



بابت بیکاری،
ہمارے ذمہ داری

59-T, Phase II, DHA, Lahore

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MCB Islamic Bank Ltd.
بابت بیکاری، ہمارے ذمہ داری







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ABOUT US

MCB Islamic Bank Limited (the "Bank") is the wholly owned subsidiary of MCB Bank Limited and commenced its operations in 2015 with a nation-wide network of branches.

The aim of MCB Islamic Bank Limited is to be the first choice Shari'ah compliant financial services provider for the customers and to carry out business purely in accordance with Shari'ah principles with full conviction and devotion.

Alhamdulillah, the Bank currently operates to provide Shari'ah compliant value added and innovative banking solutions for customers under the supervision of a Shari'ah Board chaired by the renowned Islamic scholar Professor Mufti Munib-Ur-Rehman.

The Bank focuses on building strong and lasting relationships as well as delivering an experience that satisfies all types of customers across Corporate, Commercial, SME, Consumer, Agriculture and Micro sectors. The Bank offers wide range of Riba Free and Shari'ah compliant products for both personal and business needs.

The Bank is using world's renowned Core Banking Software solution. Different services and products offered by the bank are available to customers through a branch network of 175 plus branches backed by 175 plus ATMs (Onsite & Offsite). The Bank offers EMV enabled Debit Cards, IOS and Android based native Mobile Apps and Internet Banking services. Moreover, the Bank has also developed its suite of Cash Management services, including Payment upon Identification (PUI), Cash & Instrument Collection, Cash in Transit Services (CIT), Corporate Internet Banking by acquiring Oracle Banking Digital Experience (OBDX) and has also developed product suite of Employee Banking for our Corporate Customers.

The Bank is committed to share in the mutual benefits with the customers, staff and shareholders who participate in our business success under the highly skilled and seasoned management with the prime objective of ensuring our customers' satisfaction.





WHAT IS ISLAMIC BANKING

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

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

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



MISSION STATEMENT

- To provide innovative Shari'ah compliant financial solutions and quality services to our customers.
- To maximize returns in Halal manners for our shareholders.
- To nurture an internal environment of qualified professionals and cutting-edge technology.

VISION STATEMENT

To be the leading provider of Shari'ah Compliant Innovative financial products with a focus on service quality and providing superior value for our customers, shareholders, employees and the community.

OUR VALUES

- **We are Shari'ah driven**
Following the Shari'ah we will conduct our activity in a fair, ethical and socially responsible manner.
- **Dedicated and Dependable**
We will build strong, enduring relationships, delivering an experience that delights our customers.
- **Aspirational**
We will be professional and fulfil our commitments, delivering high quality products and services.

CORPORATE STRATEGY

MCB Islamic Bank's corporate strategy consists of the following multi-dimensional elements, which are being pursued concurrently:

- Customer oriented business growth with focus on Shari'ah based high tech innovative product development, service excellence to attain customer satisfaction, and prudent network expansion.
- Optimum capital utilization through effective risk management, developing quality asset portfolio and maximum return.
- Attain operational efficiency by effective cost management and ensuring compliance with all the applicable regulatory requirements.
- Development of motivated human resource having Islamic Banking skills, while ensuring the transparent market based remuneration practices.



HIDAYAT CURRENT ACCOUNT

SHARI'AH COMPLIANT CURRENT ACCOUNT



INITIAL DEPOSIT
RS. 1,000/-



ONLINE BANKING
FREE



TRANSACTION LIMIT
UNLIMITED DEPOSITS &
WITHDRAWALS

CORPORATE INFORMATION

Board of Directors

Mr. Raza Mansha (Chairman)	Non-Executive Director
Mr. Jawaid Iqbal	Independent Director
Ms. Seema Aziz	Independent Director
Mr. Ahmed Ebrahim Hasham	Non-Executive Director
Mr. Ibrahim Shamsi	Non-Executive Director
Mr. Usman Hassan	Non-Executive Director
Mr. Omair Safdar	Non-Executive Director
Mr. Muhammad Azfar Alam Nomani	President / CEO

Board Audit Committee

Mr. Jawaid Iqbal	Chairman
Ms. Seema Aziz	Member
Mr. Ibrahim Shamsi	Member
Mr. Omair Safdar	Member

Human Resource & Remuneration Committee

Mr. Jawaid Iqbal	Chairman
Ms. Seema Aziz	Member
Mr. Raza Mansha	Member
Mr. Usman Hassan	Member
Mr. Omair Safdar	Member

Risk Management & Portfolio Review Committee

Mr. Omair Safdar	Chairman
Mr. Ahmed Ebrahim Hasham	Member
Mr. Ibrahim Shamsi	Member
Mr. Jawaid Iqbal	Member
Mr. Muhammad Azfar Alam Nomani	Member

Board Evaluation Committee

Mr. Usman Hassan	Chairman
Ms. Seema Aziz	Member

Business Strategy & Service Quality Review Committee

Mr. Ahmed Ebrahim Hasham	Chairman
Mr. Usman Hassan	Member
Mr. Omair Safdar	Member
Mr. Muhammad Azfar Alam Nomani	Member

Board I.T. Committee

Mr. Ibrahim Shamsi	Chairman
Mr. Jawaid Iqbal	Member
Mr. Muhammad Azfar Alam Nomani	Member

Shari'ah Board

Prof. Mufti Munib-ur-Rehman	Chairman
Mufti Syed Sabir Hussain	Resident Shari'ah Board Member
Mufti Nadeem Iqbal	Shari'ah Board Member

Chief Financial Officer

Syed Iftikhar Hussain Rizvi

Company Secretary

Ms. Maimoona Cheema

Head of Internal Audit

Mr. Muhammad Tariq Gondal

Legal Advisor

M/s Imtiaz Siddiqui & Associates,
Advocates & Solicitor

Auditors

M/s A.F. Fergusons Chartered
Accountants

Registered Office

59-T Block, Phase-II, DHA, Lahore

Website

www.mcbislamicbank.com



KHAWAB SE MANZIL TAK

SHARI'AH COMPLIANT CAR FINANCING



PURCHASE NEW AND
USED LOCALLY ASSEMBLED/
MANUFACTURED VEHICLES



COMPETITIVE FINANCING
& TAKAFUL RATES



FLEXIBLE
FINANCING TENURE



CREDIT RATING

Long Term

A

Short Term

A-1

PRODUCTS AND SERVICES

MCB Islamic Bank Ltd. (the Bank) offers a wide array of Halal and RIBA free Islamic Banking products and services to meet the requirements of individuals and businesses alike.

DEPOSIT PRODUCTS

The Bank offers a wide variety of Current, Saving and Term Deposit accounts such as the following:

Current Accounts	Saving Accounts	Term Deposits
MCB Islamic Hidayat Current Account	MCB Islamic Insaan Saving Account	MCB Islamic Na'mat Term Deposit
MCB Islamic Basic Banking Account	MCB Islamic Barkat Saving Account	MCB Islamic Na'mat Plus Term Deposit
MCB Islamic Asaan Current Account	MCB Islamic Barkat Saving Plus Account	MCB Islamic Na'mat Premium Plus Term Deposit
MCB Islamic Asaan Remittance Current Account	MCB Islamic Barkat Saving Premium Account	MCB Islamic Aasoodgi Term Deposit
MCB Islamic Asaan Digital Current Account*	MCB Islamic Barkat Super Saving Account	MCB Islamic Financial Instructions Term Deposit
MCB Islamic Asaan Digital Remittance Current Account*	MCB Islamic Asaan Saving Account	MCB Islamic Na'mat Plus Foreign Currency Term Deposit
MCB Islamic Niswaan Current Account	MCB Islamic Asaan Remittance Saving Account	
MCB Islamic Freelancer Digital Current Account*	MCB Islamic Asaan Digital Saving Account*	
MCB Islamic Hidayat Foreign Currency Current Account	MCB Islamic Asaan Digital Remittance Saving Account*	
MCB Islamic Freelancer Digital Foreign Currency Current Account*	MCB Islamic Shandaar Account	
	MCB Islamic Rozana Bachat Saving Account	
	MCB Islamic Rozana Bachat Saving Plus Account	
	MCB Islamic Rozana Bachat Saving Premium Account	
	MCB Islamic Rozana Bachat Super Saving Account	
	MCB Islamic Atfaal Saving Account	
	MCB Islamic Niswaan Saving Account	
	MCB Islamic Freelancer Digital Saving Account*	
	MCB Islamic Insaan Foreign Currency Saving Account	
	MCB Islamic Freelancer Digital Foreign Currency Saving Account*	

* These accounts are available for Resident Pakistani Individuals only and can only be opened through the Bank's available customer digital on-boarding platform(s).

DIGITAL BANKING:

In order to meet growing needs of the customers, the Bank offers following Digital Banking products and services:

- MCB Islamic Qadar Debit Cards
- MCB Islamic Internet Banking
- SMS Notification Service
- Loyalty & Alliances
- MCB Islamic Phone Banking
- MCB Islamic Mobile App
- MCB Islamic ATMs network
- NIFT ePay

CONSUMER FINANCE

MCB Islamic Bank offers Halal and RIBA Free Housing Finance (Rihayesh Finance) and Car Finance (MICAR) products to provide Shari'ah compliant housing and vehicle financing solutions to individuals. Under the 'Mera Pakistan Mera Ghar Profit Subsidy Scheme', an initiative by the Government of Pakistan, MCB Islamic Bank Limited is also offering Diminishing Musharakah based Shari'ah compliant convenient and subsidized housing finance options to its customers at affordable rates.

Rihayesh Finance
Khuwahish Banl Rihayesh

MICAR
KARAWAUL VAREELIYAS

MICROFINANCE

For fulfilling the needs of growing small / micro businesses in both Urban and Rural areas of Pakistan, the Bank offers Murabaha Microfinance (Sharai Karobar) for men and women operating small businesses in diverse sectors. Through this financing facility, they can avail financing of up to PKR 500,000/-.

SHARAI KAROBAR
کامیابی کا سفر

SME FINANCING

MCB Islamic Bank offers Shari'ah Compliant financing solutions for Small and Medium sized enterprises. These products have been designed to cater to the specific needs of SME industry. These products include Murabaha, Musawamah, Ijarah, Diminishing Musharakah, Istisna, Finished Goods Financing, and Commodity Salam. The Bank offers following SME Banking services:

- 1) Short Term / Working Capital Financing
- 2) Medium / Long Term Financing
- 3) Trade Finance
- 4) Bank Guarantee
- 5) Risk participation arrangement with financial partners
- 6) SBP refinance schemes
- 7) 'Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme' to enable youth to avail affordable financing for establishing new business or strengthening an existing one.
- 8) Awareness sessions for SME Customers on financial and non-financial advisory services with SMEDA, Chamber of commerce and trade associations.

COMMERCIAL BANKING

Commercial Financing segment focuses on building strong and long-lasting relationships with its customers by delivering satisfactory Shari'ah compliant solutions. To deliver excellent services, commercial financing segment facilitates its valued customers by synergizing its specialized team's effort with bank's outreach across the country for increased product servicing range for branch customers.

Commercial financing business offers following range of products to its customers:

- Trade based financing for import and export (funded & non-funded).
- Cash Management & Remittance services.
- Financing under SBP's refinance schemes.
- Working capital financing.
- Medium & Long Term financing.
- Guarantees.
- Trade services without involving bank's exposure.

AGRICULTURE FINANCING

MCB Islamic Bank is extending Agriculture financing to its customers by leveraging existing financing channels.

CORPORATE BANKING

MCB Islamic Bank's Corporate Banking team is focused on providing a range of diverse financial services (including tailor made customer's specific solutions) to corporate clients (including multinational and public entities) by partnering with them and building long-term sustainable relationships.

Our dedicated teams within Corporate Banking are situated in offices located in Karachi, Lahore, Islamabad and Faisalabad. Our in-house expertise of product specialists and Shari'ah scholars are well versed in providing Shari'ah-compliant financing solutions to meet our customer's financing, trade, foreign exchange, investment banking and various other business requirements in a hassle free, effective and efficient manner across a diverse range of industries.

Our Corporate Banking relationship teams in liaison with Product Management & Shari'ah Structuring, Treasury, Cash Management, Trade, Investment Banking and Consumer Banking departments develop and deliver offerings that are used across diverse businesses.

The Bank offers a complete range / array of Shari'ah compliant products for both Corporate and Commercial banking sectors which can be classified as follow:

■ Working Capital Finance

A complete product suite for extending Shari'ah Compliant products for working Capital Finance including Murabaha, Musawamah, Istisna, Commodity Salam, Finished Goods Financing and Musharakah Running Finance for catering to balance sheet (working capital) needs of Corporates / Commercials / MNCs for managing their day-to-day funding needs.

■ Medium & Long Term Finance

For catering to Balance Sheet requirements under long-term financing, MCB Islamic Bank has an array of medium to long term financing products which includes Ijarah and Diminishing Musharakah.

■ Trade Services

MCB Islamic Bank also offers a range of import and export services to effectively manage local and global supply chain needs of our customers and provides them a competitive edge. These facilities extend for both raw materials and fixed assets. Services that are offered under the umbrella of Trade Finance includes:

Export Services

- Bills for Collection under Export
- Letter of Credit Advising & Confirmation services
- Currency Salam (Shari'ah compliant alternate for Export Bill Discounting)
- Islamic Export Refinance Scheme
- Pre-Shipment and Post-Shipment financing on Islamic modes of financing

Import Services

- Letter of Credit – Sight / Usance
- Advance Payment against Import
- Shipping Guarantee
- Open Account Payment

Bank Guarantees

SBP FINANCING / REFINANCING SCHEMES

State Bank of Pakistan (SBP) offers various Financing / Refinancing facilities to support industrial growth and exports with the aim to promote the overall economic development of the country. These schemes provide financing to targeted industries at subsidized rates for increasing their production capacity and meeting their working capital requirements. Moreover, SBP also introduced certain schemes to support the industry with regards to the challenges being faced in post-pandemic scenario. Accordingly, the Schemes available through MCB Islamic Bank are:

- Islamic Export Refinance Scheme (IERS)
- Islamic Long Term Financing Facility (ILTFF)
- Islamic Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises (IWCF)
- Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)
- Islamic Refinance Facility for Modernization of SMEs (IRFMS)
- Islamic Financing Facility for Renewable Energy (IFRE)
- Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGS-WE)

LIQUIDITY MANAGEMENT / TREASURY PRODUCTS

■ Mudarabah-based Acceptance / Placement

Under Mudarabah based acceptance and placement, special pool is created on the basis of Mudarabah in which the partner (placement) will invest. Based on the expected return, a profit sharing ratio will be agreed beforehand for distribution of profit. The risk and rewards are shared as per the rules of Mudarabah. Financial Institution(s) / investor(s) / customers will invest (place funds) in the Musharakah based as sleeping partner(s) whereas MCB Islamic Bank (which accept investment) will act as a working partner (and vice versa).

■ Musharakah-based Acceptance / Placement

Under Musharakah based acceptance and placement, special pool is created on the basis of Musharakah in which both the partners will invest. Based on the expected return, a profit sharing ratio will be agreed beforehand for distribution of profit. The risk and rewards are shared as per the rules of Musharakah. Financial Institution(s) / investor(s) / customers will invest (place funds) in the Musharakah based as sleeping partner(s) whereas MCB Islamic Bank (which accept investment) will act as a working partner (and vice versa).

■ Wakalah-based Acceptance / Placement

Under Wakalah based acceptance and placement, special pool is created on the basis of Wakalah in which the Principal (placement) will invest, whereas the Agent (acceptance) will invest / manage the funds and is entitled to Agency Fee as per terms of Wakalah Agreement. The risk and rewards will be borne by the Principal.

■ Foreign Currency Transaction – Ready & Forward

Islamic Banks are also involved in foreign currency transactions whereby they either buy foreign currency in exchange of local currency or vice versa. These transactions are necessary to both accommodate the exporters' and importers' businesses as well as to secure the risk of the bank against foreign exchange (FX) rate fluctuations. There are two type of foreign currency transaction:

- 1) **Ready Transaction** – Deal Date and Maturity Date are same.
- 2) **Forward Transaction – based on Wa'ad (unilateral Promise)** If the Deal Date & Maturity Date are different, then the transaction will be considered as forward as per the rules of Shari'ah. Wa'ad is an alternative to conventional banking forward cover transactions. Under the arrangement of Wa'ad, one party gives an undertaking or promises to purchase foreign currency at an agreed rate at a specified date. As per Shari'ah guidelines, this has to be a unilateral promise from one party instead of bilateral promise from both the counterparties.

■ Bai Muajjal

In case Bank is not be able to place funds with any Islamic Financial Institutions (IFI), Bai Muajjal of Sukuk can be used to enter into a transaction with conventional banks in a Shari'ah compliant manner for placement of excess funds. MCB Islamic Bank purchases Sukuk (if not already held) from market on spot and sell to conventional bank on deferred basis. The conventional bank sells those Sukuk in market on spot to get the required liquidity. MCB Islamic Bank also offering this transaction to customers other than financial institutions.

CASH MANAGEMENT SERVICES

■ Collection

MCB Islamic Bank has a significantly enhanced capability of receiving collections on behalf of Bank's customers, whereby we can support diverse requirements of our clients for receiving payments from their payers throughout the bank's branch network. This product encompasses the entire paper-based accounts receivable function. The Bank can offer Collection services via API connectivity and update customer's data server in live environment with MIS on collected funds.

■ Corporate Internet Banking

Increasingly, businesses are looking to support their marketing, sales and corporate activities with online payment solutions which are fast, hassle free yet improve controls, efficient yet reliable, and reduce paper pushing yet auditable. State-of-the-art corporate banking platform is made available to the Bank's clients, from anywhere with internet access. It is designed for transforming business models and processes to reduce operating costs and improve productivity. Customers can use online portal to access account information and make verity of financial and non-financial transactions.

■ Payment Upon Identification (PUI)

PUI provides the opportunity to make payments to unbanked individuals via transfer money, with complete record for audit and gives control to client / payer to monitor authenticity of payee. It allows clients to upload payment instructions / data on Bank's platform through secured protocol, enabling beneficiaries to collect the cash from MCB Islamic branches, up to PKR 50,000/- per transaction.

BANCA TAKAFUL PRODUCTS

■ Life Takaful Products

MCB Islamic Bank in collaboration with different takaful partners has designed Shari'ah Compliant Family Certificates that offers a holistic combination of protection and long term savings, which help the participants to conveniently build their saving in order to fulfill their long term needs, and ensure that their family is financially protected if they are not around.

■ Health Takaful Products

Health takaful Plans have been developed to fulfill the needs of MCB Islamic Bank's clientele & their families to have accessible health care in case of an illness or accident that may lead to hospitalization. A quality health coverage product with simple and convenient cashless process along with added accidental limits, increased benefits, and a vast network of hospitals & avail lucrative discounts on pharmacies & labs.

OTHER MCB ISLAMIC BANK SERVICES

The Bank also offers various services to meet growing needs of its customers, some of which are as follows:

- Remittance Service
- Forex Services
- PRISM Services



IBRAHIM SHAMSI
Non-Executive Director

JAWAID IQBAL
Independent Director

SEEMA AZIZ
Independent Director

RAZA MANSHA
Chairman



MUHAMMAD AZFAR ALAM NOMANI
President & CEO

USMAN HASSAN
Non-Executive Director

OMAIR SAFDAR
Non-Executive Director

AHMED IBRAHIM HASHAM
Non-Executive Director

BOARD OF DIRECTORS

RAZA MANSHA

Chairman



Mr. Raza Mansha has more than 25 years diversified professional experience in various business sectors including Banking, Textile, Power, Cement, Insurance, Hotels, Properties, Natural Gas, Agriculture, Dairy etc. He received his Bachelor degree from the University of Pennsylvania, USA. Currently he is on the Board of MCB Islamic Bank Limited, Nishat Hotels & Properties Limited, Sui Northern Gas Pipeline Limited, Adamjee Life Assurance Company Limited, MNET Services (Pvt.) Limited & Nishat (Raiwind) Hotels and Properties Ltd.





Jawaid Iqbal

Independent Director

Mr. Jawaid Iqbal has completed his graduation from University of Pennsylvania, Philadelphia, USA. He is also a certified Director from the Institute of Chartered Accountants of Pakistan. He has more than 20 years of experience in the Textile, corporate finance and Food and Allied Industries.

He is currently Director on the Board of Fauji Cement Company Limited, Lalpir Power Limited, Metro Power Company Limited, Metro Wind Power Limited, Metro Solar Power Limited and Swift Textile Mills (Pvt) Limited. Mr. Iqbal's affiliations are extensive, such as he is also the Chief Executive Officer of Metro Storage & Services (Pvt) Limited (Formerly Metro Estates (Pvt.) Limited). He has been actively involved in improving managerial competence, operational efficiency, internal control memorandum on accounting control, examining external auditors and other audit findings. Furthermore Mr. Iqbal has previously served on the Board of Directors of Gul Ahmed Textile Mills Ltd., National Foods Limited & Mybank Limited.



Seema Aziz

Independent Director

Ms. Seema Aziz has been a Director of MCB Islamic Bank Limited since February 2019. She is an entrepreneur and social activist who has been working for the cause of education in Pakistan since 1988. She is the Founder and Chairperson of CARE Foundation, the largest non-governmental organization in Pakistan, educating nearly 300,000 students through 890 schools. She is also on the Board of Sefam (Pvt.) Ltd.

Ms. Seema has studied from University of Punjab and Harvard Business School. Being actively involved in improving the educational opportunities for the children of Pakistan, she is on the Board of multiple Government and Private bodies working in the sector as well as on the Global Advisory Board of Harvard Business School.



Ahmed Ebrahim Hasham

Non-Executive Director

Mr. Ahmed Ebrahim Hasham is the Chief Executive Officer of Mehran Sugar Mills Limited. He is a member of the Executive Committee of the Pakistan Sugar Mills Association and a member of Young President Organization Pakistan (YPO- Pakistan).

He is an active contributor towards social and academic services and serves on the board of Hasham Foundation and Usman Memorial Foundation which manages the UIT University and Usman Memorial Hospital. He is a graduate in International Relations (IR) and Economics from Tufts University, USA.

Other Directorships:

- Mehran Sugar Mills Ltd.
- Pakistan Molasses Company Pvt. Ltd.
- Hasham Pvt. Ltd.
- Unicol Limited.
- Uni Foods Industries Ltd.
- Hasham Foundation
- Hashamabad Coop Housing Society
- Usman Memorial Hospital Foundation



Ibrahim Shamsi

Non-Executive Director

Mr. Ibrahim Shamsi has strong experience of modern management and effective control management. He is Chief Executive of Aladin Water & Amusement Park, Karachi and Joyland, Lahore and also Chairman of Cotton Web Limited. He is also serving his responsibilities as the Director of on the Board of Adamjee Insurance Company Limited the largest insurance company of Pakistan. By qualification Mr. Shamsi is Master of Business Administration from LUMS Lahore. He Joined Siddiqsons Tin Plate Limited Board in 1997.



Usman Hassan

Non-Executive Director

Mr. Usman Hassan has been with MCB Bank Limited since 2005 and has worked in the Risk Management Group before joining Human Resource Management as Group Head in July 2012. Prior to MCB Bank, he has worked as General Manager Finance of a large IPP (Independent Power Plant) and as senior financial analyst in PACRA (Pakistan Credit Rating Agency). Overall he has over 20 years of diversified experience.



Omair Safdar

Non-Executive Director

Omair Safdar has more than 18 years of experience in the banking industry. He has been associated with MCB Bank for the past decade, and currently heads the Capital Markets Division of the Bank. Omair holds a Bachelor's Degree in Economics from LUMS and is also a CFA Charter holder. He has thorough understanding of business, risk and investment dynamics, having been involved in Retail, Corporate, Investment Banking and Capital Markets transactions across industrial sectors and national boundaries. He currently serves on a number of Management Committees in MCB Bank including Credit, Investment and Write-Off. On behalf of MCB Bank, Omair also serves, as a Director, on the Board of MCB Islamic Bank and MCB NBCO, CJSC, Azerbaijan.



Muhammad Azfar Alam Nomani

President & CEO

Mr. Muhammad Azfar Alam Nomani joined MCB Islamic Bank Limited as the President on March 17th, 2020. Prior to joining MCB Islamic Bank, he held the position of the Head of Business Strategy and Planning as an SEVP at MCB Bank Ltd. With an illustrious career spanning over 27 years, Mr. Nomani has held various leadership roles in functions that range from Retail Banking, Corporate Banking, Credit and Risk Management, Compliance and Control as well as internationally in MCB Bangladesh and Sri-Lanka operations.

He holds an MBA degree in Finance from Lahore University of Management Sciences (LUMS), and an Engineering degree from University of Engineering and Technology (UET), Lahore.

PAKISTAN'S FIRST EVER UNIONPAY PLATINUM DEBIT CARD

ENJOY HIGHER TRANSACTION LIMITS



FUNDS TRANSFER
RS. 1,000,000/DAY



SHOPPING
RS. 500,000/DAY



ATM WITHDRAWAL
RS. 200,000/DAY



BILLS PAYMENT
RS. 2,000,000/DAY



CORPORATE GOVERNANCE

Corporate Governance at MCB Islamic Bank Limited ("MIB" or the "Bank") refers to the rights and responsibilities among different stakeholders of the Bank through a set of rules, policies and practices keeping focus on proper delegation, transparency and accountability in the organization as a whole. The success of the Bank relies on upholding high standards of corporate governance.

BOARD COMPOSITION

Category	Name of Directors
Independent Directors	Ms. Seema Aziz Mr. Jawaid Iqbal
Non-Executive Directors	Mr. Raza Mansha Mr. Ahmed Ebrahim Hasham Mr. Omair Safdar Mr. Ibrahim Shamsi Mr. Usman Hassan
Executive Director (President & CEO)	Mr. Muhammad Azfar Alam Nomani
Female Director	Ms. Seema Aziz

CHANGE IN DIRECTORS

Dr. Khalid Zaheer resigned from the Board of Directors w.e.f. 26-03-2021 to fill the casual vacancy, Mr. Jawaid Iqbal was appointed as new director on the Board of Directors on 10-07-2021.

DIRECTOR'S PROFILE

Directors' profile has been incorporated in the "Board of Directors" section.

BOARD COMMITTEE

The Board of Directors has formed following six sub-committees to oversee relevant specialized functions of the Bank:

- Board Audit Committee (BAC)
- Human Resource and Remuneration Committee (HR & RC)
- Risk Management and Portfolio Review Committee (RM & PRC)
- Business Strategy and Service Quality Review Committee (BSSQRC)
- Board Information Technology Committee (BITC)
- Board Evaluation Committee (BEC)

BOARD AUDIT COMMITTEE

Meetings held 04

Composition

1. Mr. Jawaid Iqbal – Chairman
2. Ms. Seema Aziz
3. Mr. Ibrahim Shamsi
4. Mr. Omair Safdar

Terms of Reference

1. Facilitate Board in establishing an unambiguous & observable 'tone at the top' for strong and effective system of internal controls based on & supported by strong ethical practices, culture, comprehensive policies, procedures, processes and technological systems. Review and recommend for BOD approval, comprehensive policies, procedures, in line with International Auditing Standards.
2. Review and approve Internal Audit Charter (IAC) in accordance with SBP guidelines.
3. Determination of appropriate measures to safeguard the bank's assets.
4. Reviewing of quarterly, half-yearly and annual financial statements of the bank, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards, regulatory requirements and Shari'ah rulings; and
 - All related party transactions.
5. Reviewing of preliminary announcements of results prior to publication.
6. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
7. Reviewing of Client Service Report / Management Letter issued by external auditors and management's response thereto.
8. Ensuring coordination between the internal and external auditors of the bank.
9. Making recommendation to the Board of Directors for the appointment of external auditors including External Shari'ah Auditor(s), their removal, audit fees, the provision by the external auditors of any permissible service to the bank in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations.
10. Reviewing of the scope and extent of internal audit/Shari'ah audit, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the bank.
11. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
12. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
13. Reviewing of the bank's statement on internal control systems prior to endorsement by the Board of Directors and Internal Audit and Shari'ah Audit Reports.

14. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and/or Shari'ah Board (if required) and to consider remittance of any matter to the external auditors or to any other external body.
15. Review of arrangement for staff and management to report to BAC in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures
16. Determination of compliance/Shari'ah compliance with relevant statutory requirements.
17. Monitoring compliance with the requirements of CCG regulations and identification of significant violations thereof.
18. Consideration of any other issue or matter as may be assigned by the Board of Directors.
19. Approval of Shari'ah audit Plan after review by the Shari'ah Board.
20. Approval of Internal Audit plan and budgets pertaining to Audit & RAR Group.
21. Receive and review summary of reported violations identified through internal audit activities and follow-up actions taken by management to ensure that audit observations/recommendations receive proper and timely attention by senior management. The BAC will also review the trends of audit observation from multiple dimensions to have deep insights into state of internal controls and must set specific, time bound action points/indicators to monitor improvements.
22. Report to board any significant matters identified by IAF/external auditors that warrant board's immediate attention.
23. Review effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc. The BAC will ensure that such concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever. The BAC will ensure that employees remain aware of i) existence of such procedure of such procedures, ii) the procedure to utilize it and iii) are encouraged to be a 'whistleblower'.
24. Provide its fullest support to IAF and internal auditors to perform their mandated activities independently and in objective manner.
25. Approve the appointment/re-hiring/renewal of contract and removal of Group Head Audit & RAR; and approve his/her remuneration, allied benefits, promotion/demotion and other terms of employment.
26. Approve key performance indicators of GH Audit including but not limited to adherence to annual budget, completion of annual audit plan, reporting to BAC, training & capacity building of audit staff, and formulation and review of policies & procedures etc.
27. Review and approve appraisal of GH-Audit in line with bank's policies and procedures.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Meetings held 03

Composition

1. Mr. Jawaid Iqbal - Chairman
2. Ms. Seema Aziz
3. Mr. Raza Mansha
4. Mr. Usman Hassan
5. Mr. Omair Safdar

Terms of Reference:

The main tasks of the Committee are to ensure that:

1. The human resource policies are reviewed periodically, and, if necessary are revised & recommended to the Board of Directors for its approval, in order to attract and retain highly qualified & skilled employees.
2. To ensure implementation of Bank's Remuneration Policy.
3. To ensure that appropriate criteria are adopted for annual performance appraisal of the President & his direct reports.
4. To ensure that key hierarchical organizational structure supports the business strategy & plan and, if deemed appropriate, approve any changes upon the recommendations of the President.
5. HRRC may periodically review MIB's HR Policies through peer analysis either through in house resource or any external consultant
6. To review selection, evaluation, compensation (including retirement benefits if any) and succession planning of the CEO and these will be recommended to the Board for approval.
7. The HRRC shall review and recommend Training and development budget (which is part of an overall budget document of the bank) to the BOD; and subsequently monitor the implementation of the same.
8. HRRC shall monitor implementation of approved training & development policy.
9. The selection, evaluation, compensation (including retirement benefits) and succession planning of the CFO, Company Secretary and Internal Audit and recommend to the Board.

RISK MANAGEMENT & PORTFOLIO REVIEW COMMITTEE

Meetings held 04

Composition

1. Mr. Omair Safdar - Chairman
2. Mr. Ahmed Ebrahim Hasham
3. Mr. Ibrahim Shamsi
4. Mr. Jawaid Iqbal
5. Mr. Muhammad Azfar Alam Noman

Terms of Reference

1. Review the bank's risk related policies/ Strategy for management of financing, market, operational, Compliance and other risks, in light of internal developments, guidelines issued by the regulatory bodies and international best practices, on as and when required basis and recommend the same to Board for review and approval.
2. Monitor bank's progress towards risk management related projects on as and when required basis.
3. Review and recommend to Board, bank's Risk Appetite Statement and Compliance Program as and when required.
4. Review various reports pertaining to risk in the bank's portfolio prepared by the Risk Management Group. The Committee shall also consider comments of the relevant senior management while reviewing such reports and communicate the planned/executed corrective actions to the Board, if required.
5. Review Minutes of Compliance Committee of Management (CCM) to ascertain its effectiveness in Managing Compliance Risk
6. Review the Compliance Issues and information and progress in implementing remedial action taken with respect to instances of Non-Compliance /Control weaknesses identified by Compliance & Controls Group and evaluate the effectiveness of Bank's overall Management of Compliance Risk, including seeking assurances from Senior Management on implementation and effectiveness of Compliance Risk Controls.
7. To engage with CCO on Half Yearly basis, to discuss issues faced by the Compliance Function in the implementation of board approved Compliance Program.
8. To recommend the Appointment, any disciplinary action or termination of CCO and ensure that position of CCO does not remain vacant for more than 60 days.
9. To ensure that CCO has proper stature, authority, resources, support, independence and capacity to offer his objective opinions to Senior Management and Board on Compliance Risks.

BUSINESS STRATEGY & SERVICE QUALITY REVIEW COMMITTEE

Meetings held 05

Composition

1. Mr. Ahmed Ebrahim Hasham - Chairman
2. Mr. Usman Hassan
3. Mr. Omair Safdar
4. Mr. Muhammad Azfar Alam Noman

Terms of Reference

1. Review the Bank's policies including but not limited to finance, treasury, compliance, Service Quality and other policies of the Bank (excluding Human Resource, Risk Management, Audit & IT related policies), in light of internal developments, guidelines issued by the regulatory bodies and international best practices, on as and when required basis and recommend the same to Board for approval.
2. Review the strategies, policy and procedures/frameworks related to the bank's strategic initiatives, service quality, customers' complaint management, and fair treatment of customers
3. To review Bank's Annual Budget prepared by the management and recommend it for approval by the BOD.
4. To monitor the performance of the bank against approved strategy / budget on a quarterly basis.
5. Recommend policy changes to align service delivery with expectations of the customers, vision of the bank and innovations in the market.

6. Provide policy guidance (to inculcate values those recognize the importance of customer orientation at all phases of product design and service lifecycle).
7. Provide strategic direction to instill a culture that recognizes the importance of complaints as an opportunity to improve and take corrective measures.
8. Monitor the bank's progress towards achieving its objectives in terms of service delivery and customer satisfaction.
9. Receive periodic reports on issues and achievement on Conduct Assessment Framework.
10. Receive annual assessment of Conduct Assessment Framework for review and approval, along with proposed as well as actual improvements introduced.
11. Receive periodic reports on service health of the bank, including:
 - Statistic on and analysis of customer complaints
 - Measurement of key service indicators and key processes
 - Summary of customer feedback received through surveys

BOARD IT COMMITTEE

Meetings held 02

Composition

1. Mr. Ibrahim Shamsi - Chairman
2. Mr. Jawaid Iqbal
3. Mr. Muhammad Azfar Alam Nomani

Terms of Reference

1. The Board IT Committee shall have a minimum of three (03) directors as its members, one of whom shall be an independent director and at least one member shall have relevant qualification or experience of IT.
2. The committee shall be responsible for formulation of IT strategy and its different framework, review and implementation of IT strategy and policy framework, guiding the management for necessary course of action, oversight of IT performance and aligning IT with business needs.
3. The committee shall receive appropriate information from IT, lines of business, and external sources. Additionally, it shall coordinate and monitor the institution's IT resources.
4. The committee shall be mainly responsible for advising and reporting to the board on the status of technology activities and digital initiatives in the Bank. These reports shall enable the board to make decisions without having to be involved in routine activities.
5. The committee shall review IT and Digital strategies and relevant policies before submission to the board.
6. The committee shall ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructures.
7. The committee may also review and determine the adequacy of the institution's training plan including cyber security training, for the staff.
8. The committee shall receive periodic updates from IT Steering Committee to monitor all technology related projects approved by the board.
9. The committee shall ensure that technology procurements are aligned with the IT strategy approved by the board.
10. If deem necessary, the committee may seek expert opinion from independent sources.

BOARD EVALUATION COMMITTEE

Meetings held 01

Composition

1. Mr. Usman Hassan – Chairman
2. Ms. Seema Aziz

Terms of Reference

The Board Evaluation Committee shall undertake the following tasks:

1. Formulation of criteria for performance evaluation of overall Board, its Committees, Individual Directors, Independent Directors, Chairperson and the President in the form of a framework.
2. Carrying out performance evaluation of the overall Board, its Committees, Independent Directors, Individual Directors, Chairperson and the President.
3. Identifying weak areas required to improve Board's and Board Committee effectiveness.
4. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge and skills (as and when required).
5. Reviewing (as and when required), the composition of the existing Board and its Sub-Committees and recommending amendment to the composition.
6. Assisting the Board of Directors by helping to identify individuals qualified to become members of the Board and its Committees.
7. Review nominations of potential director candidates who will strengthen the Board and remedy any perceived deficiencies in its fulfillment of the specific criteria identified above.
8. Ensuring that the specific criteria outlining the skills, experience, expertise, backgrounds and other characteristics identified by the State Bank of Pakistan in its Fit & Proper Test criteria are duly met before it recommends the proposed director for nomination.
9. The Committee will review candidate qualifications in light of the needs of the Board and the Company, considering the current mix of director attributes and other pertinent factors (specific qualities, skills and professional experience required will vary depending on the Company's specific needs at any point in time).
10. The Committee will consider the diversity of the existing Board, so that the Board maintains a body of directors from diverse professional and personal backgrounds.
11. Any nominee shall duly meet the requirements set forth by the State Bank of Pakistan for directorship.
12. Any nominee should be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others.
13. Any nominee should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director.
14. Any nominee should possess substantial and significant experience which would be of value to MCB Islamic in the performance of the duties of a director.
15. Any nominee should have sufficient time available to devote to the affairs of MCB Islamic in order to carry out the responsibilities of a director.

Following are the details of directors' status and membership of the above committees:

Directors	Status		Membership					
			BAC	HR & RC	RM & PRC	BITC	BEC	BSSQRC
Raza Mansha	Non-Executive	Male	-	Yes	-	-	-	-
Ibrahim Shamsi	Non-Executive	Male	Yes	-	Yes	Yes	-	-
Omair Safdar	Non-Executive	Male	Yes	Yes	Yes	-	-	Yes
Ahmed Ebrahim Hasham	Non-Executive	Male	-	-	Yes	-	-	Yes
Dr. Khalid Zaheer (resigned w.e.f 26-03-2021)	Independent	Male	Yes	Yes	-	Yes	Yes	-
Mr. Jawaid Iqbal (Appointed on 10-07-2021)	Independent	Male	Yes	Yes	Yes	Yes	-	-
Seema Aziz	Independent	Female	Yes	Yes	-	-	Yes	-
Usman Hassan	Non-Executive	Male	-	Yes	-	-	Yes	Yes
Muhammad Azfar Alam Nomani	President & CEO	Male	-	-	Yes	Yes	-	Yes

Directors' Participation/Attendance in Board and Committee Meetings Held During 2021

Details for the meetings of the BOD and sub-committees held during the Year 2021 along with attendance are as below:

Directors	Attendance						
	BOD*	BAC	HR & RC	RM & PRC	BITC	BEC	BSSQRC
Raza Mansha	4/5	-	2/3	-	-	-	-
Ibrahim Shamsi	5/5	4/4	-	3/4	2/2	-	-
Omair Safdar	5/5	4/4	3/3	4/4	-	1/1	3/5
Ahmed Ebrahim Hasham	5/5	-	-	3/4	-	1/1	2/5
Dr. Khalid Zaheer	-	1/4	-	-	-	1/1	-
Seema Aziz	2/5	3/4	1/3	-	-	0/1	0/5
Mr. Jawaid Iqbal	-	-	-	-	-	-	-
Usman Hassan	3/5	-	2/3	-	-	0/1	4/5
Muhammad Azfar Alam Nomani	5/5	4/4*	3/3*	4/4	2/2	-	5/5

* Total 05 meetings of BOD were held during the year 2021.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors of MCB Islamic Bank Limited strives to ensure that the Bank is on track to achieve its long-term objectives while adhering to regulatory requirements. The Board of Directors and its committees comprise of qualified and experienced members, having diverse experience whose contributions are invaluable in defining the overall direction of the organization.

The Board of Directors recognizes that along with numerous other functions and responsibilities, it also has a duty of care and loyalty towards the Bank, to act honestly in the interests of the Bank and exercise its role with complete integrity and care. The Board therefore constituted a Board Evaluation Committee in 2015 to evaluate the performance of the overall Board, its Committees, performance of the Chairperson, Independent Directors and Individual Directors and of the President once in a calendar year with the help of a detailed criteria formulated in line with the requirements of the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan (SECP).

As per the requirements of the State Bank of Pakistan Guidelines on Performance Evaluation of the Board of Directors, the Board evaluation process has to be undertaken either by the Board's nominated committee or an independent service provider appointed by the Board. As per the requirements of the SBP Guidelines, the Board has appointed BDO Ebrahim & Co. Chartered Accountants for an external evaluation for the year 2021.

CRITERIA FOR PERFORMANCE EVALUATION

Evaluation is carried out through a structured questionnaire covering various aspects of the Board's functioning such as size, composition of the Board and Committees, adequacy of Independent Directors, frequency of meetings, mixture of diversity of knowledge, expertise & skills of directors, attendance at meetings, preparation for meetings and valuable contribution etc. All parameters set for evaluation are rated through a Rating Scale (1-5) against each question as follows:

- "1" represents as **Strong**
- "2" represents as **Satisfactory**
- "3" represents as **Fair**
- "4" represents as **Marginal**
- "5" represents as **Un-satisfactory**

EVALUATION BY EXTERNAL CONSULTANT

As per the requirements of SBP Guidelines on Performance Evaluation of Board of Directors, evaluation of the overall Board, its Committees, individual directors, Independent directors, Chairperson and the President for the year 2021 was undertaken through an External Evaluator i.e. BDO Ebrahim & Co. Chartered Accountants as appointed by the Board for the purpose.

Accordingly it was concluded that the overall performance of the Board, including effectiveness of the role played by the Board in achieving the Bank's objectives, was found to be generally satisfactory.

