BML

بنک مکرمہ
Bank Makramah Ltd

Ref: BML/CSD/2025/03-02

FORM-8

Date: 05.03.2025

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: TRANSMISSION OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

Dear Sir,

We have to inform you that the Annual Report of Bank Makramah Limited for the year ended December 31, 2024 have been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TREC Holders of the Exchange accordingly.

Thanking you,

Yours truly,

For and on behalf of
Bank Makramah Limited

Bank Makramah Ltd
Karachi
Head Office

Assad Rabbani
Company Secretary

Head Office:
Plot # G-2, Block # 2, Scheme # 5, Clifton, Karachi - Pakistan.
PABX: (021) 32402924 Email: info@bankmakramah.com, Website: www.bankmakramah.com

The Complete **Ring** of
Financial Possibilities

BML بنک مکرمہ
Bank Makramah Ltd.

ANNUAL REPORT 2024

BML

بنک مکرمه

Bank Makramah Ltd.

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The Complete Ring serves as a profound reflection of Bank Makramah Limited's core values and strategic vision, encompassing transparency, results-driven practices, societal upliftment, sincerity to customers, and teamwork. Just as a ring symbolizes unity and wholeness, our operations are guided by a holistic approach, wherein each aspect intertwines seamlessly to form a complete circle of excellence.

In the **Ring of Growth**, transparency and a results-driven mindset propel our expansion efforts, fostering clear communication and accountability, while maximizing value for stakeholders.

Within the **Ring of Opportunities**, each customer interaction is viewed as a chance to uplift communities, driven by sincerity and a commitment to excellence, thereby setting industry benchmarks in professionalism and integrity.

At the heart of our operations lies the **Ring of Values**, where teamwork serves as our core strength, fostering collaboration and unity among diverse perspectives, reinforcing a culture of trust and collective success.

Meanwhile, the **Ring of Innovation** drives continuous improvement through forward-thinking initiatives, pioneering solutions to meet evolving needs, ensuring agility and responsiveness in our operations.

Ultimately, the **Ring of Excellence** reflects our dedication to societal upliftment and customer sincerity, permeating every facet of our operations, and delivering superior service and impactful outcomes.

In essence, the theme signifies our holistic commitment to being a partner guiding stakeholders towards our collective success.

Corporate *Information*

Board of Directors:

Mr. Abdulla Nasser Abdulla Hussain Lootah
Chairman / Non-Executive Director

Mr. Waseem Mehdi Syed
Independent Director

Ms. Fauzia Hasnain
Independent Director

Mr. Wajahat Ahmed Baqai
Non-Executive Director

Mr. Zafar Iqbal Siddiqi
Non-Executive Director

Mr. Jawad Majid Khan
President & CEO / Executive Director

Board Audit Committee

Ms. Fauzia Hasnain
Chairperson

Mr. Wajahat Ahmed Baqai
Member

Mr. Zafar Iqbal Siddiqi
Member

Board Risk Management Committee

Mr. Wajahat Ahmed Baqai
Chairman

Ms. Fauzia Hasnain
Member

Mr. Zafar Iqbal Siddiqi
Member

Board Human Resource & Remuneration Committee

Ms. Fauzia Hasnain
Chairperson

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Waseem Mehdi Syed
Member

Mr. Jawad Majid Khan
Member

Board Information Technology Committee

Mr. Zafar Iqbal Siddiqi
Chairman

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Waseem Mehdi Syed
Member

Mr. Jawad Majid Khan
Member

Board Compliance Committee

Mr. Waseem Mehdi Syed
Chairman

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Wajahat Ahmed Baqai
Member

Mr. Zafar Iqbal Siddiqi
Member

Board Special Assets Management Committee:

Mr. Wajahat Ahmed Baqai
Chairman

Mr. Abdulla Nasser Abdulla Hussain Lootah
Member

Mr. Waseem Mehdi Syed
Member

Ms. Fauzia Hasnain
Member

Mr. Jawad Majid Khan
Member

Shariah Board

Mufti Muhammad Najeeb Khan
Chairman

Mufti Irshad Ahmed Aijaz
Member

Dr. Noor Ahmed Shahtaz
Member

Mufti Bilal Ahmed Qazi
Member

Mufti Syed Zubair Hussain
Resident Shariah Board Member

Chief Financial Officer

Mr. Salman Zafar Siddiqi

Company Secretary

Mr. Assad Rabbani

Auditors

M/s. Yousuf Adil Chartered Accountants

Legal Advisors

Haidermota & Co
Advocates

Share Registrar

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street-2,
D.H.A, Phase-VII, Karachi.
Tel: 021-111-000-322
Ext: 107-111-115
Fax: 021-35310190
Email: secretariat@thk.com.pk
Website: www.thk.com.pk

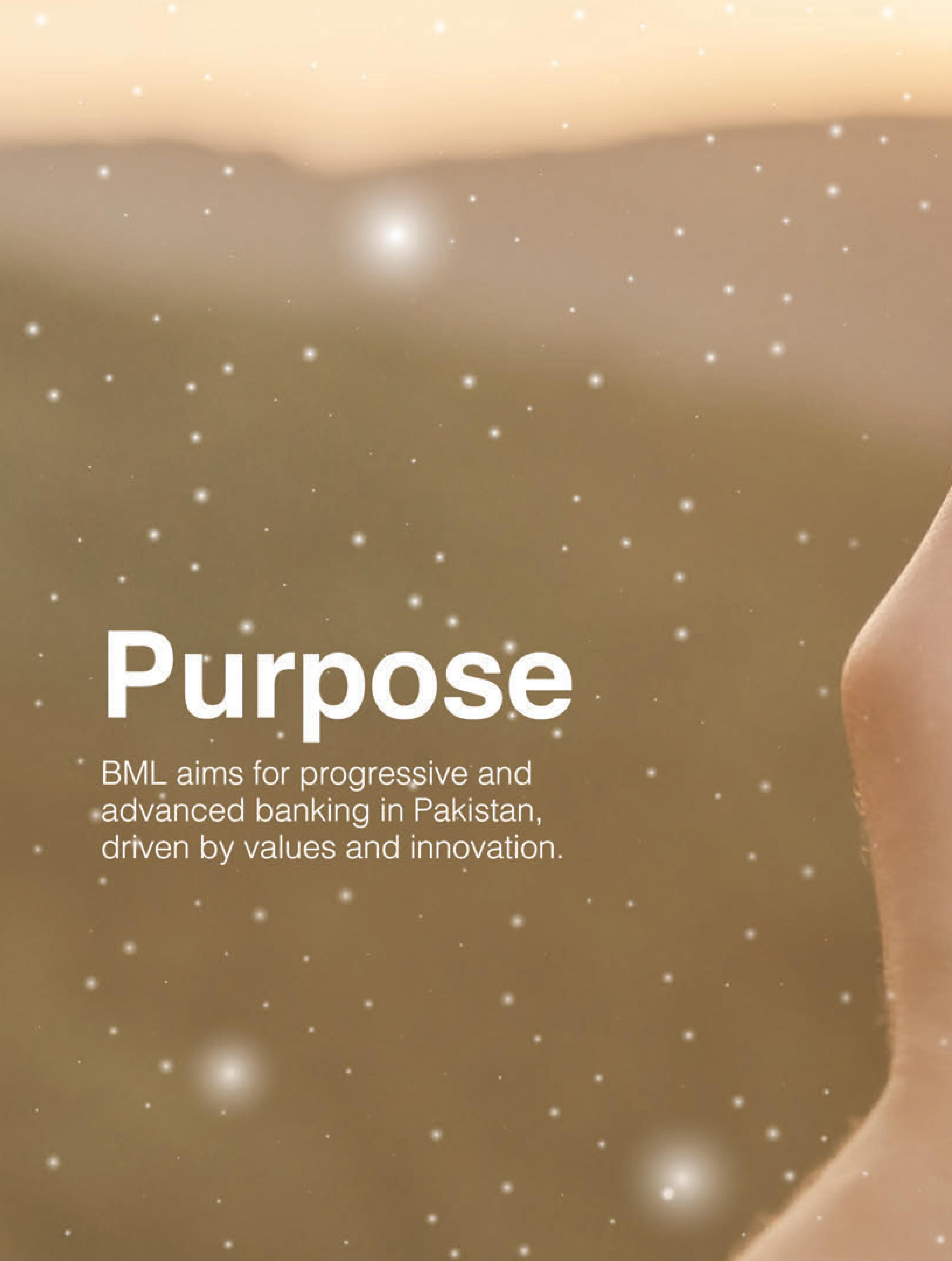
Head Office

Head Office Building
Plot No. G-2, Block-2, Clifton, Karachi.
UAN: 021-111-124-365
Fax: 021-32463553

Registered Office

Plot No. 9-C, F-6 Markaz, Supermarket,
Islamabad, Pakistan

Email: info@bankmakramah.com
companysecretary@bankmakramah.com
Website: www.bankmakramah.com



Purpose

BML aims for progressive and advanced banking in Pakistan, driven by values and innovation.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Vision

Our vision is to become the leading service provider in Pakistan, offering innovative and Shariah-compliant solutions.

Mission

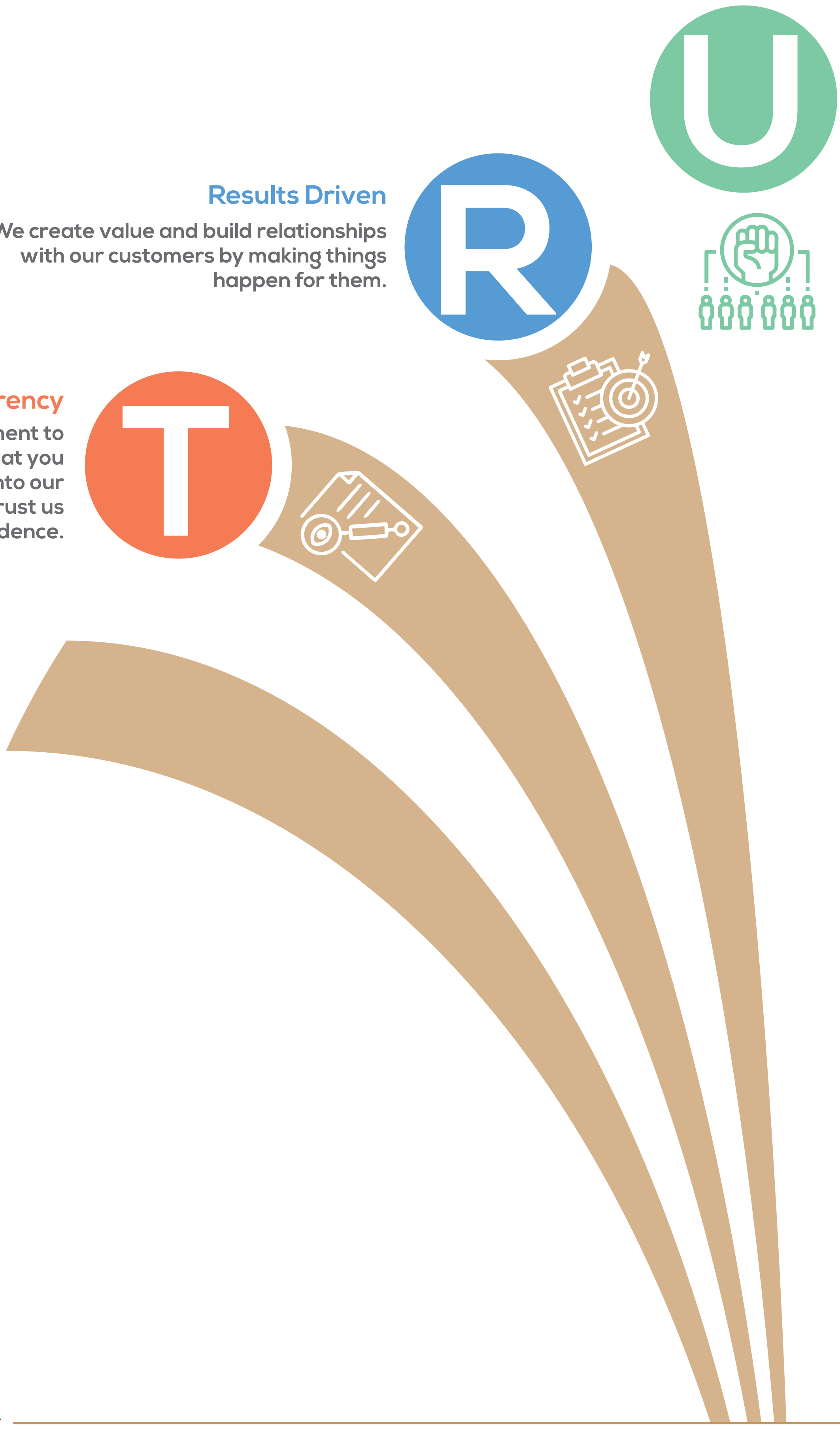
Our mission is to synergise Islamic values with advanced banking solutions to provide customised services while nurturing the economic growth of Pakistan.

Results Driven

We create value and build relationships with our customers by making things happen for them.

Transparency

Our commitment to transparency ensures that you have full visibility into our services, so you can trust us with confidence.



Upliftment of the Society

We are committed to making a positive impact on communities through meaningful actions.

Sincerity to Customers

Building a trustworthy relationship with our customers is our topmost priority, achieved through ethical procedures and transparency.

Teamwork

We promote and support a diverse, yet unified team. We work as a team to meet our common goals.

Corporate **Governance**

The Bank is in compliance with the significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed as part of the annual report.

The Directors are pleased to give the following statements required under Chapter XII - Reporting and Disclosure of the Listed Companies (Code of Corporate Governance) Regulations, 2019:

1. The total number of Directors are seven (07) as per the following:

    - Male 05
    - Female 01
    - Vacancy* 01

    * Mr. Muhammad Salman Alam Fazli resigned from the Board of Directors on October 30, 2024.

2. The composition of Board is as follows:

Category	Name
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Fauzia Hasnain
Non-Executive Directors	Mr. Abdulla Nasser Abdulla Hussain Lootah Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai
Executive Director	Mr. Jawad Majid Khan, President & CEO

3. The Board has formed committees comprising of members given below:

S. No.	Board Audit Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Zafar Iqbal Siddiqi	Member
3	Mr. Wajahat Ahmed Baqai	Member

S. No.	Board Human Resource & Remuneration Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Jawad Majid Khan	Member
4	Mr. Waseem Mehdi Syed	Member

S. No.	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Zafar Iqbal Siddiqi	Member
3	Ms. Fauzia Hasnain	Member

S. No.	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Jawad Majid Khan	Member
4	Mr. Waseem Mehdi Syed	Member

S. No.	Board Compliance Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Mr. Wajahat Ahmed Baqai	Member

S. No.	Board Special Assets Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Jawad Majid Khan	Member
4	Mr. Waseem Mehdi Syed	Member
5	Ms. Fauzia Hasnain	Member

The number of Board and Board Committee meetings held during the year 2024 and the attendance by each director was as follows:

S. No.	Name of Directors	Numbers of Board Meeting attended	Number of Board Committees Attended					
			Board Audit Committee	Board Human Resources & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee	Board Compliance Committee	Board Special Assets Management Committee
1	Mr. Abdulla Nasser Abdulla Hussain Lootah	6	1**	1	N/A	L/A	L/A	L/A
2	Mr. Muhammad Salman Alam Fazli*	3	1*	1*	1*	1*	1*	1*
3	Mr. Waseem Mehdi Syed	6	4**	8	1**	7	4	4
4	Ms. Fauzia Hasnain	6	5	8	4	1**	3**	4
5	Mr. Zafar Iqbal Siddiqi	6	4	1**	4	7	4	1**
6	Mr. Wajahat Ahmed Baqai	6	5	3**	4	1**	4	4
7	Mr. Jawad Majid Khan	6	4**	8	N/A	6	N/A	4
	Total meetings held during the year	**6**	**5**	**8**	**4**	**7**	**4**	**4**

* The Board of Directors of the Bank in their Board Meeting held on October 30, 2024 accepted the resignation of, Mr. Muhammad Salman Alam Fazli as a Non-Executive Director.

** Attended meeting as an invitee.

Leave of absence was granted to the non-attending Board Members/Board Subcommittees members.

DIRECTORS' PROFILE

Mr. Abdulla Nasser Abdulla Hussain Lootah
Chairman of the Board of Directors

Mr. Abdulla Nasser Abdulla Hussain Lootah, a highly accomplished professional in the global business arena, has been appointed as the Chairman of the Board of Bank Makramah Limited.

He has also been serving as the Vice Chairman and Director of Nasser Abdulla Lootah Group of Companies (a premier group based out of the United Arab Emirates, with business interests in many countries) since 2009 where he has played a vital role in driving the Group's success through his active involvement in business planning, development, and implementation of effective strategies.

In addition to his contributions to the Group, Mr. Lootah has also co-founded another successful textile enterprise namely NAAR Enterprises LLC which has greatly benefited from his entrepreneurial spirit and strategic direction, leading to its rapid growth.

Mr. Lootah's strong track record and commitment to excellence have earned him significant respect in the global business world.

Mr. Jawad Majid Khan
President & CEO/ Executive Director

Jawad Majid Khan, a seasoned financial sector professional joined Bank Makramah Limited (BML), formerly known as SMBL, as the President & Chief Executive Officer on March 26, 2021.

Prior to joining BML, he served as Director – Emaan Islamic Banking, Silk Bank Limited after moving from Dubai Islamic Bank Pakistan Limited as Group Head Distribution, Middle Markets & SME. A Graduate in Economics with Specialization in Development Economics and International Monetary Policy, from Quaid-e-Azam University, Islamabad; an alumnus of the Harvard Business School (HBS), Boston USA and National Defence University (NDU), Islamabad (National Security). He has also completed Director's Certification from Lahore University of Management Sciences (LUMS). He holds the distinction of being the youngest Country/Group Head of a Commercial Bank in Pakistan with many milestones to his name in the banking industry in a span of about 23 years.

A pioneer in Islamic Banking in Pakistan his role was pivotal in establishing, conversion & successfully running three Islamic Banks in Pakistan – Alfalah Islamic Banking, Dubai Islamic Bank and Emaan Islamic Banking (Silkbank). The various initiatives have earned him and these organizations International / Regional recognition for products diversity and land mark transactions both on the Corporate & Consumer / Retail Banking under the ambit of Islamic Banking Industry.

He is also on the Board of Advisors for various think tanks and youth forums. He has been delivering lectures at National and International forums on Islamic Finance, Banking and SME/Retail Banking covering Pakistan & Regional Markets and has regular appearance on both National & International media On a philanthropic side, he is serving as Chairman, “AL-NASR” Trust, registered with the Government of Pakistan dealing with social development programs of Health, Education, Agriculture and Environmental Development in the Northern Areas of Pakistan.

Mr. Waseem Mehdi Syed
Non-Executive Director

Mr. Mehdi has over 40 years of experience and expertise in Financial Sector Corporate Sector, Investment & Development Banking, Branch Banking, and Capital Market as well as he has a vast experience in corporate governance, policy formulation and development, project appraisal implementation, monitoring & evaluation, restructuring and collaboration with international agencies.

He has a first class record in academic qualifications holds Master from Karachi University, Diploma in Banking (DAIBP) Institute of Banking in Pakistan, Obtained Second Position in order of merit, Bookkeeping & Accountancy Intermediate, London Chamber of Commerce.

He had worked with NDFC (financial Institution) as Chairman and in Senior positions, was looking after the entire Operational and Managerial activities of NDFC including Treasury, Banking, Branch Operation, Capital Market, IT, Loaning functions including appraisal implementation and recovery, Projects Finance, Admin & Human Recourses Divisions, was actively involved in computerization of NDFC working and operations, remained involved in process of Amalgamation / Merger of NDFC with NBP under section 47(B) of Banking Companies Ordinance 1962, Developed and implemented Severance Package for NDFC employees along with SBP, Finance Department GOP and World Bank.

Has also worked as Financial Advisor and Consultant for and on behalf of many groups, Mr. Mehdi has worked with the Honorable High Court of Sindh – Karachi for many years as “Member Finance” reporting directly to Honorable Chief Justice of Sindh.

Mr. Zafar Iqbal Siddiqi
Non-Executive Director

Mr. Zafar Iqbal Siddiqi, a highly admired business professional possessing core expertise in Information Technology (IT) and Finance and had worked in various government authorities to name a few included the State Bank of Pakistan, the Federal Board of Revenue, the Pakistan Ordinance Factories where he was indigenously responsible to implement the automation and IT enabled processes within these government institutions. Based on his commendable performance, the Government of Pakistan was pleased to lend his services to International Monetary Fund (IMF) / World Bank (WB) for his off-shore deputations as Project Incharge / ICT Consultant / Project Manager for IT related banking reforms / business reforms, modernization and automation projects in Tanzania, Kenya, Zanzibar, South Africa, Ghana, Swaziland, Nepal and Bangladesh as WB/IMF funded projects.

Mr. Wajahat Ahmed Baqai
Non-Executive Director

Mr. Wajahat Ahmed Baqai, who served as a SEVP/Group Chief, Credit Management Group in National Bank of Pakistan (NBP), is a seasoned and top-performing banking professional accredited with managing various credit portfolios over the last 35 years possessing a diverse set of experience enriched with managerial, administrative and functional expertise where he held several leadership and strategy positions during his tenure at NBP.

Ms. Fauzia Hasnain
Independent Director

Ms. Fauzia has over 33 years of well-rounded Senior Management experience mainly in the Pakistani financial sector, which encompasses a multinational commercial bank (Deutsche Bank AG), two stock brokerage houses (Smith International Securities and AMZ Securities), an investment bank (ORIX) and a development Financial institution (Pak Kuwait Investment Company). In 2008 she was Business Development Head at Arkaan Capital Partners LLC, a Sharjah based finance company, and part of the Emirates Investments Group. In addition, she has worked as an independent Financial Consultant in Karachi as well as the UAE.

Other than working in the financial sector, Fauzia also headed an IT company which was an outsourcing platform for US based companies in the health care sector. She additionally worked as Director Projects for a pharmaceutical company (one of the leading importers & distributors of Oncology and lifesaving drugs in Pakistan), where she was overseeing the Supply Chain, Distribution and Regulatory Affairs Departments.

As a consequence of her working experience in diverse entities, with varied responsibilities, Fauzia has developed significant skills in multiple business areas. In the financial sector, the areas of her expertise include Credit, Corporate Finance and Investment Banking, and she has led transactions which encompass debt / equity fund raising, syndications, IPO's, M&A, private placements and corporate/debt restructuring.

She also conceived and established the Chinese Desk for bonding business at Deutsche Bank, as well as the Credit, Marketing, Credit Monitoring and Portfolio Management divisions at ORIX, and led the listing and fund raising transaction for AMZ's venture capital company. At Arkaan, she was part of the core team in 2007-8 for structuring, developing and marketing an energy fund, in partnership with Credit Suisse. She also established a Distressed Assets Fund for a company in the UAE in 2014.

She was also part of the Executive Management Team at Smith International Securities, ORIX, Pak Kuwait, AMZ Group and AJM Pharma, which was responsible for Corporate Planning, policy matters, formulation of future strategies and human resource development for the said companies. Due to her background, especially in the financial sector, she is well qualified, and has the relevant experience to play an effective role as a member of the Board of Directors of a bank / financial institution in Pakistan.

While Fauzia is confident that she would be able to play an effective role in any organization which she become a part of, the areas where she feels that she would be able to add considerable value are Corporate Finance, Credit / Risk, Private Equity, Venture Capital and Strategy. She has already played a significant role in Corporate Finance and Private Equity in her previous assignments, and has also been actively involved in establishing new divisions and/or corporate entities within or on behalf of the companies where she has worked, either individually, or by leading a team.

Fauzia has always had an excellent rapport with the teams that she has led, and has encouraged the ones who show initiative to take leadership roles. She has additionally structured and developed numerous deals for project or transaction financing, conducted successful negotiations on behalf of her employers and corporate clients, and has abundant experience with regard to trouble shooting and handling of difficult or complicated situations.

Fauzia's major strengths include integrity and professionalism, both of which have stood her in good stead over the course of her career.

NOMINATION AND APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 2017 and the related Corporate Governance Regulatory Framework (CGRF) 2021 issued by the State Bank of Pakistan, the Directors of the Board are to be elected by the shareholders in their general meeting.

Every Director (including non-executive director, executive director, sponsor director, independent director, and nominee director) has to pass the assessment criteria of Fit and Proper Test (FPT) of State Bank of Pakistan prior to appointment on the Board of Directors of the Bank. Further, in compliance of the applicable requirements of CGRF 2021, the self-assessment of the proposed director is to be followed by the Bank prior of processing the formal FPT document and the relevant documents for the proposed director in SBP.

While appointing a Director, the Bank ensured that the Board should be comprised of Directors who have relevant experience, suitable knowledge, and appropriate skill set/expertise in the field of the Bank's Credit, Commercial Banking, Finance, Internal Audit, Operations, Risk and Information Technology.

Further, the Bank believes in gender equality and therefore a female director has already been appointed on the Board of Directors of the Bank, which further complies with the applicable regulatory requirement.

As far as the appointment of Independent Directors is concerned, the Bank may opt for the candidate from the Data Bank maintained with the Pakistan Institute of Corporate Governance (PICG) keeping in view the criteria defined by the State Bank of Pakistan. Further, after becoming the part of the board, an annual undertaking is also taken from the independent directors.

DIRECTOR TRAINING PROGRAM

The current Board of Directors of the Bank (except for the one (1) of the directors representing the sponsors) stands compliant with the applicable requirement of the Directors' Training Program (DTP) as prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 as of December 31, 2024.

Following directors have successfully completed their requisite DTP.

Serial No.	Name of the Director	Name of DTP Course	Passing Year
1	Mr. Waseem Mehdi Syed	Corporate Governance Leadership Skills (CGLS)-Director Education Program–PICG	December 2021
2	Ms. Fauzia Hasnain	Corporate Governance Leadership Skills (CGLS)-Director Education Program – PICG	November 2021
3	Mr. Wajahat Ahmed Baqai	Corporate Governance Leadership Skills (CGLS)-Director Education Program – PICG	December 2021
4	Mr. Zafar Iqbal Siddiqi	Enhancing Board Effectiveness – DTP– LUMS	December 2020
5	Mr. Jawad Majid Khan	Enhancing Board Effectiveness – DTP– LUMS	October 2016

DIRECTORS' REMUNERATION

The Bank during a calendar year pays an appropriate remuneration for attending the Board or its Committee(s) Meeting(s) to its Non-Executive Director(s) and the Chairman. The scale of remuneration to be paid to the Non-Executive Director(s) and the Chairman for attending the Board and/or its Committee Meetings is approved by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM).

In the case of Non-Executive Directors, their level of remuneration reflects the experience and level of responsibilities undertaken by these Directors in the Bank. The remuneration of Non-Executive Directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses or pension benefits. The Non-Executive Directors do not draw any remuneration from the company except the meeting fee.

At the 15th (Adjourned) Annual General Meeting held on December 21, 2021, the shareholders of the Bank had approved an increase in the remuneration of fee payable to Non-Executive / Independent Directors for attending the Board Meetings and Board Committee Meetings from Rs. 150,000 to Rs. 300,000 upon recommendation of the Board of Directors. In addition, the Non-Executive / Independent Directors are entitled for boarding, lodging and airfare for attending Board Meetings, Board Sub-Committee Meetings and Shareholder Meetings of the Bank on an actual basis.

The details of fees paid to Directors in 2024 are disclosed in Note 39.2 of the unconsolidated financial statements for the financial year ended December 31, 2024.

TERM OF REFERENCES OF THE BOARD SUB-COMMITTEES

BOARD AUDIT COMMITTEE

The Board of Directors (BOD) of the Bank have constituted "Board Audit Committee (BAC)" to comply with SBP and SECP instructions. The BOD has established the BAC to share the load of its activities and to have an effective oversight of the Internal Audit Function (IAF). The BAC primarily oversees all matters pertaining to audit - the Bank's internal audit function and performance, the integrity of the Bank's financial statements, and the Bank's accounting processes in general, amongst other things.

The BAC likewise provides oversight on the senior management's activities, as well the Bank's internal and external auditors and monitors and evaluates the adequacy and effectiveness of the Bank's internal control system. The BAC further plays an important role in empowering and elevating the status of the internal audit activity throughout the organization as provider of quality and significant assurance and consulting services that add value to the Bank's governance, risk management and internal control processes.

BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board of Directors (BOD) of the Bank have constituted "Board Human Resource & Remuneration Committee (BHR&RC)" to comply with the applicable regulatory requirements. The objective of the BHR&RC is to assist the BOD in fulfilling its obligations, to oversee the establishment of appropriate Human Resource (HR) function, HR policies and strategies including employee compensation that provide the Bank with the capability to achieve its shorts and long-terms objectives. Further, the BHR&RC has to ensure a fair and transparent remuneration to BOD, executive management, senior management and staff in consideration of their services and contribution towards the Bank. Further the BHR&RC has to ensure that the HR policies are implemented as per the regulatory requirements.

BOARD RISK MANAGEMENT COMMITTEE

The Board of Directors (BOD) of the Bank have also constituted "Board Risk Management Committee (BRMC)" to comply with the applicable regulatory requirements. The main objective of BRMC is to ensure that adequate Risk Management infrastructure is instituted within the Bank for identification, measurement, monitoring and controlling risks that the Bank is generally exposed to. Further, other function of the BRMC is to oversee implementation of Risk Management Framework within the Bank, suitable risk management policies are formulated and implemented covering the various types of risks inherent in the Bank's activities, Bank's capital adequacy and liquidity.

BOARD INFORMATION TECHNOLOGY COMMITTEE

The Board Information Technology Committee (BITC) has been constituted in compliance of the BPRD Circular No. 05 of 2017 issued by the State Bank of Pakistan. Under the issued 'Enterprise Technology Governance & Risk Management Framework for Financial Institutions', the technology governance is an integral part of Bank's corporate governance that will enable the Bank to keep itself abreast with the aggressive and widespread adoption of technology as well as understand and effectively manage technology related risks. It also ensures and helps to align IT strategy and digital strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management.

The BITC shall be mainly responsible for advising and reporting to the Board on the status of technology related activities, major IT projects and digital initiatives within Bank. The Committee shall review IT and digital strategies and get update on the implementation of IT strategies plan and IT risk management framework in the Bank.

BOARD COMPLIANCE COMMITTEE

The Board Compliance Committee (BCC) is constituted in compliance with the requirements of the Compliance Risk Management Guidelines issued by the State Bank of Pakistan. The objective of the BCC is to oversee the management of the overall compliance risk of the Bank. In addition to this, the committee shall ensure that the management is maintaining and promoting a high compliance culture and values of honesty and integrity in the Bank.

BOARD SPECIAL ASSETS MANAGEMENT COMMITTEE

The purpose of forming of Board Special Assets Management Committee (BSAMC)) is to ensure that adequate SAM infrastructure is instituted within the Bank for identification, measurement, monitoring, and controlling risks to which the Bank is generally exposed, and take appropriate measures to reduce the infected Non-Performing Loans (NPLs) of the Bank.

MECHANISM OF BOARD PERFORMANCE EVALUATION

In compliance with G-13 of Corporate Governance Regulatory Framework, 2021 and BPRD Circular No. 11 of 2016 dated August 22, 2016, and precedent adopted by Bank Makramah Limited, the Board has opted for the external assessment rather than conducting the in-house assessment process with an aim to maintain the transparency and integrity of the Board of Directors. The Board Members have approved the Pakistan Institute for Corporate Governance ("PICG") as an external evaluator for conducting the annual evaluation of board performance as a whole, its committee(s) and individual assessment of each of the Board Members enabling the Bank to get a transparent, fair and un-biased report about the Board composition, integrity, function and its commitment towards maintaining high standards of corporate governance in the Bank.

CHANGE IN DIRECTORS

Mr. Muhammad Salman Alam Fazli resigned as the Non-Executive Director of the Bank, effective October 30, 2024. The Board acknowledges and appreciates his valuable contributions during his tenure.

SHARIAH BOARD

In compliance with Fit and Proper Criteria (FAPC) issued by the State Bank of Pakistan, the Shariah Board members including Resident Shariah Board Member (RSBM) are appointed after receiving regulatory clearance. The Shariah Board is comprised of five (5) members including a Chairman and RSBM.

The Shariah Board of the Bank consists of the following eminent Shariah scholars:

Mufti Muhammad Najeeb Khan – Chairman Shariah Board

Mufti Muhammad Najeeb Khan is esteemed as a prominent Shariah scholar, boasting a distinguished educational background with specialized degrees in Shahadat-ul-Aalamia and Al-Takhassus fial-Iftaa' from the esteemed Jamia Darul Uloom, Karachi, under the mentorship of Justice Retd. Mufti Taqi Usmani.

His extensive experience in the Islamic Finance Industry last twenty-five years is evident through his multifaceted roles. Currently, he is serving as Chairman Shariah Board Bank Makramah Limited, Shariah Board Member of Faysal Bank Limited and Shariah Advisory Board member for UBL's United Composite Islamic Fund.

Additionally, he was holding the esteemed position of Chairman Shariah Board at Sind Bank Limited and served as advisor and member to various financial institutions including Habib Bank AG Zinurich, Habib Metropolitan Bank and Securities and Exchange Commission of Pakistan.

He has also served at various educational institutions including Hira Foundation School, Hira Institute of Emerging Sciences, Centre for Islamic Economics, University of Karachi and Syndicate member of NED University of Engineering and Technology.

Mufti Najeeb actively contributes to the development and standardization of Islamic finance practices, serving on several committees including the Shariah Committee for Shariah Standard Pakistan Chapter AAOIFI and Committee of Islamic Accounting Standards.

He has been an integral part of the Committee on Accounting and Auditing Standards for Interest-Free Modes of Financing and Investments in ICAP since 2003. Additionally, he plays a significant role in halal standards, serving as Vice Chairman of the Technical Committee on Halal Pharma Standards, Senior Member National Halal Standards Committee, Member Technical Committee on Halal Conformity Assessment Standard and Chairman of the Shariah Board for the Halal Awareness and Research Council.

His commitment to education and training is evident through his involvement as a trainer with prestigious institutions such as NIBAF (SBP), IDB, IBA, LUMS, University of Karachi and the Halal Committee of OIC.

Internationally, Mufti Muhammad Najeeb contributes to the development of Islamic education curriculums in Daru Uloom College of Victoria and lectures at institutions such as U.M.M.A Centre and Islamic Centre in Victoria, Australia. He also serves as an advisor in Islamic finance to various financial institutions in Australia and is a Senior Member of Majlis Ulama in Australia. Mufti Muhammad Najeeb Khan's diverse portfolio of engagements underscores his dedication to advancing Islamic finance principles globally and promoting education in the field.

Dr Noor Ahmed Shahtaz - Shariah Board Member

Dr. Noor Ahmed Shahtaz holds a Shahadah Al- Alamia from Tanzem ul Madaris Lahore. M.A (Islamic Studies), M.A (Arabic), LLB from University of Karachi. He has done PhD in Islamic Studies from Karachi University on the topic of Hudood System of Punishment.

He is member of Shariah Advisory Board at State Bank of Pakistan, Sharia Advisor at UBL for 6 years, an advisor at Federal Shariat Court Islamabad for last 15 years, a member of the Council of Islamic Ideology Govt. of Pakistan for three years and a member of the Pakistan Halal Authority Govt. of Pakistan. He is a Registered Sharia Advisor with the SECP.

Dr. Shahtaaz has 20 years of experience in Darul Ifta and 27 years of teaching experience in the University of Karachi, Sheikh Zayed Islamic Research Centre, and 5 years in different universities, madarsas, institutions, etc.

He is Sheikh ul Hdith (teaching Hadith Sharif) for last 7 years in Darul Uloom Hanfia Tariq Road, Karachi.

Dr Mufti Irshad Ahmad Aijaz - Shariah Board Member

Dr Mufti Irshad Ahmad Aijaz graduated from Jamiat-ul-Uloom Islamiyyah, Binnori Town, Karachi, and then he completed his Takhassus fil-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Dar-ul-Uloom, Karachi.

He has also obtained MBA (Masters in Business Administration) and PhD (Islamic Studies with relevance in Islamic Finance).

He currently holds certain advisory positions at a number of institutions, including:

- Chairman Shariah Board of State Bank of Pakistan (SBP)
- Chairman Shariah Board of Securities & Exchange Commission of Pakistan (SECP)
- Chairman Shariah Board, Bank Islami Pakistan Limited
- Member, Shariah Committee, Al Hilal Shariah Advisors, Karachi, Pakistan
- Member, Shariah Board, Standard Chartered Bank (Pakistan) Limited
- Consultant, Shariah Review Bureau – Bahrain
- Member "Steering Committee for providing strategic guidance regarding implementation of Federal Shariat Court decision".

Mufti Bilal Ahmed Qazi - Shariah Board Member

Mufti Bilal Ahmed Qazi has done his Al-Aalamiyyah (a degree recognized by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2003 from Jamiatul Uloom Ul-Islamiyah, Binori Town. Then he completed his specialization in Islamic Jurisprudence (Takhassus Fil Iftaa) from Jamia Darululoom Karachi.

He has completed his MBA from IBA (Institute of Business Administration), Karachi, Pakistan.

He has been working as a member of the Darul Ifta Jamia Darululoom Karachi. He also holds advisory positions as Member Shariah Board at Soneri Bank Limited.

Syed Zubair Hussain - Resident Shariah Board Member

He has done his Al-Aalamiyyah (a degree recognized by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2006 from Jamiah DarulUloom Karachi. He has completed his MBA in Finance from University of Karachi in 2009.

He also holds degree of specialization in Islamic Jurisprudence/Islamic Finance "Takhassus Fil Iftaa". Syed Zubair Hussain has been working in the field of Islamic Banking and Finance since 2010 in various capacities.

He has been associated with Bank Makramah Ltd. (previously Summit Bank Ltd) since 2015 overseeing the Shariah Compliance function of the bank. He is actively involved in all Shariah Compliance matters and critically supervises and guides for all Shariah compliance queries to branches & departments.

He is also a CSAA (Certified Shariah Advisor & Auditor) from AAOIFI (Accounting & Auditing Organization for Islamic Financial Institutions), an international certification.

SHARIAH BOARD TERM OF REFERENCE

The Board of Directors approved the Terms of Reference of Shariah Board after ensuring that it is in accordance with the Shariah Governance Framework issued by the State Bank of Pakistan.

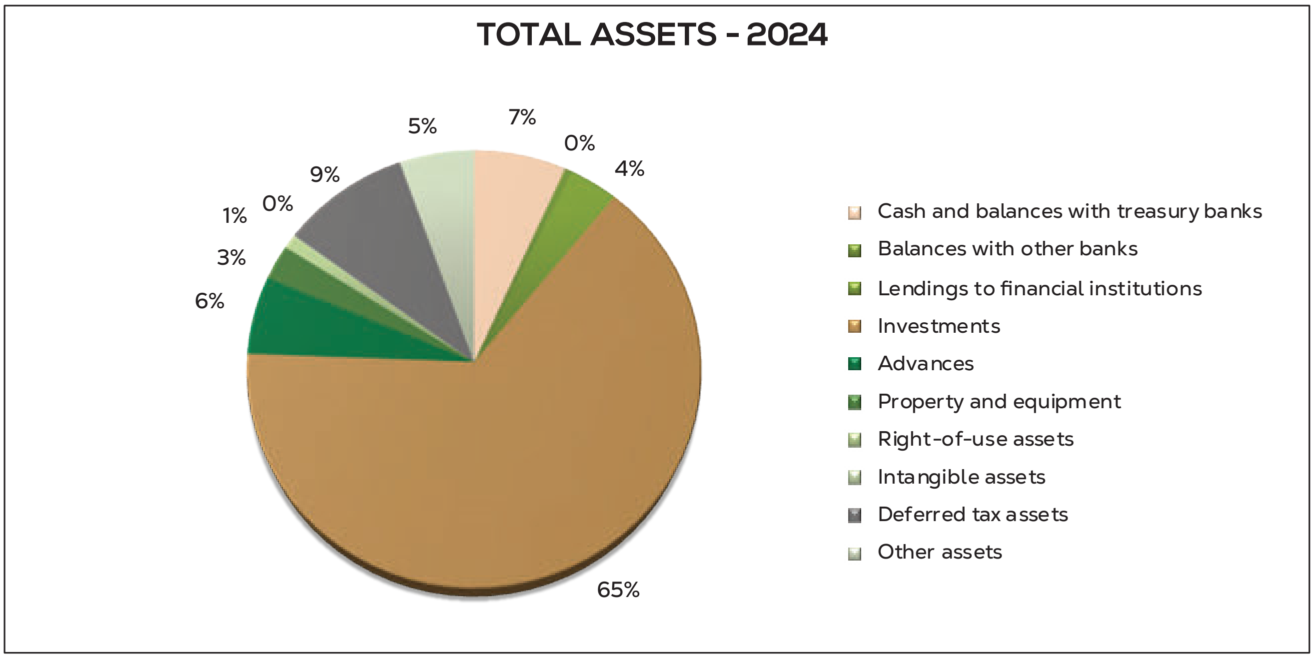
The principal responsibility of Shariah Board is to provide guidance and supervise in all Bank's Shariah related matters. The Shariah Board rulings and fatwah(s) shall be binding on the Bank. The Shariah Board is further responsible for developing the comprehensive Shariah Compliance framework for all areas of the Islamic Bank. Further, the Shariah Board shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures. All decisions and rulings of the Shariah Board of the Bank shall be in conformity with the directives, regulations, instructions and guidelines issued by the State Bank of Pakistan in accordance with the rulings of Shariah Advisory Committee of the State Bank of Pakistan.

ATTENDANCE OF SHARIAH BOARD MEETING

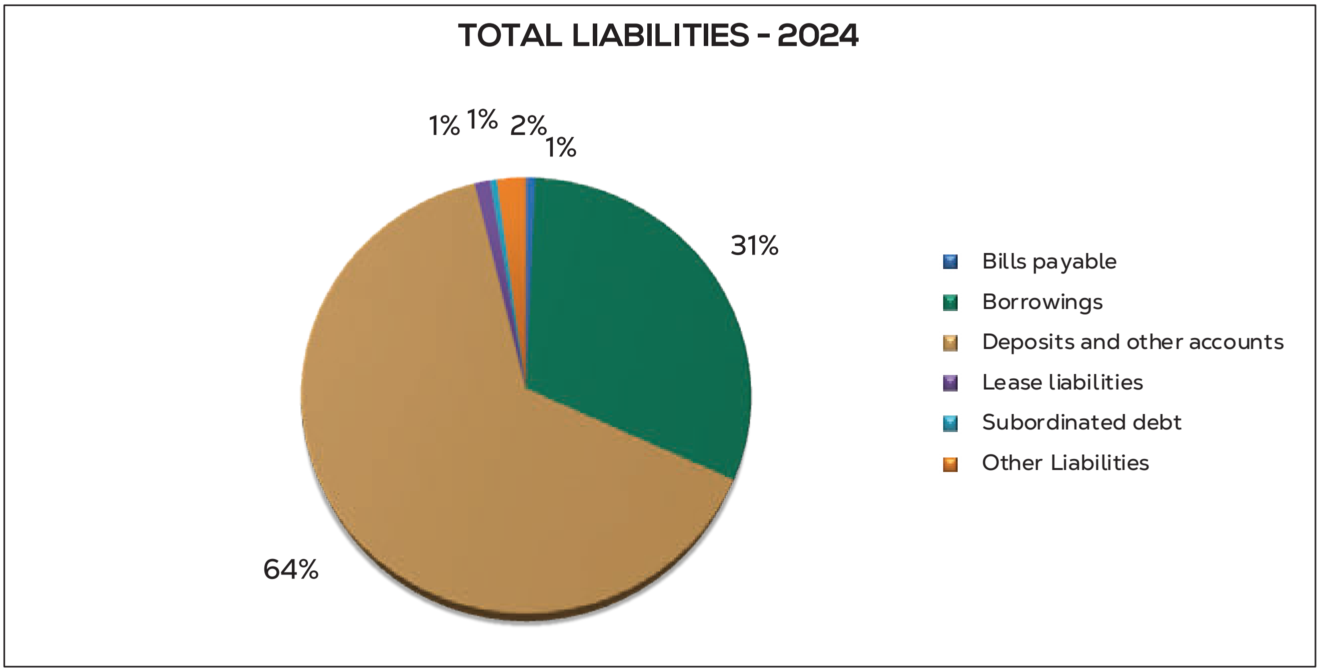
S. No.	Name of Shariah Board Members	Meeting Held	Attendance
1	Mufti Muhammad Najeeb Khan - Chairman	04	04
2	Dr. Noor Ahmed Shahtaz - Member	04	03
3	Mufti Irshad Ahmed Aijaz - Member	04	04
4	Mufti Bilal Ahmed Qazi - Member	04	04
5	Mufti Syed Zubair Hussain - RSBM	04	04

Key Operating and **Financial Data**

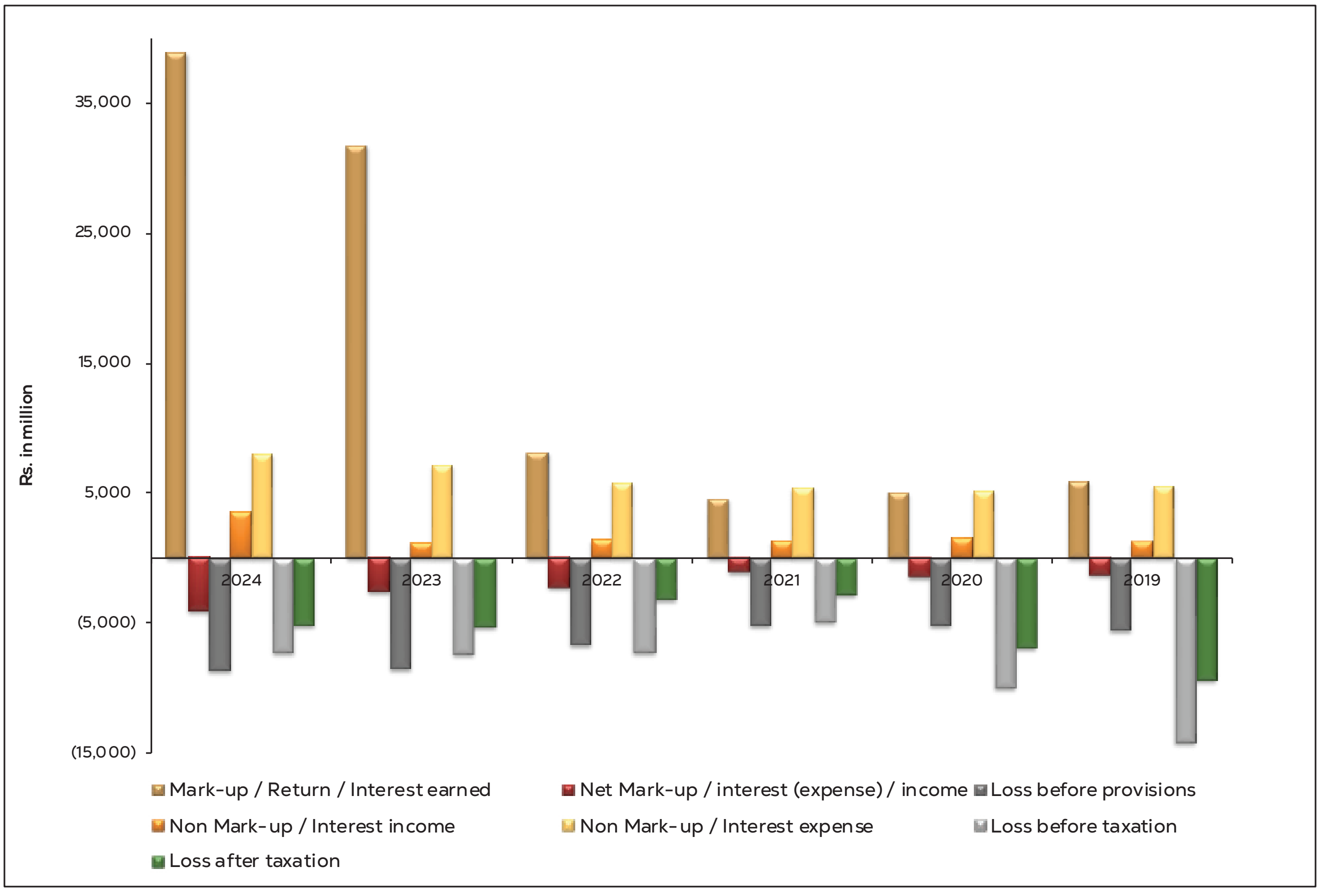
	2024	2023	2022	2021	2020	2019
	(Rupees in Million)					
ASSETS						
Cash and balances with treasury banks	**18,352**	14,463	13,372	14,415	11,571	5,614
Balances with other banks	**1,473**	602	1,363	1,092	1,359	931
Lendings to financial institutions	**9,697**	-	10,142	299	-	991
Investments	**175,012**	179,900	51,447	31,133	27,903	21,960
Advances	**15,619**	18,735	21,592	27,044	31,783	43,242
Property and equipment	**7,026**	7,210	7,698	8,074	8,259	8,087
Right-of-use assets	**2,601**	2,721	2,953	2,843	1,929	2,094
Intangible assets	**331**	262	144	138	91	149
Deferred tax assets	**25,669**	23,255	20,782	16,677	14,279	11,606
Other assets	**14,818**	41,475	11,224	10,301	10,483	11,202
Total assets	**270,598**	288,623	140,717	112,016	107,657	105,876



	2024	2023	2022	2021	2020	2019
	(Rupees in Million)					
LIABILITIES						
Bills payable	**1,900**	2,163	1,994	2,071	2,403	1,816
Borrowings	**89,893**	130,369	25,388	6,922	7,669	13,505
Deposits and other accounts	**186,015**	156,960	121,919	109,483	101,887	88,567
Lease liabilities	**3,284**	3,349	3,495	3,216	2,092	2,120
Subordinated debt	**1,496**	1,496	1,496	1,496	1,496	1,496
Other Liabilities	**6,160**	7,100	4,074	3,231	3,298	3,970
Total liabilities	**288,748**	301,437	158,366	126,419	118,845	111,474
NET ASSETS	**(18,149)**	(12,814)	(17,649)	(14,403)	(11,188)	(5,598)
REPRESENTED BY						
Share capital - net	**30,500**	30,500	20,500	20,500	20,500	20,500
Reserves	**(425)**	(425)	(425)	(425)	(425)	(425)
Surplus / (deficit) on revaluation of assets	**4,291**	3,971	3,998	4,298	4,812	3,530
Accumulated losses	**(52,515)**	(46,860)	(41,722)	(38,776)	(36,075)	(29,203)
Total equity	**(18,149)**	(12,814)	(17,649)	(14,403)	(11,188)	(5,598)



	2024	2023	2022	2021	2020	2019
	(Rupees in Million)					
RESULTS OF OPERATIONS						
Mark-up / Return / Interest earned	**38,923**	31,700	8,141	4,565	5,114	5,909
Mark-up / Return / Interest expensed	**43,009**	34,287	10,404	5,677	6,595	7,216
Net Mark-up / interest (expense) / income	**(4,086)**	(2,587)	(2,263)	(1,112)	(1,481)	(1,307)
Non Mark-up / Interest income	**3,488**	1,197	1,396	1,310	1,496	1,232
Total Income	**(598)**	(1,390)	(867)	198	15	(75)
Non Mark-up / Interest expense	**8,081**	7,147	5,845	5,440	5,183	5,514
Loss before provisions	**(8,680)**	(8,537)	(6,712)	(5,242)	(5,168)	(5,589)
Provisions / (reversals) and write offs - net	**(1,416)**	(1,145)	584	(308)	4,875	8,682
Loss before taxation	**(7,264)**	(7,392)	(7,296)	(4,934)	(10,043)	(14,271)
Taxation	**(2,048)**	(2,072)	(4,129)	(2,047)	(3,095)	(4,820)
Loss after taxation	**(5,216)**	(5,320)	(3,167)	(2,887)	(6,948)	(9,451)



	2024	2023	2022	2021	2020	2019
FINANCIAL RATIOS						
Return on equity (ROE)	**N/A**	N/A	N/A	N/A	N/A	N/A
Return on assets (ROA)	**-1.93%**	-1.84%	-2.25%	-2.58%	-6.45%	-8.93%
Loss before tax to Interest earned	**-18.66%**	-23.32%	-89.62%	-108.08%	-196.38%	-241.51%
Gross spread ratio	**-10.50%**	-8.16%	-27.80%	-24.36%	-28.96%	-22.12%
Advances to deposits - Gross	**26.27%**	33.74%	44.98%	54.63%	63.04%	81.50%
Advances to deposits - Net	**8.40%**	11.94%	17.71%	24.70%	31.19%	48.82%
Cost to revenue	**120.47%**	125.95%	170.38%	189.23%	178.18%	178.27%
Total assets to Total equity (times)	**N/A**	N/A	N/A	N/A	N/A	N/A
NPL to Gross Advances	**69.95%**	68.51%	65.78%	61.88%	60.29%	56.58%
Capital adequacy ratio (CAR)	**-90.36%**	-90.27%	-80.04%	-61.45%	-45.16%	-25.30%
SHARE INFORMATION						
Loss per share - Basic (Rs.)	**(0.79)**	(1.00)	(1.20)	(1.09)	(2.63)	(3.58)
Market capitalization (Rs. in mln)	**17,549**	12,162	4,485	6,516	4,933	3,060
OTHER INFORMATION						
Non performing loans (NPL) (Rs. in mln)	**34,188**	36,274	36,068	37,012	38,724	40,842
Staff Strength	**1,603**	1,766	1,645	1,684	1,738	1,731
Number of branches (including Islamic)	**162**	177	193	193	193	193

Six Years **Vertical Analysis**

	2024		2023		2022		2021		2020		2019	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	**18,352**	**7%**	14,463	5%	13,372	10%	14,415	13%	11,571	11%	5,614	5%
Balances with other banks	**1,473**	**1%**	602	0%	1,363	1%	1,092	1%	1,359	1%	931	1%
Lendings to financial institutions	**9,697**	**4%**	-	0%	10,142	7%	299	0%	-	0%	991	1%
Investments	**175,012**	**65%**	179,900	62%	51,447	37%	31,133	28%	27,903	26%	21,959	21%
Advances	**15,619**	**6%**	18,735	6%	21,592	15%	27,044	24%	31,783	30%	43,242	41%
Property and equipment	**7,026**	**3%**	7,210	2%	7,698	5%	8,074	7%	8,259	8%	8,087	8%
Right-of-use assets	**2,601**	**1%**	2,721	1%	2,953	2%	2,843	3%	1,929	2%	2,094	2%
Intangible assets	**331**	**0%**	262	0%	144	0%	138	0%	91	0%	149	0%
Deferred tax assets	**25,669**	**9%**	23,255	8%	20,782	15%	16,677	15%	14,279	13%	11,606	11%
Other assets	**14,818**	**5%**	41,475	14%	11,224	8%	10,301	9%	10,483	10%	11,202	11%
	270,598	**100%**	288,623	100%	140,717	100%	112,016	100%	107,657	100%	105,875	100%
LIABILITIES												
Bills payable	**1,900**	**1%**	2,163	1%	1,994	1%	2,071	2%	2,403	2%	1,816	2%
Borrowings	**89,893**	**33%**	130,369	45%	25,388	18%	6,922	6%	7,669	7%	13,505	13%
Deposits and other accounts	**186,015**	**69%**	156,960	54%	121,919	87%	109,483	98%	101,887	95%	88,567	84%
Lease liabilities	**3,284**	**1%**	3,349	1%	3,495	2%	3,216	3%	2,092	2%	2,120	2%
Subordinated debt	**1,496**	**1%**	1,496	1%	1,496	1%	1,496	1%	1,496	1%	1,496	1%
Deferred tax liabilities	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	**6,160**	**2%**	7,100	2%	4,074	3%	3,231	3%	3,298	3%	3,970	4%
	288,748	**107%**	301,437	104%	158,366	113%	126,419	113%	118,845	110%	111,474	105%
NET ASSETS	**(18,149)**	**-7%**	(12,814)	-4%	(17,649)	-13%	(14,403)	-13%	(11,188)	-10%	(5,599)	-5%
REPRESENTED BY												
Share capital - net	**30,500**	**11%**	30,500	11%	20,500	15%	20,500	18%	20,500	19%	20,500	19%
Reserves	**(425)**	**0%**	(425)	0%	(425)	0%	(425)	0%	(425)	0%	(425)	0%
Surplus / (deficit) on revaluation of assets	**4,291**	**2%**	3,971	1%	3,998	3%	4,298	4%	4,812	4%	3,530	3%
Accumulated losses	**(52,515)**	**-19%**	(46,860)	-16%	(41,722)	-30%	(38,776)	-35%	(36,075)	-34%	(29,204)	-28%
	(18,149)	**-7%**	(12,814)	-4%	(17,649)	-13%	(14,403)	-13%	(11,188)	-10%	(5,599)	-5%

PROFIT & LOSS ACCOUNT	2024		2023		2022		2021		2020		2019	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
Mark-up / return / interest earned	**38,923**	**102%**	31,700	105%	8,141	112%	4,565	96%	5,114	100%	5,909	101%
Mark-up / return / interest expensed	**43,009**	**112%**	34,287	113%	10,404	143%	5,677	119%	6,595	129%	7,216	124%
Net Mark-up / interest (expense) / income	**(4,086)**	**-11%**	(2,587)	-9%	(2,263)	-31%	(1,112)	-23%	(1,481)	-29%	(1,307)	-22%
Non Mark-Up/Interest Income	**3,488**	**9%**	1,197	4%	1,396	19%	1,310	28%	1,496	29%	1,232	21%
Total Income	**(598)**	**-2%**	(1,390)	-5%	(867)	-12%	198	4%	15	0%	(75)	-1%
Non-markup/interest expenses	**8,081**	**21%**	7,147	24%	5,845	80%	5,440	114%	5,183	101%	5,514	95%
Loss Before Provisions	**(8,680)**	**-23%**	(8,537)	-28%	(6,712)	-92%	(5,242)	-110%	(5,168)	-101%	(5,589)	-96%
Provisions / (reversals) and write offs - net	**(1,416)**	**-4%**	(1,145)	-4%	584	8%	(308)	-6%	4,875	95%	8,682	149%
Extra ordinary / unusual items (to be specified)	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
LOSS BEFORE TAXATION	**(7,264)**	**-19%**	(7,392)	-24%	(7,296)	-100%	(4,934)	-104%	(10,043)	-196%	(14,271)	-245%
Taxation	**(2,048)**	**-5%**	(2,072)	-7%	(4,129)	-57%	(2,047)	-43%	(3,095)	-60%	(4,820)	-83%
LOSS AFTER TAXATION	**(5,216)**	**-14%**	(5,320)	-18%	(3,167)	-44%	(2,887)	-61%	(6,948)	-135%	(9,451)	-162%

Six Years **Horizontal Analysis**

	2024		2023		2022		2021		2020		2019	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	**18,352**	**27%**	14,463	8%	13,372	-7%	14,415	25%	11,571	106%	5,614	11%
Balances with other banks	**1,473**	**145%**	602	-56%	1,363	25%	1,092	-20%	1,359	46%	931	-7%
Lendings to financial institutions	**9,697**	**0%**	-	-100%	10,142	3292%	299	0%	-	-100%	991	0%
Investments	**175,012**	**-3%**	179,900	250%	51,447	65%	31,133	12%	27,903	27%	21,959	14%
Advances	**15,619**	**-17%**	18,735	-13%	21,592	-20%	27,044	-15%	31,783	-26%	43,242	-29%
Property and equipment	**7,026**	**-3%**	7,210	-6%	7,698	-5%	8,074	-2%	8,259	2%	8,087	-7%
Right-of-use assets	**2,601**	**-4%**	2,721	-8%	2,953	4%	2,843	47%	1,929	-8%	2,094	0%
Intangible assets	**331**	**26%**	262	82%	144	4%	138	52%	91	-39%	149	-27%
Deferred tax assets	**25,669**	**10%**	23,255	12%	20,782	25%	16,677	17%	14,279	23%	11,606	61%
Other assets	**14,818**	**-64%**	41,475	270%	11,224	9%	10,301	-2%	10,483	-6%	11,202	-6%
	270,598	**-6%**	288,623	105%	140,717	26%	112,016	4%	107,657	2%	105,875	-8%
LIABILITIES												
Bills payable	**1,900**	**-12%**	2,163	8%	1,994	-4%	2,071	-14%	2,403	32%	1,816	-3%
Borrowings	**89,893**	**-31%**	130,369	414%	25,388	267%	6,922	-10%	7,669	-43%	13,505	-31%
Deposits and other accounts	**186,015**	**19%**	156,960	29%	121,919	11%	109,483	7%	101,887	15%	88,567	5%
Lease liabilities	**3,284**	**-2%**	3,349	-4%	3,495	9%	3,216	54%	2,092	-1%	2,120	0%
Subordinated debt	**1,496**	**0%**	1,496	0%	1,496	0%	1,496	0%	1,496	0%	1,496	0%
Deferred tax liabilities	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	**6,160**	**-13%**	7,100	74%	4,074	26%	3,231	-2%	3,298	-17%	3,970	-8%
	288,748	**-4%**	301,437	90%	158,366	25%	126,419	6%	118,845	7%	111,474	0%
NET ASSETS	**(18,149)**	**42%**	(12,814)	-27%	(17,649)	23%	(14,403)	29%	(11,188)	100%	(5,599)	-303%
REPRESENTED BY												
Share capital - net	**30,500**	**0%**	30,500	49%	20,500	0%	20,500	0%	20,500	0%	20,500	0%
Reserves	**(425)**	**0%**	(425)	0%	(425)	0%	(425)	0%	(425)	0%	(425)	0%
Surplus / (deficit) on revaluation of assets	**4,291**	**8%**	3,971	-1%	3,998	-7%	4,298	-11%	4,812	36%	3,530	37%
Accumulated losses	**(52,515)**	**12%**	(46,860)	12%	(41,722)	8%	(38,776)	7%	(36,075)	24%	(29,204)	47%
	(18,149)	**42%**	(12,814)	-27%	(17,649)	23%	(14,403)	29%	(11,188)	100%	(5,599)	-303%

PROFIT & LOSS ACCOUNT	2024		2023		2022		2021		2020		2019	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
Mark-up / return / interest earned	**38,923**	**23%**	31,700	289%	8,141	78%	4,565	-11%	5,114	-13%	5,909	-30%
Mark-up / return / interest expensed	**43,009**	**25%**	34,287	230%	10,404	83%	5,677	-14%	6,595	-9%	7,216	9%
Net Mark-up / interest (expense) / income	**(4,086)**	**58%**	(2,587)	14%	(2,263)	104%	(1,112)	-25%	(1,481)	13%	(1,307)	-172%
Non Mark-Up/Interest Income	**3,488**	**191%**	1,197	-14%	1,396	7%	1,310	-12%	1,496	21%	1,232	-42%
Total Income	**(598)**	**-57%**	(1,390)	60%	(867)	-538%	198	1220%	15	-120%	(75)	-102%
Non-markup/interest expenses	**8,081**	**13%**	7,147	22%	5,845	7%	5,440	5%	5,183	-6%	5,514	-5%
Loss Before Provisions	**(8,680)**	**2%**	(8,537)	27%	(6,712)	28%	(5,242)	1%	(5,168)	-8%	(5,589)	196%
Provisions / (reversals) and write offs - net	**(1,416)**	**24%**	(1,145)	-296%	584	-290%	(308)	-106%	4,875	-44%	8,682	-3%
Extra ordinary / unusual items (to be specified)	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
LOSS BEFORE TAXATION	**(7,264)**	**-2%**	(7,392)	1%	(7,296)	48%	(4,934)	-51%	(10,043)	-30%	(14,271)	31%
Taxation	**(2,048)**	**-1%**	(2,072)	-50%	(4,129)	102%	(2,047)	-34%	(3,095)	-36%	(4,820)	126%
LOSS AFTER TAXATION	**(5,216)**	**-2%**	(5,320)	68%	(3,167)	10%	(2,887)	-58%	(6,948)	-26%	(9,451)	8%

Chairman's **Review**

On behalf of the Board of Directors, it is my privilege to present the Annual Report of Bank Makramah Limited (BML) for the financial year ended December 31, 2024.

Currently, the Bank is in a consolidation phase, positioning itself towards sustainability. The Sponsor shareholder remains committed and this has been exhibited by their offering additional capital through an amalgamation of their company "Global Haly' into the Bank through a Scheme of Arrangement. This scheme has already been approved by the Board of Directors and the shareholders subject to the approval by the regulatory bodies and sanction of the Scheme by the Honourable High Court of Islamabad.

As part of the strategic objectives of the Bank, recoveries of the NPL has remained the top priority. In line with this objective, the Bank filed a settlement application before the relevant Court against which a decree was issued in favour of the Bank affirming its right to recover the non-performing loans (NPLs) owned by various companies of the Omni Group and its affiliated entities under the agreed terms of the settlement amounting to approximately Rs 10 billion.

The Board fully recognises that the future success of the Bank will be achieved through shifting from restructuring phase into growth mode. The Board will continue to play a cohesive role to support management with this strategic shift. It endeavours to maintain and strengthen the high level of corporate governance, improve corporate transparency, ensure growth of the Bank and enhance its values. The Board Subcommittees will oversee crucial areas such as business development, risk management, human resources, compliance, special assets management with information technology playing a pivotal role in this crucial time to achieve the Bank's strategic objectives.

Despite the challenges, it is promising to note that the Bank was able to substantially grow its deposits from Rs. 157 billion in December 2023 to Rs. 186 billion in the year under review. We remain committed to further grow our deposits base and increase our market share in low cost deposit by introducing new value-added products and enhancing our presence and outreach. Further, the Bank achieved the highest ever trade volume in its history of Rs. 268 billion in 2024.

Our vision is to continue to focus on providing unparalleled services to our esteemed customers. To cater the changing business dynamics and customer banking needs we will accelerate digital transformation and focus on business process reengineering, while increasing investment in human capital and fostering a culture that encourages collaboration, creativity and innovation.

As Chairman of the Board of Directors, I appreciate the shareholders' trust and continued support, place on record guidance and support from our regulatory authorities, the Bank's management team and staff members for their dedication and hard work, which has gone a long way towards stabilizing the Bank and convey a heartfelt thanks to our valued customers for placing their trust in our Bank.

Abdulla Nasser Abdulla Hussain Lootah
Chairman of the Board of Directors

The ring of growth

In the **Ring of Growth**, transparency and a results-driven mindset propel our expansion efforts, fostering clear communication and accountability, while maximizing value for stakeholders.

Directors' Report to the **Shareholders**

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and Auditors' Report for the year ended December 31, 2024.

THE BANK'S PERFORMANCE

The highlights of the financial results for 2024 are as follows:

Financial Position	**Rupees in Millions**
Shareholders' Equity	(18,149)
Deposits	186,015
Total Assets	270,598
Advances – net	15,619
Investments – net	175,012
Financial Performance	
Net Interest Income and Non Mark-up Income (Total Income)	(598)
Non Mark-up Expenses	8,081
(Reversals) / provisions and write offs - net	(1,416)
Loss before tax	7,264
Loss after tax	5,216
Basic and diluted loss per share - Rupees	(0.79)

The Bank's loss before tax reduced from Rs. 7.391 billion to Rs. 7.264 billion indicating an improvement in the financial performance and loss after tax was reported at Rs. 5.216 billion against the loss of Rs. 5.319 billion for the comparative year. As a result, loss per share reduced to Re. 0.79 as opposed to Rs 1.00 in the last year.

Markup income for the year ended December 31, 2024 improved to Rs 38.92 billion from Rs. 31.70 billion for the comparative prior year, improving by 22.79% despite the decrease in the policy rate by SBP of 9% (i.e from 22% in 2023 to 13% in 2024). However, the average policy rate decreased by 1.29% as compared to the average policy rate of 20.67% in 2023.

On a year on year comparison, there is a significant improvement in average net investments funded by the increase in deposits and borrowings. Consequently, the average net investments surged from Rs. 132.56 billion in the prior year to Rs. 175.50 billion. This substantial increase in net average investments was slightly offset by the decrease in the average net investment yields from 21.65% in the previous year to 20.30% in the current year. The substantial growth in the volume boosted the bank's income from investments, reaching Rs. 35.62 billion for the current year, compared to Rs. 28.70 billion last year.

The Bank witnessed a decrease in average net advances, totalling Rs. 16.29 billion for 2024, compared to Rs. 19.21 billion for the prior year aligning with its strategy to reduce risk-weighted assets. The decrease in the net average advances had a positive impact on the yields reaching 15.61% in 2024 as compared to 14.27% in the prior year. Income from advances reflected slight decrease in line with the decreasing policy rate and lower volumes from Rs. 2.74 billion in 2023 to Rs. 2.54 billion in 2024.

Deposits were reported at Rs. 186.01 billion as of December 31, 2024, representing an increase of Rs. 29.05 billion or 18.51% compared to the last year. This marks the highest deposit level in the history of the Bank. In terms of averages, the portfolio grew by Rs. 24.94 billion, or 18.39% year on year. Amidst stiff competition for rates, the Bank's focus remained on CASA mix and retaining current accounts. As of December 31, 2024, the Bank's CASA ratio improved to 90.06% (December 2023: 88.03%). The average cost of deposits was managed at 12.77% for the current year.

As the Bank capitalized on arbitrage opportunities, the average borrowings amounted to Rs. 106.97 billion in 2024, compared to Rs. 81.96 billion last year, indicating an increase of Rs. 25.01 billion. Meanwhile, the overall cost was maintained at 19.79% for the year 2024 in line with the prior year.

The Bank's non-funded income totalled to Rs. 3.49 billion, compared to Rs. 1.19 billion in the prior year. The main contributors to this income were gain on sale of government securities, fee income and gains from sale of assets. Trade volume was almost doubled from Rs. 139 billion in December 2023 to Rs. 268 billion in December 2024 contributing to non-fund income. This translated into the highest trade volume in the history of the Bank.

The Bank successfully exhibited prudent control over its operating expenses by continuously monitoring and implementing cost control initiatives. While the average CPI inflation was 13.13% in 2024, the Bank managed to restrict the increase in its operating expenses to 13.07% compared to the same period last year. The Bank's total non-markup expenses amounted to Rs. 8.08 billion, compared to Rs. 7.15 billion for the previous year.

In the current year, there were net provision reversals amounting to Rs. 1.42 billion, indicating a sizable improvement from the net reversal of Rs. 1.15 billion in the previous year. This improvement is primarily attributed to the recoveries from the NPL which is the strategic objective and the top priority of the Bank.

As of December 31, 2024, the Bank’s gross NPL ratio (Gross non-performing loans to Gross Advances) increased to 69.95%, compared to 68.50% recorded on December 31, 2023. This increase is mainly attributed to a reduction in average gross advances by Rs. 2.36 billion. Additionally, the coverage ratio at the end of December 2024 improved to 97.27%, compared to 94.33% in December 2023. The Bank’s gross advances to deposits ratio (Gross Advances to Total Deposits) decreased to 26.27% in December 2024 from 33.74% in December 2023, reflecting the risk averse strategic outlook.

