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**SCHEME OF ARRANGEMENT
UNDER SECTIONS 279 TO 283, AND 285(8) OF THE COMPANIES ACT, 2017**

BETWEEN

**BANK MAKRAMAH LIMITED, AND
ITS MEMBERS AND CREDITORS**

AND

**GLOBAL HALY DEVELOPMENT LIMITED
AND ITS MEMBERS AND CREDITORS**

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BETWEEN

**BANK MAKRAMAH LIMITED
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**GLOBAL HALY DEVELOPMENT LIMITED
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FOR

Effecting the restructuring of BML through:

- (i) issuance and allotment of fully paid ordinary shares of GHDL to NAHL in settlement of the Advance Against Share Capital;
- (ii) amalgamation of GHDL Undertaking into BML;
- (iii) issuance and allotment of fully paid ordinary shares of BML to the GHDL Shareholders;
- (iv) settlement of the TFC Redemption Amount, through issuance and allotment of fully paid ordinary shares of BML to TFC Holders; and
- (v) reduction of share capital of BML through cancellation of the Share Capital Unrepresented by Available Assets.

**ARTICLE 1
DEFINITIONS**

In this Scheme of Arrangement, unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

“Advance Against Share Capital” is defined in Article 3.2(c) of this Scheme;

“Applicable Laws” means all national (or provincial or local) legislation, statutes, ordinances and other laws, and all regulations, by-laws, rules, orders, decrees, judicial decisions, delegated legislation, directives, guidelines (to the extent mandatory) policies or code;

“Assets” means all properties (whether movable or immovable); rights, titles and assets (whether tangible or intangible), privileges, powers, licenses, permissions, claims, and interests including but not limited to:

- (a) all rights, title and interest in or to immovable properties, including buildings, offices and structures;

- (b) all rights, title and interest in or to plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances, and accessories, spare parts and tools;
- (c) all stock-in-trade, inventory, stocks of fuels, raw materials, ingredients, packaging, office and laboratory supplies, engineering spares, consumable stores, work-in-progress and finished goods;
- (d) all legal or beneficial interests (or both, if applicable) including, without limitation statutory, contractual or regulatory rights, titles, permissions, concessions, privileges, sanctions, approvals, licenses, and registrations;
- (e) all benefits and rights under contracts;
- (f) all data, information, records, instruments, documents of title, market statistics, marketing surveys and reports, marketing research, advertising or other promotional material and information, accounting (including management account records) financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche);
- (g) all claims, choses-in-action, receivables, book trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments, cash in hand or at bank, bank balances, rights under loan documents and other agreements for financial facilities, letters of credit, guarantees, bonds and warranties;
- (h) all connections, equipment, installations and facilities pertaining to telecommunications, water, gas, electricity, sewerage or other utilities;
- (i) all intellectual property rights, whether registered or not, including trademarks, copyrights, patents, designs, trade secrets, technical data, processes and know-how, industrial and technical information, confidential information, drawings, formulations, technical reports, operating and testing procedures, instruction manuals, raw

	material or production specifications, results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche);
	(j) goodwill; revaluation surplus; share premium account; capital and revenue reserves; and
	(k) Tax credits, Tax or other refunds; Tax or tariff protections, remissions or exemptions;
“BCO”	means the Banking Companies Ordinance, 1962;
“BML”	means Bank Makramah Limited, a banking company incorporated under the laws of Pakistan and having its registered office at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad;
“CDC”	means the Central Depository Company of Pakistan Limited;
“CDS”	means the Central Depository System;
“Companies Act”	means the Companies Act, 2017;
“Court”	means the High Court of Islamabad or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283, and 285(8) of the Companies Act in connection with this Scheme;
“Effective Date”	means September 30, 2024;
“Encumbrances”	means any and all liens, charges, mortgages, pledges, hypothecation, assignments by way of security, security interests, claims and other encumbrances of whatever nature;
“Filing Date”	means the date on which the certified copy of the order of the Court sanctioning this Scheme is filed with the Registrar;
“GHDL”	means Global Haly Development Limited, a public unlisted company incorporated under the laws of Pakistan and having its registered office at F-67, Block-5, Clifton, Karachi;
“GHDL Shareholders”	means the shareholders of GHDL specified in Annexure “A”;
“GHDL Undertaking”	means the whole of the undertaking and entire business of GHDL as a going concern, including its Assets and Liabilities excluding the Advance Against Share Capital;