DIRECTOR'S TRAINING PROGRAM

Till Dec 31, 2021, the following directors have attended Directors Training Program from SECP approved institutions:

- Mr. Jawaid Iqbal
- Mr. Ahmed Ebrahim Hasham
- Mr. Omair Safdar
- Ms. Seema Aziz
- Mr. Muhammad Azfar Alam Nomani

ACCESSIBILITY OF ANNUAL REPORT 2021

Annual Report – 2021 and other information of the Bank are accessible on Bank's website:
www.mcbislamicbank.com



STANDING FIRST ROW (Left to Right)

SYED IFTIKHAR HUSSAIN RIZVI
Chief Financial Officer

KHAWAJA KHALIL SHAH
Chief Risk Officer

OMER KHALID LASHARIE
Group Head
(Corporate, Investment Banking & FI)

MUHAMMAD AZFAR ALAM NOMANI
President

STANDING SECOND ROW (Left to Right)

ZAHID HUSSAIN
Group Head
(Retail Banking)

MUHAMMAD HAMID YASIN
Group Head
(Consumer Finance)

KASHIF AHMED
Group Head
(Compliance and Controls)

MANAGEMENT



STANDING FIRST ROW (Left to Right)

AZHAR NAZIR
Chief Information Officer /
Group Head IT

SALMAN QUTB
Group Head
(HRMG, Security & Procurement)

SYED SALMAN ALI
Group Head
(Treasury & FXG)

MUHAMMAD SAEED RAJA
Group Head
(Operations)

STANDING SECOND ROW (Left to Right)

MAIMOONA CHEEMA
Company Secretary &
Head of Legal

MUHAMMAD TARIQ GONDAL
Group Head
(Internal Audit & Risk Asset Review)

MUFTI SYED SABIR HUSSAIN
Resident Shari'ah Board Member/
Head-Shari'ah Compliance Department



MUHAMMAD AZFAR ALAM NOMANI

President

Mr. Muhammad Azfar Alam Nomani joined MCB Islamic Bank Limited as the President on March 17th, 2020. Prior to joining MCB Islamic Bank, he held the position of the Head of Business Strategy and Planning as an SEVP at MCB Bank Ltd. With an illustrious career spanning over 27 years, Mr. Nomani has held various leadership roles in functions that range from Retail Banking, Corporate Banking, Credit and Risk Management, Compliance and Control as well as internationally in MCB Bangladesh and Sri-Lanka operations.

He holds an MBA degree in Finance from Lahore University of Management Sciences (LUMS), and an Engineering degree from University of Engineering and Technology (UET), Lahore.

KHAWAJA KHALIL SHAH

Chief Risk Officer

Mr. Khalil Shah leads the risk management function which encompasses credit appraisal/administration, market risk, and operational risk. He also has responsibility for cyber security and fraud risk management as these are layers of operations risk. His department also performs regulatory reporting pertaining to financing and Basel ratios.

Khalil has around 30 years of banking experience most of which is in corporate / investment banking and risk management. Prior to joining MCB Islamic, he was serving as Business Head-Portfolio Management, Wholesale Banking Group in MCB Bank Ltd since 2008. He has also spent considerable time at Al Faysal Investment Bank and Faysal Bank Ltd before becoming part of MCB clan.

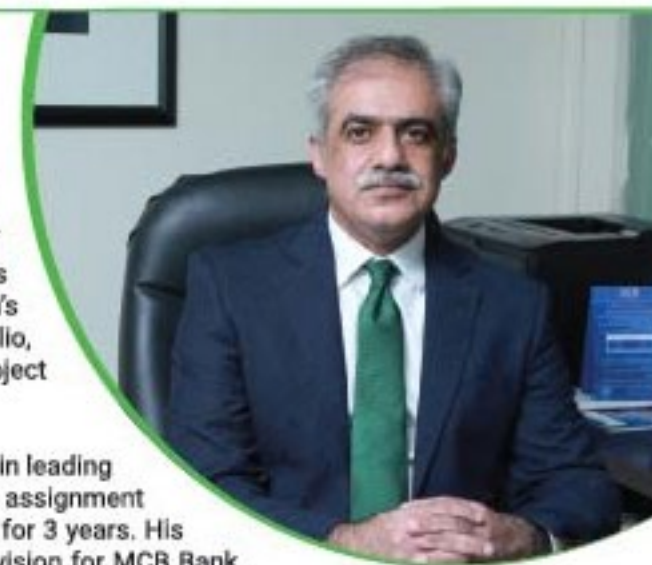


OMER KHALID LASHARIE

Group Head (Corporate, Investment Banking & FI)

Mr. Omer Khalid's experience spans over 28 years in Corporate & Investment Banking, Cash management, Home remittances etc. at major financial institutions of Pakistan. He has been instrumental in building asset's book, growth of FIs network and maximizing institution's profitability through effectively managing financing portfolio, actively participating/ handling investment banking, project finance and structured finance deals.

Prior to joining MCB Islamic Bank Limited; he has worked in leading institutions like MCB Bank Limited and UBL. His major assignment was with MCB Bank as Regional Corporate Head Central for 3 years. His last assignment was as Head of Transaction Banking Division for MCB Bank Limited where he efficiently led one of the largest cash management portfolio and vibrantly devised strategies to maximize remittance flows. He holds MBA from Lahore University of Management Sciences (LUMS).



ZAHID HUSSAIN

Group Head – Retail Banking

Mr. Zahid Hussain has joined MCB Islamic Bank as Group Head for Retail Banking. Prior to this, he was leading the Retail Banking Group (West) for MCB as Business Head. His expansive career of 30 years has seen him in various leadership positions in MCB, Bank Alfalah and Bank of Punjab. Mr. Hussain has, over the years, effectively managed a large network of clients ranging from Retail, Commercial, Corporate Assets, Liabilities and Foreign Trade. He began his career as an Management trainee officer and has worked his way up taking on challenging roles to enhance branch networks and business targets. He holds a MSc Degree in Applied Mathematics from Punjab University & Diploma in banking from Institute of Bankers Pakistan. He is recipient of Coveted Award "Who is Who" in year 2018 for outstanding services in banking.





KASHIF AHMED

Group Head – Compliance and Controls

Mr. Kashif Ahmed is a fellow member of the Institute of Chartered Accountants of Pakistan with more than 27 years of working experience including over 16 years in the banking sector. Prior to joining MCB Islamic in year 2015, he has worked with Deloitte Pakistan, Deloitte Bahrain, Deloitte Bermuda, Mashreq Bank Pakistan Limited, Crescent Commercial Bank Limited, Norman Abid Investment Management Limited and lastly at MCB Bank Limited, with extensive senior management level experience in Audit, Finance & Accounts and Operations.

As a Group Head/ Chief Compliance Officer, he leads Compliance function covering Regulatory Compliance, Compliance Assurance and AMI /CFT

He is also a member of Bank's Management Committee, Compliance Committee of Management, Service Quality Control Committee and Disciplinary Action Committee



SALMAN QUTB

Group Head – HRMG, Security & Procurement

Mr. Salman Qutb holds a Master's Degree in Business Administration from Lahore University of Management Sciences (LUMS) and Bachelors of Engineering from University of Engineering and Technology, Lahore, Pakistan. He possesses an overall professional experience of over twenty-two years and is currently working as Group Head, Human Resource Management, Procurement & Security at MCB Islamic Bank Ltd

Previously, he has worked with MCB Bank Ltd., for ten years within Risk Management at different key positions, Head of Credit Risk Management Division, Head of Consumer Risk Management Division, Head of Basel – II & Special Projects Division and Head of Credit Risk Control. Prior to MCB, he has experience related to Sub-Prime & wholesale mortgage sector.

He is also a member of MCB Islamic Management Committee, IT-Steering Committee, Purchase Committee, and Disciplinary Action Committee.



AZHAR NAZIR

Chief Information Officer / Group Head IT

Azhar is leading Information Technology Group. He has been associated with MCB Group for the last 21 years. He brings with him rich experience of planning, developing and implementing state of the art information technology solutions. He has held various senior level positions with track record of successful delivery of cross-functional projects in Information Technology, Core Banking Implementation, Digital Banking, Data migrations and Risk Management. He is graduate from International Islamic university, Cost & Management Accountant (ICMAP), Financial Risk Manager (FRM-GARP), DAIBP and CPIB (IIFII).



MUHAMMAD TARIQ GONDAL

Group Head – Internal Audit & Risk Asset Review

Mr. Muhammad Tariq Gondal is a business graduate from Lahore University of Management Sciences (LUMS) along with Masters in Statistics from GC University Lahore. He is a Certified Internal Auditor (CIA), also holds Banking Diploma and Post graduate diploma in Islamic Banking & Insurance along with certification in Islamic Banking from NIBAF. Mr. Gondal has a diversified experience of more than twenty-five years in areas of audit & inspection, risk, compliance and operations both in Central and Commercial Banking.



SYED SALMAN ALI

Group Head – Treasury & FXG

Syed Salman Ali has over 36 years of extensive experience of national and international Treasuries especially of Islamic Banking. Currently, he is looking after Treasury and Capital Market as a Group Head since last six years at MCB Islamic Bank Limited. He established the Bank's treasury & FI and allied formations converting Islamic banking Division to full-fledged Islamic bank.

Before joining MCB Islamic Bank Ltd., he had served Al-Baraka Bank (Pakistan) Ltd., which is one of the pioneers of Islamic banks in Pakistan. He is also the member of different committees of the bank such as ALCO, Management committee, Investment committee, Management Finance Committee and Trustee of Bank's Provident fund.



MUFTI SYED SABIR HUSSAIN

Resident Shari'ah Board Member/
Head-Shari'ah Compliance Department

Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Shari'ah Scholar and experienced Islamic Banker with 22 years of teaching, 14 years of Fatawa and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He is enrolled in Phd. on Islamic Banking and Finance from International Islamic University, Islamabad (IIUI).

He is ex-member of Shari'ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP and invitee participant of Shari'ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Shari'ah standards. Further, he was member of review committee for Urdu translation of AAOIFI Shari'ah standards. He is author of 27 books on Islamic economics & banking and other social issues; He is also delivering lectures in different Dar-ul-Uloms and Universities. He is also replying the questions of common people in a dominant newspaper weekly.



MAIMOONA CHEEMA

Company Secretary & Head of Legal

Maimoona Cheema is currently working as Company Secretary & Head of Legal Affairs at MCB Islamic Bank Limited. Ms. Cheema has a Bachelor's degree in law (LL.B) and a Master's of Science in Finance & Financial Law from SOAS, University of London.

Ms. Cheema has extensive experience in the field of law and has worked with highly esteemed organizations including MCB Bank Limited, Telenor Pakistan (Pvt.) Limited and the Lahore Stock Exchange (G) Limited.



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UTILITY BILLS



ECOMMERCE
ENABLED



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KEY EXECUTIVE

MR. MUHAMMAD AZFAR ALAM NOMANI

President

MR. KHAWAJA KHALIL SHAH

Chief Risk Officer

MR. OMER KHALID LASHARIE

Group Head – Corporate, Investment Banking & FI

MR. ZAHID HUSSAIN

Group Head – Retail Banking

SYED IFTIKHAR HUSSAIN RIZVI

Chief Financial Officer

MR. MUHAMMAD HAMID YASIN

Group Head – Consumer Finance

MR. MUHAMMAD SAEED RAJA

Group Head – Operations

MR. KASHIF AHMED

Group Head – Compliance and Controls

MR. SALMAN QUTB

Group Head – HRMG, Security & Procurement

MR. AZHAR NAZIR

Chief Information Officer / Group Head IT

MR. MUHAMMAD TARIQ GONDAL

Group Head – Internal Audit & Risk Asset Review

MR. SYED SALMAN ALI

Group Head – Treasury & FXG

MUFTI SYED SABIR HUSSAIN

Resident Shari'ah Board Member/ Head-Shari'ah Compliance Department

MS. MAIMOONA CHEEMA

Company Secretary & Head of Legal

SHARI'AH BOARD



MUFTI SYED SABIR HUSSAIN
Resident Shari'ah Board Member/
Head-Shari'ah Compliance Department

PROF. MUFTI MUNIB-UR-REHMAN
Chairman Shari'ah Board

MUFTI NADEEM IQBAL
Shari'ah Board Member



PROF. MUFTI MUNIB-UR-REHMAN
Chairman Shari'ah Board

Prof. Mufti Munib-ur-Rehman, working with MCB Islamic Bank since September 2015, is a renowned Shari'ah scholar with a vast 49 years' teaching and 34 years' Fatawas issuance experience. He remained the member of Shari'ah Advisory Board of Securities and Exchange Commission of Pakistan (SECP) for three terms and the member of the Council of Islamic Ideology Pakistan (CIIP), he rendered voluntary services for the country since 2001 to 2020 as Chairman Central Moon Sighting Committee Pakistan. He served as Director of Islamic Studies, Hong Kong in 1985. He is the president of Tanzeem-ul-Madaris Ahle Sunnat Pakistan & Secretary General of Ittihad-e-Tanzeemat-e-Madaris Pakistan. He participated in international seminars in Saudi Arabia, UK, Norway, USA, Canada, Kazakhstan, Turkey and other Countries.

He remained member of the Board of Studies of University of Karachi, Federal Urdu University & Board of Intermediate Karachi. He remained member of the syndicate of University of Karachi & PMAS Arid University, Rawalpindi. He is the member of National Curriculum Pakistan & National Education Task Force. He was Shari'ah Adviser of Federal Shariat Court Pakistan. The 11 Volumes of his Fatwas has already published and has vast acceptability amongst Ulama. He is the Principle & Managing Trustee of Jamia Naeemia Karachi. He is Chairman Shari'ah Advisory Committee of Dawood Family Takaful Ltd and remained Chairman Shari'ah Board of Burj Bank Ltd for more than a decade.



Mufti Syed Sabir Hussain

Resident Shari'ah Board Member/
Head-Shari'ah Compliance Department

Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Shari'ah Scholar and experienced Islamic Banker with 22 years of teaching, 15 years of Fatawa and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He is enrolled in Phd. on Islamic Banking and Finance from International Islamic University, Islamabad (IIUI).

He is ex-member of Shari'ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP and invitee participant of Shari'ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Shari'ah standards. Further, he was member of review committee for Urdu translation of AAOIFI Shari'ah standards. He is author of 33 books on Islamic economics & banking and other social issues; He is also delivering lectures in different Dar-ul-Uloms and Universities.



Mufti Nadeem Iqbal

Shari'ah Board Member

Mufti Nadeem Iqbal is the Shari'ah Board Member. He is senior teacher and Mufti at Dar-ul-Uloom Amjadia, Karachi and currently heading Dar-ul-Ifta. He has 30 years' experience of teaching Islamic Jurisprudence and 18 years' experience of issuing Fatawa (Shari'ah Opinions). He has 16 years' experience in Islamic Banking. He holds Master's Degree in Islamic Studies from University of Karachi, Takhassus-Fil-Fiqh from Dar-ul-Uloom Amjadia, Karachi, Fazil Dars-e-Nizami, and Fazil Shahada-tul-Almia. He gave his services as Resident Shari'ah Board Member/Shari'ah Advisor at Soneri Bank's Islamic Banking Division for 13 years. He is visiting faculty member at Sheikh Zayed Islamic Centre, University of Karachi and Hamdard University, Karachi. He is writer of several books including Islamic Jurisprudence.



ROLE OF SHARI'AH BOARD

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

MEETINGS OF SHARI'AH BOARD HELD IN 2021

Sr. No	Quarter	Date of Meeting	Meeting Attend (Yes / No)		
			Chairman	Member	RSBM
1	Q1	19 Mar 2021	Yes	Yes	Yes
2	Q2	17 Jun 2021	Yes	Yes	Yes
3	Q3	27 Sep 2021	Yes	Yes	Yes
4	Q4	13 Dec 2021	Yes	Yes	Yes

MEETINGS OF SHARI'AH BOARD-BOARD OF DIRECTORS HELD IN 2021

Sr. No	Half Year	Date of Meeting	Meeting Attend (Yes / No)		
			Chairman	Member	RSBM
1	1st	09 Feb 2021	Yes	Yes	Yes
2	2nd	26 Oct 2021	Yes	Yes	Yes

MEMBERSHIP ON SHARI'AH BOARD OF OTHER COMPANIES

Sr. No	Name of Members	Date of Joining / Leaving the Board	Status of Member- Chairman/Resident member/ Non Resident Member	Number of Other Board Memberships along with name of companies
1	Mufti Munib-ur-Rehman	15 Sep 2015	Chairman	1) Chairman Shari'ah Supervisory Board ■ Dawood Family Takaful
2	Mufti Syed Sabir Hussain	16 Sep 2015	Resident Member	1) Shari'ah Supervisory Board Member /Consultancy ■ Dawood Family Takaful
3	Mufti Nadeem Iqbal	15 Oct 2018	Non Resident Member	No other engagement

TRADE FINANCE SERVICES

FOR GLOBAL TRADE NEEDS



IMPORT



EXPORT



GUARANTEES



CHAIRMAN'S MESSAGE

Alhamdulillah, it gives me great pleasure to present the Annual Report of MCB Islamic Bank Limited (the Bank) for 2021. It is indeed encouraging to note that the Bank has completed its 2nd consecutive year of Profitability since its incorporation in 2015, despite the challenges faced by the spread of the COVID-19 pandemic and resultant economic downturn.

The Board of Directors (The Board) sets the Bank's strategic aims to maintain our vision, mission and core values. It presented high standards of Corporate Governance as a critical component for the long term success of the Bank and provides guidance to the management through policy framework and strategic oversight with a focus on new challenges and opportunities.

The Board endeavours to maintain and strengthened the high level of governance and best practices in the Bank as custodian of depositors' wealth supplemented with efficient and effective design of internal controls, risk management and audit functions. As part of this effort, the Board's properly structured Committees are in place, with each one having well-defined objectives and appropriate Terms of Reference; performing their respective roles effectively and efficiently. An effective and formal mechanism is in place for critical evaluation of the Board, its committees and individual Directors. In my role as Chairman, I continue to ensure that the Board is prioritizing and effectively setting the tasks to deliver strategic direction of the Bank.

The COVID-19 pandemic has been a source of stress and adversity and has accelerated the digital adoption and how organizations create value influenced by changing consumer behaviour with entirely new patterns of consumption. Banking sector faced the challenges of liquidity, asset quality and demand pressures. Under the Board's strategic advice and direction, the Bank's management followed a practical approach to steer the Bank

through uncertainty and continue to play its constructive role towards the growth of Islamic financial system in Pakistan.

Pakistan's economy after successfully navigating through four waves of pandemic has started to rebound through targeted monetary and fiscal responses despite the strict International Monetary Fund (IMF) programme, rising level of inflation and trade deficit. IMF in its World Economic Outlook of Jan 2022, has projected a growth of 4% for next year and as a result the economy will accelerate in its passage of progress.

Despite the pandemic challenges, the Bank has demonstrated great resilience and most of our branches remained accessible for the customers. This was possible only because of the dedication and determination of our management and staff who continued to serve at the frontline in these challenging circumstances. On behalf of the Board and myself, I would like to pay tribute to our champions. We salute them for helping the Bank witnessed another year of growth and is constantly looking to innovate and implement customer-centric services besides strengthening the core deposit base.

Envisaging 2022, I am confident that the Bank remains well positioned to sustainable enhancement in the shareholders' value. On behalf of the Board, I would like to extend my gratitude to the regulatory bodies including State Bank of Pakistan, Securities and Exchange Commission of Pakistan and Federal Board of Revenue for their assistance and co-operation. I would also like to appreciate our valued shareholders for having their confidence in long-term strategic goals.

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

RAZA MANSHA
Chairman



PRESIDENT'S MESSAGE

السلام عليكم ورحمة الله وبركاته

The world has transformed substantially during the last two years owing to COVID-19 pandemic; which has not only debilitate the globe by disrupting the economic activities but has also resulted in loss of human lives. Lately, international as well as national economy has started to show robust signs of recovery despite the new variants of COVID-19 and hopefully it will continue.

During the year under review, Alhamdulillah MCB Islamic Bank Limited (the Bank) has successfully steered through the challenging macroeconomic and operating environment to maintain its growth trajectory by focusing on its ability to adapt, innovate and nurture. The investment in the Bank's human capital and technological infrastructure along with augmenting risk management framework and constant improvement in Bank's service quality standards has enabled us to conduct business and manage challenges effectively and efficiently; thereby deriving stable profitability as well as growth in its financial position.

Successful implementation of envisioned long term multifaceted strategies have enabled Statement of Financial Position's growth. Resultantly, the Bank posted a growth of 24% in its Deposit base with a healthy CASA mix of 74.5%, and non-remunerative Deposit constituting 34.7% of the total Deposit mix as at end of Dec '21. On the asset side, both net financing and investments went up by 13% and 21% respectively during the year 2021, mainly due to optimal funds deployment while simultaneously focusing on asset quality. We continue to prudently manage risk throughout the Bank while maintaining a strong risk management culture, and successful efforts have been made for improvements in credit

quality across commercial and corporate portfolios. The Bank's sound financial position was reaffirmed by the Pakistan Credit Rating Agency (PACRA), which maintained the Bank's medium to long-term rating as 'A' and the short-term rating as 'A-1' with stable outlook.

Our positive growth outcomes are expressive of the proficient execution of our strategies and assure us that we are indeed on the right path to achieve and deliver on future goals and milestones.

The Bank considers human resource its core asset and I acknowledge the competence, devotion and efficiency of the MCB Islamic Bank's team in generating consistent value for our stakeholders. We are well aware of the importance of retaining and attracting the best talent, and hence employees' development and training remained our highest priority during the year. The Bank's culture has further strengthened with forward looking positivity thus paving way for conducive work environment with equal employment opportunities offered to females and candidates belonging to minority groups.

Lastly, I would like to express my sincere gratitude to the Chairman and the Board of Directors for their leadership and continuance guidance. I would also like to acknowledge the commitment of our team members for realizing the Bank's vision. The dedication and hard work of our team members strengthens our commitment to serve the Bank's valued customers with increased diligence, interest and care. With our dedication, team work, and unity of purpose I am certain that we will be able to go the extra mile to meet and exceed the expectations of our shareholders, customers, employees and regulators, In Sha Allah.

Muhammad Azfar Alam Nomani
President & CEO



REMITTANCE SERVICE

THE QUICKEST WAY TO RECEIVE MONEY



175+ BRANCHES
ACROSS PAKISTAN



INSTANT PAYMENT
COLLECTION



SAFE &
SECURE

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of MCB Islamic Bank Ltd. (the Bank), we are pleased to present the Annual Report for the year ended December 31, 2021

Rupees in Million

Statement of Financial Position	Dec 31, 2021	Dec 31, 2020	Growth
Deposits	122,748	99,253	24%
Total Assets	161,267	141,171	14%
Investments – net	33,476	27,618	21%
Islamic Financing – net	96,309	84,896	13%
Shareholders' Equity (including revaluations)	10,605	10,728	-1%
Profit & Loss Account	YTD Dec 2021	YTD Dec 2020	Growth
Operating income	4,393	5,099	-14%
Operating and other expenses	4,815	4,691	3%
(Reversals) / Provisions against financing & investments	(647)	15	-4413%
Profit before taxation	225	393	-43%
Profit after taxation	100	208	-52%
Basic / diluted earnings per share - Rs.	0.09	0.18	-50%

PERFORMANCE REVIEW

Pakistan's Banking Sector remained resilient and performed well even with decreasing spreads, limited economic activity owing to implementation of safe workplace and social distancing measures and persistent decline in credit quality due to increased business uncertainty amid new variants of Covid-19.

Despite these challenges our Bank remained fully aware of the high downside risks to the economic and operating environment and pursued its strategy of consistent growth through deposit mobilization and prudent financing practices, supported by an optimal organizational structure, robust risk management framework and effective compliance with regulatory instructions, helping the Bank to attain **a profit before tax of Rs.225 million for the year ended December 31, 2021, Alhamdulillah.**

The Bank's Deposits reached at Rs.122.75 billion as of Dec 31, 2021 as compared to Rs.99.25 billion as at Dec 31, 2020, registering an excellent growth of 24% while accumulation of no and low-cost deposits remained a key objective of the Bank during the period under review. The Bank's Current and Saving Account (CASA) mix stands at a healthy rate of 75% with non-remunerative Deposits constituting 35% of total deposit mix of the Bank as of Dec 31, 2021. The bank achieved a significant growth in Current Accounts by Rs.9.01 billion (27%) during the year. The Bank continues to emphasize on promoting Islamic Banking amongst potential non-banked customers through offering a variety of Islamic Banking products and ensuring service excellence.

Total assets of the Bank increased by 14% to reach at Rs.161.27 billion as of Dec 31, 2021 as compared to Rs.141.17 billion as at Dec 31, 2020. The net Financing was closed at Rs.96.31 billion against the Dec 31, 2020 position of Rs.84.90 billion whereas the investments were at Rs.33.48 billion against Rs.27.62 billion at Dec 31, 2020, showing management sagacious approach to gear up the banks' profitability without compromising its Capital Adequacy which increase by 0.08% to close at 12.09%. The management has its continuous focus on efficient capital management, better asset quality and high yielding portfolio.

During the year under review, Bank earned a total income of Rs.4.39 billion, while return on earning assets stood at a level of 7.96% with the cost of funds at 3.84% resulting in a net spread of 4.12% for the year under review. Through effective management controls, Operating & Other Expenses were contained to increase only by 3% compared to the last year despite high inflationary pressures in order to sustain profitability levels.

In view of the above developments, gradually increasing Balance Sheet spreads through effective portfolio mix management enabled the Bank's P&L to maintain an after-tax profit of Rs.100 million for the year against Rs.208 million for the last year. The negative variance is mainly attributable to a slash in policy rate by State Bank of Pakistan (SBP) and suppressed economic downturn due to the outbreak of COVID-19 pandemic in last year.

CREDIT RATING

Pakistan Credit Rating Agency (PACRA) has maintained the Bank's medium to long-term rating as 'A' and the short-term rating as 'A-1' with positive outlook.

ECONOMIC REVIEW

Global economy is on the path of recovery, however growth is estimated to have surged to 5.9% in 2021 by International Monetary Fund (IMF) in its recent Economic Outlook, its strongest post-recession pace in 80 years, as a relaxation of pandemic-related restrictions in many countries helped boost demand. Notwithstanding this annual increase, resurgences of the COVID-19 pandemic and widespread supply bottlenecks weighed appreciably on global activity in the second half of last year. Moreover, emerging market and developing economies are experiencing notably weaker and more fragile recoveries compared to those in advanced economies as a result of slower vaccination progress, a more limited policy response, and the pandemic's scarring effects, in particular on physical and human capitals. Among the most vulnerable countries, the impact of the pandemic will reverse several years of income gains.

Pakistan has emerged relatively unharmed from the pandemic, with a slighter economic recession compared to regional peers. The key challenges are the inflation and the current account deficit. Recently, Pakistan Bureau of Statistics provided its rebased estimate for GDP growth of 5.6% for Fiscal Year (FY) 21. IMF's Extended Fund Facility program together with prudent monetary and fiscal policies aided the economy to move progressively towards value-added creation with IMF's projection of GDP at 3.9% and 4.0% for FY21 and FY22 respectively. Improved projection is attributable to stronger anticipated private investment, improved business activity and a steady vaccine rollout.

Early resumption of economic activities and industrial support packages assisted Large Scale Manufacturing (LSM) in gaining momentum as LSM observed an increase of 14.9% for FY21 as compared to contraction of 9.8% for FY20. However, it has decelerated to 3.3% year-on-year in Jul-Nov 2021 partly reflecting a high base-effect as well as higher input costs, while electricity generation stabilized. Similarly, there has been some easing in the momentum of imports and tax revenue growth. Prospects remain favourable in agriculture, with an improved Rabi crop outlook offsetting reports of lower cotton output.

Optimistic growth outlook is attributable to strong rebound of services sector's performance manifesting the growth of 4.4% in FY21 as compared to the contraction of 0.6% in FY20. Latest Google Community Mobility Reports exhibit that grocery stores, restaurants and shopping centres' businesses have surpassed their pre-covid levels during Jul-Aug 2021.

National Consumer Price Index (CPI) was recorded at 12.3% on year-on-year basis in Dec 2021 against the same level of 8.0% during the last year. This continues to be a major challenge which requires stringent policy measures to maintain balance between fiscal discipline and keeping overall general price levels on the reasonably lower side. Energy tariff increases and the removal of tax exemptions in the Finance (Supplementary) Act are expected to keep year-on-year inflation higher over the next few months, close to the upper end of the average inflation forecast of 9% to 11% in FY22. However, during FY23, it is expected to decline toward the range of 5% to 7%.

Higher bank cash reserve requirements, regulatory tightening of consumer finance, limitation of non-essential imports and additional fiscal consolidation due to the recent Finance (Supplementary) Act, 2022 are the key keep the inflation and ongoing economic recovery sustainable. Resultantly, both the consecutive momentum of inflation and its expectations of businesses fell significantly at the end of 2021. SBP hence decided to raise the policy rate by 250 basis points to bring it to 9.75% by the end of Dec 2021.

On the external front, the current account balance, for Jul-Dec FY 2022 at deficit of USD 9.1 billion (5.7% of GDP), as against a surplus of USD 1.2 billion (0.9% of GDP) last year. The import bills excluding energy and vaccines become stable during the last quarter of 2021 whereas the exports grew by nearly 25% year-on-year basis to reach USD 15.1 billion. Decline in current account deficit is expected in response to a normalization of global commodity prices and the fuller impact of demand moderating measures. The workers' remittances stood at USD 15.8 billion for Jul-Dec FY22 against the USD 14.2 billion during the corresponding month of last year, growing by 11.3%. FX reserves stood at USD 24 billion as at Dec 2021, with exchange rate depreciated by 10.4% during the last year against the USD.

On the fiscal front, the primary deficit has been broadly under control due to healthy growth in revenues and was restricted at 1.4% of GDP for FY21 and estimated to be at 0.7% for FY22. Revenue collection of Federal Board of Revenue has shown growth of 11.1% for FY 21 and estimated to be at 23.0% for FY22.

The KSE-100 Index closed at 44,596 points on Dec 31, 2021 an upward shift by 841 points as compared to 43,755 on Dec 31, 2020.

Islamic banking industry continues to grow significantly, and has further strengthened its base by growing its total assets and deposits by 32% and 29.7% closing at Rs. 4,797 billion (market share of 17%) and Rs. 3,822 billion (market share of 18.7%) respectively, whereas the Branch network closed at 3,583 branches by the end of Jun 2021.

RISK MANAGEMENT

Risk Management Framework comprises governance and organizational structure, policy and procedures, risk assessment techniques, tools, systems, early warning indicators, reporting and escalation mechanism aligned with the Bank's strategic directions and business goals set by the Board of Directors and commensurate with size and scope of the Bank which ensures the independence of Risk Management Function in measuring, analysing, controlling and monitoring risk from the frontline risk takers i.e. business soliciting groups. The Bank aims to align the Risk Management Framework with the international best practices and the guidelines of State Bank of Pakistan.

A subcommittee of Board i.e. the Risk Management & Portfolio Review Committee obtains quarterly updates from Risk Management Group on credit, market operational risks and provides guidance and directions thereof. In addition, Management Finance Committee is another platform to ascertain, discuss and deliberate key risk issues in the portfolio at the management level.

The Bank's market risk management unit is responsible for management of Basel related ratios, annual Internal Capital Adequacy Assessment, annual behavioural study and quarterly stress testing for various risks as part of regulatory regime. The Bank also calculates Value at Risk for various market risk parameters assessment. In line with regulatory requirements, the Bank is actively engaged in setting up 'expected loss' framework for implementation of IFRS-9 and carrying out parallel runs.

Asset-Liability Management Framework/Liquidity Strategy & Contingency Funding Plan are in place, to ensure that the Bank can meet its liquidity needs on a timely basis while optimizing contribution towards the profitability of the Bank. Asset Liability Committee at management level is responsible for oversight of the assets and liabilities management function.

Operational risk is managed through diversified data collection mechanism which includes but not limited to data for operational losses, near miss events, control breach data, internal / external / compliance / regulatory observations and Risk Control & Self-Assessment exercise. The Bank has now developed an in-house system to facilitate operational risk data collection.

Fraud risk is managed by a dedicated unit and serves as a focal point. Fraud risk unit also operates a 24x7 call centre to proactively track fraudulent usage of digital banking transactions.

Business continuity planning and disaster recovery planning are in place and managed by a dedicated unit under Operations Group.

Various bank wide training sessions are conducted in liaison with trainings department of Human Resources to create risk awareness among the staff on operational risks, fraud risks, cyber security risks and business continuity.

IT security risks are being mitigated through various means and automated solutions along with the annual internal and external vulnerability assessment and penetration testing. The Bank has now in place a 24x7 Security Operations Centre for monitoring. The Bank aims to further strengthen the related risk mitigating measures in the coming year.

Bank is fully acquainted with Shari'ah Non Compliance Risk (SNCR) and its potential implications on the reputation and business of the Bank. Therefore, the Bank is taking adequate measures to address SNCR and ensure conformity of its operations with Shari'ah principles.

In addition to the Shari'ah Compliance Department, exclusively overseeing SNCR risk, the RM&PRC and senior management also playing their role in monitoring the same.

All Shari'ah non-compliance events and transactions are reported to Shari'ah Non Compliance Risk Management Committee (SNCRMC), RM&PRC and BOD on quarterly basis by Shari'ah Compliance Department (SCD).

STATEMENT ON INTERNAL CONTROL

The Board is pleased to endorse the statement made by management relating to internal controls including management's evaluation of ICFR. The Management's Statement on Internal Control is included in the Annual Report.

STATEMENT UNDER CODE OF CORPORATE GOVERNANCE AND SECTION 227 OF COMPANIES ACT 2017

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

- The financial statements prepared by the management of the Bank present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- There has been no material departure from the best practices of corporate governance.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Profit amounting to Rs.20.1 million has been transferred to Statutory Reserve for the year 2021.
- The System of Internal Control is sound in design and has been effectively implemented and monitored.
- As of Dec 31, 2021, MCB Bank Ltd. (parent company) holds 1,154,999,993 shares of the Bank, non-executive directors hold 05 shares one each and others hold 02 shares one each.
- Statement of Compliance with Code of Corporate Governance is included in the Annual Report.
- Composition of the Board is given in the Statement of Compliance with the Code of Corporate Governance in the corporate governance section of the Annual Report.
- The Committees of Board of Directors along with their terms of reference/charter have been separately disclosed in the corporate governance section of the Annual Report.
- The number of Board and committees' meetings held during the year and attendance by each Director has been separately disclosed in the corporate governance section of the Annual Report.
- Detail of remuneration of Chairman, President/CEO and non-executive directors, including independent directors, is disclosed in note 37 of the financial statements. Non-executive directors are paid a reasonable and appropriate remuneration for attending the Board and/or its committee meetings which is not at a level that could be perceived to compromise independence. No fee is paid to the directors who do not attend a meeting. Similarly, fee is not paid for the proposals considered through circulation.
- Details of directors' training programs are given in the statement of compliance with the code of corporate governance.
- Key operating and financial data for the last 05 years is presented in the Annual Report.
- The value of investments of the Bank's Provident Fund based on unaudited accounts at Dec 31, 2021 amounted to Rs.426.5 million.
- There is no overdue statutory payment on account of taxes, duties, levies and charges.

CHARITY FUNDS MANAGEMENT

Charity is one of the most important pillars of a healthy society. The Bank remains committed to its objective of paying back to the society, but in line with the Islamic principles of Ihsan - both directly and indirectly.

In order to disincentivise misuse of the system, customers have to contribute towards a charity account in case of late payment. Also, if during a Shariah audit, a transaction is identified where the process defined to ensure Shariah compliance is not followed, income of such a transaction is transferred to charity account. During 2021, a total of Rs.25.5 million was paid from the charity account on behalf of the customers and to purify the non-compliant income to different charitable organizations as detailed in Note 19.2 to Financial Statements.

TRADING OF SHARES OF THE BANK

Bank is currently a non-listed concern; hence no trades in the shares of the Bank were carried out by the Directors, executives and their spouses and minor children during the year 2021.

AUDITORS

The retiring auditors M/s. A. F. Ferguson & Co., Chartered Accountants, being eligible for the next term have offered themselves for reappointment. Upon suggestions of the Audit Committee, the Board of Directors recommends M/s. A. F. Ferguson & Co., Chartered Accountants, as the statutory auditors for the year ending December 31, 2022.

FUTURE OUTLOOK

Global economy's recovery will continue, however global growth is expected to decelerate markedly to 4.4% percent in 2022 as per IMF, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks. The near term outlook for global growth is somewhat weaker at 3.8% for 2023, and for global inflation notably higher, owing to pandemic reappearance, higher food and energy prices, and more devastating effects of supply disruptions.

Pakistan economy overall growth in FY22 is expected around the middle of the forecast range of 4% to 5% by SBP. IMF projects the country's GDP growth to reach 4.0% in 2022 and 5.0% in 2026 respectively. Risks to the outlook include, on the domestic front, IMF Programme which emphasis on SBP autonomy, inflationary pressures, constant rupee erosion and the current growing Omicron wave whereas on the external front, the rebounding of global commodity prices and geopolitical dynamics especially in Afghanistan. However, appropriate policies i.e., massive vaccination drive, effective monitoring of markets and prudent fiscal measures need to be taken to offset the risks and challenges being faced by the economy.

The Banking industry is being navigating through the challenges of credit, operation and information security risks especially after the outbreak of pandemic. However, the pandemic has accelerated digital adoption and robust growth opportunities in virtual banking towards the digitalization revolution in Pakistan.

Going forward, the Bank is determined to continue with its pro-business and pro-tech strategy by placing emphasis towards enhancement in low cost CASA deposits, escalation in trade business, diversifying its corporate, commercial and consumer books, increasing its digital penetration through innovation and upgradation of technology to improve processes and service quality which will in-turn further empower the Bank in serving our customers and other stakeholders 'the right way'.

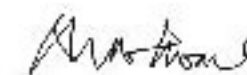
ACKNOWLEDGMENT

On behalf of the Board of Directors and management, we wish to express our sincere gratitude to our customers, business partners and shareholders for their continued patronage and trust. We would also like to thank State Bank of Pakistan, Securities & Exchange Commission of Pakistan and other regulatory authorities for their continuous guidance and support. The Board of Directors sincerely appreciates the significant contribution by all its staff members to the growth of this franchise under challenging business conditions.