As of December 31, 2024, the Bank’s deferred tax assets (net) totalled Rs. 25.67 billion. In the current year, an additional Rs. 2.41 billion of deferred tax assets (net) was recognized, primarily attributed to taxable losses incurred during the year.

CONSOLIDATED RESULTS

The Bank posted consolidated loss after tax of Rs. 5.20 billion for the current year as against Rs. 5.33 billion for the prior year. Loss per share was measured at Re. 0.79 in comparison to Rs. 1.00 for the prior year.

The Bank has 100% shareholding in Summit Capital (Private) Limited, which is engaged in the business of equity brokerage, money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. The Consolidated Financial Statements of the Bank and its subsidiary along with the Auditors' report on these consolidated financial statements make part of the annual report.

Performance of Subsidiary:

Summit Capital (Private) Limited reflects a total turnaround from the Loss after tax of Rs. 8.1 million in 2023 to a Profit after tax of Rs. 19.59 million. The exceptional performance of PSX in 2024 resulted in a significant increase in trading activity, positively impacting the company’s revenue and pro¬fitability. The Profit per share for the year was recorded at Re. 0.65 as against a loss per share of Re. 0.27 in the prior year.

CREDIT RATING

In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and requested an extension to the State Bank of Pakistan which has been granted to complete the credit rating exercise by March 31, 2025.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. As a result, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in-clause invoked by the Bank under the applicable Regulations of the State Bank of Pakistan (SBP).

ECONOMIC REVIEW

Pakistan economy has demonstrated sustained positive developments from the start of FY2025, indicating an optimistic outlook for the ongoing fiscal year. Macroeconomic fundamentals have strengthened, marked by a further deceleration in CPI inflation resulting in fiscal surplus, current account surplus supported by increased exports and remittances, and an accommodative monetary policy stance. These developments have bolstered the business and consumer confidence. Prudent fiscal management and strategic reforms are paving the way for sustainable economic growth.

The external account position has significantly improved, driven by notable increases in exports and remittances despite a rise in imports. During Jul-Nov FY2025, the current account posted a surplus of USD 1.2 billion compared to deficit of USD 1.4 billion same period last year. Exports increased by 7.2% and were recorded at USD 16.229 billion while imports stood at USD 27.7 billion (USD 25.4 billion last year). Resultantly, trade deficit recorded at USD 11.5 billion.

Foreign Direct Investment (FDI) increased by 20 % and stood at USD 1.3 billion Jul-Aug FY2025. Further, worker's remittances recorded at USD 17.85 billion (July –Dec FY2025) increased by 32.8% compared to same period last year.

During Jul-Nov FY2025, FBR tax collection grew by 25.9% to Rs 5,625 billion against Rs 4,469 billion last year. This growth was broad-based, driven by direct and indirect taxes. Direct taxes rose to Rs. 2,782 billion, compared to Rs. 2,149 billion in the same period last year, while indirect taxes increased to Rs. 2,843 billion, up from Rs. 2,320 billion. During Jul-Nov FY2025, Non tax revenues increased by 95%, reaching Rs 3,418 billion, up from Rs. 1,757 billion last year. The fiscal deficit is recorded at 0.04% of GDP (Rs.44 billion) during Jul-Nov FY2025 significantly lower than the 1.3% (Rs.1,375 billion) last year.

Consumer Price Index (CPI) inflation is on declining trend and receded to single digit, lowest in 78 months in December 2024, recorded at 4.1 % on year-on-year basis compared to 29.7% in the same month last year.

In the last five MPCs held in 2024 SBP reduced the policy rate by 9% ended up with 13% as at December 31, 2024.Further on January 27, 2025, SBP further reduced the policy rate by 1% bring it to 12% as compared to 22% last year December 31, 2023.

Pakistan's FX reserves stood at USD 16.2 billion on December 27, 2024 of which SBP's reserves were USD 11.5 billion.

The performance of PSX remained remarkable as the KSE 100 index stood at 115,126 points compared to 62,451 points in December 31, 2023.

With strengthened economic fundamentals and growing investors' confidence, Pakistan is well-positioned for continued growth momentum. Key policy measures, including monetary easing and export facilitation, are creating an environment conducive to private sector-driven growth. Continued fiscal discipline and improved external account, alongside favourable global trends, are expected to sustain this positive momentum.

MODIFICATIONS IN THE AUDITORS REPORT

The Bank's paid-up capital (net of losses), Capital Adequacy Ratio (CAR) and Leverage Ratio (LR) do not meet the requirements provided by State Bank of Pakistan (SBP) as at December 31, 2024. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern. However, the Bank is making continued efforts for implementation of the Bank's plan to comply with applicable capital and liquidity requirements and in this regard the initial step of enhancing its equity base has been successfully completed.

The Bank has recognized deferred tax asset of Rs. 25.669 billion which is considered realizable based on the financial projections of taxable profits in foreseeable future.

The Bank holds an immovable property which is partially in contravention with the provisions of Banking Companies Ordinance, 1962.

The audit report is modified in respect of these matters but the opinion is not qualified.

CORPORATE GOVERNANCE

The Bank is in compliance with the significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed as part of the annual report.

The Directors are pleased to give the following statements required under Chapter XII - Reporting and Disclosure of the Listed Companies (Code of Corporate Governance) Regulations, 2019:

1. The total number of Directors are seven (07) as per the following:

    - Male 05
    - Female 01
    - Vacancy* 01

    * Mr. Muhammad Salman Alam Fazli resigned from the Board of Directors on October 30, 2024.

2. The composition of Board is as follows:

Category	Names
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Fauzia Hasnain
Non-Executive Directors	Mr. Abdulla Nasser Abdulla Hussain Lootah Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai
Executive Directors	Mr. Jawad Majid Khan, President & CEO

3. The board has formed committees comprising of members given below:

S. No	Board Audit Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Zafar Iqbal Siddiqi	Member
3	Mr. Wajahat Ahmed Baqai	Member

S. No	Board Human Resource and Remuneration Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Waseem Mehdi Syed	Member
4	Mr. Jawad Majid Khan	Member

S. No	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Zafar Iqbal Siddiqi	Member
3	Ms. Fauzia Hasnain	Member

S. No	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Waseem Mehdi Syed	Member
4	Mr. Jawad Majid Khan	Member

S. No	Board Compliance Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Mr. Wajahat Ahmed Baqai	Member

S. No	Board Special Assets Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Waseem Mehdi Syed	Member
4	Mr. Fauzia Hasnain	Member
5	Ms. Jawad Majid Khan	Member

The number of Board and Board Committee meetings held during the year 2024 and the attendance by each director is as follows:

S. No.	Name of Directors	Board Meetings	Board Audit Committee	Board Human Resources & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee	Board Compliance Committee	Board Special Asset Management Committee
1	Mr. Abdulla Nasser Abdulla Hussain Lootah	6	1**	1	N/A	L/A	L/A	L/A
2	Mr. Muhammad Salman Alam Fazli*	3	1*	1*	1*	1*	1*	1*
3	Mr. Waseem Mehdi Syed	6	4**	8	1**	7	4	4
4	Ms. Fauzia Hasnain	6	5*	8	4	1**	3**	4
5	Mr. Zafar Iqbal Siddiqi	6	4	1**	4	7	4	1**
6	Mr. Wajahat Ahmed Baqai	6	5	3**	4	1**	4	4
7	Mr. Jawad Majid Khan	6	4**	8	N/A	6	N/A	4
	Total meetings held during the year	**6**	**5**	**8**	**4**	**7**	**4**	**4**

* The Board of Directors of the Bank in their Board Meeting held on October 30, 2024 accepted the resignation of, Mr. Muhammad Salman Alam Fazli as a Non-Executive Director.

** Attended meeting as an invitee.

Leave of absence (L/A) was granted to those Directors/members, by the Board/Committee, who could not attend some the meetings.

The number of Shariah Board meetings held during the year 2024 and the attendance by each member is as follows:

Name of Shariah Board Members *	Position	Meetings held	Attendance
Mufti Muhammad Najeeb Khan	(Chairman)	4	4
Dr. Noor Ahmad Shahtaz	(Member)	4	3
Mufti Irshad Ahmad Aijaz	(Member)	4	4
Mufti Bilal Ahmad Qazi	(Member)	4	4
Mufti Syed Zubair Hussain	(Resident Shariah Board Member)	4	4

Nomination and Appointment of Directors

As per the provisions of the Companies Act, 2017 and the related Corporate Governance Regulatory Framework (CGRF) 2021 issued by the State Bank of Pakistan, the Directors of the Board are to be elected by the shareholders in their general meeting.

Every Director (including non-executive director, executive director, sponsor director, independent director, and nominee director) has to pass the assessment criteria of Fit and Proper Test (FPT) of State Bank of Pakistan prior to appointment on the Board of Directors of the Bank. Further, in compliance of the applicable requirements of CGRF 2021, the self-assessment of the proposed director is to be followed by the Bank prior of processing the formal FPT document and the relevant documents for the proposed director in SBP.

While appointing a Director, the Bank ensured that the Board should be comprised of Directors who have relevant experience, suitable knowledge, and appropriate skill set/expertise in the field of the Bank's Credit, Commercial Banking, Finance, Internal Audit, Operations, Risk and Information Technology.

Further, the Bank believes in gender equality and therefore a female director has already been appointed on the Board of Directors of the Bank, which further complies with the applicable regulatory requirement.

As far as the appointment of Independent Directors is concerned, the Bank may opt for the candidate from the Data Bank maintained with the Pakistan Institute of Corporate Governance (PICG) keeping in view the criteria defined by the State Bank of Pakistan. Further, after becoming the part of a Board, an annual undertaking is also taken from the independent directors.

Director Training Program

The current Board of Directors of the Bank (except for one (1) of the directors representing the sponsors) stands compliant with the applicable requirement of the Directors' Training Program (DTP) as prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 as of December 31, 2024.

Following directors have successfully completed their requisite DTP.

Name of Directors	Course	Passing Year
Mr. Waseem Mehdi Syed	Corporate Governance Leadership Skills (CGLS) - Director Education Program – PICG	December 2021
Ms. Fauzia Hasnain		November 2021
Mr. Wajahat Ahmed Baqai		December 2021
Mr. Zafar Iqbal Siddiqi	Enhancing Board Effectiveness – DTP – LUMS	December 2020
Mr. Jawad Majid Khan		October 2016

Mechanism of Board Performance Evaluation

In compliance with G-13 of Corporate Governance Regulatory Framework, 2021 and BPRD Circular No. 11 of 2016 dated August 22, 2016, and precedent adopted by Bank Makramah Limited, the Board has opted for the external assessment rather than conducting the in-house assessment process with an aim to maintain the transparency and integrity of the Board of Directors. The Board Members have approved the Pakistan Institute for Corporate Governance ("PICG") as an external evaluator for conducting the annual evaluation of board performance as a whole, its committee(s) and individual assessment of each of the Board Members enabling the Bank to get a transparent, fair and un-biased report about the Board composition, integrity, function and its commitment towards maintaining high standards of corporate governance in the Bank.

Change in Directors

Mr. Muhammad Salman Alam Fazli resigned as the Non-Executive Director of the Bank, effective October 30, 2024. The Board acknowledges and appreciates his valuable contributions during his tenure.

REMUNERATION PRACTICES OF THE BANK

Bank's remuneration framework is designed to ensure transparency, consistency, meritocracy and fairness in the selection and recruitment process across BML to attract and retain the best talent for the Bank. The policy ensures adherence to SBP guidelines on Remuneration Practices and is aligned with risks and responsibilities of Financial Intermediation.

BML's Board of Directors has the overall responsibility for reviewing, approving and monitoring the implementation of the remuneration framework, based on the recommendations of the Board Human Resource Committee (BHR&RC).

Compensation Structure

The compensation package offered at BML constitutes fixed and variable components.

Fixed remuneration: is the base salary and allowances which is paid to compensate employees for their skills, experience, and competencies, commensurate with the requirements, size, and scope of their role.

Variable remuneration: Variable remuneration is performance-related and consists primarily of the annual performance bonus award. As a part of employee's variable remuneration, the annual bonus rewards the achievement of operational and financial targets set each year, individual performance by the employees in achieving those targets, and their contribution to delivering the Bank's strategic objectives.

Material Risk Takers (MRTs) and Material Risk Controllers (MRCs)

Material Personnel (MRT & MRC)

An employee is considered a Material Person for the Bank if his/her professional activities are deemed to have a material impact on the overall risk profile of the Bank. The criteria that are used to assess the materiality of the influence of the professional activities of the employee on the risk profile shall take into account the potential impact of the employee on the Bank's risk profile based on their authority and responsibilities, and the Bank's risk and performance indicators. The Bank's internal organization and the nature, scope, and complexity of its activities shall also be taken into account in the assessment. The criteria shall fully reflect all risks to which the institution or group is or may be exposed. Material Personnel can further be classified into Material Risk Takers and Material Risk Controllers depending upon the nature of their job function and responsibilities.

The inclusion criteria for MRT and MRC is developed in accordance with the Guidelines and applicable best practices and include; President & CEO and Deputy CEO, Members of the Senior Management, Members of critical management committee including Management Committee (MANCOM), Country Credit Committee, Investment Committee, Asset Liability Committee (ALCO), Compliance Committee, IT Steering Committee, Enterprise Risk Management Committee, Procurement Committee etc. and Heads of critical functions responsible for managing business, risks and controls, that may subject the Bank to significant risks.

Remuneration of MRT & MRC

The compensation structure for MRTs and MRCs is determined and proposed by Human Resources department and is appropriately balanced between the fixed and variable remuneration.

Further, the variable remuneration of MRTs will be compensated on achieving pre-determined qualitative and quantitative objectives, considering the risk-adjusted performance and long-term health of the Bank. The qualitative factors may override the achievements of quantitative factors, in order to discourage undue/ excessive risk-taking.

The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor. This compensation structure is designed to ensure that the objectivity and independence of these functions are not compromised.

The Bank at present does not have any Employee Stock Option (ESOS) for its employees.

The balance scorecards for the MRTs and MRTs were developed, and the same are in the process of revision in the HR Policy manual.

The Key Performance Indicators (KPI) of individual positions have been developed and will assist the business to reach the annual objectives for the positions and will be evaluated at year end.

Directors' Remuneration

The Bank during a calendar year pays an appropriate remuneration for attending the Board or its Committee(s) Meeting(s) to its Non-Executive Director(s) and the Chairman. The scale of remuneration to be paid to the Non-Executive Director(s) and the Chairman for attending the Board and / or its Committee Meetings is approved by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM).

The details of compensation of directors in 2024 are disclosed in Note 39 to the unconsolidated financial statements.

Remuneration of the Shariah Board

The Bank provides fixed fee to non-resident Shariah Board members and does not provide any performance linked incentives.

The details of remuneration of Shariah Board Members in 2024 are disclosed in Note 39.3 to the unconsolidated financial statements.

Gender Pay Gap Statement

As required by the Security and Exchange Commission (SECP), through its circular no 10 of 2024 dated April 17, 2024, all the listed companies, to include a statement on gender pay gap as per the calculation prescribed in the circular. In line with this circular following information for 2024 has been prepared.

(i) Mean gender pay gap : 41%
(ii) Median gender pay gap : 32%

RISK MANAGEMENT

Risk management is an integral part of the Bank's strategic decision-making process, which ensures that the Bank's corporate objectives are consistent with the appropriate risk-return trade-off. The Bank's risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a robust risk management framework.

The Board of Directors (BoD) has oversight on all the risks undertaken by the Bank. It approves the risk management strategy, policies and determines the type and level of business risks that the Bank undertakes in achieving its corporate objectives. The Board has delegated the authority to various Sub-Committees to facilitate focused oversight of various risks, formulate and review policies on monitoring and managing risk exposures. The major policy decisions and proposals on risk exposures are recommended by these Sub-Committees and are subject to approval by the BoD. The Board Risk Management Committee (BRMC) oversees senior management's activities in managing credit, market, liquidity, operational, IT, legal, fraud & forgery, compliance and other risks to ensure existence of a strong risk management framework in the Bank. In order to strengthen the risk management process, the Bank regularly updates its risk management policies and risk tolerance levels.

Various functions like Compliance, Legal, Credit, Risk Management, Internal Audit, Treasury Middle Office, IT Security, and Centralized Operations Units have been functioning independent of the business units to ensure proper management of risks relating to these areas. The Bank has also constituted various Committees comprising of senior staff having relevant experience who meet regularly to deliberate on matters relating to risk exposures in the areas under their respective supervision. Shariah Compliance Department is operating independently under the Shariah Board.

Segregation of duties and various controls have been instituted by the Bank to mitigate the operational risk. Moreover, the Bank has further strengthened its Credit, Operational and Information Security Risk Management functions by employing various risk management tools, techniques and staff resources. Regular Business Continuity and Disaster Recovery tests are conducted to ensure business as usual in contingency situations.

CAPITAL STRUCTURE OF THE BANK AND FORWARD LOOKING STATEMENT

As at December 31, 2024, the Bank’s paid up capital (net of losses) stood at negative (-) Rs. 22.594 billion as against the statutory requirement of Rs. 10 billion prescribed by SBP while the Capital Adequacy Ratio of the Bank stood at negative (-) 90.36% as against the minimum requirement of 11.50%.

To capitalise the Bank, the Board of Directors in their meeting held on November 28, 2024, have approved the Scheme of Arrangement for the restructuring of the Bank (“Restructuring Scheme”) subject to (i) procurement of all the applicable regulatory, corporate and shareholders’ approval and (ii) sanction of the Restructuring Scheme by the Honourable High Court of Islamabad.

The broad terms of the scheme are as follows:

i. Global Haly Development (GHDL) shall stand amalgamated into the Bank;

ii. TFC Redemption Amount (as defined in the Restructuring Scheme) shall be settled and paid through issuance and allotment of fully paid ordinary shares of the Bank to TFC holders’; and

iii. Share capital of the Bank shall be reduced through cancellation of the share capital unrepresented by available assets.

Further, the shareholders in their Extraordinary General Meeting (EOGM) held on December 26, 2024 approved the Restructuring Scheme.

The TFC Holders of the Bank in their Extra Ordinary General Meeting (EOGM) held on January 21, 2025 decided to continue as TFC Holders. However, the Restructuring Scheme will continue as already approved by the shareholders.

Furthermore, the Bank has filed a settlement application before the relevant court, for the recovery of non-performing loans (NPLs) owned by various companies of the Omni Group and its affiliated entities dated January 22, 2025. The Court has graciously issued a decree in favour of the Bank affirming its right to recover approximately Rs 10 billion, which will now be recoverable under the agreed terms of the settlement.

The Bank is fully prepared to capitalize on the business opportunities available in the market and will continue to focus on its strategy for long-term sustainable growth. For this, the management has prepared a business plan, which has been approved by the Board as detailed in note 1.3 of the unconsolidated financial statements.

UNCERTAINTIES THAT COULD AFFECT THE BANK'S RESOURCE, REVENUES AND OPERATIONS

Factors that may potentially affect the Bank's resources, revenues and operations are:

- Decisions on Discount Rate / Monetary policy;
- Revisions to rate of returns on deposits;
- Repricing of earning assets;
- Geo-Political risks and uncertainties across the geography that we operate in;
- Law and Order situation;
- Local Government rules and regulations;
- Credit rating of the Bank;
- Inflation, fuel and general commodity prices;
- Corporate taxation measures; and
- The potential impacts of changes in accounting and regulatory framework.

STATEMENT ON 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 Board of Directors has established an Audit Committee responsible for overseeing the independence, effectiveness, and alignment of both internal and external audit functions. The Committee meets at least quarterly to assess the scope, execution, and outcomes of audits performed by the Internal Audit departments (Both, Conventional as well as Shariah Audits). Furthermore, the Committee meets with external auditors prior to the approval of the Bank's half-yearly and annual financial statements, ensuring a comprehensive review and transparency throughout the audit process.

Internal controls at Bank Makramah Ltd are intended to provide a reasonable measure of assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws and regulations. However, it is acknowledged that the systems put in place can only provide reasonable but not absolute assurance against material misstatement or loss since they are designed to manage, rather than eliminate, the risk of unforeseen situation. In addition, the Compliance Function is performing its due role to ensure regulatory compliance across the Bank.

The Bank had successfully completed all stages of its ICFR program and on that basis, State Bank of Pakistan vide BSD-1 Circular Letter No. 01 of 2021 dated July 6, 2021 has allowed the Banks to discontinue annual submission of Long Form Report (LFR) or Annual Assessment Report (AAR) on efficacy of ICFR to State Bank of Pakistan (SBP). However, the banks shall continue to prepare LFR or AAR on annual basis under ICFR instructions/ framework. The Bank summits annual report on ICFR to the Board Audit Committee.

Based on the above, the Board of Directors endorses the management's assurance on Internal Controls.

EXTERNAL AUDIT

The current auditors, Messrs. Yousuf Adil, Chartered Accountants, retire and, being eligible, offer themselves for reappointment at the Annual General Meeting. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the appointment of Messrs. Yousuf Adil, Chartered Accountants, as the auditors of the Bank for the financial year 2025.

The firm of auditors 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 that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.

PATTERN OF SHAREHOLDING

The ownership structure along with the pattern of shareholding and categories of shareholders as at December 31, 2024 has been made part of the Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board, we would once again like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their continuous guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers and the Bank's staff for their continued support.

On behalf of the Board.

Jawad Majid Khan
President and Chief Executive Officer

Fauzia Hasnain
Director

Bank Makramah Limited
February 28, 2025
Karachi

تعریف وتوثیق

ہم، بورڈ کی جانب سے، ایک بار پھر اسٹیٹ بینک آف پاکستان، سیکیوریٹیز اینڈ ایکسچینج کمیشن پاکستان، دیگر ضابطہ کاروں کی مسلسل رہنمائی اور معاونت پر شکر گزار ہیں۔ نیز ہم مسلسل معاونت پر ہمارے اسٹیک ہولڈرز، ہمارے صارفین اور بینک کے عملے کا شکریہ ادا کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

جواد ماجد خان
صدر اور چیف ایگزیکٹو آفیسر

فوزیہ حسنین
ڈائریکٹر

بینک مکرمہ لمیٹڈ
28 فروری 2025ء
کراچی

کمپلائنس، انتظام خطر، شریعہ اور داخلی آڈٹ کے شعبوں کے ذریعے پورے بینک میں کنٹرول کی سرگرمیوں کی کڑی نگرانی کی جا رہی ہے، جو عمومی طور پر تمام بینکاری سرگرمیوں کا احاطہ کرتی ہے اور بالخصوص خطرے کے حامل کلیدی شعبوں کا احاطہ کرتی ہے۔

بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے جس کی ذمہ داری براہ راست نگرانی ہے تاکہ داخلی اور بیرونی آڈٹ فنکشن کے استقلال، مؤثریت اور غیر جانب داری کو یقینی بنایا جا سکے۔ کمیٹی ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد کرتی ہے تاکہ داخلی آڈٹ کے شعبے (شریعت اور روایتی دونوں آڈٹ) کے انجام دیے گئے کام کے دائرہ کار، عملدرآمد اور نتائج پر تبادلۂ خیال کیا جا سکے۔ مزید برآں، کمیٹی بینک کے ششماہی اور سالانہ مالی نتائج کی منظوری سے قبل بیرونی آڈیٹرز سے بھی ملاقات کرتی ہے تاکہ آڈٹ کے عمل میں مکمل شفافیت اور جامع جانچ کو یقینی بنایا جا سکے۔

بینک مکرمہ لمیٹڈ میں داخلی کنٹرولز کا مقصد بینک کے آپریشنز کی اثر انگیزی اور کارکردگی، مالی معلومات کی درستگی، اور متعلقہ قوانین وضوابط کی تعمیل کے حوالے سے معقول یقین دہانی فراہم کرنا ہے۔ تاہم، یہ تسلیم کیا جاتا ہے کہ یہ نظام مکمل یقین دہانی نہیں تاہم معقول تحفظ فراہم کر سکتے ہیں، کیونکہ یہ غیر متوقع حالات کے خطرے کو ختم کرنے کے بجائے، اس کے نظم و نسق کے لیے تیار کیے گئے ہیں۔ اس کے علاوہ، تعمیلی فنکشن بینک میں ضوابطی تقاضوں پر عمل درآمد کو یقینی بنانے میں اپنا مؤثر کردار ادا کر رہا ہے۔

بینک نے اپنے ICFR پروگرام کے تمام مراحل کامیابی کے ساتھ مکمل کر لیے تھے اور اسی بنیاد پر، اسٹیٹ بینک آف پاکستان نے بی ایس ڈی 1 سرکلر لیٹر نمبر 01 برائے 2021، بتاریخ 6 جولائی 2021ء کے ذریعے بینکوں کو لانگ فارم رپورٹ (LFR) کو سالانہ بنیاد پر جمع کرانے یا اسٹیٹ بینک آف پاکستان (SBP) کو ICFR کی افادیت پر سالانہ تشخیصی رپورٹ (AAR) جمع نہ کروانے کی اجازت دی ہے۔ تاہم، بینک ICFR ہدایات/فریم ورک کے تحت سالانہ بنیادوں پر LFR یا AAR تیار کرنا جاری رکھیں گے۔ بینک ICFR پر سالانہ رپورٹ بورڈ کی آڈٹ کمیٹی کو پیش کرتا ہے۔

مندرجہ بالا کی بنیاد پر، بورڈ آف ڈائریکٹرز داخلی کنٹرولز پر انتظامیہ کی یقین دہانی کی توثیق کرتا ہے۔

بیرونی آڈٹ

موجودہ آڈیٹرز، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور اس اسامی کے اہل ہونے کی حیثیت سے سالانہ اجلاسِ عام میں اپنی دوبارہ تقرری کی پیش کش کر چکے ہیں۔ اس کے مطابق، بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی کی سفارش پر، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو مالی سال 2025ء کے لیے بینک کے آڈیٹر کے طور پر تقرری کی سفارش کرتا ہے۔

آڈیٹرز کی فرم نے تصدیق کی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت انھیں تسلی بخش درجہ بندی دی گئی ہے، اور یہ کہ فرم اور ان کے تمام شراکت دار انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی رہنما ہدایات، نیز ضابطۂ اخلاق، جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے، سے ہم آہنگ ہیں۔ اور تمام قابل اطلاق قوانین کے تحت تقرری کے تقاضے پورے کرتے ہیں۔

شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2024ء تک شیئر ہولڈنگ کے نمونوں اور شیئر ہولڈرز کے زمروں کے ساتھ ملکیت کا ڈھانچا سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

مزید برآں، 26دسمبر 2024ءکو منعقدہ شیئرز ہولڈرز کے غیر معمولی سالانہ اجلاس (EOGM) میں ری اسٹرکچرنگ اسکیم کی منظوری دی گئی۔
اسی طرح، بینک کے ٹی ایف سی ہولڈرز نے 21جنوری 2025ءکو اپنے غیر معمولی سالانہ اجلاس (EOGM) میں ٹی ایف سی ہولڈر کے طور پر برقرار رہنے کا فیصلہ کیا۔ تاہم، ری اسٹرکچرنگ اسکیم جاری رہے گی کیونکہ شیئرز ہولڈرز اس کی منظوری پہلے ہی دے چکے ہیں۔

علاوہ ازیں، بینک نے 22 جنوری 2025ءکو متعلقہ عدالت میں اومنی گروپ اور اس کی ملحقہ کمپنیوں کے غیر فعال قرضوں (NPLs) کی وصولی کے لیے تصفیے کی درخواست دائر کی۔ معزز عدالت نے بینک کے حق میں فیصلہ جاری کرتے ہوئے تقریباً 10ارب روپے کی وصولی کی تصدیق کی ہے، جواب طے شدہ معاہدے کے مطابق قابل وصول ہوں گے۔

بینک مارکیٹ میں دستیاب کاروباری مواقع سے فائدہ اٹھانے کے لیے پوری طرح تیار ہے اور طویل مدتی پائیدار ترقی کے لیے اپنی حکمت عملی پر توجہ مرکوز رکھے گا۔ اس کے لیے، انتظامیہ نے ایک کاروباری منصوبہ تیار کیا ہے، جسے بورڈ نے منظور کیا ہے اور جو غیر جامع مالیاتی بیانات کے نوٹ 1.3 میں تفصیل سے مذکور ہے۔

غیر یقینی حالات جو بینک کے وسائل، محاصل اور آپریشنز کو متاثر کرتے ہیں

وہ عوامل جو ممکنہ طور پر بینک کے وسائل، محاصل اور آپریشنز کو متاثر کرسکتے ہیں، وہ درج ذیل ہیں:

- ڈسکاؤنٹ کی شرح/زری پالیسی کے فیصلے؛
- ڈپازٹس پر شرحِ منافع میں ردوبدل؛
- آمدن اثاثوں کی نوقیمت بندی؛
- جغرافیائی، سیاسی خطرات اور غیر یقینی صورت حال جس میں ہم کام کرتے ہیں؛
- امن وامان کی صورت حال
- مقامی حکومت کے قواعد وضوابط
- بینک کی کریڈٹ ریٹنگ؛
- مہنگائی، فیول اور عام اجناس کی قیمتیں؛
- کارپوریٹ ٹیکس کے اقدامات؛ اور
- اکاؤنٹنگ اور ضوابطی فریم ورک میں تبدیلیوں کے ممکنہ اثرات۔

داخلی کنٹرولز پر بیان

اسٹیٹ بینک کے بی ایس ڈی سرکلر نمبر 7 بتاریخ 27مئی 2004ء "داخلی کنٹرولز سے متعلق رہنما خطوط"، اسٹیٹ بینک کے او ایس ای ڈی سرکلر نمبر 01 بتاریخ 07فروری 2014ء اور اسٹیٹ بینک کے بی ایس ڈی 1 سرکلر لیٹر نمبر 01 بتاریخ 06جولائی 2021ء "مالی رپورٹنگ پر داخلی کنٹرولز (ICFR) سے متعلق ہدایات" کے مطابق یہ بیان تشکیل دیا گیا ہے۔

بینک کی انتظامیہ داخلی کنٹرولز کا ایک مناسب اور مؤثر نظام قائم کرنے اور اسے برقرار رکھنے کے لیے ذمہ دار ہے جس کا بنیادی مقصد آپریشنز کی اثر انگیزی اور کارکردگی، مالیاتی رپورٹنگ کی اعتباریت، اثاثوں کی حفاظت اور قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنانا ہے۔

بورڈ آف ڈائریکٹرز تمام خطرات کی نگرانی کرتا ہے۔ یہ انتظامِ خطر کی حکمت عملی اور پالیسیوں کی منظوری دیتا ہے اور کاروباری خطرات کی قسم اور سطح کا تعین کرتا ہے جو بینک اپنے کارپوریٹ مقاصد کے حصول میں استعمال کرتا ہے۔ بورڈ نے مختلف ذیلی کمیٹیوں کو اختیار تفویض کیا ہے کہ وہ خطرات کی نگرانی اور انتظام کے حوالے سے پالیسیاں مرتب کریں، مختلف خطرات پر توجہ مرکوز کریں۔ ان ذیلی کمیٹیوں کی جانب سے خطرے کے منظور شدہ انکشاف کے بارے میں اہم پالیسی فیصلے اور تجاویز کی سفارش کی جاتی ہے جو بورڈ آف ڈائریکٹرز (بی او ڈی) کی منظوری سے مشروط ہیں۔ بورڈ کی انتظامِ خطر کی کمیٹی (بی آر ایم سی) بینک میں مضبوط انتظامِ خطر فریم ورک کے وجود کو یقینی بنانے کے لیے کریڈٹ، مارکیٹ، سیالیت، آپریشنل، آئی ٹی، قانونی، دھوکہ دہی اور جعل سازی، تعمیل اور دیگر خطرات کے انتظام میں سینئر مینجمنٹ کی سرگرمیوں کی نگرانی کرتی ہے۔ انتظامِ خطر کے عمل کو مزید مضبوط بنانے کے لیے، بینک اپنی انتظامِ خطر کی پالیسیوں اور خطرے کی حدود کو مسلسل اپ ڈیٹ کرتا رہتا ہے۔

تعمیل، قانونی، کریڈٹ، انتظامِ خطر، انٹرنل آڈٹ، ٹریژری مڈل آفس، آئی ٹی سیکیورٹی، اور سنٹرلائزڈ آپریشن یونٹس جیسے مختلف فنکشنز کاروباری یونٹوں سے آزاد کام کر رہے ہیں تاکہ ان شعبوں سے متعلقہ خطرات کے مناسب انتظام کو یقینی بنایا جاسکے۔ بینک نے بینک کے سینئر ایگزیکٹوز پر مشتمل مختلف کمیٹیاں بھی تشکیل دی ہیں جو اپنی نگرانی میں خطرے کے انکشاف سے متعلق معاملات پر غور کرنے کے لیے باقاعدگی سے میٹنگز کرتی ہیں۔ شریعت سے ہم آہنگی پیدا کرنے پر مامور شعبہ شریعت بورڈ کے ماتحت پوری آزادی سے کام کر رہا ہے۔

آپریشنل خطرے کو کم کرنے کے لیے بینک کی جانب سے فرائض کی درجہ بندی اور مختلف دیگر کنٹرول قائم کیے گئے ہیں۔ مزید یہ کہ، بینک نے اپنے کریڈٹ، آپریشنل اور انفارمیشن سیکیورٹی انتظامِ خطر کے افعال کو انتظامِ خطر کے مزید ٹولز اور تکنیکوں کے ذریعے مزید مضبوط بنایا گیا ہے۔ ہنگامی حالات میں کاروباری تسلسل کو یقینی بنانے کے لیے باقاعدہ کاروباری تسلسل اور حادثات سے بحالی کے ٹیسٹ کیے جاتے ہیں۔

بینک کی سرمایہ جاتی ساخت اور پیش بینی بیان

روپے کی قانونی ضرورت کے مقابلے میں اسٹیٹ بینک کی جانب سے مقرر کیے گئے 10 ارب کے مقابلے میں 31 دسمبر 2024ء تک، بینک کا ادا شدہ سرمایہ (خسارے کا خالص) منفی (-) 22.594 ارب روپے تھا، جبکہ بینک کی شرحِ کفایتِ سرمایہ کے کم از کم 11.50 فیصد کے تقاضے کے مقابلے میں منفی (-) 90.36 فیصد تھی۔

بینک کو مستحکم کرنے کے لیے، بورڈ آف ڈائریکٹرز نے 28 نومبر 2024ء کو اپنی میٹنگ میں بینک کی تنظیم نو کے لیے "ری اسٹرکچرنگ اسکیم" کی منظوری دی، جس کا نفاذ درج ذیل شرائط کے تحت کیا جائے گا: (i) تمام متعلقہ ضوابطی، کارپوریٹ اور شیئر ہولڈرز کی منظوری کا حصول، اور (ii) معزز اسلام آباد ہائی کورٹ کی جانب سے ری اسٹرکچرنگ اسکیم کی توثیق۔

اس اسکیم کے عمومی نکات درج ذیل ہیں:

i) گلوبل ہالی ڈیولپمنٹ (GHDL) کو بینک میں ضم کر دیا جائے گا؛

ii) ٹی ایف سی ریڈیمپشن اماؤنٹ (جیسا کہ ری اسٹرکچرنگ اسکیم میں بیان کیا گیا ہے) کو بینک کے عام شیئرز کے اجرا اور الاٹمنٹ کے ذریعے ٹی ایف سی ہولڈرز کو ادا کیا جائے گا؛ اور

iii) بینک کے شیئر کیپٹل کو اس حصے کی منسوخی کے ذریعے کم کر دیا جائے گا جو دستیاب اثاثوں کی نمائندگی نہیں کرتا

کنڑول فنکشنز(Control Functions) کے متغیر معاوضے کا تعین ان کے فنکشن کے مخصوص اہداف پر مبنی ہوگا اور یہ ان کاروباری شعبوں کی مالی کارکردگی سے منسلک نہیں ہوگا جن کی وہ نگرانی کرتے ہیں۔ اس معاوضے کے ڈھانچے کو اس طرح وضع کیا گیا ہے کہ ان کے معروضیت(Objectivity) اور غیر جانب داری(Independence) پر کوئی سمجھوتہ نہ کیا جائے۔

فی الحال ملازمین کے لیے کوئی ایمپلائی اسٹاک آپشن (ای ایس او ایس) نہیں ہے۔

ایم آر ٹیز اور ایم آر ٹیز کے عہدوں کے لیے متوازن اسکور کارڈ تیار کیے گئے تھے اور ایچ آر پالیسی کے مینوئل میں ان پر نظرِ ثانی کی جارہی ہے۔

بینک بھر میں انفرادی عہدوں کے کلیدی کارکردگی کے اشارے (کے پی آئیز) تیار کیے جاچکے ہیں اور یہ کاروباری ادارے کے عہدوں کے سالانہ مقاصد کو پورا کرنے میں مدد کریں گے اور سال کے اختتام پر ان کا جائزہ لیا جائے گا۔

ڈائریکٹروں کا اعزازیہ

بینک، دورانِ سال نان ایگزیکٹو ڈائریکٹرز اور چیئرمین کو بورڈ یا اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے معقول اور مناسب اعزازیہ ادا کرتا ہے۔ بورڈ اور/یا کمیٹی کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹو ڈائریکٹرز/چیئرمین کو ادا کیے جانے والے اعزازیے کے پیمانے کی شیئر ہولڈرز کی سالانہ جنرل میٹنگ (اے جی ایم) میں پہلے یا بعد کی بنیاد پر منظوری دی جاتی ہے۔

2024ء میں ڈائریکٹرز کو ادا کیے گئے اعزازیے کی تفصیلات نوٹ 39 میں غیر جامع مالیاتی بیانات میں ظاہر کی گئی ہیں۔

شریعت بورڈ کا اعزازیہ

بینک شریعت بورڈ کے ارکان کو معین سالانہ فیس کی ادائیگی کے علاوہ کارکردگی سے منسلک کوئی مراعات فراہم نہیں کرتا۔

2024ء میں شریعت بورڈ کے ارکان کو ادا کیے گئے اعزازیے کی تفصیلات نوٹ 39.3 میں غیر جامع مالیاتی بیانات میں ظاہر کی گئی ہیں۔

صنفی تنخواہ کے فرق کا بیان

جیسا کہ سیکیورٹی اینڈ ایکسچینج کمیشن (SECP) کی ضرورت ہے، اس کے سرکلر نمبر 10 آف 2024 مورخہ 17 اپریل 2024 کے ذریعے، تمام لسٹڈ کمپنیاں، سرکلر میں بتائے گئے حساب کے مطابق صنفی تنخواہ کے فرق پر بیان شامل کریں۔ اس سرکلر کے مطابق 2024 کے لیے درج ذیل معلومات تیار کی گئی ہیں۔

(i) اوسط صنفی تنخواہ کا فرق: 41%

(ii) اوسط صنفی تنخواہ کا فرق: 32%

انتظامِ خطر

انتظامِ خطر بینک کے اسٹریٹجک فیصلہ سازی کے عمل کا ایک لازمی حصہ ہے، جو اس بات کو یقینی بناتا ہے کہ بینک کے کارپوریٹ مقاصد خطرے کے مناسب انتظام سے ہم آہنگ ہیں۔ بینک کا انتظامِ خطر کا فلسفہ یہ ہے کہ تمام خطرات کی نشاندہی، پیمائش، نگرانی اور انتظام کیا جانا چاہیے۔

معاوضے کی ساخت

بی ایم ایل میں معاوضے کی ترکیب معین اور متغیر (variable) معاوضے پر مشتمل ہے۔

معین معاوضہ: وہ بنیادی تنخواہ اور الاؤنسز ہیں جو کسی ملازم کی مہارت، تجربے، اور اہلیتوں نیز ان کی ذمہ داریوں کے تقاضوں، مقدار اور دائرہ کار کے مطابق ادا کیے جاتے ہیں۔

متغیر معاوضہ: متغیر معاوضہ کارکردگی سے منسلک ہوتا ہے اور بنیادی طور پر سالانہ کارکردگی بونس پر مشتمل ہوتا ہے۔ ملازمین کے متغیر معاوضے کے ایک حصے کے طور پر، سالانہ بونس ہر سال کے لیے طے کردہ آپریشنل اور مالی اہداف کے حصول، ان اہداف کے حصول میں ملازمین کی انفرادی کارکردگی، اور بینک کے اسٹریٹجک مقاصد کی تکمیل میں ان کے کردار کو مد نظر رکھتے ہوئے دیا جاتا ہے۔

مادی خطرہ لینے والے (ایم آر ٹی) اور مادی خطرے کے کنٹرولرز (ایم آر سی)

مفید ملازم (ایم آر ٹی اور ایم آر سی)

کوئی ملازم اس وقت بینک کے لیے "مفید ملازم" سمجھا جاتا ہے جب اس کی پیشہ ورانہ سرگرمیاں بینک کے مجموعی خاکہ خطر (رسک پروفائل) پر نمایاں اثر ڈالنے کی صلاحیت رکھتی ہوں۔ ملازم کی پیشہ ورانہ سرگرمیوں کے خاکہ خطر پر اثر کی اہمیت کا جائزہ لینے کے لیے جو معیارات استعمال کیے جاتے ہیں، وہ ملازم کے اختیارات اور ذمہ داریوں، بینک کے خطرے اور کارکردگی کے اشاریوں کی بنیاد پر بینک کے خاکہ خطر پر ممکنہ اثر کو مد نظر رکھتے ہیں۔ اس جائزے میں بینک کی داخلی تنظیم، سرگرمیوں کی نوعیت، دائرہ کار اور پیچیدگی کو بھی شامل کیا جاتا ہے۔ یہ معیارات ان تمام خطرات کو مکمل طور پر ظاہر کریں گے جن کا ادارہ یا گروپ سامنا کر رہا ہے یا کر سکتا ہے۔ "مفید ملازم" کو ان کے کام اور ذمہ داریوں کی نوعیت کے مطابق مزید دو زمروں میں تقسیم کیا جا سکتا ہے: مادی خطرہ لینے والے (ایم آر ٹی) اور مادی خطرے کے کنٹرولرز (ایم آر سی)

ایم آر ٹی اور ایم آر سی کے شمولیت کے معیارات متعلقہ ہدایات اور بہترین عالمی طریقوں کے مطابق تیار کیے گئے ہیں، جن میں یہ افراد شامل ہیں: صدر، سی ای او/ اور ڈپٹی سی ای او، سینئر مینجمنٹ کے ارکان، مینجمنٹ کمیٹی (MANCOM)، کنٹری کریڈٹ کمیٹی، انویسٹمنٹ کمیٹی، ایسیٹ لائبلٹی کمیٹی (ALCO)، کمپلائنس کمیٹی، آئی ٹی اسٹیئرنگ کمیٹی، انٹرپرائز رسک مینجمنٹ کمیٹی، پروکیورمنٹ کمیٹی وغیرہ سمیت اہم مینجمنٹ کمیٹیوں کے ارکان، مزید برآں، ان تمام اہم شعبوں کے سربراہان جو کاروبار، خطرات اور کنٹرولز کے انتظام کے ذمہ دار ہیں اور جو بینک کو نمایاں خطرات سے دوچار کر سکتے ہیں، انہیں بھی اس زمرے میں شامل کیا جاتا ہے۔

ایم آر ٹی اور ایم آر سی کے معاوضے

ایم آر ٹیز اور ایم آر سیز کے لیے معاوضے کا ڈھانچہ انسانی وسائل (ایچ آر) کے شعبے کی جانب سے مرتب اور تجویز کیا جاتا ہے اور یہ معین (Fixed) اور متغیر (Variable) معاوضے کے درمیان مناسب توازن برقرار رکھتا ہے۔

مزید برآں، ایم آر ٹیز کے متغیر معاوضے (Variable Remuneration) کا تعین پہلے سے طے شدہ معیاری (Qualitative) اور مقداری (Quantitative) اہداف کے حصول پر کیا جائے گا، جس میں خطرے سے ہم آہنگ کارکردگی اور بینک کے طویل مدتی مالی استحکام کو مد نظر رکھا جائے گا۔ معیاری عوامل کو مقداری عوامل پر فوقیت دی جا سکتی ہے تاکہ غیر ضروری یا حد سے زیادہ خطرہ مول لینے کی حوصلہ شکنی کی جا سکے۔

ڈائریکٹرز کا تربیتی پروگرام

بینک کا موجودہ بورڈ آف ڈائریکٹرز (ماسوا ایک (1) ڈائریکٹر کے جو اسپانسرز کی نمائندگی کرتے ہیں)، فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے مطابق 31 دسمبر 2024ء تک ڈائریکٹرز کے تربیتی پروگرام ("DTP") کے قابل اطلاق تقاضوں سے پوری طرح ہم آہنگ ہے۔

درج ذیل ڈائریکٹرز نے اپنے مطلوبہ ڈائریکٹرز کے تربیتی پروگرام کو کامیابی کے ساتھ مکمل کیا ہے:

ڈائریکٹرز کے نام	کورس	کامیابی کا سال
جناب وسیم مہدی سید	کارپوریٹ گورننس لیڈرشپ اسکلز (سی جی ایل ایس)-ڈائریکٹر ایجوکیشن پروگرام—پی آئی سی جی	دسمبر 2021ء
محترمہ فوزیہ حسنین		نومبر 2021ء
جناب وجاہت احمد بقائی		دسمبر 2021ء
جناب ظفر اقبال صدیقی	بورڈ کی اثر انگیزی کو بڑھانا—ڈی ٹی پی-لمز	دسمبر 2020ء
جناب جواد ماجد خان		اکتوبر 2016ء

بورڈ کے جائزے کا طریقہ کار

کارپوریٹ نظم و نسق کے ضوابطی فریم ورک کے جی-13 اور بی پی آر ڈی سرکلر نمبر 11 برائے 2016ء بتاریخ 22 اگست 2016ء، اور بینک مکرمہ لمیٹڈ کی طرف سے اپنائے گئے طریقہ کار کے مطابق، بورڈ نے جائزے کے داخلی عمل کے بجائے بیرونی جائزے کا انتخاب کیا ہے جس کا مقصد بورڈ آف ڈائریکٹرز کی شفافیت اور سالمیت کو برقرار رکھنا ہے۔ بورڈ کے ارکان نے پاکستان انسٹی ٹیوٹ فار کارپوریٹ گورننس ("PICG") کو بورڈ کی مجموعی کارکردگی، اس کی کمیٹیوں اور بورڈ اراکین میں سے ہر ایک کا انفرادی جائزہ لینے کے لیے ایک بیرونی جائزہ کار کے طور پر منظوری کیا ہے تاکہ بینک کو اس کے بورڈ کی تشکیل، دیانتداری، امور اور بینک میں کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے اس کے عزم کے بارے میں شفاف، منصفانہ اور غیر جانبدارانہ رپورٹ حاصل ہو سکے۔

ڈائریکٹرز میں تبدیلیاں

جناب سلمان عالم فضلی 30 اکتوبر 2024ء کو بینک کے نان ایگزیکٹو ڈائریکٹر کے عہدے سے مستعفی ہو گئے۔ بورڈ ان کی مدت کار کے دوران ان کی گراں قدر خدمات کو تسلیم کرتا اور انھیں خراجِ تحسین پیش کرتا ہے۔

بینک کی جانب سے معاوضے کے تعین کا طریقہ کار

بینک کا معاوضے کا فریم ورک شفافیت، مستقل مزاجی، میرٹ اور منصفانہ طریقہ کار کو یقینی بنانے کے لیے وضع کیا گیا ہے، تاکہ بی ایم ایل میں انتخاب اور بھرتی کے عمل میں بہترین صلاحیتوں کے حامل افراد کو متوجہ کیا جا سکے اور انھیں ملازمت پر برقرار رکھا جا سکے۔ یہ پالیسی معاوضے کے طریقوں سے متعلق اسٹیٹ بینک کے رہنما اصولوں کی تعمیل کو یقینی بناتی ہے اور مالی ثالثی کے خطرات اور ذمہ داریوں سے ہم آہنگ ہے۔

بی ایم ایل کے بورڈ آف ڈائریکٹرز کی ذمہ داری ہے کہ وہ بورڈ کی کمیٹی برائے افرادی وسائل و معاوضے (BHR&RC) کی سفارشات کی بنیاد پر معاوضے کے فریم ورک کا جائزہ، اس کی منظوری اور اس پر عمل درآمد کی نگرانی کریں۔

2024ء کے دوران شریعت بورڈ کے اجلاسوں کی تعداد اور ہر ایک شرکا کی حاضری مندرجہ ذیل تھی:

شریعت بورڈ کے ارکان کے نام		اجلاسوں کی تعداد	حاضری
مفتی محمد نجیب خان	(چیئر مین)	4	4
ڈاکٹر نور احمد شاہتاز	(رکن)	4	3
مفتی ارشاد احمد اعجاز	(رکن)	4	4
مفتی بلال احمد قاضی	(رکن)	4	4
مفتی سید زبیر حسین	(مقیم شریعت بورڈ رکن)	4	4

ڈائریکٹرز کی نامزدگی اور تقرر

کمپنیز ایکٹ 2017ء کی دفعات نیز اسٹیٹ بینک آف پاکستان کی جانب سے 2021ء میں جاری کردہ محتاطیہ ضوابط برائے کارپوریٹ نظم ونسق کے مطابق، بورڈ کے ڈائریکٹرز کا انتخاب شیئر ہولڈرز کی جانب سے ان کی جنرل میٹنگ میں کیا جاتا ہے۔

ہر ڈائریکٹر (بشمول نان ایگزیکٹو ڈائریکٹر، ایگزیکٹو ڈائریکٹر، اسپانسر ڈائریکٹر، خود مختار ڈائریکٹر اور نامزد ڈائریکٹر) کو بینک کے بورڈ آف ڈائریکٹرز میں تقرری سے قبل اسٹیٹ بینک آف پاکستان کے فٹ اینڈ پراپر ٹیسٹ (FPT) کے جائزے کے معیار پر پورا اترنا ہوگا۔ مزید برآں، سی جی آر ایف 2021ء کے قابل اطلاق تقاضوں کی تعمیل میں، بینک مجوزہ ڈائریکٹر کے لیے رسمی ایف پی ٹی دستاویز اور متعلقہ دستاویزات پر اسٹیٹ بینک میں کارروائی کرنے سے پہلے خود مجوزہ ڈائریکٹر کی خود تشخیص (self-assessment) کرے گا۔

کسی ڈائریکٹر کا تقرر کرتے وقت، بینک نے اس بات کو یقینی بنایا کہ بورڈ ایسے ڈائریکٹرز پر مشتمل ہونا چاہیے جن کے پاس بینک کے کریڈٹ، کمرشل بینکنگ، فنانس، اندرونی آڈٹ، آپریشنز، رسک اور انفارمیشن ٹیکنالوجی کے شعبے میں متعلقہ تجربہ، موزوں علم، اور مناسب مہارتیں ہوں۔

مزید برآں، بینک صنفی مساوات پر یقین رکھتا ہے اور اس لیے بینک کے بورڈ آف ڈائریکٹرز میں پہلے ہی ایک خاتون ڈائریکٹر کا تقرر کیا گیا ہے، جو قابل اطلاق ضوابطی تقاضوں سے ہم آہنگ ہیں۔

جہاں تک خود مختار ڈائریکٹرز کی تقرری کا تعلق ہے، بینک اسٹیٹ بینک آف پاکستان کے بیان کردہ معیار کو مد نظر رکھتے ہوئے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے پاس موجود ڈیٹا بینک سے امیدواروں کا انتخاب کر سکتا ہے۔ مزید برآں، بورڈ کا حصہ بننے کے بعد، خود مختار ڈائریکٹرز سے سالانہ حلف نامہ بھی لیا گیا ہے۔

سلسلہ نمبر	بورڈ کی خصوصی انتظام اثاثہ جات کی کمیٹی	عہدہ
1	جناب وجاہت احمد بقائی	چیئرمین
2	جناب عبداللہ نصر عبداللہ حسین لوتاہ	رکن
3	جناب وسیم مہدی سید	رکن
4	محترمہ فوزیہ حسنین	رکن
5	جناب جواد ماجد خان	رکن

2024ء کے دوران بورڈ اور کمیٹی کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری مندرجہ ذیل تھی:

ڈائریکٹرز کا نام	بورڈ کے اجلاس	بورڈ کی آڈٹ کمیٹی	بورڈ کی کمیٹی برائے افرادی وسائل و معاوضے	بورڈ کی انتظام خطر کی کمیٹی	بورڈ کی انفارمیشن ٹیکنالوجی کی کمیٹی	بورڈ کی تعمیلی کمیٹی	بورڈ کی خصوصی انتظام اثاثہ جات کی کمیٹی
جناب عبداللہ نصر عبداللہ حسین لوتاہ**	6	1**	1	قابل اطلاق نہیں	اجازت یافتہ رخصت	اجازت یافتہ رخصت	اجازت یافتہ رخصت
جناب محمد سلمان عالم فضلی *	3	1*	1*	1*	1*	1*	1*
جناب وسیم مہدی سید	6	4**	8	1**	7	4	4
محترمہ فوزیہ حسنین	6	5	8	4	1**	3**	4
جناب ظفر اقبال صدیقی	6	4	1**	4	7	4	1**
جناب وجاہت احمد بقائی	6	5	3**	4	1**	4	4
جناب جواد ماجد خان	6	4**	8	قابل اطلاق نہیں	6	قابل اطلاق نہیں	4
دورانِ سال ہونے والے اجلاس	**6**	**5**	**8**	**4**	**7**	**4**	**4**

*30 اکتوبر 2023ء کو ہونے والے اجلاس میں بینک کے بورڈ آف ڈائریکٹرز نے جناب محمد سلمان عالم فضلی کا بطور نان ایگزیکٹیو ڈائریکٹر استعفیٰ منظور کر لیا۔

**دعوت پر اجلاس میں شرکت

بورڈ/ کمیٹی کی طرف سے ان ڈائریکٹرز/ارکان کو اجازت یافتہ رخصت دی گئی تھی، جو کچھ اجلاسوں میں شرکت نہیں کر سکے تھے۔

3. بورڈ نے ذیل میں دیے گئے ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

سلسلہ نمبر	بورڈ آڈٹ کمیٹی	عہدہ
1	محترمہ فوزیہ حسنین	چیئرپرسن
2	جناب ظفر اقبال صدیقی	رکن
3	جناب وجاہت احمد بقائی	رکن

سلسلہ نمبر	کمیٹی برائے افرادی وسائل و معاوضے	عہدہ
1	محترمہ فوزیہ حسنین	چیئرپرسن
2	جناب عبداللہ نصر عبداللہ حسین لوتاہ	رکن
3	جناب وسیم مہدی سید	رکن
4	جناب جواد ماجد خان	رکن

سلسلہ نمبر	بورڈ کی انتظامِ خطر کی کمیٹی	عہدہ
1	جناب وجاہت احمد بقائی	چیئرپرسن
2	جناب ظفر اقبال صدیقی	رکن
3	محترمہ فوزیہ حسنین	رکن

سلسلہ نمبر	بورڈ کی انفارمیشن ٹیکنالوجی کی کمیٹی	عہدہ
1	جناب ظفر اقبال صدیقی	چیئرپرسن
2	جناب عبداللہ نصر عبداللہ حسین لوتاہ	رکن
3	جناب وسیم مہدی سید	رکن
4	جناب جواد ماجد خان	رکن

سلسلہ نمبر	بورڈ کی تعمیلی کمیٹی	عہدہ
1	جناب وسیم مہدی سید	چیئرمین
2	جناب عبداللہ نصر عبداللہ حسین لوتاہ	رکن
3	جناب ظفر اقبال صدیقی	رکن
4	جناب وجاہت احمد بقائی	رکن

آڈیٹرز کی رپورٹ میں تبدیلیاں

31 دسمبر 2024ء تک بینک کا ادا شدہ سرمایہ (خالص خسارے)، شرحِ کفایتِ سرمایہ اور لیوراج کی شرح (LR) اسٹیٹ بینک آف پاکستان (SBP) کے تقاضوں پر پورے نہیں اترتے۔ یہ حالات مادی عدم یقینی کی نشاندہی کرتے ہیں جو کہ بینک کے جاری کاروبار کے طور پر کام کرنے کی صلاحیت کے بارے میں اہم شک پیدا کر سکتی ہے۔ تاہم، بینک سرمائے کے ضروری ادخال اور قابل اطلاق سرمائے اور سیالیت کے تقاضوں سے ہم آہنگ ہونے کے بینک کے منصوبے پر عمل درآمد کے لیے مسلسل کوششیں کر رہا ہے اور اس ضمن میں ایکویٹی کی اساس بڑھانے کا ابتدائی مرحلہ کامیابی سے مکمل کر لیا گیا ہے۔

بینک نے 25.669 ارب روپے کے موخر ٹیکس اثاثوں کی نشاندہی کی ہے جسے مستقبل قریب میں قابل ٹیکس منافع کے مالی تخمینوں کی بنیاد پر قابل عمل سمجھا گیا ہے۔

بینک اس وقت ایک غیر منقولہ جائیداد کا حامل ہے جو بینکنگ کمپنیز آرڈیننس، 1962ء کی شقوں سے جزوی طور پر ہم آہنگ نہیں ہے۔

ان معاملات کے حوالے سے آڈٹ رپورٹ میں ترمیم کی جاتی ہے، تاہم یہ رپورٹ معتبر ہے۔

کارپوریٹ نظم ونسق

بینک فہرستی کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019ء کے اہم تقاضوں کی تعمیل کر رہا ہے۔ انتظامیہ کی جانب سے آڈیٹرز کی جائزہ رپورٹ کے ساتھ ایک مجوزہ بیانیہ اس سالانہ رپورٹ کے ایک حصے کے طور پر منسلک ہے۔

ڈائریکٹرز، فہرستی کمپنیوں کی رپورٹنگ اور انکشاف (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے باب 12 کے تحت درکار مندرجہ ذیل بیانات پیش کرتے ہوئے مسرور ہیں:

1. ڈائریکٹرز کی مجموعی تعداد سات (07) ہے جو حسبِ ذیل ہے:
   - مرد: 05
   - خواتین: 01
   - خالی اسامی*: 01

*جناب محمد سلمان عالم فضلی نے 30 اکتوبر 2024 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا۔

2. بورڈ کی ہیئتِ ترکیبی درج ذیل ہے:

زمرہ	نام
خود مختار ڈائریکٹر (بشمول خاتون ڈائریکٹر)	جناب وسیم مہدی سید محترمہ فوزیہ حسنین
نان ایگزیکٹو ڈائریکٹر	جناب عبداللہ نصر عبداللہ حسین لوتاہ جناب ظفر اقبال صدیقی جناب وجاہت احمد بقائی
ایگزیکٹو ڈائریکٹر	جناب جواد ماجد خان، صدر اور سی ای او

درآمدات میں اضافے کے باوجود برآمدات اور ترسیلات زر میں نمایاں اضافے کی وجہ سے بیرونی کھاتوں کی صورتِ حال میں نمایاں بہتری آئی ہے۔ جولائی تا نومبر مالی سال 2025ء کے دوران کرنٹ اکاؤنٹ میں 1.2 ارب ڈالر کا سرپلس ریکارڈ کیا گیا جبکہ گذشتہ برس کی اسی مدت میں کرنٹ اکاؤنٹ کا خسارہ 1.4 ارب ڈالر تھا۔ برآمدات میں 7.2 فیصد اضافہ ہوا اور یہ 16.229 ارب ڈالر ہو گئیں جبکہ درآمدات 27.7 ارب ڈالر (گذشتہ برس 25.4 ارب ڈالر) رہیں۔ اس کے نتیجے میں تجارتی خسارہ 11.5 ارب ڈالر درج کیا گیا۔

بیرونی براہ راست سرمایہ کاری (ایف ڈی آئی) میں 20 فیصد اضافہ ہوا اور یہ جولائی تا اگست مالی سال 2025ء میں 1.3 ارب ڈالر ہو گئی۔ مزید برآں کارکنوں کی ترسیلات زر 17.85 ارب ڈالر (جولائی تا دسمبر مالی سال 2025ء) ریکارڈ کی گئیں جو گذشتہ برس کی اسی مدت کے مقابلے میں 32.8 فیصد زائد ہیں۔

جولائی تا نومبر مالی سال 2025ء کے دوران ایف بی آر کی ٹیکس وصولیاں 25.9 فیصد نمو کے ساتھ 5,625 ارب روپے رہیں جو گذشتہ برس 4,469 ارب روپے تھیں۔ یہ نمو وسیع البنیاد تھی، جس کی وجہ براہ راست اور بالواسطہ ٹیکس تھے۔ براہِ راست ٹیکس گذشتہ برس کی اسی مدت کے 2,149 ارب روپے کے مقابلے میں بڑھ کر 2,782 ارب روپے جبکہ بالواسطہ ٹیکس 2,320 ارب روپے سے بڑھ کر 2,843 ارب روپے ہو گئے۔ جولائی تا نومبر مالی سال 2025ء کے دوران نان ٹیکس محصولات میں 95 فیصد اضافہ ہوا اور یہ 3,418 ارب روپے تک پہنچ گئے جو گذشتہ برس 1,757 ارب روپے تھے۔ جولائی تا نومبر مالی سال 2025ء کے دوران مالیاتی خسارہ جی ڈی پی کا 0.04 فیصد (44 ارب روپے) درج کیا گیا ہے جو گذشتہ برس کے 1.3 فیصد (1,375 ارب روپے) کے مقابلے میں نمایاں طور پر کم ہے۔

صارف اشاریہ قیمت (سی پی آئی) مہنگائی میں مسلسل کمی کا رجحان جاری ہے اور یہ دسمبر 2024ء میں 78 مہینوں کی کم ترین سطح پر پہنچ کر ایک ہندسی (سنگل ڈیجٹ) ہو گئی، جو سال بسال بنیادوں پر 4.1 فیصد ریکارڈ کی گئی، جبکہ گذشتہ سال کے اسی مہینے میں یہ 29.7 فیصد تھی۔

2024ء کے دوران ہونے والے زری پالیسی کمیٹی (MPC) کے آخری پانچ اجلاسوں میں اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ میں مجموعی طور پر 9 فیصد کمی کی، جس کے بعد 31 دسمبر 2024ء تک پالیسی ریٹ 13 فیصد ہو گیا۔ مزید برآں، 27 جنوری 2025ء کو اسٹیٹ بینک نے پالیسی ریٹ میں مزید ایک فیصد کمی کی، جس سے یہ 12 فیصد ہو گیا، جبکہ 31 دسمبر 2023ء کو یہ 22 فیصد تھا۔

27 دسمبر 2024ء کو پاکستان کے زرِمبادلہ کے ذخائر 16.2 ارب ڈالر تھے جبکہ اسٹیٹ بینک کے ذخائر 11.5 ارب ڈالر ریکارڈ کیے گئے تھے۔

پاکستان اسٹاک ایکسچینج کی کارکردگی نمایاں طور پر بہتر رہی اور کے ایس ای 100 انڈیکس 115,126 پوائنٹس ہو گیا جبکہ 31 دسمبر 2023ء کو یہ 62,451 پوائنٹس تھا۔

مضبوط معاشی بنیادوں اور سرمایہ کاروں کے بڑھتے ہوئے اعتماد کے ساتھ، پاکستان مسلسل ترقی کے حوالے سے بہتر پوزیشن میں ہے۔ اہم پالیسی اقدامات، جیسے کہ نرم زری پالیسی اور برآمدات میں سہولت کی فراہمی، نجی شعبے کی نمو کے لیے سازگار ماحول پیدا کر رہے ہیں۔ توقع ہے کہ مالیاتی نظم وضبط کا تسلسل اور بہتر بیرونی کھاتے کے ساتھ ساتھ موافق عالمی رجحانات اس مثبت رجحان کو برقرار رکھنے میں مدد فراہم کریں گے۔

31 دسمبر 2024ء تک بینک 25.67 ارب روپے کے (خالص) مؤخر ٹیکس اثاثوں کا حامل ہے، جنھیں 2.41 ارب روپے کے مؤخر ٹیکس اثاثے تسلیم کیا گیا ہے، جس کی بنیادی وجہ دورانِ سال قابل ٹیکس خسارے تھے۔

یکجا نتائج

بینک نے رواں سال کے لیے 5.20 ارب روپے کا مجموعی بعد از ٹیکس خسارہ درج کیا جبکہ گذشتہ برس یہ 5.33 ارب روپے تھا۔ فی شیئر خسارے کا تخمینہ 0.79 روپے لگایا گیا جبکہ گذشتہ برس کی اسی مدت کے دوران یہ 1.00 روپے فی شیئر تھا۔

بینک، سمٹ کیپٹل (پرائیویٹ) لمیٹڈ میں 100 فیصد شیئر ہولڈنگ کا حامل ہے، جو ایکویٹی بروکریج، منی مارکیٹ بروکریج، انٹربینک فارن ایکسچینج بروکریج، کموڈٹی بروکریج اور ریسرچ کے کاروبار میں مصروف ہے۔ بینک اور اس کے ماتحت اداروں کے جامع مالی بیانات کے ساتھ ساتھ آڈیٹرز کی رپورٹ بھی سالانہ رپورٹ کا حصہ ہے۔

ذیلی ادارے کی کارکردگی

سمٹ کیپٹل (پرائیویٹ) لمیٹڈ نے 2023ء کے 8.1 ملین کے بعد از ٹیکس خسارے کے برعکس رواں سال کے دوران 19.59 ملین روپے کا بعد از ٹیکس نفع حاصل کیا۔ 2024ء کے دوران پاکستان اسٹاک مارکیٹ کی زبردست کارکردگی کے نتیجے میں تجارتی سرگرمی نمایاں طور پر بڑھ گئی جس سے کمپنی کے محاصل اور نفع آوری پر مثبت اثر پڑا۔ سال کے لیے فی شیئر نفع 0.65 روپے درج کیا گیا جبکہ گذشتہ برس یہ 0.27 روپے خسارہ فی شیئر تھا۔

کریڈٹ ریٹنگ

2019ء کے دوران، وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی درمیانی تا طویل مدتی ریٹنگ 'بی بی بی-' (ٹرپل بی مائنس) اور قلیل مدتی ریٹنگ 'اے-3' (اے-تھری) معطل کردی۔ بینک وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کے ساتھ ریٹنگ کے عمل کا آغاز کرچکا ہے اور اسٹیٹ بینک سے درخواست کی گئی ہے کہ وہ کریڈٹ ریٹنگ کے پراسس کی تکمیل کے لیے 31 مارچ 2025ء تک توسیع فراہم کردے۔

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے درجہ-2 سرمائے کے آلات کے لیے ایک نیا ریٹنگ اسکیل جاری کیا ہے۔ نتیجتاً، بینک کی ٹی ایف سی ریٹنگ کو 'ریٹنگ واچ نیگیٹو' منظر نامے کے ساتھ 'بی' (سنگل بی) میں ایڈجسٹ کیا گیا ہے، جیسا کہ 27 جون، 2023ء کی پریس ریلیز میں بیان کیا گیا۔ قبل ازیں، بینک کی ٹی ایف سی ریٹنگ 'ڈی' (ڈیفالٹ) مقرر کی گئی تھی کیونکہ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے قابل اطلاق ضوابط کے تحت بینک کی جانب سے لاک ان کلاز کی حوالے سے تازہ ترین مارک اپ پیمنٹ کی ادائیگی نہیں کی گئی تھی۔

اقتصادی جائزہ

مالی سال 2025ء کے آغاز سے ہی پاکستان کی معیشت نے مسلسل مثبت پیش رفت کا مظاہرہ کیا ہے جو رواں مالی سال کے لیے امید افزا نقطہ نظر کی نشاندہی کرتا ہے۔ کلی معاشی بنیادیں مستحکم ہوئی ہیں، جس کا اظہار صارف اشاریہ قیمت (سی پی آئی) مہنگائی میں مزید کمی، مالیاتی سرپلس، بڑھتی ہوئی برآمدات اور ترسیلات زر کی مدد سے جاری کھاتے کے سرپلس، اور سازگار زری پالیسی کے رجحان سے ہوتا ہے۔ ان پیش رفتوں نے کاروباری اداروں اور صارفین کے اعتماد کو مزید تقویت دی ہے۔ محتاط مالیاتی انتظام اور اسٹریٹجک اصلاحات پائیدار اقتصادی ترقی کی راہ ہموار کر رہی ہیں۔

سال بسال موازنے کے لحاظ سے، اوسط خالص سرمایہ کاری میں نمایاں بہتری آئی ہے جس کی وجہ امانتوں اور قرضوں میں اضافہ تھا۔ نتیجتاً اوسط خالص سرمایہ کاری گذشتہ برس کے 132.56 ارب روپے سے بڑھ کر 175.50 ارب روپے ہوگئی۔ خالص اوسط سرمایہ کاریوں میں اس نمایاں اضافے نے خالص اوسط سرمایہ کاری یافتوں میں کمی کے اثر کو زائل کر دیا، جو گذشتہ برس کے 21.65 فیصد سے کم ہو کر رواں سال 20.30 فیصد ہو گئیں۔ حجم میں اس قابل ذکر اضافے کے نتیجے میں بینک کی سرمایہ کاری سے ہونے والی آمدن میں خاطر خواہ اضافہ ہوا جو گذشتہ برس کے 28.70 ارب روپے کے مقابلے میں رواں سال 35.62 ارب روپے تک پہنچ گئی۔

2024ء کے دوران بینک کے اوسط خالص ایڈوانسز گھٹ کر مجموعی طور پر 16.29 ارب روپے ہوگئے جبکہ گذشتہ برس یہ 19.208 ارب روپے تھے، جو اس کے بہ وزن خطرہ اثاثوں میں کمی کی حکمتِ عملی سے ہم آہنگ ہے۔ خالص اوسط ایڈوانسز میں کمی کا یافتوں پر مثبت اثر پڑا جو 2024ء میں 15.61 فیصد ہو گئیں جبکہ گذشتہ برس یہ 14.27 فیصد تھیں۔ ایڈوانسز سے ہونے والی آمدنی میں معمولی کمی دکھائی دی جو کم ہوتے ہوئے پالیسی ریٹ اور پست حجم سے ہم آہنگ تھی، جو 2023ء کے 2.74 ارب روپے سے کم ہو کر 2024ء میں 2.54 ارب روپے رہ گئی۔

31 دسمبر 2024ء تک بینک کے ڈپازٹس 186.01 ارب روپے تھے، جو گذشتہ برس کے مقابلے میں 29.05 ارب روپے یا 18.51 فیصد اضافے کو ظاہر کرتا ہے۔ یہ بینک کی تاریخ میں ڈپازٹ کی بلند ترین سطح ہے۔ بلحاظ اوسط پورٹ فولیو میں 24.94 ارب روپے یا سال بسال 18.39 فیصد اضافہ ہوا۔ شرح ہائے سود کی سخت مسابقت کے سبب، بینک کی توجہ سی اے ایس اے کے آمیزے اور جاری کھاتوں کو برقرار رکھنے پر مرکوز رہی۔ 31 دسمبر، 2024ء تک بینک کا سی اے ایس اے کا تناسب بڑھ کر 90.06 فیصد ہو گیا (دسمبر 2023ء: 88.03 فیصد)۔ رواں سال ڈپازٹس کی اوسط لاگت 12.77 فیصد رہی۔

چونکہ بینک نے ثالثی کے مواقع سے فائدہ اٹھایا، لہٰذا دسمبر 2024ء کے دوران اوسط قرض گیری 25.01 ارب روپے کے اضافے سے 106.97 ارب روپے ہو گئی جبکہ گذشتہ برس یہ 81.69 ارب روپے تھی۔ دریں اثنا، سال 2024ء کے لیے مجموعی لاگت بڑھ کر 19.79 فیصد ہو گئی، جو گذشتہ برس سے ہم آہنگ تھی۔

بینک کی غیر مالی (نان فنڈڈ) آمدنی گذشتہ برس کے 1.19 ارب روپے کے مقابلے میں 3.49 ارب روپے رہی۔ اس کی بنیادی وجہ حکومتی تمسکات کی فروخت پر ہونے والے فوائد، اثاثوں کی فروخت سے حاصل ہونے والے منافع اور فیس کی آمدن تھے۔ تجارتی حجم دسمبر 2023ء کے 139 ارب روپے سے تقریباً دوگنا بڑھ کر دسمبر 2024ء میں 268 ارب روپے تک پہنچ گیا جس سے نان فنڈ آمدنی میں اضافہ ہو گیا۔ یہ بینک کی تاریخ میں سب سے زیادہ تجارتی حجم ثابت ہوا۔

بینک نے مسلسل نگرانی اور لاگت پر قابو پانے کے اقدامات کے نفاذ کے ساتھ اپنے آپریٹنگ اخراجات کا محتاط طور پر انتظام جاری رکھا۔ اگرچہ 2024ء کے دوران اوسط سی پی آئی مہنگائی 13.13 فیصد تھی، تاہم بینک گذشتہ برس کی اسی مدت کے مقابلے میں اپنے آپریٹنگ اخراجات میں اضافے کو 13.07 فیصد تک محدود رکھنے میں کامیاب رہا۔ بینک کے مجموعی نان مارک اپ اخراجات 8.08 ارب روپے ہو گئے جو گذشتہ برس 7.15 ارب روپے تھے۔

رواں سال تموین کے خالص استرداد 1.42 ارب روپے تھے جو گذشتہ برس کے 1.15 ارب روپے کے خالص چارج میں نمایاں اضافے کو ظاہر کرتے ہیں۔ اس بہتری کی بنیادی وجہ غیر فعال قرضوں کی بازیابی ہے جو بینک کا تزویراتی مقصد اور اہم ترین ترجیح ہے۔

31 دسمبر 2024ء تک بینک کا مجموعی غیر فعال قرضوں کا تناسب (مجموعی غیر فعال قرضے اور مجموعی ایڈوانسز) بڑھ کر 69.95 فیصد ہو گیا جبکہ گذشتہ برس یہ 68.50 فیصد تھا، اس اضافے کی بنیادی وجہ اوسط مجموعی ایڈوانسز میں 2.36 ارب روپے کی کمی تھی۔ مزید برآں، دسمبر 2024ء کے اختتام پر کوریج کا تناسب بہتر ہو کر 97.27 فیصد ہو گیا، جو دسمبر 2023ء میں 94.33 فیصد تھا۔ بینک کا مجموعی ایڈوانسز اور ڈپازٹس کا تناسب (مجموعی ایڈوانسز اور کُل ڈپازٹس) دسمبر 2024ء میں کم ہو کر 26.27 فیصد رہ گیا جو دسمبر 2023ء میں 33.74 فیصد تھا، اس سے خطرے سے گریز کے اسٹریٹجک منظر نامے کی عکاسی ہوتی ہے۔

شیئر ہولڈرز کے لیے ڈائریکٹروں کی رپورٹ

عزیز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 دسمبر 2024ء کو اختتام پذیر ہونے والے سال کے لیے بینک کے ڈائریکٹرز کی رپورٹ مع آڈٹ شدہ مالی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے مسرور ہیں۔

بینک کی کارکردگی

2024ء کے مالی نتائج کی جھلکیاں حسب ذیل ہیں:

مالی صورتِ حال	**روپے ملین میں**
شیئر ہولڈرز کی ایکویٹی	(18,149)
امانتیں	186,015
مجموعی اثاثے	270,598
ایڈوانس—خالص	15,619
سرمایہ کاریاں-خالص	175,012
مالی کارکردگی	
خالص سودی آمدنی اور غیر سودی آمدنی (مجموعی آمدنی)	(598)
غیر سودی اخراجات	8,081
تموین کا استرداد اور متروکات (خالص)	(1,416)
خسارہ قبل از ٹیکس	7,264
خسارہ بعد از ٹیکس	5,216
خسارہ فی شیئر بنیادی اور سیال (diluted)-روپے	(0.79)

بینک کا قبل از ٹیکس خسارہ 7.391 ارب روپے سے گھٹ کر 7.264 ارب روپے رہ گیا جو مالی کارکردگی میں بہتری کو ظاہر کرتا ہے جبکہ بعد از ٹیکس خسارہ 5.216 ارب روپے درج کیا گیا جبکہ گذشتہ برس 5.319 ارب روپے کا خسارہ ہوا تھا۔ نتیجتاً، رواں سال خسارہ فی حصص کم ہو کر 0.79 روپے فی حصص رہ گیا جبکہ گذشتہ برس یہ 1.00 روپے فی حصص درج تھا۔

31 دسمبر 2024ء کو اختتام پذیر ہونے والے سال کے لیے مارک اپ آمدنی بڑھ کر 38.92 ارب روپے ہوگئی جبکہ گذشتہ سال یہ 31.70 ارب روپے تھی، حالانکہ اسٹیٹ بینک کے پالیسی ریٹ میں 9 فیصد کی کمی آئی (یعنی 2023ء میں 22 فیصد سے گھٹ کر 2024ء میں 13 فیصد) لیکن اس کے باوجود 22.79 فیصد اضافہ درج کیا گیا۔ تاہم اوسط پالیسی ریٹ میں 1.29 فیصد کی کمی واقع ہوئی جبکہ 2023ء کے دوران اوسط پالیسی ریٹ 20.67 فیصد تھا۔

Report of the **Shari'ah Board**

For the year ended December 31, 2024

بسم الله الرحمن الرحيم

الحمد لله رب العالمين، والصلاة والسلام على رسوله الكريم، و على آله وصحبه أجمعين، وبعد

To monitor overall Shari'ah Compliance environment of the Bank Makramah Limited (formerly known as Summit Bank Limited) - Islamic Banking Division (BML IBD), there are various controls enforced by the bank as per SBP and Shari'ah Board directives. Besides the Shari'ah Compliance Department which monitors bank's operations as per Shari'ah, also Internal Shari'ah Audit, External Shari'ah Audit and SBP Audit are carried out for the functions and departments working in different areas within the bank which ultimately provide the Shari'ah Board a comfort regarding conformity of Bank's operations with Shari'ah rules and overall environment therein as desired.