“Liabilities”	means all liabilities, duties and obligations of every kind, actual and contingent whether arising or payable under any agreement, statute, law or otherwise and whether pertaining to any Asset or otherwise, and all Encumbrances;
“NAHL”	means His Excellency Nasser Abdulla Hussain Lootah, being the sponsor shareholder of BML, and the majority shareholder of GHDL;
“Net Accumulated Loss”	is defined in Article 5.1 of this Scheme;
“PSX”	means the Pakistan Stock Exchange Limited;
“Registrar”	means the Registrar of Companies at the SECP;
“SBP”	means the State Bank of Pakistan;
“SBP Circular”	means Circular No. 08 of 2006 dated June 27, 2006, of the Banking Supervision Department of the SBP as amended and superseded from time to time;
“Scheme”	means this Scheme of Arrangement in its present form or with any modification as may be made in terms of applicable law;
“SECP”	means the Securities and Exchange Commission of Pakistan;
“Share Capital Unrepresented by Available Assets”	means 19,360,225,551 (Nineteen Billion Three Hundred Sixty Million Two Hundred Twenty Five Thousand Five Hundred Fifty One) ordinary shares of BML (as appearing in Annexure “B”), being equivalent to the Net Accumulated Loss;
“Tax”	means all present and future taxes, including income tax, sales tax, stamp duties, octroi, customs or excise duty, registration charges, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above;
“Tax Liabilities”	means all Liabilities in relation to Tax;
“TFC”	means term finance certificates;
“TFC Issue”	is defined in Article 4.1 of this Scheme;
“TFC Holders”	is defined in Article 4.1 of this Scheme;
“TFC Redemption Amount”	means Rs. 2,932,207,426/- (Rupees Two Billion Nine Hundred Thirty Two Million Two Hundred Seven Thousand Four Hundred Twenty Six) being the outstanding principal amount of the TFC Issue and the

accrued mark-up net of applicable withholding tax and zakat as of September 30, 2024;

“Trust Declaration”

means the Declaration of Trust dated May 5, 2011, executed by BML (formerly Summit Bank Limited) in favour of IGI Investment Bank Limited in respect of the TFC Issue (as amended, superseded and restated from time to time).

The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.

**ARTICLE 2
BML**

- 2.1 BML (formerly Summit Bank Limited) is a banking company incorporated in Pakistan on December 9, 2005, as a public company limited by shares under the erstwhile Companies Ordinance, 1984 (now Companies Act). The shares of BML are listed on the PSX.
- 2.2 As of the date of filing of this Scheme:
- (a) the authorised share capital of BML is Rs. 90,000,000,000/- (Rupees Ninety Billion) divided into 9,000,000,000 (Nine Billion) ordinary shares of Rs. 10/- (Rupees Ten) each; and
 - (b) the issued and paid up share capital of BML is Rs. 66,222,205,760/- (Rupees Sixty-Six Billion Two Hundred Twenty-Two Million Two Hundred Five Thousand Seven Hundred Sixty) divided into 6,622,220,576 (Six Billion Six Hundred Twenty-Two Million Two Hundred Twenty Thousand Five Hundred Seventy Six) ordinary shares of Rs. 10/- (Rupees Ten) each.
- 2.3 As of the Effective Date:
- (a) the authorised share capital of BML is (and shall be deemed to have been) Rs. 20,000,000,000/- (Rupees Twenty Billion) divided into 2,000,000,000 (Two Billion) ordinary shares of Rs. 10/- (Rupees Ten) each; and
 - (b) the issued and paid up share capital of BML is (and shall be deemed to have been) Rs. 10,000,000,000/- (Rupees Ten Billion) divided into 1,000,000,000 (One Billion) ordinary shares of Rs. 10/- (Rupees Ten) each.

**ARTICLE 3
GHDL**

- 3.1 GHDL is a public company limited by shares incorporated on September 8, 2005, under the erstwhile Companies Ordinance, 1984 (now Companies Act).
- 3.2 As of the date of filing of this Scheme:

- (a) the authorised share capital of GHDL is Rs. 875,000,000/- (Rupees Eight Hundred Seventy Five Million) divided into 8,750,000 (Eight Million Seven Hundred Fifty Thousand) ordinary shares of Rs. 100/- (Rupees One Hundred) each; and
- (b) the issued and paid up share capital of GHDL is 863,933,800/- (Rupees Eight Hundred Sixty Three Million Nine Hundred Thirty Three Thousand Eight Hundred) divided into 8,639,338 (Eight Million Six Hundred Thirty Nine Thousand Three Hundred Thirty Eight) ordinary shares of Rs. 100/- (Rupees One Hundred) each.
- (c) NAHL has provided Rs. 4,458,940,467/- (Rupees Four Billion Four Hundred Fifty Eight Million Nine Hundred Forty Thousand Four Hundred Sixty Seven) to GHDL as advance against share capital (“**Advance Against Share Capital**”).