For and on behalf of the Board of Directors



RAZA MANSHA
Chairman



MUHAMMAD AZFAR ALAM NOMANI
President / CEO

Date: February 08, 2022

مستقبل کی پیش بینی

عالمی معیشت میں بحالی جاری رہے گی تاہم، آئی ایم ایف کے مطابق سال 2022ء کے دوران کووڈ-19 کے جاری پھیلاؤ، مالیاتی امداد کے تحلیل ہونے اور رسد کی رکاوٹوں کے دور ہونے میں ست روی کے باعث عالمی نمو قدرے تحقیف کے ساتھ 4.4 فیصد پر رہنے کی توقع ہے۔ مستقبل قریب کی مدت میں، سال 2023ء کے لیے عالمی نمو کی پیش بینی قدرے کمزوری کے ساتھ 3.8 فیصد پر کی گئی ہے۔ جبکہ عالمگیر وباء کے بار بار نمودار ہونے، اشیاء خورد و نوش اور توانائی کی قیمتوں میں اضافے اور رسد کی رکاوٹوں کے مزید شدید اثرات کی بناء پر عالمی افراط زر میں نمایاں اضافہ متوقع ہے۔

اسٹیٹ بینک آف پاکستان کے مطابق مالی سال 2022ء میں پاکستان کی معیشت کی مجموعی نمو کی پیش گوئی 4 سے 5 فیصد تک رہنے کی امید ہے، آئی ایم ایف نے سال 2022ء کے لیے ملک کے جی ڈی پی کی نمو کا تخمینہ 4 فیصد اور سال 2026ء کے لیے 5 فیصد پر تھیں کیا ہے۔ پیش بینی کو لاحق خدشات میں داخلی طور پر، آئی ایم ایف کا پروگرام، جو کہ اسٹیٹ بینک آف پاکستان کی خود مختاری پر مرکوز ہے، افراط زر کے دہائوں، روپے کی قدر میں مسلسل تنزلی اور ادوی کردن کی حالیہ لہر شامل ہے۔ جبکہ بیرونی علاقہ پر اشیاء کی عالمی قیمتوں میں اضافے اور جغرافیائی و سیاسی صورتحال خاص طور پر افغانستان کی صورتحال شامل ہے۔ تاہم، معیشت کو درپیش ان مشکلات اور خدشات کے عداہد کے لیے موزوں پالیسیوں، جن میں ویکسینیشن کی بڑی تحریک، بریکٹوں کی کڑی نگرانی اور دانشمندانہ مالیاتی اقدامات شامل ہیں، کا نفاذ ناگزیر ہے۔

بینکاری کی صنعت مختلف خدشات خاص طور پر عالمگیر وباء کے پھیلاؤ کے بعد سے پیدا ہونے والے کریڈٹ، آپریشن اور انفارمیشن سیکورٹی کی مشکلات کے دور سے نبرد آزما ہے۔ تاہم، اس عالمگیر وباء نے ڈیجیٹل طریقہ کار کو اختیار کرنے میں اضافے اور پاکستان میں ڈیجیٹل انقلاب کی راہ ہموار کرنے کے لیے درپیش بینکنگ کی مد میں موجود بھرپور مواقع سے استفادہ کرنے کی ضرورت کو بھی فروغ دیا ہے۔ مستقبل میں، بینک اپنی کاروبار پر مرکوز اور ٹیکنالوجی سے مزین حکمت عملی پر کم لاگت کے ڈیپازٹس (CASA) کے فروغ، تجارتی کاروبار میں بڑھوتی، اپنے کارپوریٹ، کمرشل اور صارفین میں حوج، اپنے طریقہ کار اور خدمات کے معیار کی ٹیکنالوجی میں بہتری اور جدت کے ذریعے ڈیجیٹل رسائی میں اضافے کے فروغ کو جاری رکھنے کے عزم کا اعادہ کیے ہوئے ہے۔ جس کے باعث بینک کو اپنے صارفین اور دیگر اسٹیک ہولڈر کو درست انداز میں خدمات پیش کرنے میں مدد حاصل ہوگی۔

تعلیم و تھیں

بورڈ آف ڈائریکٹرز اور مینجمنٹ کی جانب سے ہم اپنے صارفین، کاروباری شراکت دار اور شیئر ہولڈرز کا اگے مسلسل اعتماد اور تعاون پر تہ دل سے مشکور ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سیکورٹی اینڈ اینجینئرنگ کمیشن آف پاکستان اور دیگر انضباطی اداروں کے جاری معاونت اور رہنمائی پر بھی اگے بے حد مشکور ہیں۔ بورڈ آف ڈائریکٹرز اپنے ملازمین کی خدمات کا پُر خلوص اعتراف کرتے ہیں جنکی بدولت ادارے نے مشکل کاروباری ماحول میں بھی شاندار ترقی کی ہے۔

منجانب و برائے بورڈ آف ڈائریکٹرز

محمد اختر عالم نعمانی

پریزیڈنٹ / سی ای او

رضا خٹاب

چیئر مین

چیئر مین، پریزیڈنٹ / سی ای او اور نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کے مشاہدوں کی تفصیل مالیاتی گوشواروں کے نوٹ 37 میں مہیا کی گئی ہے۔ تمام نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور / یا اسکی ذیلی کمیٹیوں کے اجلاسوں میں شرکت کے عوض نہایت معقول اور مناسب معاوضہ دیا جاتا ہے۔ یہ معاوضے اس درجہ کے نہیں ہوتے کہ کسی کی آزاد حیثیت کے بارے کسی مفاہمت یا سمجھوتے کا جائز بھی مل سکے۔ اجلاس میں شرکت نہ کرنے والے ڈائریکٹرز کو کوئی فیس نہیں ادا کی جاتی۔ اسی طرح کسی تجویز کی سرکوبیشن کے ذریعے منظوری کی بھی کوئی ادائیگی نہیں کی جاتی۔

ڈائریکٹرز کے ٹریننگ پروگرام کی تفصیل کوڈ آف کارپوریٹ گورننس کی تعمیلات کے بنیاد میں درج ہے۔

گزشتہ 5 سال کا نمایاں کاروباری اور مالیاتی فیڈا سالانہ رپورٹ میں پیش کیا گیا ہے۔

31 دسمبر، 2021ء تک پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر بمطابق غیر آڈیٹڈ اکاؤنٹس 426.5 ملین روپے رہی۔

بینک کے ذمہ کسی طرح کا کوئی ٹیکس / محصول، ڈیوٹی یا اس سے متعلق دیگر اخراجات واجب الادا نہیں ہے۔

خیراتی فنڈز کا انتظام

خیرات ایک مضبوط معاشرے کے اہم ستون کی حیثیت رکھتی ہے۔ اس امر اور احسان کے اسلامی اصول کو مد نظر رکھتے ہوئے بینک معاشرہ میں اپنا کردار ادا کرنے کے مقصد پر براہ راست یا بالواسطہ طور پر مسلسل کار بند ہے۔

شریعت کے مختلف اصولوں کی روشنی میں صارفین سے ادائیگی میں تاخیر کے کوئی چارہ نہیں لیئے جاتے تاہم، نظام کے غلط استعمال کو روکنے کے لیے صارفین کو تاخیری ادائیگی کی پاداش میں ایک خیراتی اکاؤنٹ میں شمولیت اختیار کرنی پڑتی ہے۔ علاوہ ازیں اگر شریعہ آڈٹ کے دوران کسی ایسے لین دین کی نظامدی ہو جائے جہاں طریقہ کار کے اختیار کرنے میں شریعت سے انحراف کیا گیا ہو تو ایسے لین دین سے حاصل ہونے والی تمام آمدنی بھی خیراتی اکاؤنٹ میں شامل کر دی جاتی ہے۔ سال 2021ء میں صارفین کی جانب سے اور غیر تعمیلی آمدنی کو پاک کرنے کے لیے کل 25.5 ملین روپے کی رقم مختلف خیراتی اداروں کو ادا کی گئی جس کی تفصیل مالیاتی اسٹیٹمنٹس کے نوٹ 19.2 میں واضح کی گئی ہے۔

بینک کے حصص کی ٹریڈنگ / کاروبار

بینک فی الوقت ایک غیر لسٹڈ ادارہ ہے۔ لہذا اس کے ڈائریکٹرز، عہدہ داران اور ان کے شریک حیات اور نابالغ بچوں میں سے کسی نے بھی سال 2021ء میں بینک کے حصص کا کوئی کاروبار نہیں کیا۔

آڈیٹرز

ریٹائرنگ آڈیٹرز میرز اے ایف فرگوسن اینڈ کمپنی (A.F. Ferguson & Co.)، چارٹرڈ اکاؤنٹینٹس، اگلی مدت کے لیے اہلیت کے باعث دوبارہ تقرری کے خواہشمند ہیں آڈٹ کمیٹی کی مشورے کے مطابق بورڈ آف ڈائریکٹرز میرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو 31 دسمبر 2022ء پر اختتام پذیر سال کیلئے قانونی (Statutory) آڈیٹرز تجویز کرتے ہیں۔

اندرونی کنٹرول (اندرونی انضباط) کا بیانیہ

بورڈ اچھائی مسرت سے اندرونی انضباط سے متعلق انتظامیہ کے بیانیہ بشمول انتظامیہ کے آئی سی ایف آر (ICFR) کے قیام کی توثیق کرتا ہے۔ انتظامیہ کا اندرونی انضباط کا بیانیہ سالانہ رپورٹ میں شامل ہے۔

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے سیکشن 227 کا بیانیہ

بورڈ آف ڈائریکٹرز اس امر کو یقینی بنانے کے لیے کوشش ہے کہ سیکیورٹی اینڈ انکمپنیشن کمیشن آف پاکستان کی جانب سے وضع کردہ کارپوریٹ گورننس کے مطلوبات کو مکمل طور پر پورا کیا جائے بینک نے کارپوریٹ گورننس کے بہترین اصولوں کو اختیار کیا ہے اور ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

- بینک کے مینجمنٹ کی طرف سے تیار کردہ فنانشل اسٹیمینٹس اسکی کارکردگی، صورتحال، نقدی کے بہاؤ (کیش فلو) اور لیکویڈٹی میں تبدیلیوں کا واضح اظہار کرتی ہیں۔
- بینک کے اکاؤنٹس کی درست دستاویزات تیار کی گئی ہیں۔
- فنانشل اسٹیمینٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے موزوں اور مقام اندازوں پر مبنی ہیں۔
- فنانشل اسٹیمینٹس کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کو مد نظر رکھا گیا ہے اور اس سے کسی بھی انحراف کو وضاحت کے ساتھ سالانہ اکاؤنٹس میں بیان کیا گیا ہے۔
- کارپوریٹ گورننس کے بہترین معیار اور ضابطہ عمل سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔
- بطور ادارہ بینک کے کام جاری رکھنے کی اہلیت میں کسی شک و شبہ کی گنجائش نہیں ہے۔
- 20.1 ملین روپے کا منافع سال 2021ء کے قانونی ریزرو میں منتقل کیا گیا ہے۔
- اندرونی انضباط کا نظام مضبوط حدود داخل پر استوار کیا گیا ہے اور نہایت مؤثر انداز میں نافذ اور جانچا جاتا ہے۔
- 31 دسمبر 2021ء تک ایم سی بی بینک لینڈ (ملکییتی کمپنی) کے پاس 1,154,999,993 حصص، نان ایگزیکٹو ڈائریکٹرز کی ملکیت میں فی کس ایک حصص کے حساب سے 5 حصص، جبکہ دیگر ڈائریکٹرز کی ملکیت میں فی کس ایک حصص کے حساب سے 2 حصص رہے۔ حصص کی ملکیت کی ترتیب کو سالانہ رپورٹ میں علیحدہ طور پر تحریر کیا گیا ہے۔
- کوڈ آف کارپوریٹ گورننس کی تعمیلات کا بیانیہ سالانہ رپورٹ میں شامل ہے۔
- بورڈ کی تشکیل، سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں موجود کوڈ آف کارپوریٹ گورننس کی تعمیلات میں درج ہے۔
- بورڈ آف ڈائریکٹرز کی کمیٹیوں اور ان کے دائرہ کار و اختیار اور کام کا طریقہ کار سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں علیحدہ طور پر تحریر کیا گیا ہے۔
- سال کے دوران، بورڈ اور کمیٹیوں کے منعقد شدہ اجلاسوں اور ان میں ہر ڈائریکٹر کی شرکت کی تفصیل کو سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں علیحدہ طور پر تحریر کیا گیا ہے۔
- ایسے افراد کے نام، جو اس مالی سال کے دوران کسی بھی وقت یا مدت کے لیے بینک کے ڈائریکٹرز رہے ہیں، سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں علیحدہ طور پر درج ہیں۔

خوشحالی کا انتظام (ریسک مینجمنٹ فریم ورک)

خوشحالی کے عمارک کا نظام، گورننس اور ادارے کی انتظامیہ، پالیسی اور طریقہ کار، خوشحالی کے تعین کے اسلوب، آلات، سسٹمز، خطرات کی پہچان، نظارت، رپورٹنگ اور متحرک میکانزم جو کہ بینک کی مخصوص ہدایات اور بورڈ آف ڈائریکٹرز کی جانب سے متعین کاروباری ہدف اور بینک کے حجم اور گنجائش جو کہ خوشحالی کے عمارک کے نظام کی آزادانہ حیثیت کو یقینی بناتے ہوئے ان کو جانچنے، پہچاننے، قابو پانے اور خوشحالی کو اغراض کرنے والے اولین کردار، یعنی کاروبار فراہم کرنے والے گروپس، کی جانب سے ان کا احاطہ کرنے سے مکمل مطابقت رکھتا ہو، پر مشتمل ہوتا ہے۔ بینک اپنے خوشحالی کے عمارک کے نظام کو بہترین عالمی طریقہ کار اور اسٹیٹ بینک آف پاکستان کے فراہم کردہ رہنمائی کے اصولوں کے مطابق ہم آہنگ کرنے کے لیے پرعزم ہے۔

"بورڈ کی ایک فریڈ کمیٹی "ریسک مینجمنٹ اینڈ پورٹ فولیو ریویو کمیٹی (Risk Management & Portfolio Review Committee) ریسک مینجمنٹ گروپ سے باقاعدگی سے تیار ترین معلومات سر مانی بنیاد پر حاصل کرتی ہے اور اس بارے میں ہدایات اور رہنمائی بھی فراہم کرتی ہے۔ علاوہ ازیں، مینجمنٹ فنانس کمیٹی (Management Finance Committee) بھی ایک مزید پلیٹ فارم ہے جو انتظامیہ درج پر خوشحالی کی تشخیص اور اس کا جائزہ اور اس بارے میں اپنی رائے دیتی ہے۔

بینک کا مارکیٹ ریسک مینجمنٹ یونٹ انتظامیہ کے عمارک کو پورا کرتے ہوئے مارکیٹ اور سیال پذیری کے خوشحالی کے لیے ہاسل (Basel) سے متعلق تناسب، سرمایے کی موزونیت کا سالانہ داخلی جائزہ سالانہ کردار سازی کی تحقیق اور مختلف خوشحالی کے لیے سرمایے سٹریٹجی ٹیسٹنگ (Stress Testing) کے عمل کا ذمہ دار ہے۔ مختلف منظریوں سے جڑے خوشحالی کے امور کے جوابے کے لیے بینک ان کی قدر و قیمت کا تعین بھی لگاتا ہے۔ ضوابطی مطلوبات کے مطابق بینک IFRS 9 Expected Loss کے فریم ورک کے نفاذ کے لیے اور اس کے متوازی نظام چلانے کے لیے مستعدی سے کام لے رہا ہے۔

ایچ جات - واجبات کے انتظام کا فریم ورک/لیکویڈیٹی اسٹریٹجی اینڈ کنٹینجمنسی ٹکنگ پلان (Asset-Liability Management Framework/ Liquidity Strategy & Contingency Plan) پر عملدرآمد جاری ہے تاکہ اپنے منافع میں بھرپور شمولیت رکھتے ہوئے بینک اپنی سیال پذیری کی ضروریات کو بروقت پورا کر سکے۔ انتظامیہ درج پر ایسٹ لیبیلیٹی کمیٹی (Asset Liability Committee) ایچ جات اور واجبات کے انتظام کے عمل کی نگرانی کی ذمہ دار ہے۔

بینک کے کاروباری خوشحالی کے عمارک متعلق دنیا کو اکٹھا کرنے کے نظام کے ذریعہ کیا جاتا ہے۔ جس میں بشمول (مگر ان تک ہی محدود نہیں) کاروباری تصانیف کا ڈیٹا، خطا ہونے والے حالیہ واقعات، کنٹرول بریک (Control Breach) ڈیٹا، داخلی/بیرونی/تعمیلی/انتظامی مشاہدوں اور خوشحالی پر قابو پانے اور خود تشخیصی مشغول شامل ہیں۔ بینک نے اب کاروباری خوشحالی سے متعلق دنیا کو جمع کرنے کے لیے اپنے ادارے کے اندر ہی ایک نظام وضع کیا ہے۔ فراڈ (دھوکہ دہی) کے خوشحالی کی ایک مخصوص یونٹ کے ذریعے نگرانی کی جاتی ہے جو ایک 24x7 کل سینٹر کو بھی چلاتا ہے تاکہ ڈیجیٹل بینکاری کے لین دین کے استعمال کا کھوج لگایا جاسکے۔

کاروبار کو جاری رکھنے کی منصوبہ بندی اور کسی بھی غیر یقینی صورتحال سے بحالی کی منصوبہ بندی موجود ہے اور اس کا انتظام و انصرام اس کام کے لیے مختص ایک مخصوص یونٹ، جو کہ آپریشن گروپ کے زیر انتظام ہے، کے ذریعے کیا جاتا ہے۔

اپنے سٹاف کو کاروباری خوشحالی، فراڈ کے خوشحالی، سامبر سیکیورٹی خوشحالی اور کاروبار کو جاری رکھنے جیسے معاملات سے مکمل آگاہی کے لیے بیسمن ریسورسز کے ٹریننگ ڈیپارٹمنٹ کے تعاون سے پورے بینک میں مختلف ٹریننگ سیشنز کا انعقاد کیا گیا ہے۔

آئی ٹی سیکورٹی کے خوشحالی کے عمارک مختلف ذرائع اور خود کار نظام کے ذریعے کیا جاتا ہے جس میں اندرونی اور بیرونی حساسیت کا سالانہ جائزہ اور اس میں مداخلت کی ٹیسٹنگ (Testing) بھی شامل ہے۔ بینک نے اب سیکیورٹی آپریشن سینٹر کا قیام کیا ہے جو 24x7 اس کی نگرانی کرتا ہے۔ بینک اپنے خوشحالی کے عمارک کے اقدامات کو مزید مستحکم کرنے کا اعادہ رکھتا ہے۔

بینک شریعت کے غیر تعمیلی خوشحالی (Shariah Non Compliance Risk) (انس این سی آر) اور اپنی ساتھ کاروبار پر لگے اثرات کا مکمل اوراک رکھتا ہے۔ چنانچہ بینک نے انس این سی آر کے عمارک کے لیے تمام ضروری اقدامات اٹھائے ہیں تاکہ اپنے کاروبار کو شرعی اصولوں سے ہم آہنگ رکھنے کے عمل کو یقینی بنایا جاسکے۔

شریعہ کی تعمیل (کمپلائنس) کے ڈیپارٹمنٹ، جو کہ خاص طور پر انس این سی آر کے خوشحالی پر کڑی نگاہ رکھتا ہے، کے علاوہ آر ایم اینڈ پی آر سی (RM & PRC) اور بینک کی سینئر انتظامیہ بھی نگرانی کے اس عمل میں لپٹا کر رہا ہے۔

شریعہ کی تعمیل (کمپلائنس) کے ڈیپارٹمنٹ کی جانب سے شریعہ کے غیر تعمیلی (نان کمپلائنس) عوامل اور لین دین کو شریعہ نان کمپلائنس ریسک مینجمنٹ کمیٹی (SNCRMC) RM & PRC اور بورڈ آف ڈائریکٹرز کو سر مانی بنیاد پر رپورٹ کیا جاتا ہے۔

معاشی سرگرمیوں کی جلد بحالی اور صنعتوں کے امدادی چیکز بڑے پیمانے کی پیداوار کے شعبے کے لیے معاون ثابت ہوئے۔ جیسا کہ بڑے پیمانے پر پیداوار کی صنعت میں مالی سال 2020ء کے 9.8 فیصد کے سکڑاؤ کی نسبت (سال 2021ء میں) 14.9 فیصد کا اضافہ دیکھا گیا۔ تاہم، جولائی تا نومبر 2021ء میں سال بہ سال کی بنیاد پر، اس میں 3.3 فیصد کی تھپڑ ہوئی جو کہ بالی میں الکیٹ (HIGH BASE EFFECT) اور اس کے ساتھ بلند لاگت کے عوامل کا مظہر ہے۔ جبکہ بجلی کی پیداوار میں استحکام دیکھا گیا۔ اسی ممانعت میں، درآمدات میں قدرے کمی اور ٹیکس کی آمدنی / وصولیوں میں اضافہ بھی دیکھا گیا۔ زراعت کا مستقبل بھی روشن نظر آ رہا ہے جیسا کہ ریج کی فصل کی بھرپور پیش بینی کہاس کی فصل میں متوقع کمی کے اثر کو ختم کر سکے گی۔

اس مثبت نمو کی پیش بینی خدمات کے شعبے میں ہونے والی شاندار کارکردگی کی بدولت رہی جس میں مالی سال 2020ء کی 0.6 فیصد کی شرح کے سکڑاؤ کے مقابلے میں مالی سال 2021ء میں 4.4 فیصد کی نمو دیکھی گئی۔ حالیہ گوگل کمیونٹی موبیلٹی (GOOGLE COMMUNITY MOBILITY) رپورٹوں میں اس امر کا اظہار کیا گیا ہے کہ گرامری سٹورز، ریسٹورانس اور شاپنگ سینٹرز نے جولائی تا اگست 2021ء کے دوران، اپنے کوڈ-19 کے قبل کی سطحوں کو عبور کر لیا ہے۔

دسمبر 2021ء میں صارفین کی قیمتوں کا قومی جدول (NATIONAL CONSUMER PRICE INDEX- CPD) سال بہ سال کی بنیاد پر، 12.3 فیصد پر درج ہوا جبکہ گزشتہ سال کے دوران یہی سطح 8.0 فیصد پر تھی۔ یہ امر ایک اہم اور مسلسل چیلنج کے طور پر برقرار ہے اور مجموعی عام قیمتوں کو موزوں ترین کم سطح پر رکھنے اور مالیاتی ٹرم و خد کے مابین توازن برقرار رکھنے کے لیے کڑے پالیسی اقدامات کا تقاضا ہے۔ بجلی کے نرخوں میں اضافے اور ٹرانس (کالیمینٹری) ایکٹ 2022ء کے تحت ٹیکس کی چھوٹ کے خاتمے سے اگلے چند مہینوں میں افرارہ زر کے، سال بہ سال کی بنیاد پر، مزید بڑھنے کی توقع ہے۔ جو کہ مالی سال 2022ء میں اوسط افرارہ زر کی 9 فیصد تا 11 فیصد کی پیش بین حد کی بلند سطح کے قریب ہے۔ تاہم، مالی سال 2023ء کے دوران اس میں 5 فیصد تا 7 فیصد کی حد تک کم ہونے کی امید ہے۔

بینک کے کیش ریزرو کی بلند مطلوبات، صارفین کے قرضہ جات کے کڑے ضوابط، غیر ضروری درآمدات پر پابندیوں اور حالیہ ٹرانس (کالیمینٹری) ایکٹ 2022ء کے تحت اضافی مالیاتی جامعیت، افرارہ زر اور پائیدار معاشی بحالی کے جاری عمل کو تقویت پہنچانے میں اہم کردار ادا کریں گے۔ جس کے نتیجے میں افرارہ زر میں جاری مسلسل تحریک اور کاروبار پر اس کے متوقع اثرات میں سال 2021ء کے اختتام تک نمایاں کمی کا اندراج ہوا۔ لہذا، اسٹیٹ بینک آف پاکستان نے سال 2021ء کے اختتام پر پالیسی ریت میں 275 بی پی اے کا اضافہ کرتے ہوئے اس کو 9.75 فیصد کی شرح پر مقرر کر دیا۔

بروزی علاقہ پر، کرنٹ اکاؤنٹ کا توازن گزشتہ سال کے 1.2 بلین امریکی ڈالرز کے سرپلس (کی ڈی بی) کا 0.9 فیصد کے مقابلے میں مالی سال 2022ء کے جولائی تا دسمبر کے عرصہ میں 9.1 بلین امریکی ڈالرز (کی ڈی بی) کا 5.7 فیصد کے خسارے پر درج کیا گیا۔ سال 2021ء کی آخری سہ ماہی میں درآمدات کے بل میں، توانائی اور دیکھیں کے علاوہ، استحکام رہا۔ جبکہ برآمدات 25 فیصد کے، سال بہ سال کی بنیاد پر، اضافے کے ساتھ 15.1 بلین امریکی ڈالرز پر جا پہنچیں۔ عالمی اشیاء کی قیمتوں کے معقول ہونے اور طلب کے بحال اثرات کی تحریف کے اقدامات کی بدولت کرنٹ اکاؤنٹ کے خسارے میں کمی کی توقع کی جا رہی ہے۔ مالی سال 2022ء کے جولائی تا دسمبر کے عرصے کے لیے افرارہ زر تریات، گزشتہ سال کے مقابلے میں 14.2 بلین امریکی ڈالرز کے مقابلے میں 11.3 فیصد کے اضافے کے ساتھ 15.8 بلین امریکی ڈالرز پر جا پہنچیں۔ غیر ملکی زر مبادلہ کے ذخائر دسمبر 2021ء تک 24 بلین امریکی ڈالرز پر درج ہوئے جبکہ گزشتہ سال کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے میں 10.4 فیصد کی فرسودگی ہوئی۔

مالیاتی عہد پر، بنیادی خسارہ آمدنی میں توانا اضافے کے باعث مجموعی طور پر قابو میں رہا اور مالی سال 2021ء کے لیے اسے بی ڈی بی کی 1.4 فیصد تک کی شرح پر محدود رکھا گیا اور مالی سال 2022ء کے لیے اس کی شرح 0.7 فیصد پر کمینز کی گئی ہے۔ فیڈرل بورڈ آف ریونیو کی آمدنی کی وصولیوں میں مالی سال 2021ء کے لیے 11.1 فیصد کی نمو دیکھی گئی جبکہ مالی سال 2022ء میں اس کی شرح کا 23 فیصد پر اضافہ کیا گیا ہے۔

کے ایس ای 100 انڈیکس 31 دسمبر 2021ء کو 44,596 پر ختم ہوا جو کہ 31 دسمبر 2020ء کے 43,755 پائنٹس کے مقابلے میں 841 پائنٹس کے اضافے کا مظہر ہے۔

اسلامی بینکاری کی صنعت اپنی ترقی کے سفر کو جاری رکھے ہوئے ہے اور اپنے کل اثاثہ جات اور فنانس میں بازنس میں 32 فیصد اور 29.7 فیصد کی نمو کے ساتھ 4,797 بلین روپے (ڈیٹ شیئر 17 فیصد) اور 3,822 بلین روپے (ڈیٹ شیئر 18.7 فیصد) کی سطح تک کے اضافے کے ساتھ اپنی بنیاد کو مزید مضبوط بنا رہی ہے۔ جبکہ برانچوں کا نیٹ ورک جون 2021ء کے اختتام تک 3,583 برانچوں پر بند ہوا۔

بینک کے فنانس 31 دسمبر 2020ء کے 99.25 بلین روپے کی سطح کی نسبت 24 فیصد کی نمو کے اندراج کے ساتھ 31 دسمبر 2021ء تک 122.75 بلین روپے تک پہنچ گئے۔ جبکہ اس زیر تجزیہ مدت کے دوران کم یا بغیر لاگت کے فنانس کا حصول بینک کے کلیدی مقصد کے طور پر برقرار رہا۔ بینک کے کرنٹ اور سیونگ اکاؤنٹ (CASA) کی ترکیب 75 فیصد کی مضبوط شرح پر رہی جس کے ساتھ 31 دسمبر 2021ء میں فنانس کی ترکیب میں غیر پیداواری فنانس کی شرح کا حصہ 35 فیصد تک رہا۔ بینک نے سال کے دوران کرنٹ اکاؤنٹ میں 9.01 بلین کی نمایاں نمو (27 فیصد) حاصل کی۔ بینک اسلامی بینکاری کی نئی اور مختلف پراڈکٹس کے باقاعدگی کے ساتھ اجراء اور خدمات کے اعلیٰ معیار کو یقینی بناتے ہوئے بینکاری سے عوام صارفین کے حوالے سے موجود مواقع سے استفادہ حاصل کرنے کے لیے اسلامی بینکنگ کے فروغ پر اپنی توجہ مرکوز کئے ہوئے ہے۔

بینک کے کل اثاثہ جات 31 دسمبر 2020ء کی 141.17 بلین روپے کی سطح کی نسبت 31 دسمبر 2021ء تک 14 فیصد کے اضافے کے ساتھ 161.27 بلین روپے پر جا پہنچے۔ خالص قرضہ جات کا حجم 31 دسمبر 2020ء کی 84.90 بلین روپے کی سطح کے مقابلے میں 96.31 بلین روپے پر درج ہوا۔ جبکہ سرمایہ کاری 31 دسمبر 2020ء کے 27.62 بلین روپے کے حجم کی نسبت 33.48 بلین روپے پر جا پہنچی۔ جو کہ بینک کی انکوائری کی جانب سے اپنے سرمائے کی معقولیت (کیپٹل ایڈیکوئیٹی) جس کی شرح 0.08 فیصد کے اضافے کے ساتھ 12.09 فیصد پر پہنچی گئی، پر کوئی سمجھوتہ کیے بغیر اپنے منافع میں اضافہ کی دانشمندانہ حکمت عملی کا مظہر ہے۔ انکوائری اپنے سرمائے کے موزوں اہرام، اثاثہ جات کے بھرپور معیار اور زیادہ آمدنی کے حال پورٹ فولیو پر اپنی مسلسل توجہ مرکوز کیے ہوئے ہے۔

اس زیر نظر مدت کے دوران، بینک نے 4.39 بلین روپے کی کل آمدنی حاصل کی جبکہ پیداواری اثاثہ جات کی آمدنی کی شرح 7.96 فیصد کی سطح پر رہی۔ جس کے ساتھ سرمائے کی لاگت کی شرح 3.84 فیصد پر درج ہوئی۔ جس کے نتیجے میں اس زیر جائزہ عرصہ میں 4.12 فیصد کا خالص سہریہ حاصل ہوا۔ منافع کی پائیدار سطح کے حصول کے لیے، افرارہ زر کے دباؤ کے باوجود، کاروباری اور دیگر اخراجات کو موزوں انکوائری سکڑول کے ذریعے گزشتہ سال کے تقابلی عرصہ کی نسبت محض 3 فیصد کی شرح پر محدود رکھا گیا۔

متحدہ ہا، عوامل کے تناظر میں، اپنی پینٹس شیٹ کے سہریہ ز میں، پورٹ فولیو کی ترکیب کے موثر انتظام کے ذریعے بتدریج اضافے کی بدولت بینک گزشتہ سال کے تقابلی عرصہ میں حاصل شدہ 208 بلین روپے کے مقابلے میں اس زیر تجزیہ مدت کے لیے 100 بلین روپے کا بعد از ٹیکس منافع حاصل کرنے کے قابل ہوا۔ منافع کی شرح میں کمی کے اس رجحان کی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے گزشتہ سال کے دوران کوڈ - 19 کی عالمگیر وبا کے پھیلاؤ اور معاشی زلزلوں کے دباؤ کے باعث پالیسی ریت میں کمی ہے۔

ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی پاکر نے بینک کی درمیانی سے طویل مدت کی ریٹنگ کو (A) اسے اور قلیل مدت کی ریٹنگ کو (A-1) اسے دن کی سطح پر مثبت پیش بینی کے ساتھ برقرار رکھا ہے۔

معاشی جائزہ

عالمی معیشت بحالی کی راہ پر گامزن ہے، تاہم عالمی مالیاتی فٹ (آئی ایم ایف) کی حالیہ پیش بینی جو کہ کساد بازاری کے بعد 80 سالوں میں تیز ترین رفتار ہے، میں کئی ممالک میں عالمگیر وبا سے متعلق پابندیوں کے خاتمے کے نتیجے میں، بڑھتی ہوئی طلب کی بنیاد پر، سال 2021ء کے لیے نمو کا تخمینہ 5.9 فیصد تک بڑھنے کی توقع کی گئی ہے۔ اس سالانہ اضافے سے قطع نظر، کوڈ - 19 کی عالمگیر وبا کے بد پر مودار ہونے اور رسد کی وسعت میں درپیش رکاوٹوں نے عالمی سرگرمیوں کو پچھلے سال کی دوسری ششماہی کے دوران خاص طور پر زیادہ متاثر کیا۔ علاوہ ازیں، دیکھیں کے عمل کی سست رفتار، لوگوں کے رد عمل اور عالمگیر وبا کے خاص طور پر جسمانی اور اضافی حوالے سے معر اثرات، کی بدولت ابھرتی منظرین اور ترقی پذیر ممالک میں دیگر ترقی یافتہ ممالک کی نسبت قدرے کمزور اور سست معاشی بحالی دیکھی جا رہی ہے۔ بہت سے متاثرہ ممالک میں اس عالمگیر وبا کے اثرات کئی سالوں کی آمدنی کو ختم کر دیں گے۔

پاکستان اس عالمگیر وبا سے نسبتاً کم متاثر ہوا ہے اور خطے کے ممالک کی نسبت اس میں کم معاشی انحطاط واقع ہوا ہے۔ ملک کو درپیش نمایاں مشکلات میں افرارہ زراور کرنٹ اکاؤنٹ کا خسارہ شامل ہے۔ پاکستان کے ادارہ شماریات کے حالیہ نظر ثانی شدہ اعداد و شمار کے مطابق مالی سال 2021ء کے لیے بی ڈی بی کی نمو 5.6 فیصد پر تخمینہ کی گئی ہے۔ آئی ایم ایف کے ایکسٹنڈڈ فنڈ فیسلٹی (EXTENDED FUND FACILITY) بورڈ کے ساتھ دانشمندانہ مالیاتی اور ضوابطی پالیسیوں سے معیشت کو مثبت انداز سے آگے بڑھنے میں مدد ملی ہے اور آئی ایم ایف نے مالی سال 2021ء اور مالی سال 2022ء کے لیے بی ڈی بی کی نمو کا تخمینہ بازنس میں 3.9 فیصد اور 4 فیصد پر تجویز کیا ہے۔ گچھے میں اس بھری کی بنیاد پر فنی سرمایہ کاری میں متوقع اضافہ، بھری کاروباری سرگرمی اور دیکھیں کی بروقت اور موزوں ترسیل ہے۔

ممبران کے لیے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت کے ساتھ ایم سی بی اسلامک بینک لینڈ (بینک) کی 31 دسمبر 2021 کو اختتام پذیر سال کی رپورٹ آپ کے سامنے پیش کر رہے ہیں۔

ملین روپے

مؤ	2020	2021	مالیاتی سٹینڈنس کی حیثیت (پوزیشن)
24%	99,253	122,748	ڈیپازٹس
14%	141,171	161,267	کل اثاثہ جات
21%	27,618	33,476	سرمایہ کاری - خالص
13%	84,896	96,309	اسلامی فنانسنگ - خالص
-1%	10,728	10,605	حصص یا بینکوں کی ایکویٹی (سرمایہ) بشمول تھمبیل نو
مؤ	2020	2021	نفع و نقصان کا اکاؤنٹ
-14%	5,099	4,393	آپریٹنگ (کاروباری) آمدنی
3%	4,691	4,815	آپریٹنگ (کاروباری) دیگر اخراجات
-4413%	15	(647)	(ہرمیشن) / کٹوتی قرضہ جات اور سرمایہ کاری کے لیے اخراجات
-43%	393	225	نفع / (نقصان) قبل از ٹیکس
-52%	208	100	نفع / (نقصان) بعد از ٹیکس
-50%	0.18	0.09	بنیادی / تحلیل شدہ نفع فی شیئر (حصص) روپے

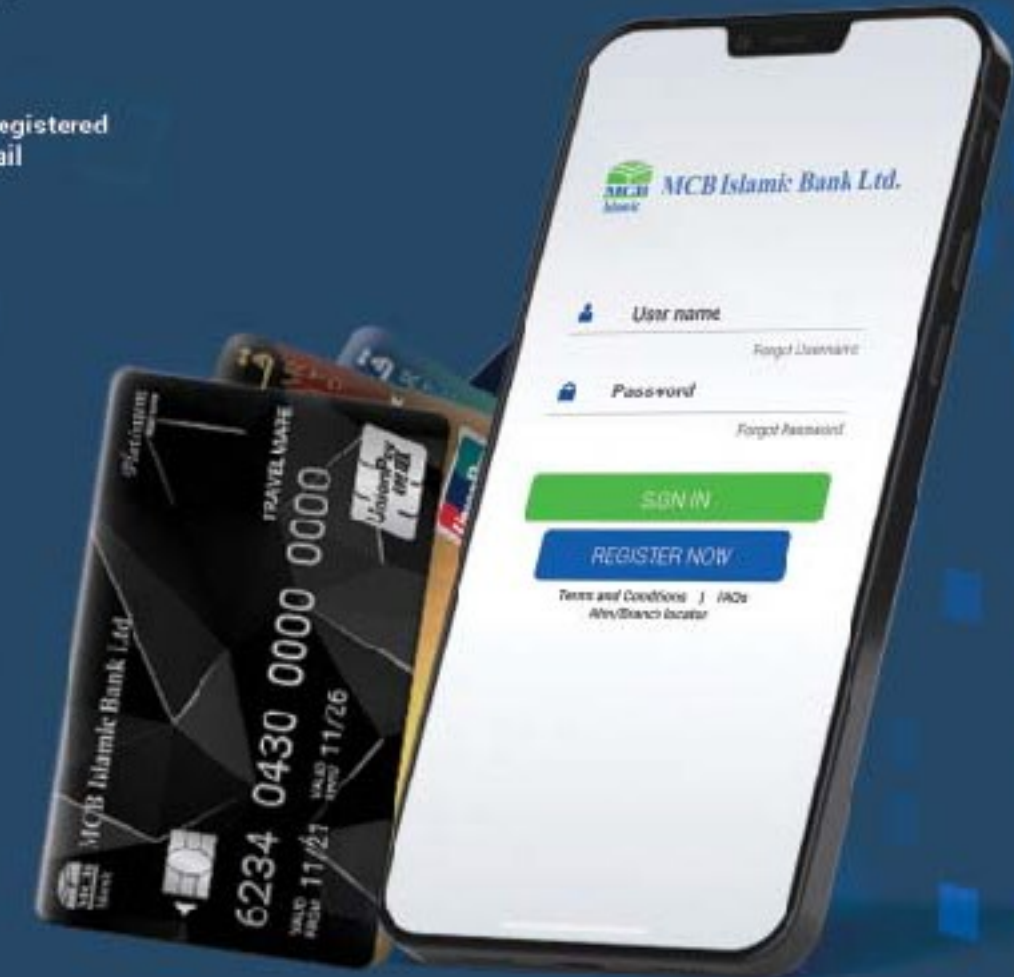
بینک کی کارکردگی

پاکستان کی بینکاری کا شعبہ گرتے پھرتے، کام کرنے کی محفوظ جگہ کے نفاذ اور سماجی قاصدوں کے باعث محدود معاشی سرگرمیوں اور کووڈ-19 کی نئی شکلوں سے بڑھتی کاروباری غیر یقینی کی بدولت قرضہ جات کے معیار میں مسلسل کمی کے باوجود، اپنی کارکردگی کو برقرار رکھے ہوئے ہے۔

ان چیلنجز کے باوجود ہمارا بینک، معیشت اور کاروباری ماحول کو لاحق جزئی کے خدشات کا مکمل ادراک رکھتے ہوئے اپنے ڈیپازٹس کے فروغ اور قرضہ جات کے اجراء کے دانشمندانہ طریقہ کار اور اس کے ساتھ موزوں انتظامی ڈھانچے، خدشات کے حدارک کے مضبوط نظام اور ضوابطی ہدایت کی مناسب تعمیل کی اپنی مسلسل اور پائیدار نمو کی سمت عملی کی پاسداری کر رہا ہے۔ جس کی مدد سے بینک کو، الحمد للہ 31 دسمبر 2021ء کو اختتام پذیر سال کے لیے 225 ملین روپے کا منافع قبل از ٹیکس حاصل ہوا۔

NOW ACTIVATE YOUR DEBIT CARD through Mobile Banking

- Download & Login to MCB Islamic Mobile App
- Tap on Debit Card Management
- Tap on Card Activation and select desired Debit Card
- Enter 4-digit new PIN and re-enter New PIN
- Enter OTP received on registered Mobile number and email
- Accept Debit Card Terms & Conditions
- Your PIN has been setup



PAYMENTS MADE EASY

PAY ANYTIME, ANYWHERE



FINANCIAL SUMMARY

FINANCIAL SUMMARY

FINANCIAL DATA

STATEMENT OF FINANCIAL POSITION

	2021	2020	2019	2018	2017	2016
	Rupees in thousands					
Total assets - net	161,267,393	141,170,886	105,017,261	94,894,435	51,745,997	28,564,193
Cash and balances with treasury banks	11,309,285	9,872,197	10,252,547	6,990,369	3,390,753	1,509,804
Balances with other banks	3,696,073	4,996,602	8,822,985	1,422,701	2,703,251	2,750,998
Due from financial institutions	1,650,000	828,790	5,851,664	4,675,000	1,400,000	-
Investments - net	33,475,816	27,617,997	16,308,800	12,713,954	9,186,213	5,769,675
Islamic financing and related assets - net	96,308,562	84,896,191	51,308,967	62,907,204	31,472,935	16,172,727
Operating fixed assets and others	14,827,657	12,959,109	12,470,298	6,185,207	3,752,376	2,404,803
Total liabilities - net	150,662,838	130,443,114	94,550,460	84,824,921	42,115,218	18,298,320
Bills payable	1,896,801	2,470,821	973,627	1,303,992	314,210	447,776
Due to financial institutions	16,472,906	20,596,773	4,127,526	7,800,628	7,926,790	2,785,650
Deposits and other accounts	122,747,778	99,253,161	81,853,511	73,307,185	32,690,808	14,279,436
Other liabilities	9,545,353	8,122,359	7,595,796	2,413,116	1,183,410	744,934
Net assets	10,604,555	10,727,772	10,466,801	10,069,514	9,630,779	10,265,873
Share capital	11,550,000	11,550,000	11,550,000	11,200,000	10,000,000	10,000,000
Shareholders' equity	10,356,191	10,254,456	10,044,475	9,937,242	9,832,379	10,094,531

PROFIT AND LOSS ACCOUNT

Profit / return earned	9,202,716	9,616,051	9,848,819	4,208,875	2,060,927	1,526,778
Profit / return expended	5,008,845	5,280,989	5,855,061	2,304,950	1,005,671	576,544
Net spread earned	4,193,871	4,335,062	3,993,758	1,903,925	1,055,256	950,234
Fee and commission income	408,113	331,002	294,491	162,245	46,325	34,678
Dividend income and gain / (loss) on sale of securities - net	71,199	47,703	(34,600)	75,769	352,356	196,172
Income from dealing in foreign currencies	113,571	209,888	63,685	148,228	29,846	17,322
Other income	200,473	161,322	19,743	13,020	10,483	10,992
Total income	4,393,291	5,099,251	4,337,077	2,303,187	1,494,266	1,209,398
Operating and other expenses	4,815,361	4,690,902	4,503,022	3,087,754	1,845,247	1,189,562
(Loss) / profit before provisions	(422,070)	408,349	(165,945)	(784,567)	(350,981)	19,836
(Reversal of provision) / provision	(647,121)	15,270	199,814	895,646	(54)	(94,137)
Profit / (loss) before taxation	225,051	393,079	(365,759)	(1,680,213)	(350,927)	113,973
Taxation	(124,619)	(184,763)	122,147	584,231	87,930	(34,056)
Profit / (loss) after taxation	100,432	208,316	(243,612)	(1,095,982)	(262,997)	79,917

OTHERS

Imports	76,051,525	42,267,418	37,916,224	46,289,721	23,416,703	13,259,000
Exports	15,268,921	16,037,417	15,517,775	5,762,144	1,971,928	1,807,700

KEY RATIOS

Capital adequacy ratio	12.09%	12.01%	13.82%	13.19%	23.81%	39.74%
Profit / (loss) before tax ratio	2.45%	4.09%	-3.71%	-39.92%	-17.03%	7.46%
Profit / (loss) after tax ratio	1.09%	2.17%	-2.47%	-26.04%	-12.76%	5.23%
Income / expense ratio	108.92%	103.79%	95.54%	73.28%	87.69%	106.82%
Return of average equity (ROE)	0.97%	2.05%	-2.44%	-11.09%	-2.64%	0.79%
Return of average assets (ROA)	0.07%	0.17%	-0.24%	-1.49%	-0.65%	0.45%
Return of average earning assets	7.95%	9.83%	11.55%	6.70%	6.99%	6.79%
Cost of deposit	3.70%	4.82%	6.28%	3.37%	3.15%	3.34%
Cost of fund	3.84%	4.88%	6.39%	3.87%	3.60%	3.54%
Gross Financing to Deposit ratio	78.61%	85.60%	62.73%	85.83%	96.28%	113.27%
Infection ratio	0.73%	0.89%	0.74%	0.02%	0.00%	0.01%
CASA to Deposit ratio	74.50%	78.37%	76.86%	86.06%	79.19%	58.67%
Book value per share including revaluation surplus	9.18	9.29	9.05	8.99	9.63	10.27
Basic / diluted earnings / (loss) per share after tax - Rupees	0.087	0.180	(0.211)	(0.987)	(0.263)	0.080

NON-FINANCIAL DATA

No. of employees (excluding outsourced)	1,855	1,633	1,619	1,493	795	601
No. of financing customers (excluding staff)	7,147	5,746	5,351	1,953	179	71
No. of deposit accounts	313,446	290,535	281,307	280,977	48,492	31,250

BANKING ON EQUALITY

YOUR ABILITIES MATTER



DIVERSITY



EQUALITY



INCLUSION



SERVICE QUALITY

We at MCB Islamic Bank are Shariah driven and conduct our activity in a fair, ethical and responsible manner. Our Bank's vision and mission statement revolves around providing quality services and superior value to our customers.

Service Quality Review Committee, chaired by the President & CEO and comprising senior level representation from key support and business functions meets regularly to review service delivery performance of the Bank and provides supervision, direction and leadership to service management activities in the Bank.