The scope of this report is to cover the affairs of the bank from Shari'ah perspective as described under Shari'ah Governance Framework of SBP.

Shari'ah Board's Opinion:

1. While BoD and Executive Management are solely responsible to ensure that the operations of Bank Makramah Limited (formerly known as Summit Bank Limited) - Islamic Banking Division are carried out in a manner that complies with Shari'ah principles at all times, it is required to submit a report on the overall Shari'ah compliance environment of Bank Makramah Limited (formerly known as Summit Bank Limited) - Islamic Banking Division.

2. To form Shari'ah opinion as expressed in this report, the reports of Shari'ah compliance department, regarding different transactions, relevant documentation and their applications, have also been revieiwed. Further, the internal and external audit reports, conducted during the period, have also been reviewed.

3. Based on above, the view is that:

   I. The Bank has a mechanism in place to ensure Shari'ah compliance in its overall operations and the Bank has satisfactorily complied with Shari'ah rules,principles, relevant guidelines, fatawa and rulings, as issued by SB and SBP from time to time.

   II. The Bank took necessary actions on instructions/guidelines given by Shari'ah Board to ensure smooth running of the Bank's operations in Shari'ah compliant manner.

   III. The Bank has a system in place which is sound enough to ensure that any earnings, if realized from sources or by means prohibited in Shari'ah, would be credited to charity account and properly utilized in charitable purposes. During the year under review, no such transaction was found which may attract any charity due to Shari'ah non compliance. During the year, PKR 1.83 million were collected on account of late payments and deposited in the charity account.

   IV. It is important to notice that there is no such Shari'ah related pending issue in the Bank.

   V. Bank has Pool management system in place which further needs automation for the transparency and efficiency of Islamic banking profit distribution. SCD reviews monthly profit distribution working and Shari'ah Audit performs quarterly review of pool management. All these checks and controls ultimately improves the profit distribution process between the Rabbul Maal (depositors) and the Mudarib (Bank) in smooth manner and minimize the chance of error.

VI. Regarding the core banking automation system, it is advised the management to bridge the gaps found in the existing system for the smooth functioning of all products and services.

VII. The level of awareness, capacity and sensitization of the staff including executive management and BOD for Shari'ah compliance aspects remained satisfactory.

VIII. Learning & Development (L&D) Unit along with the SCD & IBD arranged training sessions on Islamic Banking for bank's staff in pursuance of the bank's goal towards becoming a full-fledged Islamic Bank. Despite efforts made by the bank, staff at all levels from top to bottom still needs Islamic banking training to better understand and implement the Shari'ah guidelines issued by SB & SBP regarding Islamic Banking. There is also need to work on the overall environment of the Bank to promote Islamic Banking. The reputational risk of the Bank would be high if mindset of the staff is not inclined towards Islamic Banking. Further, it is recommended that all staff including Executive Management should be well trained in Islamic Banking according to recently issued SBP's Broad Paramters regarding Islamic Banking Conversion so that the Bank's objective of complete conversion may be achieved smoothly.

IX. To ensure Shari'ah Compliance at all levels in the bank as per instructions & guidelines of SB, SBP & BOD, it is recommended to the management that adequate personnel to Product Development & Pool Management should be provided to cater duty of Shariah Complaince in an effective manner.

X. In line with Federal Shariat Court ruling and SBP initiatives for Islamic conversion of economy, the bank has embarked on transformation journey and made comprehensive Conversion Plan to implement the strategy. We wish and pray that the bank continue to take initatives for successeful achievement of complete transformation.

May Allah bless us Taufeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes, Aameen.

Mufti Syed Zubair Hussain
Resident Shari'ah Board Member

Mufti Bilal Ahmed Qazi
Shari'ah Board Member

Mufti Irshad Ahmed Aijaz
Shari'ah Board Member

Dr. Noor Ahmed Shahtaz
Shari'ah Board Member

Mufti Muhammad Najeeb Khan
Chairman Shari'ah Board

و: جہاں تک بینک کے کور بینکنگ خودکار نظام کا تعلق ہے ، یہ رائے دی جاتی ہے کہ جملہ مصنوعات اور خدمات کے مؤثر عمل کے لیے موجودہ نظام میں پائی جانے والی کمزوریوں کو ختم کیا جائے۔

ز: اسلامی بینکاری کے تمام پہلوؤں میں شرعی تعمیل کے لیے عملے، اعلیٰ انتظامیہ اور بورڈ آف ڈائریکٹر کی آگاہی، صلاحیت اور موضوع سے واقفیت کی سطح تسلی بخش رہی۔

ح: لرننگ اینڈ ڈویلپمنٹ (L&D) یونٹ نے ایک مکمل اسلامی بینک بننے کے مقصد کے حصول کے لیے شریعہ کمپلائنس ڈپارٹمنٹ (SCD) اور اسلامی بینکاری ڈپارٹمنٹ (IBD) کے ساتھ مل کر بینک کے عملے کے لیے اسلامی بینکاری کی تربیتی نشستوں کا اہتمام کیا۔ ان تمام تر اچھی کاوشوں کے باوجود تمام عملے کی تربیتی نشستوں کی مزید ضرورت ہے تاکہ شریعہ بورڈ اور مرکزی بینک کی ہدایات کی تفہیم و تعمیل بہتر طور پر ہو سکے۔ اس کے ساتھ بینک کے عمومی ماحول کو بہتر بنانے کے لیے اسلامی بینکاری کی ترویج کی مزید ضرورت ہے کیونکہ اگر عملے کا رجحان اسلامی بینکاری کی طرف نہیں ہوگا تو یہ بینک کی (اسلامی) ساکھ کے لیے نامناسب بات ہوگی۔ مزید یہ تجویز پیش کی جاتی ہے کہ حال ہی میں بینک دولت پاکستان کی طرف سے جاری کردہ اسلامی بینکاری تبدیلی کے عمل کے لیے وسیع ڈھانچہ کے مطابق بینک کے پورے عملے بشمول اعلیٰ انتظامیہ کی اسلامی بینکاری کی تربیت ہونی چاہیے تاکہ بینک مکمل تبدیلی کے ہدف کی جانب بخوبی گامزن رہ سکے۔

ط: شریعہ بورڈ، بینک دولت پاکستان اور بورڈ آف ڈائریکٹرز کی ہدایات اور رہنما خطوط کے مطابق بینک میں تمام سطحوں پر شرعی تعمیل کو یقینی بنانے کے لیے یہ سفارش کی جاتی ہے کہ پروڈکٹ ڈویلپمنٹ اور پول مینجمنٹ کو مناسب عملہ فراہم کیا جائے تاکہ امور شریعہ کے فرض کو مؤثر انداز میں پورا کیا جائے۔

ی: وفاقی شرعی عدالت کے فیصلے اور اسٹیٹ بینک کے معاشی نظام کی اسلامی نظام میں منتقلی / تبدیلی کے اقدامات کو مد نظر رکھتے ہوئے بینک نے اسلامی نظام میں تبدیلی کے سفر کا آغاز کیا اور حکمت عملی کو نافذ کرنے کے لیے تبدیلی کا جامع منصوبہ بنایا ہے۔ ہم امید کرتے ہیں اور دعا گو ہیں کہ بینک نے اسلامی نظام میں تبدیلی / منتقلی کے جس سفر کا آغاز کیا ہے اس کے حصول کے لیے مزید اقدامات کرتا رہے۔

اللہ تعالیٰ ہمیں اپنے پسندیدہ اعمال کی توفیق عطا فرمائے، ہماری خطاؤں سے درگزر فرمائے اور دنیا اور آخرت میں کامیاب فرمائے۔ آمین!

مفتی سید زبیر حسین
ریزیڈنٹ شریعہ بورڈ ممبر

مفتی بلال احمد قاضی
شریعہ بورڈ ممبر

مفتی ارشاد احمد اعجاز
شریعہ بورڈ ممبر

ڈاکٹر نور احمد شاہتاز
شریعہ بورڈ ممبر

مفتی محمد نجیب خان
چیئرمین شریعہ بورڈ

شریعہ بورڈ کی سالانہ رپورٹ

31 دسمبر، 2024ء (گزارشات مجلس شرعی)

بسم اللہ الرحمن الرحیم

الحمد للہ رب العالمین، والصلاۃ والسلام علی رسولہ الکریم، و علی آلہ وصحبہ أجمعین، وبعد

بینک کے مکمل شریعہ کمپلائنس ماحول کی نگرانی کے لیے اسٹیٹ بینک آف پاکستان اور بینک کے شریعہ بورڈ کے احکامات کے مطابق مختلف نگرانی کے نظام بنائے گئے ہیں اور اس اہم مقصد کو حاصل کرنے کے لیے شریعہ کمپلائنس ڈپارٹمنٹ کے علاوہ بینک میں انجام دی جانے والی مختلف سرگرمیوں کے لئے اندرونی، بیرونی اور اسٹیٹ بینک کے شریعہ آڈٹ بروئے کار لائے جاتے ہیں جس سے شریعہ بورڈ کو بینک میں انجام دیے جانے والے معاملات کے شریعت کے مطابق ہونے کے بارے میں اطمینان حاصل ہوتا ہے۔

اس رپورٹ کا مقصد بینک دولت پاکستان کے شریعہ گورننس فریم ورک کے تقاضوں کے تحت شرعی نقطہ نظر سے بینک کے امور کا جائزہ پیش کرنا ہے۔

شریعہ بورڈ کی رائے:

۱- بورڈ آف ڈائریکٹر، اور اعلی انتظامیہ مکمل طور پر اس بات کو یقینی بنانے کی ذمہ دار ہے کہ بینک مکرمہ (سابقہ سمٹ بینک لمیٹڈ) کی اسلامی بینکاری سرگرمیوں کو اس طرح انجام دیا جائے کہ سارے معاملات ہمہ وقت شریعت کے اصولوں کے مطابق رہیں۔ اس حوالے سے بینک مکرمہ (سابقہ سمٹ بینک لمیٹڈ) کی اسلامی بینکاری کے حوالے سے مجموعی کارکردگی پر ایک شریعہ رپورٹ پیش کرنا ہوتی ہے۔

۲- اس رپورٹ میں بیان کی گئی رائے کے اظہار کے لیے بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) کی طرف سے جاری شدہ مختلف قسم کے معاملات، متعلقہ دستاویزات اور ان کے عملی اجراء کے بارے میں رپورٹوں کا جائزہ لیا گیا، مزید یہ کہ اس دورانیے میں انجام پانے والے داخلی اور خارجی آڈٹ کی انسپیکشن رپورٹوں کا بھی جائزہ لیا گیا ہے۔

۳- مذکورہ بالا امور کی بنیاد پر ہ رائے یہ ہے کہ:

الف: بینک اپنے مجموعی کاموں میں شریعت کی تعمیل کو یقینی بنانے کے لیے ایک جامع نظام رکھتا ہے اور بینک نے اطمینان بخش طور پر شرعی قوانین، اصولوں، متعلقہ ہدایات، فتاویٰ اور احکامات، جو شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے وقتاً فوقتاً جاری کیے جاتے ہیں، کی تعمیل کی ہے۔

ب: بینک نے شریعہ بورڈ کی طرف سے دی گئی ہدایات/احکامات پر ضروری اقدامات کئے تاکہ بینک کے تمام معاملات کو شریعت کے مطابق چلایا جاسکے۔

ج: بینک کے پاس ایسا فعال نظام موجود ہے جو اس بات کو یقینی بنانے کے لیے کافی ہے کہ اگر شریعت کے منع کردہ ذرائع سے کوئی آمدنی حاصل ہو تو اس آمدنی کو خیراتی اکاؤنٹ میں جمع کر دیا جائے اور خیراتی مقاصد میں مناسب طریقے سے استعمال ہو۔ زیر نظر سال کے دوران ایسا کوئی معاملہ نہیں ملا جس کی آمدنی شریعت کی عدم تعمیل کی وجہ سے خیراتی اکاؤنٹ میں جمع کی جائے۔ سال کے دوران، اٹھارہ لاکھ اڑتیس ہزار چھ سو اٹھتر روپے (1,838,678/=) تاخیر سے ادائیگی کی مد میں صارفین سے وصول کر کے خیراتی اکاؤنٹ میں جمع کیے گئے۔

د: یہ بات خوش آئند ہے کہ بینک میں کوئی ایسا مسئلہ ہمارے سامنے نہیں آیا ہے جس کا تعلق شریعت سے ہو اور وہ اب تک حل نہ ہوا ہو۔

ھ: اگرچہ بینک میں پول مینجمنٹ کا نظام موجود ہے تاہم موثر خودکار نظام لانے کے لئے مزید بہتری کی ضرورت ہے تاکہ نفع و نقصان کی تقسیم کی کارگردگی بہتر ہو اور اس میں مزید شفافیت آئے۔ شریعہ کمپلائنس ماہانہ بنیاد پر جبکہ شریعہ آڈٹ سہ ماہی بنیاد پر نفع نقصان کی تقسیم کا جائزہ لیتا ہے۔ یہ تمام جانچ پڑتال رب المال اور مضارب کے درمیان نفع نقصان کی تقسیم کے عمل کو بہتر اور متوازن بناتے ہیں اور غلطی کے امکان کو کم کرتے ہیں۔

The ring of **opportunities**

Within the **Ring of Opportunities**, each customer interaction is viewed as a chance to uplift communities, driven by sincerity and a commitment to excellence, thereby setting industry benchmarks in professionalism and integrity.

STATEMENT OF **COMPLIANCE WITH THE** LISTED COMPANIES **(CODE OF CORPORATE** GOVERNANCE) REGULATIONS, **2019**

Name of company: Bank Makramah Limited ('the Bank')

Year ended: December 31, 2024

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven (07) as per the following:

   Male 05
   Female 01
   Vacancy* 01

   * Mr. Muhammad Salman Alam Fazli resigned from the Board of Directors on October 30, 2024.

2. The composition of Board is as follows:

Category	Names
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Fauzia Hasnain
Non-Executive Directors	Mr. Abdulla Nasser Abdulla Hussain Lootah Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai
Executive Directors	Mr. Jawad Majid Khan, President & CEO

Note: Subsequent to acquisition of majority shareholding and obtaining management control of the Bank, His Excellency Nasser Abdulla Hussain Lootah, the Sponsor Shareholder has decided to continue with the current Board of Directors in order to ensure continuity and enable effective decision making on strategic matters of the Bank. These strategic matters include, without limitation, the rebranding of products and services, revamping of branches, restructuring of the Bank through the implementation of a new business plan, sale of strategic assets, and the conversion of the entire operations of the Bank from Conventional to Islamic Banking. Thereby, the Board Members preferred to seek an exemption from the Securities and Exchange Commission of Pakistan from conducting the election of directors that was due in March 30, 2022 with simultaneous extension in the term of the existing Board of Directors until March 31, 2024. Later an additional extension was submitted to the Securities & Exchange Commision of Pakistan on September 9, 2024, seeking an extension until March 31, 2025. The response is still pending, though it has been indicated that the extension will be granted.

3. The directors, have confirmed that none of them is serving as a director on more than seven (07) listed companies, including the Bank.

4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of directors have transparent procedures for remuneration of directors in accordance with SBP BPRD Circular No. 03 dated August 17, 2019, Companies Act, 2017 and these Regulations.

9. The current Board of Directors of the Bank (except for one (01) of the directors representing the Sponsor Shareholder) stands compliant with the applicable requirement of the Directors' Training Program (DTP) as prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 as of December 31, 2024.

10. There have been two (02) new appointments during the year for the positions of Company Secretary and Head of Internal Audit, while the Chief Financial Officer position remained the same.

11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed sub-committees comprising of members detailed below:

S. No.	Board Audit Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Zafar Iqbal Siddiqi	Member
3	Mr. Wajahat Ahmed Baqai	Member

S. No.	Board Human Resource & Remuneration Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Jawad Majid Khan	Member
4	Mr. Waseem Mehdi Syed	Member

S. No.	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Zafar Iqbal Siddiqi	Member
3	Ms. Fauzia Hasnain	Member

S. No.	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Jawad Majid Khan	Member
4	Mr. Waseem Mehdi Syed	Member

S. No.	Board Compliance Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Mr. Wajahat Ahmed Baqai	Member

S. No.	Board Special Assets Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Jawad Majid Khan	Member
4	Mr. Waseem Mehdi Syed	Member
5	Ms. Fauzia Hasnain	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the Board committees were as per following:

- Board Audit Committee — 5 Meetings (1 in the first quarter, 1 in the second quarter, 1 in the third quarter and 2 in the fourth quarter)
- Board Human Resource and Remuneration Committee — 8 Meetings (1 in the first quarter, 2 in the second quarter, 2 in the third quarter and 3 in the fourth quarter)
- Board Risk Management Committee — 4 Meetings (1 in the first quarter, 1 in the second quarter, 1 in the third quarter and 1 in the fourth quarter)
- Board Information Technology Committee — 7 Meetings (1 in the first quarter, 2 in the second quarter, 2 in the third quarter and 2 in the fourth quarter)
- Board Compliance Committee — 4 Meetings (1 in the first quarter, 1 in the second quarter, 1 in the third quarter and 1 in the fourth quarter)
- Board Special Assets Management Committee — 4 Meetings (1 in the first quarter, 1 in the quarter, 1 in third quarter and 1 in the fourth quarter)

15. The Board has set up an effective internal audit function that is manned by suitably qualified and experienced personnel who 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 (ICAP) and registered with Audit Oversight Board of Pakistan, that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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 other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

ABDULLA NASSER ABDULLA HUSSAIN LOOTAH
Chairman of the Board of Directors
Bank Makramah Limited

JAWAD MAJID KHAN
President & CEO
Bank Makramah Limited

Place: Karachi

Date: February 28, 2025

REVIEW REPORT ON STATEMENT OF **COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)** REGULATIONS, 2019

To The Members of Bank Makramah Limited

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 Bank Makramah Limited (the Bank) for the year ended December 31, 2024 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2024.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: February 28, 2025
UDIN: CR202410091qWGb0LA1z

Service Quality and **Customer Complaints Handling**

Complaint Management Unit (CMU):

The Complaint Management Unit (CMU) operating under Service Quality Division plays a pivotal role in addressing and resolving customer grievances/ complaints in adherence to the guidelines of the State Bank of Pakistan(SBP) defined under Consumer Grievance Handling Mechanism. CMU is a centralized unit that serves as a dedicated hub, ensuring the implementation of robust procedures to handle customer grievances effectively. Furthermore, this unit helps in fostering a culture of transparency and maintain the standards set by the regulator for the benefit of our customers.

Periodic customer satisfaction surveys/feedback are also performed by an independent unit and results are shared with the Bank Management. These results enable CMU to identify areas for improvement and address them in a more effective way.

For the ease of our customers' multiple channels are available to lodge their complaints/grievances:

- 24x7 Contact Center
- Emails
- Letters
- Website
- Internet Banking
- Branches
- Social media
- Sunwai Portal by State Bank of Pakistan Banking
- Banking Mohtasib Pakistan

CMU ensures that customer complaints are effectively recorded, analyzed and resolved within the specified TAT in order to improve customer service & satisfaction and build long-term customer loyalty.

Complaint / Grievance Handling Process

All the complaints received from the above channels are lodged in BML Complaint Management System and unique complaint number is generated/communicated to the complainant for reference. Complaints are routed to the relevant department/branch for their feedback.

Meanwhile an acknowledgment SMS/Call/Letter/Email is sent on the customer's registered number/address within 48 hours.

Complaint Management Unit reviews and investigates the complaint with the concerned unit and address
the matter within the assigned turn-around time.

If any complaint exceeds 10 working days, an interim Call/Letter/SMS/Email is sent to customers to update them on the status of complaint and expected time of resolution.

Complaints are escalated to different levels if not resolved with the specified turnaround time according to the escalation matrix.

After resolving the complaint, CMU communicates the resolution details via SMS/Call/Letter/Email to the customer and close his/her complaint on the system.

If customer is not satisfied with the resolution, he/she is given an option to contact Banking Mohtasib Pakistan for the redressal of his/her complaint on the given contact details.

For Banking Mohtasib Pakistan:
Email: info@bankingmohtasib.gov.pk
Fax: 021-99217375, 99213904
Tel: 021-99217334-38
Address: 5th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi.

Now, customers can also register their grievances through SBP Sunwai portal.

It is worth mentioning that there is a significant decrease (40%) in complaint volume compared to the last year. This remarkable achievement is a direct result of the BML Management's unwavering focus and dedication to improving our processes and customer satisfaction.

The proactive measures and strategic initiatives implemented by BML Management team have played a crucial role in addressing and resolving issues more efficiently. Their commitment to excellence has not only enhanced our service quality but also strengthened our relationship with our valued customers.

Resultantly, the complaint resolution timeliness has also improved from 93% to 98% in 2024.

Summary of complaints statistics for the year 2024:

Total Complaints Received in the year 2024 = **16,833**
Total Complaints Resolved in 2024 = **16,662**
In Process = **171**
Within TAT resolution timeliness = **98%**
Average Complaints' Resolution TAT for 2024 = **6 days**

UNCONSOLIDATED FINANCIAL STATEMENTS

The ring of **values**

At the heart of our operations lies the **Ring of Values**, where teamwork serves as our core strength, fostering collaboration and unity among diverse perspectives, reinforcing a culture of trust and collective success.

INDEPENDENT AUDITOR'S REPORT **TO THE MEMBERS OF BANK** MAKRAMAH LIMITED

REPORT ON THE AUDIT OF THE **UNCONSOLIDATED FINANCIAL** STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Bank Makramah Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2024, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 12 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2024 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 1.3 to the unconsolidated financial statements. As more fully described in that note, the Bank has incurred a net loss of Rs. 5,215.920 million resulting in accumulated losses of Rs. 52,515.247 million and negative equity of Rs. 18,149.337 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2024. However, the paid up capital of the Bank (net of losses), CAR and LR are negative. These conditions, along with other matters as set forth in note 1.3, indicates the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Emphasis of Matter

- As disclosed in note 13.1 to the unconsolidated financial statements, the Bank has recognized deferred tax asset on the basis of financial projections for the purpose of deferred tax absorption. The preparation of financial projection involves management assumptions regarding future business and economic conditions. Any significant change in assumptions may have impact on recoverability of the deferred tax assets.

- As disclosed in note 14.3 to the unconsolidated financial statements, the Bank holds an immovable property which is in contravention with the provisions of Banking Companies Ordinance, 1962.

Our opinion is not modified in respect of the matters stated above.

Key Audit Matter

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

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Expected credit loss allowance against loans and advances	
	IFRS 9 was implemented by the Bank on January 1, 2024. This new standard requires the Bank to recognise expected credit losses (‘ECL) on financial instruments, which involves significant judgements, assumptions and estimates. The initial application impact of ECL on loans and advances is Rs. 673.982 million, which has been recorded as an adjustment to equity at the beginning of the current accounting period. (refer note 4.2). As at December 31, 2024, the gross loans and advances of the Bank were Rs. 48,872.041 million against which a credit loss allowance of Rs. 33,253.123 million was maintained inclusive of initial application impact. We consider this a key audit matter, as the determination of credit loss allowance based on ECL model involves significant estimation and management judgement and this has a material impact on the unconsolidated financial statements of the Bank. The key areas of judgement include:	We obtained understanding of management's assessment of ECL allowance against loans and advances including the Bank's internal rating model, accounting policy and model methodology. We compared the Bank's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9 and application guidance issued by the State Bank of Pakistan (SBP). We reviewed minutes of the meeting of credit, risk and compliance and audit committees to identify risky exposures and consequently their SICR assessment of the loan account. We assessed the design and implementation of the key controls over; • the classification of loans and advances into stages 1, 2 and 3 and timely identification of SICR and the determination of default / individually impaired exposures; and

S. No.	Key Audit Matter	How the matter was addressed in our audit
	1. Categorisation of loans and advances into Stage 1, 2 and 3 based on the identification of: a. Exposures with a significant increase in credit risk ("SICR") since their origination; and b. Individually impaired / defaulted exposures. 2. Assumptions used in the ECL model determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each segment, i.e., (Consumer, Corporate, SME etc.), including but not limited to assessment of financial condition of counterparties, expected future cash flows for stage 3 loans and advances, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages. Application of these judgements, assumptions and estimates, continue to result in greater estimation uncertainty and the associated audit risk around ECL calculations as at December 31, 2024. *Refer to material accounting policy note 4.1 for Changes in accounting policies - IFRS 9 Financial Instruments; Note 4.6 which contains the disclosure of advances policy, Note 9 which contains the disclosure of advances: Note 32 which contains the disclosure of credit loss allowance / reversals and write offs - net; and note 45.1 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.*	• the integrity of current data inputs into the ECL model. For a sample of loan accounts, we assessed: • the internal ratings determined by management based on the Bank's internal rating model and considered these assigned ratings in light of external market conditions, financial indicators, Credit Information Bureau reports and available industry information; • management's computations for ECL; and • we assessed management's assessment of recoverable cash flows, including the impact of eligible collateral, and other sources of repayment. We assessed the appropriateness of the Bank's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures. Further, for a sample of exposures, we assessed the appropriateness of the staging classification of the Bank's loan portfolio. We assessed the reasonableness of the underlying assumptions used by the Bank in the ECL model including forward looking assumptions. We tested the completeness and accuracy of data supporting the ECL calculations as at December 31, 2024. On selected sample of regular loan accounts, we performed the following substantive procedures to evaluate the appropriateness of classification and provision (if any): (i) Checked credit documentation, repayments of loan / mark-up instalments, tested stage classification of performing and underperforming advances based on the number of days overdue;

S. No.	Key Audit Matter	How the matter was addressed in our audit
		(ii) Recomputed ECL provision based on determined PDs and LGDs; and (iii) Evaluated the management's assessment for categorisation of a loan account into stages 1 or 2 based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management. For loans and advances classified as Stage 3, we evaluated the adequacy of provisioning in accordance with the IFRS 9 application guidance issued by SBP. In case of restructured loans, we reviewed the detailed documentation of restructuring including approvals, legal opinions, terms of restructuring, payment records and any other relevant documents to ensure that restructuring was made in accordance with the Prudential Regulations. We assessed the adequacy of disclosures in the unconsolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

    a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

    b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated Cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

    c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

    d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: February 28, 2025
UDIN: AR202410091eadwDSomy

UNCONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT DECEMBER 31, 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	5	**18,352,154**	14,463,417
Balances with other banks	6	**1,472,849**	601,877
Lendings to financial institutions	7	**9,697,187**	-
Investments	8	**175,012,164**	179,899,952
Advances	9	**15,618,918**	18,735,149
Property and equipment	10	**7,026,125**	7,210,016
Right-of-use assets	11	**2,601,271**	2,721,205
Intangible assets	12	**331,085**	262,203
Deferred tax assets	13	**25,668,564**	23,255,236
Other assets	14	**14,818,156**	41,475,212
Total Assets		**270,598,473**	288,624,267
LIABILITIES			
Bills payable	16	**1,900,496**	2,162,537
Borrowings	17	**89,892,925**	130,369,330
Deposits and other accounts	18	**186,014,625**	156,960,280
Lease liabilities	19	**3,284,402**	3,348,737
Subordinated debt	20	**1,495,515**	1,495,515
Deferred tax liabilities		**-**	-
Other liabilities	21	**6,159,847**	7,100,434
Total Liabilities		**288,747,810**	301,436,833
NET ASSETS		**(18,149,337)**	(12,812,566)
REPRESENTED BY			
Share capital - net	22	**30,500,208**	30,500,208
Reserves		**(425,043)**	(425,043)
Surplus / (deficit) on revaluation of assets	23	**4,290,745**	3,970,837
Accumulated losses		**(52,515,247)**	(46,858,568)
		(18,149,337)	(12,812,566)
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 47 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

UNCONSOLIDATED **PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Mark-up / return / interest earned	25	**38,923,020**	31,700,037
Mark-up / return / interest expensed	26	**43,009,125**	34,286,621
Net Mark-up / interest expense		**(4,086,105)**	(2,586,584)
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	**999,731**	692,699
Dividend income		**412**	206
Foreign exchange income		**494,232**	1,078,834
Income / (loss) from derivatives		**-**	-
Gain / (loss) on securities	28	**1,201,521**	(1,303,591)
Net gains / (losses) on derecognition of financial assets measured at amortised cost		**-**	-
Other income	29	**791,757**	729,089
Total non-markup / interest income		**3,487,653**	1,197,237
Total income / (loss)		**(598,452)**	(1,389,347)
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	**8,080,694**	7,146,413
Workers' welfare fund		**-**	-
Other charges	31	**772**	542
Total non-markup / interest expenses		**8,081,466**	7,146,955
Loss before credit loss allowance / provisions		**(8,679,918)**	(8,536,302)
Credit loss allowance / reversals and write offs - net	32	**(1,415,507)**	(1,145,472)
LOSS BEFORE TAXATION		**(7,264,411)**	(7,390,830)
Taxation	33	**(2,048,491)**	(2,072,214)
LOSS AFTER TAXATION		**(5,215,920)**	(5,318,616)
Basic loss per share	34	**(0.79)**	(1.00)
Diluted loss per share	34	**(0.79)**	(1.00)

The annexed notes 1 to 47 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

UNCONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	(Rupees in '000)	
Loss after taxation for the year	(5,215,920)	(5,318,616)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	-	188,151
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	654,084	-
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations	8,240	50,836
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	3,011	-
Movement in surplus on revaluation of property and equipment - net of tax	(82,669)	74,212
Movement in surplus on revaluation of non-banking assets - net of tax	(23,883)	(7,237)
Movement in surplus on revaluation of held for sale property - net of tax	(33,622)	15,613
	(128,923)	133,424
Total comprehensive loss	(4,690,759)	(4,997,041)

The annexed notes 1 to 47 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

UNCONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2024

	Share capital		Capital reserves			Surplus / (deficit) on revaluation of				
	Issued, subscribed and paid up	Discount on issue of shares	Share premium	Reserve arising on amalgamation	Statutory reserve	Investments	Property & equipment / Non banking assets	Property held for sale	Accumulated losses	Total
	----------	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Balance as at January 01, 2023	26,381,510	(5,881,316)	1,000,000	(1,579,205)	154,162	(6,149)	3,295,706	708,079	(41,721,679)	(17,648,892)
Loss after taxation for year ended December 31, 2023	-	-	-	-	-	-	-	-	(5,318,616)	(5,318,616)
Other comprehensive income - net of tax	-	-	-	-	-	188,151	66,975	15,613	50,836	321,575
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	(98,860)	-	98,860	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(23,611)	-	23,611	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	(135,032)	-	135,032	-
Transfer from surplus on revaluation of property held for sale on disposal to accumulated losses	-	-	-	-	-	-	-	(40,035)	40,035	-
Transactions with owners, recorded directly in equity										
Issue of share capital	39,840,695	(29,840,681)	-	-	-	-	-	-	-	10,000,014
Share issuance cost	-	-	-	-	-	-	-	-	(166,647)	(166,647)
Balance as at January 01, 2024	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	182,002	3,105,178	683,657	(46,858,568)	(12,812,566)
Effect of adoption of IFRS 9 - ECL (net of tax) - Note 4.2	-	-	-	-	-	(60,943)	-	-	(585,069)	(646,012)
Loss after taxation for year ended December 31, 2024	-	-	-	-	-	-	-	-	(5,215,920)	(5,215,920)
Other comprehensive income - net of tax	-	-	-	-	-	657,095	(106,552)	(33,622)	8,240	525,161
Transfer to statutory reserve	-	-	-	-	-	-				
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	(55,590)	-	55,590	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(13,784)	-	13,784	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	(13,418)	-	13,418	-
Transfer from surplus on revaluation of non-banking assets on disposal to accumulated losses	-	-	-	-	-	-	(53,278)	-	53,278	-
Balance as at December 31, 2024	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	778,154	2,862,556	650,035	(52,515,247)	(18,149,337)

The annexed notes 1 to 47 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

UNCONSOLIDATED **CASH FLOW STATEMENT**

FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(7,264,411)**	(7,390,830)
Less: Dividend income		**(412)**	(206)
		(7,264,823)	(7,391,036)
Adjustments:			
Depreciation on property and equipment	10.2	**423,404**	417,344
Depreciation on right-of-use assets	11	**541,593**	590,381
Depreciation on non-banking assets	14.1.1	**63,091**	62,083
Finance cost of lease liability	19 & 26	**473,834**	435,077
Amortization	12.2	**39,876**	24,192
Credit loss allowance / reversals and write offs - net		**(1,414,940)**	(1,144,744)
Gain on forward exchange contracts		**(20,941)**	(25,762)
Charge for defined benefit plan	30.1	**87,781**	69,649
Charge for employees compensated absences	30.1	**46,042**	21,310
Gain on termination of lease contracts under IFRS 16	29	**(113,049)**	(78,949)
Gain on sale of property and equipment	29	**(65,412)**	(518,675)
Gain on sale of non banking assets	29	**(606,688)**	-
Gain on partial sale of held for sale property	29	**-**	(116,794)
		(545,409)	(264,888)
		(7,810,232)	(7,655,924)
Decrease / (increase) in operating assets			
Lendings to financial institutions		**(9,697,854)**	10,141,557
Advances		**3,581,762**	1,882,124
Others assets (excluding advance taxation)		**26,081,235**	(30,551,593)
		19,965,143	(18,527,912)
(Decrease) / increase in operating liabilities			
Bills payable		**(262,041)**	168,950
Borrowings from financial institutions		**(40,474,953)**	105,705,774
Deposits		**29,054,345**	35,041,212
Other liabilities (excluding current taxation)		**(1,203,829)**	2,998,822
		(12,886,478)	143,914,758
Payment on account of staff retirement benefits		**(45,530)**	88,321
Income tax paid		**(575,431)**	(343,276)
Net cash (used in) / generated from operating activities		**(1,352,528)**	117,475,967
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		**6,030,665**	-
Net Investments in securities classified as available for sale securities		**-**	(126,022,986)
Dividends received		**412**	206
Investments in property and equipment		**(274,832)**	(272,743)
Investments in intangible assets		**(108,758)**	(142,789)
Proceeds from sale of property and equipment		**100,555**	741,240
Proceeds from sale of non-banking assets		**1,213,512**	-
Proceeds from partial sale of HFS property		**-**	302,877
Net cash generated from / (used in) investing activities		**6,961,554**	(125,394,195)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		**(846,779)**	(860,415)
Issue of share capital		**-**	10,000,014
Share issuance cost		**-**	(166,647)
Net cash (used in) / generated from financing activities		**(846,779)**	8,972,952
Increase in cash and cash equivalents		**4,762,247**	1,054,724
Cash and cash equivalents at the beginning of the year		**15,058,899**	14,004,175
Cash and cash equivalents at the end of the year	35	**19,821,146**	15,058,899

The annexed notes 1 to 47 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

1. STATUS AND NATURE OF BUSINESS

1.1 Bank Makramah Limited (the Bank), is a banking company incorporated in Pakistan on December 09, 2005 as a public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan and its principal office is situated at Summit Tower, Plot No. G-2, Block 2, Scheme 5, Clifton, Karachi, Pakistan.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 150 Conventional Banking Branches and 12 Islamic Banking Branches (December 31, 2023: 164 Conventional Banking Branches and 13 Islamic Banking Branches) in Pakistan.

1.2 In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and requested an extension to the State Bank of Pakistan which has been granted to complete the credit rating exercise by March 31, 2025.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. Consequently, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in clause invoked by the Bank under the applicable Regulations of SBP.

1.3 During the year, the Bank has incurred a net loss of Rs. 5,215.920 million resulting in accumulated losses of Rs. 52,515.247 million and negative equity of Rs. 18,149.337 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2024. However, the paid up capital of the Bank (net of losses), CAR and LR are negative.

The aforementioned conditions indicate the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern and, therefore, the Bank may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the Bank is making its best efforts to comply with the applicable capital requirements and has successfully increased its capital. To achieve this, the management has prepared a business plan, which has been approved by the Board. This plan aims to improve the Bank's capital base and risk absorption capacity, achieve compliance with applicable regulatory requirements and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital;

- Sale of a portion of self-constructed property on the plot of land bearing No. G-2, Block2, Scheme No: 5;

- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Bank will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;

- Recoveries from non-performing advances through strenuous and focused recovery efforts;

- Reduction in overall level of non-earning assets held by the Bank;

- Identifying opportunities for rationalization of the cost structure;

- Improvement in the risk management and technological infrastructure of the Bank to support the business plan;

- Investments / exposures in safe avenues for achieving solid growth in the core business income; and

- Income generation through avenues for mark-up income and non mark-up income.

The Board of Directors in their meeting held on November 28, 2024, have approved the Scheme of Arrangement for the restructuring of the Bank ("Restructuring Scheme") subject to:

i) Procurement of all applicable regulatory, corporate and shareholders' approvals; and

ii) Sanction of the Restructuring Scheme by the Honorable High Court of Islamabad under Sections 279 to 283 and 285(8) of the Companies Act, 2017.

The broad terms of the scheme are as follows:

i) Global Haly Development (GHDL) shall stand amalgamated into the Bank;

ii) TFC Redemption Amount (as defined in the Restructuring Scheme) shall be settled and paid through issuance and allotment of fully paid ordinary shares of the Bank to TFC holders'; and

iii) Share capital of the Bank shall be reduced through cancellation of the share capital unrepresented by the available assets.

Further, the shareholders in their Extraordinary General Meeting (EOGM) held on December 26, 2024 approved the Restructuring Scheme.

The TFC Holders of the Bank in their Extra Ordinary General Meeting (EOGM) held on January 21, 2025 decided to continue as TFC Holders. However, the Restructuring Scheme will continue as already approved by the shareholders.

Furthermore, the Bank has filed a settlement application before the relevant court, for the recovery of non performing loans (NPLs) owned by various companies of the Omni Group and its affiliated entities dated January 22, 2025. The Court has graciously issued a decree in favour of the Bank affirming its right to recover approximately Rs 10 billion, which will now be recoverable under the agreed term of the settlement.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These unconsolidated 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 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 Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by 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.

2.1.1 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. Moreover, SBP vide BPRD Circular no. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

Key financial figures of the Islamic banking branches are disclosed in Annexure - I to these unconsolidated financial statements.

2.1.2 The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised formats for the preparation of the annual accounts of the banks which are applicable for annual periods beginning on or after January 01, 2024. The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the unconsolidated financial statements. The significant change is relating to right of use assets and corresponding lease liability, which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified (Note 46).

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

IFRS 9 'Financial Instruments', became effective for annual reporting on or after January 01, 2024. The impact of adoption of IFRS 9 on the Bank's financial statements is disclosed in note 4.1.

In addition, there are certain new and amended standards and interpretations to existing accounting and reporting standards that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- the new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as in the disclosure of contingent liabilities. It also requires the management to exercise judgements in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

	Note
- Classification and ECL against investments	4.1, 4.5, 8 and 32
- Classification and ECL against non-performing loans and advances	4.1, 4.6, 9 and 32
- Revaluation and useful lives of property and equipment and intangible assets	4.7.1, 4.9.1, 10 and 12
- Impairment of non-financial assets	4.18
- Valuation and depreciation of right-of-use assets and related lease liabilities	4.8
- Accounting for staff retirement and other benefits	4.14, 37 and 38
- Taxation	4.17 and 33
- Other provisions	4.20
- Fair value of financial instruments	40
- Valuation of non-banking assets acquired in satisfaction of claims	4.1 and 14.1
- Remuneration framework and related disclosures	4.13 and 39

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except that:

- Certain item of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation / impairment.

- Investments classified as FVTPL and FVOCI are measured at fair value.

- Commitments in respect of forward exchange contracts are measured at fair value.

- Right-of-use assets and their related lease liabilities are measured at their present value adjusted for depreciation, interest cost and lease repayments.

- Net obligation in respect of defined benefit scheme is measured at their present value.

3.2 Functional and Presentation Currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as disclosed below in note 4.1.

4.1 Changes in accounting policies - IFRS 9 Financial Instruments

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 01, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has revised its guidelines and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, and have been applied retrospectively from 01 January 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025 further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.

There are a few matters which include maintenance of income recognition on islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

Classification of Financial Assets

The Bank classifies its financial assets, other than its investments in subsidiary, into the following categories:

- at Fair Value through Profit and Loss (FVTPL);
- at Fair Value through Other Comprehensive Income (FVOCI);
- at Amortised Cost

Classification of Equity Instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable. Unlisted equity securities (if any) will be carried at lower of cost or breakup value till December 31, 2024. Thereafter these will be carried at fair value.

Classification of other Financial Assets

Financial Assets other than equity will be classified based on their cash flow characteristics and business model assessment:

Amortised Cost: These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).

FVOCI: These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.

FVTPL: This includes financial assets:

- which are not classified as either at amortised cost or FVOCI;
- which do not have fixed maturity

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent Measurement

Equity and debt securities classified as FVTPL

These securities are subsequently measured at fair value. Changes in the fair value of these securities are taken through the profit and loss account.

Equity and debt securities classified as FVOCI

These securities are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain / (loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated profit and loss account.

Impairment

The adoption of IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing the incurred loss approach of the local regulations with a forward-looking ECL approach. The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

The calculation of ECLs

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL)), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank has rebutted 30 PD presumption based on behavioral analysis of its borrowers.

The key elements of ECL calculations are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees, real estate, receivables, inventories and other non-financial assets. For IFRS 9, the Bank only considers the liquid collaterals.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Bank considers three probability-weighted scenarios (a base case, a best case, and a worse case). Each of these is associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Forward looking information: The Bank formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent macro economic inputs.

4.2 Impact of IFRS 9- Financial Instruments

The Bank has opted for modified retrospective approach and has not restated comparative figures as permitted by the transitional provisions of IFRS 9. The impacts of the IFRS - 9 to the carrying amounts of financial assets and liabilities at the date of transition are recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative.

For disclosures in the notes to the unconsolidated financial statements, the consequential amendments to IFRS 7 disclosures as a result of adoption of IFRS 9 have also been applied to the current period only. The comparative period disclosures are in line with the disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

The Bank has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application is of Rs. 646.012 million has been recorded as an adjustment to equity at the beginning of the current accounting period. Details of impact of initial application are tabulated below:

	Balances as of December 31, 2023	Impact due to: Recognition Expected Credit Losses	Remeasurement under IFRS 9	Adoption of revised classifications under IFRS 9	Taxation impact	Balances as of January 1, 2024 Restated	IFRS 9 Category
ASSETS							
Cash and balances with treasury banks	14,463,417	-	-	-	-	14,463,417	Amortized Cost
Balances with other banks	601,877	(501)	-	-	-	601,376	Amortized Cost
Lendings to financial institutions	-	-	-	-	-	-	Amortized Cost
Investments							
- Classified as Available for sale	179,668,201	-	-	(179,668,201)	-	-	
- Classified as FVOCI	-	-	-	179,668,201	-	179,668,201	FVOCI
- Subsidiary	231,751	-	-	-	-	231,751	Not applicable
Advances	18,735,149	(673,982)	(330,318)	-	-	17,730,849	Amortized Cost
Property and equipment	7,210,016	-	-	-	-	7,210,016	Outside scope of IFRS 9
Right-of-use assets	2,721,205	-	-	-	-	2,721,205	Outside scope of IFRS 9
Intangible assets	262,203	-	-	-	-	262,203	Outside scope of IFRS 9
Deferred tax assets	23,255,236	-	-	-	467,801	23,255,236	Outside scope of IFRS 9
Other assets - Financial Assets	33,507,356	-	-	-	-	33,507,356	Amortized Cost / FVOCI*
Other assets - Non Financial Assets	7,967,856	-	-	-	-	7,967,856	Outside scope of IFRS 9
Total Assets	288,624,267	(674,483)	(330,318)	-	467,801	287,619,466	
LIABILITIES							
Bills payable	2,162,537	-	-	-	-	2,162,537	Amortized Cost
Borrowings	130,369,330	-	-	-	-	130,369,330	Amortized Cost
Deposits and other accounts	156,960,280	-	-	-	-	156,960,280	Amortized Cost
Lease liabilities	3,348,737	-	-	-	-	3,348,737	Outside scope of IFRS 9
Subordinated debt	1,495,515	-	-	-	-	1,495,515	Amortized Cost
Deferred tax liabilities	-	-	-	-	-	-	Outside scope of IFRS 9
Other liabilities - Financial Liabilities	5,931,521	109,012	-	-	-	6,040,533	Amortized Cost
Other liabilities - Non-financial Liabilities	1,168,913	-	-	-	-	1,168,913	Outside scope of IFRS 9
Total Liabilities	301,436,833	109,012	-	-	-	301,545,845	
NET ASSETS	(12,812,566)	(783,495)	(330,318)	-	467,801	(13,926,379)	
REPRESENTED BY							
Share capital - net	30,500,208	-	-	-	-	30,500,208	Outside scope of IFRS 9
Reserves	(425,043)	-	-	-	-	(425,043)	Outside scope of IFRS 9
Surplus / (deficit) on revaluation of assets	3,970,837	-	-	(60,943)	-	3,909,894	Outside scope of IFRS 9
Accumulated losses	(46,858,568)	(783,495)	(330,318)	60,943	467,801	(47,911,438)	Outside scope of IFRS 9
	(12,812,566)	(783,495)	(330,318)	-	467,801	(13,926,379)	

* Profit / return accrued is based on classification of underlying financial assets. Remaining other assets are classified as Amortized cost.

4.3 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash in hand, national prize bonds, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.4 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowings (repo) from and lending (reverse repo) to financial and other institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale of securities under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the unconsolidated statement of financial position as investments and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the unconsolidated profit and loss account over the period of borrowings on time proportionate basis.

c) Purchase of securities under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the unconsolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the unconsolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

d) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of ECL. Return on such lendings is accrued to unconsolidated profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e) Musharakah

Musharakah is a profit and loss sharing transaction in which the Bank and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f) **Bai Muajjal**

Bai Muajjal is a transaction in which a party in need of funds purchases an easily saleable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is accrued and recorded as income in the unconsolidated profit and loss account over the period of credit sale.

4.5 Investments

4.5.1 Classification

The Bank classifies and subsequently measures its investments, other than its investments in subsidiary, as referred in note 4.1.

Subsidiary

Subsidiary is an entity over which Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

Subsequent Measurement

Investment in subsidiary

Investment in subsidiary is valued at cost less accumulated impairment, if any. A reversal of an impairment loss on subsidiary is recognized as it arises provided the increased carrying value does not exceed cost.

4.5.2 Regular way contracts

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

4.6 Advances

Advances are stated net of ECL. The ECL against advances are made in accordance with the requirements of IFRS-9 as referred in note 4.1 and other directives issued by the State Bank of Pakistan and are charged to the unconsolidated profit and loss account. Non-performing loans and advances in respect of which the Bank does not expect any recoveries in future years are written off.

Lease, where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Finance lease receivables are included in advances to the customers.

The Bank provides Islamic financing and related assets mainly through Ijarah, Murabaha, Diminishing Musharakah, Salam, Tijarah, Istisna, Musharakah and Export Refinance under SBP Islamic Export Refinance Scheme. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. The Bank determines ECL against Islamic financing and related assets in accordance with the requirements of IFRS-9. The net ECL charged / reversed during the year is charged to the unconsolidated profit and loss account and accumulated ECL is netted off against Islamic financing and related assets. Islamic financing and related assets are written of when there are no realistic prospects of recovery.

4.7 Property and equipment

4.7.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Bank using the straight line method which writes down the cost of assets to residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these unconsolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

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

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of property and equipment account. Any deficit arising on subsequent revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to unconsolidated profit and loss account as an impairment of the asset. The surplus on revaluation of property and equipment, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the unconsolidated profit and loss account in the year when asset is derecognized. Surplus on revaluation realised on disposal of property and equipment is transferred directly to retained earnings.

4.7.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.8 Right-of-use assets and their related lease liability

4.8.3.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The Bank does not apply the recognition and measurement approach of IFRS 16 for short-term leases.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated on straight-line basis over shorter of expected useful life or the lease term. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.8.3.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank’s incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as mark-up expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.9 Intangible assets

4.9.1 Intangible assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed of.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.9.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during implementation period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.10 Non-banking assets acquired in satisfaction of claim

Non-banking assets are initially recorded at cost. Non-banking assets acquired in satisfaction of claims are subsequently carried at revalued amounts less accumulated depreciation and impairment loss, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated profit and loss account as an impairment. Legal fees, transfer costs and direct cost of acquiring title to property are charged to the unconsolidated profit and loss account.

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the unconsolidated profit and loss account.

These assets are generally intended for disposal. Gains and losses realised on the disposal of such assets are disclosed separately from gains and losses realised on the disposal of property and equipment. Surplus on revaluation realised on disposal of these assets is transferred directly to retained earnings (accumulated losses) . If such an asset is subsequently used by the Bank for its own use, the asset, along with any related surplus, are transferred to property and equipment.

4.11 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the unconsolidated profit and loss account on a time proportion basis.

Deposits under Islamic Banking operations are accepted 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.

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 Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 60% of its profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) 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 and transfer an asset to any other pool.

4.12 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the unconsolidated profit and loss account over the period on an accrual basis.

4.13 Remuneration framework

In accordance with Guidelines on Remuneration Practices, the Bank has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank’s objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place.

4.14 Staff retirement benefits

4.14.1 Defined contribution plan

The Bank operates defined contribution provident fund for all its permanent employees. Equal monthly contributions are made both by the Bank and the employees to the fund at the rate of 10% of basic salary.

4.14.2 Defined benefit plan

The Bank operates a funded gratuity plan for all its permanent employees who have completed the minimum qualifying period of five years. Provision is made to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

The Bank follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in unconsolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the unconsolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the unconsolidated profit and loss account.

4.14.3 Employees' compensated absences

The Bank provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are credited or charged to the unconsolidated profit and loss account in the year in which they occur.

4.15 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the unconsolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

Translation gains and losses are included in the unconsolidated profit and loss account.

4.16 Revenue recognition

- Mark-up income / interest on advances and return on investments are recognized on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments are recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognized as permitted by the SBP except where in the opinion of the management it would not be prudent to do so.

- Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains/losses on termination of lease contracts are recognized as income when these are realized.

- Fee, commission and brokerage income is recognized upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when transaction takes place.

- Dividend income from investments is recognized when the Bank's right to receive the dividend is established.

- Premium or discount on acquisition of investments is amortized using the effective yield method and taken to unconsolidated profit and loss account over the remaining maturity of the security.

- Gains and losses on disposal of investments and certain operating property and equipment are taken to the unconsolidated profit and loss account in the year in which they arise.

- Ijarah income is recognized on an accrual basis as and when the rentals become due.

- Profits on Bai Muajjal lendings are recognized on a straight-line basis.

- Murabaha income is recognized on deferred income basis.

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the unconsolidated statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the unconsolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.18 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. The resulting impairment loss is taken to the unconsolidated profit and loss account.

A subsequent increase in the recoverable value of the asset results in a reversal of the impairment loss through the profit and loss account, up to the original carrying value of the asset, if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

A provision is also recognised on other assets where the chances of recovery of those balances are very low.

4.19 Contingent liabilities

Contingent liabilities are not recognised in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, based on legal / professional opinions or other relevant assessments, it is not disclosed as a contingent liability.

4.20 Other provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for off balance sheet obligations is recognised when the Bank becomes aware of the obligation and reasonable certainty exists that the Bank will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

Provisions are reviewed at each unconsolidated statement of financial position date and are adjusted to reflect the current best estimate.

4.21 Off setting

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

4.22 Acceptances

Acceptances comprise undertaking by the Bank to pay bill of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as the on balance sheet transactions.

4.23 Financial instruments

Financial Assets and Liabilities

Financial instruments carried on the unconsolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the unconsolidated profit and loss account of the current period.

Derivative financial instruments

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

4.24 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.25 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure. The Bank comprises of the following main business segments:

4.25.1 Business segments

Corporate, SME and Commercial

This segment provides a wide variety of financial products and services to large and medium-sized clients, along with loan products offered to the Consumer, SME and agriculture segments.

Treasury

This segment is responsible for asset / liability management and includes all treasury related products.

Retail banking

This segment relates to the branch distribution network, its related deposit and other products, and general banking services.

Others

This includes the head office related activities, and all other activities not tagged to the segments above.

4.25.2 Geographical segments

The Bank conducts all its operations in Pakistan.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		(Rupees in '000)	
In hand			
Local currency		5,013,443	4,607,634
Foreign currency		312,345	473,765
		5,325,788	5,081,399
With State Bank of Pakistan in			
Local currency current account	5.1	11,895,205	7,809,752
Foreign currency current account	5.2	417,268	501,148
Foreign currency deposit account	5.3	628,589	645,616
		12,941,062	8,956,516
With National Bank of Pakistan in Local currency current account		75,693	400,275
Prize bonds		9,611	25,227
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		18,352,154	14,463,417

5.1 These represent current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.

5.3 These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar Settlement account maintained with SBP. These carry mark up rate of 3.53% to 4.35% (2023: 3.39% to 4.34%) per annum.

6. BALANCES WITH OTHER BANKS

	Note	2024	2023
		(Rupees in '000)	
In Pakistan			
In current account		7,402	12,830
In deposit account	6.1	-	-
		7,402	12,830
Outside Pakistan			
In current account		1,387,894	512,159
In deposit account	6.2	78,639	76,888
		1,466,533	589,047
Less: Credit loss allowance held against balances with other banks	6.3	(1,086)	-
Balances with other banks - net of credit loss allowance		1,472,849	601,877

6.1 These represented placements with correspondent banks, carried interest rate determined with respect to underlying currency benchmark rates ranging nil (2023: 4.98% to 7.71% per annum).

6.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00% to 5.50% per annum (2023: 0.00% to 6.50% per annum).

		Note	2024	2023
			(Rupees in '000)	
6.3	**Credit loss allowance held against balances with other banks**			
	Opening balance		-	-
	Impact of reclassification on adoption of IFRS 9	4.2	501	-
	Charge for the period	32	585	-
	Closing balance		1,086	-

7. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2024	2023
Reverse repo agreements	7.3	2,936,730	-
Bai Muajjal receivable			
- with State Bank of Pakistan	7.4	4,761,124	-
Musharakah	7.5	2,000,000	-
		9,697,854	-
Less: Credit loss allowance held against lending to financial institutions	32	(667)	-
Lendings to financial institutions - net of credit loss allowance		9,697,187	-

7.1 Particulars of lending - Gross

	2024	2023
In local currency	9,697,854	-
In foreign currencies	-	-
	9,697,854	-

7.2 Securities held as collateral against Lendings to Financial Institutions

	2024			2023		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Pakistan Investment Bonds	2,936,730	-	2,936,730	-	-	-
	2,936,730	-	2,936,730	-	-	-

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 2,938.812 million.

7.3 This represents lending against securities to a financial institutions that carries mark-up rate of 13.50% per annum which will mature by January 02, 2025.

7.4 This represents Bai Muajjal agreements with the State Bank of Pakistan and carries profit rate of 16.21% per annum on December 31, 2024 and are due to mature latest by August 05, 2027.

7.5 This represents Musharakah agreement with other financial institution and carries profit rate of 12.50% per annum on December 31, 2024 and are due to mature latest by January 03, 2025.

7.6 Lending to Fis - Particulars of credit loss allowance

		2024		2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	9,697,854	667	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		9,697,854	667	-	-
Overseas					
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		-	-	-	-

	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	-	-	-	-
Transfer to stage 1	667	-	-	667
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	667	-	-	667
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	667	-	-	667

8. INVESTMENTS

8.1 Investments by type:

	2024			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)			
Debt Instruments				
Classified / Measured at FVOCI				
Federal Government Securities				
- Market Treasury Bills	31,480,645	-	(1,868)	31,478,777
- Pakistan Investment Bonds	96,791,543	-	530,014	97,321,557
- GoP Ijarah Sukuks	42,768,327	-	913,383	43,681,710
Non Government Debt Securities				
- Term Finance Certificates	1,094,014	(1,094,014)	-	-
- Sukuk Bonds (Note 8.2.1)	2,496,811	(200,310)	-	2,296,501
	174,631,340	(1,294,324)	1,441,529	174,778,545
Equity instruments				
Classified / Measured at FVOCI (Non-Reclassifiable)				
Shares				
- Fully paid up ordinary shares - Listed	99,922	-	(99,884)	38
- Fully paid up ordinary shares - Unlisted	2,830	(1,000)	-	1,830
- Preference shares - Unlisted	598,058	(598,058)	-	-
	700,810	(599,058)	(99,884)	1,868
Subsidiary				
- Summit Capital (Private) Limited	396,942	(165,191)	-	231,751
Total Investments	175,729,092	(2,058,573)	1,341,645	175,012,164

	2023			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)			
Available-for-sale securities				
Federal Government Securities				
- Market Treasury Bills	25,272,804	-	12,008	25,284,812
- Pakistan Investment Bonds	108,328,519	-	(10,996)	108,317,523
- GoP Ijarah Sukuks	43,396,876	-	341,195	43,738,071
Shares				
- Fully paid up ordinary shares - Listed	99,922	(99,906)	(2)	14
- Fully paid up ordinary shares - Unlisted	2,830	(1,000)	-	1,830
- Preference shares - Unlisted	46,035	(46,035)	-	-
Non Government Debt Securities				
- Term Finance Certificates	1,542,217	(1,542,217)	-	-
- Sukuk Bonds	2,569,792	(200,000)	(43,841)	2,325,951
	181,258,995	(1,889,158)	298,364	179,668,201
Subsidiary				
- Summit Capital (Private) Limited	396,942	(165,191)	-	231,751
Total Investments	181,655,937	(2,054,349)	298,364	179,899,952

8.2 Investments by segments:

	2024			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)			
Federal Government Securities				
Market Treasury Bills	31,480,645	-	(1,868)	31,478,777
Pakistan Investment Bonds	96,791,543	-	530,014	97,321,557
GoP Ijarah Sukuks	42,768,327	-	913,383	43,681,710
	171,040,515	-	1,441,529	172,482,044
Shares				
Listed Companies	99,922	-	(99,884)	38
Unlisted Companies	600,888	(599,058)	-	1,830
	700,810	(599,058)	(99,884)	1,868
Non Government Debt Securities				
Listed (Note 8.2.1)	2,304,077	(7,576)	-	2,296,501
Unlisted	1,286,748	(1,286,748)	-	-
	3,590,825	(1,294,324)	-	2,296,501
Subsidiary				
Summit Capital (Private) Limited	396,942	(165,191)	-	231,751
Total Investments	175,729,092	(2,058,573)	1,341,645	175,012,164

	2023			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)			
Federal Government Securities				
Market Treasury Bills	25,272,804	-	12,008	25,284,812
Pakistan Investment Bonds	108,328,519	-	(10,996)	108,317,523
GoP Ijarah Sukuks	43,396,876	-	341,195	43,738,071
	176,998,199	-	342,207	177,340,406
Shares				
Listed Companies	99,922	(99,906)	(2)	14
Unlisted Companies	48,865	(47,035)	-	1,830
	148,787	(146,941)	(2)	1,844
Non Government Debt Securities				
Listed	2,377,058	(7,266)	(43,841)	2,325,951
Unlisted	1,734,951	(1,734,951)	-	-
	4,112,009	(1,742,217)	(43,841)	2,325,951
Subsidiary				
Summit Capital (Private) Limited	396,942	(165,191)	-	231,751
Total Investments	181,655,937	(2,054,349)	298,364	179,899,952

8.2.1 This amount includes fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its circular BPRD/BRD/PIAHCL/733688-2024 dated August 01,2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6, accordingly, the Bank has recorded the modification loss of amounting Rs. 72.98 million (15.67%) in the current year.

	2024	2023
	----------- (Rupees in '000) -----------	

8.2.2 Investments given as collateral - Market Value

	2024	2023
Market Treasury Bills	26,932,590	19,453,473
Pakistan Investment Bonds	60,179,940	104,870,972
	87,112,530	124,324,445

8.3 Particlurs of credit loss allowance

8.3.1 Investments - exposure

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
	---------- (Rupees in '000) ----------			
Opening balance / Impact of adoption of IFRS 9	176,996,133	2,369,790	1,893,072	181,258,995
New investments	852,627,719	-	-	852,627,719
Investments derecognised or repaid	(858,481,585)	(72,979)	-	(858,554,564)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(5,853,866)	(72,979)	-	(5,926,845)
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Closing balance	171,142,267	2,296,811	1,893,072	175,332,150

8.3.2 Investments - credit loss allowance

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
	---------- (Rupees in '000) ----------			
Opening balance	-	-	1,992,978	1,992,978
Impact of adoption of IFRS 9	-	-	(99,906)	(99,906)
New investments	-	-	-	-
Investments derecognised or repaid	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	-	-	-	-
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	310	-	310
Closing balance	-	310	1,893,072	1,893,382

		2024	2023
8.4	**Credit loss allowance / provision for diminution in value of investments**	----------- (Rupees in '000) -----------	
8.4.1	Opening balance	**2,054,349**	4,176,071
	Impact of reclassification on adoption of IFRS 9	**(99,906)**	-
	Other adjustments	**103,820**	-
	Charge / reversals		
	Charge for the year	**310**	26,943
	Reversals for the year	**-**	(23,569)
	Reversal on disposals	**-**	(2,125,096)
		310	(2,121,722)
	Closing balance	**2,058,573**	2,054,349

8.4.2 Particulars of credit loss allowance / provision against debt securities

		2024		2023	
		Outstanding amount	Credit loss allowance held	Non performing investment	Provision
Category of classification		------------------------------ (Rupees in '000) ------------------------------			
Domestic					
Performing	Stage 1	**-**	**-**	-	-
Underperforming	Stage 2	**2,296,811**	**310**	-	-
Non-performing	Stage 3	**-**	**-**	-	-
Loss		**1,294,014**	**1,294,014**	1,742,217	1,742,217
		3,590,825	**1,294,324**	1,742,217	1,742,217

8.5 Quality of securities

Details regarding quality of securities held under 'Held to Collect and Sell' model are as follows:

	Cost 2024	Cost 2023
	--------- (Rupees in '000) ---------	
8.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	**31,480,645**	25,272,804
Pakistan Investment Bonds	**96,791,543**	108,328,519
GoP Ijarah Sukuks	**42,768,327**	43,396,876
	171,040,515	176,998,199
8.5.2 Shares		
Listed Companies		
- Chemical	**15**	15
- Power generation and distribution	**99,907**	99,907
	99,922	99,922
Preference Shares		
- Chemical	**552,023**	-
- Sugar and allied industries	**46,035**	46,035
	598,058	46,035

Unlisted Companies	**Breakup Value as at**	**2024 Cost**	**2024 Breakup value**	**2023 Cost**	**2023 Breakup value**
		---------------------------- (Rupees in '000)			------------------------
Arabian Sea Country Club Ltd.	June 30, 2020	**1,000**	**(1,255)**	1,000	(1,255)
Pakistan Mortgage Refinance Company Ltd.	December 31, 2023	**1,830**	**4,810**	1,830	3,848
		2,830	**3,555**	2,830	2,593

	Cost 2024	Cost 2023
	--------- (Rupees in '000) ---------	
8.5.3 Non Government Debt Securities		
Listed		
- Unrated	**2,377,058**	2,377,058
Unlisted		
- Unrated	**1,286,748**	1,734,951

9. ADVANCES

	Note	Performing 2024	Performing 2023	Non Performing 2024	Non Performing 2023	Total 2024	Total 2023
		----------	----------	(Rupees in '000)	----------	----------	----------
Loans, cash credits, running finances, etc.	9.1	**11,717,199**	13,596,524	**33,873,690**	35,952,899	**45,590,889**	49,549,423
Islamic financing and related assets	9.2	**2,346,432**	2,439,460	**275,641**	274,364	**2,622,073**	2,713,824
Bills discounted and purchased		**620,726**	641,308	**38,353**	47,089	**659,079**	688,397
Advances - gross		**14,684,357**	16,677,292	**34,187,684**	36,274,352	**48,872,041**	52,951,644
Credit loss allowance / provision against advances							
- Specific		**-**	-	**-**	(34,211,166)	**-**	(34,211,166)
- General		**-**	(5,329)	**-**	-	**-**	(5,329)
-Stage 1		**(25,012)**	-	**-**	-	**(25,012)**	-
-Stage 2		**(206,817)**	-	**-**	-	**(206,817)**	-
-Stage 3		**-**	-	**(33,021,294)**	-	**(33,021,294)**	-
		(231,829)	(5,329)	**(33,021,294)**	(34,211,166)	**(33,253,123)**	(34,216,495)
Advances - net of credit loss allowance / provision		**14,452,528**	16,671,963	**1,166,390**	2,063,186	**15,618,918**	18,735,149

9.1 Includes Net Investment in Finance Lease as disclosed below:

	2024 Not later than one year	2024 Later than one and less than five years	2024 Over five years	2024 Total	2023 Not later than one year	2023 Later than one and less than five years	2023 Over five years	2023 Total
	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Lease rentals receivable	**60,786**	**24,002**	**-**	**84,788**	85,922	17,744	-	103,666
Residual value	**44,784**	**5,434**	**-**	**50,218**	82,487	5,434	-	87,921
Minimum lease payments	**105,570**	**29,436**	**-**	**135,006**	168,409	23,178	-	191,587
Financial charges for future periods	**(9,580)**	**(2,024)**	**-**	**(11,604)**	(15,182)	(4,698)	-	(19,880)
Present value of minimum lease payments	**95,990**	**27,412**	**-**	**123,402**	153,227	18,480	-	171,707

9.2 This represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure - II to these unconsolidated financial statements.