ARTICLE 4 TFCs

- 4.1 BML issued listed, rated, unsecured and subordinated TFCs amounting to Rs. 1,500,000,000/- (Rupees One Billion Five Hundred Million) on October 27, 2011, pursuant to the Trust Declaration and provisions of the SBP Circular (“**TFC Issue**”). The list of TFC holders along with the number of units of TFCs issued to such TFC holders is provided in **Annexure “C” (“TFC Holders”)**.
- 4.2 The TFC Issue was for a tenor of seven (7) years, with maturity due on October 27, 2018, with its proceeds intended to contribute to BML’s tier II capital for meeting the minimum capital requirements prescribed by the SBP. However, pursuant to Clause 4.1.1 of the Trust Declaration and the relevant provisions of the SBP Circular, BML was not permitted to make any payment (both principal and mark-up) on the original maturity date since BML was not compliant with the capital requirements of the SBP.
- 4.3 As BML continued to be non-compliant with the applicable capital requirements on account of *inter alia* financial liquidity scarcity as well as regulatory and macroeconomic factors, the TFC Holders approved multiple extensions of the maturity date of the TFC Issue. The last and final extension was granted by the TFC Holders until October 27, 2023, in their extraordinary meeting held on October 27, 2022.
- 4.4 BML was not able to make payment of the redemption amount on the revised maturity date of October 27, 2023, due to non-resolution of its capital compliance issues. At present the TFC Redemption Amount is still owed to the TFC Holders by BML.

ARTICLE 5 NET ACCUMULATED LOSS

- 5.1 The following items represent the net accumulated losses which are unrepresented by available assets of BML:

Sr. No.	Line Item	Value in PKR ‘000
(i)	A portion of accumulated	49,320,334

	losses as of September 30, 2024	
(ii)	Discount on issuance of shares as of the Effective Date (net of share premium)	142,702,716
(iii)	Reserve on Amalgamation	1,579,205
	“Net Accumulated Loss” being the sum of (i) to (iii) above.	193,602,256

Copies of the balance sheet and the financial statements of BML for the period ended September 30, 2024, are attached as **Annexure “D”**, and the balance sheet and the audited financial statements of BML for the period ended June 30, 2024, are attached as **Annexure “D-1”**.

ARTICLE 6
OBJECT AND BENEFITS OF THE SCHEME

- 6.1 The principal object of this Scheme is to provide for, with effect from the Effective Date, the restructuring of BML in the following order:
- (i) issuance and allotment of fully paid ordinary shares of GHDL to NAHL in settlement of the Advance Against Share Capital;
 - (ii) the amalgamation of the entire GHDL Undertaking into BML;
 - (iii) the issuance and allotment of fully paid ordinary shares of BML to the GHDL Shareholders;
 - (iv) the settlement of the TFC Redemption Amount, through issuance and allotment of fully paid ordinary shares of BML to the TFC Holders; and
 - (v) the reduction of share capital of BML through cancellation of the Share Capital Unrepresented by Available Assets.
- 6.2 The restructuring of BML in the manner outlined in this Article 6 shall have the following benefits:
- (a) The restructuring will assist BML in working toward meeting the minimum capital requirements set by the SBP, ensuring continued regulatory compliance, and thereby protect the interests of the depositors (being the paramount benefit of this Scheme).
 - (b) The increased equity, reduced debt, and optimized balance sheet will enhance BML's financial health, making it more resilient and better positioned for growth.
 - (c) By addressing financial and operational challenges through this restructuring, BML will be able to rebuild investor and stakeholder confidence, potentially attracting more investment.
 - (d) With a stronger financial base and streamlined operations, BML will be better equipped to pursue strategic growth opportunities, expand its market reach, and improve profitability.

ARTICLE 7
EFFECTIVENESS OF THE SCHEME

- 7.1 This Scheme shall become operative and binding on the Filing Date but shall be deemed to have taken effect on the Effective Date.
- 7.2 BML shall submit a copy of the order of the Court sanctioning the Scheme to the Registrar in terms of Section 279(3) of the Companies Act.
- 7.3 As and from the Effective Date and until occurrence of the Filing Date:
- (i) there is no restriction on the conduct of the business of BML;
 - (ii) any entitlement to dividend or profit accruing or arising in favour of GHDL Shareholders and all losses incurred by GHDL after the Effective Date shall for all purposes be treated as the entitlement, profits and losses of BML and its shareholders.
- 7.4 On the Effective Date, the following actions shall be deemed to have occurred in the following sequential steps:
- (i) The issuance and allotment of fully paid ordinary shares of GHDL to NAHL in settlement of the Advance Against Share Capital.
 - (ii) The amalgamation of the entire GHDL Undertaking into BML and issuance of fully paid ordinary shares of BML to GHDL Shareholders.
 - (iii) GHDL stands dissolved without winding up.
 - (iv) The issuance of fully paid ordinary shares of BML to TFC Holders for settlement of payment of the TFC Redemption Amount.
 - (v) The reduction of the share capital of BML through cancellation of Share Capital Unrepresented by Available Assets.