Fair Treatment of Customer (FTC) is also core function of Service Quality. Through FTC, we ensure that our customers enjoy a great degree of trust and confidence while dealing with MCB Islamic Bank. Our struggle is to recognise as a fair, honest and ethical Shari'ah Compliant Financial Institution and to nurture a culture of practicing fair treatment towards our customers to enable them to improve their financial knowledge and skills to make the right financial decisions.

Service Quality is responsible for capturing customer experience through various service techniques and improve bank's processes/policies in conjunction with industry norms and SBP requirements. By amassing and analyzing all this information, we attempt to periodically improve our customer services.

A dedicated specialized Complaint Management Unit is in place to resolve grievances of our valued consumers. All our customers have the option of registering their complaints and providing their feedback at any of our branches across the country, via 24/7 phone banking centre, website, letter/fax and email. Moreover the newly added complaint lodgement/feedback channels are Social Media, Internet Banking and Mobile App. We focus heavily on staff training and emphasize the importance of recording complaints through all available mediums in the Bank, mainly (but not limited to) ATM screens, website & through awareness SMS and emails; along with brochures available in our branches.

Complaint management process at the Bank is kept as transparent as possible through registration, acknowledgement, and interim response where applicable, resolution and root cause analysis of recurring complaints. Our Bank has a complaint escalation Mechanism as well whereby all complaints are escalated to the senior management if not resolved within the stipulated timeline. Further, a total of 6,622 complaints were received by the Bank in 2021 and total 6,628 complaints were resolved as of 31 December 2021 and the average time taken to resolve those complaints was 3 working days.

MOBILE BANKING

ENJOY SEAMLESS BANKING ON THE GO




OUTSOURCING ARRANGEMENTS

To meet new & complex challenges like innovation in technology, increasing competition, economies of scale and improvement in quality of service to its customers, MCB Islamic Bank has outsourced following activities/-functions:

- **SWIFT Connectivity from EastNets**
(GWCP-Gateway Connectivity Pack with DR)
- **Statement Rendition & Dispatch of Customers Intimation Letters**
(Printing, Stuffing, Distribution of Account Statements, Customer Intimation Letters (Dormancy & CNIC expiry) & Other Correspondence)
- **Staff Hiring**
(Tea Boys/Office boys/Business Development Services)
- **Guarding/Monitoring/Patrolling Services**
(Provision of Security Guards/Electronic Monitoring with response for all & Patrolling Services for Guard less Branches)
- **IT Support & Services**
(Hardware/Software Support for Branches & Regional Offices)
- **Co-Managed SOC L2,L3/CERT**
(L2/L3 Security Operation Centre/Cyber Emergency Response Threat)
- **RAAST Services**
(Instant Payment System for Electronic Payments to Facilitate and Promote Digital Payments)

Material Outsourcing Arrangement - MCB Islamic Bank Ltd						
Sr. No.	Nature of Services System/Process/ Activity Name	System Description	Name of Service Provider	Country of 3rd Party Service Provider	Estimated Cost	
					One-Time	Annual Recurring (2021)
1	SWIFT Connectivity through EastNets (GWCP-Gateway Connectivity Pack with DR)	SAG, HSM, SNL & VPN	EastNets FZ-LLC	UAE - Dubai	USD 17,045.00	USD 12,631.00
2	Statement Rendition & Dispatch of Customers Intimation Letters (CNIC Expiry & Dormancy etc)	N/A	TCS Private Limited	Pakistan	N/A	PKR 10,313,169.00
			Leopards Courier Services (Pvt) Ltd	Pakistan	N/A	PKR 0.00
3	Co-Managed SOC L2,L3/CERT (L2/L3 Security Operation Centre-Cyber Emergency Response Threat)	N/A	Ebryx Pvt Ltd	Pakistan	PKR 630,000	PKR 4,011,200
4	RAAST Services (Instant Payment System for Electronic Payments to Facilitate and Promote Digital Payments)	N/A	Paysys Labs Pvt Ltd	Pakistan	N/A	PKR 4,816,422.00

ACCOUNT BASED PAYMENTS

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THROUGH BANK ACCOUNT



SECURE
TRANSACTIONS



FREE CHANNEL
ACTIVATION



GREEN BANKING INITIATIVES

MCB Islamic Bank as an ecofriendly practices in accordance with its Corporate Social responsibility to ensure a sustainable environment in its financing portfolio and at workplace.

MCB Islamic Bank took various initiatives through management and mitigation of environmental exposures of financing portfolios which includes Development of Environmental Risk Management Manual (2019) covering most of the areas and guidelines to evaluate environmental impact of bank's financed customers i.e. conducting due diligence of customers as well as of their suppliers in case the raw material is damaging the environment e.g. Furniture Industry Paper Industry, Packaging Industry, Transport Industry etc.

The Bank also Developed Environmental Risk Rating of financing customers based on

- **Policy and Standards:** (Initial Environmental Examination, Environmental Impact Assessment, National Environmental Quality Standards)
- **Environment and climate change:** (Evaluation of production vicinity, Evaluation of protected/ sensitive areas, impact on Bio-diversified area, Outcome of the project on eco-systems)
- **Client Business and its Periphery:** (Involvement of Management in environmental assessment and risk mitigation, budgeting of the company, Audit assessment, adverse effects of supply chain on environment)

MCB Islamic Bank actively took initiatives for development of "green" market through

- Expansion of portfolio in IT sector and ecofriendly customers.
- Conducted customer awareness to meet power requirements through renewable energy (solar).
- Providing financing to various customers for installation of renewable energy/plants under SBP Islamic Financing Facility for renewable Energy (IFRE).

The Bank has been in follow up with the customers to avail financing for installation of solar plants and has successfully tapped few customers under this scheme.

MCB Islamic Bank Shahkas branch (KPK) has been developed as the first green branch with a 12.60 KW Solar Power system which has replaced the carbon footprint that were being produced by the diesel generator due to non-availability of Wapda connection.

Diesel monitoring devices have been installed at 27 locations including 6 back offices and 21 branches. MCB Islamic Bank has also provided trainings on Green Banking to 5173 staff members; through 60 in-house, 3 external and 5110 online training programs since its inception.

MERA PAKISTAN MERA GHAR

GOVERNMENT'S SUBSIDIZED SCHEME FOR HOUSING FINANCE



**PURCHASE OF
 HOUSING UNIT**
 (APARTMENT/FLAT/HOUSE)



**CONSTRUCTION ON
 ALREADY OWNED PLOT**



FINANCING TENURE
 (MINIMUM 5 YEARS &
 MAXIMUM 20 YEARS)



**PURCHASE PLOT
 PLUS CONSTRUCTION**



**SUBSIDIZED
 FINANCING RATE**

REMUNERATION POLICY

The Remuneration Policy of the Bank has been prepared in the light of SBP's "Revised Guidelines on Remuneration Practices of Banking Companies - 2017" and International best practices to promote a sound culture of risk aligned compensation in a transparent manner for acquisition and retention of talent, while attaining economic viability as per stakeholder's expectations. The stipulations of the Remuneration Policy apply to all staff. This Policy strengthens the bank's compensation practices and formalize a system in order to promote a culture of pay for performance. The developed framework is meant to be objective & transparent in spirit as well as in its implementation in order to encourage not only performance & motivation but employee's engagement & retention as well. The policy also covers identification of Material Risk Takers (MRT), Material Risk Controllers (MRC), performance assessment through balanced score cards, compensation structure and deferral mechanism.

The responsibility of approving the Remuneration Policy rests with the Board of Directors. The Board has constituted the Human Resource and Remuneration Committee (HRRC) for recommending to the Board, the structure of the remuneration policy, including the remuneration setting structure, mechanism, composition of remuneration and other related matters. At management level, HR function leads the overall remuneration policy.

Total compensation of staff is composed of fixed remuneration and variable remuneration. Fixed remuneration is the guaranteed pay and is paid to the staff for the services that they rendered to the bank. Fixed remuneration consists of Basic Salary, allowances, perks and other benefits and is determined by factors such as qualification, experience, criticality of position, organizational need, functional title and market compensation structure for similar positions. Variable remuneration is the part of total compensation which is linked with pre-determined factors of performance both qualitative and quantitative, including but not limited to; Bank's strategy, Business Growth, Financial Targets, Profitability, Annual Performance Ratings and Cost Minimization etc. Variable compensation is linked with individual performance and comprises of Performance Bonus, commissions, incentives and allowances. Currently bank is not considering Stock Bonuses or Stock Options as a remuneration tool.

The bank has identified functions and designations as MRTs and MRCs. Material Risk takers Functions include President/CEO, Key Executives and direct reports of the President/CEO, some relevant Business/Division Heads, General Managers and those having credit limit/expense limit of Rs.50 million or above.

MRC functions within the bank play a role in identification and mitigation of the risks being undertaken by the bank. MRCs have suitable autonomy and authority to perform their tasks independently, having clear line of responsibility and without influence from the functions they are assigned to review. In order to ensure their independence, the performance appraisal of MRCs' staff is not carried out by those business or risk taking MRT functions whose risk taking activity is reviewed by these MRCs.

Major factors considered for differentiating the variable pays across employees or group of employees are categories, positions or functional titles, roles and responsibilities and their performance (against financial and non-financial objectives including risk adjusting factors).

Balanced Score Cards are defined for all MRTs & MRCs for carrying out an objective and transparent performance assessment. These Score Card includes Goals, Key Performance Indicators (KPI) and all financial & non-financial targets. The progress against KPIs are reviewed and discussed between the President and his direct reports. Merit based increase in fixed salary is determined through a matrix formula for that performance year while the variable compensation is derived through the performance score of individual, their respective department and the overall bank.

As a part of the remuneration mechanism, an appropriate portion of the amount of variable pay shall be subject to mandatory deferrals for a period of three years, thus creating alignment between the employees' and stakeholders' interests and reinforcing that the compensation is appropriately linked to the longer term sustainable performance, and is being kept in a special account maintained within the bank.

SHARI'AH BOARD REPORT

(FOR THE YEAR ENDED DECEMBER 31, 2021)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ وَالصَّلَاةُ وَالسَّلَامُ عَلَى خَاتَمِ الْأَنْبِيَاءِ
وَالرُّسُلِينَ وَعَلَى آلِهِ وَصَحْبِهِ أَجْمَعِينَ أَمَّا بَعْدُ

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

The Shari'ah Board (SB) of MCB Islamic Bank Ltd. (the Bank) was constituted in September, 2015. Currently Shari'ah Board comprises of respected Professor Mufti Munib-ur-Rehman as Chairman Shari'ah Board, Mufti Syed Sabir Hussain as Resident Shari'ah Board Member (RSBM) and Mufti Nadeem Iqbal as Member Shari'ah Board. Despite the tough conditions of COVID all Shari'ah Board Members remain available throughout the year and many meetings were held through audio and video conferencing. In addition to that, four formal meetings of the Shari'ah Board were held during the year 2021 on the following dates to review various matters which apart from other matters, include new products and services, product modifications, transactions, structures, processes and Shari'ah issues, referred to them:

- First Shari'ah Board Meeting – March 19, 2021
- Second Shari'ah Board Meeting – June 17, 2021
- Third Shari'ah Board Meeting – September 27, 2021
- Fourth Shari'ah Board Meeting – December 13, 2021

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

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of the Bank are conducted in a manner that comply with Shari'ah principles at all times, we are required to submit a report on the overall Shari'ah compliance environment of the Bank. During the year 2021 Shari'ah Board's held meetings with Board of Directors on the following dates:

- First Shari'ah Board – Board of Directors' Meeting – February 9, 2021
- Second Shari'ah Board – Board of Directors' Meeting – October 26, 2021

2. To form our opinion as expressed in this report, the Shari'ah Compliance Department (SCD) of the Bank carried out reviews of each type of transaction, product, process flow/modus operandi and concepts under the supervision of RSBM/Head Shari'ah Compliance. SCD kept Shari'ah board informed regarding Shari'ah compliance review activities of front and back offices of the Bank during tough conditions of COVID in the country. A list of branches for Shari'ah compliance review was approved by the Shari'ah Board. In this regard, 100 branches have been reviewed for Shari'ah compliance with strict compliance of COVID related SOPs and as far as Shari'ah compliance review of non-branch is concerned, it has been ensured to comply with the approved list of the Shari'ah Board. In order to enhance the Islamic Banking and Finance knowledge and expertise of branch & non-branch entities' staff members; Shari'ah trainings were made mandatory for all staff of the Bank with the coordination of Learning & Development Department (L&D – HRG). Further RSBM/Head-SCD made surprise visit to 15 branches to ensure compliance of regulatory and Shari'ah requirements.
3. Four (4) Instructions & Guidelines and Four (4) Fatawas by the Shari'ah Board of the Bank are in vogue without any changes. All Fatawas & Instructions and Guidelines issued by Shari'ah Board of the Bank are being implemented in the Bank in true letter and spirit.
4. SCD with the coordination of management and under the supervision of RSBM/Head Shari'ah Compliance has reviewed various Product documents and SB reviewed and approved 63 modus operandi out of which 16 for Corporate Banking, 29 for Commercial Banking, 10 for SME Banking and there were 8 Standard process flows. As far as Products are concerned, SB issued 71 Shari'ah Vetting Certificates related to products, 22 for Liability products which also includes Roshan Digital Accounts, 16 Diminishing Musharakah mode of financing, 4 each for Takaful, Guarantee & Treasury, 3 each for Musharakah Term Financing & Murabaha and some other Product related documents in the year 2021.
5. SCD has also facilitated Islamic Banking training sessions for the front and back offices staff of the Bank For compliance with regulatory instructions. L&D not only arranged class room sessions but also uploaded Online Islamic Banking training modules at Learning Management Systems (LMS) for the easy access of Islamic Banking & Finance knowledge to staff. Despite the difficult conditions due to COVID, L&D was determined to adhere to cover the Islamic Banking & Finance trainings of its staff. Therefore, this year also, L&D had Virtual classroom session with facilitation of SCD for the safety of staff and it allows learning for all by overcoming geographical obstacles.

Moreover, in view of COVID conditions L&D-HRG has taken initiatives to establish an effective and comprehensive Islamic Banking training mechanism in compliance with IBD Circular No. 02 of 2018, Dated: June 29, 2018, "Enhanced Training & Capacity Building Measures for Islamic Banking Institutions (IBIs)" issued by Islamic Banking Department, State Bank of Pakistan, for the Bank's front and back offices staff at all levels. SCD's staff facilitated as internal trainers on the Shari'ah related training initiatives during the year. Furthermore, alongside regulatory requirements of executive management Shari'ah trainings, L&D and SCD have jointly developed Islamic Banking & Finance Module and AAOIFI Shari'ah Standards Module for capacity building of Executive Management, which was launched during 2021.

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

RECOMMENDATIONS

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

- In future, there shall be more Shari'ah Trainings in compliance with regulatory requirements. There should be a continuity of comprehensive mechanism to cater situations like COVID to ensure continuity and compliance of Shari'ah Trainings.
- More focus is needed on Product & Shari'ah trainings of Corporate, Commercial & SME banking and it is strongly recommended to ensure mandatory Product & Shari'ah trainings of the staff of Trade Operations, as some issues were found in its transactions during the Shari'ah Compliance review.
- Arrange general public awareness programs like, Seminars, Workshops and Question & Answer Sessions from the Bank's platform for building up the true image of Islamic Banking & Finance as well as creating awareness/removing misconception about Islamic banking.
- Continuity of Shari'ah trainings of the Bank's higher management.
- Continue with Microfinance activities and the Bank should encourage the Islamic Microfinance due to its requirement in the country. Through Islamic Microfinance, Islamic Banking Industry can penetrate at grass-root level to facilitate micro level traders.
- Usage of Islamic Banking terminologies must be ensured during the Bank's activities. As far as internal environment of the Bank is concerned, all staff members of front and back offices are strongly recommended to follow the proper dress code strictly, which should be in line with the Bank Dress code policy, cultural norms, and reflect due modesty as required by the dictates of Shari'ah.

CONCLUSION

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

- The Bank has complied with Shari'ah rules and principles in the light of Fatawa, Instructions and Guidelines issued by Shari'ah Board.
- The Bank has complied with SBP Inspection report in true letter and spirit.

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

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

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

In the year 2021 the addition in the amount of Charity was PKR 9.347 million from different heads which was instructed to transfer to the Charity account.

Additions in Charity account during the year	Rupees in Thousands
Received from customers against late payment	7,316
Dividend purification amount	1,093
Charity against other Non-Shari'ah compliant income	265
Profit on charity saving account	673
Total additions in Charity account during the year	9,347

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

- The Bank has complied with the SBP instructions on profit and loss distribution and pool management.
- While the Bank is actively pursuing training of its human resources about various aspects of Islamic Banking & Finance through training sessions/seminars, however further improvement is required to enhance the level of awareness of Islamic Banking & Finance of the staff, management and the BOD through enhanced training mechanism for each level. The high level management and the BOD have made sincere efforts and appreciate the importance of Shari'ah compliance in overall operations of the Bank.
- The Shari'ah Board has been provided adequate resources enabling it to discharge its duties effectively.

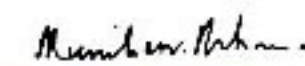
Shari'ah Board praises and acknowledged the efforts of Shari'ah Compliance Department/RSBM of the Bank that besides Shari'ah Compliance environment of the bank in regulatory inspection there was no instance regarding Non-compliance of regulatory requirements as far as Shari'ah Governance Framework is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

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



Mufti Syed Sabir Hussain
Resident Shari'ah Board Member

وَاللّٰهُ سُبْحَانَهُ وَتَعَالٰى اَعْلَمُ



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



Mufti Nadeem Iqbal
Member Shari'ah Board

Date: January 21, 2022

- و) ایم سی بی اسلامک بینک کے نفع و نقصان کی تقسیم اور نپل کی انتظام کاری اسٹیٹ بینک آف پاکستان کی ہدایت کے عین مطابق ہے۔
- ز) اگرچہ بینک قتال طریقے سے اپنے افروکار کو اسلامی بینکاری اور مالیاتی نظام کے بارے میں تربیت دے رہا ہے، تاہم افروکار اعلیٰ سطحی انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگئی پیدا کرنے کی غرض سے اسلامی بینکاری کی تربیت میں مزید اضافے کی ضرورت ہے۔ انتظامیہ اور بورڈ آف ڈائریکٹرز نے اخلاص پر مبنی کوششیں کی ہیں اور انہوں نے ایم سی بی اسلامک بینک میں شریعہ کپلائنس کی اہمیت کو سراہا ہے۔
- ح) شریعہ بورڈ کو اپنی ذمہ داریوں سے عہدہ برآں ہونے کے لئے خاطر خواہ وسائل فراہم کئے گئے ہیں۔
- شریعہ بورڈ، ایم سی بی اسلامی بینک لیٹڈ کے شریعہ کپلائنس ڈیپارٹمنٹ اریزیڈنٹ شریعہ بورڈ ممبر کی کاوشوں کا اعتراف کرتے ہوئے اس قابل ذکر امر کی تعریف کرتا ہے کہ شریعہ کپلائنس ڈیپارٹمنٹ اریزیڈنٹ شریعہ بورڈ ممبر نے بینک کے شریعہ کپلائنس ماحول کو برقرار رکھتے ہوئے شریعہ گورننس فریم ورک کی تعمیل کو یقینی بنایا۔
- شریعہ بورڈ اللہ تعالیٰ کی ہدایت میں اس کی تعریف پیش کرنے، اس کی ہدایت و توفیق اور سیکرٹری مسلمین و اسلامی بینکاری انڈسٹری کی فطانت کو ششوں سے اسلامی بینکاری نظام کی مزید پیشرفت، ترقی اور عوامی کامیابی کا متقاضی ہے۔

وَاللّٰهُ سُبْحَانَهُ وَتَعَالٰی اَعْلَمُ

مفتی سید صابر حسین

مفتی سید صابر حسین
اریزیڈنٹ شریعہ بورڈ ممبر

Mumtaz ur Rehman

پروفیسر مفتی فیض الرحمن
چیئرمین شریعہ بورڈ

M. N. Iqbal

مفتی ندیم اقبال
شریعہ بورڈ ممبر

تاریخ اجراء: ۲۱ جنوری ۲۰۲۲ء

- ح) مانگیر و فائنانس سرگرمیوں کو جاری رکھنے کی سہولت کی جاتی ہے۔ ایم سی بی اسلامک بینک کو ملک میں مانگیر و فائنانس کی ضرورت کے سبب اسلامی مانگیر و فائنانس کی حوصلہ افزائی کرنی چاہیے۔ اسلامی مانگیر و فائنانس کے ذریعے، اسلامی بینکاری کی صنعت کم سرمایہ کے ساتھ کام کرنے والے تاجروں کی سہولت کے لئے ابتدائی درجہ پر کام کر سکتی ہے۔
- د) ایم سی بی اسلامک بینک کی سرگرمیوں کے دوران اسلامی بینکاری اصطلاحات کے استعمال کو یقینی بنانا ہوگا۔ جہاں تک بینک کے داخلی ماحول کا تعلق ہے، تو فرنٹ اور بیک آفس کے تمام عملے کو ڈریس کوڈ کی سختی سے پیروی کرنے کی تاکید کی جاتی ہے۔ اسٹاف کپیر بن ایم سی بی اسلامک بینک ڈریس کوڈ پالیسی، ثقافتی اصولوں اور شرعی تقاضوں کے مطابق شائستہ مزاج کی عکاسی کرتا ہو۔

خلاصہ کلام

شریعہ بورڈ نے ایس بی پی معائنہ رپورٹ، بیرونی اور داخلی شریعہ آڈٹ اور شریعہ کپلائنس کی رپورٹس کو دیکھنے کے بعد اسلامی اقدامات کے لئے ہدایت دیں۔ لہذا شریعہ بورڈ کے مطابق:

- الف) ایم سی بی اسلامک بینک نے شریعہ بورڈ کے جاری کردہ فتاویٰ حیات اور ہدایات و لائحہ عمل کے مطابق شرعی اصول و ضوابط کو پورا کیا ہے۔
- ب) ایم سی بی اسلامک بینک نے حقیقی معنوں میں اصل روح کو مد نظر رکھتے ہوئے ایس بی پی انیسکشن رپورٹ پر مملو آمد کیا ہے
- ج) ایم سی بی اسلامک بینک، اسٹیٹ بینک آف پاکستان کے احکامات، قوانین و ہدایات اور لائحہ عمل (جو اسٹیٹ بینک آف پاکستان کے شریعہ ایڈوائزری کمیٹی کے احکام کے مطابق ہیں) سے ہم آہنگ ہے۔
- د) بینک کے پاس اپنے مجموعی آپریشنز میں شریعہ کپلائنس کو یقینی بنانے کے لئے ایک جامع طریقہ کار موجود ہے۔
- ح) جہاں تک چیرٹی فنڈ کا تعلق ہے، ہر طرح کے چیرٹی فنڈ جمع کرنے کے لئے علیحدہ نان چیکنگ، لائسنسڈ اکاؤنٹ کھولے جاتے ہیں۔

- اداہنگی میں تاخیر کی وجہ سے چیرٹی
- باطل معاملات کی وجہ سے چیرٹی اور
- منافع (ڈیویڈنڈ) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے چیرٹی۔

عام طور پر مذکورہ بالا تمام عدالت میں جمع کی گئی رقم اپنے اپنے "شریعہ کپلائنس" میں شریعہ بورڈ / اریزیڈنٹ شریعہ بورڈ ممبر کی صوابدید پر جمع کی جاتی ہیں۔

چیرٹی فنڈ چیرٹی کمیٹی / شریعہ بورڈ کے منظور شدہ کسی خیراتی، معاشرتی بھونڈ، مذہبی یا تعلیمی مقاصد کے لئے استعمال ہوتا ہے۔

سال ۲۰۲۱ء میں چیرٹی فنڈ کی حلف عدالت میں جمع کی گئی رقم میں کل اضافہ ۹.۳۳ ملین رہا، جس کو چیرٹی اکاؤنٹ میں منتقل کرنے کی ہدایت کی گئی۔

آسان چیرٹی فنڈ میں اضافہ	روپے (000) میں
صارف کی طرف سے اداہنگی میں تاخیر کی وجہ سے	۷,۳۱۶
منافع (ڈیویڈنڈ) (DIVIDEND) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے	۱,۰۹۳
باطل معاملات کی وجہ سے	۳۶۵
چیرٹی سیونگ اکاؤنٹ پر منافع	۶۷۳
آسان چیرٹی فنڈ میں کل اضافہ	۹,۳۳۷

بینک نے چیرٹی کی رقم شریعہ سے منظور شدہ خیراتی تنظیموں کو ایم سی بی اسلامک بینک کی چیرٹی پالیسی اور اسٹیٹ بینک کی ہدایت و لائحہ عمل کے مطابق فراہم کی ہے۔ چیرٹی اکاؤنٹ کی تفصیلات نوٹ نمبر ۱۹.۲.۱ میں دستیاب ہیں۔ شریعہ بورڈ کوڈ کے متعلق حالات میں شریعہ کپلائنس ڈیپارٹمنٹ/RSBM کی طرف سے کی گئی کوششوں کی تعریف کرنا چاہیے گا۔

شریہ بورڈ رپورٹ (مالی سال اختتام پذیر ۳۱ دسمبر ۲۰۲۱ء)

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

اَلْحَمْدُ لِلّٰهِ رَبِّ الْعَالَمِیْنَ وَالصَّلَاةُ وَالسَّلَامُ عَلٰی خَاتَمِ الْاَنْبِیَاءِ
وَالْمُرْسَلِیْنَ وَعَلٰی اٰلِهِ وَصَحْبِهِ اَجْمَعِیْنَ اَمَّا بَعْدُ

شریہ بورڈ ایم سی بی اسلامک بینک لینڈ کے امور سے متعلق اپنی سالانہ رپورٹ پیش کرتا ہے۔

ایم سی بی اسلامک بینک کا شریہ بورڈ جنوری ۲۰۱۵ء کو تشکیل پایا، موجودہ شریہ بورڈ، فیصلہ منیجنگ شریہ بورڈ، مفتی سید صابر حسین ریزیڈنٹ شریہ بورڈ ممبر اور مفتی عدیم اقبال، ممبر شریہ بورڈ پر مشتمل ہے۔ ۲۰۲۱ء میں پورا سال کوڈ کی وجہ سے پیش آنے والے سخت ترین حالات کے باوجود شریہ بورڈ کی خدمات ادارے کو حاصل رہیں، بینک کے معاملات کے حوالے سے شریہ بورڈ نے ٹیلی فون اور ویڈیو کانفرنس کالز کے ذریعے بھی کئی غیر رسمی ملاقاتیں کیں علاوہ ازیں ۲۰۲۱ء میں شریہ بورڈ کے ۳ رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے، جس میں دیگر امور کے علاوہ نئی پراکٹس اور خدمات کے ساتھ ساتھ موجودہ پراکٹس اور خدمات میں ترامیم کا شرعی جائزہ لیا گیا۔

شریہ بورڈ کا پہلا اجلاس	۱۹ مارچ ۲۰۲۱ء
شریہ بورڈ کا دوسرا اجلاس	۱۷ جون ۲۰۲۱ء
شریہ بورڈ کا تیسرا اجلاس	۲۷ ستمبر ۲۰۲۱ء
شریہ بورڈ کا چوتھا اجلاس	۱۳ دسمبر ۲۰۲۱ء

درج بالا شریہ بورڈ کی مجالس کے علاوہ سال بھر تمام امور کی شریہ بورڈ کی جانب سے گہرائی میں شریہ کپلائنس فیلڈمنٹ نے شریہ بورڈ کے ساتھ ہم آہنگی کو یقینی بنایا، جس کے نتیجے میں شریہ بورڈ کی بینک کے شرعی امور میں مستقل شمولیت اور بروقت منظوری کو یقینی بنایا گیا۔

۱) بورڈ آف ڈائریکٹرز اور ایگزیکٹو منسٹرین اس امر کے ذمہ دار ہیں کہ ایم سی بی اسلامک بینک کے جملہ معاملات شریعت کے اصولوں کے عین مطابق ہوں، لہذا ہم (شریہ بورڈ) ایم سی بی اسلامک بینک کے شریہ کپلائنس کی مجموعی صورت حال کے بارے میں ایک رپورٹ جمع کرانے کے ذمہ دار ہیں۔ ۲۰۲۱ء میں شریہ بورڈ کے بورڈ آف ڈائریکٹرز کے ساتھ رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے:

شریہ بورڈ-بورڈ آف ڈائریکٹرز کا پہلا اجلاس	۹ فروری ۲۰۲۱ء
شریہ بورڈ-بورڈ آف ڈائریکٹرز کا دوسرا اجلاس	۲۶ اکتوبر ۲۰۲۱ء

۲) رپورٹ میں ظاہر کردہ امور کے مطابق اپنی رائے دیتے ہوئے عرض یہ ہے کہ ایم سی بی اسلامک بینک کے شریہ کپلائنس فیلڈمنٹ نے ریزیڈنٹ شریہ بورڈ ممبر/ایڈیٹ شریہ کپلائنس فیلڈمنٹ کی زیر نگرانی تمام قسم کے مالی معاملات، پراکٹس، معاملات کے مراحل اور تقریبات کا جائزہ لیا ہے۔ شریہ کپلائنس فیلڈمنٹ نے شریہ بورڈ کو ملک میں کوڈ کے سخت حالات کے دوران بینک کے فرنٹ اور بیک آفسز کی شرعی تعمیل کا جائزہ لینے کی سرگرمیوں سے آگاہ رکھا۔ براہ فہمی فہرست شرعی تعمیل کے جائزے کے لیے شریہ بورڈ نے منظور کی تھی۔ اس سلسلے میں، کوڈ سے متعلق ایس او جی کی سختی سے تعمیل کے ساتھ شرعی تعمیل کے جائزے کے لیے ۱۰۰۰ برانچوں کا معائنہ کیا گیا ہے اور جہاں تک بیک آفسز کے شرعی تعمیل کے جائزے کا تعلق ہے، اس کے لیے شریہ بورڈ کی منظور شدہ فہرست کی تعمیل کو یقینی بنایا گیا ہے۔ لرننگ اینڈ ڈیولپمنٹ فیلڈمنٹ (L&D - HRG) کے تعاون سے فرنٹ اور بیک آفسز کے عملے کے ارکان کی اسلامی بینکاری اور مالیاتی معلومات اور مہارت کو بڑھانے کی غرض سے بینک کے تمام عملے کے لیے شرعی تربیت کو لازمی قرار دیا گیا۔ مزید RSBM/HEAD-SCD نے ریگولیٹری اور شرعی تقاضوں کی تعمیل کو یقینی بنانے کے لیے ۱۵ برانچوں کا اچانک دورہ کیا۔

۳) ایم سی بی اسلامک بینک کے شریہ بورڈ کی جاری کردہ چار ہدایات وائحہ عمل اور چار فتاویٰ حیات بھر کسی تبدیلی کے ابھی بھی موجود ہیں۔ ایم سی بی اسلامک بینک میں شریہ بورڈ کی جاری کردہ تمام ہدایات وائحہ عمل اور فتاویٰ حیات پر عملدرآمد کو ان کی اصل روح کے مطابق یقینی بنایا گیا۔

۴) بینک کے مستقیمین کے تعاون سے شریہ کپلائنس فیلڈمنٹ نے ریزیڈنٹ شریہ بورڈ ممبر/ایڈیٹ شریہ کپلائنس فیلڈمنٹ کی زیر نگرانی ۲۰۲۱ء میں ان تمام پراکٹس کی دستاویزات کا جائزہ لیا اور شریہ بورڈ نے ۳۳ فائنلنگ کے لائحہ عمل کی دستاویزات جس میں سے ۱۶ کارپوریٹ بینکاری، ۲۹ کمرشل بینکاری، ۱۰ ایس ایم ای بینکاری اور ۸ تمام صارفین کے لئے استعمال کئے جاسکتے والے فائنلنگ کے لائحہ عمل کا جائزہ لیا اور ان کی منظوری دی۔ جہاں تک پراکٹس کا تعلق ہے، شریہ بورڈ نے ان شرعی معائنہ سرٹیفکیٹ جاری کئے، جن میں سے ۲۴ لائسنسنگ پراکٹس، جس میں روشن ڈیجیٹل اکاؤنٹ بھی شامل ہے، ۱۶ شرکت تھانہ فائنلنگ اور ٹیکس، گارنٹی اور ٹریڈر کے لیے ۳، مشارکہ ٹرم فائنلنگ اور مراہجہ کے لیے ۳ اور کچھ دیگر پراکٹس سے متعلق دستاویزات شامل ہیں۔

۵) شریہ کپلائنس فیلڈمنٹ نے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری فیلڈمنٹ کی جانب سے جاری کردہ ہدایات پر عملدرآمد کو یقینی بنانے کے لیے بینک کے فرنٹ اور بیک آفس اسٹاف کے لیے اسلامی بینکاری کی فٹنگ کے کئی پروگرامز منعقد کئے۔ L&D نے اسٹاف کی اسلامی بینکاری اور مالیاتی نظام کی معلومات تک آسان رسائی کے لئے کلاس روم سیشنز کا انعقاد کیا، اس کے ساتھ ساتھ لرننگ مینجمنٹ سسٹم کے ذریعے آن لائن اسلامک بینکنگ فٹنگ مڈلوز بھی اپ لوڈ کیے۔ کوڈ کی وجہ سے مشکل حالات کے باوجود، L&D نے اپنے اسٹاف کی اسلامی بینکاری اور مالیات کی تربیت کا عزم کیا۔ لہذا، اس سال بھی L&D نے عملے کی حفاظت کو مد نظر رکھتے ہوئے شریہ کپلائنس فیلڈمنٹ کے تعاون سے ورچوئل کلاس روم سیشن کا انعقاد کیا جس کی وجہ سے جغرافیائی رکاوٹوں سے نکل کر اسٹاف کے لئے سیکھنے کے مواقع میسر ہوئے۔

مزید یہ کہ کوڈ کے حالات کو پیش نظر رکھتے ہوئے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری فیلڈمنٹ کی جانب سے جاری کردہ سرکلر (نمبر ۲/۲۰۱۸ تاریخ ۲۹ جون ۲۰۱۸ء) پر عملدرآمد کو یقینی بنانے کے لئے موثر اور جامع اقدامات کئے گئے۔ لہذا ایک پراثر اور جامع پروگرام L&D-HRG کی طرف سے ترتیب دیا گیا، جس کے تحت بینک کے ہر درجہ کے فرنٹ اور بیک آفس اسٹاف کو اسلامی بینکاری کی فٹنگ دی گئی۔ شریہ کپلائنس فیلڈمنٹ کے اسٹاف ممبرز نے شریہ فٹنگز کے لئے پورا سال اپنی خدمات پیش کیں۔ مزید برآں، ایگزیکٹو مینجمنٹ کی شریہ فٹنگ کی ریگولیٹری ضروریات کے ساتھ ساتھ، شریہ کپلائنس فیلڈمنٹ اور L&D نے ایگزیکٹو مینجمنٹ کی مہارت کو مزید بڑھانے کی غرض سے اسلامی بینکاری اور شرعی معیارات، اکاؤنٹنگ اینڈ آڈٹنگ آرگنائزیشن برائے اسلامی مالیاتی ادارے AAOIFI کے گورنرز چار کئے، جو ۲۰۲۱ء کے دوران شروع کر دیے گئے۔

۶) شریہ کپلائنس فیلڈمنٹ نے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری فیلڈمنٹ کی جانب سے جاری کردہ سرکلر (نمبر ۱/۲۰۲۱، تاریخ ۱۳ جون ۲۰۲۱ء، شریہ نان کپلائنس رسک مینجمنٹ SNCRM کی تعمیل کے لیے تمام ضروری اقدامات کئے ہیں۔ شریہ کپلائنس فیلڈمنٹ نے یقینی بنایا ہے کہ SNCRM بینک کے مجموعی رسک مینجمنٹ فریم ورک کا ایک لازمی حصہ ہونا چاہیے۔ SCD تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ بورڈ کی رسک مینجمنٹ اور رپورٹ فیلڈ مینجمنٹ کے ساتھ ساتھ بورڈ آف ڈائریکٹرز کو سر ہائی بنیادوں پر کرے گا۔ جہاں تک SNCRM کی گہرائی کا تعلق ہے، اس کے ساتھ ایک انتظامی کمیٹی شریہ نان کپلائنس رسک مینجمنٹ کمیٹی کے عنوان سے ریزیڈنٹ/CEO کی سربراہی میں تشکیل دی گئی ہے جس میں تمام گروپس کے گروپ ہیڈز کی نمائندگی ہے۔ مذکورہ کمیٹی کے TORS ریزیڈنٹ/CEO سے منظور شدہ ہیں اور باقاعدہ میٹنگز کا انعقاد کیا جا رہا ہے۔ یہ کمیٹی آپریشنل انتظامی سطح پر شرعی عدم تعمیل کے رسک کی کڑی نگرانی کے لیے ذمہ دار ہے۔ SCD تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ مذکورہ کمیٹی کو دیتا ہے۔

۷) شریہ بورڈ اپنی جاری کردہ ہدایات وائحہ عمل پر عملدرآمد کے اعتبار سے خاص طور پر کوڈ کے مشکل حالات میں بینک کے مستقیمین کی مسلسل اور جامع کوششوں کی تعریف اور ہمت افزائی کرتا ہے۔

سفارشات

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

الف) مستقبل میں، ریگولیٹری تقاضوں کی تعمیل میں مزید شریہ فٹنگز ہونی چاہئیں۔ شریہ فٹنگز کے تسلسل اور تعمیل کو یقینی بنانے کے لئے کوڈ جیسے حالات کے لئے ایک جامع طریقہ کار ہونا چاہئے۔

ب) ممبر رپورٹ، کمرشل اور ایس ایم ای بینکاری کی پراکٹس اور شریہ کی فٹنگز پر زیادہ قوج دینے کی ضرورت ہے اور بھرپور سفارش کی جاتی ہے کہ فٹنگز کے عملے کی لازمی پروڈکٹ اور شرعی تربیت کو یقینی بنایا جائے، کیونکہ شرعی تعمیل کے جائزے کے دوران معاملات میں کچھ مسائل پائے گئے۔

ج) اسلامی بینکاری اور مالیات کی اصل روح کے مطابق تفسیر اور عام لوگوں کو آگاہی دینے کے ساتھ ساتھ اسلامی بینکاری کے بارے میں شعور پیدا کرنے اور فلاحیوں کو دور کرنے کے لئے، ایم سی بی اسلامک بینک کے پلٹ فارم سے سیمینارز، ورکشاپس اور سوال و جواب کے سیشنز کا اہتمام کرنے کی سفارش کی جاتی ہے۔

د) ایم سی بی اسلامک بینک کے اعلیٰ مستقیمین کی شریہ فٹنگز کی بھرپور سفارش کی جاتی ہے۔

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NOTICE OF 8TH ANNUAL GENERAL MEETING OF MCB ISLAMIC BANK LIMITED

Notice is hereby given that the 8th Annual General Meeting of MCB Islamic Bank Limited (the 'Bank') shall be held on Thursday, March 24, 2022 at 02:00 PM at 14-A Jail Road Lahore and through Video Conferencing Facility to transact the following businesses:

ORDINARY BUSINESS:

- To confirm the minutes of the 7th Annual General Meeting held on March 26, 2021.
- To receive, consider and adopt the Annual Audited Financial Statements of the Bank for the year ended December 31, 2021 together with Directors' and Auditors' Reports thereon and Chairman's Review Report.
- To appoint auditors of the Bank for the year ending December 31, 2022 and to fix their remuneration. The Audit Committee has suggested the appointment of M/s. A.F. Ferguson & Company, Chartered Accountants, as auditors of the Bank. The Board on the suggestion of the Audit Committee has recommended to the shareholders the appointment of M/s. A.F. Ferguson & Company, Chartered Accountants to act as statutory auditors of the Bank for the year ending December 31, 2022.

Date: March 04, 2022
Lahore

By Order of the Board
Ms. Maimoona Cheema
Company Secretary

NOTES:

- Members whose names appear in the register of members on March 24, 2022 shall be entitled to attend the proceedings of the meeting.
- A member entitled to attend and vote at the Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote instead of him/her at the meeting. No person shall act as a proxy, who is not a member. Corporate entities can appoint a person who is not a member in terms of Section 138 of the Companies Act, 2017.
- The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, its common seal should be affixed on the instrument.
- The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, shall be deposited, with the Company Secretary, MCB Islamic Bank Limited, 59, T-Block, DHA Phase II, Lahore not less than 48 hours before the time of holding the meeting.
- If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.
- The Bank has placed its audited financial statements for the year ended 31 December, 2021 on its website: www.mcbislamicbank.com

STATEMENT ON INTERNAL CONTROLS - YEAR 2021

The Management of MCB Islamic Bank (the "Bank"), under the guidance of the Board of Directors, acknowledges its responsibility for establishing and maintaining an adequate and effective Internal Controls System with the main objectives of ensuring effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Internal Control System is a set of processes designed to identify, evaluate and mitigate the risk of failures and to help achieve overall business objectives of the Bank. All significant policies and procedural manuals are in place, which are reviewed, revised, and improved to keep them current with latest activities and challenges. As a part of effective Internal Control System, the Board has established a formalized organizational structure within the Bank that provides clear demarcation of reporting and responsibility for ensuring proper assignment of authorities, segregation of duties and accountability towards the Bank. Defined authority limits have been established for each level within the Bank to approve acquisition and disposal of assets, approval of credit limits, writing-off items as well as approving expenses.

The Internal Control System evolves continuously and hence its evaluation is an ongoing process. This statement on internal controls is based on the management's assessment towards various aspects of the same. The said system of the Bank is designed to minimize and manage risks rather than eliminate the risk of failure to achieve the desired objectives; hence it can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

Implementing State Bank of Pakistan (the "SBP") Guidelines on Internal Controls has been the Bank's top priority, with concerted efforts made by every Group to improve the control environment at grass root level by regularly reviewing and streamlining procedures, as well as imparting training. The Bank has completed all stages of Internal Controls over Financial Reporting (ICFR) roadmap. External Auditor's Long Form Reports (LFR) on the assessment of Bank's ICFR for the years 2017, 2018, and 2019 have already been submitted to SBP. During the year 2020, SBP has granted the Bank exemption from the requirement of ICFR assessment by External Auditor for the Year 2020 and onwards. We have followed the said SBP guidelines for management of significant risks and will continue further improvements.

