool – Non-Executive Director

Terms of Reference

The Board Audit Committee (BAC) is responsible for determination of appropriate measures for safeguarding the Bank's assets; review of quarterly, half-yearly and annual financial statements; review of management letter issued by external auditors and management's response thereto; review and implementation of the scope, extent and plan of internal audit / Shariah audit; review of internal audit strategy; consideration of major findings, internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto; ascertaining that the internal control systems are adequate and effective; determination of compliance with relevant statutory requirements; monitoring compliance with the best practices of corporate governance and identification of significant violations thereof and oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank, review effectiveness of whistle blowing procedures; ensure effectiveness of overall management of compliance and AML risk and consideration of any other issue or matter as may be assigned by the Board of Directors.

Board Information Technology Committee

Mr. Mubashar Maqbool (Chairman) – Non-Executive Director
Mr. Riyadh S.A.A. Edrees – Non-Executive Director
Mr. Faisal A.A.A. Al-Nassar – Non-Executive Director
Mr. Irfan Siddiqui (President & CEO) – Executive Director

Terms of Reference

The Board Information Technology Committee (BoIT) advises and reports to the Board on status of technology activities and digital initiatives, reviews IT and digital strategies and relevant policies periodically considering major technological / regulatory developments. The BoIT ensures risk management strategies are designed and implemented to achieve resilience to respond to wide scale disruptions, including cyber-attacks. It receives periodic updates from IT Steering Committee to monitor all technology related projects and approves cloud-based outsourcing arrangements in line with the policy approved by the Board. If deemed necessary, the Committee seeks expert opinion from independent sources wherein the quorum comprises of any two members.

Board IFRS 9 Implementation Oversight Committee

Mr. Riyadh S.A.A. Edrees (Chairman) – Non-Executive Director

Mr. Faisal Fahad Al-Muzaini – Non-Executive Director

Mr. Irfan Siddiqui (President & CEO) – Executive Director

Terms of Reference

The Committee is responsible for reviewing and approving the Bank's transition plan for IFRS 9 implementation. It is required to review progress against the transition plan on a quarterly basis. The Committee is also responsible to ensure smooth implementation of IFRS 9 within the timelines stipulated by the State Bank of Pakistan.

Dates and Attendance of Board Committees during 2021

Name of Director	No. of Meetings Attended	Board Human Resources, Remuneration & Compensation Committee				Board Risk Management Committee				Board Audit Committee				Board IT Committee				IFRS 9 Implementation Oversight Committee			
		16-Feb 2021	08-Apr 2021	10-Aug 2021	05-Oct 2021	16-Feb 2021	08-Apr 2021	11-Aug 2021	12-Oct 2021	17-Feb 2021	19-Apr 2021	11-Aug 2021	13-Oct 2021	16-Feb 2021	12-Apr 2021	10-Aug 2021	12-Oct 2021	16-Feb 2021	08-Apr 2021	10-Aug 2021	05-Oct 2021
Mr. Noorur Rahman Abid	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Riyadh S.A.A. Edrees	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Nausheen Ahmad	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mohamed Guerhazi	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mubashar Maqbool	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Saad Fazil Abbasi*	1/1	-	-	-	-	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Noorur Rahman Abid	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Bader Al Rabiah	3/4	-	-	-	-	-	-	-	-	P	P	P	L	-	-	-	-	-	-	-	-
Mr. Mubashar Maqbool	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Riyadh S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Faisal A.A.A. Al-Nassar	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Atif Azim	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Irfan Siddiqui	4/4	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Riyadh S.A.A. Edrees	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Irfan Siddiqui	4/4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P

NOTE:

* Mr. Saad Fazil Abbasi resigned on March 25, 2021.

L = Leave of Absence

Management Committees

Asset Liability Management Committee

President & CEO - Chairman
Deputy CEO - Alternate Chairman
Chief Financial Officer & Group Head Finance
CRO & Group Head Risk Management
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Corporate & Institutional Banking
Group Head Consumer Finance
Group Head Treasury & Home Remittances

Terms of Reference

The Asset Liability Management Committee (ALCO) is responsible for reviewing the Asset and Liability structure of the Bank, transfer pricing, monitoring the liquidity situation, evaluating asset classes and taking decisions with regards to risks and rewards associated with purchasing and selling of these assets. Market and liquidity risks are examined based on stress testing exercises and gap analysis while considering the overall economic environment of the country. The ALCO is also responsible for monitoring policy rate movements and taking necessary steps across all assets and liabilities to ensure that the overall profitability of the Bank is maximized. This is mainly performed by alterations in the profit rates offered across different deposit products. It is also responsible for ensuring that the Bank's overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

Business Continuity Steering Committee

Deputy CEO - Chairman
CRO & Group Head Risk Management
Group Head Operations
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head General Services & Special Assets Management
Group Head Information Technology & Digital Banking
Head Compliance
Manager IT Disaster Recovery
Head Enterprise Risk Management

Terms of Reference

The Business Continuity Steering Committee (BCSC) is responsible for ensuring that adequate business continuity/disaster recovery plans are prepared, tested and that decision making authority in the event of a crisis is clearly defined. The BCSC reviews and recommends Business Continuity Plan for approval of the Board. It facilitates in execution of Business Continuity Plan as and when invoked and in resumption of critical business activities. BCSC steers BCP project(s) and their implementation and provides guidance on project direction to ensure that organizational requirements are met. It is also responsible for reviewing the findings of mock drills/actual disasters and facilitating in removal of identified gaps.

Credit Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
CRO & Group Head Risk Management
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Corporate & Institutional Banking
Group Head Treasury & Home Remittances
Head Credit Risk

Terms of Reference

The Credit Risk Management Committee (CRMC) is responsible for overseeing credit risk activities on Bank-wide basis while ensuring compliance with regulatory requirements and internal policies. The CRMC's responsibilities also include providing support and guiding front lines in managing their businesses, performing finance portfolio review, establishing financing standards and benchmarks, maintaining adequate industry diversification and deciding upon provisioning. It is also required for delegating financing approving powers and prudential limits on large financing exposures.

Disciplinary Action Committee - Branch Banking

Group Head Human Resources,
Learning & Development - Chairman
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Operations
Head Internal Audit & Business Risk Review (Special Invitee)

Terms of Reference

The Disciplinary Action Committee - Branch Banking (DAC-BB) is responsible for taking action on any violation of policies and procedures, acts of fraud and forgery, breaches of discipline and code of conduct, ethics and business practices, law of the land and statutory regulations of SBP by employees related to an incident of misconduct which has occurred at Branch / Area / Region / Hub level.

Disciplinary Action Committee - Head Office

Group Head Risk Management - Chairman
Group Head Admin, Branch Expansion, Security,
RAMD & FRM
Group Head Human Resources, Learning & Development
Head Compliance
Head Internal Audit & Business Risk Review (Special Invitee)

Terms of Reference

The Disciplinary Action Committee - Head Office (DAC-HO) is responsible for taking action on any violation of policies and procedures, acts of fraud and forgery, breaches of discipline and code of conduct, ethics and business practices, law of the land and statutory regulations of SBP by employees related to an incident of misconduct which has occurred at the Bank's Head Office.

Disciplinary Action Review Committee

Deputy CEO - Chairman
Company Secretary
Head Legal Affairs

Terms of Reference

The Disciplinary Action Review Committee (DARC) is responsible for reviewing the appeals of the staff against whom DAC has already taken disciplinary action. The DARC is formed with a view to ensure a fresh review of each appeal filed against the DAC decision.

Compliance & Operational Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
Group Head Information Technology & Digital Banking
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Operations
Group Head Shariah Compliance
CRO & Group Head Risk Management
Group Head Human Resources, Learning & Development
Head Compliance
Head Enterprise Risk Management

Terms of Reference

The Compliance & Operational Risk Management Committee (CORMC) is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the Bank, facilitate in implementation of Compliance Program and oversee Money Laundering and Financing Terrorism and Proliferation Financing risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report.

IT Steering Committee

Deputy CEO - Chairman
Group Head Information Technology & Digital Banking
Group Head Operations
CRO & Group Head Risk Management
Head Compliance
Group Head Consumer Finance
Group Head Corporate & Institutional Banking
Group Head Retail, Commercial SME & Agriculture Finance
Group Head Customer Support
Manager Information Security

Terms of Reference

The IT Steering Committee (ITSC) is responsible for assisting the Senior Management in implementing IT and digital strategies approved by the Board of Directors and for playing an advisory role to the Senior Management in all technology-related matters. The ITSC monitors implementation of technology-related projects, ensuring that the IT procurement is in line with the business plan. It shall ensure an efficient IT operating environment that supports the institution's goals and objectives. The ITSC may also review and determine the adequacy of training plan(s) and shall review significant incidents, major risks and breaches submitted by Information Security. The ITSC may also further review the status of projects assigned to PMO on periodic basis.

Investment Committee

Deputy CEO - Chairman
Chief Financial Officer & Group Head Finance
Chief Executive Officer Al Meezan Investment Management Limited
Chief Investment Officer Al Meezan Investment Management Limited

Terms of Reference

The Investment Committee (IC) is responsible for ensuring that the Bank's investments in listed equity securities are made in compliance with the:

- (i) Investment Policy of the Bank
 - (ii) Limits prescribed under Prudential Regulations issued by the State Bank of Pakistan and
 - (iii) Directives of Shariah Board of the Bank
- The IC also reviews the performance of equity investment portfolio through its regular meetings and discussions wherein the members also discuss the forgoing investments and future strategies in line with investment policy and market dynamics.

Service Board

President & CEO - Chairman
Deputy CEO
Group Head Operations
Group Head Information Technology & Digital Banking
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Consumer Finance
Group Head Customer Support
Group Head Human Resources, Learning & Development
Group Head General Services & Special Assets Management
Head Service Quality
Unit Head - Service Analytics & Customer Insights

Terms of Reference

The purpose of the Service Board is to oversee and monitor performance of all relevant departments involved directly or indirectly in delivering customer experience and providing services to external as well as internal customers of the Bank. The Service Board is the main decision-making body for improving service standards of the Bank.

IFRS 9 Project Steering Committee

Deputy CEO - Chairman
Chief Financial Officer & Group Head Finance
CRO & Group Head Risk Management
Group Head Information Technology & Digital Banking

Terms of Reference

The Committee is responsible to ensure compliance with the requirements of SBP in respect of IFRS 9 implementation. It is also responsible to perform initial diagnostic and quantitative impact analysis to determine gaps and develop transition plan for the application of IFRS 9. The Committee is required to inform the Board/ Board IFRS 9 Implementation Oversight Committee about the progress made and key issues that need to be addressed. It is responsible for developing appropriate staffing and training strategies, collect data and other risk inputs, assess existing infrastructure and provide recommendations on the required changes or upgrades and monitor progress against defined timelines.

Best Corporate Governance Practices

Governance practices positively impact long-term corporate performance and therefore, the Bank is careful about their implementation. The Bank has a system in place to ensure that it is fully compliant to all the legal requirements for e.g. Company Secretary's Office itself ensures that all the relevant regulatory requirements are complied with within the given deadlines. Furthermore, a dedicated Compliance Department is also functional which remains in contact with the regulators as well as with the internal departments to ensure timely compliance with the legal requirements. The Bank's Best Corporate Governance Practices include the following:

Build a Strong, Qualified Board of Directors and Evaluate Performance

The Board comprises of Directors who are knowledgeable and have expertise relevant to the business, are qualified and competent, and have strong ethics and integrity, diverse backgrounds and skill sets. Further, as per regulatory requirement, the Board performance is evaluated periodically.

Define Roles and Responsibilities

The Board establishes clear lines of roles and responsibilities among the Directors, Chairman and CEO.

Emphasize Integrity and Ethical Dealing

The Directors declare conflicts of interest and refrain from voting on matters in which they have an interest. The Bank has adopted a Conflict of Interest Policy, a Code of Business Conduct that sets out the Bank's requirements and a Whistle-blowing Policy.

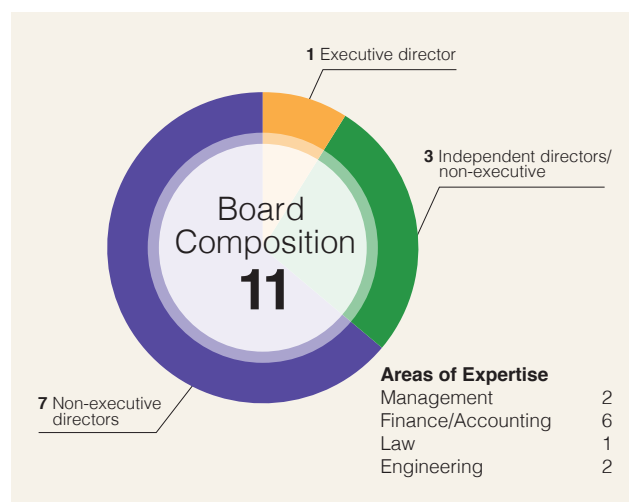
Formation of Various Board Committees

The Board of Directors has constituted various sub-committees, namely Board Audit Committee, Board Human Resources, Remuneration and Compensation Committee, Board Risk Management Committee, Board IT Committee and Board IFRS 9 Implementation Oversight Committee to manage the relevant areas and to give their recommendations to the Board. The TORs of these Committees are approved by the Board of Directors.

Engage in Effective Risk Management

The Board has established its sub-committees, who regularly identify and assess the risks including financial, operational, reputational, environmental, industry-related and legal risks.

Board Composition



Category	Names of Directors
Non-Executive Directors	Mr. Riyadh S.A.A. Edrees – Chairman Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. AlRabiah Mr. Mubashar Maqbool Mr. Faisal Fahad Al-Muzaini Mr. Naveed Iftikhar Sherwani Mr. Mohamed Guermazi
Independent Directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad (Female Director) Mr. Yousef S.M.A. AlSaad*
Executive (Deemed Director)	Mr. Irfan Siddiqui – President & CEO

*The Bank has already submitted application for the Fit and Proper Test of the Director to the State Bank of Pakistan which is in process of reviewing the same.

Directors' Profiles and their Involvement / Engagement in other Companies

This information has been incorporated in the Directors' profiles.

Independent Directors

The Board has three (3) Independent Directors who meet the criteria of independence under Companies Act 2017 and the directive issued by the State Bank of Pakistan.

Representation of Female Director on Board

Ms. Nausheen Ahmad is the female Director on the Board.

Non-Executive Directors

At present all Directors on the Board are non-executives except the President & CEO.

Executive Director serving as Non – Executive Director in other Company

The Executive Director does not serve as a Non-Executive Director in any other company.

Security Clearance of Foreign Directors

Security clearance of Foreign Directors is initially done by the sponsor shareholders being their nominee directors. Subsequently Meezan Bank conducts verification as per FPT requirements. Finally it is carried out by the Regulators as per law / regulatory requirements, as their appointment is subject to clearance by the Regulators.

Payment of Directors' Remuneration

As per Policy, the Board of Directors shall, from time to time, determine and recommend remuneration of the Non-Executive Directors (Chairman, Vice Chairman and members of the Board) for attending Board/Committee Meetings, for approval by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM), as per SBP Corporate Governance Regulatory Framework (CGRF)

Details of Board Meetings held outside Pakistan

A total of four meetings were held during the year 2021, and all were held in Pakistan.

Performance Evaluation of the Board of Directors

The Board of Directors of Meezan Bank sets the Bank's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, the Board of Directors has developed criteria for its performance evaluation as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors discusses strategic objectives, budgetary expenses and projected national and international macroeconomic indicators to ensure that the Bank's business strategy stays aligned with the macroeconomic indicators. The Board of Directors and its sub committees are competent and experienced, representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization.

As per the guidelines issued by the State Bank of Pakistan, the Board decided to opt for an in-house approach with quantitative technique; and accordingly evaluated performance of overall Board, Board Committees and individual Board Members as per the following categories:

- Complete Board
- Chairman
- Individual Directors
- Independent Directors
- Chief Executive Officer
- Board Committees

Performance Evaluation by External Consultant

Evaluation of Board of Directors is conducted annually as per the State Bank of Pakistan's requirement. Furthermore, SBP Guidelines also require that at least once in every three years, the evaluation should be conducted by an external independent evaluator. The Bank engages an independent evaluator to conduct the Board's evaluation once in every three years as per regulatory requirement.

Criteria for Performance Evaluation

The Board of Directors, while ensuring regulatory compliance, is also vested with fiduciary responsibility on behalf of the shareholders to protect the Bank's interests, provide strategic direction and monitor the achievement of strategic objectives. The Companies Act 2017, Banking Companies Ordinance 1962, SBP's CGRF and Listed Companies (Code of Corporate Governance) Regulations 2019 describe the role of Board of Directors along with its responsibilities and functions.

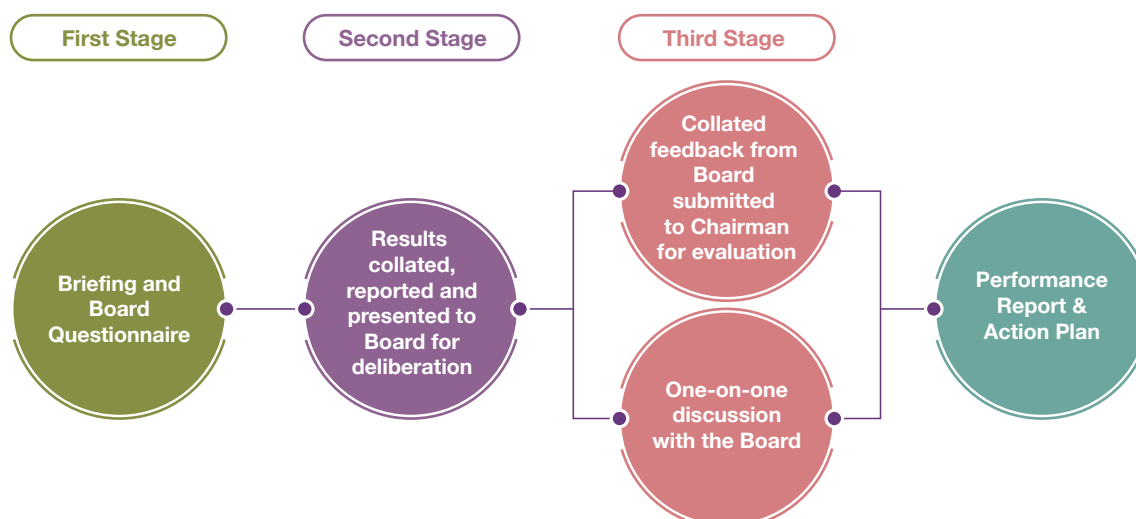
To comply with the regulatory requirement, the Board, in the year 2014, put in place an effective mechanism for Board Evaluation. All individual Board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. A committee of Directors is designated to collate individual responses and present them to the Board for deliberation and discussion. As per process, the responses / feedback from the Directors on each of the above-mentioned

categories is compiled and submitted to the Chairman. The Chairman discusses the results / findings with each individual Board Member. The authorized Independent Directors communicate the feedback in respect of the Chairman for incorporation in the consolidated Performance Report.

Accordingly, the analysis comprises of consolidated evaluation results and Action Plan forwarded by the Chairman to further strengthen comparatively weaker areas and is submitted to the Board of Directors for consideration in its meeting.

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

Board Evaluation Process



Induction and Training of Directors

The Bank places keen focus on regular trainings regarding updates in law / regulations for the Directors. In addition, Shariah training is also arranged for the Directors as per the State Bank of Pakistan's 'Shariah Governance Framework for Islamic Banking Institutions'. In compliance to SBP directives, Board is regularly updated about any change in law/regulations.

Members of Meezan Bank's Board are experienced and qualified professionals who bring a diverse range of professional and technical expertise to the organization.

Directors Training Program - DTP

The Bank is compliant to the training requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019.

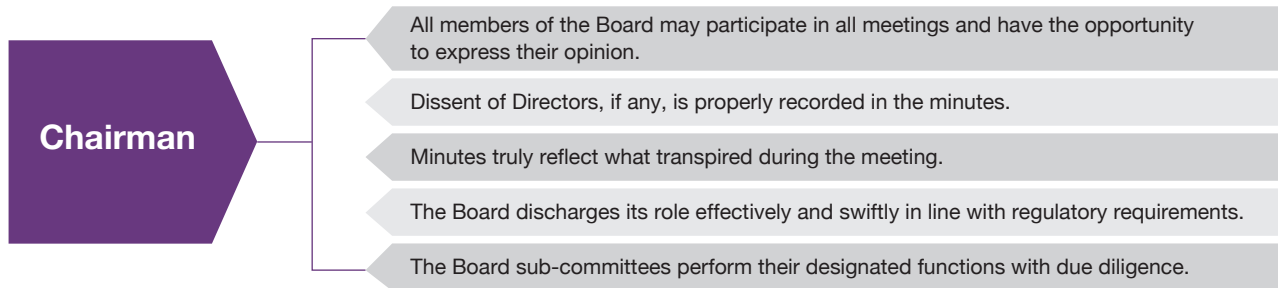
Roles and Responsibilities

Role and Responsibilities of the Board of Directors

The Board of Directors is involved in strategic level decisions to establish and review the strategies and medium to long-term goals of the Bank, overseeing the business and affairs of the Bank in light of emerging risks and opportunities. The Management of the Bank is responsible for managing day-to-day business affairs in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities which could impact the Bank in the course of carrying out its business. It is also the responsibility of the Management, with the oversight of the Board and its sub-committees, to produce financial statements that fairly present the financial conditions and results of operations of the Bank in accordance with applicable accounting standards and to make timely disclosures to investors as required under regulatory requirements. Further, the Management also stays aware of the business and competitive environment and develops strategies to maintain the Bank's competitive business edge.

Role and Responsibilities of the Chairman

The Chairman of the Board of Directors ensures that the organization keeps true to its long-term Vision. Responsible for leadership of the Board, the Chairman ensures that the Board plays an effective role in fulfilling all its responsibilities. The role entails the following:



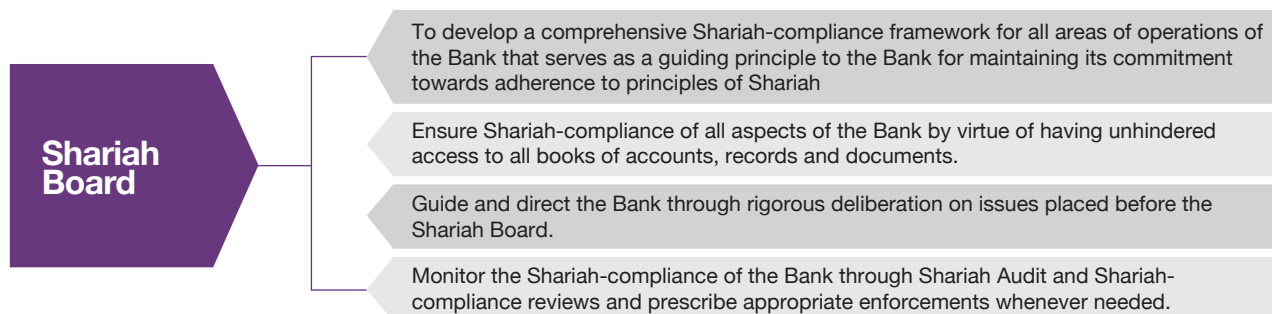
Role and Responsibilities of the President & CEO

The President & CEO's role constitutes an absolutely engaged position, demanding complete involvement and shepherding of the organization. The role entails the following:



Role of Shariah Board

The Shariah Board (SB) is entrusted with the duty of directing, reviewing and supervising the activities of the Bank in order to ensure that they are in compliance with the rules and principles of Shariah. All products and services of the Bank are launched with the approval of the Shariah Board whose role also entails the following:



Performance Review of the President & CEO

The President & CEO of Meezan Bank is responsible for supervising and leading the strategic and managerial affairs of the Bank. Various elements of the President & CEO's performance are monitored continuously and discussed periodically by the Board. As leader of the organization and executor of the strategy approved by the Board to further the interests of all stakeholders of the Bank, the President & CEO is evaluated on parameters such as financial performance and profitability, budget allocation and utilization of resources, organizational expansion, sustainability of product lines, credit ratings and inculcation of the desired organizational culture which is conducive to professional and ethical excellence.

Election of the Board of Directors

Procedures for Appointment

Election and Removal of Directors

There are formal, considered and transparent procedures for nominating candidates to stand for election as directors. The process of composition of the Board is ongoing to ensure that the Board retains its effectiveness at all times. Directors are subject to re-election / re-appointment at regular intervals defined under the relevant laws and regulations.

The sponsor shareholders of Meezan Bank nominate Directors on the Board as per their respective shareholding. The Independent Directors also file their nomination and are elected as per law. Minority shareholders are also given the right to participate in election as per law.

The Board of Directors fixes the number of Directors for the next term of the Board, 35 days before election of the Board as per Companies Act 2017.

Election of Directors is held as per law and all regulatory requirements are complied with.

Appointment and Election of Directors

Election of Directors at the General Meetings

According to Companies Act, 2017, at General Meeting, the shareholders entitled to vote for the election of directors must elect a Board for a term of three years, consisting of the number of directors for the time being set, as per provisions of Companies Act.

All of the directors cease to hold office immediately before such election, but are eligible for re-election.

Directors may Fill Casual Vacancies

Any casual vacancy on the Board may be filled by the Directors and the person so appointed shall hold office for the remainder of the term of the Director in whose place he/she is appointed.

Information on the Directorship Candidates

To enable shareholders to make an informed decision on their election at a General Meeting, names of all candidates submitted for election or re-election as a director are set out in a Notice sent to shareholders prior to the meeting, as per Companies Act, 2017 and also placed on the Bank's website as per regulatory requirement.

Removal of Directors

Removal of Director by Shareholders

Shareholders may remove any director by a resolution in General Meeting, as per section 163 of the Companies Act 2017.

Resignation / Removal of Director by Board

The Board may remove any Director before the expiry of his or her term of office, or the Director may resign at his / her own, if the Director ceases to be qualified to act as a Director of a company as per Companies Act 2017 and the Board may appoint a Director to fill the resulting casual vacancy as per Companies Act 2017.

Other Matters Related to Corporate Governance

Governance Practices Exceeding Legal Requirements

The Board of Directors, as a whole respects the country laws and ensures meticulous compliance of applicable laws, rules & regulations and being the Premier Islamic Bank, Meezan Bank always adheres to provide information and disclosures above the minimum regulatory requirements. The Board never gives room for any sort of non-compliance and takes it as reputational risk for the Bank. The Management also regularly updates the Board with the latest developments in regulatory environment and maintains stringent control over regulatory compliance, through designated resources.

Following are some of the practices of the Bank which exceed the minimum legal requirement:

- The Bank has only one Executive Director (President & CEO) though it has been permitted two executive directors by SBP.
- The Bank reports additional information in the Annual Report for stakeholders which is not required by law.

Code of Conduct & Ethical Standards for Directors

The Bank has also developed 'Code of Conduct & Ethical Standards for Board, Senior Management and other employees as per requirements of Listed Companies (Code of Corporate Governance) Regulations 2019, which is signed by every Director and employee of the Bank.

Presence of the Chairman of Audit Committee at the AGM

The Chairman of the Audit Committee attends the Annual General Meeting (AGM) and this is duly recorded in the minutes of AGM.

Policies for Sustainability and Corporate Social Responsibility (CSR)



Policies for Sustainability and Corporate Social Responsibility (CSR) are annexed in Policies and Guidelines Section of this report.

Statement of Compliance with the Code of Corporate Governance



The Statement of Compliance with Code of Corporate Governance is annexed with this annual report.

Informing the Company Secretary's Office on Sale or Purchase of Meezan Shares

Directors/Substantial Shareholders/Executives are required to inform the Company Secretary about any change in the shareholding in his/her own name, in the name of his/her spouse and/or dependent/minor children to the Company Secretary through a written notice regarding complete details of the actual transaction within two days of its execution, enabling the Company Secretary to immediately notify the transaction to Pakistan Stock Exchange in terms of PSX Regulations and also to subsequently report the transaction to the Board of Directors as well.

Diversity

The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members/employees enhances the effectiveness of the Bank.

The Bank embraces and encourages employees with a diverse mix of age, family ethnicity, language, socio-economic status, physical disability and other characteristics that make its employees unique.

Investor Grievances

Meezan Bank has established a robust grievance reporting mechanism which seeks to resolve any complaints or unattended issues if, despite all vigilance, do occur. The mechanism put in place allows for such matters to be reported electronically, in writing or over the phone. To ensure that the stakeholders may register their complaints conveniently, a multitude of online forms are available on Meezan Bank's corporate website (www.meezanbank.com). The Investor Complaints Form, on submission, is sent directly to the Office of the Company Secretary. Similarly, a general complaints form for reporting and resolution of business-related complaints are managed by the Customer Care Unit (CCU). A dedicated email (complaints@meezanbank.com) is also in place for the express purpose of reporting issues if the stakeholder feels the need to email rather than use online forms.

Furthermore, grievances may also be lodged by calling the Bank's Call Center (UAN: 111-331-331 & 111-331-332), which is functional round the clock, where officers are available to assist stakeholders with their queries and complaints.

Managing Conflict of Interest

The Bank has a policy in place for dealing with conflicts of interest relating to members of the Board. Under this policy, any Director who has a business interest in a matter being presented at a Board meeting does not participate in neither the discussion nor the decision on that matter. The policy is applied consistently and there was no breach of this policy during the year.

Board's Function and Decision Making

The Board plays an effective role and provides entrepreneurial leadership and direction to the Management of the Bank within a framework of prudent and effective controls. It promotes collective Vision of the Bank's purpose, its culture, values and also demonstrates ethical leadership.

Matters delegated to the Management


The Board sets the strategic objectives and takes the overall responsibilities of overseeing its implementation. The Board performs its duties by giving guidelines to the Management, setting performance targets and monitoring their achievement. The Management is primarily responsible for implementing the strategies as approved by the Board of Directors in conducting the operations of the Bank effectively.

Responsibility of the Management and the Board of Directors towards preparation and presentation of Financial Statements

The Management has fulfilled its responsibility for preparation and fair presentation of the financial statements in accordance with the financial reporting frameworks as applicable in Pakistan. These include the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017). The Management also acknowledges its responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements. The Bank's Board of Directors is responsible for overseeing the financial reporting process.

Unreserved Compliance of International Financial Reporting Standards

The Management believes in ensuring unreserved compliance with the applicable International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) for true and fair presentation of financial statements of the Bank.

The financial statements of the Bank for the year ended December 31, 2021 have been prepared in accordance with the accounting and reporting standards (including IFRSs) as applicable in Pakistan. For further details please refer to the Statement of Compliance in note 3 of the financial statements of the Bank. 

Human Resources Management Policies and Succession Planning

Human Resources Policies are approved by the Board of Directors of the Bank on the recommendation of Human Resources, Remuneration and Compensation Committee of Board in order to provide clear and definitive directions on Human Resource (HR) related matters.

Board's Review of Business Continuity Plan

The Board of Directors reviewed and approved Business Continuity Plan. This exercise is being performed on an annual basis.

Stakeholders' Engagement



Stakeholders' engagement and the steps taken to solicit and understand the views of the shareholders is detailed in stakeholders' engagement section of this report.

Accessibility of Annual Report



Annual Reports and other information of the Bank are accessible on Bank's website: www.meezanbank.com

Report of the Board Audit Committee

Board Audit Committee (BAC) comprises of three non-executive directors having vast experience and knowledge of finance and accounting. The Chairman of BAC is an independent director. Bank has adopted Committee of Sponsoring Organizations (COSO) Integrated Internal Control Framework and the Charter of Internal Audit & BRR department (IAD) provides complete independence to Head - IAD along with free access to BAC.

BAC has been proactively focusing on effectiveness of internal controls, risk management, compliance and governance processes in accordance with the requirements of Code of Corporate Governance and Audit Committee Charter (ACC) also referred to as Terms of Reference (ToRs) of BAC duly approved by the Board of Directors. During the year 2021, four BAC meetings were held and following major activities were performed by BAC in accordance with its approved Charter.

- BAC reviewed quarterly, half yearly and annual financial statements of the Bank and recommended the same for approval of the Board.
- BAC reviewed management letters issued by the external auditors, management's response and their compliance status and held discussions with external auditors on major observations. BAC also recommended the appointment of external auditors and their fees to the Board.
- BAC reviewed and approved the audit plan, scope and extent of the work to be performed by internal audit (IAD) and Shariah audit and recommended the audit strategy for approval of the Board. BAC also reviewed adequacy of resources as per the scope.
- BAC reviewed significant findings of internal audit and Shariah audit along with monitoring of its timely compliance. BAC also reviewed the whistle blowing mechanism.
- BAC reviewed major findings of internal investigations with respect to fraud & forgery and whistle blowing along with management's action thereto. BAC also reviewed annual review report of fraud, forgeries and robberies.
- BAC reviewed related party transactions and recommended the same for Board's approval.
- BAC reviewed the AML environment, compliance and AML activity report, compliance policy, AML policy, compliance program, bank internal risk assessment, Institutional Risk Assessment Framework (IRAF) – Self Assessment Questionnaire, details and action plan of SBP penalty items and SBP inspection reports along with monitoring of its compliance status. BAC also reviewed minutes of Compliance and Operational Risk Management Committee meetings.
- BAC reviewed Internal audit manuals, programs, revision in policies, IAD Charter, ACC and recommended the same for Board's approval.
- BAC reviewed Shariah audit manual and ensured compliance of corrective actions determined by Shariah Board on the reports of Shariah audit.
- BAC reviewed the independent assurance report on compliance with Shariah rules and principles along with monitoring of its compliance status.
- BAC reviewed and had an oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank.
- BAC reviewed Internal Audit Department assessments, internal quality assurance reviews and compliance of SBP guidelines on Internal Audit function along with progress and implementation status.
- BAC reviewed impact assessment of COVID-19 on Bank and advised the management to take adequate mitigating steps on emerging risks. Focus areas for Internal audit were also discussed.
- BAC conducted self assessment of its performance to review compliance with SECP Code of Corporate Governance and SBP circulars. Self-assessment report was also presented to the Board.
- BAC reviewed statement on internal control system and recommended the same for endorsement by the Board.
- BAC also held separate meetings with external auditor and internal auditor without the CFO and the management in line with the Code of Corporate Governance.



Mr. Mohammad Abdul Aleem
Chairman-BAC

To the members of Meezan Bank Limited,

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Meezan Bank Limited (the Bank) for the year ended 31 December 2021 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. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 31 December 2021.



Chartered Accountants

Place: Karachi

Date: 28 February 2022

UDIN: CR202110191MV6C9rzGn

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Meezan Bank Limited For the year ended December 31, 2021

The Bank has complied with the requirements of the Code of Corporate Governance Regulations, 2019 ("Regulations" or "Code") in the following manner:

1. The total number of directors are eleven including CEO as a deemed director. The directors include ten male directors and one female director.
2. The composition of the Board is as follows:

Catagory	Names
i. Independent Directors	Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad Mr. Yousef S.M.A. AlSaad*
ii. Non-Executive Directors	Mr. Riyadh S.A.A. Edrees – Chairman Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. Al Rabiah Mr. Mubashar Maqbool Mr. Naveed Iftikhar Sherwani Mr. Faisal Fahad Al-Muzaini Mr. Mohamed Guermazi
iii. Executive Directors	Mr. Irfan Siddiqui - President & CEO
iv. Female Independent Director	Ms. Nausheen Ahmad

*The Bank has submitted application for Fit and Proper Test of the Director to the State Bank of Pakistan, which is in process of reviewing the same.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and the Board has complied with the requirements of the Companies Act, 2017 (Act) and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations; and directives of the State Bank of Pakistan (SBP).
9. The Bank is compliant to the training requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019.
10. There was no appointment of CFO, Company Secretary and Head of Internal Audit during the year. The Board has approved their remuneration and terms and conditions of their employment are complied with relevant requirements of the Regulations.
11. The Chief Financial Officer and the Chief Executive Officer duly endorsed the Financial Statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Committees	Composition*
Audit Committee	Mr. Mohammad Abdul Aleem (Chairman) Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. Al Rabiah
Human Resources, Remuneration and Compensation Committee	Mr. Riyadh S.A.A. Edrees (Chairman) Mr. Mohammad Abdul Aleem Ms. Nausheen Ahmad
Risk Management Committee	Mr. Faisal A.A.A. Al-Nassar (Chairman) Mr. Mubashar Maqbool Mr. Mohamed Guermazi
Information Technology Committee	Mr. Mubashar Maqbool (Chairman) Mr. Riyadh S.A.A. Edrees Mr. Faisal A.A.A. Al-Nassar Mr. Irfan Siddiqui
IFRS 9 Implementation Oversight Committee	Mr. Riyadh S.A.A. Edrees (Chairman) Mr. Irfan Siddiqui

*The revised composition of the above-Board Committees, as approved by the Board, is disclosed in Board Committee section of this report.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the respective committee for compliance.

14. The frequency of meetings of the Committees was as follows:

a) Audit Committee	Quarterly
b) Human Resources, Remuneration and Compensation Committee	Quarterly
c) Risk Management Committee	Quarterly
d) Information Technology Committee	Quarterly
e) IFRS 9 Implementation Oversight Committee	Quarterly

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

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Bank;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.



Irfan Siddiqui
President & CEO

February 21, 2022



Riyadh S.A.A. Edrees
Chairman

Statement of Internal Controls

This statement is presented to comply with the requirements of State Bank of Pakistan (SBP)'s BSD Circular No. 7 of 2004 dated May 27, 2004 "Guidelines on Internal Controls", SBP's OSED Circular No.01 dated February 07, 2014 and SBP BSD-1 Circular Letter No. 1 of 2021 dated July 06, 2021 on "Instructions on Internal Controls over Financial Reporting (ICFR)".

The management of the Bank is responsible for establishing and maintaining an adequate and effective system of internal controls which has the main objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The control activities are being closely monitored across the Bank through Compliance, Risk Management, Shariah and Internal Audit departments, which covers all banking activities in general and key risk areas in particular. The Management has Compliance and Operational Risk Management Committee (CORMC) which focuses on compliance risk issues and reviews the adequacy of controls and systems to meet the regulatory requirements. The Board of Directors has formed an Audit Committee which has direct oversight responsibility to ensure the independence of the internal and external audit function. The Audit Committee meets at least once every quarter to discuss the scope and results of the work performed by the Compliance, Shariah and Internal Audit departments. The Audit Committee also meets with external auditors prior to approval of half-yearly and annual results of the Bank.

Based on observations and weaknesses found and identified by the auditors both internal and external and the Compliance, Risk Management and Shariah audit teams, improvements are brought about by the management in internal controls to ensure non-recurrence of those exceptions and elimination of such weaknesses to the maximum possible level. Further, to ensure compliance with regulatory requirements including AML/CFT requirements, compliance managers along with their teams are also placed in major regions.

While the Internal Controls System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Accordingly even an effective internal control system can provide reasonable but not absolute assurance that the system's objective will be achieved.

Alhamdulillah, the Bank had successfully completed all stages of its ICFR program during 2014 and has been granted exemption from the requirement of submission of Auditor-issued Long Form Report through SBP OSED letter /SU-12/017(01)/358/15 dated January 05, 2015. As required by the State Bank of Pakistan, the Bank now prepares annual assessment report on efficacy of ICFR duly signed by the Chairman, Audit Committee. Having successfully achieved closure on ICFR, the Bank remains cognizant of its responsibility to continuously improve and with this view continues to strengthen its system of Internal Controls on an on-going basis.

Based on the above, the Board of Directors endorses the management's evaluation of Internal Controls.

On behalf of the Board.



Ariful Islam
Deputy CEO

February 21, 2022



Irfan Siddiqui
President & CEO

Shariah Board Report

الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، وعلى آله وأصحابه أجمعين، وبعد:

All praises to Allah (ﷻ). This was the 19th year of Islamic commercial banking for Meezan Bank Limited which is under review. During the year, the Shariah Board (SB) of Meezan Bank held five meetings to review various issues, referred to them by the Bank.

We are pleased to inform that the Bank received two of the most prestigious awards in the domain of Shariah-compliance during 2021 which are Shariah Authenticity Award and the Shariah Auditor of the Year Award from Global Islamic Finance Awards (GIFA 2021). We also congratulate Mr. Irfan Siddiqui – Founding President & CEO, Meezan Bank Limited on receiving the award of Islamic Banker of the Year from GIFA 2021. We are also pleased to share that the Bank received Islamic Finance Advisory Service Provider of the Year Award from Islamic Finance Forum of South Asia Awards (IFFSA). All these accolades reflect the Bank's commitment to provide customers with excellent banking services that completely adhere to Shariah principles.

Meezan Bank has a team of professionals in the Shariah Compliance Department (SCD) working under the guidance of SB. The main objective of this department is to facilitate and ensure Shariah-compliance in all processes, procedures and products, refinement of existing products and procedures, Islamic banking trainings & awareness sessions and Shariah-compliance review of transactions. The SCD also serves as secretariat to the Bank's Shariah Board.

We appreciate the efforts of entire staff of the Bank towards promoting and strengthening the environment of Shariah-compliance in the Bank. It gives us comfort to observe a high level of commitment of the staff, Management and the Board members of the Bank.

We are pleased to share the major achievements of Meezan Bank towards the growth of Islamic Banking during the year ended December 31, 2021:

Research and New Product Development

We are pleased to share that this year the main focus of the Bank was to extend its reach to the masses and for that purpose launched 'Meezan Asaan Mobile Account' and 'Meezan Smart Wallet' to facilitate the account opening process.

This year the Bank also introduced consumer product suite for Roshan Digital Account (RDA) customers namely Roshan Apna Ghar and Roshan Apni Car, under which the Bank provided financing of Rs 626 million.

During the year the Bank successfully made a transaction under SBP's newly introduced discount window for IBIs on Mudaraba basis. The window will help Islamic banks manage any liquidity shortfall effectively.

We congratulate the Bank for getting the highest allocation of Rs 30 billion for the Islamic SME Asaan Financing (ISAAF) scheme of State Bank of Pakistan. The SME sector comprises of around 5.2 million entities, employs 78% of the non-agricultural labour force and contributes 40% to GDP and 30% to exports. Access to finance remains a key challenge faced by the industry. The ISAAF portfolio and products will play key role in inclusive economic growth.

This year was also a challenging year for the businesses in Pakistan due to the COVID-19 pandemic and its adverse effects on continuity and profitability of businesses. The Bank had accommodated customers in the various Shariah-compliant Refinance Schemes launched by SBP to support business during these difficult times.

Meezan Bank continued to play a leading role towards the Sovereign Sukuk market development and GOP Sukuk worth Rs 736 billion were issued in 2021.

We would also like to appreciate the Bank's efforts in supporting the low-income segment by working on various initiatives such as:

- Support towards development of small businesses through the Kamyab Jawan Scheme of the Government;
- Financing support to retailers, distributors and vendors of different corporate entities
- Financing provided under the Mera Pakistan Mera Ghar scheme of Government of Pakistan.

We are also pleased to share that the Bank has continued to provide financing towards those areas that are environmentally friendly and contributed towards green financing such as Solar Panels financing and as of December 31, 2021 total financing extended under this scheme was Rs 91 million which accounts for approximately 900KW of power.

The SB recognizes the efforts of the SCD for conducting around 234 customer and industry visits to understand their business model and reviewing more than 2,500 different types of cases as per the guidance of RSBM/SB.

During the year, eighteen Shariah-compliant syndicated transactions for various private and public sector entities involving various structures such as Ijarah, Diminishing Musharakah and Running Musharakah were executed for infrastructure development, capital expansion and project financing related needs.

During the year, the SB provided guidelines for different matters; most noteworthy of them were:

- Structure for financing under construction housing schemes
- Profit sharing mechanism for Interbank Musharakah
- Third party paid guarantees in Shirkat ul aqd transactions to secure risk of negligence from partner
- Musharakah with company having stake in rented properties
- Meezan Islamic Card (Alternative to Credit Card)
- Digi Remittance Account
- Meezan Foran Freelancer Account &
- Meezan Instant Asaan Account

Training & Development

During the year, 173 training sessions comprising more than 3,954 man-hours were organized for staff members across the country, catering to more than 5,205 employees of the Bank. This number includes orientation and batch trainings for new joiners, refresher programs such as Asset Refresher, Deposit Refresher, specialized training for CAD and SME department and certification programs in Islamic financial products. One Islamic Banking e-Learning was also launched, through which 3,758 staff were trained.

The Bank, in collaboration with IBA-CEIF also conducted an Islamic Financial Literacy workshop for kids which was attended by children in the age bracket of 9 to 15 years. In addition, two Islamic calligraphy workshops were held for staff and their children. We are pleased with these initiatives as they are helpful in creating basic awareness about our religion in this age group.

The Bank has also launched a 'Meezan Ambassador Program' that aims to identify well versed and professionally groomed senior level individuals as Meezan Ambassador to conduct trainings and awareness sessions in their areas.

The Bank launched Training Videos in sign language which is a commendable initiative. May Allah (SWT) be pleased with these efforts.

In order to create awareness of Islamic banking among general public, the Bank conducted 75 seminars in major cities which were attended by more than 5,500 participants from different spheres of the society. Owing to the pandemic, most of these sessions were conducted through digital platform. During the year, one Shariah training session was also arranged for the Board of Directors and senior management of the Bank.

It is heartening to observe that in order to disseminate the teachings of Holy Quran, 34 lectures on Understanding Quran were held for all Meezan staff.

Shariah Advisory and Industry Support

SB is also pleased to share that the Bank is actively supporting the Islamic Finance industry across the globe by providing tailor-made Shariah advisory solutions for their business needs. Following are the notable advisory services provided by the Bank during the year:

- Advisory support to an Islamic Financial Institute in Australia regarding Takaful & other products.
- Technical Advisory services related to converting a leading Consumer electronic goods company into a Shariah-compliant company.
- Technical Advisory services to a Shariah-compliant stock trading platform for Shariah screening of various foreign companies listed in different stock markets globally.
- Technical Shariah Advisory to 'Akhawat Islamic

Microfinance Company' in providing various Shariah-compliant schemes.

- Technical Advisory services to more than 65 funds and plans, which covers a major share of the Islamic Mutual Fund industry.
- Facilitation to NCCPL for launch of a platform for Shariah-compliant share financing.
- Facilitation to EXIM Bank for launch of Islamic window that will support trade business in Pakistan in a Shariah-compliant manner.
- Provide screening facility to PSX in bi-annual re-composition of KMI-30 and PSX-KMI All Share Indices.
- Review and Issuance of Shariah-compliant certificates to several companies based on their financial statements.
- Assist many brokerage houses in developing Shariah Trading Platforms at PSX for RDA accountholders.

Review of Assets

The Bank has moved towards diversification in the usage of various financing products and has reduced the reliance on Murabaha, as is evident from the Bank's financing portfolio. There is a 3.6% increase in Running Musharakah share of total financing over the previous year. The Bank has mainly focused on financing through Musharakah modes and these constitute 54.1% of the Bank's total financing. The Bank's total financing portfolio reached Rs 777 billion (gross) as of December 31, 2021. Breakup of different financing modes is given here:

We have noted that as per our guidelines, the Bank reversed the financing of Rs 917.7 million provided to its customers under Murabaha & Musawamah without any profit, as those transactions could not be converted into real trade due to genuine business reasons.

Financing Modes	2021 % in total portfolio	2020 % in total portfolio	Increase/ (Decrease)% in total portfolio
Diminishing Musharakah	24.4	27.6	(3.2)
Musharakah & Running Musharakah	29.6	26.0	3.6
Istisna	11.8	12.8	(1.0)
Ijarah	8.1	9.4	(1.3)
Murabaha	1.6	2.6	(1.0)
Musawamah	8.0	7.1	0.9
Salam - Bills	1.3	0.8	0.5
Wakalah Tul Istithmar	4.4	7.5	(3.1)
Tijarah	1.9	2.0	(0.1)
Salam - Commodity	1.8	1.8	-
Other	7.1	2.4	4.7

Summary of Direct Payment in Murabaha Financing

During the year 2021, 95% of payments for Murabaha financings to Corporate and SME/Commercial customers were direct payment. It is highly recommended that efforts be continued to increase this percentage of direct payments in Murabaha transactions.

It is worth mentioning that in order to strengthen the Shariah-compliance control, physical inspection of delivery of goods was carried out in almost all Istisna and Tijarah transactions.

Liquidity Management

For the purpose of liquidity management, the Bank invested Rs 114 billion in Pakistan Energy Sukuks I and II and Rs 399 billion in GOP Sukuk. Due to lack of availability of venues for Shariah compliant investments, Bai Muajjal transactions worth Rs 303 billion were outstanding at year end.

Review of Deposits

It is heartening to see deposits grow by 16% to reach a sum of Rs 1,456 billion as on December 31, 2021. During the year, the process of allocation of assets and funds to various deposit pools, announcement of overall profit-sharing ratios for Mudarabah-based deposits, monthly allocation of weightages, and distribution of income to deposit accounts was monitored and reviewed in accordance with the respective pool management guidelines of SBP and Meezan Bank.

Shariah Audit

In compliance of the Shariah Governance Framework issued by the State Bank of Pakistan (SBP), a dedicated Shariah Audit Department reporting to the Audit Committee of the Board is in place. This department is playing a significant role towards accomplishment of the objective of ensuring Shariah-compliance by evaluating adherence to Shariah guidelines prescribed by Shariah Board, Resident Shariah Board Member and Shariah guidelines of Islamic Banking Department of the SBP. This

department submits its report to RSBM / Shariah Board for information, review and determination of appropriate corrective actions.

During the year under review, Shariah Audit of 682 branches, Area offices, consumer & corporate hubs and Head Office departments was conducted as a part of the Bank's efforts to strengthen the internal Shariah controls mechanism. These audits not only cover the assessment of financial transactions and operational activities that the branches/departments undertake but also include an evaluation of the knowledge of staff pertaining to Islamic finance.

Charity

An amount of Rs 201.7 million was transferred to the Charity Payable Account during the year. This includes Rs 77.1 million to eliminate the non-compliant income portion which was identified during Shariah audit, Rs 16 million to purify the dividend income earned from investment made in the Shariah-compliant stocks by the Bank and Rs 108.6 million transferred to Charity Payable Account in the normal course of business on account of non-timely payments by customers in various financial transactions. An amount of Rs 94.2 million was disbursed from the Charity Account after approval of the RSBM/SB.



Details of charity account are available in the note # 20.5

Suggestions

For the purpose of further improving the business of the Bank and the overall Islamic Banking Industry, SB suggests the following:

Shariah-compliance Environment

- It is suggested that the Bank should focus on strengthening Shariah controls and accountability culture for Shariah non-compliance to ensure Shariah-compliance in all spheres of banking.
- Considering the higher levels of recent Sukuk issuances, the Bank should reduce reliance on Bai Muajjal.
- Being part of the premier Islamic Bank, all staff should strive to live their lives in accordance with Shariah principles and in particular to follow the dress code as per HR policies.

Green and Sustainable Finance

- The Bank should play their part to achieve the Sustainable Development Goals set by the United Nations (UN-SDG) and being the market leader should set targets to go beyond.
- The Bank should endeavor to increase sustainable banking practices and increase portfolio of green financing.

Financial Inclusion and Digitization

- The Bank should actively engage to provide access to finance to the unbanked groups. Focusing on the youth, low-income segment, entrepreneurs and women will help in achieving prosperous Ummah.
- The Bank should use more digital technology in facilitating the customers for their banking needs.

SME

- Trade forms the basis of Islamic finance; the Bank should

therefore facilitate trade by providing halal financing to the SME sector, small traders and retailers.

- The Bank should have dedicated and well-trained staff to support SMEs in documentation and provide ease of entry to the financial system.

Awareness

- To bring SMEs and Corporate closer to Islamic banking, the Bank should conduct more customized workshops on Islamic banking products and documentation.
- The Bank should increase focus on creating awareness about Islamic Finance in children, including importance of halal earning and Riba in curricula across all levels of educational institutes to make them future ambassadors of Islamic Finance.
- The Bank should also work on creating awareness about Islamic Finance among Accounting and Business faculty of Universities and colleges and other thought leaders from Government bodies and media houses as they have a major influence on their following.

Regulatory Framework

- Conventional insurance is not permissible from a Shariah perspective; therefore, it is again recommended to convert more clients to Islamic Insurance i.e. Takaful as soon as possible.
- It is suggested that public-private sector partnership be encouraged for issuance of Sukuk to support financing requirements of the Government.

Conclusion

As per the charter of the Bank, it is mandatory for the management and employees to ensure application of Shariah principles and guidelines issued by the Shariah Board and Resident Shariah Board Member and to ensure Shariah-compliance in all activities of the Bank. The prime responsibility for ensuring Shariah-compliance of the Bank's operations thus lies with the Board of Directors and Executive Management.

Based on extensive reviews of sample cases for each class of transaction, related documentations, processes, profit distribution mechanism for the depositors by SCD Department, review of Internal Shariah Audit and External Shariah Audit reports and Management's representation made in this regard, the Bank, in our opinion, has complied with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Board, Resident Shariah Board Member of Meezan Bank and guidelines issued by Shariah Advisory Committee of the SBP related to Shariah-compliance. The non-compliant income identified during the review is being transferred to the Charity Account through a well-defined system and is being utilized properly in accordance with the instructions of the SB.

Based on the strength and capacity of the full-fledged SCD department and policies/guidelines for Shariah-compliance issued at the Bank, we are of the opinion that an effective mechanism is in place to ensure Shariah-compliance in overall operations of the Bank.

May Allah (ﷻ) bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life hereafter and forgive our mistakes.

Wassalam Alaikum WaRahmat Allah Wa Barakatuh.



Mufti Muhammad Naveed Alam
Resident Shariah Board Member



Sheikh Esam Mohamed Ishaq
Member Shariah Board



Dr. Muhammad Imran Ashraf Usmani
Vice Chairman Shariah Board



Justice (Retd.) Muhammad Taqi Usmani
Chairman Shariah Board

Dated: 1st Rajab UI Murajjab 1443 H / February 3, 2022

خلاصہ کلام

بینک کے چارٹر کے تحت تمام انتظامیہ اور ملازمین کیلئے ضروری ہے کہ وہ شریعہ بورڈ اور ریزیڈنٹ شریعہ بورڈ ممبر کی طرف سے جاری کردہ بینک کے تمام معاملات سے متعلق ہدایات پر عمل درآمد کو یقینی بنائیں۔ بینک کے معاملات کے شریعت کے مطابق ہونے کی بنیادی ذمہ داری بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ پر عائد ہوتی ہے۔

SCD کی جانب سے بینک کے انجام کردہ مختلف عقود کے جائزے، ان کے متعلقہ دستاویزات کی جانچ پڑتال، ڈیپازٹرز کو تقسیم ہونے والے نفع کا طریقہ کار کا مشاہدہ، اور ان کے متعلق اندرونی شریعہ آڈٹ رپورٹ، بیرونی شریعہ آڈٹ رپورٹ اور انتظامیہ کی دی گئی رائے کے جائزہ کی بنیاد پر ہماری رائے میں رواں سال میں بینک کی طرف سے کئے گئے عقود اسلامی شریعہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزان بینک کے شریعہ بورڈ، ریزیڈنٹ شریعہ بورڈ ممبر اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو غیر شرعی آمدنی پائی گئی وہ چیریٹی میں منتقل کی گئی ہے جس کو شریعہ بورڈ کی ہدایات کے مطابق خرچ کیا جائے گا۔

SCD کی صلاحیت اور استعداد کو دیکھتے ہوئے اور بینک کی طرف سے جاری کردہ شریعہ کمپلائنس کی ہدایات اور احکامات کے جائزے کے بعد ہماری رائے میں بینک میں تمام شعبوں کی نگرانی اور شریعہ کمپلائنس کو یقینی بنانے کے لئے ایک مؤثر نظام موجود ہے۔

اللہ تعالیٰ سے دعا ہے کہ وہ ہماری رہنمائی ان راہوں کی طرف کرے جو اس کی رضا کا باعث ہوں، ہمیں دنیا و آخرت میں کامیابیوں سے نوازے اور ہماری غلطیوں اور خطاؤں سے درگزر فرمائے۔ آمین۔

والسلام علیکم ورحمۃ اللہ وبرکاتہ



مفتی محمد نaveed عالم
ریزیڈنٹ شریعہ بورڈ ممبر



شیخ عصام محمد اسحاق
ممبر شریعہ بورڈ



ڈاکٹر محمد عمران اشرف عثمانی
وائس چیئرمین شریعہ بورڈ



جسٹس (ریٹائرڈ) محمد تقی عثمانی
چیئرمین شریعہ بورڈ

یکم رجب المرجب ۱۴۴۳ھ / ۳ فروری ۲۰۲۲ء

ڈیپارٹمنٹ RSBM/Shariah Board کو آگاہی، جائزہ اور تصحیح عمل کے تعین کے لیے رپورٹ جمع کرواتا ہے۔

اس سال میزان بینک کی کل 736 برانچوں، ایریا آفسز، کنزرویٹور اور Corporate Hubs، ہیڈ آفس ڈپارٹمنٹس کا آڈٹ کیا گیا تاکہ شرعی اصولوں کی تعمیل کا داخلی نظم اور طریقہ کار کو مضبوط کیا جاسکے۔ شریعہ آڈٹ کے دوران مختلف عہدوں کی جانچ پڑتال کے ساتھ ساتھ بینک کے عمل کی شرعی معاملات اور عقود کے بارے میں معلومات بھی جانچی جاتی ہے۔

چیریٹی/صدقات و خیرات

رواں سال کل 201.7 ملین روپے چیریٹی و واجب الاداء اکاؤنٹ میں منتقل کئے گئے۔ اس میں 77.1 ملین کی رقم ایسی آمدنی کی تھی جس کے بارے میں شریعہ آڈٹ کے دوران یہ بات سامنے آئی کہ وہ ناجائز ہے، مزید 16 ملین روپے کی چیریٹی اسٹاک آپیکس میں کی گئی شریعہ کمپلائنس انوسٹمنٹ سے حاصل شدہ آمدنی کو Purify کرنے کے لیے کی گئی اور 108.6 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں ٹرانسفر کئے گئے جو روزمرہ کے معمولی معاملات میں کسٹمرز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 94.2 ملین روپے RSBM / شریعہ بورڈ سے منظوری کے بعد چیریٹی سیونگز اکاؤنٹ سے ادا کئے گئے۔

چیریٹی سے متعلق تفصیلات نوٹ نمبر 20.5 میں مذکور ہیں۔



سیولیت کا انتظام

سیولیت کے انتظام کے لئے بینک نے 114.4 ارب کی سرمایہ کاری پاکستان انیورسٹی سکوک اول اور دوم میں اور (GOP) جی او پی سکوک میں 398.9 ارب روپے کی سرمایہ کاری کی۔ بینک کے پاس ڈیپازٹ کی زیادتی اور سرمایہ کاری کے بہتر مواقع کی کمی کی بناء پر بیج موبل کے ذریعہ سرمایہ کاری بھی کی گئی، سال کے اختتام پر جس کا حجم 303 ارب روپے تھا۔

ڈیپازٹس کا جائزہ

الحمد للہ بربط 31 دسمبر 2021 بینک کے ڈپازٹ میں 16 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈپازٹ 1,456 ارب روپے تک پہنچ چکا ہے۔ رواں سال بینک میں ڈیپازٹ سائیڈ سے متعلق انجام دیئے گئے مختلف امور یعنی مختلف اثاثوں اور فنڈز کو مختلف پولز کی طرف منسوب کرنا، مضاربہ کی بنیاد پر جمع شدہ رقم کے مجموعی نفع کے تناسب کا اعلان کرنا، ماہانہ اوزان Weightages متعین کرنا، ڈیپازٹرز کے درمیان منافع کی تقسیم کرنا، منافع کی صحیح تقسیم کی نگرانی اور اس کا تجزیہ، میزان بینک کی پول منجمنٹ سے متعلق ہدایات اور اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق کیا گیا۔

شریعت آڈٹ

شریعت گورنس فریم ورک کی ہدایات کے مطابق مستقل شریعت آڈٹ ڈپارٹمنٹ کی تشکیل دی گئی ہے جو بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کے زیر نگرانی میں حدودی سے کام کر رہا ہے اور شریعت کمپلائنس کی یقین دہانی کیلئے تمام شرعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شریعت بورڈ، ریزیڈنٹ شریعت بورڈ ممبر، اور اسلامک بینکنگ ڈپارٹمنٹ اسٹیٹ بینک آف پاکستان، کی طرف سے دی گئی ہیں۔ یہ

تجاریز

بینک کے معاملات اور مجموعی طور پر اسلامی بنکاری کے نظام کو مزید بہتر بنانے کے لئے شریعت بورڈ کی تجاویز درج ذیل ہیں:

بینک کا بنیادی شرعی ماحول

- بینک کو شرعی کنٹرول اور احتسابی کلچر کو مضبوط بنانے پر توجہ دینی چاہیے تاکہ بینکنگ کے تمام شعبوں میں شریعت کمپلائنس کو یقینی بنایا جاسکے۔
- حالیہ بڑی تعداد میں سکوک کے اجراء کو دیکھتے ہوئے، بینک کو بیج موبل پر انحصار کم کرنا چاہئے۔
- پریمیئر اسلامک بینک کے نمائندہ ہونے کی حیثیت سے تمام عملے کو اپنی زندگی شرعی اصولوں کے مطابق گزارنے کی کوشش کرنی چاہئے اور خاص طور پر HR پالیسیوں کے مطابق Dress Code پر عمل کرنا چاہئے۔

ماحول دوست اور مستحکم / پائیدار فنڈنگ

- بینک کو اقوام متحدہ (UN-SDG) کے طے کردہ پائیدار ترقی کے اہداف کو حاصل کرنے کیلئے اپنا کردار ادا کرنا چاہیے اور مارکیٹ لیڈر ہونے کے ناطے اپنے الگ اہداف بھی مقرر کرنے چاہیے۔
- بینک کو پائیدار بینکنگ کے طریقوں کو بڑھانے اور ماحول دوست فنڈنگ کے پورٹ فولیو کو بڑھانے کی کوشش کرنی چاہیے۔

مالی شمولیت اور ڈیجیٹلائزیشن

- بینکنگ سے نا آشنا افراد کو فنانس تک رسائی فراہم کرنے کے لئے بینک کو فعال طور پر مشغول ہونا چاہیے۔ اس ضمن میں نوجوانوں، کم آمدنی والے طبقے، کاروباری افراد اور خواتین پر توجہ مرکوز کرنے سے مالی طور پر مستحکم معاشرے کی ترویج میں مدد ملے گی۔
- بینک کو صارفین کی بینکنگ ضروریات کے مطابق سہولت فراہم کرنے کے لئے ڈیجیٹل عینکولوجی کا زیادہ سے زیادہ استعمال کرنا چاہیے۔

ایس ایم ای

- تجارت اسلامی مالیات کی بنیاد ہے، بینک کو SME سیکٹر میں اپنی رسائی بڑھانی چاہیے جس سے

- ان SMEs کو اپنے مالی معاملات کو بہتر انداز میں دستاویزی شکل دینے میں مدد ملے گی جو کہ ان کے بینکاری چینل میں آنے میں مددگار ثابت ہوگا۔
- بینک کے پاس SMEs کی دستاویزات میں مدد کرنے اور مالیاتی نظام میں آسانی فراہم کرنے کے لیے متعین اور تربیت یافتہ عملہ ہونا چاہیے۔

آگاہی

- SMEs اور کارپوریٹ کو اسلامی بینکاری کے قریب لانے کے لیے بینک کو اسلامی مالیات کے بارے میں شعور اور صلاحیت پیدا کرنے کے لیے آگاہی سیمینارز کا انعقاد کرنا چاہئے۔
- بینک کو چاہیے کہ وہ بچوں میں اسلامی مالیات کے بارے میں بیداری پیدا کرنے پر توجہ مرکوز کرے۔ جس میں حلال کمائی کی اہمیت پر توجہ مرکوز کرنی چاہیے؛ اسلامی مالیات کے بارے میں شعور اور صلاحیت پیدا کرنے کے لیے، بینک کو تعلیمی اداروں کے ساتھ مل کر کام کرنا چاہیے تاکہ مختلف درجات کے نصاب میں اسلامی مالیات سے متعلق کورسز متعارف کروائے جاسکیں، تاکہ آج کے بچے مستقبل کے سفیر بن سکیں۔
- بینک کو یونیورسٹیز اور کالجوں کی اسلامی مالیات، اکاؤنٹنگ اور بزنس فیکلٹی اور سرکاری اداروں اور میڈیا یا باؤنسر سے تعلق رکھنے والے دیگر فکری رہنماؤں میں اسلامی مالیات کے بارے میں آگاہی پیدا کرنے کے لیے بھی کام کرنا چاہیے کیونکہ ان رہنماؤں کا ان کے پیروکاروں میں بڑا اثر ہوتا ہے۔