ARTICLE 8
ISSUANCE OF BML SHARES, REDUCTION OF SHARE CAPITAL AND ALLIED MATTERS

- 8.1 As of the Effective Date, GHDL shall (and shall be deemed to have), without any further application, act, deed, consent or instrument, issued and allotted, to NAHL as on the Effective Date, 44,589,405 (Forty Four Million Five Hundred Eighty Nine Thousand Four Hundred Five) fully paid up ordinary share(s) having par value of Rs. 100/- (Rupees One Hundred) each of GHDL, credited as fully paid up.
- 8.2 Following the issuance and allotment of shares by GHDL to NAHL in accordance with Article 8.1, the shareholding structure of GHDL will be as specified in **Annexure "E"**, and the Advance Against Share Capital shall stand extinguished, with no further claims or entitlements arising therefrom.
- 8.3 As of the Effective Date, BML shall (and shall be deemed to have), without any further application, act, deed, consent or instrument, issued and allotted 12,367,814,589 (Twelve Billion Three Hundred Sixty Seven Million Eight Hundred Fourteen Thousand Five Hundred Eighty Nine) ordinary share(s) having

par value of Rs. 10/- (Rupees Ten) each of BML, on a proportionate basis to the GHDL Shareholders. The number of shares of BML issued to each GHDL Shareholder is specified in **Annexure "F"**.

- 8.4 With effect from the Effective Date, GHDL shall stand dissolved without winding up.
- 8.5 As of the Effective Date, BML shall (and shall be deemed to have), without any further application, act, deed, consent or instrument, issued and allotted 1,370,190,386 (One Billion Three Hundred Seventy Million One Hundred Ninety Thousand Three Hundred Eighty Six) ordinary share(s) having par value of Rs. 10/- (Rupees Ten) each of BML, on a proportionate basis to the TFC Holders. The number of ordinary shares of BML issued to each TFC Holder is specified in **Annexure "F-1"**.
- 8.6 Following the issuance and allotment of shares by BML to the TFC Holders in accordance with Article 8.5, the TFC Issue shall stand cancelled, and all obligations and rights of the TFC Holders in relation to the TFC Issue shall cease to exist, with no further claims or entitlements arising therefrom.
- 8.7 The issuance and allotment of shares of GHDL to NAHL, and the issuance and allotment of shares of BML to GHDL Shareholders and TFC Holders is an integral part hereof and shall be deemed to have been carried out without requiring any further act on the part of BML or its members and as if the procedure laid down under the Companies Act and such other Applicable Laws as may be applicable, were duly complied with. The date of allotment and issuance of shares of GHDL to NAHL, and the date of allotment and issuance of shares of BML to GHDL Shareholders and TFC Holders shall be deemed to be the Effective Date notwithstanding the actual date of allotment or issuance.
- 8.8 As of the Effective Date, the Share Capital Unrepresented by Available Assets shall stand cancelled and extinguished. Accordingly, the shareholding of each shareholder of BML shall be reduced proportionately by 95.09% (rounded off to two decimal places); and correspondingly, the Net Accumulated Loss will also stand extinguished in the books of accounts of BML.
- 8.9 CDC (in relation to dematerialized shares) and the company secretary of BML (in relation to shares held in physical form) shall (as applicable) cancel the Share Capital Unrepresented by Available Assets in accordance with Article 8.8 above, and appropriate entries shall be made in BML's register of members, as on the Effective Date, to reflect such cancellation.
- 8.10 The net number of shares of BML that are to be issued under this Scheme to GHDL Shareholders and TFC Holders shall stand inducted and issued in dematerialized form through the CDS. The net number of these shares will reflect the adjustments made following the initial issuance under Articles 8.3 and 8.5, and after the proportionate reduction outlined in Article 8.8. The final net number of shares which will be inducted in the CDS, for GHDL Shareholders and TFC Holders are detailed in **Annexure "F-2"** and **Annexure "F-3"** respectively, differing from the pre-reduction figures in **Annexures "F"** and **"F-1"**.