Board's Audit Committee (BAC) has the authority and is empowered by the Board of Directors to review the adequacy and effectiveness of the Internal Controls System implemented by the Bank. Further, all significant and material findings of the internal and external auditors as well as observations of the regulators are addressed on priority by the management and their status periodically reported to the BAC.

The BAC is supported by the Audit & RAR Group, independent from management, which forms an integral part of the governance processes. The Audit & RAR Group provides reasonable assurance through a systematic and disciplined approach along with value-added recommendations on the adequacy and effectiveness of the Internal Controls System, and compliance with internal policies, procedures and applicable regulatory laws and regulations. Periodic updates on its activities and significant issues are submitted by the Audit & RAR Group to the BAC.

Operations Group is entrusted with the responsibility to maintain the internal control documentation of significant areas, covering financial, operational, and compliance risks along with their mitigating controls, in coordination with all stakeholders. Business continuity planning is also being carried out by Operations Group in coordination with all stakeholders to ensure smooth business operations without disruption.

Concerted efforts are made by every Group to improve the control environment at grass root level by regularly reviewing and streamlining procedures to prevent and rectify control lapses as well as imparting training for improvement at various levels. Compliance & Controls Group (CCG) of the Bank through its specialized teams and centralized automated solutions, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering (AML) / Combating Financing of Terrorism (CFT) / Countering Proliferation Financing (CPF). Further, CCG has implemented various dimensions of Compliance Risk Management Guidelines issued by the regulator including automated system to manage Compliance Risk of the Bank. In addition, "Compliance Committee of Management" oversees the handling of Compliance Risks of the Bank and facilitate in implementing policies, processes and procedures to manage this risk. Furthermore, based on the observations and weaknesses identified by the Internal and External Auditors, CCG and Shari'ah Compliance teams, remediation of the control deficiencies are brought about by the management.

Bank's Risk Management function also plays its role in ongoing strengthening of the Bank's Internal Controls System, through operational risk data collection and conducting Risk and Control Self-Assessment exercise on bank wide basis and cyber security controls. The Bank has adopted top down approach for Risk Assessment. Further, the Bank has also adopted the Integrated Framework on Internal Controls issued by the Committee on Sponsoring Organization of the Treadway Commission (COSO) for implementation in light of the SBP's Internal Control Guidelines. Risk Management Function is also actively engaged in creating risk awareness through staff training sessions in the areas of Operational Risk and Fraud Risk.

Based upon the results derived through ongoing testing of financial reporting controls and internal audits carried out during the year, the management considers that the Bank's existing Internal Control System is adequate and has been effectively implemented and monitored. The management will continue enhancing its coverage and compliance with the SBP Guidelines on Internal Controls and further strengthening its control environment on an ongoing basis.

Based on the above, the Board of Directors has duly endorsed management's evaluation of internal controls including ICFR in the Directors' report.

Muhammad Saeed Raja
Group Head - Operations

Kashif Ahmed
Group Head - Compliance & Controls

Muhammad Khalil Shah
Chief Risk Officer

Muhammad Tariq Gondal
Group Head - Audit & Risk Asset Review

Syed Iftikhar Hussain Rizvi
Chief Financial Officer

Date : January 25, 2022

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REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee comprises of experienced and qualified directors. The directors have diversified experience of banking and industry. The Chairman of Board Audit Committee is an independent director.

The Head of Internal Audit has direct access to the Board Audit Committee. The Board Audit Committee ensures staffing of the internal audit function with personnel of sufficient internal audit acumen, and that the function is equipped with the necessary resources and authority to execute their responsibilities independently and objectively.

Board Audit Committee remained actively engaged in the review of the Bank's financial statements as well as audit activities in accordance with the requirements of Code of Corporate Governance and that of Charter of the Board Audit Committee, duly approved by the Board of Directors. Board Audit Committee held four meetings, during the year 2021. Significant agenda items of the meetings were:

- Review of the Bank's periodic financial statements, including disclosure of related party transactions prior to their approval by the Board of Directors (BOD).
- Review of status of compliance against observations highlighted by internal and external auditors, including regular updates on the rectification actions taken by the management in response to the audit findings.
- Review of significant issues highlighted by internal auditors during audits / reviews of branches and other functions of the Bank.
- Review, approval and oversight of Annual Audit Plan along with resource requirements of Audit & RAR Group.
- Performance Appraisal of Head of Internal Audit & RAR.
- Review of Management Letter issued by External Auditors along with management response.
- Recommendation of scope and appointment of external auditors, including finalization of audit and consultancy fee.
- Review of Statement on Internal Controls, prior to endorsement by the BOD

Lahore
Date: February 08, 2022

Chairman Board Audit Committee
MCB Islamic Bank Limited

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CHEQUE BOOK**



**REQUEST FOR
ZAKAT EXEMPTION**



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**LINKED ACCOUNT
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STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

MCB Islamic Bank Limited

For The Year Ended December 31, 2021

This statement is being presented in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") issued by the Securities and Exchange Commission of Pakistan (the "Commission"), as required under Regulation No. G-I of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan (SBP).

MCB Islamic Bank Limited ("the Bank") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 as per the following:

A	Male	7
B	Female	1

2. The composition of the Board is as follows:

Sr. No.	Category	Name of Directors
A	Independent Directors*	Mr. Jawaid Iqbal Ms. Seema Aziz
B	Non-Executive Directors	Mr. Raza Mansha Mr. Ahmed Ebrahim Hasham Mr. Ibrahim Shamsi Mr. Omair Safdar Mr. Usman Hassan
C	Executive Director (President & CEO)	Mr. Muhammad Azfar Alam Nomani
D	Female Director	Ms. Seema Aziz

* The Board has appointed two independent directors and the fraction one-third number was not rounded up to one as the two independent directors had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
- 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.
- 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 their date of approval or updating has been maintained by the Bank.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and the Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. The following Board Members have attained Directors' Training Program till date:

- Mr. Omair Safdar (Non-Executive Director)
- Mr. Ahmed Ebrahim Hasham (Non-Executive Director)
- Ms. Seema Aziz (Independent Director)
- Mr. Jawaid Iqbal (Independent Director)
- Mr. Muhammad Azfar Alam Nomani (President/CEO)

The following directors are exempted from the Director's Training Program on the basis of their education and experience:

- Mr. Raza Mansha
- Mr. Ibrahim Shamsi

10. The Board has approved appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.

11. The CFO and the President & Chief Executive Officer ("CEO") duly endorsed the financial statements before approval of the Board.

12. The Board has formed following Committees comprising of members given below:

A Board Audit Committee		
Mr. Jawaid Iqbal	Chairman	
Ms. Seema Aziz	Member	
Mr. Omair Safdar	Member	
Mr. Ibrahim Shamsi	Member	
B Human Resource & Remuneration Committee		
Mr. Jawaid Iqbal	Chairman	
Ms. Seema Aziz	Member	
Mr. Raza Mansha	Member	
Mr. Usman Hassan	Member	
Mr. Omair Safdar	Member	
C Business Strategy & Service Quality Review Committee		
Mr. Ahmed Ebrahim Hasham	Chairman	
Mr. Omair Safdar	Member	
Mr. Usman Hassan	Member	
Mr. Muhammad Azfar Alam Nomani	Member	
D Risk Management & Portfolio Review Committee		
Mr. Omair Safdar	Chairman	
Mr. Ibrahim Shamsi	Member	
Mr. Ahmed Ebrahim Hasham	Member	

Mr. Jawaid Iqbal	Member
Mr. Muhammad Azfar Alam Nomani	Member
E Board Information Technology Committee	
Mr. Ibrahim Shamsi	Chairman
Mr. Jawaid Iqbal	Member
Mr. Muhammad Azfar Alam Nomani	Member
F Board Evaluation Committee	
Mr. Usman Hassan	Chairman
Ms. Seema Aziz	Member

13. The Terms of Reference ("TORs") of the aforesaid Committees have been formed, documented and advised to the respective committee for compliance.

14. The number of meetings of the below committees held during the year were as per the following table:

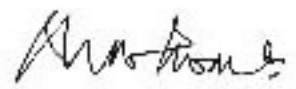
Name of Committee	No. of Meetings
Board Audit Committee	Four
Human Resource & Remuneration Committee	Three
Business Strategy & Service Quality Review Committee	Five
Risk Management & Portfolio Review Committee	Four
Board IT Committee	Two
Board Evaluation Committee	One

15. The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is 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 they and all of their partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the President & CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Bank.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.


Muhammad Azfar Alam Nomani
 President / CEO
 MCB Islamic Bank Limited
 February 08, 2022


Raza Mansha
 Chairman
 MCB Islamic Bank Limited
 February 08, 2022

Rihayesh Finance

Khuwahish Bani Rihayesh

RIBA FREE HOUSE FINANCING



HOUSE
PURCHASE



HOUSE
CONSTRUCTION



HOUSE
RENOVATION



PLOT PURCHASE
PLUS CONSTRUCTION



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MCB Islamic Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") prepared by the Board of Directors of MCB Islamic Bank Limited ("the Bank") for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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, 2021.

A. F. Ferguson & Co.
Chartered Accountants

Lahore

March 4, 2022

UDIN: CR202110092ZyUoMRPt5

A.F. FERGUSON & CO., Chartered Accountants, a member firm of PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O. Box 39, Lahore-54660, Pakistan
Tel: +92(42) 35715868-71 / 35775747-50 Fax: +92 (042) 35775754 www.pwc.com/pk

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INDEPENDENT AUDITOR'S REPORT

To the members of MCB Islamic Bank Limited

Report on the audit of the Financial Statements

OPINION

We have audited the annexed financial statements of MCB Islamic Bank Limited (the Bank), which comprise the statement of financial position as at December 31, 2021, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 22 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, the statement of comprehensive income, statement of changes in equity and 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, 2021 and of the profit 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 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

A.F. FERGUSON & CO., Chartered Accountants, a member firm of PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O. Box 39, Lahore-54660, Pakistan
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RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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



A.F. FERGUSON & CO.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

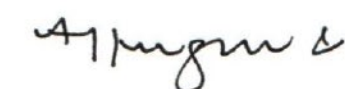
- a. proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b. the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and 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 Islamic financing and related assets of the Bank.

OTHER MATTER

The financial statements of the Bank for the year ended December 31, 2020 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated February 24, 2021.

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



A. F. Ferguson & Co.
Chartered Accountants

Lahore

March 4, 2022

UDIN: AR202110092GbxtCLcET

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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021	2020
		Rupees in thousands	
ASSETS			
Cash and balances with treasury banks	6	11,309,285	9,872,197
Balances with other banks	7	3,696,073	4,996,602
Due from financial institutions	8	1,650,000	828,790
Investments - net	9	33,475,816	27,617,997
Islamic financing and related assets - net	10	96,308,562	84,896,191
Fixed assets	11	4,932,122	5,548,894
Intangible assets	12	579,767	639,428
Deferred tax assets - net	13	1,006,958	874,878
Other assets - net	14	8,308,810	5,895,909
		161,267,393	141,170,886
LIABILITIES			
Bills payable	16	1,896,801	2,470,821
Due to financial institutions	17	16,472,906	20,596,773
Deposits and other accounts	18	122,747,778	99,253,161
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities - net		-	-
Other liabilities - net	19	9,545,353	8,122,359
		150,662,838	130,443,114
NET ASSETS		10,604,555	10,727,772
REPRESENTED BY			
Share capital	20	11,550,000	11,550,000
Reserves	21	86,193	68,107
Surplus on revaluation of assets - net of tax	22	248,364	473,316
Accumulated loss		(1,282,002)	(1,363,651)
		10,604,555	10,727,772

CONTINGENCIES AND COMMITMENTS 23

The annexed notes 1 to 45 form an integral part of these financial statements.


 SYED IFTIKHAR HUSSAIN RIZVI
 Chief Financial Officer


 MUHAMMAD AZFAR ALAM NOMANI
 President / Chief Executive


 SEEMA AZIZ
 Director


 OMAIR SAFDAR
 Director


 RAZA MANSHA
 Director

PROFIT AND LOSS ACCOUNT

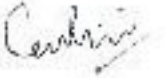
FOR THE YEAR ENDED DECEMBER 31, 2021

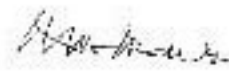
	Note	2021	2020
		Rupees in thousands	
Profit / return earned	24	9,202,716	9,616,051
Profit / return expensed	25	5,008,845	5,280,969
Net Profit / return		4,193,871	4,335,082
OTHER INCOME			
Fee and commission income	26	408,113	331,002
Dividend income		71,199	47,703
Foreign exchange income		113,571	209,888
(Loss) / gain on securities	27	(593,936)	14,274
Other income	28	200,473	161,322
Total other income		199,420	764,189
Total income		4,393,291	5,099,251
OTHER EXPENSES			
Operating expenses	29	4,753,602	4,680,482
Workers welfare fund		10,136	9,830
Other charges	30	51,623	590
Total other expenses		4,815,361	4,690,902
(Loss) / profit before provisions		(422,070)	408,349
(Reversals) / provisions and write offs - net	31	(547,121)	15,270
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		225,051	393,079
Taxation	32	124,619	184,763
PROFIT AFTER TAXATION		100,432	208,316

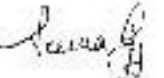
Rupee

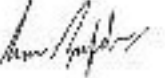
Basic and diluted earning per share - after tax 33 0.087 0.180


The annexed notes 1 to 45 form an integral part of these financial statements.


 SYED IFTIKHAR HUSSAIN RIZVI
 Chief Financial Officer


 MUHAMMAD AZFAR ALAM NOMANI
 President / Chief Executive


 SEEMA AZIZ
 Director


 OMAIR SAFDAR
 Director


 RAZA MANSHA
 Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

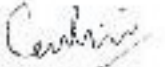
	2021	2020
	Rupees in thousands	
Profit after taxation for the year	100,432	208,316
Other comprehensive (loss) / income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of Investments - net of tax	(218,466)	52,655
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of fixed assets - net of tax	(5,183)	-
Total comprehensive (loss) / income	(123,217)	260,971

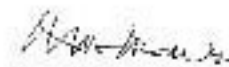
The annexed notes 1 to 45 form an integral part of these financial statements.

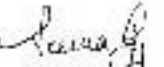
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

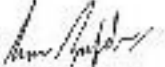
	Share Capital	Statutory Reserve	Surplus / (deficit) on revaluation of		Accumulated Loss	Total
			Investments	Fixed Assets		
	Rupees in thousands					
Balance as at December 31, 2019	11,550,000	26,444	108,504	313,822	(1,531,969)	10,466,801
Profit after taxation for the year ended December 31, 2020	-	-	-	-	208,316	208,316
Other comprehensive income - net of tax	-	-	52,655	-	-	52,655
Transfer to statutory reserve	-	41,663	-	-	(41,663)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(1,665)	1,665	-
Transactions with owners, recorded directly in equity						
Balance as at December 31, 2020	11,550,000	68,107	161,159	312,157	(1,363,651)	10,727,772
Profit after taxation for the year ended December 31, 2021	-	-	-	-	100,432	100,432
Other comprehensive loss - net of tax	-	-	(218,466)	(5,183)	-	(223,649)
Transfer to statutory reserve	-	20,086	-	-	(20,086)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(1,303)	1,303	-
Balance as at December 31, 2021	11,550,000	88,193	(57,307)	305,671	(1,282,002)	10,604,555


The annexed notes 1 to 45 form an integral part of these financial statements.

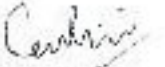

 SYED IFTIKHAR HUSSAIN RIZVI
 Chief Financial Officer

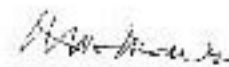

 MUHAMMAD AZFAR ALAM NOMANI
 President / Chief Executive

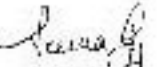

 SEEMA AZIZ
 Director

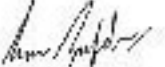

 OMAIR SAFDAR
 Director



 RAZA MANSHA
 Director


 SYED IFTIKHAR HUSSAIN RIZVI
 Chief Financial Officer


 MUHAMMAD AZFAR ALAM NOMANI
 President / Chief Executive


 SEEMA AZIZ
 Director


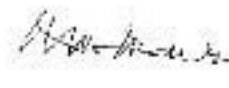
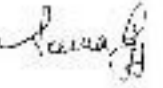
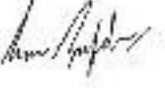


 OMAIR SAFDAR
 Director


 RAZA MANSHA
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

Note	2021	2020
Rupees in thousands		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	225,051	393,079
Less: dividend income	71,199	47,703
	153,852	345,376
Adjustments		
Depreciation on fixed assets	11.2	389,426
Depreciation on right-of-use assets	11.3	474,024
Depreciation on Ijarah assets under IFAS 2	10.3.1	811,189
Amortization	12.1	153,740
Unwinding of lease liability against right-of-use assets	25	343,047
(Reversals) / provisions and write offs - net	31	(647,121)
Unrealized (gain) / loss on forward foreign exchange contracts - net		(147,938)
Gain on sale of fixed assets - net	28	(1,327)
Gain on termination of lease liability against right-of-use asset	28	(94,275)
Gain on conversion of Ijarah agreements	28	(20,761)
Loss / (gain) on sale of securities - net	27	593,936
	1,853,940	2,343,996
	2,007,792	2,689,372
(Increase) / decrease in operating assets		
Due from financial institutions	(821,210)	5,022,874
Islamic financing and related assets	(12,332,920)	(34,510,733)
Other assets (excluding advance taxation)	(2,444,750)	(808,828)
	(15,598,880)	(30,296,687)
Increase / (decrease) in operating liabilities		
Bills payable	(574,020)	1,497,194
Due to financial institutions	(4,168,899)	16,469,247
Deposits and other accounts	23,494,617	17,399,650
Other liabilities (excluding current taxation)	2,151,238	263,253
	20,902,936	35,629,344
	7,311,848	8,022,029
Income tax paid	(124,987)	(161,023)
Net cash generated from operating activities	7,186,861	7,861,006
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(7,406,332)	(11,423,179)
Net divestments in held-to-maturity securities	1,389,936	230,000
Dividend received	72,745	46,157
Investments in fixed assets	(418,034)	(241,480)
Proceeds from sale of fixed assets	1,730	593
Investments in intangible assets	(94,079)	(60,623)
Net cash used in investing activities	(6,454,034)	(11,448,532)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use asset	(641,300)	(619,207)
Net cash used in financing activities	(641,300)	(619,207)
Increase / (decrease) in cash and cash equivalents during the year	91,527	(4,206,733)
Cash and cash equivalents at the beginning of the year	14,868,799	19,075,532
Cash and cash equivalents at the end of the year	14,960,326	14,868,799

The annexed notes 1 to 45 form an integral part of these financial statements.

 **SYED IFTIKHAR HUSSAIN RIZVI**
Chief Financial Officer
  **MUHAMMAD AZFAR ALAM NOMANI**
President / Chief Executive
  **SEEMA AZIZ**
Director
  **OMAIR SAFDAR**
Director
  **RAZA MANSHA**
Director

NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1 STATUS AND NATURE OF BUSINESS

1.1 MCB Islamic Bank Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 under the Companies Ordinance, 1984 (repealed after the enactment of the Companies Act, 2017) to carry out the business of an Islamic Commercial Bank in accordance and in conformity with the principles of Islamic Shariah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted "Certificate of Commencement of Business" to the Bank on January 30, 2015. The Bank is a wholly owned subsidiary of MCB Bank Limited (MCB).

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

1.3 The Bank is operating through 177 branches including one sub branch in Pakistan as at December 31, 2021 (December 31, 2020: 167 branches). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 14-A, Main Jail Road, Gulberg, Lahore.

1.4 Based on the financial statements of the Bank for the period ended March 31, 2021, Pakistan Credit Rating Agency (PACRA) has maintained the Bank's medium to long-term rating as "A" and the short-term rating as 'A-1' with positive outlook.

2 BASIS OF PRESENTATION

2.1 The Bank provides financing through Shariah compliant financing products mainly through Murabaha, Istisna, Salam, Ijarah, Diminishing Musharaka and Running Musharaka. The Bank also provides refinance facilities under various refinance schemes of the State Bank of Pakistan including Islamic Export Refinance Scheme.

2.2 The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such Islamic financing is recognised in accordance with the principles of Islamic Shariah and in accordance with regulations and guidelines of the State Bank of Pakistan. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Shariah Board of the Bank.

2.3 These financial statements have been prepared in accordance with the format as prescribed by State Bank of Pakistan through BPRD Circular No. 02 dated January 25, 2018.

3 STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 notified under the Companies Act, 2017;
- Provisions of and Directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', through BPRD Circular No. 04 dated February 25, 2015, International Financial Reporting Standard 9, 'Financial Instruments' through BPRD Circular No. 04 of 2020 dated October 23, 2019 and International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002.

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are considered either to not be relevant or not to have any significant impact on the Bank's financial statements.

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2022:

	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 1, 2022
Cost of Fulfilling an Onerous Contract – Amendments to IAS 37	January 1, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
Amended Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 1, 2023

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

As per the SBP's BPRD Circular Letter No. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed as per aforementioned circular, however, SBP's final instructions are awaited. Therefore, these financial statements have been prepared in accordance with the existing prudential regime.

Including those mentioned above, there are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

4 BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention, except that certain classes of fixed assets are stated at revalued amounts and certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP. In addition, obligations in respect of lease liabilities are carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

Measurement of fair values

The Bank has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The valuation of financial assets and financial liabilities are categorized and disclosed in note 38.

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Critical accounting estimates and judgements

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

a) Classification of Investments

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

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

b) Provision / Impairment against investments

Provision for diminution in the value of Sukuk certificates is made as per the Prudential Regulations issued by the SBP. The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational / financial cash flows. Impairment loss in respect of other investments classified as 'available for sale' and investments classified as 'held to maturity' is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments.

c) Provision against Islamic financing and related assets

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

	The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 5.6.2.
d) Taxation	In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.
e) Depreciation, amortization and revaluation of fixed assets	In making estimates of the depreciation / amortization method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.
f) Lease term	<p>The Bank applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.</p> <p>The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.</p>
5.2 Business acquisition	Business acquisition from Group companies are recognized at carrying values.
5.3 Cash and cash equivalents	Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current (net of overdrawn Nostro balances) and deposit accounts.
5.4 Funds due to / from financial institutions	<p>Bai Mu'ajjal</p> <p>In Bai Mu'ajjal, the Bank sells sukuk on deferred basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the deferral period.</p> <p>Musharaka / Mudaraba / Wakala</p> <p>In Musharaka / Mudaraba / Wakala, the Bank invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio / fees.</p> <p>Musharaka with State Bank of Pakistan under Islamic Export Refinance Scheme (IERS) and Islamic Long Term Financing Facility (ILTF).</p> <p>Under IERS and ILTF, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in Export Refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed profit sharing ratio between the partners.</p>

5.5 Investments	<p>The Bank classifies its investments (recognition and subsequent measurement) as follows:</p> <p>a) Held For Trading</p> <p>These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, rate of return movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.</p> <p>b) Available For Sale</p> <p>These are investments, that do not fall under the 'held for trading' or 'held to maturity' categories.</p> <p>Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment.</p> <p>All purchases and sales of investments that require delivery within the timeframe established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.</p> <p>In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than those classified as 'held to maturity' are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is included in statement of comprehensive income and is shown in the statement of financial position as part of equity. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account.</p> <p>c) Held To Maturity</p> <p>These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity. Bai-Mu'ajjal receivables from Government of Pakistan are stated at cost. Investments classified as 'held to maturity' are carried at amortized cost less accumulated impairment losses, if any.</p>
5.5.1 Provision / Impairment	Provision for diminution in the value of Sukuk certificates is made as per the applicable International Financial Reporting Standards and the directives issued by the SBP from time to time. In case of impairment of equity quoted securities classified as available for sale securities, the cumulative gain or loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position is transferred to the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account till the time the investments are sold or disposed off.
5.6 Islamic financing and related assets	<p>5.6.1 These are financial products offered by the Bank and are stated net of specific and general provision against non performing Islamic financing and related assets, if any. A brief description of the products are given below:</p> <p>Murabaha</p> <p>In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.</p>

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remained unsold at the statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted against Murabaha receivable.

The Bank values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as the agent of the Bank for subsequent sale.

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed along with profit is paid back to the Bank.

Salam

In Salam financing, the Bank pays full in advance to its customer for buying specified goods / commodities to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

Ijarah

In Ijarah financing, the Bank provides the asset on pre-agreed rentals for specific tenors to the customers. Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'.

The rental on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

The significant Ijarah contracts entered into by the Bank are with respect to vehicles, plant and machinery and equipment and are for periods ranging from 1 to 7 years.

Diminishing Musharaka

In Diminishing Musharaka based financing, the Bank enters into Musharaka based on Shirkat-ul-Milk for financing and agreed share of fixed assets (example: house, land, plant, machinery or vehicle) with its customers and enters into period profit payment agreement for the utilization of the Bank's Musharaka share by the customer.

Running Musharaka

In Running Musharaka based financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharaka period.

5.6.2 Provision

Islamic financing and related assets are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other Directives issued by the SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against Consumer, Small and Medium Enterprise (SMEs) and Micro financing made in accordance with the requirements of the Prudential Regulations issued by SBP. Islamic financing and related assets are written off when there is no realistic prospect of recovery.

5.7 Fixed and Intangible assets

5.7.1 Fixed assets

5.7.1.1 Capital work-in-progress

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

5.7.1.2 Property and equipment

Property and equipment, other than land carrying value which is not amortized, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount.

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

Depreciation on all fixed assets is charged using the straight line method in accordance with the rates specified in note 11.2 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

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

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

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

5.7.2 Intangible assets

5.7.2.1 Advance against purchase of software

Advance against purchase of software is stated at cost less accumulated impairment losses, if any. These are transferred to computer software as and when the related asset is received.

5.7.2.2 Computer software

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

5.7.3 Impairment

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

5.8 IFRS 16 - Lease liability and right-of-use assets

The liability in respect of Ijarah (leases) of Musta'jir (lessee) are initially measured at the present value of the remaining Ijarah payments, discounted using the Bank's incremental borrowing rate. The Bank (being an Islamic bank) may acquire funds, if required, from other financial institution(s) under Shar'iah compliant modes. The Ijarah liability is subsequently measured at amortised cost using the effective borrowing rate and charged to profit and loss account. The carrying amount is remeasured/adjusted if there are changes in the future cash flows or the lease term.

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

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

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

However, accounting for Ijarah of Mu'jir (lessors) remains the same as required under IFAS 02 i.e. Mu'jir continue to present assets subject to Ijarah according to the nature of the asset, distinguished from the assets in own use.

5.9 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba. Deposits are recorded at the proceeds received. The cost of deposits is recognized as an expense in the period in which this is incurred.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' or 'Fixed deposits'. No profit or loss is passed to current account depositors.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools may be created at the Bank's discretion and the Bank may add, amend, and transfer an asset to any other pool in the interests of the deposit holders.

5.10 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba, Musharaka and Wakala modes.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rabb-ul-Maal) where the Bank acts as Manager (Mudharib) and invests the funds in the Shar'iah Compliant modes of financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources.

Specific pools may be operated for funds acquired / accepted from the SBP and other banks for Islamic Export Refinance to Bank's customers and liquidity management respectively under the Musharaka / Mudaraba modes. The Bank also maintains an Equity Pool which consists of Bank's equity and funds accepted on Qard (non-remunerative current deposit account) basis.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. The directly related costs comprise of depreciation on Ijarah assets, takatuf premium, documentation charges etc. No general or administrative expense is charged to pool. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharaka at gross level (before charging of Mudharib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of Mudharib fee.

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the notes and are also invested in Government of Pakistan backed Ijarah Sukuks. Staff financings are exclusively financed from the equity pool.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool.

5.11 Taxation

Current and prior year

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

Deferred

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

5.12 Staff retirement benefits

Defined contribution plan

The Bank operates a recognised contributory provident fund scheme for all its permanent employees. Equal monthly contributions are made both by the Bank and its permanent employees, to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his/her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

5.13 Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are recognized as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset.

5.14 Provisions and contingent assets and liabilities

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

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefit is remote.

5.15 Foreign currencies
5.15.1 Transactions and balances

Transactions in foreign currencies (other than the results of operations of foreign operations) are translated to Rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts (unilateral wa'ad) other than those relating to foreign currency deposits are valued at the rates applicable to their respective maturities. Translational gains / losses and any change in fair value of forward exchanges contracts are credited / charged to profit and loss account.

5.15.2 Commitments

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

5.16 Revenue recognition

- Profit on investments in Sukuks is recognised on accrual basis. Where Sukuks (excluding those classified as held for trading) are purchased at a premium or discount, such premiums / discounts are amortised through the profit or loss account using the effective yield method.
- Profit from Musharaka placements with financial institutions is recognised on accrual basis.
- Profit from Bai-Mu'ajjal is recognised on accrual basis.
- Profit from Murabaha financing is accounted for on culmination of the Murabaha transaction. Profit on Murabaha is recognised on time proportion basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately on the later date.
- Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.
- Profit on Diminishing Musharaka is recognised on an accrual basis.
- Profit on Running Musharaka financing is booked on an accrual basis and is subject to adjustment (if any) upon declaration of profit by Musharaka partners.

- Profit on Istisna financing is recognized on accrual basis.
- Profit on Salam financing is recognized on accrual basis.
- Commission income is recognized on accrual basis.
- Dividend income is recognized when the Bank's right to receive dividend is established.
- Gain or loss on sale of investments is recognized in the profit and loss account in the year to which it arises.

5.17 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain financings. These are stated at lower of the carrying value or current fair value of such assets.

5.18 Financial instruments
5.18.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position includes cash and balances with treasury banks, balances with other banks, due from financial institutions, investments, Islamic financing and related assets (excluding inventories), other assets (excluding balances related to tax), bills payables, due to financial institutions, deposits and other liabilities (excluding balances related to tax). The particular recognition methods adopted for significant financial assets and liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

5.18.2 Offsetting

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

5.19 Dividend distribution and appropriation

Dividend declared and other appropriations (other than appropriations required by law) approved subsequent to the balance sheet date are considered as non-adjusting events and are not recorded in the financial statements. However, a separate disclosure of the fact is made in the financial statements.

5.20 Earnings / (loss) Per Share

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

5.21 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 segments. 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 and management reporting structure. The Bank's operations have been broken into following different business segments:

5.21.1 Business segments

- Retail

It includes commercial and SME financing, deposits, trade business and other banking services.

- Corporate

It includes financing to large and medium sized public and private sector entities, investment banking, corporate advisory, cash management, trade finance, guarantees and transaction with financial institutions.

- Consumer

It includes financing and other banking services to individual customers other than those classified under Micro Finance.

- Micro

It represents financing operations to low income individuals including agriculture sector financing.

- Treasury Operations

It includes inter-bank placements / acceptances, capital market operations and foreign exchange transactions and reserves management.

5.21.2 Geographical segments

The Bank operates only in Pakistan.

	Note	2021	2020
Rupees in thousands			
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		2,686,329	2,945,064
- foreign currencies		421,080	904,472
		3,107,409	3,849,536
With the State Bank of Pakistan (SBP) in			
- local currency current accounts	6.1	7,045,642	4,663,509
- foreign currency current accounts			
cash reserve account	6.2	258,416	271,559
special cash reserve account	6.3	296,013	316,792
USD clearing account		67,511	33,465
		621,940	621,816
With National Bank of Pakistan in			
- local currency current accounts		494,941	634,866
Prize bonds		39,353	102,470
		11,309,285	9,872,197

6.1 The local currency current account is maintained with SBP under the Cash Reserve Requirement of section 22 of Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as prescribed by the SBP from time to time.

6.2 As per SBD Circular No. 15 dated June 21, 2008, cash reserve of 5% is required to be maintained with the SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). This account is non-remunerative in nature.

6.3 Special Cash Reserve of 6% is required to be maintained with the SBP on FE-25 deposits as specified in SBD Circular No. 15 dated June 21, 2008. This account is non-remunerative in nature.

	Note	2021	2020
Rupees in thousands			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- deposit account	7.1	66,742	1,554
Outside Pakistan			
- current account		3,629,331	4,995,048
		3,696,073	4,996,602

7.1 This represents saving accounts carrying profit at expected rates ranging from 2.35% to 6.00% per annum (2020: 2.13% to 6.00% per annum).

	Note	2021	2020
Rupees in thousands			
8 DUE FROM FINANCIAL INSTITUTIONS			
Secured			
Bai Mu'ajjal receivable - with State Bank of Pakistan		-	828,790
Unsecured			
Musharaka arrangements	8.1	1,650,000	-
		1,650,000	828,790

8.1 This represents Musharaka placements with various financial institutions carrying average profit rate of 10.35% per annum (2020: Nil) and having maturity till January 04, 2022.

	2021	2020
Rupees in thousands		
8.2 Particulars of due from financial institutions		
- Local currency	1,650,000	828,790
- Foreign currencies	-	-
	1,650,000	828,790

8 INVESTMENTS

8.1 Investments by type:

	2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in thousands			
Available-for-sale securities				
Federal Government securities	30,637,273	-	(105,708)	30,531,565
Shares	639,792	262,194	(171)	377,427
Non Government securities	899,000	-	11,933	910,933
	32,176,065	262,194	(93,946)	31,819,925
Held-to-maturity securities				
Federal Government securities	1,540,891	-	-	1,540,891
Non Government securities	115,000	-	-	115,000
	1,655,891	-	-	1,655,891
Total Investments	33,831,956	262,194	(93,946)	33,475,816
	2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in thousands			
Available-for-sale securities				
Federal Government securities	22,503,692	-	(59,578)	22,444,114
Shares	1,815,977	1,039,436	292,987	1,069,528
Non Government securities	1,044,000	-	14,528	1,058,528
	25,363,669	1,039,436	247,937	24,572,170
Held-to-maturity securities				
Federal Government securities	2,700,827	-	-	2,700,827
Non Government securities	345,000	-	-	345,000
	3,045,827	-	-	3,045,827
Total Investments	28,409,496	1,039,436	247,937	27,617,997
	2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in thousands			
Federal Government securities				
GOP (Ijarah Sukuks)	30,637,273	-	(105,708)	30,531,565
WAPDA Sukuks	-	-	-	-
Bal Mu'ajjal	1,540,891	-	-	1,540,891
Shares				
Listed companies	639,792	262,194	(171)	377,427
Non Government securities				
Listed	244,000	-	4,322	248,322
Unlisted	770,000	-	7,611	777,611
Total Investments	33,831,956	262,194	(93,946)	33,475,816

8.2 Investments by segments:

	2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in thousands			
Federal Government securities				
Government of Pakistan (GOP) (Ijarah Sukuks)	22,475,798	-	(59,797)	22,417,001
WAPDA Sukuks	27,894	-	(781)	27,113
Bal Mu'ajjal	2,700,827	-	-	2,700,827
Shares				
Listed companies	1,815,977	1,039,436	292,987	1,069,528
Non Government securities				
Listed	549,000	-	4,119	553,119
Unlisted	840,000	-	10,409	850,409
Total Investments	28,409,496	1,039,436	247,937	27,617,997

8.2.1 There were no investment given as collateral as at December 31, 2021 (2020: NIL).

	2021	2020
	Rupees in thousands	
8.3 Provision for diminution in value of investments		
On Available For Sale securities		
Opening balance	1,039,436	1,059,172
Charge for the year	50,072	36,975
Reversal on disposals	(827,314)	(56,711)
Closing balance	262,194	1,039,436

8.4 Quality of Available-For-Sale Securities

Details regarding quality of Available-For-Sale (AFS) securities are as follows:

	2021	2020
	Cost Rupees in thousands	
Federal Government Securities - Government guaranteed		
GOP (Ijarah Sukuks)	30,637,273	22,475,798
WAPDA Sukuks	-	27,894
Unlisted - AAA (2020: AAA)	30,637,273	22,503,692
Shares		
Listed		
Automobile Assembler	56,657	154,313
Cable & Electric Goods	36,594	136,403
Engineering	-	266,165
Fertilizer	156,134	171,055
Oil & Gas Marketing Companies	202,852	308,072
Paper & Board	-	308,108
Pharmaceuticals	-	161,271
Power Generation & Distribution	70,850	99,803
Refinery	-	94,081
Oil & Gas Exploration Companies	116,705	116,706
	639,792	1,815,977
Non Government Securities		
Listed		
AA- (2020: AA-)	129,000	129,000
AA- (2020: AA-)	-	75,000
	129,000	204,000
Unlisted		
AAA (2020: AA)	670,000	740,000
A (2020: A)	100,000	100,000
	770,000	840,000
	32,176,065	25,363,669

9.5 Particulars relating to Held-To-Maturity securities are as follows:

	Note	2021	2020
Federal Government Securities - Government guaranteed			
Bai Muqajjal			
Non Government Securities			
Liased			
AA+ (2020: AA+)			
9.5.1 Bai Muqajjal receivable	9.5.1	1,540,891	2,700,827
Less: Deferred income			
Bai Muqajjal at cost			
9.5.2		115,000	345,000
		1,655,891	3,045,827
9.5.1.1		2,162,250	3,768,188
		621,359	1,067,361
		1,540,891	2,700,827

9.5.1.1 This represents receivable from Government of Pakistan against sale of GoP Ijarah Sukuk certificate (GIS - 18). The deferred price will be recovered at the time of maturity.

9.5.2 The market value of non Government securities classified as held-to-maturity as at December 31, 2021 amounted to Rs. 116,036 million (2020: Rs. 348,464 million).

10 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	Performing		Non performing		Total	
		2021	2020	2021	2020	2021	2020
		Rupees in thousands					
Murabaha	10.1	13,668,585	11,816,034	5,604	238,786	13,674,189	12,055,820
Istisna	10.2	4,764,233	3,455,789	-	-	4,764,233	3,455,789
Salim		19,927	-	-	-	19,927	-
Ijarah	10.3	2,084,689	2,808,272	1,963	7,066	2,086,652	2,815,338
Running Musharaka	10.4	47,811,823	40,757,574	-	-	47,811,823	40,757,574
Diminishing Musharaka	10.5	26,123,577	24,183,982	694,203	509,589	26,817,780	24,693,571
Staff finance	10.6	1,310,588	1,184,311	-	-	1,310,588	1,184,311
Islamic financing and related assets - gross		66,783,392	64,206,962	701,770	756,471	67,485,162	64,963,433
Less: Provision against non-performing		-	-	(124,718)	(25,385)	(124,718)	(25,385)
Islamic financing and related assets		(61,882)	(40,847)	-	-	(61,882)	(40,847)
- Specific		(61,882)	(40,847)	-	-	(61,882)	(40,847)
- General		-	-	-	-	-	-
Islamic financing and related assets - net of provisions	10.9	66,721,510	64,166,115	577,052	731,076	67,298,562	64,896,191
		Rupees in thousands					
10.1 Murabaha							
- Murabaha financing	10.1.1	7,612,792	4,998,262	-	-	7,612,792	4,998,262
- Murabaha inventory		5,392,634	6,494,165	-	-	5,392,634	6,494,165
- Advances against Murabaha financing		664,078	510,454	-	-	664,078	510,454
- Murabaha financing under Islamic export refinance scheme (IERS)	10.1.5	-	5,000	-	-	-	5,000
- Advances against Murabaha financing under IERS		-	27,939	-	-	-	27,939
- Murabaha inventory under SBP's Islamic Refinance Scheme for Payment of Wages and Salaries (IRSPWS)		13,674,189	12,055,820	-	-	13,674,189	12,055,820
		14,685	20,000	-	-	14,685	20,000
Murabaha receivable - gross	10.1.2	8,031,953	5,232,085	-	-	8,031,953	5,232,085
Less: Deferred Murabaha income	10.1.4	419,161	233,823	-	-	419,161	233,823
Murabaha financing		7,612,792	4,998,262	-	-	7,612,792	4,998,262

	Note	2021	2020
		Rupees in thousands	
10.1.2 Movement in Murabaha receivable during the year:			
Opening balance		5,232,085	5,005,449
Sales during the year		33,340,738	20,865,558
Adjusted during the year		(30,540,870)	(20,638,922)
		8,031,953	5,232,085
10.1.3 Murabaha sale price during the year		33,340,738	20,865,558
Murabaha purchase price during the year		(32,207,026)	(19,838,369)
		1,133,712	1,027,189
10.1.4 Deferred Murabaha income			
Opening balance		233,823	334,286
Arising during the year		1,133,712	1,027,189
Recognised during the year		(948,374)	(1,127,652)
		419,161	233,823
10.1.6 Murabaha receivable under IERS - gross	10.1.6	-	5,074
Less: Deferred income	10.1.8	-	74
Murabaha financing under IERS		-	5,000
10.1.8 Movement in Murabaha receivable under IERS during the year:			
Opening balance		5,074	-
Sales during the year		-	5,074
Adjusted during the year		(5,074)	-
		-	5,074
10.1.7 Murabaha sale price under IERS during the year		-	5,074
Murabaha purchase price under IERS during the year		-	(5,000)
		-	74
10.1.8 Deferred Murabaha income under IERS			
Opening balance		74	-
Arising during the year		-	74
Recognised during the year		(74)	-
		-	74
10.2 Istisna			
- Istisna financing		1,139,556	480,693
- Istisna inventory		534,487	389,306
- Advances against Istisna financing		2,579,121	1,611,226
- Istisna financing under IERS		56,572	123,667
- Advances against Istisna financing under IERS		416,997	775,897
- Advances against Istisna financing under SBP's IRSPWS		37,500	75,000
		4,764,233	3,455,789
10.3 Ijarah financing and related assets			
- Net book value of assets in Ijarah under IFAS 2	10.3.1	2,025,690	2,783,440
- Advances against Ijarah		70,962	31,928
		2,096,652	2,815,368

10.3.1 Net book value of assets in Ijarah under IFAS 2

	2021					
	Cost		Depreciation		Book value	
	As at January 1, 2021	Additions / (disposal)	As at December 31, 2021	Charge / (disposal)	As at December 31, 2021	As at December 31, 2021
Rupees in thousands						
Vehicles	2,970,391	298,387	2,762,865	1,051,097	499,139	1,297,960
		(505,913)		(252,276)		1,464,905
Equipment and Plant and Machinery	1,186,171	63,376	1,104,004	322,025	312,050	543,219
		(145,543)		(90,856)		560,785
Total	4,156,562	361,763	3,866,869	1,373,122	811,189	1,841,179
		(651,456)		(343,132)		2,025,690

	2020					
	Cost		Depreciation			Book value as at December 31, 2020
	As at January 1, 2020	Additions / (disposal)	As at December 31, 2020	As at January 1, 2020	Charge / (disposal)	As at December 31, 2020
Rupees in thousands						
Vehicles	3,999,646	250,956	2,970,391	1,039,780	603,062	1,051,097
		(1,280,211)			(591,745)	
Equipment and Plant and Machinery	1,689,096	798,286	1,186,171	458,593	349,730	322,025
		(1,301,211)			(486,298)	
	5,688,742	1,049,242	4,156,562	1,498,373	952,792	1,373,122
		(2,581,422)			(1,078,043)	

10.3.2 Future (Ijarah payments receivable

2021			
Not later than 1 year	Later than 1 year and not later than 5 years	Over Five years	Total
Rupees in thousands			

(Ijarah rental receivables	930,364	969,762	-	1,900,126
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2020			
Not later than 1 year	Later than 1 year and not later than 5 years	Over Five years	Total
Rupees in thousands			

(Ijarah rental receivables	1,100,022	1,782,989	3,456	2,886,467
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2021	2020
Rupees in thousands	

10.4 Running Musharaka		
- Running Musharaka financing	45,098,823	38,592,574
- Running Musharaka financing under IERS	2,713,000	2,165,000
	47,811,823	40,757,574
10.6 Diminishing Musharaka		
- Diminishing Musharaka financing	21,721,143	18,977,083
- Advances against Diminishing Musharaka financing	1,770,095	2,153,276
- Diminishing Musharaka financing under SBP's IRSPWB	935,708	1,612,874
- Advances against Diminishing Musharaka under SBP's ILTF	402,292	541,151
- Advances against Diminishing Musharaka under SBP's IRFCO	-	27,518
- Advances against Diminishing Musharaka under SBP's ITRF	1,988,542	1,381,669
	26,817,780	24,693,571
10.8 Staff finance		
- Staff vehicle finance under Diminishing Musharaka	296,527	245,136
- Staff housing finance under Diminishing Musharaka	1,014,031	939,175
	1,310,558	1,184,311
10.7 Particulars of Islamic financing and related assets - gross		
In local currency	95,635,585	84,918,786
In foreign currency	859,577	43,647
	96,495,162	84,962,433

10.8 Islamic financing and related assets include Rs. 701.770 million (2020: Rs. 756.471 million) which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non-performing Islamic financing and related assets	Provision	Non-performing Islamic financing and related assets	Provision
Rupees in thousands				
Domestic				
Other Assets Especially Mentioned	592	-	18,104	-
Substandard	14,960	2,720	97,291	8,226
Doubtful	632,043	110,152	194,294	4,961
Loss	54,175	11,846	446,782	12,208
	701,770	124,718	756,471	25,395

10.9 Particulars of provision against Islamic financing and related assets

	2021			2020		
	Specific	General	Total	Specific	General	Total
Rupees in thousands						
Opening balance	25,395	40,847	66,242	3,340	33,363	36,703
Charge for the year	116,278	51,035	167,313	27,522	7,484	35,006
Reversals	(7,192)	(30,000)	(37,192)	-	-	-
	109,086	21,035	130,121	27,522	7,484	35,006
Amounts written off	(9,763)	-	(9,763)	(5,467)	-	(5,467)
Closing balance	124,718	61,882	186,600	25,395	40,847	66,242

10.10 State Bank of Pakistan vide BSD Circular No. 02 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No. 01 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. Had the benefit not been taken by the Bank, the specific provision against non-performing Islamic financing and related assets would have been higher by Rs. 249.750 million (December 31, 2020: Rs. 543.151 million). The additional benefit on the Bank's profit and loss account arising from availing the FSV benefit - net of tax amounts to Rs. 152.378 million (December 31, 2020: Rs. 353.048 million). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

10.11 The Bank has maintained general provision at an amount equal to 1% of the fully secured performing portfolio of consumer auto finance and unsecured performing portfolio of micro financing as required by the Prudential Regulations issued by the SBP. Further, general provision on consumer house finance is maintained as per the criteria defined in relevant Prudential Regulations issued by SBP.