ریگولیٹری فریم ورک

- مروجہ انشورنس کا معاملہ شرعی احکام کے مطابق نہیں ہے، لہذا اس بات کی مکرر ہدایت دی جاتی ہے کہ جتنا جلد ممکن ہو مزید کلائنٹس کو کافل کی طرف منتقل کیا جائے۔
- اس بات کی بھی توجہ دی جاتی ہے کہ بینک زیادہ سے زیادہ نجی و سرکاری شرکت پر مبنی سکوک جاری کرنے میں اپنا کردار ادا کرے تاکہ حکومت کی مالی ضروریات پوری ہو سکیں۔

ٹریڈنگ اور ڈیولپمنٹ

دوران سال بینک نے 173 تربیتی مجالس منعقد کیں جن کی کل میعاد 3,954 گھنٹوں سے زائد رہی، ان تربیتی مجالس میں میزبان بینک کے 5,205 سے زائد ملازمین نے شرکت کی۔ ان تربیتی مجالس میں اسلامک فائننس سے متعلق نئے ملازمین کے لئے Refreshers، Orientation، Asset Refresher، Deposit Refresher، SME ڈیپارٹمنٹ کے لیے خصوصی ٹریڈنگ اور دیگر سرٹیفکیٹ پروگرام شامل ہیں۔ ایک E-Learning پروگرام بھی متعارف کروایا گیا جس سے 3,758 ملازمین مستفید ہوئے۔

بینک نے IBA-CEIF کے تعاون سے بچوں کے لیے اسلامی مالیاتی خواندگی کی ایک ورکشاپ بھی منعقد کی جن میں 9 سے 15 سال کی عمر کے بچوں نے شرکت کی۔ بینک نے اپنے عملے اور ان کے بچوں کے لیے اسلامی خطاطی کی دو ورکشاپ بھی منعقد کیں۔ ہم ان اقدامات پر خوش ہیں کیونکہ ایسے اقدامات اس عمر کے بچوں میں ہمارے مذہب کے بارے میں بنیادی معلومات فراہم کرنے میں مددگار ہوتے ہیں۔

بینک نے ”میزبان ایسیسڈر پروگرام“ بھی شروع کیا ہے جس کا مقصد تجربہ کار اور پیشہ ورانہ طور پر ماہر سینیٹر سطح کے افراد کو میزبان ایسیسڈر کے طور پر ان کے علاقوں میں تربیت اور آگاہی کے سیشنز کا انعقاد کرنے کے لئے تیار کرنا ہے۔

میزبان بینک نے اس سال اشاروں کی زبان میں 3 ویڈیوز بنائیں۔ اشاروں کی زبان پر تربیتی ویڈیوز بنانا بھی بینک کا ایک قابل تحسین اقدام ہے، اللہ تعالیٰ ان تمام کوششوں سے راضی ہو۔

میزبان بینک نے اسلامک بینکنگ کی آگاہی کے لیے عام کے لیے بڑے شہروں میں تقریباً 75 سینما بھی منعقد کئے جن میں تقریباً 5,500 افراد بشمول کسٹمرز، عوام الناس، پروفیشنلز، مفتیان کرام اور مختلف یونیورسٹیز کے طلباء نے شرکت کی۔ اس وبائی بیماری کی وجہ سے زیادہ تر سینیٹر ڈیپارٹمنٹ میڈیا کے ذریعے کروائے گئے تھے۔ دوران سال بینک کے بورڈ اور سینیٹر مینجمنٹ کے لئے بھی ایک شرعی تربیتی مینشن کا اہتمام کیا گیا تھا۔

یہ بات خوش آئند ہے کہ قرآن مجید کی تعلیمات کو عام کرنے کی غرض سے میزبان بینک اسٹاف کے لئے درس قرآن کی 34 مجالس بھی منعقد کی گئیں۔

شرعیہ ایڈوائزری اور انڈسٹری سپورٹ

یہ بات بڑی قابل تحسین ہے کہ میزبان بینک دنیا بھر میں کلائنٹ کی ضرورت کے موافق شرعیہ ایڈوائزری فراہم کر کے اسلامک فائننس انڈسٹری کو تعاون فراہم کرنے میں پیش پیش رہا ہے، دوران سال بینک کی طرف سے فراہم کردہ چند قابل ذکر ایڈوائزری خدمات درج ذیل ہیں:

- آسٹریلیا میں ٹافل (Takaful) سے متعلق ایک اسلامک فائض انسٹیٹیوٹ کو شرعیہ ایڈوائزری خدمات کی فراہمی جاری رکھی گئی۔
- ایک معروف کنزرویٹو ریسرچر انکسٹریٹوٹ کو شرعیہ ایڈوائزری میں تبدیلی کرنے سے متعلق تکنیکی مشاورتی خدمات۔
- ایک شرعیہ ایڈوائزری انسٹاگرام ٹریڈنگ پلیٹ فارم کو عالمی سطح پر مختلف اسٹاک مارکیٹوں میں درج غیر ملکی کمپنیوں کی شرعیہ اسکریننگ کے لئے تکنیکی مشاورتی خدمات۔
- ”اخوت اسلامک مابیکرو فائننس کمپنی“ کو مختلف اسکیموں کے اجراء میں شرعی مشاورتی

خدمات فراہم کی گئیں۔

- 65 سے زیادہ فنڈ اور پلان کو شرعیہ ایڈوائزری فراہم کی گئی جو کہ اسلامک میوچل فنڈ انڈسٹری کا ایک بڑا حصہ ہے۔
- شرعیہ کے مطابق شینئر فنانسنگ کے لئے پلیٹ فارم کے اجراء کے لئے این سی پی ایل (NCCPL) کی مدد کی گئی۔
- اسلامی ونڈو کے آغاز کے لیے ایگزیم بینک کو سہولت فراہم کرنا جو پاکستان میں شرعیہ کے مطابق تجارتی کاروبار کو سپورٹ کرے گی۔
- PSX کو KMI-30 اور PSX-KMI کے تمام شینئر انڈیکس کی دوسالہ دوبارہ تشکیل میں اسکریننگ کی سہولت فراہم کی گئی۔
- کئی کمپنیوں کو ان کے مالیاتی گوشواروں کی بنیاد پر شرعیہ کمپلائنس سرٹیفکیٹ کا اجراء اور جائزہ۔
- روشن ڈیجیٹل اکاؤنٹ ہولڈرز کے لیے PSX میں شرعیہ ٹریڈنگ پلیٹ فارم تیار کرنے میں بہت سے بروکرینج باؤنڈری مدد کی گئی۔

اثاثوں کا جائزہ

بینک نے اس سال بھی محض مراہجہ پر انحصار کرنے کے بجائے کئی دیگر طریقہ تمول کو اختیار کیا، جیسا کہ تمول کا تناسب سے واضح ہے۔ پچھلے سال کے مقابلے میں اس سال مشارکہ اور رنگ مشارکہ کے تناسب میں 3.6 فیصد کا اضافہ ہوا۔ بینک نے سب سے زیادہ توجہ مشارکہ کی بنیاد پر تمول پر مرکوز رکھی۔ شرکت کی بنیاد پر کی جانے والی فنانسنگ بینک کے مجموعی پورٹ فولیو کا 54.1 فیصد ہے۔ الحمد للہ بینک کا مجموعی تمول پورٹ فولیو (برطانیہ 31 دسمبر، 2021ء) 777 ارب روپے تک پہنچ چکا ہے۔

SCD کی رہنمائی سے، مراہجہ اور مساومہ کی فنانسنگ کے معاملات میں 917.7 ملین کی رقم بینک نے کوئی نفع وصول کئے بغیر کسٹمر سے واپس لے لی کیونکہ اس رقم کی حد تک کوئی خرید و فروخت کا معاملہ کرنا ممکن نہیں تھا۔

شرعی طریقہ تمول	2021 % in total portfolio	2020 % in total portfolio	شرح ترقی/تنازل %
مشارکہ مشارکہ	24.4	27.6	(3.2)
رنگ مشارکہ اور مشارکہ	29.6	26.0	3.6
استصناع	11.8	12.8	(1.0)
اجارہ	8.1	9.4	(1.3)
مراہجہ	1.6	2.6	(1.0)
مساومہ	8.0	7.1	0.9
ہل۔ سلم	1.3	0.8	0.5
وکالہ الاستثمار	4.4	7.5	(3.1)
تجارہ	1.9	2.0	(0.1)
کمڈنی۔ سلم	1.8	1.8	-
دیگر	7.1	2.4	4.7

مراہجہ میں کی جانے والی براہ راست ادائیگیوں کا خلاصہ

دوران سال 2021ء، مراہجہ کی بنیاد پر Corporate and SME/Commercial کو کی گئی سرمایہ کاری میں براہ راست ادائیگیوں کا تناسب 95 فیصد رہا۔ اس بات کی تاکید کی جاتی ہے کہ مراہجہ کے حقوق میں اس تناسب میں اضافہ کی کوشش جاری رکھی جائے۔ یہ بات بھی قابل ذکر ہے کہ شرعی اصولوں کی پاسداری کی تلقین دہانی اور جانچ پڑتال کی غرض سے استصناع اور تجارہ کے تقریباً تمام معاملات میں بینک کے نمائندہ نے خود جاکر بینک کے خریدے ہوئے مال کا مشاہدہ کیا اور اس پر قبضہ حاصل کیا۔

الحمد لله رب العالمین، والصلاة والسلام علی خاتم الأنبياء والمرسلین، محمد المصطفیٰ الأمین، وعلی آلہ وأصحابہ أجمعین، وبعد:

الحمد لله، میزان بینک لمیٹڈ کی اسلامی تجارتی بینکاری کے انیسویں سال کا تجربہ آپ کے سامنے ہے۔ دوران سال میزان بینک کے شریعہ بورڈ کی طرف سے پانچ مجالس کا انعقاد کیا گیا جن میں بینک کی طرف سے پیش کیے گئے مختلف مسائل کا حل شریعہ بورڈ کی طرف سے پیش کیا گیا۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بینک نے 2021 کے دوران شریعہ کمپلائنس کے شعبے میں دو انتہائی باوقار ایوارڈز (GIFA 2021) سے حاصل کیے جو کہ Shariah Authenticity Award اور Shariah Auditor of the Year Award ہیں۔ ہم جناب عرفان صدیقی (بانی صدر اوری ای او، میزان بینک لمیٹڈ) کو بھی GIFA 2021 سے اسلامی بینکر آف دی ایئر کا ایوارڈ حاصل کرنے پر مبارکباد پیش کرتے ہیں۔ ہمیں یہ بتاتے ہوئے بھی خوشی ہو رہی ہے کہ بینک کو اسلامک فنانس فورم آف سادھ ایشیا ایوارڈز (IFFSA) کی طرف سے Islamic Finance Advisory Service Provider of the Year کا ایوارڈ بھی ملا ہے۔ یہ تمام ایوارڈز صارفین کو مکمل طور پر شرعی اصولوں کے مطابق عمدہ بینکاری فراہم کرنے پر بینک کے عزم کی عکاسی کرتے ہیں۔

میزان بینک میں ماہرین کا ایک مستقل شعبہ ”شریعی کمپلائنس ڈیپارٹمنٹ (SCD)“ شریعہ بورڈ کی زیر نگرانی کام کر رہا ہے۔ اس شعبے کی بنیادی ذمہ داریوں میں تمام پراسس، طریقہ ہائے عمل اور پروڈکٹ میں شرعی اصولوں کی پاسداری کو یقینی بنانا، موجودہ پروڈکٹس اور طریقہ ہائے عمل میں مزید بہتری، اسلامی بینکاری کی تہیت اور عقود کو انجام دینے کے طریقہ کار کی شرعی تہیل کا جائزہ لینا ہے۔ شریعی کمپلائنس ڈیپارٹمنٹ، بینک کے شریعہ بورڈ کے لئے سیکریٹری کا کردار بھی ادا کرتا ہے۔

ہم تمام اسٹاف کی کاوشوں کو سراہتے ہیں کہ انہوں نے بینک کے ماحول کو شریعت کے احکامات کے مطابق ڈھالنے میں اہم کردار ادا کیا۔

یہ بات ہمارے لئے قابل اطمینان ہے کہ بینک کے اسٹاف، مینجمنٹ اور بورڈ ممبران میں اسلامی بینکاری کی ترویج اور ترقی کے لئے اعلیٰ درجہ کا عزم دیکھا جاسکتا ہے۔

گزشتہ سال 2021ء میں اسلامی بینکاری کے فروغ کے لئے درج ذیل اہم امور انجام دیے گئے:

نئی پروڈکٹس کی تیاری اور تحقیق

اس سال بینک کی بنیادی توجہ عوام تک اپنی پہنچ کو بڑھانا تھا اور اسی مقصد کے لیے بینک نے اکاؤنٹ کھولنے کے عمل کو آسان بنانے کے لیے ”میزان آسان موبائل اکاؤنٹ“ اور ”میزان اسارٹ والیٹ“ جیسی پراڈکٹ متعارف کرائیں۔

اس سال بینک نے روشن ڈیجیٹل اکاؤنٹ (RDA) اکاؤنٹ کے صارفین کے لیے ”روشن اپنا گھر“ اور ”روشن اپنا کار“ کے نام سے کنزرویٹو پروڈکٹ بھی متعارف کرائیں، جس کے تحت بینک نے 626 PKR ملین کی فنانس فراہم کی۔

اسلامی مالیاتی اداروں کے لیے SBP کی نئی متعارف کردہ ڈسکاؤنٹ ونڈو کے تحت سال کے دوران بینک نے مضاربہ کی بنیاد پر کامیابی سے لین دین کیا۔ یہ ونڈو اسلامی بینکوں کو اپنی سیولیت (Liquidity) میں کسی بھی کمی کو مؤثر طریقے سے سنبھالنے میں مدد دے گی۔

ہم اسٹینڈ بینک کی متعارف کردہ Islamic SME Asaan Finance Scheme (I-SAAF) کے لئے سب سے زیادہ 30 ارب روپے مختص کرنے پر بینک کو مبارکباد پیش کرتے ہیں۔ SME سیکٹر تقریباً 5.2 ملین اداروں پر مشتمل ہے جو غیر زرعی لبر فورس کی 78 فیصد ملازمت پر مشتمل ہے اور جی ڈی پی میں 40 فیصد اور برآمدات میں 30 فیصد حصہ ڈالتا ہے۔ فنانس تک رسائی صنعت کو درپیش ایک اہم چیلنج بنا ہوا ہے۔ I-SAAF کا پورٹ فولیو اور مصنوعات جامع اقتصادی ترقی میں کلیدی کردار ادا کریں گے۔

یہ سال COVID-19 وبائی مرض اور کاروبار کے تسلسل پر مضراثر کی وجہ سے دشوار سال تھا۔ بینک نے مرکزی بینک کے تعاون سے مختلف شریعی کمپلائنس ری فنانس اسکیموں کے ذریعہ صارفین کو مالی واجبات کی ادائیگی میں مختلف اقسام کی سہولتیں فراہم کی ہیں۔

بینک نے صکوک مارکیٹ کی ترقی کے لئے اپنا مرکزی کردار جاری رکھا جس کی بدولت 2021ء میں 736 ارب روپے مالیت کے صکوک جاری کیے گئے۔

ہم کم آمدنی والے طبقے کی سہولت کے لئے مختلف اقدامات کرنے پر بینک کی کوششوں کو سراہتے ہیں جیسے کہ:

- حکومت کی کامیاب جوان اسکیم کے ذریعہ چھوٹے کاروباروں کی ترقی کے لئے اسلامک فنانسنگ کی سہولت مہیا کرنا۔
- مختلف کارپوریٹ اداروں کے ریٹیلرز، ڈسٹریبیوٹرز اور وینڈرز کو مالی سہولت مہیا کرنا۔

حکومت پاکستان کی ”میرا پاکستان میرا گھر اسکیم“ کے تحت فنانسنگ فراہم کرنا۔

ہمیں یہ بتاتے ہوئے بھی خوش محسوس ہو رہی ہے کہ بینک نے ان شعبوں میں بھی قابل قدر فنانسنگ فراہم کی ہے جو ماحول دوست ہیں اور گرین فنانسنگ میں شمار ہوتے ہیں جیسے: سولر ہیتل فنانسنگ وغیرہ کے ذریعے ماحولیاتی آلودگی کی کمی میں اپنا کردار ادا کرتے ہیں۔ 31 دسمبر 2021 کے مطابق اس اسکیم کے تحت کل فنانسنگ 91 PKR ملین ہو چکی ہے جو کہ تقریباً 900 PKR پاور پروڈکشن کے مساوی ہے۔

شریعی بورڈ بینک کی اس کاوش کو سراہتا ہے کہ دوران سال تقریباً 234 کسٹمرز سے ملاقاتیں کی گئیں اور ان کے کاروبار کا مشاہدہ کیا گیا تاکہ ان کے معاملات کے طریقہ کار کو عملی طور پر سمجھا جاسکے، اور اس کے ساتھ ساتھ 2500 سے زائد مختلف معاملات کا ریزیدنٹ شریعی بورڈ ممبر اور شریعی بورڈ کی ہدایات کے مطابق جائزہ بھی لیا۔

مزید یہ کہ SCD ممبران نے ریزیدنٹ شریعی بورڈ ممبر/شریعی بورڈ کی زیر نگرانی میں اٹھارہ سٹڈیکیٹڈ معاملات کے دستاویزات کی نظر ثانی کی اور ان کا جائزہ لیا۔ یہ معاملات مختلف عقود جیسا کہ اجارہ شرکت، متناقصہ اور رینک مشارکہ وغیرہ پر مشتمل تھے۔ تمام سٹڈیکیٹڈ معاملات حکومتی اور نجی اداروں کے ساتھ مختلف تموہلی سہولیات فراہم کرنے کے لئے کئے گئے۔ ان سٹڈیکیٹڈ معاملات کے ذریعہ مختلف ضروریات کو پورا کیا گیا جیسا کہ انفراسٹرکچر میں ترقی، جامد اثاثوں کی تعمیر و توسیع، اور پراجیکٹ لگانے کے لیے سرمایہ کاری کا حصول۔

دوران سال شریعی بورڈ نے جن مختلف عقود میں رہنمائی فراہم کی ان میں سے چند قابل ذکر معاملات درج ذیل ہیں:

- تعمیراتی ہاؤسنگ اسکیموں کے تحت فنانسنگ کے لیے ہدایات
- انٹر بینک مشارکہ کے لیے منافع کی تقسیم کا طریقہ کار
- شرکتہ العہد میں شریک کی طرف سے لاپرواہی کے خطرے کو محفوظ رکھنے کے لیے فریق ثالث کی ادائیگی کی ضمانت۔
- ایسی کمپنیوں کے ساتھ مشارکہ جن کے کرائے کی جائیدادوں میں حصص ہیں۔
- میزان اسلامک کارڈ (کریڈٹ کارڈ کا متبادل) کے اجراء کے لیے ہدایات کی منظوری۔
- ”ذبحی بینکنس“، ”میزان فور افری لائسنر“ اور ”میزان انسٹنٹ آسان“ اکاؤنٹ کی منظوری۔

Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2021

	2021	2020
	Rupees in '000	
Opening balance at January 01	17,980	15,700
Additions during the year		
Received from customers on delayed payment	108,650	66,580
Dividend purification amount	16,002	8,643
Non-shariah compliant income	77,125	21,074
Profit on charity saving account (net of bank charges)	978	983
	<u>202,755</u>	<u>97,280</u>
	220,735	112,980
Distribution of Charity		
Education	(89,200)	(85,200)
Health	(4,000)	(5,100)
Community development	(1,000)	(4,500)
Health & education	-	(200)
	<u>(94,200)</u>	<u>(95,000)</u>
Closing balance at December 31	<u>126,535</u>	<u>17,980</u>

Note:

Details of charity payments of Rs 100,000 and above are disclosed in note 20.5.1 to the financial statements of the Bank.

Policies and Guidelines

Standards of Ethics, Business Practices & Code of Conduct

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal / regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his / her part that may be repugnant, unethical or unlawful.

- Avoid any action on his / her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, other employees and customers of the Bank.
- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
- Provide accurate and reliable information in records submitted.

Code of Conduct

Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

Conflict of Interest

It is obligatory that:

- An employee may not hold a position

of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager / HRD.

- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company / establishment quoted on a Stock Exchange and the interest is less than 1 percent.

Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hide, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

Know Your Customer, Vendors and Counter Parties

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those

individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

Gifts & Entertainment

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

Bribery & Misconduct

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or disfavours to any person in relation to the Bank's affairs or business.
- Offers any advantage to any one as an inducement or reward for any favor/disfavor or otherwise.
- Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee's knowledge is intended to mislead the Bank.
- Take any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
- Pay any cash or near-to-cash benefit to any stake holder of the Bank to take undue advantage.

Fraud, Theft or Illegal Activities

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activities committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Money Laundering

The Bank has set its priority not to become implicated, in any way, with

individuals or firms involved in criminal activities and money laundering. The employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager / Area Manager / Regional Manager / Compliance Department/Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Courtesy & Manners

Employees of Meezan Bank shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resources Department for their information, record and remedial disciplinary action.

Honesty & Integrity

Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

Participation in Political Organizations

No employee shall take part in, subscribe in aid of, or assist in anyway in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

Ideology of Pakistan

No employee shall express views detrimental to the ideology or integrity of Pakistan.

Direct Representations to the High Govt. & Meezan Bank Officials

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block

a citizen's redress to the judiciary and other statutory redresses.

Core Values

- Shariah Compliance
- Integrity
- Service Excellence

Meezan Bank's Personality

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

Health & Hygiene

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

Computer, E-mail, Information Security

Meezan Bank computer system contains an e-mail facility, access rights, information and software, which are intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

Dress Code & Professional Attire

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

Guidelines on Whistle-Blowing

The purpose of these whistle blowing guidelines is to provide a mechanism to Bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and/or reputational loss to the Bank. The major objectives of whistle blowing policy can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function; and
- To be a source of early warning signal.

Scope

The scope of these guidelines includes, without limitation, disclosure of all types of unlawful acts / orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines Bank's operations, financial position, reputation and mission.

Who must blow the whistle and how?

It is the responsibility of each and every stakeholder of the Bank, instead of limiting it to a particular department or senior management only, that if any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the Bank or could be

against the interest of the Bank, he / she must immediately report this to Whistle Blowing Unit through various modes including but not limited to Meezan Bank's website, E-mail, fax, mobile and landline.

Confidentiality & protection of whistle blowers

The whistle blowing mechanism has been designed to ensure complete confidentiality of the entire process and also enables the Bank to take immediate corrective measures. Identification of the whistleblower is kept completely confidential except as required by law or who have legitimate right to know. The Bank stands committed to protect whistleblowers for whistle blowing and any subsequent harassment or victimization of the whistleblower is not tolerated.

Guidelines for Safety of Records of the Company

Comprehensive guidelines are in place at Meezan Bank for ensuring that physical documents are being archived in an organized, efficient and reliable manner. These guidelines encompass detailed processes for preservation, organization, transfer, retrieval and destruction of physical records. The guidelines comprise of the following elements:

General Guidelines

This section deals with the role of the Administration Department in providing an Archive facility outside the branch and provides guidelines on when old records will be transferred to the archive, signatories that may authorize retrieval of records, treatment of records under litigation / dispute, type of records that may be kept under fire-proof cabinet, and the convention to be followed for allocating serial numbers to archived records.

Preservation of Old Records

This section deals with maintenance of old records in a secured environment and the procedure for documenting their complete details to facilitate retrieval and destruction after expiry of retention timelines. This section also defines the responsibilities of the Archiving Officer.

Procedures to Handle Records at Archives

These are detailed procedures with clearly allocated responsibilities of Branch / Head Office departments and archiving officers for transferring/retrieval of records to and from Archives.

Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious

transactions, etc. Relevant Branch Manager / Area Manager / Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager & Operations Manager.

Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

Summary of Corporate Social Responsibility Policy

Scope of Corporate Social Responsibility Policy

The CSR Policy pertains to all corporate social responsibility activities undertaken by Meezan Bank and applies to all employees of the Bank.

Activities undertaken by the Bank may include projects being implemented independently by Meezan Bank or projects undertaken in coordination with other entities.

Objective of Meezan Bank's CSR initiatives

To contribute as a responsible corporate citizen to the community and environment in which the Bank is operating.

Areas of Focus

Meezan Bank may contribute in the form of financial assistance, providing logistic support and availability of human resources for charitable causes in various sectors including, but not limited to the

ones mentioned below, as per the Management's discretion:

- Health
- Social & Environment Sustainability
- Education
- Creating awareness about the prohibition of Riba and the available alternatives

The Bank may also encourage its employees to volunteer and contribute to its own or other organizations' CSR initiatives.

Summary of Sustainability Policy

Purpose

The purpose of the Sustainability Policy is to provide a framework for incorporating sustainability into the Bank's business operations and to minimize the environmental, social, ethical and financial and Shariah risks to the Bank's stakeholders and to the organization itself.

Scope of Sustainability Policy

The Sustainability Policy shall support business decision making at all levels of the Bank and will provide a frame of reference for dealing with direct and indirect sustainability risks.

It is applicable to all of the Bank's products and services, organizational units and departments and may include projects and activities being implemented independently by Meezan Bank or projects undertaken in coordination with other entities.

Summary of Green Banking Policy

Scope and Objective

The Green Banking Policy of Meezan Bank Limited has been prepared in light of the 'Green Banking Guidelines' issued vide IH & SMEFD Circular # 08 dated October 09, 2017 of State Bank of Pakistan. The objective of this policy is to

institutionalize Green Banking across Meezan Bank by focusing on the following major aspects:

- Governance Structure and Responsibilities
- Organizational Structure

- Environmental Risk Management Framework
- Green Business Facilitation
- Own Impact Reduction/ In-house Environment Management
- General Guidelines

Summary of Information Security Policy

Information Security relates to protection of valuable assets against loss, misuse, disclosure or damage. Each asset has to be reviewed from the perspective of its Confidentiality, Integrity and its Availability to the authorized personnel. A number of factors play a critical role in the successful implementation of information security.

Information Security Policy

The Information Security Policy defines the policies and procedures those guide to ensure that information is adequately protected against improper and uncontrolled disclosure. Meezan Bank's Information Security Policy is based on ISO 27001. The policy comprises of the following domains:

Organization of Information Security

In order to manage information security within the Bank, a framework has been established by the Bank's management to initiate and control the implementation of information security within the organization.

Risk Assessment & Treatment

To review IT System and Operation for identifying and mitigating the risk that could affect Meezan Bank's infrastructure through internal and external attacks. The basis of these assessments is the Confidentiality, Integrity and Availability (CIA) of the information assets and services.

Cyber Security Action Plan

Cyber security action plan is developed to proactively address the likely cyber-attacks in order to anticipate,

withstand, detect and respond to cyber-attacks in line with international standards and best practices.

Operations Security

To ensure efficient and secure operation of information processing facilities.

Threat Intelligence and Industry Collaboration

Share, gather and interpret Information about technical vulnerabilities and relevant cyber threats arising from information systems, services, utility providers and other banks.

Work from Home

Work from home facility provision shall only be facilitated in a controlled manner with pre-requisites defined in the procedure. The work from home arrangements is subject to system and VPN provision according to their job-role and need to use basis.

Human Resources Security

This segment of the policy ensures that the Bank's employees, contractors and third party users understand their responsibilities and are suitable for the roles they are considered for, thereby reducing the risk of theft, fraud or misuse of facilities.

Asset Management

To achieve and maintain appropriate protection of the Bank's Information Assets.

Access Control

To control the access to information, information processing facilities and business processes based on business and security requirements.

Cryptography

To protect the confidentiality, authenticity and integrity of information by Cryptography (The conversion of data into a secret code for transmission over a public network.)

Physical and Environmental Security

To prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

Operations Security

To ensure correct and secure operation of information processing facilities.

Communications Security

To maintain the integrity and availability of information and information processing facilities.

Information Systems Acquisition, Development and Maintenance

To ensure that security measures are always built into and are an integral part of all information systems.

Supplier Management

To ensure the protection of the organization's information assets that is accessible by IT suppliers for providing IT service delivery.

Information Security Incident Management

To ensure that information security events and weaknesses associated with the Bank's information systems are communicated in a manner that allows timely corrective action to be taken.

Information Security Aspects of Business Continuity Management

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption.

Compliance

To ensure that any law, statutory, regulatory or contractual obligations and security requirements are not breached.

Information Security Trainings and Awareness

Appropriate awareness programs and regular updates in organizational IT

security policy and procedures, as relevant for their job function are conducted.

Each of the above domains comprise of multiple processes and controls to ensure promotion of an information security.

IT Governance Policy

Scope

This policy creates the governance for the Information Technology Division for the Bank under the supervision of IT Steering Committee, Board IT Committee and Board of Directors. This policy describes and create a framework that will pave the roadmap on which IT Division will provide services to Bank's business functions and to ensure that the Bank's business operations are driven based on Technology Solutions.

Objective

To put in place the policy framework for IT Governance at the Bank in order to provide services to the Bank's Business functions. This policy framework is also aligned with the IT Security Policy of the Bank which is based on the standard ISO 27001.

Executive Summary

Establish Partnership with business to enrich Business and IT alignment and by delivering cost effective technology solutions and services.

This model describes all functions of the IT Division in the form of services which results in business benefits. It consists of five core services area (IT Service Strategy, IT Service Design, IT Service Transition, IT service Operations and Continual IT Service Improvement) that covers best practices and guidelines within IT management.

Key Areas – IT Management Policy

Key areas in Meezan Bank IT Management Policy are as follows:

1. IT Capacity and Performance Management provides guidelines for maintaining scalable IT capacity and making the best and optimal use to meet the performance requirements expected by the business.
2. IT Project Management defines standard and best practice guidelines

for project management to assure that they are accomplished in timely, cost effective manner. It is governed by PMO Charter.

3. Change Management emphasizes on managing all changes within the IT environment including emergency changes, fixes and patch management to minimize the disruption in services.
4. IT Helpdesk and Problem Management ensures incidents and problems related to systems are reported, tracked investigated and resolved in effective and efficient manner.
5. Service Level Agreement Management ensures the SLA's are established, agreed between vendors and IT in line with Business needs to gauge the service delivery performance.
6. IT System Acquisition Management caters the way the IT Systems should be procured in line with Bank's expenditure policy.
7. Configuration Management covers the rules for configuration of information technology devices and infrastructure for tracking and controlling all changes to information systems of the Bank.
8. IT Compliance Management defines the way ITD works under compliance guidelines.
9. IT Continuity Management covers the aspect of Business Continuity Plan and Disaster Recovery Plan in case of any service disruption.
10. IT Backup and Restoration Management defines the rules for backup and storage of electronic information within the entity that are responsible for electronic data stored in archive.

11. IT Outsourcing Management defines the framework for outsourcing of IT services.

12. Software Solution Development and Maintenance Management facilitates the effective development and maintenance of Software solutions to compliment business functions.

13. IT Infrastructure Management determines the process for requirements analysis, planning, design, deployment and on-going operation management. It also ensures technology is accessible and equipped with current hardware and software for application management.

14. Network Management defines the principles covering internal and external network environment operated by the Bank including Logical Access Management, Infrastructure security, Operational Management and Bandwidth Management.

15. Database Management aims at ensuring the availability, integrity, security, consistency and accuracy of the Bank's database.

16. Virus and Malware Management ensures that systems, database and software are protected against the risk to malicious software and unauthorized code.

17. Internet and Intranet Usage Management defines the rules for Internet usage.

18. Desktop Support Management defines the principle covering the IT related Support activities and covers the Installation and configuration of desktops in branches and providing first level support.

Salient Features - Directors' Remuneration Policy

1. Remuneration shall be fixed in Pakistani Rupees (PKR) invariably; nevertheless, payment of the same can be made to foreign Directors in equivalent foreign currency(ies), where necessary, after obtaining the regulatory approvals as may be required from time to time.
2. No single member of the Board of Directors shall determine his/her own remuneration.
3. Proper and transparent disclosure of remuneration and other benefits/facilities provided to the Board members shall be made in the annual financial statements of the Bank, as per SBP instructions issued from time to time.
4. The Fees for attending the Board and its Committee meetings shall be as follows:

	Board Meeting Fee Rs. per meeting	Committee Meeting Fee Rs. per meeting
Chairman	960,000	650,000
Other Non-executive Directors	800,000	650,000

5. The Board and Committee meeting fees will be approved by the shareholders in Annual General Meeting on pre or post facto basis on the recommendation of the Board and Board Human Resources, Remuneration and Compensation Committee. The meeting fee, in any case, shall not exceed the limits prescribed by the Regulators.
6. All traveling / boarding / lodging expenses of the Directors related to Attendance of Board Meeting(s)/ Committee Meetings will be borne by the Bank at actuals. Expenses such as hotel stay etc. incurred due to personal reason or reason other than performance of Bank's duties and business will be borne by the concerned Director.
7. No additional payments or perquisites will be paid to the Non-Executive Directors and Chairman except as mentioned in above clauses.
8. No consultancy or allied work shall be awarded to a Director or to the firm(s), institution(s) or company(ies) etc. in which he/she individually and/or in concert with other Directors of the Bank, holds substantial interest.
9. No remuneration under this policy would be paid to the Executive Directors except travel and boarding costs as per the Bank's standard rules and regulations and relevant laws.






Stakeholders Relationship and Engagement





How We Engage with Our Stakeholders	121
Investors' Relations Section on Corporate Website	123
Steps to Encourage Minority Shareholders' Participation in General Meetings	123
Summary of Corporate and Analyst Briefings	123

How We Engage With Our Stakeholders

Meezan Bank is committed to sustain and maintain stakeholder relationships and keep them at the core of its business strategy. These relationships are long-term, which are handled professionally and with sincerity. It is our Mission to optimize stakeholders' value through an organizational culture of fairness and respect.

The following table provides an overview of stakeholder engagements at Meezan Bank:

	Modes of Engagement	Frequency	Key Initiatives
 <p>Customers</p> <p>Value Created</p> <p>Promote financial inclusion, fair treatment of customers and high customer satisfaction and loyalty.</p>	Online, phone, social media and postal communication	Regular and on need basis	<ul style="list-style-type: none"> 16.3 million customer awareness SMS sent in 10 different campaigns
	Customer satisfaction surveys and feedback	On need basis	<ul style="list-style-type: none"> 75 Islamic banking awareness seminars conducted nationwide and attended by more than 5,500 participants Active interaction and prompt follow-up to queries/feedback received via social media such as Facebook, LinkedIn and Twitter Bi-annual customer letters 32 webinars held for customers Islamic Banking awareness videos with Sign Language and multiple Cyber Security awareness campaigns were released on social media
 <p>Investors</p> <p>Value Created</p> <p>Create shareholder value and build strong corporate governance. Minimize non-compliance resulting in any potential sanctions, penalties and/or reputational loss.</p>	Financial statements	Quarterly, semi-annually and annually	<ul style="list-style-type: none"> Consistent payment of dividend Conducted 2 analyst briefing sessions Participated in Tundra Fonder ESG, Terra Nova ESG due diligence questionnaires, Global Islamic Bankers' Survey and OICCI CSR report
	Annual General Meeting	Annual	
	Media releases	Continuous	
	Analyst briefing sessions	On need basis	
	Responding to multiple queries of institutional investors and ESG analysts	On need basis	
 <p>Regulatory Bodies</p> <p>Value Created</p> <p>Enhance capability to adapt to regulatory compliance and establish strong risk management and control.</p>	Regular engagement for matters impacting business and compliance through face to face, written and telephonic communication	Regular and on need basis	<ul style="list-style-type: none"> Actively participated in the RDA accounts, Roshan Apni Car, Roshan Apna Ghar and other initiatives of the government to help NRP and resident Pakistanis
	Audit and annual reports	Annual	<ul style="list-style-type: none"> Enhanced focus on the Bank's AML/CFT compliance systems and capabilities. It also included training on AML/CFT compliance and risk management across the Bank

	Modes of Engagement	Frequency	Key Initiatives
 <p>Employees</p> <p>Value Created</p> <p>Manage employee relations to create an inclusive and learning environment. Encourage talent attraction and retention.</p>	CEO messages on regular and topical subjects	On need basis	<ul style="list-style-type: none"> Regular COVID-19 awareness campaigns for staff on email, whatsapp, video messages Invested Rs 26 million in training our employees Launched Employee Share Option Scheme (ESOS) Solar financing scheme launched for employees on subsidized mark up Launched 'Her Journey' - for female employees to share their Meezan experience on social media Participated in more than 50 corporate cricket tournaments and one-off matches with winning ratio of 75%
	Training initiatives	Regular	
	Employee Satisfaction Survey	Regular	
	Offsite strategy sessions & townhall meetings	On need basis	
	Employee benefits including compensation, medical, performance bonus and end of service benefits	Continuous	
	Internal newsletter and intranet	Quarterly and continuous	
	Inter-departmental sports and recreational activities	Regular	
 <p>Community</p> <p>Value Created</p> <p>Support economic and social development. Support sustainable development and green banking while ensuring ethical and Shariah-compliant business practices.</p>	Financial literacy initiatives	Regular	<ul style="list-style-type: none"> Enabled job opportunities for people with special abilities Lead partner of SBP's National Financial Literacy Program (NFLP) for financial inclusion in Pakistan. Reached out to more than 5,300 beneficiaries through, 212 sessions Hosted Pakistan Final of CFA Institute Research Challenge 2020-21 & awarded cash prizes to KSBL & IBA winning students Launched multiple campaigns on spending wisely and inculcating early saving habits in kids through social media Launched an extensive campaign on Meezan Samaaji Khidmat to encourage NRPs to support Pakistani NGOs back home through social media
	Hiring individuals with hearing and visual impairments	Regular	
	Sponsoring various fundraising events	On need basis	
	Building the Islamic Financial industry	Continuous	
 <p>Media</p> <p>Value Created</p> <p>Encourage positive brand building, mitigate reputational risks.</p>	Advertisements through print, electronic, social media and website	Regular	<ul style="list-style-type: none"> Interacted regularly and frequently with the local, regional and international media through PR, articles and interviews of senior management
	Interviews on print and electronic channels	Regular	
	Social media platforms	Regular	
 <p>Suppliers</p> <p>Value Created</p> <p>Ensure continuous supplier evaluation towards ethical practices as well as quality management. Encourage accessible whistle-blowing channels.</p>	Regular meetings	Regular	
	Phone calls	Regular	
	Vendor briefings	Regular	
	Purchase agreements	Regular	

Investors' Relations Section on Corporate Website

Meezan Bank places great emphasis on ensuring two-way, regular engagement with its investors through various channels. The Bank's corporate website is one such channel that is regularly updated with all important business announcements, financial results as well as regulatory information. The Investor Relations section of the Bank's website serves to connect its stakeholders with the Bank as per the applicable regulatory framework.

The Bank's website also includes all latest information regarding the Bank, including its financial highlights, dividend information, investor information and a link to Securities and Exchange Commission of Pakistan's (SECP) Service Desk Management System (SDMS).

For the shareholders, analysts and for investors; the Bank also updates contact details for investor relations and Company Secretariat.



The relevant section is available on the Bank's website:
<https://www.meezanbank.com/investor-relations/>

Steps to Encourage Minority Shareholders' Participation in General Meetings

The Bank ensures that the interest of the minority shareholders is protected. In order to ensure their participation in general meetings, the Bank takes the following measures:

- All notices of the shareholders' meetings are timely announced on Pakistan Stock Exchange (PSX), published in nationwide newspapers.
- All notices of the shareholders' meetings are dispatched at the registered addresses of the shareholders as per regulatory requirement.
- Annual Reports are sent to each member of the Bank before the AGM in hard copy and/or in electronic form.
- Shareholders are facilitated in appointing proxies in case they are unable to attend the AGM in person.
- Shareholders are provided with a detailed overview of the Bank's performance, future outlook in both English and Urdu languages.
- Shareholders are encouraged to comment, raise queries and provide feedback related to the Bank's operations.
- The Bank also ensures compliance to all the regulatory requirements and takes all possible steps to encourage attendance of minority shareholders in their meetings.

Matters Raised in the Last Annual General Meeting (AGM)

No significant issue was raised in the last AGM.

Summary of Corporate and Analyst Briefings

Corporate and Analyst briefings provide the Bank, its shareholders and the investor community with an opportunity to share business updates that are relevant to the shareholders and analysts' coverage areas. As per the requirements of PSX, all listed companies are required to hold at least one Corporate Briefing Session (CBS) for the shareholders and analysts during a financial year, the Bank held one Corporate Briefing Session and one Analyst Briefing session during the year.

The interactive sessions served to apprise the audience of a detailed overview of the Bank's performance, its business environment as well as future prospects and strategy.

The audience was also informed about the Bank's focus on digital transformation and process innovation. The engagement session served to give the right perspective of the Bank's business affairs. To facilitate shareholders and to accommodate regional analysts and fund managers, conference call facilities are provided to ensure full access to all necessary stakeholders. The information and presentations are subsequently uploaded onto the Investor Relations segments on the Bank's website.

Dates:

February 23, 2021 – Analyst Briefing Session

August 16, 2021 – Corporate Briefing Session (CBS)

[BEWARE]

Meezan Bank or its Employees
never ask for your



via SMS, Call or Email



[خبردار!]

میزان بینک یا اس کے ملازمین
آپ سے کبھی بھی آپ کا



بذریعہ ایس ایم ایس، کال یا ای میل طلب نہیں کرتے





Sustainability & Corporate Social Responsibility

Corporate Social Responsibility Report
Sustainability Report

126
130

Corporate Social Responsibility Report

Meezan Bank believes in conducting business in a manner that is ethical and contributes to its stakeholders, environment and society in a positive manner. The Bank is implementing sustainable business practices that fully meet the expectations that the society has from responsible corporate citizens. Meezan Bank's consciousness of its responsibility towards society and stakeholders is also expressed in its Vision and Mission statements. Our focus on CSR includes our participation in charity and donations, social welfare in terms of health and education as well as transparency.

COVID-19 Vaccination Drives

The world witnessed the COVID-19 pandemic spread to over 160 countries, having a devastating impact on the well-being of many. In 2021, Meezan Bank partnered with the Government of Sindh to conduct various vaccination drives to increase the administration of vaccines to both the general public as well as members of the Meezan Bank family.

Meezan Bank's Role in Improving Health and Well-Being on a National Level

As the healthcare system in the country struggled to cope with growing economic and humanitarian pressures, the Bank continued to play its role in handling this enormous battle and advancing sustainable development goals through immunization. The Bank's partnership with the Sindh Government aimed to strengthen the immunization system during the pandemic in Karachi, especially taking into account the high positivity rate in the city. These efforts played a major role in mitigating the devastating health and economic impacts of the pandemic, particularly on those with weak immune systems, providing them with a cost-effective and lasting health intervention.



Launch of Pakistan's Largest COVID-19 Drive-through Vaccination Centre at Gulberg, Karachi

In August 2021, Meezan Bank, in collaboration with the Government of Sindh, launched Pakistan's largest COVID-19 Drive-through vaccination centre for general public in Karachi. The Facility is situated at central location of Gulberg Town. Establishment of this vaccination centre was personally overseen by the Bank's Founding President & CEO - Mr. Irfan Siddiqui and was inaugurated by Barrister Murtaza Wahab - Spokesperson Government of Sindh & Administrator Karachi. With a total of twenty-four booths, the facility operates seven days a week, providing thousands of adults a convenient and safe way of getting vaccinated while observing social distancing rules.

162,700
individuals
vaccinated

24 Booths
operating
7 days a week



Barrister Murtaza Wahab - Spokesperson Government of Sindh & Administrator Karachi with Mr. Irfan Siddiqui - Founding President & CEO, Meezan Bank at the inauguration of vaccination center at Gulberg Town Karachi.

Launch of Second COVID-19 Drive-through Vaccination Centre at DHA Phase 8, Karachi

On the country's 75th Independence Day, the Bank launched its second COVID-19 drive-through vaccination centre for the general public at DHA Phase 8, Karachi in collaboration with the Government of Sindh. This centre was also inaugurated by Barrister Murtaza Wahab - Spokesperson Government of Sindh & Administrator Karachi, who appreciated Meezan Bank's efforts and support for this important cause.

11,000
individuals
vaccinated



Barrister Murtaza Wahab - Spokesperson Government of Sindh & Administrator Karachi with Mr. Irfan Siddiqui - Founding President & CEO, Meezan Bank at the inauguration of vaccination center at DHA, Karachi.

Launch of Mobile Vaccination Units

The Bank also launched two mobile vaccination units for COVID-19 in Karachi, in collaboration with Sindh Government and Meezan Foundation. These vaccination units were housed in specialized custom-built vehicles that moved around the city and provided free vaccination to the general public on the spot to enable the maximum number of people to get vaccinated. The drive was inaugurated at Dolmen Mall Clifton by Mr. Irshad Sodhar - Deputy Commissioner South, Karachi in the presence of the Bank's senior management team.



Mr. Irshad Sodhar - Deputy Commissioner South, Karachi at the inauguration ceremony of the mobile vaccination units with Meezan Bank's senior management team.

10,500
individuals
vaccinated



COVID-19 Vaccination Drive for Employees and their Families

In June 2021, the Bank also launched a COVID-19 vaccination drive for its employees and their family members at its Head Office in collaboration with the Government of Sindh. The drive was personally overseen by the Honorable Commissioner Karachi - Mr. Navid Ahmed Shaikh along with his team. Overall 99% of the employees are fully vaccinated out of which 4,564 have been vaccinated through this drive.

4,564
employees
vaccinated
through this drive



Honorable Commissioner Karachi - Mr. Navid Ahmed Shaikh with Mr. Irfan Siddiqui - Founding President & CEO, Meezan Bank at the inauguration of vaccination center at Meezan House.



Meezan Bank Acknowledged by HANDS-Pakistan and United Nations

Meezan Bank participated in the seminar organized by Health and Nutrition Development Society (HANDS) Pakistan & United Nations Office for the Coordination of the Humanitarian Affairs (UNOCHA) to commemorate the efforts of the corporate and social sector in the fight against COVID-19 and to raise awareness regarding the importance of vaccinating undocumented persons/refugees. Mr. Muhammad Raza - Group Head Customer Support was also presented with a token of appreciation for the Bank's efforts in combatting the pandemic.

Media Highlights



Healthcare

The Indus Hospital



Since its inception in 2005, The Indus Hospital (TIH) has been running an unparalleled and unique healthcare business model, whereby it provides premium healthcare at no cost to low-income populations. Meezan Bank supported TIH in its 5th Indus Annual Golf Tournament 2021 that engaged more than 100 golfers and top CEOs of several organizations. The fundraiser not only helped create awareness about the network and philanthropic activities of TIH, Karachi, but also helped collect voluntary financial support to expand and continue providing free quality healthcare to all.



Layton Rahmatulla Benevolent Trust



Layton Rahmatulla Benevolent Trust (LRBT) is Pakistan's largest non-governmental organization working to fight blindness in the country. Meezan Bank participated in the 4th LRBT Golf Tournament fundraiser event. This event was held to raise funds for the free treatment of eye diseases such as Cataract, Glaucoma, retinal and corneal diseases among children and adults in Pakistan.



Education

The Citizens Foundation



The Citizens Foundation (TCF) is one of Pakistan's leading non-profit organizations in the field of education for the less privileged, set up in 1995 by a group of citizens concerned with the dismal state of education in the country, to help educate the less privileged children of our society. Meezan Bank supported TCF by participating in a fundraiser event held on December 12, 2021 at Karachi Golf Club, Karsaz. The event supported education of 275,000 children at 1,687 schools across Pakistan.



Hira Foundation School



Hira Foundation School is a division of the renowned Jamia Darul Uloom Karachi. It is a well-reputed Cambridge based schooling system where value-based education is provided to students in accordance with Islamic values. Meezan Bank supported the school in hosting the A-Level Cricket League in March, 2021. The league had 8 teams participating from reputable colleges of Karachi.

Cutchi Memon Students Federation (CMSF)



Meezan Bank sponsored the All Memon Speech Competition organized by Cutchi Memon Students Federation (CMSF) in October, 2021 for the students of Matric and above. The competition was well-attended by students as well as prominent businessmen of the metropolitan city of Karachi.

Meezan Foundation

Charity is one of the most important pillars of a healthy society. Keeping this and the Islamic principles of Ihsan in mind, Meezan Bank recognizes its responsibility as a conscientious corporate institution and considers Corporate Social Responsibility (CSR) as an integral part of its value system to contribute to the society and support those in need. With this aim and objective, the Bank formed a separate Trust with the name of Meezan Foundation to undertake CSR projects for betterment of society and the general public.

Meezan Foundation has supported the following organizations for different projects:

Alamgir Welfare Trust



M/s Alamgir Welfare Trust (AWT) International is one of the most well-known welfare organisations in Pakistan, serving the indigent and underprivileged for the last 25 years through healthcare center, food distribution, education, sadqa and financial assistance for marriages of underprivileged children, etc.

AWT also provides ambulance services to the masses free of cost. Meezan Foundation supported AWT by meeting the rising demand for their ambulance services.





Durbeen, a sister concern of Zindagi Trust, is a non-profit organization working towards improving public schools in Pakistan. To achieve this long-term goal, the organisation is staffing these public schools with professional teacher graduates of revamped Government Colleges of Teacher Education across Pakistan.

Durbeen has partnered with the Government of Sindh to take over the management of the Government Elementary College of Education (GECE), Hussainabad, and has linked it with global best practices in teacher education through an education collaboration with the University of Helsinki in Finland and the University of Karachi. To support in their projects of improving the government schools, Meezan Foundation contributed towards Durbeen's mission to transform the public education system.

Jamiyat Punjabi Saudagran-e-Delhi

Jamiyat Punjabi Saudagran-e-Delhi (JPSD), a charitable organization operating since 1948, runs 8 educational institutes from Montessori to Higher Education. JPSD provides quality education to underprivileged children in different cities of Pakistan including Karachi, Lahore, and Islamabad. The organisation also provides other services such as health facilities through hospitals and dispensaries, financial assistance for weddings, medical related cases, bus services, burial and graveyard services, etc.

To support their causes, Meezan Foundation helped JPSD install solar panels to help them shift towards renewable, clean and green energy at a low maintenance cost.

The Citizens Foundation

The Citizens Foundation (TCF) is one of Pakistan's leading non-profit organizations in the field of education for the less privileged. Meezan Foundation supported TCF in providing recreational activities to children from underprivileged areas.

COVID-19 Vaccination Drives across Pakistan

To help the staff members and their families in getting vaccinated, the Bank arranged vaccination drives at Karachi, Lahore, Islamabad and Peshawar. The drives were conducted with the collaboration and support of the provincial and local governments of the respective regions. The President & CEO personally discussed the options for vaccination of staff members and their families with Commissioner Karachi who later sought formal approval from the Chief Minister of Sindh and the NCOC. Thereafter, Health Department Sindh established a vaccination centre at Meezan House.

Meezan Foundation also funded the physical setup and operations of the two drive-through vaccination centers as well as the two mobile vaccination units at Karachi.



Mr. Irfan Siddiqui - Founding President & CEO, Meezan Bank, presenting the cheque to Durbeen along with Mr. Khalid Zaman Khan - Group Head HR, L&D and Mr. Shabbir Hamza Khandwala - CFO & Group Head Finance.

Raising Awareness of Social Causes on Social Media

Meezan Bank has regularly been raising awareness of various social causes such as financial literacy, giving back to society, inclusion of disabled persons, etc. on social media. The Bank conducted 5 Financial Literacy Campaigns on Social Media and also ran an extensive campaign on Meezan Roshan Samaaji Khidmat to encourage Non-Resident Pakistanis to support Pakistani NGOs back home for which a series of 14 videos in collaboration with the NGOs were released on Social Media. Meezan Bank also developed and released 4 educational videos on Islamic banking in sign language to encourage a more inclusive Islamic banking system in Pakistan.



Sustainability Report

Meezan Bank is fully committed to fulfill its financial and social responsibilities and strives to live up to its societal duties to foster sustainable business that are aligned with its values and the Islamic principle of 'Ihsan'. Sustainable finance fits naturally with the Bank's ethos and the values of Islam and Meezan Bank is aware of the importance of creating a synergy between its business and its environment. The Bank's holistic approach towards integrating ESG matters into its decision-making spans even before the pandemic. Meezan Bank's consciousness of its responsibility towards society and stakeholders is also expressed in its Vision and Mission statements.



Our Approach to Sustainable Development

As the country's leading Islamic bank and one of the largest banks in the country, we are contributing to the implementation of the UN Sustainable Development Goals through multiple business activities as well as stakeholder engagement:



Stakeholder Engagement

Meezan Bank's stakeholders are the people and organizations that affect or are affected by its operations. The Bank's commitment to its stakeholders is central to its sustainability strategy and reflects the values that allow it to create shared success with its clients, communities and other stakeholders.

Meezan Bank's personality embodies how all Meezan professionals think, operate and take decisions. These behaviours define how we do our business and interact with our stakeholders.

Meezan Bank Personality



For further details on how we engage with our stakeholders, refer Section Stakeholders Relationship & Engagement.



Our Focus on Sustainable Finance

Responsible and sustainable finance forms a key element of the Bank's systems and operations. As the country's leading Islamic bank, we take pride in adopting ethical screening and assessment. A stringent Shariah & Compliance check and Audit ensures that the Bank's activities are as per the Islamic principles.



Climate Action through Lending to Renewable Energy

Meezan Bank is committed to driving growth for green banking initiatives and is therefore continuously exploring opportunities to support and finance environment friendly projects.

Amount disbursed in Solar Financing

Rs 100 Million to consumers & **Rs 1.1 Billion** to SMEs



Islamic Finance Facility for Renewable Energy (IFRE)

Meezan Bank is amongst the most active banks in supporting the State Bank of Pakistan's Islamic Finance Facility for Renewable Energy.

The Bank supported

18 Renewable Energy Projects worth **Rs 14.9 Billion**

- The Bank also has a comprehensive 'Green Banking Policy' in line with the guidelines of the State Bank of Pakistan duly approved in the Board Meeting of the Bank.
- The Board of Directors has also implemented a policy framework that delineates broader guidelines to the Management for ensuring that adequate controls are maintained and risk is managed within acceptable limits.



Reducing Carbon Footprint through Renewable Energy Generation



The Bank's main energy sources include electricity, fuel and solar power. In an effort to reduce dependence on fuel-based energy sources, the Bank is gradually shifting a portion of its branches to solar power. In line with SBP Green Banking Guidelines, the Bank has designed a Green Sustainability Drive focusing on these key areas:



Further, the Bank has also installed solar panels with a capacity of up to 100 KW to reduce reliance on fossil fuels. The arrangement will lessen the Bank's reliance on diesel generators, contributing to the fight against both air and noise pollution. The Bank is also ensuring proper waste management by making arrangement for separate solid waste collection to allow for recycling. The Bank's new facility is a green building with special high-performance glass that reduces heat absorption to maintain indoor thermal temperature and operating energy costs. The facility design has also incorporated the sun path, to make maximum use of day-light.

Safe & Affordable Housing Green Buildings

TARGET 11-1
SAFE AND AFFORDABLE HOUSING

TARGET 11-6
REDUCE THE ENVIRONMENTAL IMPACT OF CITIES

- Financed 3,900+ housing units worth more than Rs 13.5 Bn in Mera Pakistan Mera Ghar
- Conversion of Head Office (140 KW) & 59 branches (Total installed solar capacity of 1 MW) to clean solar energy
- Reduction of 312,000 kgs of CO₂
- Target: Noise pollution below 75 dB - Meezan Tower

Water Conservation

TARGET 6-3
IMPROVE WATER QUALITY, WASTEWATER TREATMENT AND SAFE DISCHARGE

TARGET 6-4
INCREASE WATER-USE EFFICIENCY AND ENSURE FRESHWATER SUPPLIES

- 45,000 G at UGWT and 15,000 G of water reserved at OHWT to meet water demand during fire events
- Water TDS monitoring at Head Office
- Addition of chlorine to purify water for usage as grey water at Meezan Tower
- 85,000 gallons of water conserved at Meezan Tower

We are working to ensure proper implementation of Green Sustainability drive in every region of Meezan Bank's network, focusing on the following areas:

- Issuance of Energy Conservation Guidelines and targets
- Implementation of switching off electricity in case of non-usage
- Employee capacity building workshops and trainings on Occupational Health, Emergency Response, Employee Coaching & Environmental Compliance, Fire Drills and How to be a safety warden
- Implementation of auto fire extinguishers
- Improvement of any possible hazard to health, safety, environment or electrical network of branches/offices

- Energy efficient building designs for new buildings
- Re-designed energy-saving branch signage
- Maintaining a large plantation section at the Head Office that utilizes recycled ablution water from the in-house mosque
- Implementation of electronic process flows, eco-printing campaign, tracking system for photocopied documents and e-statements
- Deployment of energy efficient ATMs



Our Focus on Clean Water and Sanitation

Water Conservation at Meezan Tower



Meezan Bank acknowledges the importance of water conservation and is taking steps to ensure sustainable consumption and production patterns, to minimize its impact on the natural environment and resources. With the new Meezan Tower currently under construction in the country's capital city, the Bank has made use of harvesting tanks to augment the fresh water resources and to harvest rainwater.



Islamic Syndicated Project Finance Facility for 45 cusec Water Supply Project



Meezan Bank led consortium and Enertech Water Private Limited, have inked the facility agreements of Rs 25,500 million Islamic Syndicated Project Finance facility. This is the largest financing facility raised for the Government of Sindh, structured under a public-private partnership. The facility will be utilized for the development of a 45 Cusec water supply project from Nabisar to Vajihar including two large water reservoirs and 65km pipeline in Thar, Sindh.

Our Focus on Managing Customer Relations

With the Vision to 'establish Islamic banking as banking of first choice...', Meezan Bank works as a customer-centric organization, designing products and services that deliver the highest level of customer satisfaction.



Digital Leadership

Meezan Bank is leveraging the latest technologies to strategically expand its reach, bring in newer product innovations, digitize its customers journeys and offer newer and simpler payment solutions. Today, the Bank enjoys digital leadership in the following areas:

- **The highest** e-commerce spend on debit cards in industry
- **Largest receiver** of funds by value through IBFT on 1Link
- **Second largest** bank in sending funds by value through IBFT on 1Link
- **Third largest** bank in sending transactions by volume through IBFT on 1Link, only after two of the largest microfinance wallet providers
- **Third largest** bank in industry to dispense cash to other bank customers over 1Link network

Facilitating Customers during COVID-19

To facilitate customers during COVID-19, Meezan Bank Debit Cards offered extensive discounts on pharmacies, hospitals, medical stores & laboratories

1



Transaction Limit Enhancement

To facilitate payments for customers, Meezan Bank enhanced transaction limits on all debit cards.

2



Contactless Payments

The Bank's debit cards were the first to be enabled for contactless payments. Therefore during COVID-19 our customers were easily able to avail the facility.

3



New Alliances with Strategic Partners

Meezan Bank formed alliances with upcoming grocery and staples delivery apps and facilitated customers with POS payment options at takeaways & deliveries.

4



Awareness

Extensive awareness campaigns were held to educate the customer and make them aware of the new paradigm shift.



Our Focus on Financial Literacy and Islamic Banking Awareness

Despite the challenges brought forth by the pandemic, the Bank continued its efforts towards conducting customer education programmes via public events, webinars, social media as well as SMS campaigns. The content of these campaigns was carefully designed by Islamic finance experts to help individuals understand various concepts of Islamic finance and thereby establish Islamic banking as their first choice.

75 Islamic banking seminars & workshops

5,500+ participants

during 2021

Centers for Excellence in Islamic Finance

Through its strategic initiatives; Centers for Excellence in Islamic Finance at Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IM Sciences (Peshawar), the Bank is making a substantial contribution in increasing the relevant skills for employment and entrepreneurship of youth in the country. The Bank has also supported IBA in arranging special training on Islamic finance for the finance faculty of Sindh universities arranged by Higher Education Commission of Pakistan.

Financial Literacy Camp for Kids

Meezan Bank, in collaboration with IBA CEIF, conducted a Financial Literacy Camp for Kids aged between 7 to 12 years. The workshop focused on teaching young account holders the importance of savings, earning and investment with an emphasis on halal and haram in light of Islamic finance.

MoU with University of Bahawalpur

Meezan Bank signed a Memorandum of Understanding with the Islamia University of Bahawalpur to bridge the industry and academia gap through research and case study development.



Our Focus on Managing Employee Relations

Considered as Meezan Bank's most valuable asset; the Bank provides its employees with an inclusive environment that provides them with multiple growth opportunities, recognizes and rewards their performance and supports them in ensuring their financial, physical and emotional wellness.



Medical Benefits & Health Facilities

The medical assistance benefits give peace of mind to employees and enable them to focus on their professional responsibilities without having to worry about financial risks in the event of a medical problem. Hospitalization coverage, therefore, forms an integral component of the total compensation package offered by Meezan Bank. The Bank has instituted outpatient, hospitalization and maternity benefit plans for its employees by providing coverage for these eventualities.

Cafeteria at Subsidized Cost

The Bank also provides hygienically cooked meals at a subsidized cost to its staff at the Head Office; which our prepared in an on-location kitchen. The food is packed individually, considering all COVID-19 SOPs and is provided to employees in an open-air set-up to minimize risks during the pandemic.

Employee Benevolent Fund Trust (EBFT)

In addition to providing an extensive healthcare coverage to help meet the expenses of employees; the Bank also has a joint employee and company-funded Employee Benevolent Fund Trust (EBFT) that allows eligible employees to seek financial support for themselves and for their families during difficult times. Further, the Bank also provided maximum financial support to the Bank staff and their family members suffering from COVID-19 through EBFT.

272 EBFT cases approved

during 2021

Additional Bonus

An additional bonus was awarded to all staff members due to the Bank's exceptional performance during the year 2021.

Bonus for Celebrating Credit Rating Upgrade

In celebration of the Bank's credit rating being upgraded to AAA during the year 2021, every employee was rewarded with a bonus to acknowledge their efforts in achieving this prestigious recognition.



Staff Renewable Energy Financing (Solar Loan)



The Staff Renewable Energy policy was rolled out in 2021 with an aim to facilitate employees through Solar Panel Financing facility that can help to reduce the electricity shortage in the country and further the utilization of sunlight as an alternate energy source.

Meezan Bank Employees Share Option Scheme (ESOS)

The Employees Share Option Scheme was introduced in 2021 for the staff with an aim to align the interests of shareholders and employees of the Bank and to attract and retain designated employees.

Calligraphy Exhibition and Competition

Meezan Bank organized its first ever calligraphy exhibition and competition for employees and their children. This platform provided an opportunity to enjoy and learn through a recreational activity along with a chance to reinforce the connection with the Quranic text.

Fitness Campaign

During 2021, Meezan Bank launched a special fitness program for all employees encouraging them to adopt a healthier and stress-free lifestyle.



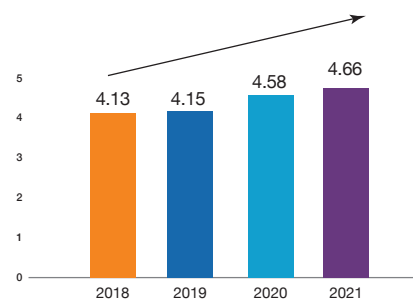
Our Focus on Diversity & Inclusion

Board's Policy on Diversity

As an equal opportunity employer, Meezan Bank understands the importance of diversity at work place. With diversity high on the agenda, the Bank has observed an increase of 29% in female population compared to last year. The Board Human Resources, Remuneration and Compensation Committee (BHRR&CC) and Board of Directors have recently approved a policy named Banking on Equality, which caters financial inclusion with respect to female customers and gender diversity at workplace.