9.3 Particulars of advances (Gross)

	2024	2023
	(Rupees in '000)	
In local currency	**48,423,023**	52,311,597
In foreign currencies	**449,018**	640,047
	48,872,041	52,951,644

9.3.1 Advances to Women, Women-owned and Managed Enterprises

	2024	2023
Women	**450,457**	325,084
Women Owned and Managed Enterprises	**726,251**	770,171
	1,176,708	1,095,255

9.3.2 Gross loans disbursed to women, women-owned and managed enterprises amounting Rs. 223.417 million (2023: Rs. 150.481 million)

	2024	2023
	(Rupees in '000)	
Women	**179,018**	147,422
Women Owned and Managed Enterprises	**44,399**	3,059
	223,417	150,481

9.4 Advances - Particulars of credit loss allowance

9.4.1 Advances - Exposure

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance / Impact of adoption of IFRS 9	13,028,192	2,944,316	36,979,136	52,951,644
New Advances	5,392,278	233,109	324,004	5,949,391
Advances derecognised or repaid	(6,912,109)	(500,540)	(1,078,638)	(8,491,287)
Transfer to stage 1	1,381,873	(1,581,803)	(1,190)	(201,120)
Transfer to stage 2	(257,855)	935,719	(998,592)	(320,728)
Transfer to stage 3	(33,802)	(26,154)	(788,380)	(848,336)
	(429,615)	(939,669)	(2,542,796)	(3,912,080)
Amounts written off / charged off	-	-	(167,523)	(167,523)
Closing balance	12,598,577	2,004,647	34,268,817	48,872,041

9.4.2 Advances - Credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance / Impact of adoption of IFRS 9	52,789	91,038	34,746,650	34,890,477
New Advances	15,517	15,662	324,399	355,578
Advances derecognised or repaid	(42,176)	(32,800)	(687,063)	(762,039)
Transfer to stage 1	847	(37,780)	(536)	(37,469)
Transfer to stage 2	(1,959)	171,791	(814,227)	(644,395)
Transfer to stage 3	(6)	(1,094)	(380,406)	(381,506)
	(27,777)	115,779	(1,557,833)	(1,469,831)
Amounts written off / charged off	-	-	(167,523)	(167,523)
Closing balance	25,012	206,817	33,021,294	33,253,123

9.5 Advances - Category of classification

		2024	
		Outstanding amount	Credit loss allowance held
		(Rupees in '000)	
Performing	Stage 1	12,598,577	25,012
Underperforming	Stage 2	2,004,647	201,676
Non-Performing	Stage 3		
Other Assets Especially Mentioned		13,227	5,141
Substandard		2,445	1,834
Doubtful		57,747	16,977
Loss		34,195,398	33,002,483
		48,872,041	33,253,123

Corresponding ECL

	Outstanding amount	Credit loss allowance held
Stage 1	12,598,577	25,012
Stage 2	2,017,874	206,817
Stage 3	34,255,590	33,021,294
	48,872,041	33,253,123

9.6 Advances include Rs. 34,187.684 million (2023: Rs. 36,274.352 million) which have been placed under non-performing / Stag 3 status as detailed below:

Category of Classification		2024 Non Performing Loans	2024 Credit loss allowance
		(Rupees in '000)	
Domestic			
Other Assets Especially Mentioned	Stage 3	**13,227**	**5,141**
Substandard	Stage 3	**2,445**	**1,834**
Doubtful	Stage 3	**57,747**	**16,977**
Loss	Stage 3	**34,114,265**	**33,002,483**
		34,187,684	**33,026,435**

Category of Classification	2023 Non Performing Loans	2023 Provision
	(Rupees in '000)	
Domestic		
Other Assets Especially Mentioned	11,034	657
Substandard	25,438	1,092
Doubtful	102,297	6,397
Loss	36,135,583	34,203,020
	36,274,352	34,211,166

9.7 Particulars of credit loss allowance / provisions against advances

	Note	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Specific	2023 General	2023 Total
		(Rupees in '000)						
Opening balance		**3,939**	**1,390**	**34,211,166**	**34,216,495**	33,231,865	10,556	33,242,421
Impact of adoption of IFRS 9		**48,850**	**89,648**	**535,484**	**673,982**	-	-	-
Charge for the year		**8,349**	**178,502**	**436,781**	**623,632**	2,958,975	-	2,958,975
Reversals		**(36,126)**	**(62,723)**	**(1,994,614)**	**(2,093,463)**	(1,978,573)	(5,227)	(1,983,800)
		(27,777)	**115,779**	**(1,557,833)**	**(1,469,831)**	980,402	(5,227)	975,175
Amounts written off	10	**-**	**-**	**(167,523)**	**(167,523)**	(1,101)	-	(1,101)
Closing balance		**25,012**	**206,817**	**33,021,294**	**33,253,123**	34,211,166	5,329	34,216,495

9.7.1 Particulars of credit loss allowance / provisions against advances

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Specific	2023 General	2023 Total
	(Rupees in '000)						
In local currency	**24,973**	**204,628**	**33,006,031**	**33,235,632**	34,197,448	5,329	34,202,777
In foreign currencies	**39**	**2,189**	**15,263**	**17,491**	13,718	-	13,718
	25,012	**206,817**	**33,021,294**	**33,253,123**	34,211,166	5,329	34,216,495

		Note	2024	2023
9.8	**PARTICULARS OF WRITE OFFs:**		--------- (Rupees in '000) ---------	
9.8.1	Against credit loss allowance	9.7	167,523	1,101
	Directly charged to profit and loss account	32	-	75
			167,523	1,176
9.8.2	Write Offs of Rs. 500,000 and above			
	- Domestic		166,710	-
	Write Offs of below Rs. 500,000		813	1,176
			167,523	1,176

10. PROPERTY AND EQUIPMENT

	Note	2024	2023
Capital work-in-progress	10.1	45,717	71,286
Property and equipment	10.2	6,980,408	7,138,730
		7,026,125	7,210,016

10.1 Capital work-in-progress

	2024	2023
Civil works and related payments / progress billings	12,366	3,487
Advances and other payments to suppliers and contractors	33,351	67,799
Advances and other payments against capital work in progress considered doubtful	1,155,814	1,155,814
Less: Provision held there against	(1,155,814)	(1,155,814)
	-	-
	45,717	71,286

10.2 Property and Equipment

	2024						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2024							
Cost / Revalued amount	1,736,445	5,062,093	1,905,068	596,496	2,408,872	199,818	11,908,792
Accumulated depreciation / impairment	(5,670)	(465,971)	(1,491,278)	(496,472)	(2,162,085)	(148,586)	(4,770,062)
Net book value	1,730,775	4,596,122	413,790	100,024	246,787	51,232	7,138,730
Year ended December 31, 2024							
Opening net book value	1,730,775	4,596,122	413,790	100,024	246,787	51,232	7,138,730
Additions	-	-	54,631	7,512	229,533	8,725	300,401
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Reversal of revaluation decrease recognized in profit and loss account	-	-	-	-	-	-	-
Disposals							
Cost	-	(34,500)	(38,199)	(25,666)	(169,894)	(24,093)	(292,352)
Accumulated depreciation	-	2,892	37,141	25,410	167,673	24,093	257,209
	-	(31,608)	(1,058)	(256)	(2,221)	-	(35,143)
Write off							
Cost	-	-	(24,236)	(702)	(813)	-	(25,751)
Accumulated depreciation	-	-	24,125	637	813	-	25,575
	-	-	(111)	(65)	-	-	(176)
Depreciation charge	-	(159,252)	(95,951)	(22,169)	(129,690)	(16,342)	(423,404)
Closing net book value	1,730,775	4,405,262	371,301	85,046	344,409	43,615	6,980,408
At December 31, 2024							
Cost / Revalued amount	1,736,445	5,027,593	1,897,264	577,640	2,467,698	184,450	11,891,090
Accumulated depreciation / impairment	(5,670)	(622,331)	(1,525,963)	(492,594)	(2,123,289)	(140,835)	(4,910,682)
Net book value	1,730,775	4,405,262	371,301	85,046	344,409	43,615	6,980,408
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	20 - 25	20	

	2023						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2023							
Cost / Revalued amount	1,806,445	5,352,523	1,904,807	579,671	2,364,836	200,364	12,208,646
Accumulated depreciation / impairment	(5,670)	(334,581)	(1,510,208)	(478,738)	(2,059,606)	(146,680)	(4,535,483)
Net book value	1,800,775	5,017,942	394,599	100,933	305,230	53,684	7,673,163
Year ended December 31, 2023							
Opening net book value	1,800,775	5,017,942	394,599	100,933	305,230	53,684	7,673,163
Additions	-	-	106,769	21,628	72,003	25,121	225,521
Movement in surplus on assets revalued during the year	-	(2,678)	-	-	-	-	(2,678)
Reversal of revaluation decrease recognized in profit and loss account	-	269	-	-	-	-	269
Disposals							
Cost	(70,000)	(275,363)	(25,691)	(1,203)	(24,387)	(25,667)	(422,311)
Accumulated depreciation	-	21,544	24,563	1,141	23,845	13,525	84,618
	(70,000)	(253,819)	(1,128)	(62)	(542)	(12,142)	(337,693)
Write off							
Cost	-	-	(80,817)	(3,600)	(3,580)	-	(87,997)
Accumulated depreciation	-	-	78,326	3,596	3,567	-	85,489
	-	-	(2,491)	(4)	(13)	-	(2,508)
Depreciation charge	-	(165,592)	(83,959)	(22,471)	(129,891)	(15,431)	(417,344)
Closing net book value	1,730,775	4,596,122	413,790	100,024	246,787	51,232	7,138,730
At December 31, 2023							
Cost / Revalued amount	1,736,445	5,062,093	1,905,068	596,496	2,408,872	199,818	11,908,792
Accumulated depreciation / impairment	(5,670)	(465,971)	(1,491,278)	(496,472)	(2,162,085)	(148,586)	(4,770,062)
Net book value	1,730,775	4,596,122	413,790	100,024	246,787	51,232	7,138,730
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	20 - 25	20	

10.2.1 The cost of fully depreciated property and equipments that are still in the Bank's use is as follows:

	2024	2023
	(Rupees in '000)	
Building improvements	**953,597**	972,814
Furniture and fixture	**360,958**	372,782
Electrical, office and computer equipment	**1,831,995**	1,808,345
Vehicles	**97,641**	121,734

10.2.2 The carrying amount of property and equipments held for disposal amounts to Rs. 409.526 million (2023: Rs. 201.733 million).

10.2.3 The properties of the Bank were last revalued by Independent professional valuers as at December 31, 2023. The revaluation was carried out by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd. on the basis of professional assessment of the present market values. This revaluation had resulted in an increase in surplus by Rs. 2.678 million. The total surplus arising against revaluation of property and equipments as at December 31, 2024 amounts to Rs 3,570.041 million.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2024	2023
	Carrying value at cost model	
	(Rupees in '000)	
Leasehold land	**797,374**	797,374
Buildings on leasehold land	**1,810,628**	1,882,511
Buildings improvements	**371,412**	413,790

10.2.4 Sale of property and equipment to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
	---------------- (Rupees in '000) ----------------				
Electrical, office and computer equipment					
Laptop	144	-	10	As per employment contract	Talib Raza (ex-employee)
Laptop	204	124	128	As per employment contract	Romana Pervez Akhtar (ex-employee)
Laptop	119	15	17	As per employment contract	Iqbal Ahmed (ex-employee)
Laptop	119	7	15	As per employment contract	Imran Chapra (ex-employee)

11. RIGHT-OF-USE ASSETS

	Note	2024	2023
		--------- (Rupees in '000) ---------	
		Branch Premises	
Cost		**4,397,989**	4,465,352
Accumulated depreciation		**(1,676,784)**	(1,511,956)
Opening net book value		**2,721,205**	2,953,396
Additions during the year		**611,610**	581,344
Modifications during the year	19	**(14,051)**	9,197
Deletions during the year			
Cost		**(679,249)**	(657,904)
Accumulated depreciation		**503,349**	425,553
		(175,900)	(232,351)
Depreciation charge for the year	30	**(541,593)**	(590,381)
Closing net book value		**2,601,271**	2,721,205

12. INTANGIBLE ASSETS

	Note	2024	2023
Capital work-in-progress	12.1	**69,334**	194,998
Intangible assets in use	12.2	**261,751**	67,205
		331,085	262,203

12.1 Capital work-in-progress

	2024	2023
Advances to suppliers and contractors	**69,334**	194,998
Advances against capital work-in-progress considered doubtful	**142,522**	142,522
Less: Provision held there against	**(142,522)**	(142,522)
	-	-
	69,334	194,998

12.2 Intangible assets in use

	2024			
	Computer softwares	Core deposits	Brand name	Total
	(Rupees in '000)			
At January 01, 2024				
Cost	596,076	209,874	143,838	949,788
Accumulated amortisation and	(528,871)	(209,874)	(143,838)	(882,583)
Net book value	67,205	-	-	67,205
Year ended December 31, 2024				
Opening net book value	67,205	-	-	67,205
Additions:				
- directly purchased	234,422	-	-	234,422
Write off:				
Cost	(2,059)	-	-	(2,059)
Accumulated depreciation	2,059	-	-	2,059
	-	-	-	-
Impairment loss recognized in the profit and loss account - net	-	-	-	-
Amortisation charge	(39,876)	-	-	(39,876)
Closing net book value	261,751	-	-	261,751
At December 31, 2024				
Cost	828,439	209,874	143,838	1,182,151
Accumulated amortisation and	(566,688)	(209,874)	(143,838)	(920,400)
Net book value	261,751	-	-	261,751
Rate of amortisation (percentage)	20	10	10	
Useful life (years)	5	10	10	

	2023			
	Computer softwares	Core deposits	Brand name	Total
	---------- (Rupees in '000) ----------			
At January 01, 2023				
Cost	575,735	209,874	143,838	929,447
Accumulated amortisation and impairment	(504,679)	(209,874)	(143,838)	(858,391)
Net book value	71,056	-	-	71,056
Year ended December 31, 2023				
Opening net book value	71,056	-	-	71,056
Additions:				
- directly purchased	20,341	-	-	20,341
Write off:				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-
Impairment loss recognized in the profit and loss account - net	-	-	-	-
Amortisation charge	(24,192)	-	-	(24,192)
Closing net book value	67,205	-	-	67,205
At December 31, 2023				
Cost	596,076	209,874	143,838	949,788
Accumulated amortisation and	(528,871)	(209,874)	(143,838)	(882,583)
Net book value	67,205	-	-	67,205
Rate of amortisation (percentage)	20	10	10	
Useful life (years)	5	10	10	

	2024	2023
	--------- (Rupees in '000) ---------	
12.2.1 The cost of fully amortised intangible assets that are still in the Bank's use is as follows:		
Computer softwares	**488,209**	451,898
Core deposits	**209,874**	209,874
Brand name	**143,838**	143,838

13. DEFERRED TAX ASSETS

2024

	At January 01, 2024	IFRS - 9 transition impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2024
	(Rupees in '000)				
Deductible Temporary Differences on					
- Tax losses carried forward	15,511,202	-	1,448,917	-	16,960,119
- Credit loss allowance against advances, off balance sheet etc.	9,002,927	283,072	904,748	-	10,190,747
- Remeasurement of advances	-	138,734	22,686	-	161,420
- Credit loss allowance against Investment	801,196	(38,963)	102,368	-	864,601
- Provision against intangible assets	48,034	-	3,695	-	51,729
- Staff compensated absences	53,678	-	12,246	-	65,924
- Credit loss allowance against other assets	166,759	45,995	12,829	-	225,583
	25,583,796	428,838	2,507,489	-	28,520,123
Taxable Temporary Differences on					
- Surplus on revaluation of property and equipments	(1,074,691)	-	49,971	(82,669)	(1,107,389)
- Surplus on revaluation of investments	(116,362)	38,963	-	(486,092)	(563,491)
- Unrealized gain on forward exchange contracts	(10,047)	-	1,252	-	(8,795)
- Surplus on revaluation of property - held for sale	(437,092)	-	-	(33,622)	(470,714)
- Surplus on revaluation of non-banking assets	(313,821)	-	48,563	(24,327)	(289,585)
- Accelerated tax depreciation	(376,547)	-	(35,038)	-	(411,585)
	(2,328,560)	38,963	64,748	(626,710)	(2,851,559)
	23,255,236	467,801	2,572,237	(626,710)	25,668,564

2023

	At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	13,103,981	2,407,221	-	15,511,202
- Provision against advances, off balance sheet etc.	8,121,244	881,683	-	9,002,927
- Provision for impairment loss - Investment	1,628,668	(827,472)	-	801,196
- Provision against intangible assets	48,034	-	-	48,034
- Staff compensated absences	51,077	2,601	-	53,678
- Provision against other assets	166,759	-	-	166,759
	23,119,763	2,464,033	-	25,583,796
Taxable Temporary Differences on				
- Surplus on revaluation of property and equipments	(1,151,581)	-	76,890	(1,074,691)
- Surplus on revaluation of investments	3,932	-	(120,294)	(116,362)
- Unrealized gain on forward exchange contracts	(142)	(9,905)	-	(10,047)
- Surplus on revaluation of property - held for sale	(452,705)	-	15,613	(437,092)
- Surplus on revaluation of non-banking assets	(333,546)	-	19,725	(313,821)
- Accelerated tax depreciation	(403,990)	27,443	-	(376,547)
	(2,338,032)	17,538	(8,066)	(2,328,560)
	20,781,731	2,481,571	(8,066)	23,255,236

13.1 The net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits (Refer Note 1.3). Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. The management believes that it is probable that the Bank would be able to achieve the profits and consequently, the deferred tax amount will be fully realized in future.

14. OTHER ASSETS

	Note	2024	2023
		--------- (Rupees in '000) ---------	
Income / mark-up accrued in local currency		**5,103,892**	7,915,376
Income / mark-up accrued in foreign currency		**2,195**	2,822
Advances, deposits, advance rent and other prepayments		**425,476**	370,131
Advance taxation (payments less provisions)		**556,920**	505,235
Non-banking assets acquired in satisfaction of claims	14.1	**1,798,949**	2,352,910
Branch adjustment account		**62,317**	-
Receivable from other banks against clearing and settlement		**928,275**	1,391,209
Receivable against sale of Government Securities		**-**	23,000,000
Mark to market gain on forward foreign exchange contracts		**43,225**	27,833
Acceptances		**665,551**	409,685
Stationery and stamps on hand		**6,161**	6,792
Commission receivable on home remittance	14.2	**-**	184
Property - Held for Sale (HFS)	14.3	**3,692,787**	3,692,787
Others		**556,417**	709,558
		13,842,165	40,384,522
Less: Credit loss allowance / provision held against other assets	14.5	**(834,247)**	(834,729)
Other Assets (Net of credit loss allowance / provison)		**13,007,918**	39,549,793
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**689,489**	804,670
Surplus on revaluation of property - held for sale		**1,120,749**	1,120,749
Other assets - total		**14,818,156**	41,475,212

		2024	2023
14.1	Market value of non-banking assets acquired in satisfaction of claims	**2,129,150**	2,799,292

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2024. The revaluation was conducted by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd based on their professional assessment of present market values. That resulted in an increase in surplus by Rs. 0.443 million in December 31, 2024. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2024 amounts to Rs 689.489 million (December 31, 2023: Rs. 804.670 million).

14.1.1 Non-banking assets acquired in satisfaction of claims

	Note	December 31, 2024	December 31, 2023
		--------- (Rupees in '000) ---------	
Opening balance		**2,797,473**	2,992,649
Revaluation	23.2	**443**	11,399
Reversal of revaluation decrease recognized in profit and loss account	32	**330**	2,042
Disposals		**(606,824)**	-
Depreciation	30	**(63,091)**	(62,083)
Other adjustments		**-**	(146,534)
Closing balance		**2,128,331**	2,797,473

14.1.2 Gain on Disposal of non-banking assets acquired in satisfaction of claims	Note	December 31, 2024	December 31, 2023
		--------- (Rupees in '000) ---------	
Disposal Proceeds		1,213,512	-
less			
- Cost / Revalued amount	14.1.1	642,180	-
- Impairment / Depreciation		(35,356)	-
		606,824	-
Gain	29	606,688	-

14.2 This represents commission receivable from the SBP in respect of home remittances channelized through the Bank as per agreement entered into with the SBP.

14.3 This represents a portion of the Bank's self constructed property which has been earmarked for selling in the near future. This property is carried at lower of market value / fair value less cost to sell and carrying amount.

14.5 Credit loss allowance / provision held against other assets	2024	2023
	--------- (Rupees in '000) ---------	
Income / mark-up accrued in local currency	1,389	1,389
Advances, deposits, advance rent and other prepayments	98,008	98,008
Non-banking assets acquired in satisfaction of claims	360,107	360,107
Commission receivable on guarantees	9,880	9,880
Receivable from Dewan Group	45,310	45,310
Account receivable - sundry claims	156,064	156,546
Receivable from Speedway Fondmetal (Pakistan) Limited	25,694	25,694
Others	137,795	137,795
	834,247	834,729

14.5.1 Movement in credit loss allowance / provision held against other assets	December 31, 2024	December 31, 2023
	--------- (Rupees in '000) ---------	
Opening balance	834,729	832,810
Charge for the year	-	8,032
Reversals	(482)	(6,000)
Amount written off	-	(113)
Closing balance	834,247	834,729

15. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

	Note	December 31, 2024	December 31, 2023
16. BILLS PAYABLE		--------- (Rupees in '000) ---------	
In Pakistan		1,900,496	2,162,537
Outside Pakistan		-	-
		1,900,496	2,162,537

17. BORROWINGS

	Note	December 31, 2024	December 31, 2023
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.1	3,500,350	4,691,400
- Under Islamic Export Refinance Scheme (IERF)	17.2	-	90,000
- Under long-term financing facility	17.3	111,169	239,398
- Refinance facility for modernization of SMEs	17.4	203	1,100
- Repurchase agreement borrowings	17.5	86,276,260	123,027,721
		89,887,982	128,049,619
Repurchase agreement borrowings	17.6	-	2,313,316
Total secured		89,887,982	130,362,935
Unsecured			
Overdrawn nostro accounts		4,943	6,395
Total unsecured		4,943	6,395
		89,892,925	130,369,330

17.1 The Bank has entered into an agreement with SBP for extending export finance to its customers. Borrowing under the export refinance scheme of SBP carry interest at rates ranging from 9.00% to 16.50% per annum (2023: 17.00% to 18.00% per annum). These are secured against demand promissory notes and are due to mature latest by June 23, 2025 (2023: latest by June 19, 2024).

17.2 The Bank has entered into an agreement with SBP for extending export finance to its Islamic banking customers. Borrowing under the export refinance scheme of SBP carried interest at rate of Nil (2023: 15.00% per annum). These were secured against demand promissory notes and were matured on April 02, 2024.

17.3 These represent borrowings from SBP under scheme for long term financing facility at interest rate of 2.00% per annum (2023: 2.00% to 3.00% per annum) and have varying long term maturities latest due by December 31, 2028 (2023: latest due by December 31, 2028). Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity dates of each finance by directly debiting current account of the Bank maintained by the SBP.

17.4 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units at mark up rate of 2.00% per annum (2023: 2.00% per annum), which will mature latest by February 11, 2025 (2023: latest by February 11, 2025).

17.5 These represent borrowings from a SBP at mark-up rates ranging from 13.07% to 13.08% per annum (2023: 22.08% to 22.26%) which will mature latest by January 17, 2025 (2023: January 26, 2024).

17.6 These represented borrowings from financial institutions at mark-up rates ranging from 22.10% to 22.90% per annum which matured by January 02, 2024.

17.7 Particulars of borrowings with respect to currencies	2024	2023
	---------- (Rupees in '000) ----------	
In local currency	89,887,982	130,362,935
In foreign currencies	4,943	6,395
	89,892,925	130,369,330

18. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**39,633,691**	**1,736,724**	**41,370,415**	43,315,999	1,722,463	45,038,462
Savings deposits	**118,080,187**	**1,483,589**	**119,563,776**	84,046,183	2,168,138	86,214,321
Term deposits	**14,407,887**	**3,184,109**	**17,591,996**	14,520,225	3,489,167	18,009,392
Others	**2,413,801**	**43,805**	**2,457,606**	4,110,091	44,326	4,154,417
	174,535,566	**6,448,227**	**180,983,793**	145,992,498	7,424,094	153,416,592
Financial institutions						
Current deposits	**236,435**	**18,133**	**254,568**	230,114	43,445	273,559
Savings deposits	**3,877,043**	**1,878**	**3,878,921**	2,494,955	8	2,494,963
Term deposits	**699,322**	**198,021**	**897,343**	668,059	107,107	775,166
Others	**-**	**-**	**-**	-	-	-
	4,812,800	**218,032**	**5,030,832**	3,393,128	150,560	3,543,688
	179,348,366	**6,666,259**	**186,014,625**	149,385,626	7,574,654	156,960,280

18.1 Composition of deposits

	2024	2023
	(Rupees in '000)	
- Individuals	**100,377,851**	96,759,737
- Government (Federal and Provincial)	**4,019,448**	2,463,277
- Public Sector Entities	**10,848,548**	5,145,970
- Banking Companies	**1,520**	303,939
- Non-Banking Financial Institutions	**5,029,312**	3,239,749
- Private Sector	**65,737,946**	49,047,608
	186,014,625	156,960,280

18.2 Deposits include Eligible Deposits of Rs. 128,151.846 million (2023: Rs. 113,902.550 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

19. LEASE LIABILITIES

	Note	2024	2023
		(Rupees in '000)	
Opening		**3,348,737**	3,494,834
Additions during the year		**526,673**	495,709
Deletion during the year		**(288,948)**	(311,302)
Lease payments including interest		**(761,843)**	(774,778)
Finance cost	26	**473,834**	435,077
Modifications	11	**(14,051)**	9,197
Closing		**3,284,402**	3,348,737

19.1 Liabilities Outstanding

	2024	2023
Not later than one year	**792,141**	778,144
Later than one year and upto five years	**1,879,417**	1,890,404
Over five years	**612,844**	680,189
Total at the year end	**3,284,402**	3,348,737

20. SUBORDINATED DEBT

Issue amount	Rs.1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2022

These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended for fourth time by the Bank to October 27, 2019, October 27, 2020, October 27, 2021 and October 27, 2022 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019, October 22, 2020 and October 26, 2021. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020, July 09, 2021 and August 01, 2022. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020, October 22, 2021 and October 24, 2022.

Subsequently, approval was granted by the TFC Holders (in their meeting held on October 27, 2022) for extension in the maturity date and associated rescheduling of the coupon payments of the Term Finance Certificate upto October 27, 2023.

In November, 2024 the Board of Directors of Bank Makramah Limited (BML) has initiated the implementation of the BML Restructuring Scheme to ensure the bank's financial viability. The scheme aims to restructure BML's shareholding structure by increasing its equity and reducing overall debt, thereby strengthening its financial health and positioning the bank for sustained growth. Under the proposed scheme, subject to court sanction, the outstanding redemption amount owed to Term Finance Certificate (TFC) holders was to be settled through the issuance and allotment of fully paid ordinary shares of BML.

Following the filing of the scheme, three meetings with TFC holders were held on December 27, 2024, January 13, 2025, and January 21, 2025. In the final meeting, TFC holders opted not to participate in the restructuring and decided to maintain their existing status. They further agreed to extend the maturity period of the TFCs to October 27, 2025. A formal request to SBP is being sent for seeking aforesaid extension.

Rating	'B' (Single B).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark-up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

21. OTHER LIABILITIES	Note	2024	2023
		----------(Rupees in '000)----------	
Mark-up / return / interest payable in local currency	21.1	**2,811,708**	4,236,243
Mark-up / return / interest payable in foreign currencies		**26,304**	1,625
Unearned income		**89,152**	71,476
Accrued expenses		**164,694**	110,084
Advance against sale of property	21.2	**211,103**	211,103
Acceptances		**665,551**	409,685
Unclaimed dividends		**2,213**	2,213
Mark to market loss on forward foreign exchange contracts		**22,284**	2,071
Payable to defined benefit plan	37.7	**79,541**	18,813
Charity fund balance		**2,156**	4,317
Branch adjustment account		**-**	29,074
Security deposits against lease		**135,288**	187,514
Payable to Bangladesh Bank	21.3	**41,389**	41,389
Payable to Rupali Bank - Bangladesh	21.4	**16,293**	16,293
Payable to vendors / creditors		**440,312**	367,873
Provision for compensated absences	37.7	**156,962**	137,637
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**432,621**	542,370
Workers' welfare fund	21.5	**13,360**	13,360
Withholding taxes and government levies payable		**236,461**	261,913
Federal excise duty and sales tax payable		**12,988**	10,724
Commission payable on home remittances	21.6	**72**	213
Credit loss allowance against off-balance sheet obligations	21.7	**160,905**	-
Others		**418,327**	404,281
		6,159,847	7,100,434

21.1 This includes markup payable on subordinated debt amounting to Rs. 1,617.913 million (2023: 1,265.809 million).

21.2 This includes advance received amounting to Rs. 101.675 million (2023: Rs. 101.675 million) against sale of property included in other assets as property - held for sale.

21.3 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Bank.

21.4 This represents amount payable in respect of share of head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

21.5 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

21.6 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Bank as per agreement entered into by the Bank with them.

21.7 Credit loss allowance against off-balance sheet obligations	Note	2024	2023
		---------- (Rupees in '000) ----------	
Opening balance		-	-
Impact of adoption of IFRS 9		109,012	-
Charge for the year	32	82,629	-
Reversals		(30,736)	-
		51,893	-
Amount written off		-	-
Closing balance		160,905	-

22. SHARE CAPITAL - NET

22.1 Authorized capital

2024	2023		2024	2023
----------- (Number of shares) -----------			------------ (Rupees in '000) ------------	
9,000,000,000	9,000,000,000	Ordinary shares of Rs. 10 each	90,000,000	90,000,000

22.2 Issued, subscribed and paid-up capital

December 31, 2024	December 31, 2023			
----------- (Number of shares) -----------				
		Ordinary shares		
5,443,756,473	5,443,756,473	Fully paid in cash	54,437,564	54,437,564
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	6,739,977	6,739,977
50,000,000	50,000,000	Issued as bonus shares	500,000	500,000
454,466,382	454,466,382	Issued for consideration other than cash	4,544,664	4,544,664
6,622,220,576	6,622,220,576		66,222,205	66,222,205
		Less: Discount on issue of shares	(35,721,997)	(35,721,997)
6,622,220,576	6,622,220,576		30,500,208	30,500,208

22.3 Number of shares held by the associated companies are as follows:

2024	2023		2024	2023
----------- (Number of shares) -----------			--------------% age holding--------------	
1,761,412,119	1,761,412,119	Suroor Investments Limited	26.60%	26.60%

23. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2024	2023
		---------(Rupees in '000)---------	
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI-Debt	8.1	**1,441,529**	-
- Securities measured at FVOCI-Equity	8.1	**(99,884)**	-
- Available for sale securities		**-**	298,364
- Property and equipment	23.1	**3,570,041**	3,689,020
- Non-banking assets acquired in satisfaction of claims	23.2	**689,489**	804,670
- Property - held for sale	23.3	**1,120,749**	1,120,749
		6,721,924	5,912,803
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-Debt		**(605,442)**	-
- Securities measured at FVOCI-Equity		**41,951**	-
- Available for sale securities		**-**	(116,362)
- Property and equipment	23.1	**(1,107,389)**	(1,074,691)
- Non-banking assets acquired in satisfaction of claims	23.2	**(289,585)**	(313,821)
- Property - held for sale	23.3	**(470,714)**	(437,092)
		(2,431,179)	(1,941,966)
		4,290,745	3,970,837

23.1 Surplus on revaluation of property and equipment

	Note	2024	2023
Surplus on revaluation as at January 01,		**3,689,020**	3,925,590
Recognised during the year	10.2	**-**	(2,678)
Realised on disposal during the year - net of deferred tax		**(13,418)**	(97,741)
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax		**(55,590)**	(60,305)
Related deferred tax liability on surplus realised on disposal		**(9,716)**	(37,291)
Related deferred tax liability on incremental depreciation charged during the year		**(40,255)**	(38,555)
Surplus on revaluation as at December 31,		**3,570,041**	3,689,020
Less: related deferred tax liability on:			
- revaluation as at January 01,		**(1,074,691)**	(1,151,581)
- effect of rate change		**(82,669)**	-
- revaluation recognised during the year		**-**	1,044
- surplus realised on disposal during the year		**9,716**	37,291
- incremental depreciation charged during the year		**40,255**	38,555
		(1,107,389)	(1,074,691)
		2,462,652	2,614,329

23.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	Note	2024	2023
Surplus on revaluation as at January 01,		**804,670**	855,243
Recognised during the year	14.1.1	**443**	11,399
Reversed on adjustment during the year - net of deferred tax		**-**	(23,400)
Related deferred tax liability on surplus reversed on adjustment		**-**	(14,961)
Realised on disposal during the year - net of deferred tax		**(53,278)**	-
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax		**(13,784)**	(14,403)
Related deferred tax liability on incremental depreciation charged during the year		**(9,982)**	(9,208)
Related deferred tax liability on surplus realised on disposal		**(38,580)**	-
Surplus on revaluation as at December 31,		**689,489**	804,670
Less: related deferred tax liability on:			
- revaluation as at January 01,		**(313,821)**	(333,546)
- effect of rate change		**(24,140)**	-
- revaluation recognised during the year		**(186)**	(4,444)
- surplus reversed on adjustment		**-**	14,961
- surplus realised on disposal during the year		**38,580**	-
- incremental depreciation charged during the year		**9,982**	9,208
		(289,585)	(313,821)
		399,904	490,849

23.3 Surplus on revaluation of Property - Held for sale

	Note	2024	2023
		---------(Rupees in '000)---------	
Surplus on revaluation as at January 01,		**1,120,749**	1,160,784
Recognised during the year		**-**	-
Realised on disposal during the year - net of deferred tax		**-**	(24,422)
Related deferred tax liability on surplus realised on disposal		**-**	(15,613)
Surplus on revaluation as at December 31,		**1,120,749**	1,120,749
Less: related deferred tax liability on:			
- revaluation as at January 01,		**(437,092)**	(452,705)
- effect of rate change		**(33,622)**	-
- revaluation recognised during the year		**-**	-
- surplus realised on disposal during the year		**-**	15,613
		(470,714)	(437,092)
		650,035	683,657

24. CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
-Guarantees	24.1	**16,239,036**	13,557,375
-Commitments	24.2	**117,124,783**	147,372,771
-Other contingent liabilities	24.3	**21,437,137**	22,748,472
		154,800,956	183,678,618

24.1 Guarantees:

		2024	2023
Financial guarantees		**20,470**	20,470
Performance guarantees		**9,857,474**	9,761,374
Other guarantees		**6,361,092**	3,775,531
		16,239,036	13,557,375

24.2 Commitments:

	Note	2024	2023
Documentary credits and short-term trade-related transactions			
- letters of credit		**8,381,574**	8,868,111
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	**14,791,974**	6,935,713
- forward lending	24.2.2	**6,768,159**	5,985,317
Commitments for acquisition of:			
- operating property and equipment		**90,789**	109,562
- intangible assets		**816,027**	133,031
Other commitments	24.2.3	**86,276,260**	125,341,037
		117,124,783	147,372,771

24.2.1 Commitments in respect of forward foreign exchange contracts

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Purchase		**9,476,934**	6,180,469
Sale		**5,315,040**	755,244
		14,791,974	6,935,713

24.2.2 Commitments in respect of forward lending

	Note	2024	2023
Forward documentary bills		**5,273,768**	4,916,896
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	**1,494,391**	1,068,421
		6,768,159	5,985,317

24.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

24.2.3 Other commitments

	2024	2023
	---------- (Rupees in '000) ----------	
Purchase (Repo)	**86,276,260**	125,341,037

24.3 Other contingent liabilities - claims against the Bank not acknowledged as debts

	2024	2023
Other contingent liabilities - claims against the Bank not acknowledged as debts	**21,437,137**	22,748,472

24.4 Contingency for tax payable

Contingency related to tax payable is disclosed in note 33.2.

25. MARK-UP / RETURN / INTEREST EARNED

	Note	2024	2023
		---------- (Rupees in '000) ----------	
On:			
Loans and advances		**2,542,144**	2,740,470
Investments		**35,619,374**	28,696,822
Lendings to financial institutions		**697,027**	197,314
Balances with banks		**64,475**	65,431
		38,923,020	31,700,037

26. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2024	2023
Deposits		**20,511,178**	16,365,317
Borrowings		**21,165,443**	16,282,744
Subordinated debt		**352,104**	348,940
Cost of foreign currency swaps against foreign currency deposits / borrowings		**506,566**	854,543
Finance cost of lease liability	19	**473,834**	435,077
		43,009,125	34,286,621

	Note	2024	2023
		------------ (Rupees in '000) ------------	

27. FEE AND COMMISSION INCOME

	Note	2024	2023
Branch banking customer fees		191,122	126,915
Consumer finance related fees		3,503	4,303
Card related fees (debit cards)		217,211	123,563
Credit related fees		1,646	4,061
Investment banking fees		1,368	2,122
Commission on trade		426,492	270,946
Commission on guarantees		128,724	115,550
Commission on cash management		417	47
Commission on remittances including home remittances		5,914	9,434
Commission on bancassurance		1,388	1,812
Alternate delivery channels		21,905	33,895
Others		41	51
		999,731	692,699

28. GAIN / (LOSS) ON SECURITIES

	Note	2024	2023
Realised	28.1	1,201,521	(1,303,591)

28.1 Realised gain / (loss) on:

	Note	2024	2023
Federal Government Securities		1,201,521	376,479
Shares		-	(1,680,070)
		1,201,521	(1,303,591)
Net gain/loss on financial assets (debt instruments) measured at FVOCI		1,201,521	376,479
Net gain/ loss on investments in equity instruments designated at FVOCI		-	(1,680,070)
		1,201,521	(1,303,591)

29. OTHER INCOME

	Note	2024	2023
Rent on property	29.1	5,873	7,884
Gain on sale of property and equipment - net		65,412	518,675
Gain on sale of non banking assets	14.1.2	606,688	-
Gain on partial sale of HFS property		-	116,794
Gain on sale of ijarah assets		725	865
Gain on termination of lease contracts under IFRS 16		113,049	78,949
Refund from Gratuity Fund		-	4,516
Others		10	1,406
		791,757	729,089

29.1 This includes income from Summit Capital Private Limited (subsidiary) amounting to Rs. 1.843 million (2023: Rs. 4.220 million).

30. OPERATING EXPENSES

	Note	2024	2023
		(Rupees in '000)	
Total compensation expense	30.1	**2,657,785**	2,375,519
Property expense			
Rent and taxes		**109,387**	103,921
Insurance - property		**7,237**	8,979
Insurance - non banking assets		**689**	851
Utilities cost		**550,465**	503,335
Security (including guards)		**260,429**	237,042
Repair and maintenance (including janitorial charges)		**235,419**	169,645
Depreciation on owned property and equipments	10.2	**255,203**	249,551
Depreciation on right-of-use assets	11	**541,593**	590,381
Depreciation on non banking assets	14.1.1	**63,091**	62,083
		2,023,513	1,925,788
Information technology expenses			
Software maintenance		**222,895**	167,414
Hardware maintenance		**137,722**	148,755
Depreciation on computer equipments	10.2	**85,857**	67,281
Amortisation of computer softwares	12.2	**39,876**	24,192
Network charges		**90,334**	94,839
Insurance		**2,927**	2,713
		579,611	505,194
Other operating expenses			
Directors' fees and allowances		**40,800**	35,700
Fees and allowances to Shariah Board		**23,700**	23,700
Legal and professional charges		**268,107**	126,398
Outsourced services costs		**321,118**	303,881
Travelling and conveyance		**458,416**	460,061
NIFT clearing charges		**36,968**	31,287
Depreciation	10.2	**82,344**	100,512
Training and development		**7,127**	9,029
Postage and courier charges		**43,317**	41,364
Communication		**152,979**	103,202
Stationery and printing		**194,045**	160,220
Marketing, advertisement and publicity		**46,667**	55,213
Brokerage and commission		**47,927**	40,164
Fee and subscription		**258,209**	179,382
Cash transportation and sorting charges		**154,586**	142,922
Entertainment		**78,458**	69,878
Insurance		**192,786**	148,521
Deposit insurance premium expense		**182,244**	134,864
Repair and maintenance		**174,042**	130,008
Auditors' remuneration	30.2	**22,330**	11,125
Others		**33,615**	32,481
		2,819,785	2,339,912
		8,080,694	7,146,413

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 346.194 million (2023: Rs. 164.468 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

		2024	2023
30.1 Total compensation expense	Note	------------ (Rupees in '000) ------------	
Fees and allowances etc.		**24,881**	20,584
Managerial remuneration			
i) Fixed		**1,637,672**	1,481,352
ii) Variable			
of which;			
a) Cash bonus / awards etc.		**-**	-
b) Incentives and commission		**2,257**	5,785
Charge / (reversal) for defined benefit plan	37.8.1	**87,781**	69,649
Contribution to defined contribution plan	38	**84,508**	80,309
Charge for employees compensated absences	37.8.1	**46,042**	21,310
Rent and house maintenance		**535,358**	480,593
Utilities		**119,475**	106,970
Medical		**119,811**	108,967
Total		**2,657,785**	2,375,519

30.2 Auditors' remuneration			
Audit fee		**4,542**	3,656
Fee for other statutory certifications		**5,446**	4,039
Fee for audit of employee funds		**-**	-
Special certifications and sundry advisory services		**10,371**	2,496
Out-of-pocket expenses		**1,971**	934
		22,330	11,125

31. OTHER CHARGES

Penalties imposed by State Bank of Pakistan		**772**	542
		772	542

32. CREDIT LOSS ALLOWANCE / REVERSALS AND WRITE OFFS - NET

Credit loss allowance on investments / Reversal of provision for diminution in value of investments	8.4.1	**310**	(2,121,722)
Credit loss allowance / reversal of provision against loans & advances	9.7	**(1,469,831)**	975,175
Credit loss allowance / provision against other assets	14.5.1	**(482)**	2,032
Reversal of provision for advances and other payments against capital work in progress		**-**	(2,526)
Reversal of revaluation decrease on property and equipment			
Reversal of revaluation decrease on property and equipment	10.2	**-**	(269)
Reversal of revaluation decrease on non-banking assets recognized in profit and loss account	14.1.1	**(330)**	(2,042)
Property and equipments written off	10.2	**176**	2,508
Operational loss		**2,072**	2,025
Recoveries against written off / charged off bad debts		**(567)**	(728)
Bad debts written off directly	9.8.1	**-**	75
Credit loss allowance against off-balance sheet obligations	21.7	**51,893**	-
Credit loss allowance on balance with other banks	6.3	**585**	-
Credit loss allowance on lending to FI	7	**667**	-
		(1,415,507)	(1,145,472)

33. TAXATION

	Note	2024	2023
		(Rupees in '000)	
Current	33.1 & 33.2	**523,746**	409,357
Prior years		**-**	-
Deferred	13	**(2,572,237)**	(2,481,571)
		(2,048,491)	(2,072,214)

33.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

According to ICAP guide dated May 2024, minimum taxes do not qualify as income tax expense under IAS 12 Income Taxes. Instead, they should be accounted for as levy under IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Since the SBP has not officially adopted or communicated any changes to the format of the financial statements (refer note 2.1.2) , no changes have been made to the format of the statement of profit and loss account.

33.2 The Income Tax Returns of the Bank have been submitted up to and including the Bank's financial year ended December 31, 2023 i.e. tax year 2024.

In respect of assessments of Bank Makramah Limited from tax years 2009 to tax year 2019 and from tax year 2022 to tax year 2023, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 418.48 million through amended assessment orders and the same have been paid / stayed / adjusted against available refunds.

In respect of assessments of Bank Makramah Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 57.96 million through amended assessment orders and the same have been paid / stayed / adjusted against advance tax paid.

In respect of assessments of ex-My Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2010, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up/interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

In pursuance of SRO 1588(I)/2023 dated 21 November 2023, banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance 2001, for the tax years 2022 and 2023. The Bank through its legal counsel has challenged the above levy, and the High Court of Sindh, initially suspended the operation of the aforementioned SRO and granted stay to the Bank. Subsequently, the High Court of Sindh respectfully denied the oral motion for suspension with the considered view that grant of the oral motion would militate against the edicts of the Supreme Court. However, the Islamabad High court and the Lahore High court has suspended the operation in other similar petitions.

The management of the Bank is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these unconsolidated financial statements.

34. BASIC AND DILUTED LOSS PER SHARE

	Note	2024	2023
		(Rupees in '000)	
Loss for the year		**(5,215,920)**	(5,318,616)
		(Number of shares)	
Weighted average number of ordinary shares - Basic		**6,622,220,576**	5,334,220,021
		(Rupee)	
Basic loss per share		**(0.79)**	(1.00)
		(Number of shares)	
Weighted average number of ordinary shares - Diluted	34.1	**6,622,220,576**	5,334,220,021
		(Rupee)	
Diluted loss per share		**(0.79)**	(1.00)

34.1 There are no potential ordinary shares outstanding as of December 31, 2024.

35. CASH AND CASH EQUIVALENTS

	Note	2024	2023
		(Rupees in '000)	
Cash and balances with treasury banks	5	**18,352,154**	14,463,417
Balances with other banks excluding credit loss allowance	6	**1,473,935**	601,877
Overdrawn nostro accounts	17	**(4,943)**	(6,395)
		19,821,146	15,058,899

35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2024			
	Liabilities		Equity	Total
	Sub-ordinated debt	Other liabilities	Share Capital	
	(Rupees in '000)			
Balance as at January 01, 2024	**1,495,515**	**7,100,434**	**30,500,208**	**39,096,157**
Changes from financing cash flows				
Issue of share capital	-	-	-	-
Share issuance cost	-	-	-	-
Payment of lease liability against right-of-use-assets	-	**(846,779)**	-	**(846,779)**
	-	**(846,779)**	-	**(846,779)**
Liability related other changes				
Changes in other liabilities				
- Cash based	-	**(1,203,829)**	-	**(1,203,829)**
- Non cash based	-	**1,110,021**	-	**1,110,021**
Total liability related other changes	-	**(93,808)**	-	**(93,808)**
Equity related other changes	-	-	-	-
Balance as at December 31, 2024	**1,495,515**	**6,159,847**	**30,500,208**	**38,155,570**

	2023			
	Liabilities		Equity	Total
	Sub-ordinated debt	Other liabilities	Share Capital	
	(Rupees in '000)			
Balance as at January 01, 2023	1,495,515	7,568,890	20,500,194	29,564,599
Changes from financing cash flows				
Issue of share capital	-	-	10,000,014	10,000,014
Share issuance cost	-	-	-	-
Payment of lease liability against	-	-	-	-
right-of-use-assets	-	(860,415)	-	(860,415)
	-	(860,415)	10,000,014	9,139,599
Liability related other changes				
Changes in other liabilities				
- Cash based	-	2,998,822	-	2,998,822
- Non cash based	-	741,874	-	741,874
Total liability related other changes	-	3,740,696	-	3,740,696
Equity related other changes	-	-	-	-
Balance as at December 31, 2023	1,495,515	10,449,171	30,500,208	42,444,894

36. STAFF STRENGTH

	2024	2023
	------ (Number of employees) ------	
Permanent	**1,546**	1,713
On Bank contract	**57**	53
Bank's own staff strength at the end of the year	**1,603**	1,766

36.1 In addition to the above, 472 (December 31, 2023: 550) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

37. DEFINED BENEFIT PLAN

37.1 General description

The Bank maintains two schemes under defined benefit plan:

- **A funded gratuity plan** - under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

- **An unfunded employee compensated absences scheme** - under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme carried out periodically. Latest actuarial valuation was carried out as at December 31, 2024 using 'Projected Unit Credit Method'.

37.2 Number of Employees under the scheme

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

	2024	2023
	------------- (Number) -------------	
- Gratuity fund	**1,546**	1,716
- Employees Compensated Absences	**1,603**	1,766

37.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2024 using 'Projected Unit Credit Method'.

	Note	2024	2023	2024	2023
		Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
		(Per annum)			
Discount rate		**12.25%**	15.50%	**12.25%**	15.50%
Discount rate for profit and loss		**15.50%**	14.50%	**15.50%**	14.50%
Expected rate of salary increase		**12.25%**	10.00%	**12.25%**	10.00%
Expected rate of return on plan assets		-	-	**12.25%**	15.50%
Leave accumulation factor - per annum		**22 days**	22 days	-	-
Withdrawal rates		**Moderate**	Moderate	**Moderate**	Moderate
Mortality rates		**SLIC 2001-05**	SLIC 2001-05	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05

37.4 Reconciliation of payable to defined benefit plans

	Note	2024	2023	2024	2023
Present value of obligations		**156,962**	137,637	**608,530**	515,836
Fair value of plan assets		-	-	**(528,989)**	(497,023)
Payable		**156,962**	137,637	**79,541**	18,813

37.5 Movement in defined benefit obligations

	Note	2024	2023	2024	2023
Obligations at the beginning of the year		**137,637**	130,964	**515,836**	466,179
Current service cost		**15,615**	16,006	**87,169**	77,895
Past service cost		-	-	-	-
Interest cost		**19,487**	18,092	**71,939**	61,959
Benefits paid		**(26,717)**	(14,637)	**(92,514)**	(66,978)
Re-measurement loss / (gain)		**10,940**	(12,788)	**26,100**	(23,219)
Obligations at the end of the year		**156,962**	137,637	**608,530**	515,836

37.6 Movement in fair value of plan assets

	Note	2024	2023	2024	2023
Fair value at the beginning of the year		-	-	**497,023**	569,137
Interest income on plan assets		-	-	**71,327**	70,205
Contribution by the Bank - net		-	-	**(73,701)**	(169,936)
Re-measurements: Net return on plan assets over interest income (loss) / gain	37.8.2	-	-	**34,340**	27,617
Fair value at the end of the year		-	-	**528,989**	497,023

37.7 Movement in payable under defined benefit schemes

	Note	2024	2023	2024	2023
Opening balance		**137,637**	130,964	**18,813**	(102,958)
Charge for the year		**46,042**	21,310	**87,781**	69,649
Contribution by the Bank - net		-	-	**(18,813)**	169,936
Re-measurement gain recognised in OCI during the year	37.8.2	-	-	**(8,240)**	(50,836)
Benefits paid by the Bank		**(26,717)**	(14,637)	-	(66,978)
Closing balance		**156,962**	137,637	**79,541**	18,813

	2024	2023	2024	2023
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
37.8 Charge for defined benefit plans	(Per annum)			
37.8.1 Cost recognised in profit and loss				
Current service cost	**15,615**	16,006	**87,169**	77,895
Past service cost	**-**	-	**-**	-
Net interest on defined benefit liability / (asset)	**19,487**	18,092	**612**	(8,246)
Actuarial losses / (gains) recognised	**10,940**	(12,788)	**-**	-
	46,042	21,310	**87,781**	69,649
37.8.2 Re-measurements recognised in OCI during the year				
(Gain) / loss on obligation				
- Demographic assumptions	**-**	-	**(14,624)**	-
- Financial assumptions	**-**	-	**25,804**	(18,404)
- Experience adjustment	**-**	-	**14,920**	(4,815)
Return on plan assets over interest income	**-**	-	**(34,340)**	(27,617)
Total re-measurements recognised in OCI	**-**	-	**(8,240)**	(50,836)

37.9 Components of plan assets

	2024	2023
Cash and cash equivalents - net	**528,989**	497,023

37.10 Sensitivity analysis

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

	Change in assumption	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	+- 1%	**(10,796)**	**12,211**	**(29,517)**	**32,400**
Salary increase rate	+- 1%	**12,597**	**(11,323)**	**33,965**	**(31,462)**
Withdrawal rate	+- 10%	**-**	**-**	**(34)**	**34**
Mortality rate	+-1 Year	**-**	**-**	**(1,649)**	**1,774**

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

The Bank contributes to the employee compensated absences and gratuity fund according to the actuary's advice.

	Employees compensated absences	Gratuity fund
	---------- (Rupees in '000) ----------	
Expected charge for the next financial year	**22,678**	**86,038**

	2024	2023	2024	2023
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
37.12 Maturity profile				
The weighted average duration of the obligation (in years)	**7.33**	7.09	**5.18**	7.43

37.13 Funding Policy

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

37.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risks arises when the actual lifetime of retirees is longer than expectation. Thus risk is measured at plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impact the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.

Asset Volatility:

The risk arises due to inclusion of the risky assets in the pension / gratuity fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:

The risk arises if pension / gratuity benefits are linked to inflation and inflation rate is higher or higher than expected , which results in higher liabilities.

38. DEFINED CONTRIBUTION PLAN

An amount of Rs. 84.508 million (December 31, 2023: Rs. 80.309 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2024						
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	(Rupees in '000)						
Fees and Allowances etc.	2,400	-	38,400	17,775	-	-	2,254
Managerial Remuneration							
i) Fixed	-	-	-	2,823	72,511	175,284	68,656
ii) Total variable							
of which							
a) Cash bonus / awards etc.	-	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	156	3,798	15,328	5,357
Contribution to defined contribution plan	-	-	-	179	4,431	10,760	4,179
Charge for employees compensated absences	-	-	-	38	3,680	7,615	2,657
Rent and house maintenance	-	-	-	807	19,940	58,606	19,662
Utilities	-	-	-	179	4,431	13,024	4,369
Medical	-	-	-	179	4,943	13,024	4,369
Total	2,400	-	38,400	22,136	113,734	293,641	111,503
Number of persons	1	-	5*	5	1	26	30

* Number of persons include outgoing Non - Executive Director.

On October 30, 2024 Mr. Muhammad Salman Alam Fazli resigned as the Non - Executive Director of the Bank.

Items	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	---(Rupees in '000)---						
Fees and Allowances etc.	7,500	-	28,200	23,700	-	-	1,993
Managerial Remuneration							
i) Fixed	-	5,645	-	2,099	42,113	132,844	104,395
ii) Total variable							
of which							
a) Cash bonus / awards etc.	-	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-	23
Charge for defined benefit plan	-	1,087	-	993	8,691	18,192	33,916
Contribution to defined contribution plan	-	425	-	134	3,608	6,778	6,275
Charge for employees compensated absences	-	791	-	147	6,207	9,101	10,726
Rent and house maintenance	-	1,911	-	601	16,237	44,417	30,026
Utilities	-	425	-	134	3,608	9,870	6,672
Medical	-	425	-	134	3,748	9,870	6,672
Total	7,500	10,709	28,200	27,942	84,212	231,072	200,698
Number of Persons	2*	1**	5***	5	1	13	34

* Number of persons include outgoing Chairman.

On December 19, 2023, Mr. Abdulla Nasser Abdulla Hussain Lootah was appointed as Chairman, replacing Mr. Waseem Mehdi Syed.

** On April 27, 2023 Mr. Salman Zafar Siddiqi resigned as the Executive Director of the Bank. Currently, there are no other Executive Directors in the Bank, aside from CEO.

*** On February 21, 2023 Mr. Muhammad Salman Alam Fazli was appointed as the Non - Executive Director of the Bank.

The Bank's President and Chief Executive Officer is entitled to use of Bank's maintained car and club membership fee in accordance with entitlement. While certain Key executives of the Bank are entitled to club membership fee in accordance with their entitlements.

Key Management personnel include all staff having a direct reporting line to the President and Chief Executive Officer.

The MRT / MRC inclusion criteria has been developed in accordance with the Bank's Remuneration Guidelines.

The aggregate remuneration paid during the year to executives as defined under the Companies Act, 2017 amounted to Rs. 1,047.927 million (December 31, 2023: Rs. 753.853 million).

39.2 **Remuneration paid to Directors for participation in Board and Committee Meetings**

2024

Name of Director	Meeting Fees and Allowances Paid							
		For Board Committees						
	Board Meetings	Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR & RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)	Total amount paid
	(Rupees in '000)							
Mr. Waseem Mehdi Syed	1,800	1,200	2,400	2,100	300	1,200	1,200	10,200
Ms. Fauzia Hasnain	1,800	1,500	2,400	300	1,200	900	1,200	9,300
Mr. Wajahat Ahmed Baqai	1,800	1,500	900	300	1,200	1,200	1,200	8,100
Mr. Zafar Iqbal Siddiqui	1,800	1,200	300	2,100	1,200	1,200	300	8,100
Mr. Muhammad Salman Alam Fazli	900	300	300	300	300	300	300	2,700
Mr. Abdulla Nasser Abdulla Hussain Lootah	1,800	300	300	-	-	-	-	2,400
Total amount paid	9,900	6,000	6,600	5,100	4,200	4,800	4,200	40,800

2023

Name of Director	Meeting Fees and Allowances Paid							
		For Board Committees						
	Board Meetings	Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR & RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)	Total amount paid
	(Rupees in '000)							
Mr. Waseem Mehdi Syed	2,100	1,200	600	1,500	-	1,200	600	7,200
Ms. Fauzia Hasnain	2,100	1,800	1,500	-	1,500	300	600	7,800
Mr. Wajahat Ahmed Baqai	1,800	1,500	900	-	1,200	1,200	600	7,200
Mr. Zafar Iqbal Siddiqui	2,100	1,800	900	1,500	1,500	1,200	300	9,300
Mr. Muhammad Salman Alam Fazli	1,500	900	-	300	300	300	600	3,900
Mr. Abdulla Nasser Abdulla Hussain Lootah	300	-	-	-	-	-	-	300
Total amount paid	9,900	7,200	3,900	3,300	4,500	4,200	2,700	35,700

39.3 Remuneration paid to Shariah Board Members

Items	2024 Chairman	2024 Resident Member	2024 Non-Resident Member(s)	2023 Chairman	2023 Resident Members	2023 Non-Resident Member(s)
	---(Rupees in '000)---					
Meeting Fees and Allowances	11,700	-	6,075	15,600	-	8,100
Managerial Remuneration						
i) Fixed	-	2,823	-	-	2,099	-
ii) Total variable						
of which						
a) Cash bonus / awards etc.	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-
Charge for defined benefit plan	-	156	-	-	993	-
Contribution to defined contribution plan	-	179	-	-	134	-
Charge for employees compensated absences	-	38	-	-	147	-
Rent and house maintenance	-	807	-	-	601	-
Utilities	-	179	-	-	134	-
Medical	-	179	-	-	134	-
Total amount	11,700	4,361	6,075	15,600	4,242	8,100
Total number of persons	1	1	3	1	1	3

40. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified at amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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 are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

40.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

40.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2024			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	172,482,044	-	172,482,044
- Shares - Listed	38	-	-	38
- Non Government Debt Securities	-	2,296,501	-	2,296,501
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	4,810	4,810
Non-Financial assets - measured at fair value				
Property and equipment (Land and Building)	-	-	6,507,338	6,507,338
Non banking assets acquired in satisfaction of claims	-	-	2,129,150	2,129,150
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	9,495,023	-	9,495,023
Forward sale of foreign exchange	-	5,312,188	-	5,312,188

	2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	177,340,406	-	177,340,406
- Shares - Listed	14	-	-	14
- Non Government Debt Securities	-	2,325,951	-	2,325,951
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	3,848	3,848
Non-Financial assets - measured at fair value				
Property and equipment (Land and Building)	-	-	6,740,687	6,740,687
Non banking assets acquired in satisfaction of claims	-	-	2,797,473	2,797,473
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	6,204,424	-	6,204,424
Forward sale of foreign exchange	-	753,437	-	753,437

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities - Unlisted	The fair values of Market Treasury Bills (MTB) and Pakistan Investment Bonds (PIB) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair values of GOP Ijarah Sukuks are derived using the PKISRV rates. The fair value of investment in listed GOP Ijarah Sukkuk are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Federal Government Securities - Listed	The fair value of investment in listed GOP Ijarah Sukkuk are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Property and equipment (land and building) and non-banking assets acquired in satisfaction of claims	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.

The effect of changes in the unobservable input used in the valuation can not be determined with certainty. Accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities

	2024				
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
	(Rupees in '000)				
Profit and Loss					
Net mark-up / return / profit	963,190	15,443,805	(19,723,249)	(769,851)	(4,086,105)
Inter segment revenue - net	(1,072,378)	(15,031,455)	25,693,903	(9,590,070)	-
Non mark-up / return / interest income	313,044	1,807,504	594,569	772,536	3,487,653
Total income	203,856	2,219,854	6,565,223	(9,587,385)	(598,452)
Segment direct expenses	291,431	119,154	5,119,802	2,551,079	8,081,466
Inter segment expense allocation	678,964	247,620	1,411,144	(2,337,728)	-
Total expenses	970,395	366,774	6,530,946	213,351	8,081,466
Credit loss allowance	(1,506,985)	(589)	(1,559)	93,626	(1,415,507)
Profit / (loss) before tax	740,446	1,853,669	35,836	(9,894,362)	(7,264,411)

	2024				
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
	(Rupees in '000)				
Balance Sheet					
Cash and bank balances	97,877	14,489,632	5,237,494	-	19,825,003
Investments	-	174,780,413	-	231,751	175,012,164
Net inter segment lending	-	-	175,156,123	-	175,156,123
Lendings to financial institutions	-	9,697,187	-	-	9,697,187
Advances - performing	12,473,966	-	244,359	1,734,203	14,452,528
Advances - non-performing	751,450	-	398,884	16,056	1,166,390
Others	418,523	4,670,152	3,871,092	41,485,434	50,445,201
Total assets	13,741,816	203,637,384	184,907,952	43,467,444	445,754,596
Borrowings	3,611,722	86,281,203	-	-	89,892,925
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	4,663,766	-	181,350,859	-	186,014,625
Net inter segment borrowing	5,235,128	117,054,728	-	52,866,267	175,156,123
Others	231,200	301,453	3,557,093	7,254,999	11,344,745
Total liabilities	13,741,816	203,637,384	184,907,952	61,616,781	463,903,933
Equity	-	-	-	(18,149,337)	(18,149,337)
Total equity and liabilities	13,741,816	203,637,384	184,907,952	43,467,444	445,754,596
Contingencies and Commitments	52,092,525	101,068,234	-	1,640,197	154,800,956

	2023				
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
	(Rupees in '000)				
Profit and Loss					
Net mark-up / return / profit	802,970	12,569,421	(15,483,482)	(475,493)	(2,586,584)
Inter segment revenue - net	(1,355,528)	(12,747,513)	23,893,057	(9,790,016)	-
Non mark-up / return / interest income	230,144	(181,204)	425,899	722,398	1,197,237
Total income	(322,414)	(359,296)	8,835,474	(9,543,111)	(1,389,347)
Segment direct expenses	195,559	96,983	4,763,082	2,091,331	7,146,955
Inter segment expense allocation	605,095	186,468	1,189,621	(1,981,184)	-
Total expenses	800,654	283,451	5,952,703	110,147	7,146,955
Provisions	979,054	(2,121,722)	-	(2,804)	(1,145,472)
(Loss) / profit before tax	(2,102,122)	1,478,975	2,882,771	(9,650,454)	(7,390,830)

	2023				
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
	(Rupees in '000)				
Balance Sheet					
Cash and Bank balances	197,817	9,958,667	4,908,810	-	15,065,294
Investments	-	179,899,952	-	-	179,899,952
Net inter segment lending*	-	-	144,616,478	-	144,616,478
Lendings to financial institutions	-	-	-	-	-
Advances - performing	14,706,718	-	384,646	1,580,599	16,671,963
Advances - non-performing	1,582,648	-	472,592	7,946	2,063,186
Others	629,959	30,187,746	3,746,440	40,359,727	74,923,872
Total Assets	17,117,142	220,046,365	154,128,966	41,948,272	433,240,745
Borrowings	5,021,898	125,347,432	-	-	130,369,330
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	7,971,400	-	148,988,880	-	156,960,280
Net inter segment borrowing*	3,871,532	93,139,980	903,968	46,700,998	144,616,478
Others	252,312	1,558,953	4,236,118	6,564,325	12,611,708
Total liabilities	17,117,142	220,046,365	154,128,966	54,760,838	446,053,311
Equity	-	-	-	(12,812,566)	(12,812,566)
Total equity and liabilities	17,117,142	220,046,365	154,128,966	41,948,272	433,240,745
Contingencies and Commitments	49,925,894	132,276,749	-	1,475,975	183,678,618

41.1.1 The Bank does not have any operations outside Pakistan.

* Comparative numbers have been realigned for better presentation.

42. TRUST ACTIVITIES

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

2024

Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)			
Employee Funds	**3**	**1,771,000**	**235,700**	**58,000**	**2,064,700**
Individual	**9**	**65,800**	**37,000**	**29,400**	**132,200**
Insurance company	**1**	**-**	**-**	**16,000**	**16,000**
Total	**13**	**1,836,800**	**272,700**	**103,400**	**2,212,900**

2023

Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)			
Employee Funds	3	1,200,000	72,595	295,700	1,568,295
Individual	10	48,850	24,000	25,600	98,450
Insurance company	1	-	-	16,000	16,000
Total	14	1,248,850	96,595	337,300	1,682,745

43. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiary, employee benefit plans and its directors and Key Management Personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2024				2023			
	Directors	Key management personnel	Subsidiary	Other related parties	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	396,942	448,218	-	-	396,942	1,664,676
Investment made during the year	-	-	-	-	-	-	-	15
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	(1,216,473)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	103,820	-	-	-	-
Closing balance	-	-	396,942	552,038	-	-	396,942	448,218
Credit loss allowance / provision for diminution in value of investments	-	-	165,191	552,023	-	-	165,191	448,203
Advances								
Opening balance	-	303,505	82,400	671,901	-	162,705	-	671,888
Addition during the year	-	52,070	2,499,976	284	-	210,330	846,145	13
Repaid during the year	-	(30,556)	(2,537,474)	(154,934)	-	(73,085)	(763,745)	-
Transfer in / (out) - net	-	96,449	-	-	-	3,555	-	-
Closing balance	-	421,468	44,902	517,251	-	303,505	82,400	671,901
Credit loss allowance/ provision held against advances	-	84	62	517,060	-	-	-	671,901

	2024				2023			
	Directors	Key management personnel	Subsidiary	Other related parties	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)							
Other Assets								
Interest / mark-up accrued	-	253	1,431	-	-	-	2,559	-
Advances, deposits, advance rent and other prepayments	-	6,105	-	-	-	4,022	-	-
Other receivable	-	-	-	2,949	-	-	-	2,949
Credit loss allowance / provision held against other assets	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	109,345	15,625	84,129	779,900	-	19,511	57,606	2,052,046
Received during the year	164,481	551,638	6,286,124	976,468	-	714,248	5,600,783	3,126,796
Withdrawn during the year	(163,230)	(548,647)	(6,215,382)	(1,103,999)	-	(718,348)	(5,574,260)	(4,400,329)
Transfer (out) / in - net	(109,101)	(805)	-	(8)	109,345	214	-	1,387
Closing balance	1,495	17,811	154,871	652,361	109,345	15,625	84,129	779,900
Other Liabilities								
Interest / mark-up payable	10	16	2,165	7,367	1,951	298	1,792	13,355
Payable to defined benefit plan	-	-	-	79,541	-	-	-	18,813
Unearned income	-	-	-	-	-	-	-	692
Brokerage payable	-	-	1,201	-	-	-	2,914	-
Contingencies and Commitments								
Guarantees, letters of credit and acceptances - net of ECL	-	-	-	77,613	-	-	-	86,500
Commitments to extend credit	-	-	234,972	-	-	-	131,389	-

	2024				2023			
	Directors	Key management personnel	Subsidiary	Other related parties	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	26,905	13,113	9	-	12,101	6,427	-
Fee and commission income	2	-	66	692	7	35	76	1,398
(Loss) / gain on securities	-	-	-	-	-	-	-	(797,694)
Other income	-	24	1,843	-	-	-	4,220	-
Expense								
Mark-up / return / interest expensed	16,827	1,937	20,424	137,385	9,715	1,031	11,104	206,219
Operating expenses:								
- Directors' fees and allowances	40,800	-	-	-	35,700	-	-	-
- Brokerage and commission	-	-	7,575	-	-	-	4,309	-
- Fee and subscription	-	1,787	-	-	-	1,792	-	-
- Managerial Remuneration	-	405,750	-	1,767	-	352,352	-	1,395
- Contribution to defined contribution plan	-	-	-	84,508	-	-	-	80,309
- Charge for defined benefit plan	-	-	-	87,781	-	-	-	69,649
Reversal of provision for diminution in value of investment	-	-	-	-	-	-	-	(1,137,225)
Credit loss allowance / provision against loans and advances	-	38	(282)	(154,842)	-	-	-	671,901
Credit loss allowance against off-balance sheet obligations	-	-	-	(9,924)	-	-	-	-

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	---------- (Rupees in '000) ----------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**(22,594,244)**	(16,937,565)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	**(48,962,933)**	(40,909,154)
Eligible Additional Tier-1 (ADT-1) Capital	**-**	-
Total Eligible Tier-1 Capital	**(48,962,933)**	(40,909,154)
Eligible Tier-2 Capital	**-**	-
Total Eligible Capital (Tier-1 + Tier-2)	**(48,962,933)**	(40,909,154)
Risk Weighted Assets (RWAs):		
Credit Risk	**38,803,867**	39,240,005
Market Risk	**7,935,551**	5,935,021
Operational Risk	**7,447,378**	143,387
Total	**54,186,796**	45,318,413
Common Equity Tier-1 Capital Adequacy Ratio	**-90.36%**	-90.27%
Tier-1 Capital Adequacy Ratio	**-90.36%**	-90.27%
Total Capital Adequacy Ratio	**-90.36%**	-90.27%

Under the applicable Laws and Regulations, the Bank is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Bank is subject to the Basel II capital adequacy guideline stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guideline vide its BPRD Circular No. 6 of 2013. As of December 31, 2024, the Bank is required to maintain minimum CET-1 ratio of 6%, minimum Tier-I capital ratio of 7.5% and minimum total capital adequacy ratio of 11.50% (inclusive of Capital Conservation Buffer of 1.50%).

Bank follows Standardised Approach for calculating Credit Risk Weighted Assets, Maturity Method for calculating Market Risk and Basic Indicator Approach for calculating Operational Risk or as specifically advised by the regulator.