10.12 Particulars of provision against Islamic financing and related assets

	2021			2020		
	Specific	General	Total	Specific	General	Total
Rupees in thousands						
In local currency	124,718	61,882	186,600	25,395	40,847	66,242
In foreign currency	-	-	-	-	-	-
	124,718	61,882	186,600	25,395	40,847	66,242

10.13 PARTICULARS OF WRITE OFFS:

	Note	2021	2020
Rupees in thousands			
Against provisions	10.9	9,763	5,467
Directly charged to Profit and Loss account		-	-
		9,763	5,467

11 FIXED ASSETS

Capital work-in-progress	11.1	90,809	88,308
Property and equipment	11.2	2,711,074	2,685,370
Right-of-use assets	11.3	2,130,239	2,775,216
		4,932,122	5,548,894

11.1 Capital work-in-progress

Civil works	52,604	54,127
Advance to suppliers and contractors	24,947	33,427
Electrical and computer equipment	13,258	754
	90,809	88,308

11.2 Property and equipment

2021						
Freehold land	Building on freehold land	Lease hold improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total

Rupees in thousands

At January 01, 2021						
Cost / revalued amount	828,000	503,335	525,248	171,950	1,564,145	94,740
Accumulated depreciation	-	(11,740)	(251,444)	(55,412)	(540,833)	(42,619)
Net book value	828,000	491,595	273,804	116,538	923,312	52,121
Year ended December 2021						
Opening net book value	828,000	491,595	273,804	116,538	923,312	52,121
Additions / adjustments	5,419	1,174	193,407	25,661	179,683	10,189
Disposals	-	-	-	(108)	(295)	-
Depreciation charge	-	(11,531)	(115,798)	(19,991)	(229,131)	(12,975)
Closing net book value	833,419	481,238	351,413	122,100	873,569	49,335
At December 31, 2021						
Cost / revalued amount	833,419	504,507	718,656	196,868	1,741,595	104,928
Accumulated depreciation	-	(23,269)	(367,243)	(74,768)	(868,026)	(55,593)
Net book value	833,419	481,238	351,413	122,100	873,569	49,335
Rate of depreciation (%)		2 to 3	20	10	10 to 25	20

2020						
Freehold land	Building on freehold land	Lease hold improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total

Rupees in thousands

At January 01, 2020						
Cost / revalued amount	828,000	502,206	452,410	160,470	1,387,986	90,889
Accumulated depreciation	-	(236)	(157,112)	(36,792)	(421,520)	(28,228)
Net book value	828,000	501,970	295,298	123,678	966,466	62,661
Year ended December 2020						
Opening net book value	828,000	501,970	295,298	123,678	966,466	62,661
Additions / adjustments	-	1,129	72,838	11,510	176,707	3,851
Disposals	-	-	-	(5)	(26)	-
Depreciation charge	-	(11,504)	(94,332)	(18,645)	(219,835)	(14,391)
Closing net book value	828,000	491,595	273,804	116,538	923,312	52,121
At December 31, 2020						
Cost / revalued amount	828,000	503,335	525,248	171,950	1,564,145	94,740
Accumulated depreciation	-	(11,740)	(251,444)	(55,412)	(540,833)	(42,619)
Net book value	828,000	491,595	273,804	116,538	923,312	52,121
Rate of depreciation (%)		2 to 3	20	10	10 to 25	20

11.2.1 The land and buildings of the Bank were revalued in December 2019 by independent valuers (Tristar International Consultant (Private) Limited and Sardar Enterprises, valuation and engineering consultants) on the basis of market value. Surplus against revaluation of fixed assets net off deferred tax as at December 31, 2021 amounts to Rs. 305.671 million (2020: Rs. 312.157 million).

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

	2021	2020
	Rupees in thousands	
Land	601,294	595,875
Building	407,592	358,468

11.2.2 The gross carrying amount (cost) of fully depreciated assets that are in use as at reporting dates are as follows:

	2021	2020
	Rupees in thousands	
Lease hold Improvements	92,635	35,697
Electrical, office and computer equipment	193,873	95,989
Furniture and fixtures	8,808	4,178
Vehicles	17,591	13,946

11.3jarah of Mustajir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item. Movement in right-of-use assets is as follows:

Note	2021	2020
	Rupees in thousands	
Balance as January, 01	2,775,216	2,888,836
Additions / other adjustments during the year	294,612	540,760
Disposed off during the year	(465,565)	(180,351)
Depreciation charge for the year	(474,024)	(474,029)
Balance as at December, 31	2,130,239	2,775,216

12 INTANGIBLE ASSETS

Advance against purchase of software	39,226	40,688
Computer software	540,541	598,740
	579,767	639,428

12.1 Computer software

At January 01		
Cost	994,908	819,378
Accumulated amortisation	(396,168)	(255,250)
Net book value	598,740	564,128
Year ended December 31		
Opening net book value	598,740	564,128
Additions:		
- directly purchased	95,541	175,530
Amortisation charge	(153,740)	(140,918)
Closing net book value	540,541	598,740
At December 31		
Cost	1,090,449	994,908
Accumulated amortisation	(549,908)	(396,168)
Net book value	540,541	598,740
Rate of amortisation	14.28% -33.33%	14.28% -33.33%
Useful life	3 -7 Years	3 -7 Years

12.1.1 This includes core banking system of the Bank at carrying value of Rs. 135.452 million (2020: Rs. 176.182 million) and having remaining useful life of 3 years (2020: 4 years).

12.1.2 The gross carrying amount (cost) of fully amortized assets that are in use as at December 31, 2021 is Rs. 2.292 million (2020: Nil).

13 DEFERRED TAX ASSETS / (LIABILITY) - NET

	2021			
	At Jan 01, 2021	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2021
	Rupees in thousands			
Deductible temporary difference				
Tax losses carried forward	771,019	(176,837)	-	594,182
Minimum tax	362,309	118,256	-	480,565
Provision against Islamic financing and related assets	4,326	37,495	-	41,821
Deficit on revaluation of investments	-	-	123,417	123,417
Workers welfare fund	4,238	4,437	-	8,675
	1,141,892	(16,649)	123,417	1,248,660
Taxable temporary difference				
Surplus on revaluation of fixed assets	(43,095)	1,257	(5,183)	(47,021)
Surplus on revaluation of investments	(86,778)	-	-	(86,778)
Accelerated tax depreciation	(137,141)	29,238	-	(107,903)
	(267,014)	30,495	(5,183)	(241,702)
	874,878	13,846	118,234	1,006,958

	2020			
	At Jan 01, 2020	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2020
	Rupees in thousands			
Deductible temporary difference				
Tax losses carried forward	942,766	(171,747)	-	771,019
Minimum tax	241,735	120,574	-	362,309
Provision against Islamic financing and related assets	863	3,463	-	4,326
Workers welfare fund	797	3,441	-	4,238
	1,186,161	(44,269)	-	1,141,892
Taxable temporary difference				
Surplus on revaluation of fixed assets	(43,992)	897	-	(43,095)
Surplus on revaluation of investments	(58,425)	-	(28,353)	(86,778)
Accelerated tax depreciation	(162,727)	25,586	-	(137,141)
	(265,144)	26,483	(28,353)	(267,014)
	921,017	(17,786)	(28,353)	874,878

13.1 The management, based on their internal projections / assessment of future taxable profits, believes that the Bank will be able to achieve sufficient taxable profits and tax liability in future to adjust unused tax losses and minimum tax before their expiry and accordingly has recorded the deferred tax asset on such basis.

	Note	2021	2020
		Rupees in thousands	
14 OTHER ASSETS			
Profit / return accrued in local currency		2,662,439	2,368,681
Dividend receivable		-	1,546
Advances, deposits, advance rent and other prepayments		278,707	204,050
Advance taxation (payments less provisions)		-	5,143
Branch adjustment account		-	145,102
Receivable against ATM transactions		758,903	344,879
Receivable under home remittances		12,274	11,562
Mark to market gain on forward foreign exchange contracts		16,543	41,704
Acceptances	19	4,488,672	2,716,615
Others		91,272	56,627
		8,308,610	5,895,909

16 CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2021 (2020: Nil).

	Note	2021	2020
		Rupees in thousands	
16	BILLS PAYABLE		
	In Pakistan	1,896,801	2,470,821
	Outside Pakistan	-	-
		1,896,801	2,470,821
17	DUE TO FINANCIAL INSTITUTIONS		
	In Pakistan	16,427,874	20,596,773
	Outside Pakistan	45,032	-
		16,472,906	20,596,773
17.1	Particulars of due to financial institutions with respect to currencies		
	In local currency	16,427,874	20,596,773
	In foreign currencies	45,032	-
		16,472,906	20,596,773
17.2	Details of due to financial institutions - Secured / unsecured		
	Secured		
	With the State Bank of Pakistan		
	Musharaka under Islamic Export Refinance Scheme (IERS)	17.2.1 3,027,572	2,845,918
	Investment under Islamic Long Term Financing Facility (ILTF)	17.2.2 1,045,099	445,848
	Investment under Islamic Temporary Economic Refinance Facility (ITERF) for Plant and Machinery	17.2.3 3,892,419	1,183,828
	Investment under Islamic Refinance Scheme for Payment of Wages and Salaries (IRSPWS)	17.2.4 976,304	1,715,813
	Investment under Islamic Refinance Facility for Combating COVID-19 (IRFC)	24,460	-
	Investment under Islamic Financing Facility for Renewable Energy (IFRE)	17.2.5 93,138	-
	Unsecured		
	Musharaka arrangements with financial institutions	17.2.6 7,100,000	14,222,000
	Musharaka arrangements with other institution	268,882	183,366
	Overdrawn nostro accounts	34 45,032	-
		16,472,906	20,596,773

17.2.1 These Musharaka arrangements are on a profit and loss sharing basis maturing between February 09, 2022 to June 29, 2022 (2020: January 31, 2021 to June 29, 2021) and are secured against demand promissory notes executed in favour of the SBP. A limit of Rs. 3,884 million (2020: Rs. 3,884 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme.

17.2.2 These arrangements are on a profit and loss sharing basis maturing between June 09, 2030 to December 08, 2031 (2020: June 30, 2030 to November 30, 2030).

17.2.3 These arrangements are on a profit and loss sharing basis maturing between August 11, 2024 to December 21, 2031 (2020: November 01, 2030 to December 05, 2030).

17.2.4 These arrangements are on a profit and loss sharing basis maturing between January 29, 2022 to April 12, 2023 (2020: April 13, 2021 to April 12, 2023).

17.2.6 These arrangements are on a profit and loss sharing basis maturing between June 29, 2022 to August 3, 2026 (2020: NIL).

17.2.8 This represents Musharaka arrangements with banks carrying profit at expected rates ranging from 9.80% to 10.45% per annum (2020: 6.70% to 7.20% per annum) and having maturity till February 03, 2022.

18 DEPOSITS AND OTHER ACCOUNTS

2021			2020		
In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total

Rupees in thousands

Customers

Current deposits	34,666,966	2,729,931	37,396,897	28,501,991	2,175,509	30,677,500
Savings deposits	46,014,828	1,978,082	47,992,910	39,831,137	1,971,071	41,802,208
Term deposits	28,774,330	-	28,774,330	17,861,765	79,103	17,940,868
Others	4,877,521	-	4,877,521	2,693,912	-	2,693,912
	114,333,645	4,708,013	119,041,658	88,888,805	4,225,683	93,114,488

Financial institutions

Current deposits	260,021	127	260,148	148,391	138	148,529
Savings deposits	919,672	-	919,672	2,462,010	1,634	2,463,644
Term deposits	2,526,300	-	2,526,300	3,526,500	-	3,526,500
	3,705,993	127	3,706,120	6,136,901	1,772	6,138,673
	118,039,638	4,708,140	122,747,778	95,025,706	4,227,455	99,253,161

	2021	2020
	Rupees in thousands	
18.1 Composition of deposits		
Individuals	45,892,319	43,739,410
Government (Federal and Provincial)	6,488,298	4,253,371
Public Sector Entities	8,759,121	4,861,494
Banking Companies	50,521	2,075
Non-Banking Financial Institutions	3,655,598	6,136,598
Private Sector	57,901,921	40,260,213
	122,747,778	99,253,161

18.2 This includes deposits eligible to be covered under takatuf arrangements amounting to Rs. 71,670.390 million (2020: Rs. 61,239.189 million).

	Note	2021	2020
		Rupees in thousands	
19 OTHER LIABILITIES			
Profit / return payable in local currency	19.1	814,469	611,605
Profit / return payable in foreign currencies		1,864	3,874
Accrued expenses		323,648	349,687
Current taxation (provision less payments)		8,336	-
Unearned income		54,705	39,975
Acceptances	14	4,488,672	2,716,615
Branch adjustment account		160,072	-
Advance receipt against Islamic financing and related assets		22,578	16,206
Charity fund balance	19.2	8,823	46,615
Security deposits against Ijarah financing		706,910	784,910
Withholding tax, Federal excise duty and other payable		23,240	14,150
Mark to market loss on forward foreign exchange contracts		8,684	181,783
Lease liability against right-of-use asset	19.3	2,580,026	3,143,507
Others		343,326	213,432
		9,545,353	8,122,359

19.1 It includes Rs. 14,519 million (2020: Rs. 17,550 million) in respect of profit / return accrued on Musharaka with SBP under Islamic Export Refinance Scheme.

	Note	2021	2020
		Rupees in thousands	
19.2 Reconciliation of charity fund balance			
Opening balance		46,615	57,782
Additions during the year			
- Received from customers against late payment		7,316	42,477
- Dividend purification amount		1,093	771
- Charity against other Non-Shariah compliant income		265	-
- Profit on charity saving account		673	2,085
		9,347	45,333
Charity paid during the year	19.2.1	(25,500)	(56,500)
Charity reversed during the year	19.2.3	(21,639)	-
Closing balance		8,823	46,615

18.2.1 Charity was paid to the following institutions:

	2021	2020
	Rupees in thousands	
The Patients' Bahhood Society for Aga Khan University Hospital	1,000	1,000
Al-Khidmat Foundation Pakistan	2,000	2,000
Arthritis Care Centre	1,000	2,000
Aziz Jehan Begum Trust for the Blind	1,000	3,000
Chiniot Anjuman Islamia	-	1,000
Chiniot Blood Bank and Dialysis Centre	-	1,000
Family Welfare Society	1,000	3,000
Fatimid Foundation	-	3,000
Indus Hospital	2,000	5,000
Intaq Memorial Trust	1,000	3,000
Layton Rehmatullah Benevolent Trust	-	4,000
Mind Organization	500	2,000
Pink Ribbon	-	2,000
Saleem Memorial Trust Hospital	3,500	6,000
Sayani Welfare Trust	2,000	2,000
Shaukat Khanam Memorial Cancer Hospital and Research Centre	1,000	3,000
Sindh Institute of Urology & Transplantation	2,000	3,000
The Citizens Foundation	1,000	4,000
Jahandad Society for Community Development	-	1,500
The Lahore Hospital Welfare Society	500	2,000
Al - Mustafa Welfare Society	-	500
Frontier Foundation blood transfusion Centre	-	500
The Hunar Foundation	2,000	-
Alamgir Welfare Trust International	2,000	-
Institute of Business Administration (Center of Excellence in Islamic Finance)	2,000	-
Zubaida Medical Center	-	1,000
Mofad e Amma Chiniot Sheikh Association	-	1,000
	25,500	56,500

18.2.2 Charity was not paid to any staff of the Bank or to any individual / organisation in which a director or his spouse had any interest at any time during the year.

18.2.3 During the year, the Bank's customers with respect to Islamic financing requested to reverse the charity on account of bad economic condition due to COVID-19 pandemic. The Shariah Board of the Bank after detailed evaluation approved the reversal of charity, benefit of which was given to the aforementioned customers.

18.3 Ijarah of Mustajir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item. Movement in lease liability against right-of-use assets is as follows:

	2021	2020
	Rupees in thousands	
Balance as January, 01	3,143,507	3,039,168
Addition during the year	228,001	516,360
Disposed off during the year	(558,509)	(206,003)
Unwinding of lease liability against right-of-use assets	343,047	388,790
Payment of lease liability against right-of-use asset	(641,300)	(619,207)
Other adjustments (if any)	65,680	24,399
Balance as at December, 31	2,580,026	3,143,507

20 SHARE CAPITAL

20.1 Authorised capital

	2021	2020
	Rupees in thousands	
Number of shares		
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10/- each
	15,000,000	15,000,000

20.2 Issued, subscribed and paid up capital			
		2021	2020
		2021	2020
Number of shares	Fully paid in cash	Rupees in thousands	
1,155,000,000	1,155,000,000	Balance at beginning of the year	11,550,000
-	-	Issued during the year	-
1,155,000,000	1,155,000,000	Balance at end of the year	11,550,000
20.3 The Bank's shares are 100 % (2020: 100%) held by MCB Bank Limited (MCB) - the parent company and its nominee directors.			
		2021	2020
		Rupees in thousands	
21 RESERVE\$			
Statutory reserves		88,193	68,107
21.1	Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.		
		Note	2021
			2020
		Rupees in thousands	
22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) arising on revaluation of:			
- Fixed assets	22.1	352,692	355,252
- Available for sale securities	22.2	(93,946)	247,937
		258,746	603,189
Deferred tax on surplus / (deficit) on revaluation of:			
- Fixed assets	22.1	(47,021)	(43,095)
- Available for sale securities	22.2	36,639	(86,778)
		(10,382)	(129,873)
		248,364	473,316
22.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as January 01		355,252	357,814
Recognised during the year		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(1,303)	(1,665)
Related deferred tax liability on incremental depreciation charged during the year		(1,257)	(897)
Surplus on revaluation of fixed assets as at December 31		352,692	355,252
Less: Related deferred tax liability on:			
revaluation as at January 01		43,095	43,992
opening liability remeasurement		5,183	-
incremental depreciation charged during the year		(1,257)	(897)
		(47,021)	(43,095)
		305,671	312,157
22.2 Surplus / (deficit) on revaluation of available for sale securities - net of tax			
Available for sale securities			
Listed shares		(171)	292,987
Sukuku		(93,775)	(45,050)
		(93,946)	247,937
Related deferred tax asset / (liability)		36,639	(86,778)
		(57,307)	161,159

	Note	2021	2020
		Rupees in thousands	
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	7,787,920	8,000,674
Commitments	23.2	16,115,126	20,583,025
Other contingent liabilities	23.3	450,782	437,433
		24,353,828	29,021,132
23.1 Guarantees:			
Performance guarantees		3,501,067	3,935,121
Other guarantees		4,286,853	4,065,550
		7,787,920	8,000,674
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
Letters of credit		13,821,410	7,654,971
Commitments in respect of:			
Forward foreign exchange contracts	23.2.1	1,499,325	11,909,879
Commitments for acquisition of:			
Intangible assets		55,401	10,724
Fixed assets		30,036	-
Other commitments	23.2.2	708,954	1,007,451
		16,115,126	20,583,025
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		489,060	5,046,837
Sale		1,010,265	6,863,042
		1,499,325	11,909,879
23.2.2 Other Commitments			
Commitments to extend financing	23.2.2.1	708,954	1,007,451
23.2.2.1 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.			
23.2.2.2 Other than those stated above, the Bank makes commitment(s) to extend credit in the normal course of business including related parties but these being revocable commitments do not attract any penalty or expense if the facility is unilaterally withdrawn.			
		2021	2020
		Rupees in thousands	
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debt		450,782	437,433
This includes claim by a third party against the Bank, amounting to Rs. 425.820 million (December 31, 2020: Rs. 425.820 million) which is being contested in the Court of law. The suit has been disposed off by the Court vide Order dated May 10, 2019 wherein the status quo has been ordered to be maintained with respect to bank guarantee and the matter has been referred to arbitration with the consent of the parties. However the Bank has not received any official notice to attend the arbitration proceedings till date.			
In addition to the above, this includes claim by different parties against the bank amounting to Rs. 24.962 million (December 31, 2020: Rs. 11.613 million) which is pending before the court. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements.			

23.4 The Sindh Revenue Board (SRB) has issued order under "Sindh Sales Tax on Services Act, 2011", for the year 2018 thereby raising demand of Rs. 1.775 million. The Bank has filed appeal before Commissioner of Inland Revenue Appeals which is pending adjudication. The management of the Bank, in consultation with its tax advisor, is confident that the decision in respect of the above matter would be in the Bank's favor and accordingly no provision has been made in these financial statements with respect thereto.

	Note	2021	2020
		Rupees in thousands	
24 PROFIT / RETURN EARNED			
Financings		6,793,308	7,044,066
Investments in			
- Available-For-Sale securities		1,962,671	1,853,889
- Held-To-Maturity securities		369,580	411,594
		2,332,251	2,265,483
Musharaka arrangements with financial institutions		70,147	215,060
Deposits with financial institutions		7,010	91,442
		9,202,716	9,616,051
26 PROFIT / RETURN EXPENSED			
Deposits and other accounts		3,894,499	4,340,687
Musharaka arrangements with the State Bank of Pakistan under IERS		90,942	66,345
Musharaka arrangements with other financial institutions		662,374	468,267
Musharaka arrangements with other institutions		17,983	16,900
Unwinding of lease liability against right-of-use assets	25.1	343,047	388,790
		5,008,845	5,280,989
26.1	Ijarah of Mustajir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item.		
	Note	2021	2020
		Rupees in thousands	
28 FEE & COMMISSION INCOME			
Branch banking customer fees		14,276	10,752
Consumer finance related fees		15,992	11,250
Card related fees		104,754	75,249
Credit related fees		16,943	13,202
Digital banking fees		20,441	17,055
Commission on trade		90,984	76,259
Commission on guarantees		54,000	46,375
Commission on cash management		1,651	704
Commission on remittances including home remittances		12,315	10,214
Commission on banca takaful		57,243	54,125
Locker rent		15,320	14,576
Others		194	1,241
		408,113	331,002
27 GAIN / (LOSS) ON SECURITIES			
Realised (loss) / gain during the year	27.1	(593,936)	14,274
27.1	Realised (loss) / gain - net on:		
Federal Government Securities - Sukuk certificates		-	276
Shares		(593,936)	13,998
		(593,936)	14,274

	Note	2021	2020
		Rupees in thousands	
28 OTHER INCOME			
Rental income		11,787	10,715
Gain on sale of fixed assets - net		1,327	562
Fees and charges recovered		2,333	719
Gain on conversion of Ijarah agreements		20,751	63,290
Gain on termination of lease liability against right-of-use assets		94,275	25,652
Commission on arrangement with financial institutions		69,990	60,384
		200,473	161,322
28 OPERATING EXPENSES			
Total compensation expense	29.1	2,123,223	2,099,691
Property expense			
Rent and taxes		18,621	26,926
Takaful expenses		35,957	43,040
Utilities cost		155,455	126,703
Security (including guards)		217,149	202,304
Repair and maintenance (including janitorial charges)		106,142	105,236
Depreciation on right-of-use assets	29.3	474,024	474,029
Depreciation		236,704	204,090
		1,244,052	1,182,328
Information technology expenses			
Software maintenance		252,609	156,130
Hardware maintenance		30,292	130,011
Takaful expenses		2,303	2,444
Depreciation		139,747	140,225
Amortisation	12.1	153,740	140,918
Network charges		110,536	107,418
		689,127	677,146
Other operating expenses			
Directors' fees and allowances	37.2	730	830
Remuneration to Shariah Board		10,433	9,417
Legal and professional charges		26,355	32,121
Takaful expenses		104,145	84,294
Fee and subscription		2,574	3,542
Outsourced services costs	35.1	135,769	201,023
Travelling and conveyance		70,412	60,301
Repair and maintenance of vehicles		2,742	1,843
NIFT clearing charges		18,179	20,305
Brokerage, commission and bank charges		40,689	33,418
Depreciation		12,975	14,392
Training and development		6,377	6,271
Postage and courier charges		42,257	52,657
Communication		28,724	26,102
Stationery and printing		65,103	57,445
Marketing, advertisement and publicity		24,911	18,188
Auditors' remuneration	29.2	12,935	7,001
Entertainment		43,543	39,963
Others		48,347	52,204
		697,200	721,317
		4,753,602	4,680,482

Total cost for the year included in Other Operating Expenses relating to outsourced activities is Rs. 21.370 million (2020: Rs. 5.331 million). Out of this cost, Rs. 19.141 million (2020: Rs. 3.400 million) pertains to companies incorporated in Pakistan and Rs. 2.229 million (2020: Rs. 1.931 million) pertains to companies incorporated outside Pakistan. This includes expenses of outsourced services costs, which are disclosed above.

		2021	2020
		Rupees in thousands	
29.1 Total compensation expense			
Managerial Remuneration			
i) Fixed		885,512	814,940
ii) Variable			
a) Cash awards		191	228
b) Accrual for staff bonus		138,180	209,100
Contribution to defined contribution plan		60,353	60,414
Rent and house maintenance		366,938	361,230
Utilities		81,245	79,985
Medical		33,095	33,008
Conveyance and fuel		257,806	262,210
Special allowances		232,156	229,928
Sales commission		15,851	2,170
Staff takatuf		51,652	46,460
Others		244	18
		2,123,223	2,099,691
29.2 Auditors' remuneration			
Audit fee		2,205	2,205
Fee for interim review		866	866
Fee for other statutory certifications		3,136	2,846
Tax services		3,960	-
Fee for special certifications and other services		848	-
Sales tax on services		892	296
Out-of-pocket expenses		1,028	788
		12,935	7,001
29.3	(jarah of Musta)ir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item.		
	Note	2021	2020
		Rupees in thousands	
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		51,123	590
Contesting charges		500	-
		51,623	590
31 PROVISIONS & WRITE OFFS - NET			
Reversal of provision for diminution in value of investments	9.3	(777,242)	(19,736)
Provision against Islamic financing and related assets	10.9	130,121	35,006
		(647,121)	15,270
32 TAXATION			
Current		142,765	174,980
Prior years		(4,300)	(8,003)
Deferred	13	(13,846)	17,786
		124,619	184,763
32.1 Relationship between tax expense and accounting profit			
Profit before taxation		225,051	393,079
Tax at the applicable rate		39%	39%
Tax on profit		87,770	153,301
Effect of:			
- permanent differences		19,938	207
- others		15,911	31,255
		35,849	31,462
Tax charge for the year		124,619	184,763

		2021	2020
		Rupees in thousands	
33 BASIC AND DILUTED EARNING / (LOSS) PER SHARE - AFTER TAX			
Profit after taxation		100,432	208,316
		Number of shares - in thousands	
Weighted average number of ordinary shares		1,155,000	1,155,000
		Rupee	
Basic / diluted earning per share - after tax		0.087	0.180
33.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue at the reporting dates.		
	Note	2021	2020
		Rupees in thousands	
34 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	11,309,285	9,872,197
Balances with other banks	7	3,696,073	4,996,602
Overdrawn nostro accounts	17.2	(45,032)	-
		14,960,326	14,868,799
		2021	2020
		Numbers	
36 STAFF STRENGTH			
Permanent		1,541	1,615
On Bank contract		314	18
Bank's own staff strength at end of the year		1,855	1,633
36.1	In addition to the above, 252 (2020: 500) 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. All of these employees were working with the Bank domestically in current and prior year.		
38 DEFINED CONTRIBUTION PLAN			
The Bank operates an approved contributory provident fund for 1,189 (2020: 1,384) employees. Equal monthly contributions are made both by the Bank and its permanent employees to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his / her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary.			
		2021	2020
		Rupees in thousands	
Contribution made by the Bank		60,547	60,591
Contribution made by the employees		64,043	63,412
		124,590	124,003

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL
37.1 Total Compensation Expense

2021							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	Rupees in thousands						
Fees and Allowances etc.	130	-	600	-	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	6,321	16,190	55,477	52,661
ii) Variable of which:							
a) Cash bonus / awards	-	-	-	950	13,500	29,900	13,765
Contribution to defined contribution plan	-	-	-	194	1,348	4,623	4,364
Rent and house maintenance	-	-	-	1,047	7,281	24,985	23,890
Utilities	-	-	-	233	1,620	5,548	5,288
Medical	-	-	-	-	-	-	292
Conveyance	-	-	-	1,129	-	22,941	21,762
Rental Subsidy (Rent Paid Residence)	-	-	-	-	-	-	646
Special Pay	-	-	-	241	-	6,513	5,127
Charge allowance	-	-	-	-	-	-	2,017
Fuel Allowance	-	-	-	318	-	4,717	5,907
Leave fare assistance (LFA)	-	-	-	-	1,213	5,774	809
Sales Commission	-	-	-	-	-	-	1,080
Dealing Allowance	-	-	-	-	-	-	144
Others	-	-	-	-	-	-	666
Total	130	-	600	10,433	41,142	161,458	138,204
Number of Persons	1	-	7	3	1	11	23

2020							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
Rupees in thousands							
Fees and Allowance etc.	130	-	700	-	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	5,681	16,339	53,862	56,077
ii) Variable of which:							
a) Cash bonus / awards	-	-	-	900	18,000	27,360	19,209
Contribution to defined contribution plan	-	-	-	177	1,291	4,488	4,633
Rent and house maintenance	-	-	-	957	7,353	24,236	25,235
Utilities	-	-	-	213	1,634	5,306	5,606
Medical	-	-	-	-	-	-	494
Conveyance	-	-	-	1,020	-	23,631	26,062
Rental Subsidy (Rent Paid Residence)	-	-	-	-	-	-	646
Special Pay	-	-	-	241	-	6,680	6,443
Charge allowance	-	-	-	-	-	-	2,172
Fuel Allowance	-	-	-	228	-	4,840	6,638
Leave fare assistance (LFA)	-	-	-	-	1,213	9,990	1,689
Sales Commission	-	-	-	-	-	-	553
Dealing Allowance	-	-	-	-	-	-	138
Others	-	-	-	-	-	-	122
Total	130	-	700	9,417	45,830	160,475	155,739
Number of Persons	1	-	6	3	2	13	31

37.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2021								
Sr. No.	Name of Director	For Board Meetings	Meeting Fees and Allowances Paid					
			For Board Committees					
			Audit Committee (AC)	HR & RC	RM & PRC	BS & SGRC	BIT	SEC
Rupees in thousands								
1	Raza Mansha	40	-	20	-	10	-	-
2	Ahmed Ebrahim Hasham	50	-	-	30	20	-	10
3	Omair Saifdar	50	40	30	40	30	-	10
4	Jawad Iqbal	30	20	20	10	-	10	-
5	Seema Aziz	-	-	-	-	-	-	-
6	Dr. Khalid Zaher	-	10	-	-	-	-	10
7	Ibrahim Shamai	50	40	-	30	-	20	10
8	Usman Hassan	30	-	20	-	40	-	-
Total Amount Paid		250	110	90	110	100	30	40

2020								
Sr. No.	Name of Director	For Board Meetings	Meeting Fees and Allowances Paid					
			For Board Committees					
			Audit Committee (AC)	HR & RC	RM & PRC	BS & SGRC	BIT	SEC
Rupees in thousands								
1	Raza Mansha	50	-	30	-	50	-	-
2	Ahmed Ebrahim Hasham	50	-	-	40	40	-	-
3	Omair Saifdar	50	50	30	40	10	-	10
4	Aftab Ahmad Khan	10	10	10	-	10	-	-
5	Seema Aziz	30	10	-	-	10	-	-
6	Dr. Khalid Zaher	50	50	30	-	-	10	10
7	Ibrahim Shamai	40	20	-	30	-	10	-
8	Usman Hassan	20	-	-	-	20	-	-
Total Amount Paid		300	140	100	110	140	20	20

37.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
Rupees in thousands						
a. Meeting Fees and Allowances	-	-	-	-	-	-
b. Other Heads						
Basic salary	2,476	2,327	1,518	2,283	2,128	1,290
House rent	-	1,047	-	-	957	-
Utilities	-	233	-	-	213	-
Conveyance	-	1,129	-	-	1,020	-
Fuel	-	318	-	-	228	-
Special pay	-	241	-	-	241	-
Bonus	-	950	-	-	900	-
PF Employer	-	194	-	-	177	-
Medical	-	-	-	-	-	-
Total Amount	2,476	6,439	1,518	2,283	5,664	1,290
Total number of persons	1	1	1	1	1	1

37.4 Deferred cash bonus / remuneration for MRT's and MRC's for the year 2020 is Rs. 4,938 million (2019: Rs. 5,560 million) whereas the total payments made during the year amounting to Rs. 1,990 million out of bonus deferred in 2019. The total outstanding balance as at December 31, 2021 amounts to Rs. 8,508 million which pertains to 2019 and 2020.

37.5 The Chief Executive and one key management personnel have been provided with free use of the Bank's cars as per terms of employment.

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 securities, placements, Islamic financing and related assets, other assets, other liabilities, fixed term deposits and acceptances 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.

The repricing profile with effective rates and maturity are stated in notes 42.2.5 and 42.4.1 respectively. 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 assets and liabilities are either short-term in nature or re-priced over short term.

38.1 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).

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

2021				
Fair Value				
Carrying value	Level 1	Level 2	Level 3	Total
Rupees in thousands				

On-balance sheet financial instruments
Financial assets measured at fair value

Investments

Federal Government Securities	30,531,565	-	30,531,565	-	30,531,565
Shares	377,427	377,427	-	-	377,427
Non-Government Securities	910,933	-	910,933	-	910,933
	31,819,925	377,427	31,442,498	-	31,819,925

Financial assets - disclosed
but not measured at fair value

Investments (held to maturity)	1,655,891	-	-	-	-
Cash and balances					
with treasury banks	11,309,285	-	-	-	-
Balances with other banks	3,696,073	-	-	-	-
Due from financial institutions	1,650,000	-	-	-	-
Islamic financing					
and related assets - net	80,421,480	-	-	-	-
Other assets	7,922,281	-	-	-	-

Fair value of non-financial assets

Operating fixed assets					
(land and building)	1,314,657	-	1,314,657	-	1,314,657

Off-balance sheet

financial instruments

Foreign exchange contracts purchase	489,060	-	505,603	-	505,603
Foreign exchange contracts sale	1,010,265	-	1,018,949	-	1,018,949

2020				
Fair Value				
Carrying value	Level 1	Level 2	Level 3	Total
Rupees in thousands				

On-balance sheet financial instruments
Financial assets measured at fair value

Investments

Federal Government Securities	22,444,114	-	22,444,114	-	22,444,114
Shares	1,069,528	1,069,528	-	-	1,069,528
Non-Government Securities	1,058,528	-	1,058,528	-	1,058,528
	24,572,170	1,069,528	23,502,642	-	24,572,170

Financial assets - disclosed
but not measured at fair value

Investments (held to maturity)	3,045,827	-	-	-	-
Cash and balances					
with treasury banks	9,872,197	-	-	-	-
Balances with other banks	4,996,602	-	-	-	-
Due from financial institutions	828,790	-	-	-	-
Islamic financing					
and related assets - net	68,073,221	-	-	-	-
Other assets	5,686,716	-	-	-	-

Fair value of non-financial assets

Operating fixed assets					
(land and building)	1,319,595	-	1,319,595	-	1,319,595

Off-balance sheet financial instruments

Foreign exchange contracts purchase	5,046,837	-	5,195,656	-	5,195,656
Foreign exchange contracts sale	6,863,042	-	6,854,302	-	6,854,302

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1, 2 and 3 during the year.

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

(b) Financial instruments in level 2
Financial instruments included in level 2 comprise of Sukuka and forward foreign exchange contracts.

(c) Financial instruments in level 3
Currently, no financial instrument is classified in level 3.

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
(Jarrah Sukuka (GDP) and other (Jarrah Sukuka and other (Jarrah Sukuka)	Fair values of GDP (Jarrah Sukuka and other (Jarrah Sukuka are derived using the PROSRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Operating fixed assets (land and building)	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Bankers Association. The valuation is based on their assessment of market value of the properties.