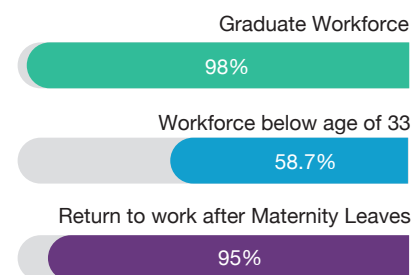
Employees' Average Years of Services



Ratio of Annual Paid Leave Taken



Human Capital



Employment of Special Persons

Meezan Bank provides merit-based opportunities to special persons who face challenges such as lack of speech, visual impairment, inadequate or no hearing and physical deformity; providing them with livelihood and self-reliance opportunities.

**32 Special Persons
Employed at the
Bank**



Our Focus on Gender Equality



To empower the women of Pakistan, Meezan Bank introduced a range of financing products under the banner of Meezan Women First. These products include Meezan Women First Car Ijarah, Meezan Women First Housing Finance, and Meezan Women First Consumer Ease. Some of the special features of Meezan Women First products are no processing fee, priority processing and subsidized rates.

Women on Key Positions of the Bank

Meezan Bank is an equal opportunity employer and there are females on many key positions of the Bank including Branch & Priority Banking, Finance, Technical & Special Projects, Learning & Development and Communication, etc.

Our Focus on Employee Development

Meezan Bank offers an extensive range of training opportunities to employees for their professional development.



Total Training Hours 8,114



Total Sessions 838



Total Staff Trained 29,887



For further details, please refer Business and Operations Review

Meezan Rehnuma Program

Launched in July 2021, Meezan Rehnuma was initiated with the core purpose of developing leaders who can carry the Bank's Vision, Mission and Values in the future. As part of the Program, each Mentee is assigned a Mentor and mandates formal conversations between the Mentors and their Mentees to encourage personal and professional development.

Dars-e-Quran Sessions

In response to the immense support and popularity received from Meezan Staff on Dars-e-Quran classes, the Bank continued the same through 2021, imparting daily lessons in Ramadan and weekly lessons year-round for its employees.

Succession Planning

The Bank also ensures implementation of the Bank's Succession Planning Policy. The policy and procedure for design and implementation of succession planning is anchored by the Bank's top management and facilitated by the HR, L&D team. Successors are identified on the basis of their potential as well as their performance and experience.



Business Ethics & Anti-Corruption Measures

Meezan Bank has a comprehensive Code of Conduct and Standard of Ethics that form part of its Human Resource Policy. The Code of Conduct applies to all employees, from Senior Management to front-line staff across all operations of the Bank. In addition to Disciplinary Action Committees for branch banking and head office and Disciplinary Action Review Committee, the Bank has also established an Anti-Harassment Committee that deals with the instances of sexual harassment reported either verbally or in writing.

Selection of Business Partners

Meezan Bank ensures that its business partners are selected and approved through a detailed review and selection process. The Bank's procurement team is empowered to finalize the best supplier and service provider based on quality, costing, historic performance and market reputation.

Data Protection and Cyber Security

The Bank remains committed to the safety of its customers, employees and other relevant stakeholders. Some of our practices include:



- Robust Information Security Policy
- Regular Awareness Campaigns for Employees & Customers
- Regular Testing & Assessment to Identify System Vulnerabilities

Our Focus on Employee & Customer Safety

The Bank has invested in protecting its employees and customers through the following means:



16.3 Million awareness SMS sent in 10 different awareness campaigns to customers.

Employees

- Medical and Life Takaful coverage
- Shuttle transportation with security at subsidized cost for travelling to and from Meezan House (Head Office)
- High-tech security systems and security guards are deployed at the Bank's premises
- Well-designed fire-fighting system, with availability of trained fire fighters at the location
- Regular fire training and evacuation drills to help employees become aware of the safety steps in case of an emergency
- Provision of a trained and assigned team to provide assistance to staff in the case of a fire or natural calamity



Customers

The Bank has invested in protecting its customers through the following means:

- Compliance of regulations for the security of Internet Banking.
- First bank to introduce EMV CHIP and PIN security on its debit cards which is complemented with no-fallback mechanism.
- Implementation of various checks to detect frauds against Internet Banking and Mobile App.
- Blocking and unblocking of debit cards via Mobile App and Internet Banking.
- Setup of 24/7 monitoring team to detect and respond to any fraud attempts through Meezan Bank digital banking channels.



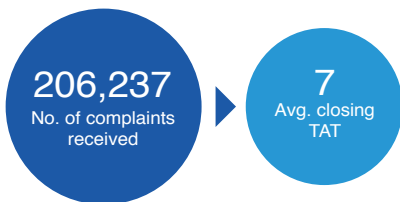
Our Focus on Fair Banking

Complaint Management

Service Excellence is one of the Core Values of Meezan Bank. A dedicated Service Quality Team monitors the performance of branches and evaluates branch service quality as well as that of departments based on service standards defined by the Service Board.

The Bank also takes steps to ensure that customer feedback is taken on closure of each complaint through SMS, a call-back is made to dissatisfied customers and root cause analysis is conducted on dissatisfied feedback.

Complaints Overview-2021



Our Focus on Supporting Our Communities

Rural Development Program



Meezan Bank is working with notable stakeholders such as Karandaaz, Sindh Enterprise Development Fund (SEDF) & on SBP Agriculture Schemes to address food security, sustainability and economic opportunity for the rural economy to generate benefits such as:

- Leveraging agri-based corporate relationships
- Program based SBP solar financing
- Agri value chain financing

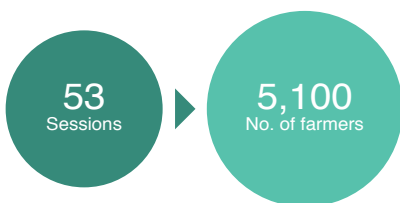


Financial Inclusion through Farmers Literacy Program - Kissan Baithak

Kissan Baithak aims to develop collaboration between farmers and Meezan Bank. Through Kissan Baithak, the Bank is enhancing its outreach and building capacity of rural households in non-financial areas by sharing information from qualified agriculture graduates serving as Agriculture Finance Officers (AFOs). For a more meaningful facilitation of common farmers, the Bank also collaborated with organizations such as Bayer Pakistan, Buffalo Research Center, SBP Regional Offices, Sindh Enterprise Development Fund (SEDF) and Pakistan Poverty Alleviation Fund (PPAF).

Numerous sessions of Farmer's Literacy Program for Islamic financial solutions were organised in the rural villages of Badin, Hyderabad, Sahiwal, Sadiqabad, Depalpur, Okara, Yazman, Shorkot, Kunri, Layyah, Rajanpur, Chistiyan, Yazman, Multan, Rahim Yar Khan, Manga Mandi, Pattoki, Sukkur and D.I. Khan.

Kissan Baithak Sessions



Our Response to COVID-19

Meezan Bank's response to COVID-19 has been based on providing uninterrupted and reliable financial services to its customers while building a closely-knit relationship with its key stakeholders.



COVID-19 Vaccination Drive

Meezan Bank in collaboration with the Provincial Government, established two vaccination centers and mobile vaccination vans to support the Government in its vaccination drive.

Sehat Kahani

During 2021, the Bank continued its partnership with Sehat Kahani – an e-health services provider offering healthcare through telemedicine solutions to help the Bank's employees seek timely medical help without the added stress of travel amid the growing needs for social distancing.





Innovation and Infrastructure

During 2021, Meezan Bank led an Islamic syndicated arrangement amounting to PKR 4,500 million with Engro Enfrashare, a wholly owned subsidiary of Engro Corporation. The proceeds raised through this Islamic syndication are dedicated to finance the development of tower sites for various Mobile Network Operators (MNOs) operating in Pakistan. This signifies Meezan Bank's commitment towards digitization - a major element that shall drive business success in the near future.



Reduced Inequality

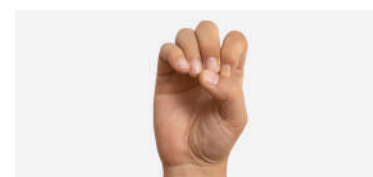
The Bank provided Technical Shariah Advisory to Akhuwat Islamic Microfinance Company, the largest Islamic microfinance entity operating in Pakistan. In order to facilitate its operations and promote Islamic modes of financing at the very basic level, various products were designed for Akhuwat. One of the most prominent products is rickshaw financing.

Meezan Bank understands the role entrepreneurship plays towards sustainable economic growth. Therefore, to encourage entrepreneurship, the Bank strived to develop the Islamic version of the Prime Minister's Kamyab Jawan Scheme.

For the inclusion of differently-abled people, Meezan Bank developed and launched a special series pertaining to introductory knowledge of Islamic banking concepts in sign language.

**100+ facilities
disbursed with
total volume exceeding
Rs 1,050 Billion**

In Prime Minister's Kamyab Jawan Scheme during the year 2021



Responsible Consumption and Production

Meezan Bank believes that responsible consumption and production requires research and dialogue among various stakeholders. To achieve this, Meezan Bank collaborated with various organizations to conduct multiple conferences, panel discussions and summits. The most notable amongst these are:

- 10th Islamic Finance Expo & Conference ■ International Silk Road Summit 2021
- 7th Annual Mobile Commerce & Digital Banking Summit & Exhibition ■ Digital Marketing Consortium



Unconsolidated Financial Statements

Auditors' Report to the Members	138
Statement of Financial Position	142
Profit and Loss Account	143
Statement of Comprehensive Income	144
Statement of Changes in Equity	145
Cash Flow Statement	146
Notes to and forming part of the Financial Statements	147
Statement showing written-off Financing (Annexure 1)	217

INDEPENDENT AUDITORS' REPORT

To the members of Meezan Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Meezan Bank Limited, which comprise the unconsolidated statement of financial position as at 31 December 2021, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flows statement for the year then ended, along with unaudited certified returns received from the branches except for 28 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement 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 31 December 2021 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Eu

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Provision against Non Performing Islamic Financing	
<p>The Bank's financing portfolio represents 40.8% of its total assets as of 31 December 2021. A substantial portion of the financing portfolio include corporate finances to public sector entities and large to small size businesses operating in diverse sectors of the economy.</p> <p>As per the Bank's accounting policy (refer note 6.3.2 to the unconsolidated financial statements), the Bank determines provisions against non-performing financings exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning for loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the borrower's economic, financial and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.</p> <p>In view of the significance of this area in terms of its impact on the unconsolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against financings as a significant area of audit judgment and a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non- performing financings are included in note 6.3.2, 11.11 and 11.12 respectively to the unconsolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We reviewed the Bank's process for identification and classification of non-performing financings. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financings and declassification of accounts from non-performing to regular and vice versa, as the case may be. - We performed independent checks on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations; - In addition, we selected a representative sample of borrowers from the financings portfolios including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower; - In respect of the level of general provision maintained by the Bank, we discussed the approach and policy followed by the Bank with the management. - We also assessed adequacy of disclosures as included in note 11 to the unconsolidated financial statements regarding the non-performing financings and provisions made for the same in the unconsolidated financial statements in accordance with the requirements of the applicable financial reporting framework.

ECM

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Report Thereon

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

EC

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditors' report is Arslan Khalid.



Place: Karachi

Date: 28 February 2022

UDIN: AR2021101910p6LRfSdy

Unconsolidated Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	170,500,698	136,242,495
Balances with other banks	8	16,420,036	19,445,879
Due from financial institutions - net	9	238,401,637	342,068,799
Investments - net	10	620,132,043	434,208,340
Islamic financing and related assets - net	11	758,086,120	512,531,930
Fixed assets	12	33,957,947	23,568,351
Intangible assets	13	1,495,810	1,079,961
Deferred tax asset	14	175,555	389,653
Other assets - net	15	63,801,554	52,024,055
		1,902,971,400	1,521,559,463
LIABILITIES			
Bills payable	16	36,141,378	26,494,006
Due to financial institutions	17	220,414,234	94,500,640
Deposits and other accounts	18	1,455,886,468	1,254,430,534
Sub-ordinated Sukuk	19	20,990,000	18,000,000
Deferred tax liabilities	14	-	-
Other liabilities	20	82,981,545	58,979,017
		1,816,413,625	1,452,404,197
NET ASSETS		86,557,775	69,155,266
REPRESENTED BY			
Share capital	21	16,269,312	14,147,228
Reserves	22	23,393,198	20,424,225
Unappropriated profit		42,831,655	29,021,521
Surplus on revaluation of assets - net of tax	23	4,063,610	5,562,292
		86,557,775	69,155,266
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mubashar Maqbool
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Profit and Loss Account

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	25	110,072,547	106,589,059
Profit on deposits and other dues expensed	26	41,151,438	41,740,168
Net spread earned		68,921,109	64,848,891
OTHER INCOME			
Fee and Commission Income	27	9,352,808	5,913,990
Dividend income		1,192,467	623,683
Foreign Exchange Income		3,158,131	2,153,669
Gain on securities - net	28	348,884	683,067
Other income	29	839,510	697,480
		14,891,800	10,071,889
Total income		83,812,909	74,920,780
OTHER EXPENSES			
Operating expenses	30	34,356,293	28,808,560
Workers Welfare Fund	20.7	939,869	872,949
Other charges	31	28,172	93,232
Total other expenses		35,324,334	29,774,741
Profit before provisions		48,488,575	45,146,039
Provisions and write offs - net	32	992,830	8,210,297
Extra ordinary / unusual items		-	-
Profit before taxation		47,495,745	36,935,742
Taxation	33	19,140,588	14,770,136
Profit after taxation		28,355,157	22,165,606
			Rupees
			Restated
Basic earnings per share	34	17.43	13.62
Diluted earnings per share	34	17.43	13.62

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.



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Edrees
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President &
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Faisal A. A. A.
Al-Nassar
Director



Mubashar Maqbool
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
Profit after taxation for the year		28,355,157	22,165,606
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Deficit on revaluation of investments	23	(1,903,618)	(5,915,944)
Deferred tax on revaluation of investments		401,344	2,070,580
		(1,502,274)	(3,845,364)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurements of defined benefit plan	37	(120,497)	67,548
Tax on remeasurements of defined benefit plan		46,994	(23,642)
		(73,503)	43,906
Surplus on revaluation of non - banking assets	23	8,053	10,494
Deferred tax on revaluation of non - banking assets		(4,368)	(3,673)
		3,685	6,821
Other comprehensive loss for the year		(1,572,092)	(3,794,637)
Total comprehensive income for the year		26,783,065	18,370,969

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.



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Al-Nassar
Director



Mubashar Maqbool
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Share capital	Share premium	Capital reserves Statutory reserve*	Non - Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	Revenue reserves General reserve	Unappropriated profit	Surplus / (deficit) on revaluation of Investments	Non-banking Assets	Total
Rupees in '000										
Balance as at January 01, 2020	12,861,116	2,406,571	12,616,780	3,117,547	-	66,766	18,545,797	9,387,715	13,120	59,015,412
Profit after taxation for the year	-	-	-	-	-	-	22,165,606	-	-	22,165,606
Other Comprehensive income for the year - net of tax	-	-	-	-	-	-	43,906	(3,845,364)	6,821	(3,794,637)
	-	-	-	-	-	-	22,209,512	(3,845,364)	6,821	18,370,969
Other appropriations Transfer to statutory reserve	-	-	2,216,561	-	-	-	(2,216,561)	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares @ 10%	1,286,112	-	-	-	-	-	(1,286,112)	-	-	-
Final cash dividend for the year 2019 @ Rs 2 per share	-	-	-	-	-	-	(2,572,224)	-	-	(2,572,224)
Interim cash dividend for the year 2020 @ Rs 4 per share	-	-	-	-	-	-	(5,658,891)	-	-	(5,658,891)
	-	-	-	-	-	-	(8,231,115)	-	-	(8,231,115)
Balance as at December 31, 2020	14,147,228	2,406,571	14,833,341	3,117,547	-	66,766	29,021,521	5,542,351	19,941	69,155,266
Profit after taxation for the year	-	-	-	-	-	-	28,355,157	-	-	28,355,157
Other Comprehensive loss for the year - net of tax	-	-	-	-	-	-	(73,503)	(1,502,274)	3,685	(1,572,092)
	-	-	-	-	-	-	28,281,654	(1,502,274)	3,685	26,783,065
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	93	-	(93)	-
Other appropriations Transfer to statutory reserve	-	-	2,835,516	-	-	-	(2,835,516)	-	-	-
Recognition of share based compensation (Note 39)	-	-	-	-	133,457	-	-	-	-	133,457
Transactions with owners recognised directly in equity										
Issue of bonus shares @ 15%	2,122,084	-	-	-	-	-	(2,122,084)	-	-	-
Final cash dividend for the year 2020 @ Rs 2 per share	-	-	-	-	-	-	(2,829,446)	-	-	(2,829,446)
First interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	(2,122,085)
Second interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	(2,122,085)
Third interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	(2,440,397)
	-	-	-	-	-	-	(9,514,013)	-	-	(9,514,013)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	66,766	42,831,655	4,040,077	23,533	86,557,775

*This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
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Chairman



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Al-Nassar
Director



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Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Cash Flow Statement

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		47,495,745	36,935,742
Less: Dividend income		(1,192,467)	(623,683)
		46,303,278	36,312,059
Adjustments for non-cash charges and other items:			
Depreciation	30	2,416,407	2,180,160
Amortization	30	357,045	222,545
Non cash items related to right-of-use assets	26 & 30	3,163,032	3,363,212
Provisions and write offs - net	32	992,830	8,210,297
Charge for defined benefit plan	30	462,114	413,509
Share based compensation expense	39	133,457	-
Gain on sale of fixed assets	29	(145,657)	(155,392)
		7,379,228	14,234,331
		53,682,506	50,546,390
(Increase) / decrease in operating assets			
Due from financial institutions		103,667,162	(118,379,474)
Islamic financing and related assets		(246,289,233)	(27,088,977)
Other assets		(11,798,016)	(5,473,111)
		(154,420,087)	(150,941,562)
Increase / (decrease) in operating liabilities			
Bills payable		9,647,372	9,307,199
Due to financial institutions		125,913,594	52,453,250
Deposits and other accounts		201,455,934	321,851,420
Other liabilities		13,250,521	2,059,979
		350,267,421	385,671,848
		249,529,840	285,276,676
Contribution to defined benefit plan		(304,163)	(244,062)
Income tax paid		(14,658,852)	(12,165,464)
Net cash flow from operating activities		234,566,825	272,867,150
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investments) / redemption in			
- available for sale securities		(121,925,177)	(203,783,110)
- held to maturity securities		(66,116,795)	(10,571,003)
- associated entities		28	(10,005)
Dividends received		1,196,551	615,506
Investments in fixed assets		(6,180,303)	(3,661,205)
Investments in intangible assets		(772,894)	(522,125)
Proceeds from sale of fixed assets		248,168	229,333
Net cash used in investing activities		(193,550,422)	(217,702,609)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(3,258,301)	(2,815,651)
Issuance of Sub-ordinated Sukuk - Tier II		9,990,000	4,000,000
Redemption of Sub-ordinated Sukuk - Tier II		(7,000,000)	-
Dividend paid		(9,515,742)	(8,226,110)
Net cash used in financing activities		(9,784,043)	(7,041,761)
		31,232,360	48,122,780
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	35	155,688,374	107,565,594
Cash and cash equivalents at the end of the year	35	186,920,734	155,688,374

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.



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Shabbir Hamza
Khandwala
Chief Financial Officer

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3 The Bank was operating through nine hundred and two branches as at December 31, 2021 (2020: eight hundred and fifteen branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4 Based on the financial statements of the Bank for the year ended December 31, 2020, the VIS Credit Rating Company Limited has upgraded the Bank's medium to long-term as 'AAA' and reaffirmed the short-term rating as 'A1+'. The 'AAA' rating denotes the highest possible credit quality, with negligible risk factors, being only slightly more than for risk-free debt of the Government of Pakistan.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar, and Export Refinance under Islamic Export Refinance Scheme and various long term refinancing facility of the State Bank of Pakistan respectively as briefly explained in note 6.3.

The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Resident Shariah Board Member (RSBM) of the Bank.

The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern, Insha'Allah. Therefore, the financial statements continue to be prepared on the going concern basis.

3 STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated financial statements (here-in-after referred to as "financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
 - International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

- 3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 directed the banks in Pakistan to implement IFRS 9 'Financial Instruments' with effect from 01 January 2022. SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 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 SBP through various circulars.
- 3.3 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposit' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these financial statements.

3.3.1 IFRS10 "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 requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure.

3.3.2 These financial statements have been prepared in accordance with forms for the preparation of the annual financial statements of the banks issued by SBP, vide its BPRD Circular No. 02 dated January 25, 2018.

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

The Bank has adopted the following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year:

- COVID-19-Related Rent Concessions – Amendment to IFRS 16

The IASB has issued amendments to IFRS 16 (the amendments) to provide optional practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions described in IFRS 16 paragraph 46B are met.

- The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing. Accordingly, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free markup rate (RFR).

The above mentioned amendments to IFRSs did not have any material impact on these unconsolidated financial statements.

3.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

3.5.1 IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' - IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 has extended the implementation date of IFRS 9 to January 01, 2022 from an earlier implementation date of January 01, 2021. However, SBP has directed the banks in Pakistan to submit IFRS 9 parallel run and proforma financial statements on periodic basis based on the instructions issued by the SBP for parallel run of IFRS 9 and the Bank has been complying with these requirements. SBP has also issued guidelines for the application of IFRS 9 on Pakistan banks and as part of the consultative process the banking industry has provided comments and sought clarifications on such guidelines which are critical in finalizing the impact of the standard on the Bank.

3.5.2 Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future accounting periods and not early adopted:

Standard and Amendments	Effective date (accounting periods beginning on or after)
- IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract, (Amendments)	January 01, 2022
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
- IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
- IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2022
- IFRS 9 - Financial Instrument - Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
- IAS 8 - Definition of Accounting Estimates	January 01, 2023
- IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies -	January 01, 2023
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

The above standards, amendments and improvements are not expected to have any material impact on the financial statements of the Bank for the future periods.

Further, following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standards	Effective date (accounting periods beginning on or after)
- IFRS 1 - First time adoption of IFRSs	January 01, 2004
- IFRS 17 - Insurance Contracts	January 01, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise judgments in the process of applying the Bank's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- (a) Classification of investments in accordance with the Bank's policy (notes 6.4 and 10);
- (b) Provision against non-performing Islamic financing and related assets (notes 6.3.2 and 11);
- (c) Impairment of investments in equity instruments (notes 6.4.5, 10 and 32);
- (d) Accounting for defined benefit plan (notes 6.11 and 37);
- (e) Depreciation / amortisation of fixed assets and intangible assets (notes 6.5, 12 and 13);
- (f) Non-banking assets acquired in satisfaction of claims;
- (g) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.6, 14, 20 and 33);
- (h) Determination of the lease term and incremental fund acceptance rate for lease contracts of various properties used by the Bank's branches (notes 6.5.2, 12 and 20);
- (i) Determination of share based compensation expense (note 6.13 and 39); and
- (j) Provisions, contingent assets and Liabilities (6.16).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

5 BASIS OF MEASUREMENT

5.1 These financial statements have been prepared under the historical cost convention except that certain available for sale investments, foreign currency balances, Non-banking assets acquired in satisfaction of claims and certain foreign foreign exchange commitments have been marked to market and carried at fair value in accordance with the requirements of the SBP.

5.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. These financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5.3 Rounding off

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Due to / from financial institutions

Bai Muajjal

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

Musharaka / Mudaraba

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Musharaka from the SBP under IERS

Under IERS, the Bank accepts funds from the SBP under shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Bank accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Bank. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.2.1 These are initially recognized at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the Sukuk net of remaining deferred profit at reporting date, if any).

6.3 Islamic financing and related assets

Murabaha

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

Ijarah

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 'Ijarah' (IFAS 2) are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Ijarah rentals outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortized cost. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed along with profit realized net of agency fee and incentives is paid to the Bank.

Tijarah

In Tijarah financing, the Bank purchases specific goods / commodities on cash basis from its customers which is then onward sold by the customer on behalf of the Bank and on subsequent sale, the financed amount along with profit realized net of agency fee and incentives is paid by the customer to the Bank.

Diminishing Musharakah

In Diminishing Musharakah financing, the Bank enters into Musharakah based on Shirkat-ul-milk for purchasing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharakah share and also periodically purchase the Bank's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkatul Aqd or Business Partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah Period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

In Bai Muajjal financing, the Bank sells Shariah compliant sukuk on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Service Ijarah

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah'. On culmination, the same are recorded as financing.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Bank enters into investment agency transaction with customer acting as an agent of the Bank. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Bank and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Musawammah

In Musawammah financing, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

- 6.3.1** Islamic financing and related assets are stated net of specific and general provisions against non-performing Islamic financing and related assets which are charged to the profit and loss account.

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financing are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

- 6.3.2** Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

In accordance with Prudential Regulations issued by the SBP, general provision against consumer financing and house financing are maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 0.5% to 2.5% for secured and 4% to 7% for unsecured portfolio.

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

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

- 6.3.3** Inventories

The Bank values its inventories at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale. Inventory against each contract is maintained on specific identification method.

6.4 Investments

6.4.1 Classification

The Bank classifies its investments as follows:

- Held for trading

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

- Held to maturity

These are investments with fixed or determinable payments and maturity that the Bank has the positive intent and ability to hold till maturity.

- Available for sale

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

- Associates

Associates are all entities over which the Bank has significant influence but not control. Certain mutual funds are managed by the subsidiary company of the Bank and hence, the Bank has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these financial statements. (Note 3.3.1).

- Subsidiary

Subsidiary is an entity over which the Bank has control.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

6.4.2 Regular way contracts

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

6.4.3 Initial recognition and measurement

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

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- Held for trading

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

- Held to maturity

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

- Available for sale

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

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

- Investment in associates and subsidiary

Investment in associates and subsidiary is carried at cost less accumulated impairment losses, if any.

6.4.4.1 Details of valuation techniques used in determination of fair value is included in note 41 to the financial statements.

6.4.5 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of "significant or prolonged" requires judgment.

Provision for diminution in the value of non-government sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment in available for sale investments, the related loss previously reported in other comprehensive income is transferred to profit and loss account for period. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investment in associates and subsidiary

In respect of investment in associates and subsidiary, the Bank reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the profit and loss account.

6.5 Operating fixed assets

6.5.1 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

of fixed assets costing Rs 25,000 or less are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the profit and loss account currently.

6.5.2 Right-of-use assets and Lease liabilities

At the inception of the contract, the Bank assesses whether a contract is, or contains, a lease. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Bank's policy as described in note 6.5.8.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.5.3 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

6.5.4 Subsequent costs

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

6.5.5 Depreciation / amortisation

Depreciation / amortisation is charged to the profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13 whereby the depreciable value of an asset is written off over its estimated service life. The Bank charges depreciation / amortisation from the month of acquisition and upto the month preceding the disposal. Right-of-use assets are depreciated on a straight line basis over the lease term specified in note 12.3.

6.5.6 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.7 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each Statement of Financial Position date and adjusted if impact on depreciation / amortisation is significant.

6.5.8 Impairment

The Bank assesses at each Statement of Financial Position date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the profit and loss account.

6.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current taxation is based on expected taxable income for the year at the current rates of taxation, after taking into consideration available tax credits, rebates, tax losses, etc. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Deferred

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

In making the estimates for current and deferred taxes, the management considers the income tax law and the decisions of appellate authorities on certain issues in the past.

6.7 Non-banking assets acquired in satisfaction of claims

The non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. The useful lives are reviewed annually and adjusted, if appropriate. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the statement of other comprehensive income. Any deficit arising on revaluation is taken to profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in other comprehensive income is transferred directly to unappropriated profit in the statement of changes in equity. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account.

6.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 50% of their profit as Incentive profits (Hiba).

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

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

6.9 Sub-ordinated Sukuk

The Bank records sub-ordinated sukuk initially at the amount of proceeds received as a liability and is subsequently measured at amount outstanding. Profit accrued on sub-ordinated sukuk is charged to the profit and loss account.

6.10 Pool Management

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

Under the general deposits pools, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Bank's customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provisions against any non-performing asset of

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Bank has given General Hiba to the depositors of Rupee General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Bank's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of Rupee, USD, GBP and Euro. The Bank maintains General Pools (Rupee, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools:

For General Pools (Rupee, USD, EUR, GBP), the Bank allocates PKR financing to Corporate, Commercial, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 47.1.1.3. Investments in Sovereign Guaranteed Sukuk, and Bai Muajjal with State Bank of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Investments from the SBP under various long term Islamic refinance schemes, and sub-ordinated sukuks are also remunerated through the Rupee General Pool. Due to limited investment options in USD, GBP and EURO pool, funds from foreign currency pools are invested in available International Sukuk, Shariah Compliant Nostro accounts, foreign currency financing and the remaining funds are taken out and invested in Rupee general pool as part of equity. In such cases return from Rupee General Pool is given back to foreign currency pools, so that returns can be passed on to foreign currency pool customers accordingly. The Bank as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

IERS Pools:

The IERS pool assets comprise of sovereign guaranteed sukuk, and financing to / sukuk of mainly blue chip companies and exporters as allowed under the applicable rules and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools:

The FI pool assets generally comprise of sovereign guaranteed sukuk and financing under diminishing musharakah mode only and the related liability of the FI pool comprise of Musharakah / Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidized financing to the Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are also done through equity pool.

6.11 Staff retirement benefits

Defined benefit plan

The Bank operates an approved Gratuity Funded Scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in respect of Gratuity Funded Scheme is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2021.

The Bank also operates End of Service Unfunded Defined Benefit Scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Bank. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been conducted as on December 31, 2021.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and that implied by the net return cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 37.

Defined contribution plan

The Bank also operates a recognised contributory Provident Fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

6.12 Compensated absences

The Bank recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Statement of Financial Position. The provision is recognised on the basis of actuarial valuation using projected unit credit method.

6.13 Share-based compensation

The Bank has granted share options to its employees under the Meezan Bank Employees Share Option Scheme, 2021 as approved by the shareholders and SECP. The cost of these share options is determined by the fair value at the date when the grant is made using a valuation model by an independent valuer and is recognized as expense over the vesting period together with a corresponding credit in equity - Employee share option compensation reserve (Note 39). The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium.

6.14 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Statement of Financial Position are considered as non adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in Rupees at exchange rates prevalent on the date of Statement of Financial Position.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the date of Statement of Financial Position. Exchange gains and losses are included in the current year profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange transactions are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

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

6.16 Provisions and contingent assets and liabilities

Provision are recognised when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

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

6.17 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

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

6.18 Offsetting and derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Bank has transferred its rights

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

to receive cash flows from the asset. The Bank derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

6.19 Revenue recognition

- i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on murabaha and musawammah transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date in line with IFAS requirements.
- ii) Rentals on Ijarah contracts are recognised as income on an accrual basis in line with IFAS requirements.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar / Wakalah is recognized on an accrual basis and is commensurate with the Wakalah business performance/ work done by the agent.
- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 250,000 which is recognised over the period of the guarantee.
- xi) The Bank earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.
- xii) Dividend income is recognised when the Bank's right to receive dividend is established.
- xiii) Gain or loss on sale of investments is included in the profit and loss account.
- xiv) Gain or loss on disposal of fixed assets, intangible assets, ijarah assets and musharaka assets is taken to the profit and loss account in the period in which they arise.
- xv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognized on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

6.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

6.20.1 Business segments

Corporate and Commercial Banking

It includes trade finance, export finance, project finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Others

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

6.20.2 Geographical segments

The Bank operates only in Pakistan.

6.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year. EPS is retrospectively adjusted for the effect of bonus shares issued.

Diluted EPS is calculated by dividing the net profit of Bank (after adjusting for return and related tax impact) on the convertible instruments / share options by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion / exercise of all the dilutive potential ordinary shares into ordinary shares.

	Note	2021	2020
7 CASH AND BALANCES WITH TREASURY BANKS			
Rupees in '000			
In hand			
- local currency		36,028,760	27,356,626
- foreign currencies		2,821,769	3,477,535
		38,850,529	30,834,161
With the State Bank of Pakistan in			
- local currency current accounts		70,308,704	51,975,020
- foreign currency current accounts		10,259,746	8,542,148
	7.1	80,568,450	60,517,168
With the National Bank of Pakistan in			
- local currency current accounts		50,668,296	42,518,016
National Prize Bonds	7.2	413,423	2,373,150
		170,500,698	136,242,495

7.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and /or stipulated by the SBP. These accounts are non-remunerative in nature.

7.2 These represent the national prize bonds received from customers for onward surrendering to SBP. The Bank, as a matter of Shariah principle, does not deal in prize bonds.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
8 BALANCES WITH OTHER BANKS			
		Rupees in '000	
In Pakistan			
- in current accounts		14,901,943	7,055,015
- in deposit accounts		-	6,000,000
Outside Pakistan			
- in current accounts		1,275,566	2,234,338
- in deposit accounts	8.1	242,527	4,156,526
		<u>16,420,036</u>	<u>19,445,879</u>

8.1 It represent the balance in the remunerative account maintained with financial insitutions outside Pakistan. The return on these balances is 0.0001% (2020: 0.08%) per annum.

	Note	2021	2020
9 DUE FROM FINANCIAL INSTITUTIONS - NET			
		Rupees in '000	
Bai Muajjal:			
With Scheduled Banks / financial institution - Secured	9.1	238,401,637	327,277,079
With other Financial Institution		15,500	15,500
	9.2	<u>238,417,137</u>	<u>327,292,579</u>
Musharakah		-	6,800,000
Wakalah		-	7,991,720
Commodity Murabaha		26,066	26,066
	9.3	<u>238,443,203</u>	<u>342,110,365</u>
Provision against non-performing amounts due from financial institutions	9.4	(41,566)	(41,566)
		<u>238,401,637</u>	<u>342,068,799</u>

9.1 The average return on this product is 8.10% (2020: 7.86%) per annum. The balances have maturities ranging between January 2022 to July 2025 (2020: January 2021 to July 2025). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 240,575 million as at December 31, 2021 (2020: Rs 331,235 million).

	2021	2020
	Rupees in '000	
9.2 Bai Muajjal Placements	270,204,082	359,456,164
Less: Deferred Income	(18,895,001)	(24,329,336)
Profit Receivable shown in other assets	(12,891,944)	(7,834,249)
Bai Muajjal Placements	<u>238,417,137</u>	<u>327,292,579</u>
9.3 Particulars of due from financial institutions		
In local currency	238,443,203	334,118,645
In foreign currencies	-	7,991,720
	<u>238,443,203</u>	<u>342,110,365</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

9.4 Category of classification	2021		2020	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
Rupees in '000				
Loss	41,566	41,566	41,566	41,566

10 INVESTMENTS - NET

10.1 Investments by types

Note	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Available for sale securities								
- Federal Government Securities 10.5.1	387,898,392	-	(1,300,655)	386,597,737	275,917,850	-	(380,076)	275,537,774
- Shares 10.5.2 & 10.5.3	9,662,370	2,322,124	1,928,965	9,269,211	7,144,667	2,104,045	2,849,881	7,890,503
- Non Government Sukuk 10.5.4	130,407,390	75,892	5,624,000	135,955,498	126,106,990	79,348	5,504,818	131,532,460
- Foreign Securities 10.5.5	10,343,243	-	370,768	10,714,011	7,216,711	-	552,073	7,768,784
	538,311,395	2,398,016	6,623,078	542,536,457	416,386,218	2,183,393	8,526,696	422,729,521
Held to maturity securities								
- Federal Government Securities 10.6	76,687,798	-	-	76,687,798	10,571,003	-	-	10,571,003
In related parties								
Subsidiary (unlisted)								
- Shares 10.1.1 & 10.2	63,050	-	-	63,050	63,050	-	-	63,050
Associates (listed)								
- Units of mutual funds 10.1.1 & 10.2	844,738	-	-	844,738	844,766	-	-	844,766
Total Investments	615,906,981	2,398,016	6,623,078	620,132,043	427,865,037	2,183,393	8,526,696	434,208,340

10.1.1 Details of investment in subsidiary and associates

	2021						
	Percentage of holding	Assets	Liabilities	Revenue	Profit/(loss) after taxation	Total comprehensive income/(loss)	Market Value/Net Asset Share
Rupees in '000							
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65%	4,191,720	773,094	1,819,984	800,081	805,735	N/A
Associates (listed and open ended)							
Meezan Balanced Fund	7%	4,431,599	92,017	290,185	119,539	119,539	303,321
Al Meezan Mutual Fund	8%	5,146,860	96,918	233,770	119,575	119,575	393,266
Meezan Islamic Fund	3%	31,105,508	626,613	1,954,186	1,208,948	1,208,948	767,340
Meezan Gold Fund	17%	604,535	3,366	43,574	35,022	35,022	102,503
KSE Meezan Index Fund	5%	2,782,962	18,943	11,270	(18,189)	(18,189)	144,164
		44,071,464	837,857	2,532,985	1,464,895	1,464,895	1,710,594

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

		2020					
	Percentage of holding	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income	Market Value/Net Asset Share
Rupees in '000							
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65%	4,661,885	1,048,994	1,832,936	794,611	770,570	N/A
Associates (listed and open ended)							
Meezan Balanced Fund	7%	4,566,990	148,860	426,334	288,668	288,668	294,444
Al Meezan Mutual Fund	8%	4,962,120	184,769	425,460	273,987	273,987	381,314
Meezan Islamic Fund	2%	32,004,508	1,036,984	3,107,765	2,184,977	2,184,977	737,899
Meezan Gold Fund	21%	479,711	12,080	112,078	95,964	95,964	96,116
KSE Meezan Index Fund	6%	2,596,853	60,028	246,060	203,294	203,294	143,974
		44,610,182	1,442,721	4,317,697	3,046,890	3,046,890	1,653,747

Subsidiary and associates are incorporated / registered in Pakistan. Shares in subsidiary are placed in custody account with Central Depository of Pakistan and cannot be sold without the prior approval of SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

10.2 Investments by segments

Note	2021				2020			
	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								
- Sukuk	398,857,572	-	(1,300,655)	397,556,917	179,145,514	-	(380,076)	178,765,438
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	64,443,192	-	-	64,443,192	106,876,904	-	-	106,876,904
- Islamic Naya Pakistan Certificates	1,285,426	-	-	1,285,426	466,435	-	-	466,435
	464,586,190	-	(1,300,655)	463,285,535	286,488,853	-	(380,076)	286,108,777
Shares								
Listed Companies	9,057,691	2,268,371	1,928,965	8,718,285	6,572,789	2,052,325	2,849,881	7,370,345
Unlisted Companies	604,679	53,753	-	550,926	571,878	51,720	-	520,158
	9,662,370	2,322,124	1,928,965	9,269,211	7,144,667	2,104,045	2,849,881	7,890,503
Non Government Sukuk								
Listed	114,404,511	-	5,624,000	120,028,511	111,737,601	-	5,504,818	117,242,419
Unlisted	16,002,879	75,892	-	15,926,987	14,369,389	79,348	-	14,290,041
	130,407,390	75,892	5,624,000	135,955,498	126,106,990	79,348	5,504,818	131,532,460
Foreign Securities								
Government Sukuk	7,684,473	-	300,073	7,984,546	4,807,602	-	432,693	5,240,295
Non Government Sukuk	2,648,381	-	70,695	2,719,076	2,398,720	-	119,380	2,518,100
Shares	10,389	-	-	10,389	10,389	-	-	10,389
	10,343,243	-	370,768	10,714,011	7,216,711	-	552,073	7,768,784
Associates								
Meezan Balanced Fund	161,345	-	-	161,345	161,345	-	-	161,345
Al Meezan Mutual Fund	312,371	-	-	312,371	312,371	-	-	312,371
Meezan Islamic Fund	221,050	-	-	221,050	221,050	-	-	221,050
Meezan Gold Fund	49,972	-	-	49,972	50,000	-	-	50,000
KSE Meezan Index Fund	100,000	-	-	100,000	100,000	-	-	100,000
	844,738	-	-	844,738	844,766	-	-	844,766
Subsidiary								
Al Meezan Investment Management Limited	63,050	-	-	63,050	63,050	-	-	63,050
Total Investments	615,906,981	2,398,016	6,623,078	620,132,043	427,865,037	2,183,393	8,526,696	434,208,340

10.2.1 This represents investment in Pakistan Energy Sukuk-I and Pakistan Energy Sukuk-II issued by Power Holding Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah with semi-annual rental payments and are due to mature in 2029-30.

10.2.2 Investments given as collateral

	2021		2020	
	Cost / Amortised	Market Value	Cost / Amortised	Market Value
Rupees in '000				
Federal Government Securities				
- Sukuk	30,000,000	30,054,000	-	-
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	28,150,000	28,150,000	-	-
	58,150,000	58,204,000	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Rupees in '000	
10.3 Provision against diminution in value of investments		
Opening balance	2,183,393	2,364,384
Charge / (reversals) for the year		
On available for sale securities		
- charge for the year on equity investments	305,016	290,244
- reversals for the year upon recovery on debt instruments	(3,456)	(16,548)
- reversals on disposals of equity investments	(86,937)	(387,700)
	214,623	(114,004)
Amount written off	-	(66,987)
Closing balance	2,398,016	2,183,393

10.4 Particulars of provision against Sukuk

	2021		2020	
	Non-performing investment	Provision held	Non-performing investment	Provision held
	Rupees in '000			
Category of classification				
Domestic				
Loss	75,892	75,892	79,348	79,348

10.5 Quality of Available for Sale Securities

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

	Cost	
	2021	2020
	Rupees in '000	
10.5.1 Federal Government Securities		
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	64,443,192	106,876,904
Government of Pakistan Ijarah Sukuk (Government Guaranteed)		
GIS VRR-18	10,704,268	10,513,101
GIS VRR-19	25,639,965	25,600,000
GIS VRR-20	16,982,211	16,916,800
GIS VRR-21	50,761,174	50,176,112
GIS FRR-04	9,951,546	10,295,021
GIS VRR-22	81,132,277	55,073,477
GIS FRR-07	2,625,000	-
GIS VRR-23	25,007,215	-
GIS VRR-24	87,866,118	-
GIS-FRR 08	5,000,000	-
GIS-FRR 11	6,500,000	-
	322,169,774	168,574,511
Islamic Naya Pakistan Certificate - PKR	58,724	342,284
Islamic Naya Pakistan Certificate - USD	907,167	124,151
Islamic Naya Pakistan Certificate - GBP	56,346	-
Islamic Naya Pakistan Certificate - EUR	263,189	-
	387,898,392	275,917,850
10.5.2 Shares - Listed		
Automobile Assembler	112,532	36,913
Automobile parts and accessories	55,908	-
Construction and materials (cement)	1,360,148	1,072,117
Power Generation and Distribution	193,729	153,249
Refinery	124,827	-
Oil and Gas Marketing Companies	618,263	480,866
Oil and Gas Exploration Companies	1,623,690	1,532,171
Fertilizers	890,114	577,403
Chemicals	402,861	427,294
Pharmaceuticals	748,869	837,521
Leather & Tanneries	19,336	-
Miscellaneous	26,974	-
Modarabas	66,390	66,390
Technology and Communication	445,542	72,203
Paper and Board	685,941	667,628
Textile (Composite)	516,520	249,596
Vanaspati and Allied Industries	174,923	121,367
Food and Personal Care Products	9,691	-
Engineering	981,433	278,071
	9,057,691	6,572,789

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

10.5.3	Shares - Unlisted	Cost		Breakup value per share*	
		2021	2020	2021	2020
		Rupees in '000		Rupees	
	Sapphire Electric Company Limited	318,638	318,638	43.45	38.99
	Daewoo Pakistan Express Bus Service Limited	253,240	253,240	62.77	55.74
	Pakistan Corporate Restructuring Company Limited	32,801	-	9.38	N/A
		<u>604,679</u>	<u>571,878</u>		

* Based on latest available audited financial statements

10.5.4	Non Government Sukuk	Cost	
		2021	2020
		Rupees in '000	
	Listed		
	- Government guaranteed	114,404,511	111,737,601
	Unlisted		
	- Government guaranteed	10,786,560	10,503,470
	Unlisted		
	Credit Ratings		
	- AAA / AAA	1,307,190	-
	- AA / AA+, AA, AA-	676,667	1,280,000
	- A / A+, A, A-	3,156,570	2,506,571
	- Unrated	75,892	79,348
		<u>5,216,319</u>	<u>3,865,919</u>
		<u>130,407,390</u>	<u>126,106,990</u>

10.5.5	Foreign Securities Government Sukuk	Rating		Cost	
		2021	2020	2021	2020
		Rupees in '000		Rupees in '000	
	Saudi Arabia	A	A	4,150,186	1,604,651
	Qatar	Aa3	Aa3	885,035	803,530
	Indonesia	Baa2	Baa2	2,649,252	2,399,421
				<u>7,684,473</u>	<u>4,807,602</u>
	Non Government Sukuk - Unlisted				
	Credit Ratings				
	- Aa3 / A			1,764,736	1,597,680
	- Baa1			883,645	801,040
				<u>2,648,381</u>	<u>2,398,720</u>
	Equity securities - Unlisted				
	S.W.I.F.T. SCRL			10,389	10,389
				<u>10,343,243</u>	<u>7,216,711</u>

10.6 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed			
GIS FRR-04		10,562,798	10,571,003
GIS FRR-07		2,625,000	-
GIS FRR-08		5,000,000	-
GIS FRR-11		58,500,000	-
		<u>76,687,798</u>	<u>10,571,003</u>

The market value of securities classified as held-to-maturity as at December 31, 2021 amounted to Rs 76,651 million (2020: Rs 10,504 million).

10.7	Investment in subsidiary	Cost		Breakup value per share*	
		2021	2020	2021	2020
		Rupees in '000		Rupees	
	Al Meezan Investment Management Limited	63,050	63,050	751.90	669.10

* Based on latest available audited financial statements

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
11 ISLAMIC FINANCING AND RELATED ASSETS - NET			
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	11.1	6,195,161	7,292,120
- Advances against Murabaha		2,224,908	2,986,634
- Murabaha inventory		2,085,908	1,407,894
- Financing under Islamic Export Refinance - Murabaha	11.2	1,048,988	873,321
- Financing against Islamic SME Asaan Finance	11.3	10,000	-
- Inventory under Islamic Export Refinance - Murabaha		35,000	17,779
- Advance against Islamic SME Asaan Finance		40,000	-
- Advance against Islamic Export Refinance - Murabaha		460,014	1,008,181
		12,099,979	13,585,929
Running Musharakah financing			
- Running Musharakah financing		193,218,603	102,571,519
- Financing under Islamic Export Refinance - Running Musharakah		37,235,077	35,775,663
		230,453,680	138,347,182
Istisna financing and related assets			
- Istisna financing		6,534,664	3,925,839
- Advances against Istisna		68,370,720	46,300,271
- Istisna inventory		5,574,727	6,437,594
- Financing under Islamic Export Refinance - Istisna		266,800	218,304
- Advances under Islamic Export Refinance - Istisna		7,985,372	8,422,231
- Inventory under Islamic Export Refinance - Istisna		2,866,783	2,723,453
		91,599,066	68,027,692
Tijarah financing and related assets			
- Tijarah financing		1,715,312	596,504
- Tijarah inventory		10,959,567	7,507,389
- Financing under Islamic Export Refinance - Tijarah		1,549,127	1,366,016
- Financing under Islamic SME Asaan Finance - Tijarah		2,738	-
- Inventory under Islamic Export Refinance - Tijarah		413,901	897,624
		14,640,645	10,367,533
Musawammah financing and related assets			
- Musawammah financing	11.4	33,362,530	13,798,171
- Advances against Musawammah		8,621,219	7,613,522
- Musawammah Inventory		15,944,490	14,209,318
- Financing under Islamic Export Refinance - Musawammah	11.5	2,313,610	1,090,893
- Financing under SBP's IFRE - Musawammah	11.6	90,260	-
- Advances under Islamic Export Refinance - Musawammah		647,638	45,000
- Inventory under Islamic Export Refinance - Musawammah		1,215,492	994,771
		62,195,239	37,751,675
Salam Financing and related assets			
- Salam Financing		990,223	1,238,311
- Advances against Salam		11,204,294	6,378,860
- Salam Inventory		1,230,270	1,560,370
- Advances under Islamic Export Refinance - Salam		449,206	496,820
		13,873,993	9,674,361
Financing against bills			
- Financing against bills - Salam		9,827,325	4,151,254
- Advance against bills - Salam		1,947	1,738
		9,829,272	4,152,992
- Bai Muajjal financing	11.7	39,429,724	1,633,373
Ijarah financing and related assets			
- Net investment in Ijarah		75,042	81,965
- Net book value of assets/investment in Ijarah under IFAS 2		54,013,622	43,569,281
- Net book value of assets/investment in Ijarah under IFAS 2 (SBP's ILTF)		11,030	48,778
	11.8	54,099,694	43,700,024
- Advances against Ijarah		8,865,508	6,210,281
		62,965,202	49,910,305
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		110,857,954	102,400,030
- Diminishing Musharakah financing - housing		16,670,211	12,556,621
- Diminishing Musharakah financing - SBP's ILTF		12,881,740	7,595,493
- Diminishing Musharakah financing - SBP's IRSPWS		2,321,293	4,481,268
- Diminishing Musharakah financing - SBP's ITERF		1,507,883	-
- Diminishing Musharakah financing - SBP's IFRE		952,704	182,955
- Diminishing Musharakah financing - SBP's IRFCC		402,751	-
- Diminishing Musharakah financing - SBP's IFFSAP		62,913	-
- Diminishing Musharakah financing - SBP's ISAAF		9,900	-
- Advances against Diminishing Musharakah		11,302,256	7,667,897
- Advances against Diminishing Musharakah under SBP's IFFSAP		83,939	-
- Advances against Diminishing Musharakah under SBP's IFRE		15,188,412	5,204,775
- Advances against Diminishing Musharakah under SBP's IRFCC		327,087	172,913
- Advances against Diminishing Musharakah under SBP's ITERF		12,148,592	676,621
- Advances against Diminishing Musharakah under SBP's ILTF		4,963,408	5,559,059
		189,681,043	146,497,632

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
- Musharakah financing		-	82,960
- Wakalah Tul Istithmar financing		10,625,000	21,156,433
- Advances against Wakalah Tul Istithmar		23,714,700	18,500,000
- Wakalah financing		-	45,000
- Advance against Service Ijarah		7,749,103	4,258,103
- Qard financing under SBP's IRSPWS		28,914	46,263
- Qard financing under SBP's IRFCC		528,791	440,310
- Labbaik (Qard for Hajj and Umrah)		274	856
- Staff financing (including under SBP's IFRE)	11.9	6,237,617	4,951,794
- Other financing		1,642,884	2,157,222
Gross Islamic Financing and Related Assets	11.10	777,295,126	531,587,615
Less: Provision against non-performing Islamic financing and related assets - Specific	11.12	(13,338,988)	(13,602,974)
Less: Provision against non-performing Islamic financing and related assets - General	11.12	(5,870,018)	(5,452,711)
Islamic financing and related assets - net of provision		758,086,120	512,531,930
11.1 Murabaha receivable - gross	11.1.1	6,944,861	7,610,201
Less: Deferred income	11.1.3	(117,597)	(112,171)
Profit receivable shown in other assets		(632,103)	(205,910)
Murabaha financing		6,195,161	7,292,120
11.1.1 Murabaha Sale Price		6,944,861	7,610,201
Murabaha Purchase Price		(6,195,161)	(7,292,120)
		749,700	318,081
11.1.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		7,292,120	8,633,318
Sales during the year		72,951,570	34,727,183
Adjusted during the year		(74,048,529)	(36,068,381)
Closing balance		6,195,161	7,292,120
11.1.3 Deferred murabaha income			
Opening balance		112,171	198,327
Arising during the year		2,621,586	921,798
Recognised during the year		(2,616,160)	(1,007,954)
Closing balance		117,597	112,171
11.2 Financing under Islamic Export Refinance - Murabaha - gross		1,068,203	893,589
Less: Deferred income		(5,937)	(5,106)
Profit receivable shown in other assets		(13,278)	(15,162)
Financing under Islamic Export Refinance - Murabaha		1,048,988	873,321
11.2.1 The movement in Islamic Export Refinance Murabaha financing during the year:			
Opening balance		873,321	369,441
Sales during the year		3,159,707	3,254,140
Adjusted during the year		(2,984,040)	(2,750,260)
Closing balance		1,048,988	873,321
11.2.2 Deferred Islamic Export Refinance murabaha income			
Opening balance		5,106	836
Arising during the year		51,534	42,170
Recognised during the year		(50,703)	(37,900)
Closing balance		5,937	5,106

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Rupees in '000	
11.3 Financing against Islamic SME Asaan Finance - Murabaha - gross	11,526	-
Less: Deferred income	(1,506)	-
Profit receivable shown in other assets	(20)	-
Financing against Islamic SME Asaan Finance - Murabaha	10,000	-
11.3.1 The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:		
Opening balance	-	-
Sales during the year	10,000	-
Adjusted during the year	-	-
Closing balance	10,000	-
11.3.2 Deferred Islamic SME Asaan Finance Murabaha income		
Opening balance	-	-
Arising during the year	1,526	-
Recognised during the year	(20)	-
Closing balance	1,506	-
11.4 Musawammah financing - gross	34,477,153	14,258,642
Less: Deferred income	(468,449)	(272,835)
Profit receivable shown in other assets	(646,174)	(187,636)
Musawammah financing	33,362,530	13,798,171
11.5 Financing under Islamic Export Refinance - Musawammah - gross	2,346,068	1,104,908
Less: Deferred income	(13,048)	(8,473)
Profit receivable shown in other assets	(19,410)	(5,542)
Financing under Islamic Export Refinance - Musawammah	2,313,610	1,090,893
11.6 Financing under SBP's IFRE - Musawammah - gross	101,406	-
Less: Deferred income	(10,925)	-
Profit receivable shown in other assets	(221)	-
Financing under SBP's IFRE - Musawammah	90,260	-
11.7 Bai Muajjal financing - gross	40,373,453	2,477,558
Less: Deferred income	(300,831)	(107,351)
Profit receivable shown in other assets	(642,898)	(736,834)
Bai Muajjal financing	39,429,724	1,633,373
11.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 41,547 million (2020: Rs 40,217 million).		
11.9 This includes Rs 671 million (2020: Rs 554 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.		

	2021	2020
	Rupees in '000	
11.10 Particulars of financing - gross		
In		
- local currency	733,552,562	517,234,025
- foreign currencies	43,742,564	14,353,590
	777,295,126	531,587,615

11.11 Islamic financing and related assets include Rs 14,450 million (2020: Rs 14,993 million) which have been placed under non-performing status as detailed below:

	2021		2020	
	Non Performing Amount	Provision Held	Non Performing Amount	Provision Held
	Rupees in '000			
Category of classification				
Domestic				
Other Assets Especially Mentioned	41,771	358	80,289	1,109
Substandard	409,772	82,151	790,278	165,158
Doubtful	1,000,601	356,314	966,160	425,586
Loss	12,997,394	12,900,165	13,096,746	13,011,121
	14,449,538	13,338,988	14,933,473	13,602,974

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

11.12 Particulars of provision against non-performing Islamic financing and related assets:

	2021			2020		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	13,602,974	5,452,711	19,055,685	8,284,519	4,452,711	12,737,230
Charge for the year	2,186,594	417,307	2,603,901	7,655,410	1,000,000	8,655,410
Less: Reversals	(1,859,091)	-	(1,859,091)	(314,555)	-	(314,555)
	327,503	417,307	744,810	7,340,855	1,000,000	8,340,855
Amount Written off	(591,489)	-	(591,489)	(2,022,400)	-	(2,022,400)
Closing balance	13,338,988	5,870,018	19,209,006	13,602,974	5,452,711	19,055,685

11.12.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 5,350 million (2020: Rs 5,050 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

11.12.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed amounts to Rs 176.6 million (2020: Rs 76.6 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 107.7 million (2020: Rs 46.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

11.12.3 Particulars of provision against non-performing financing:

	2021			2020		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	13,066,220	5,870,018	18,936,238	13,337,517	5,452,711	18,790,228
In foreign currencies	272,768	-	272,768	265,457	-	265,457
	13,338,988	5,870,018	19,209,006	13,602,974	5,452,711	19,055,685

	Note	2021	2020
		Rupees in '000	
11.13 Particulars of write offs			
Against provisions	11.12	591,489	2,022,400
Directly charged to profit and loss account		515	-
		592,004	2,022,400
Write offs Rs 500,000 and above - Domestic		592,004	2,018,509
Write offs below Rs 500,000 - Domestic		-	3,891
		592,004	2,022,400

11.13.1 Details of financing written off of Rs 500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2021 is given as Annexure 1.

	Note	2021	2020
		Rupees in '000	
12 FIXED ASSETS			
Capital work-in-progress	12.1	5,117,821	3,230,914
Property and equipment	12.2	16,304,643	14,530,165
Right-of-use assets	12.3	12,535,483	5,807,272
		33,957,947	23,568,351
12.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		3,600,313	2,171,132
- computer hardware		583,704	379,323
- purchase of vehicles		346,210	269,437
- office machines		472,467	272,364
- furniture and fixtures		115,127	138,658
		5,117,821	3,230,914

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

12.2 Property and equipment

	2021						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2021							
Cost	4,881,161	2,012,816	7,901,111	921,210	7,628,283	2,597,383	25,941,964
Accumulated depreciation	-	691,325	4,075,042	504,963	5,128,924	1,011,545	11,411,799
Net book value	4,881,161	1,321,491	3,826,069	416,247	2,499,359	1,585,838	14,530,165
Year ended December 31, 2021							
Opening net book value	4,881,161	1,321,491	3,826,069	416,247	2,499,359	1,585,838	14,530,165
Additions	1,037,904	395,743	616,091	130,810	1,173,501	939,347	4,293,396
Net book value of disposals	-	-	(174)	(72)	(1,033)	(101,232)	(102,511)
Depreciation charge	-	(107,758)	(719,231)	(76,320)	(941,015)	(572,083)	(2,416,407)
Net book value as at December 31, 2021	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
Year ended December 31, 2021							
Cost	5,919,065	2,408,559	8,516,895	1,048,975	8,761,012	3,212,583	29,867,089
Accumulated depreciation	-	799,083	4,794,140	578,310	6,030,200	1,360,713	13,562,446
Net book value as at December 31, 2021	5,919,065	1,609,476	3,722,755	470,665	2,730,812	1,851,870	16,304,643
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	
2020							
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
Rupees in '000							
At January 1, 2020							
Cost	4,801,374	1,832,632	6,587,594	783,078	6,578,906	2,221,608	22,805,192
Accumulated depreciation	-	599,436	3,336,510	437,313	4,459,616	803,583	9,636,458
Net book value	4,801,374	1,233,196	3,251,084	345,765	2,119,290	1,418,025	13,168,734
Year ended December 31, 2020							
Opening net book value	4,801,374	1,233,196	3,251,084	345,765	2,119,290	1,418,025	13,168,734
Additions	79,787	180,184	1,318,816	139,262	1,194,055	703,428	3,615,532
Net book value of disposals	-	-	(3,379)	(93)	(4,214)	(66,255)	(73,941)
Depreciation charge	-	(91,889)	(740,452)	(68,687)	(809,772)	(469,360)	(2,180,160)
Net book value as at December 31, 2020	4,881,161	1,321,491	3,826,069	416,247	2,499,359	1,585,838	14,530,165
Year ended December 31, 2020							
Cost	4,881,161	2,012,816	7,901,111	921,210	7,628,283	2,597,383	25,941,964
Accumulated depreciation	-	691,325	4,075,042	504,963	5,128,924	1,011,545	11,411,799
Net book value as at December 31, 2020	4,881,161	1,321,491	3,826,069	416,247	2,499,359	1,585,838	14,530,165
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 5,749 million (2020: Rs 4,809 million).

12.2.2 Market value of Bank's properties based on revaluation carried out by independent valuers amounted to Rs 13,081 million.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

12.2.3 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Toyota Fortuner	8,960	3,867	5,093	7,800	MBL Staff Policy	Mr Najmul Hassan (Executive, Ex-employee)
Honda City	1,926	1,058	868	1,194	MBL Staff Policy	Mr Jahangir Ahmed Nawabi (Executive, Ex-employee)
Suzuki Cultus	1,334	710	624	845	MBL Staff Policy	Mr Fayyaz Ahmed (Executive, Ex-employee)
Suzuki Cultus	1,250	750	500	721	MBL Staff Policy	Mr Babar Khan (Executive, Ex-employee)
Toyota Corolla	2,791	1,298	1,493	2,565	Negotiation	M/s Augmentech Business Solution
Honda City	2,314	926	1,388	2,315	Negotiation	M/s Augmentech Business Solution
Honda City	1,912	1,049	863	2,150	Negotiation	M/s Augmentech Business Solution
Honda City	1,903	699	1,204	2,151	Negotiation	M/s Augmentech Business Solution
Honda City	1,853	1,099	754	2,340	Negotiation	M/s Augmentech Business Solution
Honda City	1,754	1,197	557	1,805	Negotiation	Mr Rameez Ahmed
Honda City	1,413	565	848	1,607	Negotiation	M/s Augmentech Business Solution
Honda City	1,402	748	654	1,432	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,780	502	1,278	1,610	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,774	384	1,390	1,695	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,759	432	1,327	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	381	1,376	1,547	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	498	1,259	1,663	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	442	1,315	1,624	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	379	1,378	1,597	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	381	1,376	1,555	Negotiation	Mr Umair Asad
Suzuki Cultus	1,757	381	1,376	1,417	Negotiation	Mr Abdul Mannan
Suzuki Cultus	1,756	469	1,287	1,613	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,756	469	1,287	1,693	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,756	759	997	1,439	Negotiation	Mr Rizwan Mazhar
Suzuki Cultus	1,752	317	1,435	1,823	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,615	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,605	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	610	1,133	1,675	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,595	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,539	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,738	521	1,217	1,700	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,738	317	1,421	1,729	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,720	659	1,061	1,675	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	430	1,290	1,620	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	344	1,376	1,606	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	487	1,233	1,723	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,715	372	1,343	1,525	Negotiation	Mr Shahzaib Khan
Suzuki Cultus	1,485	494	991	1,723	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	684	787	1,615	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	587	884	1,635	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	660	811	1,625	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	342	1,129	1,670	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,451	435	1,016	1,645	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,444	457	987	1,551	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,444	626	818	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,429	737	692	1,595	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,419	544	875	1,625	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,419	545	874	1,713	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,413	634	779	1,593	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,413	518	895	1,516	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,413	541	872	1,457	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,410	611	799	1,713	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,409	703	706	1,444	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,385	531	854	1,655	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	583	765	1,680	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	628	720	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	584	764	1,560	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	583	765	1,579	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,343	671	672	1,549	Negotiation	M/s Augmentech Business Solution

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Suzuki Cultus	1,336	601	735	1,523	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,336	735	601	1,415	Negotiation	Mr Rizwan Mazhar
Suzuki Cultus	1,315	767	548	1,495	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,308	654	654	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,293	624	669	1,585	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,277	742	535	1,594	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,272	763	509	1,613	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,267	718	549	1,525	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,267	737	530	1,575	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,266	633	633	1,593	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,263	757	506	1,615	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,250	667	583	1,520	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,245	664	581	1,483	Negotiation	M/s Augmentech Business Solution
Honda Civic	2,829	1,300	1,529	2,763	Takaful Claim	M/s EFU General Insurance Limited
Honda Civic	2,787	1,347	1,440	2,787	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,570	1,020	1,550	2,507	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,487	494	1,993	2,455	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,056	919	1,137	2,064	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,915	828	1,087	2,009	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,913	1,072	841	1,506	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,913	761	1,152	1,883	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,798	1,079	719	1,753	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,753	963	790	1,713	Takaful Claim	M/s EFU General Insurance Limited
Toyota Yaris	2,684	670	2,014	2,655	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,756	382	1,374	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,751	173	1,578	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,743	638	1,105	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,715	457	1,258	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,451	435	1,016	1,491	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,333	622	711	1,315	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,263	668	595	1,285	Takaful Claim	M/s EFU General Insurance Limited
	156,038	61,872	94,166	158,205		

Other disposals

Vehicles	168,109	161,043	7,066	78,695
Electrical, office and computer equipments	40,772	39,739	1,033	9,959
Furniture and fixtures	3,045	2,973	72	1,120
Leasehold improvements	307	133	174	189
	<u>368,271</u>	<u>265,760</u>	<u>102,511</u>	<u>248,168</u>

12.3 Right-of-use assets

At January 1,
Additions during the year
Adjusted upon reassessment of useful life
Depreciation Charge
Derecognition during the year
At December 31,
Useful life

2021		
Cost	Accumulated Depreciation	Net Book Value
Rupees in '000		
9,975,122	(4,167,850)	5,807,272
942,515	-	942,515
8,178,322	-	8,178,322
-	(2,392,626)	(2,392,626)
(45,134)	45,134	-
<u>19,050,825</u>	<u>(6,515,342)</u>	<u>12,535,483</u>
		<u>2 - 7 years</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2020		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1,	8,880,680	(1,950,240)	6,930,440
Additions during the year	1,265,167	-	1,265,167
Depreciation Charge	-	(2,388,335)	(2,388,335)
Derecognition during the year	(170,725)	170,725	-
At December 31,	9,975,122	(4,167,850)	5,807,272
Useful life			4 - 7 years

	Note	2021	2020
		Rupees in '000	
13 INTANGIBLE ASSETS			
Computer Software	13.1	1,235,876	745,513
Advance against computer software		259,934	334,448
		1,495,810	1,079,961
13.1 At January 1,			
Cost		2,331,467	1,977,981
Accumulated amortisation		1,585,954	1,363,409
Net book value		745,513	614,572
Year ended December 31,			
Opening net book value		745,513	614,572
Additions - directly purchased		847,408	353,486
Amortisation charge		(357,045)	(222,545)
Closing net book value		1,235,876	745,513
Year ended December 31,			
Cost		3,178,875	2,331,467
Accumulated amortisation		1,942,999	1,585,954
Net book value		1,235,876	745,513
Rate of amortisation (percentage)		10-20	10-20
Useful life		5 - 10 years	5 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 1,219 million (2020: Rs 1,092 million). Remaining life of intangible assets ranges from 1 to 10 years.