ARTICLE 9
TRANSFER OF ASSETS AND LIABILITIES

- 9.1 On and from the Effective Date, the GHDL Undertaking shall, on a going concern basis, stand transferred to and vest in and be deemed to be transferred to and vested in BML.
- 9.2 Insofar as any of the Assets forming part of the GHDL Undertaking are subject to any Encumbrance immediately prior to the Effective Date, such Assets shall be deemed to have been transferred to BML on the Effective Date subject to such Encumbrances.
- 9.3 BML shall be deemed, without any further act, deed, matter, or thing, to have created, on the Effective Date, all such Encumbrances on the Assets forming part of the GHDL Undertaking which are transferred (without in any manner adversely affecting the ranking or priority of the same) from GHDL to BML on the Effective Date by virtue of the sanction of this Scheme by the Court.
- 9.4 All Liabilities of GHDL forming part of the GHDL Undertaking on or before the Effective Date shall, as from the Effective Date, be deemed to be and assumed by BML, as the Liabilities of BML without in any manner adversely affecting the ranking or priority of the same.

ARTICLE 10
LEGAL PROCEEDINGS

- 10.1 All ongoing legal actions and legal proceedings of any nature whatsoever by or against GHDL, existing prior to the Effective Date shall not cease, be discontinued, or in any way prejudicially affected by reason of anything contained in this Scheme. Such legal action or legal proceedings (or both, if applicable) shall, as from the Effective Date, be continued, prosecuted or enforced by or against BML exclusively in the same manner and to the same extent as it would or might have been continued, prosecuted, and enforced by or against GHDL if this Scheme had not been made.

ARTICLE 11
EMPLOYEES

- 11.1 All employees of GHDL shall as from the Effective Date be deemed to be the employees of BML on the same terms and conditions (and without any interruption of service) on which they were employed by GHDL immediately prior to the Effective Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by BML.
- 11.2 The services of all employees of GHDL prior to their transfer to BML shall be taken into account for the purposes of all benefits to which such employees are eligible in terms of their relevant employment contracts.
- 11.3 BML shall abide by agreement, settlement, or arrangement entered into by GHDL prior to the Effective Date in respect of the employees of GHDL or any collective bargaining agent or union lawfully representing them.

ARTICLE 12
LICENSES / PERMITS / APPROVALS

- 12.1 All licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, licenses, registrations and entitlements in relation to GHDL, the benefit of which GHDL may be entitled to, and which are subsisting or having effect immediately prior to the Effective Date, shall, from the Effective Date, stand vested in and transferred to BML without any further act or deed, and shall be appropriately mutated by the relevant authorities in favour of BML.

ARTICLE 13

TAX

- 13.1 With effect on and from the Effective Date, all Tax Liabilities of GHDL under any law for the time being in force shall exclusively be the Tax Liabilities of BML.
- 13.2 With effect on and from the Effective Date, all rights of GHDL to refunds, credits, advance payments, or any other benefits arising out of or connected with the Tax Liabilities shall stand transferred to BML. Where any such Tax refund or benefit is received by GHDL after the Effective Date, it shall promptly upon receipt of it, pay the same to BML.
- 13.3 Following the Effective Date, BML shall have the right to revise its financial statements and returns along with prescribed forms and filings and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme. BML is expressly permitted to revise and file its income tax returns and other statutory returns, even beyond the due date, if required.

ARTICLE 14

AUTHORISED SHARE CAPITAL

- 14.1 Upon this Scheme becoming effective but prior to the issuance and allotment of shares of GHDL to NAHL under Article 8.1 above, the authorised share capital of GHDL shall stand at Rs. 5,400,000,000/- (Rupees Five Billion Four Hundred Million) divided into 54,000,000 (Fifty Four Million) ordinary shares of Rs. 100/- (Rupees One Hundred) each.
- 14.2 Upon this Scheme becoming effective, the authorised share capital of BML shall be deemed to be decreased without any requirement of a further act or deed on the part of BML such that upon the effectiveness of the Scheme, the authorised share capital of BML shall stand decreased from the present authorized share capital of Rs. 90,000,000,000/- (Rupees Ninety Billion) divided into 9,000,000,000 (Nine Billion) ordinary shares of Rs. 10/- (Rupees Ten) each to Rs. 20,000,000,000 (Rupees Twenty Billion) divided into 2,000,000,000 (Two Billion) ordinary shares of Rs. 10/- (Rupees Ten) each.

ARTICLE 15

AMENDMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF BML

- 15.1 Pursuant to the decrease in authorised share capital pursuant to Article 14.2, the memorandum of association of BML (relating to authorised share capital) shall, without any requirement of a further act, instrument or deed, be and stand altered, modified and amended, such that Clause V of the memorandum of association shall be replaced by the following:

“The Share Capital of the Bank is PKR 20,000,000,000/- (Rupees Twenty Billion Only) divided into 2,000,000,000 shares of PKR 10/- (Rupees Ten) each with power to the Bank from time to time increase, reduce or reorganize its capital or to sub-divide the shares in the capital for the time being into several classes. The share capital shall comprise of one or more kinds of shares and different classes of shares under each kind as permitted by the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000 as amended from time to time, with such rights and privileges attached thereto as may be approved by the members from time to time by a Special Resolution.”