30 SEGMENT INFORMATION

30.1 Segment Details with respect to Business Activities

	2021								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
Profit and Loss									
Net Profit / return	(3,337,585)	5,394,776	690,513	12,793	1,747,094	(273,880)	4,193,871	-	4,193,871
Inter segment revenue - net	8,568,470	(4,842,900)	(401,703)	(10,260)	(1,483,125)	149,518	-	-	-
Other income	325,228	155,273	30,841	671	102,704	(415,297)	199,420	-	199,420
Total Income	3,556,113	707,149	279,651	3,204	366,673	(539,439)	4,393,291	-	4,393,291
Segment direct expenses	(2,244,150)	(105,416)	(188,254)	(25,647)	(24,464)	(2,227,430)	(4,815,381)	-	(4,815,381)
Inter segment expense allocation	(873,336)	(9,583)	(11,745)	(3,674)	(2,098)	800,422	-	-	-
Total expenses	(3,117,486)	(114,999)	(199,999)	(29,321)	(26,562)	(1,327,008)	(4,815,381)	-	(4,815,381)
Reversals / (provisions) and write offs - net	132	(95,989)	(21,147)	(7,532)	-	774,837	647,121	-	647,121
Profit / (loss) before tax	438,759	493,196	58,505	(33,649)	380,050	(1,091,610)	225,051	-	225,051
Balance Sheet									
Cash and bank balances	3,841,702	-	-	-	11,383,898	-	15,005,358	-	15,005,358
Investments	-	-	-	-	33,096,389	377,427	33,473,816	-	33,473,816
Net inter segment placements	113,032,854	-	-	-	-	3,337,901	116,370,755	(116,370,755)	-
Due from financial institutions	-	-	-	-	1,650,000	-	1,650,000	-	1,650,000
Financing - performing	10,545,170	78,408,500	7,292,209	177,073	-	1,310,558	95,731,510	-	95,731,510
- non-performing	79,825	479,229	15,413	2,885	-	-	577,052	-	577,052
Others	540,785	5,302,253	313,736	11,181	1,221,474	7,438,248	14,827,657	-	14,827,657
Total Assets	127,840,016	82,187,882	7,621,358	191,139	47,333,519	12,484,134	277,838,148	(116,370,755)	181,287,393
Bills payable	1,896,801	-	-	-	-	-	1,896,801	-	1,896,801
Due to financial institutions	2,215,231	7,112,842	-	-	7,148,033	-	16,476,006	-	16,476,006
Deposits & other accounts	122,070,146	877,832	-	-	-	-	122,947,978	-	122,947,978
Net inter segment acceptances	-	89,352,895	6,922,076	224,761	39,871,023	-	116,370,755	(116,370,755)	-
Others	1,219,079	4,551,617	640,777	27	38,327	3,095,528	9,545,353	-	9,545,353
Total Liabilities	127,401,257	81,694,786	7,562,853	224,788	47,054,383	3,095,528	267,033,593	(116,370,755)	150,662,838
Equity	438,759	493,196	58,505	(33,649)	279,136	9,388,608	10,604,555	-	10,604,555
Total Equity & Liabilities	127,840,016	82,187,882	7,621,358	191,139	47,333,519	12,484,134	277,838,148	-	181,287,393
Contingencies & Commitments	5,934,800	15,595,923	185,542	-	1,549,326	85,437	24,353,828	-	24,353,828

	2020								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
Profit & Loss									
Net Profit / return	(4,290,804)	5,905,826	502,217	51,778	2,103,718	62,127	4,335,082	-	4,335,082
Inter segment revenue - net	8,789,776	(5,007,389)	(312,326)	(15,243)	(1,850,830)	385,812	-	-	-
Other income	290,355	173,875	27,405	1,438	279,395	1,721	784,189	-	784,189
Total Income	2,779,227	1,072,312	217,296	37,973	532,283	459,660	5,099,251	-	5,099,251
Segment direct expenses	(2,024,432)	(89,743)	(75,409)	(34,985)	(24,041)	(2,441,292)	(4,690,902)	-	(4,690,902)
Inter segment expense allocation	(937,613)	(10,252)	(37,827)	(18,698)	(2,211)	1,003,989	-	-	-
Total expenses	(2,962,045)	(99,995)	(114,236)	(53,683)	(26,252)	(1,437,303)	(4,690,902)	-	(4,690,902)
(Provisions) / reversals and write offs - net	-	(442)	(25,171)	(5,393)	19,736	-	(15,270)	-	(15,270)
(Loss) / profit before tax	(181,918)	971,875	78,889	(22,091)	525,967	(977,643)	393,079	-	393,079

	2020								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total

Rupees in thousands

Balance Sheet

Cash and bank balances	5,178,089	-	-	-	9,890,730	-	14,868,799	-	14,868,799
Investments	-	-	-	-	27,817,997	-	27,817,997	-	27,817,997
Net inter segment placements	91,518,432	-	-	-	-	3,770,519	95,288,951	(95,288,951)	-
Due from financial institutions	-	-	-	-	828,790	-	828,790	-	828,790
Financing - performing	8,831,774	71,356,291	4,706,381	88,378	-	1,184,313	84,165,115	-	84,165,115
- non-performing	64,955	615,492	35,091	11,538	-	-	731,076	-	731,076
Others	634,578	3,194,322	191,877	882	948,459	7,890,991	12,959,109	-	12,959,109
Total Assets	104,227,858	75,169,105	4,934,329	98,798	30,083,978	12,945,823	238,459,837	(95,288,951)	141,170,886
Bills payable	2,470,821	-	-	-	-	-	2,470,821	-	2,470,821
Due to financial institutions	1,635,575	4,539,198	-	-	14,222,000	-	20,596,773	-	20,596,773
Deposits & other accounts	89,123,980	129,201	-	-	-	-	99,253,181	-	99,253,181
Net inter segment acceptances	-	68,735,255	4,525,454	120,825	24,107,417	-	95,288,951	(95,288,951)	-
Others	979,370	2,793,576	531,868	82	67,433	3,749,932	8,122,359	-	8,122,359
Total Liabilities	104,409,726	74,197,230	4,857,440	120,887	38,396,850	3,749,932	225,732,065	(95,288,951)	130,443,114
Equity	(181,918)	971,875	78,889	(22,091)	687,126	9,195,891	10,727,772	-	10,727,772
Total Equity & Liabilities	104,227,858	75,169,105	4,934,329	98,798	30,083,978	12,945,823	238,459,837	-	141,170,886
Contingencies & Commitments	5,297,981	10,700,593	51,865	-	11,959,879	10,724	28,021,132	-	28,021,132

30.2 Segment details with respect to geographical locations

The Bank operates in Pakistan only.

40 RELATED PARTY TRANSACTIONS

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

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 staff retirement benefits are made in accordance with the terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

40.1 The details of transactions with related parties and balances with them are given below:

	2021				2020			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	Rupees in thousands				Rupees in thousands			
Balances with other banks in current accounts	22,487	-	-	-	28,393	-	-	-
	22,487	-	-	-	28,393	-	-	-
Islamic financing and related assets								
Opening balance	-	8,290	81,703	1,110,848	-	-	79,634	781,837
Addition during the year	-	8,000	30,531	5,654,668	-	8,290	23,488	2,845,709
Repaid during the year	-	(9,914)	(19,762)	(5,168,824)	-	-	(18,223)	(3,082,080)
Transfer in / (out) - net	-	-	(722)	698,000	-	-	(3,267)	485,282
Closing balance	-	6,376	91,750	2,274,692	-	8,290	81,703	1,110,848
Fixed assets - Capital work in progress								
Advance paid against purchase of property	20,000	-	-	-	20,000	-	-	-
Other assets								
Profit receivable	-	248	2,718	26,604	-	158	1,927	23,500
Commission receivable	-	-	-	-	-	-	-	4,451
Prepaid expenses	-	508	2,614	23,758	-	202	2,191	22,958
Receivable under scheme of merger	11,282	-	-	-	11,282	-	-	-
Receivable under home remittance	12,274	-	-	-	11,588	-	-	-
Mark to market gain on forward foreign exchange contracts	-	-	-	-	8,700	-	-	-
	23,558	754	5,530	50,560	29,550	360	4,118	50,908
Due to financial institutions								
Opening balance	-	-	-	-	680,853	-	-	-
Addition during the year	103,400,000	-	-	-	23,703,828	-	-	-
Repaid during the year	(98,900,000)	-	-	-	(24,584,781)	-	-	-
Closing balance	3,500,000	-	-	-	-	-	-	-
Deposits								
Opening balance	-	576,527	21,655	1,548,037	-	25,190	22,043	1,301,809
Addition during the year	-	3,648,952	281,775	33,993,053	-	2,446,382	215,941	22,827,429
Withdrawn during the year	-	(3,697,588)	(251,621)	(34,004,836)	-	(1,677,148)	(218,041)	(22,263,818)
Transfer in / (out) - net	-	-	-	32,218	-	(17,808)	(288)	(118,585)
Closing balance	-	526,891	31,609	1,565,472	-	576,527	21,655	1,548,037
Other liabilities								
Profit payable	17,848	2,857	44	5,672	-	3,059	31	5,350
Accrued expenses	-	-	-	10,238	-	-	-	14,559
Mark to market loss on forward foreign exchange contracts	-	-	-	-	48,115	-	-	-
Acceptances	587,038	-	-	-	592,865	-	-	-
Unearned income	-	-	-	1,778	-	-	-	1,788
Other liabilities	-	370	-	-	-	-	-	-
	604,885	3,227	44	17,680	639,000	3,059	31	21,895
Contingencies and Commitments								
Letter of Credit	-	-	-	257,728	-	-	-	211,633
Letter of Guarantee	24,388	-	-	844,182	102,102	-	-	882,358
Forward exchange contract								
Purchase	-	-	-	-	1,082,282	-	-	-
Sale	-	-	-	-	241,188	-	-	-
Transactions during the year								
Income								
Profit return earned	-	580	4,437	108,502	-	158	3,822	114,286
Commission income	-	-	-	51,780	-	-	-	40,852
Rental income	11,787	-	-	-	10,715	-	-	-
Other income	-	-	9	-	-	-	18	-
	11,787	580	4,446	160,282	10,715	158	3,840	164,168
Expense								
Profit return expended	153,731	22,428	488	78,790	120,310	15,181	383	73,526
Rental expense	43,023	-	-	-	37,848	-	-	-
Takaful expense	-	-	-	92,353	-	-	-	94,180
Security expense	-	-	-	50,710	-	-	-	52,151
Rent and Taxes	5,418	-	-	-	-	-	-	-
Other expenses	120	730	-	-	120	830	-	18
	202,272	23,158	488	213,653	158,078	16,011	383	219,877
Other transactions during the year								
Fee paid	-	310	-	-	-	830	-	-
Managerial remuneration including bonus paid	-	41,142	171,891	-	-	27,830	169,893	-
Contribution paid to provident fund	-	-	-	124,588	-	-	-	124,002
Re-imbursement under home remittance payments	4,701,212	-	-	-	3,898,911	-	-	-
Proceeds from sale of fixed assets	-	-	8	-	-	-	18	-
Purchase of fixed assets	-	-	-	5,008	-	-	-	438
Disbursement made against advance salary	-	-	1,700	-	-	1,304	300	-
Repayment made against advance salary	-	-	1,033	-	-	1,304	300	-
Payment made against expenses	42,086	-	-	148,671	28,513	-	-	140,489
Foreign currency purchase	23,380,254	-	-	-	45,415,215	-	-	-
Foreign currency sale	13,541,818	-	-	-	35,201,731	-	-	-
Letter of Credit issued	-	-	-	4,092,336	-	-	-	1,875,722
Letter of Guarantee issued	10,888	-	-	278,885	3,494	-	-	225,205

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

	2021	2020
	Rupees in thousands	
Paid-up capital (net of losses)	10,267,998	10,186,349
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	8,701,677	8,405,040
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,701,677	8,405,040
Eligible Tier 2 Capital	310,246	514,163
Total Eligible Capital (Tier 1 + Tier 2)	9,011,923	8,919,203
Risk Weighted Assets (RWAs):		
Credit Risk	63,073,624	63,293,992
Market Risk	2,400,232	3,571,575
Operational Risk	9,074,540	7,369,896
Total	74,548,396	74,235,463
Common Equity Tier 1 Capital Adequacy Ratio	11.67%	11.32%
Tier 1 Capital Adequacy Ratio	11.67%	11.32%
Total Capital Adequacy Ratio	12.05%	12.01%

Statutory minimum capital requirement and Capital Adequacy Ratio (CAR)

The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Phase-in arrangement and full implementation of the minimum capital requirements:

Ratio	Year End December 31,						
	2013	2014	2015	2016	2017	2018	2019
CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
*CCB	0%	0%	0.25%	0.65%	1.275%	1.90%	2.50%
Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.275%	11.90%	12.60%

* Capital Conservation Buffer (CCB) Consisting of CET1 only

SBP vide its BPRD Circular Letter No. 12 of 2020 dated March 26, 2020 has reduced the Capital Conservation Buffer (CCB) from 2.50% to 1.50%. The Minimum Capital Requirement of the Bank stands at Rs.10 Billion at the respective reporting dates and is in compliance with the required capital adequacy ratio including CCB (11.50% of the risk-weighted assets). Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel-III requirements. The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts, sensitivity and combinations of various limits. Beside conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by its Treasury and FX Group. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon. Currently, the bank is reporting operational risk capital charge under Basic Indicator Approach (BIA).

Leverage Ratio (LR):

In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, monitoring of Leverage Ratio is in place as per SBP directives with the following objectives:

- constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- reinforce the risk based requirements with an easy to understand and a non-risk based measure.

A minimum Tier 1 leverage ratio of 3% has been prescribed both at solo and consolidated level.

	2021	2020
Rupees in thousands		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	8,701,677	8,405,040
Total Exposures	184,200,849	153,424,840
Leverage Ratio	4.72%	5.48%

Liquidity Coverage Ratio (LCR)

The objective of Liquidity Coverage Ratio (LCR) is to ensure short-term resilience of the liquidity risk profile of the bank by ensuring availability of adequate High Quality Liquid Assets to survive a significant stress scenario lasting for 30 calendar days. LCR should be kept above 100% as per SBP guidelines.

	2021	2020
Rupees in thousands		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	34,199,441	27,536,984
Total Net Cash Outflow	29,734,237	22,556,206
Liquidity Coverage Ratio	115.02%	122.08%

Net Stable Funding Ratio (NSFR)

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding on ongoing basis. Banks are required to maintain NSFR of at least 100% as per SBP guidelines.

	2021	2020
Rupees in thousands		
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	106,421,668	90,442,043
Total Required Stable Funding	89,002,051	76,614,255
Net Stable Funding Ratio	119.57%	118.05%

42 RISK MANAGEMENT

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

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

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

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework and Annual Risk Appetite and Strategy document. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM & PRC), the senior management and its relevant committees, i.e. the Risk Management Committee (RMC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of a comprehensive Risk Management Framework. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the Bank to ensure that risks are kept within an acceptable level.

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

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

- Credit Risk Management (Including Credit Risk Review & Control)
- Market Risk Management
- Operational Risk Management
- Liquidity Risk Management
- Cyber Security Risk Management

42.1 Credit Risk

Credit risk arises from our dealings with individuals, corporate clients, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its financing and investment activities. It stems from the Bank's both, on and off-balance sheet activities. Credit risk makes up the largest part of the Bank's exposure. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. Organizational structure of this function ensures pre and post-facto management of credit risk. While, Credit Review function provides pre-fact evaluation of counterparties, the Credit Risk Control (CRC) performs post-fact evaluation of financing facilities and reviews clients' performance on an ongoing basis.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel-III requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Bank has developed rating systems and all its corporate and commercial financing customers are internally rated. The Bank is in the process of continuously improving the system and bringing it in line with the Basel framework requirements.

41.1 The full disclosures on the "CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS" as per SBP instructions issued from time to time are available at <https://www.mcbislamicbank.com/investor-relations/financial-reports/financial-reports-2021/>.

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

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- Credit facility or material change to the credit facility is allowed subject to credit review;
- Approval and review process is reviewed by RM&PRC and Internal audit;

As a part of credit assessment the Bank uses an Internal rating framework as well as the ratings assigned by the external credit rating agencies, wherever available.

In compliance to State Bank of Pakistan Instructions, the bank has developed an indigenous model to calculate score of an obligor based on trade based money laundering risk during the year. The model covers various risk parameters to assess risk. The bank also has in place a scoring model to capture environmental risk.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control, being an independent function from the business and operations group, is responsible for performing the following activities:

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

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

To ensure a prudent distribution of asset portfolio, the Bank manages its financing and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBP Prudential Regulation R-1.

The Bank creates specific provision against Non- Performing Financings (NPFs) in accordance with the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer, small entities and micro financings made in accordance with the requirements of the Prudential Regulations issued by SBP on financings.

In compliance to State Bank of Pakistan Instructions, the bank has developed an indigenous model to calculate score of an obligor based on trade based money laundering risk during the year. The model covers various risk parameters to assess risk.

Stress Testing

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

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

42.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross Placements		Non-performing		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in thousands					
Public / Government	-	828,790	-	-	-	-
Private	1,650,000	-	-	-	-	-
	1,650,000	828,790	-	-	-	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non-performing		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in thousands					
Power (electricity), Gas, Water, Sanitary	115,000	372,503	-	-	-	-
Financial including government securities	32,983,389	26,100,454	-	-	-	-
Chemicals	-	75,512	-	-	-	-
	33,098,389	26,548,469	-	-	-	-

Credit risk by public / private sector

	Gross Investments		Non-performing		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in thousands					
Public/ Government	32,072,456	25,144,940	-	-	-	-
Private	1,025,933	1,403,529	-	-	-	-
	33,098,389	26,548,469	-	-	-	-

42.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross Financing		Non-performing		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in thousands					
Agriculture, Forestry, Hunting and Fishing	806,013	1,090,386	157,100	524,325	-	-
Textile	9,325,455	9,262,295	-	-	-	-
Chemical and Pharmaceuticals	1,672,737	2,039,538	-	-	-	-
Cement	3,535,389	2,361,423	-	-	-	-
Sugar	3,997,462	5,612,687	-	-	-	-
Footwear and Leather garments	259,554	194,000	-	-	-	-
Automobile and transportation equipment	406,979	423,592	-	-	-	-
Electronics and electrical appliances	462,310	293,190	-	-	-	-
Construction	2,593,599	2,173,999	42,024	-	-	-
Power (electricity), Gas, Water, Sanitary	1,539,145	3,399,570	-	-	-	-
Wholesale and Retail Trade	1,485,799	1,055,745	517	649	517	649
Transport, Storage and Communication	40,480,736	30,590,307	220,869	-	99,411	-
Financial	219,732	357,058	-	-	-	-
Insurance	13,544	25,691	-	-	-	-
Services	3,835,506	4,848,941	5,087	16,843	2,201	5,297
Food, Beverages, Tobacco and personal products	8,200,924	6,988,290	237,500	158,554	-	-
Paper	1,322,709	1,359,172	-	-	-	-
Steel	3,156,928	3,267,345	-	-	-	-
Shipbreaking	921,652	1,186,766	-	-	-	-
Oil Refinery	400,000	600,000	-	-	-	-
Plastic	742,668	528,091	-	-	-	-
Individuals	8,700,856	5,985,688	38,002	55,099	22,589	19,007
Manufacturing	1,640,896	-	-	-	-	-
Others	774,569	1,318,659	671	1,001	-	442
	96,495,162	84,962,433	701,770	756,471	124,718	25,395

Credit risk by public / private sector

	Gross Financing		Non-performing		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in thousands					
Public / Government	40,836,337	31,045,421	-	-	-	-
Private	55,658,825	53,917,012	701,770	756,471	124,718	25,395
	96,495,162	84,962,433	701,770	756,471	124,718	25,395

42.1.4 Contingencies and Commitments

Credit risk by industry sector

	2021	2020
	Rupees in thousands	
Agriculture, Forestry, Hunting and Fishing	330,120	13,545
Textile	3,790,070	3,784,542
Chemical and Pharmaceuticals	906,576	1,040,375
Cement	995,398	68,778
Sugar	784,708	684,799
Footwear and Leather garments	698,841	-
Automobile and transportation equipment	80,927	78,011
Electronics and electrical appliances	372,334	1,859,200
Construction	2,486,919	2,065,985
Power (electricity), Gas, Water, Sanitary	1,406,970	372,591
Wholesale and Retail Trade	1,754,177	1,079,203
Transport, Storage and Communication	5,514	5,523
Financial	93,421	121,991
Glassware	297,995	253,236
Insurance	320	14,036
Services	1,760,220	1,174,420
Food, Beverages and Tobacco	1,481,151	1,037,165
Paper	142,335	253,545
Steel	3,079,229	2,409,236
Shipbreaking	19,429	143,645
Oil Refinery	-	200,000
Plastic	47,855	84,160
Individuals	188,098	53,284
Shipyard	1,623,924	-
Manufacturing	150,093	-
Others	247,480	303,259
	22,744,104	17,100,529
Credit risk by public / private sector		
Public / Government	1,623,925	479,503
Private	21,120,179	16,621,026
	22,744,104	17,100,529

42.1.6 Concentration of Islamic financing and related assets

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 58,173 million (2020: Rs. 42,335 million) are as following:

	2021	2020
	Rupees in thousands	
Funded	47,974,038	36,396,601
Non Funded	10,198,768	5,938,178
Total Exposure	58,172,806	42,334,779

The sanctioned limits against these top 10 exposures aggregated to Rs. 61,526 million (2021: Rs. 45,977 million).

Total funded classified therein

	2021		2020	
	Amount	Provision held	Amount	Provision held
	Rupees in thousands			
QAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	-	-	-	-

42.1.8 Islamic financing and related assets - Province / Region - wise Disbursement & Utilization

Province / Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK Including FATA	Balochistan	Islamabad	AJK Including Gilgit-Baltistan
	Rupees in thousands						
Punjab	432,656,010	428,835,843	3,582,728	11,714	500	225,225	-
Sindh	118,260,105	1,068,652	115,140,608	-	2,050,845	-	-
KPK Including FATA	421,468	82,634	-	314,386	-	19,854	4,594
Balochistan	74,782	-	16,353	-	55,821	2,608	-
Islamabad	25,805,993	4,262,902	1,250	1,765	-	21,541,076	-
AJK Including Gilgit-Baltistan	71,635	25,919	-	-	-	21,947	23,769
Total	577,290,993	434,275,950	118,740,939	327,865	2,107,166	21,810,710	28,363

Province / Region	2020						
	Disbursements	Utilization					
		Punjab	Sindh	KPK Including FATA	Balochistan	Islamabad	AJK Including Gilgit-Baltistan
	Rupees in thousands						
Punjab	311,784,911	309,320,752	2,258,135	21,248	807	183,969	-
Sindh	143,527,981	11,647	143,498,270	-	16,377	1,687	-
KPK Including FATA	151,802	21,038	-	122,445	-	8,319	-
Balochistan	52,012	-	10,145	-	41,867	-	-
Islamabad	16,599,173	1,378,323	2,246	5,441	-	15,213,163	-
AJK Including Gilgit-Baltistan	59,796	6,016	-	-	-	27,915	25,865
Total	472,175,675	310,737,776	145,768,796	149,134	59,051	15,435,053	25,865

42.2 Market Risk

Market Risk arises from changes in market rates such as Profit / Yield Rates, Foreign Exchange Rates, Equity Prices, and / or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Bank is exposed to market risk primarily through its trading activities, which are centered in Treasury and FX Group.

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

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

The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts, sensitivity and combinations of various limits. Bank has established a specific Market Risk Limit Policy providing guideline for assuming controlled market risk, its monitoring and management.

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

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

42.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in thousands						
Cash and balances with treasury banks	11,309,285	-	11,309,285	9,872,197	-	9,872,197
Balances with other banks	3,696,073	-	3,696,073	4,996,602	-	4,996,602
Due from financial institutions	1,650,000	-	1,650,000	828,790	-	828,790
Investments	1,655,891	31,819,925	33,475,816	3,045,827	24,572,170	27,617,997
Islamic financing and related assets	96,308,562	-	96,308,562	84,896,191	-	84,896,191
Fixed assets	4,932,122	-	4,932,122	5,548,894	-	5,548,894
Intangible assets	579,767	-	579,767	639,428	-	639,428
Deferred tax assets	1,006,958	-	1,006,958	874,878	-	874,878
Other assets	8,308,810	-	8,308,810	5,895,909	-	5,895,909
	129,447,468	31,819,925	161,267,393	116,598,716	24,572,170	141,170,886

42.2.2 Foreign Exchange Risk

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

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

	2021			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in thousands				
United States Dollar	4,334,650	3,637,848	(527,995)	168,807
Great Britain Pound Sterling	606,200	596,305	-	9,895
Euro	580,973	515,000	(56,520)	9,453
Japanese Yen	-	45,841	62,252	16,411
Other currencies	59,590	-	8,859	68,449
	5,581,413	4,794,994	(513,404)	273,015

	2020			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in thousands				
United States Dollar	5,775,308	3,112,441	(2,445,521)	217,346
Great Britain Pound Sterling	305,745	674,474	379,017	10,288
Euro	412,569	440,400	51,112	23,281
Japanese Yen	12,421	140	-	12,281
Other currencies	60,986	-	-	60,986
	6,567,029	4,227,455	(2,015,392)	324,182

2021		2020	
Banking book	Trading book	Banking book	Trading book
Rupees in thousands			

Impact of 1% change in foreign exchange rates on

- Profit and loss account	2,730	-	3,242	-
- Other comprehensive income	-	-	-	-

42.2.3 Equity position risk

Bank's proprietary positions in the equity instruments expose it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management. The stress test for equity price risk assesses the impact of the fall in the stock market index using internal based assumptions.

2021		2020	
Banking book	Trading book	Banking book	Trading book
Rupees in thousands			

Impact of 5% change in equity prices on

- Profit and loss account	-	7,396	-	22,815
- Other comprehensive income	-	11,475	-	30,662

42.2.4 Yield / Profit Rate Risk in the Banking Book - Basel II Specific

Yield rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Bank's income, and resultant impact is on the Bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

2021		2020	
Banking book	Trading book	Banking book	Trading book
Rupees in thousands			

Impact of 1% change in profit rates on

- Profit and loss account	39,287	85,572	117,173	54,817
- Other comprehensive income	-	-	-	-

42.2.5 Mismatch of Profit Rate Sensitive Assets and Liabilities

Effective Yield / Profit rate %	2021									
	Exposure to Yield / Interest risk									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 to 24 Months	Over 24 to 36 Months	Over 36 to 48 Months	Over 48 to 60 Months	Non-profit bearing financial instruments
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	11,309,285	-	-	-	-	-	-	-	-	11,309,285
Balances with other banks	3,666,073	66,742	-	-	-	-	-	-	-	3,629,331
Due from financial institutions	1,650,000	1,650,000	-	-	-	-	-	-	-	-
Investments	33,475,816	3,383,923	11,763,802	17,930,965	-	-	-	-	-	37,742,6
Islamic financing and related assets	80,421,480	417,185	57,463,855	3,351,378	4,686,684	-	-	-	-	14,557,378
Other assets	7,022,281	-	-	-	-	-	-	-	-	7,022,281
Liabilities	138,474,835	5,517,850	69,172,357	21,302,343	4,686,684	-	-	-	-	37,795,701
Bills payable	1,896,801	-	-	-	-	-	-	-	-	1,896,801
Due to financial institutions	16,472,006	1,430,788	888,027	20,000	18,750	71,915	48,830	7,830,455	-	46,032
Deposits and other accounts	122,747,778	45,090,738	-	-	-	-	-	-	-	37,657,045
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Other liabilities	9,513,429	33,562	52,430	70,744	388,140	410,664	653,195	802,884	-	8,653,473
On-balance sheet gap	190,650,914	66,584,083	6,437,689	954,671	199,404	404,890	702,028	8,333,339	-	46,032,281
Off-balance sheet financial instruments	(12,155,979)	(81,066,233)	62,734,718	20,347,672	4,487,280	(404,890)	(482,570)	(8,333,339)	-	(8,736,580)
Commitments in respect of:										
- for forward foreign exchange contracts	(821,206)	(2,17,000)	(346,259)	45,114	-	-	-	-	-	-
Off-balance sheet gap	(821,206)	(2,17,000)	(346,259)	45,114	-	-	-	-	-	-
Total Yield / Profit Risk Sensitivity Gap	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)
Cumulative Yield / Profit Risk Sensitivity Gap	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)	(81,268,268)

Effective Yield / Profit rate %	2020									
	Exposure to Yield / Interest risk									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 to 24 Months	Over 24 to 36 Months	Over 36 to 48 Months	Over 48 to 60 Months	Non-profit bearing financial instruments
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	9,872,197	-	-	-	-	-	-	-	-	9,872,197
Balances with other banks	4,066,002	1,554	-	-	-	-	-	-	-	4,066,002
Due from financial institutions	828,700	828,700	-	-	-	-	-	-	-	-
Investments	27,617,897	3,370,008	10,645,409	9,532,225	1,196,936	1,540,882	-	-	-	1,069,827
Islamic financing and related assets	68,073,221	332,641	48,898,056	2,420,362	10,826,967	-	-	-	-	5,995,145
Other assets	5,688,716	-	-	-	-	-	-	-	-	5,688,716
Liabilities	117,075,923	4,532,968	59,843,465	11,962,617	11,968,923	1,540,882	-	-	-	27,218,653
Bills payable	2,470,821	-	-	-	-	-	-	-	-	2,470,821
Due to financial institutions	20,596,773	5,490,619	11,010,546	785,793	433,543	1,162,565	-	445,847	1,163,829	-
Deposits and other accounts	99,253,161	66,733,220	-	-	-	-	-	-	-	33,519,641
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,108,209	20,119	41,615	41,598	158,565	387,541	826,037	1,267,056	-	4,984,702
On-balance sheet gap	130,428,064	71,262,968	11,052,163	785,269	244,684	1,500,108	826,037	1,742,903	1,163,829	40,955,464
Off-balance sheet financial instruments	(13,353,441)	(66,719,965)	48,791,302	11,157,318	11,742,239	(1,500,108)	(826,037)	(1,742,903)	(1,163,829)	(13,736,631)
Commitments in respect of:										
- for forward foreign exchange contracts	(1,816,206)	(6,379,959)	3,406,243	1,157,510	-	-	-	-	-	-
Off-balance sheet gap	(1,816,206)	(6,379,959)	3,406,243	1,157,510	-	-	-	-	-	-
Total Yield / Profit Risk Sensitivity Gap	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)
Cumulative Yield / Profit Risk Sensitivity Gap	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)	(79,099,924)
Reconciliation of assets and liabilities exposed to yield / profit rate risk with total assets and liabilities										
Assets										
Total financial assets as per note 42.2.5	138,474,835	138,474,835	138,474,835	138,474,835	138,474,835	138,474,835	138,474,835	138,474,835	138,474,835	138,474,835
Add: Non financial assets	15,887,082	15,887,082	15,887,082	15,887,082	15,887,082	15,887,082	15,887,082	15,887,082	15,887,082	15,887,082
Islamic financing and related assets	4,932,122	4,932,122	4,932,122	4,932,122	4,932,122	4,932,122	4,932,122	4,932,122	4,932,122	4,932,122
Fixed assets	579,767	579,767	579,767	579,767	579,767	579,767	579,767	579,767	579,767	579,767
Intangible assets	1,006,959	1,006,959	1,006,959	1,006,959	1,006,959	1,006,959	1,006,959	1,006,959	1,006,959	1,006,959
Deferred tax assets	388,526	388,526	388,526	388,526	388,526	388,526	388,526	388,526	388,526	388,526
Other assets	181,267,363	181,267,363	181,267,363	181,267,363	181,267,363	181,267,363	181,267,363	181,267,363	181,267,363	181,267,363
Total assets as per Statement of Financial Position	150,692,608	150,692,608	150,692,608	150,692,608	150,692,608	150,692,608	150,692,608	150,692,608	150,692,608	150,692,608
Liabilities										
Total financial liabilities as per note 42.2.5	130,428,064	130,428,064	130,428,064	130,428,064	130,428,064	130,428,064	130,428,064	130,428,064	130,428,064	130,428,064
Add: Non financial liabilities	31,824	31,824	31,824	31,824	31,824	31,824	31,824	31,824	31,824	31,824
Deferred tax liability	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150
Other liability	-	-	-	-	-	-	-	-	-	-
Total liabilities as per Statement of Financial Position	130,462,038	130,462,038	130,462,038	130,462,038	130,462,038	130,462,038	130,462,038	130,462,038	130,462,038	130,462,038

42.3 Operational Risk

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

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

An Independent Operational Risk Management Function has also been established within the Risk Management Group, as per the requirements of SBP Basel Framework and in line with the international best practice. This function is responsible to ensure that management of operational risk in the Bank is carried out in accordance with the bank's approved policies and frameworks.

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

The key elements in the operational risk management process are:

- Risk Identification & Assessment
- Risk Monitoring & Reporting
- Risk Control & Mitigation

Operational Risk Identification at the Bank is based on utilization of diversified tools including but not limited to internal and external loss / control breach / near miss incidents, data collection, process reviews, internal / external audit / regulatory inspection observations, expert judgment and self-assessment etc. Since scope of operational risk spreads across different functions of the bank, roles and responsibilities regarding operational risk management also spread across all the groups in the bank. Governance structure involved in management of operational risk is as follows:

- Board of Directors
- Risk Management and Portfolio Review Committee (RM&PRC)
- President
- Risk Management Group (RMG)
- All Business and Support Groups

Based on the analysis of operational risks through maintenance of operational risk database, a periodic reporting of operational losses and significant risk events is being done for review of RM&PRC on quarterly basis. The strong control environment encompasses documented policies / procedures and systems in all key areas as effective risk mitigation tools.

The Bank is focusing on the following risk mitigation tools:

- Business Continuity Management / Disaster Recovery Planning
- Takaful
- Outsourcing

Continuous monitoring of the effectiveness of mitigants has been ensured through regular compliance reviews and independent validation by internal / External Audit inspections.

Operational risk covers a broad range of risks and is useful to sub-divide operational risk into two main categories i.e. Internal Risks and External Risks.

Operational risk event types are further divided into seven types which are as under:

- Internal Fraud
- External Fraud
- Damage to Physical Assets
- Execution, delivery and process management
- Business disruption and system failure

- Employment practices and workplace safety
- Clients, products and business practices

Operational Risk-Disclosures Basel II Specific:

Since the Bank currently being at Infancy stage, is using Basic Indicator Approach (BIA) for allocation of capital charge for operational risk as the corner stone of capital allocation under advanced approaches of Basel II is the historical time series of operational loss data.

Operational loss data pertaining to key risk events is also collected on bank-wide basis. Periodic review and analysis will be prepared for senior management and Risk Management and Portfolio Review Committee (RM&PRC) of the Board. Such reports will cover the significant risk events with root cause analysis and recommendations for further improvements.

Business Continuity Planning & Health, Safety & Environment:

A comprehensive Business Continuity Plan is in place whereby all Branches & Head Office functions have developed their Alternate Sites which will be operational in case of emergency.

We have establish minimum safety standards that all businesses, offices and branches of the Bank must adhere to and encourages all employees to promote the safety of their fellow employees and customers.

Fraud Risk Management:

Fraud Risk Management Unit has been formed under Risk management group to ensure appropriate protection of financial and reputational interest of the bank and core responsibilities are:

- Compliance on SBP directives for policies, procedures and internal / external reporting.
- 24/7 Monitoring of Digital Banking & Alternate Delivery Channel (ADC) transactions.
- Fraud training awareness.
- Handling frauds related complaints and their resolution as per SBP directives.

Information Technology Security:

An Independent IT Security division is in place to counter cyber security threats. However, this is a dynamic area and the bank is in the process of acquiring more solutions & implementing more controls. Broadly speaking, IT Security covers the following main areas in accordance with Board approved policy:

- Implement, maintain and upgrade tools for risk monitoring and identification of security incidents & event management and database log management.
- Implement information security policy and associated process and controls
- Implemented Privilege Access Management and Multifactor Authentication as additional layer of security.
- Periodically conduct access review of privilege users.
- Conducting internal / external vulnerability assessment and penetration testing of critical information assets.
- Information / cyber security awareness to be created amongst staff members.

Shari'ah Non Compliance Risk (SNCR):

The Bank is fully acquainted with SNCR and its potential implications on the reputation and business of the Bank. Therefore the Bank shall take adequate measures to address SNCR and ensure conformity of its operations with Shari'ah principles.

In addition to the Shari'ah Compliance Department, exclusively overseeing SNCR risk, the RM&PRC and senior management shall also play their role in monitoring the same.

All Shari'ah non-compliance events and transactions are reported to Shari'ah Non Compliance Risk Management Committee (SNCRMC), RM&PRC and BOD on quarterly basis by Shari'ah Compliance Department (SCD).

42.4 Liquidity Risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost. The Bank's Board of Directors sets Bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. There is an Asset Liability Management Framework in place for focused handling of liquidity. This framework also incorporates early warning indicators.

42.4.1 Maturities of Assets and Liabilities
42.4.1.1 Maturities of Assets and Liabilities - based on contractual maturity

	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	Above 5 years
Assets													
Cash and balances with treasury banks	11,308,285	2,827,321	2,827,321	2,827,321	-	-	-	-	-	-	-	-	-
Balances with other banks	3,696,073	3,696,073	3,696,073	3,696,073	-	-	-	-	-	-	-	-	-
Due from financial institutions	1,650,000	1,650,000	1,650,000	1,650,000	-	-	-	-	-	-	-	-	-
Investments - net	33,475,810	22,540	1,643,882	82,140	58,614	57,558	165,108	17,588,123	13,610,879	250,000	-	-	-
Islamic financing and related assets - net	98,306,562	9,840,058	14,127,840	9,923,465	6,191,652	14,487,981	13,061,889	14,190,611	6,288,366	4,176,167	-	-	-
Fixed assets	4,932,122	75,183	143,856	207,540	389,536	751,332	648,228	829,584	800,690	1,276,377	-	-	-
Intangible assets	579,767	13,828	27,540	41,025	79,967	155,595	132,631	92,533	35,316	-	-	-	-
Deferred tax assets*	1,186,658	4	6	41,831	1,063,430	10	41,371	-	-	-	-	-	-
Other assets	8,368,810	3,986,575	963,152	421,737	1,121,444	1,535,211	278,691	-	-	-	-	-	-
Liabilities													
Bills payable	1,696,831	1,696,831	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	16,472,900	1,504,819	6,385,269	883,927	29,000	16,750	71,818	48,830	7,530,455	-	-	-	-
Deposits and other accounts	122,747,778	19,712,123	17,293,340	7,014,496	4,620,688	18,555,521	18,523,618	16,518,803	9,255,594	9,255,594	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liability*	159,700	2,849	5,320	7,950	15,900	31,800	31,800	25,313	38,968	-	-	-	-
Other liabilities	9,545,353	4,571,929	254,956	112,169	531,223	1,929,637	669,355	853,186	558,606	204,076	-	-	-
Net assets	10,604,555	2,907,311	(7,032,529)	2,656,306	4,684,233	(2,454,951)	(5,030,213)	13,489,066	5,122,436	(3,757,126)			
Share capital	11,550,000												
Reserves	88,193												
Surplus on revaluation of assets - net of tax	248,354												
Accumulated loss	(1,282,002)												
Net assets	10,604,555												

42.4.1.2 Maturities of assets and liabilities based on expected maturities

	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
Assets									
Cash and balances with treasury banks	11,308,285	-	-	-	-	-	-	-	-
Balances with other banks	3,696,073	-	-	-	-	-	-	-	-
Due from financial institutions	1,650,000	-	-	-	-	-	-	-	-
Investments - net	33,475,810	22,540	1,643,882	82,140	58,614	57,558	165,108	17,588,123	13,610,879
Islamic financing and related assets - net	98,306,562	9,840,058	14,127,840	9,923,465	6,191,652	14,487,981	13,061,889	14,190,611	6,288,366
Fixed assets	4,932,122	75,183	143,856	207,540	389,536	751,332	648,228	829,584	800,690
Intangible assets	579,767	13,828	27,540	41,025	79,967	155,595	132,631	92,533	35,316
Deferred tax assets*	1,186,658	4	6	41,831	1,063,430	10	41,371	-	-
Other assets	8,368,810	3,986,575	963,152	421,737	1,121,444	1,535,211	278,691	-	-
Liabilities									
Bills payable	1,696,831	-	-	-	-	-	-	-	-
Due to financial institutions	16,472,900	1,504,819	6,385,269	883,927	29,000	16,750	71,818	48,830	7,530,455
Deposits and other accounts	122,747,778	19,712,123	17,293,340	7,014,496	4,620,688	18,555,521	18,523,618	16,518,803	9,255,594
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-	-	-	-
Deferred tax liability*	159,700	2,849	5,320	7,950	15,900	31,800	31,800	25,313	38,968
Other liabilities	9,545,353	4,571,929	254,956	112,169	531,223	1,929,637	669,355	853,186	558,606
Net assets	10,604,555	2,907,311	(7,032,529)	2,656,306	4,684,233	(2,454,951)	(5,030,213)	13,489,066	5,122,436
Share capital	11,550,000								
Reserves	88,193								
Surplus on revaluation of assets - net of tax	248,354								
Accumulated loss	(1,282,002)								
Net assets	10,604,555								

* These have been presented collectively on the statement of financial position.

	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
Assets									
Cash and balances with treasury banks	9,872,197	-	-	-	-	-	-	-	-
Balances with other banks	4,996,802	-	-	-	-	-	-	-	-
Due from financial institutions	826,790	-	-	-	-	-	-	-	-
Investments - net	27,617,397	64,173	105,843	173,179	1,488,672	1,618,894	163,103	9,879,377	13,714,904
Islamic financing and related assets - net	64,806,191	7,371,385	13,354,962	6,275,062	15,418,227	7,348,654	11,952,311	13,430,380	7,888,443
Fixed assets	5,548,894	73,788	141,318	211,320	414,052	759,670	695,314	1,038,276	2,214,976
Intangible assets	639,428	12,414	25,409	38,378	76,778	148,618	137,498	158,143	43,190
Deferred tax assets	1,141,892	-	-	-	4,326	631,888	506,888	-	-
Other assets	5,866,909	2,102,225	927,335	491,195	851,841	1,535,210	278,103	-	-
Liabilities									
Bills payable	2,470,821	-	-	-	-	-	-	-	-
Due to financial institutions	20,596,773	5,490,819	11,010,546	753,733	88,089	433,543	1,192,585	-	445,647
Deposits and other accounts	98,253,161	19,296,152	11,668,408	1,632,528	1,340,090	16,467,395	16,336,220	16,301,134	16,282,234
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-	-	-	-
Deferred tax liability	267,014	6,488	16,886	13,190	29,498	43,788	43,788	51,101	80,159
Other liabilities	8,122,359	2,603,938	333,082	124,832	174,578	361,978	1,032,752	1,104,140	848,528
Net assets	10,727,772	(4,750,474)	(8,392,146)	4,574,852	16,521,841	(6,610,688)	(4,515,219)	7,128,964	6,524,745
Share capital	11,550,000								
Reserves	88,193								
Surplus on revaluation of assets - net of tax	473,316								
Accumulated loss	(1,363,651)								
Net assets	10,727,772								

Liquidity Gap Reporting

Regarding behavior of non-maturity deposits (non-contractual deposits), the Bank conducted a behavioral study using value at risk methodology. On the basis of its findings 19.03% of current accounts and saving accounts are bucketed into Up to 1 - year maturity while 80.97% of current accounts and saving accounts are bucketed in over 1 year maturity.

43 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' AND SPECIFIC POOLS

43.1 The Bank is maintaining the following types of pools for profit declaration and distribution:

- 1) General Pool
- 2) IERS Musharaka Pool
- 3) Treasury Musharaka / Mudaraba Pools
- 4) Special Musharaka Pool
- 5) Equity Pool

Features, risks and rewards of each pool are given below:

1) General Pool

The Bank manages one general pool for its depositors' (Rabbul Mali) maintaining deposits under Mudaraba in both local and foreign currencies and also commingled its equity in this pool. The income (gross income less direct expenses) generated from the pool is distributed between Bank's equity and depositors' fund in proportion to their respective share in the pool. Under the Mudaraba mechanism, the income so distributed to depositors' fund is shared between the Bank (Mudarib) and depositors' (Rabbul Mali) according to the pre-agreed profit sharing ratios and assigned weightages.

The deposits and funds accepted under the General Pool are deployed to diversified sectors and avenues of the economy / business mainly to 'Agriculture, Forestry & Fishing', 'Textile & Allied', 'Food & Allied', 'Distribution & Trade', 'Investment in Government of Pakistan (Jarah Sukuk)', etc.