14 DEFERRED TAX ASSETS / (LIABILITIES)

	2021			
	At January 1,	Recognised in Profit and Loss	Recognised in OCI	At December 31,
	Rupees in '000			
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	(321,162)	184,297	-	(136,865)
Surplus on revaluation of available for sale investments	(2,984,345)	-	401,344	(2,583,001)
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims	(10,737)	60	(4,368)	(15,045)
	(3,316,244)	184,357	396,976	(2,734,911)
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	1,009,932	199,123	-	1,209,055
Income not accrued due to non-culmination of financing	1,048,537	317,286	-	1,365,823
Provision against non-performing Islamic financing and related assets	1,474,152	(1,348,474)	-	125,678
Provision against non-banking assets acquired in satisfaction of claims and others	173,276	36,634	-	209,910
	3,705,897	(795,431)	-	2,910,466
	389,653	(611,074)	396,976	175,555

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2020			
	At January 1,	Recognised in Profit and Loss	Recognised in OCI	At December 31,
	Rupees in '000			
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	(390,837)	69,675	-	(321,162)
Surplus on revaluation of available for sale investments	(5,054,925)	-	2,070,580	(2,984,345)
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims	(7,064)	-	(3,673)	(10,737)
	(5,452,826)	69,675	2,066,907	(3,316,244)
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	906,906	103,026	-	1,009,932
Income not accrued due to non-culmination of financing	1,435,933	(387,396)	-	1,048,537
Provision against non-performing Islamic financing and related assets	109,358	1,364,794	-	1,474,152
Provision against non-banking assets acquired in satisfaction of claims and others	170,771	2,505	-	173,276
	2,622,968	1,082,929	-	3,705,897
	(2,829,858)	1,152,604	2,066,907	389,653

	Note	2021	2020
		Rupees in '000	
15 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		48,899,926	40,953,826
Profit / return accrued in foreign currencies - net of provisions		109,199	79,029
Acceptances		10,925,144	8,488,266
Advances, deposits, advance rent and other prepayments	15.1	2,075,376	1,772,230
Non-banking assets acquired in satisfaction of claims	15.2	115,269	115,422
Unrealised gain on forward foreign exchange contracts - net	15.3	976,644	-
Receivables on account of sale of securities		-	16,956
Dividends receivable		4,093	8,177
Stamps		25,020	15,857
Security deposits		234,949	206,058
Advance for Investments		882	67,530
Other		436,175	323,949
		63,802,677	52,047,300
Provision against other assets	15.4	(39,854)	(53,923)
Other Assets (Net of Provision)		63,762,823	51,993,377
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	38,731	30,678
Other Assets - total		63,801,554	52,024,055

15.1 This includes prepaid takaful aggregating Rs 847 million (2020: Rs 934 million) which is being amortized over a period of one year.

	2021	2020
	Rupees in '000	
15.2 Market value of Non-banking assets acquired in satisfaction of claims	154,000	146,100

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s Iqbal A. Nanjee & Co. (Private) Limited, and M/s Joseph Lobo (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 41.3. These valuers are listed on the panel of Pakistan Banking Association.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

15.2.1 Non-banking assets acquired in satisfaction of claims

	2021	2020
	Rupees in '000	
Opening Balance	115,422	145,503
Addition	-	52,351
Depreciation	(153)	(1,744)
Disposal	-	(80,688)
Closing Balance	115,269	115,422

15.3 This is net off loss on forward foreign exchange commitments of Rs 1,965 million (2020: gain on forward foreign exchange commitments of Rs 1,811 million - Note 20).

	Note	2021	2020
		Rupees in '000	
15.4 Provision held against other assets			
Acceptances		-	33,980
Others		39,854	19,943
		39,854	53,923

15.4.1 Movement in provision held against other assets

Opening balance	53,923	74,686
Charge for the year	61,004	5,521
Reversals during the year	(36,518)	(20,763)
Amount adjusted / written off during the year	(38,555)	(5,521)
Closing balance	39,854	53,923

16 BILLS PAYABLE

In Pakistan	36,141,378	26,494,006
Outside Pakistan	-	-
	36,141,378	26,494,006

17 DUE TO FINANCIAL INSTITUTIONS

In Pakistan	220,414,234	94,500,640
Outside Pakistan	-	-
	220,414,234	94,500,640

17.1 Details of due to financial institutions secured / unsecured

Secured

With State Bank of Pakistan

Musharakah under Islamic Export Refinance Scheme	17.1.1	55,181,621	51,995,700
Investment under Islamic Long Term Financing Facility	17.1.2	17,490,047	12,567,944
Investment under Islamic Refinance Facility for Combating COVID-19	17.1.2	1,244,792	610,809
Investment under Islamic Financing for Renewal Energy	17.1.2	12,967,880	5,315,473
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	17.1.2	13,230,968	514,115
Investment under Islamic Refinance Scheme for storage of agriculture produce	17.1.2	40,677	-
Investment under Islamic Refinance Scheme for payment of wages and salaries	17.1.2	2,177,385	4,527,531
Investment under Shariah Compliant Standing Ceiling Facility	17.1.3	39,993,944	-
		142,327,314	75,531,572

With Scheduled Bank

	17.1.4	30,000,000	-
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Other financial institutions

	17.1.5	693,096	721,131
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Unsecured

Overdrawn nostro accounts		443,824	747,937
Musharakah with scheduled banks	17.1.6	46,950,000	17,500,000
		220,414,234	94,500,640

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

- 17.1.1** These Musharakah are on a profit and loss sharing basis maturing between January 2022 to June 2022 and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 58,140 million (2020: Rs 54,140 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 2.14% per annum.
- 17.1.2** These Investment are on profit and loss sharing basis which has been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of SBP. Last announced profit rate on these investments ranges from 0.11% to per 4.34% per annum.
- 17.1.3** This represents acceptance of funds by the Bank on Mudarabah basis which has been invested in special pool of the Bank and are secured against lien of the Bank's investment in Bai Muajjal with Government of Pakistan (Note 10.2.2).
- 17.1.4** These represents acceptance of funds by the Bank on Musharakah basis which are secured against pledge of the Bank's investment in Government Ijarah Sukuk (Note 10.2.2). The expected average return on these Musharakah is around 10.65% (2020: Nil) per annum. These balances have matured in January 2022 (2020: Nil).
- 17.1.5** These Musharakah are on profit and loss sharing basis. Under the arrangement, a limit of USD 10 million has been allocated to the Bank by the Karandaaz.
- 17.1.6** These represents acceptance of funds by the Bank on Musharakah basis. The expected average return on these Musharakah is around 10.37% (2020: 7.44%) per annum. These balances have matured in January 2022 (2020: January 2021).

	2021	2020
17.2 Particulars of due to financial institutions with respect to currencies	Rupees in '000	
In local currency	219,970,410	93,752,703
In foreign currencies	443,824	747,937
	<u>220,414,234</u>	<u>94,500,640</u>
17.3 Particulars of due to financial institutions		
Short - term	175,358,839	75,970,678
Long - term	45,055,395	18,529,962
	<u>220,414,234</u>	<u>94,500,640</u>

18 DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current accounts - non-remunerative	622,823,894	30,848,040	653,671,934	465,573,842	24,180,026	489,753,868
- Savings deposits	492,095,194	43,166,844	535,262,038	415,280,740	33,825,435	449,106,175
- Fixed deposits	231,366,955	14,454,313	245,821,268	279,506,740	15,039,627	294,546,367
- Margin	12,003,635	6,566	12,010,201	10,603,578	5,957	10,609,535
	<u>1,358,289,678</u>	<u>88,475,763</u>	<u>1,446,765,441</u>	<u>1,170,964,900</u>	<u>73,051,045</u>	<u>1,244,015,945</u>
Financial institutions						
- Current accounts - non-remunerative	1,829,027	308,877	2,137,904	4,235,642	-	4,235,642
- Savings deposits	6,096,621	702	6,097,323	4,759,877	-	4,759,877
- Fixed deposits	885,800	-	885,800	1,419,070	-	1,419,070
	<u>8,811,448</u>	<u>309,579</u>	<u>9,121,027</u>	<u>10,414,589</u>	<u>-</u>	<u>10,414,589</u>
	<u>1,367,101,126</u>	<u>88,785,342</u>	<u>1,455,886,468</u>	<u>1,181,379,489</u>	<u>73,051,045</u>	<u>1,254,430,534</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Rupees in '000	
18.1 Composition of deposits		
- Individuals	979,782,648	859,471,523
- Government (Federal and Provincial)	6,950,408	13,812,127
- Public Sector Entities	16,747,910	22,175,212
- Banking Companies	68,346	23,348
- Non-Banking Financial Institutions	9,052,681	10,391,241
- Private Sector	443,284,475	348,557,083
	<u>1,455,886,468</u>	<u>1,254,430,534</u>
18.2 Particulars of deposits and other accounts in Pakistan		
- in local currency		
Mudaraba based deposits	737,046,342	706,015,724
Qard based deposits	630,054,784	475,363,765
	<u>1,367,101,126</u>	<u>1,181,379,489</u>
- in foreign currencies		
Mudaraba based deposits	57,621,859	48,865,062
Qard based deposits	31,163,483	24,185,983
	<u>88,785,342</u>	<u>73,051,045</u>
	<u>1,455,886,468</u>	<u>1,254,430,534</u>

18.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amount to Rs 1,248,230 million (2020: Rs 1,016,635 million).

	Note	2021	2020
		Rupees in '000	
19 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	19.1	7,000,000	7,000,000
Tier II Sukuk	19.2 & 19.3	13,990,000	11,000,000
		<u>20,990,000</u>	<u>18,000,000</u>

19.1 In August 2018, the Bank issued regulatory Shariah compliant unsecured, sub-ordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual. However, the Bank has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 11.12% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

19.2 In January 2020 and December 2021, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 4,000 million and Rs 9,990 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA+ (Double A plus) by VIS Credit Rating Company Limited.
Issue Date	January 09, 2020 and December 16, 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount)-Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 8.67% and 10.78% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

19.3 During the year, the Bank exercised Call Option with prior approval of SBP in respect of its regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk of Rs 7,000 million issued by the Bank in September 2016. The principal and profit component of these sukuk were paid back to investors in December 2021. Last announced profit rate on the Sukuk was 8.33%. Further, the Bank has issued Tier II sukuk of Rs 9,990 million during the year (Note 19.2).

	Note	2021	2020
20 OTHER LIABILITIES			
		Rupees in '000	
Return on deposits and other dues			
- payable in local currency	20.1	4,643,447	3,942,766
- payable in foreign currencies		49,414	76,037
Unearned income	20.2	1,449,591	862,453
Accrued expenses	20.3	12,187,304	9,568,182
Current taxation (provision less payments)		13,498,972	9,675,304
Acceptances		10,925,144	8,488,266
Unclaimed dividends		19,490	21,219
Payable to defined benefit plan	37.3 & 37.15	941,589	663,141
Provision against off-balance sheet obligations	20.4	55,167	36,489
Charity payable	20.5	3,932	989
Security deposits against Ijarah		20,370,305	14,804,093
Payable on account of credit murabaha / ijarah / musawammah		24,819	8,419
Security deposits against lockers		160,555	136,804
Unrealised loss on forward foreign exchange commitments - net		-	162,055
Advance against future Diminishing Musharakah		490,951	119,358
Withholding taxes payable		275,530	233,744
Lease liability against right-of-use assets	20.6	13,107,177	6,474,235
Workers Welfare Fund payable	20.7	3,710,254	2,770,385
Others		1,067,904	935,078
		<u>82,981,545</u>	<u>58,979,017</u>

20.1 This includes Rs 264 million (2020: Rs 216 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 221.3 million (2020: Rs 109.8 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.

20.2 Unearned income included income on contract with customers (such as branch banking fee / debit card fee etc) deferred under the requirements of IFRS 15 "Revenue Recognition". The Bank expect that present balance of unearned income will be recognised as income in the next financial year.

20.3 This includes Rs 3.97 million (2020: Rs 77.8 million) in respect of payable to Al Meezan Investment Management Limited (Subsidiary).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
20.4 Provision against off-balance sheet obligations			
Opening balance		36,489	29,339
Charge for the year		18,678	7,150
Closing balance	20.4.1	55,167	36,489

20.4.1 This represents provision recognized against guarantees and letter of credit of non-performing customers.

	Note	2021	2020
		Rupees in '000	
20.5 Reconciliation of charity payable			
Balance as at January 1		989	995
Additions during the year		201,777	96,297
Less: Transferred to charity savings account (included in deposits and other accounts)	20.5.1	(198,834)	(96,303)
Balance as at December 31		3,932	989

20.5.1 Charity paid through savings account during the year is Rs 94.2 million (2020: Rs 95.0 million). Charity of Rs 100,000 or higher was paid to the following organizations:

	2021	2020
Rupees in '000		
Ihsan Trust - Related Party	63,000	83,000
Institute of Business Administration - Centre for Excellence in Islamic Finance	25,800	-
Prevention of Blindness Trust	500	500
Pakistan's Childrens' Heart Foundation	500	500
Bin Qutab Foundation Chakwal	500	-
Burhani Medical Welfare Association	400	300
The Garage School	400	-
Karigar Training Institute	300	300
Omar Sana Foundation	300	-
Jamal Noor Hospital	300	-
Zubaida Machiyara Trust	200	200
Frontier Foundation Welfare Hospital And Blood Transfusion Service	200	-
Pakistan Eye Bank	200	-
Women Islamic Lawyer's Forum	200	-
Child Aid Association	200	-
Mukhtaran Rafiq Foundation	200	-
Women Empowerment Group	200	-
Health Education Livelihood Promoters (HELP) - Balochistan	200	-
The Kidney Centre, Karachi	200	-
Health & Social Welfare Association	200	-
Pakistan Association of Deaf	100	-
The Diabetes Centre	100	-
Lahore Businessmen Association For Rehabilitation of the Disabled	-	2,000
Rashid Memorial Welfare Organization	-	1,000
Medical Aid Foundation (Rahat Kada)	-	1,000
Rising Sun Education and Welfare Society	-	1,000
Family Educational Services Foundation	-	500
Pakistan Disabled Foundation	-	500
Kiran Foundation	-	500
Akhuwat Islamic Microfinance	-	500
Murshid Hospital - Karachi	-	500
Al-Mustafa Welfare Society - Karachi	-	400
Muhammadi Blood Bank	-	300
Al- Mustafa Trust Rawalpindi	-	200
Mercy Pak	-	200
Eye Donor Organization - Taxila	-	200
Behbud Association Karachi	-	200
Pakistan Navy Educational Trust	-	200
The Cancer Foundation - Karachi	-	200
Koohi Goth Hospital - Karachi	-	200
Nigehban Welfare Association	-	200
Superior Foundation and Research Centre	-	200
Aiwan-e-Sannat O Tijarat Hospital	-	100
Ali Hajveri Free Drug Bank - Lahore	-	100
	94,200	95,000

20.5.2 The balance in Charity's savings account is Rs 122.603 million (2020: Rs 16.991 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

20.5.3 Charity was not paid to any organization in which a director or his spouse had any interest at any time during the year.

20.6 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2021	2020
	Rupees in '000	
As at January 1,	6,474,235	7,049,842
Additions	942,515	1,265,167
Adjustment upon reassessment of useful life	8,178,322	-
Amortisation of lease liability against right-of-use assets	770,406	974,877
Payments	(3,258,301)	(2,815,651)
As at December 31,	13,107,177	6,474,235

20.6.1 The Bank has entered into various agreements for properties to be used in branch operations. The Bank has right to terminate these contracts by giving three months notice. The undiscounted potential future rental payments relating to termination periods following for which (the Bank is committed to pay rent) that are not included in the lease term are Rs 910.47 million.

20.7 The Bank has made full provision for Workers Welfare Fund (WWF) based on profit for the respective years (2008-2021). In 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not be treated as conclusive. Accordingly, the Bank continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2021 (Number of Shares)	2020 (Number of Shares)		2021 Rupees in '000	2020 Rupees in '000
3,253,860,000	2,572,180,000	Ordinary shares of Rs 10 each	32,538,600	25,721,800

21.2 Issued, subscribed and paid up capital

2021 (Number of Shares)	2020 (Number of Shares)		2021 Rupees in '000	2020 Rupees in '000
516,517,908	516,517,908	Ordinary shares	5,165,179	5,165,179
1,110,413,293	898,204,876	Fully paid in cash	11,104,133	8,982,049
1,626,931,201	1,414,722,784	Issued as bonus shares	16,269,312	14,147,228

21.3 Shareholding held by associated companies / entites are as follows:

Name of Shareholders	2021		2020	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company, Kuwait	573,472,440	35.25%	498,671,687	35.25%
Pakistan Kuwait Investment Company (Private) Limited	488,079,353	30.00%	424,416,829	30.00%
Islamic Development Bank, Jeddah	151,694,052	9.32%	131,907,872	9.32%
CDC - Trustee Meezan Islamic Fund	15,277,983	0.94%	15,015,306	1.06%
CDC - Trustee Meezan Tahaffuz Pension Fund	2,374,743	0.15%	-	0.00%
CDC - Trustee Al Meezan Mutual Fund	2,285,548	0.14%	1,728,955	0.12%
CDC - Trustee Meezan Balanced Fund	1,149,463	0.07%	1,087,273	0.08%
CDC - Trustee KSE Meezan Index Fund	1,294,530	0.08%	1,065,969	0.08%
CDC - Trustee Meezan Asset Allocation Fund	645,167	0.04%	615,807	0.04%
CDC - Trustee Meezan Dedicated Equity Fund	497,080	0.03%	415,505	0.03%

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

22 RESERVES	Note	2021	2020
		Rupees in '000	
Share Premium		2,406,571	2,406,571
Statutory reserve	22.1	17,668,857	14,833,341
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
Employee share option compensation reserve	39	133,457	-
General reserve		66,766	66,766
		<u>23,393,198</u>	<u>20,424,225</u>

22.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount not less than 10% of the profit is to be transferred to create a reserve fund.

23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	2021	2020
		Rupees in '000	
Available for sale securities			
- Listed shares		1,928,965	2,849,881
- Sukuk		4,694,113	5,676,815
		<u>6,623,078</u>	<u>8,526,696</u>
Non-banking assets acquired in satisfaction of claims	23.1	38,578	30,678
		<u>6,661,656</u>	<u>8,557,374</u>
Less: Deferred tax liability on			
- Available for sale securities		(2,583,001)	(2,984,345)
- Non-banking assets acquired in satisfaction of claims	23.1	(15,045)	(10,737)
		<u>(2,598,046)</u>	<u>(2,995,082)</u>
		<u>4,063,610</u>	<u>5,562,292</u>

23.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 1		30,678	20,184
Recognised during the year		8,053	10,494
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(153)	-
Surplus on revaluation as at December 31		38,578	30,678
Less: related deferred tax liability on:			
- Revaluation as at January 1		10,737	7,064
- Revaluation recognised during the year		4,368	3,673
- Incremental depreciation charged during the year		(60)	-
		<u>15,045</u>	<u>10,737</u>
		<u>23,533</u>	<u>19,941</u>

24 CONTINGENCIES AND COMMITMENTS

-Guarantees	24.1	45,072,765	37,768,446
-Commitments	24.2	887,366,094	736,693,486
-Other contingent liabilities	24.3	1,802,000	1,802,000
		<u>934,240,859</u>	<u>776,263,932</u>
24.1 Guarantees:			
Financial guarantees		930,441	1,629,063
Performance guarantees		23,651,964	20,050,469
Other guarantees		20,490,360	16,088,914
		<u>45,072,765</u>	<u>37,768,446</u>
24.2 Commitments:			
Documentary letters of credit		175,227,624	151,668,892
Commitments in respect of:			
- forward foreign exchange transactions	24.2.1	200,615,279	187,071,597
Commitments for acquisition of:			
- fixed assets		389,225	305,288
- intangible assets		309,824	387,064
Other commitments	24.2.2	510,824,142	397,260,645
		<u>887,366,094</u>	<u>736,693,486</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

24.2.1 Commitments in respect of forward foreign exchange transactions

	Note	2021	2020
		Rupees in '000	
Purchase		114,757,851	108,885,191
Sale		85,857,428	78,186,406
		<u>200,615,279</u>	<u>187,071,597</u>

24.2.2 Other Commitments

Commitments in respect of financing	24.2.2.1	<u>510,824,142</u>	<u>397,260,645</u>
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24.2.2.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financings amounting to Rs 70,453 million (2020: Rs 67,123 million).

24.3 Other contingencies

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2020. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in these financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

25	PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS	Note	2021	2020
			Rupees in '000	
	On financing	25.1	43,330,817	48,073,060
	On investments in			
	- Available for sale securities		40,689,074	28,749,152
	- Held to maturity securities		1,391,185	321,156
	On deposits / placements with financial institutions		24,661,471	29,445,691
			<u>110,072,547</u>	<u>106,589,059</u>

25.1 The income on Ijarah under IFAS 2 is net off takaful of Rs 1,737 million (2020: Rs 1,649 million) recovered from customers.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

26	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2021	2020
			Rupees in '000	
	Deposits and other accounts	26.1	33,995,613	37,230,390
	Sub-ordinated Sukuk		1,588,467	2,085,311
	Other Musharakahs / Mudarabas	26.2	4,796,952	1,449,590
	Amortisation of lease liability against right-of-use assets		770,406	974,877
			<u>41,151,438</u>	<u>41,740,168</u>
26.1	This includes conversion cost of Rs 2,373 million (2020: Rs 1,984 million) against foreign currency deposits.			
26.2	This includes Rs 989 million (2020: Rs 794 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 689 million (2020: Rs 288 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.			
27	FEE AND COMMISSION INCOME		2021	2020
			Rupees in '000	
	Trade related fees and commissions		3,318,195	2,549,810
	Commission on guarantees		179,041	152,166
	Branch banking customer fees		1,715,285	989,343
	Credit processing related fees (including consumer processing fees of Rs 47.695 million (2020: Rs 45.368 million))		124,379	105,093
	Debit card related fees		3,081,103	1,365,254
	Investment banking related fees		305,304	261,880
	Cash management fees		172,878	98,440
	Home remittance related fees		283,302	227,349
	Others		173,321	164,655
			<u>9,352,808</u>	<u>5,913,990</u>
27.1	Trade related income pertain to corporate, commercial and SME segments, branch banking fees pertain to retail banking segment and debit card fee pertains to alternative delivery channel segment (others).			
28.	GAIN ON SECURITIES - NET	Note	2021	2020
			Rupees in '000	
	Realised	28.1	<u>348,884</u>	<u>683,067</u>
28.1	Realised gain / (loss) on:			
	Non Government Sukuk (Pakistan Energy Sukuk)		32,659	1,064,446
	Listed Shares		306,888	(254,315)
	Unlisted Shares		-	(62,386)
	Federal Government Securities		9,315	(47,042)
	Associates		22	-
	Other Securities		-	(17,636)
			<u>348,884</u>	<u>683,067</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

29	OTHER INCOME	Note	2021	2020
			Rupees in '000	
	Gain on termination of			
	- Ijarah financing		671,649	503,555
	- Diminishing Musharakah and other financing		19,698	41,585
	Gain on sale of operating fixed assets		145,657	155,392
	Loss on disposal of non-banking assets		-	(10,000)
	Rental income		-	4,334
	Others		2,506	2,614
			<u>839,510</u>	<u>697,480</u>
30	OPERATING EXPENSES			
	Total compensation expense	30.1 & 30.2	19,624,453	15,272,678
	Property expense			
	Depreciation on right-of-use assets		2,392,626	2,388,335
	Rent and taxes		62,320	93,988
	Utilities cost (including electricity and diesel)		1,224,763	973,052
	Security (including guards)		824,785	818,107
	Repair and maintenance (including janitorial charges)		589,158	438,873
	Depreciation		826,989	832,341
	Takaful expenses		4,800	4,033
	Others		67,076	64,677
			<u>5,992,517</u>	<u>5,613,406</u>
	Information technology expenses			
	Software maintenance		619,499	613,346
	Hardware maintenance		312,745	302,812
	Depreciation		502,687	388,561
	Amortisation		357,045	222,545
	Network charges		267,614	259,808
			<u>2,059,590</u>	<u>1,787,072</u>
	Other operating expenses			
	Stationery and printing (including debit card related cost)		845,771	816,249
	Repairs and maintenance		304,655	395,326
	Local transportation and car running		646,817	529,651
	Depreciation on vehicles, equipments etc.		1,086,731	959,258
	Legal and professional charges		139,513	146,595
	NIFT and other clearing charges		197,646	183,619
	Marketing, advertisement and publicity		1,005,603	542,176
	Security charges - cash transportation		601,360	458,898
	Communication (including courier)		468,882	583,802
	Travelling and conveyance		71,806	81,970
	Training and Development		26,561	29,256
	Donation	30.4	512	227,299
	Fees, subscription and other charges		347,777	249,186
	Brokerage and bank charges		306,749	248,003
	Office supplies		304,337	261,257
	Entertainment		67,314	57,731
	Takaful expense		87,394	122,967
	Outsourced services costs	30.2	23,478	91,302
	Auditors' Remuneration	30.3	21,856	20,254
	Shariah Board's fees and allowances	40	37,770	33,442
	Non-executive Directors' fee	40	65,040	69,668
	Others		22,161	27,495
			<u>6,679,733</u>	<u>6,135,404</u>
			<u>34,356,293</u>	<u>28,808,560</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

30.1 Total compensation expense	Note	2021	2020
		Rupees in '000	
Managerial Remuneration			
i) Fixed		10,821,768	9,074,314
ii) Cash Bonus / Awards etc.		7,088,789	4,853,901
iii) Share based compensation expense	39	133,457	-
Charge for defined benefit plan		462,114	413,509
Contribution to defined contribution Plan		463,194	386,375
Compensated Absences		110,097	10,872
Others including EOBI, SESSI, uniform, sports etc.		545,034	533,707
Total compensation expense		<u>19,624,453</u>	<u>15,272,678</u>

30.2 Total cost for the year relating to outsourced activities (recognized in respective head of expense accounts) is Rs 2,689 million (2020: Rs 2,485 million) which entirely relates to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services. This also includes portfolio management fee to Al Meezan Investment Management Limited (a related party) amounting to Rs 23.4 million (2020: Rs 91.3 million) as outsourced services costs disclosed separately under other operating expenses.

30.3 Auditors' remuneration	Note	2021	2020
		Rupees in '000	
Audit fee		7,000	5,500
Fee for interim review		1,170	900
Special certifications / review		10,500	11,116
		<u>18,670</u>	<u>17,516</u>
Sindh sales tax on services		2,275	1,401
Out of pocket expenses		911	1,337
		<u>21,856</u>	<u>20,254</u>

30.4 Donation			
Idara Al-Khair		512	1,064
Meezan Bank Foundation		-	200,000
Ihsan Trust - Related Party		-	25,000
Alamgir Welfare Trust		-	1,200
The Kidney Centre		-	35
		<u>512</u>	<u>227,299</u>

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan		<u>28,172</u>	<u>93,232</u>
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32 PROVISIONS AND WRITE OFFS - NET

Provision against non-performing islamic financing and related assets - net	11.12	744,810	8,340,855
Provision / (reversals) against diminution in the value of investments	10.3	214,623	(114,004)
Other provision / (reversals)	32.1	24,486	(15,242)
Charge against off-balance sheet obligations	20.4	18,678	7,150
Bad debts written off directly		515	-
Recovery against written off financings	32.2	(10,282)	(8,462)
		<u>992,830</u>	<u>8,210,297</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

32.1 This mainly represents provision / recoveries against operational losses incurred by the Bank in the current or prior years.

32.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Bank.

33 TAXATION	Note	2021	2020
		Rupees in '000	
Current			
- for the year	33.1	18,529,514	15,922,740
Deferred			
- for the year		611,074	(1,152,604)
		<u>19,140,588</u>	<u>14,770,136</u>

33.1 The Bank has recognized super tax charge of Rs 1,806 million (2020: Rs 1,621 million) in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the year.

33.2 Relationship between tax expense and accounting profit	Note	2021	2020
		Rupees in '000	
Profit before taxation		<u>47,495,745</u>	<u>36,935,742</u>
Effects of:			
- Tax calculated at the applicable rate of 35%		16,623,511	12,927,510
- Super tax @ 4%		1,806,110	1,621,289
- Expenses not deductible for tax purposes		198,572	123,346
- Other additions for tax purposes		119,848	21,812
- Others		392,547	76,179
Tax charge for the year		<u>19,140,588</u>	<u>14,770,136</u>

34 BASIC AND DILUTED EARNINGS PER SHARE

34.1 Basic Earnings per share

Profit for the year		<u>28,355,157</u>	<u>22,165,606</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,626,931,201</u>	<u>1,626,931,201</u>
		(Rupees)	
Basic earnings per share	34.4	<u>17.43</u>	<u>Restated 13.62</u>

34.2 Diluted Earnings per share

		Rupees in '000	
Profit for the year		<u>28,355,157</u>	<u>22,165,606</u>
		(Number)	
Weighted average number of ordinary shares	34.3	<u>1,626,972,632</u>	<u>1,626,931,201</u>
		(Rupees)	
Diluted earnings per share	34.4	<u>17.43</u>	<u>Restated 13.62</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

34.3 Reconciliation of basic and diluted earning per share

	2021	2020
	(Number)	
Weighted average number of ordinary shares	1,626,931,201	1,626,931,201
Add: Employee stock option scheme	41,431	-
Dilutive potential ordinary shares	<u>1,626,972,632</u>	<u>1,626,931,201</u>

34.4 The Bank has issued bonus shares during the year and accordingly the earnings per share for the comparative year has been restated.

35 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		Rupees in '000	
Cash and balances with treasury banks	7	170,500,698	136,242,495
Balances with other banks	8	16,420,036	19,445,879
		<u>186,920,734</u>	<u>155,688,374</u>

35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 1, 2021	18,000,000	6,474,235	21,219
Changes from financing cash flows			
Issuance of Sub-ordinated Sukuk - Tier II	9,990,000	-	-
Redemption of Sub-ordinated Sukuk - Tier II	(7,000,000)	-	-
Payment against lease liability against right-of-use assets	-	(3,258,301)	-
Dividend paid	-	-	(9,515,742)
Total changes from financing cash flows	2,990,000	(3,258,301)	(9,515,742)
Other changes			
Addition to right-of-use-assets	-	942,515	-
Amortisation of lease liability against right-of-use assets	-	770,406	-
Adjustment upon reassessment of useful life	-	8,178,322	-
Cash dividend (Rs 6.5 per share)	-	-	9,514,013
	-	9,891,243	9,514,013
Balance as at December 31, 2021	<u>20,990,000</u>	<u>13,107,177</u>	<u>19,490</u>
	2020		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 1, 2020	14,000,000	7,049,842	16,214
Changes from financing cash flows			
Issuance of Sub-ordinated Sukuk - Tier II	4,000,000	-	-
Payment against lease liability against right-of-use assets	-	(2,815,651)	-
Dividend paid	-	-	(8,226,110)
Total changes from financing cash flows	4,000,000	(2,815,651)	(8,226,110)
Other changes			
Addition to right-of-use-assets	-	1,265,167	-
Amortisation of lease liability against right-of-use assets	-	974,877	-
Cash dividend (Rs 6 per share)	-	-	8,231,115
	-	2,240,044	8,231,115
Balance as at December 31, 2020	<u>18,000,000</u>	<u>6,474,235</u>	<u>21,219</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

35.2	Additional information on operational cash flows from profit / return	2021	2020
		Rupees in '000	
	Profit / Return received on financings, investments and placements	102,096,277	100,401,011
	Profit / Return paid on deposits and other dues	40,477,380	44,268,417

35.3 The Bank maintains local and foreign currency mandatory reserves with SBP under the requirement of Banking Companies Ordinance, 1962 and SBP directives as disclosed in Note 7.1. Such reserves can be used by the Bank, if required.

36	STAFF STRENGTH	Note	2021	2020
			(Number of Staff)	
	Permanent		11,275	9,797
	Contractual basis		830	886
	Bank's own staff strength at the end of the year		12,105	10,683
	Outsourced	36.1	1,902	1,740
	Total Staff Strength		14,007	12,423

36.1 This excludes outsourced security guards and janitorial staff.

37 DEFINED BENEFIT PLAN

37.1 Meezan Bank Gratuity Funded Scheme

The activities of the Gratuity Funded Scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's Trust Deed.

37.2	Number of Employees under the Gratuity Funded Scheme	2021	2020
		(Number)	
	Number of Employees eligible under the Gratuity Funded Scheme	9,245	9,611

37.3 Reconciliation of amount payable to defined benefit plan

	Rupees in '000	
Present value of defined benefit obligations	2,688,572	2,190,677
Fair value of plan assets	(2,150,857)	(1,886,514)
	537,715	304,163

37.4 Plan assets consist of the following:

	Entity / Instrument	2021		2020	
		Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	AAA	1,078,388	50.13	1,138,075	60.32
GoP Ijarah Sukuk	Govt. Guaranteed	900,000	41.84	600,000	31.80
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	133,530	6.21	127,936	6.78
Fatima Fertilizer Company Limited - Sukuk	AA	-	-	2,943	0.16
Bank Islami Pakistan Limited - Additional Tier 1 Sukuk	A-	5,000	0.23	5,000	0.27
Savings account with Dubai Islamic Bank Limited	AA	133	0.01	133	0.01
Savings account with Meezan Bank Limited	AAA	33,806	1.58	12,427	0.66
		2,150,857	100	1,886,514	100

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

37.5 The movement in the defined benefit obligation over the year is as follows:

	2021		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,190,677	(1,886,514)	304,163
Current service cost	375,047	-	375,047
Return expense / (income)	217,802	(184,021)	33,781
	2,783,526	(2,070,535)	712,991
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	102,047	102,047
-Experience gains	26,840	-	26,840
	26,840	102,047	128,887
	2,810,366	(1,968,488)	841,878
Contribution	-	(304,163)	(304,163)
Benefit payments	(121,794)	121,794	-
At December 31	2,688,572	(2,150,857)	537,715

	2020		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1,	1,735,808	(1,491,746)	244,062
Current service cost	340,829	-	340,829
Return expense / (income)	220,122	(204,258)	15,864
	2,296,759	(1,696,004)	600,755
Remeasurements:			
- Return on plan assets, excluding amounts included in return (income) / expense shown as above	-	(31,577)	(31,577)
-Experience gains	(20,953)	-	(20,953)
	(20,953)	(31,577)	(52,530)
	2,275,806	(1,727,581)	548,225
Contribution	-	(244,062)	(244,062)
Benefit payments	(85,129)	85,129	-
At December 31,	2,190,677	(1,886,514)	304,163

37.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2021	2020
	Rupees in '000	
37.6.1 Cost recognised in profit and loss		
Current service cost	375,047	340,829
Net return cost	33,781	15,864
	408,828	356,693
37.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - Experience adjustment	26,840	(20,953)
Return on plan assets over expected return	102,047	(31,577)
Total re-measurements recognised in OCI	128,887	(52,530)

Total expense recognized in Profit and Loss Account amounted to Rs 462.114 million (2020: Rs 413.509 million) of which Rs 408.828 million (2020: Rs 356.693 million) pertains to approved Gratuity Funded Scheme and Rs 53.286 million (2020: Rs 56.816 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognized in Other Comprehensive Income amounted to Rs 120.497 million (2020: credit of Rs 67.548 million) of which expense of Rs 128.887 million (2020: credit of Rs 52.530 million) pertains to Gratuity Funded Scheme and credit of Rs 8.390 million (2020: credit of Rs 15.018 million) pertains to End of Service Unfunded Defined Benefit Scheme.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

37.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

37.8 Principal actuarial assumptions	2021	2020
Discount rate	12.25% p.a	10.25% p.a
Expected rate of increase in salaries	11.25% p.a	9.25% p.a
Expected rate of return on investments	12.25% p.a	10.25% p.a
Normal retirement age	60 years	60 years

37.9 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables.

37.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation - Increase / (Decrease)			
		December 31, 2021		December 31, 2020	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Rupees in '000					
Discount rate	1%	(277,147)	327,488	(233,888)	278,126
Salary growth rate	1%	340,683	(292,327)	289,224	(246,661)
Withdrawal rate	10%	1,204	(1,212)	5,378	(5,603)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

37.11 The weighted average duration of the defined benefit obligation is 11.31 years.

37.12 Expected maturity analysis of undiscounted defined benefit obligation for the Gratuity Funded Scheme is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Rupees in '000					
At December 31, 2021	165,485	137,177	429,283	15,785,623	16,517,568
At December 31, 2020	155,108	87,371	328,588	9,468,126	10,039,193

37.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 429.749 million as per the actuarial valuation report of the Bank as of December 31, 2021.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

- 37.14** Through its Gratuity Funded Scheme, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to sukuk yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the Bank's support, the current investment strategy manages this risk adequately.
Changes in Sukuk yields	A decrease in sukuk yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

37.15 End of Service Unfunded Defined Benefit Scheme

The Bank also operates an End of Service Unfunded Defined Benefit Scheme for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The net charge for the year of this benefit amounted to Rs 44.896 million. The charge of Rs 53.286 million has been recognized in the Profit and Loss Account and the credit / reversal of Rs 8.390 million has been recognized in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 403.874 million.

The principal actuarial assumptions comprise of discount rate of 12.25 percent and salary increase rate of 11.25 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 1.787 million (in case the discount rate is increased) and Rs 1.811 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 37.10.

- 37.16** The disclosures made in notes 37.1 to 37.15 are based on the information included in the actuarial valuation reports of the Bank as of December 31, 2021.

38 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognized contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

	2021	2020
	Rupees in '000	
Contribution from the Bank	463,194	386,375
Contribution from the employees	463,194	386,375
	<u>926,388</u>	<u>772,750</u>

39 EMPLOYEES STOCK OPTION SCHEME

During the year 2021, the Board Human Resources, Remuneration and Compensation Committee (the Committee) has granted Share Options to the designated employees under the Meezan Bank Employees Share Option Scheme, 2021 (the Scheme) approved by the shareholders and Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/Co.86(1)/3/2001/4 dated April 21, 2021.

Under the scheme, the Exercise Price has been determined as 70% of the average market closing price of the Bank's shares quoted on the Pakistan Stock Exchange during the last forty trading days prior to the Date of Grant. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options on completion of vesting period as stipulated in the Scheme.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

The value of the options have been determined using the Black Scholes Merton (BSM) method using an independent valuer. Key assumptions in the valuation include risk free rate of 10.25% and standard deviation of 31.63% of the share price. The key details of the share options granted during the year on May 01, 2021 are as under:

Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)
2 years	May 01, 2023	2,340,833	2,340,833	77.43	78.35
3 years	May 01, 2024	2,340,833	2,340,833	77.43	84.59
4 years	May 01, 2025	2,340,834	2,340,834	77.43	89.72
		<u>7,022,500</u>	<u>7,022,500</u>		

Expense arising from this scheme is disclosed in Note 30.1

40 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	Rupees in '000						
Fees and allowances	11,640	-	53,400	37,770	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	-	82,239	336,441	394,768
ii) Cash Bonus	-	-	-	-	175,000	388,000	330,000
iii) Share based compensation expense	-	-	-	-	1,900	8,134	12,714
Charge for gratuity fund / EOSB	-	-	-	-	44,896	10,008	15,962
Contribution to defined contribution plan	-	-	-	-	-	12,061	19,615
Others	-	-	-	-	2,146	1,434	-
	11,640	-	53,400	37,770	306,181	756,078	773,059
Number of persons	1	-	9	4	1	19	55
	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	Rupees in '000						
Fees and allowances	12,560	-	57,108	33,442	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	-	76,147	313,441	355,927
ii) Cash Bonus	-	-	-	-	150,000	355,266	300,000
Charge for gratuity fund / EOSB	-	-	-	-	41,798	8,550	15,284
Contribution to defined contribution plan	-	-	-	-	-	10,533	19,004
Others	-	-	-	-	7,201	1,702	-
	12,560	-	57,108	33,442	275,146	689,492	690,215
Number of persons	1	-	9	4	1	19	57

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

- 40.1 The Chief Executive, the key management personnel and certain material risk takers / controllers have been provided with free use of the Bank's cars.
- 40.2 The amount of cash bonus to the key management personnel and other material risk takers / controllers, is based on the management's best estimate at the date of issuance of the financial statements.
- 40.3 Remuneration to Directors for participation in Board and Committee Meetings

		2021						
Sr. No.	Name of Director	Meeting Fees and Allowances						
		For Board Meetings	For Board Committees				Total Amount	
			Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee		IFRS 9 Implementation Oversight Committee
Rupees in '000								
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	2,400	1,950	-	-	-	-	4,350
4	Mr Mubashar Maqbool	3,200	-	2,600	2,600	-	-	8,400
5	Mr Saad Fazil Abbasi	800	-	650	-	-	-	1,450
6	Mr Mohamed Guermazi	3,200	-	2,600	-	-	-	5,800
7	Mr Noorur Rahman Abid	3,200	2,600	-	-	2,600	-	8,400
8	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	5,800
9	Mr Atif Azim	3,200	-	-	2,600	-	-	5,800
10	Mr Naveed Iftikhar Sherwani	2,400	-	-	-	-	-	2,400
		28,640	7,150	8,450	10,400	7,800	2,600	65,040

		2020						
Sr. No.	Name of Director	Meeting Fees and Allowances						
		For Board Meetings	For Board Committees				Total Amount	
			Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee		IFRS 9 Implementation Oversight Committee
Rupees in '000								
1	Mr Riyadh S.A.A. Edrees (Chairman)	5,753	-	-	2,269	2,269	2,269	12,560
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	4,395	2,269	2,269	2,269	-	-	11,202
3	Mr Bader H.A.M.A. Al-Rabiah	3,518	1,950	-	-	-	-	5,468
4	Mr Mubashar Maqbool	3,479	-	2,258	2,258	-	-	7,995
5	Mr Basil Y.A.Y.R. AlBader	800	-	-	-	-	650	1,450
6	Mr Saad Fazil Abbasi	3,479	-	2,258	-	-	-	5,737
7	Mr Mohamed Guermazi	3,518	-	2,269	-	-	-	5,787
8	Mr Noorur Rahman Abid	3,479	2,258	-	-	2,258	-	7,995
9	Ms Nausheen Ahmad	3,479	-	-	-	2,258	-	5,737
10	Mr Atif Azim	3,479	-	-	2,258	-	-	5,737
		35,379	6,477	9,054	9,054	6,785	2,919	69,668

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

40.4 Remuneration to Members Shariah Board

	2021			2020		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Fee and allowances	-	8,442	29,328	-	5,691	27,751
Total Number of Persons	1	1	2	1	1	2

41 FAIR VALUE OF FINANCIAL INSTRUMENTS

41.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

Recurring Fair Value Measurements	2021			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			

ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE

INVESTMENTS - NET

Financial Assets

Available for sale securities

Ordinary shares - listed	8,718,285	-	-	8,718,285
Pakistan Energy Sukuk - listed	120,028,511	-	-	120,028,511
GoP Sukuk	-	320,869,119	-	320,869,119
Foreign Sukuk	10,703,622	-	-	10,703,622

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Forward purchase of foreign exchange contracts	-	116,360,987	-	116,360,987
Forward sale of foreign exchange contracts	-	86,873,922	-	86,873,922

Currently, no financial instruments are classified in level 3.

Recurring Fair Value Measurements	2020			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			

ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE

INVESTMENTS - NET

Financial Assets

Available for sale securities

Ordinary shares - listed	7,370,345	-	-	7,370,345
Pakistan Energy Sukuk - listed	117,242,419	-	-	117,242,419
GoP Sukuk	-	168,194,435	-	168,194,435
Foreign Sukuk	7,758,395	-	-	7,758,395

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Forward purchase of foreign exchange contracts	-	110,550,519	-	110,550,519
Forward sale of foreign exchange contracts	-	79,023,239	-	79,023,239

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

ON BALANCE SHEET FINANCIAL INSTRUMENTS - DISCLOSED BUT NOT MEASURED AT FAIR VALUE

Investment in associates (listed - mutual funds) have market value of Rs 1,711 million (2020: Rs 1,654 million) which is being valued under level 1. Investment in GoP sukuk classified as Held to Maturity have market value of Rs 76,651 million (2020: Rs 10,504 million) which is being valued under level 2. These investments are carried at cost in the financial statements in accordance with the bank's accounting policy (Note 10).

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities (Shares and Sukuks)	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Sukuk	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Bank's accounting policy as stated in note 6.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

41.2 Financial assets not measured at fair value	Carrying Value	
	2021	2020
	Rupees in '000	
Cash and balances with treasury banks	170,500,698	136,242,495
Balances with other banks	16,420,036	19,445,879
Due from financial institutions - net	238,401,637	342,068,799
Investments - net	159,812,506	133,642,746
Islamic financings and related assets - net	758,086,120	512,531,930
Other assets - net	61,587,012	50,143,791

The carrying value of financial liabilities not measured at fair value are as per their respective notes included in the financial statements.

41.3 Fair value of non-financial assets

Non-banking assets acquired in satisfaction of claims (properties) have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 15. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties, if required. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

The Bank properties included in fixed assets are not carried at fair value as per Bank's policy, however, the fair value of such properties is disclosed in these financial statements. The fair values of such properties are determined using same approach as described above.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

42 SEGMENT ANALYSIS

42.1 Segment Details with respect to Business Activities:

	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
December 31, 2021						
Profit and Loss Account						
External Funded Revenue	38,904,867	5,784,199	65,383,481	-	-	110,072,547
External Non funded Revenue	3,984,822	2,556,850	5,095,743	3,254,385	-	14,891,800
Inter segment revenue - net	-	89,808,493	-	-	(89,808,493)	-
Total Income	42,889,689	98,149,542	70,479,224	3,254,385	(89,808,493)	124,964,347
External Cost of funds	3,266,249	34,832,977	3,052,212	-	-	41,151,438
Segment direct expenses	1,077,132	32,047,212	762,109	1,437,881	-	35,324,334
Inter segment expense allocation	30,037,728	-	59,760,519	10,246	(89,808,493)	-
Total expenses	34,381,109	66,880,189	63,574,840	1,448,127	(89,808,493)	76,475,772
Provisions and write offs - net	642,026	92,940	218,079	39,785	-	992,830
Profit before tax	7,866,554	31,176,413	6,686,305	1,766,473	-	47,495,745
Statement of Financial Position						
Cash and Bank balances	-	174,828,996	1,518,093	10,573,645	-	186,920,734
Due from financial institutions - net	-	-	238,401,637	-	-	238,401,637
Investments - net	15,926,987	-	604,205,056	-	-	620,132,043
Net inter segment lending	-	1,267,123,798	-	-	(1,267,123,798)	-
Islamic financings and related assets - net	670,252,106	87,834,014	-	-	-	758,086,120
Others	18,243,198	40,247,352	40,932,915	7,401	-	99,430,866
Total Assets	704,422,291	1,570,034,160	885,057,701	10,581,046	(1,267,123,798)	1,902,971,400
Due to financial institutions	102,332,649	693,821	117,387,764	-	-	220,414,234
Deposits and other accounts	-	1,455,886,468	-	-	-	1,455,886,468
Subordinated Sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	533,751,157	-	724,249,670	9,122,971	(1,267,123,798)	-
Others	15,307,422	99,675,815	3,162,896	976,790	-	119,122,923
Total liabilities	672,381,228	1,556,256,104	844,800,330	10,099,761	(1,267,123,798)	1,816,413,625
Equity	32,041,063	13,778,056	40,257,371	481,285	-	86,557,775
Total Equity and liabilities	704,422,291	1,570,034,160	885,057,701	10,581,046	(1,267,123,798)	1,902,971,400
Contingencies and Commitments	657,044,559	76,581,021	200,615,279	-	-	934,240,859

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
	Rupees in '000					
December 31, 2020						
Profit and Loss Account						
External Funded Revenue	41,900,287	7,996,676	56,692,096	-	-	106,589,059
External Non funded Revenue	3,118,937	1,736,373	3,687,767	1,528,812	-	10,071,889
Inter segment revenue - net	-	78,488,081	-	-	(78,488,081)	-
Total Income	45,019,224	88,221,130	60,379,863	1,528,812	(78,488,081)	116,660,948
External Cost of funds	3,167,551	38,263,446	309,165	-	-	41,740,162
Segment direct expenses	807,010	27,179,810	603,855	1,184,072	-	29,774,747
Inter segment expense allocation	29,195,288	-	49,138,242	154,551	(78,488,081)	-
Total expenses	33,169,849	65,443,256	50,051,262	1,338,623	(78,488,081)	71,514,909
Provisions / (reversal) and write offs - net	8,015,719	287,419	(97,456)	4,615	-	8,210,297
Profit before tax	3,833,656	22,490,455	10,426,057	185,574	-	36,935,742
Statement of Financial Position						
Cash and Bank balances	-	138,240,000	12,390,864	5,057,510	-	155,688,374
Due from financial institutions - net	-	-	342,068,799	-	-	342,068,799
Investments - net	14,290,041	-	419,918,299	-	-	434,208,340
Net inter segment lending	-	1,094,225,551	-	-	(1,094,225,551)	-
Islamic financing and related assets - net	432,633,248	79,898,682	-	-	-	512,531,930
Others	13,944,482	28,793,829	34,323,709	-	-	77,062,020
Total Assets	460,867,771	1,341,158,062	808,701,671	5,057,510	(1,094,225,551)	1,521,559,463
Due to financial institutions	75,531,576	721,131	18,247,933	-	-	94,500,640
Deposits and other accounts	-	1,254,430,534	-	-	-	1,254,430,534
Subordinated Sukuk	18,000,000	-	-	-	-	18,000,000
Net inter segment borrowing	336,838,937	-	753,427,640	3,958,974	(1,094,225,551)	-
Others	9,550,700	74,783,251	270,401	868,671	-	85,473,023
Total liabilities	439,921,213	1,329,934,916	771,945,974	4,827,645	(1,094,225,551)	1,452,404,197
Equity	20,946,558	11,223,146	36,755,697	229,865	-	69,155,266
Total Equity and liabilities	460,867,771	1,341,158,062	808,701,671	5,057,510	(1,094,225,551)	1,521,559,463
Contingencies and Commitments	510,240,688	78,951,647	187,071,597	-	-	776,263,932

43 TRUST ACTIVITIES

The Bank provides trustee services in respect of Islamic Financing transactions. The services primarily includes holding of assets as security trustee / custodian on behalf of investors.

44 RELATED PARTY TRANSACTIONS

44.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

44.2 The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration and other benefit to the key management personnel is determined in accordance with the terms of their appointment.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

44.3 Subsidiary company

- Al Meezan Investment Management Limited

44.4 Associates

Associates include mutual funds managed by Al Meezan Investment Management Limited and entities having common directorship with the Board. However, entities are not considered related party only if common director is an independent director working on both the Boards.

44.5 Key management personnel

- President and Chief Executive Officer

- Deputy Chief Executive Officer

44.6 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end are as follows:

	Total		Subsidiary		Associates		Directors		Key Management Personnel		Other Related Parties	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees in '000											
Islamic financing and related assets												
At January 1,	-	569,248	-	-	-	569,248	-	-	-	-	-	-
Addition during the year	-	9,859,061	-	-	-	9,859,061	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	(10,428,309)	-	-	-	(10,428,309)	-	-	-	-	-	-
At December 31	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
At January 1,	908,669	897,811	63,050	63,050	845,619	834,761	-	-	-	-	-	-
Addition during the year	-	1,468,680	-	-	-	1,468,680	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(881)	(1,457,822)	-	-	(881)	(1,457,822)	-	-	-	-	-	-
At December 31	907,788	908,669	63,050	63,050	844,738	845,619	-	-	-	-	-	-
Due from financial institutions												
At January 1,	36,671,288	24,985,377	-	-	36,671,288	24,985,377	-	-	-	-	-	-
Addition during the year	76,546,772	70,174,844	-	-	76,546,772	70,174,844	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(91,359,712)	(58,488,933)	-	-	(91,359,712)	(58,488,933)	-	-	-	-	-	-
At December 31	21,858,348	36,671,288	-	-	21,858,348	36,671,288	-	-	-	-	-	-

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Total		Subsidiary		Associates		Directors		Key Management Personnel		Other Related Parties	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees in '000											
Deposits	7,236,303	9,921,195	15,388	18,292	2,386,870	5,078,362	131,435	28,185	188,427	428,646	4,514,183	4,367,710
Provision held against diminution in value of investments	-	527	-	-	-	527	-	-	-	-	-	-
Other Assets												
Profit receivable on financing / investments / placements	725,460	982,419	-	-	725,460	982,419	-	-	-	-	-	-
Fee and Other Receivable	59,573	33,151	22,111	27,319	9,037	1,314	-	-	-	-	28,425	4,518
Sub-ordinated Sukuk												
At January 1,	578,000	568,000	-	-	578,000	568,000	-	-	-	-	-	-
Addition during the year	10,000	200,000	-	-	10,000	200,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(388,000)	(190,000)	-	-	(388,000)	(190,000)	-	-	-	-	-	-
At December 31	200,000	578,000	-	-	200,000	578,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	941,589	663,141	-	-	-	-	-	-	403,874	358,978	537,715	304,163
Accrued Expenses	353,974	477,762	3,974	77,762	-	-	-	-	-	-	350,000	400,000
Unearned Income	16,648	5,012	-	-	16,648	5,012	-	-	-	-	-	-
Contingencies and Commitments												
Letters of Guarantee (unfunded)	2,491,377	1,066,377	100	100	2,491,277	1,066,277	-	-	-	-	-	-
Transactions, income and expenses												
Profit earned on financing / investments / placements	2,850,799	3,791,894	-	-	2,850,799	3,791,894	-	-	-	-	-	-
Fees and other income earned	163,937	167,561	94,734	112,561	69,005	54,841	20	18	100	85	78	56
Dividend income earned	650,000	382,457	650,000	325,000	-	57,457	-	-	-	-	-	-
Capital gain - net	302	31,190	-	-	302	31,190	-	-	-	-	-	-
Return on deposits / acceptance expensed	581,473	548,579	1,612	2,536	251,625	191,497	733	1,160	7,695	6,107	319,808	347,279
Recovery of expenses	3,155	3,028	-	-	-	-	-	-	-	-	3,155	3,028
Charge for defined benefit plan	537,715	304,163	-	-	-	-	-	-	-	-	537,715	304,163
Contribution to defined contribution plan	463,194	386,375	-	-	-	-	-	-	-	-	463,194	386,375
Contribution to staff benevolent fund	54,418	41,114	-	-	-	-	-	-	-	-	54,418	41,114
Fees expensed	24,949	245,447	23,478	91,302	1,471	154,145	-	-	-	-	-	-
Donation	-	225,000	-	-	-	-	-	-	-	-	-	225,000
Reversals / (Provision) against diminution in the value of investments	527	(7,480)	-	-	527	(7,480)	-	-	-	-	-	-
Charity Paid	63,000	83,000	-	-	-	-	-	-	-	-	63,000	83,000
Purchase of fixed assets	425,393	378,731	-	-	425,393	378,731	-	-	-	-	-	-
Remuneration to key management personnel	489,318	432,661	-	-	-	-	-	-	489,318	432,661	-	-
Fee to non-executive directors (note 40)	65,040	69,668	-	-	-	-	65,040	69,668	-	-	-	-
Proceeds from sale of fixed assets having net book value of Nil	-	3,616	-	-	-	-	-	-	-	3,616	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

45 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

Capital structure

The State Bank of Pakistan (SBP) introduced updated guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on December 31, 2019. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

45.1 Capital structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), after regulatory deductions for investment in own shares, and book value of intangibles.
 - b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Bank.
- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of available for sale investments after deduction of indirect holding of own capital.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

45.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as of December 31, 2021 whereas CAR stood at 17.81% at the year ended December 31, 2021.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	Rupees in '000	
Minimum Capital Requirement		
Paid-up capital (net of losses)	16,269,312	14,147,228
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	80,903,080	62,447,565
Eligible Additional Tier 1 Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	87,903,080	69,447,565
Eligible Tier 2 Capital	23,900,095	21,384,816
Total Eligible Capital (Tier 1 + Tier 2)	111,803,175	90,832,381
Risk Weighted Assets		
Credit Risk	471,179,745	387,833,192
Market Risk	22,956,751	17,931,030
Operational Risk	133,736,815	103,835,365
Total	627,873,311	509,599,587
Common Equity Tier 1 Capital Adequacy ratio	12.89%	12.25%
Tier 1 Capital Adequacy Ratio	14.00%	13.63%
Total Capital Adequacy Ratio	17.81%	17.82%
Leverage Ratio		
Tier-1 Capital	87,903,080	69,447,565
Total Exposures	2,244,744,326	1,696,206,745
Leverage Ratio	3.92%	4.09%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	464,998,495	275,456,729
Total Net Cash Outflow	209,348,310	104,609,841
Liquidity Coverage Ratio	222%	263%
Net Stable Funding Ratio		
Total Available Stable Funding	1,370,517,865	1,159,868,096
Total Required Stable Funding	829,111,476	645,362,258
Net Stable Funding Ratio	165%	180%

- 46.1 Under the SBP's Framework for Domestic Systematically Important Banks (D-SIBs) introduced vide BPRD Circular No.04 of 2018 dated April 13, 2018, the Bank has been designated as a D-SIB. Under this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.0%, in the form of Additional CET1 capital, on a standalone as well as consolidated level. The HLA capital charge will be applicable from June 2022 and will remain effective till next annual evaluation by the SBP.

Full disclosure on Capital Adequacy, Leverage Ratio & Liquidity Requirements prepared as per SBP instructions is available at [http:// www.meezanbank.com](http://www.meezanbank.com)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47 RISK MANAGEMENT

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.
- The risk management function is independent of the Bank's operations.

Risk management organisation

The Board Risk Management Committee comprises of four non-executive directors. One of the non-executive directors of the Bank chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO
Asset and Liability Management Committee (ALCO)	President & CEO
Compliance & Operational Risk Management Committee (CORMC)	President & CEO

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The CORMC is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the Bank, facilitate in implementation of Compliance Program and oversee Money Laundering and Financing Terrorism risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all Key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report. The committee is also responsible for close monitoring of Shariah non compliance risk.

The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

47.1 Credit risk management and structure

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Financing Policy

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the Board Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 471,179.745 million (2020: Rs 387,833.192 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 17.81%.

47.1.1 Segmental information

47.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institution		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Public / Government	112,003,699	220,505,494	-	-	-	-
Private	126,439,504	121,604,871	41,566	41,566	41,566	41,566
	238,443,203	342,110,365	41,566	41,566	41,566	41,566

47.1.1.2 Investment in Sukuk

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Automobile and transportation equipment	883,640	801,040	-	-	-	-
Chemical and Pharmaceuticals	25,892	29,348	25,892	29,348	25,892	29,348
Construction and allied industries	416,667	500,000	-	-	-	-
Steel and allied industries	1,100,000	400,000	-	-	-	-
Federal Government Securities	464,586,190	286,488,853	-	-	-	-
Financial	2,572,735	2,234,251	-	-	-	-
Foreign Government Securities	7,684,473	4,803,062	-	-	-	-
Oil and Gas	5,335,266	3,650,000	-	-	-	-
Power (electricity)	122,543,000	120,695,611	-	-	-	-
Textile	178,571	200,000	50,000	50,000	50,000	50,000
	605,326,434	419,802,165	75,892	79,348	75,892	79,348

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Public / Government	598,968,924	413,932,986	-	-	-	-
Private	6,357,510	5,869,179	75,892	79,348	75,892	79,348
	605,326,434	419,802,165	75,892	79,348	75,892	79,348

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.1.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross Amounts		Non-performing amounts		Provision held	
	2021	2020	2021	2020	2021	2020
Rupees in '000						
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	162,478,493	95,789,123	3,395,929	1,932,289	3,165,623	1,667,554
Automobile and transportation equipment	20,719,843	15,443,259	74,585	76,090	73,158	72,548
Cement	13,825,174	14,086,523	-	-	-	-
Chemical and Pharmaceuticals	16,542,558	14,570,796	22,036	26,257	22,036	26,257
Construction	11,737,462	11,788,243	1,278,654	1,701,487	1,278,654	1,680,982
Steel and allied industries	26,145,539	19,014,219	546,615	365,000	416,337	91,250
Plastic products manufacturer	3,994,568	3,408,656	-	-	-	-
Electronics and electrical appliances	8,281,523	5,220,578	-	322,900	-	322,900
Exports/Imports	2,016,709	1,072,424	205,493	205,372	205,493	205,372
Fertilizer	19,743,356	10,413,598	38,833	38,833	38,833	38,833
Financial	519,309	302,835	-	-	-	-
Footwear and Leather garments	4,170,916	3,459,394	11,435	185,420	11,435	185,420
Individuals	66,641,606	49,497,118	933,318	805,731	370,138	341,028
Takaful / Insurance	627,760	376,847	-	-	-	-
Mining and Quarrying	5,309,238	4,460,821	-	-	-	-
Oil and Gas	44,479,242	29,728,291	4,224,503	4,478,371	4,206,236	4,439,261
Paper, board and packaging	10,388,890	5,663,660	231,306	233,239	229,291	231,224
Power (electricity)	97,775,783	85,722,396	817,480	846,119	817,480	846,119
Services	9,363,039	9,118,036	84,219	119,108	45,915	35,741
Sugar	12,612,935	11,314,127	-	-	-	-
Textile	143,773,181	99,153,930	2,058,162	3,046,896	2,021,650	2,952,692
Transport, Storage and Communication	31,497,141	29,291,037	77,513	102,900	41,466	48,365
Wholesale and Retail Trade	61,749,684	10,282,130	338,625	255,948	287,482	225,915
Others	2,901,177	2,409,574	110,832	191,513	107,761	191,513
	<u>777,295,126</u>	<u>531,587,615</u>	<u>14,449,538</u>	<u>14,933,473</u>	<u>13,338,988</u>	<u>13,602,974</u>

Credit risk by public / private sector

	Gross Amounts		Non-performing amounts		Provision held	
	2021	2020	2021	2020	2021	2020
Rupees in '000						
Public / Government	237,476,802	110,771,260	-	-	-	-
Private	539,818,324	420,816,355	14,449,538	14,933,473	13,338,988	13,602,974
	<u>777,295,126</u>	<u>531,587,615</u>	<u>14,449,538</u>	<u>14,933,473</u>	<u>13,338,988</u>	<u>13,602,974</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2021	2020
	Rupees in '000	
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	71,453,206	118,218,794
Automobile and transportation equipment	27,560,120	22,990,951
Cement	14,392,244	5,595,615
Chemical and Pharmaceuticals	36,754,088	20,453,831
Construction	39,002,386	18,636,948
Steel and allied industries	32,541,776	12,180,718
Plastic products manufacturer	6,924,962	5,374,728
Electronics and electrical appliances	11,565,939	7,502,613
Exports/Imports	3,965,076	3,427,870
Fertilizer	16,005,439	10,870,894
Financial	161,294,410	165,233,789
Footwear and Leather garments	5,934,844	6,928,426
Individuals	7,687,462	25,077,126
Takaful / Insurance	263,952	57,787
Mining and Quarrying	5,654,762	5,339,179
Oil and Gas	41,796,492	38,822,862
Paper, board and packaging	14,058,322	10,209,122
Power (electricity)	76,128,620	56,163,495
Services	63,951,481	47,000,195
Sugar	25,102,487	14,064,133
Textile	214,583,093	144,384,769
Transport, Storage and Communication	23,854,641	9,498,486
Wholesale and Retail Trade	22,649,002	17,562,687
Others	11,116,055	10,668,914
	<u>934,240,859</u>	<u>776,263,932</u>

Credit risk by public / private sector

Public / Government	92,770,090	145,675,766
Private	<u>841,470,769</u>	<u>630,588,166</u>
	<u>934,240,859</u>	<u>776,263,932</u>

47.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 301,905 million (2020: Rs 182,513 million) as follows:

	2021	2020
	Rupees in '000	
Funded Exposure	249,871,722	124,681,219
Non Funded Exposure	52,033,362	57,832,112
Total Exposure	<u>301,905,084</u>	<u>182,513,331</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 324,895 million (2020: Rs 211,056 million). None of the exposure against these top 10 customers is in classified stage.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.1.1.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

2021							
Province / Region	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	442,069,392	442,069,392	-	-	-	-	
Sindh	409,068,056	-	409,068,056	-	-	-	
KPK including FATA	5,683,347	-	5,683,347	-	-	-	
Balochistan	1,186,334	-	-	1,186,334	-	-	
Islamabad	41,009,443	-	-	-	41,009,443	-	
AJK including Gilgit-Baltistan	246,833	-	-	-	-	246,833	
Total	899,263,405	442,069,392	409,068,056	5,683,347	1,186,334	41,009,443	246,833

2020							
Province / Region	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	288,963,818	288,963,818	-	-	-	-	
Sindh	342,197,390	-	342,197,390	-	-	-	
KPK including FATA	2,219,767	-	2,219,767	-	-	-	
Balochistan	414,352	-	-	414,352	-	-	
Islamabad	33,987,204	-	-	-	33,987,204	-	
AJK including Gilgit-Baltistan	7,420	-	-	-	-	7,420	
Total	667,789,951	288,963,818	342,197,390	2,219,767	414,352	33,987,204	7,420

47.1.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on basis of standardised approach.