- 15.2 It is clarified that the consent of the members of BML to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and the decrease in the authorised share capital of BML pursuant to Article 14.2. No further resolution under Section 85 of the Companies Act or other applicable provisions of the Companies Act, if any, would be required to be separately passed.
- 15.3 Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of BML shall stand suitably decreased consequent upon the reduction of shares in accordance with this Scheme, without any further act, deed, resolution or writing.

ARTICLE 16 STATUTORY AND REGULATORY APPROVALS

The following statutory and regulatory approvals required for or in connection with the Scheme have been obtained and / or shall be obtained by BML and GHDL, and the Scheme will not be effective until such approvals have been procured, unless waived by the Court.

- 16.1 The Scheme being approved by the respective requisite majorities in number representing three-fourths in value of the members present and voting either in person or, where proxies are allowed, by proxy at the meeting of the members of BML and GHDL, as required under the Companies Act, unless and to the extent dispensed with by the Court.
- 16.2 The Scheme being approved by the requisite majority in number representing three-fourths in value of the TFC Holders, present and voting either in person or, where proxies are allowed, by proxy at the meeting, subject to Article 22.2 of this Scheme.
- 16.3 The Scheme being approved by the SBP.

In terms of creditors, the majority of the creditors of BML are its depositors. In terms of Section 40A and 41 of the BCO, the SBP is responsible and empowered to protect the interests of the depositors, and accordingly, the approval of the SBP for the Scheme shall be sufficient in lieu of approval of the creditors of BML.

Since the net asset value of BML will remain unchanged by reduction of the Share Capital Unrepresented by Available Assets, no prejudice whatsoever will be caused to BML's depositors.

- 16.4 The Scheme being approved by the requisite majority in number representing three-fourths in value of the creditors of GHDL, present and voting either in person or, where proxies are allowed, by proxy at the meeting.

- 16.5 Approval of the SBP that the shares of BML to be issued to NAHL, pursuant to the amalgamation of the GHDL Undertaking into BML, will be registered on a fully repatriable basis.
- 16.6 The Scheme being approved or exempted by the Competition Commission of Pakistan in terms of the Competition Act, 2010 read with the Competition (Merger Control) Regulations, 2016.

ARTICLE 17
SCHEME'S EFFECT

- 17.1 The transfer of Assets and Liabilities in terms of this Scheme shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any applicable law including Tax law (other than as contemplated under Sections 279 to 282 of the Act); (ii) give rise to any forfeiture; (iii) give rise to any right of first refusal or pre-emptive right to any person; or (iv) constitute a contractual transfer but a transfer by operation of law and, for avoidance of doubt, shall not, therefore, be affected by any contractual restriction to which BML or GHDL are a party or may be bound, notwithstanding any contractual restriction on any transfer, assignment or the like.
- 17.2 On and from the Effective Date, the terms of this Scheme shall be binding by operation of law on BML and GHDL and on all the shareholders and creditors of each of BML and GHDL including the TFC Holders, and on any other person having any right or liability in relation to either of them.
- 17.3 On the Effective Date, this Scheme will override the constitution of BML and GHDL to the extent of any inconsistency.

ARTICLE 18
MISCELLANEOUS

- 18.1 Notwithstanding anything to the contrary contained herein, all Annexures to this Scheme shall be subject to revision (if required) so as to reflect the position existing as of the Effective Date and all provisions contained herein shall be interpreted and construed accordingly.
- 18.2 This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification of it or addition to it as the Court may approve and this Scheme with such modification or addition, if any, is also subject to any conditions which the Court may impose.
- 18.3 If the Court requires BML or GHDL (or both, if applicable) to consent to any modification to this Scheme, such consent may be given on behalf of BML by Mr. Jawad Majid Khan and on behalf of GHDL, by Mr. Murtaza Aftab.
- 18.4 Mr. Jawad Majid Khan, Chief Executive Officer of BML and Mr. Murtaza Aftab, Senior Manager Finance, of GHDL, as applicable, are hereby authorized to take all steps and execute documents that they may consider necessary or expedient to give effect to the provisions of this Scheme.
- 18.5 All costs required to give effect to this Scheme shall be borne by BML.

ARTICLE 19
FINANCIAL STATEMENTS

- 19.1 Within ninety (90) days of the Filing Date, financial statements of BML as of the Effective Date, shall be prepared by its management and audited by a firm of chartered accountants.

ARTICLE 20
GOVERNING LAW

- 20.1 The Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.

ARTICLE 21
HEADINGS

- 21.1 Article headings are not to be considered as part of the Scheme, but are solely for convenience of reference, and shall not affect the meaning or interpretation of the Scheme or any of its provisions.