Under Basel III framework, Bank's regulatory capital has been analysed into two tiers as follows:

a) Tier-1 capital (going concern capital), which comprises Common Equity Tier-1 (CET-1) and Additional Tier-1 (AT-1 capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated / accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets, reciprocal crossholdings and investment in subsidiary are made from Tier-1 capital as per the applicable Basel III guidelines.

b) Tier-2 Capital (gone concern capital), which includes general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of property and equipment and FVOCI investments after deduction of deficit on FVOCI investments (as per Basel III requirement). The outstanding sub-ordinated debt / TFC of the Bank has not been included in Tier-2 capital as of December 31, 2024 because the said TFC has already matured (revised maturity date was October 27, 2023) and therefore not eligible as Tier-2 capital as per the applicable Basel III guidelines.

   Due to negative Tier-1 capital, the Bank could not take benefit of available Tier-2 capital which includes surplus / (deficit) on revaluation of assets and general provision / reserve for loan losses amounting to Rs. 4,122.670 million.

As on December 31, 2024, the Bank does not meet the applicable requirements stipulated by the SBP as explained above. In this regard, the management of the Bank is taking various steps including a scheme of arrangement (the detail of which has been elaborated in note 1.3) to comply with applicable minimum capital requirements. Furthermore, the management has prepared business plan whcih has been approved by the Board of Directors. This plan aims to improve the Bank's Capital base and risk absorption capacity based on various assumptions as explained in note 1.3 to these unconsolidated financial statements. Moreover, the management is committed to taking all the necessary steps for successful execution of the business plan to comply with the capital requirements as explained above.

Capital Management

The Bank manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Bank is committed to comply with the capital requirements as per the SBP's Basel III guidelines.

The capital management framework of the Bank is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Bank is applying standardised approach for the measurement of credit risk, standardised approach for market risk and Basic Indicator Approach for the operational risk.

	2024	2023
	---------- (Rupees in '000) ----------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**(48,962,933)**	(40,909,154)
Total Exposures	**337,818,428**	374,092,249
Leverage Ratio	**-14.49%**	-10.94%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**106,854,439**	73,491,142
Total Net Cash Outflow	**39,122,564**	27,494,992
Liquidity Coverage Ratio	**273.13%**	267.29%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**119,891,171**	102,118,423
Total Required Stable Funding	**74,443,071**	64,870,949
Net Stable Funding Ratio	**161.05%**	157.42%

Under the applicable Laws and Regulations, the Bank is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100%. The Bank's LR is below the applicable regulatory requirement as of December 31, 2024. As more fully explained in note 1.3 of these unconsolidated financial statements, the Bank has made a business plan which envisages the compliance with applicable regulatory requirements.

44.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is https://www.bankmakramah.com/financial-statement/

45. RISK MANAGEMENT FRAMEWORK

The acceptance and management of financial risk is inherent to banking business activities. The Bank is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Bank's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Bank including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Bank's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Bank.
- The expected payoffs compensate the risks taken by the Bank.
- The decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Enterprise Risk Management Group

The Board of Directors is responsible for overall supervision of the risk management process. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. The Board Risk Management Committee (BRMC) has been mandated by the Board of Directors (BOD) to assist in the design, regular evaluation and timely update of the risk management framework of the Bank. The BRMC aims to ensure that the Bank maintains a complete and prudent integrated risk management framework at all times and exposures are maintained within acceptable levels. The Board approved risk management framework has been developed strictly in line with regulatory requirements and covers all major types of risks that the Bank may be exposed to.

The authority to monitor and manage different risks has been further delegated to the specialized committees comprising of senior members of management with relevant experience and expertise. The committees include:

- Asset and Liability Management Committee (ALCO)
- Central Credit Committee (CCC)

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets and liability management function.

The primary objective of this architecture is to inculcate risk management culture into the organization to ensure that risks are appropriately identified and assessed, properly documented, approved and adequately monitored; and managed in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.

The Bank has setup functions of asset booking and credit approval in which financing exposures and their related risks are analysed in the light of credit limits, applicable controls and segment exposures.

Credit decision-making is a collective and consultative process in the Bank. All credit exposures approval authority rests with Central Credit Committee / Sub-Committees. The Central Credit Committee (CCC) / Sub-Committees comprising of staff having relevant experience and knowledge of credit operation and associated risks.

45.1 **Credit Risk**

It is the risk of potential financial loss resulting from the failure of customers to honour the terms of a financing or contract. This risk arises from the potential that a customer or counterparty is either unwilling to perform an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Bank. Alternatively, economic loss may occur due to actual or perceived losses which may result from reduction in value due to deterioration in credit quality. While the facilities are the largest and most obvious source of credit risk; it also stems from activities both on and off balance sheet.

Credit Risk also encompasses opportunity costs, transaction costs and expenses associated with a non-performing asset over and above the accounting loss.

The following objectives govern the credit policy of the Bank:

- The Bank complies with the requirements of Prudential Regulations prescribed by SBP.

- Facilities provided by the Bank are well diversified into different sectors and products to achieve a strong market position and adequate return on capital.

- Return commensurate with the risk.

- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.

- Risk changes are identified promptly and remedial actions are taken in a timely manner.

The Bank creates Expected Credit Loss charge against performing and non-performing advances in accordance with the Prudential Regulations and guidelines issued by SBP from time to time. Please refer to note 9.5 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 45.1.4, 45.1.5, 45.1.6 and 45.1.7.

Credit approval authorities are based on the nature and size of exposure. Disbursement authorisation, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enable the Bank to put in place viable solutions to prevent further deterioration in credit quality.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and identifies the risk before the Bank is faced with undesirable positions. For this reason, facilities of a continuing character are periodically reviewed and approved.

It is the Bank's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is secured and the Bank's procedures ensure that the Bank has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

For effective implementation, the Risk Management function operates independently within the Bank. The function is also responsible for development and oversight of risk policies and plays a pivotal role in monitoring the risks associated with various activities of the Bank. Risk Management function is headed by the Chief Risk Officer (CRO), who reports to the President / Chief Executive.

To ensure the independence of this position, following areas are critical to the Bank's sustainability & profitability placed under the umbrella of ERMG function:

- Credit Risk

- Risk Policies and Industry Analysis
- Enterprise Risk Management
- IT Security

Credit Risk under Enterprise Risk Management Group (ERMG) is playing its due role in conducting due diligence and review of Corporate/Commercial, SME, Agri, FI and Consumer as well as Infrastructure Project Financing related credit applications and presents its observations to CCC/respective approving authorities of the Bank. Credit Risk function adds value to the approval process by validation and assurance to the affect that the financing / investment proposals are in compliance with different policy parameters, regulatory instructions and adherence to the risk appetite of the Bank. Besides, it also conducts assessment of credit proposals on concentration levels of the Bank in terms of large exposures, industry limits, and impact on Capital Adequacy Ratio (CAR) and also identify / record if there are exceptions. Independent validation is helpful for the Central Credit Committee / approving authorities in decision making process. The structure of the Credit Risk function is designed in view of the nature, complexity of business activities of the Bank.
Special Asset Management (SAM) function handles stressed assets to ensure a focused remedial strategy in compliance with the regulatory requirements. The SAM Committee oversee the functions and activities of SAM Division.

Risk policies and Industry Analysis Unit of ERMG formulates and updates credit and risk policies of the Bank besides preparing industry analysis and its updates from time to time. During the current period, Bank has updated key policies and frameworks as per the best practices, regulatory compliance and group level action plans ensuring that the Bank's policies are abreast with the latest regulatory requirements and best practices.

Enterprise Risk Management function is responsible for ensuring authenticity, accuracy and timely identification of risks in credit portfolio & market, liquidity and operational risks inherent in Bank's activities and develop policies and procedures to control these risks. Main functions of Enterprise Risk cover Credit Portfolio Risk Management, Basel & IFRS 9 implementation, Market & Liquidity Risk Management, Operational Risk Management and Environmental Risk Management.

In line with the requirements of IFRS 9, the Bank shall divide its portfolio into different segments based on shared credit risk characteristics. Resultantly, financial assets that typically respond in a similar way to the current environment and macroeconomic factors shall be clubbed into a single segment to estimate PD, LGD, and EAD.

The Bank uses statistical methods to calculate PD for each segment depending upon the default rate of each segment. The statistical approach adopted to compute PD for each segment is based on the historical default percentages rate in each segment and availability of default data. The Bank converts TTC PDs into 'point-in-time' (PiT PDs) reflecting the current forecasts of future economic conditions.

The Bank estimates LGD for each segment using "Workout LGD approach". This method takes into account historical recovery data of classified obligors to estimate LGD, where LGD is total exposure less present value of recoveries of classified advances expressed as a percentage of exposure on the date of classification.

EAD input are forward-looking as well as based on the time-period when the default is likely to occur. It includes all outstanding exposure and off-balance sheet exposures after adjustment with contractual cash flows to reflect the exposure expected when default occurs.

The Bank has adopted general approach for calculating ECL under this approach the Bank classifies its financial assets in Performing (Stage 1), Underperforming (Stage 2) and Non-Performing Assets (Stage 3).

Treasury Middle Office (TMO) manages risks relating to treasury operations and reports its findings to ALCO for prompt remedial actions. The Bank's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by Market Risk Management. Liquidity Risk is reviewed by ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

For effective management of Operational Risk, the Bank has established an exhaustive operational risk management framework and covers business lines and support units / departments.

Risk Control and Self-Assessment (RCSAs) exercises for each business line and key control functions periodically performed. Through the RCSA exercise, the Bank has been able to develop inventory of risks, controls and Key Risk Indicators (KRI) and mitigation plans are devised for effective control over operational risk.

The Bank has acquired Operational Risk Management (ORM) suite i.e. ORM System "Guardian" for operational loss data collection, RCSAs and KRIs. The system keeps a detailed track of all operational loss events with complete audit trail. The Bank has a Board approved BCP Policy and plans for all functional areas.

It is the policy of the Bank to maintain a well-defined business continuity program which comprises of policy and procedures with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Recovery and IT Disaster Recovery Planning.

The Bank has adopted Basel III guidelines issued by SBP and relevant disclosures are made in the financial statements.

Information Security plays a pivotal role in protecting Bank's information assets from both internal and external threats through security risk assessments. These are supported by preventive and detective controls capable of responding to emerging and ever changing threat landscape.

The Bank being cognizant of the importance of risks associated with Money Laundering, Terror financing and Proliferation financing, is continuously aligning its operational strategies, policies & procedures with FATF recommendations and related regulatory requirements. The Bank in this respect has taken number of initiatives including but not limited to acquiring robust regulatory technology solutions for transaction monitoring, screening against Targeted Financial Sanctions, eKYC, etc. BML also closely monitoring risks associated with all above risks associated with Trade business.

In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

All the above measures have collectively led to the evolution of a compliance-sensitive culture at BML. The tone at the top is clear, as evidenced by the support from the Board, the BRMC and President / Chief Executive.

The Bank has implemented iMal™, a next-generation core banking software designed to support comprehensive Enterprise Islamic Banking and Investment operations. iMal™ integrates front, middle, and back-office functionalities, leveraging advanced technology to ensure seamless Straight Through Processing (STP) and enhanced business efficiency.

By implementing this system, the Bank expects to enhance its risk assessment capabilities by providing management with advanced analytical review reports. These reports will offer in-depth insights, enabling more informed and data-driven decision-making to improve overall risk management and strategic planning.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

45.1.1 Credit Risk Approach for Capital Adequacy Ratio: Standardised Approach

The Bank has adopted the standardised approach of Basel II for risk weighing its credit risk exposures.

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 SBP for capital adequacy purposes.

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilised by the Bank with respect to material categories of exposure:

Exposures	2024				
	Fitch	Moody's	S&P	PACRA	JCR-VIS
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
PSE's	-	-	-	Yes	Yes
Others	-	-	-	Yes	Yes

Sovereign Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits' available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below CC	CCC+ and below	CCC CC C D	CCC CC C D	7

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The Bank has used specific rating for risk weighing specific exposures and entity rating for risk weighing claims against the counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

45.1.2 Credit Risk Mitigation Approach for Capital Adequacy Ratio: Comprehensive Approach

The Bank has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Bank does not contain instrument for which benefit is available; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the comprehensive Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Bank accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

45.1.3 Credit Risk Summary for On-Balance Sheet Exposures:

The below summary of Credit risk for On-Balance Sheet Banking book exposures are calculated using the policies described above:

	Rating category	2024 Amount outstanding	2024 Deduction CRM	2024 Net amount	2023 Amount outstanding	2023 Deduction CRM	2023 Net amount
		(Rupees in '000)					
Exposure category:							
Corporate							
	20%	536,662	-	536,662	351,039	-	351,039
	50%	1,599,590	164,995	1,434,595	2,556,921	153,198	2,403,723
	100%	-	-	-	35,939	-	35,939
	unrated	5,135,286	1,635,885	3,499,401	6,895,190	1,298,008	5,597,182
	125%	2,564,823	-	2,564,823	3,678,508	700,949	2,977,559
Retail							
	75%	2,352,556	111,315	2,241,241	2,131,732	42,189	2,089,543
Past due loan							
	150%	650,709	-	650,709	956,336	-	956,336
	100%	337,859	-	337,859	218,378	-	218,378
	50%	177,868	-	177,868	888,501	-	888,501
Bank							
	20%	10,209,765	6,761,124	3,448,641	486,266	-	486,266
	50%	877,884	-	877,884	404,042	-	404,042
	100%	-	-	-	-	-	-
	150%	-	-	-	15,885	-	15,885
	unrated	776,454	-	776,454	767,697	-	767,697
Sovereign etc.							
	0%	-	-	-	-	-	-
Others							
	0%	2,296,501	-	2,296,501	2,325,951	-	2,325,951
	35%	1,421,168	9	1,421,159	1,376,840	39	1,376,801
	50%	-	-	-	-	-	-
	100%	18,446,893	-	18,446,893	18,699,885	-	18,699,885
	150%	-	-	-	-	-	-
	250%	-	-	-	-	-	-
		47,384,018	8,673,328	38,710,690	41,789,110	2,194,383	39,594,727

45.1.4 Lendings to financial institutions

	2024	2023	2024	2023	2024			2023
					Credit loss allowance held			
	Gross lendings		Non-performing lendings		Stage 1	Stage 2	Stage 3	Provision held
	(Rupees in '000)							
Credit risk by public / private sector								
Public / Government	**4,761,124**	-	-	-	-	-	-	-
Private	**4,936,730**	-	-	-	**667**	-	-	-
	9,697,854	-	-	-	**667**	-	-	-

45.1.5 Investment in debt securities

	2024	2023	2024	2023	2024			2023
					Credit loss allowance held			
	Gross investments		Non-performing investments		Stage 1	Stage 2	Stage 3	Provision held
	(Rupees in '000)							
Credit risk by industry sector								
Textile	**200,000**	200,000	**200,000**	200,000	-	-	**200,000**	200,000
Chemical and pharmaceuticals	-	448,203	-	448,202	-	-	-	448,202
Sugar	**281,567**	281,567	**281,567**	281,567	-	-	**281,567**	281,567
Financial	**8,807**	8,807	**8,807**	8,807	-	-	**8,807**	8,807
Transport	**2,296,811**	2,325,950	-	-	-	**310**	-	-
Services	**803,640**	803,641	**803,640**	803,641	-	-	**803,640**	803,641
	3,590,825	4,068,168	**1,294,014**	1,742,217	-	**310**	**1,294,014**	1,742,217
Credit risk by public / private sector								
Public / Government	**2,296,811**	2,325,950	-	-	-	**310**	-	-
Private	**1,294,014**	1,742,218	**1,294,014**	1,742,217	-	-	**1,294,014**	1,742,217
	3,590,825	4,068,168	**1,294,014**	1,742,217	-	**310**	**1,294,014**	1,742,217

45.1.6 Advances

	Gross advances 2024	Gross advances 2023	Non-performing advances 2024	Non-performing advances 2023	2024 Credit loss allowance held Stage 1	2024 Credit loss allowance held Stage 2	2024 Credit loss allowance held Stage 3	2023 Provision held
	(Rupees in '000)							
Credit risk by industry sector								
Agriculture, forestry, hunting and fishing	**1,907,498**	1,949,615	**1,189,333**	1,122,792	**213**	**717**	**1,093,424**	966,406
Automobile and transportation equipment	**1,146,312**	1,160,436	**1,125,675**	1,137,352	**123**	**780**	**1,123,573**	1,060,451
Banaspati and allied industries	**82,663**	82,663	**82,663**	82,663	**-**	**-**	**82,663**	82,663
Carpet	**1,041**	1,041	**1,041**	1,041	**-**	**-**	**1,041**	1,041
Cement	**380,140**	381,153	**329,169**	329,169	**196**	**-**	**329,169**	329,169
Chemical and pharmaceuticals	**1,876,476**	2,058,592	**1,789,190**	1,938,308	**211**	**2,044**	**1,684,590**	1,760,563
Construction	**1,803,903**	2,025,501	**1,212,090**	1,730,722	**499**	**43,239**	**1,065,866**	1,502,576
Dairy and poultry	**-**	278	**-**	-	**-**	**-**	**-**	-
Education	**12,884**	18,978	**741**	3,081	**-**	**-**	**741**	3,081
Electronics and electrical appliances	**518,181**	572,586	**340,510**	378,117	**97**	**7,459**	**341,836**	377,871
Exports / imports	**2,427,081**	2,553,846	**2,143,406**	2,234,670	**6**	**12,331**	**2,121,139**	2,171,127
Financial	**3,209,749**	3,515,994	**2,766,753**	3,003,463	**857**	**1,488**	**2,570,622**	2,765,994
Food, tobacco and beverages	**728,088**	1,526,576	**583,533**	611,897	**164**	**10,780**	**582,039**	597,423
Footwear and leather garments	**39,559**	41,558	**35,302**	35,302	**12**	**-**	**35,302**	35,302
Furniture and allied products	**23,755**	27,129	**6,573**	6,973	**105**	**1,753**	**6,573**	4,899
Glass and ceramics	**82,423**	83,036	**76,595**	77,139	**4**	**-**	**75,596**	75,320
Health care	**43,651**	100,643	**18,212**	17,772	**58**	**3,485**	**18,102**	17,772
Hotels	**108,201**	113,365	**105,809**	105,809	**4**	**-**	**33,514**	33,624
Individuals	**2,273,606**	2,257,253	**235,529**	261,557	**578**	**1,388**	**186,136**	186,872
Mining and quarrying	**863,230**	884,912	**806,605**	884,912	**-**	**-**	**863,230**	884,912
Miscellaneous manufacturing	**82,056**	157,269	**56,972**	97,759	**13**	**2,854**	**56,972**	90,247
Paper and allied products	**21,844**	21,596	**20,599**	20,588	**35**	**-**	**20,589**	20,588
Power (electricity), gas, water, sanitary	**1,886,305**	2,031,767	**1,886,305**	2,030,470	**-**	**-**	**1,795,564**	1,686,211
Printing, publishing and allied industries	**265,091**	296,172	**112,445**	113,996	**28**	**18,584**	**112,445**	102,931
Services	**1,459,540**	1,609,527	**443,193**	503,457	**1,075**	**14,229**	**399,412**	398,180
Steel and engineering	**2,721,138**	2,860,000	**2,686,824**	2,688,123	**16**	**1,600**	**2,686,824**	2,648,363
Sugar	**8,256,218**	8,802,944	**7,735,032**	7,735,032	**66**	**42,894**	**7,698,023**	7,663,616
Textile	**8,733,731**	9,459,586	**3,207,540**	3,369,342	**16,815**	**28,369**	**3,187,889**	3,327,671
Transport, storage and communication	**768,096**	784,570	**487,319**	488,619	**1,159**	**922**	**414,392**	379,229
Wholesale and retail trade	**2,525,080**	2,969,155	**749,624**	1,269,216	**2,285**	**9,736**	**740,547**	1,248,829
Others	**4,624,501**	4,603,903	**3,953,102**	3,995,011	**393**	**2,165**	**3,693,481**	3,788,235
	48,872,041	52,951,644	**34,187,684**	36,274,352	**25,012**	**206,817**	**33,021,294**	34,211,166
Credit risk by public / private sector								
Public / Government	**-**	-	**-**	-	**-**	**-**	**-**	-
Private	**48,872,041**	52,951,644	**34,187,684**	36,274,352	**25,012**	**206,817**	**33,021,294**	34,211,166
	48,872,041	52,951,644	**34,187,684**	36,274,352	**25,012**	**206,817**	**33,021,294**	34,211,166

45.1.7 Contingencies and Commitments

Credit risk by industry sector	2024	2023
	---------- (Rupees in '000) ----------	
Agriculture, forestry, hunting and fishing	**2,490,409**	1,336,583
Automobile and transportation equipment	**2,464,548**	652,189
Banaspati and allied industries	**120,925**	1,328,036
Carpet	**308,907**	493,750
Cement	**245,500**	246,473
Chemical and pharmaceuticals	**66,864**	122,293
Construction	**8,652,596**	6,914,832
Consumer	**59,545**	23,025
Education	**-**	-
Electronics and electrical appliances	**740,895**	1,836,397
Exports / imports	**592,050**	918,742
Financial	**97,137,166**	132,119,486
Food, tobacco and beverages	**1,160,381**	1,204,828
Footwear and leather garments	**7,173**	854
Furniture and allied products	**571**	1,593
Glass and ceramics	**4,111**	36,063
Health care	**195,946**	115,545
Hotels	**2,651**	46,140
Individuals	**5,654,492**	6,277,262
Mining and quarrying	**2,000**	2,000
Miscellaneous manufacturing	**1,080,123**	316,648
Others	**988,110**	793,538
Paper and allied products	**28,925**	19,183
Power (electricity), gas, water, sanitary	**1,205,097**	838,787
Printing, publishing and allied industries	**14,797**	19,318
Services	**7,312,110**	4,792,674
Steel and engineering	**929,899**	1,844,850
Sugar	**4,785,840**	4,785,840
Textile	**12,712,245**	10,942,901
Transport, Storage and Communication	**400,900**	446,752
Wholesale and retail trade	**5,436,180**	5,202,036
	154,800,956	183,678,618

Credit risk by public / private sector		
Public / Government	**89,738,261**	128,253,448
Private	**65,062,695**	55,425,170
	154,800,956	183,678,618

45.1.8 Concentration of Advances

The Bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 18,926.913 million (2023: Rs. 15,825.536 million) are as follows:

	2024	2023
	(Rupees in '000)	
Funded	**8,481,083**	11,203,338
Non Funded	**10,445,830**	4,622,198
Total Exposure	**18,926,913**	15,825,536

The sanctioned limits against these top 10 exposures aggregated to Rs. 18,955.026 million (2023: Rs. 15,831.404 million).

	2024		2023	
	Amount	Credit loss allowance held	Amount	Credit loss allowance held
Total funded classified therein	(Rupees in '000)			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**4,791,349**	**4,751,481**	5,889,910	5,867,644
Total	**4,791,349**	**4,751,481**	5,889,910	5,867,644

45.1.9 Advances - Province / Region-wise Disbursement & Utilization

2024

	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Province / Region							
Punjab	**13,586,110**	**13,582,672**	**221**	**30**	-	**3,187**	-
Sindh	**16,243,710**	**255,090**	**15,980,305**	**680**	**3,747**	**1,078**	**2,810**
KPK including FATA	-	-	-	-	-	-	-
Balochistan	**24,950**	-	-	-	**24,950**	-	-
Islamabad	**2,056**	-	-	-	-	**2,056**	-
AJK including Gilgit-Baltistan	**171**	-	-	-	-	-	**171**
Total	**29,856,997**	**13,837,762**	**15,980,526**	**710**	**28,697**	**6,321**	**2,981**

2023

	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Province / Region							
Punjab	16,201,865	16,194,429	404	3,349	-	3,683	-
Sindh	13,261,853	-	13,261,853	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	7,099	7,099	-	-	-	-	-
Islamabad	3,240	-	-	-	-	3,240	-
AJK including Gilgit-Baltistan	16,861	-	-	-	-	-	16,861
Total	29,490,918	16,201,528	13,262,257	3,349	-	6,923	16,861

45.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market risk management / treasury middle office perform market risk management activities within the Bank.

45.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**18,352,154**	**-**	**18,352,154**	14,463,417	-	14,463,417
Balances with other banks	**1,472,849**	**-**	**1,472,849**	601,877	-	601,877
Lendings to financial institutions	**9,697,187**	**-**	**9,697,187**	-	-	-
Investments	**115,066,824**	**59,945,340**	**175,012,164**	118,308,986	61,590,966	179,899,952
Advances	**15,618,918**	**-**	**15,618,918**	18,735,149	-	18,735,149
Property and equipment	**7,026,125**	**-**	**7,026,125**	7,210,016	-	7,210,016
Right-of-use assets	**2,601,271**	**-**	**2,601,271**	2,721,205	-	2,721,205
Intangible assets	**331,085**	**-**	**331,085**	262,203	-	262,203
Deferred tax assets	**25,668,564**	**-**	**25,668,564**	23,255,236	-	23,255,236
Other assets	**14,818,156**	**-**	**14,818,156**	41,475,212	-	41,475,212
	210,653,133	**59,945,340**	**270,598,473**	227,033,301	61,590,966	288,624,267

45.2.2 Foreign Exchange Risk

The Bank has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximise profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Bank's internal guidelines.

- Manage appropriate maturity mismatch gaps.

- Identify warning and stress zones for mismatch gaps.

- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

- Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Bank’s foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Bank is carefully monitoring the net foreign currency exposure as well as utilizing the forward contract to hedge the related exposure.

	2024				2023			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	9,092,547	(9,424,497)	4,455,727	4,123,777	10,576,559	(18,390,237)	5,425,225	(2,388,453)
Great Britain Pound Sterling	486,188	(493,012)	-	(6,824)	223,282	(721,152)	539,303	41,433
Euro	460,685	(463,347)	-	(2,662)	781,489	(1,159,750)	215,941	(162,320)
Other currencies	36,785	(36,785)	-	-	-	-	-	-
	10,076,205	(10,417,641)	4,455,727	4,114,291	11,581,330	(20,271,139)	6,180,469	(2,509,340)

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	3,414	12,411,428	298,397	15,769,417
- Other comprehensive income	-	-	-	-

45.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Bank's equity book comprises of FVTPL and FVTOCI portfolios. The objective of the FVTPL portfolio is to make short-term capital gains, whilst the FVTOCI portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Bank.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	2	-	1
- Other comprehensive income	-	-	-	-

45.2.4 Interest Rate Risk

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

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

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	247,866	-	159,705	-
- Other comprehensive income	-	479,304	-	201,923

45.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield / Interest Rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
	2024											
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.24%	18,352,154	696,277	-	-	-	-	-	-	-	-	17,655,877
Balances with other banks	1.91%	1,472,849	78,639	-	-	-	-	-	-	-	-	1,394,210
Lendings to financial institutions	18.31%	9,697,187	9,697,187	-	-	-	-	-	-	-	-	-
Investments	20.06%	175,012,164	-	15,580,288	127,776,903	-	31,421,355	-	-	-	-	233,618
Advances	5.08%	15,618,918	1,072,986	12,139,569	1,098,063	27,795	47,413	22,234	44,468	-	1,166,390	-
Other assets	-	6,985,740	-	-	-	-	-	-	-	-	-	6,985,740
		227,139,012	11,545,089	27,719,857	128,874,966	27,795	31,468,768	22,234	44,468	-	1,166,390	26,269,445
Liabilities												
Bills payable	-	1,900,496	-	-	-	-	-	-	-	-	-	1,900,496
Borrowings	19.79%	89,892,925	86,306,460	829,603	2,640,750	-	-	-	111,169	-	-	4,943
Deposits and other accounts	12.77%	186,014,625	133,896,118	5,394,967	1,309,620	1,035,039	197,038	20,639	77,791	825	-	44,082,588
Lease liabilities	14.11%	3,284,402	792,141	-	-	-	1,879,417	-	-	612,844	-	-
Subordinated debt	23.54%	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-
Other liabilities	0.00%	5,139,839	-	-	-	-	-	-	-	-	-	5,139,839
		287,727,802	222,490,234	6,224,570	3,950,370	1,035,039	2,076,455	20,639	188,960	613,669	-	51,127,866
On-balance sheet gap		(60,588,790)	(210,945,145)	21,495,287	124,924,596	(1,007,244)	29,392,313	1,595	(144,492)	(613,669)	1,166,390	(24,858,421)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		14,791,974	14,791,974	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		14,791,974	14,791,974	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(196,153,171)	21,495,287	124,924,596	(1,007,244)	29,392,313	1,595	(144,492)	(613,669)	1,166,390	(24,858,421)
Cumulative Yield / Interest Risk Sensitivity Gap			(196,153,171)	(174,657,884)	(49,733,288)	(50,740,532)	(21,348,219)	(21,346,624)	(21,491,116)	(22,104,785)	(20,938,395)	(45,796,816)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2024
	-- (Rupees in '000) --
Total financial assets	227,139,012
Add: Non financial assets	
Property and equipment	7,026,125
Right-of-use assets	2,601,271
Intangible assets	331,085
Deferred tax assets	25,668,564
Other assets	7,832,416
Total assets as per statement of financial position	270,598,473
Total financial liabilities	287,727,802
Add: Non financial liabilities	
Other liabilities	1,020,008
Total liabilities as per statement of financial position	288,747,810

	Effective Yield / Interest Rate	Total	2023 Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.18%	14,463,417	1,146,763	-	-	-	-	-	-	-	-	13,316,654
Balances with other banks	4.02%	601,877	76,888	-	-	-	-	-	-	-	-	524,989
Lendings to financial institutions	15.76%	-	-	-	-	-	-	-	-	-	-	-
Investments	21.07%	179,899,952	50,977,611	40,194,365	67,771,736	20,722,646	-	-	-	-	-	233,594
Advances	5.23%	18,735,149	1,271,605	12,460,524	2,335,842	58,186	83,615	59,422	111,646	177,448	2,176,861	-
Other assets	-	33,080,053	-	-	-	-	-	-	-	-	-	33,080,053
		246,780,448	53,472,867	52,654,889	70,107,578	20,780,832	83,615	59,422	111,646	177,448	2,176,861	47,155,290
Liabilities												
Bills payable	-	2,162,537	-	-	-	-	-	-	-	-	-	2,162,537
Borrowings	19.87%	130,369,330	130,214,278	975	-	-	-	-	147,682	-	-	6,395
Deposits and other accounts	12.07%	156,960,280	107,331,223	21,200	10,859	29,182	9,691	12,300	78,562	825	-	49,466,438
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	23.33%	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-
Other liabilities	12.96%	9,445,360	558,123	-	220,021	-	558,123	1,332,281	-	680,189	-	6,096,623
		300,433,022	239,599,139	22,175	230,880	29,182	567,814	1,344,581	226,244	681,014	-	57,731,993
On-balance sheet gap		(53,652,574)	(186,126,272)	52,632,714	69,876,698	20,751,650	(484,199)	(1,285,159)	(114,598)	(503,566)	2,176,861	(10,576,703)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		6,935,713	6,935,713	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		6,935,713	6,935,713	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(179,190,559)	52,632,714	69,876,698	20,751,650	(484,199)	(1,285,159)	(114,598)	(503,566)	2,176,861	(10,576,703)
Cumulative Yield / Interest Risk Sensitivity Gap			(179,190,559)	(126,557,845)	(56,681,147)	(35,929,497)	(36,413,696)	(37,698,855)	(37,813,453)	(38,317,019)	(36,140,158)	(46,716,861)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2023
	-- (Rupees in '000) --
Total financial assets	246,780,448
Add: Non financial assets	
Property and equipment	7,210,016
Right-of-use assets	2,721,205
Intangible assets	262,203
Deferred tax assets	23,255,236
Other assets	8,395,159
Total assets as per statement of financial position	288,624,267
Total financial liabilities	300,433,022
Add: Non financial liabilities	
Other liabilities	1,003,811
Total liabilities as per statement of financial position	301,436,833

45.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Bank. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Division which is responsible for the implementation of the Operational risk management framework across the Bank.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk Control Self Assessment exercise.

The Bank seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Bank are in place. Besides these, to ensure business continuity, the Bank has implemented Business Continuity Plan (BCP) across the Bank for which BCP and Disaster Recovery Tests are performed on a regular basis. A dedicated Business Continuity Plan was also developed and implemented at head office and branches to ensure business continuity.

The Bank maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Bank implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had successfully completed the road map issued with respect to internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Bank.

The Bank has set up IT Security Division to manage IT security risk faced by the Bank. The Bank will continue to strengthen its cyber defence mechanism by utilising effective preventive and detective information security measure to counter evolving cyber challenges.

45.4 Liquidity Risk

Liquidity Risk is the risk that the Bank may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inability to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Bank is formulated keeping in view State Bank guidelines on risk management and best market practice. The Bank's Asset and Liability Committee (ALCO) reviews the liquidity position on a periodic basis. Liquidity Management policy of the Bank aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet the Bank's contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Bank.

The Bank maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Bank aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

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

	2024													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	18,352,154	16,532,693	142,335	305,730	578,574	183,259	349,000	129,207	69,613	32,511	19,440	2,036	7,675	81
Balances with other banks	1,472,849	1,472,849	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,697,187	6,760,457	2,936,730	-	-	-	-	-	-	-	-	-	-	-
Investments	175,012,164	-	-	-	-	-	-	2,074,810	3,123,810	34,451,355	11,544,576	5,570,000	115,717,531	2,530,082
Advances	15,618,918	19,927	106,110	52,045	1,856,923	1,599,448	1,352,812	2,655,121	3,642,127	1,546,511	766,871	697,086	421,476	902,461
Property and equipments	7,026,125	908	5,455	6,365	14,548	27,277	27,277	81,831	81,831	132,094	331,868	331,868	434,131	5,550,672
Right-of-use assets	2,601,271	238	1,425	1,663	3,801	7,127	7,127	21,380	21,380	22,568	86,709	86,709	173,418	2,167,726
Intangible assets	331,085	192	1,147	1,339	3,060	5,737	5,737	17,211	17,211	87,501	69,800	69,800	52,350	-
Deferred tax assets	25,668,564	1,812	15,377	17,740	35,386	70,865	70,865	(621,072)	(25,912)	(24,840)	1,427,034	5,782,724	12,203,776	6,714,809
Other assets	14,818,156	27,258	296,861	1,496,109	4,486,401	552,958	177,674	398,482	384,703	529,983	2,958,165	2,958,165	551,397	-
	270,598,473	24,816,334	3,505,440	1,880,991	6,978,693	2,446,671	1,990,492	4,756,970	7,314,763	36,777,683	17,204,463	15,498,388	129,561,754	17,865,831
Liabilities														
Bills payable	1,900,496	1,900,496	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	89,892,925	13,436,798	23,160,855	-	49,713,750	513,503	316,100	2,640,750	-	-	-	-	111,169	-
Deposits and other accounts	186,014,625	167,572,851	1,442,683	3,098,832	5,864,341	1,857,487	3,537,408	1,309,620	705,584	329,526	197,038	20,639	77,791	825
Liabilities against Right-of-use assets	3,284,402	-	-	-	792,141	-	-	-	-	-	1,879,417	-	-	612,844
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,159,847	210,960	301,769	173,083	862,738	1,351,102	708,775	539,497	483,986	415,503	554,099	420,437	137,898	-
	288,747,810	184,616,620	24,905,307	3,271,915	57,232,970	3,722,092	4,562,283	4,489,867	1,189,570	745,029	2,630,554	441,076	326,858	613,669
Net assets	(18,149,337)	(159,800,286)	(21,399,867)	(1,390,924)	(50,254,277)	(1,275,421)	(2,571,791)	267,103	6,125,193	36,032,654	14,573,909	15,057,312	129,234,896	17,252,162
Share capital - net	30,500,208													
Reserves	(425,043)													
Accumulated losses	(52,515,247)													
Surplus on revaluation of assets	4,290,745													
	(18,149,337)													

	2023													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	14,463,417	12,795,606	91,727	124,673	283,382	314,913	165,064	233,749	222,560	216,758	5,680	856	8,373	76
Balances with other banks	601,877	601,877	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	179,899,952	-	-	-	-	-	-	8,996,452	10,068,708	45,174,346	21,435,250	48,415,756	43,249,909	2,559,531
Advances	18,735,149	-	205,719	2,745	2,129,361	2,104,003	1,887,776	4,321,161	936,796	875,643	3,160,322	479,057	747,348	1,885,218
Property and equipments	9,931,221	1,112	6,669	7,781	17,784	33,345	33,345	100,036	100,036	176,879	405,701	405,701	646,877	7,995,955
Intangible assets	262,203	49	295	344	786	1,473	1,473	4,419	4,419	199,662	17,921	17,921	13,441	-
Deferred tax assets	23,255,236	(256)	(1,593)	(1,849)	(3,987)	(7,686)	(7,686)	(35,677)	(19,601)	(21,340)	1,418,012	5,702,464	11,541,535	4,692,900
Other assets	41,475,212	661,945	3,573,661	4,324,339	16,017,789	8,389,908	182,489	396,231	396,231	396,231	3,181,052	3,181,052	774,284	-
	288,624,267	14,060,333	3,876,478	4,458,033	18,445,115	10,835,956	2,262,461	14,016,371	11,709,149	47,018,179	29,623,938	58,202,807	56,981,767	17,133,680
Liabilities														
Bills payable	2,162,537	2,162,537	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	130,369,330	6,395	58,341,037	12,096,600	55,469,825	1,692,830	1,326,600	1,240,214	29,288	17,884	975	-	147,682	-
Deposits and other accounts	156,960,280	138,860,819	995,442	1,352,980	3,075,323	3,417,503	1,791,316	2,536,695	2,415,274	2,352,309	61,641	9,291	90,862	825
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	10,449,171	1,728,777	93,945	202,189	991,693	1,180,348	461,569	723,755	103,833	1,327,179	1,082,195	1,753,095	120,404	680,189
	301,436,833	144,254,043	59,430,424	13,651,769	59,536,841	6,290,681	3,579,485	4,500,664	2,548,395	3,697,372	1,144,811	1,762,386	358,948	681,014
Net assets	(12,812,566)	(130,193,710)	(55,553,946)	(9,193,736)	(41,091,726)	4,545,275	(1,317,024)	9,515,707	9,160,754	43,320,807	28,479,127	56,440,421	56,622,819	16,452,666
Share capital - net	30,500,208													
Reserves	(425,043)													
Accumulated losses	(46,858,568)													
Surplus on revaluation of assets	3,970,837													
	(12,812,566)													

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

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioural study. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	2024									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	18,352,154	17,559,332	532,266	129,200	102,124	19,440	2,036	7,675	81	-
Balances with other banks	1,472,849	1,472,849	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,697,187	9,697,187	-	-	-	-	-	-	-	-
Investments	175,012,164	-	-	2,074,810	37,575,165	11,544,576	5,570,000	115,717,531	2,298,331	231,751
Advances	15,618,918	2,035,004	2,952,261	2,655,121	5,188,638	766,871	697,086	421,476	561,153	341,308
Property and equipment	7,026,125	27,278	54,554	81,831	213,924	331,868	331,868	434,131	883,055	4,667,616
Right-of-use assets	2,601,271	7,127	14,254	21,380	43,948	86,709	86,709	173,418	433,545	1,734,181
Intangible assets	331,085	5,738	11,474	17,211	104,712	69,800	69,800	52,350	-	-
Deferred tax assets	25,668,564	70,315	141,730	(621,072)	(50,752)	1,427,034	5,782,724	12,203,776	7,118,442	(403,633)
Other assets	14,818,156	6,306,629	730,631	398,482	914,687	2,958,165	2,958,165	551,397	-	-
	270,598,473	37,181,459	4,437,170	4,756,963	44,092,446	17,204,463	15,498,388	129,561,754	11,294,607	6,571,223
Liabilities										
Bills payable	1,900,496	1,900,496	-	-	-	-	-	-	-	-
Borrowings	89,892,925	86,311,403	829,603	2,640,750	-	-	-	111,169	-	-
Deposits and other accounts	186,014,625	177,978,707	5,394,967	1,309,547	1,035,111	197,038	20,639	77,791	825	-
Liabilities against right-of-use assets	3,284,402	792,141	-	-	-	1,879,417	-	-	612,844	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,159,847	1,548,550	2,059,877	539,497	899,489	554,099	420,437	137,898	-	-
	288,747,810	270,026,812	8,284,447	4,489,794	1,934,600	2,630,554	441,076	326,858	613,669	-
Net assets	(18,149,337)	(232,845,353)	(3,847,277)	267,169	42,157,846	14,573,909	15,057,312	129,234,896	10,680,938	6,571,223
Share capital - net	30,500,208									
Reserves	(425,043)									
Accumulated losses	(52,515,247)									
Surplus on revaluation of assets	4,290,745									
	(18,149,337)									

	2023									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	14,463,417	1,203,299	733,681	290,782	598,519	24,898	12,335	1,928,930	4,899,650	4,771,323
Balances with other banks	601,877	601,877	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	179,899,952	1	-	8,996,450	55,243,054	21,435,250	48,415,756	43,249,909	2,327,781	231,751
Advances	18,735,149	2,337,825	3,991,779	4,321,161	1,812,439	3,160,322	479,057	747,348	440,832	1,444,386
Property and equipments	9,931,221	33,345	66,691	100,036	276,915	405,701	405,701	646,877	1,386,963	6,608,992
Intangible assets	262,203	1,474	2,946	4,419	204,081	17,921	17,921	13,441	-	-
Deferred tax assets	23,255,236	(7,685)	(15,371)	(35,677)	(40,941)	1,418,012	5,702,464	11,541,535	5,669,517	(976,618)
Other assets	41,475,212	24,577,734	8,572,397	396,231	792,462	3,181,052	3,181,052	774,284	-	-
	288,624,267	28,747,870	13,352,123	14,073,402	58,886,529	29,643,156	58,214,286	58,902,324	14,724,743	12,079,834
Liabilities										
Bills payable	2,162,537	2,162,537	-	-	-	-	-	-	-	-
Borrowings	130,369,330	125,913,857	3,019,430	1,240,214	47,172	975	-	147,682	-	-
Deposits and other accounts	156,960,280	13,058,475	7,962,077	3,155,627	6,495,263	270,203	133,857	20,933,187	53,172,116	51,779,475
Liabilities against assets subject to		-	-	-	-	-	-	-	-	-
finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	10,449,171	3,016,604	1,641,917	723,755	1,431,012	1,082,195	1,753,095	120,404	680,189	-
	301,436,833	145,646,988	12,623,424	5,119,596	7,973,447	1,353,373	1,886,952	21,201,273	53,852,305	51,779,475
Net assets	(12,812,566)	(116,899,118)	728,699	8,953,806	50,913,082	28,289,783	56,327,334	37,701,051	(39,127,562)	(39,699,641)
Share capital - net	30,500,208									
Reserves	(425,043)									
Accumulated losses	(46,858,568)									
Surplus on revaluation of assets	3,970,837									
	(12,812,566)									

45.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office/ Head of Treasury. Treasury middle office (TMO) / market risk management function of the Bank is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The TMO also monitors associated risks in line with the Board of Directors' approved limits / policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports / analysis as may be required.

46. CORRESPONDING FIGURES

As a result of change in format for the preparation of annual accounts issued by SBP as referred in note 2.1.2 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	2023 Rs. in '000
Property and equipment	Right-of-use	2,721,205
Other liabilities	Lease liability against right-of-use assets	3,348,737

47. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on February 28, 2025 by the Board of Directors of the Bank.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMEBR 31, 2024

S.No.	Name and address of the Borrower	Name of individuals/partners/ directors with CNIC No.	Father's / Husband's Name	Outstanding Liabilities as at January 01, 2024				Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				----------	----------	----------	---------- (Rupees in '000)	----------	----------	----------	----------
1	Javed Omer Vohra A-6-A,Central Avenue, Phase II,Dha Karachi	Javed Omer Vohra 42201-0302902-7	Muhammad Omer	236,710	123,074	-	359,784	166,710	123,074	-	289,784
2	Muhammad Saleem Shop No. 1 Eros Complex Martson Road Near Nasheman Cinema Karachi	Muhammad Saleem 42301-0341634-1	Muhammad Amin	939	957	-	1,896	279	957	-	1,236
	TOTAL			**237,649**	**124,032**	**-**	**361,680**	**166,989**	**124,032**	**-**	**291,020**

Annexure - II

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 12 (2023: 13) Islamic banking branches and 31 (2023: 35) Islamic banking windows at the end of the period.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		3,437,009	2,064,488
Balances with other banks		96,128	102,863
Due from financial institutions	1	26,135,485	2,788,300
Investments	2	41,317,673	37,213,598
Islamic financing and related assets - net	3	2,423,890	2,632,858
Property and equipment		169,024	173,098
Right-of-use assets		148,382	76,654
Intangible assets		-	-
Due from Head Office		-	-
Deferred tax assets		-	-
Other assets		1,688,565	2,608,328
Total Assets		75,416,156	47,660,187
LIABILITIES			
Bills payable		280,974	444,820
Due to financial institutions	4	3,135,154	4,705,668
Deposits and other accounts	5	47,062,215	36,330,124
Due to Head Office		-	-
Lease liabilities		158,396	103,179
Subordinated debt		-	-
Deferred tax liabilities		402,987	134,120
Other liabilities		16,900,389	1,287,124
		67,940,115	43,005,035
NET ASSETS		7,476,041	4,655,152
REPRESENTED BY			
Islamic Banking Fund		1,000,000	1,000,000
Reserves		-	-
Surplus on revaluation of assets		556,506	219,705
Accumulated losses	7	5,919,535	3,435,447
		7,476,041	4,655,152
CONTINGENCIES AND COMMITMENTS	8		

Annexure - II

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Profit / return earned	9	8,731,752	5,819,330
Profit / return expensed	10	5,200,934	3,961,762
Net Profit / return		3,530,818	1,857,568
Other income			
Fee and commission income		172,336	98,164
Dividend income		-	-
Foreign exchange loss		(42,867)	(6,397)
Income / (loss) from derivatives		-	-
Gain / (loss) on sale of securities		371,093	103,789
Other income		13,998	9,453
Total other income		514,560	205,009
Total income		4,045,378	2,062,577
Other expenses			
Operating expenses		1,117,231	864,100
Workers' welfare fund		-	-
Other charges		-	-
Total other expenses		1,117,231	864,100
Profit before credit loss allowance / provisions		2,928,147	1,198,477
Credit loss allowance / reversals and write offs - net		33,737	(582,224)
Profit before taxation		2,894,410	1,780,701
Taxation		-	-
Profit after taxation		2,894,410	1,780,701

ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE - II
FOR THE YEAR ENDED DECEMBER 31, 2024

		2024			2023		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
1. Due from Financial Institutions	Note	------ (Rupees in '000) ------					
Unsecured							
Bai Muajjal Receivable from other Financial Institutions	1.1	**4,761,124**	**-**	**4,761,124**	2,788,300	-	2,788,300
Bai Muajjal Receivable from other Financial Institutions	1.2	**19,374,631**	**-**	**19,374,631**	-	-	-
Musharakah	1.3	**2,000,000**	**-**	**2,000,000**	-	-	-
		26,135,755	**-**	**26,135,755**	2,788,300	-	2,788,300
Less: Credit loss allowance							
Stage 1		**(270)**	**-**	**(270)**	-	-	-
Stage 2		**-**	**-**	**-**	-	-	-
Stage 3		**-**	**-**	**-**	-	-	-
		(270)	**-**	**(270)**	-	-	-
Due from financial institutions - net of credit loss allowance		**26,135,485**	**-**	**26,135,485**	2,788,300	-	2,788,300

1.1 This represents Bai Muajjal agreement with State Bank of Pakistan and carries profit rate of 16.21% per annum on December 31, 2024 and are due to mature latest by August 05, 2027.

1.2 This represents Bai Muajjal agreements with conventional operations of Bank Makramah Limited and carries profit rate from 10.75% to 14.00% per annum and are due to mature latest by March 25, 2025.

1.3 This represents Musharakah agreements with other Financial Institutions and carries profit rate at 12.50% per annum on December 31, 2024 and are due to mature latest by January 03, 2025.

2. Investments

	2024				2023			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Investments by segments:	------ (Rupees in '000) ------							
Debt Instruments								
Federal Government Securities								
- GOP Ijarah Sukuks	**38,149,499**	**-**	**871,673**	**39,021,172**	34,580,383	-	307,264	34,887,647
Non Government Debt Securities								
- Listed	**2,296,811**	**(310)**	**-**	**2,296,501**	2,369,792	-	(43,841)	2,325,951
Total Investments	**40,446,310**	**(310)**	**871,673**	**41,317,673**	36,950,175	-	263,423	37,213,598

3. Islamic financing and related assets	Note	2024	2023
		---------(Rupees in '000)---------	
Ijarah	3.1	595,944	479,172
Running Musharakah		311,863	354,382
Diminishing Musharakah		1,112,722	967,149
Diminishing Musharakah-IERF		300,000	300,000
Tijarah		284,517	605,998
Advance against Ijarah		17,027	7,123
Gross Islamic financing and related assets		2,622,073	2,713,824
Less: Credit loss allowance / provision against Islamic financings			
-Stage 1		(718)	-
-Stage 2		(34,420)	-
-Stage 3		(163,045)	-
- Specific		-	(79,889)
- General		-	(1,077)
		(198,183)	(80,966)
Islamic financing and related assets - net of credit loss allowance / provision		2,423,890	2,632,858

3.1 Ijarah

2024

	Cost			Accumulated Depreciation			Book Value as at December 31, 2024
	As at January 01, 2024	Additions / (deletions)	As at December 31, 2024	As at January 01, 2024	Charge for the year	As at December 31, 2024	
	---(Rupees in '000)---						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	680,656	149,751	830,407	201,484	32,979	234,463	595,944
Vehicles corporate	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	680,656	149,751	830,407	201,484	32,979	234,463	595,944

2023

	Cost			Accumulated Depreciation			Book Value as at December 31, 2023
	As at January 01, 2023	Additions / (deletions)	As at December 31, 2023	As at January 01, 2023	Charge for the year	As at December 31, 2023	
	---(Rupees in '000)---						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	588,551	92,105	680,656	193,707	7,777	201,484	479,172
Vehicles corporate	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	588,551	92,105	680,656	193,707	7,777	201,484	479,172

Future Ijarah payments receivable

	2024				2023			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	---(Rupees in 000)---							
Ijarah rental receivables	69,363	761,044	-	830,407	21,885	457,287	-	479,172

4. Due to financial institutions

	Note	2024	2023
		(Rupees in '000)	
Secured			
Acceptances from the SBP under Islamic Export Refinance Scheme	4.1	-	90,000
Total secured		-	90,000
Unsecured			
Overdrawn nostro accounts		**3,135,154**	115,668
Musharakah	4.2	-	4,500,000
Total unsecured		**3,135,154**	4,615,668
		3,135,154	4,705,668

4.1 The Bank had entered into an agreement with SBP for extending export finance to its Islamic customers. Borrowing under the export refinance scheme of SBP carried profit at rate of 18% per annum (2023: 15% per annum). These were secured against demand promissory notes and matured on August 31, 2024 (2023: April 02, 2024).

4.2 This represents acceptance of funds by Islamic operations of Bank Makramah Limited from conventional operations of Bank Makramah Limited on Musharakah basis.

5. Deposits

	2024			2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**6,337,338**	**627,640**	**6,964,978**	10,873,527	615,187	11,488,714
Savings deposits	**34,497,595**	**145,788**	**34,643,383**	21,568,709	194,150	21,762,859
Term deposits	**4,247,560**	**158,840**	**4,406,400**	1,391,933	589,284	1,981,217
Others	**461,193**	-	**461,193**	664,289	-	664,289
	45,543,686	**932,268**	**46,475,954**	34,498,458	1,398,621	35,897,079
Financial Institutions						
Current deposits	**4,733**	-	**4,733**	5,725	78	5,803
Savings deposits	**431,528**	-	**431,528**	277,242	-	277,242
Term deposits	**150,000**	-	**150,000**	150,000	-	150,000
	586,261	-	**586,261**	432,967	78	433,045
	46,129,947	**932,268**	**47,062,215**	34,931,425	1,398,699	36,330,124

5.1 Composition of deposits

	2024	2023
	(Rupees in '000)	
- Individuals	**16,998,372**	21,362,657
- Government (Federal and Provincial)	**856,900**	937,168
- Public Sector Entities	**10,366,177**	3,860,268
- Banking Companies	**6**	5
- Non-Banking Financial Institutions	**586,255**	433,040
- Private Sector	**18,254,505**	9,736,986
	47,062,215	36,330,124

5.2 Deposits include Eligible Deposits of Rs. 24,634.261 million (2023: Rs. 16,044.851 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

		2024	2023
		-------- (Rupees in '000) --------	
6.	**Charity Fund**		
	Opening balance	4,317	2,154
	Additions during the year		
	- Received from customers on account of delayed payment	1,839	4,163
	- Dividend purification amount	-	-
	- Other Non-Shariah compliant income	-	-
	- Profit on charity saving account	-	-
		1,839	4,163
	Payments / utilization during the year		
	- Education	-	-
	- Health	(1,000)	-
	- Community development	(3,000)	(2,000)
		(4,000)	(2,000)
	Closing balance	2,156	4,317
7.	**Accumulated losses**		
	Opening balance	3,435,447	1,651,555
	Effect of adoption of IFRS 9	(413,535)	-
	Add : Islamic Banking profit for the year	2,894,410	1,780,701
	Transfer in respect of incremental depreciation from surplus on revaluation of property and equipments to accumulated profit	3,213	3,191
	Closing balance	5,919,535	3,435,447
8.	**CONTINGENCIES AND COMMITMENTS**		
	-Guarantees	4,129,456	3,880,588
	-Commitments	9,145,926	6,236,815
	-Other contingent liabilities	-	-
		13,275,382	10,117,403
9.	**Profit / Return Earned of Financing, Investments and Placement**		
	Profit earned on:		
	Financing	180,483	273,642
	Investments	7,540,572	4,390,745
	Placements	1,010,697	1,154,798
	Balances with banks	-	145
		8,731,752	5,819,330
10.	**Profit on Deposits and other Dues Expensed**		
	Deposits and other accounts	5,013,168	3,745,215
	Due to Financial Institutions	164,590	200,347
	Finance cost of lease liability	23,176	16,200
		5,200,934	3,961,762

11. **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 realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of its profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) 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, and transfer an asset to any other pool.

12. **Pool Management**

Bank Makramah Limited - Islamic Banking Division (BML-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) **Specific pool**

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. BML-IBD maintains 10 (Ten) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) **General pool**

General pool is the basket in which all the deposits from depositors are placed along with the Bank’s own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. BML-IBD maintains 01 LCY and 01 FCY General pool.

(iii) Treasury pool(s)

Treasury pool(s) may be created from time to time by obtaining funds from financial institutions. Treasury pool will be created on the basis of Mudaraba, Musharakah or Wakalah, as per agreement between Bank Makramah Limited and counter party.

Treasury pool may be created for one or more of the following reasons:

a) Foreseeable major withdrawals by existing depositors;

b) Expected new disbursement / financing requirement; and

c) Meeting general liquidity requirement.

In case a major withdrawal has been requested from any depositor in an existing pool, the Bank may arrange funds from financial institution by creating a separate pool. The Bank will transfer matching asset(s) from the pool in which the withdrawal request has been made, to the treasury pool. These pools need to be maintained separately due to its peculiar nature (i.e. liquidity management).

(iv) IERS Pool

IERS is a SBP program to offer Islamic equivalent of ERF and enables exporters to avail refinance through Islamic Banks under Shariah compliant modes. Bank Makramah Limited Islamic Banking has been providing this refinance facility to its customers. Hence, this pool is created for the same purpose on Musharakah basis. The profit distribution works exactly the same as pre agreed profit sharing. As this is structured as Musharakah (partnership) as opposed to Mudarabah (fund management), there is no Mudarib fee sharing mechanism.

(a) Priority of utilization of funds in the general pool shall be :

- Depositor Funds
- Equity Funds
- Placement / Investments of Other IBI
- Modaraba Placement of Bank Makramah Limited (Counterparty)

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities / commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

Market risk is generally defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

	2024	2023
	-------- (Rupees in '000) --------	
Avenues / sectors of economy / business where deposits have been deployed*		
Agriculture, forestry, hunting and fishing	**445,366**	447,295
Cement	**965**	976
Chemical and pharmaceuticals	**177,545**	177,545
Construction	**27,326**	36,456
GOP Ijarah Sukuks	**40,446,310**	36,950,175
Individuals	**89,354**	118,739
Services	**310,754**	352,683
Sugar	**557,998**	605,998
Transport, storage and communication	**1,700**	3,000
Wholesale and retail trade	**1,099**	1,699
Total gross Islamic financing and related assets and investments	**42,058,417**	38,694,566
Due from financial institutions	**26,135,755**	2,788,300
Total deployed funds	**68,194,172**	41,482,866

* Staff financing amounting to Rs. 1,283.447 million (December 31, 2023: Rs. 969.433 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Modarib and Rab-ul-Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rab-ul-Maal on the under mentioned profit sharing ratios based upon gross income level less direct expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2024	
	---------------- % ----------------	
Rab-ul-Maal	50%	2%
Mudarib	50%	98%

Mudarib share (in amount and percentage of distributable income)

	2024	2023	2024	2023
	-------- (Rupees in '000) --------		---------------- % ----------------	
Rab-ul-Maal	**4,653,439**	3,099,191	**74%**	76%
Mudarib	**1,632,140**	1,003,624	**26%**	24%
	6,285,579	4,102,815		

Amount and percentage of Mudarib share transferred to depositors through Hiba

	2024	2023
	-------- (Rupees in '000) --------	
Mudarib share	**1,328,284**	829,623
Hiba	**303,856**	174,001
	---------------- % ----------------	
Hiba percentage of Mudarib share	**18.62**	17.34

Profit rate earned vs profit rate distributed to the depositors during the year ended

	---------------- % ----------------	
Profit rate earned	**19.07%**	19.79%
Profit rate distributed to depositors	**15.30%**	15.77%

CONSOLIDATED FINANCIAL STATEMENTS

The ring of innovation

The **Ring of Innovation** drives continuous improvement through forward-thinking initiatives, pioneering solutions to meet evolving needs, ensuring agility and responsiveness in our operations.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INDEPENDENT AUDITOR'S REPORT **TO THE MEMBERS OF BANK** MAKRAMAH LIMITED

REPORT ON THE AUDIT OF THE **CONSOLIDATED FINANCIAL** STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Bank Makramah Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, and 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 consolidated statement of financial position, 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 conform 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.

Material Uncertainty Related to Going Concern

We draw attention to note 1.2 to the consolidated financial statements. As more fully described in that note, the Group has incurred a net loss of Rs. 5,201.447 million resulting in accumulated losses of Rs. 52,620.618 million and negative equity of Rs. 18,210.584 million. As per the applicable laws and regulations, the Group is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2024. However, the paid up capital of the Group (net of losses), CAR and LR are negative. These conditions, along with other matters as set forth in note 1.2, indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Emphasis of Matter

- As disclosed in note 13.1 to the consolidated financial statements, the Group has recognized a net deferred tax asset of Rs. 25,600.837 million which is considered realisable based on financial projections of taxable profits for five years, which have been approved by the Board of Directors. The preparation of financial projection involves management assumptions regarding future business and economic conditions and therefore any significant change in such assumptions or actual outcome that is different from assumptions, may have an effect on realisability of the deferred tax asset in future.

- As disclosed in note 14.3 to the consolidated ¬financial statements, the Group holds an immovable property which is partly in contravention with the provisions of Banking Companies Ordinance, 1962.

Our opinion is not modified in respect of the matters stated above.

Key Audit Matters

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

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Expected credit loss allowance against loans and advances	
	IFRS 9 was implemented by the Bank on January 1, 2024. This new standard requires the Bank to recognise expected credit losses ('ECL) on financial instruments, which involves significant judgements, assumptions and estimates. The initial application impact of ECL on loans and advances is Rs. 673.638 million which has been recorded as an adjustment to equity at the beginning of the current accounting period. (refer note 4.2). As at December 31, 2024, the gross loans and advances of the Bank were Rs. 48,872.139 million against which a credit loss allowance of Rs. 33,253.061 million was maintained inclusive of initial application impact. We consider this a key audit matter, as the determination of credit loss allowance based on ECL model involves significant estimation and management judgement and this has a material impact on the consolidated financial statements of the Bank. The key areas of judgement include: 1. Categorisation of loans and advances into Stage 1, 2 and 3 based on the identification of: a. Exposures with a significant increase in credit risk ("SICR") since their origination; and	We obtained understanding of management's assessment of ECL allowance against loans and advances including the Bank's internal rating model, accounting policy and model methodology. We compared the Bank's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9 and application guidance issued by the State Bank of Pakistan (SBP). We reviewed minutes of the meeting of credit, risk and compliance and audit committees to identify risky exposures and consequently their SICR assessment of the loan account. We assessed the design and implementation of the key controls over; • the classification of loans and advances into stages 1, 2 and 3 and timely identification of SICR and the determination of default / individually impaired exposures; and • the integrity of current data inputs into the ECL model. For a sample of loan accounts, we assessed: • the internal ratings determined by management based on the Bank's internal rating model and considered

S. No.	Key Audit Matter	How the matter was addressed in our audit
	b. Individually impaired / defaulted exposures. 2. Assumptions used in the ECL model determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each segment, i.e., (Consumer, Corporate, SME etc.), including but not limited to assessment of financial condition of counterparties, expected future cash flows for stage 3 loans and advances, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages. Application of these judgements, assumptions and estimates, continue to result in greater estimation uncertainty and the associated audit risk around ECL calculations as at December 31, 2024. *Refer to material accounting policy note 4.1 for Changes in accounting policies - IFRS 9 Financial Instruments; Note 4.6 which contains the disclosure of advances policy, Note 9 which contains the disclosure of advances: Note 32 which contains the disclosure of credit loss allowance / reversals and write offs - net; and note 45.1 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.*	these assigned ratings in light of external market conditions, financial indicators, Credit Information Bureau reports and available industry information; • management's computations for ECL; and • we assessed management's assessment of recoverable cash flows, including the impact of eligible collateral, and other sources of repayment. We assessed the appropriateness of the Bank's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures. Further, for a sample of exposures, we assessed the appropriateness of the staging classification of the Bank's loan portfolio. We assessed the reasonableness of the underlying assumptions used by the Bank in the ECL model including forward looking assumptions. We tested the completeness and accuracy of data supporting the ECL calculations as at December 31, 2024. On selected sample of regular loan accounts, we performed the following substantive procedures to evaluate the appropriateness of classification and provision (if any): (i) Checked credit documentation, repayments of loan / mark-up instalments, tested stage classification of performing and underperforming advances based on the number of days overdue; (ii) Recomputed ECL provision based on determined PDs and LGDs; and (iii) Evaluated the management's assessment for categorisation of a loan account into stages 1 or 2 based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management. For loans and advances classified as Stage 3, we evaluated the adequacy of provisioning in accordance with the IFRS 9 application guidance issued by SBP.

S. No.	Key Audit Matter	How the matter was addressed in our audit
		In case of restructured loans, we reviewed the detailed documentation of restructuring including approvals, legal opinions, terms of restructuring, payment records and any other relevant documents to ensure that restructuring was made in accordance with the Prudential Regulations. We assessed the adequacy of disclosures in the consolidated financial statements.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (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.

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 auditor's report is Nadeem Yousuf Adil.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: February 28, 2025
UDIN: AR202410091R15mVHi39

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT DECEMBER 31, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	18,352,157	14,463,419
Balances with other banks	6	1,475,100	603,944
Lendings to financial institutions	7	9,697,187	-
Investments	8	174,858,629	179,747,913
Advances	9	15,574,078	18,652,824
Property and equipment	10	7,072,251	7,239,725
Right-of-use assets	11	2,601,271	2,721,205
Intangible assets	12	333,599	264,723
Deferred tax assets	13	25,600,837	23,199,809
Other assets	14	15,031,166	41,644,440
Total Assets		270,596,275	288,538,002
LIABILITIES			
Bills payable	16	1,900,496	2,162,537
Borrowings	17	89,892,925	130,369,330
Deposits and other accounts	18	185,859,754	156,876,151
Liabilities against assets subject to finance lease	19	3,284,402	3,348,737
Subordinated debt	20	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	21	6,373,767	7,212,281
Total Liabilities		288,806,859	301,464,551
NET ASSETS		(18,210,584)	(12,926,549)
REPRESENTED BY			
Share capital - net	22	30,500,208	30,500,208
Reserves		(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	23	4,334,869	3,977,847
Accumulated losses		(52,620,618)	(46,979,561)
		(18,210,584)	(12,926,549)
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

CONSOLIDATED **PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		----------(Rupees in '000)----------	
Mark-up / return / interest earned	25	**38,915,403**	31,698,151
Mark-up / return / interest expensed	26	**42,988,609**	34,275,517
Net mark-up / interest expense		**(4,073,206)**	(2,577,366)
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	**1,117,445**	762,719
Dividend income		**8,136**	3,484
Foreign exchange income		**494,232**	1,078,834
Income / (loss) from derivatives		**-**	-
Gain / (loss) on securities	28	**1,214,358**	(1,289,995)
Net gains / (losses) on derecognition of financial assets measured at amortised cost		**-**	-
Other income	29	**792,329**	727,211
Total non-markup / interest income		**3,626,500**	1,282,253
Total income / (loss)		**(446,706)**	(1,295,113)
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	**8,192,340**	7,236,596
Workers' welfare fund		**-**	-
Other charges	31	**772**	542
Total non-markup / interest expenses		**8,193,112**	7,237,138
Loss before credit loss allowance / provisions		**(8,639,818)**	(8,532,251)
Credit loss allowance / reversals and write offs - net	32	**(1,414,642)**	(1,145,472)
LOSS BEFORE TAXATION		**(7,225,176)**	(7,386,779)
Taxation	33	**(2,023,729)**	(2,060,055)
LOSS AFTER TAXATION		**(5,201,447)**	(5,326,724)
		----------------(Rupee)------------	
Basic loss per share	34	**(0.79)**	(1.00)
Diluted loss per share	34	**(0.79)**	(1.00)

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	---------- (Rupees in '000) ----------	
Loss after taxation for the year	(5,201,447)	(5,326,724)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	189,250
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	654,084	-
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations	8,817	52,991
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	40,497	-
Movement in surplus on revaluation of property and equipment - net of tax	(82,669)	74,212
Movement in surplus on revaluation of non-banking assets - net of tax	(23,883)	(7,237)
Movement in surplus on revaluation of held for sale property - net of tax	(33,622)	15,613
	(90,860)	135,579
Total comprehensive loss	(4,638,223)	(5,001,895)

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Share capital		Capital reserves			Surplus / (deficit) on revaluation of				
	Issued, subscribed and paid up	Discount on issue of shares	Share premium	Reserve arising on amalgamation	Statutory reserve	Investments	Property & equipment / Non banking assets	Property held for sale	Accumulated losses	Total
	(Rupees in '000)									
Balance as at January 01, 2023	26,381,510	(5,881,316)	1,000,000	(1,579,205)	154,162	(238)	3,295,706	708,079	(41,836,719)	(17,758,021)
Loss after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	-	(5,326,724)	(5,326,724)
Other comprehensive income - net of tax	-	-	-	-	-	189,250	66,975	15,613	52,991	324,829
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	(98,860)	-	98,860	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(23,611)	-	23,611	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	(135,032)	-	135,032	-
Transfer from surplus on revaluation of property held for sale on disposal to accumulated losses	-	-	-	-	-	-	-	(40,035)	40,035	-
Transactions with owners, recorded directly in equity										
Issue of share capital	39,840,695	(29,840,681)	-	-	-	-	-	-	-	10,000,014
Share issuance cost	-	-	-	-	-	-	-	-	(166,647)	(166,647)
Balance as at January 01, 2024	**66,222,205**	**(35,721,997)**	**1,000,000**	**(1,579,205)**	**154,162**	**189,012**	**3,105,178**	**683,657**	**(46,979,561)**	**(12,926,549)**
Effect of adoption of IFRS 9 - ECL (net of tax) - Note 4.2	-	-	-	-	-	**(60,943)**	-	-	**(584,869)**	**(645,812)**
Loss after taxation for the year ended December 31, 2024	-	-	-	-	-	-	-	-	**(5,201,447)**	**(5,201,447)**
Other comprehensive income - net of tax	-	-	-	-	-	**694,581**	**(106,552)**	**(33,622)**	**8,817**	**563,224**
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of investment at FVOCI on sale to accumulated losses	-	-	-	-	-	**(372)**	-	-	**372**	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	**(55,590)**	-	**55,590**	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	**(13,784)**	-	**13,784**	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	**(13,418)**	-	**13,418**	-
Transfer from surplus on revaluation of non-banking assets on disposal to accumulated losses	-	-	-	-	-	-	**(53,278)**	-	**53,278**	-
Balance as at December 31, 2024	**66,222,205**	**(35,721,997)**	**1,000,000**	**(1,579,205)**	**154,162**	**822,278**	**2,862,556**	**650,035**	**(52,620,618)**	**(18,210,584)**

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive | **Chief Financial Officer** | **Director** | **Director** | **Director**

CONSOLIDATED **CASH FLOW STATEMENT**

FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(7,225,176)	(7,386,779)
Less: Dividend income		(8,136)	(3,484)
		(7,233,312)	(7,390,263)
Adjustments:			
Depreciation on property and equipment	10.2	424,445	417,915
Depreciation on right-of-use assets	30	541,593	590,381
Depreciation on non-banking assets	14.1.1	63,439	62,438
Finance cost of lease liability	26	473,834	435,077
Amortization	12.2	39,882	24,201
(Reversals) / provision and write-offs excluding recoveries		(1,414,075)	(1,144,744)
(Gain) / Loss on forward exchange contracts		(20,941)	(25,762)
Charge / (Reversal) for defined benefit plan	30.1	88,803	70,748
Charge for employees compensated absences	30.1	46,789	22,318
Gain on termination of lease contracts under IFRS 16	29	(113,049)	(78,949)
Gain on sale of property and equipment	29	(65,163)	(518,680)
Gain on sale of non banking assets	29	(606,688)	-
Gain on partial sale of HFS property	29	-	(116,794)
Unrealised gain - FVTPL	8.1	-	6,226
		(541,131)	(255,625)
		(7,774,443)	(7,645,888)
Decrease / (increase) in operating assets			
Lendings to financial institutions		(9,697,854)	10,141,557
Held-for-trading securities		38,369	(44,595)
Advances		3,544,339	1,965,490
Others assets (excluding advance taxation)		26,044,999	(30,605,895)
		19,929,853	(18,543,443)
(Decrease) / increase in operating liabilities			
Bills Payable		(262,041)	168,950
Borrowings from financial institutions		(40,474,953)	105,705,774
Deposits		28,983,603	35,014,689
Other liabilities (excluding current taxation)		(1,101,843)	3,035,405
		(12,855,234)	143,924,818
Payments on account of staff retirement benefits		(46,635)	89,093
Income tax paid		(596,514)	(351,476)
Net cash (used in) / generated from operating activities		(1,342,973)	117,473,104
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		6,031,278	-
Net investments in available-for-sale securities		-	(126,022,987)
Dividends received		8,136	3,484
Investments in property and equipment		(292,860)	(272,822)
Investments in intangible assets		(108,758)	(142,789)
Proceeds from sale of property and equipment		100,876	741,834
Proceeds from sale of non-banking assets		1,213,512	-
Proceeds from partial sale of HFS property		-	302,877
Net cash generated from / (used in) investing activities		6,952,184	(125,390,403)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(846,779)	(860,415)
Issue of share capital		-	10,000,014
Share issuance cost		-	(166,647)
Net cash (used in) / generated from financing activities		(846,779)	8,972,952
Increase in cash and cash equivalents		4,762,432	1,055,653
Cash and cash equivalents at beginning of the year		15,060,968	14,005,315
Cash and cash equivalents at end of the year	35	19,823,400	15,060,968

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

1.1.1 Holding Company: Bank Makramah Limited

Bank Makramah Limited (the Bank), is a banking company incorporated in Pakistan on December 09, 2005 as a public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan and its principal office is situated at Summit Tower, Plot No. G-2, Block 2, Scheme 5, Clifton, Karachi, Pakistan.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 150 Conventional Banking Branches and 12 Islamic Banking Branches (December 31, 2023: 164 Conventional Banking Branches and 13 Islamic Banking Branches) in Pakistan.