The Bank is committed to further strengthen its risk management framework which will enable the Bank to move ahead for adopting Foundation Internal Ratings Based (IRB) approach of Basel II. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

47.1.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and VIS Credit Rating Company which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

2021					
Exposures	VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody's
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Use of ECAI Ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel III requirements.

47.1.2.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2021			2020		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	256,066,796	192,460,283	63,606,513	358,361,628	263,477,510	94,884,118
50%	255,474	-	255,474	4,389,125	-	4,389,125
100%	807,999	-	807,999	636,571	-	636,571
150%	53,321	-	53,321	39,854	-	39,854
Unrated	298,108	-	298,108	507,829	-	507,829
Sovereigns						
0%	643,811,199	50,351,600	593,459,599	429,283,436	40,742,872	388,540,564
20%	2,779,262	-	2,779,262	377,248	-	377,248
50%	2,828,610	-	2,828,610	2,645,851	-	2,645,851
100%	1,624,771	-	1,624,771	810,878	-	810,878
Public Sector entities						
20%	19,201,818	16,463,593	2,738,225	24,345,616	18,706,251	5,639,365
Unrated (50%)	291,758,453	263,798,927	27,959,526	169,474,536	164,806,804	4,667,732
Corporate						
20%	140,474,238	1,626,445	138,847,793	109,938,196	600,000	109,338,196
50%	123,360,922	47,298	123,313,624	78,778,046	-	78,778,046
100%	5,196,338	-	5,196,338	9,084,886	-	9,084,886
Unrated 1 (100%)	103,327,444	7,927,692	95,399,752	79,496,684	7,640,852	71,855,832
Unrated 2 (125%)	85,647,398	13,186,425	72,460,973	72,466,512	13,131,857	59,334,655
Retails						
75%	70,160,902	15,910,991	54,249,911	57,582,003	11,660,567	45,921,436
Residential Mortgage						
35%	19,193,855	-	19,193,855	16,817,409	-	16,817,409
25%	2,904,311	1,160,239	1,744,072	12,526	2,806	9,720
Past Due						
50%	138,686	88,442	50,244	109,092	80,222	28,870
100%	937,088	30,727	906,361	1,154,223	58,144	1,096,079
150%	57,362	15,293	42,069	76,274	28,331	47,943
Total	1,770,884,355	563,067,955	1,207,816,400	1,416,388,423	520,936,216	895,452,207

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of islamic investment, monthly mudaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Bank to price risk as they are in the form of cash/cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash/cash equivalent collaterals, they generally do not pose risk to the Bank in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The total benefit of Rs 563,067.955 million was availed through CRM against total on-balance sheet exposure of Rs 1,896,805.941 million. Under off-balance sheet, total benefit of Rs 14,920.941 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 733,625.579 million. In the year 2021, total CRM benefit was Rs 577,988.896 million as against amount of Rs 526,805.303 million in year 2020.

47.1.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

47.2 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

47.2.1 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these financial statements.

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax under equity in case of available for sale securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale and held to maturity investments.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.2.2 Balance sheet split by trading and banking books

	2021			2020		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
Rupees in '000						
Cash and balances with treasury banks	170,500,698	-	170,500,698	136,242,495	-	136,242,495
Balances with other banks	16,420,036	-	16,420,036	19,445,879	-	19,445,879
Due from financial institutions	238,401,637	-	238,401,637	342,068,799	-	342,068,799
Investments - net	610,569,020	9,563,023	620,132,043	425,993,229	8,215,111	434,208,340
Islamic financings and related assets - net	758,086,120	-	758,086,120	512,531,930	-	512,531,930
Fixed assets	33,957,947	-	33,957,947	23,568,351	-	23,568,351
Intangible assets	1,495,810	-	1,495,810	1,079,961	-	1,079,961
Deferred tax asset	175,555	-	175,555	389,653	-	389,653
Other assets - net	63,801,554	-	63,801,554	52,024,055	-	52,024,055
	1,893,408,377	9,563,023	1,902,971,400	1,513,344,352	8,215,111	1,521,559,463

The Bank uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Bank to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Bank takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

47.2.3 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. The Bank's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Bank; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	1,826,584,181	1,708,416,423	(28,900,423)	89,267,335
United States Dollars	70,850,151	95,296,400	21,587,004	(2,859,245)
Great Britain Pounds	1,694,459	6,837,618	5,155,365	12,206
Japanese Yen	36,322	72,666	24,528	(11,816)
Euro	2,045,814	4,821,334	2,746,479	(29,041)
Singapore Dollars	6,532	-	-	6,532
Australian Dollars	283,338	2,082	(280,530)	726
Canadian Dollars	9,457	1,105	-	8,352
United Arab Emirates Dirham	146,900	37,311	(48,056)	61,533
Swiss Francs	77,144	55,712	(8,687)	12,745
Saudi Riyal	27,791	-	-	27,791
Swedish Krona	12,058	-	-	12,058
Malaysian Ringgit	2,642	-	-	2,642
Hong kong Dollar	4,519	29	-	4,490
Thailand Bhat	1,624	-	-	1,624
Norwegian Krone	7,178	-	-	7,178
Danish Krone	16,712	-	-	16,712
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	1,164,578	872,945	(275,680)	15,953
Total foreign currency exposure	76,387,219	107,997,202	28,900,423	(2,709,560)
Total currency exposure	1,902,971,400	1,816,413,625	-	86,557,775

	2020			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	1,466,927,298	1,367,687,042	(30,698,785)	68,541,471
United States Dollars	50,675,767	73,698,896	23,493,413	470,284
Great Britain Pounds	1,105,980	5,515,751	4,444,939	35,168
Japanese Yen	44,123	7,527	(38,745)	(2,149)
Euro	1,360,494	4,531,456	3,183,628	12,666
Singapore Dollars	16,187	-	(9,075)	7,112
Australian Dollars	267,319	2,004	(261,988)	3,327
Canadian Dollars	3,193	1,552	-	1,641
United Arab Emirates Dirham	53,281	-	(43,514)	9,767
Swiss Francs	27,480	-	(22,686)	4,794
Saudi Riyal	20,037	-	-	20,037
Swedish Krona	6,290	-	-	6,290
Malaysian Ringgit	2,613	-	-	2,613
Hong kong Dollar	1,613	26	-	1,587
Thailand Bhat	1,038	-	-	1,038
Norwegian Krone	6,165	-	-	6,165
Danish Krone	14,009	-	-	14,009
Chinese Offshore Spot	2,750	-	-	2,750
Chinese Yuan	1,023,826	959,943	(47,187)	16,696
Total foreign currency exposure	54,632,165	84,717,155	30,698,785	613,795
Total currency exposure	1,521,559,463	1,452,404,197	-	69,155,266

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates				
- Profit and Loss Account	-	17,997	-	785
- Other Comprehensive Income	-	-	-	-

47.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of Bank. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Bank invests only in Shariah compliant equities as advised by the Resident Shariah Board Member.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices				
- Profit and Loss Account	-	-	-	-
- Other Comprehensive Income	-	265,908	-	224,796

47.2.5 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Bank's income, and resultant impact is on the Bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in discount rates measured at the discount rate at year end, with other factors remaining constant				
- Profit and Loss Account	3,419,294	-	2,562,569	-
- Other Comprehensive Income	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.2.6 Mismatch of yield rate sensitive assets and liabilities

		2021									Non- yield bearing financial instruments
Effective yield rate %	Total	Exposed to yield risk									
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	170,500,698	-	-	-	-	-	-	-	-	170,500,698
Balances with other banks	0.02	16,420,036	242,527	-	-	-	-	-	-	-	16,177,509
Due from financial institutions	7.52	238,401,637	21,858,347	24,458,492	113,251,970	43,868,529	-	34,964,299	-	-	-
Investments	9.13	620,132,043	54,282,173	127,373,150	294,986,218	904,146	26,851,491	1,678,453	102,017,553	1,851,471	10,187,388
Islamic financing and related assets	9.28	758,086,120	197,161,911	259,970,790	141,996,581	19,491,897	10,436,579	17,798,822	32,792,056	67,931,120	10,506,364
Other assets	-	61,587,012	-	-	-	-	-	-	-	-	61,587,012
		1,865,127,546	273,544,958	411,802,432	550,234,769	64,264,572	37,288,070	19,477,275	169,773,908	69,782,591	268,958,971
Liabilities											
Bills payable	-	36,141,378	-	-	-	-	-	-	-	-	36,141,378
Due to financial institutions	5.78	220,414,234	121,110,629	31,267,637	20,301,496	2,235,253	111,303	1,062,131	4,261,659	39,620,302	443,824
Deposits and other accounts	2.66	1,455,886,468	793,728,828	762,073	177,300	-	-	-	-	-	661,218,267
Sub-ordinated Sukuk	10.40	20,990,000	11,000,000	-	9,990,000	-	-	-	-	-	-
Other liabilities	-	60,615,531	-	-	-	-	-	-	-	-	60,615,531
		1,794,047,611	925,839,457	32,029,710	30,468,796	2,235,253	111,303	1,062,131	4,261,659	39,620,302	758,419,000
On-balance sheet gap		71,079,935	(652,294,499)	379,772,722	519,765,973	62,029,319	37,176,767	18,415,144	165,512,249	30,162,289	(489,460,029)
Non financial assets											
- Fixed assets		33,957,947									
- Intangible assets		1,495,810									
- Deferred tax asset		175,555									
- Other assets		2,214,542									
		37,843,854									
Non financial liabilities											
- Other liabilities		22,366,014									
- Deferred tax liabilities		-									
		22,366,014									
Total net assets		86,557,775									
Off-balance sheet financial instruments											
Guarantees		45,072,765	-	-	-	-	-	-	-	-	45,072,765
Documentary letter of credits		175,227,624	-	-	-	-	-	-	-	-	175,227,624
Forward purchase of foreign exchange contracts		114,757,851	-	-	-	-	-	-	-	-	114,757,851
Forward sale of foreign exchange contracts		(85,857,428)	-	-	-	-	-	-	-	-	(85,857,428)
Off-balance sheet gap		249,200,812	-	-	-	-	-	-	-	-	249,200,812
Total yield risk rate sensitivity gap			(652,294,499)	379,772,722	519,765,973	62,029,319	37,176,767	18,415,144	165,512,249	30,162,289	(240,259,217)
Cumulative yield risk rate sensitivity gap			(652,294,499)	(272,521,777)	247,244,196	309,273,515	346,450,282	364,865,426	530,377,675	560,539,964	320,280,747
2020											
Effective yield rate %	Total	Exposed to yield risk									Non- yield bearing financial instruments
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	136,242,495	-	-	-	-	-	-	-	-	136,242,495
Balances with other banks	0.15	19,445,879	10,156,526	-	-	-	-	-	-	-	9,289,353
Due from financial institutions	9.90	342,068,799	65,901,330	70,876,013	67,148,973	103,178,184	-	34,964,299	-	-	-
Investments	10.23	434,208,340	51,540,960	35,124,000	203,309,896	42,433,712	42,893,083	24,890,011	24,639,109	568,861	8,808,708
Islamic financing and related assets	9.97	512,531,930	152,447,147	146,122,301	124,531,685	28,331,793	9,036,322	13,139,382	15,322,909	19,449,137	4,151,254
Other assets	-	50,143,791	-	-	-	-	-	-	-	-	50,143,791
		1,494,641,234	280,045,963	252,122,314	394,990,554	173,943,689	51,929,405	38,029,393	74,926,317	20,017,998	208,635,601
Liabilities											
Bills payable	-	26,494,006	-	-	-	-	-	-	-	-	26,494,006
Due to financial institutions	2.45	94,500,640	19,706,844	31,015,281	19,244,165	4,458,719	178,143	648,336	1,864,867	15,915,215	1,469,070
Deposits and other accounts	3.68	1,254,430,534	711,004,071	33,856,719	459,073	5,490,228	322,145	247,416	392,330	1,344,628	499,549,747
Sub-ordinated Sukuk	11.64	18,000,000	11,000,000	7,000,000	-	-	-	-	-	-	-
Other liabilities	-	43,156,624	-	-	-	-	-	-	-	-	43,156,624
		1,436,581,804	741,710,915	71,672,000	19,703,238	9,948,947	500,288	895,752	2,257,197	17,259,843	570,669,447
On-balance sheet gap		58,059,430	(461,664,952)	180,450,314	375,287,316	163,994,742	51,429,117	37,133,641	72,669,120	2,758,155	(1,964,177)
Non financial assets											
- Fixed assets		23,568,351									
- Intangible assets		1,079,961									
- Deferred tax asset		389,653									
- Other assets		1,880,264									
		26,918,229									
Non financial liabilities											
- Other liabilities		15,822,393									
- Deferred Tax liabilities		-									
		15,822,393									
Total net assets		69,155,266									
Off-balance sheet financial instruments											
Guarantees		37,768,446	-	-	-	-	-	-	-	-	37,768,446
Documentary letter of credits		151,668,892	-	-	-	-	-	-	-	-	151,668,892
Forward purchase of foreign exchange contracts		108,885,191	-	-	-	-	-	-	-	-	108,885,191
Forward sale of foreign exchange contracts		(78,186,406)	-	-	-	-	-	-	-	-	(78,186,406)
Off-balance sheet gap		220,136,123	-	-	-	-	-	-	-	-	220,136,123
Total yield risk rate sensitivity gap			(461,664,952)	180,450,314	375,287,316	163,994,742	51,429,117	37,133,641	72,669,120	2,758,155	(141,897,723)
Cumulative yield risk rate sensitivity gap			(461,664,952)	(281,214,638)	94,072,678	258,067,420	309,496,537	346,630,178	419,299,298	422,057,453	278,195,555

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

47.3 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Board of Directors sets the Bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.3.1 Maturities of assets and liabilities based on contractual maturities

	2021													
	Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 3 months	Over 3 to 6 months	Over 6 months to 1 Years	Over 1 to 2 Years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	170,500,698	56,265,230	38,078,489	38,078,489	38,078,490	-	-	-	-	-	-	-	-	-
Balances with other banks	16,420,036	8,210,018	8,210,018	-	10,646,257	7,433,912	17,024,580	113,251,970	43,868,529	-	-	34,964,239	-	-
Due from financial institutions	238,401,637	-	9,136,188	2,075,902	2,046,724	42,933,604	146,905	1,504,998	2,379,653	29,400,035	5,987,866	402,324,802	125,798,399	512,499
Investments	620,132,043	732,568	1,732,906	2,046,724	4,621,084	68,076,001	28,083,086	108,257,573	22,003,454	37,499,645	56,775,730	80,633,851	54,125,816	44,587,131
Islamic financing and related assets	758,086,120	222,414,768	5,659,942	5,568,877	26,406,246	68,076,001	838,525	2,932,714	5,830,169	6,313,992	5,894,054	19,456,624	1,510,526	6,380,652
Fixed assets	33,957,947	32,762	196,570	229,331	524,186	1,328,842	24,930	74,791	149,581	299,162	299,162	598,324	-	-
Intangible assets	1,495,810	831	4,986	5,817	13,236	24,930	24,930	43,888	87,778	542,421	9,700	-	-	-
Deferred tax assets	175,555	488	2,926	3,414	7,802	14,629	14,629	43,888	87,778	542,421	9,700	-	-	-
Other assets	63,801,554	2,019,083	1,637,791	1,699,188	4,757,563	7,468,312	5,478,049	13,768,725	26,401,321	74,055,255	68,976,512	520,486,301	181,434,741	51,480,282
	1,902,971,400	288,675,748	64,656,816	49,702,742	85,054,924	127,280,230	51,610,704	237,834,660	100,722,485	74,055,255	68,976,512	520,486,301	181,434,741	51,480,282
Liabilities														
Bills payable	36,141,378	11,926,655	8,070,370	8,070,370	8,073,983	-	-	-	2,235,253	111,303	1,062,131	4,261,659	39,620,302	-
Due to financial institutions	220,414,234	397,683	118,164,846	690,226	2,301,688	24,271,935	6,995,702	20,301,496	55,231,415	38,668,341	6,998,947	17,840,254	13,543,208	-
Deposits and other accounts	1,455,886,468	1,209,179,399	15,515,306	13,316,714	33,137,209	21,177,259	9,079,052	21,999,364	55,231,415	-	-	-	13,980,000	7,000,000
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	82,981,545	288,430	2,269,956	2,436,382	6,443,515	10,621,946	8,621,633	23,195,502	19,832,706	4,902,615	4,369,060	-	-	-
	1,816,413,625	1,221,792,167	144,020,478	24,513,692	49,956,405	56,071,140	24,696,387	65,496,162	77,299,374	43,882,259	12,430,138	22,101,913	67,153,510	7,000,000
Net assets	86,557,775	(932,116,419)	(79,363,662)	25,189,050	35,098,519	71,209,090	26,914,317	172,338,498	23,423,111	30,172,996	56,546,374	498,384,388	114,281,231	44,480,282
Share capital	16,269,312	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	23,393,198	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	42,831,655	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	4,063,610	-	-	-	-	-	-	-	-	-	-	-	-	-
	86,557,775	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments														
Guarantees	45,072,765	14,257,712	295,648	125,969	682,005	1,447,747	1,731,148	2,211,004	3,045,466	4,557,705	4,884,094	1,018,628	278,874	10,536,765
Documentary letter of credits	175,227,624	1,525	20,007	64,183	856,988	795,511	2,124,198	16,181,144	78,414,481	20,046,973	52,551,859	4,170,775	-	-
Forward purchase of foreign exchange contracts	114,757,851	-	1,421,131	4,711,810	16,368,537	15,847,517	15,285,224	38,752,582	22,371,050	-	-	-	-	-
Forward sale of foreign exchange contracts	(86,857,428)	-	(1,306,721)	(4,122,400)	(14,828,580)	(13,270,200)	(8,268,031)	(26,555,190)	(17,506,306)	-	-	-	-	-
	249,200,812	14,259,237	430,065	779,562	3,076,930	4,820,575	10,872,539	30,589,540	86,324,691	24,604,678	57,455,953	5,189,403	278,874	10,536,765

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

2020														
Rupees in '000														
Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 3 months	Over 3 to 6 months	Over 6 months to 1 Years	Over 1 to 2 Years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets														
Cash and balances with treasury banks	136,242,095	44,956,424	30,426,690	30,426,690	30,428,691	-	-	-	-	-	-	-	-	
Balances with other banks	19,445,879	9,722,939	3,722,940	31,986,379	6,000,000	17,125,267	53,750,747	67,148,973	103,178,184	-	34,964,299	-	-	
Due from financial institutions	342,068,799	-	24,865,400	1,840,570	9,049,550	-	138,095	534,226	43,259,604	-	185,000,180	117,255,880	3,672,220	
Investments	434,208,340	640,260	1,556,203	3,530,942	8,281,863	30,405,780	75,723,324	21,276,414	20,225,614	45,999,608	87,060,128	68,027,462	14,657,034	
Islamic financing and related assets	512,531,930	97,697,605	3,715,772	1,012,138	2,313,460	547,295	354,304	1,050,949	2,070,692	3,885,004	1,949,043	584,698	5,129,754	
Fixed assets	23,568,351	144,591	867,547	1,012,138	2,313,460	547,295	354,304	1,050,949	2,070,692	3,885,004	1,949,043	584,698	-	
Intangible assets	1,079,961	600	3,600	4,200	9,601	17,999	17,999	53,998	107,996	215,992	451,984	-	-	
Deferred tax assets	389,653	1,083	6,494	7,576	17,318	32,471	32,471	97,413	97,413	97,414	-	-	-	
Other assets	52,024,055	146,867	1,540,464	1,320,851	3,195,344	6,448,423	4,841,733	11,710,038	21,783,549	339,114	38,890	-	-	
	1,327,559,463	153,310,369	66,707,110	70,131,346	63,445,702	70,141,024	89,541,129	156,318,921	191,773,852	70,326,024	309,444,324	185,868,040	23,459,008	
Liabilities														
Bills payable	26,494,006	8,743,022	5,916,995	5,916,995	5,916,994	-	-	-	-	-	-	-	-	
Due to financial institutions	94,500,640	863,742	18,704,401	133,801	752,845	23,630,904	7,384,371	19,244,165	4,458,719	1,359,467	1,854,867	15,915,215	-	
Deposits and other accounts	1,254,433,534	958,491,439	20,856,874	12,587,672	40,669,290	34,643,398	29,297,168	40,731,551	65,556,838	6,206,268	13,391,947	13,975,984	-	
Sub-ordinated Sukuk	18,000,000	-	-	-	-	-	-	-	-	-	-	11,000,000	7,000,000	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities	59,979,017	249,796	2,150,522	2,038,018	4,832,107	8,280,508	6,684,681	17,270,987	12,967,072	2,229,710	-	-	-	
	1,452,004,197	968,347,999	47,628,792	20,676,486	52,171,236	66,554,811	43,366,220	77,246,703	83,392,629	9,805,465	15,256,814	40,891,199	7,000,000	
Net assets	69,155,266	(815,037,630)	19,078,318	49,454,860	11,274,466	3,586,213	46,174,909	79,072,218	108,391,223	60,520,559	294,187,710	144,978,841	16,459,008	
Share capital														
Share capital	14,147,228	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves	20,424,225	-	-	-	-	-	-	-	-	-	-	-	-	
Unappropriated profit	29,021,521	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	5,562,292	-	-	-	-	-	-	-	-	-	-	-	-	
	69,155,266	-	-	-	-	-	-	-	-	-	-	-	-	
Off-balance sheet financial instruments														
Guarantees	37,768,446	13,543,489	167,120	233,845	2,421,499	4,567,414	3,293,088	2,923,011	7,050,271	800,184	219,739	600	158,111	
Documentary letter of credits	151,668,992	50,095	46,701	542,365	132,040	601,908	10,436,243	102,242,488	35,129,736	2,465,316	-	-	-	
Forward purchase of foreign exchange contracts	108,885,191	-	12,443,094	8,767,136	12,712,370	14,526,398	19,577,245	38,318,817	2,540,131	-	-	-	-	
Forward sale of foreign exchange contracts	(78,186,406)	-	(14,196,398)	(9,618,470)	(13,663,915)	(11,597,579)	(13,512,033)	(14,540,721)	(1,057,290)	-	-	-	-	
	220,136,123	13,593,584	(1,539,463)	(75,124)	1,601,994	8,098,141	19,796,543	128,943,595	43,862,848	4,875,391	800,184	219,739	158,111	

Current and Savings deposits have been classified under maturity upto one day as these do not have any contractual maturity.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

47.3.2 Maturities of assets and liabilities based on expected maturities

2021									
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000									
Assets									
Cash and balances with treasury banks	170,500,698	170,500,698	-	-	-	-	-	-	-
Balances with other banks	16,420,036	16,420,036	-	-	-	-	-	-	-
Due from financial institutions	238,401,637	21,858,347	24,458,492	113,251,970	43,868,529	-	34,964,299	-	-
Investments	620,132,043	9,133,282	43,080,508	1,504,998	2,379,653	29,400,035	5,997,866	402,324,802	3,672,220
Islamic financing and related assets	758,086,120	86,421,934	141,762,960	148,651,817	107,627,237	37,499,645	56,775,730	80,633,851	14,657,033
Operating fixed assets	33,957,947	982,849	2,167,366	2,932,714	5,830,169	6,313,992	5,894,054	1,945,624	6,380,653
Intangible assets	1,495,810	24,930	49,860	74,791	149,581	299,162	299,162	598,324	-
Deferred tax assets	175,555	-	-	-	43,889	43,889	43,889	43,888	-
Other assets	63,801,554	10,113,624	12,946,361	13,768,727	26,401,321	542,421	9,700	19,400	-
	1,902,971,400	315,455,700	224,465,547	280,185,017	186,300,379	74,099,144	69,020,401	520,530,188	24,709,906
Liabilities									
Bills payable	36,141,378	36,141,378	-	-	-	-	-	-	-
Due to financial institutions	220,414,234	121,554,453	31,267,637	20,301,496	2,235,253	111,303	4,261,659	39,620,302	-
Deposits and other accounts	1,455,886,468	141,392,780	94,015,603	81,307,639	139,105,982	157,484,891	98,016,627	162,173,475	274,180,258
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	82,981,545	11,438,283	19,243,579	23,195,302	19,832,706	4,902,615	4,369,060	-	-
	1,816,413,625	310,526,894	144,526,819	124,804,437	161,173,941	162,498,809	103,447,818	166,435,134	281,180,258
Net assets	86,557,775	4,928,806	79,938,728	155,380,580	25,126,438	(88,399,665)	(34,427,417)	354,095,054	(256,470,352)
Share capital									
Reserves	16,269,312	-	-	-	-	-	-	-	-
Unappropriated profit	23,393,198	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	42,831,655	-	-	-	-	-	-	-	-
	4,063,610	-	-	-	-	-	-	-	-
	86,557,775	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments									
Guarantees	45,072,765	15,361,334	3,178,895	2,211,004	3,045,466	4,557,705	4,884,094	1,018,628	10,536,765
Documentary letter of credits	175,227,624	942,683	2,919,709	16,181,144	78,414,481	20,046,973	52,551,859	4,170,775	-
Forward purchase of foreign exchange contracts	114,757,851	22,501,478	31,132,741	38,752,582	22,371,050	-	-	-	-
Forward sale of foreign exchange contracts	(85,857,428)	(20,257,701)	(21,538,231)	(26,555,190)	(17,506,306)	-	-	-	-
	249,200,812	18,547,794	15,693,114	30,589,540	86,324,691	24,604,678	57,435,953	5,189,403	10,536,765

2020									
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	136,242,495	136,242,495	-	-	-	-	-	-	-
Balances with other banks	19,445,879	19,445,879	-	-	-	-	-	-	-
Due from financial institutions	342,068,799	65,901,329	70,876,014	67,148,973	103,178,184	-	34,964,299	-	-
Investments	434,208,340	8,186,908	138,095	534,226	43,259,604	45,999,608	30,161,619	117,255,880	3,672,220
Islamic financing and related assets	512,531,930	38,481,441	98,714,008	96,502,528	52,903,293	20,225,614	35,960,423	87,060,128	14,657,033
Operating fixed assets	23,568,351	4,337,736	901,599	1,050,949	2,070,692	3,895,004	3,648,876	1,949,043	5,129,754
Intangible assets	1,079,961	18,001	35,998	53,998	107,996	215,992	431,984	-	-
Deferred tax assets	389,653	32,471	64,942	97,413	97,414	-	-	-	-
Other assets	52,024,055	6,203,526	11,290,156	11,710,038	21,783,549	658,782	339,114	38,890	-
	1,521,559,463	278,849,786	182,020,812	177,098,125	223,400,731	71,092,414	70,326,024	309,444,524	23,459,007
Liabilities									
Bills payable	26,494,006	26,494,006	-	-	-	-	-	-	-
Due to financial institutions	94,500,640	20,454,789	31,015,275	19,244,165	4,458,719	178,143	1,864,867	15,915,215	-
Deposits and other accounts	1,254,430,534	132,347,406	110,653,778	84,195,278	127,463,505	104,549,538	72,903,763	119,187,201	225,226,470
Sub-ordinated Sukuk	18,000,000	-	-	-	-	-	-	11,000,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	58,979,017	9,270,443	14,965,189	17,270,987	12,967,072	2,275,616	2,229,710	-	-
	1,452,404,197	188,566,644	156,634,242	120,710,430	144,889,296	107,003,297	76,502,940	121,052,068	232,226,470
Net assets	69,155,266	90,283,142	25,386,570	56,387,695	78,511,435	(35,910,883)	(6,176,916)	188,392,456	(208,767,463)
Share capital									
Reserves	14,147,228	-	-	-	-	-	-	-	-
Unappropriated profit	20,424,225	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	29,021,521	-	-	-	-	-	-	-	-
	5,562,292	-	-	-	-	-	-	-	-
	69,155,266	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments									
Guarantees	37,768,446	16,365,953	7,860,502	2,923,011	7,050,271	2,390,075	800,184	219,739	158,111
Documentary letter of credits	151,668,892	771,201	11,040,151	102,242,488	35,129,736	2,485,316	-	-	-
Forward purchase of foreign exchange contracts	108,885,191	33,922,600	34,103,643	38,318,817	2,540,131	-	-	-	-
Forward sale of foreign exchange contracts	(78,186,406)	(37,478,783)	(25,109,612)	(14,540,721)	(1,057,290)	-	-	-	-
	220,136,123	13,580,971	27,894,684	128,943,595	43,662,848	4,875,391	800,184	219,739	158,111

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Bank has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 27.9% of current accounts and 15.4% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 72.1% of current accounts and 84.6% of savings accounts are bucketed into maturities of above 1-Year.

47.4 Operational risk

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Bank over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing four eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

48 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

48.1 The Bank managed following general and specific pools during the year:

2021							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	7.80%	50%	27,182,756	3.98%	2%	564,181
USD Pool	Monthly	1.45%	75%	520,362	0.36%	-	-
GBP Pool	Monthly	0.88%	90%	24,673	0.09%	-	-
EUR Pool	Monthly	0.54%	90%	6,448	0.05%	-	-
2020							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	9.90%	50%	29,606,215	5.62%	13%	3,858,468
USD Pool	Monthly	3.23%	75%	1,006,277	0.81%	-	-
GBP Pool	Monthly	2.08%	90%	47,118	0.21%	-	-
EUR Pool	Monthly	1.42%	90%	14,152	0.14%	-	-
2021							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	6.11%	-*	-*	2.03%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	11.46% - 5.95%	-*	-*	4.00% - 10.80%	N/A	N/A
Special Sharikah Certificate Musharaka /Mudaraba borrowing Pool	As required	12.04% - 5.95%	-*	-*	9.20% - 2.75%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

2020							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	7.57%	-*	-*	1.90%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	14.88% - 5.24%	-*	-*	13.60% - 3.00%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	16.55% - 5.24%	-*	-*	14.55% - 5.00%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

48.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2021	2020	2021	2021	2020	2020
PKR Pool						
Saving Accounts	27.25%	24.93%	0.36	0.32	0.39	0.31
Meezan Bachat Account	18.04%	18.86%	0.38	0.32	0.40	0.31
Karobari Munafa Account	8.36%	9.36%	0.60	0.32	0.60	0.31
Certificate of Islamic Investment	13.31%	16.35%	0.80	0.47	0.90	0.44
Meezan Aamdin Certificate	5.30%	5.61%	0.92	0.65	0.92	0.67
USD Pool						
Saving Accounts	4.00%	4.09%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.75%	2.15%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.38%	0.40%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.18%	0.17%	0.27	0.27	0.27	0.27

48.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2021	2020
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	102,815,084	99,278,491
Other Income (including other charges and interpool income)	4,330,174	3,446,880
Directly related costs attributable to pool	(1,794,432)	(1,701,049)

49 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and better presentation.

50 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on February 21, 2022 has announced final cash dividend of Rs 1.5 per share (15%). The financial statements for the year ended December 31, 2021, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2022.

51 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 21, 2022 by the Board of Directors of the Bank.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mubashar Maqbool
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Statement Showing Written-off Financing or any other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2021

Rupees in '000

Statement showing written-off financing or any other financial relief of rupees 500,000 and above during the year ended December 31, 2021.

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2021				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1.	Paramount Spinning Mills Limited 2 nd Floor, Finley House, I.I. Chundrigar Road, Karachi	Tanveer Ahmed 42201-0350138-5	Abdul Shakoor	56,680	3,917	-	60,597	23,388	3,917	-	27,305
		Umer Hayat Gill 35202-3052767-1	Gulam Muhammad Gill								
		Sohail Maqsood 35201-4740143-5	Maqsood Ellahi								
		Sheikh Riaz Ahmed 35202-2643382-5	Sheikh Fazal Kareem								
		Rubina Rizvi 42301-2981755-0	Syed Tanveer Hussain Rizvi								
		Muhammad Shafiq 35202-3036348-1	Muhammad Yasin								
		Iftikhar Ali 35401-2034238-7	Zulfiqar Ali								
2.	Allied Industries Hub (Private) Limited Plot No. 68, Mozah Pathra, Tehsil Hub, Distt Lasbella, Baluchistan	Imran Aftab 42201-6156206-1	Aftab Ahsan	1,302,028	12,088	-	1,314,116	-	38,246	-	38,246
		Kamran Aftab 42201-6406073-5	Aftab Ahsan								
		Naveed Aftab 42201-2393676-1	Aftab Ahsan								
		Danish Aftab 42201-0927247-7	Aftab Ahsan								
3.	Textilers (Private) Limited F-456, Sindh Industrial Estate, Karachi	Farrukh Shamim Saigal 42301-4137660-1	Muhammad Shamim Saigal	102,888	-	20,435	123,323	61,482	-	20,435	81,917
		Amjad Shamim 42301-3499350-7	Muhammad Shamim Saigal								
4.	Al-Abid Silk Mills Limited A-39, Sindh Industrial Estate, Manghopir Road, Karachi	Naseem Abdul Sattar 42301-0840043-1	Shaikh Abdul Sattar	457,472	-	235	457,707	325,988	-	235	326,223
		Azim Ahmed 42301-0912143-9	Naseem Abdul Sattar								
		Zarina Naseem 42301-0829619-0	Naseem Abdul Sattar								
		Adia Naseem 42301-0783384-4	Naseem Abdul Sattar								
		Sadaf Nadeem 42301-0878886-8	Nadeem Younus								
		Reena Azim 42301-0831483-6	Azim Ahmed								
		Asra Amir 42301-0785813-2	Amir Naseem								
		Syed Raza Abbas Jaffari 42201-0215685-1	Syed Shababat Hussain								

Statement Showing Written-off Financing or any other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2021

Rupees in '000

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2021				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
5.	Leather Field (Private) Limited Cheema Square, Capital Road, Sialkot	Muhammad Ajmal Cheema 34603-8386151-1	Chaudhry Muhammad Hussain Cheema	108,665	17,707	1,745	128,117	-	17,707	1,745	19,452
		Muhammad Akmal Cheema 34603-2309401-1	Chaudhry Muhammad Hussain Cheema								
		Mushtaq Ahmed Cheema 34603-5464199-5	Chaudhry Siraj Din								
		Qaiser Mahmood Cheema 34603-2309403-1	Chaudhry Muhammad Hussain Cheema								
		Musarat Ajmal 34603-9345196-8	Muhammad Ajmal Cheema								
		Amat Ul Aleem Mushtaq 34603-6392509-0	Mushtaq Ahmed Cheema								
6.	Azgard Nine Limited Aiwan-e-Science Off Shahrah-e-Roomi, Lahore	Zahid Mehmood 42501-1542129-5	Abdul Hameed Arain	234,576	128,427	-	363,003	180,631	128,427	-	309,058
		Maliha Sarda Azam 35202-1349008-2	Khan Muhammad Azam								
		Usman Rasheed 45101-0633360-7	Rashed Ahmed								
		Munir Alam 22401-1826695-7	Mir Alam Khan								
		Nasir Ali Khan Bhatti 35200-1532448-1	Muhammad Yousaf Bhatti								
		Abdul Hamid Ahmed Dagia 42101-1573230-1	Ahmed Dagia								
7.	Muhammad Kamran Khan Flat 604, Block 6, 7 th Floor, Civic View Apartment, Gulshan-e-Iqbal, Karachi	42101-3905691-7	Muhammad Iqbal Khan	-	1,939	-	1,939	-	1,039	-	1,039
8.	Maqbool Hussain Shah House No. 192-D, Pakistan Quarters, Garden, Cantt, Karachi	42301-7306791-3	Syed Hussain Shah	515	-	24	539	515	-	24	539

Statement Showing Written-off Financing or any other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2021

Rupees in '000

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2021				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
9.	Muhammad Sherzaman House No 353, Street No 51, Sector E-11/3, Islamabad	36302-5625865-9	Haji Muhammad Zaman	43,958	9,860	-	53,818	-	9,860	-	9,860
10.	Parveen Sabir House # E-17, Block F, North Nazimabad Karachi	42101-7193651-2	Muhammad Sabir Chippa	25,007	44,123	-	69,130	-	44,123	-	44,123
11.	The Fuelers (Private) Limited 505-D 5 th Floor City Tower, 6-K Main Boulevard Gulberg-II, Lahore	Fatima Khalid 35202-9060744-4 Khalid Mehmood 35202-1345244-1	Khalid Mehmood Shah Muhammad	156,500	8,501	630	165,631	-	8,501	630	9,131
12.	Muhammad Ismail Plot # 97, Block-H, Pakistan Expatriates Co-Operative Housing Society Ltd. Izmir Town, Lahore	35401-1733450-7	Farzand Ali	6,661	3,180	335	10,176	-	2,724	200	2,924
				2,494,950	229,742	23,404	2,748,096	592,004	254,544	23,269	869,817



Consolidated Financial Statements

Auditors' Report to the Members	221
Statement of Financial Position	225
Profit and Loss Account	226
Statement of Comprehensive Income	227
Statement of Changes in Equity	228
Cash Flow Statement	229
Notes to and forming part of the Financial Statements	230
Statement showing written-off Financing (Annexure 1)	304

INDEPENDENT AUDITORS' REPORT

To the members of Meezan Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Meezan Bank Limited (the Bank) and its subsidiary company, Al Meezan Investment Management Limited, (the Group) which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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



Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
1. Provision against Non Performing Islamic Financing	
<p>The Group's financing portfolio represents 40.8% of its total assets as of 31 December 2021. A substantial portion of the financing portfolio include corporate finances to public sector entities and large to small size businesses operating in diverse sectors of the economy.</p> <p>As per the Group's accounting policy (refer note 6.3.2 to the consolidated financial statements), the Group determines provisions against non-performing financings exposures in accordance with the requirements of Prudential Regulations of State Group of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning for loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the borrower's economic, financial and business conditions, borrowers repayment behaviors and realizability of collateral held by the Group.</p> <p>In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against financings as a significant area of audit judgment and a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non- performing financings are included in note 6.3.2, 11.11 and 11.12 respectively to the consolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We reviewed the Group's process for identification and classification of non-performing financings. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financings and declassification of accounts from non-performing to regular and vice versa, as the case may be. - We performed independent checks on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations; - In addition, we selected a representative sample of borrowers from the financings portfolios including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Group and status of litigation, if any, with the borrower; - In respect of the level of general provision maintained by the Group, we discussed the approach and policy followed by the Group with the management. - We also assessed adequacy of disclosures as included in note 11 to the consolidated financial statements regarding the non-performing financings and provisions made for the same in the consolidated financial statements in accordance with the requirements of the applicable financial reporting framework.



Information Other than the Consolidated and unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated and unconsolidated financial statements and our auditors' report thereon.

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

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

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

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

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

The Board of directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Arslan Khalid.



Chartered Accountants

Place: Karachi

Date: 28 February 2022

UDIN: AR202110191CjZKPuJUG

Consolidated Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
ASSETS		Rupees in '000	
Cash and balances with treasury banks	7	170,501,306	136,243,103
Balances with other banks	8	16,465,169	19,479,207
Due from financial institutions - net	9	238,401,637	342,068,799
Investments - net	10	624,332,881	438,795,625
Islamic financing and related assets - net	11	758,086,120	512,531,930
Fixed assets	12	34,185,975	23,881,875
Intangible assets	13	1,505,581	1,091,512
Deferred tax assets	19	-	173,943
Other assets - net	14	64,180,378	52,294,842
		1,907,659,047	1,526,560,836
LIABILITIES			
Bills payable	15	36,141,378	26,494,006
Due to financial institutions	16	220,414,234	94,500,640
Deposits and other accounts	17	1,455,871,080	1,254,412,242
Sub-ordinated Sukuk	18	20,990,000	18,000,000
Deferred tax liabilities	19	72,189	-
Other liabilities	20	83,728,554	59,922,930
		1,817,217,435	1,453,329,818
NET ASSETS		90,441,612	73,231,018
REPRESENTED BY			
Share capital	21	16,269,312	14,147,228
Reserves	22	23,417,514	20,448,541
Unappropriated profit		45,494,657	31,808,445
Surplus on revaluation of assets - net of tax	23	4,063,610	5,562,292
		89,245,093	71,966,506
NON-CONTROLLING INTEREST	24	1,196,519	1,264,512
		90,441,612	73,231,018
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mubashar Maqbool
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Profit and Loss Account

For the year ended December 31, 2021

	Note	2021	2020
Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	26	110,077,456	106,594,040
Profit on deposits and other dues expensed	27	41,171,867	41,764,718
Net spread earned		68,905,589	64,829,322
OTHER INCOME			
Fee and commission income	28	10,861,439	7,215,518
Dividend income		542,467	241,538
Foreign exchange income		3,158,131	2,153,669
Gain on securities - net	29	536,390	752,566
Other income	30	843,518	697,570
		15,941,945	11,060,861
Total income		84,847,534	75,890,183
OTHER EXPENSES			
Operating expenses	31	34,939,071	29,269,286
Workers Welfare Fund	20.6	962,709	895,820
Other charges	32	28,172	93,232
Total other expenses		35,929,952	30,258,338
		48,917,582	45,631,845
Share of results of associates before taxation	10.7	52,006	368,580
Profit before provisions		48,969,588	46,000,425
Provisions and write offs - net	33	992,830	8,210,297
Extraordinary / unusual items		-	-
Profit before taxation		47,976,758	37,790,128
Taxation	34	19,469,170	15,115,265
Profit after taxation		28,507,588	22,674,863
Attributable to:			
Shareholders of the Holding company		28,227,560	22,396,750
Non-controlling interest	24	280,028	278,113
		28,507,588	22,674,863
Rupees			
Restated			
Basic earnings per share	35	17.35	13.77
Diluted earnings per share	35	17.35	13.77

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Faisal A. A.
Al-Nassar
Director

Mubashar Maqbool
Director

Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
Profit after taxation for the year attributable to:			
Shareholders of the Holding company		28,227,560	22,396,750
Non-controlling interest		280,028	278,113
		28,507,588	22,674,863
Other Comprehensive Income			
Item that may be reclassified to profit and loss account in subsequent periods:			
Deficit on revaluation of investments	23	(1,903,618)	(5,915,944)
Deferred tax on revaluation of investments		401,344	2,070,580
		(1,502,274)	(3,845,364)
Item that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurements of defined benefit plan		(112,533)	33,690
Tax on remeasurements of defined benefit plan		44,684	(13,823)
Surplus on revaluation of non - banking assets	23	8,053	10,494
Deferred tax on revaluation of non - banking assets		(4,368)	(3,673)
		(64,164)	26,688
Other Comprehensive loss for the year		(1,566,438)	(3,818,676)
Total Comprehensive Income for the year		26,941,150	18,856,187
Attributable to:			
Shareholders of the Holding company		26,659,143	18,586,488
Non-controlling interest	24	282,007	269,699
		26,941,150	18,856,187

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mubashar Maqbool
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Share capital	Share premium	Statutory reserve*	Capital reserves Non-Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	Revenue reserves General reserve	Unappropriated profit	Surplus / (deficit) on revaluation of Investments	Non-banking Assets	Non-controlling Interest	Total
Rupees in '000											
Balance as at January 1, 2020	12,861,116	2,406,571	12,616,780	3,117,547	-	91,082	21,117,202	9,387,715	13,120	1,169,813	62,780,946
Profit after taxation for the year	-	-	-	-	-	-	22,396,750	-	-	278,113	22,674,863
Other Comprehensive income / (loss) for the year - net of tax	-	-	-	-	-	-	28,281	(3,845,364)	6,821	(8,414)	(3,818,616)
	-	-	-	-	-	-	22,425,031	(3,845,364)	6,821	269,699	18,856,187
Other appropriations											
Transfer to statutory reserve	-	-	2,216,561	-	-	-	(2,216,561)	-	-	-	-
Transactions with owners recognised directly in equity											
Issue of bonus shares	1,286,112	-	-	-	-	-	(1,286,112)	-	-	-	-
Final cash dividend for the year 2019 @ Rs 2 per share	-	-	-	-	-	-	(2,572,224)	-	-	-	(2,572,224)
Interim cash dividend for the year 2020 @ Rs 4 per share	-	-	-	-	-	-	(5,658,891)	-	-	-	(5,658,891)
	-	-	-	-	-	-	(8,231,115)	-	-	-	(8,231,115)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(175,000)	(175,000)
Balance as at December 31, 2020	14,147,228	2,406,571	14,833,341	3,117,547	-	91,082	31,808,445	5,542,351	19,941	1,264,512	73,231,018
Profit after taxation for the year	-	-	-	-	-	-	28,227,560	-	-	280,028	28,507,588
Other Comprehensive loss for the year - net of tax	-	-	-	-	-	-	(69,828)	(1,502,274)	3,685	1,979	(1,566,438)
	-	-	-	-	-	-	28,157,732	(1,502,274)	3,685	282,007	26,941,150
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	93	-	(93)	-	-
Other appropriations											
Transfer to statutory reserve	-	-	2,835,516	-	-	-	(2,835,516)	-	-	-	-
Recognition of share based compensation (Note 40)	-	-	-	-	133,457	-	-	-	-	-	133,457
Transactions with owners recognised directly in equity											
Issue of bonus shares @ 15%	2,122,084	-	-	-	-	-	(2,122,084)	-	-	-	-
Final cash dividend for the year 2020 @ Rs 2 per share	-	-	-	-	-	-	(2,829,446)	-	-	-	(2,829,446)
First interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	-	(2,122,085)
Second interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	-	(2,122,085)
Third interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	-	(2,440,397)
	-	-	-	-	-	-	(9,514,013)	-	-	-	(9,514,013)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(350,000)	(350,000)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	91,082	45,494,657	4,040,077	23,533	1,196,519	90,441,612

* This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Faisal A. A.
Al-Nassar
Director

Mubashar Maqbool
Director

Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		47,976,758	37,790,128
Less: Dividend income		(542,467)	(241,538)
		47,434,291	37,548,590
Adjustments for non-cash charges and other items:			
Depreciation	31	2,472,917	2,234,327
Amortization	31	368,642	234,145
Non cash items related to right-of-use assets	27 & 31	3,250,363	3,456,348
Provisions and write offs - net	33	992,830	8,210,297
Charge for defined benefit plan	31	482,378	428,728
Share based compensation expense	40	133,457	-
Gain on sale of fixed assets	30	(149,406)	(155,481)
Share of results of associates	10.7	(52,006)	(368,580)
		7,499,175	14,039,784
		54,933,466	51,588,374
(Increase) / decrease in operating assets			
Due from financial institutions		103,667,162	(118,379,474)
Islamic financing and related assets		(246,289,233)	(27,088,977)
Other assets		(11,906,053)	(5,350,472)
		(154,528,124)	(150,818,923)
Increase / (decrease) in operating liabilities			
Bills payable		9,647,372	9,307,199
Due to financial institutions		125,913,594	52,453,250
Deposits and other accounts		201,458,838	321,843,477
Other liabilities		13,150,430	2,058,638
		350,170,234	385,662,564
		250,575,576	286,432,015
Contribution to defined benefit plan		(322,792)	(269,307)
Income tax paid		(14,991,929)	(12,420,571)
Net cash flow from operating activities		235,260,855	273,742,137
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(187,603,491)	(214,561,913)
Dividend received		546,551	233,361
Investments in fixed assets		(6,219,443)	(3,710,722)
Investments in intangible assets		(782,711)	(525,125)
Proceeds from sale of fixed assets		253,700	229,430
Net cash used in investing activities		(193,805,394)	(218,334,969)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(3,335,554)	(2,892,458)
Issuance of Sub-ordinated Sukuk - Tier II		9,990,000	4,000,000
Redemption of Sub-ordinated Sukuk - Tier II		(7,000,000)	-
Dividend paid to equity shareholders of the Bank		(9,515,742)	(8,226,110)
Dividend paid to non controlling interest		(350,000)	(175,000)
Net cash used in financing activities		(10,211,296)	(7,293,568)
Increase in cash and cash equivalents		31,244,165	48,113,600
Cash and cash equivalents at the beginning of the year	36	155,722,310	107,608,710
Cash and cash equivalents at the end of the year	36	186,966,475	155,722,310

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.

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Director

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Director

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Khandwala
Chief Financial Officer

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Meezan Bank Limited

Subsidiary Company

- Al Meezan Investment Management Limited

1.2 Meezan Bank Limited (the Bank / Holding company / MBL) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.

1.3 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.

1.4 The Bank was operating through nine hundred and two branches as at December 31, 2021 (2020: eight hundred and fifteen branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

1.5 Based on the financial statements of the Bank for the year ended December 31, 2020, the VIS Credit Rating Company Limited has upgraded the Bank's medium to long-term as 'AAA' and reaffirmed the short-term rating as "A1+". The 'AAA' rating denotes the highest possible credit quality, with negligible risk factors, being only slightly more than for risk-free debt of the Government of Pakistan.

1.6 Al Meezan Investment Management Limited (AMIML) ('the Subsidiary company') is involved in asset management, investment advisory, portfolio management, equity research, underwriting and corporate finance. The Bank holds 65% of the share capital of AMIML.

1.7 The Group's associates are as follows:

The Group considers the following open end funds managed by AMIML as its associates:

- Meezan Islamic Fund
- Meezan Balanced Fund
- Meezan Islamic Income Fund
- Al-Meezan Mutual Fund
- KSE Meezan Index Fund
- Meezan Sovereign Fund
- Meezan Tahaffuz Pension Fund
- Meezan Energy Fund
- Meezan Gold Fund
- Meezan Cash Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund II
- Meezan Strategic Allocation Fund III
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Funds
- Meezan Rozana Amdani Fund
- Meezan Daily Income Fund
- Meezan Pakistan Exchange Traded Fund

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

The country of establishment in respect of all of the above funds is Pakistan. Further, all the above funds are individual open-end schemes and have been established by execution of trust deeds between AMIML and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

2 BASIS OF PRESENTATION AND CONSOLIDATION

- 2.1 These consolidated financial statements have been prepared from the information available in the audited financial statements of the Meezan Bank Limited (Holding company) for the year ended December 31, 2021 and the condensed interim financial statements of Al Meezan Investment Management Limited (AMIML) for the six months period ended December 31, 2021 which have only been subjected to review but are not audited. AMIML prepares its annual financial statements up to June 30 each year. In preparing the consolidated profit and loss account for the year ended December 31, 2021 the results for the period from January 1, 2021 to June 30, 2021 have been calculated from the audited financial statements of AMIML for the year ended June 30, 2021 after eliminating the results for the six months period ended December 31, 2020.

These consolidated financial statements comprise of the consolidated statement of financial position as at December 31, 2021, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement together with the notes forming part thereof for the year ended December 31, 2021.

The associates have been accounted for in these consolidated financial statements under the equity method of accounting. For applying equity method financial statements of respective funds for the half years ended December 31, 2021 and 2020 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2021 have been used. Other than Meezan Daily Income Fund - MDIP I for which financial statements for the period from September 14, 2021 to December 31, 2021 (unaudited but subject to a limited review by its statutory auditors) have been used.

- 2.2 Subsidiaries are those enterprises in which the Holding company directly or indirectly exercises control over investee, and / or beneficially owns or holds more than 50 percent of the voting securities or otherwise, has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary are included in these consolidated financial statements from the date when the control commenced. The financial statements of AMIML have been consolidated on a line-by-line basis. The Group applies uniform accounting policies for similar transactions and events in similar circumstances except where specified otherwise.

Associates are entities over which the Group has a significant influence but not control over investee. The Group's share in an associate is the aggregate of the holding in that associate by the Holding company and by the Subsidiary. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter for the post acquisition change in the Group's share of net assets of the associates. The consolidated profit and loss account reflects the Group's share of the results of operations of the associate. Any change in OCI of associates is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. These consolidated financial statements include the Group's share of income and expenses of associates from the date that significant influence commences until the date that such influence ceases.

Non-controlling interest is that part of the net results of operations and of net assets of the subsidiary attributable to interests which are not owned by MBL.

All material inter-group balances, transactions and resulting profits / losses have been eliminated.

3 STATEMENT OF COMPLIANCE

- 3.1 These consolidated financial statements (here-in-after referred to as "financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 'Financial Instruments' with effect from 01 January 2021. SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 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 SBP through various circulars.

3.3 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposit' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these consolidated financial statements.

3.3.1 IFRS10 "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 requirement of consolidation under section 228 of the 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.

3.3.2 These consolidated financial statements have been prepared in accordance with forms for the preparation of the annual financial statements of the banks issued by SBP, vide its BPRD Circular No. 02 dated January 25, 2018.

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

The Group has adopted the following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year:

- COVID-19-Related Rent Concessions – Amendment to IFRS 16

The IASB has issued amendments to IFRS 16 (the amendments) to provide optional practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions described in IFRS 16 paragraph 46B are met.

- The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing. Accordingly, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free markup rate (RFR).

The above mentioned amendments to IFRSs did not have any material impact on these consolidated financial statements.

3.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

3.5.1 IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' - IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 has extended the implementation date of IFRS 9 to January 01, 2022 from an earlier implementation date of January 01, 2021. However, SBP has directed the banks in Pakistan to submit IFRS 9 parallel run and proforma financial statements on periodic basis based on the instructions issued by the SBP for parallel run of IFRS 9 and the Group has been complying with these requirements. SBP has also issued guidelines for the application of IFRS 9 on Pakistan banks and as part of the consultative process the banking industry has provided comments and sought clarifications on such guidelines which are critical in finalizing the impact of the standard on the Group.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- 3.5.2 Further, the following IFRSs as notified under the Companies Act, 2017 and the amendments thereto will be effective for future accounting periods and not early adopted:

Standard, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract, (Amendments)	January 01, 2022
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
- IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
- IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2022
- IFRS 9 - Financial Instrument - Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
- IAS 8 - Definition of Accounting Estimates	January 01, 2023
- IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	January 01, 2023
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the financial statements of the Group for the future periods.

Further, following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	Effective date (accounting periods beginning on or after)
- IFRS 1 - First time adoption of IFRSs	January 01, 2004
- IFRS 17 - Insurance Contracts	January 01, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

- 4.1 The preparation of these consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise judgments in the process of applying the Group's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- Classification of investments in accordance with the Group's policy (notes 6.4 and 10);
- Provision against non-performing Islamic financing and related assets (notes 6.3.2 and 11);
- Impairment of investments in equity instruments (notes 6.4.5, 10 and 33);
- Accounting for defined benefit plan (notes 6.11 and 38);
- Depreciation / amortisation of fixed assets and intangible assets (notes 6.5, 12 and 13);
- Non-banking assets acquired in satisfaction of claims;
- Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.6, 19, 20 and 34);
- Determination of the lease term and incremental fund acceptance rate for lease contracts of various properties used by the Group's branches (notes 6.5.2, 12 and 20);
- Determination of share based compensation expense (note 6.13 and 40); and
- Provisions, contingent assets and liabilities (6.16).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

5 BASIS OF MEASUREMENT

- 5.1 These consolidated financial statements have been prepared under the historical cost convention except that certain available for sale investments, foreign currency balances, non-banking assets acquired in satisfaction of claims and certain foreign foreign exchange commitments have been marked to market and carried at fair value in accordance with the requirements of the SBP.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

5.2 Functional and Presentation Currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

5.3 Rounding off

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Due to / from financial institutions

Bai Muajjal

In Bai Muajjal, the Group sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal with the Federal Government is classified as investment.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Group invests in the shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

Musharaka from the SBP under IERS

Under IERS, the Group accepts funds from the SBP under shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Group under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Group accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Group. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.2.1 These are initially recognized at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the Sukuk net of remaining deferred profit at reporting date, if any).

6.3 Islamic financing and related assets

Murabaha

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

Ijarah

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 'Ijarah' (IFAS 2) are recorded as income / revenue. The Group charges depreciation from the date of recognition of Ijarah of respective assets to mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Ijarah rentals outstanding are disclosed in 'other assets' on the Consolidated Statement of Financial Position at amortized cost. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

Istisna

In Istisna financing, the Group places an order to purchase some specific goods / commodities from its customers to be delivered to the Group within an agreed time. The goods are then sold by the customer on behalf of the Group and the amount hence financed along with profit realized net of agency fee and incentives is paid to the Group.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Tijarah

In Tijarah financing, the Group purchases specific goods / commodities on cash basis from its customers which is then onward sold by the customer on behalf of the Group and on subsequent sale, the financed amount along with profit realized net of agency fee and incentives is paid by the customer to the Group.

Diminishing Musharakah

In Diminishing Musharakah financing, the Group enters into Musharakah based on Shirkat-ul-milk for purchasing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Group's Musharakah share and also periodically purchase the Group's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Group enters into financing with the customer based on Shirkatul Aqd or Business Partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group subject to his Running Musharakah Financing limit during the Musharakah Period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

In Bai Muajjal financing, the Group sells Shariah compliant sukuk on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Service Ijarah

In Service Ijarah financing, the Group provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Group appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah'. On culmination, the same are recorded as financing.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Group enters into investment agency transaction with customer acting as an agent of the Group. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Group and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Musawamah

In Musawammah financing, the Group purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

- 6.3.1** Islamic financing and related assets are stated net of specific and general provisions against non-performing Islamic financing and related assets which are charged to the consolidated profit and loss account.

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financing are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the consolidated statement of financial position date are recorded as inventories.

- 6.3.2** Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

In accordance with Prudential Regulations issued by the SBP, general provision against consumer financing and house financing are maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 0.5% to 2.5% for secured and 4% to 7% for unsecured portfolio.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

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

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

6.3.3 Inventories

The Group values its inventories at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Cost of inventories represents actual purchases made by the Group / customers as an agent of the Group for subsequent sale. Inventory against each contract is maintained on specific identification method.

6.4 Investments

6.4.1 Classification

The Group classifies its investments as follows:

- Held for trading

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

- Held to maturity

These are investments with fixed or determinable payments and maturity that the Group has the positive intent and ability to hold till maturity.

- Available for sale

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

- Associates

Associates are all entities over which the Group has significant influence but not control. Certain mutual funds are managed by the subsidiary company of the Group and hence, the Group has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these consolidated financial statements. (Note 3.3.1).

6.4.2 Regular way contracts

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

6.4.3 Initial recognition and measurement

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

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- Held for trading

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

- Held to maturity

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- Available for sale

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

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

6.4.4.1 Details of valuation techniques used in determination of fair value is included in note 42 to the consolidated financial statements.

6.4.5 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of "significant or prolonged" requires judgment.

Provision for diminution in the value of non-government sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment in available for sale investments, the related loss previously reported in other comprehensive income is transferred to profit and loss account for period. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

6.5 Operating fixed assets

6.5.1 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 25,000 or less are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the consolidated profit and loss account currently.

6.5.2 Right-of-use assets and Lease liabilities

At the inception of the contract, the Group assesses whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Group's policy as described in note 6.5.8.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.5.3 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

6.5.4 Subsequent costs

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

6.5.5 Depreciation / amortisation

Depreciation / amortisation is charged to the consolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13 whereby the depreciable value of an asset is written off over its estimated service life. The Group charges depreciation / amortisation from the month of acquisition and upto the month preceding the disposal. Right-of-use assets are depreciated on a straight line basis over the lease term specified in note 12.3.

6.5.6 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.7 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each Consolidated Statement of Financial Position date and adjusted if impact on depreciation / amortisation is significant.

6.5.8 Impairment

The Group assesses at each Consolidated Statement of Financial Position date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the consolidated profit and loss account.

6.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current taxation is based on expected taxable income for the year at the current rates of taxation, after taking into consideration available tax credits, rebates, tax losses, etc. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

In making the estimates for current and deferred taxes, the management considers the income tax law and the decisions of appellate authorities on certain issues in the past.

6.7 Non-banking assets acquired in satisfaction of claims

The non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. The useful lives are reviewed annually and adjusted, if appropriate. These assets are revalued by

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the consolidated statement of other comprehensive income. Any deficit arising on revaluation is taken to consolidated profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in consolidated other comprehensive income is transferred directly to unappropriated profit in the consolidated statement of changes in equity. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the consolidated profit and loss account.

6.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Holding Company. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 50% of their profit as Incentive profits (Hiba).

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

Asset pools are created at the Holding Company's discretion and the Holding Company can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

6.9 Sub-ordinated Sukuk

The Holding Company records sub-ordinated sukuk initially at the amount of proceeds received as a liability and is subsequently measured at amount outstanding. Profit accrued on sub-ordinated sukuk is charged to the consolidated profit and loss account.

6.10 Pool Management

The Holding Company operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Holding Company accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Holding Company acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Holding company prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Holding company customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Holding Company has given General Hiba to the depositors of Rupee General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Holding Company's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Holding Company without any contractual commitment and can be withdrawn or reduced by the Holding Company at its sole discretion.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per the Holding Company's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of Rupee, USD, GBP and Euro. The Holding Company maintains General Pools (Rupee, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools:

For General Pools (Rupee, USD, EUR, GBP), the Holding Company allocates PKR financing to Corporate, Commercial, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 48.1.1.3. Investments in Sovereign Guaranteed Sukuk, and Bai Muajjal with State Bank of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Investments from the SBP under various long term Islamic refinance schemes, and sub-ordinated sukus are also remunerated through the Rupee General Pool. Due to limited investment options in USD, GBP and EURO pool, funds from foreign currency pools are invested in available International Sukuk, Shariah Compliant Nostro accounts, foreign currency financing and the remaining funds are taken out and invested in Rupee general pool as part of equity. In such cases return from Rupee General Pool is given back to foreign currency pools, so that returns can be passed on to foreign currency pool customers accordingly. The Holding Company as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

IERS Pools:

The IERS pool assets comprise of sovereign guaranteed sukuk, and financing to / sukuk of mainly blue chip companies and exporters as allowed under the applicable rules and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools:

The FI pool assets generally comprise of sovereign guaranteed sukuk and financing under diminishing musharakah mode only and the related liability of the FI pool comprise of Musharakah / Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Holding Company.