ARTICLE 22
SEVERABILITY

- 22.1 If any provision of the Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible all of the remaining provisions of the Scheme shall remain in full force and effect.
- 22.2 If for any reason the approval of the TFC Holders is not obtained, such failure shall not affect the enforceability or validity of the remaining provisions of the Scheme. The remaining components of the Scheme may be sanctioned by the Court with the exclusion of the settlement of the TFC Redemption Amount, subject to any modifications in the Scheme and ancillary documents which may be required. **Annexure "G"** specifies the net number of shares of BML in respect of each GHDL Shareholder, following the reduction under Article 8.8, in the event that the TFC Holders do not approve the Scheme.

Annexure A – GHDL Shareholders

SRN	NAME OF MEMBERS OF GHDL	NUMBER OF SHARES HELD BEFORE ISSUANCE OF NEW SHARES IN SETTLEMENT OF ADVANCE AGAINST SHARE CAPITAL
1.	Naseer Abdullah Hussain Lootah	8,564,698
2.	Khalid Masood	74,638
3.	Syed Nauman Ali	02

Annexure B – Share Capital Unrepresented by Available Assets

Description	No of Shares '000
Existing number of shares of BML as at 30 September 2024	6,622,221
Additional Shares of BML issued to:	
GHDL	12,367,815
TFC Holders	1,370,190
Reduction of Shares	(19,360,226)
Closing Shares of BML	1,000,000

Annexure C – List of TFC Holders

FOLIO NO.	NAME	ADDRESS	NO. OF TFCs	PRINCIPAL	NET AMOUNT (INCLUSIVE OF PRINCIPAL AND MARKUP AND NET OF TAX DEDUCTION)
000000000001	M/S. FCCL Employee Fund Trust	Fauji Tower, Block-3, 68-Tipu Road, Chaklala, Rawalpindi	1,000	5,000,000	8,332,222
000000000002	Mrs. Afsheen Merchant	E-10, Sardania Apartment, Project No-2, Plot No. 389, P Dsoza Road, Garden East, Karachi.	30	150,000	280,864
000000000003	Mr. Karim Merchant	E-10, Sardania Apartment, Project No-2, Plot No. 389, P Dsoza Road, Garden East, Karachi.	30	150,000	280,864
000000000004	Mr. Mohammad Younis	House No. 164, Block. N, Model Town Extension, Lahore.	30	150,000	249,967
001446000049	MCB Bank Limited - Financial Institutions Division	Room No. 115,116, 3rd Floor, Stock Exchange Building, Stock Exchange Road Karachi	10,000	50,000,000	101,345,454
001826092437	Ayesha Farook	47/2, Khayaban- E-Shaheen, Entrance ""B", Phase# 5, D.H.A, Karachi	10,800	54,000,000	101,110,908
001826092445	Samira Faisal Khan	47/2, Khayaban- E-Shaheen, Entrance ""B""	3,000	15,000,000	28,086,363

		Street, Phase# 5, DHA, Karachi			
001826092460	Farook Bengali	47/2, Khayaban- E-Shaheen, Entrance ""B"" Street, Phase# 5, D.H.A, Karachi	4,000	20,000,000	37,448,484
001826092932	Muhammad Saleem	709-C-Citi Centre, Bahadurabad, Karachi	1,300	6,500,000	12,170,757
001826094136	Najeeb Ur Rehman Khan Rohilla	Plot# 150/1, Street# 12, Khayaban-E- Bukhari, Phase# 6, D.H.A., Karachi	300	1,500,000	2,771,248
001826094565	Dawood Corporation (Private) Limited	10th Floor, Dawood Centre, PIDC House, M.T.Khan Road , Karachi	10,000	50,000,000	93,621,211
001826094904	Trustee-Exalo Drilling S.A. Gratuity Fund	House# D-209, Block - 05, Kehkashan, Clifton, Karachi	40	200,000	374,485
002659000042	Pak Libya Holding Company (Pvt.) Limited	5th Floor, Tower 'C', Finance & Trade Centre, Shahrah-E- Faisal, Karachi	39,955	199,775,000	374,063,548
002659000059	Pak Libya Holding Company (Pvt.) Limited	5th Floor, Tower 'C', Finance & Trade Centre, Shahrah-E- Faisal, Karachi	40,000	200,000,000	374,484,843
003277073551	Trustees Pak Suzuki Motor Company Ltd Employees Prov. Fund	Dsu-13, Pakistan Steel Industrial Estate Bin Qasim Karachi	1,000	5,000,000	10,134,545
003277074330	Mumtaz Ahmed Shaikh	65 B/2, Q Street Phase-7, DHA Karachi	200	1,000,000	1,872,424
003277074658	Trustees of PIAC Employees	Pia Insurance & Terminal Benefits New	50,000	250,000,000	506,727,270