In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and requested an extension to the State Bank of Pakistan which has been granted to complete the credit rating exercise by March 31, 2025.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. Consequently, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in clause invoked by the Bank under the applicable Regulations of SBP.

1.1.2 Subsidiary

Summit Capital Private Limited - 100 % Shareholding

SCPL, the subsidiary company was incorporated in Pakistan on March 08, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The subsidiary company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the subsidiary company are equity and money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. The registered office of the Subsidiary is situated at 504-506, 5th Floor, Balad Trade Center III, Plot # D-75, Block 7, Clifton, Karachi. The Group acquired interest in SCPL by virtue of amalgamation of Atlas Bank Limited.

1.2 During the year, the Group has incurred a net loss of Rs. 5,201.447 million resulting in accumulated losses of Rs. 52,620.618 million and negative equity of Rs. 18,210.584 million. As per the applicable laws and regulations, the Group is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2024. However, the paid up capital of the Group (net of losses), CAR and LR are negative.

The aforementioned conditions indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the Group is making its best efforts to comply with the applicable capital requirements and has successfully increased its capital. To achieve this, the management has prepared a business plan, which has been approved by the Board. This plan aims to improve the Group's capital base and risk absorption capacity, achieve compliance with applicable regulatory requirements and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital;
- Sale of a portion of self-constructed property on the plot of land bearing No. G-2, Block2, Scheme No: 5;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Group will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;
- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Group;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Group to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income; and
- Income generation through avenues for mark-up income and non-mark up income.

The Board of Directors in their meeting held on November 28, 2024, have approved the Scheme of Arrangement for the restructuring of the Bank ("Restructuring Scheme") subject to:

i) Procurement of all applicable regulatory, corporate and shareholders' approvals; and

ii) Sanction of the Restructuring Scheme by the Honorable High Court of Islamabad under Sections 279 to 283 and 285(8) of the Companies Act, 2017.

The broad terms of the Restructuring Scheme are as follows:

i) Global Haly Development Limited (GHDL) shall be amalgamated into the Bank;

ii) TFC redemption amount (as defined in the Restructuring Scheme) shall be settled and paid through the issuance and allotment of fully paid ordinary shares of the Group to TFC holders; and

iii) Share capital of the Group shall be reduced through cancellation of the share capital unrepresented by available assets.

Furthermore, the shareholders in their Extraordinary General Meeting (EOGM) held on December 26, 2024 approved the Restructruring Scheme.

The TFC Holders of the Group in their Extra Ordinary General Meeting (EOGM) held on January 21, 2025 decided to continue as TFC Holders. However, the Restructuring Scheme will continue as already approved by the shareholders.

Furthermore, the Group has filed a settlement application before the relevant court, for the recovery of non performing loans (NPLs) owned by various companies of the Omni Group and its affiliated entities dated January 22, 2025. The Court has graciously issued a decree in favour of the Group affirming its right to recover approximately Rs 10 billion, which will now be recoverable under the agreed term of the settlement.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements represent financial statements of the Holding Company - Bank Makramah Limited and its subsidiary. The assets and liabilities of subsidiary have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of the subsidiary in these consolidated financial statements.

2.2 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as 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 Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by 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.

2.2.1 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. Moreover, SBP vide BPRD Circular no. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

2.3 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect these return through its power over the investee.

These consolidated financial statements incorporate the financial statements of subsidiary from the date that control commences until the date that control ceases.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary attributable to the interest which are not owned by the Group. Material intra-group balances and transactions are eliminated.

2.4 Key financial figures of the Islamic banking branches are disclosed in Annexure - II to these consolidated financial statements.

2.5 The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised formats for the preparation of the annual accounts of the banks which is applicable for periods beginning on or after January 01, 2024. The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the consolidated financial statements. The significant change is relating to right of use assets and corresponding lease liability, which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated financial statements in terms of recognition and measurement of assets and liabilities.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified (Note 46).

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

IFRS 9 'Financial Instruments', became effective for annual reporting on or after January 01, 2024. The impact of adoption of IFRS 9 on the Bank's financial statements is disclosed in note 4.1.

In addition, there are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2024. These are considered either not to be relevant or not to have any significant impact on the Group's operations and therefore are not detailed in these consolidated financial statements.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Group's financial statements except for:

- the new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and dereconition of financial liabilities.

2.8 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as in the disclosure of contingent liabilities. It also requires the management to exercise judgements in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

		Note
-	Classification and ECL against investments	4.1, 4.5, 8 and 32
-	Classification and ECL against non-performing loans and advances	4.1, 4.6, 9 and 32
-	Revaluation and useful lives of property and equipment and intangible assets	4.7, 4.9, 10 and 12
-	Impairment of non-financial assets	4.18
-	Valuation and depreciation of right-of-use assets and related lease liabilities	4.8
-	Accounting for staff retirement and other benefits	4.14, 37 and 38
-	Taxation	4.17 and 33
-	Other provisions	4.20
-	Fair value of financial instruments	40
-	Valuation of non-banking assets acquired in satisfaction of claims	4.10 and 14.1.1
-	Remuneration framework and related disclosures	4.13 and 39

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for:

- Certain item of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation / impairment.

- Investments classified as FVTPL and FVOCI are measured at fair value.

- Commitments in respect of forward exchange contracts, which are measured at fair value.

- Right-of-use assets and their related lease liabilities, which are measured at their present value adjusted for depreciation, interest cost and lease repayments.

- Net obligation in respect of defined benefit scheme, which is measured at their present value.

3.2 Functional and Presentation Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these consolidated financial statements are consistent with those of the previous financial year except as disclosed below in note 4.1.

4.1 Changes in accounting policies - IFRS 9 Financial Instruments

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 01, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has revised its guidelines and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, and have been applied retrospectively from 01 January 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025 further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS 9 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Group has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

Classification of Financial Assets

The Group classifies its financial assets into the following categories:

- at Fair Value through Profit and Loss (FVTPL);

- at Fair Value through Other Comprehensive Income (FVOCI);

- at Amortised Cost

Classification of Equity Instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable. Unlisted equity securities (if any) will be carried at lower of cost or breakup value till December 31, 2024. Thereafter these will be carried at fair value.

Classification of other Financial Assets

Financial assets other than equity will be classified based on their cash flow characteristics and business model assessment:

Amortised Cost: These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).

FVOCI: These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.

FVTPL: This includes financial assets:

- which are not classified as either at amortised cost or FVOCI;

- which do not have fixed maturity

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent Measurement

Equity and debt securities classified as FVTPL

These securities are subsequently measured at fair value. Changes in the fair value of these securities are taken through the profit and loss account.

Equity and debt securities classified as FVOCI

These securities are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain / (loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated profit and loss account.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing the incurred loss approach of the local regulations with a forward-looking ECL approach. The Group has been recording the allowance for expected credit losses for all loans and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

The calculation of ECLs

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL)), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Based on the above process, the Groups cateorizes its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans considered credit-impaired. The Group records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Group has rebutted 30 days past due presumption based on behavrioural analysis of its borrowers.

The key elements of ECL calculations are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Group's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Group has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for non-rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees, real estate, receivables, inventories and other non-financial assets. For IFRS 9, the Group only considers the liquid collaterals.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Group considers three probability-weighted scenarios (a base case, a best case, and a worse case). Each of these is associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Forward looking information: The Group formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent macro economic inputs.

4.2 Impact of IFRS 9- Financial Instruments

The Group has opted for modified retrospective approach and has not restated comparative figures as permitted by the transitional provisions of IFRS 9. The impacts of the IFRS 9 on the carrying amounts of financial assets and liabilities at the date of transition are recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative.

For disclosures in the notes to the consolidated financial statements, the consequential amendments to IFRS 7 disclosures as a result of adoption of IFRS 9 have also been applied to the current period only. The comparative period disclosures are in line with the disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

The Group has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application is of Rs. 645.813 million has been recorded as an adjustment to equity at the beginning of the current accounting period. Details of impact of initial application are tabulated below:

	Balances as of December 31, 2023	Impact due to: Recognition Expected Credit Losses	Remeasurement under IFRS 9	Adoption of revised classifications under IFRS 9	Taxation impact	Balances as of January 1, 2024 Restated	IFRS 9 Category
ASSETS							
Cash and balances with treasury banks	14,463,419	-	-	-	-	14,463,419	Amortized Cost
Balances with other banks	603,944	(501)	-	-	-	603,443	Amortized Cost
Lendings to financial institutions	-	-	-	-	-	-	Amortized Cost
Investments							
- Classified as Available for sale	179,747,913	-	-	(179,747,913)	-	-	
- Classified as FVOCI	-	-	-	179,747,913	-	179,747,913	FVOCI
Advances	18,652,824	(673,638)	(330,318)	-	-	17,648,868	Amortized Cost
Property and equipment	7,239,725	-	-	-	-	7,239,725	Outside scope of IFRS 9
Right-of-use assets	2,721,205	-	-	-	-	2,721,205	Outside scope of IFRS 9
Intangible assets	264,723	-	-	-	-	264,723	Outside scope of IFRS 9
Deferred tax assets	23,199,809	-	-	-	467,657	23,667,466	Outside scope of IFRS 9
Other assets - Financial Assets	33,658,751	-	-	-	-	33,658,751	Amortized Cost / FVOCI*
Other assets - Non Financial Assets	7,985,689	-	-	-	-	7,985,689	Outside scope of IFRS 9
Total Assets	288,538,002	(674,139)	(330,318)	-	467,657	288,001,202	
LIABILITIES							
Bills payable	2,162,537	-	-	-	-	2,162,537	Amortized Cost
Borrowings	130,369,330	-	-	-	-	130,369,330	Amortized Cost
Deposits and other accounts	156,876,151	-	-	-	-	156,876,151	Amortized Cost
Lease liabilities	3,348,737	-	-	-	-	3,348,737	Outside scope of IFRS 9
Subordinated debt	1,495,515	-	-	-	-	1,495,515	Amortized Cost
Deferred tax liabilities	-	-	-	-	-	-	Outside scope of IFRS 9
Other liabilities - Financial Liabilities	6,039,337	109,012	-	-	-	6,148,349	Amortized Cost
Other liabilities - Non-financial Liabilities	1,172,944	-	-	-	-	1,172,944	Outside scope of IFRS 9
Total Liabilities	301,464,551	109,012	-	-	-	301,573,563	
NET ASSETS	(12,926,549)	(783,151)	(330,318)	-	467,657	(13,572,361)	
REPRESENTED BY							
Share capital - net	30,500,208	-	-	-	-	30,500,208	Outside scope of IFRS 9
Reserves	(425,043)	-	-	-	-	(425,043)	Outside scope of IFRS 9
Surplus / (deficit) on revaluation of assets	3,977,847	-	-	(60,943)	-	3,916,904	Outside scope of IFRS 9
Accumulated losses	(46,979,561)	(783,151)	(330,318)	60,943	467,657	(47,564,430)	Outside scope of IFRS 9
	(12,926,549)	(783,151)	(330,318)	-	467,657	(13,572,361)	

* Profit / return accrued is based on classification of underlying financial assets. Remaining other assets are classified as Amortized Cost.

4.3 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, national prize bond, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.4 Lendings to / borrowings from financial institutions

The Group enters into transactions of borrowings (repo) from and lending (reverse repo) to financial and other institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale of securities under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the consolidated statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark up paid on such borrowings is charged to the consolidated profit and loss account over the period of borrowings on time proportionate basis.

c) Purchase of securities under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the consolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the consolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

d) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of ECL. Return on such lendings is accrued to consolidated profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e) Musharakah

Musharakah is a profit and loss sharing transaction in which the Group and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f) **Bai Muajjal**

Bai Muajjal is a transaction in which a party in need of funds purchases an easily saleable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is accrued and recorded as income in the consolidated profit and loss account over the period of credit sale.

4.5 Investments

4.5.1 Classification

The Group classifies and subsequently measures its investments, other than its investments in subsidiary, as referred in note 4.1

4.5.2 Regular way contracts

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

4.6 Advances

Advances are stated net of ECL. The ECL against advances are made in accordance with the requirements of IFRS 9 as referred in note 4.1 and other directives issued by the State Bank of Pakistan and are charged to the consolidated profit and loss account. Non-performing loans and advances in respect of which the Group does not expect any recoveries in future years are written off.

Lease, where the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Finance lease receivables are included in advances to the customers.

The Group provides Islamic financing and related assets mainly through Ijarah, Murabaha, Diminishing Musharakah, Salam, Tijarah, Istisna, Musharakah and Export Refinance under SBP Islamic Export Refinance Scheme. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. The Group determines ECL against Islamic financing and related assets in accordance with the requirements of IFRS 9. The net ECL charged / reversed during the year is charged to the consolidated profit and loss account and accumulated ECL is netted off against Islamic financing and related assets. Islamic financing and related assets are written of when there are no realistic prospects of recovery.

4.7 Property and equipment

4.7.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Group using the straight line method which writes down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these consolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

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

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of property and equipments account. Any deficit arising on subsequent revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to consolidated profit and loss account as an impairment of the asset. The surplus on revaluation of property and equipments, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the consolidated profit and loss account in the year when asset is derecognized. Surplus on revaluation realised on disposal of property and equipment is transferred directly to retained earning.

4.7.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.8 Right-of-use assets and their related lease liability

4.8.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The Group does not apply the recognition and measurement approach of IFRS 16 for short-term leases.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated on straight line basis over shorter of expected useful life or the lease term. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.8.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as mark-up expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.9 Intangible assets

4.9.1 Intangible assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed of.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.9.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during implementation period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.9.3 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognized in the consolidated profit and loss account.

4.10 Non-banking assets acquired in satisfaction of claim

Non-banking assets are initially recorded at cost. Non-banking assets acquired in satisfaction of claims are subsequently carried at revalued amounts less accumulated depreciation and impairment loss, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is adjusted against the surplus of that asset or, if no surplus exists, is charged to the consolidated profit and loss account as an impairment. Legal fees, transfer costs and direct cost of acquiring title to property are charged to the consolidated profit and loss account.

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the consolidated profit and loss account.

These assets are generally intended for disposal. Gains and losses realised on the disposal of such assets are disclosed separately from gains and losses realised on the disposal of property and equipment. Surplus on revaluation realized on disposal of these assets is transferred directly to retained earnings (accumulated losses). If such an asset is subsequently used by the Group for its own use, the asset, along with any related surplus, are transferred to property and equipment.

4.11 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the consolidated profit and loss account on a time proportion basis.

Deposits under Islamic Banking operations are accepted 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.

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 Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 60% of its profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Group's discretion and the Group can add, amend and transfer an asset to any other pool.

4.12 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the consolidated profit and loss account over the period on an accrual basis.

4.13 Remuneration framework

In accordance with Guidelines on Remuneration Practices, the Group has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Group is in line with the Group’s objectives taking into consideration all risks that the Group may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place.

4.14 Staff retirement benefits

4.14.1 Defined contribution plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate defined contribution provident funds for all their permanent employees. Equal monthly contributions are made both by the Group and its employees to the respective funds at the rate of 10% of basic salary respectively.

4.14.2 Defined benefit plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate funded gratuity plans for all their permanent employees who have completed the minimum qualifying period as per their respective fund rules. Provision is made by respective funds to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

The Group follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in consolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the consolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the consolidated profit and loss account.

4.14.3 Employees' compensated absences

The Group provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are credited or charged to the consolidated profit and loss account in the year in which they occur.

4.15 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupee at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupees terms at the rates of exchange ruling on the consolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

Translation gains and losses are included in the consolidated profit and loss account.

4.16 Revenue recognition

- Mark-up income / interest on advances and return on investments are recognized on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments are recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognized as permitted by the SBP except where in the opinion of the management it would not be prudent to do so.

- Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.

- Fee, commission and brokerage income is recognized upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when transaction takes place.

- Dividend income from investments is recognized when the Group's right to receive the dividend is established.

- Premium or discount on acquisition of investments is amortized using the effective yield method and taken to consolidated profit and loss account over the remaining maturity of the security.

- Gains and losses on disposal of investments and certain operating property and equipments are taken to the consolidated profit and loss account in the year in which they arise.

- Ijarah income is recognized on an accrual basis as and when the rentals become due.

- Profits on Bai Muajjal lendings are recognized on a straight-line basis.

- Murabaha income is recognized on deferred income basis.

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the consolidated statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.18 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the consolidated profit and loss account.

A subsequent increase in the recoverable value of the asset results in a reversal of the impairment loss through the profit and loss account, up to the original carrying value of the asset, if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

A provision is also recognised on other assets where the chances of recovery of those balances are very low.

4.19 Contingent liabilities

Contingent liabilities are not recognised in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, based on legal / professional opinions or other relevant assessments, it is not disclosed as a contingent liability.

4.20 Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for off balance sheet obligations is recognised when the Group becomes aware of the obligation and reasonable certainty exists that the Group will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

Provisions are reviewed at each consolidated statement of financial position date and are adjusted to reflect the current best estimate.

4.21 Off setting

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

4.22 Acceptances

Acceptances comprise undertaking by the Group to pay bill of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on the balance sheet transactions.

4.23 Financial instruments

Financial Assets and Liabilities

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the consolidated profit and loss account of the current period.

Derivative financial instruments

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

4.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.25 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional structure. The Group comprises of the following main business segments:

4.25.1 Business segments

Corporate, SME and Commercial

This segment provides a wide variety of financial products and services to large and medium-sized clients, along with loan products offered to the Consumer, SME and agriculture segments.

Treasury

This segment is responsible for asset / liability management and includes all treasury related products.

Retail banking

This segment relates to the branch distribution network, its related deposit and other products, and general banking services.

Brokerage business

It includes brokerage activities handled through the Subsidiary - Summit Capital (Private) Limited.

Others

This segment includes the head office related activities and all other activities not tagged to the segments above.

4.25.2 Geographical segments

The Group conducts all its operations in Pakistan.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		(Rupees in '000)	
In hand			
Local currency		5,013,446	4,607,636
Foreign currency		312,345	473,765
		5,325,791	5,081,401
With State Bank of Pakistan in			
Local currency current account	5.1	11,895,205	7,809,752
Foreign currency current account	5.2	417,268	501,148
Foreign currency deposit account	5.3	628,589	645,616
		12,941,062	8,956,516
With National Bank of Pakistan in Local currency current account		75,693	400,275
Prize bonds		9,611	25,227
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		18,352,157	14,463,419

5.1 These represent current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.

5.3 These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar Settlement account maintained with SBP. These carry mark up rate of 3.53% to 4.35% (2023: 3.39% to 4.34%) per annum.

6. BALANCES WITH OTHER BANKS

	Note	2024	2023
		(Rupees in '000)	
In Pakistan			
In current account		9,335	14,858
In deposit account	6.1	318	39
		9,653	14,897
Outside Pakistan			
In current account		1,387,894	512,159
In deposit account	6.2	78,639	76,888
		1,466,533	589,047
Less: Credit loss allowance held against balances with other banks	6.3	(1,086)	-
		1,475,100	603,944

6.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 13.50% to 20.5% per annum (2023: 4.98% to 7.71% per annum).

6.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00% to 5.50% per annum (2023: 0.00% to 6.50% per annum).

6.3 Credit loss allowance held against balances with other banks

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Opening balance		-	-
Impact of reclassification on adoption of IFRS 9	4.2	501	-
Charge for the period	32	585	-
Closing balance		1,086	-

7. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2024	2023
Reverse repo agreements	7.3	2,936,730	-
Bai Muajjal receivable			
- with State Bank of Pakistan	7.4	4,761,124	-
Musharakah	7.5	2,000,000	-
		9,697,854	-
Less: Credit loss allowance held against lending to financial institutions	32	(667)	-
Lendings to financial institutions - net of credit loss allowance		9,697,187	-

7.1 Particulars of lending - Gross

	2024	2023
In local currency	9,697,854	-
In foreign currencies	-	-
	9,697,854	-

7.2 Securities held as collateral against Lendings to Financial Institutions

	2024			2023		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	(Rupees in '000)					
Pakistan Investment Bonds	2,936,730	-	2,936,730	-	-	-
	2,936,730	-	2,936,730	-	-	-

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounts to Rs. 2,938.812 million.

7.3 This represents lending against securities to a financial institutions that carries mark-up rate of 13.50% per annum which will mature by January 02, 2025.

7.4 This represents Bai Muajjal agreements with the State Bank of Pakistan that carries profit rate of 16.21% per annum on December 31, 2024 and are due to mature latest by August 05, 2027.

7.5 This represents Musharakah agreement with other financial institution that carries profit rate of 12.50% per annum on December 31, 2024 and are due to mature latest by January 03, 2025.

7.6 Lending to FIs - Particulars of credit loss allowance

		2024		2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	9,697,854	667	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		9,697,854	667	-	-
Overseas					
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		-	-	-	-

	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	-	-	-	-
Transfer to stage 1	667	-	-	667
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	667	-	-	667
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	667	-	-	667

8. INVESTMENTS

8.1 Investments by type:

	2024			
	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
Classified / Measured at FVTPL				
Shares				
- Fully paid up ordinary shares - Listed	-	-	-	-
Debt Instruments				
Classified / Measured at FVOCI				
Federal Government Securities				
- Market Treasury Bills	31,480,645	-	(1,868)	31,478,777
- Pakistan Investment Bonds	96,791,543	-	530,014	97,321,557
- GoP Ijarah Sukuks	42,768,327	-	913,383	43,681,710
Non Government Debt Securities				
- Term Finance Certificates	1,094,014	(1,094,014)	-	-
- Sukuk Bonds (Note 8.2.1)	2,496,811	(200,310)	-	2,296,501
	174,631,340	(1,294,324)	1,441,529	174,778,545
Equity Instruments				
Classified / Measured at FVOCI (Non-Reclassifiable)				
Shares				
- Fully paid up ordinary shares - Listed	128,713	-	(55,760)	72,953
- Fully paid up ordinary shares - Unlisted	8,131	(1,000)	-	7,131
- Preference shares - Unlisted	598,058	(598,058)	-	-
Units of mutual funds - Listed	-	-	-	-
	734,902	(599,058)	(55,760)	80,084
Total Investments	175,366,242	(1,893,382)	1,385,769	174,858,629

	2023			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
Held for trading				
Shares				
- Fully paid up ordinary shares - Listed	44,595	-	(6,226)	38,369
Available-for-sale securities				
Federal Government Securities				
- Market Treasury Bills	25,272,804	-	12,008	25,284,812
- Pakistan Investment Bonds	108,328,519	-	(10,996)	108,317,523
- GoP Ijarah Sukuks	43,396,876	-	341,195	43,738,071
Shares				
- Fully paid up ordinary shares - Listed	128,886	(99,906)	6,982	35,962
- Fully paid up ordinary shares - Unlisted	8,131	(1,000)	-	7,131
- Preference shares - Unlisted	46,035	(46,035)	-	-
Non Government Debt Securities				
- Term Finance Certificates	1,542,217	(1,542,217)	-	-
- Sukuk Bonds	2,569,792	(200,000)	(43,841)	2,325,951
Units of mutual funds - Listed	68	-	26	94
	181,293,328	(1,889,158)	305,374	179,709,544
Total Investments	181,337,923	(1,889,158)	299,148	179,747,913

8.2 Investments by segments:

	2024			
	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
Federal Government Securities				
Market Treasury Bills	31,480,645	-	(1,868)	31,478,777
Pakistan Investment Bonds	96,791,543	-	530,014	97,321,557
GoP Ijarah Sukuks	42,768,327	-	913,383	43,681,710
	171,040,515	-	1,441,529	172,482,044
Shares				
Listed Companies	128,713	-	(55,760)	72,953
Unlisted Companies	606,189	(599,058)	-	7,131
	734,902	(599,058)	(55,760)	80,084
Non Government Debt Securities				
Listed (Note 8.2.1)	2,304,077	(7,576)	-	2,296,501
Unlisted	1,286,748	(1,286,748)	-	-
	3,590,825	(1,294,324)	-	2,296,501
Units of mutual funds - Listed	-	-	-	-
Total Investments	175,366,242	(1,893,382)	1,385,769	174,858,629

	2023			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
Federal Government Securities				
Market Treasury Bills	25,272,804	-	12,008	25,284,812
Pakistan Investment Bonds	108,328,519	-	(10,996)	108,317,523
GoP Ijarah Sukuks	43,396,876	-	341,195	43,738,071
	176,998,199	-	342,207	177,340,406
Shares				
Listed Companies	173,481	(99,906)	756	74,331
Unlisted Companies	54,166	(47,035)	-	7,131
	227,647	(146,941)	756	81,462
Non Government Debt Securities				
Listed	2,377,058	(7,266)	(43,841)	2,325,951
Unlisted	1,734,951	(1,734,951)	-	-
	4,112,009	(1,742,217)	(43,841)	2,325,951
Units of mutual funds - Listed	68	-	26	94
Total Investments	181,337,923	(1,889,158)	299,148	179,747,913

8.2.1 This amount includes fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its circular BPRD/BRD/PIAHCL/733688-2024 dated August 01,2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6, accordingly, the Group has recorded the modification loss of amounting Rs. 72.98 million (15.67%) in the current year

8.2.2 Investments given as collateral - Market Value

	2024	2023
	(Rupees in '000)	
Market Treasury Bills	26,932,590	19,453,473
Pakistan Investment Bonds	60,179,940	104,870,972
	87,112,530	124,324,445

8.3 Particlurs of credit loss allowance

8.3.1 Investments - exposure

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance / Impact of adoption of IFRS 9	177,075,061	2,369,790	1,893,072	181,337,923
New investments	852,627,719	-	-	852,627,719
Investments derecognised or repaid	(858,526,421)	(72,979)	-	(858,599,400)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(5,898,702)	(72,979)	-	(5,971,681)
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Closing balance	171,176,359	2,296,811	1,893,072	175,366,242

8.3.2 Investments - credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance	-	-	1,992,978	1,992,978
Impact of adoption of IFRS 9	-	-	(99,906)	(99,906)
New investments	-	-	-	-
Investments derecognised or repaid	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	-	-	-	-
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	310	-	310
Closing balance	-	310	1,893,072	1,893,382

		2024	2023
		(Rupees in '000)	
8.4	**Credit loss allowance / provision for diminution in value of investments**		
8.4.1	Opening balance	**1,889,158**	4,010,880
	Impact of reclassification on adoption of IFRS 9	**(99,906)**	-
	Other adjustments	**103,820**	-
	Charge / reversals		
	Charge for the year	**310**	26,943
	Reversals for the year	**-**	(23,569)
	Reversal on disposals	**-**	(2,125,096)
		310	(2,121,722)
	Closing Balance	**1,893,382**	1,889,158

8.4.2 Particulars of credit loss allowance / provision against debt securities

		2024		2023	
		Outstanding amount	Credit loss allowance held	Non performing investment	Provision
Category of classification		(Rupees in '000)			
Domestic					
Performing	Stage 1	**-**	**-**	-	-
Underperforming	Stage 2	**2,296,811**	**310**	-	-
Non-performing	Stage 3				
Loss		**1,294,014**	**1,294,014**	1,742,217	1,742,217
		3,590,825	**1,294,324**	1,742,217	1,742,217

8.5 **Quality of securities**

Details regarding quality of securities held under "Held to Collect and Sell" model are as follows:

	Cost 2024	Cost 2023
	---------- (Rupees in '000) ----------	
8.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	**31,480,645**	25,272,804
Pakistan Investment Bonds	**96,791,543**	108,328,519
GoP Ijarah Sukuks	**42,768,327**	43,396,876
	171,040,515	176,998,199
8.5.2 Shares		
Listed Companies		
- Commercial banks	**17,781**	-
- Chemical	**15**	15
- Investment banks / investment companies / securities companies	**11,010**	28,964
- Power generation and distribution	**99,907**	99,907
	128,713	128,886
Preference Shares		
- Chemical	**552,023**	-
- Sugar and allied industries	**46,035**	46,035
	598,058	46,035

Unlisted Companies	**Breakup Value as at**	2024 Cost	2024 Breakup value	2023 Cost	2023 Breakup value
		---------------------------- (Rupees in '000)			----------------------------
Arabian Sea Country Club Ltd	June 30, 2020	**1,000**	**(1,255)**	1,000	(1,255)
Pakistan Mortgage Refinance Company Limited	December 31, 2023	**1,830**	**4,810**	1,830	3,848
ISE Towers REIT Management Company Limited	June 30, 2024	**5,301**	**63,968**	5,301	62,264
		8,131	**67,523**	8,131	64,857

	Cost 2024	Cost 2023
8.5.3 Non Government Debt Securities	---------- (Rupees in '000) ----------	
Listed		
- Unrated	**2,377,058**	2,377,058
Unlisted		
- Unrated	**1,286,748**	1,734,951
8.5.4 Units of mutual funds		
Listed		
HBL Investments Fund - Class A	**-**	17
HBL Investments Fund - Class B	**-**	51
	-	68

9. ADVANCES

	Note	Performing 2024	Performing 2023	Non-Performing 2024	Non-Performing 2023	Total 2024	Total 2023
		------	------	(Rupees in '000)	------	------	------
Loans, cash credits, running finances, etc.	9.1	11,672,297	13,514,199	33,873,690	35,952,899	45,545,987	49,467,098
Islamic financing and related assets	9.2	2,346,432	2,439,460	275,641	274,364	2,622,073	2,713,824
Bills discounted and purchased		620,726	641,308	38,353	47,089	659,079	688,397
Advances - gross		14,639,455	16,594,967	34,187,684	36,274,352	48,827,139	52,869,319
Credit loss allowance / provision against advances							
- Specific		-	-	-	(34,211,166)	-	(34,211,166)
- General		-	(5,329)	-	-	-	(5,329)
- Stage 1		(24,950)	-	-	-	(24,950)	-
- Stage 2		(206,817)	-	-	-	(206,817)	-
- Stage 3		-	-	(33,021,294)	-	(33,021,294)	-
		(231,767)	(5,329)	(33,021,294)	(34,211,166)	(33,253,061)	(34,216,495)
Advances - net of credit loss allowance / provision		14,407,688	16,589,638	1,166,390	2,063,186	15,574,078	18,652,824

9.1 Includes Net Investment in Finance Lease as disclosed below:

	2024 Not later than one year	2024 Later than one and less than five years	2024 Over five years	2024 Total	2023 Not later than one year	2023 Later than one and less than five years	2023 Over five years	2023 Total
	------	------	------	(Rupees in '000)	------	------	------	------
Lease rentals receivable	60,786	24,002	-	84,788	85,922	17,744	-	103,666
Residual value	44,784	5,434	-	50,218	82,487	5,434	-	87,921
Minimum lease payments	105,570	29,436	-	135,006	168,409	23,178	-	191,587
Financial charges for future periods	(9,580)	(2,024)	-	(11,604)	(15,182)	(4,698)	-	(19,880)
Present value of minimum lease payments	95,990	27,412	-	123,402	153,227	18,480	-	171,707

9.2 This represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure - II to these consolidated financial statements.

9.3 Particulars of advances (Gross)

	2024	2023
	(Rupees in '000)	
In local currency	48,378,121	52,229,272
In foreign currencies	449,018	640,047
	48,827,139	52,869,319

9.3.1 Advances to Women, Women-owned and Managed Enterprises

	2024	2023
Women	450,457	325,084
Women Owned and Managed Enterprises	726,251	770,171
	1,176,708	1,095,255

9.3.2 Gross loans disbursed to women, women-owned and managed enterprises amounting Rs. 223.417 million (2023: Rs. 150.481 million)

	2024	2023
Women	179,018	147,422
Women Owned and Managed Enterprises	44,399	3,059
	223,417	150,481

9.4 Particlurs of credit loss allowance

9.4.1 Advances - Exposure

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance / Impact of adoption of IFRS 9	12,945,867	2,944,316	36,979,136	52,869,319
New advances	5,392,278	233,109	324,004	5,949,391
Advances derecognised or repaid	(6,874,686)	(500,540)	(1,078,638)	(8,453,864)
Transfer to stage 1	1,381,873	(1,581,803)	(1,190)	(201,120)
Transfer to stage 2	(257,855)	935,719	(998,592)	(320,728)
Transfer to stage 3	(33,802)	(26,154)	(788,380)	(848,336)
	(392,192)	(939,669)	(2,542,796)	(3,874,657)
Amounts written off / charged off	-	-	(167,523)	(167,523)
Closing balance - Current year	12,553,675	2,004,647	34,268,817	48,827,139

9.4.2 Advances - Particulars of credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance / Impact of adoption of IFRS 9	52,445	91,038	34,746,650	34,890,133
New Advances	15,517	15,662	324,399	355,578
Advances derecognised or repaid	(41,894)	(32,800)	(687,063)	(761,757)
Transfer to stage 1	847	(37,780)	(536)	(37,469)
Transfer to stage 2	(1,959)	171,791	(814,227)	(644,395)
Transfer to stage 3	(6)	(1,094)	(380,406)	(381,506)
	(27,495)	115,779	(1,557,833)	(1,469,549)
Amounts written off / charged off	-	-	(167,523)	(167,523)
Closing balance	24,950	206,817	33,021,294	33,253,061

9.5 Advances - Category of classification

		2024	
		Outstanding amount	Credit loss allowance held
		(Rupees in '000)	
Performing	Stage 1	12,553,675	24,950
Under Performing	Stage 2	2,004,647	201,676
Non-perfroming	Stage 3		
Other Assets Especially Mentioned		13,227	5,141
Substandard		2,445	1,834
Doubtful		57,747	16,977
Loss		34,195,398	33,002,483
Total		48,827,139	33,253,061

Corresponding ECL

	Outstanding amount	Credit loss allowance held
Stage 1	12,553,675	24,950
Stage 2	2,017,874	206,817
Stage 3	34,255,590	33,021,294
	48,827,139	33,253,061

9.6 Advances include Rs. 34,187.684 million (2023: Rs. 36,274.352 million) which have been placed under non-performing / Stag 3 status as detailed below:

Category of Classification		2024 Non Performing Loans	2024 Credit loss allowance
		(Rupees in '000)	
Domestic			
Other Assets Especially Mentioned	Stage 3	13,227	5,141
Substandard	Stage 3	2,445	1,834
Doubtful	Stage 3	57,747	16,977
Loss	Stage 3	34,114,265	33,002,483
		34,187,684	33,026,435

Category of Classification	2023 Non Performing Loans	2023 Provision
	(Rupees in '000)	
Domestic		
Other Assets Especially Mentioned	11,034	657
Substandard	25,438	1,092
Doubtful	102,297	6,397
Loss	36,135,583	34,203,020
	36,274,352	34,211,166

9.7 **Particulars of credit loss allowance / provisions against advances**

	Note	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Specific	2023 General	2023 Total
		(Rupees in '000)						
Opening balance		3,939	1,390	34,211,166	34,216,495	33,231,865	10,556	33,242,421
Impact of adoption of IFRS 9		48,506	89,648	535,484	673,638	-	-	-
Charge for the year		8,349	178,502	436,781	623,632	2,958,975	-	2,958,975
Reversals		(35,844)	(62,723)	(1,994,614)	(2,093,181)	(1,978,573)	(5,227)	(1,983,800)
		(27,495)	115,779	(1,557,833)	(1,469,549)	980,402	(5,227)	975,175
Amounts written off	9.8	-	-	(167,523)	(167,523)	(1,101)	-	(1,101)
Closing balance		24,950	206,817	33,021,294	33,253,061	34,211,166	5,329	34,216,495

9.7.1 **Particulars of credit loss allowance / provisions against advances**

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Specific	2023 General	2023 Total
	(Rupees in '000)						
In local currency	24,911	204,628	33,006,031	33,235,570	34,197,448	5,329	34,202,777
In foreign currencies	39	2,189	15,263	17,491	13,718	-	13,718
	24,950	206,817	33,021,294	33,253,061	34,211,166	5,329	34,216,495

9.8	PARTICULARS OF WRITE OFFs:	Note	2024	2023
			----------(Rupees in '000)----------	
9.8.1	Against credit loss allowance	9.7	**167,523**	1,101
	Directly charged to profit and loss account	32	**-**	75
			167,523	1,176
9.8.2	Write Offs of Rs. 500,000 and above			
	- Domestic		**166,710**	-
	Write Offs of Below Rs. 500,000		**813**	1,176
			167,523	1,176

9.9 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2024 is given in Annexure - I to these consolidated financial statements.

10. PROPERTY AND EQUIPMENT

	Note	2024	2023
		----------(Rupees in '000)----------	
Capital work-in-progress	10.1	**48,217**	73,786
Property and equipment	10.2	**7,024,034**	7,165,939
		7,072,251	7,239,725

10.1 Capital work-in-progress

	2024	2023
Civil works and related payments / progress billings	**14,866**	5,987
Advances and other payments to suppliers and contractors	**33,351**	67,799
Advances and other payments against capital work in progress considered doubtful	**1,155,814**	1,155,814
Less: Provision held there against	**(1,155,814)**	(1,155,814)
	-	-
	48,217	73,786

10.2 Property and Equipment

	2024						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2024							
Cost / Revalued amount	1,736,445	5,086,293	1,906,211	597,861	2,421,724	199,820	11,948,354
Accumulated depreciation / impairment	(5,670)	(465,971)	(1,492,216)	(497,560)	(2,172,410)	(148,588)	(4,782,415)
Net book value	1,730,775	4,620,322	413,995	100,301	249,314	51,232	7,165,939
Year ended December 31, 2024							
Opening net book value	1,730,775	4,620,322	413,995	100,301	249,314	51,232	7,165,939
Additions	-	-	54,935	11,712	233,808	17,974	318,429
Movement in surplus on assets during the year	-	-	-	-	-	-	-
Reversal of revaluation decrease recognized in profit and loss account	-	-	-	-	-	-	-
Disposals							
Cost	-	(34,500)	(38,247)	(25,964)	(169,894)	(28,020)	(296,625)
Accumulated depreciation	-	2,892	37,181	25,661	167,673	27,505	260,912
	-	(31,608)	(1,066)	(303)	(2,221)	(515)	(35,713)
Write off							
Cost	-	-	(24,236)	(702)	(813)	-	(25,751)
Accumulated depreciation	-	-	24,125	637	813	-	25,575
	-	-	(111)	(65)	-	-	(176)
Depreciation charge	-	(159,252)	(95,989)	(22,439)	(129,844)	(16,921)	(424,445)
Closing net book value	1,730,775	4,429,462	371,764	89,206	351,057	51,770	7,024,034
At December 31, 2024							
Cost / Revalued amount	1,736,445	5,051,793	1,898,663	582,907	2,484,825	189,774	11,944,407
Accumulated depreciation / impairment	(5,670)	(622,331)	(1,526,899)	(493,701)	(2,133,768)	(138,004)	(4,920,373)
Net book value	1,730,775	4,429,462	371,764	89,206	351,057	51,770	7,024,034
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	10 - 30	20	

	2023						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2023							
Cost / Revalued amount	1,806,445	5,376,723	1,906,047	581,306	2,377,609	202,159	12,250,289
Accumulated depreciation / impairment	(5,670)	(334,581)	(1,511,196)	(480,016)	(2,069,534)	(147,839)	(4,548,836)
Net book value	1,800,775	5,042,142	394,851	101,290	308,075	54,320	7,701,453
Year ended December 31, 2023							
Opening net book value	1,800,775	5,042,142	394,851	101,290	308,075	54,320	7,701,453
Additions	-	-	106,769	21,628	72,082	25,121	225,600
Movement in surplus on assets during the year	-	(2,678)	-	-	-	-	(2,678)
Reversal of revaluation decrease recognized in profit and loss account	-	269	-	-	-	-	269
Disposals							
Cost	(70,000)	(275,363)	(25,788)	(1,473)	(24,387)	(27,460)	(424,471)
Accumulated depreciation	-	21,544	24,637	1,364	23,845	14,799	86,189
	(70,000)	(253,819)	(1,151)	(109)	(542)	(12,661)	(338,282)
Write off							
Cost	-	-	(80,817)	(3,600)	(3,580)	-	(87,997)
Accumulated depreciation	-	-	78,326	3,596	3,567	-	85,489
	-	-	(2,491)	(4)	(13)	-	(2,508)
Depreciation charge	-	(165,592)	(83,983)	(22,504)	(130,288)	(15,548)	(417,915)
Closing net book value	1,730,775	4,620,322	413,995	100,301	249,314	51,232	7,165,939
At December 31, 2023							
Cost / Revalued amount	1,736,445	5,086,293	1,906,211	597,861	2,421,724	199,820	11,948,354
Accumulated depreciation / impairment	(5,670)	(465,971)	(1,492,216)	(497,560)	(2,172,410)	(148,588)	(4,782,415)
Net book value	1,730,775	4,620,322	413,995	100,301	249,314	51,232	7,165,939
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	10 - 30	20	

10.2.1 The cost of fully depreciated property and equipment that are still in the Group's use is as follows:

	2024	2023
	(Rupees in '000)	
Building improvements	**953,597**	972,814
Furniture and fixture	**360,958**	372,782
Electrical, office and computer equipment	**1,831,995**	1,806,449
Vehicles	**97,641**	121,734

10.2.2 The carrying amount of property and equipments held for disposal amounts to Rs. 409.526 million (2023: Rs. 201.733 million).

10.2.3 The properties of the Bank were last revalued by Independent professional valuers as at December 31, 2023. The revaluation was carried out by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd. on the basis of professional assessment of the present market values. This revaluation had resulted in an increase in surplus by Rs. 2.678 million. The total surplus arising against revaluation of property and equipments as at December 31, 2024 amounts to Rs 3,570.041 million.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2024	2023
	Carrying value at cost model	
	Rupees in '000	
Leasehold land	**797,374**	797,374
Buildings on leasehold land	**1,834,828**	1,906,711
Buildings improvements	**371,875**	413,995

10.2.4 Sale of property and equipment to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
	(Rupees in '000)				
Electrical, office and computer equipment					
Laptop	144	-	10	As per employment contract	Talib Raza (ex-employee)
Laptop	204	124	128	As per employment contract	Romana Pervez Akhtar (ex-employee)
Laptop	119	15	17	As per employment contract	Iqbal Ahmed (ex-employee)
Laptop	119	7	15	As per employment contract	Imran Chapra (ex-employee)

11. RIGHT-OF-USE ASSETS

	Note	2024	2023
		Rupees in '000	
		Branch Premises	
Cost		**4,397,989**	4,465,352
Accumulated depreciation		**(1,676,784)**	(1,511,956)
Opening net book value		**2,721,205**	2,953,396
Additions during the year		**611,610**	581,344
Modifications during the year	19	**(14,051)**	9,197
Deletions during the year			
Cost		**(679,249)**	(657,904)
Accumulated depreciation		**503,349**	425,553
		(175,900)	(232,351)
Depreciation charge for the year	30	**(541,593)**	(590,381)
Closing net book value		**2,601,271**	2,721,205

12. INTANGIBLE ASSETS

	Note	2024	2023
Capital work-in-progress	12.1	**69,334**	194,998
Intangible assets in use	12.2	**264,265**	69,725
		333,599	264,723

12.1 Capital work-in-progress

	2024	2023
Advances to suppliers and contractors	**69,334**	194,998
Advances against capital work in progress considered doubtful	**142,522**	142,522
Less: Provision held there against	**(142,522)**	(142,522)
	-	-
	69,334	194,998

12.2 Intangible assets in use

	2024				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
	(Rupees in '000)				
At January 01, 2024					
Cost	601,434	209,874	143,838	2,500	957,646
Accumulated amortisation and impairment	(534,209)	(209,874)	(143,838)	-	(887,921)
Net book value	67,225	-	-	2,500	69,725
Year ended December 31, 2024					
Opening net book value	67,225	-	-	2,500	69,725
Additions:					
- directly purchased	234,422	-	-	-	234,422
Write off:					
Cost	(2,059)	-	-	-	(2,059)
Accumulated depreciation	2,059	-	-	-	2,059
	-	-	-	-	-
Impairment loss recognized in the profit and loss account - net	-	-	-	-	-
Amortisation charge	(39,882)	-	-	-	(39,882)
Closing net book value	261,765	-	-	2,500	264,265
At December 31, 2024					
Cost	833,797	209,874	143,838	2,500	1,190,009
Accumulated amortisation and impairment	(572,032)	(209,874)	(143,838)	-	(925,744)
Net book value	261,765	-	-	2,500	264,265
Rate of amortization (percentage)	20 - 30	10	10		
Useful life (years)	3.33 - 5	10	10		

	2023				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
	(Rupees in '000)				
At January 01, 2023					
Cost	581,093	209,874	143,838	2,500	937,305
Accumulated amortisation and impairment	(510,008)	(209,874)	(143,838)	-	(863,720)
Net book value	71,085	-	-	2,500	73,585
Year ended December 31, 2023					
Opening net book value	71,085	-	-	2,500	73,585
Additions:					
- directly purchased	20,341	-	-	-	20,341
Impairment loss recognized in the profit and loss account - net	-	-	-	-	-
Amortisation charge	(24,201)	-	-	-	(24,201)
Closing net book value	67,225	-	-	2,500	69,725
At December 31, 2023					
Cost	601,434	209,874	143,838	2,500	957,646
Accumulated amortisation and impairment	(534,209)	(209,874)	(143,838)	-	(887,921)
Net book value	67,225	-	-	2,500	69,725
Rate of amortisation (percentage)	20 - 30	10	10		
Useful life (years)	3.33 - 5	10	10		

12.2.1 The cost of fully amortised intangible assets that are still in the Group's use is as follows:

	2024	2023
	Rupees in '000	
Computer softwares	**488,209**	451,898
Core deposits	**209,874**	209,874
Brand name	**143,838**	143,838

13. DEFERRED TAX ASSETS

	2024				
	At January 01, 2024	IFRS - 9 transition impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2024
	(Rupees in '000)				
Deductible Temporary Differences on					
- Tax losses carried forward	15,515,748	-	1,444,371	-	16,960,119
- Credit loss allowance against advances, off balance sheet etc.	9,002,927	282,928	904,748	-	10,190,603
- Fair value adjustments on advances	-	138,734	22,686	-	161,420
- Credit loss allowance against Investment	736,771	(38,963)	97,530	-	795,338
- Provision against intangible assets	48,034	-	3,695	-	51,729
- Staff compensated absences	54,578	-	12,404	-	66,982
- Credit loss allowance against other assets	166,759	45,995	12,829	-	225,583
- Minimum tax	833	-	304	-	1,137
- Alternative Corporate tax	3,048	-	(2,723)	-	325
	25,528,698	428,694	2,495,844	-	28,453,236
Taxable Temporary Differences on					
- Surplus on revaluation of property and equipments	(1,074,691)	-	49,971	(82,669)	(1,107,389)
- Surplus on revaluation of investments	(116,362)	38,963	-	(486,092)	(563,491)
- Unrealized gain on forward exchange contracts	(10,047)	-	1,252	-	(8,795)
- Surplus on revaluation of property - held for sale	(437,092)	-	-	(33,622)	(470,714)
- Surplus on revaluation of non-banking assets	(313,821)	-	48,563	(24,327)	(289,585)
- Accelerated tax depreciation	(376,876)	-	(35,549)	-	(412,425)
	(2,328,889)	38,963	64,237	(626,710)	(2,852,399)
	23,199,809	467,657	2,560,081	(626,710)	25,600,837

	2023			
	At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	13,108,527	2,407,221	-	15,515,748
- Provision against advances, off balance sheet etc.	8,121,244	881,683	-	9,002,927
- Provision for impairment loss - Investment	1,564,243	(827,472)	-	736,771
- Provision against intangible assets	48,034	-	-	48,034
- Staff compensated absences	51,955	2,623	-	54,578
- Unrealised loss on HFT Portfolio	-	-	-	-
- Unrealized gain on forward exchange contracts	-	-	-	-
- Provision against other assets	166,759	-	-	166,759
- Minimum tax	354	479	-	833
- Alternative Corporate tax	3,800	(752)	-	3,048
	23,064,916	2,463,782	-	25,528,698
Taxable Temporary Differences on				
- Surplus on revaluation of property and equipments	(1,151,581)	-	76,890	(1,074,691)
- Surplus on revaluation of investments	3,932	-	(120,294)	(116,362)
- Unrealized gain on forward exchange contracts	(142)	(9,905)	-	(10,047)
- Surplus on revaluation of property - held for sale	(452,705)	-	15,613	(437,092)
- Surplus on revaluation of non-banking assets	(333,546)	-	19,725	(313,821)
- Accelerated tax depreciation	(404,230)	27,354	-	(376,876)
	(2,338,272)	17,449	(8,066)	(2,328,889)
	20,726,644	2,481,231	(8,066)	23,199,809

13.1 The net deferred tax asset has been recognized in accordance with the Group's accounting policy. The management based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits (refer Note 1.2). Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. The management believes that it is probable that the Group would be able to achieve the profits and consequently, the deferred tax amount will be fully realized in future.

14. OTHER ASSETS

	Note	2024	2023
		(Rupees in '000)	
Income / mark-up accrued in local currency		5,100,143	7,912,817
Income / mark-up accrued in foreign currency		2,195	2,822
Advances, deposits, advance rent and other prepayments		514,440	393,824
Advance taxation (payments less provisions)		599,106	538,944
Non-banking assets acquired in satisfaction of claims	14.1	1,816,017	2,370,326
Branch adjustment account		62,317	-
Receivable from other banks against clearing and settlement		928,275	1,391,209
Receivable against Government Securities		-	23,000,000
Mark to market gain on forward foreign exchange contracts		43,225	27,833
Acceptances		665,551	409,685
Stationery and stamps on hand		6,161	6,792
Commission receivable on home remittance	14.2	-	184
Commission receivable on brokerage		12,935	8,355
Property - held for sale	14.3	3,692,787	3,692,787
Account receivable		112,072	144,497
Others		556,421	709,562
		14,111,645	40,609,637
Less: Credit loss allowance / provision held against other assets	14.4	(890,717)	(890,616)
Other assets (net of credit loss allowance / provision)		13,220,928	39,719,021
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		689,489	804,670
Surplus on revaluation of Property - Held for sale		1,120,749	1,120,749
Other assets - total		15,031,166	41,644,440

		2024	2023
14.1	Market value of non-banking assets acquired in satisfaction of claims	2,156,761	2,822,995

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2024. The revaluation was conducted by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd based on their professional assessment of present market values. That resulted in an increase in surplus by Rs. 0.443 million in December 31, 2024. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2024 amounts to Rs 689.489 million (December 31, 2023: Rs. 804.670 million).

14.1.1 Non-banking assets acquired in satisfaction of claims

	Note	2024	2023
		(Rupees in '000)	
Opening balance		2,814,889	3,010,420
Revaluation	23.2	443	11,399
Reversal of revaluation decrease recognized in profit and loss account	32	330	2,042
Disposals		(606,824)	-
Depreciation	30	(63,439)	(62,438)
Other adjustments		-	(146,534)
Closing balance		2,145,399	2,814,889

	Note	2024	2023
		----------- (Rupees in '000) -----------	
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		1,213,512	-
less			
- Cost	14.1.1	642,180	-
- Impairment / Depreciation		(35,356)	-
		606,824	-
Gain / Loss	29	606,688	-

14.2 This represents commission receivable from the SBP in respect of home remittances channelized through the Group as per agreement entered into with the SBP.

14.3 This represents a portion of the Group's self constructed property which has been earmarked for selling in the near future. This property is carried at lower of market value / fair value less cost to sell and carrying amount.

	Note	2024	2023
		----------- (Rupees in '000) -----------	
14.4 Credit loss allowance / provision held against other assets			
Income / mark-up accrued in local currency		1,389	1,389
Advances, deposits, advance rent and other prepayments		98,008	98,008
Non banking assets acquired in satisfaction of claims		360,107	360,107
Commission receivable on guarantees		9,880	9,880
Receivable from Dewan Group		45,310	45,310
Account Receivable - sundry claims		212,534	212,433
Receivable from Speedway Fondmetal (Pakistan) Limited		25,694	25,694
Others		137,795	137,795
		890,717	890,616

		2024	2023
14.4.1 Movement in credit loss allowance / provision held against other assets			
Opening balance		890,616	888,696
Charge for the year		583	8,032
Reversals		(482)	(6,000)
Written off		-	(112)
Closing balance		890,717	890,616

15. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

16. BILLS PAYABLE

	Note	2024	2023
		(Rupees in '000)	
In Pakistan		1,900,496	2,162,537
Outside Pakistan		-	-
		1,900,496	2,162,537

17. BORROWINGS

	Note	2024	2023
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.1	3,500,350	4,691,400
- Under Islamic Export Refinance Scheme (IERF)	17.2	-	90,000
- Under long-term financing facility	17.3	111,169	239,398
- Refinance facility for modernization of SMEs	17.4	203	1,100
- Repurchase agreement borrowings	17.5	86,276,260	123,027,721
		89,887,982	128,049,619
Repurchase agreement borrowings	17.6	-	2,313,316
Total secured		89,887,982	130,362,935
Unsecured			
Overdrawn nostro accounts		4,943	6,395
Total unsecured		4,943	6,395
		89,892,925	130,369,330

17.1 The Group has entered into an agreement with SBP for extending export finance to its customers. Borrowing under the export refinance scheme of SBP carry interest at rates ranging from 9.00% to 16.50% per annum (2023: 17.00% to 18.00% per annum). These are secured against demand promissory notes and are due to mature latest by June 23, 2025 (2023: latest by June 19, 2024).

17.2 The Group has entered into an agreement with SBP for extending export finance to its Islamic banking customers. Borrowing under the export refinance scheme of SBP carry interest at rate of nil (2023: 15.00% per annum). These were secured against demand promissory notes and matured by April 02, 2024.

17.3 These represent borrowings from SBP under scheme for long term financing facility at interest rate of 2.00% per annum (2023: 2.00% to 3.00% per annum) and have varying long term maturities latest due by December 31, 2028 (2023: latest due by December 31, 2028). Under the agreement, SBP has a right to recover the outstanding amount from the Group at the respective maturity dates of each finance by directly debiting current account of the Group maintained by the SBP.

17.4 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units at mark up rate of 2.00% per annum (2023: 2.00% per annum), which will mature latest by February 11, 2025 (2023: latest by February 11, 2025).

17.5 These represent borrowings from a SBP at mark-up rates ranging from 13.07% to 13.08% per annum (2023: 22.08% to 22.26% per annum), which will mature latest by January 17, 2025 (2023: January 26, 2024).

17.6 These represented borrowings from financial institutions at mark-up rates ranging from 22.10% to 22.90% per annum which matured by January 02, 2024.

17.7 Particulars of borrowings with respect to currencies

	2024	2023
	(Rupees in '000)	
In local currency	89,887,982	130,362,935
In foreign currencies	4,943	6,395
	89,892,925	130,369,330

18. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**39,633,691**	**1,736,724**	**41,370,415**	43,315,999	1,722,463	45,038,462
Savings deposits	**118,080,187**	**1,483,589**	**119,563,776**	84,046,183	2,168,138	86,214,321
Term deposits	**14,407,887**	**3,184,109**	**17,591,996**	14,520,225	3,489,167	18,009,392
Others	**2,413,801**	**43,805**	**2,457,606**	4,110,091	44,326	4,154,417
	174,535,566	**6,448,227**	**180,983,793**	145,992,498	7,424,094	153,416,592
Financial institutions						
Current deposits	**236,335**	**18,133**	**254,468**	230,014	43,445	273,459
Savings deposits	**3,722,272**	**1,878**	**3,724,150**	2,410,926	8	2,410,934
Term deposits	**699,322**	**198,021**	**897,343**	668,059	107,107	775,166
Others	**-**	**-**	**-**	-	-	-
	4,657,929	**218,032**	**4,875,961**	3,308,999	150,560	3,459,559
	179,193,495	**6,666,259**	**185,859,754**	149,301,497	7,574,654	156,876,151

18.1 Composition of deposits

	2024	2023
	(Rupees in '000)	
- Individuals	**100,377,851**	96,759,737
- Government (Federal and Provincial)	**4,019,448**	2,463,277
- Public Sector Entities	**10,848,548**	5,145,970
- Banking Companies	**1,520**	303,939
- Non-Banking Financial Institutions	**5,029,312**	3,155,620
- Private Sector	**65,583,075**	49,047,608
	185,859,754	156,876,151

18.2 Deposits include Eligible Deposits of Rs. 128,151.846 million (2023: Rs. 113,902.550 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

19. LEASE LIABILITIES

	Note	2024	2023
		(Rupees in '000)	
Opening		**3,348,737**	3,494,834
Additions during the year		**526,673**	495,709
Deletion during the year		**(288,948)**	(311,302)
Lease payments including interest		**(761,843)**	(774,778)
Finance cost	26	**473,834**	435,077
Modifications	11	**(14,051)**	9,197
Closing		**3,284,402**	3,348,737

19.1 Liabilities Outstanding

	2024	2023
Not later than one year	**792,141**	778,144
Later than one year and upto five years	**1,879,417**	1,890,404
Over five years	**612,844**	680,189
Total at the year end	**3,284,402**	3,348,737

20. SUBORDINATED DEBT

Issue amount	Rs.1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2022

These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended for fourth time by the Bank to October 27, 2019, October 27, 2020, October 27, 2021 and October 27, 2022 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019, October 22, 2020 and October 26, 2021. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020, July 09, 2021 and August 01, 2022. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020, October 22, 2021 and October 24, 2022.

Subsequently, approval was granted by the TFC Holders (in their meeting held on October 27, 2022) for extension in the maturity date and associated rescheduling of the coupon payments of the Term Finance Certificate upto October 27, 2023.

In November, 2024 the Board of Directors of Bank Makramah Limited (BML) has initiated the implementation of the BML Restructuring Scheme to ensure the bank's financial viability. The scheme aims to restructure BML's shareholding structure by increasing its equity and reducing overall debt, thereby strengthening its financial health and positioning the Bank for sustained growth. Under the proposed scheme, subject to court sanction, the outstanding redemption amount owed to Term Finance Certificate (TFC) holders was to be settled through the issuance and allotment of fully paid ordinary shares of BML.

Following the filing of the scheme, three meetings with TFC holders were held on December 27, 2024, January 13, 2025, and January 21, 2025. In the final meeting, TFC holders opted not to participate in the restructuring and decided to maintain their existing status. They further agreed to extend the maturity period of the TFCs to October 27, 2025. A formal request to SBP is being sent for seeking aforesaid extension."

Rating	'B' (Single B).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark-up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

21. OTHER LIABILITIES

	Note	2024	2023
		---------(Rupees in '000)---------	
Mark-up / return / interest payable in local currency		**2,811,708**	4,236,243
Mark-up / return / interest payable in foreign currencies		**26,304**	1,625
Unearned income		**89,152**	71,476
Accrued expenses		**172,290**	115,181
Advance against sale of property	21.2	**211,103**	211,103
Acceptances		**665,551**	409,685
Unclaimed dividends		**2,213**	2,213
Mark to market loss on forward foreign exchange contracts		**22,284**	2,071
Payable to defined benefit plan	37.1.7	**79,541**	18,813
Charity fund balance		**2,156**	4,317
Branch adjustment account		**-**	29,074
Security deposits against lease		**135,418**	187,644
Payable to Bangladesh Bank	21.3	**41,389**	41,389
Payable to Rupali Bank - Bangladesh	21.4	**16,293**	16,293
Payable to vendors / creditors		**440,312**	367,873
Provision for compensated absences	37.1.7 & 37.2.7	**160,950**	141,538
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**432,621**	542,370
Workers' welfare fund	21.5	**13,360**	13,360
Withholding taxes and government levies payable		**240,010**	264,364
Federal excise duty and sales tax payable		**12,988**	10,724
Commission payable on home remittances	21.6	**72**	213
Account payable		**197,921**	99,928
Credit loss allowance against off-balance sheet obligations		**160,905**	-
Others		**419,063**	404,621
		6,373,767	7,212,281

21.1 This includes markup payable on subordinated debt amounting to Rs. 1,617.913 million (December 31, 2023: 1,265.809 million).

21.2 This includes advance received amounting to Rs. 101.675 million (2023: Rs. 101.675 million) against sale of property included in other assets as property - held for sale.

21.3 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Group.

21.4 This represents amount payable in respect of share of Head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

21.5 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

21.6 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Group as per agreement entered into by the Group with them.

21.7 Credit loss allowance against off-balance sheet obligations

	Note	2024	2023
		(Rupees in '000)	
Opening balance		-	-
Impact of adoption of IFRS 9		109,012	-
Charge for the period / year	32	82,629	-
Reversals		(30,736)	-
		51,893	-
Amount written off		-	-
Closing balance		160,905	-

22. SHARE CAPITAL - NET

22.1 Authorized Capital

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
9,000,000,000	9,000,000,000	Ordinary shares of Rs. 10 each	90,000,000	90,000,000

22.2 Issued, subscribed and paid-up capital

2024	2023		2024	2023
(Number of shares)				
		<u>Ordinary shares</u>		
5,443,756,473	5,443,756,457	Fully paid in cash	54,437,564	54,437,564
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	6,739,977	6,739,977
50,000,000	50,000,000	Issued as bonus shares	500,000	500,000
454,466,382	454,466,382	Issued for consideration other than cash	4,544,664	4,544,664
6,622,220,576	6,622,220,560		66,222,205	66,222,205
		Less: Discount on issue of shares	(35,721,997)	(35,721,997)
6,622,220,576	6,622,220,560		30,500,208	30,500,208

22.3 Number of shares held by the associated companies as at December 31, are as follows:

2024	2023		2024	2023
(Number of shares)			% age holding	
1,761,412,119	1,761,412,119	Suroor Investments Limited	26.60%	26.60%

23. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2024	2023
		---------- (Rupees in '000) ---------	
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI-Debt	8.1	1,441,529	-
- Securities measured at FVOCI-Equity	8.1	(55,760)	-
- Available for sale securities		-	305,374
- Property and equipment	23.1	3,570,041	3,689,020
- Non-banking assets acquired in satisfaction of claims	23.2	689,489	804,670
- Property - held for sale	23.3	1,120,749	1,120,749
		6,766,048	5,919,813
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-Debt		(605,442)	-
- Securities measured at FVOCI-Equity		41,951	-
- Available for sale securities		-	(116,362)
- Property and equipment	23.1	(1,107,389)	(1,074,691)
- Non-banking assets acquired in satisfaction of claims	23.2	(289,585)	(313,821)
- Property - held for sale	23.3	(470,714)	(437,092)
		(2,431,179)	(1,941,966)
		4,334,869	3,977,847

23.1 Surplus on revaluation of property and equipment

	Note	2024	2023
Surplus on revaluation as at January 01,		3,689,020	3,925,590
Recognised during the year	10.2	-	(2,678)
Realised on disposal during the year - net of deferred tax		(13,418)	(97,741)
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax		(55,590)	(60,305)
Related deferred tax liability on surplus realised on disposal		(9,716)	(37,291)
Related deferred tax liability on incremental depreciation charged during the year		(40,255)	(38,555)
Surplus on revaluation as at December 31,		3,570,041	3,689,020
Less: related deferred tax liability on:			
- revaluation as at January 01,		(1,074,691)	(1,151,581)
- effect of change in tax rate		(82,669)	-
- revaluation recognised during the year		-	1,044
- surplus realised on disposal during the year		9,716	37,291
- incremental depreciation charged during the year		40,255	38,555
		(1,107,389)	(1,074,691)
		2,462,652	2,614,329

23.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2024	2023
Surplus on revaluation as at January 01	804,670	855,243
Recognised during the year	443	11,399
Reversed on adjustment during the year - net of deferred tax	-	(23,400)
Related deferred tax liability on surplus reversed on adjustment	-	(14,961)
Realised on disposal during the year - net of deferred tax	(53,278)	-
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	(13,784)	(14,403)
Related deferred tax liability on incremental depreciation charged during the year	(9,982)	(9,208)
Related deferred tax liability on surplus realised on disposal	(38,580)	-
Surplus on revaluation as at December 31	689,489	804,670
Less: related deferred tax liability on:		
- revaluation as at January 01	(313,821)	(333,546)
- effect of change in tax rate	(24,140)	-
- revaluation recognised during the year	(186)	(4,444)
- surplus reversed on adjustment	-	14,961
- surplus realised on disposal during the year	38,580	-
- incremental depreciation charged during the year	9,982	9,208
	(289,585)	(313,821)
	399,904	490,849

	Note	2024	2023
		---------- (Rupees in '000) ---------	
23.3 Surplus on revaluation of Property - Held for sale			
Surplus on revaluation as at January 01		**1,120,749**	1,160,784
Recognised during the year		**-**	-
Realised on disposal during the year - net of deferred tax		**-**	(24,422)
Related deferred tax liability on surplus realised on disposal		**-**	(15,613)
Surplus on revaluation as at December 31		**1,120,749**	1,120,749
Less: related deferred tax liability on:			
- revaluation as at January 01		**(437,092)**	(452,705)
- effect of change in tax rate		**(33,622)**	-
- revaluation recognized during the year		**-**	15,613
		(470,714)	(437,092)
		650,035	683,657

24. CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
Guarantees	24.1	**16,239,036**	13,557,375
Commitments	24.2	**116,889,811**	147,241,382
Other contingent liabilities	24.3	**21,437,137**	22,748,472
		154,565,984	183,547,229

24.1 Guarantees:

		2024	2023
Financial guarantees		**20,470**	20,470
Performance guarantees		**9,857,474**	9,761,374
Other guarantees		**6,361,092**	3,775,531
		16,239,036	13,557,375

24.2 Commitments:

	Note	2024	2023
Documentary credits and short-term trade-related transactions			
- letters of credit		**8,381,574**	8,868,111
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	**14,791,974**	6,935,713
- forward lending	24.2.2	**6,533,187**	5,853,928
Commitments for acquisition of:			
- operating property and equipments		**90,789**	109,562
- intangible assets		**816,027**	133,031
Other commitments	24.2.3	**86,276,260**	125,341,037
		116,889,811	147,241,382

24.2.1	Commitments in respect of forward foreign exchange contracts	Note	2024	2023
			(Rupees in '000)	
	Purchase		9,476,934	6,180,469
	Sale		5,315,040	755,244
			14,791,974	6,935,713

24.2.2	Commitments in respect of forward lending	Note	2024	2023
	Forward documentary bills		5,273,768	4,916,896
	Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	1,259,419	937,032
			6,533,187	5,853,928

24.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.

		Note	2024	2023
			(Rupees in '000)	
24.2.3	**Other commitments**			
	Purchase (Repo)		86,276,260	125,341,037
24.3	**Other contingent liabilities - claims against the Group not acknowledged as debts**		21,437,137	22,748,472

24.4 Contingency for tax payable

Contingency related to tax payable is disclosed in note 33.2.