Equity Pools:

All other assets including fixed assets, exposure in shares, Rupee bai-salam financing and subsidized financing to the Holding Company's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are also done through equity pool.

6.11 Staff retirement benefits

Defined benefit plan of MBL

The Holding Company operates an approved Gratuity Funded Scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in respect of Gratuity Funded Scheme is the present value of the defined benefit obligation at the Consolidated Statement of Financial Position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2021.

The Holding Company also operates End of Service Unfunded Defined Benefit Scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Holding Company. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been conducted as on December 31, 2021.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and that implied by the net return cost are recognised in the Consolidated Statement of Financial Position immediately, with a charge or credit to "Consolidated Other Comprehensive Income" in the periods in which they occur. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 38.

Defined contribution plan

The Group also operates a recognised contributory Provident Fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

6.12 Compensated absences

The Group recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Consolidated Statement of Financial Position. The provision is recognised on the basis of actuarial valuation using projected unit credit method.

6.13 Share-based compensation

The Holding Company has granted share options to its employees under the Meezan Bank Employees Share Option Scheme, 2021 as approved by the shareholders and SECP. The cost of these share options is determined by the fair value at the date when the grant is made using a valuation model by an independent valuer and is recognized as expense over the vesting period together with a corresponding credit in equity - Employee share option compensation reserve (Note 40). The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium.

6.14 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Consolidated Statement of Financial Position are considered as non adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in Rupees at exchange rates prevalent on the date of Consolidated Statement of Financial Position.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the date of Consolidated Statement of Financial Position. Exchange gains and losses are included in the current year consolidated profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange transactions are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

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

6.16 Provisions and contingent assets and liabilities

Provision are recognised when the Group has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

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

6.17 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Holding Company to pay bills of exchange drawn on customers. The Holding Company expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

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

6.18 Offsetting and derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

6.19 Revenue recognition

- i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on murabaha and musawammah transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date in line with IFAS requirements.
- ii) Rentals on Ijarah contracts are recognised as income on an accrual basis in line with IFAS requirements.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Group.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar / Wakalah is recognized on an accrual basis and is commensurate with the Wakalah business performance/ work done by the agent.
- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 250,000 which is recognised over the period of the guarantee.
- xi) The Group earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The Group recognises fees earned on transaction-based arrangements at a point in time when the Group has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.
- xii) Dividend income is recognised when the Group's right to receive dividend is established.
- xiii) Gain or loss on sale of investments is included in the consolidated profit and loss account.
- xiv) Gain or loss on disposal of fixed assets, intangible assets, ijarah assets and musharaka assets is taken to the consolidated profit and loss account in the period in which they arise.
- xv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognized on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.
- xvi) Remuneration from funds (management fee) is recognized based on the net asset value of the funds calculated on daily basis.

6.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

6.20.1 Business segments

Corporate and Commercial Banking

It includes trade finance, export finance, project finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Asset Management

It includes asset management, investment advisory, portfolio management, etc.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Others

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

6.20.2 Geographical segments

The Group operates only in Pakistan.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

6.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Holding company by the weighted average number of ordinary shares outstanding during the year. EPS is retrospectively adjusted for the effect of bonus shares issued.

Diluted EPS is calculated by dividing the net profit attributable to Holding company (after adjusting for return and related tax impact) on the convertible instruments / share options by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion / exercise of all the dilutive potential ordinary shares into ordinary shares.

7	CASH AND BALANCES WITH TREASURY BANKS	Note	2021	2020
			Rupees in '000	
	In hand			
	- local currency		36,029,312	27,357,178
	- foreign currencies		2,821,769	3,477,535
			38,851,081	30,834,713
	With the State Bank of Pakistan in			
	- local currency current accounts		70,308,704	51,975,020
	- foreign currency current accounts		10,259,746	8,542,148
		7.1	80,568,450	60,517,168
	With the National Bank of Pakistan in			
	- local currency current accounts		50,668,352	42,518,072
	National Prize Bonds	7.2	413,423	2,373,150
			170,501,306	136,243,103

7.1 These include local and foreign currency amounts required to be maintained by the Holding company with the SBP under the Banking Companies Ordinance, 1962 and /or stipulated by the SBP. These accounts are non-remunerative in nature.

7.2 These represent the national prize bonds received from customers for onward surrendering to SBP. The Group, as a matter of Shariah principle, does not deal in prize bonds.

8	BALANCES WITH OTHER BANKS	Note	2021	2020
			Rupees in '000	
	In Pakistan			
	- in current accounts		14,947,076	7,088,343
	- in deposit accounts		-	6,000,000
	Outside Pakistan			
	- in current accounts		1,275,566	2,234,338
	- in deposit accounts	8.1	242,527	4,156,526
			16,465,169	19,479,207

8.1 It represent the balance in the remunerative account maintained with financial insitutions outside Pakistan. The return on these balances is 0.0001% (2020: 0.08%) per annum.

9	DUE FROM FINANCIAL INSTITUTIONS - NET	Note	2021	2020
			Rupees in '000	
	Bai Muajjal:			
	With Scheduled Banks / financial institution - Secured	9.1	238,401,637	327,277,079
	With other financial institution		15,500	15,500
		9.2	238,417,137	327,292,579
	Musharakah		-	6,800,000
	Wakalah		-	7,991,720
	Commodity Murabaha		26,066	26,066
		9.3	238,443,203	342,110,365
	Provision against non-performing amounts due from financial institutions	9.4	(41,566)	(41,566)
			238,401,637	342,068,799

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- 9.1 The average return on this product is 8.10% (2020: 7.86%) per annum. The balances have maturities ranging between January 2022 to July 2025 (2020: January 2021 to July 2025). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 240,575 million as at December 31, 2021 (2020: Rs 331,235 million).

	2021	2020
	Rupees in '000	
9.2 Bai Muajjal Placements	270,204,082	359,456,164
Less: Deferred Income	(18,895,001)	(24,329,336)
Profit Receivable shown in other assets	(12,891,944)	(7,834,249)
Bai Muajjal Placements	<u>238,417,137</u>	<u>327,292,579</u>
9.3 Particulars of due from financial institutions		
In local currency	238,443,203	334,118,645
In foreign currencies	-	7,991,720
	<u>238,443,203</u>	<u>342,110,365</u>

	2021		2020	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
9.4 Category of classification	Rupees in '000			
Loss	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>

10 INVESTMENTS - NET

10.1 Investments by types

	Note	2021				2020			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000									
Available for sale securities									
- Federal Government Securities	10.5.1	387,898,392	-	(1,300,655)	386,597,737	275,917,850	-	(380,076)	275,537,774
- Shares	10.5.2 & 10.5.3	9,662,370	2,322,124	1,928,965	9,269,211	7,144,667	2,104,045	2,849,881	7,890,503
- Non Government Sukuk	10.5.4	130,409,690	78,192	5,624,000	135,955,498	126,109,290	81,648	5,504,818	131,532,460
- Foreign Securities	10.5.5	10,343,243	-	370,768	10,714,011	7,216,711	-	552,073	7,768,784
		<u>538,313,695</u>	<u>2,400,316</u>	<u>6,623,078</u>	<u>542,536,457</u>	<u>416,388,518</u>	<u>2,185,693</u>	<u>8,526,696</u>	<u>422,729,521</u>
Held to maturity securities									
- Federal Government Securities	10.6	76,941,760	-	-	76,941,760	10,571,003	-	-	10,571,003
- Sukuk		-	-	-	-	24,710	-	-	24,710
		<u>76,941,760</u>	<u>-</u>	<u>-</u>	<u>76,941,760</u>	<u>10,595,713</u>	<u>-</u>	<u>-</u>	<u>10,595,713</u>
Associates (listed)									
- Units of funds	10.7	4,854,664	-	-	4,854,664	5,470,391	-	-	5,470,391
Total Investments		<u>620,110,119</u>	<u>2,400,316</u>	<u>6,623,078</u>	<u>624,332,881</u>	<u>432,454,622</u>	<u>2,185,693</u>	<u>8,526,696</u>	<u>438,795,625</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

10.2 Investments by segments

Note	2021				2020			
	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								
- Sukuk	399,111,534	-	(1,300,655)	397,810,879	179,145,514	-	(380,076)	178,765,438
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	64,443,192	-	-	64,443,192	106,876,904	-	-	106,876,904
- Islamic Naya Pakistan Certificates	1,285,426	-	-	1,285,426	466,435	-	-	466,435
	464,840,152	-	(1,300,655)	463,539,497	286,488,853	-	(380,076)	286,108,777
Shares								
Listed Companies	9,057,691	2,268,371	1,928,965	8,718,285	6,572,789	2,052,325	2,849,881	7,370,345
Unlisted Companies	604,679	53,753	-	550,926	571,878	51,720	-	520,158
	9,662,370	2,322,124	1,928,965	9,269,211	7,144,667	2,104,045	2,849,881	7,890,503
Non Government Sukuk								
Listed	114,404,511	-	5,624,000	120,028,511	111,762,311	-	5,504,818	117,267,129
Unlisted	16,005,179	78,192	-	15,926,987	14,371,689	81,648	-	14,290,041
	130,409,690	78,192	5,624,000	135,955,498	126,134,000	81,648	5,504,818	131,557,170
Foreign Securities								
Government Sukuk	7,684,473	-	300,073	7,984,546	4,807,602	-	432,693	5,240,295
Non Government Sukuk	2,648,381	-	70,695	2,719,076	2,398,720	-	119,380	2,518,100
Shares	10,389	-	-	10,389	10,389	-	-	10,389
	10,343,243	-	370,768	10,714,011	7,216,711	-	552,073	7,768,784
Associates								
Meezan Balanced Fund	318,543	-	-	318,543	309,220	-	-	309,220
Al-Meezan Mutual Fund Limited	759,161	-	-	759,161	931,058	-	-	931,058
Meezan Islamic Fund	811,206	-	-	811,206	988,659	-	-	988,659
Meezan Strategic Allocation Fund - III - MCPP-IX	84,820	-	-	84,820	80,977	-	-	80,977
Meezan Financial Planning Fund - Conservative	8,815	-	-	8,815	8,276	-	-	8,276
KSE Meezan Index Fund	1,096,022	-	-	1,096,022	1,130,226	-	-	1,130,226
Meezan Pakistan Exchange Traded Fund	8,800	-	-	8,800	10,740	-	-	10,740
Meezan Islamic Income Fund	-	-	-	-	51,630	-	-	51,630
Meezan Tahaffuz Pension - Gold sub-fund	31,227	-	-	31,227	50,424	-	-	50,424
Meezan Tahaffuz Pension - Equity sub-fund	136,556	-	-	136,556	131,589	-	-	131,589
Meezan Energy Fund	85,475	-	-	85,475	106,803	-	-	106,803
Meezan Gold Fund	102,503	-	-	102,503	96,116	-	-	96,116
Meezan Rozana Amdani Fund	75,241	-	-	75,241	1,574,673	-	-	1,574,673
Meezan Daily Income Fund - MDIP - I	1,336,295	-	-	1,336,295	-	-	-	-
	4,854,664	-	-	4,854,664	5,470,391	-	-	5,470,391
Total Investments	620,110,119	2,400,316	6,623,078	624,332,881	432,454,622	2,185,693	8,526,696	438,795,625

10.2.1 This represents investment in Pakistan Energy Sukuk-I and Pakistan Energy Sukuk-II issued by Power Holding Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah with semi-annual rental payments and are due to mature in 2029-30.

10.2.2 Investments given as collateral

	2021		2020	
	Cost / Amortised cost	Market Value	Cost / Amortised cost	Market Value
Rupees in '000				
Federal Government Securities				
- Sukuk	30,000,000	30,054,000	-	-
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	28,150,000	28,150,000	-	-
	58,150,000	58,204,000	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
10.3 Provision against diminution in value of investments	Rupees in '000	
Opening balance	2,185,693	2,366,684
Charge / (reversals) for the year		
On available for sale securities		
- charge for the year on equity investments	305,016	290,244
- reversals for the year upon recovery on debt instruments	(3,456)	(16,548)
- reversals on disposals of equity investments	(86,937)	(387,700)
	214,623	(114,004)
Amount written off	-	(66,987)
Closing balance	2,400,316	2,185,693

10.4 Particulars of provision against Sukuk

	2021		2020	
	Non-performing Investment	Provision held	Non-performing Investment	Provision held
	Rupees in '000			
Category of classification				
Domestic				
Loss	78,192	78,192	81,648	81,648

10.5 Quality of Available for Sale Securities

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

10.5.1 Federal Government Securities	2021	2020
	Cost	
	Rupees in '000	
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	64,443,192	106,876,904
Government of Pakistan Ijarah Sukuk (Government Guaranteed)		
GIS VRR-18	10,704,268	10,513,101
GIS VRR-19	25,639,965	25,600,000
GIS VRR-20	16,982,211	16,916,800
GIS VRR-21	50,761,174	50,176,112
GIS FRR-04	9,951,546	10,295,021
GIS FRR-07	2,625,000	-
GIS VRR-22	81,132,277	55,073,477
GIS VRR-23	25,007,215	-
GIS VRR-24	87,866,118	-
GIS-FRR 08	5,000,000	-
GIS-FRR 11	6,500,000	-
	322,169,774	168,574,511
Islamic Naya Pakistan Certificate - PKR	58,724	342,284
Islamic Naya Pakistan Certificate - USD	907,167	124,151
Islamic Naya Pakistan Certificate - GBP	56,346	-
Islamic Naya Pakistan Certificate - EUR	263,189	-
	387,898,392	275,917,850

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
10.5.2 Shares - Listed	Rupees in '000	
Automobile Assembler	112,532	36,913
Automobile parts and accessories	55,908	-
Construction and materials (cement)	1,360,148	1,072,117
Power Generation and Distribution	193,729	153,249
Refinery	124,827	-
Oil and Gas Marketing Companies	618,263	480,866
Oil and Gas Exploration Companies	1,623,690	1,532,171
Fertilizers	890,114	577,403
Chemicals	402,861	427,294
Pharmaceuticals	748,869	837,521
Leather & Tanneries	19,336	-
Miscellaneous	26,974	-
Modarabas	66,390	66,390
Technology and Communication	445,542	72,203
Paper and Board	685,941	667,628
Textile (Composite)	516,520	249,596
Vanaspatti and Allied Industries	174,923	121,367
Food and Personal Care Products	9,691	-
Engineering	981,433	278,071
	9,057,691	6,572,789

	Cost		Breakup value per share*	
	2021	2020	2021	2020
10.5.3 Shares - Unlisted	Rupees in '000		Rupees	
Sapphire Electric Company Limited	318,638	318,638	43.45	38.99
Daewoo Pakistan Express Bus Service Limited	253,240	253,240	62.77	55.74
Pakistan Corporate Restructuring Company Limited	32,801	-	9.38	N/A
	604,679	571,878		

* Based on latest available audited financial statements

	Cost	
	2021	2020
10.5.4 Non Government Sukuk	Rupees in '000	
Listed		
- Government guaranteed	114,404,511	111,737,601
Unlisted		
- Government guaranteed	10,786,560	10,503,470
Unlisted		
Credit Ratings		
- AAA / AAA	1,307,190	-
- AA / AA+, AA, AA-	676,667	1,280,000
- A / A+, A, A-	3,156,570	2,506,571
- Unrated	78,192	81,648
	5,218,619	3,868,219
	130,409,690	126,109,290

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

10.5.5 Foreign Securities	Rating		Cost	
	2021	2020	2021	2020
Government Sukuk			Rupees in '000	
Saudi Arabia	A	A	4,150,186	1,604,651
Qatar	Aa3	Aa3	885,035	803,530
Indonesia	Baa2	Baa2	2,649,252	2,399,421
			7,684,473	4,807,602
Non Government Sukuk - Unlisted				
Credit Ratings				
- Aa3 / A			1,764,736	1,597,680
- Baa1			883,645	801,040
			2,648,381	2,398,720
Equity securities - Unlisted				
S.W.I.F.T. SCRL			10,389	10,389
			10,343,243	7,216,711
10.6 Particulars relating to Held to Maturity securities:				
			2021	2020
	Note		Rupees in '000	
Federal Government Securities - Government guaranteed				
GIS FRR-04			10,562,798	10,571,003
GIS FRR-07			2,625,000	-
GIS FRR-08			5,000,000	-
GIS FRR-11			58,500,000	-
GIS VRR-24			253,962	-
	10.6.1		76,941,760	10,571,003
Non Government Sukuk - Listed				
Fatima Fertilizer Company Limited			-	24,710

10.6.1 The market value of securities classified as held-to-maturity as at December 31, 2021 amounted to Rs 76,899 million (2020: Rs 10,504 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

10.7 Associates accounted for under the equity method of accounting

	Al Meezan Mutual Fund	Meezan Islamic Fund	Meezan Balanced Fund	Meezan Tahafuz Pension - Gold Sub Fund	Meezan Tahafuz Pension - Equity Sub Fund	KSE Meezan Index Fund	Meezan Islamic Income Fund	Meezan Rozana Aamdani Fund	Meezan Daily Income Fund - MDIP - I	Meezan Gold Fund	Meezan Energy Fund	Meezan Sovereign Fund	Meezan Financial Planning Fund - of Funds - Conservative	Meezan Strategic Allocation Fund - III - MCPP-IX	Meezan Pakistan Exchange Traded Fund	Total
	Rupees in '000															
Opening balance - January 1, 2020	868,670	718,937	304,924	41,355	118,719	730,063	-	1,698,767	-	78,305	225,508	-	7,513	76,253	-	4,869,014
Investment / (redemption) during the year	52,327	233,368	647	-	-	293,750	50,205	(124,094)	-	-	(72,187)	-	-	2,715	10,015	446,746
Share of profit / (loss) in associates - P&L	33,562	79,492	20,362	9,069	12,870	106,413	1,425	127,404	-	17,811	(46,518)	-	763	5,202	725	368,580
Dividend received	(23,501)	(43,138)	(16,713)	-	-	-	-	(127,404)	-	-	-	-	-	(3,193)	-	(213,949)
Closing balance - December 31, 2020	931,058	988,659	309,220	50,424	131,589	1,130,226	51,630	1,574,673	-	96,116	106,803	-	8,276	80,977	10,740	5,470,381
Investment / (redemption) during the year	(171,052)	(191,480)	-	(19,912)	-	77,495	(50,205)	(1,499,432)	1,336,295	(28)	(20,335)	(297)	-	-	-	(538,951)
Share of profit / (loss) in associates - P&L	(845)	14,027	9,323	715	4,967	(111,699)	(1,425)	91,126	36,406	6,415	(993)	297	539	3,843	(690)	52,006
Dividend received	-	-	-	-	-	-	-	(91,126)	(36,406)	-	-	-	-	-	(1,250)	(128,782)
Closing balance - December 31, 2021	759,161	811,206	318,543	31,227	136,556	1,096,022	-	75,241	1,336,295	102,503	85,475	-	8,815	84,820	8,800	4,854,664

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

		Note	2021	2020
11	ISLAMIC FINANCING AND RELATED ASSETS - NET		Rupees in '000	
In Pakistan				
Murabaha financing and related assets				
- Murabaha financing	11.1		6,195,161	7,292,120
- Advances against Murabaha			2,224,908	2,986,634
- Murabaha inventory			2,085,908	1,407,894
- Financing under Islamic Export Refinance - Murabaha	11.2		1,048,988	873,321
- Financing against Islamic SME Asaan Finance	11.3		10,000	-
- Inventory under Islamic Export Refinance - Murabaha			35,000	17,779
- Advance against Islamic SME Asaan Finance			40,000	-
- Advance against Islamic Export Refinance - Murabaha			460,014	1,008,181
			12,099,979	13,585,929
Running Musharakah financing				
- Running Musharakah financing			193,218,603	102,571,519
- Financing under Islamic Export Refinance - Running Musharakah			37,235,077	35,775,663
			230,453,680	138,347,182
Istisna financing and related assets				
- Istisna financing			6,534,664	3,925,839
- Advances against Istisna			68,370,720	46,300,271
- Istisna inventory			5,574,727	6,437,594
- Financing under Islamic Export Refinance - Istisna			266,800	218,304
- Advances under Islamic Export Refinance - Istisna			7,985,372	8,422,231
- Inventory under Islamic Export Refinance - Istisna			2,866,783	2,723,453
			91,599,066	68,027,692
Tijarah financing and related assets				
- Tijarah financing			1,715,312	596,504
- Tijarah inventory			10,959,567	7,507,389
- Financing under Islamic Export Refinance - Tijarah			1,549,127	1,366,016
- Financing under Islamic SME Asaan Finance - Tijarah			2,738	-
- Inventory under Islamic Export Refinance - Tijarah			413,901	897,624
			14,640,645	10,367,533
Musawammah financing and related assets				
- Musawammah financing	11.4		33,362,530	13,798,171
- Advances against Musawammah			8,621,219	7,613,522
- Musawammah Inventory			15,944,490	14,209,318
- Financing under Islamic Export Refinance - Musawammah	11.5		2,313,610	1,090,893
- Financing under SBP's IFRE - Musawammah	11.6		90,260	-
- Advances under Islamic Export Refinance - Musawammah			647,638	45,000
- Inventory under Islamic Export Refinance - Musawammah			1,215,492	994,771
			62,195,239	37,751,675
Salam Financing and related assets				
- Salam Financing			990,223	1,238,311
- Advances against Salam			11,204,294	6,378,860
- Salam Inventory			1,230,270	1,560,370
- Advances under Islamic Export Refinance - Salam			449,206	496,820
			13,873,993	9,674,361
Financing against bills				
- Financing against bills - Salam			9,827,325	4,151,254
- Advance against bills - Salam			1,947	1,738
			9,829,272	4,152,992
- Bai Muajjal financing	11.7		39,429,724	1,633,373
Ijarah financing and related assets				
- Net investment in Ijarah			75,042	81,965
- Net book value of assets/investment in Ijarah under IFAS 2			54,013,622	43,569,281
- Net book value of assets/investment in Ijarah under IFAS 2 (SBP's ILTFF)			11,030	48,778
	11.8		54,099,694	43,700,024
- Advances against Ijarah			8,865,508	6,210,281
			62,965,202	49,910,305
Diminishing Musharakah financing and related assets				
- Diminishing Musharakah financing - others			110,857,954	102,400,030
- Diminishing Musharakah financing - housing			16,670,211	12,556,621
- Diminishing Musharakah financing - SBP's ILTFF			12,881,740	7,595,493
- Diminishing Musharakah financing - SBP's IRSPWS			2,321,293	4,481,268
- Diminishing Musharakah financing - SBP's ITERF			1,507,883	-
- Diminishing Musharakah financing - SBP's IFRE			952,704	182,955
- Diminishing Musharakah financing - SBP's IRFCC			402,751	-
- Diminishing Musharakah financing - SBP's IFFSAP			62,913	-
- Diminishing Musharakah financing - SBP's ISAAF			9,900	-
- Advances against Diminishing Musharakah			11,302,256	7,667,897
- Advances against Diminishing Musharakah under SBP's IFFSAP			83,939	-
- Advances against Diminishing Musharakah under SBP's IFRE			15,188,412	5,204,775
- Advances against Diminishing Musharakah under SBP's IRFCC			327,087	172,913
- Advances against Diminishing Musharakah under SBP's ITERF			12,148,592	676,621
- Advances against Diminishing Musharakah under SBP's ILTFF			4,963,408	5,559,059
			189,681,043	146,497,632

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
- Musharakah financing		-	82,960
- Wakalah Tul Istithmar financing		10,625,000	21,156,433
- Advances against Wakalah Tul Istithmar		23,714,700	18,500,000
- Wakalah financing		-	45,000
- Advance against Service Ijarah		7,749,103	4,258,103
- Qard financing under SBP's IRSPWS		28,914	46,263
- Qard financing under SBP's IRFCC		528,791	440,310
- Labbaik (Qard for Hajj and Umrah)		274	856
- Staff financing (including under SBP's IFRE)	11.9	6,237,617	4,951,794
- Other financing		1,642,884	2,157,222
Gross Islamic Financing and Related Assets	11.10	777,295,126	531,587,615
Less: Provision against non-performing Islamic financing and related assets - Specific	11.12	(13,338,988)	(13,602,974)
Less: Provision against non-performing Islamic financing and related assets - General	11.12	(5,870,018)	(5,452,711)
Islamic financing and related assets - net of provision		758,086,120	512,531,930
11.1 Murabaha receivable - gross	11.1.1	6,944,861	7,610,201
Less: Deferred income	11.1.3	(117,597)	(112,171)
Profit receivable shown in other assets		(632,103)	(205,910)
Murabaha financing		6,195,161	7,292,120
11.1.1 Murabaha Sale Price		6,944,861	7,610,201
Murabaha Purchase Price		(6,195,161)	(7,292,120)
		749,700	318,081
11.1.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		7,292,120	8,633,318
Sales during the year		72,951,570	34,727,183
Adjusted during the year		(74,048,529)	(36,068,381)
Closing balance		6,195,161	7,292,120
11.1.3 Deferred murabaha income			
Opening balance		112,171	198,327
Arising during the year		2,621,586	921,798
Recognised during the year		(2,616,160)	(1,007,954)
Closing balance		117,597	112,171
11.2 Financing under Islamic Export Refinance - Murabaha - gross		1,068,203	893,589
Less: Deferred income		(5,937)	(5,106)
Profit receivable shown in other assets		(13,278)	(15,162)
Financing under Islamic Export Refinance - Murabaha		1,048,988	873,321
11.2.1 The movement in Islamic Export Refinance Murabaha financing during the year is as follows:			
Opening balance		873,321	369,441
Sales during the year		3,159,707	3,254,140
Adjusted during the year		(2,984,040)	(2,750,260)
Closing balance		1,048,988	873,321
11.2.2 Deferred Islamic Export Refinance murabaha income			
Opening balance		5,106	836
Arising during the year		51,534	42,170
Recognised during the year		(50,703)	(37,900)
Closing balance		5,937	5,106
11.3 Financing against Islamic SME Asaan Finance - Murabaha - gross		11,526	-
Less: Deferred income		(1,506)	-
Profit receivable shown in other assets		(20)	-
Financing against Islamic SME Asaan Finance - Murabaha		10,000	-
11.3.1 The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:			
Opening balance		-	-
Sales during the year		10,000	-
Adjusted during the year		-	-
Closing balance		10,000	-
11.3.2 Deferred Islamic SME Asaan Finance Murabaha income			
Opening balance		-	-
Arising during the year		1,526	-
Recognised during the year		(20)	-
Closing balance		1,506	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Rupees in '000	
11.4 Musawammah financing - gross	34,477,153	14,258,642
Less: Deferred income	(468,449)	(272,835)
Profit receivable shown in other assets	(646,174)	(187,636)
Musawammah financing	33,362,530	13,798,171
11.5 Financing under Islamic Export Refinance - Musawammah - gross	2,346,068	1,104,908
Less: Deferred income	(13,048)	(8,473)
Profit receivable shown in other assets	(19,410)	(5,542)
Financing under Islamic Export Refinance - Musawammah	2,313,610	1,090,893
11.6 Financing under SBP's IFRE - Musawammah - gross	101,406	-
Less: Deferred income	(10,925)	-
Profit receivable shown in other assets	(221)	-
Financing under SBP's IFRE - Musawammah	90,260	-
11.7 Bai Muajjal financing - gross	40,373,453	2,477,558
Less: Deferred income	(300,831)	(107,351)
Profit receivable shown in other assets	(642,898)	(736,834)
Bai Muajjal financing	39,429,724	1,633,373

11.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 41,547 million (2020: Rs 40,217 million).

11.9 This includes Rs 671 million (2020: Rs 554 million) representing profit free financing to staff advanced under the Holding Company Human Resource Policies.

11.10 Particulars of financing - gross

	2021	2020
	Rupees in '000	
In		
- local currency	733,552,562	517,234,025
- foreign currencies	43,742,564	14,353,590
	777,295,126	531,587,615

11.11 Islamic financing and related assets include Rs 14,450 million (2020: Rs 14,993 million) which have been placed under non-performing status as detailed below:

	2021		2020	
	Non Performing Amount	Provision Held	Non Performing Amount	Provision Held
	Rupees in '000			
Category of classification				
Domestic				
Other Assets Especially Mentioned	41,771	358	80,289	1,109
Substandard	409,772	82,151	790,278	165,158
Doubtful	1,000,601	356,314	966,160	425,586
Loss	12,997,394	12,900,165	13,096,746	13,011,121
	14,449,538	13,338,988	14,933,473	13,602,974

11.12 Particulars of provision against non-performing Islamic financing and related assets:

	2021			2020		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	13,602,974	5,452,711	19,055,685	8,284,519	4,452,711	12,737,230
Charge for the year	2,186,594	417,307	2,603,901	7,655,410	1,000,000	8,655,410
Less: Reversals	(1,859,091)	-	(1,859,091)	(314,555)	-	(314,555)
	327,503	417,307	744,810	7,340,855	1,000,000	8,340,855
Amount Written off	(591,489)	-	(591,489)	(2,022,400)	-	(2,022,400)
Closing balance	13,338,988	5,870,018	19,209,006	13,602,974	5,452,711	19,055,685

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

11.12.1 The Group maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Group has also maintained a general provision of Rs 5,350 million (2020: Rs 5,050 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

11.12.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Group has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed amounts to Rs 176.6 million (2020: Rs 76.6 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 107.7 million (2020: Rs 46.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

11.12.3 Particulars of provision against non-performing financing:

	2021			2020		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	13,066,220	5,870,018	18,936,238	13,337,517	5,452,711	18,790,228
In foreign currencies	272,768	-	272,768	265,457	-	265,457
	<u>13,338,988</u>	<u>5,870,018</u>	<u>19,209,006</u>	<u>13,602,974</u>	<u>5,452,711</u>	<u>19,055,685</u>

	Note	2021	2020
		Rupees in '000	
11.13 Particulars of write offs			
Against provisions	11.12	591,489	2,022,400
Directly charged to profit and loss account		515	-
		<u>592,004</u>	<u>2,022,400</u>
Write offs Rs. 500,000 and above - Domestic		592,004	2,018,509
Write offs below Rs. 500,000 - Domestic		-	3,891
		<u>592,004</u>	<u>2,022,400</u>

11.13.1 Details of financing written off of Rs 500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2021 is given as Annexure 1.

	Note	2021	2020
12 FIXED ASSETS		Rupees in '000	
Capital work-in-progress	12.1	5,117,821	3,230,914
Property and equipment	12.2	16,406,063	14,650,738
Right-of-use assets	12.3	12,662,091	6,000,223
		<u>34,185,975</u>	<u>23,881,875</u>
12.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		3,600,313	2,171,132
- computer hardware		583,704	379,323
- purchase of vehicles		346,210	269,437
- office machines		472,467	272,364
- furniture and fixtures		115,127	138,658
		<u>5,117,821</u>	<u>3,230,914</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

12.2 Property and equipment

	2021					
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles
	Rupees in '000					
At January 1, 2021						
Cost	4,881,161	2,012,816	7,901,111	1,004,393	7,855,608	2,684,083
Accumulated depreciation	-	691,325	4,075,042	569,478	5,300,335	1,052,254
Net book value	4,881,161	1,321,491	3,826,069	434,915	2,555,273	1,631,829
Year ended December 31, 2021						
Opening net book value	4,881,161	1,321,491	3,826,069	434,915	2,555,273	1,631,829
Additions	1,037,904	395,743	616,091	133,164	1,195,076	954,558
Net book value of disposals	-	-	(174)	(72)	(1,286)	(102,762)
Depreciation charge	-	(107,758)	(719,231)	(83,165)	(973,498)	(589,265)
Net book value as at December 31, 2021	5,919,065	1,609,476	3,722,755	484,842	2,775,565	1,894,360
Year ended December 31, 2021						
Cost	5,919,065	2,408,559	8,516,895	1,133,257	9,006,197	3,301,369
Accumulated depreciation	-	799,083	4,794,140	648,413	6,230,634	1,407,009
Net book value as at December 31, 2021	5,919,065	1,609,476	3,722,755	484,844	2,775,563	1,894,360
Rate of depreciation (%)	-	5	10	10	10, 20 and 33	20
2020						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles
	Rupees in '000					
At January 1, 2020						
Cost	4,801,374	1,832,632	6,587,594	859,082	6,773,276	2,305,545
Accumulated depreciation	-	599,436	3,336,510	494,742	4,600,808	834,042
Net book value	4,801,374	1,233,196	3,251,084	364,340	2,172,468	1,471,503
Year ended December 31, 2020						
Opening net book value	4,801,374	1,233,196	3,251,084	364,340	2,172,468	1,471,503
Additions	79,787	180,184	1,318,816	146,521	1,227,442	712,299
Net book value of disposals	-	-	(3,379)	(96)	(4,219)	(66,255)
Depreciation charge	-	(91,889)	(740,452)	(75,850)	(840,419)	(485,717)
Net book value as at December 31, 2020	4,881,161	1,321,491	3,826,069	434,915	2,555,272	1,631,830
Year ended December 31, 2020						
Cost	4,881,161	2,012,816	7,901,111	1,004,393	7,855,608	2,684,083
Accumulated depreciation	-	691,325	4,075,042	569,478	5,300,335	1,052,254
Net book value as at December 31, 2020	4,881,161	1,321,491	3,826,069	434,915	2,555,273	1,631,829
Rate of depreciation (percentage)	-	5	10	10	10, 20 and 33	20

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 5,943 million (2020: Rs 4,986 million).

12.2.2 Market value of Holding company's properties based on revaluation carried out by independent valuers amounted to Rs 13,081 million.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

12.2.3 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Toyota Fortuner	8,960	3,867	5,093	7,800	MBL Staff Policy	Mr Najmul Hassan (Executive, Ex-employee)
Honda City	1,926	1,058	868	1,194	MBL Staff Policy	Mr Jahangir Ahmed Nawabi (Executive, Ex-employee)
Suzuki Cultus	1,334	710	624	845	MBL Staff Policy	Mr Fayyaz Ahmed (Executive, Ex-employee)
Suzuki Cultus	1,250	750	500	721	MBL Staff Policy	Mr Babar Khan (Executive, Ex-employee)
Toyota Corolla	2,791	1,298	1,493	2,565	Negotiation	M/s Augmentech Business Solution
Honda City	2,314	926	1,388	2,315	Negotiation	M/s Augmentech Business Solution
Honda City	1,912	1,049	863	2,150	Negotiation	M/s Augmentech Business Solution
Honda City	1,903	699	1,204	2,151	Negotiation	M/s Augmentech Business Solution
Honda City	1,853	1,099	754	2,340	Negotiation	M/s Augmentech Business Solution
Honda City	1,754	1,197	557	1,805	Negotiation	Mr Rameez Ahmed
Honda City	1,413	565	848	1,607	Negotiation	M/s Augmentech Business Solution
Honda City	1,402	748	654	1,432	Negotiation	Mr Gul Hassan
Suzuki Cultus	1,780	502	1,278	1,610	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,774	384	1,390	1,695	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,759	432	1,327	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	381	1,376	1,547	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	498	1,259	1,663	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	442	1,315	1,624	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	379	1,378	1,597	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,757	381	1,376	1,555	Negotiation	Mr Umair Asad
Suzuki Cultus	1,757	381	1,376	1,417	Negotiation	Mr Abdul Mannan
Suzuki Cultus	1,756	469	1,287	1,613	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,756	469	1,287	1,693	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,756	759	997	1,439	Negotiation	Mr Rizwan Mazhar
Suzuki Cultus	1,752	317	1,435	1,823	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,615	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,605	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	610	1,133	1,675	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,595	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,743	696	1,047	1,539	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,738	521	1,217	1,700	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,738	317	1,421	1,729	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,720	659	1,061	1,675	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	430	1,290	1,620	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	344	1,376	1,606	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,720	487	1,233	1,723	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,715	372	1,343	1,525	Negotiation	Mr Shahzaib Khan
Suzuki Cultus	1,485	494	991	1,723	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	684	787	1,615	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	587	884	1,635	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	660	811	1,625	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,471	342	1,129	1,670	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,451	435	1,016	1,645	Negotiation	M/s Vava Cars Pakistan Limited
Suzuki Cultus	1,444	457	987	1,551	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,444	626	818	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,429	737	692	1,595	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,419	544	875	1,625	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,419	545	874	1,713	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,413	634	779	1,593	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,413	518	895	1,516	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,413	541	872	1,457	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,410	611	799	1,713	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,409	703	706	1,444	Negotiation	Mr Wasim Mirza
Suzuki Cultus	1,385	531	854	1,655	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	583	765	1,680	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	628	720	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	584	764	1,560	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,348	583	765	1,579	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,343	671	672	1,549	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,336	601	735	1,523	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,336	735	601	1,415	Negotiation	Mr Rizwan Mazhar

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Suzuki Cultus	1,315	767	548	1,495	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,308	654	654	1,623	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,293	624	669	1,585	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,277	742	535	1,594	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,272	763	509	1,613	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,267	718	549	1,525	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,267	737	530	1,575	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,266	633	633	1,593	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,263	757	506	1,615	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,250	667	583	1,520	Negotiation	M/s Augmentech Business Solution
Suzuki Cultus	1,245	664	581	1,483	Negotiation	M/s Augmentech Business Solution
Honda Civic	2,829	1,300	1,529	2,763	Takaful Claim	M/s EFU General Insurance Limited
Honda Civic	2,787	1,347	1,440	2,787	Takaful Claim	M/s EFU General Insurance Limited
Honda Civic	2,978	1,792	1,186	530	AMIML-Staff Policy	Mr Abdul Rab Khan
Honda City	2,570	1,020	1,550	2,507	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,487	494	1,993	2,455	Takaful Claim	M/s EFU General Insurance Limited
Honda City	2,056	919	1,137	2,064	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,915	828	1,087	2,009	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,913	1,072	841	1,506	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,913	761	1,152	1,883	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,798	1,079	719	1,753	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,753	963	790	1,713	Takaful Claim	M/s EFU General Insurance Limited
Toyota Yaris	2,684	670	2,014	2,655	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,756	382	1,374	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,751	173	1,578	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,743	638	1,105	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,715	457	1,258	1,760	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,451	435	1,016	1,491	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,333	622	711	1,315	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,263	668	595	1,285	Takaful Claim	M/s EFU General Insurance Limited
	159,016	63,664	95,352	158,735		
Other Disposals						
Vehicles	178,250	170,840	7,410	83,115		
Electrical, office and computer equipments	44,486	43,200	1,286	10,372		
Furniture and Fixtures	4,301	4,229	72	1,289		
Leasehold improvements	307	133	174	189		
	386,360	282,066	104,294	253,700		

12.3 Right-of-use assets

At January 1,	10,266,335	(4,266,112)	6,000,223
Additions during the year	941,462	-	941,462
Adjusted upon reassessment of useful life	8,178,322	-	8,178,322
Depreciation Charge	-	(2,457,916)	(2,457,916)
Derecognition during the year	(45,134)	45,134	-
At December 31,	19,340,985	(6,678,894)	12,662,091
Useful life			2 - 10 years

	2020		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1,	9,166,767	(1,982,452)	7,184,315
Additions during the year	1,270,293	-	1,270,293
Depreciation Charge	-	(2,454,385)	(2,454,385)
Derecognition during the year	(170,725)	170,725	-
At December 31,	10,266,335	(4,266,112)	6,000,223
Useful life			3 - 10 years

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
13 INTANGIBLE ASSETS			
Computer Software	13.1	1,245,647	757,064
Advance against computer software		259,934	334,448
		1,505,581	1,091,512
13.1 At January 1,			
Cost		2,414,848	2,058,362
Accumulated amortisation		1,657,784	1,423,639
Net book value		757,064	634,723
Year ended December 31,			
Opening net book value		757,064	634,723
Additions - directly purchased		857,225	356,486
Amortisation charge		(368,642)	(234,145)
Closing net book value		1,245,647	757,064
Year ended December 31,			
Cost	13.1.1	3,272,073	2,414,848
Accumulated amortisation		2,026,426	1,657,784
Net book value		1,245,647	757,064
Rate of amortisation (percentage)		10, 20 & 33	10, 20 & 33
Useful life		3 - 10 years	3 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 1,287 million (2020: Rs 1,147 million). Remaining life of intangible assets ranges from 1 to 10 years.

	Note	2021	2020
		Rupees in '000	
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		48,899,926	40,953,826
Profit / return accrued in foreign currencies - net of provisions		109,199	79,029
Acceptances		10,925,144	8,488,266
Advances, deposits, advance rent and other prepayments	14.1	2,319,060	1,804,812
Non-banking assets acquired in satisfaction of claims	14.2	115,269	115,422
Unrealised gain on forward foreign exchange contracts - net	14.3	976,644	-
Receivables on account of sale of securities		-	16,956
Dividends receivable		4,093	8,177
Stamps		25,020	15,857
Security deposits		243,727	214,276
Advance for Investments		882	67,530
Other		722,765	714,164
		64,341,729	52,478,315
Provision against other assets	14.4	(200,082)	(214,151)
Other Assets (Net of Provision)		64,141,647	52,264,164
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	38,731	30,678
Other Assets - total		64,180,378	52,294,842

14.1 This includes prepaid takaful aggregating Rs 847 million (2020: Rs 934 million) which is being amortized over a period of one year.

	2021	2020
Rupees in '000		
14.2 Market value of Non-banking assets acquired in satisfaction of claims	154,000	146,100

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s Iqbal A. Nanjee & Co. (Private) Limited, and M/s Joseph Lobo (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 42.3. These valuers are listed on the panel of Pakistan Banking Association.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

14.2.1 Non-banking assets acquired in satisfaction of claims

	2021	2020
	Rupees in '000	
Opening Balance	115,422	145,503
Addition	-	52,351
Depreciation	(153)	(1,744)
Disposal	-	(80,688)
Closing Balance	115,269	115,422

14.3 This is net off loss on forward foreign exchange commitments of Rs 1,965 million (2020: gain on forward foreign exchange commitments of Rs 1,811 million - Note 20).

14.4 Provision held against other assets

Note	2021	2020
	Rupees in '000	
Acceptances	-	33,980
Others	200,082	180,171
	200,082	214,151

14.4.1 Movement in provision held against other assets

Opening balance	214,151	234,914
Charge for the year	61,004	5,521
Reversals during the year	(36,518)	(20,763)
Amount adjusted / written off during the year	(38,555)	(5,521)
Closing balance	200,082	214,151

15 BILLS PAYABLE

In Pakistan	36,141,378	26,494,006
Outside Pakistan	-	-
	36,141,378	26,494,006

16 DUE TO FINANCIAL INSTITUTIONS

In Pakistan	220,414,234	94,500,640
Outside Pakistan	-	-
	220,414,234	94,500,640

16.1 Details of due to financial institutions secured / unsecured

Secured

With State Bank of Pakistan

Musharakah under Islamic Export Refinance Scheme	16.1.1	55,181,621	51,995,700
Investment under Islamic Long Term Financing Facility	16.1.2	17,490,047	12,567,944
Investment under Islamic Refinance Facility for Combating COVID-19	16.1.2	1,244,792	610,809
Investment under Islamic Financing for Renewal Energy	16.1.2	12,967,880	5,315,473
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	16.1.2	13,230,968	514,115
Investment under Islamic Refinance Scheme for storage of agriculture produce	16.1.2	40,677	-
Investment under Islamic Refinance Scheme for payment of wages and salaries	16.1.2	2,177,385	4,527,531
Investment under Shariah Compliant Standing Ceiling Facility	16.1.3	39,993,944	-
		142,327,314	75,531,572
With Scheduled Bank	16.1.4	30,000,000	-

Other financial institutions

16.1.5	693,096	721,131
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Unsecured

Overdrawn nostro accounts		443,824	747,937
Musharakah with scheduled banks	16.1.6	46,950,000	17,500,000
		220,414,234	94,500,640

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- 16.1.1** These Musharakah are on a profit and loss sharing basis maturing between January 2022 to June 2022 and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 58,140 million (2020: Rs 54,140 million) has been allocated to the Holding company by SBP under Islamic Export Refinance Scheme. Last announced profit rate on the Musharakah investment is 2.14% per annum.
- 16.1.2** These Investment are on profit and loss sharing basis which has been invested in general pool of the Holding company and are secured against demand promissory notes executed in favor of SBP. Last announced profit rate on these investments ranges from 0.11% to per 4.34% per annum.
- 16.1.3** This represents acceptance of funds by the Holding company on Mudarabah basis which has been invested in special pool of the Holding company and are secured against lien of the Holding company's investment in Bai Muajjal with Government of Pakistan (Note 10.2.2).
- 16.1.4** These represents acceptance of funds by the Holding company on Musharakah basis which are secured against pledge of the Holding company's investment in Government Ijarah Sukuk. The expected average return on these Musharakah is around 10.65% (2020: Nil) per annum. These balances are maturing in January 2022 (2020: Nil).
- 16.1.5** These Musharakah are on profit and loss sharing basis. Under the arrangement, a limit of USD 10 million has been allocated to the Holding company by the Karandaaz.
- 16.1.6** These represents acceptance of funds by the Holding company on Musharakah basis. The expected average return on these Musharakah is around 10.37% (2020: 7.44%) per annum. These balances are maturing in January 2022 (2020: January 2021).

	2021	2020
	Rupees in '000	
16.2 Particulars of due to financial institutions with respect to currencies		
In local currency	219,970,410	93,752,703
In foreign currencies	443,824	747,937
	<u>220,414,234</u>	<u>94,500,640</u>
16.3 Particulars of due to financial institutions		
Short - term	175,358,839	75,970,678
Long - term	45,055,395	18,529,962
	<u>220,414,234</u>	<u>94,500,640</u>

17 DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current accounts - non-remunerative	622,823,894	30,848,040	653,671,934	465,573,842	24,180,026	489,753,868
- Savings deposits	492,095,194	43,166,844	535,262,038	415,280,740	33,825,435	449,106,175
- Fixed deposits	231,366,955	14,454,313	245,821,268	279,506,740	15,039,627	294,546,367
- Margin	12,003,635	6,566	12,010,201	10,603,578	5,957	10,609,535
	<u>1,358,289,678</u>	<u>88,475,763</u>	<u>1,446,765,441</u>	<u>1,170,964,900</u>	<u>73,051,045</u>	<u>1,244,015,945</u>
Financial institutions						
- Current accounts - non-remunerative	1,813,639	308,877	2,122,516	4,217,350	-	4,217,350
- Savings deposits	6,096,621	702	6,097,323	4,759,877	-	4,759,877
- Fixed deposits	885,800	-	885,800	1,419,070	-	1,419,070
	<u>8,796,060</u>	<u>309,579</u>	<u>9,105,639</u>	<u>10,396,297</u>	<u>-</u>	<u>10,396,297</u>
	<u>1,367,085,738</u>	<u>88,785,342</u>	<u>1,455,871,080</u>	<u>1,181,361,197</u>	<u>73,051,045</u>	<u>1,254,412,242</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Rupees in '000	
17.1 Composition of deposits		
- Individuals	979,782,648	859,471,523
- Government (Federal and Provincial)	6,950,408	13,812,127
- Public Sector Entities	16,747,910	22,175,212
- Banking Companies	68,346	23,348
- Non-Banking Financial Institutions	9,037,293	10,372,949
- Private Sector	443,284,475	348,557,083
	<u>1,455,871,080</u>	<u>1,254,412,242</u>
17.2 Particulars of deposits and other accounts in Pakistan		
- In local currency		
Mudaraba based deposits	737,046,342	706,015,724
Qard based deposits	630,039,396	475,345,473
	<u>1,367,085,738</u>	<u>1,181,361,197</u>
- In foreign currencies		
Mudaraba based deposits	57,621,859	48,865,062
Qard based deposits	31,163,483	24,185,983
	<u>88,785,342</u>	<u>73,051,045</u>
	<u>1,455,871,080</u>	<u>1,254,412,242</u>

17.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amount to Rs 1,248,230 million (2020: Rs 1,016,635 million).

	Note	2021	2020
		Rupees in '000	
18 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2 & 18.3	13,990,000	11,000,000
		<u>20,990,000</u>	<u>18,000,000</u>

18.1 In August 2018, the Holding company issued regulatory Shariah compliant unsecured, sub-ordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual. However, the Holding company has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount, non-discretionary) subject to profit of the pool.	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 11.12% per annum.
Call Option	The Holding company may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Holding company's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- 18.2 In January 2020 and December 2021, the Holding company issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 4,000 million and Rs 9,990 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA+ (Double A plus) by VIS Credit Rating Company Limited.
Issue Date	January 09, 2020 and December 16, 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount, non-discretionary) subject to profit of the pool.	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 8.67% and 10.78% per annum respectively.
Call Option	The Holding company may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Holding company's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

- 18.3 During the year, the Holding company exercised Call Option with prior approval of SBP in respect of its regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk of Rs 7,000 million issued by the Holding company in September 2016. The principal and profit component of these sukuk were paid back to investors in December 2021. Last announced profit rate on the Sukuk was 8.33%. Further, the Holding company has issued Tier II sukuk of Rs 9,990 million during the year (Note 18.2).

19 DEFERRED TAX LIABILITIES / (ASSETS)

	2021			
	At January 1,	Recognised in Profit and Loss	Recognised in OCI	At December 31,
	Rupees in '000			
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	308,351	(190,515)	-	117,836
Surplus on revaluation of available for sale investments	2,984,345	-	(401,344)	2,583,001
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	10,737	(60)	4,368	15,045
Tax on accumulated profit of associates	315,211	44,875	-	360,086
	3,618,644	(145,700)	(396,976)	3,075,968
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	(1,019,969)	(199,123)	-	(1,219,092)
Income not accrued due to non-culmination of financing	(1,048,537)	(317,286)	-	(1,365,823)
Provision against non-performing Islamic financing and related assets	(1,474,152)	1,348,474	-	(125,678)
Provision against non-banking assets acquired in satisfaction of claims and others	(173,276)	(36,634)	-	(209,910)
Others	(76,653)	(6,623)	-	(83,276)
	(3,792,587)	788,808	-	(3,003,779)
	(173,943)	643,108	(396,976)	72,189

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2020			
	At January 1,	Recognised in Profit and Loss	Recognised in OCI	At December 31,
	Rupees in '000			
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	387,701	(79,350)	-	308,351
Surplus / (deficit) on revaluation of available for sale investments	5,054,925	-	(2,070,580)	2,984,345
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	7,064	-	3,673	10,737
Tax on accumulated profit of associates	261,786	53,425	-	315,211
	5,711,476	(25,925)	(2,066,907)	3,618,644
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	(916,943)	(103,026)	-	(1,019,969)
Income not accrued due to non-culmination of financing	(1,435,933)	387,396	-	(1,048,537)
Provision against non-performing Islamic financing and related assets	(109,358)	(1,364,794)	-	(1,474,152)
Provision against non-banking assets acquired in satisfaction of claims and others	(170,771)	(2,505)	-	(173,276)
Others	(70,020)	(6,633)	-	(76,653)
	(2,703,025)	(1,089,562)	-	(3,792,587)
	<u>3,008,451</u>	<u>(1,115,487)</u>	<u>(2,066,907)</u>	<u>(173,943)</u>

20	OTHER LIABILITIES	Note	2021	2020
			Rupees in '000	
	Return on deposits and other dues			
	- payable in local currency	20.1	4,643,447	3,942,766
	- payable in foreign currencies		49,414	76,037
	Unearned income	20.2	1,449,591	862,453
	Accrued expenses		12,243,534	9,552,063
	Current taxation (provision less payments)		13,648,852	9,859,403
	Acceptances		10,925,144	8,488,266
	Unclaimed dividends		19,490	21,219
	Payable to defined benefit plan	38.3 & 38.15	981,907	709,788
	Provision against off-balance sheet obligations	20.3	105,396	86,718
	Charity payable	20.4	3,932	989
	Security deposits against Ijarah		20,370,305	14,804,093
	Payable on account of credit murabaha / ijarah / musawammah		24,819	8,419
	Security deposits against lockers		160,555	136,804
	Unrealised loss on forward foreign exchange commitments - net		-	162,055
	Advance against future Diminishing Musharakah		490,951	119,358
	Withholding taxes payable		276,832	237,501
	Lease liability against right-of-use assets	20.5	13,261,935	6,685,258
	Workers Welfare Fund payable	20.6	3,865,653	2,902,944
	Others		1,206,797	1,266,796
			<u>83,728,554</u>	<u>59,922,930</u>

20.1 This includes Rs 264 million (2020: Rs 216 million) in respect of return accrued on acceptances from SBP under the Islamic Export Refinance Scheme and Rs 221.3 million (2020: Rs 109.8 million) in respect of return accrued on acceptances from the SBP under various Islamic Long Term Refinance Schemes.

20.2 Unearned income included income on contract with customers (such as branch banking fee / debit card fee etc) deferred under the requirements of IFRS 15 "Revenue Recognition. The Group expect that present balance of unearned income will be recognised as income in the next financial year.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
		Rupees in '000	
20.3 Provision against off-balance sheet obligations			
Opening balance		86,718	79,568
Charge for the year		18,678	7,150
Closing balance	20.3.1	105,396	86,718

20.3.1 This represents provision recognized against guarantees of non-performing customers.

	Note	2021	2020
		Rupees in '000	
20.4 Reconciliation of charity payable			
Balance as at January 1		989	995
Additions during the year		201,777	96,297
Less: Transferred to charity savings account (included in deposits and other accounts)	20.4.1	(198,834)	(96,303)
Balance as at December 31		3,932	989

20.4.1 Charity paid through savings account during the year is Rs 94.2 million (2020: Rs 95.0 million). Charity of Rs 100,000 or higher was paid to the following organizations:

	2021	2020
		Rupees in '000
Ihsan Trust - Related Party	63,000	83,000
Institute of Business Administration - Centre for Excellence in Islamic Finance	25,800	-
Prevention of Blindness Trust	500	500
Pakistan's Childrens' Heart Foundation	500	500
Bin Qutab Foundation Chakwal	500	-
Burhani Medical Welfare Association	400	300
The Garage School	400	-
Karigar Training Institute	300	300
Omair Sana Foundation	300	-
Jamal Noor Hospital	300	-
Zubaida Machiyara Trust	200	200
Frontier Foundation Welfare Hospital And Blood Transfusion Service	200	-
Pakistan Eye Bank	200	-
Women Islamic Lawyer's Forum	200	-
Child Aid Association	200	-
Mukhtaran Rafiq Foundation	200	-
Women Empowerment Group	200	-
Health Education Livelihood Promoters (HELP) - Balochistan	200	-
The Kidney Centre, Karachi	200	-
Health & Social Welfare Association	200	-
Pakistan Association of Deaf	100	-
The Diabetes Centre	100	-
Lahore Businessmen Association For Rehabilitation of the Disabled	-	2,000
Rashid Memorial Welfare Organization	-	1,000
Medical Aid Foundation (Rahat Kada)	-	1,000
Rising Sun Education and Welfare Society	-	1,000
Family Educational Services Foundation	-	500
Pakistan Disabled Foundation	-	500
Kiran Foundation	-	500
Akhuwat Islamic Microfinance	-	500
Murshid Hospital - Karachi	-	500
Al-Mustafa Welfare Society - Karachi	-	400
Muhammadi Blood Bank	-	300
Al- Mustafa Trust Rawalpindi	-	200
Mercy Pak	-	200
Eye Donor Organization - Taxila	-	200
Behbud Association Karachi	-	200
Pakistan Navy Educational Trust	-	200
The Cancer Foundation - Karachi	-	200
Koohi Goth Hospital - Karachi	-	200
Nigehban Welfare Association	-	200
Superior Foundation and Research Centre	-	200
Aiwan-e-Sannat O Tjirat Hospital	-	100
Ali Hajveri Free Drug Bank - Lahore	-	100
	94,200	95,000

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

20.4.2 The balance in Charity's savings account is Rs 122.603 million (2020: Rs 16.991 million).

20.4.3 Charity was not paid to any organization in which a director or his spouse had any interest at any time during the year.

20.5 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2021	2020
	Rupees in '000	
As at January 1,	6,685,258	7,305,460
Additions	941,462	1,270,293
Adjustment upon reassessment of useful life	8,178,322	-
Amortisation of lease liability against right-of-use assets	792,447	1,001,963
Payments	(3,335,554)	(2,892,458)
As at December 31,	13,261,935	6,685,258

20.5.1 The Group has entered into various agreements for properties to be used in branch operations. The Group has right to terminate these contracts by giving three months notice. The undiscounted potential future rental payments relating to termination periods following for which (the Group is committed to pay rent) that are not included in the lease term are Rs 910.47 million.

20.6 The Holding company has made full provision for Workers Welfare Fund (WWF) based on profit for the respective years (2008-2021). In 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not be treated as conclusive. Accordingly, the Holding company continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2021 (Number of Shares)	2020 (Number of Shares)		2021 Rupees in '000	2020 Rupees in '000
3,253,860,000	2,572,180,000	Ordinary shares of Rs 10 each	32,538,600	25,721,800

21.2 Issued, subscribed and paid up capital

2021 (Number of Shares)	2020 (Number of Shares)		2021 Rupees in '000	2020 Rupees in '000
516,517,908	516,517,908	Ordinary shares	5,165,179	5,165,179
1,110,413,293	898,204,876	Fully paid in cash	11,104,133	8,982,049
1,626,931,201	1,414,722,784	Issued as bonus shares	16,269,312	14,147,228

21.3 Shareholding held by associated companies / entities are as follows:

Name of Shareholders	2021		2020	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company, Kuwait	573,472,440	35.25%	498,671,687	35.25%
Pakistan Kuwait Investment Company (Private) Limited	488,079,353	30.00%	424,416,829	30.00%
Islamic Development Bank, Jeddah	151,694,052	9.32%	131,907,872	9.32%
CDC - Trustee Meezan Islamic Fund	15,277,983	0.94%	15,015,306	1.06%
CDC - Trustee Meezan Tahaffuz Pension Fund	2,374,743	0.15%	-	0.00%
CDC - Trustee Al Meezan Mutual Fund	2,285,548	0.14%	1,728,955	0.12%
CDC - Trustee Meezan Balanced Fund	1,149,463	0.07%	1,087,273	0.08%
CDC - Trustee KSE Meezan Index Fund	1,294,530	0.08%	1,065,969	0.08%
CDC - Trustee Meezan Asset Allocation Fund	645,167	0.04%	615,807	0.04%
CDC - Trustee Meezan Dedicated Equity Fund	497,080	0.03%	415,505	0.03%

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

22 RESERVES	Note	2021	2020
		Rupees in '000	
Share Premium		2,406,571	2,406,571
Statutory reserve	22.1	17,668,857	14,833,341
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
Employee share option compensation reserve	40	133,457	-
General reserve		91,082	91,082
		<u>23,417,514</u>	<u>20,448,541</u>

22.1 Under section 21(i)(b) of the Banking Companies Ordinance, 1962, an amount not less than 10% of the profit is to be transferred to create a reserve fund.

23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	2021	2020
		Rupees in '000	
Available for sale securities			
- Listed shares		1,928,965	2,849,881
- Sukuk		4,694,113	5,676,815
		<u>6,623,078</u>	<u>8,526,696</u>
Non-banking assets acquired in satisfaction of claims	23.1	38,578	30,678
		<u>6,661,656</u>	<u>8,557,374</u>
Less: Deferred tax liability on			
- Available for sale securities		(2,583,001)	(2,984,345)
- Non-banking assets acquired in satisfaction of claims	23.1	(15,045)	(10,737)
		<u>(2,598,046)</u>	<u>(2,995,082)</u>
		<u>4,063,610</u>	<u>5,562,292</u>
23.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		30,678	20,184
Recognised during the year		8,053	10,494
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(153)	-
		<u>38,578</u>	<u>30,678</u>
Surplus on revaluation as at December 31 - net of deferred tax			
Less: related deferred tax liability on:			
- Revaluation as at January 1		10,737	7,064
- Revaluation recognised during the year		4,368	3,673
- Incremental depreciation charged during the year		(60)	-
		<u>15,045</u>	<u>10,737</u>
		<u>23,533</u>	<u>19,941</u>

24 NON-CONTROLLING INTEREST	2021	2020
	Rupees in '000	
Opening balance	1,264,512	1,169,813
Share of profit for the year	280,028	278,113
Remeasurements of defined benefit plan - net of tax (directly recognised in OCI)	1,979	(8,414)
Dividend payout by Subsidiary	(350,000)	(175,000)
Closing balance	<u>1,196,519</u>	<u>1,264,512</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Percentage of holding	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income	Market Value
Rupees in '000							
24.1 Subsidiary (unlisted)				2021			
Al Meezan Investment Management Limited	65%	4,191,720	773,094	1,819,984	800,081	805,735	N/A
				2020			
Al Meezan Investment Management Limited	65%	4,661,885	1,048,994	1,805,850	794,609	770,570	N/A
25 CONTINGENCIES AND COMMITMENTS				Note	2021	2020	
Rupees in '000							
-Guarantees				25.1	45,072,765	37,768,446	
-Commitments				25.2	887,366,094	736,693,486	
-Other contingent liabilities				25.3	1,802,000	1,802,000	
					934,240,859	776,263,932	
25.1 Guarantees:							
Financial guarantees					930,441	1,629,063	
Performance guarantees					23,651,964	20,050,469	
Other guarantees					20,490,360	16,088,914	
					45,072,765	37,768,446	
25.2 Commitments:							
Documentary letters of credit					175,227,624	151,668,892	
Commitments in respect of:							
- forward foreign exchange contracts				25.2.1	200,615,279	187,071,597	
Commitments for acquisition of:							
- fixed assets					389,225	305,288	
- intangible assets					309,824	387,064	
Other commitments				25.2.2	510,824,142	397,260,645	
					887,366,094	736,693,486	
25.2.1 Commitments in respect of forward foreign exchange contracts							
Purchase					114,757,851	108,885,191	
Sale					85,857,428	78,186,406	
					200,615,279	187,071,597	
25.2.2 Other Commitments							
Commitments in respect of financing				25.2.2.1	510,824,142	397,260,645	
25.2.2.1	The Group makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financings amounting to Rs 70,453 million (2020: Rs 67,123 million).						

25.3 Other contingencies

The Income Tax Department amended the deemed assessment orders of the Holding company for prior years including the tax year 2020. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Holding company has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Holding company and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Holding company, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Holding company's favour and accordingly no provision has been made in these consolidated financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

26	PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS	Note	2021	2020
			Rupees in '000	
	On financing	26.1	43,330,817	48,073,060
	On investments in			
	- Available for sale securities		40,689,074	28,749,152
	- Held to maturity securities		1,396,080	326,129
	On deposits / placements with financial institutions		24,661,485	29,445,699
			<u>110,077,456</u>	<u>106,594,040</u>

26.1 The income on Ijarah under IFAS 2 is net off takaful of Rs 1,737 million (2020: Rs 1,649 million) recovered from customers.

27	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2021	2020
			Rupees in '000	
	Deposits and other accounts	27.1	33,994,001	37,227,854
	Sub-ordinated Sukuk		1,588,467	2,085,311
	Other Musharakahs / Mudarabas	27.2	4,796,952	1,449,590
	Amortisation of lease liability against right-of-use assets		792,447	1,001,963
			<u>41,171,867</u>	<u>41,764,718</u>

27.1 This includes conversion cost of Rs 2,373 million (2020: Rs 1,984 million) against foreign currency deposits.

27.2 This includes Rs 989 million (2020: Rs 794 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 689 million (2020: Rs 288 million) paid / payable to SBP under the various Islamic Long Term Refinance Schemes.

28	FEE AND COMMISSION INCOME		2021	2020
			Rupees in '000	
	Trade related fees and commissions		3,318,195	2,549,810
	Management fees in respect of Mutual Funds		1,389,143	1,147,243
	Commission on guarantees		179,041	152,166
	Branch banking customer fees		1,715,285	989,343
	Credit processing related fees (including consumer processing fees of Rs 47.695 million (2020: Rs 45.368 million))		124,379	105,093
	Debit card related fees		3,081,103	1,365,254
	Investment banking related fees		305,304	261,880
	Cash management fees		172,878	98,440
	Home remittance related fees		283,302	227,349
	Others		292,809	318,940
			<u>10,861,439</u>	<u>7,215,518</u>

28.1 Trade related income pertain to corporate, commercial and SME segments, branch banking fees pertain to retail banking segment, debit card fee pertains to alternative delivery channel segment (others) and management fee pertains to asset management segment.