Parameters associated with risk and rewards

Following are the consideration attached with risk and reward of general pool:

- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected amount of procurement of deposit during coming days as a result of concerted marketing efforts of the Bank.
- Element of risk attached to various types of investments.
- SBP rules and Shar'ah clearance.

2) Islamic Export Refinance Scheme (IERS) Musharaka Pool

The Bank manages IERS Musharaka Pool for funds accepted from SBP under IERS. Under the PLS mechanism, the Bank generates revenues from the pool funds which are shared with the SBP according to the pre-agreed profit sharing ratios. Musharaka investments from the SBP under IERS are channeled towards the export sector of the economy and other financings as per SBP guidelines.

3) Treasury Musharaka / Mudaraba Pools

The Bank accepts funds from other banks to manage its liquidity under Musharaka / Mudaraba mode. The funds accepted are tagged to remunerative assets having maturity on or after the period for which funds are accepted. The revenue generated from the pool asset is shared between the bank and other member of the pool according to pre-agreed profit sharing ratios or assigned weightages accordingly.

4) Special Musharaka Pool

The Bank also accepts funds / deposits (other than Banks) under Musharaka mode. The commingled funds under this arrangement are deployed in remunerative assets as per the terms of agreement. The revenue generated from these assets are then shared as per pre-agreed profit sharing ratio.

5) Equity Pool

The Equity Pool consists of Bank's equity and funds accepted on Qard (non-remunerative current deposit account) basis. The funds of this pool are invested in various assets or ventures which are higher in risk or having longer funding period. In addition to that all staff financings are financed by this pool. The risk of assets in the pool is borne by the Bank.

Charging of expenses

Direct expenses are being charged to respective pools, while indirect expenses such as general and administrative expenses are being borne by the Bank as Mudarib. No provision expense is charged to the pool unless it is written off. The direct expenses charged to the pool may include depreciation of (Jarah assets, premium amortization on Sukuk, impairment losses due to physical damages to specific assets in pools etc. However, this is not an exhaustive list; the Bank's pool management framework and the respective pool creation memo may identify and specify these and any other similar expenses to be charged to the pool.

43.2 Following are the detail of profit distribution among different pool maintained by the Bank:

2021							
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
General pool	Monthly	8.58	50.00	2,599,187	5.03	17.31	543,991
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
Islamic Export Refinance (IERS) Pool	Monthly	4.38			2.00		
Treasury Musharaka / Mudaraba Pool	As required	8.29			7.57		
Special Musharaka Pool	Monthly / As required	8.02			7.27		
Equity Pool	Monthly	-1.63					
2020							
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
General pool	Monthly	10.84	50.00	3,558,858	6.53	20.30	722,410
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
Islamic Export Refinance (IERS) Pool	Monthly	6.90			2.00		
Treasury Musharaka / Mudaraba Pool	As required	9.60			7.25		
Special Musharaka Pool	Monthly	10.48			9.21		
Equity Pool	Monthly	5.33					

44 GENERAL

44.1 Figures have been rounded off to the nearest thousand of Pakistani Rupees unless otherwise stated.

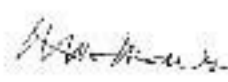
44.2 Comparative information has been re-classified and re-arranged in these financial statements wherever necessary to facilitate comparison and better presentation. There were no significant reclassification during the current year except as follows:

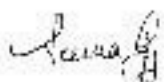
Description	2020 Rupees in thousands	From	To
Commission on arrangement with financial institutions	60,384	Profit / return earned	Other Income
Gain on termination of lease liability against right-of-use assets	25,652	Operating expenses	Other Income
Locker rent	14,576	Other Income	Fee and commission income

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 08, 2022 by the Board of Directors of the Bank.


SYED IFTIKHAR HUSSAIN RIZVI
 Chief Financial Officer


MUHAMMAD AZFAR ALAM NOMANI
 President / Chief Executive


SEEMA AZIZ
 Director


OMAIR SAFDAR
 Director


RAZA MANSHA
 Director

PLATINUM DEBIT CARD NOW ENJOY ENHANCED ATM WITHDRAWAL LIMIT

PKR
200,000
 /DAY



BRANCH NETWORK



BRANCH NETWORK FEDERAL CAPITAL, AZAD KASHMIR & GB

Sr. #	Branches	Address	City	Phone No
1	Bahria Town Phase IV Branch	Shop No G-9-10, Bahria Heights II, Ext Bahria Town, Phase- IV, Islamabad	Islamabad	+92-51-5146025
2	DHA Phase II - Tulip Road Branch	Plaza # 8, Street# A/62, Tulip Road, Sector A, DHA Phase-II, Islamabad	Islamabad	+92-51-5147159 +92-51-5147164
3	E-11/3 Branch	Commercial Plot No. 2, Sector E-11/3, Islamabad Garden, Islamabad	Islamabad	+92-51-2375345-6
4	F-10 Markaz Branch	1-G Souk-UI-Hashir Plaza, Double Road, F-10 Markaz, Islamabad	Islamabad	+92-51-2114307
5	F-11 Markaz Branch	Plot # 18, Trade Centre, Main Double Road, F-11 Markaz, Islamabad	Islamabad	+92-51-2107862
6	F-7 Markaz, Post Mall Branch	Plot # 3, F-7 Markaz, Post Office, Mall Building, Islamabad	Islamabad	+92-51-2608003 +92-51-2608018
7	F-8 Markaz Branch	Shop # 12 & 13, Al-Babar Center, F-8 Markaz, Islamabad	Islamabad	+92-51-2852653
8	G-11 Markaz Branch	Shop No. 7,8,25,26, Plot No. 33, G-11 Markaz, Islamabad	Islamabad	+92-51-2360067
9	Gilgit Branch	Shahrah-e-Qaulid-e-Azam, Near NHA Office, Jutial Gilgit	Gilgit	+92-581-1450754
10	I-10 Markaz Branch	I-10 Markaz Branch, Islamabad	Islamabad	-
11	I-8 Markaz Branch	MB City Mall, Plot No. 34, I-8 Markaz, Islamabad	Islamabad	+92-51-4862278-79
12	Jinnah Avenue, Blue Area Branch	52 East, Dodhy Plaza, Jinnah Avenue Islamabad	Islamabad	+92-51-2875091 +92-51-2604677
13	Mirpur AJK Branch	Bank Square, Allama Iqbal Road, Mirpur, Azad Kashmir	Mirpur AJK	+92-5827-442840 +92-5827-447683 +92-5827-442118
14	Muzaffarabad AJK Branch	Plot No. 26-1, Ghari Phan Chowk, Domel Syedan, Muzaffarabad, Azad Kashmir	Muzaffarabad	+92-5822-921137-38 +92-5822-920455
15	PWD Employees Society Branch	40-B, Block-B, Commercial Area (Extension), PWD Employees Housing Society, Lohi Bhair, Islamabad Highway, Islamabad	Islamabad	+92-51-5194302
16	Top City Branch	Top City Branch	Islamabad	-

BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
1	Attock Branch	Shop # B-II/37, C-152, Dr. Ghulam Gillani Burq Road, Attock City	Attock	+92-57-5700903
2	Bahawalpur Branch	30 - Model Town-B, Block A Bahawalpur	Bahawalpur	+92-62-2888768
3	Burewala Branch	Plot No.98 Block-A, Arabia Islamia Road, Burewala	Burewala	+92-67-3351281-85
4	Chakwal Branch	B1-1/1634/1, B-1-1635, Talagang Road, Chakwal	Chakwal	+92-54-3602050-51
5	Chiniot Branch	Shan Plaza, Opposite NADRA Office, Faisalabad Road, Chiniot	Chiniot	+92-47-6333566 +92-47-6333577
6	Chishtian Branch	Highway Road, Chishtian	Chishtian	-
7	Dera Ghazi Khan Branch	Ashraf Palaza, Block # 2, Kachehri Road, D. G. Khan	Dera Ghazi Khan	+92-64-2460258
8	Peoples Colony Branch	668-1, Block A, Peoples Colony No. 1, Faisalabad	Faisalabad	+92-41-8556601-05
9	Millat Chowk Branch	156-B, Millat Chowk, Gulistan Colony, Faisalabad	Faisalabad	+92-41-8782963-66 +92-41-8782968
10	Canal Road Branch	204 RB East, Canal Road Faisalabad	Faisalabad	+92-41-2421890-91
11	Kotwali Road Branch	P-64 Taj Plaza, Kotwali Road, Faisalabad	Ghakhar	+92-41-2604935
12	Ghakhar Branch	Khewat # 2414, Khatooni # 3600, Khasra # 3359, GT Road, Ghakhar	Ghakha	+92-55-3886662 +92-55-3886665
13	Gojra Branch	Tehsil Office Road, Gojra	Gojra	+92-46-3515426-28
14	Gujar Khan Branch	Commercial Property # BIII 379 & BIII 377, G.T. Road (Near MCB), Gujar Khan	Gujar Khan	+92-51-3510156
15	Sharifpura Chowk, G.T. Road Branch	Sharifpura Chowk G.T Road Gujranwala	Gujranwala	+92-55-3251915-17
16	Satellite Town Branch	Satellite Town Branch, 529-C Satellite Town, Gujranwala	Gujranwala	+92-55-3825781

BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
17	Bhimber Road Branch	Khewat # 143, Khatooni # 341, Bhimber Road, Gujrat, Tehsil & District Gujrat	Gujrat	+92-53-3601781-82
18	Hussain Plaza, G.T Road Branch	Khasra No. 625, Hussain Plaza, Chowk GTS, G.T Road, Gujrat	Gujrat	+92-53-3571542 +92-53-3530287
19	Jaranwala Branch	Main Hassan Road, Jaranwala	Jaranwala	+92-414-310931-33
20	Jhang Branch	Khewat # 698, Khatoon.I # 203, Yousuf Shah Road, District Jhang (Opposite District Courts Jhang)	Jhang	+92-47-7629591-94
21	Jhelum Branch	Model Colony, Shandar Chowk, Jhelum	Jhelum	+92-544-627128 +92-544-628677
22	G.T Road Kamoke Branch	G.T Road Kamoke	Kamoke	-
23	Kamra Branch	Shop No. 75, Mini Plaza, PAC Chowk, G.T Road, Kamra Cantt, District Attock	Kamra	+92-57-2642521
24	Adda Khaliqabad Tulamba Branch	Branch Operations Manager, MCB Islamic Bank, Adda Khaliqabad Tulamba, District Khanewal	Khanewal	-
25	Kharian Branch	Bilal Plaza, G.T.Road, Kharian	Kharian	+92-53-7601325 +92-53-7601358
26	Gulberg, Liberty Market Branch	9-C, Commercial Liberty Market, Gulberg Lahore	Lahore	+92-42-35789831-34
27	DHA Phase III, Z Block Branch	339-Z (Commercial) Ground Floor, Phase III, Defence Housing Authority, Lahore	Lahore	+92-42-35692901 +92-42-35746675
28	Shahalam Market Branch	12-13-6 Block-A, Shah Alam Market, Lahore	Lahore	+92-42-37667813
29	Allama Iqbal Town Branch	132 Jahanzaib Block, Main Boulevard, Allama Iqbal Town, Lahore	Lahore	+92-42-37813681-84
30	Johar Town, Maulana Shaukat Ali Road Branch	87-E, Madina Heights, Maulana Shaukat Ali Road, Johar Town, Lahore	Lahore	+92-42-35222674-79
31	Gulberg, Main Boulevard Branch	58 Main Boulevard Gulberg Lahore	Lahore	+92-42-35760954-58
32	New Garden Town Branch	Shop No 12, 13, 14, Shan Arcade, Civic Centre, Garden Town, Lahore	Lahore	+92-42-35941840-41

BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
33	Cavalry Ground Branch	Plot No 7, Cavalry Ground Commercial Area, Walton Lahore Cantt	Lahore	+92-42-36672180 +92-42-36672183
34	Dream Gardens Branch	Shop No.08 & 09, Block C, Dream Garden Housing Society, 1.5 KM Defence Road, Off Raiwind Road, Lahore	Lahore	+92-42-35469652
35	G-1 Market, Johar Town Branch	435 G-1 Market, Johar Town, Lahore	Lahore	+92-42-35468417
36	PIA Housing Society Branch	Plot No. 8, Block D, Phase I, PIA Housing Scheme, Wapda Town, Lahore	Lahore	+92-42-35463995-96
37	Faisal Town Branch	35-A, Main Boulevard, Faisal Town, Lahore	Lahore	+92-42-35202200 +92-42-35202203 +92-42-35303304
38	DHA Rahbar Branch	Defence Road, DHA Rahbar, Lahore	Lahore	+92-42-34501000 Ext. 1979
39	Sarwar Road Cantt. Branch	Plot No. 05, Survey No.52/C-5, Sarwar Road Cantt. Lahore	Lahore	+92-42-36682075-76
40	Samanabad Branch	Property 22-7-17/1 & 22-S-17/2, Main Samanabad, Lahore	Lahore	+92-42-37590152
41	Gulshan-e-Ravi Branch	159-A, Main Boulevard, Gulshan Ravi, Lahore	Lahore	+92-42-37401870-74 +92-42-37401890
42	Nila Gumbad Branch	Plot # 12, McLagan Road, Nila Gumbad, Lahore	Lahore	+92-42-37210102
43	Shahrah-e-Aiwan-e-Tijarat, China Chowk Branch	14-A (Ground Floor), Shahrah-e-Aiwan-e-Tijarat, Old Race Course Road, Lahore	Lahore	+92-42-36282790-95
44	Davis Road Branch	Aftab Centre, 30-Davis Road, Lahore	Lahore	+92-42-36287029 +92-42-36286965
45	Model Town Branch	Shop No.10 and 11, Commercial Market, C-Block, Model Town, Lahore	Lahore	+92-42-35915403-6
46	DHA Phase II, Commercial Area Branch	Commercial Plot # 12, Block CCA, Phase II, DHA, Lahore	Lahore	+92-42-35749481 +92-42-35707033 +92-42-35749485
47	Bahria Town Sector C Branch	65-A, Sector-C, Bahria Town, Lahore	Lahore	+92-42-37861591-93
48	Thokar Niaz Baig Branch	171-A Ali Town, Main Raiwind Road, Lahore	Lahore	+92-42-35963291

BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
49	Ichra Branch	Shop # 158, Mohalla Rasool Pura, Ichra, Main Ferozepura Road, Lahore.	Lahore	+92-42-37426801-05
50	Multan Road Branch	9-A Industrial Block, Scheme More, Allama Iqbal Town, Multan Road, Lahore	Lahore	+92-42-37803449
51	Shahdara Branch	Shahdara, Main Sheikhupura Road, Jhya Musa, Lahore	Lahore	+92-42-37919160
52	Baghbanpura Branch	266, G.T. Road, Baghbanpura, Lahore	Lahore	+92-42-36844011-12 +92-42-36844015
53	Ravi Road, Timber Market Branch	NWIII.R.78/5/A, Timber Market, Lahore	Lahore	+92-42-37722338-9
54	Circular Road Branch	Babar Center, 51-Circular Road, Outside Akbari Gate, Lahore	Lahore	+92-42-37379250
55	Badami Bagh Branch	93-Grain Market Badami Bagh, Lahore	Lahore	+92-42-37706366 +92-42-37706086 +92-42-37720696
56	DHA Phase VI Branch	Plot No. 12, Main Boulevard Phase VI, DHA Lahore	Lahore	+92-42-37180315-8
57	DHA EME Sector Branch	Plot# 408, Block-J, Commercial Area, DHA, EME Sector, Multan Road, Lahore	Lahore	+92-42-37512400-3 +92-42-37512407
58	Attari Ferozepur Road Branch	Plot # S-86-R-800/C/Hall, Sobra Ferozepur Road, Lahore	Lahore	+92-42-35723687-88
59	Bahria Orchard (Sub Branch of Bahria Town)	Plot No. 34, Low Cost Commercial Block-C, Category Boulevard, Bahria Orchard, Lahore	Lahore	-
60	Layyah Branch	Branch Operations Manager, MCB Islamic Bank, Near MCB Bank, Chobara Road, Layyah	Layyah	-
61	Mandi Bahauddin Branch	Plot # 7/211, Ward # 7, Ghalla Mandi, Mandi Bahauddin	Mandi Bahauddin	+92-546-509551 +92-546-509553
62	JK Sugar Mills Branch	JK Sugar Mills, Chak No. 84/15L Mian Channu	Mian Channu	+92-42-34501000 Ext. 1972
63	Mian Channu Branch	58 Main Boulevard Gulberg Lahore	Mian Channu	-
64	Shah Rukn-e-Alam Colony Branch	17-F Chowk Shah Rukn e Alam Colony, Multan	Multan	+92-61-6560451-57

BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
65	Nawan Shehar Branch	Plot No. 741-F, Ward No.9, Muslim Mouza Ismail, Chowk Nawan Shehar, Multan	Multan	+92-61-4573032
66	Model Town Branch	Plot # 1, 2 Block B, Model Town, Multan	Multan	-
67	Okara Branch	Khewat No. 1519, Khatooni No. 1537, Khasra No. 4207/6-5-4 M.A. Jinnah Road, Okara	Okara	+92-44-2510124
68	Rahim Yar Khan Branch	29-Model Town, City Centre, City Park Chowk, Rahim Yar Khan	Rahim Yar Khan	+92-68-5876049
69	Bank Road, Saddar Branch	Shahbaz Plaza, Bank Road, Saddar, Rawalpindi	Rawalpindi	+92-51-5525277 +92-51-5700342 +92-51-5523474
70	Chaklala Scheme III Branch	Plot No. 16, Commercial Area, Chaklala Scheme III, Rawalpindi Cantt.	Rawalpindi	+92-51-5766233
71	Murree Road Branch	North Star Plaza, 20-B, Murree Road, Satellite Town, Rawalpindi	Rawalpindi	+92-51-4426972-76
72	Bahria Town Phase VII Branch	Plot No.6, Mini River View Commercial Mall Extension - II, Bahria Town Phase VII, Rawalpindi	Rawalpindi	+92-51-5400184
73	Kallar Syedan Branch	Mouza Kallar Sagwal, Tehsil Kallar Syedan, District Rawalpindi	Rawalpindi	+92-51-3570650-52
74	Bahria Town Phase VIII Branch	Plot No. 43/C, Business Junction, Circulation Strip, Bahria Town, Phase VIII, Rawalpindi	Rawalpindi	-
75	Sadiqabad Branch	19/20-D, Tehsil Bazar, Sadiqabad	Sadiqabad	+92-68-5802242-43
76	Sahiwal Branch	Plot # 23, Khewat # 7854, Khatooni # 7907, Khasra No. 776-23-J, Farid Town, Sahiwal, Tehsil & District Sahiwal	Sahiwal	+92-40-4270713-15
77	Sarai Alamgir Branch	Al Awan Plaza, near Military College, Main GT Road, Sarai Alamgir	Sarai Alamgir	+92-544-654929 +92-544-654929
78	Club Road Branch	73, Club Road, Civil Line, Sargodha	Sargodha	+92-48-3768633
79	Raza Garden Branch	Main Sillanwali Road, Raza Garden Sargodha	Sargodha	+92-48-3250682
80	Mian Khan Road Branch	110 Mian Khan Road, Block 5, Sargodha	Sargodha	+92-48-3726609 +92-48-3729623

BRANCH NETWORK PUNJAB REGION

Sr. #	Branches	Address	City	Phone No
81	Halalpur Branch	Chowk Halalpur Noon, Tehsil Kot Momin, District Sargodha	Sargodha	+92-48-6873027-29
82	Sargodha Road Branch	Shop No. 1, Ground Floor, Al-Hamd Plaza, Battl Chowk, Sargodha Road, Sheikhupura	Sheikhupura	+92-56-3545724
83	Kashmir Road Branch	155/A, BIII-12S, Sublime Chowk, Kashmir Road, Sialkot	Sialkot	+92-523-241491 +92-523-241292
84	Shahabpura Road Branch	BIII-85-322, Shahabpura Road, Sialkot	Sialkot	+92-52-3550103-04
85	Faisal Hills Branch, Taxila	Plot No. 22, MB Square, MR-01, Executive Block, Faisal Hills, Main GT Road, Taxila	Taxila	-
86	Toba Tek Singh Branch	Plot No. 359, Mall Godam Road, Toba Tek Singh	Toba Tek Singh	+92-46-2514427 +92-46-2515427 +92-46-2517327
87	Wah Cantt Branch	Shop # 1/37, Commercial Area, Civic Centre, Aslam Market, Wah Cantt	Wah Cantt	+92-51-4902231
88	Wazirabad Branch	Hajipura, adjacent Doctors Hospital, Wazirabad	Lahore	+92-42-37180315-8

BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
1	Thandi Sarak Branch	Ground Floor, Shop No.6 &7, River View Apartments, Thandi Sarak, Hyderabad	Hyderabad	+92-22-2785486 +92-22-2785632
2	Saddar Branch	Qasr-e-Fatima 90-1-2, Main Saddar Bazar, Hyderabad	Hyderabad	+92-22-27315646-48
3	Latifabad Branch	Shop No. 1, 2 & 3, United Plaza, Opposite American Hospital, Main Road, Unit # 7, Taluka Latifabad, District Hyderabad	Hyderabad	+92-22-3821861-65
4	Qasimabad Branch	Shop No. 6 & 7, Raheel Heights, 267/2, Deh Sari, Wadhu Wah Road, Qasimabad, Hyderabad	Hyderabad	+92-22-2675334
5	Shahrah-e-Faisal Branch	Ground Floor, Nice Trade Orbit, Main Shahrah-e-Faisal Nursery, Karachi	Karachi	+92-21-34328469-72 +92-21-34328477
6	Rashid Minhas Road Branch	Plot# LM-10, Block-10-A, Near Pizza Hut, main Rashid Minhas Road, Karachi	Karachi	+92-21-34817623 +92-21-34838077 +92-21-34817649
7	New Challi Branch	Shop No G-2, Muhammadi Trade tower, Altaf Hussani road, New Challi, Karachi	Karachi	+92-21-32371192
8	S.I.T.E Branch	C 18-A, East Avenue, S.I.T.E, Karachi	Karachi	+92-21-32552192 +92-21-32552193
9	Khalid-Bin-Waleed Road Branch	Show Room No.9-11, Plot No.167-A, Block-3, Khalid Bin Waleed Road, Karachi	Karachi	+92-21-34323051-53
10	Korangi Industrial Area Sector 23 Branch	Plot # 1-A, Sector 23, Korangi Industrial Area, Karachi	Karachi	+92-21-35122311-12
11	North Nazimabad Branch	Shop # 1 & 2 Jasmine Heights Plot # SC-21-A Block H North Nazimabad, Karachi	Karachi	+92-21-36641761-63
12	F.B. Industrial Area Branch	Sector no 22, KDA Scheme 16, FB Industrial Area Karachi	Karachi	+92-21-36834440 +92-21-36834448
13	Gulshan-e-Iqbal Branch	Shop No. 1&2, Al- Sammad Tower 13- Gulshan-e-Iqbal, Main University Road, Karachi	Karachi	+92-21-34971513-15
14	Zainab Market, Saddar Branch	PB No. 272-1, Ground Floor State Life Building No.11, Abdullah Haroon Road, Saddar Karachi	Karachi	+92-21-35681851-60
15	Muhammad Ali Society Branch	12-C/B Muhammad Ali Society, Karachi	Karachi	+92-21-34320831 +92-21-34320834

BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
16	Model Colony Branch	H.No. 4/95, Affandi House, Liaquat Ali Khan Road, Model Colony, Karachi	Karachi	+92-21-34110334-5 +92-21-34110338
17	Madras Chowk Branch	Shop # S-8, S-9 & S-10, Pioneer Tower Survey No. 22 & 24, Deh Songal Gujro, Sector 16-A, Scheme, Karachi	Karachi	+92-21-34645751 +92-21-34645754-5
18	Faizan-e-Madina Branch	Shop No. 22, Alami Madani Markaz, Faizan-e-Madina, Mohalla Saudagran Old Sabzi Mandi Karachi	Karachi	+92-21-34910376 +92-21-34910378
19	Korangi Industrial Area Sector 7-A Branch	Plot No. 251, Sector 7-A, Korangi Industrial Area, Karachi	Karachi	+92-21-35151191-96
20	Malir Cantt Branch	Shop No. 75, 4 Dots Shopping Complex C/O HQ 4 Air Defence Division, 31 Bostan Lines, Malir Cantonment, Karachi	Karachi	+92-21-34901140
21	North Napier Road Branch	Marium Manzil, Plot # 161, Survey Sheet # MR-1, Market Quarters, North Napier Road, Karachi	Karachi	+92-21-32440583 +92-21-32473166
22	I. I. Chundrigar Road Branch	Gul Tower, Main I.I Chundrigar Road, Karachi	Karachi	+92-21-32426413
23	Cloth Market Branch	Plot # 21/1, Puri Building, Cloth Market, Karachi	Karachi	+92-21-32472148-49 +92-21-32471727
24	Jodia Bazar Branch	MR 6/2, Market Quarters, Virjee Street, Jodia Bazar, Karachi	Karachi	+92-21-32443758 +92-21-32443684
25	Javed Arcade Branch	Javed Arcade, Plot # SB-1, Block # 17, KDA Scheme # 36, Gulistan-e-Jauhar, Karachi	Karachi	+92-21-34632739 +92-21-34632745 +92-21-34636747
26	Shershah Branch	Plot # M-II-E-606, Shershah, Karachi	Karachi	+92-21-32587581-83
27	Shaheed-e-Millat Road Branch	Bismillah Blessings, Plot No. 7-A/228, SS No. 35-P/1, Block-3, DMCHS, Main Shaheed-e-Millat Road, Karachi	Karachi	+92-21-34145043 +92-21-34943888 +92-21-34943777
28	Business Arcade Branch	Plot # 27-A, Business Arcade, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	Karachi	+92-21-34326570-73
29	EOBI House Branch	Plot No. ST-1/A-1, KDA Commercial Complex, Scheme 1, Shop No. G-01/B, Ground Floor, EOBI House, Shahrah-e-Faisal, Karachi	Karachi	+92-21-34330172 +92-21-34536732
30	Allama Iqbal Road Branch	Plot No.683-C Ground Floor & Mezzanine Floor, Block-2, PECHS, Allama Iqbal Road, Karachi	Karachi	+92-21-34301815 +92-21-34301817-18

BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
31	DHA Phase V Ext., Saba Avenue Branch	Saba Avenue, Plot # 8-C, Badar Commercial, Street # 6, Phase V Ext, DHA, Karachi	Karachi	+92-21-35341673 +92-21-35341675 +92-21-35849782
32	DHA Phase V, Zamzama Lane Branch	17-E, 6th Commercial Lane, DHA Phase-V, Karachi	Karachi	+92-21-35295015 +92-21-35295210
33	Kulsoom Court Branch	Kulsoom Court, Shop # 2, 3, 5A & 6, Plot DC-3, KDA Scheme # 5, Block-9, Clifton, Karachi	Karachi	+92-21-35837012 +92-21-35837015 +92-21-35837018
34	DHA Phase IV Branch	Ground Floor, Plot # 99-E, 9th Commercial Street, Phase-IV, DHA, Karachi	Karachi	+92-21-35313001 +92-21-35885719
35	DHA Phase II Branch	106/C, Phase-II, National Highway, D.H.A., Karachi	Karachi	+92-21-35314164 +92-21-35314081 +92-21-35314084
36	Paper Market Branch	Plot # 11/2, Sheet SR-9, Seraj Quarters, Anjarwala Bakery Sharah-e-Liaquat Karachi	Karachi	+92-21-32212610 +92-21-32212356
37	U.P. More Branch	Shop no. 1&2, Ground Floor, Plot Bearing No. A976, Sector 11-B, U.P More, North Karachi	Karachi	+92-21-36416681-84
38	DHA Phase 2 Ext. Branch	Plot No. 47-E, 21st Commercial Street, Phase II-Extension. D.H.A, Karachi	Karachi	+92-21-35392201-02 +92-21-35392204
39	SMCHS Branch	Plot # 21-22, Sub Block D, Block A, Sindhi Muslim Cooperative Housing Society, Karachi	Karachi	+92-21-34300712-14
40	Bahria Town Branch	Dominion Business-1, Plot No: B-34, Jinnah Avenue Commercial, Bahria Town, Karachi	Karachi	+92-42-34501000 Ext: 2201
41	Water Pump Branch	PMJ Square, Phase-1, Shop # 1 to 4, Block 14, Naseerabad, F.B Area, Karachi	Karachi	-
42	Sheikh Sultan Trust Branch	Survey No. 25, Survey Sheet No. CL-10, Building No. 1, Sheikh Sultan Trust, Beaumont Road, Civil Lines, Karachi	Karachi	-
43	Kunri Branch	Plot No. 9, Block No. 263/4 Deh Garaho City, Bank Road, Kunri	Kunri	+92-238-558013-14
44	Sukkur Branch	Shop/ Plot/ Khasra/ Khatooni/ Khawat # Plot # B-1623, Bunder Road, Sukkur	Sukkur	+92-71-5620756
45	Tando Allahyar Branch	Plot No.1, Survey No. 272-1 Deh Taluka Hyderabad Road, Tando Allah Yar	Tando Allahyar	+92-22-3891600 +92-22-3891567

BRANCH NETWORK SINDH

Sr. #	Branches	Address	City	Phone No
16	Model Colony Branch	H.No. 4/95, Affandi House, Liaquat Ali Khan Road, Model Colony, Karachi	Karachi	+92-21-34110334-5 +92-21-34110338
17	Madras Chowk Branch	Shop # S-8, S-9 & S-10, Pioneer Tower Survey No. 22 & 24, Deh Songal Gujro, Sector 16-A, Scheme, Karachi	Karachi	+92-21-34645751 +92-21-34645754-5
18	Faizan-e-Madina Branch	Shop No. 22, Alami Madani Markaz, Faizan-e-Madina, Mohalla Saudagran Old Sabzi Mandi Karachi	Karachi	+92-21-34910376 +92-21-34910378
19	Korangi Industrial Area Sector 7-A Branch	Plot No. 251, Sector 7-A, Korangi Industrial Area, Karachi	Karachi	+92-21-35151191-96
20	Malir Cantt Branch	Shop No. 75, 4 Dots Shopping Complex C/O HQ 4 Air Defence Division, 31 Bostan Lines, Malir Cantonment, Karachi	Karachi	+92-21-34901140
21	North Napier Road Branch	Marium Manzil, Plot # 161, Survey Sheet # MR-1, Market Quarters, North Napier Road, Karachi	Karachi	+92-21-32440583 +92-21-32473166
22	I. I. Chundrigar Road Branch	Gul Tower, Main I.I Chundrigar Road, Karachi	Karachi	+92-21-32426413
23	Cloth Market Branch	Plot # 21/1, Puri Building, Cloth Market, Karachi	Karachi	+92-21-32472148-49 +92-21-32471727
24	Jodia Bazar Branch	MR 6/2, Market Quarters, Virjee Street, Jodia Bazar, Karachi	Karachi	+92-21-32443758 +92-21-32443684
25	Javed Arcade Branch	Javed Arcade, Plot # SB-1, Block # 17, KDA Scheme # 36, Gulistan-e-Jauhar, Karachi	Karachi	+92-21-34632739 +92-21-34632745 +92-21-34636747
26	Shershah Branch	Plot # M-II-E-606, Shershah, Karachi	Karachi	+92-21-32587581-83
27	Shaheed-e-Millat Road Branch	Bismillah Blessings, Plot No. 7-A/228, SS No. 35-P/1, Block-3, DMCHS, Main Shaheed-e-Millat Road, Karachi	Karachi	+92-21-34145043 +92-21-34943888 +92-21-34943777
28	Business Arcade Branch	Plot # 27-A, Business Arcade, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	Karachi	+92-21-34326570-73
29	EOBI House Branch	Plot No. ST-1/A-1, KDA Commercial Complex, Scheme 1, Shop No. G-01/B, Ground Floor, EOBI House, Shahra-e-Faisal, Karachi	Karachi	+92-21-34330172 +92-21-34536732
30	Allama Iqbal Road Branch	Plot No.683-C Ground Floor & Mezzanine Floor, Block-2, PECHS, Allama Iqbal Road, Karachi	Karachi	+92-21-34301815 +92-21-34301817-18

BRANCH NETWORK KHYBER PAKHTUNKHWA

Sr. #	Branches	Address	City	Phone No
1	Abbottabad Branch	GM Tower, near Sethi Masjid, Mansehra Road, Abbottabad	Abbottabad	+92-99-2408301-04
2	Bannu Branch	Plot# 376/A, Railway Road, Bannu City, Bannu	Bannu	+92-93-2410670-72
3	Batkheela Branch	Shop No 1 to 6, Pak Haider Market, Near Zafar Park, next to Malakand CNG, GT Road, Batkhela District Malakand	Batkheela	+92-93-2410670-72
4	Chitral Branch	Branch Operations Manager, MCB Islamic Bank, Ataliq Bazar Bypass Road Near Bus Adda, Chitral	Chitral	+92-943-414389 +92-943-414316
5	Dera Ismail Khan Branch	Plot # 3, Survey # 68, Circular Road, Dera Ismail Khan	Dera Ismail Khan	+92-966-719934-36
6	Shahkas, Jamrud Branch	Spinzer Market, Wazir Dhand, Main Jamrud Road, Shahkas Jamrud, District Khyber Agency	Jamrud	+92-91-3021760-61
7	Kabal Branch	Khasra No. 2262, Khata No. 901, Khatooni No. 1176, Hassan Plaza, Kabal Chowk, Kabal, District Swat	Kabal	+92-94-6755592-95
8	Kohat Branch	Shop # T-663, 664, Bezari, Chakkar Kot, Main Bazaar, Bannu Road, Kohat	Kohat	-
9	Kumbar Branch	Old Adda, Main Bazaar, Kumbar, District Lower Dir	Lower Dir	-
10	Manshera Branch	Main Bazaar, near Fouji Foundation, Manshera	Manshera	-
11	Mardan Branch	RS Plaza Shamsi Road, Tehsil and District Mardan	Mardan	+92-937-870751 +92-937-870753
12	Matta Branch	Khatooni No. 28-50, Khasra No.2309, Mehran Khan Plaza, Main Matta Khareri, Matta Swat	Matta	+92-94-6790612-15
13	Mingora Branch	Opposite Bank Square Main Bazar Mingora Swat	Mingora	+92-946-725373-74
14	Saddar Road Branch	Tasneem Plaza, 6 Saddar Road, Peshawar Cantt	Peshawar	+92-91-5272180-83
15	Dalazak Road Branch	Malik Sardar Plaza, Near Yousafabad Canal, Dalazak Road, Peshawar	Peshawar	+92-91-2244041-42
16	Hayatabad Branch	B-1, Phase V, Hayatabad, Peshawar	Peshawar	+92-91-5825305

BRANCH NETWORK KHYBER PAKHTUNKHWA

Sr. #	Branches	Address	City	Phone No
17	Gulbahar Branch	Malik Arcade, Anam Sanam Chowk, Gulbahar Road, Peshawar	Peshawar	+92-91-2580718 +92-91-2590762
18	Timergara Branch	Zeb plaza main balambat Road Timergara District Lower Dir	Timargara	+92-945-825571-73

BRANCH NETWORK BALOCHISTAN

Sr. #	Branches	Address	City	Phone No
1	Chaman Branch	Taj Road Chaman, Balochistan	Chaman	+92-82-6615429
2	Gwadar Branch	Main Airport Road, Gwadar, Balochistan	Gwadar	+92-86-4210290
3	Loralai Branch	Shop # 372, House # 425, Tehsil Road Loralai, Balochistan	Loralai	+92-82-4660400
4	Muslim Bagh Branch	Station Road, Muslim Bagh, Balochistan	Muslim bagh	+92-823-669214-5
5	M.A Jinnah Road Branch	M.A. Jinnah Road, Quetta, Balochistan	Quetta	+92-81-2824977
6	Hazara Town Branch	Lilak Shopping Centre, Barma Road, Aliabad, Hazara Town, Quetta, Balochistan	Quetta	+92-81-2853127
7	Sirki Road Branch	Plot No. 136-14-32, Akram Plaza, Sirki Road, Quetta, Balochistan	Quetta	+92-81-2836417
8	Choharmal Road Branch	Choharmal Road, Quetta, Balochistan	Quetta	+92-81-2843640
9	Mannan Chowk Branch	2-11/6-303, Mannan Chowk, M.A. Jinnah Road, Quetta	Quetta	+92-81-2836204-05
10	Turbat Branch	Main Road Turbat, Balochistan	Turbat	+92-85-2411153

PLATINUM DEBIT CARD NOW ENJOY GREATER BILL PAYMENT LIMIT

PKR
2,000,000
/DAY



PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2021

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
7	1	100	7
-	101	500	-
-	501	1,000	-
-	1001	5,000	-
-	5001	10,000	-
-	10,001	50,000	-
-	50,001	100,000	-
-	100,001	500,000	-
-	500,001	1,000,000	-
-	1,000,001	5,000,000	-
-	5,000,001	10,000,000	-
-	10,000,001	15,000,000	-
-	15,000,001	25,000,000	-
1	25,000,001	Above	1,154,999,993
8			1,155,000,000

CATEGORIES OF SHAREHOLDERS

AS OF DECEMBER 31, 2021

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	5	0.0000004%
Associated Companies, undertakings and related parties	1,154,999,993	99.9999994%
NIT and ICP	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	-	-
Shareholders holding 10%	-	-
General Public Local	-	-
General Public Foreign	-	-
Others	2	0.0000002%
Grand Total	1,155,000,000	100.0000000%

NOW RESET YOUR DEBIT CARD PIN

through Mobile Banking



Download & Login to
MCB Islamic Mobile App



Tap on
Debit Card Management



Select desired Debit Card and tap
on Reset Card Pin



Enter 4-digit new PIN and
re-enter New PIN



Enter OTP received on registered
Mobile number and email



Your PIN has
been setup



FORM OF PROXY

THE COMPANY SECRETARY,
MCB ISLAMIC BANK LIMITED,
59-T BLOCK, PHASE-II, DHA, LAHORE

_____ Limited

I/We _____ s/w/d of _____

r/o _____ being member(s) of MCB Islamic Bank Limited

("the Company"), holding _____ Ordinary shares, do hereby appoint

_____ s/w/d of _____

r/o _____ who is also a Member of the Company, as my

/ our proxy to vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held on Thursday, March 24, 2022 at 02:00 PM from 14-A, Jail Road, Lahore through video-link facility and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2022.

Member's Signatures on a
Revenue stamp of Rs. 5

Witness No. 1: _____

Witness No. 2: _____

Name: _____

Name: _____

C.N.I.C. No./Passport No: _____

C.N.I.C. No./Passport No: _____

Address: _____

Address: _____

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Company, except corporate entity which can/may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, MCB Islamic Bank Limited, 59-T Block, Phase II, DHA, Lahore not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

پراکسی فارم

کمپنی سیکرٹری،
ایم سی بی اسلامک بینک لمیٹڈ
59- ٹی بلاک فیز-II ڈی ایچ اے،
لاہور

لیمنڈ _____

میں / ہم _____ ولد / زوجہ / دختر
ساکن _____

بحیثیت رکن / ممبر ایم سی بی اسلامک بینک لمیٹڈ (کمپنی) اور _____ عام حصص کا / کے مالک کے طور
پر / مسماں _____ ولد / زوجہ / دختر
ساکن _____

جو کہ کمپنی کا رکن / ممبر بھی ہے، کو اپنا پراکسی مقرر کرتا / کرتی / کرتے ہوں / ہیں تاکہ وہ کمپنی کے آٹھویں سالانہ عام اجلاس جو بروز
جمعرات مورخہ 24 مارچ 2022ء کو 02:00PM بجے 14-A، جیل روڈ، لاہور سے بذریعہ وڈیو لنک منعقد ہو رہا ہے، اس
میں یا اس کے کسی ملوثی شدہ اجلاس میں میری / ہماری جگہ شرکت کر سکے اور ووٹ دے سکے۔

گواہ کے طور میرے / ہمارے لیے یہ _____ 2022 کا دن ہے۔

ممبر کے دستخط
5 روپے کی رسیدی ٹکٹ پر

گواہ نمبر 1: _____ گواہ نمبر 2: _____

نام: _____ نام: _____

شناختی کارڈ / پاسپورٹ نمبر: _____ شناختی کارڈ / پاسپورٹ نمبر: _____

پتہ: _____ پتہ: _____

نوٹ

A- جزل / متفرق)

1- اجلاس میں شرکت اور ووٹ دینے کا اہل رکن / ممبر، اس امر کا حق رکھتا ہے کہ وہ اپنی جگہ کسی دوسرے رکن / ممبر
کو اپنا پراکسی نامزد کر سکے جو اسکی جانب سے اجلاس میں شرکت اور ووٹ ڈال سکے۔ کوئی بھی ایسا شخص جو کمپنی کا
رکن / ممبر نہ ہو پراکسی کے طور پر نامزد نہیں ہو سکتا ماسوائے کسی کارپوریٹ ادارے کے جو کسی غیر رکن / غیر ممبر شخص کو اپنا
پراکسی نامزد کر سکتا ہے۔

2- کسی پراکسی کو نامزد کرنے کی دستاویز پر متعلقہ رکن / ممبر یا اسکے وکیل، جس کو تحریری اجازت دی گئی ہو، کے دستخط ہوں
گے۔ اگر کوئی رکن / ممبر ایک کارپوریٹ ادارہ ہے تو اس دستاویز پر اسکی عام سیل آڈیزاں ہونا ضروری ہے۔

3- پراکسی کی نامزدگی کی دستاویز اور اس کے ساتھ مختار عام، اگر کوئی ہو تو، جس کے تحت اس دستاویز پر دستخط کئے گئے
ہیں یا اسکی تصدیق شدہ کاپی کو اجلاس کے منعقد ہونے کے کم از کم (48) اڑتالیس گھنٹے پہلے کمپنی سیکرٹری، ایم سی بی
اسلامک بینک لمیٹڈ-59، ٹی بلاک، فیز-II، ڈی ایچ اے، لاہور، میں جمع کروائی جائیں گی۔

4- اگر کوئی رکن / ممبر ایک سے زیادہ پراکسی نامزد کرے اور رکن / ممبر کی جانب سے ایک سے زیادہ پراکسی دستاویز
جمع کروائی گئی ہوں تو ایسی تمام پراکسی دستاویز کا عدم تصور ہوگی۔