25. MARK-UP / RETURN / INTEREST EARNED

	Note	2024	2023
On:			
Loans and advances		2,529,046	2,734,109
Investments		35,619,374	28,696,822
Lendings to financial institutions		697,027	197,314
Balances with banks		69,956	69,906
		38,915,403	31,698,151

26. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2024	2023
Deposits		20,490,662	16,354,213
Borrowings		21,165,443	16,282,744
Subordinated debt		352,104	348,940
Cost of foreign currency swaps against foreign currency deposits / borrowings		506,566	854,543
Finance cost of lease liability	19	473,834	435,077
		42,988,609	34,275,517

	Note	2024	2023
		(Rupees in '000)	

27. FEE AND COMMISSION INCOME

		2024	2023
Branch banking customer fees		191,056	126,839
Consumer finance related fees		3,503	4,303
Card related fees (debit cards)		217,211	123,563
Credit related fees		1,646	4,061
Investment banking fees		1,368	2,122
Commission on trade		426,492	270,946
Commission on guarantees		128,724	115,550
Commission on cash management		417	47
Commission on remittances including home remittances		5,914	9,434
Commission on bancassurance		1,388	1,812
Commission on brokerage		117,780	68,653
Alternate delivery channels (ADC)		21,905	33,895
Others		41	1,494
		1,117,445	762,719

28. GAIN ON SECURITIES

	Note	2024	2023
Unrealized gain on HFT investments		-	(6,226)
Realised	28.1	1,214,358	(1,283,769)
		1,214,358	(1,289,995)

28.1 Realised gain on:

	2024	2023
Federal Government Securities	1,201,521	394,860
Shares	12,837	(1,678,629)
	1,214,358	(1,283,769)
Net gain/loss on financial assets (debt instruments) measured at FVOCI	1,201,521	394,860
Net gain/ loss on investments in equity instruments designated at FVOCI	372	(1,678,629)
	1,201,893	(1,283,769)

29. OTHER INCOME

	2024	2023
Rent on property	6,694	6,001
Gain on sale of property and equipment - net	65,163	518,680
Gain on partial sale of HFS property	-	116,794
Gain on sale of non banking assets	606,688	-
Gain on sale of ijarah assets	725	865
Gain on termination of lease contracts under IFRS 16	113,049	78,949
Refund from Gratuity Fund	-	4,516
Others	10	1,406
	792,329	727,211

30. OPERATING EXPENSES

	Note	2024	2023
		(Rupees in '000)	
Total compensation expense	30.1	2,736,381	2,439,576
Property expense			
Rent and taxes		113,743	104,546
Insurance - Property		7,237	8,979
Insurance - Non Banking Assets		713	873
Utilities cost		554,954	507,649
Security (including guards)		260,429	237,042
Repair and maintenance (including janitorial charges)		238,780	171,612
Depreciation on owned property and equipments	10.2	255,241	249,575
Depreciation on right-of-use assets	11	541,593	590,381
Depreciation on non banking assets	14.1.1	63,439	62,438
		2,036,129	1,933,095
Information technology expenses			
Software maintenance		223,787	168,085
Hardware maintenance		138,523	149,271
Depreciation on computer equipments	10.2	86,034	67,447
Amortisation of computer softwares	12.2	39,882	24,201
Network charges		95,590	99,601
Insurance		2,927	2,713
		586,743	511,318
Other operating expenses			
Directors' fees and allowances		40,800	35,700
Fees and allowances to Shariah Board		23,700	23,700
Legal and professional charges		270,061	128,528
Outsourced services costs		321,442	304,205
Travelling and conveyance		461,566	464,765
NIFT clearing charges		36,968	31,287
Depreciation	10.2	83,170	100,893
Training and development		7,127	9,029
Postage and courier charges		43,506	41,574
Communication		155,513	104,960
Stationery and printing		195,049	161,094
Marketing, advertisement and publicity		46,667	55,213
Brokerage and commission		40,355	35,861
Fee and subscription		258,857	180,028
Cash transportation and sorting charges		154,586	142,922
Entertainment		81,116	72,002
Insurance		195,303	150,889
Deposit insurance premium expense		182,244	134,864
Repair and maintenance		174,042	130,008
Auditors' remuneration	30.2	23,641	12,316
Others		37,374	32,769
		2,833,087	2,352,607
		8,192,340	7,236,596

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 346.194 million (2023: Rs. 164.468 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

30.1 Total compensation expense	Note	2024	2023
		(Rupees in '000)	
Fees and allowances etc.		24,881	20,584
Managerial remuneration			
i) Fixed		1,708,737	1,537,956
ii) Variable			
of which;			
a) Cash bonus / awards etc.		-	-
b) Incentives and commission		2,621	6,135
Charge for defined benefit plan	37.1.8.1 & 37.2.5	88,803	70,748
Contribution to defined contribution plan	38	87,172	82,730
Charge for employees compensated absences	37.1.8.1 & 37.2.7	46,789	22,318
Rent and house maintenance		535,358	480,593
Utilities		119,475	106,970
Medical		121,749	110,799
Employee old age benefit institution		796	743
Total		2,736,381	2,439,576

30.2 Auditors' remuneration

		2024	2023
Audit fee		5,115	4,177
Fee for other statutory certifications		5,446	4,039
Fee for audit of employee funds		-	-
Special certifications and sundry advisory services		10,990	3,058
Out-of-pocket expenses		2,090	1,042
		23,641	12,316

31. OTHER CHARGES

		2024	2023
Penalties imposed by State Bank of Pakistan		772	542
Penalties imposed by SECP		-	-
		772	542

32. CREDIT LOSS ALLOWANCE / REVERSALS AND WRITE OFFS - NET

	Note	2024	2023
Credit loss allowance on investments / reversal of provision for diminution in value of investments	8.4.1	310	(2,121,722)
Credit loss allowance / reversal of provision against loans & advances	9.7	(1,469,549)	975,175
Credit loss allowance / provision against other assets	14.4.1	101	2,032
Reversal of provision for advances and other payments against capital work in progress		-	(2,526)
Reversal of revaluation decrease on property and equipment recognized in profit and loss account	10.2	-	(269)
Reversal of revaluation decrease on non-banking assets recognized in profit and loss account	14.1.1	(330)	(2,042)
Property and equipments written off	10.2	176	2,508
Operational loss		2,072	2,025
Recoveries against written off / charged off bad debts		(567)	(728)
Bad debts written off directly	9.8.1	-	75
Credit loss allowance against off-balance sheet obligations	21.7	51,893	-
Credit loss allowance on balance with other banks	6.3	585	-
Credit loss allowance on lending to FI	7.6	667	-
		(1,414,642)	(1,145,472)

33. TAXATION	Note	2024	2023
		(Rupees in '000)	
Current	33.1 & 33.2	**536,352**	421,176
Prior years		**-**	-
Deferred	13	**(2,560,081)**	(2,481,231)
		(2,023,729)	(2,060,055)

33.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

According to ICAP guide dated May 2024, minimum taxes do not qualify as income tax expense under IAS 12 Income Taxes. Instead, they should be accounted for as levy under IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Since the SBP has not officially adopted or communicated any changes to the format of the financial statements (refer note 2.5) , no changes have been made to the format of the statement of profit and loss account.

33.2 The Income Tax Returns of the Bank and its subsidiary have been submitted up to and including financial year ended December 31, 2023 i.e. tax year 2024.

In respect of assessments of Bank Makramah Limited from tax years 2009 to tax year 2019 and from tax year 2022 to tax year 2023, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 418.48 million through amended assessment orders and the same have been paid / stayed / adjusted against available refunds.

In respect of assessments of Bank Makramah Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 57.96 million through amended assessment orders and the same have been paid / stayed / adjusted against advance tax paid.

In respect of assessments of ex-My Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2010, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up/interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

In pursuance of SRO 1588(I)/2023 dated 21 November 2023, banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance 2001, for the tax years 2022 and 2023. The Bank through its legal counsel has challenged the above levy, and the High Court of Sindh, initially suspended the operation of the aforementioned SRO and granted stay to the Bank. Subsequently, the High Court of Sindh respectfully denied the oral motion for suspension with the considered view that grant of the oral motion would militate against the edicts of the Supreme Court. However, the Islamabad High court and the Lahore High court has suspended the operation in other similar petitions.

The management of the Group is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these consolidated financial statements.

34. BASIC AND DILUTED LOSS PER SHARE

	Note	2024	2023
		(Rupees in '000)	
Loss for the year		**(5,201,447)**	(5,326,724)
		2024	**2023**
		(Number of shares)	
Weighted average number of ordinary shares - Basic		**6,622,220,576**	5,334,220,021
		2024	**2023**
		(Rupee)	
Basic loss per share		**(0.79)**	(1.00)
		2024	**2023**
		(Number of shares)	
Weighted average number of ordinary shares - Diluted	34.1	**6,622,220,576**	5,334,220,021
		2024	**2023**
		(Rupee)	
Diluted loss per share		**(0.79)**	(1.00)

34.1 There are no potential ordinary shares outstanding as of December 31, 2024.

35. CASH AND CASH EQUIVALENTS

	Note	2024	2023
		(Rupees in '000)	
Cash and balances with treasury banks	5	**18,352,157**	14,463,419
Balances with other banks excluding credit loss allowance	6	**1,476,186**	603,944
Overdrawn nostro accounts	17	**(4,943)**	(6,395)
		19,823,400	15,060,968

35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2024			
	Liabilities		Equity	Total
	Subordinated debt	Other liabilities	Share Capital	
	(Rupees in '000)			
Balance as at January 01, 2024	**1,495,515**	**7,212,281**	**30,500,208**	**39,208,004**
Changes from financing cash flows				
Issue of share capital	-	-	-	-
Share issuance cost	-	-	-	-
Payment of lease liability against right-of-use-assets	-	(846,779)	-	(846,779)
	-	(846,779)	-	(846,779)
Liability related other changes				
Changes in other liabilities				
- Cash based	-	(1,101,843)	-	(1,101,843)
- Non cash based	-	1,110,108	-	1,110,108
Total liability related other changes	-	8,265	-	8,265
Equity related other changes	-	-	-	-
Balance as at December 31, 2024	**1,495,515**	**6,373,767**	**30,500,208**	**38,369,490**

	2023			
	Liabilities		Equity	Total
	Subordinated debt	Other liabilities	Share Capital	
	(Rupees in '000)			
Balance as at January 01, 2023	1,495,515	7,643,430	20,500,194	29,639,139
Changes from financing cash flows				
Issue of share capital	-	-	10,000,014	10,000,014
Share issuance cost	-	-	-	-
Payment of lease liability against right-of-use-assets	-	(860,415)	-	(860,415)
	-	(860,415)	10,000,014	9,139,599
Liability related other changes				
Changes in other liabilities				
- Cash based	-	3,035,405	-	3,035,405
- Non cash based	-	742,598	-	742,598
Total liability related other changes	-	3,778,003	-	3,778,003
Equity related other changes	-	-	-	-
Balance as at December 31, 2023	1,495,515	10,561,018	30,500,208	42,556,741

36. STAFF STRENGTH

	2024	2023
	------ (Number of employees) ------	
Permanent	**1,585**	1,749
On Group contract	**61**	55
Group's own staff strength at the end of the year	**1,646**	1,804

36.1 In addition to the above, 472 (2023: 550) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

37. DEFINED BENEFIT PLAN

37.1 Holding Company - Bank Makramah Limited

37.1.1 General description

The Holding Company maintains two schemes under defined benefit plan:

- A funded gratuity plan - under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

- An unfunded employee compensated absences scheme - under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2024 using 'Projected Unit Credit Method'.

37.1.2 Number of Employees under the scheme

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

	2024	2023
	------------- (Number) -------------	
- Gratuity fund	**1,546**	1,716
- Employees Compensated Absences	**1,603**	1,766

37.1.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2024 using 'Projected Unit Credit Method'.

	Note	2024	2023	2024	2023
		Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
		---------- (Per annum) ----------			
Discount rate		**12.25%**	15.50%	**12.25%**	15.50%
Discount rate for profit and loss		**15.50%**	14.50%	**15.50%**	14.50%
Expected rate of salary increase		**12.25%**	10.00%	**12.25%**	10.00%
Expected rate of return on plan assets		**-**	-	**12.25%**	15.50%
Leave accumulation factor - per annum		**22 days**	22 days	**-**	-
Withdrawal rates		**Moderate**	Moderate	**Moderate**	Moderate
Mortality rates		**SLIC 2001-05**	SLIC 2001-05	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05

37.1.4 Reconciliation of payable to defined benefit plans

Present value of obligations	**156,962**	137,637	**608,530**	515,836
Fair value of plan assets	**-**	-	**(528,989)**	(497,023)
Payable	**156,962**	137,637	**79,541**	18,813

37.1.5 Movement in defined benefit obligations

Obligations at the beginning of the year	**137,637**	130,964	**515,836**	466,179
Current service cost	**15,615**	16,006	**87,169**	77,895
Past service cost	**-**	-	**-**	-
Interest cost	**19,487**	18,092	**71,939**	61,959
Benefits paid by the holding company	**(26,717)**	(14,637)	**(92,514)**	(66,978)
Re-measurement loss / (gain)	**10,940**	(12,788)	**26,100**	(23,219)
Obligations at the end of the year	**156,962**	137,637	**608,530**	515,836

37.1.6 Movement in fair value of plan assets

	Note				
Fair value at the beginning of the year		**-**	-	**497,023**	569,137
Interest income on plan assets		**-**	-	**71,327**	70,205
Contribution by the holding company - net		**-**	-	**(73,701)**	(169,936)
Re-measurements: Net return on plan assets over interest income (loss) / gain	37.1.8.2	**-**	-	**34,340**	27,617
Fair value at the end of the year		**-**	-	**528,989**	497,023

37.1.7 Movement in payable under defined benefit schemes

	Note				
Opening balance		**137,637**	130,964	**18,813**	(102,958)
Charge for the year		**46,042**	21,310	**87,781**	69,649
Contribution by the holding company - net		**-**	-	**73,701**	169,936
Re-measurement gain recognised in OCI during the year	37.1.8.2	**-**	-	**(8,240)**	(50,836)
Benefits paid by the holding company		**(26,717)**	(14,637)	**(92,514)**	(66,978)
Closing balance		**156,962**	137,637	**79,541**	18,813

	2024	2023	2024	2023
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	(Rupees in '000)			
37.1.8 Charge for defined benefit plans				
37.1.8.1 Cost recognised in profit and loss				
Current service cost	**15,615**	16,006	**87,169**	77,895
Past service cost	**-**	-	**-**	-
Net interest on defined benefit liability	**19,487**	18,092	**612**	(8,246)
Actuarial losses / (gains) recognised	**10,940**	(12,788)		
	46,042	21,310	**87,781**	69,649
37.1.8.2 Re-measurements recognised in OCI during the year				
(Gain) / loss on obligation				
- Demographic assumptions	**-**	-	**(14,624)**	-
- Financial assumptions	**-**	-	**25,804**	(18,404)
- Experience adjustment	**-**	-	**14,920**	(4,815)
Return on plan assets over interest income	**-**	-	**(34,340)**	(27,617)
Total re-measurements recognised in OCI	**-**	-	**(8,240)**	(50,836)
37.1.9 Components of plan assets				
Cash and cash equivalents - net	**-**	-	**528,989**	497,023

37.1.10 Sensitivity analysis

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

	Change in assumption	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	+- 1%	**(10,796)**	**12,211**	**(29,517)**	**32,400**
Salary increase rate	+- 1%	**12,597**	**(11,323)**	**33,965**	**(31,462)**
Withdrawal rate	+- 10%	**-**	**-**	**(34)**	**34**
Mortality	+-1 Year	**-**	**-**	**(1,649)**	**1,774**

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

The Holding Company contributes to the employee compensated absences and gratuity funds according to the actuary's advice.

	Employees compensated absences	Gratuity fund
	------------ (Rupees in '000) -----------	
Expected charge for the next financial year	**22,678**	**86,038**

	2024	2023	2024	2023
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
37.1.12 Maturity profile				
The weighted average duration of the obligation (in years)	**7.33**	7.09	**5.18**	7.43

37.1.13 Funding Policy

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

37.1.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risks arises when the actual lifetime of retirees is longer than expectation. Thus risk is measured at plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impact the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.

Asset Volatility:

The risk arises due to inclusion of the risky assets in the pension / gratuity fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:

The risk arises if pension/gratuity benefits are linked to inflation and inflation rate is higher or higher than expected, which results in higher liabilities.

37.2 Subsidiary - Summit Capital (Private) Limited

37.2.1 General description

The Company has a gratuity fund that has been recognized by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the fund has been duly executed on July 12, 2007.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at balance sheet date. The latest valuation was carried out as on December 31, 2024.

37.2.2 Principal actuarial assumptions

	2024	2023
	----------- % per annum ------------	
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees	**15.00**	16.00
Expected rate of return on plan assets	**12.00**	16.00
Discount rate	**12.00**	16.00

37.2.3 Reconciliation of payable to / (receivable from) defined benefit plan

	2024	2023
	--------- (Rupees in '000) ----------	
Present value of defined benefit obligation	**15,634**	12,664
Fair value of plan assets	**(15,634)**	(12,664)
Asset / liability recognized in balance sheet	**-**	-

37.2.4 Movement in net liability recognized

	2024	2023
Opening net (asset) / liability	**-**	-
(Reversal) / charge for the year	**1,022**	1,099
Negative contribution	**655**	1,806
Other comprehensive (loss) / income - OCI	**(577)**	(2,155)
Contributions paid to the fund during the year	**(1,100)**	(750)
Closing net (asset) / liability	**-**	-

37.2.5 (Income) / expense charged in profit and loss account

	2024	2023
Current service cost	**1,110**	1,150
Net interest	**(88)**	(51)
Curtailment / Settlemnet Gain / Loss	**-**	-
	1,022	1,099

37.2.6 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO: Increase in assumption	Impact on present value of DBO: Decrease in assumption
		--------- (Rupees in '000) ----------	
Discount Rate	± 1 %	**14,960**	**16,371**
Salary Increase Rate	± 1 %	**16,431**	**14,893**
Withdrawal Rate	± 1 %	**15,608**	**15,664**
1 year mortality age set	Back/Forward	**15,635**	**15,633**

37.2.7 Provision for staff compensated absences

	2024	2023
	--------- (Rupees in '000) ----------	
Opening balance	**3,902**	3,177
Charge / (reversal) for the year	**747**	1,008
Encashment during the year	**(661)**	(283)
Closing balance	**3,988**	3,902

38. DEFINED CONTRIBUTION PLAN

38.1 Holding Company - Bank Makramah Limited

An amount of Rs. 84.508 million (2023: Rs. 80.309 million) has been charged during the year in respect of contributory provident fund maintained by the Holding Company.

38.2 Subsidiary Company - Summit Capital (Private) Limited

An amount of Rs. 2.664 million (2023: Rs. 2.421 million) has been charged during the year in respect of contributory provident fund maintained by the Subsidiary Company.

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2024						
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	(Rupees in '000)						
Fees and allowances etc.	2,400	-	38,400	17,775	-	-	2,254
Managerial remuneration							
i) Fixed	-	-	-	2,823	72,511	186,755	68,656
ii) Total variable							
of which							
a) Cash bonus / awards	-	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	2,035	-
Charge for defined benefit plan	-	-	-	156	3,798	15,328	5,357
Contribution to defined contribution plan	-	-	-	179	4,431	11,907	4,179
Charge for employees compensated absences	-	-	-	38	3,680	7,615	2,657
Rent and house maintenance	-	-	-	807	19,940	63,768	19,662
Utilities	-	-	-	179	4,431	14,171	4,369
Medical	-	-	-	179	4,943	13,124	4,369
Total	2,400	-	38,400	22,136	113,734	314,702	111,503
Number of persons	1	-	5*	5	1	31	30

* Number of persons include outgoing Non - Executive Director.

On October 30, 2024 Mr. Muhammad Salman Alam Fazli resigned as the Non - Executive Director of the Holding Company.

Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	2023						
	(Rupees in '000)						
Fees and allowances etc.	7,500	-	28,200	23,700	-	-	1,993
Managerial remuneration							
i) Fixed	-	5,645	-	2,099	42,113	143,676	104,395
ii) Total variable							
of which							
a) Cash bonus / awards	-	-	-	-	-	-	-
b) Commission	-	-	-	-	-	342	23
Charge for defined benefit plan	-	1,087	-	993	8,691	18,192	33,916
Contribution to defined contribution plan	-	425	-	134	3,608	7,635	6,275
Charge for employees compensated absences	-	791	-	147	6,207	9,101	10,726
Rent and house maintenance	-	1,911	-	601	16,237	48,656	30,026
Utilities	-	425	-	134	3,608	10,812	6,672
Medical	-	425	-	134	3,748	10,000	6,672
Total	7,500	10,709	28,200	27,942	84,212	248,414	200,698
Number of persons	2*	1**	5***	5	1	18	34

* Number of persons include outgoing Chairman

On December 19, 2023, Mr. Abdulla Nasser Abdulla Hussain Lootah was appointed as Chairman, replacing Mr. Waseem Mehdi Syed.

** On April 27, 2023 Mr. Salman Zafar Siddiqi resigned as the Executive Director of the Bank. Currently, there are no other Executive Directors in the Bank, aside from CEO.

*** On February 21, 2023 Mr. Muhammad Salman Alam Fazli was appointed as the Non - Executive Director of the Bank.

The Bank's President and Chief Executive Officer is entitled to use of Bank's maintained car and club membership fee in accordance with entitlement.While certain Key executives of the Bank are entitled to club membership fee in accordance with their entitlements.

Key Management personnel of the Group includes all the staff having a direct reporting line to the Bank's President and Chief Executive Officer and the key management personnel classified by the subsidiary company.

The MRT / MRC inclusion criteria has been developed in accordance with the Bank's Remuneration Guidelines.

The aggregate remuneration paid during the year to executives as defined under the Companies Act, 2017 amounted to Rs. 1,064.807 million (2023: Rs. 753.853 million).

39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2024

Name of Director	Meeting Fees and Allowances Paid							
		For Board Committees						
	Board Meetings	Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR&RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)	Total Amount Paid
	(Rupees in '000)							
Mr. Waseem Mehdi Syed	1,800	1,200	2,400	2,100	300	1,200	1,200	10,200
Ms. Fauzia Hasnain	1,800	1,500	2,400	300	1,200	900	1,200	9,300
Mr. Wajahat Ahmed Baqai	1,800	1,500	900	300	1,200	1,200	1,200	8,100
Mr. Zafar Iqbal Siddiqui	1,800	1,200	300	2,100	1,200	1,200	300	8,100
Mr. Muhammad Salman Alam Fazli	900	300	300	300	300	300	300	2,700
Mr. Abdulla Nasser Abdulla Hussain Lootah	1,800	300	300	-	-	-	-	2,400
Total amount paid	9,900	6,000	6,600	5,100	4,200	4,800	4,200	40,800

2023

Name of Director	Meeting Fees and Allowances Paid							
		For Board Committees						
	Board Meetings	Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR&RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)	Total Amount Paid
	(Rupees in '000)							
Mr. Waseem Mehdi Syed	2,100	1,200	600	1,500	-	1,200	600	7,200
Ms. Fauzia Hasnain	2,100	1,800	1,500	-	1,500	300	600	7,800
Mr. Wajahat Ahmed Baqai	1,800	1,500	900	-	1,200	1,200	600	7,200
Mr. Zafar Iqbal Siddiqui	2,100	1,800	900	1,500	1,500	1,200	300	9,300
Mr. Muhammad Salman Alam Fazli	1,500	900	-	300	300	300	600	3,900
Mr. Abdulla Nasser Abdulla Hussain Lootah	300	-	-	-	-	-	-	300
Total amount paid	9,900	7,200	3,900	3,300	4,500	4,200	2,700	35,700

39.3 **Remuneration paid to Shariah Board Members**

Items	2024 Chairman	2024 Resident Member	2024 Non-Resident Member(s)	2023 Chairman	2023 Resident Member	2023 Non-Resident Member(s)
	---	---	---	(Rupees in '000)	---	---
Meeting fees and allowances	11,700	-	6,075	15,600	-	8,100
Managerial Remuneration						
i) Fixed	-	2,823	-	-	2,099	-
ii) Total variable						
of which						
a) Cash bonus / awards etc.	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-
Charge for defined benefit plan	-	156	-	-	993	-
Contribution to defined contribution plan	-	179	-	-	134	-
Charge for employees compensated absences	-	38	-	-	147	-
Rent and house maintenance	-	807	-	-	601	-
Utilities	-	179	-	-	134	
Medical	-	179	-	-	134	-
Total amount	11,700	4,361	6,075	15,600	4,242	8,100
Total number of persons	1	1	3	1	1	3

40. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

40.1 Fair value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

40.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2024			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- (Rupees in '000) ----------			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	172,482,044	-	172,482,044
- Shares - Listed	72,953	-	-	72,953
- Non Government Debt Securities	-	2,296,501	-	2,296,501
- Units of mutual funds	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	68,778	68,778
Non-Financial assets - measured at fair value				
Operating property and equipments	-	-	6,532,001	6,532,001
Non banking assets acquired in satisfaction of claims	-	-	2,156,761	2,156,761
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	9,495,023	-	9,495,023
Forward sale of foreign exchange	-	5,312,188	-	5,312,188

	2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- (Rupees in '000) ----------			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	177,340,406	-	177,340,406
- Shares - Listed	74,331	-	-	74,331
- Non Government Debt Securities	-	2,325,951	-	2,325,951
- Units of mutual funds	-	94	-	94
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	66,112	66,112
Non-Financial assets - measured at fair value				
Operating property and equipments	-	-	6,765,092	6,765,092
Non banking assets acquired in satisfaction of claims	-	-	2,814,889	2,814,889
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	6,204,424	-	6,204,424
Forward sale of foreign exchange	-	753,437	-	753,437

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities-Unlisted	The fair values of Market Treasury Bills (MTB) and Pakistan Investment Bonds (PIB) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair values of GOP Ijarah Sukuks are derived using the PKISRV rates.
Federal Government Securities-Listed	The fair value of investment in listed GOP Ijarah Sukkuk are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Property and equipment (land and building) and non-banking assets acquired in satisfaction of claims	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.

The effect of changes in the unobservable input used in the valuation can not be determined with certainty. Accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities

	2024					
	Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
	(Rupees in '000)					
Profit and loss						
Net mark-up / return / profit	963,190	15,443,805	(19,723,249)	12,899	(769,851)	(4,073,206)
Inter segment revenue - net	(1,072,378)	(15,031,455)	25,693,903	-	(9,590,070)	-
Non mark-up / return / interest income	311,201	1,799,929	594,503	148,331	772,536	3,626,500
Total income	202,013	2,212,279	6,565,157	161,230	(9,587,385)	(446,706)
Segment direct expenses	289,588	111,579	5,119,736	121,130	2,551,079	8,193,112
Inter segment expense allocation	678,964	247,620	1,411,144	-	(2,337,728)	-
Total expenses	968,552	359,199	6,530,880	121,130	213,351	8,193,112
Credit loss allowance	(1,506,703)	(589)	(1,559)	583	93,626	(1,414,642)
Profit / (loss) before tax	740,164	1,853,669	35,836	39,517	(9,894,362)	(7,225,176)

	2024					
	Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
	(Rupees in '000)					
Balance Sheet						
Cash and bank balances	97,877	14,489,632	5,080,103	159,645	-	19,827,257
Investments	-	174,780,413	-	78,216	-	174,858,629
Net inter segment lending	-	-	175,158,643	-	-	175,158,643
Lendings to financial institutions	-	9,697,187	-	-	-	9,697,187
Advances - performing	12,429,126	-	244,359	-	1,734,203	14,407,688
Advances - non-performing	751,450	-	398,884	-	16,056	1,166,390
Others	418,523	4,670,152	3,871,092	269,756	41,409,601	50,639,124
Total assets	13,696,976	203,637,384	184,753,081	507,617	43,159,860	445,754,918
Borrowings	3,562,820	86,281,203	-	48,902	-	89,892,925
Subordinated debt	-	-	-	-	1,495,515	1,495,515
Deposits and other accounts	4,663,766	-	181,195,988	-	-	185,859,754
Net inter segment borrowing	5,239,190	117,054,728	-	-	52,864,725	175,158,643
Others	231,200	301,453	3,557,093	218,870	7,250,049	11,558,665
Total liabilities	13,696,976	203,637,384	184,753,081	267,772	61,610,289	463,965,502
Equity	-	-	-	239,845	(18,450,429)	(18,210,584)
Total equity and liabilities	13,696,976	203,637,384	184,753,081	507,617	43,159,860	445,754,918
Contingencies and Commitments	51,857,553	101,068,234	-	-	1,640,197	154,565,984

	2023					
	Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
	(Rupees in '000)					
Profit and loss						
Net mark-up / return / profit	820,501	12,569,421	(15,483,482)	(8,313)	(475,493)	(2,577,366)
Inter segment revenue - net	(1,355,528)	(12,747,513)	23,893,057	-	(9,790,016)	-
Non mark-up / return / interest income	230,144	(181,204)	425,823	89,312	718,178	1,282,253
Total income	(304,883)	(359,296)	8,835,398	80,999	(9,547,331)	(1,295,113)
Segment direct expenses	195,559	92,674	4,763,082	94,487	2,091,336	7,237,138
Inter segment expense allocation	605,095	186,468	1,189,621	-	(1,981,184)	-
Total expenses	800,654	279,142	5,952,703	94,487	110,152	7,237,138
Provisions / (reversals)	979,054	(2,121,722)	-	(2,804)	-	(1,145,472)
(Loss) / profit before tax	(2,084,591)	1,483,284	2,882,695	(10,684)	(9,657,483)	(7,386,779)

	2023					
	Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
	(Rupees in '000)					
Balance Sheet						
Cash and bank balances	114,461	9,958,667	4,908,810	85,425	-	15,067,363
Investments	-	179,668,201	-	79,712	-	179,747,913
Net inter segment lending*	-	-	143,712,510	-	-	143,712,510
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	14,624,318	-	384,646	75	1,580,599	16,589,638
Advances - non-performing	1,582,648	-	472,592	-	7,946	2,063,186
Others	629,959	30,187,746	3,746,440	210,451	40,295,306	75,069,902
Total assets	16,951,386	219,814,614	153,224,998	375,663	41,883,851	432,250,512
Borrowings	4,939,498	125,347,432	-	82,400	-	130,369,330
Subordinated debt	-	-	-	-	1,495,515	1,495,515
Deposits and other accounts	7,887,271	-	148,988,880	-	-	156,876,151
Net inter segment borrowing*	3,878,156	92,908,229	-	178,136	46,747,989	143,712,510
Others	246,461	1,558,953	4,236,118	117,698	6,564,325	12,723,555
Total liabilities	16,951,386	219,814,614	153,224,998	378,234	54,807,829	445,177,061
Equity	-	-	-	(2,571)	(12,923,978)	(12,926,549)
Total equity and liabilities	16,951,386	219,814,614	153,224,998	375,663	41,883,851	432,250,512
Contingencies and Commitments	49,794,505	132,276,749	-	-	1,475,975	183,547,229

41.1.1 The Group does not have any operations outside Pakistan.

* Comparative numbers have been realigned for better presentation.

42. TRUST ACTIVITIES

The Group undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

2024

Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)			
Employee Funds	**3**	**1,771,000**	**235,700**	**58,000**	**2,064,700**
Individual	**9**	**65,800**	**37,000**	**29,400**	**132,200**
Insurance company	**1**	**-**	**-**	**16,000**	**16,000**
Total	**13**	**1,836,800**	**272,700**	**103,400**	**2,212,900**

2023

Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)			
Employee Funds	3	1,200,000	72,595	295,700	1,568,295
Individual	10	48,850	24,000	25,600	98,450
Insurance company	1	-	-	16,000	16,000
Total	14	1,248,850	96,595	337,300	1,682,745

43. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its employee benefit plans, its directors and Key Management Personnel.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2024			2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Investments						
Opening balance	-	-	448,218	-	-	1,664,676
Investment made during the year	-	-	-	-	-	15
Investment redeemed / disposed of during the year	-	-	-	-	-	(1,216,473)
Transfer in / (out) - net	-	-	-	-	-	-
Other adjustment	-	-	103,820	-	-	-
Closing balance	-	-	552,038	-	-	448,218
Credit loss allowance / provision for diminution in value of investments	-	-	552,023	-	-	448,203
Advances						
Opening balance	-	303,505	671,901	-	162,705	671,888
Addition during the year	-	52,070	284	-	210,330	13
Repaid during the year	-	(30,556)	(154,934)	-	(73,085)	-
Transfer in / (out) - net	-	96,449	-	-	3,555	-
Closing balance	-	421,468	517,251	-	303,505	671,901
Credit loss allowance/ provision held against advances	-	84	517,060	-	-	671,901

	2024			2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Other Assets						
Interest / mark-up accrued	-	253	-	-	-	-
Advances, deposits, advance rent and other prepayments	-	6,105	-	-	4,022	-
Other receivable	-	-	2,949	-	-	2,949
Credit loss allowance / provision held against other assets	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	109,345	15,625	779,900	-	19,511	2,052,046
Received during the year	164,481	551,638	976,468	-	714,248	3,126,796
Withdrawn during the year	(163,230)	(548,647)	(1,103,999)	-	(718,348)	(4,400,329)
Transfer in / (out) - net	(109,101)	(805)	(8)	109,345	214	1,387
Closing balance	1,495	17,811	652,361	109,345	15,625	779,900
Other Liabilities						
Interest / mark-up payable	10	16	7,367	1,951	298	13,355
Payable to defined benefit plan	-	-	79,541	-	-	(18,813)
Unearned income	-	-	-	-	-	692
Contingencies and Commitments						
Guarantees, letters of credit and acceptances - net of ECL	-	-	77,613	-	-	86,500
Commitments to extend credit	-	-	-	-	-	-

	2024			2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Income						
Mark-up / return / interest earned	-	26,905	9	-	12,101	-
Fee and commission income	2	-	692	7	35	1,398
(Loss) / gain on securities	-	-	-	-	-	(797,694)
Other income	-	24	-	-	-	-
Expense						
Mark-up / return / interest paid	16,827	1,937	137,385	9,715	1,031	206,219
Operating expenses:						
- Directors' fees and allowances	40,800	-	-	35,700	-	-
- Fee and subscription	-	1,787	-	-	1,792	-
- Managerial remuneration	-	405,750	1,767	-	352,352	1,395
- Contribution to defined contribution plan	-	-	84,508	-	-	82,730
- Charge for defined benefit plan	-	-	87,781	-	-	70,748
Reversal of provision for diminution in value of investment	-	-	-	-	-	(1,137,225)
Credit loss allowance / provision against loans and advances	-	38	(154,842)	-	-	671,901
Credit loss allowance against off-balance sheet obligations	-	-	(9,924)	-	-	-

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	-------- (Rupees in '000) --------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**(22,699,616)**	(17,058,558)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	**(48,771,343)**	(40,745,819)
Eligible Additional Tier-1 (ADT-1) Capital	**-**	-
Total Eligible Tier-1 Capital	**(48,771,343)**	(40,745,819)
Eligible Tier-2 Capital	**-**	-
Total Eligible Capital (Tier-1 + Tier-2)	**(48,771,343)**	(40,745,819)
Risk Weighted Assets (RWAs):		
Credit Risk	**40,331,423**	39,440,428
Market Risk	**7,968,524**	6,083,839
Operational Risk	**3,800,036**	7,447,378
Total	**52,099,983**	52,971,645
Common Equity Tier 1 Capital Adequacy ratio	**-93.61%**	-76.92%
Tier 1 Capital Adequacy Ratio	**-93.61%**	-76.92%
Total Capital Adequacy Ratio	**-93.61%**	-76.92%

Under the applicable Laws and Regulations, the Bank is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Bank is subject to the Basel II capital adequacy guideline stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guideline vide its BPRD Circular No. 6 of 2013. As of December 31, 2024, the Bank is required to maintain minimum CET-1 ratio of 6%, minimum Tier-I capital ratio of 7.5% and minimum total capital adequacy ratio of 11.50% (inclusive of Capital Conservation Buffer of 1.50%).

Bank follows Standardised Approach for calculating Credit Risk Weighted Assets, Maturity Method for calculating Market Risk and Basic Indicator Approach for calculating Operational Risk or as specifically advised by the regulator.

Under Basel III framework, Group's regulatory capital has been analysed into two tiers as follows:

a) Tier-1 capital (going concern capital), which comprises Common Equity Tier-1 (CET-1) and Additional Tier-1 (AT-1 capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated / accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets, reciprocal crossholdings and investment in subsidiary are made from Tier-1 capital as per the applicable Basel III guidelines.

b) Tier-2 Capital (gone concern capital), which includes general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of property and equipment and FVOCI investments after deduction of deficit on FVOCI investments (as per Basel III requirement). The outstanding sub-ordinated debt / TFC of the Group has not been included in Tier-2 capital as of December 31, 2024 because the said TFC has already matured (revised maturity date was October 27, 2022) and therefore not eligible as Tier-2 capital as per the applicable Basel III guidelines.

Due to negative Tier-1 capital, the Group could not take benefit of available Tier-2 capital which includes surplus / (deficit) on revaluation of assets and general provision / reserve for loan losses amounting to Rs. 4,166.732 million.

As on December 31, 2024, the Group does not meet the applicable requirements stipulated by the SBP as explained above. In this regard, the management of the Group is taking various steps including a scheme of arrangement (the detail of which has been elaborated in note 1.2) to comply with applicable minimum capital requirements. Furthermore, the management has prepared business plan whcih has been approved by the Board of Directors. This plan aims to improve the Group's Capital base and risk absorption capacity based on various assumptions as explained in note 1.2 to these consolidated financial statements. Moreover, the management is committed to taking all the necessary steps for successful execution of the business plan to comply with the capital requirements as explained above.

Capital Management

The Group manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Group is committed to comply with the capital requirements as per the SBP's Basel III guidelines.

The capital management framework of the Group is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Group is applying standardised approach for the measurement of credit risk, standardised approach for market risk and Basic Indicator Approach for the operational risk.

	2024	2023
	-------- (Rupees in '000) --------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**(48,771,343)**	(40,745,819)
Total Exposures	**338,071,184**	374,312,880
Leverage Ratio	**-14.43%**	-10.89%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**106,854,439**	73,491,142
Total Net Cash Outflow	**39,122,564**	27,494,992
Liquidity Coverage Ratio	**273.13%**	267.29%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**119,891,171**	102,118,423
Total Required Stable Funding	**74,443,071**	64,870,949
Net Stable Funding Ratio	**161.05%**	157.42%

Under the applicable Laws and Regulations, the Group is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100%. The Group's LR is below the applicable regulatory requirement as of December 31, 2024. As more fully explained in note 1.2 of these consolidated financial statements, the Group has made a business plan which envisages the compliance with applicable regulatory requirements.

44.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is https://www.bankmakramah.com/financial-statement/

45. RISK MANAGEMENT FRAMEWORK

The acceptance and management of financial risk is inherent to banking business activities. The Group is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Group's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Group including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Group's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Group.
- The expected payoffs compensate the risks taken by the Group.
- The decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Enterprise Risk Management Group

The Board of Directors is responsible for overall supervision of the risk management process. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. The Board Risk Management Committee (BRMC) has been mandated by the Board of Directors (BOD) to assist in the design, regular evaluation and timely update of the risk management framework of the Group. The BRMC aims to ensure that the Group maintains a complete and prudent integrated risk management framework at all times and exposures are maintained within acceptable levels. The Board approved risk management framework has been developed strictly in line with regulatory requirements and covers all major types of risks that the Group may be exposed to.

The authority to monitor and manage different risks has been further delegated to the specialized committees comprising of senior members of management with relevant experience and expertise. The committees include:

- Asset and Liability Management Committee (ALCO)
- Central Credit Committee (CCC)

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets and liability management function.

The primary objective of this architecture is to inculcate risk management culture into the organization to ensure that risks are appropriately identified and assessed, properly documented, approved and adequately monitored; and managed in order to enhance long term earnings and to protect the interests of the Group's depositors and shareholders.

The Group has setup functions of asset booking and credit approval in which financing exposures and their related risks are analyzed in the light of credit limits, applicable controls and segment exposures.

Credit decision-making is a collective and consultative process in the Group. All credit exposures approval authority rests with Central Credit Committee / Sub-Committees. The Central Credit Committee (CCC) / Sub-Committees comprising of staff having relevant experience and knowledge of credit operation and associated risks.

45.1 Credit Risk

It is the risk of potential financial loss resulting from the failure of customers to honor the terms of a financing or contract. This risk arises from the potential that a customer or counterparty is either unwilling to perform an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Group. Alternatively, economic loss may occur due to actual or perceived losses which may result from reduction in value due to deterioration in credit quality. While the facilities are the largest and most obvious source of credit risk; it also stems from activities both on and off balance sheet.

Credit Risk also encompasses opportunity costs, transaction costs and expenses associated with a non-performing asset over and above the accounting loss.

The following objectives govern the credit policy of the Group:

- The Group complies with the requirements of Prudential Regulations prescribed by SBP.

- Facilities provided by the Group are well diversified into different sectors and products to achieve a strong market position and adequate return on capital.

- Return commensurate with the risk.

- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.

- Risk changes are identified promptly and remedial actions are taken in a timely manner.

The Group creates Expected Credit Loss charge against performing and non-performing advances in accordance with the Prudential Regulations and guidelines issued by SBP from time to time. Please refer to note 9.7 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 43.1.4, 43.1.5, 43.1.6 and 43.1.7

Credit approval authorities are based on the nature and size of exposure. Disbursement authorisation, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enable the Group to put in place viable solutions to prevent further deterioration in credit quality.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and identifies the risk before the Group is faced with undesirable positions. For this reason, facilities of a continuing character are periodically reviewed and approved.

It is the Group's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is secured and the Group's procedures ensure that the Group has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

For effective implementation, the Risk Management function operates independently within the Group. The function is also responsible for development and oversight of risk policies and plays a pivotal role in monitoring the risks associated with various activities of the Group. Risk Management function is headed by the Chief Risk Officer (CRO), who reports to the President / Chief Executive.

To ensure the independence of this position, following areas are critical to the Group's sustainability & profitability placed under the umbrella of ERMG function:

- Credit Risk

- Risk Policies and Industry Analysis
- Enterprise Risk Management
- IT Security

Credit Risk under Enterprise Risk Management Group (ERMG) is playing its due role in conducting due diligence and review of Corporate/Commercial, SME, Agri, FI and Consumer as well as Infrastructure Project Financing related credit applications and presents its observations to CCC / respective approving authorities of the Group. Credit Risk function adds value to the approval process by validation and assurance to the affect that the financing/investment proposals are in compliance with different policy parameters, regulatory instructions and adherence to the risk appetite of the Group. Besides, it also conducts assessment of credit proposals on concentration levels of the Group in terms of large exposures, industry limits, and impact on Capital Adequacy Ratio (CAR) and also identify / record if there are exceptions. Independent validation is helpful for the Central Credit Committee / approving authorities in decision making process. The structure of the Credit Risk function is designed in view of the nature, complexity of business activities of the Group.

Special Asset Management (SAM) function handles stressed assets to ensure a focused remedial strategy in compliance with the regulatory requirements. The SAM Committee oversee the functions and activities of SAM Division

Risk policies and Industry Analysis Unit of ERMG formulates and updates credit and risk policies of the Group besides preparing industry analysis and its updates from time to time. During the current year, Group has updated key policies and frameworks as per the best practices, regulatory compliance and group level action plans ensuring that the Group's policies are abreast with the latest regulatory requirements and best practices.

Enterprise Risk Management function is responsible for ensuring authenticity, accuracy and timely identification of risks in credit portfolio & market, liquidity and operational risks inherent in Group's activities and develop policies and procedures to control these risks. Main functions of Enterprise Risk cover Credit Portfolio Risk Management, Basel & IFRS 9 implementation, Market & Liquidity Risk Management, Operational Risk Management and Environmental Risk Management.

In line with the requirements of IFRS 9, the Group shall divide its portfolio into different segments based on shared credit risk characteristics. Resultantly, financial assets that typically respond in a similar way to the current environment and macroeconomic factors shall be clubbed into a single segment to estimate PD, LGD, and EAD.

The Group uses statistical methods to calculate PD for each segment depending upon the default rate of each segment. The statistical approach adopted to compute PD for each segment is based on the historical default percentages rate in each segment and availability of default data. The Group converts TTC PDs into 'point-in-time' (PiT PDs) reflecting the current forecasts of future economic conditions.

The Group estimates LGD for each segment using "Workout LGD approach". This method takes into account historical recovery data of classified obligors to estimate LGD, where LGD is total exposure less present value of recoveries of classified advances expressed as a percentage of exposure on the date of classification.

EAD input are forward-looking as well as based on the time-period when the default is likely to occur. It includes all outstanding exposure and off-balance sheet exposures after adjustment with contractual cash flows to reflect the exposure expected when default occurs.

The Group has adopted general approach for calculating ECL under this approach the Group classifies its financial assets in Performing (Stage 1), Underperforming (Stage 2) and Non-Performing Assets (Stage 3).

Treasury Middle Office (TMO) manages risks relating to treasury operations and reports its findings to ALCO for prompt remedial actions. The Group's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by Market Risk Management. Liquidity Risk is reviewed by ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

For effective management of Operational Risk, the Group has established an exhaustive operational risk management framework and covers business lines & support units / departments.

Risk Control and Self-Assessment (RCSAs) exercises for each business line and key control functions periodically performed. Through the RCSA exercise, the Group has been able to develop inventory of risks, controls and Key Risk Indicators (KRI) and mitigation plans are devised for effective control over operational risk.

The Group has acquired Operational Risk Management (ORM) suite i.e. ORM System "Guardian" for operational loss data collection, RCSAs and KRIs. The system keeps a detailed track of all operational loss events with complete audit trail. The Group has a Board approved BCP Policy and plans for all functional areas.

It is the policy of the Group to maintain a well-defined business continuity program which comprises of policy and procedures with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Recovery and IT Disaster Recovery Planning.

The Group has adopted Basel III guidelines issued by SBP and relevant disclosures are made in the financial statements.

Information Security plays a pivotal role in protecting Group's Information assets from both internal and external threats through security risk assessments. These are supported by preventive and detective controls capable of responding to emerging and ever changing threat landscape.

The Group being cognizant of the importance of risks associated with Money Laundering, Terror financing and Proliferation Financing, is continuously aligning its operational strategies, policies & procedures with FATF recommendations and related regulatory requirements. The Group in this respect has taken number of initiatives including but not limited to acquiring robust Regulatory technology solutions for transaction monitoring, screening against Targeted Financial Sanctions, eKYC, etc . BML also closely monitoring risks associated with all above risks associated with Trade business.

In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

All the above measures have collectively led to the evolution of a compliance-sensitive culture at BML. The tone at the top is clear, as evidenced by the support from the Board, the BRMC and President / Chief Executive.

The Group has implemented iMal™, a next-generation core banking software designed to support comprehensive Enterprise Islamic Banking and Investment operations. iMal™ integrates front, middle, and back-office functionalities, leveraging advanced technology to ensure seamless Straight Through Processing (STP) and enhanced business efficiency.

By implementing this system, the Group expects to enhance its risk assessment capabilities by providing management with advanced analytical review reports. These reports will offer in-depth insights, enabling more informed and data-driven decision-making to improve overall risk management and strategic planning.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

45.1.1 Credit Risk Approach for Capital Adequacy Ratio: Standardised Approach

The Group has adopted the standardized approach of Basel II for risk weighing its credit risk exposures.

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 SBP for capital adequacy purposes.

The standardised approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilised by the Group with respect to material categories of exposure:

Exposures	2024				
	Fitch	Moody's	S&P	PACRA	JCR-VIS
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
PSE's	-	-	-	Yes	Yes
Others	-	-	-	Yes	Yes

Sovereign Exposures: For foreign currency claims on sovereigns, the Group uses country risk scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits' available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
		CC		CC	CC	
				C	C	
				D	D	

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The Group has used specific rating for risk weighing specific exposures and entity rating for risk weighing claims against the counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

45.1.2 Credit Risk Mitigation Approach for Capital Adequacy Ratio: Comprehensive Approach

The Group has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the Trading Book of the Group does not contain instrument for which benefit is available; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Group's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the comprehensive Approach of CRM, then the Group reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Group accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Group has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Group uses realizable value of eligible collaterals to the extent of outstanding exposure.

45.1.3 Credit Risk Summary for On-Balance Sheet Exposures:

The below summary of Credit risk for On-Balance Sheet Banking book exposures are calculated using the policies described above:

	Rating category	2024 Amount outstanding	2024 Deduction CRM	2024 Net amount	2023 Amount outstanding	2023 Deduction CRM	2023 Net amount
		(Rupees in '000)					
Exposure category:							
Corporate							
	20%	**544,454**	**-**	**544,454**	351,039	-	351,039
	50%	**1,641,948**	**164,995**	**1,476,953**	2,556,921	153,198	2,403,723
	100%	**-**	**-**	**-**	35,939	-	35,939
	unrated	**5,467,839**	**887,292**	**4,580,547**	6,895,190	1,298,008	5,597,182
	125%	**2,362,973**	**(858)**	**2,363,831**	3,590,854	612,437	2,978,417
Retail							
	75%	**2,681,963**	**111,315**	**2,570,647**	2,131,732	42,188	2,089,544
Past due loan							
	150%	**781,690**	**-**	**781,690**	956,336	-	956,336
	100%	**337,859**	**-**	**337,859**	218,378	-	218,378
	50%	**46,841**	**-**	**46,841**	888,501	-	888,501
Bank							
	20%	**10,212,016**	**6,761,124**	**3,450,892**	488,333	-	488,333
	50%	**877,884**	**-**	**877,884**	404,042	-	404,042
	100%	**-**	**-**	**-**	-	-	-
	150%	**-**	**-**	**-**	15,885	-	15,885
	unrated	**776,454**	**-**	**776,454**	767,697	-	767,697
Sovereign etc.							
	0%	**-**	**-**	**-**	-	-	-
Others							
	0%	**2,296,501**	**-**	**2,296,501**	2,325,951	-	2,325,951
	35%	**1,421,168**	**9**	**1,421,159**	1,376,840	38	1,376,802
	50%	**-**	**-**	**-**	-	-	-
	100%	**18,662,476**	**-**	**18,662,476**	18,898,822	-	18,898,822
	150%	**-**	**-**	**-**	-	-	-
	250%	**-**	**-**	**-**	-	-	-
		48,112,066	**7,923,877**	**40,188,188**	41,902,460	2,105,869	39,796,591

45.1.4 Lendings to financial institutions

	Gross lendings 2024	Gross lendings 2023	Non-performing lendings 2024	Non-performing lendings 2023	Credit loss allowance held 2024 Stage 1	Credit loss allowance held 2024 Stage 2	Credit loss allowance held 2024 Stage 3	Provision held 2023
	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Credit risk by public / private sector								
Public / Government	**4,761,124**	-	**-**	-	**-**	**-**	**-**	-
Private	**4,936,730**	-	**-**	-	**667**	**-**	**-**	-
	9,697,854	-	**-**	-	**667**	**-**	**-**	-

45.1.5 Investment in debt securities

	Gross investments 2024	Gross investments 2023	Non-performing investments 2024	Non-performing investments 2023	Credit loss allowance held 2024 Stage 1	Credit loss allowance held 2024 Stage 2	Credit loss allowance held 2024 Stage 3	Provision held 2023
	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Credit risk by industry sector								
Textile	**200,000**	200,000	**200,000**	200,000	**-**	**-**	**200,000**	200,000
Chemical and pharmaceuticals	**-**	448,203	**-**	448,202	**-**	**-**	**-**	448,202
Sugar	**281,567**	281,567	**281,567**	281,567	**-**	**-**	**281,567**	281,567
Financial	**8,807**	8,807	**8,807**	8,807	**-**	**-**	**8,807**	8,807
Transport	**2,296,811**	2,325,950	**-**	-	**-**	**310**	**-**	-
Services	**803,640**	803,641	**803,640**	803,641	**-**	**-**	**803,640**	803,641
	3,590,825	4,068,168	**1,294,014**	1,742,217	**-**	**310**	**1,294,014**	1,742,217
Credit risk by public / private sector								
Public / Government	**2,296,811**	2,325,950	**-**	-	**-**	**310**	**-**	-
Private	**1,294,014**	1,742,218	**1,294,014**	1,742,217	**-**	**-**	**1,294,014**	1,742,217
	3,590,825	4,068,168	**1,294,014**	1,742,217	**-**	**310**	**1,294,014**	1,742,217

45.1.6 Advances

	2024	2023	2024	2023	2024			2023
	Gross advances		Non-performing advances		Credit loss allowance held			Provision held
					Stage 1	Stage 2	Stage 3	
	(Rupees in '000)							
Credit risk by industry sector								
Agriculture, forestry, hunting and fishing	1,907,498	1,949,615	1,189,333	1,122,792	213	717	1,093,424	966,406
Automobile and transportation equipment	1,146,312	1,160,436	1,125,675	1,137,352	123	780	1,123,573	1,060,451
Banaspati and allied industries	82,663	82,663	82,663	82,663	-	-	82,663	82,663
Carpet	1,041	1,041	1,041	1,041	-	-	1,041	1,041
Cement	380,140	381,153	329,169	329,169	196	-	329,169	329,169
Chemical and pharmaceuticals	1,876,476	2,058,592	1,789,190	1,938,308	211	2,044	1,684,590	1,760,563
Construction	1,803,903	2,025,501	1,212,090	1,730,722	499	43,239	1,065,866	1,502,576
Dairy and poultry	-	278	-	-	-	-	-	-
Education	12,884	18,978	741	3,081	-	-	741	3,081
Electronics and electrical appliances	518,181	572,586	340,510	378,117	97	7,459	341,836	377,871
Exports / imports	2,427,081	2,553,846	2,143,406	2,234,670	6	12,331	2,121,139	2,171,127
Financial	3,164,847	3,433,669	2,766,753	3,003,463	795	1,488	2,570,622	2,765,994
Food, tobacco and beverages	728,088	1,526,576	583,533	611,897	164	10,780	582,039	597,423
Footwear and leather garments	39,559	41,558	35,302	35,302	12	-	35,302	35,302
Furniture and allied products	23,755	27,129	6,573	6,973	105	1,753	6,573	4,899
Glass and ceramics	82,423	83,036	76,595	77,139	4	-	75,596	75,320
Health care	43,651	100,643	18,212	17,772	58	3,485	18,102	17,772
Hotels	108,201	113,365	105,809	105,809	4	-	33,514	33,624
Individuals	2,273,606	2,257,253	235,529	261,557	578	1,388	186,136	186,872
Mining and quarrying	863,230	884,912	806,605	884,912	-	-	863,230	884,912
Miscellaneous manufacturing	82,056	157,269	56,972	97,759	13	2,854	56,972	90,247
Paper and allied products	21,844	21,596	20,599	20,588	35	-	20,589	20,588
Power (electricity), gas, water, sanitary	1,886,305	2,031,767	1,886,305	2,030,470	-	-	1,795,564	1,686,211
Printing, publishing and allied industries	265,091	296,172	112,445	113,996	28	18,584	112,445	102,931
Services	1,459,540	1,609,527	443,193	503,457	1,075	14,229	399,412	398,180
Steel and engineering	2,721,138	2,860,000	2,686,824	2,688,123	16	1,600	2,686,824	2,648,363
Sugar	8,256,218	8,802,944	7,735,032	7,735,032	66	42,894	7,698,023	7,663,616
Textile	8,733,731	9,459,586	3,207,540	3,369,342	16,815	28,369	3,187,889	3,327,671
Transport, storage and communication	768,096	784,570	487,319	488,619	1,159	922	414,392	379,229
Wholesale and retail trade	2,525,080	2,969,155	749,624	1,269,216	2,285	9,736	740,547	1,248,829
Others	4,624,501	4,603,903	3,953,102	3,995,011	393	2,165	3,693,481	3,788,235
	48,827,139	52,869,319	34,187,684	36,274,352	24,950	206,817	33,021,294	34,211,166
Credit risk by public / private sector								
Public / Government	-	-	-	-	-	-	-	-
Private	48,827,139	52,869,319	34,187,684	36,274,352	24,950	206,817	33,021,294	34,211,166
	48,827,139	52,869,319	34,187,684	36,274,352	24,950	206,817	33,021,294	34,211,166

45.1.7 Contingencies and Commitments

Credit risk by industry sector	2024	2023
	---------- (Rupees in '000) ----------	
Agriculture, forestry, hunting and fishing	**2,490,409**	1,336,583
Automobile and transportation equipment	**2,464,548**	652,189
Banaspati and allied industries	**120,925**	1,328,036
Carpet	**308,907**	493,750
Cement	**245,500**	246,473
Chemical and pharmaceuticals	**66,864**	122,293
Construction	**8,652,596**	6,914,832
Consumer	**59,545**	23,025
Education	**-**	-
Electronics and electrical appliances	**740,895**	1,836,397
Exports / imports	**592,050**	918,742
Financial	**96,902,194**	131,988,097
Food, tobacco and beverages	**1,160,381**	1,204,828
Footwear and Leather garments	**7,173**	854
Furniture and allied products	**571**	1,593
Glass and ceramics	**4,111**	36,063
Health care	**195,946**	115,545
Hotels	**2,651**	46,140
Individuals	**5,654,492**	6,277,262
Mining and quarrying	**2,000**	2,000
Miscellaneous manufacturing	**1,080,123**	316,648
Others	**988,110**	793,538
Paper and allied products	**28,925**	19,183
Power (electricity), gas, water, sanitary	**1,205,097**	838,787
Printing, publishing and allied industries	**14,797**	19,318
Services	**7,312,110**	4,792,674
Steel and engineering	**929,899**	1,844,850
Sugar	**4,785,840**	4,785,840
Textile	**12,712,245**	10,942,901
Transport, Storage and Communication	**400,900**	446,752
Wholesale and retail trade	**5,436,180**	5,202,036
	154,565,984	183,547,229

Credit risk by public / private sector		
Public / Government	**89,738,261**	128,253,448
Private	**64,827,723**	55,293,781
	154,565,984	183,547,229

45.1.8 Concentration of Advances

The Group top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 18,926.913 million (2023: Rs. 15,825.536 million) are as follows:

	2024	2023
	(Rupees in '000)	
Funded	**8,481,083**	11,203,338
Non Funded	**10,445,830**	4,622,198
Total Exposure	**18,926,913**	15,825,536

The sanctioned limits against these top 10 exposures aggregated to Rs. 18,955.026 million (2023: Rs. 15,831.404 million).

	2024		2023	
	Amount	Credit loss allowance	Amount	Provision held
Total funded classified therein	(Rupees in '000)			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**4,791,349**	**4,751,481**	5,889,910	5,867,644
Total	**4,791,349**	**4,751,481**	5,889,910	5,867,644

45.1.9 Advances - Province / Region-wise Disbursement & Utilization

	2024						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Province / Region							
Punjab	13,586,110	13,582,672	221	30	-	3,187	-
Sindh	16,243,710	255,090	15,980,305	680	3,747	1,078	2,810
KPK including FATA	-	-	-	-	-	-	-
Balochistan	24,950	-	-	-	24,950	-	-
Islamabad	2,056	-	-	-	-	2,056	-
AJK including Gilgit-Baltistan	171	-	-	-	-	-	171
Total	29,856,997	13,837,762	15,980,526	710	28,697	6,321	2,981

	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Province / Region							
Punjab	16,201,865	16,194,429	404	3,349	-	3,683	-
Sindh	13,261,853	-	13,261,853	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	7,099	7,099	-	-	-	-	-
Islamabad	3,240	-	-	-	-	3,240	-
AJK including Gilgit-Baltistan	16,861	-	-	-	-	-	16,861
Total	29,490,918	16,201,528	13,262,257	3,349	-	6,923	16,861

45.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Group will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Group seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market risk management / treasury middle office perform market risk management activities within the Group.

45.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**18,352,157**	**-**	**18,352,157**	14,463,419	-	14,463,419
Balances with other banks	**1,475,100**	**-**	**1,475,100**	603,944	-	603,944
Lendings to financial institutions	**9,697,187**	**-**	**9,697,187**	-	-	-
Investments	**114,913,289**	**59,945,340**	**174,858,629**	118,344,889	61,403,024	179,747,913
Advances	**15,574,078**	**-**	**15,574,078**	18,652,824	-	18,652,824
Property and equipment	**7,072,251**	**-**	**7,072,251**	9,960,930	-	9,960,930
Right-of-use assets	**2,601,271**	**-**	**2,601,271**			
Intangible assets	**333,599**	**-**	**333,599**	264,723	-	264,723
Deferred tax assets	**25,600,837**	**-**	**25,600,837**	23,199,809	-	23,199,809
Other assets	**15,031,165**	**-**	**15,031,165**	41,644,440	-	41,644,440
	210,650,934	**59,945,340**	**270,596,274**	227,134,978	61,403,024	288,538,002

45.2.2 Foreign Exchange Risk

The Group has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximize profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Group's internal guidelines.

- Manage appropriate maturity mismatch gaps.

- Identify warning and stress zones for mismatch gaps.

- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

- Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Group's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Group is carefully monitoring the net foreign currency exposure as well as utilizing the forward contract to hedge the related exposure.

	2024				2023			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000							
United States Dollar	9,092,547	(9,424,497)	4,455,727	4,123,777	10,576,559	(18,390,237)	5,425,225	(2,388,453)
Great Britain Pound Sterling	486,188	(493,012)	-	(6,824)	223,282	(721,152)	539,303	41,433
Euro	460,685	(463,347)	-	(2,662)	781,489	(1,159,750)	215,941	(162,320)
Other currencies	36,785	(36,785)	-	-	-	-	-	-
	10,076,205	(10,417,641)	4,455,727	4,114,291	11,581,330	(20,271,139)	6,180,469	(2,509,340)

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	3,414	12,411,428	298,397	15,769,417
- Other comprehensive income	-	-	-	-

45.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Group's equity book comprises of FVTPL and FVTOCI portfolios. The objective of the FVTPL portfolio is to make short-term capital gains, whilst the FVTOCI portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Group.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	2	-	3,716
- Other comprehensive income	-	-	-	-

45.2.4 Interest Rate Risk

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

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

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	241,314	-	94,715	-
- Other comprehensive income	-	479,304	-	201,923

45.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2024											
	Effective Yield / Interest Rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments	(Rupees in '000)											
Assets												
Cash and balances with treasury banks	0.24%	18,352,157	417,268	-	-	-	-	-	-	-	-	17,934,889
Balances with other banks	1.91%	1,475,100	78,957	-	-	-	-	-	-	-	-	1,396,143
Lendings to financial institutions	18.31%	9,697,187	9,697,187	-	-	-	-	-	-	-	-	-
Investments	20.06%	174,858,629	-	15,580,287	127,776,903	-	31,421,355	-	-	-	-	80,084
Advances	5.08%	15,574,078	1,072,986	12,139,569	1,098,063	27,795	47,413	22,234	44,468	-	1,121,550	-
Other assets	-	7,050,531	-	-	-	-	-	-	-	-	-	7,050,531
		227,007,682	11,266,398	27,719,856	128,874,966	27,795	31,468,768	22,234	44,468	-	1,121,550	26,461,647
Liabilities												
Bills payable	-	1,900,496	-	-	-	-	-	-	-	-	-	1,900,496
Borrowings	19.79%	89,892,925	86,306,460	829,603	2,640,750	-	-	-	111,169	-	-	4,943
Deposits and other accounts	12.77%	185,859,754	133,741,175	5,394,967	1,309,620	1,035,111	197,038	20,639	77,791	825	-	44,082,588
Lease liabilities	14.11%	3,284,402	792,141	-	-	-	1,879,417	-	-	612,844	-	-
Subordinated debt	23.54%	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-
Other liabilities	-	5,338,496	-	-	-	-	-	-	-	-	-	5,338,496
		287,771,588	222,335,291	6,224,570	3,950,370	1,035,111	2,076,455	20,639	188,960	613,669	-	51,326,523
On-balance sheet gap		(60,763,906)	(211,068,893)	21,495,286	124,924,596	(1,007,316)	29,392,313	1,595	(144,492)	(613,669)	1,121,550	(24,864,876)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		14,791,974	14,791,974	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		14,791,974	14,791,974	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(196,276,919)	21,495,286	124,924,596	(1,007,316)	29,392,313	1,595	(144,492)	(613,669)	1,121,550	(24,864,876)
Cumulative Yield / Interest Risk Sensitivity Gap			(196,276,919)	(174,781,633)	(49,857,037)	(50,864,353)	(21,472,040)	(21,470,445)	(21,614,937)	(22,228,606)	(21,107,056)	(45,971,932)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2024
	--- (Rupees in '000) ---
Total financial assets	227,007,682
Add: Non financial assets	
Property and equipment	7,072,251
Right-of-use assets	2,601,271
Intangible assets	333,599
Deferred tax assets	25,600,837
Other assets	7,980,635
Total assets as per statement of financial position	270,596,275
Total financial liabilities	287,771,588
Add: Non financial liabilities	
Other liabilities	1,035,271
Total liabilities as per statement of financial position	288,806,859

			2023									
	Effective Yield / Interest Rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments	----------	----------	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	----------
Assets												
Cash and balances with treasury banks	0.18%	14,463,419	645,616	-	-	-	-	-	-	-	-	13,817,803
Balances with other banks	4.02%	603,944	76,927	-	-	-	-	-	-	-	-	527,017
Lendings to financial institutions	15.76%	-	-	-	-	-	-	-	-	-	-	-
Investments	21.07%	179,747,913	50,977,612	40,194,365	67,771,736	20,722,646	-	-	-	-	-	81,554
Advances	5.23%	18,652,824	1,271,605	12,460,524	2,335,842	58,186	83,615	59,422	111,646	177,448	2,094,536	-
Other assets	-	33,174,463	-	-	-	-	-	-	-	-	-	33,174,463
		246,642,563	52,971,760	52,654,889	70,107,578	20,780,832	83,615	59,422	111,646	177,448	2,094,536	47,600,837
Liabilities												
Bills payable	-	2,162,537	-	-	-	-	-	-	-	-	-	2,162,537
Borrowings	19.87%	130,369,330	125,907,462	3,019,430	1,240,214	47,172	975	-	147,682	-	-	6,395
Deposits and other accounts	12.07%	156,876,151	94,733,997	5,208,818	2,536,695	4,767,584	61,641	9,291	90,862	825	-	49,466,438
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	23.33%	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-
Other liabilities	12.96%	9,445,700	558,123	-	220,021	-	558,123	1,332,281	-	680,189	-	6,096,963
		300,349,233	222,695,097	8,228,248	3,996,930	4,814,756	620,739	1,341,572	238,544	681,014	-	57,732,333
On-balance sheet gap		(53,706,670)	(169,723,337)	44,426,641	66,110,648	15,966,076	(537,124)	(1,282,150)	(126,898)	(503,566)	2,094,536	(10,131,496)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		6,935,713	6,935,713	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		6,935,713	6,935,713	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(162,787,624)	44,426,641	66,110,648	15,966,076	(537,124)	(1,282,150)	(126,898)	(503,566)	2,094,536	(10,131,496)
Cumulative Yield / Interest Risk Sensitivity Gap			(162,787,624)	(118,360,983)	(52,250,335)	(36,284,259)	(36,821,383)	(38,103,533)	(38,230,431)	(38,733,997)	(36,639,461)	(46,770,957)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2023
	-- (Rupees in '000) --
Total financial assets	246,642,563
Add: Non financial assets	
Property and equipment	7,239,725
Right-of-use assets	2,721,205
Intangible assets	264,723
Deferred tax assets	23,199,809
Other assets	8,469,977
Total assets as per statement of financial position	288,538,002
Total financial liabilities	300,349,233
Add: Non financial liabilities	
Other liabilities	1,115,318
Total liabilities as per statement of financial position	301,464,551

45.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Group. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Division which is responsible for the implementation of the operational risk management framework across the Group.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk Control Self Assessment exercise.

The Group seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Group are in place. Besides these, to ensure business continuity, the Group has implemented Business Continuity Plan (BCP) across the Group for which BCP and Disaster Recovery Tests are performed on a regular basis. A dedicated Business Continuity Plan was also developed and implemented at head office and branches to ensure business continuity.

The Group maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Group's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Group implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had successfully completed the road map issued with respect to internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Group.

The Group has set up IT Security Division to manage IT security risk faced by the Group. The Group will continue to strengthen its cyber defence mechanism by utilising effective preventive and detective information security measure to counter evolving cyber challenges.

45.4 Liquidity Risk

Liquidity Risk is the risk that the Group may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inability to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Group is formulated keeping in view State Bank guidelines on risk management and best market practice. The Group's Asset and Liability Committee (ALCO) reviews the liquidity position on a periodic basis. Liquidity Management policy of the Group aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet the Group's contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Group.

The Group maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Group aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Group uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Group encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	2024													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	18,352,157	16,531,173	142,453	305,985	579,057	183,412	349,298	129,314	69,671	32,538	19,456	2,038	7,681	81
Balances with other banks	1,475,100	1,475,100	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,697,187	6,760,457	2,936,730	-	-	-	-	-	-	-	-	-	-	-
Investments	174,858,629	-	-	-	-	-	-	2,147,725	3,123,810	34,451,355	11,544,576	5,570,000	115,717,531	2,303,632
Advances	15,574,078	19,927	106,110	52,045	1,856,923	1,599,448	1,352,812	2,655,121	3,642,127	1,501,671	766,871	697,086	421,476	902,461
Property and equipments	7,072,251	922	5,538	6,461	14,767	27,688	27,688	83,064	83,064	135,895	336,869	336,869	439,701	5,573,725
Right-of-use assets	2,601,271	238	1,425	1,663	3,801	7,127	7,127	21,380	21,380	22,568	86,709	86,709	173,418	2,167,726
Intangible assets	333,599	194	1,158	1,351	3,089	5,792	5,792	17,376	17,376	87,676	70,471	70,471	52,853	-
Deferred tax assets	25,600,837	2,364	15,377	17,739	35,386	70,864	70,864	(621,074)	(25,915)	(24,843)	1,426,574	5,782,630	12,204,428	6,646,443
Other assets	15,031,166	30,252	316,356	1,518,598	4,527,629	605,556	192,915	431,271	417,492	562,772	2,945,031	2,945,031	538,263	-
	270,596,275	24,820,627	3,525,147	1,903,842	7,020,652	2,499,887	2,006,496	4,864,177	7,349,005	36,769,632	17,196,557	15,490,834	129,555,351	17,594,068
Liabilities														
Bills payable	1,900,496	1,900,496	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	89,892,925	13,436,798	23,160,855	-	49,713,750	513,503	316,100	2,640,750	-	-	-	-	111,169	-
Deposits and other accounts	185,859,754	167,417,907	1,442,683	3,098,832	5,864,341	1,857,487	3,537,481	1,309,620	705,584	329,526	197,038	20,639	77,791	825
Liabilities against right-of-use assets	3,284,402	-	-	-	792,141	-	-	-	-	-	1,879,417	-	-	612,844
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,373,767	215,400	330,632	206,387	932,894	1,418,342	710,041	543,295	483,986	415,503	555,839	422,178	139,270	-
	288,806,859	184,466,116	24,934,170	3,305,219	57,303,126	3,789,332	4,563,622	4,493,665	1,189,570	745,029	2,632,294	442,817	328,230	613,669
Net assets	(18,210,584)	(159,645,489)	(21,409,023)	(1,401,377)	(50,282,474)	(1,289,445)	(2,557,126)	370,512	6,159,435	36,024,603	14,564,263	15,048,017	129,227,121	16,980,399
Share capital - net	30,500,208													
Reserves	(425,043)													
Accumulated losses	(52,620,618)													
Surplus on revaluation of assets	4,334,869													
	(18,210,584)													

	2023													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	14,463,419	12,794,713	91,776	124,740	283,534	315,082	165,153	233,874	222,680	216,874	5,683	857	8,377	76
Balances with other banks	603,944	603,944	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	179,747,913	461	4,240	4,700	9,399	18,799	18,799	9,014,464	10,068,708	45,174,346	21,435,250	48,415,756	43,249,909	2,333,082
Advances	18,652,824	-	205,719	2,745	2,129,361	2,104,003	1,887,776	4,321,161	936,796	875,643	3,160,322	479,057	747,348	1,802,893
Property and equipments	9,960,930	1,115	6,697	7,814	17,860	33,487	33,487	100,461	100,461	179,828	407,423	407,423	648,637	8,016,237
Intangible assets	264,723	51	306	357	815	1,528	1,528	4,585	4,585	199,837	18,593	18,593	13,945	-
Deferred tax assets	23,199,809	(4,383)	(28,917)	(33,298)	(66,781)	(133,376)	(133,376)	(26,164)	(14,951)	(16,422)	1,439,124	5,692,522	11,542,466	4,983,365
Other assets	41,644,440	662,683	5,495,188	6,246,605	19,859,761	742,852	199,314	446,707	446,707	446,707	3,168,228	3,168,228	761,460	-
	288,538,002	14,058,584	5,775,009	6,353,663	22,233,949	3,082,375	2,172,681	14,095,088	11,764,986	47,076,813	29,634,623	58,182,436	56,972,142	17,135,653
Liabilities														
Bills payable	2,162,537	2,162,537	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	130,369,330	6,395	58,341,037	12,096,600	55,469,825	1,692,830	1,326,600	1,240,214	29,288	17,884	975	-	147,682	-
Deposits and other accounts	156,876,151	138,776,690	995,442	1,352,980	3,075,323	3,417,503	1,791,316	2,536,695	2,415,274	2,352,309	61,641	9,291	90,862	825
Liabilities against assets subject to		-	-	-	-	-	-	-	-	-	-	-	-	-
finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	10,561,018	1,728,805	94,129	202,401	994,569	1,181,198	462,418	726,303	103,833	1,327,179	1,133,673	1,804,573	121,748	680,189
	301,464,551	144,169,942	59,430,608	13,651,981	59,539,717	6,291,531	3,580,334	4,503,212	2,548,395	3,697,372	1,196,289	1,813,864	360,292	681,014
Net assets	(12,926,549)	(130,111,358)	(53,655,599)	(7,298,318)	(37,305,768)	(3,209,156)	(1,407,653)	9,591,876	9,216,591	43,379,441	28,438,334	56,368,572	56,611,850	16,454,639
Share capital - net	30,500,208													
Reserves	(425,043)													
Accumulated losses	(46,979,561)													
Surplus on revaluation of assets	3,977,847													
	(12,926,549)													

45.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioural study. The Group has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	2024									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	18,352,157	17,558,668	532,710	129,314	102,209	19,456	2,038	7,681	81	-
Balances with other banks	1,475,100	1,475,100	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,697,187	9,697,187	-	-	-	-	-	-	-	-
Investments	174,858,629	-	-	2,147,725	37,575,165	11,544,576	5,570,000	115,717,531	2,303,632	-
Advances	15,574,078	2,035,004	2,952,261	2,655,121	5,188,638	722,031	697,086	421,476	561,153	341,308
Property and equipments	7,072,251	27,688	55,376	83,064	218,959	336,869	336,869	439,701	889,975	4,683,750
Right-of-use assets	2,601,271	7,127	14,254	21,380	43,948	86,709	86,709	173,418	433,545	1,734,181
Intangible assets	333,599	5,792	11,584	17,376	105,052	70,471	70,471	52,853	-	-
Deferred tax assets	25,600,837	70,864	141,729	(621,074)	(50,758)	1,426,574	5,782,630	12,204,428	7,050,493	(404,049)
Other assets	15,031,166	6,392,836	798,471	431,271	980,263	2,945,031	2,945,031	538,263	-	-
	270,596,275	37,270,266	4,506,385	4,864,177	44,163,476	17,151,717	15,490,834	129,555,351	11,238,879	6,355,190
Liabilities										
Bills payable	1,900,496	1,900,496	-	-	-	-	-	-	-	-
Borrowings	89,892,925	86,311,403	829,603	2,640,750	-	-	-	111,169	-	-
Deposits and other accounts	185,859,754	177,823,763	5,394,967	1,309,620	1,035,111	197,038	20,639	77,791	825	-
Liabilities against right-of-use assets	3,284,402	792,141	-	-	-	1,879,417	-	-	612,844	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,373,767	1,685,313	2,128,383	543,295	899,489	555,839	422,178	139,270	-	-
	288,806,859	270,008,631	8,352,953	4,493,665	1,934,600	2,632,294	442,817	328,230	613,669	-
Net assets	(18,210,584)	(232,738,365)	(3,846,568)	370,512	42,228,876	14,519,423	15,048,017	129,227,121	10,625,210	6,355,190
Share capital - net	30,500,208									
Reserves	(425,043)									
Accumulated losses	(52,620,618)									
Surplus on revaluation of assets	4,334,869									
	(18,210,584)									

	2023									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	14,463,419	1,203,934	734,075	290,938	598,840	24,912	12,341	1,922,218	4,902,279	4,773,882
Balances with other banks	603,944	603,944	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	179,747,913	18,801	37,597	9,014,464	55,243,054	21,435,250	48,415,756	43,249,909	2,333,082	-
Advances	18,652,824	2,337,825	3,991,779	4,321,161	1,812,439	3,160,322	479,057	747,348	440,832	1,362,061
Property and equipments	9,960,930	33,487	66,974	100,461	280,288	407,423	407,423	648,637	1,391,111	6,625,126
Intangible assets	264,723	1,529	3,056	4,585	204,422	18,593	18,593	13,945	-	-
Deferred tax assets	23,199,809	(133,378)	(266,753)	(26,164)	(31,373)	1,439,124	5,692,522	11,542,466	5,735,470	(752,105)
Other assets	41,644,440	32,264,237	942,166	446,707	893,414	3,168,228	3,168,228	761,460	-	-
	288,538,002	36,330,379	5,508,894	14,152,152	59,001,084	29,653,852	58,193,920	58,885,983	14,802,774	12,008,964
Liabilities										
Bills payable	2,162,537	2,162,537	-	-	-	-	-	-	-	-
Borrowings	130,369,330	125,913,857	3,019,430	1,240,214	47,172	975	-	147,682	-	-
Deposits and other accounts	156,876,151	13,058,374	7,962,077	3,155,627	6,495,263	270,203	133,857	20,849,159	53,172,116	51,779,475
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	10,561,018	3,019,904	1,643,616	726,303	1,431,012	1,133,673	1,804,573	121,748	680,189	-
	301,464,551	145,650,187	12,625,123	5,122,144	7,973,447	1,404,851	1,938,430	21,118,589	53,852,305	51,779,475
Net assets	(12,926,549)	(109,319,808)	(7,116,229)	9,030,008	51,027,637	28,249,001	56,255,490	37,767,394	(39,049,531)	(39,770,511)
Share capital - net	30,500,208									
Reserves	(425,043)									
Accumulated losses	(46,979,561)									
Surplus on revaluation of assets	3,977,847									
	(12,926,549)									

45.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Group's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office / Head of Treasury. Treasury Middle Office (TMO) / market risk management function of the Group is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The TMO also monitors associated risks in line with the Board of Directors' approved limits / policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports / analysis as may be required.