29	GAIN ON SECURITIES - NET	Note	2021	2020
			Rupees in '000	
	Realised	29.1	<u>536,390</u>	<u>752,566</u>
29.1	Realised gain / (loss) on:			
	Non Government Sukuk (Pakistan Energy Sukuk)		32,659	1,064,446
	Listed Shares		306,888	(254,315)
	Unlisted Shares		-	(62,386)
	Federal Government Securities		9,315	(47,042)
	Associates		187,528	69,499
	Other Securities		-	(17,636)
			<u>536,390</u>	<u>752,566</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

30	OTHER INCOME	Note	2021	2020
			Rupees in '000	
	Gain on termination of			
	- Ijarah financing		671,649	503,555
	- Diminishing Musharakah and other financing		19,698	41,585
	Gain on sale of operating fixed assets		149,406	155,481
	Loss on disposal of non-banking assets		-	(10,000)
	Rental income		-	4,334
	Others		2,765	2,615
			<u>843,518</u>	<u>697,570</u>
31	OPERATING EXPENSES			
	Total compensation expense	31.1	20,611,489	16,104,064
	Property expense			
	Depreciation on right-of-use assets		2,457,916	2,454,385
	Rent and taxes		63,876	95,145
	Utilities cost (including electricity and diesel)		1,242,997	985,845
	Security (including guards)		824,785	818,107
	Repair and maintenance (including janitorial charges)		589,158	438,873
	Depreciation		826,989	832,341
	Takaful expenses		4,800	4,033
	Others		67,076	64,677
			6,077,597	5,693,406
	Information technology expenses			
	Software maintenance		640,306	632,392
	Hardware maintenance		312,745	302,812
	Depreciation		528,641	412,105
	Amortisation		368,642	234,145
	Network charges		267,614	259,808
			2,117,948	1,841,262
	Other operating expenses			
	Stationery and printing (including debit card related cost)		850,881	820,991
	Repairs and maintenance		322,241	408,802
	Local transportation and car running		673,635	551,789
	Depreciation on vehicles, equipments, etc.		1,117,287	989,881
	Legal and professional charges		148,244	157,130
	NIFT and other clearing charges		228,141	183,619
	Marketing, advertisement and publicity		1,005,603	571,913
	Security charges - cash transportation		601,360	458,898
	Communication (including courier)		503,848	615,072
	Travelling and conveyance		72,302	82,492
	Training and Development		29,900	33,345
	Donation	31.4	512	227,299
	Fees, subscription and other charges		273,558	184,339
	Brokerage and bank charges		306,871	248,102
	Office supplies		313,758	268,836
	Entertainment		69,056	59,599
	Takaful expense		109,283	133,247
	Auditors' remuneration	31.3	22,808	21,202
	Shariah Board's fees and allowances	41	37,770	33,442
	Non-executive Directors' fee	41	65,040	69,668
	Others		154,410	131,624
	Reimbursement of expenses from associated funds to the subsidiary		(774,471)	(620,736)
			<u>6,132,037</u>	<u>5,630,554</u>
			<u>34,939,071</u>	<u>29,269,286</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

31.1 Total compensation expense	2021	2020
	Rupees in '000	
Managerial Remuneration		
i) Fixed	11,399,118	9,628,197
ii) Cash Bonus / Awards, etc.	7,430,263	5,060,639
iii) Share based compensation expense	133,457	-
Charge for defined benefit plan	482,378	428,728
Contribution to defined contribution Plan	490,717	409,649
Compensated Absences	114,831	16,498
Others including EOBI, SESSI, uniform, sports, etc.	560,725	560,353
Total compensation expense	20,611,489	16,104,064

31.2 Total cost for the year relating to outsourced activities (recognized in respective head of expenses accounts) is Rs 2,666 million (2020: Rs 2,394 million) which entirely relates to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services.

31.3 Auditors' remuneration	Note	2021	2020
		Rupees in '000	
Audit fee		7,441	5,930
Fee for interim review		1,401	1,110
Special certifications / review		10,625	11,291
		19,467	18,331
Sindh sales tax on services		2,430	1,401
Out of pocket expenses		911	1,470
		22,808	21,202

31.4 Donation		2021	2020
Idara Al-Khair		512	1,064
Meezan Bank Foundation		-	200,000
Ihsan Trust - Related Party		-	25,000
Alamgir Welfare Trust		-	1,200
The Kidney Centre		-	35
		512	227,299

32 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	28,172	93,232
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33 PROVISIONS AND WRITE OFFS - NET

Provision against non-performing islamic financing and related assets - net	11.12	744,810	8,340,855
Provision / (reversals) against diminution in the value of investments	10.3	214,623	(114,004)
Other provision / (reversals)	33.1	24,486	(15,242)
Charge against off-balance sheet obligations	20.4	18,678	7,150
Bad debts written off directly		515	-
Recovery against written off financings	33.2	(10,282)	(8,462)
		992,830	8,210,297

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

33.1 This mainly represents provision / recoveries against operational losses incurred by the Holding company in the current or prior years.

33.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Holding company.

34 TAXATION	Note	2021	2020
		Rupees in '000	
Current			
- for the year	34.1	18,826,062	16,186,687
- for prior year		-	44,065
Deferred		18,826,062	16,230,752
- for the year		643,108	(1,115,487)
		19,469,170	15,115,265

34.1 The Group has recognized super tax charge of Rs 1,809 million (2020: Rs 1,621 million) in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the year.

34.2 Relationship between tax expense and accounting profit	Note	2021	2020
		Rupees in '000	
Profit before taxation		47,976,758	37,790,128
Effects of:			
- Tax calculated at the applicable rate of 35%		16,791,865	13,226,546
- Super tax @ 4%		1,806,110	1,621,289
- Expenses not deductible for tax purposes		198,572	123,346
- Other additions for tax purposes		119,848	21,812
- Income chargeable to tax at reduced rate		(101,908)	(67,656)
- Others		654,683	189,928
Tax charge for the year		19,469,170	15,115,265

35 BASIC AND DILUTED EARNINGS PER SHARE

35.1 Basic Earnings per share

Profit for the year		28,227,560	22,396,750
		(Number)	
Weighted average number of ordinary shares		1,626,931,201	1,626,931,201
		(Rupees)	
Basic earnings per share	35.4	17.35	Restated 13.77

35.2 Diluted Earnings per share

		Rupees in '000	
Profit for the year		28,227,560	22,396,750
		(Number)	
Weighted average number of ordinary shares	35.3	1,626,972,632	1,626,931,201
		(Rupees)	
Diluted earnings per share	35.4	17.35	Restated 13.77

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

35.3 Reconciliation of basic and diluted earning per share

	2021	2020
	(Number)	
Weighted average number of ordinary shares	1,626,931,201	1,626,931,201
Add: Employee stock option scheme	41,431	-
Dilutive potential ordinary shares	<u>1,626,972,632</u>	<u>1,626,931,201</u>

35.4 The Holding company has issued bonus shares during the year and accordingly the earnings per share for the comparative year has been restated.

36 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		Rupees in '000	
Cash and balances with treasury banks	7	170,501,306	136,243,103
Balances with other banks	8	16,465,169	19,479,207
		<u>186,966,475</u>	<u>155,722,310</u>

36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 1, 2021	18,000,000	6,685,258	21,219
Changes from financing cash flows			
Issuance of Sub-ordinated Sukuk - Tier II	9,990,000	-	-
Redemption of Sub-ordinated Sukuk - Tier II	(7,000,000)	-	-
Payment against lease liability against right-of-use assets	-	(3,335,554)	-
Dividend paid to equity shareholders of the Bank	-	-	(9,515,742)
Dividend paid to non controlling interest	-	-	(350,000)
Total changes from financing cash flows	2,990,000	(3,335,554)	(9,865,742)
Other changes			
Addition to right-of-use-assets	-	941,462	-
Amortisation of lease liability against right-of-use assets	-	792,447	-
Adjustment upon reassessment of useful life	-	8,178,322	-
Cash dividend - equity shareholders of the Bank	-	-	9,514,013
Cash dividend - non controlling interest	-	-	350,000
	-	9,912,231	9,864,013
Balance as at 31 December 2021	<u>20,990,000</u>	<u>13,261,935</u>	<u>19,490</u>

	2020		
	Sub-ordinated Sukuk	Lease liability against right-of-use assets	Dividend Payable
	Rupees in '000		
Balance as at January 1, 2020	14,000,000	7,305,460	16,214
Changes from financing cash flows			
Issuance of Sub-ordinated Sukuk - Tier II	4,000,000	-	-
Payment against lease liability against right-of-use assets	-	(2,892,458)	-
Dividend paid to equity shareholders of the Bank	-	-	(8,226,110)
Dividend paid to non controlling interest	-	-	(175,000)
Total changes from financing cash flows	4,000,000	(2,892,458)	(8,401,110)
Other changes			
Addition to right-of-use-assets	-	1,270,293	-
Amortisation of lease liability against right-of-use assets	-	1,001,963	-
Cash dividend - equity shareholders of the Bank	-	-	8,231,115
Cash dividend - non controlling interest	-	-	175,000
	-	2,272,256	8,406,115
Balance as at 31 December 2020	<u>18,000,000</u>	<u>6,685,258</u>	<u>21,219</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

36.2	Additional information on operational cash flows from profit / return	2021	2020
		Rupees in '000	
	Profit / Return received on financings, investments and placements	102,096,277	100,401,011
	Profit / Return paid on deposits and other dues	40,475,768	44,265,881

36.3 The Bank maintains local and foreign currency mandatory reserves with SBP under the requirement of Banking Companies Ordinance, 1962 and SBP directives as disclosed in Note 7.1. Such reserves can be used by the Bank, if required.

37	STAFF STRENGTH	Note	2021	2020
			(Number of Staff)	
	Permanent		11,710	9,797
	Contractual basis		958	886
	Group's own staff strength at the end of the year		12,668	10,683
	Outsourced	37.1	1,902	1,740
	Total Staff Strength		14,570	12,423

37.1 This excludes outsourced security guards and janitorial staff.

38 DEFINED BENEFIT PLAN

38.1 Meezan Bank Gratuity Funded Scheme

The activities of the Gratuity Funded Scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's Trust Deed.

38.2	Number of Employees under the Gratuity Funded Scheme	2021	2020
		(Number)	
	Number of Employees eligible under the Gratuity Funded Scheme	9,245	9,611

38.3 Reconciliation of amount payable to defined benefit plan

	Rupees in '000	
Present value of defined benefit obligations	2,688,572	2,190,677
Fair value of plan assets	(2,150,857)	(1,886,514)
	537,715	304,163

38.4 Plan assets consist of the following:

	Entity / Instrument Credit Rating	2021		2020	
		Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	AAA	1,078,388	50.13	1,138,075	60.32
GoP Ijarah Sukuk	Govt. Guaranteed	900,000	41.84	600,000	31.80
Mutual Funds managed by Al Meezan Investment Management Limited	AM1	133,530	6.21	127,936	6.78
Fatima Fertilizer Company Limited - Sukuk	AA	-	-	2,943	0.16
Bank Islami Pakistan Limited - Additional Tier 1 Sukuk	A-	5,000	0.23	5,000	0.27
Savings account with Dubai Islamic Bank Limited	AA	133	0.01	133	0.01
Savings account with Meezan Bank Limited	AAA	33,806	1.58	12,427	0.66
		2,150,857	100	1,886,514	100

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

38.5 The movement in the defined benefit obligation over the year is as follows:

	2021		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1	2,190,677	(1,886,514)	304,163
Current service cost	375,047	-	375,047
Return expense / (income)	217,802	(184,021)	33,781
	2,783,526	(2,070,535)	712,991
Remeasurements:			
-Return on plan assets, excluding amounts included in return expense / (income) shown as above	-	102,047	102,047
-Experience gains	26,840	-	26,840
	26,840	102,047	128,887
	2,810,366	(1,968,488)	841,878
Contribution	-	(304,163)	(304,163)
Benefit payments	(121,794)	121,794	-
At December 31	2,688,572	(2,150,857)	537,715

	2020		
	Present Value of obligation	Fair Value of Plan Assets	Total
	Rupees in '000		
At January 1,	1,735,808	(1,491,746)	244,062
Current service cost	340,829	-	340,829
Return expense / (income)	220,122	(204,258)	15,864
	2,296,759	(1,696,004)	600,755
Remeasurements:			
- Return on plan assets, excluding amounts included in return (income) / expense above	-	(31,577)	(31,577)
-Experience gains	(20,953)	-	(20,953)
	(20,953)	(31,577)	(52,530)
	2,275,806	(1,727,581)	548,225
Contribution	-	(244,062)	(244,062)
Benefit payments	(85,129)	85,129	-
At December 31,	2,190,677	(1,886,514)	304,163

38.6 Charge for defined benefit plan (in respect of the Gratuity Funded Scheme)

	2021	2020
	Rupees in '000	
38.6.1 Cost recognised in Consolidated profit and loss		
Current service cost	375,047	340,829
Net return cost	33,781	15,864
	408,828	356,693
38.6.2 Re-measurements recognised in OCI during the year		
Gain on obligation - Experience adjustment	26,840	(20,953)
Return on plan assets over expected return	102,047	(31,577)
Total re-measurements recognised in OCI	128,887	(52,530)

Total expense recognized in Consolidated Profit and Loss Account amounted to Rs 462.114 million (2020: Rs 413.509 million) of which Rs 408.828 million (2020: Rs 356.693 million) pertains to approved Gratuity Funded Scheme and Rs 53.286 million (2020: Rs 56.816 million) pertains to End of Service Unfunded Defined Benefit Scheme. Total expense recognized in Consolidated Other Comprehensive Income amounted to Rs 120.497 million (2020: credit of Rs 67.548 million) of which expense of Rs 128.887 million (2020: credit of Rs 52.530 million) pertains to Gratuity Funded Scheme and credit of Rs 8.390 million (2020: credit of Rs 15.018 million) pertains to End of Service Unfunded Defined Benefit Scheme.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

38.7 The plan assets and defined benefit obligations (in respect of the Gratuity Funded Scheme) are based in Pakistan.

38.8 Principal actuarial assumptions	2021	2020
Discount rate	12.25% p.a	10.25% p.a
Expected rate of increase in salaries	11.25% p.a	9.25% p.a
Expected rate of return on investments	12.25% p.a	10.25% p.a
Normal retirement age	60 years	60 years

38.9 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables.

38.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation - Increase / (Decrease)			
		December 31, 2021		December 31, 2020	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Rupees in '000					
Discount rate	1%	(277,147)	327,488	(233,888)	278,126
Salary growth rate	1%	340,683	(292,327)	289,224	(246,661)
Withdrawal rate	10%	1,204	(1,212)	5,378	(5,603)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Consolidated Statement of Financial Position.

38.11 The weighted average duration of the defined benefit obligation is 11.31 years.

38.12 Expected maturity analysis of undiscounted defined benefit obligation for the Gratuity Funded Scheme is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Rupees in '000					
At December 31, 2021	165,485	137,177	429,283	15,785,623	16,517,568
At December 31, 2020	155,108	87,371	328,588	9,468,126	10,039,193

38.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs. 429.749 million as per the actuarial valuation report of the Holding company as of December 31, 2021.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- 38.14** Through its Gratuity Funded Scheme, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to sukuk yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the Holding Company's support, the current investment strategy manages this risk adequately.
Changes in Sukuk yields	A decrease in sukuk yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Holding Company on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

38.15 End of Service Unfunded Defined Benefit Scheme

The Holding company also operates an End of Service Unfunded Defined Benefit Scheme for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The net charge for the year of this benefit amounted to Rs 44.896 million. The charge of Rs 53.286 million has been recognized in the Consolidated Profit and Loss Account and the credit / reversal of Rs 8.390 million has been recognized in Consolidated Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this scheme amounts to Rs 403.874 million.

The principal actuarial assumptions comprise of discount rate of 12.25 percent and salary increase rate of 11.25 percent. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 1.787 million (in case the discount rate is increased) and Rs 1.811 million (in case the discount rate is decreased). These sensitivities are calculated using the same methodology as explained in note 38.10.

- 38.16** The disclosures made in notes 38.1 to 38.15 are based on the information included in the actuarial valuation reports of the Holding company as of December 31, 2021.

39 DEFINED CONTRIBUTION PLAN

The Group also operates a recognized contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

	2021	2020
	Rupees in '000	
Contribution from the Group	490,717	409,649
Contribution from the employees	490,717	409,649
	<u>981,434</u>	<u>819,298</u>

40 EMPLOYEES STOCK OPTION SCHEME OF HOLDING COMPANY

During the year 2021, the Board Human Resources, Remuneration and Compensation Committee of the Holding company (the Committee) has granted Share Options to the designated employees under the Meezan Bank Employees Share Option Scheme, 2021 (the Scheme) approved by the shareholders and Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SMD/Co.86(1)/3/2001/4 dated April 21, 2021.

Under the scheme, the Exercise Price has been determined as 70% of the average market closing price of the Holding company's shares quoted on the Pakistan Stock Exchange during the last forty trading days prior to the Date of Grant. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options on completion of vesting period as stipulated in the Scheme.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

The value of the options have been determined using the Black Scholes Merton (BSM) method using an independent valuer. Key assumptions in the valuation include risk free rate of 10.25% and standard deviation of 31.63% of the share price. The key details of the share options granted during the year on May 01, 2021 are as under:

Vesting Period	Exercise Date	Options granted	Options outstanding	Exercise Price (Rs)	Fair value per option (Rs)
2 years	May 01, 2023	2,340,833	2,340,833	77.43	78.35
3 years	May 01, 2024	2,340,833	2,340,833	77.43	84.59
4 years	May 01, 2025	2,340,834	2,340,834	77.43	89.72
		<u>7,022,500</u>	<u>7,022,500</u>		

Expense arising from this scheme is disclosed in Note 31.1

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL OF HOLDING COMPANY

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	Rupees in '000						
Fees and allowances	11,640	-	53,400	37,770	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	-	82,239	336,441	394,768
ii) Cash Bonus	-	-	-	-	175,000	388,000	330,000
iii) Share based compensation expense	-	-	-	-	1,900	8,134	12,714
Charge for gratuity fund / EOSB	-	-	-	-	44,896	10,008	15,962
Contribution to defined contribution plan	-	-	-	-	-	12,061	19,615
Others	-	-	-	-	2,146	1,434	-
	11,640	-	53,400	37,770	306,181	756,078	773,059
Number of persons	1	-	9	4	1	19	55
	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	Rupees in '000						
Fees and allowances	12,560	-	57,108	33,442	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	-	76,147	313,441	355,927
ii) Cash Bonus	-	-	-	-	150,000	355,266	300,000
Charge for gratuity fund / EOSB	-	-	-	-	41,798	8,550	15,284
Contribution to defined contribution plan	-	-	-	-	-	10,533	19,004
Others	-	-	-	-	7,201	1,702	-
	12,560	-	57,108	33,442	275,146	689,492	690,215
Number of persons	1	-	9	4	1	19	57

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- 41.1 The Chief Executive, the key management personnel and certain material risk takers / controllers have been provided with free use of the Holding company's cars.
- 41.2 The amount of cash bonus to the key management personnel and other material risk takers / controllers, is based on the management's best estimate at the date of issuance of the consolidated financial statements.
- 41.3 Remuneration to Directors for participation in Board and Committee Meetings of Holding Company

2021								
Sr. No.	Name of Director	Meeting Fees and Allowances						
		For Board Meetings	For Board Committees				Total Amount	
			Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee		IFRS 9 Implementation Oversight Committee
Rupees in '000								
1	Mr Riyadh S.A.A. Edrees (Chairman)	3,840	-	-	2,600	2,600	2,600	11,640
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	3,200	2,600	2,600	2,600	-	-	11,000
3	Mr Bader H.A.M.A. Al-Rabiah	2,400	1,950	-	-	-	-	4,350
4	Mr Mubashar Maqbool	3,200	-	2,600	2,600	-	-	8,400
5	Mr Saad Fazil Abbasi	800	-	650	-	-	-	1,450
6	Mr Mohamed Guermazi	3,200	-	2,600	-	-	-	5,800
7	Mr Noorur Rahman Abid	3,200	2,600	-	-	2,600	-	8,400
8	Ms Nausheen Ahmad	3,200	-	-	-	2,600	-	5,800
9	Mr Atif Azim	3,200	-	-	2,600	-	-	5,800
10	Mr Naveed Iftikhar Sherwani	2,400	-	-	-	-	-	2,400
		28,640	7,150	8,450	10,400	7,800	2,600	65,040

		2020						
Sr. No.	Name of Director	Meeting Fees and Allowances						
		For Board Meetings	For Board Committees					Total Amount
			Audit Committee	Risk Management Committee	Information Technology Committee	Human Resources, Remuneration & Compensation Committee	IFRS 9 Implementation Oversight Committee	
Rupees in '000								
1	Mr Riyadh S.A.A. Edrees (Chairman)	5,753	-	-	2,269	2,269	2,269	12,560
2	Mr Faisal A.A.A. Al-Nassar (Vice Chairman)	4,395	2,269	2,269	2,269	-	-	11,202
3	Mr Bader H.A.M.A. Al-Rabiah	3,518	1,950	-	-	-	-	5,468
4	Mr Mubashar Maqbool	3,479	-	2,258	2,258	-	-	7,995
5	Mr Basil Y.A.Y.R. AlBader	800	-	-	-	-	650	1,450
6	Mr Saad Fazil Abbasi	3,479	-	2,258	-	-	-	5,737
7	Mr Mohamed Guermazi	3,518	-	2,269	-	-	-	5,787
8	Mr Noorur Rahman Abid	3,479	2,258	-	-	2,258	-	7,995
9	Ms Nausheen Ahmad	3,479	-	-	-	2,258	-	5,737
10	Mr Atif Azim	3,479	-	-	2,258	-	-	5,737
		35,379	6,477	9,054	9,054	6,785	2,919	69,668

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

41.4 Remuneration to Members Shariah Board

	2021			2020		
	Chairman	Resident Member	Non Resident Members	Chairman	Resident Member	Non Resident Members
	Rupees in '000					
Fee and allowances	-	8,442	29,328	-	5,691	27,751
Total Number of Persons	1	1	2	1	1	2

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

42.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

Recurring Fair Value Measurements	2021			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			

ON BALANCE SHEET FINANCIAL INSTRUMENTS

INVESTMENTS - NET

Financial Assets

Available for sale securities

Ordinary shares - listed	8,718,285	-	-	8,718,285
Pakistan Energy Sukuk - listed	120,028,511	-	-	120,028,511
GoP Sukuk	-	320,869,119	-	320,869,119
Foreign Sukuk	10,703,622	-	-	10,703,622

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Forward purchase of foreign exchange contracts	-	116,360,987	-	116,360,987
Forward sale of foreign exchange contracts	-	86,873,922	-	86,873,922

Currently, no financial instruments are classified in level 3.

Recurring Fair Value Measurements	2020			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			

ON BALANCE SHEET FINANCIAL INSTRUMENTS

INVESTMENTS - NET

Financial Assets

Available for sale securities

Ordinary shares - listed	7,370,345	-	-	7,370,345
Pakistan Energy Sukuk - listed	117,242,419	-	-	117,242,419
GoP Sukuk	-	168,194,435	-	168,194,435
Foreign Sukuk	7,758,395	-	-	7,758,395

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Forward purchase of foreign exchange contracts	-	110,550,519	-	110,550,519
Forward sale of foreign exchange contracts	-	79,023,239	-	79,023,239

Investment in associates (listed - mutual funds) have market value of Rs 4,855 million (2019: Rs 5,470 million) as disclosed in note 10.7 to these consolidated financial statements which is being valued under level 1.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

ON BALANCE SHEET FINANCIAL INSTRUMENTS - DISCLOSED BUT NOT MEASURED AT FAIR VALUE

Investment in GoP sukuk classified as Held to Maturity have market value of Rs 76,899 million (2020: Rs 10,504 million) which is being valued under level 2. These investments are carried at cost in the financial statements in accordance with the bank's accounting policy (Note 10).

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities (Shares and Sukuks)	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Sukuk	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Group's accounting policy as stated in note 6.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

42.2 Financial assets and liabilities not measured at fair value	Carrying Value	
	2021	2020
	Rupees in '000	
Cash and balances with treasury banks	170,501,306	136,243,103
Balances with other banks	16,465,169	19,479,207
Due from financial institutions - net	238,401,637	342,068,799
Investments - net	164,013,344	138,230,031
Islamic financings and related assets - net	758,086,120	512,531,930
Other assets - net	61,881,125	50,414,578

The carrying value of financial liabilities not measured at fair value are as per their respective notes included in the consolidated financial statements.

42.3 Fair value of non-financial assets

Non-banking assets acquired in satisfaction of claims (properties) have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 14. The valuations are conducted by the valuation experts appointed by the Group which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties, if required. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

The Group properties included in fixed assets are not carried at fair value as per Group's policy, however, the fair value of such properties is disclosed in these consolidated financial statements. The fair values of such properties are determined using same approach as described above.

43 SEGMENT ANALYSIS

43.1 Segment Details with respect to Business Activities.

	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	Total
	Rupees in '000						
December 31, 2021							
Profit and Loss Account							
External Funded Revenue	38,904,867	5,784,199	65,383,481	-	-	-	110,072,547
External Non funded Revenue	3,984,822	2,556,850	4,445,743	1,851,794	3,159,651	-	15,998,860
Inter segment revenue - net	-	89,808,493	-	-	-	(89,808,493)	-
Total Income	42,889,689	98,149,542	69,829,224	1,851,794	3,159,651	(89,808,493)	126,071,407
External Cost of funds	3,266,249	34,832,977	3,052,212	-	-	-	41,151,438
Segment direct expenses	1,077,132	32,045,600	667,375	722,393	1,437,881	-	35,950,381
Inter segment expense allocation	30,037,728	-	59,760,519	-	10,246	(89,808,493)	-
Total expenses	34,381,109	66,878,577	63,480,106	722,393	1,448,127	(89,808,493)	77,101,819
Provisions and write offs - net	642,026	92,940	218,079	-	39,785	-	992,830
Profit before tax	7,866,554	31,178,025	6,131,039	1,129,401	1,671,739	-	47,976,758
Statement of Financial Position							
Cash and Bank balances	-	174,828,996	1,518,093	45,741	10,573,645	-	186,966,475
Due from financial institutions - net	-	-	238,401,637	-	-	-	238,401,637
Investments - net	15,926,987	-	604,205,056	4,200,838	-	-	624,332,881
Net inter segment lending	-	1,267,123,798	-	-	-	(1,267,123,798)	-
Islamic financings and related assets - net	670,252,106	87,834,014	-	-	-	-	758,086,120
Others	18,243,198	40,247,352	40,932,915	441,068	7,401	-	99,871,934
Total Assets	704,422,291	1,570,034,160	885,057,701	4,687,647	10,581,046	(1,267,123,798)	1,907,659,047
Due to financial institutions	102,332,649	693,821	117,387,764	-	-	-	220,414,234
Deposits and other accounts	-	1,455,871,080	-	-	-	-	1,455,871,080
Subordinated Sukuk	20,990,000	-	-	-	-	-	20,990,000
Net inter segment borrowing	533,751,157	-	724,249,670	-	9,122,971	(1,267,123,798)	-
Others	15,307,422	99,691,203	3,162,896	803,810	976,790	-	119,942,121
Total liabilities	672,381,228	1,556,256,104	844,800,330	803,810	10,099,761	(1,267,123,798)	1,817,217,435
Equity	32,041,063	13,778,056	40,257,371	3,883,837	481,285	-	90,441,612
Total Equity and liabilities	704,422,291	1,570,034,160	885,057,701	4,687,647	10,581,046	(1,267,123,798)	1,907,659,047
Contingencies and Commitments	657,044,559	76,581,021	200,615,279	-	-	-	934,240,859

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	Total
	Rupees in '000						
December 31, 2020							
Profit and Loss Account							
External Funded Revenue	41,900,287	7,996,676	56,692,096	-	-	-	106,589,059
External Non funded Revenue	3,118,937	1,738,909	3,362,767	1,800,094	1,416,251	-	11,436,958
Inter segment revenue - net	-	78,488,081	-	-	-	(78,488,081)	-
Total Income	45,019,224	88,223,666	60,054,863	1,800,094	1,416,251	(78,488,081)	118,026,017
External Cost of funds	3,167,551	38,263,446	309,165	-	-	-	41,740,162
Segment direct expenses	807,010	27,067,249	603,855	623,244	1,184,072	-	30,285,430
Inter segment expense allocation	29,195,288	-	49,138,242	-	154,551	(78,488,081)	-
Total expenses	33,169,849	65,330,695	50,051,262	623,244	1,338,623	(78,488,081)	72,025,592
Provisions and write offs - net	8,015,719	287,419	(97,456)	-	4,615	-	8,210,297
Profit before tax	3,833,656	22,605,552	10,101,057	1,176,850	73,013	-	37,790,128
Statement of Financial Position							
Cash and Bank balances	-	138,240,000	12,390,864	33,936	5,057,510	-	155,722,310
Due from financial institutions - net	-	-	342,068,799	-	-	-	342,068,799
Investments - net	14,290,041	-	419,918,299	4,587,285	-	-	438,795,625
Net inter segment lending	-	1,094,225,551	-	-	-	(1,094,225,551)	-
Islamic financings and related assets - net	432,633,248	79,898,682	-	-	-	-	512,531,930
Others	13,944,482	28,793,829	34,323,709	380,152	-	-	77,442,172
Total Assets	460,867,771	1,341,158,062	808,701,671	5,001,373	5,057,510	(1,094,225,551)	1,526,560,836
Due to financial institutions	75,531,576	721,131	18,247,933	-	-	-	94,500,640
Deposits and other accounts	-	1,254,412,242	-	-	-	-	1,254,412,242
Subordinated Sukuk	18,000,000	-	-	-	-	-	18,000,000
Net inter segment borrowing	336,838,937	-	753,427,640	-	3,958,974	(1,094,225,551)	-
Others	9,550,700	74,801,543	270,401	925,621	868,671	-	86,416,936
Total liabilities	439,921,213	1,329,934,916	771,945,974	925,621	4,827,645	(1,094,225,551)	1,453,329,818
Equity	20,946,558	11,223,146	36,755,697	4,075,752	229,865	-	73,231,018
Total Equity and liabilities	460,867,771	1,341,158,062	808,701,671	5,001,373	5,057,510	(1,094,225,551)	1,526,560,836
Contingencies and Commitments	510,240,688	78,951,647	187,071,597	-	-	-	776,263,932

44 TRUST ACTIVITIES

The Holding company provides trustee services in respect of Islamic Financing transactions. The services primarily includes holding of assets as security trustee / custodian on behalf of investors.

45 RELATED PARTY TRANSACTIONS

- 45.1** Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.
- 45.2** Transactions with related parties are entered in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration and other benefit to the key management personnel is determined in accordance with the terms of their appointment.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

45.3 Associates

Associates include mutual funds managed by Al Meezan Investment Management Limited and entities having common directorship with the Board. However, entities are not considered related party only if common director is an independent director working on both the Boards.

45.4 Key management personnel

- President and Chief Executive Officer of the Holding company
- Deputy Chief Executive Officer of the Holding company

45.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end are as follows:

	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Rupees in '000										
Islamic financing and related assets										
At January 1,	-	569,248	-	569,248	-	-	-	-	-	-
Addition during the year	-	9,859,061	-	9,859,061	-	-	-	-	-	-
Repayment / redemption / deletion during the year	-	(10,428,309)	-	(10,428,309)	-	-	-	-	-	-
At December 31	-	-	-	-	-	-	-	-	-	-
Investments										
At January 1,	5,470,391	4,869,014	5,470,391	4,869,014	-	-	-	-	-	-
Addition during the year	1,581,448	1,058,125	1,581,448	1,058,125	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(2,197,175)	(456,748)	(2,197,175)	(456,748)	-	-	-	-	-	-
At December 31	4,854,664	5,470,391	4,854,664	5,470,391	-	-	-	-	-	-
Due from financial institutions										
At January 1,	36,671,288	24,985,377	36,671,288	24,985,377	-	-	-	-	-	-
Addition during the year	76,546,772	70,174,844	76,546,772	70,174,844	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(91,359,712)	(58,488,933)	(91,359,712)	(58,488,933)	-	-	-	-	-	-
At December 31	21,858,348	36,671,288	21,858,348	36,671,288	-	-	-	-	-	-

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees in '000									
Deposits	7,220,915	9,902,903	2,386,870	5,078,362	131,435	28,185	188,427	428,646	4,514,183	4,367,710
Provision held against diminution in value of investments	-	527	-	527	-	-	-	-	-	-
Other Assets										
Profit receivable on financing / investments / placements	725,460	982,419	725,460	982,419	-	-	-	-	-	-
Fee and Other Receivable	37,462	5,832	9,037	1,314	-	-	-	-	28,425	4,518
Sub-ordinated Sukuk										
At January 1,	578,000	568,000	578,000	568,000	-	-	-	-	-	-
Addition during the year	10,000	200,000	10,000	200,000	-	-	-	-	-	-
Repayment / redemption / deletion during the year	(388,000)	(190,000)	(388,000)	(190,000)	-	-	-	-	-	-
At December 31	200,000	578,000	200,000	578,000	-	-	-	-	-	-
Other Liabilities										
Payable to defined benefit plan	941,589	663,141	-	-	-	-	403,874	358,978	537,715	304,163
Accrued Expenses	350,000	400,000	-	-	-	-	-	-	350,000	400,000
Unearned Income	16,648	5,012	16,648	5,012	-	-	-	-	-	-
Contingencies and Commitments										
Letters of Guarantee (unfunded)	2,491,277	1,066,277	2,491,277	1,066,277	-	-	-	-	-	-
Transactions, income and expenses										
Profit earned on financing / investments / placements	2,850,799	3,791,894	2,850,799	3,791,894	-	-	-	-	-	-
Fees and other income earned	1,653,881	1,464,029	1,653,683	1,463,870	20	18	100	85	78	56
Dividend income earned	128,782	213,949	128,782	213,949	-	-	-	-	-	-
Capital gain - net	187,358	69,499	187,358	69,499	-	-	-	-	-	-
Return on deposits / acceptance expensed	579,861	546,043	251,625	191,497	733	1,160	7,695	6,107	319,808	347,279
Recovery of expenses	3,155	3,028	-	-	-	-	-	-	3,155	3,028
Charge for defined benefit plan	594,911	395,038	-	-	-	-	-	-	594,911	395,038
Contribution to defined contribution plan	490,717	409,649	-	-	-	-	-	-	490,717	409,649
Contribution to staff benevolent fund	54,418	41,114	-	-	-	-	-	-	54,418	41,114
Fees expensed	1,471	154,145	1,471	154,145	-	-	-	-	-	-
Donation	-	225,000	-	-	-	-	-	-	-	225,000
Reversals / (Provision) against diminution in the value of investments	527	(7,480)	527	(7,480)	-	-	-	-	-	-
Charity Paid	63,000	83,000	-	-	-	-	-	-	63,000	83,000
Purchase of fixed assets	425,393	378,731	425,393	378,731	-	-	-	-	-	-
Remuneration to key management personnel	489,318	432,661	-	-	-	-	489,318	432,661	-	-
Fee to non-executive directors (note 41)	65,040	69,668	-	-	65,040	69,668	-	-	-	-
Proceeds from sale of fixed assets having net book value of Nil	-	3,616	-	-	-	-	-	3,616	-	-

46 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

Capital structure

The State Bank of Pakistan (SBP) introduced updated guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on December 31, 2019. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

46.1 Capital structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), after regulatory deductions for investment in own shares, and book value of intangibles.
 - b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Group.
- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of available for sale investments after deduction of indirect holding of own capital.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Group through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

46.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Group to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Holding Company's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Holding Company. The capital requirement of the Holding Company has been determined based on the projected growth plan to be achieved in the next 3 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Holding Company prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% as of December 31, 2021 whereas CAR stood at 18.06% at the year ended December 31, 2021.

The Group calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Sensitivity and stress testing of the Group under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Group's capital adequacy ratio is above the regulatory requirements.

The Group has taken into account credit risk, market risk and operational risk when planning its assets.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	Rupees in '000	
Minimum Capital Requirement		
Paid-up capital (net of losses)	16,269,312	14,147,228
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	83,697,220	65,401,113
Eligible Additional Tier 1 Capital	6,981,089	6,988,890
Total Eligible Tier 1 Capital	90,678,309	72,390,003
Eligible Tier 2 Capital	23,962,002	21,450,873
Total Eligible Capital (Tier 1 + Tier 2)	114,640,311	93,840,876
Risk Weighted Assets		
Credit Risk	471,199,111	387,732,210
Market Risk	28,183,530	23,726,555
Operational Risk	135,565,726	105,916,818
Total	634,948,367	517,375,583
Common Equity Tier 1 Capital Adequacy ratio	13.18%	12.64%
Tier 1 Capital Adequacy Ratio	14.28%	13.99%
Total Capital Adequacy Ratio	18.06%	18.14%
Leverage Ratio		
Tier-1 Capital	90,678,309	72,390,003
Total Exposures	2,303,517,674	1,804,424,208
Leverage Ratio	3.94%	4.01%

47.1 Under the SBP's Framework for Domestic Systematically Important Banks (D-SIBs) introduced vide BPRD Circular No.04 of 2018 dated April 13, 2018, MBL has been designated as a D-SIB. Under this framework, the Group is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.0%, in the form of Additional CET1 capital, on a standalone as well as consolidated level. The HLA capital charge will be applicable from June 2022 and will remain effective till next annual evaluation by the State Bank of Pakistan.

Full disclosure on Capital Adequacy, Leverage Ratio prepared as per SBP instructions is available at [http:// www.meezanbank.com](http://www.meezanbank.com)"

48 RISK MANAGEMENT

The wide variety of the Group's business activities require the Group to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Group's strategy and growth. The Group manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Group.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Holding company's risk profile.
- The Group has set up objectives and policies to manage the risks that arise in connection with the Group's activities. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Group.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Group.
- The risk management function is independent of the Group's operations.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Risk management organisation

The Board Risk Management Committee comprises of four non-executive directors. One of the non-executive directors of the Holding company chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO of Holding company
Asset and Liability Management Committee (ALCO)	President & CEO of Holding company
Compliance & Operational Risk Management Committee (CORMC)	President & CEO of Holding company

CRMC is responsible to oversee credit risk activities on Group wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the MBL, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the MBL is maximized without compromising on risk appetite. ALCO also ensures that the MBL overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The CORMC is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the MBL, facilitate in implementation of Compliance Program and oversee Money Laundering and Financing Terrorism risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all Key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report. The Committee is also responsible for close monitoring of Shari'ah Non-Compliance Risk.

The Group's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

48.1 Credit risk management and structure

The Group manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Financing Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Group also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Holding company and reports all significant matters to the Board Risk Management Committee.

The Group takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 471,199.111 million (2020: Rs 387,732.210 million).

Thus, use of CRM resulted in capital adequacy ratio of the Group of 18.06%.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.1.1 Segmental information

48.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institution		Provision held	
	2021	2020	2021	2020	2021	2020
Rupees in '000						
Public / Government	112,003,699	220,505,494	-	-	-	-
Private	126,439,504	121,604,871	41,566	41,566	41,566	41,566
	238,443,203	342,110,365	41,566	41,566	41,566	41,566

48.1.1.2 Investment in Sukuk

Credit risk by Industry sector

	Gross Investments		Non-performing Investments		Provision held	
	2021	2020	2021	2020	2021	2020
Rupees in '000						
Automobile and transportation equipment	883,640	-	-	-	-	-
Chemical and Pharmaceuticals	25,892	29,348	25,892	29,348	25,892	29,348
Construction and allied industries	416,667	500,000	-	-	-	-
Steel and allied industries	1,100,000	400,000	-	-	-	-
Federal Government Securities	464,586,190	286,488,853	-	-	-	-
Financial	2,572,735	2,234,251	-	-	-	-
Foreign Government Securities	7,684,473	4,803,062	-	-	-	-
Oil and Gas	5,335,266	3,650,000	-	-	-	-
Power (electricity)	122,543,000	120,695,611	-	-	-	-
Textile	180,871	202,300	52,300	52,300	52,300	52,300
	605,328,734	419,003,425	78,192	81,648	78,192	81,648

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
Rupees in '000						
Public / Government	598,968,924	413,932,986	-	-	-	-
Private	6,357,510	5,871,479	78,192	81,648	78,192	81,648
	605,326,434	419,804,465	78,192	81,648	78,192	81,648

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.1.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross amounts		Non-performing amounts		Provision held	
	2021	2020	2021	2020	2021	2020
Rupees in '000						
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	162,478,493	95,789,123	3,395,929	1,932,289	3,165,623	1,667,554
Automobile and transportation equipment	20,719,843	15,443,259	74,585	76,090	73,158	72,548
Cement	13,825,174	14,086,523	-	-	-	-
Chemical and Pharmaceuticals	16,542,558	14,570,796	22,036	26,257	22,036	26,257
Construction	11,737,462	11,788,243	1,278,654	1,701,487	1,278,654	1,680,982
Steel and allied industries	26,145,539	19,014,219	546,615	365,000	416,337	91,250
Plastic products manufacturer	3,994,568	3,408,656	-	-	-	-
Electronics and electrical appliances	8,281,523	5,220,578	-	322,900	-	322,900
Exports/Imports	2,016,709	1,072,424	205,493	205,372	205,493	205,372
Fertilizer	19,743,356	10,413,598	38,833	38,833	38,833	38,833
Financial	519,309	302,835	-	-	-	-
Footwear and Leather garments	4,170,916	3,459,394	11,435	185,420	11,435	185,420
Individuals	66,641,606	49,497,118	933,318	805,731	370,138	341,028
Takaful / Insurance	627,760	376,847	-	-	-	-
Mining and Quarrying	5,309,238	4,460,821	-	-	-	-
Oil and Gas	44,479,242	29,728,291	4,224,503	4,478,371	4,206,236	4,439,261
Paper, board and packaging	10,388,890	5,663,660	231,306	233,239	229,291	231,224
Power (electricity)	97,775,783	85,722,396	817,480	846,119	817,480	846,119
Services	9,363,039	9,118,036	84,219	119,108	45,915	35,741
Sugar	12,612,935	11,314,127	-	-	-	-
Textile	143,773,181	99,153,930	2,058,162	3,046,896	2,021,650	2,952,692
Transport, Storage and Communication	31,497,141	29,291,037	77,513	102,900	41,466	48,365
Wholesale and Retail Trade	61,749,684	10,282,130	338,625	255,948	287,482	225,915
Others	2,901,177	2,409,574	110,832	191,513	107,761	191,513
	777,295,126	531,587,615	14,449,538	14,933,473	13,338,988	13,602,974

Credit risk by public / private sector

	Gross amounts		Non-performing amounts		Provision held	
	2021	2020	2021	2020	2021	2020
Rupees in '000						
Public / Government	237,476,802	110,771,260	-	-	-	-
Private	539,818,324	420,816,355	14,449,538	14,933,473	13,338,988	13,602,974
	777,295,126	531,587,615	14,449,538	14,933,473	13,338,988	13,602,974

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2021	2020
	Rupees in '000	
Agriculture, Food, Feed Mills, Poultry, Dairy, Forestry and Fishing	71,453,206	118,218,794
Automobile and transportation equipment	27,560,120	22,990,951
Cement	14,392,244	5,595,615
Chemical and Pharmaceuticals	36,754,088	20,453,831
Construction	39,002,386	18,636,948
Steel and allied industries	32,541,776	12,180,718
Plastic products manufacturer	6,924,962	5,374,728
Electronics and electrical appliances	11,565,939	7,502,613
Exports/Imports	3,965,076	3,427,870
Fertilizer	16,005,439	10,870,894
Financial	161,294,410	165,233,789
Footwear and Leather garments	5,934,844	6,928,426
Individuals	7,687,462	25,077,126
Takaful / Insurance	263,952	57,787
Mining and Quarrying	5,654,762	5,339,179
Oil and Gas	41,796,492	38,822,862
Paper, board and packaging	14,058,322	10,209,122
Power (electricity)	76,128,620	56,163,495
Services	63,951,481	47,000,195
Sugar	25,102,487	14,064,133
Textile	214,583,093	144,384,769
Transport, Storage and Communication	23,854,641	9,498,486
Wholesale and Retail Trade	22,649,002	17,562,687
Others	11,116,055	10,668,914
	<u>934,240,859</u>	<u>776,263,932</u>
Credit risk by public / private sector		
Public / Government	92,770,090	145,675,766
Private	<u>841,470,769</u>	<u>630,588,166</u>
	<u>934,240,859</u>	<u>776,263,932</u>

48.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 301,905 million (2020: Rs 182,513 million) as follows:

	2021	2020
	Rupees in '000	
Funded Exposure	249,871,722	124,681,219
Non Funded Exposure	52,033,362	57,832,112
Total Exposure	<u>301,905,084</u>	<u>182,513,331</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 324,895 million (2020: Rs 211,056 million). None of the exposure against these top 10 customers is in classified stage.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.1.1.6 Islamic Financings and related assets - Province/Region-wise Disbursement & Utilization

2021							
Province / Region	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	442,069,392	442,069,392	-	-	-	-	
Sindh	409,068,056	-	409,068,056	-	-	-	
KPK including FATA	5,683,347	-	-	5,683,347	-	-	
Balochistan	1,186,334	-	-	-	1,186,334	-	
Islamabad	41,009,443	-	-	-	-	41,009,443	
AJK including Gilgit-Baltistan	246,833	-	-	-	-	-	
Total	899,263,405	442,069,392	409,068,056	5,683,347	1,186,334	41,009,443	246,833

2020							
Province / Region	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	288,963,818	288,963,818	-	-	-	-	
Sindh	342,197,390	-	342,197,390	-	-	-	
KPK including FATA	2,219,767	-	-	2,219,767	-	-	
Balochistan	414,352	-	-	-	414,352	-	
Islamabad	33,987,204	-	-	-	-	33,987,204	
AJK including Gilgit-Baltistan	7,420	-	-	-	-	-	
Total	667,789,951	288,963,818	342,197,390	2,219,767	414,352	33,987,204	7,420

48.1.2 Credit Risk - General Disclosures

The Group has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on basis of standardised approach.

The Group is committed to further strengthen its risk management framework which will enable the Group to move ahead for adopting Foundation Internal Ratings Based (IRB) approach of Basel II. Meanwhile, none of the Group's assets class is subject to the Foundation IRB or advanced IRB approaches.

48.1.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Holding Company utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and VIS Credit Rating Company which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

2021					
Exposures	VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody's
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Use of ECAI Ratings

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel III requirements.

48.1.2.2 Credit exposures subject to standardised approach

On-balance sheet Exposures	2021			2020		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	256,111,929	192,460,283	63,651,646	358,394,956	263,477,510	94,917,446
50%	255,474	-	255,474	4,389,125	-	4,389,125
100%	807,999	-	807,999	636,571	-	636,571
150%	53,321	-	53,321	39,854	-	39,854
Unrated	298,108	-	298,108	507,829	-	507,829
Sovereigns						
0%	644,065,162	50,351,600	593,713,562	429,283,436	40,742,872	388,540,564
20%	2,779,262	-	2,779,262	377,248	-	377,248
50%	2,828,610	-	2,828,610	2,645,851	-	2,645,851
100%	1,624,771	-	1,624,771	810,878	-	810,878
Public Sector entities						
20%	19,201,818	16,463,593	2,738,225	24,345,616	18,706,251	5,639,365
Unrated (50%)	291,758,453	263,798,926	27,959,527	169,474,536	164,806,804	4,667,732
Corporate						
20%	140,474,238	1,626,445	138,847,793	109,962,906	600,000	109,362,906
50%	123,360,922	47,298	123,313,624	78,778,046	-	78,778,046
100%	5,196,338	-	5,196,338	9,084,886	-	9,084,886
Unrated 1 (100%)	103,327,444	7,927,692	95,399,752	79,496,684	7,640,852	71,855,832
Unrated 2 (125%)	85,647,398	13,186,425	72,460,973	72,466,512	13,131,857	59,334,655
Retails						
75%	70,160,902	15,910,991	54,249,911	57,582,003	11,660,567	45,921,436
Residential Mortgage						
35%	19,193,855	-	19,193,855	16,817,409	-	16,817,409
25%	2,904,311	1,160,239	1,744,072	12,526	2,806	9,720
Past Due						
50%	138,686	88,442	50,244	109,092	80,222	28,870
100%	937,088	30,727	906,361	1,154,223	58,144	1,096,079
150%	57,362	15,293	42,069	76,274	28,331	47,943
Total	1,771,183,451	563,067,954	1,208,115,497	1,416,446,461	520,936,216	895,510,245

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Group obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Group has taken advantage of the cash collaterals available with the Group in the form of security deposits, cash margins, certificates of Islamic investment, monthly mudaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Group to price risk as they are in the form of cash/cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash/cash equivalent collaterals, they generally do not pose risk to the Group in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The total benefit of Rs 563,067.954 million was availed through CRM against total on-balance sheet exposure of Rs 1,897,473.892 million. Under off-balance sheet, total benefit of Rs 14,920.941 million was availed by the Group through CRM against total off-balance sheet, non-market related exposure of Rs 733,625.579 million. In the year 2021, total CRM benefit was Rs 577,988.895 million as against amount of Rs 526,805.305 million in year 2020.

48.1.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Group has further defined limits to avoid excessive concentration of portfolio.

48.2 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

48.2.1 Equity position in the banking and trading book

The Group classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these consolidated financial statements.

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily; and
- Any valuation difference is charged / credited to the consolidated profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax under equity in case of available for sale securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale and held to maturity investments.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.2.2 Balance sheet split by trading and banking books

	2021			2020		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
Rupees in '000						
Cash and balances with treasury banks	170,501,306	-	170,501,306	136,243,103	-	136,243,103
Balances with other banks	16,465,169	-	16,465,169	19,479,207	-	19,479,207
Due from financial institutions	238,401,637	-	238,401,637	342,068,799	-	342,068,799
Investments - net	610,209,006	14,123,875	624,332,881	425,954,889	12,840,736	438,795,625
Islamic financings and related assets - net	758,086,120	-	758,086,120	512,531,930	-	512,531,930
Fixed assets	34,185,975	-	34,185,975	23,881,875	-	23,881,875
Intangible assets	1,505,581	-	1,505,581	1,091,512	-	1,091,512
Deferred tax asset	-	-	-	173,943	-	173,943
Other assets - net	64,180,378	-	64,180,378	52,294,842	-	52,294,842
	1,893,535,172	14,123,875	1,907,659,047	1,513,720,100	12,840,736	1,526,560,836

The Group uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Group to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Group takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

48.2.3 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. The Group's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Group; this risk is mitigated by using different hedging techniques. Hedging is a way used by a Group to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Group limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	1,831,271,828	1,709,220,233	(28,900,423)	93,151,172
United States Dollars	70,850,151	95,296,400	21,587,004	(2,859,245)
Great Britain Pounds	1,694,459	6,837,618	5,155,365	12,206
Japanese Yen	36,322	72,666	24,528	(11,816)
Euro	2,045,814	4,821,334	2,746,479	(29,041)
Singapore Dollars	6,532	-	-	6,532
Australian Dollars	283,338	2,082	(280,530)	726
Canadian Dollars	9,457	1,105	-	8,352
United Arab Emirates Dirham	146,900	37,311	(48,056)	61,533
Swiss Francs	77,144	55,712	(8,687)	12,745
Saudi Riyal	27,791	-	-	27,791
Swedish Krona	12,058	-	-	12,058
Malaysian Ringgit	2,642	-	-	2,642
Hong kong Dollar	4,519	29	-	4,490
Thailand Bhat	1,624	-	-	1,624
Norwegian Krone	7,178	-	-	7,178
Danish Krone	16,712	-	-	16,712
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	1,164,578	872,945	(275,680)	15,953
Total foreign currency exposure	76,387,219	107,997,202	28,900,423	(2,709,560)
Total currency exposure	1,907,659,047	1,817,217,435	-	90,441,612

	2020			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	1,471,928,671	1,368,612,663	(30,698,785)	72,617,223
United States Dollars	50,675,767	73,698,896	23,493,413	470,284
Great Britain Pounds	1,105,980	5,515,751	4,444,939	35,168
Japanese Yen	44,123	7,527	(38,745)	(2,149)
Euro	1,360,494	4,531,456	3,183,628	12,666
Singapore Dollars	16,187	-	(9,075)	7,112
Australian Dollars	267,319	2,004	(261,988)	3,327
Canadian Dollars	3,193	1,552	-	1,641
United Arab Emirates Dirham	53,281	-	(43,514)	9,767
Swiss Francs	27,480	-	(22,686)	4,794
Saudi Riyal	20,037	-	-	20,037
Swedish Krona	6,290	-	-	6,290
Malaysian Ringgit	2,613	-	-	2,613
Hong kong Dollar	1,613	26	-	1,587
Thailand Bhat	1,038	-	-	1,038
Norwegian Krone	6,165	-	-	6,165
Danish Krone	14,009	-	-	14,009
Chinese Offshore Spot	2,750	-	-	2,750
Chinese Yuan	1,023,826	959,943	(47,187)	16,696
Total foreign currency exposure	54,632,165	84,717,155	30,698,785	613,795
Total currency exposure	1,526,560,836	1,453,329,818	-	73,231,018

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates				
- Consolidated Profit and Loss Account	-	17,997	-	785
- Consolidated Other Comprehensive Income	-	-	-	-

48.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of Group. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Group invests only in Shariah compliant equities as advised by the Resident Shariah Board Member.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices				
- Consolidated Profit and Loss Account	-	148,067	-	166,847
- Consolidated Other Comprehensive Income	-	265,908	-	224,796

48.2.5 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Group's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Group's income, and resultant impact is on the Group's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Group's financial assets and liabilities to various scenarios.

The Group estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in discount rates measured at the discount rate at year end, with other factors remaining constant.				
- Consolidated Profit and Loss Account	3,437,737	-	2,562,569	-
- Consolidated Other Comprehensive Income	-	-	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.2.6 Mismatch of yield rate sensitive assets and liabilities

		2021										Non-yield bearing financial instruments
Effective yield rate %	Total	Exposed to yield risk										
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	170,501,306	-	-	-	-	-	-	-	-	-	170,501,306
Balances with other banks	0.02	16,465,169	287,660	-	-	-	-	-	-	-	-	16,177,509
Due from financial institutions	7.52	238,401,637	21,858,347	24,458,492	113,251,970	43,868,529	-	-	-	-	-	-
Investments	9.13	624,332,881	54,282,173	127,373,150	295,240,180	904,146	26,851,491	1,678,453	102,017,553	1,851,474	-	14,134,261
Islamic financing and related assets	9.28	758,086,120	197,161,911	259,970,790	141,996,581	19,491,897	10,436,579	17,798,822	32,792,056	67,931,119	-	10,506,365
Other assets	-	61,881,125	-	-	-	-	-	-	-	-	-	61,881,125
		1,869,668,238	273,590,091	411,802,432	550,488,731	64,264,572	37,288,070	19,477,275	169,773,908	69,782,593	-	273,200,566
Liabilities												
Bills payable	-	36,141,378	-	-	-	-	-	-	-	-	-	36,141,378
Due to financial institutions	5.78	220,414,234	121,110,629	31,267,637	20,301,496	2,235,253	111,303	1,062,132	4,261,659	39,620,301	-	443,824
Deposits and other accounts	2.66	1,455,871,080	793,728,828	762,073	177,300	-	-	-	-	-	-	661,202,879
Sub-ordinated Sukuk	10.40	20,990,000	20,990,000	-	-	-	-	-	-	-	-	-
Other liabilities	-	61,362,539	-	-	-	-	-	-	-	-	-	61,362,539
		1,794,779,231	935,829,457	32,029,710	20,478,796	2,235,253	111,303	1,062,132	4,261,659	39,620,301	-	759,150,620
On-balance sheet gap		74,889,007	(662,239,366)	379,772,722	530,009,935	62,029,319	37,176,767	18,415,143	165,512,249	30,162,292	-	(485,950,054)
Non financial assets												
- Fixed assets		34,185,975	-	-	-	-	-	-	-	-	-	-
- Intangible assets		1,505,581	-	-	-	-	-	-	-	-	-	-
- Deferred tax asset		-	-	-	-	-	-	-	-	-	-	-
- Other assets		2,299,253	-	-	-	-	-	-	-	-	-	-
		37,990,809	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities		22,366,015	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities		72,189	-	-	-	-	-	-	-	-	-	-
		22,438,204	-	-	-	-	-	-	-	-	-	-
Total net assets		90,441,612	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Guarantees		45,072,765	-	-	-	-	-	-	-	-	-	45,072,765
Documentary letter of credits		175,227,624	-	-	-	-	-	-	-	-	-	175,227,624
Forward purchase of foreign exchange contracts		114,757,851	-	-	-	-	-	-	-	-	-	114,757,851
Forward sale of foreign exchange contracts		(85,857,428)	-	-	-	-	-	-	-	-	-	(85,857,428)
Off-balance sheet gap		249,200,812	-	-	-	-	-	-	-	-	-	249,200,812
Total yield risk rate sensitivity gap			(662,239,366)	379,772,722	530,009,935	62,029,319	37,176,767	18,415,143	165,512,249	30,162,292	-	(236,749,242)
Cumulative yield risk rate sensitivity gap			(662,239,366)	(282,466,644)	247,543,291	309,572,610	346,749,377	365,164,520	530,676,769	560,839,061	560,839,061	324,089,819

		2020										Non-yield bearing financial instruments
Effective yield rate %	Total	Exposed to yield risk										
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	136,243,103	-	-	-	-	-	-	-	-	-	136,243,103
Balances with other banks	0.15	19,479,207	10,156,526	-	-	-	-	-	-	-	-	9,322,681
Due from financial institutions	9.90	342,068,799	65,901,330	70,876,013	67,148,973	103,178,184	-	-	34,964,299	-	-	-
Investments	10.23	438,795,625	51,540,960	35,124,000	203,309,896	42,458,422	42,893,083	24,890,011	24,639,109	568,861	-	13,371,283
Islamic financing and related assets	9.97	512,531,930	152,447,147	146,122,301	124,531,685	28,331,793	9,036,322	13,139,382	15,322,909	19,449,137	-	4,151,254
Other assets	-	50,414,578	-	-	-	-	-	-	-	-	-	50,414,578
		1,499,533,242	280,045,963	252,122,314	394,990,554	173,968,399	51,929,405	38,029,393	74,926,317	20,017,998	-	213,502,899
Liabilities												
Bills payable	-	26,494,006	-	-	-	-	-	-	-	-	-	26,494,006
Due to financial institutions	2.45	94,500,640	93,554,757	74,809	103,910	19,227	-	-	-	-	-	747,937
Deposits and other accounts	3.68	1,254,412,242	716,760,966	33,558,528	223,000	4,320,000	-	-	-	-	-	499,549,748
Sub-ordinated Sukuk	11.64	18,000,000	18,000,000	-	-	-	-	-	-	-	-	-
Other liabilities	-	44,100,537	-	-	-	-	-	-	-	-	-	44,100,537
		1,437,507,425	828,315,723	33,633,337	326,910	4,339,227	-	-	-	-	-	570,892,228
On-balance sheet gap		62,025,817	(548,269,760)	218,488,977	394,663,644	169,629,172	51,929,405	38,029,393	74,926,317	20,017,998	-	(357,389,329)
Non financial assets												
- Fixed assets		23,881,875	-	-	-	-	-	-	-	-	-	-
- Intangible assets		1,091,512	-	-	-	-	-	-	-	-	-	-
- Deferred tax asset		173,943	-	-	-	-	-	-	-	-	-	-
- Other assets		1,880,264	-	-	-	-	-	-	-	-	-	-
		27,027,594	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities		15,822,393	-	-	-	-	-	-	-	-	-	-
- Deferred Tax liabilities		-	-	-	-	-	-	-	-	-	-	-
		15,822,393	-	-	-	-	-	-	-	-	-	-
Total net assets		73,231,018	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Guarantees		37,768,446	-	-	-	-	-	-	-	-	-	37,768,446
Documentary letter of credits		151,668,892	-	-	-	-	-	-	-	-	-	151,668,892
Forward purchase of foreign exchange contracts		108,885,191	-	-	-	-	-	-	-	-	-	108,885,191
Forward sale of foreign exchange contracts		(78,186,406)	-	-	-	-	-	-	-	-	-	(78,186,406)
Off-balance sheet gap		220,136,123	-	-	-	-	-	-	-	-	-	220,136,123
Total yield risk rate sensitivity gap			(548,269,760)	218,488,977	394,663,644	169,629,172	51,929,405	38,029,393	74,926,317	20,017,998	-	(137,253,206)
Cumulative yield risk rate sensitivity gap			(548,269,760)	(329,780,783)	64,882,861	234,512,033	286,441,438	324,470,831	399,397,148	419,415,146	419,415,146	282,161,940

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.3 Liquidity risk

Liquidity risk is the potential for loss to the Group arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Holding company's Board of Directors sets the Holding company's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Holding company's liquidity position on a daily basis. The Holding company's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.3.1 Maturities of assets and liabilities based on contractual maturities

2021														
Rupees in '000														
	Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 3 months	Over 3 to 6 months	Over 6 months to 1 Years	Over 1 to 2 Years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets														
Cash and balances with treasury banks	170,501,306	56,265,431	38,078,625	38,078,625	38,078,625	-	-	-	-	-	-	-	-	-
Balances with other banks	16,465,169	8,232,585	8,232,584	-	-	7,433,912	17,024,580	113,251,970	43,888,529	-	-	34,984,299	-	-
Due from financial institutions	238,401,637	-	9,136,188	2,075,902	10,646,257	-	-	-	-	-	-	402,578,763	-	-
Investments	624,332,881	864,130	2,522,282	2,075,902	6,726,084	42,933,604	146,905	1,504,988	22,005,454	29,400,035	5,997,866	125,796,399	512,500	-
Islamic financing and related assets	758,086,120	222,414,788	5,656,942	5,593,877	26,406,246	68,076,001	28,083,086	106,257,573	22,005,454	37,499,645	56,775,730	94,125,816	44,587,130	-
Fixed assets	34,185,975	32,982	197,890	230,871	527,706	1,337,765	844,155	2,952,407	5,888,319	6,356,391	5,933,633	1,958,887	1,520,669	-
Intangible assets	1,505,381	836	5,019	5,855	13,383	25,083	25,083	75,279	150,558	301,116	301,116	602,233	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	64,180,378	2,031,071	1,647,515	1,709,277	4,785,811	7,512,556	5,510,575	13,850,480	26,538,253	545,640	9,700	19,400	-	-
	1,907,659,047	289,841,803	65,477,045	50,632,069	87,184,112	127,319,031	51,634,394	237,892,707	100,831,766	74,102,827	69,018,045	520,757,234	181,444,884	51,523,130
Liabilities														
Bills payable	36,141,378	11,926,655	8,070,370	8,070,370	8,073,983	-	-	-	-	-	-	-	-	-
Due to financial institutions	220,414,284	397,683	118,164,846	690,226	2,301,698	24,271,935	6,995,702	20,301,496	2,235,253	111,303	1,082,131	4,261,659	39,620,302	-
Deposits and other accounts	1,456,871,080	1,203,164,011	15,515,306	13,316,714	33,137,209	21,177,259	9,070,052	21,999,364	55,231,415	38,888,341	6,998,947	17,840,254	13,543,208	-
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	72,189	-	-	-	-	-	-	-	-	18,047	18,047	-	-	-
Other liabilities	83,728,554	291,027	2,290,391	2,458,315	6,501,520	10,717,566	8,699,246	23,404,108	20,011,242	43,944,440	4,408,390	-	-	-
	1,817,217,435	1,221,779,376	144,040,913	24,535,625	50,014,410	56,166,760	24,774,000	65,704,968	77,495,957	43,944,440	12,487,515	22,119,961	67,153,510	7,000,000
Net assets	90,441,612	(931,937,573)	(78,563,868)	26,096,444	37,169,702	71,152,271	26,860,394	172,187,739	23,335,809	30,158,387	56,530,530	498,637,273	114,291,374	44,523,130
Off-balance sheet financial instruments														
Share capital	16,289,312	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	23,417,514	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	45,494,657	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	4,063,610	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	1,198,519	-	-	-	-	-	-	-	-	-	-	-	-	-
	90,441,612	-	-	-	-	-	-	-	-	-	-	-	-	-
Forward sale of foreign exchange contracts														
Guarantees	45,072,765	14,257,712	295,648	125,969	682,005	1,447,747	1,731,148	2,211,004	3,045,466	4,557,705	4,884,094	1,016,828	278,874	10,536,765
Documentary letter of credits	175,227,824	1,525	20,007	64,183	856,968	795,511	2,124,198	16,181,144	78,114,481	20,046,973	52,551,659	4,170,775	-	-
Forward purchase of foreign exchange contracts	114,757,851	-	1,421,131	4,711,810	16,868,537	15,847,517	15,285,224	38,752,582	22,371,050	-	-	-	-	-
Forward sale of foreign exchange contracts	(85,857,428)	-	(1,306,721)	(4,122,400)	(14,828,580)	(13,270,200)	(8,268,031)	(26,555,190)	(17,506,306)	-	-	-	-	-
	249,200,812	14,259,237	430,065	779,562	3,078,930	4,820,575	10,872,539	30,589,540	86,324,681	24,604,678	57,435,983	5,189,403	278,874	10,536,765