46. CORRESPONDING FIGURES

As a result of change in format for the preparation of annual accounts issued by SBP as referred in note 2.5 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	2023 Rs. in '000
Property and equipment	Right-of-use	2,721,205
Other liabilities	Lease liability against right-of-use assets	3,348,737

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 28, 2025 by the Board of Directors of the Group.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMEBR 31, 2024

S.No.	Name and address of the Borrower	Name of individuals/partners/ directors with CNIC No.	Father's / Husband's Name	Outstanding Liabilities as at January 01, 2024				Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				(Rupees in '000)							
1	Javed Omer Vohra A-6-A,Central Avenue, Phase II,Dha Karachi	Javed Omer Vohra 42201-0302902-7	Muhammad Omer	236,710	123,074	-	359,784	166,710	123,074	-	289,784
2	Muhammad Saleem Shop No. 1 Eros Complex Martson Road Near Nasheman Cinema Karachi	Muhammad Saleem 42301-0341634-1	Muhammad Amin	939	957	-	1,896	279	957	-	1,236
	TOTAL			**237,649**	**124,032**	-	**361,680**	**166,989**	**124,032**	-	**291,020**

Annexure - II

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 12 (2023: 13) Islamic banking branches and 31 (2023: 35) Islamic banking windows at the end of the period.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		3,437,009	2,064,488
Balances with other banks		96,128	102,863
Due from financial institutions	1	26,135,485	2,788,300
Investments	2	41,317,673	37,213,598
Islamic financing and related assets - net	3	2,423,890	2,632,858
Property and equipment		169,024	173,098
Right-of-use assets		148,382	76,654
Intangible assets		-	-
Due from Head Office		-	-
Deferred tax assets		-	-
Other assets		1,688,565	2,608,328
Total Assets		75,416,156	47,660,187
LIABILITIES			
Bills payable		280,974	444,820
Due to financial institutions	4	3,135,154	4,705,668
Deposits and other accounts	5	47,062,215	36,330,124
Due to Head Office		-	-
Lease liabilities		158,396	103,179
Subordinated debt		-	-
Deferred tax liabilities		402,987	134,120
Other liabilities		16,900,389	1,287,124
		67,940,115	43,005,035
NET ASSETS		7,476,041	4,655,152
REPRESENTED BY			
Islamic Banking Fund		1,000,000	1,000,000
Reserves		-	-
Surplus on revaluation of assets		556,506	219,705
Accumulated losses	7	5,919,535	3,435,447
		7,476,041	4,655,152
CONTINGENCIES AND COMMITMENTS	8		

Annexure - II

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Profit / return earned	9	8,731,752	5,819,330
Profit / return expensed	10	5,200,934	3,961,762
Net Profit / return		3,530,818	1,857,568
Other income			
Fee and commission income		172,336	98,164
Dividend income		-	-
Foreign exchange loss		(42,867)	(6,397)
Income / (loss) from derivatives		-	-
Gain / (loss) on sale of securities		371,093	103,789
Other income		13,998	9,453
Total other income		514,560	205,009
Total income		4,045,378	2,062,577
Other expenses			
Operating expenses		1,117,231	864,100
Workers' welfare fund		-	-
Other charges		-	-
Total other expenses		1,117,231	864,100
Profit before credit loss allowance / provisions		2,928,147	1,198,477
Credit loss allowance / reversals and write offs - net		33,737	(582,224)
Profit before taxation		2,894,410	1,780,701
Taxation		-	-
Profit after taxation		2,894,410	1,780,701

ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE - II
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 In local currency	2024 In foreign currencies	2024 Total	2023 In local currency	2023 In foreign currencies	2023 Total
1. Due from Financial Institutions		(Rupees in '000)					
Unsecured							
Bai Muajjal Receivable from other Financial Institutions	1.1	**4,761,124**	**-**	**4,761,124**	2,788,300	-	2,788,300
Bai Muajjal Receivable from other Financial Institutions	1.2	**19,374,631**	**-**	**19,374,631**	-	-	-
Musharakah	1.3	**2,000,000**	**-**	**2,000,000**	-	-	-
		26,135,755	**-**	**26,135,755**	2,788,300	-	2,788,300
Less: Credit loss allowance							
Stage 1		**(270)**	**-**	**(270)**	-	-	-
Stage 2		**-**	**-**	**-**	-	-	-
Stage 3		**-**	**-**	**-**	-	-	-
		(270)	**-**	**(270)**	-	-	-
Due from financial institutions - net of credit loss allowance		**26,135,485**	**-**	**26,135,485**	2,788,300	-	2,788,300

1.1 This represents Bai Muajjal agreement with State Bank of Pakistan and carries profit rate of 16.21% per annum on December 31, 2024 and are due to mature latest by August 05, 2027.

1.2 This represents Bai Muajjal agreements with conventional operations of Bank Makramah Limited and carries profit rate from 10.75% to 14.00% per annum and are due to mature latest by March 25, 2025.

1.3 This represents Musharakah agreements with other Financial Institutions and carries profit rate at 12.50% per annum on December 31, 2024 and are due to mature latest by January 03, 2025.

2. Investments

	2024 Cost / amortised cost	2024 Credit loss allowance for diminution	2024 Surplus / (Deficit)	2024 Carrying value	2023 Cost / amortised cost	2023 Provision for diminution	2023 Surplus / (Deficit)	2023 Carrying value
Investments by segments:	(Rupees in '000)							
Debt Instruments								
Federal Government Securities								
- GOP Ijarah Sukuks	**38,149,499**	**-**	**871,673**	**39,021,172**	34,580,383	-	307,264	34,887,647
Non Government Debt Securities								
- Listed	**2,296,811**	**(310)**	**-**	**2,296,501**	2,369,792	-	(43,841)	2,325,951
Total Investments	**40,446,310**	**(310)**	**871,673**	**41,317,673**	36,950,175	-	263,423	37,213,598

3. Islamic financing and related assets	Note	2024	2023
		--------- (Rupees in '000) ---------	
Ijarah	3.1	**595,944**	479,172
Running Musharakah		**311,863**	354,382
Diminishing Musharakah		**1,112,722**	967,149
Diminishing Musharakah-IERF		**300,000**	300,000
Tijarah		**284,517**	605,998
Advance against Ijarah		**17,027**	7,123
Gross Islamic financing and related assets		**2,622,073**	2,713,824
Less: Credit loss allowance / provision against Islamic financings			
-Stage 1		**(718)**	-
-Stage 2		**(34,420)**	-
-Stage 3		**(163,045)**	-
- Specific		**-**	(79,889)
- General		**-**	(1,077)
		(198,183)	(80,966)
Islamic financing and related assets - net of credit loss allowance / provision		**2,423,890**	2,632,858

3.1 Ijarah

2024

	Cost			Accumulated Depreciation			Book Value as at December 31, 2024
	As at January 01, 2024	Additions / (deletions)	As at December 31, 2024	As at January 01, 2024	Charge for the year	As at December 31, 2024	
	---------- (Rupees in '000) ----------						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	**680,656**	**149,751**	**830,407**	**201,484**	**32,979**	**234,463**	**595,944**
Vehicles corporate	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	**680,656**	**149,751**	**830,407**	**201,484**	**32,979**	**234,463**	**595,944**

2023

	Cost			Accumulated Depreciation			Book Value as at December 31, 2023
	As at January 01, 2023	Additions / (deletions)	As at December 31, 2023	As at January 01, 2023	Charge for the year	As at December 31, 2023	
	---------- (Rupees in '000) ----------						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	588,551	92,105	680,656	193,707	7,777	201,484	479,172
Vehicles corporate	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	588,551	92,105	680,656	193,707	7,777	201,484	479,172

Future Ijarah payments receivable

	2024				2023			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	---------- (Rupees in 000) ----------							
Ijarah rental receivables	**69,363**	**761,044**	**-**	**830,407**	21,885	457,287	-	479,172

4. Due to financial institutions

	Note	2024	2023
		--------- (Rupees in '000) ---------	
Secured			
Acceptances from the SBP under Islamic Export Refinance Scheme	4.1	-	90,000
Total secured		-	90,000
Unsecured			
Overdrawn nostro accounts		**3,135,154**	115,668
Musharakah	4.2	-	4,500,000
Total unsecured		**3,135,154**	4,615,668
		3,135,154	4,705,668

4.1 The Bank had entered into an agreement with SBP for extending export finance to its Islamic customers. Borrowing under the export refinance scheme of SBP carried profit at rate of 18% per annum (2023: 15% per annum). These were secured against demand promissory notes and matured on August 31, 2024 (2023: April 02, 2024).

4.2 This represents acceptance of funds by Islamic operations of Bank Makramah Limited from conventional operations of Bank Makramah Limited on Musharakah basis.

5. Deposits

	2024			2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	**6,337,338**	**627,640**	**6,964,978**	10,873,527	615,187	11,488,714
Savings deposits	**34,497,595**	**145,788**	**34,643,383**	21,568,709	194,150	21,762,859
Term deposits	**4,247,560**	**158,840**	**4,406,400**	1,391,933	589,284	1,981,217
Others	**461,193**	-	**461,193**	664,289	-	664,289
	45,543,686	**932,268**	**46,475,954**	34,498,458	1,398,621	35,897,079
Financial Institutions						
Current deposits	**4,733**	-	**4,733**	5,725	78	5,803
Savings deposits	**431,528**	-	**431,528**	277,242	-	277,242
Term deposits	**150,000**	-	**150,000**	150,000	-	150,000
	586,261	-	**586,261**	432,967	78	433,045
	46,129,947	**932,268**	**47,062,215**	34,931,425	1,398,699	36,330,124

5.1 Composition of deposits

	2024	2023
	--------- (Rupees in '000) ---------	
- Individuals	**16,998,372**	21,362,657
- Government (Federal and Provincial)	**856,900**	937,168
- Public Sector Entities	**10,366,177**	3,860,268
- Banking Companies	**6**	5
- Non-Banking Financial Institutions	**586,255**	433,040
- Private Sector	**18,254,505**	9,736,986
	47,062,215	36,330,124

5.2 Deposits include Eligible Deposits of Rs. 24,634.261 million (2023: Rs. 16,044.851 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

		2024	2023
		-------- (Rupees in '000) --------	
6.	**Charity Fund**		
	Opening balance	4,317	2,154
	Additions during the year		
	- Received from customers on account of delayed payment	1,839	4,163
	- Dividend purification amount	-	-
	- Other Non-Shariah compliant income	-	-
	- Profit on charity saving account	-	-
		1,839	4,163
	Payments / utilization during the year		
	- Education	-	-
	- Health	(1,000)	-
	- Community development	(3,000)	(2,000)
		(4,000)	(2,000)
	Closing balance	2,156	4,317
7.	**Accumulated losses**		
	Opening balance	3,435,447	1,651,555
	Effect of adoption of IFRS 9	(413,535)	-
	Add : Islamic Banking profit for the year	2,894,410	1,780,701
	Transfer in respect of incremental depreciation from surplus on revaluation of property and equipments to accumulated profit	3,213	3,191
	Closing balance	5,919,535	3,435,447
8.	**CONTINGENCIES AND COMMITMENTS**		
	-Guarantees	4,129,456	3,880,588
	-Commitments	9,145,926	6,236,815
	-Other contingent liabilities	-	-
		13,275,382	10,117,403
9.	**Profit / Return Earned of Financing, Investments and Placement**		
	Profit earned on:		
	Financing	180,483	273,642
	Investments	7,540,572	4,390,745
	Placements	1,010,697	1,154,798
	Balances with banks	-	145
		8,731,752	5,819,330
10.	**Profit on Deposits and other Dues Expensed**		
	Deposits and other accounts	5,013,168	3,745,215
	Due to Financial Institutions	164,590	200,347
	Finance cost of lease liability	23,176	16,200
		5,200,934	3,961,762

11. 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 realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of its profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) 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, and transfer an asset to any other pool.

12. Pool Management

Bank Makramah Limited - Islamic Banking Division (BML-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. BML-IBD maintains 10 (Ten) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) General pool

General pool is the basket in which all the deposits from depositors are placed along with the Bank’s own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. BML-IBD maintains 01 LCY and 01 FCY General pool.

(iii) Treasury pool(s)

Treasury pool(s) may be created from time to time by obtaining funds from financial institutions. Treasury pool will be created on the basis of Mudaraba, Musharakah or Wakalah, as per agreement between Bank Makramah Limited and counter party.

Treasury pool may be created for one or more of the following reasons:

a) Foreseeable major withdrawals by existing depositors;

b) Expected new disbursement / financing requirement; and

c) Meeting general liquidity requirement.

In case a major withdrawal has been requested from any depositor in an existing pool, the Bank may arrange funds from financial institution by creating a separate pool. The Bank will transfer matching asset(s) from the pool in which the withdrawal request has been made, to the treasury pool. These pools need to be maintained separately due to its peculiar nature (i.e. liquidity management).

(iv) IERS Pool

IERS is a SBP program to offer Islamic equivalent of ERF and enables exporters to avail refinance through Islamic Banks under Shariah compliant modes. Bank Makramah Limited Islamic Banking has been providing this refinance facility to its customers. Hence, this pool is created for the same purpose on Musharakah basis. The profit distribution works exactly the same as pre agreed profit sharing. As this is structured as Musharakah (partnership) as opposed to Mudarabah (fund management), there is no Mudarib fee sharing mechanism.

(a) Priority of utilization of funds in the general pool shall be :

- Depositor Funds
- Equity Funds
- Placement / Investments of Other IBI
- Modaraba Placement of Bank Makramah Limited (Counterparty)

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities / commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

Market risk is generally defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

	2024	2023
	-------- (Rupees in '000) --------	
Avenues / sectors of economy / business where deposits have been deployed*		
Agriculture, forestry, hunting and fishing	**445,366**	447,295
Cement	**965**	976
Chemical and pharmaceuticals	**177,545**	177,545
Construction	**27,326**	36,456
GOP Ijarah Sukuks	**40,446,310**	36,950,175
Individuals	**89,354**	118,739
Services	**310,754**	352,683
Sugar	**557,998**	605,998
Transport, storage and communication	**1,700**	3,000
Wholesale and retail trade	**1,099**	1,699
Total gross Islamic financing and related assets and investments	**42,058,417**	38,694,566
Due from financial institutions	**26,135,755**	2,788,300
Total deployed funds	**68,194,172**	41,482,866

* Staff financing amounting to Rs. 1,283.447 million (2023: Rs. 969.433 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Modarib and Rab-ul-Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rab-ul-Maal on the under mentioned profit sharing ratios based upon gross income level less direct expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2024	
	---------------- % ----------------	
Rab-ul-Maal	50%	2%
Mudarib	50%	98%

Mudarib share (in amount and percentage of distributable income)

	2024	2023	2024	2023
	-------- (Rupees in '000) --------		---------------- % ----------------	
Rab-ul-Maal	**4,653,439**	3,099,191	**74%**	76%
Mudarib	**1,632,140**	1,003,624	**26%**	24%
	6,285,579	4,102,815		

Amount and percentage of Mudarib share transferred to depositors through Hiba

	2024	2023
	--------- (Rupees in '000) ---------	
Mudarib share	**1,328,284**	829,623
Hiba	**303,856**	174,001
	---------------- % ----------------	
Hiba percentage of Mudarib share	**18.62**	17.34

Profit rate earned vs profit rate distributed to the depositors during the year ended

	---------------- % ----------------	
Profit rate earned	**19.07%**	19.79%
Profit rate distributed to depositors	**15.30%**	15.77%

The ring of excellence

The **Ring of Excellence** reflects our dedication to societal upliftment and customer sincerity, permeating every facet of our operations, and delivering superior service and impactful outcomes.

Categories of **Shareholders**

As on December 31, 2024

	NUMBER OF SHAREHOLDERS	SHARE HELD	PERCENTAGE %
SPONSOR			
HIS EXCELLENCY NASSER ABDULLA HUSSAIN LOOTAH	**2**	**4,003,060,595**	**60.4489**
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
SUROOR INVESTMENTS LIMITED (SIL)	1	1,761,412,119	26.5985
RUPALI BANK LIMITED	1	32,777,450	0.4950
SUB TOTAL	**2**	**1,794,189,569**	**27.0935**
DIRECTORS			
MR. ABDULLA NASSER ABDULLA HUSSAIN LOOTAH		2	
MR. JAWAD MAJID KHAN		5	
MR. WASEEM MEHDI SYED		2	
MR. ZAFAR IQBAL SIDDIQI		2	
MR. WAJAHAT AHMED BAQAI		2	
MS. FAUZIA HASNAIN		2	
SUB TOTAL	**6**	**15**	**0.0000**
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	**13**	**154,872,392**	**2.3387**
NATIONAL INVESTMENT TRUST & INVESTMENT CORPORATION OF PAKISTAN	**-**	**-**	**-**
FOREIGN SHAREHOLDERS	**316**	**32,449,893**	**0.4900**
INDIVIDUAL	**41,137**	**388,361,046**	**5.8645**
OTHERS	**77**	**249,287,065**	**3.7644**
TOTAL	**41,553**	**6,622,220,575**	**100.0000**
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE (EXCLUDING SIL)			
HIS EXCELLENCY NASSER ABDULLA HUSSAIN LOOTAH	**2**	**4,003,060,595**	**60.4489**

Pattern of **Shareholding**

As on December 31, 2024

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
8171	1	100	351526
3690	101	500	1017527
21835	501	1000	12402097
5423	1001	5000	11124927
819	5001	10000	6234760
308	10001	15000	3869204
226	15001	20000	4110759
128	20001	25000	2995756
81	25001	30000	2283885
54	30001	35000	1761492
64	35001	40000	2442826
26	40001	45000	1120437
106	45001	50000	5247291
35	50001	55000	1856101
28	55001	60000	1624829
16	60001	65000	1006303
20	65001	70000	1382332
21	70001	75000	1534772
12	75001	80000	951098
10	80001	85000	826833
10	85001	90000	890665
9	90001	95000	837174
89	95001	100000	8889520
10	100001	105000	1023218
9	105001	110000	974040
9	110001	115000	1022111
5	115001	120000	595544
8	120001	125000	982210
4	125001	130000	516396
2	130001	135000	264200
6	135001	140000	834649
3	140001	145000	429453
18	145001	150000	2691700

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
3	150001	155000	461268
3	155001	160000	475271
2	160001	165000	322559
4	165001	170000	676172
4	170001	175000	691206
3	175001	180000	532400
1	180001	185000	185000
1	185001	190000	185010
2	190001	195000	385570
27	195001	200000	5397444
3	200001	205000	604778
5	205001	210000	1037487
2	210001	215000	430000
2	215001	220000	436222
4	220001	225000	891620
2	225001	230000	456438
2	230001	235000	467719
3	235001	240000	716000
2	240001	245000	485000
9	245001	250000	2245895
3	250001	255000	752667
2	255001	260000	516733
2	260001	265000	521455
4	265001	270000	1077000
2	270001	275000	544881
1	285001	290000	285500
17	295001	300000	5098000
1	305001	310000	309622
1	315001	320000	317500
1	320001	325000	325000
1	325001	330000	330000
2	335001	340000	674385
1	340001	345000	341500

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
4	345001	350000	1400000
1	350001	355000	353000
4	355001	360000	1432927
2	360001	365000	722500
1	375001	380000	380000
1	380001	385000	382500
2	385001	390000	775000
2	390001	395000	784743
8	395001	400000	3200000
1	400001	405000	405000
1	410001	415000	415000
8	415001	420000	3336568
1	420001	425000	423500
1	430001	435000	432000
1	435001	440000	440000
1	440001	445000	443995
2	445001	450000	900000
1	455001	460000	455591
1	460001	465000	463000
2	480001	485000	970000
14	495001	500000	6998900
4	500001	505000	2005166
1	505001	510000	506978
2	510001	515000	1023000
1	515001	520000	518400
1	520001	525000	525000
1	525001	530000	528212
1	535001	540000	540000
2	545001	550000	1098000
1	550001	555000	550827
4	595001	600000	2400000
1	610001	615000	611000
1	630001	635000	633500

No. of Shareholders	Having Shares From	Having Shares To	Total Shares Held
1	640001	645000	645000
1	645001	650000	650000
1	655001	660000	660000
1	670001	675000	673500
2	675001	680000	1357000
2	685001	690000	1376929
1	695001	700000	700000
2	700001	705000	1406880
1	715001	720000	720000
1	720001	725000	725000
1	740001	745000	743884
1	745001	750000	749500
2	755001	760000	1511912
1	765001	770000	769340
1	770001	775000	772000
1	780001	785000	785000
2	795001	800000	1600000
1	820001	825000	823896
1	885001	890000	885747
3	895001	900000	2698000
1	900001	905000	903500
1	925001	930000	929000
1	935001	940000	939603
2	955001	960000	1913999
6	995001	1000000	6000000
1	1010001	1015000	1012850
1	1045001	1050000	1046482
1	1075001	1080000	1078500
1	1095001	1100000	1100000
1	1195001	1200000	1200000
1	1225001	1230000	1228000
3	1295001	1300000	3899616
1	1375001	1380000	1380000

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
1	1445001	1450000	1447500
1	1495001	1500000	1500000
1	1500001	1505000	1500889
1	1645001	1650000	1650000
1	1710001	1715000	1712500
1	1795001	1800000	1798677
1	1830001	1835000	1835000
1	1845001	1850000	1847443
1	1850001	1855000	1854520
1	1980001	1985000	1981500
2	1995001	2000000	4000000
1	2035001	2040000	2038274
1	2190001	2195000	2192500
1	2415001	2420000	2416800
1	2475001	2480000	2476146
1	2495001	2500000	2500000
1	2595001	2600000	2600000
1	2600001	2605000	2600500
1	2915001	2920000	2917500
1	2995001	3000000	3000000
1	3395001	3400000	3400000
1	3485001	3490000	3485500
1	3495001	3500000	3500000
1	4345001	4350000	4350000
1	4995001	5000000	5000000
1	5295001	5300000	5300000
1	5400001	5405000	5400975
1	5840001	5845000	5841389
1	5855001	5860000	5860000
1	7495001	7500000	7500000
1	9560001	9565000	9561157
1	13550001	13555000	13554128
1	13730001	13735000	13735000

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
1	16995001	17000000	17000000
1	17440001	17445000	17444612
1	17500001	17505000	17504500
1	22985001	22990000	22986500
1	24890001	24895000	24890420
1	25265001	25270000	25269641
1	32775001	32780000	32777450
1	50460001	50465000	50463080
1	54215001	54220000	54216512
1	66820001	66825000	66822946
1	68225001	68230000	68228986
1	69695001	69700000	69700000
1	82425001	82430000	82427063
1	1761410001	1761415000	1761412119
1	3989505001	3989510000	3989506467
41553	**Company Total**		**6622220576**

Notice of the Nineteenth **Annual General Meeting** of the Members of **Bank Makramah Limited**

NOTICE is hereby given that the Nineteenth (19th) Annual General Meeting of the Members (the "Members") of Bank Makramah Limited (the "Bank") will be held on Thursday, March 27, 2025 at 12:00 P.M. at Serena Hotel, Islamabad to transact the following business.

AGENDA

Ordinary Business:

1. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended 31st December, 2024 together with the Directors' Report and Auditors' Report thereon and Chairman's Review Report.

2. To consider and, if thought fit, appoint External Auditors to hold office till the conclusion of the next AGM of the Bank and to fix their remuneration. It is notified that Board's Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. Yousuf Adil, Chartered Accountants, who being eligible, have offered themselves for reappointment.

3. To elect seven (07) Directors as fixed by the Board of Directors of the Bank under Section 159(1) of the Companies Act, 2017 ("Act") in accordance with the provisions of the said Act for a period of three years to commence from 27th March 2025.

   The following directors of the Bank shall retire on 27th March 2025 and shall be eligible for re-election:

   I. Mr. Abdulla Nasser Abdulla Hussain Lootah
   II. Mr. Waseem Mehdi Syed
   III. Ms. Fauzia Hasnain
   IV. Mr. Wajahat Ahmed Baqai
   V. Mr. Zafar Iqbal Siddiqi
   VI. Mr. Jawad Majid Khan

Special Business:

4. To consider and if thought fit, approve the meeting fee of directors for attending Board and Sub-Committee meetings and in that connection to pass the following resolutions, with or without modification.

   "RESOLVED THAT the revision of the Directors' Fee, for the Independent and Non-Executive Directors, to PKR 500,000 from the existing PKR 300,000/- for Board meetings and PKR 400,000 from the existing PKR 300,000/- for Board Committee meetings, be and is hereby approved, with effect from January 1, 2025."

5. To transact any other business with the permission of the Chairman.

By order of the Board

Assad Rabbani
Company Secretary

Place: Karachi
Date: March 5, 2025

NOTES:

1. The Share Transfer Books of the Bank shall remain closed from 20 March 2025 to 27 March 2025 (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan., the Registrar and Share Transfer Agent of the Bank, by the close of the business on 19 March 2025 will be treated in time for the purpose of the above entitlement.

2. A member entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. A proxy need not be a member. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office of M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, the Registrar and Share Transfer Agent of the Bank, not later than forty-eight (48) hours before the time of holding the AGM, and must be duly stamped, signed and witnessed.

3. **Postal Ballot / E-Voting for Election of Directors**

   As per provisions of Regulation No. 7A of the Listed Companies (Code of Corporate Governance) Regulation 2019, voting for the election of Directors of the Company shall be held separately for the following three categories:

S. No.	Category
1.	Independent Directors
2.	Female Director
3.	Other Directors

4. Pursuant to Companies (Postal Ballot) Regulations, 2018 (as amended upto July 07, 2023) the members shall be able to vote through electronic voting facility and voting by post provided the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017.

5. In case the number of persons who have filed consent to contest election exceeds the number of directors to be elected in the AGM, the Bank will publish the Ballot Paper and information laid down in the relevant sub-regulation in one English and one Urdu newspapers (in which AGM notice is being published) providing the detailed information as laid down in Annexure-I to the said regulation and also upload the Ballot Paper on its website not later than seven (07) days before the holding of AGM.

6. In case voting is to take place, the Bank shall immediately appoint an e-voting service provider and also appoint a scrutinizer for the purpose of voting. The names of the e-voting service provider and the scrutinizer will be sent to the members, placed on the website and also published in the newspapers.

7. Any person who seeks to contest the election to the office of a Director, whether he/she is a retiring Director or otherwise, shall file the following with the Company Secretary of the Bank at Corporate Affairs Division, Bank Makramah Limited, 11th Floor, Plot G-2, Block-2, Scheme-5, Clifton, Karachi not later than fourteen (14) days before the date of the meeting:

   a. His/her intention to offer him/herself for the election of Directors in terms of Section 159 (3) of the Companies Act, 2017 along with duly signed consent on Appendix to Form-9 of the Companies Regulations, 2024 under Section 167 of the Companies Act 2017 and certify that he/she is not ineligible to become director of the Bank under any applicable laws, rules and regulations and circulars / directives.

   b. Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed company.

   c. Declaration by independent director(s) in terms of Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, wherever applicable.

   d. Undertaking on non-judicial stamp paper that he/she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018, wherever applicable.

   e. A detailed Profile of the candidate including his/her address which will be placed on Bank's website as per SECP's requirement.

   f. National Tax Number (NTN) and copy of CNIC/Passport.

   g. A questionnaire duly completed, recent photograph, copy of CNIC / Passport and Affidavits to, inter-alia, meet the requirement of State Bank of Pakistan's Corporate Governance Regulatory Framework (CGRF) and the Fit and Proper Test for Appointment of Directors, as contained in Annexures to CGRF.

8. In terms of the criteria prescribed by the State Bank of Pakistan, association of the following person as director is undesirable and against public interest:

   a. A person who is/has been associated with any illegal activity, especially relating to banking business;

   b. A person who is in his individual capacity or a proprietary concern of any partnership firm or any private limited company or any unlisted public company or any listed public company (of which he has been a proprietor, partner, director or shareholder), has been in default of payment of dues owed to any financial institution and / or in default of payment of any taxes;

   c. Has not been associated as director and/or chief executive with the corporate bodies who have defaulted in payment of Government duties/taxes etc.; and

   d. Has not sufficient means to discharge his/her financial obligations, if any

9. The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring/know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP").

10. Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

11. **Participation of Members through Online Facility:**

To facilitate and ensure the safety and health of the members, BML will also be providing the online platform/facility to participate in the AGM in the shape of webinar/webex/zoom.

The members will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the members.

The login facility will be opened at 10:30 a.m. on 27 March, 2025 enabling the participants to join the proceedings which will start at 11:00 a.m. sharp.

The members interested in attending the AGM of BML through online facility are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at the following e-mail address:

Email address: company.secretary@bankmakramah.com

S. No.	Name of the Shareholder	CNIC No.	Folio No. CDC Account No.	Cell No.	Email address

The members are also encouraged to send their comments and suggestions, if any, related to the agenda items of the AGM, to the Company Secretary at the above mentioned email address.

12. **Consent for Video Link Facility:**

Members can attend and participate in the AGM through video-link. The Bank will provide the facility of video-link on demand of members residing in a city, collectively holding 10% or more shareholding in the Bank. Members who wish to avail this facility are requested to fill the below Video Link Form and submit it to the Company at its registered office at least seven (7) days prior to date of the AGM.

The Bank will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

13. **Urgent Provision of Valid CNIC Copy (Mandatory):**

In pursuance with the SECP's Notification No. SRO.831 (I)/2012 of July 05, 2012, SECP has directed all listed companies to mention CNIC numbers of the registered members. Corporate entities are requested to provide NTNs. Please note that in case of non-availability of valid copy of CNIC in respect of members having physical shareholding, their dividends could be withheld.

Members are 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. In case you have already provided copy of your valid CNIC, please ignore this instruction.

Members are also requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

14. **Conversion of Physical Shares into Book Entry Form:**

In accordance with sub-section (2) of Section 72 of the Companies Act, 2017, Companies are required "to replace its physical shares with book entry form" in the manner specified by the Commission.

To enable compliance with the aforementioned requirement, members are requested to kindly convert shares held in Physical Form into Book Entry Form as soon as possible. The members may contact, a PSX Member, CDC Participant or CDC Investor Account Service to obtain assistance for opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.

For further information or clarification, please feel free to contact THK Associates (PVT) Ltd. on Tel # 021-35310191-93 or email at info@thk.com.pk

15. **Placement of Financial Statements on Website:**

As required under Section 223(7) of the Companies Act 2017 and SECP SRO 634(I)/2014, Financial Statement of the Bank for the year ended December 31, 2024 and Reports of the Bank have been uploaded on the website of the Bank which can be downloaded using the following link:

https://www.bankmakramah.com/notices-other-downloads/

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, RELATING TO THE SPECIAL BUSINESS:

This statement sets out the Material Facts pertaining to the special business to be transacted at the Annual General Meeting of Bank Makramah Limited ("the Bank") to be held on 27th March, 2025.

The Board of Directors of Bank Makramah Limited (BML) has decided to revise the Directors' Fee, for the Independent and Non-Executive Directors, for attending Board Meetings and Board Sub-Committee Meetings, to PKR 500,000 from the existing PKR 300,000/- per Board meeting and PKR 400,000 from the existing PKR 300,000/- per Board Sub-Committee meeting. The decision to increase the remuneration has been undertaken to compensate for the time and efforts required to discharge Director's obligations and to value their skills and expertise in managing the affairs of the Board and the related Board Sub-Committees. The increase in remuneration is well within the limits prescribed by State Bank of Pakistan and complies with the requirements as detailed out in the related regulatory notification i.e. BPRD Circular No. 03 of 2019 dated August 17, 2019.

The approval of the members of the Bank is sought in terms of State Bank of Pakistan's Prudential Regulation G-1(C) (2) for the above mentioned matter.

The above proposed matter seeking the approval of the members as an Ordinary Resolution entails the recommendation/approval of the Board of Directors.

Interest of Directors

The Directors of the Bank have no personal interest, directly or indirectly, in the above mentioned special business that would require further disclosure except to the extent of their remuneration.

Branch **Network**

CONVENTIONAL BANKING BRANCHES

KARACHI

Abdullah Haroon Road Branch
282/3, Abdullah Haroon Road Area,
Saddar, Karachi
Tel: 021-35685269, 35685393,35685940
Fax: 021-35683991

Adamjee Nagar Branch
115-A/Z, Block 7/8, Tipu Sultan Road, Karachi
Tel: 021- 34312984-9
Fax: 021-34312980

Atrium Mall Branch
Shop No. 6 and 21 Ground floor,Plot No. 249,
Atrium Mall, Staff Lines, Zaibunnisa Street,
Saddar, Karachi
Tel: 021-35641001-7
Fax: 021-35641008

Badar Commercial Branch
Plot No. 41-C, Badar Commercial, Street
No. 10, Phase-V Extension, DHA Karachi
Tel: 021-35348501-3
Fax: 021-35348504

Bahadur Shah Center Branch
Bahadur Shah Center, Urdu Bazar,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32768547, 32768559
Fax: 021-32765083

Barkat-e- Hyderi Branch
Almas Square, Block-G, North Nazimabad,
Karachi
Tel: 021-36628931, 36706896-7
Fax: 021-36723165

Burns Road Branch
Plot No. 55-A, Survey Sheet A.M., Artillery
Maidan Quarters (Burns Road), Karachi.
Tel: 021-32215174,75 & 76
Fax: 021-32215289

Clifton Branch
Pearl Heaven Apartments,
Khayaban-e-Roomi, Block No-5,
Clifton, Karachi
Tel: 021-35823469, 35824171, 35823619
Fax: 021-35821463

Cloth Market Branch
41, Saleh Muhammad Street, Cloth Market,
Karachi
Tel: 021-32461601-03 & 32461605
Fax: 021-32461608

Com-3, Clifton Branch
Show Room No. 12, "Com-3",
(Opp: Bar B. Q. Tonight), Block 6,
Clifton, Karachi.
Tel: 021 - 35148311 - 13
Fax:021 - 35148314

Defence Branch
55-C, Phase-II, D.H.A, Opp Toyota Motors,
Main Korangi Road, Karachi.
Tel: 021-35387809-35396263 - 35312592
Fax: 021-35387810

DHA Phase I Branch
101-C, Commercial Area 'B', Phase-1 DHA,
Karachi
Tel: 021- 35314061, 35314063-67, 35314105
Fax: 021-35314070

DHA Phase IV Branch
Plot # 129, 9th Commercial Street,
Phase IV, DHA, Karachi
Tel: 021-35313068-70
Fax: 021-35313071

Dhoraji Colony Branch
Shop # 1 & 2, Commercial Plot # C-122,
Block-IV, Dhoraji Cooperative Housing
Society, Scheme # 7, Karachi.
Tel: 021-34860774

Fish Harbour Branch
K - 3, Export Zone, Adjacent Main Auction
Hall, Fish Harbour, Karachi
PABX: 021-32315383 - 85
Fax: 021-32315386

Garden East Branch
Shop No. 1,2,3,4, 5 & 6, Jumani Centre,
Plot No. 177-B, Garden East, Karachi
Tel: 021-32243311-13
Fax: 021-32243314

Gulistan-e-Jauhar - Branch I
Plot # 118/A-B, Shop # 02, 03, 04,
Ground Floor Rufi Paradise, Block-18,
Gulistan-e-Jauhar, Karachi
Tel: 021-34621281-4
Fax: 021-34621285

Gulshan-e-Iqbal - Branch II
B-44, Block 13/A, Main University Road,
Gulshan-e-Iqbal, Karachi
Tel: 021-34987688, 34987739-40
Fax: 021-34987689

I. I. Chundrigar Road Branch I - Unitower
Uni Towers, I.I. Chundrigar Road, Karachi.
Tel: 021-32466410-13
Fax: 021-32466500

Jami Commercial, DHA Branch
64 C, Jami Commercial Phase VII,
7th Street, DHA, Karachi
Tel: 021-35316200-07
Fax: 021-35316199

Jamshed Quarters Branch
Showroom no. 3 & 4, AB Arcade,
Plot # 714-6-1, Block A, New M.A.
Jinnah Road, Karachi
Tel: 021-34860422-23, 34860425
Fax: 021-34860424

Jodia Bazar - Branch I
A/25/28, Daryalal Street, Jodia Bazar, Karachi
Tel: 021-32500121-5
Fax: 021-32500128

Khayaban-e-Shahbaz Branch
Plot No. 21-C Khayaban-e-Shahbaz,
Phase VI, DHA, Karachi
Tel: 021-35344952, 353444957 & 35344963
Fax: 021-35344942

Khayaban-e-Tanzeem Branch
C 4-C, Tauheed Commercial,
Khayaban-e-Tanzeem, Phase-5, DHA,
Karachi
Tel: 021-35869147-35810977 & 35871640
Fax: 021-35869342

Korangi Industrial Area Branch
33/1, Sector-15, Korangi Industrial Area, Karachi
Tel: 021-35114290, 35121294,
35122231-32
Fax: 021-35114282

Khayaban-e-Ittehad Branch
Plot No. 22-C, Khayaban-e-Ittead,
Phase-VI, DHA, Karachi
Tel: 021-35176607-09

Malir Cantt Branch
Commercial Hall No. 06,
Situated at X - 20, Malir Cantt
(Near AL- Madina Hotel), Karachi
Tel: 021-34196142-44
Fax: 021-34196145

M. A. Jinnah Road Branch
Mezzanine & Ground Floor,
Plot Survey # 19, Street # R.B.6.,
Shop # 3, 4, Ram Bagh Quarters 166,
M.A. Jinnah Road, Karachi
Tel: 021- 32218395, 32218409,32218428
Fax: 021-32218376

Muhammad Ali Society Branch
Plot # 4-C Commercial Area,
Muhammad Ali Co-Operative Housing
Society, Karachi
Tel: 021-34168036-37
Fax: 021-34186045

Nagan Chowrangi Branch
Shop/ Showroom #. 1, Plot #. SC-28,
Sector No. 11-H, Situated at North, Karachi
Tel: 021-36991103, 36991104

New Challi Branch
Plot No. 27, Survey No. 27, (New Challi),
Altaf Hussain Road, Karachi.
Tel: 021 - 32423999 - 32423737
Fax: 021 - 32422051

North Karachi Industrial Area Branch
Plot No. R-14, Gabol Town, North Karachi
Industrial Area, Karachi
Tel: 021-32015919, 36995925 & 36963445
Fax: 021-36975919

North Nazimabad Branch
Shop / Showroom #. 04, Commercial
Plot # B-64, Block-L, North Nazimabad
K.D.A Scheme # - 2, Karachi
PABX # 021-36724992-94
FAX # 021-36724972

Plaza Quarters Branch
Al-Shafi Building Noman Street,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32771515-16-18
Fax: 021-32771517

Rizvia Society Branch
B-12, Rizvia Cooperative Society,
Nazimabad, Karachi
Tel: 021-36600956-57
Fax: 021-36600958

S.I.T.E. Branch
B/9-B/3, Near Metro Chowrangi,
S.I.T.E. Area, Karachi
Tel: 021-32586801-4, 32587166-8
Fax: 021-32586806

Saeedabad Branch
Plot # 1004/1 & 1004-A/1 (5G/102-A & 5G/012-A/2), Saeedabad, Baldia,
Mahajir Camp, Karachi
Tel: 021-32815092-94
Fax: 021-32815095

Safoora Goth Branch
Shop # 01 & 02, Vital Dreams Apartment,
Block-7, Gulistan-e-Jouhar, Main
University Road, Karachi
PABX # 021-34618691-93

Sea View, Clifton Branch
Plot No. G - 2, Block 2, (Ground Floor),
Clifton, Karachi.
Tel: 021 - 3572020 -22
Fax: 021 - 3572023

Shahrah-e-Faisal - Branch II
Business Avenue Block-6, P.E.C.H.S.,
Karachi
Tel: 021-34386417-18 & 34374476
Fax: 021-34531819

Tariq Road Branch
C-51, Central Commercial Area, Near Pizza
Max Tariq Road, P.E.C.H.S., Karachi
Tel: 021-34556486, 34556682
Fax: 021-34555478

Water Pump Branch
Lateef Square, Block-16, Federal 'B' Area,
Main Water Pump Market, Karachi
Tel: 021-36321387, 36314817
Fax: 021-36314848

LAHORE

Allama Iqbal Town Branch
56/12, Karim Block, Allama Iqbal Town,
Lahore
Tel: 042-35434160-61, 35434163
Fax: 042-35434164

Badami Bagh Branch
25 - Peco Road Badami Bagh Lahore
Tel: 042-37724583, 37720382, 37705036
Fax: 042-37730867

Bahria Town Branch
Plot No. 31 - B, Sector 'C', Bahria Town, Lahore
Tel: 042 - 37862380 - 82
Fax: 042-37862379

Bedian Road Branch
Plot No. 3025/20925, Opposite Askari 11
Main Gate, Main Bedian Road, Lahore Cantt
Tel: 042-37165300-03
Fax: 042-37165304

Cantt Branch
Day building 1482/A, Abdul Rehman Road,
Lahore Cantt
Tel: 042- 36603061-63
Fax: 042-36603065

Circular Road Branch
Babar Centre, 51, Circular Road, Lahore
Tel: 042-37379371 - 75
Fax: 042-37379370

Darogawala Branch
Near Shalimar garden G. T. Road, Darogawala,
Lahore
Tel: 042-36520681-83
Fax: 042-36520684

DHA Phase- VI Branch
Plot No. 53, MB Shabir Sharif Boulevard,
DHA Phase-6, Lahore
Tel: 042-37189650 - 52
Fax: 042-37189653

DHA Phase-VIII Branch
Plaza No. 223, Broadway Commercial,
B-Block, Phase-VIII, DHA, Lahore
Tel: 042-37199915

DHA G Block Branch
Plot # 13 G, Commercial Zone DHA,
Phase-I, Lahore Cantt.
Tel: 042-35691173-78
Fax: 042-35691171

DHA Y Block Branch
163, Block Y, Phase III, DHA Lahore Cantt
Tel: 042-35692531-36
Fax: 042-35692690

Egerton Road Branch
27-Ajmal House, Egerton Road, Lahore
Tel: 042-36364522, 36364532
Fax: 042-36364542

Empress Road Branch
Plot #. 29, Empress Road, Lahore
Tel: 042-36300670-3
Fax: 042-36310362

Faisal Town Branch
853/D, Akbar Chowk, Faisal Town, Lahore
Tel: 042-35204101-3
Fax: 042-35204104

Ferozepur Road Branch
Siza Farmer Factory, Sufiabad, Lahore
Tel: 042- 35401751-3, 35401754
Fax: 042-35800094

Gulberg Branch
Plot 61, Main Gulberg, Lahore
Tel: 042-35870832-3, 35870975-6
Fax: 042-35870834

Ichra More Branch
House # 146,
Muhallah Ferozpur Road, Ichra More, Lahore
Tel: 042-37572090-93 - 042-37426301
Fax: 042-37572089

Johar Town Branch
Plot 435 G -1 Block, Johar Town Road, Lahore
Tel: 042-35291172-74

Kashmir Block, Allama Iqbal Town Branch
Plot # 1, Kashmir Block,
Allama Iqbal Town Scheme, Lahore
Tel: 042-37809021-24
Fax: 042-37809026

Liberty Market Branch
Shop No.02 & 03, Ground Floor,
Diamond Tower, 28 Commercial Zone,
Liberty Market, Gulberg III, Lahore
Tel: 042- 35717273, 35763308
Fax: 042-35763310

Mall Road Branch
56, Ground Floor,
Shahrah-e-Quaid-e-Azam
(The Mall), Lahore
Tel: 042-36284801-3
Fax: 042-36284805

Model Town Branch
14-15, Central Commercial Market,
Model Town, Lahore
Tel: 042-35915540-42 & 35915548
Fax: 042-35915549

New Garden Town Branch
19-A, Ali Block, New Garden Town,
Lahore
Tel: 042-35911361-4
Fax: 042-35911365

Wahdat Road Branch
Mauza Ichra, Wahdat Road, Lahore
Tel: 042-37503001-3
Fax: 042-37503004

ISLAMABAD

Bahria Town Branch
Plot # 3-4, Express Way, Sufiyan Plaza,
Phase VII, Bahria Town, Islamabad
Tel: 051- 5707360 – 63-65
Fax: 051-5707358

Barah Koh Branch
Murree Road, Tehsil / District, Islamabad
Tel: 051- 2321712- 13
Fax: 051-2321714

Blue Area Branch
20 - Al- Asghar Plaza, Blue Area,
Islamabad
Tel: 051-2823204, 2872913
Fax: 051-2274276

F-10 Markaz Branch
Plot No. 08, Maroof Hospital,
F-10 Markaz, Islamabad
Tel: 051-2222860-62
Fax: 051-2222863

F-11 Markaz Branch
Plot # 29, Select Center, F-11 Markaz,
Islamabad
Tel: 051-2228027-28
Fax: 051-2228365

G-11 Markaz Branch
Shop #. 25-34, Plot # 23,
Sajid Sharif Plaza, G-11 Markaz,
Islamabad
Tel: 051-2220973-6
Fax: 051-2220977

I-9 Markaz Branch
Plot # 3/L, Shops Nos. 6, 7, 13, & 14,
I-9 Markaz, Islamabad
Tel: 051-4449832-35
Fax: 051-4449836

Stock Exchange Branch
Plot # 109, East F-7/G-7, Jinnah Avenue,
Blue Area, Islamabad
Tel: 051-2806281-83
Fax: 051-2806284

Super Market Branch
Shop No. 9, Block - C, F-6 Markaz, Islamabad
Tel: 051-2279168-170 & 051-2824533-34
Fax: 051-2279166

RAWALPINDI

Raja Bazar Branch
Raja Bazar, Rawalpindi
Tel: 051-5553504, 5557244
& 5777707 - 5534173-5557244
Fax: 051-5559544

Shamsabad Muree Road Branch
DD/29, Shamsabad Murree Road,
Ojri Kalan, Rawalpindi
Tel: 051-4854400, 4854401-03
Fax: 051-4854404

The Mall Road Branch
Shop No. 31-A/4, The Mall Road,
Opp: State Life Bldg., Saddar,
Rawalpindi Cantt.
Tel: 051-5564123, 051-5120777-80
Fax: 051-5528148

FAISALABAD

Jail Road Branch
House No. P-62, opposite Punjab Medical
College, Jail Road, Faisalabad
Tel: 041-8813541-43
Fax: 041-8813544

Kotwali Road Branch
P-12, Kotwali Road, Faisalabad
Tel: 041-2412151-53
Fax: 041-2412154

Liaquat Road Branch
Liaquat Road, Chak # 212, Faisalabad
Tel: 041-2541257-59
Fax: 041-2541255

Satiana Road Branch
679-DGM, Batala Colony, Satiana Road,
Faisalabad
Tel: 041 - 8500569 - 71
Fax: 041 - 8500568

Susan Road Branch
Chak No. 213/RB Susan Road, Faisalabad
Tel: 041-8502367-69
Fax: 041-8502371

MULTAN

Abdali Road Branch
Plot No. 66-A & 66-B/9, Abdali Road, Multan
Tel: 061-4588171, 4588172 & 4588175-78
Fax: 061-4516762

Hussain Agahi Road Branch
2576, Hussain Agahi Road, Multan
Tel: 061-4548083, 4583268, 4583168
& 4584815
Fax: 061-4543794

Qadafi Chowk Branch
Plot # 43, Block T, New Multan Road,
Qadafi Chowk-Multan
Tel: 061-6770882-84
Fax: 061-6770889

SUKKUR

Marich Bazar Branch
B – 885, Marich Bazar, Sukkur
Tel: 071-5627781-2
Fax: 071-5627755

Workshop Road Branch
City Survey # 3403/2/1 and C.S # 3403/2M/6,
Ward-B Tooba Tower
Workshop Road, Sukkur
Tel: 071-5616663, 5616664, 5616582
Fax: 071-5616584

GUJRANWALA

GT Road Branch
B/11-S7/103, G. T. Road, Gujranwala
Tel: 055-3842751-3842729
Fax: 055-3842890

Gujranwala Branch
G.T. Rd., Opp. General Bus Stand, Gujranwala
Tel: 055-3820401-3
Fax: 055-3820404

Wapda Town Branch
Plot # B - III, MM - 53, Hamza Centre,
Wapda Town, Gujranwala
Tel: 055-4800204-06
Fax: 055-4800203

GUJRAT

GT Road Branch
Small Estate, G. T. Road, Gujrat
Tel: 053-3534208, 3533949
& 3534208
Fax: 053-3533934

Gujrat Branch
Main GT Road Tehsil & Distt., Gujrat
Tel: 053-3517051-54
Fax: 053-3516756

Katchery Chowk Branch
Shop #. 1263 & 1270 B-II,
Katchery Chowk, Opp. Zahoor Elahi Stadium,
Near New Narala Bakers, Gujrat
Tel: 053-3601021-24
Fax: 053-3601025

PESHAWAR

Dargai Branch
Taj Mall, Near Govt Girls Degree College
Daragi, Distt. Malakand
Tel: 0932-332291, 0932-332292,
0932-332294 & 0932-332295

Deans Trade Center Branch
Deans Trade Centre, Islamia Road,
Peshawar
Tel: 091-5253081 -3 & 5
Fax: 091-5253080

Hayatabad Branch
Sector B-3, Block- A, Commercial Complex
(office Enclave), Phase-V, Hayatabad,
Peshawar
Tel: 091-5822923-25
Fax: 091-5822926

Main University Road Branch
32-A/2, Old Jamrud Road, University Town,
Peshawar
Tel: 091-5850540-41 & 5850548-9
Fax: 091-5850546

Milad Chowk Branch
Milad Chowk, New Gate, Peshawar City
Tel: 091-2550477, 2550466, 2217131
Fax: 091-2550488

QUETTA

Fatima Jinnah Road Branch
Plot No. Khasra No.134 & 138, Ward No. 19,
Urban # 1, Fatima Jinnah Road, Quetta
Tel: 081-2301094-95
Fax: 081-2301096

Liaquat Bazar Branch
Ainuddin Street, Quetta
Tel: 081-2837300-1
Fax: 081-2837302

M. A. Jinnah Road Branch
2-13/6 Ground Floor,
M.A. Jinnah Road, Quetta
Tel: 081-2865590-95
Fax: 081-2865587

Regal Chowk Branch
Regal Chowk, Jinnah Road, Quetta
Tel: 081-2837028-29
Fax: 081-2825065

ABBOTTABAD

Abbottabad Branch
Ground Floor Shalimar Motors, Ali Plaza,
Near Sethi Musjid, Mansehra Road,
Abbottabad
Tel: 0992-863158, 863148
Fax: 0992-385935

ATTOCK

Hassan Abdal Branch
Survey No. 1269/1624, Khasra No. 1935,
G. T. Road, Hassan Abdal, District Attock
Tel: 057-2520328-331 & 2520320-321

Fateh Jang Branch
Main Rawalpindi Road, Fateh Jang Distt.,
Attock
Tel: 057-2210321-23
Fax: 057-2210324

AZAD KASHMIR

Mirpur Azad Kashmir - Branch I
NS Tower 119 F/1, Kotli Road,
Mirpur, Azad Kashmir
Tel: 05827- 437193-97
Fax: 05827-437192

Mirpur Azad Kashmir Branch II
Ghazi Archade, 6-B/3, Part II, Allama Iqbal
Road, Mirpur, Azad Kashmir
Tel: 05827-446405, 446407-9
Fax: 05827-446406

Muzzafarabad Branch
49 Garipan Chowk, Domail,
Azad Jammu Kashmir (AJK)
Tel: 05822-924203-5
Fax: 05822-924206

Shaheed Chowk Branch
Deen Plaza, Shaheed Chowk,
Kotli, Azad Kashmir
Tel: 05826-448453-54
Fax: 05826-448455

CHAKWAL

Chakwal Branch
Al- Noor Plaza Sabzi Mandi,
Talagang Road, Chakwal
Tel: 0543-554796, 540650-51
Fax: 0543-554797

Dalwal Branch
Village & Post Office Dalwal, Tehsil
Choha, Saidan Shah, Distt Chakwal
Tel: 0543-582834
Fax: 0543-582842

CHAMMAN

Chamman Branch
Khashra No. 1323 & 2324,
Abdali Bazar, Dola Ram Road, Tehsil Chaman,
District Qila Abdullah, Baluchistan
Tel: 0826- 618137-39
Fax: 0826-618143

DINA

Dina Branch
Mian G.T. Road Dina
Tel: 0544-634471 -3
Fax: 0544-636675

GAWADAR

Gawadar Branch
Plot Askani Hotel, Mullah Faazul Chowk,
Gawadar
Tel: 0864-212144- 212146
Fax: 0864-212147

GILGIT

Gilgit Branch
Khasra # 1103, 1112, 1113, Haji Ghulam
Hussain Building, Raja Bazar Gilgit
Tel: 05811-457366-68
Fax: 05811-457369

HARIPUR

Haripur Branch
Ground Floor, Akbar Arcade,
Main G.T. Road, Haripur
Tel: 0995-610832-34
Fax: 0995-610829

HAZRO

Hazro Branch
Plot # B -386, 386-A, Dawood Centre,
Bank Square, Ziaul Haq Road, Hazro
Tel: 057-2313283 - 85
Fax: 057-2313286

HYDERABAD

Bohri Bazar Hyderabad Branch
41/364, Saddar, Bohri Bazar, Hyderabad
Tel: 022-2730911-14
Fax: 022-2730910

Latifabad No. 7 Branch
Latifabad # 7, 5/D Unit # 7, Hyderabad
Tel: 022-3810524 & 3810525
Fax: 022-3810515

Market Chowk Branch
Shop CS # A/2772/2, Ward -A,
Market Road, Hyderabad
Tel: 022-2638451-54
Fax: 022-2638450

Qasimabad Branch
Shop No. 23, 24 & 25, Rani Arcade,
Qasiamabad, Hyderabad
Tel: 022-2650742-43 & 2652204-5
Fax: 022-2650745

JEHLUM

Jhelum Branch
Property #. 1 Survey #. 222 (Part) Dada Bhai Building, Kazim Kamal Road, Jhelum Cantt.
Tel: 0544-720216 - 18
Fax: 0544-720219

KAMOKE

Kamoke - GT Road Branch
Madni Trade Centre, G.T Road, Kamoke
Tel: 055- 6815175-76
Fax: 055-6815184

KASUR

Kasur Branch
Near Pul Qatal Gahri, Kutchery Road, Kasur
Tel: 049-2721993
Fax: 049-2721994

KOT ADDU

Kot Addu Branch
Property # 43, RH, 48/A-49-50, Ward B-III, Kot Addu District, Muzaffar Garh
Tel: 066-2240206-07
Fax: 066-2240208

LALAMUSA

Lalamusa Branch
G. T. Road, Lalamusa
Tel: 0537 -515694,515699, 515697,519977
Fax: 0537-515685

LARKANA

Larkana Branch
C.S. No. 1808, Pakistan Chowk, Larkana
Tel: 074-4053608-10
Fax: 074-4053611

MANDI BAHAUDDIN

Mandi Bahauddin Branch
Khasra # 143/112, Chak #51,
Bank Road, Off Railway Road,
Ghalla Mandi, Mandi Bahauddin
Tel: 0546-600901, 600903-4-5
Fax: 0546-600902

MANSEHRA

Mansehra Branch
Main Dhangri Chowk, Opposite Garden Public School, Mansehra
PABX: 0977-391606, 303180
Fax: 0997-303135

MARDAN

The Mall Branch
Plot No. 337, 337-A, The Mall,
Mardan
Tel: 0937-865344-45
Fax: 0937-865342

MIRPURKHAS

Umer Kot Road Branch
Plot No : 988 to 991 Umerkot,
Gharibabad, Mirpur Khas
Tel: 0233- 875113-7
Fax: 0233-875118

MURIDKE - Shekhupra

Muridke Branch
774, G.T. Road Muridke
Tel: 042-37950456,37994711-12
Fax: 042-37994713

NAROWAL

Katchery Road Branch
Katchery Road, Narowal
Tel: 0542-414105-7
Fax: 0542-414089

NAWABSHAH

Nawabshah Branch
Survey No. 77, Masjid Road,
Nawabshah
Tel: 0244 - 372042 - 44
Fax: 0244-372045

OKARA

M. A. Jinnah Road Branch
Ghulam Mustafa Centre,
M. A. Jinnah Road, Okara.
Tel: 044-2528755, 2525355 & 2551956

RABWAH

Rabwah Branch
Plot No-9-10, Block-14, Darul Sadar,
Gol Bazar, (Chenab Nagar) Rabwah
Tel: 047-6213795-97 & 6213792
Fax: 047-621 3797

RAHIM YAR KHAN

Rahim Yar Khan Branch
31/34 Shahi Road, Rahimyar Khan
Tel: 068-5877821-5883876
Fax: 068-5876776

SADIQABAD

Sadiqabad Branch
Mozzah Khuda Bux Dehar, Macchi Goth,
KLP Road, Sadiqabad
Tel: 068- 5951303 & 5951301-2
Fax: 068-5951300

SAHIWAL

High Street Branch
558/8-1, Navid Plaza, High Street Sahiwal.
Tel: 040-4229247, 4221615,4229247
Fax: 040-4460960

SARGODHA

Sargodha Branch
Queens Road Branch, Sargodha Khawat &
Khatoni #. 112, 114, Khasra No. 108, 108/1,
Soni Pora, Chak No. 47 NB Queens Road,
Sargodha Cantt
Tel: 048-3768113-5

Satellite Town Branch
Satellite Town, Ground Floor,
Afzal Towers, Plot # 302-A,
Main Satellite Town, Sargodha.
Tel: 048-3221025-28
Fax: 048-3221029

SHIKARPUR

Shikarpur Branch
C.S. No.22/123/1, Near Hira School,
Opposite GPO Office, Lakhi Gate,
Shikarpur, Sindh
Tel: 0726-522057-59
Fax: 0726-522060

SIALKOT

Kashmir Road Branch
Block 'A', ZHC, Kashmir Road, Sialkot
Tel: 052-3573304-7
Fax: 052-3573310

Paris Road Branch
B1, 16S, 98B
AL Amin Center, Paris Road, Sialkot
Tel: 052-4602712-17
Fax: 052-4598849

Small Industrial Area Branch
Plot No. 32 / A, S.I.E -1,
Small Industrial Estate,
UGOKE Road, Sialkot
Tel: 052-3242690 - 92
Fax: 052-3242695

SWABI

Swabi Branch
Property Bearing No. 3361,
Main Mardan Road, Swabi
Tel: 0938-222968 - 69
Fax: 0938-221572

TANDO ALLAH YAR

Tando Allah Yar Branch
C-1, Survey # 274,
Main Road,
Tando Allah Yar
Tel: 022-2763181-83
Fax: 022-2763184

TURBAT

Main Bazar Branch
Main Bazar, Turbat
Tel: 0852-413874 & 411606
Fax: 0852-414048

WAH CANTT

Wah Cantt Branch
Plot No. 17/37, Civic Center,
Aslam Market, Wah Cantt
Tel: 051- 4902238-39 & 4902241
Fax: 051-4902240

ISLAMIC BANKING BRANCHES

KARACHI

Fish Harbour Branch
Plot No. L - 2, Block "L" Fish Harbour,
Dockyard Road, West Wharf, Karachi
PABX: 021-32312166-68
Fax: 021-32312165

Fortune Tower Branch
Showroom # 9, Ground Floor Plot # 43/1-A,
Fortune Towers, P.E.C.H.S, Block-6
Shahrah-e-Faisal, Karachi
PABX: 021-32368002-4
Fax: 021-32368008

I. I. Chundrigar Road Branch II
5-Business & Finance Centre, Opposite
State Bank of Pakistan, Karachi.
Tel: 021-32438212, 32472176, 32471796
Fax: 021-32438218

Zamzama Branch
Shop No. 3, 4, 5, 6 & 7, Plot No. 16-C, 2nd
Zamzama Commercial Lane DHA, Karachi
Tel: 021-35373135-7
Fax: 021-35373138

LAHORE

PIA Society Islamic Banking Branch
Plot # 40, Block-D, Main Boulevard PIA
Society, Opp Wapda Town Roundabout,
Lahore
Tel: 042-35189957 - 59
Fax: 042-35210895

CHILAS

Chilas Branch
Khasra No. 02, Bazar Area, Chillas,
District Baltistan
Tel: 05812-450702-3
Fax: 05812-450704

SKARDU

Skardu Branch
Khasra No. 1265/39, Yadgar Chowk,
Tehsil Skardu, District Baltistan
Tel: 05815 - 456693-94
Fax: 05815-456696

ISLAMABAD

DHA Phase-II Branch
Plot No. 23, Iqbal Boulevard, Sector A,
DHA Phase-II, Islamabad.
Tel: 051-4918314 -16
Fax: 051-4918317

Naval Anchorage Branch
Plot # 19, Commercial No. 2, Naval Officers
Housing Scheme Anchorage, Islamabad
Tel: 051 - 5159126 - 28
Fax: 051 - 5159129

CHITRAL

Chitral Branch
Attalique Bazar, Bank Square,
Opp: NBP Building, Chitral
Tel: 0943-412536-37
Fax: 0943-414352"

HYDERBAD

DHA Plaza Branch
Shop No. 1 & 2, Block "C", Defence Plaza,
Thandi Sarak, Hyderabad
Tel: 022- 2108474, 2108478
Fax: 022-210847

RAWALPINDI

Bahria Town Branch Phase-IV
Plot # 44-C, STS Mall, Civic Center,
Phase IV, Bahria Town, Rawalpindi
Tel: 051-5733945-46

Form of **Proxy**

19th Annual General Meeting
The Company Secretary
Bank Makramah Limited
Head Office
Level-11, Plot No. G-2, Block-2, Clifton, Karachi.

I / We ____s/o, d/o, w/o ____

being a / the member(s) of Bank Makramah Limited holding ____

ordinary shares as per Register Folio No./ CDC A/c No. ____ hereby appoint

Mr./ Ms. ____ of ______________________________ (full address) or failing

him/her to _______________________________________ of (full address) ____

as my / our Proxy to attend, act and vote for me/us and on my/our behalf at the General Meeting of the Bank to be held on March 27, 2025 and /or any adjournment thereof.

Signed this _________________________ day of _____________________________2025.

Witnesses:

1. Name : ___________________________________
   Address : ___________________________________
   CNIC No. : ___________________________________
   Signature : ___________________________________

2. Name : ___________________________________
   Address : ___________________________________
   CNIC No. : ___________________________________
   Signature : ___________________________________

Signature on
Rs. 5/- Revenue
Stamp

NOTICE:

(i) A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respect to attending, speaking and voting at the meeting as are available to a member.

(ii) The account holders, sub-account holders, proxy or nominee shall authenticate his/her identity by showing his/her original national identity card (NIC) or original passport and bring his/her folio number at the time of attending the meeting.

(iii) In the case of corporate entity Board of Directors' resolution/power of attorney with specimen signature of the nominee shall also be produced (unless provided earlier) at the time of meeting.

(iv) In order to be effective, the proxy forms must be received at the office of our registrar M/s THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street No. 2, D.H.A., Phase VII, Karachi not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their names, addresses and NIC numbers mentioned on the form.

(v) In the case of individuals attested copies of NIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(vi) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of the NIC or passport of the proxy shall be submitted along with proxy form.

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Bank Makramah Ltd.

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REGISTRAR

M/s. THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial
Street No. 2, D.H.A., Phase - VII,
Karachi.

Tel : 021-111-000-322 Ext: 107-111-115
Fax : 021-35310190
Email : secretariat@thk.com.pk
Website : www.thk.com.pk

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نمائندے کا فارم

انیسواں سالانہ اجلاسِ عام
جناب کمپنی سیکریٹری
بینک مکرمہ لمیٹڈ

ہیڈ آفس
لیول-۱۱، پلاٹ نمبر جی-۲،
بلاک ۲-کلفٹن کراچی۔

میں / ہم ____________________ بن / بنت / زوج ____________________
بینک مکرمہ لمیٹڈ کے ایک رکن / ارکان ____________ کے مطابق ____________ عمومی (آرڈنری) شیئرز کا
حامل ہونے کی حیثیت سے، یہاں، جناب / محترمہ ____________ سکنہ ____________ (مکمل پتہ) یا اس کی
عدم موجودگی میں جناب / محترمہ ____________ سکنہ ____________ (مکمل پتہ) کو ۲۷ مارچ ۲۰۲۵ء کو
ہونے والے بینک کے انیسویں سالانہ اجلاسِ عام میں یا اس کے کسی ملتوی اجلاس میں، میرے / ہمارے نمائندے کے طور پر شرکت کرنے، میری / ہماری جانب سے ووٹ دینے کے لیے اپنا / اپنی نمائندہ تعینات کرتا / کرتی ہوں۔

دستخط ____________ بتاریخ ____________ ۲۰۲۵ء

گواہان

۱۔ نام : ____________
پتہ : ____________
شناختی کارڈ نمبر : ____________
دستخط : ____________

۲۔ نام : ____________
پتہ : ____________
شناختی کارڈ نمبر : ____________
دستخط : ____________

نوٹس

(i) اس اجلاس میں شرکت کرنے اور ووٹ دینے کا حق دار رکن اپنی طرف سے شرکت کرنے، بولنے اور ووٹ دینے کے لیے کسی دوسرے رکن کو اپنا پراکسی مقرر کر سکتا ہے۔
(ii) اکاؤنٹ ہولڈرز، ذیلی اکاؤنٹ ہولڈر پراکسی یا نامزد شخص کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کروانا ہوگی۔
(iii) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ جس میں نامزد شخص کے دستخط موجود ہوں گے اجلاس کے وقت پیش کیا جائے گا (اگر پہلے فراہم نہ کیا گیا ہو)۔
(iv) پراکسی فارم پر دو گواہان کے دستخط اور مہر مع گواہان کے نام، پتے اور قومی شناختی کارڈ نمبر درج کیے جائیں، اور انھیں بینک کے شیئر رجسٹرار، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، سی-۳۲، جامی کمرشل اسٹریٹ نمبر ۲، ڈی ایچ اے، فیز ۷، کراچی کے پاس اجلاس کے وقت سے کم از کم ۴۸ گھنٹے پہلے جمع کروانا ضروری ہے۔
(v) افراد کی صورت میں، پراکسی فارم کے ساتھ استفادہ کنندہ (beneficial owners) اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پیش کی جائے گی۔
(vi) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ کو دستخط کے نمونے اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پیش کی جائے گی۔

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SECP

Head Office:
Plot # G-2, Block # 2, Scheme # 5, Clifton, Karachi, Pakistan.
PABX: (021) 32402924 Email: info@bankmakramah.com Website: www.bankmakramah.com