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

2020

	Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 3 months	Over 3 to 6 months	Over 6 months to 1 years	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	136,243,103	44,960,223	30,427,627	30,427,627	30,427,626	-	-	-	-	-	-	-	-	-
Balances with other banks	19,479,207	9,756,267	3,722,940	-	6,000,000	-	-	-	-	-	-	-	-	-
Due from financial institutions	342,068,799	-	24,665,400	31,986,379	9,049,551	16,125,267	54,750,746	67,148,973	103,178,184	-	-	34,964,299	-	-
Investments	438,795,625	792,346	2,468,718	2,905,171	6,593,248	-	138,095	534,226	43,284,314	45,999,608	30,161,619	185,000,180	117,255,880	3,672,220
Islamic financing and related assets	512,531,930	111,060,016	5,024,327	8,164,531	15,719,657	57,109,561	26,064,602	66,791,870	33,315,756	47,345,088	44,283,808	53,447,249	30,604,145	14,101,320
Fixed assets	23,881,875	146,515	879,088	1,025,603	2,344,235	554,576	359,017	1,069,929	2,098,238	3,945,818	3,697,416	1,974,970	592,476	5,197,994
Intangible assets	1,091,512	607	3,638	4,245	9,702	18,192	18,192	54,576	108,151	215,302	218,302	436,605	-	-
Deferred tax assets	173,943	484	2,899	3,383	7,730	14,495	14,495	43,466	86,971	-	-	-	-	-
Other assets	52,294,842	1,902,013	1,470,132	1,738,585	6,455,625	3,174,098	5,378,943	4,598,625	14,340,255	10,360,617	1,253,934	1,519,610	12,720	90,585
	1,526,560,836	168,618,471	68,864,769	76,255,524	76,097,374	76,986,188	86,723,190	140,236,685	186,412,869	107,870,433	79,615,079	277,342,913	148,465,221	23,062,119
Liabilities														
Bills payable	26,494,006	8,743,022	5,916,112	5,916,112	5,916,760	-	-	-	-	-	-	-	-	-
Due to financial institutions	94,500,640	373,969	17,884,177	7,731	1,477,081	11,116,619	19,814,444	21,553,828	3,742,829	1,573,167	1,936,551	4,145,237	5,816,546	5,058,461
Deposits and other accounts	1,254,412,242	958,695,397	24,680,133	20,206,143	41,663,297	34,653,377	31,468,918	39,273,875	52,600,763	17,440,552	6,183,847	13,417,823	13,950,117	-
Subordinated Sukuk	16,000,000	-	-	-	-	-	-	-	-	-	-	-	11,000,000	7,000,000
Deferred tax liabilities	59,922,930	216,308	3,677,770	1,473,766	3,384,588	5,796,352	5,840,253	11,116,257	9,306,280	5,087,987	2,880,075	3,597,004	7,566,290	-
Other liabilities	1,453,329,818	968,028,696	52,338,192	27,603,752	52,443,726	51,566,348	57,121,615	71,943,960	65,649,872	24,081,706	11,000,473	21,160,064	38,332,863	12,058,461
Net assets	73,231,018	(799,410,229)	16,526,577	48,651,772	23,653,648	25,429,841	29,601,575	68,292,725	130,762,997	83,786,727	68,614,606	256,182,849	110,132,268	11,003,658
Share capital	14,147,228	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	20,448,541	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	31,808,445	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	5,562,292	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	1,264,512	-	-	-	-	-	-	-	-	-	-	-	-	-
	73,231,018	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments														
Guarantees	37,768,446	13,543,489	167,120	233,845	2,421,499	4,587,414	3,283,088	2,923,011	7,050,271	2,390,075	800,184	219,739	600	158,111
Documentary letter of credits	151,668,892	50,095	46,701	542,365	132,040	601,908	10,438,243	102,242,488	35,128,736	2,485,316	-	-	-	-
Forward purchase of foreign exchange contracts	108,885,191	-	12,443,094	8,767,136	12,712,370	14,526,398	19,577,245	38,318,817	2,540,131	-	-	-	-	-
Forward sale of foreign exchange contracts	(78,186,406)	-	(14,196,398)	(9,618,470)	(13,863,915)	(11,597,579)	(13,512,033)	(14,540,721)	(1,057,290)	-	-	-	-	-
	220,136,123	(13,583,584)	(1,539,463)	(75,124)	1,601,984	8,098,141	19,796,543	128,943,595	43,662,848	4,875,381	800,184	219,739	600	158,111

Current and Savings deposits have been classified under maturity upto one day as these do not have any contractual maturity.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.3.2 Maturities of assets and liabilities based on expected maturities

		2021								
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	170,501,306	170,501,306	-	-	-	-	-	-	-	-
Balances with other banks	16,465,169	16,465,169	-	-	-	-	-	-	-	-
Due from financial institutions	238,401,637	21,858,348	24,458,492	113,251,970	43,868,528	-	-	34,964,299	-	-
Investments	624,332,881	13,080,158	43,080,508	1,504,998	2,379,653	29,400,035	5,997,866	402,578,764	122,638,679	3,672,220
Islamic financing and related assets	758,086,120	86,421,934	141,762,960	148,651,817	107,627,236	37,499,645	56,775,730	80,633,851	84,055,913	14,657,034
Operating fixed assets	34,185,975	989,448	2,181,920	2,952,407	5,869,319	6,356,390	5,933,633	1,958,689	1,520,669	6,423,500
Intangible assets	1,505,581	25,093	50,186	75,280	150,558	301,116	301,116	602,232	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	64,180,378	10,173,674	13,023,231	13,850,480	26,558,080	545,641	9,757	19,515	-	-
	1,907,659,047	319,515,130	224,557,297	280,286,952	186,453,374	74,102,827	69,018,102	520,757,350	208,215,261	24,752,754
Liabilities										
Bills payable	36,141,378	36,141,378	-	-	-	-	-	-	-	-
Due to financial institutions	220,414,234	121,554,453	31,267,637	20,301,496	2,235,253	111,304	1,062,131	4,261,659	39,620,301	-
Deposits and other accounts	1,455,871,080	141,377,392	94,015,603	81,307,639	139,105,982	157,484,892	98,016,627	162,173,475	308,209,213	274,180,257
Sub-ordinated Sukuk	20,990,000	-	-	-	-	-	-	-	13,990,000	7,000,000
Deferred tax liabilities	72,189	-	-	-	18,047	18,047	18,047	18,048	-	-
Other liabilities	83,728,554	11,541,252	19,416,811	23,404,108	20,011,242	4,946,749	4,408,392	-	-	-
	1,817,217,435	310,614,475	144,700,051	125,013,243	161,370,524	162,560,992	103,505,197	166,453,182	361,819,514	281,180,257
Net assets	90,441,612	8,900,655	79,857,246	155,273,709	25,082,850	(88,458,165)	(34,487,095)	354,304,168	(153,604,253)	(256,427,503)
Share capital										
Reserves	16,269,312	-	-	-	-	-	-	-	-	-
Unappropriated profit	23,417,514	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	45,494,657	-	-	-	-	-	-	-	-	-
Non-Controlling Interest	4,063,610	-	-	-	-	-	-	-	-	-
	1,196,519	-	-	-	-	-	-	-	-	-
	90,441,612	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments										
Guarantees	45,072,765	15,361,334	3,178,895	2,211,004	3,045,466	4,557,705	4,884,094	1,018,628	278,874	10,536,765
Documentary letter of credits	175,227,624	942,683	2,919,709	16,181,144	78,414,481	20,046,973	52,551,859	4,170,775	-	-
Forward purchase of foreign exchange contracts	114,757,851	22,501,478	31,132,741	38,752,582	22,371,050	-	-	-	-	-
Forward sale of foreign exchange contracts	(85,857,428)	(20,257,701)	(21,538,231)	(26,555,190)	(17,506,306)	-	-	-	-	-
	249,200,812	18,547,794	15,693,114	30,589,540	86,324,691	24,604,678	57,435,953	5,189,403	278,874	10,536,765
2020										
	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	136,243,103	136,243,103	-	-	-	-	-	-	-	-
Balances with other banks	19,479,207	19,479,207	-	-	-	-	-	-	-	-
Due from financial institutions	342,068,799	65,901,330	70,876,013	67,148,973	103,178,184	-	-	34,964,299	-	-
Investments	438,795,625	11,957,919	130,000	1,385,424	43,698,878	45,343,995	28,256,236	186,604,041	120,982,471	436,661
Islamic financing and related assets	512,531,930	65,518,501	105,266,824	87,352,150	49,086,079	62,871,854	44,283,808	53,447,249	30,604,145	14,101,320
Operating fixed assets	23,881,875	4,395,440	913,593	1,064,929	2,098,238	3,946,819	3,697,416	1,974,970	592,476	5,197,994
Intangible assets	1,091,512	18,192	36,384	54,576	109,151	218,302	218,302	436,605	-	-
Deferred tax assets	173,943	14,496	28,993	43,489	86,965	-	-	-	-	-
Other assets	52,294,842	11,566,355	8,552,141	4,598,625	14,340,255	10,360,617	1,253,934	1,519,610	12,720	90,585
	1,526,560,836	315,094,543	185,803,948	161,648,166	212,597,750	122,741,587	77,709,696	278,946,774	152,191,812	19,826,560
Liabilities										
Bills payable	26,494,006	26,494,006	-	-	-	-	-	-	-	-
Due to financial institutions	94,500,640	19,742,958	30,931,063	21,553,828	3,742,829	1,573,167	1,936,551	4,145,237	5,816,546	5,058,461
Deposits and other accounts	1,254,412,242	150,069,105	112,710,939	82,623,678	113,900,523	104,140,163	72,706,095	118,885,195	207,857,927	291,518,617
Sub-ordinated Sukuk	18,000,000	-	-	-	-	-	-	-	11,000,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	59,922,930	8,752,432	11,636,605	11,116,257	9,306,280	5,067,987	2,880,075	3,597,004	7,566,290	-
	1,453,329,818	205,058,501	155,278,607	115,293,763	126,949,632	110,781,317	77,522,721	126,627,436	232,240,763	303,577,078
Net assets	73,231,018	110,036,042	30,525,341	46,354,403	85,648,118	11,960,270	186,975	152,319,338	(80,048,951)	(283,750,518)
Share capital										
Reserves	14,147,228	-	-	-	-	-	-	-	-	-
Unappropriated profit	20,448,541	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	31,808,445	-	-	-	-	-	-	-	-	-
Non-controlling interest	5,562,292	-	-	-	-	-	-	-	-	-
	1,264,512	-	-	-	-	-	-	-	-	-
	73,231,018	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments										
Guarantees	37,768,446	16,365,953	7,860,502	2,923,011	7,050,271	2,390,075	800,184	219,739	600	158,111
Documentary letter of credits	151,668,892	771,201	11,040,151	102,242,488	35,129,736	2,485,316	-	-	-	-
Forward purchase of foreign exchange contracts	108,885,191	33,922,600	34,103,643	38,318,817	2,540,131	-	-	-	-	-
Forward sale of foreign exchange contracts	(78,186,406)	(37,478,783)	(25,109,612)	(14,540,721)	(1,057,290)	-	-	-	-	-
	220,136,123	13,580,971	27,894,684	128,943,595	43,662,848	4,875,391	800,184	219,739	600	158,111

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Group has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 27.9% of current accounts and 15.4% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 72.1% of current accounts and 84.6% of savings accounts are bucketed into maturities of above 1-Year.

48.4 Operational risk

The Group uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Group over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Group has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing four eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

49 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

49.1 The Holding Company managed following general and specific pools during the year:

2021							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	7.80%	50%	27,182,756	3.98%	2%	564,181
USD Pool	Monthly	1.45%	75%	520,362	0.36%	-	-
GBP Pool	Monthly	0.88%	90%	24,673	0.09%	-	-
EUR Pool	Monthly	0.54%	90%	6,448	0.05%	-	-
2020							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee based on profit sharing ratio	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	9.90%	50%	29,606,215	5.62%	13%	3,858,468
USD Pool	Monthly	3.23%	75%	1,006,277	0.81%	-	-
GBP Pool	Monthly	2.08%	90%	47,118	0.21%	-	-
EUR Pool	Monthly	1.42%	90%	14,152	0.14%	-	-
2021							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	6.11%	-*	-*	2.03%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	11.46% - 5.95%	-*	-*	4.00% - 10.80%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	12.04% - 5.95%	-*	-*	9.20% - 2.75%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

2020							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	7.57%	-*	-*	1.90%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	14.88% - 5.24%	-*	-*	13.60% - 3.00%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	16.55% - 5.24%	-*	-*	14.55% - 5.00%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

49.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage		Minimum Weightage	
	2021	2020	2021	2021	2020	2020
PKR Pool						
Saving Accounts	27.25%	24.93%	0.36	0.32	0.39	0.31
Meezan Bachat Account	18.04%	18.86%	0.38	0.32	0.40	0.31
Karobari Munafa Account	8.36%	9.36%	0.60	0.32	0.60	0.31
Certificate of Islamic Investment	13.31%	16.35%	0.80	0.47	0.90	0.44
Meezan Aamdand Certificate	5.30%	5.61%	0.92	0.65	0.92	0.67
USD Pool						
Saving Accounts	4.00%	4.09%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.75%	2.15%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.38%	0.40%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.18%	0.17%	0.27	0.27	0.27	0.27

49.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2021	2020
	Rupees in '000	
Profit / return earned on islamic financing and related assets, investments and placements	102,815,084	99,278,491
Other Income (including other charges and interpool income)	4,330,174	3,446,880
Directly related costs attributable to pool	(1,794,432)	(1,701,049)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

50 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and better presentation.

51 NON-ADJUSTING EVENT

The Board of Directors of the Holding company in their meeting held on February 21, 2022 has announced final cash dividend of Rs 1.5 per share (15%). The consolidated financial statements for the year ended December 31, 2021, do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2022.

52 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 21, 2022 by the Board of Directors of the Holding company.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mubashar Maqbool
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement Showing Written-off Financing or any other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2021

Rupees in '000

Consolidated statement showing written-off financing or any other financial relief of rupees 500,000 and above during the year ended December 31, 2021.

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2021				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1.	Paramount Spinning Mills Limited 2 nd Floor, Finley House, I.I. Chundrigar Road, Karachi	Tanveer Ahmed 42201-0350138-5	Abdul Shakoor	56,680	3,917	-	60,597	23,388	3,917	-	27,305
		Umer Hayat Gill 35202-3052767-1	Gulam Muhammad Gill								
		Sohail Maqsood 35201-4740143-5	Maqsood Ellahi								
		Sheikh Riaz Ahmed 35202-2643382-5	Sheikh Fazal Kareem								
		Rubina Rizvi 42301-2981755-0	Syed Tanveer Hussain Rizvi								
		Muhammad Shafiq 35202-3036348-1	Muhammad Yasin								
		Ittikhar Ali 35401-2034238-7	Zulfiqar Ali								
2.	Allied Industries Hub (Private) Limited Plot No. 68, Mozah Pathra, Tehsil Hub, Distt Lasbella, Baluchistan	Imran Aftab 42201-6156206-1	Aftab Ahsan	1,302,028	12,088	-	1,314,116	-	38,246	-	38,246
		Kamran Aftab 42201-6406073-5	Aftab Ahsan								
		Naveed Aftab 42201-2393676-1	Aftab Ahsan								
		Danish Aftab 42201-0927247-7	Aftab Ahsan								
3.	Textilers (Private) Limited F-456, Sindh Industrial Estate, Karachi	Farrukh Shamim Saigal 42301-4137660-1	Muhammad Shamim Saigal	102,888	-	20,435	123,323	61,482	-	20,435	81,917
		Amjad Shamim 42301-3499350-7	Muhammad Shamim Saigal								
4.	Al-Abid Silk Mills Limited A-39, Sindh Industrial Estate, Manghopir Road, Karachi	Naseem Abdul Sattar 42301-0840043-1	Shaikh Abdul Sattar	457,472	-	235	457,707	325,988	-	235	326,223
		Azim Ahmed 42301-0912143-9	Naseem Abdul Sattar								
		Zarina Naseem 42301-0829619-0	Naseem Abdul Sattar								
		Adia Naseem 42301-0783384-4	Naseem Abdul Sattar								
		Sadaf Nadeem 42301-0878886-8	Nadeem Younus								
		Reena Azim 42301-0831483-6	Azim Ahmed								
		Asra Amir 42301-0785813-2	Amir Naseem								
		Syed Raza Abbas Jaffari 42201-0215685-1	Syed Shababat Hussain								

Consolidated Statement Showing Written-off Financing or any other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2021

Rupees in '000

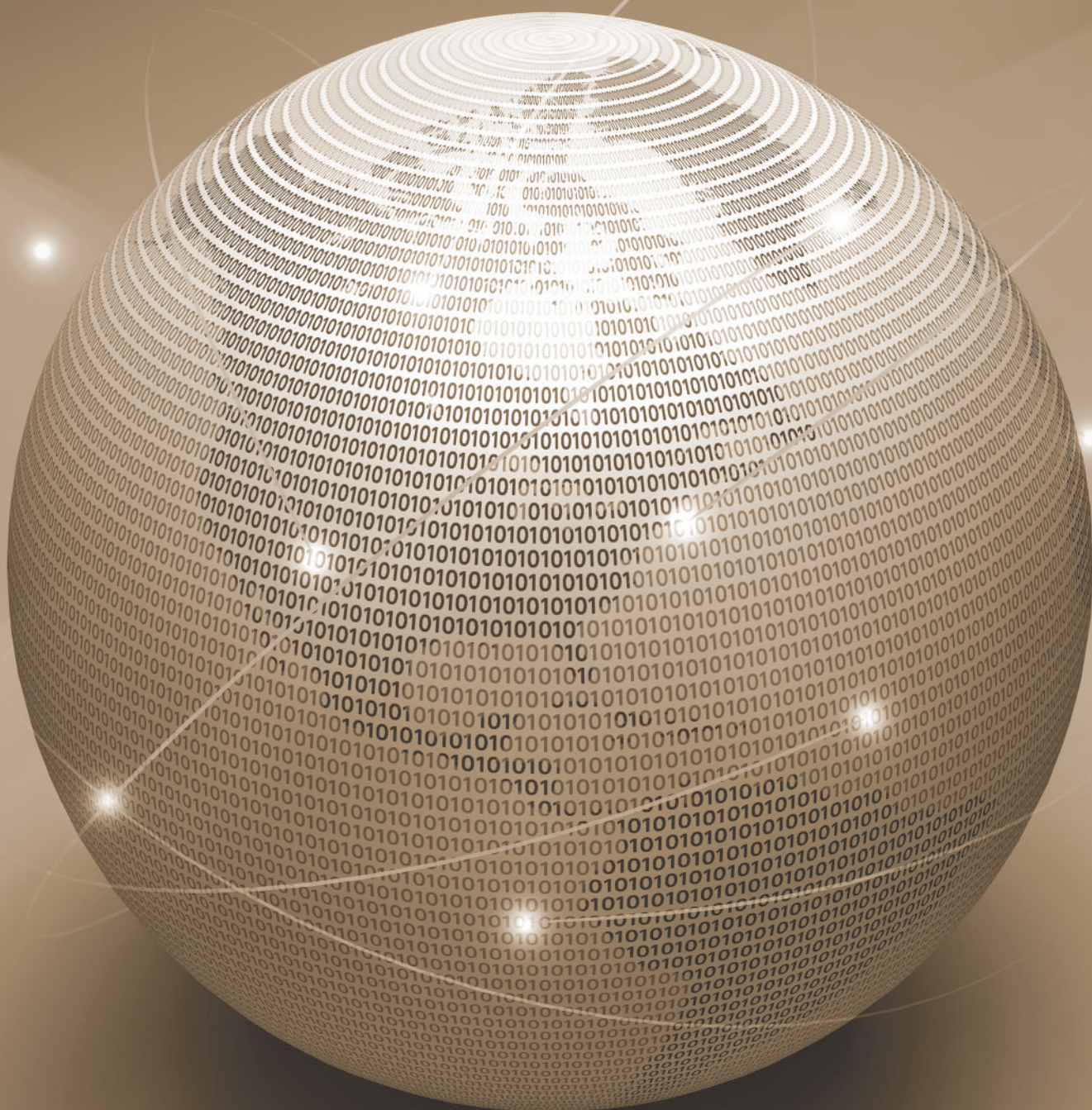
S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2021				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
5.	Leather Field (Private) Limited Cheema Square, Captial Road, Sialkot	Muhammad Ajmal Cheema 34603-8386151-1 Muhammad Akmal Cheema 34603-2309401-1 Mushtaq Ahmed Cheema 34603-5464199-5 Qaiser Mahmood Cheema 34603-2309403-1 Musarat Ajmal 34603-9345196-8 Amat Ul Aleem Mushtaq 34603-6392509-0	Chaudhry Muhammad Hussain Cheema Chaudhry Muhammad Hussain Cheema Chaudhry Siraj Din Chaudhry Muhammad Hussain Cheema Muhammad Ajmal Cheema Mushtaq Ahmed Cheema	108,665	17,707	1,745	128,117	-	17,707	1,745	19,452
6.	Azgard Nine Limited Aiwan-e-Science Off Shahrah-e-Roomi, Lahore	Zahid Mehmood 42501-1542129-5 Maliha Sarda Azam 35202-1349008-2 Usman Rasheed 45101-0633360-7 Munir Alam 22401-1826695-7 Nasir Ali Khan Bhatti 35200-1532448-1 Abdul Hamid Ahmed Dagia 42101-1573230-1 Abid Hussain 42201-6556219-9	Abdul Hameed Arain Khan Muhammad Azam Rashed Ahmed Mir Alam Khan Muhammad Yousaf Bhatti Ahmed Dagia Ghulam Hussain Uttanwala	234,576	128,427	-	363,003	180,631	128,427	-	309,058
7.	Muhammad Kamran Khan Flat 604, Block 6, 7 th Floor, Civic View Appartment, Gulshan-e-Iqbal, Karachi	42101-3905691-7	Muhammad Iqbal Khan	-	1,939	-	1,939	-	1,039	-	1,039
8.	Maqbool Hussain Shah House No. 192-D, Pakistan Quarters, Garden, Cantt, Karachi	42301-7306791-3	Syed Hussain Shah	515	-	24	539	515	-	24	539

Consolidated Statement Showing Written-off Financing or any other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2021

Rupees in '000

S. No.	Name and address of the borrower	Name of individuals / directors (with CNIC / Passport No)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2021				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
9.	Muhammad Sherzaman House No 353, Street No 51, Sector E-11/3, Islamabad	36302-5625865-9	Haji Muhammad Zaman	43,958	9,860	-	53,818	-	9,860	-	9,860
10.	Parveen Sabir House # E-17, Block F, North Nazimabad Karachi	42101-7193651-2	Muhammad Sabir Chippa	25,007	44,123	-	69,130	-	44,123	-	44,123
11.	The Fuelers (Private) Limited 505-D 5 th Floor City Tower, 6-K Main Boulevard Gulberg-II, Lahore	Fatima Khalid 35202-9060744-4	Khalid Mehmood	156,500	8,501	630	165,631	-	8,501	630	9,131
		Khalid Mehmood 35202-1345244-1	Shah Muhammad								
12.	Muhammad Ismail Plot # 97, Block-H, Pakistan Expatriates Co-Operative Housing Society Ltd. Izmir Town, Lahore	35401-1733450-7	Farzand Ali	6,661	3,180	335	10,176	-	2,724	200	2,924
				2,494,950	229,742	23,404	2,748,096	592,004	254,544	23,269	869,817



Additional Information

Pattern of Shareholding	308
Categories of Shareholders	310
Glossary	311
Notice of Annual General Meeting (AGM)	312
Dividend Mandate Form	317
Proxy Form	319

Pattern of Shareholding

As at December 31, 2021

No. of Shareholders	No. of Shares From	To	'Shares held'	Percentage
1284	1	100	46875	0.0029
1185	101	500	327335	0.0201
709	501	1000	538230	0.0331
1273	1001	5000	3089484	0.1899
389	5001	10000	2764006	0.1699
209	10001	15000	2543239	0.1563
131	15001	20000	2266103	0.1393
76	20001	25000	1729020	0.1063
63	25001	30000	1745830	0.1073
57	30001	35000	1836751	0.1129
30	35001	40000	1122167	0.0690
35	40001	45000	1473978	0.0906
26	45001	50000	1258337	0.0773
20	50001	55000	1053246	0.0647
27	55001	60000	1544118	0.0949
8	60001	65000	499458	0.0307
19	65001	70000	1270974	0.0781
12	70001	75000	865506	0.0532
9	75001	80000	704356	0.0433
10	80001	85000	824087	0.0507
9	85001	90000	786096	0.0483
8	90001	95000	740317	0.0455
14	95001	100000	1383019	0.0850
6	100001	105000	617212	0.0379
12	105001	110000	1285534	0.0790
9	110001	115000	1026834	0.0631
3	115001	120000	353958	0.0218
8	120001	125000	988381	0.0608
10	125001	130000	1282457	0.0788
3	130001	135000	396115	0.0243
3	135001	140000	414550	0.0255
3	140001	145000	430340	0.0265
10	145001	150000	1480951	0.0910
6	150001	155000	914526	0.0562
5	155001	160000	789142	0.0485
6	160001	165000	975192	0.0599
1	165001	170000	166048	0.0102
3	170001	175000	522326	0.0321
6	175001	180000	1068416	0.0657
1	180001	185000	183860	0.0113
3	185001	190000	565500	0.0348
1	190001	195000	194698	0.0120
10	195001	200000	1989584	0.1223
2	200001	205000	408367	0.0251
5	205001	210000	1042058	0.0641
2	210001	215000	426942	0.0262
1	215001	220000	220000	0.0135
1	220001	225000	221515	0.0136
2	225001	230000	456932	0.0281
1	230001	235000	232600	0.0143
1	235001	240000	238539	0.0147
1	240001	245000	244155	0.0150
2	245001	250000	499189	0.0307
1	250001	255000	253000	0.0156
4	255001	260000	1034640	0.0636
1	265001	270000	269265	0.0166
2	270001	275000	548268	0.0337
1	275001	280000	275297	0.0169
2	280001	285000	569800	0.0350
1	285001	290000	286968	0.0176
2	290001	295000	589749	0.0362
3	295001	300000	895164	0.0550
3	305001	310000	923808	0.0568
1	315001	320000	317265	0.0195
2	320001	325000	641343	0.0394
2	330001	335000	667021	0.0410
1	340001	345000	342900	0.0211
2	345001	350000	696173	0.0428
1	350001	355000	354000	0.0218
1	370001	375000	370063	0.0227
3	375001	380000	1138224	0.0700
2	395001	400000	800000	0.0492
2	400001	405000	804807	0.0495
1	420001	425000	424795	0.0261
2	440001	445000	882739	0.0543
2	455001	460000	916630	0.0563
1	470001	475000	472042	0.0290
1	480001	485000	480236	0.0295
1	495001	500000	497080	0.0306
1	500001	505000	501000	0.0308
1	505001	510000	508566	0.0313
1	515001	520000	515478	0.0317
1	530001	535000	532162	0.0327
1	535001	540000	540000	0.0332
1	545001	550000	546475	0.0336
1	550001	555000	550835	0.0339
2	555001	560000	1114751	0.0685
1	570001	575000	572428	0.0352
1	585001	590000	585338	0.0360
1	600001	605000	600493	0.0369
2	620001	625000	1244786	0.0765
1	625001	630000	626813	0.0385
3	645001	650000	1943491	0.1195
2	660001	665000	1322060	0.0813
1	670001	675000	670450	0.0412
2	685001	690000	1378275	0.0847
1	700001	705000	704331	0.0433
1	705001	710000	708117	0.0435
2	730001	735000	1462749	0.0899
1	735001	740000	739910	0.0455

No. of Shareholders	No. of Shares		'Shares held'	Percentage
	From	To		
1	745001	750000	745900	0.0458
1	770001	775000	770500	0.0474
1	785001	790000	787280	0.0484
2	815001	820000	1632372	0.1003
1	820001	825000	824845	0.0507
2	840001	845000	1684323	0.1035
1	865001	870000	869025	0.0534
1	895001	900000	899067	0.0553
1	900001	905000	901917	0.0554
1	905001	910000	909846	0.0559
1	940001	945000	942144	0.0579
1	980001	985000	982672	0.0604
1	1020001	1025000	1022120	0.0628
1	1025001	1030000	1029710	0.0633
1	1115001	1120000	1118984	0.0688
1	1135001	1140000	1138463	0.0700
1	1140001	1145000	1140425	0.0701
2	1145001	1150000	2299463	0.1413
1	1150001	1155000	1153502	0.0709
1	1155001	1160000	1155763	0.0710
1	1195001	1200000	1195739	0.0735
1	1200001	1205000	1203765	0.0740
1	1230001	1235000	1233904	0.0758
1	1235001	1240000	1238103	0.0761
1	1270001	1275000	1275000	0.0784
1	1280001	1285000	1280035	0.0787
2	1285001	1290000	2576118	0.1583
1	1290001	1295000	1294530	0.0796
1	1295001	1300000	1300000	0.0799
1	1305001	1310000	1309664	0.0805
1	1315001	1320000	1317449	0.0810
1	1325001	1330000	1326531	0.0815
2	1390001	1395000	2784949	0.1712
3	1400001	1405000	4204225	0.2584
1	1415001	1420000	1419886	0.0873
1	1420001	1425000	1422794	0.0875
1	1440001	1445000	1445000	0.0888
1	1460001	1465000	1464180	0.0900
1	1480001	1485000	1480067	0.0910
1	1530001	1535000	1530650	0.0941
1	1545001	1550000	1546296	0.0950
1	1650001	1655000	1650749	0.1015
1	1690001	1695000	1695000	0.1042
1	1815001	1820000	1816491	0.1117
1	1820001	1825000	1825000	0.1122
1	1825001	1830000	1829899	0.1125
1	1845001	1850000	1850000	0.1137
1	1855001	1860000	1855147	0.1140
1	1895001	1900000	1897500	0.1166
1	1910001	1915000	1913055	0.1176
1	1960001	1965000	1960915	0.1205
1	2180001	2185000	2184720	0.1343
1	2225001	2230000	2225649	0.1368
1	2285001	2290000	2285548	0.1405
1	2295001	2300000	2300000	0.1414
1	2310001	2315000	2310585	0.1420
1	2365001	2370000	2368146	0.1456
1	2370001	2375000	2374743	0.1460
1	2480001	2485000	2484727	0.1527
1	2550001	2555000	2551746	0.1568
1	2595001	2600000	2595395	0.1595
1	2615001	2620000	2619690	0.1610
1	2685001	2690000	2690000	0.1653
1	2850001	2855000	2850114	0.1752
1	2910001	2915000	2914625	0.1791
1	3050001	3055000	3053501	0.1877
1	3165001	3170000	3168700	0.1948
1	3325001	3330000	3325647	0.2044
1	3565001	3570000	3568912	0.2194
1	3570001	3575000	3572325	0.2196
1	3960001	3965000	3964878	0.2437
1	4085001	4090000	4085476	0.2511
1	4335001	4340000	4335143	0.2665
1	4395001	4400000	4395436	0.2702
1	4685001	4690000	4685898	0.2880
1	5075001	5080000	5076577	0.3120
1	5220001	5225000	5221272	0.3209
1	5265001	5270000	5268752	0.3236
1	5625001	5630000	5629158	0.3460
1	5665001	5670000	5669928	0.3485
1	5870001	5875000	5870756	0.3608
1	5955001	5960000	5956845	0.3661
1	6370001	6375000	6373526	0.3918
1	7660001	7665000	7661196	0.4709
1	8130001	8135000	8133800	0.4999
1	8245001	8250000	8247010	0.5069
1	9440001	9445000	9440429	0.5803
1	9790001	9795000	9793334	0.6020
1	11960001	11965000	11962522	0.7353
1	15275001	15280000	15277983	0.9391
1	19615001	19620000	19616047	1.2057
1	23035001	23040000	23039905	1.4162
1	25515001	25520000	25515512	1.5683
1	151690001	151695000	151694052	9.3239
1	488075001	488080000	488079353	30.0000
1	573470001	573475000	573472440	35.2487
5906		Company Total	1626931201	100.0000

Categories of Shareholders

For the year ended December 31, 2021

Particulars	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
	2021			2020		
Directors, Chief Executive, their spouse and minor children	6	13,510,477	0.83%	7	15,726,183	1.11%
Associated Companies, undertakings and related parties	10	1,236,770,359	76.02%	9	1,074,925,203	75.98%
Banks, Development Financial Institutions and Non Banking Finance Companies	20	17,686,974	1.09%	18	14,487,681	1.02%
Insurance Companies	13	28,218,534	1.73%	11	16,454,787	1.16%
Modaraba and Mutual Funds	77	41,235,096	2.53%	71	33,180,214	2.35%
General Public						
a. Local	4,615	80,233,754	4.93%	3,940	65,907,045	4.66%
b. Foreign	837	14,835,511	0.91%	494	10,273,511	0.73%
Others	328	194,440,496	11.95%	265	183,768,160	12.99%
Total	5,906	1,626,931,201	100.000%	4,815	1,414,722,784	100.000%

Additional Information as at December 31, 2021

Particulars	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
	2021			2020		
Associated Companies & Shareholders with more than 10% shareholding						
Noor Financial Investment Co, Kuwait	1	573,472,440	35.25%	1	498,671,687	35.25%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	488,079,353	30.00%	1	424,416,829	30.00%
Islamic Development Bank, Jeddah	1	151,694,052	9.32%	1	131,907,872	9.32%
CDC Trustee Meezan Islamic Fund	1	15,277,983	0.94%	1	15,015,306	1.06%
CDC Trustee Meezan Balanced Fund	1	1,149,463	0.07%	1	1,087,273	0.08%
CDC Trustee Meezan Dedicated Equity Fund	1	497,080	0.03%	1	415,505	0.03%
CDC Trustee Meezan Asset Allocation Fund	1	645,167	0.04%	1	615,807	0.04%
CDC - Trustee Al Meezan Mutual Fund	1	2,285,548	0.14%	1	1,728,955	0.12%
CDC - Trustee KSE Meezan Index Fund	1	1,294,530	0.08%	1	1,065,969	0.08%
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	2,374,743	0.15%	-	-	-
Directors, Chief Executive, their spouse and minor children						
Mr. Mohammad Abdul Aleem	1	626,813	0.04%	-	-	-
Ms. Nausheen Ahmad	1	695	0.00%	1	605	0.00%
Mr. Yousef S.M.A. Alsaad	1	500	0.00%	-	-	-
Mr. Irfan Siddiqui	1	5,221,273	0.32%	1	4,540,237	0.32%
Mr. Noorur Rahman Abid*	-	-	0.00%	1	4,520,680	0.32%
Mr. Atif Azim*	-	-	0.00%	1	2,750	0.00%
Executives	41	4,609,287	0.28%	40	4,529,684	0.32%
Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Modaraba, Mutual Funds and other Organizations	438	281,581,100	17.31%	365	247,890,842	17.52%
General Public	5,413	98,121,174	6.03%	4,397	78,312,783	5.54%
Total	5,906	1,626,931,201	100.00%	4,815	1,414,722,784	100.00%

*Mr. Noorur Rahman Abid and Mr. Atif Azim retired on November 17, 2021

Glossary

AAOIFI

Accounting and Auditing Organization for Islamic Financial Institutions.

Al-'Aqd

Contract

Al-Bai

A contract of sale which is exchange of thing of value with another thing of value with mutual consent.

Al-Bai' Al-Mu'ajjal

It is a contract of sale in which the seller allows the buyer to pay the price of a commodity at a future date in lump sum or in instalments.

Al-'Ijtihad

Endeavour of an Islamic jurist to derive or formulate a rule of law pertaining to a matter not explicitly mentioned in the Shariah sources.

Al-Kafalah

A contract of surety in which a person adds to his responsibility or liability on behalf of another person in respect of a demand for a loan or debt.

Bai' Al-Dain

Sale of debt.

Bai' Al-'Inah

A contract of sale, where a person sells an asset on credit and then buys back at a less price for cash.

Bai' Al-'Istijrar

A form of sale whereby the buyer keeps on taking the goods from the seller as and when needed without settling the price and then settles the account later on.

Bai' Al-Murabahah

Sale of goods with an agreed price by disclosing cost and profit.

Bai' Al-Musawamah

Sale of goods at a negotiated price without mentioning the cost to the buyer.

Bai Al-Salam

It is a kind of sale of specified homogenous goods in which full payment is in advance spot while the delivery of goods is deferred to a future date.

Bai' Al-Tawliyah

A contract of sale in which the seller agrees to sell a product at his cost by disclosing the cost.

Bai' Al-Wad'iyah

A sales contract in which a seller informs the buyer his actual cost and then gives a further discount on it.

Charity

Means monetarily helping those in need. In IBIs in order to mitigate the risk of delayed payment customer undertakes to pay an amount to IBI as charity in case of delay in payment which the IBI shall donate on behalf of the customer.

Diminishing Musharakah

It is a financing product being practiced by IBIs in which Bank and customer participate in joint ownership of a property. The share of the bank is divided into number of units and the units owned by the Bank are rented to the customer. Customer purchases these units from bank at periodic intervals, thereby increasing his/her share in the undivided property until all the units are purchased by the customer.

Fatwa

A decree by a competent Shariah scholar qualified to issue decrees (mufti) on a matter giving an opinion about the position of a matter in the light of the Shariah rules and principles.

Gharar

It means any element of absolute or excessive uncertainty in a contract

Hiba

Gift/Transfer of ownership of an asset without any consideration.

Ijara/Ijarah

Letting on lease; technically, sale of a definite usufruct in exchange for a definite reward; commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building etc. to a client against an agreed rental for a definite period.

Ijma'

Consensus of the Islamic jurists (mujtahidin) on a certain Shariah issue. after the demise of the Holy Prophet (P.B.U.H.)

Islamic Banking

Banking in consonance with the ethics and value system of Islam as compared to conventional banking that conducts its business of borrowing and lending on the basis of interest.

Islamic Credit Card

It is an Shariah compliant credit card whereby no riba is involved.

Istisna'a/Istisna

It is a kind of sale where a purchaser orders to a manufacturer to manufacture a specific commodity for the purchaser. It is necessary for the validity of Istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.

Mudarabah

An agreement between two or more persons whereby one or more of them provide finance, while the other provides entrepreneurship and management to carry on the business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

Mudarabah Al-Muqayyadah

A contract of Mudarabah in which certain conditions like place, season, commodities, credit and techniques of trade are stipulated by the provider of the capital (rabb al-mal).

Mudarabah Al-Mutlaqah

A contract of Mudarabah that does not bind the mudarib about the place, time, season, commodities, credit or techniques of trade.

Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Musha'

Undivided ownership of two or more persons in an asset.

Parallel istisna

If the seller, after entering into a Istisna contract with buyer, enters into another separate and independent Istisna contract with a third party to manufacture goods of same specification then this arrangement is called Parallel Istisna

Parallel Salam

If the seller, after entering into a Salam contract with buyer, enters into another separate and independent Salam contract with a third party to acquire goods of same quality then this arrangement is called Parallel Salam.

Qard Al-Hasan

A loan with the stipulation to return the principal sum in the future without any increase.

Qimar

Qimar means gambling. Technically, it is an arrangement in which possession of a property is contingent upon the happening of an uncertain event.

Qiyas

To apply a recognized rule of Shariah expressly mentioned in the Holy Quran and Sunnah to a similar situation by way of analogy.

Rabb-ul-Maal

A person who invests capital in a Mudarabah.

Rahn

To pledge or lodge a real or corporeal property of material value, in accordance with the law, as security for a debt or financial obligation, so as to make it possible for the creditor to regain the debt or some portion of the goods or property in case of default.

Riba

Any monetary or non-monetary agreed benefit to the lender on a contract of loan

Shariah Audit

Audit of the operations of an Islamic financial institution to assess the extent to which the institution adhered to the requirements of the Shariah.

Shariah Supervisory Board

Committee of Islamic scholars in Islamic Banks for guidance and supervision and whose decisions are binding upon the bank.

Shariah

Shariah means a pathway to be followed and can further be explained as a set of divine injunctions and laws that regulates every aspect of human beings in their individual and collective lives.

Shariah-compliant

An act or activity that complies with the requirements of the Shariah, or Islamic law.

Shirkah al-'aqd

A joint enterprise formed for conducting some business in which all the partners share the profit according to a specific ratio while the loss is shared according to the ratio of contribution.

Shirkah al-milk

It means joint ownership of two or more persons in a particular property without commercial intention.

Sukuk/ Sukook

Sukuk are certificates of equal value representing undivided shares in ownership of tangible asset, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity.

Takaful

Islamic Insurance. A scheme of mutual support based on Islamic concept of waqf, wakalah or Mudarabah that provides insurance to individuals against hazards of falling into unexpected and dire need.

Tabarru'

It is a gift, the basic purpose of which is to seek the pleasure of Allah

Tijarah Financing

Sale & Agency based financing facility for customers who sell finished goods on credit basis. This facility enables customers to sell their finished goods stock to the Bank to meet their working capital requirements and enjoy the benefits of cash sales.

Wakalah

A contract of agency in which one person appoints someone else to perform a certain task on his behalf, usually against a certain fee.

Waqf

In Arabic language the word Waqf means preventing something from movement. In Shariah terminology, Waqf refers to making a property invulnerable to any disposition that leads to transfer of ownership and donating the usufruct of that property to beneficiaries.

Zakah (zakat)

A certain portion of wealth levied on Muslims having wealth above an exemption limit (nisab) at a rate fixed by the Shariah to purify wealth. Zakat is one of the five pillars of Islam. The objective is to take away a part of the wealth of the well-to-do and to distribute it among the poor and the needy.

Notice of 26th Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of the Members of Meezan Bank Limited (the "Bank") will be held Insha'Allah on Tuesday, March 29, 2022 at 9:00 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi, Pakistan, (physical and virtual meeting) to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on November 17, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank, Audited Consolidated Accounts for the year ended December 31, 2021, together with the Auditors' Report, Directors' Report and Chairman's Review Report thereon.
3. To appoint auditors of the Bank for the year ending December 31, 2022, and to fix their remuneration. M/s. A. F. Ferguson & Co., Chartered Accountants, has consented to act as auditors of the Bank. The retiring auditors M/s. EY Ford Rhodes., Chartered Accountants have completed the period of five (5) years in accordance with the Regulation No. 33 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
4. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash Dividend at the rate of Rs. 1.50 per share i.e. 15% in addition to Rs. 4.50 per share i.e. 45% interim cash Dividend already declared/paid along with 15% Bonus Shares for the year December 31, 2021.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Muhammad Sohail Khan
Company Secretary

Karachi
February 21, 2022

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS

The Members' Register will remain closed from March 25, 2022 to March 29, 2022 (both days inclusive). Transfer received at the Share Registrar office, by the close of business on March 24, 2022 will be treated in time for the purpose of entitlement to receive the 15% cash dividend and attend, vote and speak in the 26th Annual General Meeting.

2. COVID-19 RELATED CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING

- In terms of Securities and Exchange Commission of Pakistan's (SECP) Circulars No. 5 of 2020 dated March 17, 2020 and No. 4 of 2021 dated February 15, 2021 for the well-being and their safety, the members are encouraged to attend and vote in the Annual General Meeting via Zoom Link. Accordingly, members are requested to get themselves registered by sending their particulars at the designated e-mail address agm@meezanbank.com giving particulars as per the below table by the close of business hours (5:00 PM) on Friday, March 25, 2022.

Name of Shareholders/Proxy	CNIC / Passport No.	Folio No./CDC Participant ID No.	Cell No.	Email Address
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- Link to video connectivity will be sent to the shareholders on their e-mail addresses after necessary verification from the records.
- Shareholders will be able to log in and participate in the Annual General Meeting proceedings through their smartphones or computer devices.
- The login facility will be available from 08:30 a.m. till the end of the Annual General Meeting on March 29, 2022, enabling the participants to join the proceedings which will start at 09:00 a.m. sharp, Insha'Allah.
- In addition to the above, Shareholders can also give their suggestions/comments on the proposed agenda of the Annual General Meeting by e-mailing at the designated e-mail address agm@meezanbank.com

3. Copies of the Minutes of the Extraordinary General Meeting held on November 17, 2021, of Meezan Bank Limited, are available for inspection by Members as required under Section 152 of the Companies Act, 2017.

FOR ATTENDING THE GENERAL MEETING:

- A member entitled to attend the Annual General Meeting may appoint any other person as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.
- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card ("CNIC") or original passport at the time of attending the Annual General Meeting.
- In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Annual General Meeting.

4. VIDEO CONFERENCE FACILITY FOR ATTENDING GENERAL MEETINGS

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 07 days prior to the date of the Annual General Meeting, the Bank will arrange a video conference facility in that city subject to availability of such facility in that city.

To avail this facility, a request to be submitted to the registered address of the Bank 07 days before holding of the Annual General Meeting.

5. POSTAL BALLOT FACILITY

In case the Poll is demanded by the shareholders under Section 143 of the Companies Act 2017, the Company shall consider postal Balloting facility for voting, under the Companies (Postal Ballot) Regulations, 2018.

6. AVAILABILITY OF ANNUAL ACCOUNTS ON BANK'S WEBSITE

As required under Section 223 (7) of the Companies Act 2017, audited Financial Statements of the Bank have been uploaded on website of the Bank which can be downloaded from the Bank's website-www.meezanbank.com.

7. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD:

The Bank has circulated Annual Financial statements to its members through CD at their registered address. A printed copy of the above referred statements can be provided to members upon request. The request form is available on the website of the Bank and may be accessed by clicking the following link;
<https://www.meezanbank.com/wp-content/themes/mbi/downloads/Annual-Report-Request-Form.pdf>

8. TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL:

The Securities and Exchange Commission of Pakistan (SECP) through SRO No. 787(I)/2014 and SRO No. 470(I) of 2016 dated September 8, 2014, and May 31, 2016, respectively has provided an option for shareholders to receive Annual Report along with the notice of Annual General Meeting electronically through E-mail/CD/DVD/USB/ in hard copy. Hence, members who are interested in receiving the Annual Reports and notice of Annual General meeting electronically in future are requested to send their request on the prescribed form placed on the Bank's website (link as mentioned in point 7), to the Bank's Share Registrar.

THE FOLLOWING CIRCULARS / NOTIFICATIONS REQUIRE SPECIAL ATTENTION OF THE SHAREHOLDERS:

9. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (E-DIVIDEND) - MANDATORY:

Under section 242 of the Companies Act, 2017, and Regulation No. 4 of the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividend directly into the bank account, shareholders are requested to fill the "E-Dividend Mandate Form" available on Bank's website and send it duly completed and signed along with a copy of his/her valid CNIC to the Bank's Share registrar, THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi -75500, Pakistan UAN 111-000-322, (in case of physical shares).

In case shares are held in CDC then the "E-Dividend Mandate Form" must be submitted directly to shareholder(s)' broker / participant / CDC account services.

Shareholders can directly register for e-Dividend Services by visiting CDC Portal:
<https://eservices.cdcaccess.com.pk/public/index.xhtml>.

E-Dividend Mandate Form

Folio Number/CDC Sub Account Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number (IBAN)	
Name of Bank	
Branch Name, Branch Code, Address	
Cell and Landline number	
CNIC/ Passport No. (Attach copy)	
Signature of Shareholder	

10. SUBMISSION OF VALID CNIC COPY (MANDATORY)

In terms of Regulation No. 06 of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 243(3) of the Companies Act, 2017, listed Companies are entitled to withhold payment of dividend, if shareholders have not provided copies of their valid Computerized National Identity Cards ("CNIC")/ Passport Number as well as complete and valid details of designated bank accounts (IBAN) for direct credit of cash dividend.

The shareholders are therefore requested to submit a copy of their valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to the Bank's Registrar and Share Transfer Agent/CDC (as the case may be). In case the same have already been provided, then these instructions may be ignored.

The shareholders while sending copies of their CNICs must quote their respective folio numbers and names for identification purpose.

11. TAX IMPLICATION ON DIVIDENDS

The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as per law.

To enable the Bank to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into the Federal Board of Revenue's (FBR) Active Tax-Payers List (ATL), despite the fact that they are tax return filers, are advised to make sure that their names are entered into ATL, before the date of book closure for cash dividend; otherwise, tax on their cash dividend will be deducted as non-filer.

12. TAX ON JOINT SHAREHOLDING

All shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Shares Registrar, in writing as follows:

Folio/CDS	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar by the close of business (5:00 pm) on Friday, March 25, 2022 otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s) and tax will be deducted according to the proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No. I(54) Exp/2014-132872-R, dated September 25, 2014.

13. TAX EXEMPTION CERTIFICATE

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide a valid exemption certificate under section 159 (1) of the Income Tax Ordinance, 2001 latest by March 25, 2022, to our Shares Registrar before the date of Book closure as required vide FBR clarification letter No. 1(43) D.G. (W.H.T.) / 2008-Vol.II-66417-R dated May 12, 2015.

14. INTIMATION OF CHANGE OF ADDRESS AND DECLARATION OF NON-DEDUCTION OF ZAKAT

Members are requested to immediately notify regarding the change, if any, in their registered and/or e-mail addresses, in writing, and their declaration for the non-deduction of Zakat (if applicable), to the Share Registrar and Transfer Agent of the Bank i.e. THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi -75500, Pakistan, UAN 111-000-322 (in case of Physical scrips) whereas Members/CDC Account holders are requested to contact their CDC Participant/CDC Account Services for the same, but no later than close of business hours (05:00 p.m.) on Friday, March 25, 2022.

15. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The Securities and Exchange Commission of Pakistan (SECP) through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised the listed companies to adhere with the provisions of section 72 of the Companies Act, 2017 (the "Act") by replacing shares issued by them in Physical Form with the shares to be issued in the Book-Entry Form. Meezan Bank Limited (the "Bank"), being a listed company is also required to comply with aforesaid provisions of Act.

The shareholders of Meezan Bank Limited having physical folios/share certificates are requested to convert their shares from physical form into Book Entry Form as soon as possible. The shareholders may contact their Broker, a PSX Member, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.

It would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for the issuance of duplicate shares and readily available for sale and purchase in open market at better rates. The shareholders of Bank may contact the Share Registrar and Transfer Agent of the Bank, namely THK Associates (Pvt.) Limited at the following address for the conversion of physical shares into Book-Entry Form.

THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial, Street 2,
D.H.A, Phase VII, Karachi -75500
Tel # 021-35310191-6 UAN: 021-111-000-322
Email Address:
secretariat@thk.com.pk
sfc@thk.com.pk

16. UN-CLAIMED DIVIDENDS / SHARES









The shareholders are hereby informed that in accordance with section 244 of the Companies Act, 2017 and the unclaimed shares, Modaraba certificates, Dividend, other instruments and undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/unclaimed for a period of three (3) years or more from the date it is due and payable.









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-  Financial calculator
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regulatory actions)
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 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android
and ios devices

Meezan Bank Limited

E-Dividend Mandate Form

According to Section 242 of Companies Act, 2017 and Circular No. 18/2017 dated August 1, 2017 issued by Securities and Exchange Commission of Pakistan (SECP), from November 1, 2017 all listed companies are to pay dividend only through electronic mode directly into the bank accounts designated by the entitled shareholders.

In view of above, Shareholder(s) are advised to provide their complete bank account / IBAN detail as per format given below required under clause 7,8 and 9 (ii) of the Companies (Distribution of Dividends) Regulations, 2017 issued under S.R.O.1145 (I) / 2017 dated November 06, 2017 by SECP enabling us to comply with the above Section/Circular.

For physical Shareholder(s):

THK Associates (Pvt) Limited, Plot No. 32-C Jami Commercial Street 2, DHA, Phase VII, Karachi-75500, Pakistan.

For CDC Account holder (s)

in case of CDC account holder / Sub-account holder, please provide said details to CDC / to respective member Stock Exchange.

Company Secretary

E-Dividend Mandate Details

It is requested that all my cash Dividend amounts declared by the Bank may be credited into the following bank account:

Folio Number / CDC Participants ID A/c No.	
Name of Shareholder(s)	
Title of the Bank Account	
Bank Account Number (Complete) / IBAN	
Bank's Name, Branch Name, Branch Code and Address	
Cell Number	
Landline Number, if any	
Email Address	
CNIC Number/ Passport Number (in case of foreign Shareholder) (attach copy)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar/Participant/CDC Investor Account Services as soon as these occur.

Signature of Shareholder

(Please affix company stamp in case of a corporate entity)

Note:

Please provide complete IBAN, after checking with your concerned bank branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the IBAN alone. Meezan Bank is entitled to rely on the IBAN information as per your instructions (provided by you). The Bank shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Bank.

میزان بینک لمیٹڈ

ای ڈیویڈنڈ مینڈیٹ فارم

کمپنیز ایکٹ، 2017 کی شق 242 اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست، 2017 کے ذریعے تمام لسٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر، 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔

درج بالا ہدایات کے پیش نظر، آپ سے گزارش کی جاتی ہے کہ اپنے مکمل ”انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)“ کی تفصیل درج ذیل نمونہ کے مطابق کمپنی کو فراہم کریں۔ جس کی ہدایت 6 نومبر، 2017 کو SECP نے جاری کردہ SRO 1145(I)/2007 میں Companies (Distribution of Dividends) Regulations, 2017 کی شق 7، 8 اور 9(ii) کے مطابق کی ہے، تاکہ ہم درج بالا شق پر عمل پیرا ہو سکیں۔ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ ممبر اسٹاک ایکسچینج کو مہیا کریں۔

فزیکل شیئر ہولڈرز کے لئے
ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ 2، ڈی ایچ اے، فیر VII، کراچی-75500، پاکستان
سی ڈی سی اکاؤنٹ ہولڈرز کے لئے
اگر آپ سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر ہیں تو برائے مہربانی نیچے دی گئی تفصیلات سی ڈی سی/اسٹاک ایکسچینج کے معزز نمبر کو فراہم کریں۔

کمپنی سیکریٹری

ای ڈیویڈنڈ مینڈیٹ کی تفصیل:

درخواست کی جاتی ہے کہ بینک کی جانب سے اعلان کردہ میرے ڈیویڈنڈ کی تمام رقم مندرجہ ذیل بینک اکاؤنٹ میں منتقل کی جائے:

فولیو نمبر/سی ڈی سی پارٹیشنس آئی ڈی نمبر:	
شیئر ہولڈر کا نام:	
بینک اکاؤنٹ جس نام سے ہے:	
مکمل بینک اکاؤنٹ نمبر (IBAN):	
بینک کا نام، برانچ کا نام، کوڈ اور پتہ:	
موبائل نمبر:	
فون نمبر (اگر ہے):	
ای میل:	
کمپیوٹرائزڈ شناختی کارڈ نمبر/ پاسپورٹ نمبر (اگر غیر ملکی شیئر ہولڈر ہو تو) (کاپی منسلک کریں):	

بیان کیا جاتا ہے کہ درج بالا معلومات درست ہیں، اور یہ کہ میں درج بالا معلومات میں کوئی بھی تبدیلی واقع ہونے کی صورت میں کمپنی اور متعلقہ شیئر رجسٹرار/پارٹیشنس آئی ڈی سی انویسٹر اکاؤنٹ سروسز کو فوری طور پر مطلع کروں گا/گی۔

دستخط شیئر ہولڈر

(برائے مہربانی کارپوریٹ ادارے کی صورت میں کمپنی کی مہر ثبت کریں)

نوٹ: برائے مہربانی اپنے اکاؤنٹ میں براہ راست الیکٹرانک کریڈٹ کا اہل بننے کے لئے اپنا مکمل IBAN، اپنی متعلقہ بینک برانچ سے تصدیق کے بعد فراہم کریں۔

نقد ڈیویڈنڈ کی ادائیگی کی کارروائی صرف IBAN کی بنیاد پر کی جائے گی۔ میزان بینک کو صرف آپ کی ہدایات کے مطابق IBAN کی (آپ کی جانب سے فراہم کردہ) معلومات پر انحصار کرنے کا اختیار ہے۔ میزان بینک اس معاہدہ کے تحت اپنی کسی بھی ذمہ داری کی ادائیگی میں غلطی، تاخیر یا ناکامی کی وجہ سے بلا واسطہ یا بالواسطہ ہونے والے کسی بھی ضرر نقصان، ذمہ داری یا دعویٰ کے لئے جوابدہ نہیں ہوگا اگر یہ آپ کی جانب سے ادائیگی کی غلط ہدایات اور/یا بینک کے کنٹرول سے باہر کسی واقعہ کی وجہ سے پیش آئے ہوں۔



Meezan Bank
The Premier Islamic Bank

FORM OF PROXY

The Company Secretary
Meezan Bank Limited
Meezan House
C-25, Estate Avenue S.I.T.E,
Karachi, Pakistan.

I/We _____ of _____ being a member(s) of Meezan Bank Limited and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Investor Account No. _____ / Participant I.D No. _____ and Sub Account No. _____ do hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the 26th Annual General Meeting of Meezan Bank Ltd. to be held on Tuesday, March 29, 2022 at 9:00 a.m. at Meezan House, C-25, Estate Avenue, S.I.T.E., Karachi, Pakistan and at any adjournment thereof.

Signed this _____ day of _____ 2022.

Please affix
revenue
stamp of
appropriate
value

Signature of Member(s)/Attorney

The Signature should agree
with the specimen registered
with the Company

Witness 1

Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

Witness 2

Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

NOTES:

- Proxies in order to be effective must be received by the Company not later than 48 hours before the time of the meeting.
- A member entitled to attend and vote at the Meeting may appoint another person as his/her proxy to exercise all or any of his rights to attend, speak and vote for him/her.
- Members are required to timely notify any change in their address to Bank's Shares Registrar THK Associates (Pvt.) Ltd. Plot No. 32-C Jami Commercial Street 2, DHA, Phase VII, Karachi-75500, Pakistan.
- Shareholders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- If any member appoints more than one proxy and more than one instruments of proxies for any one meeting are deposited with the Company, all such instruments of proxy shall be rendered invalid.

For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

For Appointing Proxies:

- The Proxy form be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or any attorney duly authorized by it.
- In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the Company.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passports of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

The Company Secretary
Meezan Bank Limited
Meezan House, C-25,
Estate Avenue, SITE,
Karachi, Pakistan.

Please affix
correct
postage



میزان بینک
پیریمیر اسلامی بینک

نمائندگی فارم

جناب کمپنی سیکریٹری

میزان بینک لمیٹڈ

میزان ہاؤس،

۲۵-C، اسٹیٹ ایونیو، سائٹ،

کراچی، پاکستان۔

میں/ہم _____ کا/کے _____ بحیثیت رکن

میزان بینک لمیٹڈ اور شیئر رجسٹر فلیو نمبر _____ یاسی ڈی سی انویسٹر اکاؤنٹ نمبر/سی ڈی سی پارٹنر شپ آئی ڈی نمبر _____

اور ذیلی اکاؤنٹ نمبر _____ کے مطابق _____ عمومی حصص کا/کے مالک، _____

کے/کی _____ یا بصورت دیگر _____

کے/کی _____ کو اپنا/ہمارا نمائندہ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں اور

میزان بینک لمیٹڈ کے ۲۹ مارچ ۲۰۲۲ بروز منگل بوقت ۹:۰۰ بجے صبح کو میزان ہاؤس، ۲۵-C، اسٹیٹ ایونیو، سائٹ، کراچی، پاکستان میں منعقد ہونے والے ۲۶ ویں سالانہ اجلاس عام

یا اس کے ملتوی شدہ اجلاس میں شرکت کرنے، رائے دینے اور اپنی/ہماری جگہ ووٹ دینے کا اہل قرار دیتا ہوں/دیتی ہوں/دیتے ہیں۔

براہ کرم مناسب قیمت
والے ریونیو اسٹیپ
چسپاں کریں۔

دستخط _____ ویں روز _____ ۲۰۲۲ کو کئے گئے۔

رکن (اراکین) کے دستخط

دستخط بینک میں رجسٹرڈ
نمونے سے مطابقت رکھنے چاہئے۔

گواہ 2:

گواہ 1:

دستخط _____ نام _____

نام _____

پتہ _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

2- کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد یا پور آف انارنی بمعہ شخصی دستخط کے پیش کرنا ہوں گی (تاوقتیکہ پہلے فراہم نہ کی گئی ہو)۔

نمائندوں کی تقرری کے لئے (Proxies):

1- نمائندگی فارم تقرر کنندہ یا اس کے انارنی کی جانب سے دستخط شدہ اور تحریری طور پر تصدیق شدہ ہو، یا اگر تقرر کنندہ کوئی کاروباری ادارہ ہو تو فارم پر اس کی مہر ثبت ہو اور اس کی جانب سے قانونی طور پر مقررہ مجاز افسر یا انارنی کے دستخط ہوں۔

2- انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق آپ لوڈ ہوں، مندرجہ بالا شرائط کے مطابق پر کسی فارم جمع کرانیں گے۔

3- کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پور آف انارنی امیدوار کے شخصی دستخط کے ساتھ کمپنی کو پر کسی فارم کے ساتھ جمع کروانی ہوگی (تاوقتیکہ پہلے فراہم نہ کی گئی ہو)۔

4- جن دو افراد سے پر کسی فارم کی تصدیق کروانی جائے گی ان کے نام، پتے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج کیے جائیں گے۔

5- اصل مالکان اور ان کے نمائندوں کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پر کسی فارم کے ساتھ منسلک کی جائیں گی۔

6- حاضر شخص کو اجلاس میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوں گے۔

نوٹس:

1- نمائندگی کا تقرر نام مؤثر ہونے کے لئے اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کو موصول ہو جانا چاہئے۔

2- سالانہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق دار کوئی بھی ممبر کسی دوسرے ممبر کو اجلاس میں حاضر ہونے/رائے اور ووٹ دینے کے لئے کسی ایک یا تمام حقوق استعمال کرنے کے لئے اپنی/اپنا نمائندہ مقرر کر سکتا ہے۔

3- ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں بینک کے شیئر رجسٹرار THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کرشل اسٹریٹ 2، ڈی ایچ اے، فیئر VII، کراچی-75500، پاکستان کو فوراً مطلع کریں۔

4- مزید برآں، شیئر ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 1 مجریہ 26 جنوری 2000 میں فراہم کردہ ہدایات کی پیروی کرنی ہوگی۔

5- اگر کوئی ممبر ایک سے زائد نمائندے مقرر کرتا ہے اور کسی ایک اجلاس کے لئے ایک سے زائد پر کسی فارم موصول ہوتے ہیں، ایسی صورت میں تمام پر کسی فارم غیر مؤثر سمجھے جائیں گے۔

اجلاس میں شرکت کرنے کے لئے:

1- انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق آپ لوڈ ہوں، کو اجلاس میں شرکت کے وقت اصل قومی شناختی کارڈ

(CNIC) یا اصل پاسپورٹ دکھانا ہوگا۔

برائے مہربانی
درست ڈاک ٹکٹ
چسپاں کریں

محترم کمپنی سیکریٹری
میزان بینک لمیٹڈ
میزان ہاؤس C-25، اسٹیٹ ایونیو
سائٹ، کراچی، پاکستان



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