	Provident Fund Trust	Press Building Pia Head Office Karachi Airport Karachi			
003277080825	Abdul Nasir	House No. B-19 Block 13 D/2 Gulshan-E-Iqbal Karachi	200	1,000,000	1,872,424
003277083310	Asma Mundrawala	C-62, KDA Scheme # 1, Postal Code 75350, Karachi	1,700	8,500,000	15,915,606
003525022310	Amjad Ali Siddiqui	House No.774 Sector Z Phase Iii D.H.A. Cantt.54792 Lahore	30	150,000	280,864
003525028788	Trustees D.G. Khan Cement Co. Ltd. Emp. P.F	Nishat House,53-A Lawrence Road Lahore	2,000	10,000,000	20,269,091
003525080782	Iftikhar Ahmed	1-B, Larechs Colony (Adjacent Masjid Anwar-E- Madina) Railway Level Crossing # 4, Mughalpura, 54840 Lahore	20	100,000	187,242
003889000044	National Bank of Pakistan	Treasury Ops. Div. (Topsd), Corp. Ops. Group (Copsg)- Coag, 1st Floor, NBP Head Off. I.I. Chund.Rd. Karachi	23,898	119,490,000	242,195,366
004812000073	Pak-Oman Investment Company Ltd.	1st Floor, Tower-A, Finance & Trade Centre, Sharae Faisal, Karachi	10,000	50,000,000	93,621,211
005264001649	Nizar	C/O Sadiq / Mumtaz Saleem, B-5, Al Mehdi Housing Society, Garden East, Karachi	30	150,000	280,864

005264003835	Hamid Hussain Siddiqui	H/No 3/1, Khayaban-E- Mujahid, D.H.A Phase 5, Karachi	260	1,300,000	2,166,378
005264043260	Trustee-Roche Pakistan Ltd. Management Staff Pension Fund	37-C, Block-6, P.E.C.H.S, Karachi	2,000	10,000,000	20,269,091
005264043278	Trustee-Roche Pakistan Ltd. Management Staff Gratuity Fund	37-C, Block-6, P.E.C.H.S, Karachi	2,000	10,000,000	20,269,091
005264043294	Trustee-Roche Pakistan Ltd. Mngt. Staff Defined Cont.Pens.Fund	37-C, Block-6, P.E.C.H.S, Karachi	100	500,000	833,222
005512070048	Mahjabeen Nasir	House # B-19, Block # 13-D/2, Gulshan-E-Iqbal, Karachi	100	500,000	936,212
006247000071	The Saudi Pak Industrial & Agricul. Investment Co. Ltd. - Td	Saudi Pak Tower, 61-A, Jinnah Avenue, Islamabad	6,000	30,000,000	56,172,727
006528000027	CDC - Trustee Askari High Yield Scheme	CDC House, 99- B, Block B, S.M.C.H.S., Main Shahrah-E- Faisal, Karachi	5,000	25,000,000	46,810,605
007088000021	The Bank of Punjab, Treasury Division.	Office # 112 & 113, 1st Floor, Park Towers Shahrah E Fardousi, Block 5, Clifton, Karachi	1,000	5,000,000	10,134,545
009332000028	First Credit & Investment Bank Limited	2nd Floor, SIDCO Avenue Centre, Stratchen Road, R.A. Lines, 74200- Karachi	3,995	19,975,000	37,401,674

009886000022	CDC - Trustee Akd Aggressive Income Fund	CDC House, 99- B, Block B, S.M.C.H.S., Main Shahrah-E- Faisal, Karachi	5,000	25,000,000	50,672,727
012476000027	CDC - Trustee Nit Income Fund	CDC House, 99- B, Block 'B', S.M.C.H.S., Main Shakra-E- Faisal, Karachi	20,000	100,000,000	202,690,908
012724000025	Sindh Bank Limited	3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi	44,982	224,910,000	455,872,121
37	TOTAL NO. OF TFC UNITS		300,000	1,500,000,000	2,932,207,426

Bank Makramah Limited
Unconsolidated Condensed Interim Financial Statements
For The Nine Months Period Ended September 30, 2024

BANK MAKRAMAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	14,769,747	14,463,417
Balances with other banks	7	1,514,802	601,877
Lendings to financial institutions	8	8,589,308	-
Investments	9	170,179,771	179,899,952
Advances	10	16,379,236	18,735,149
Property and equipment	11	7,098,563	7,210,016
Right-of-use assets	12	2,417,360	2,721,205
Intangible assets	13	287,065	262,203
Deferred tax assets	14	25,238,177	23,255,236
Other assets	15	20,762,652	41,475,212
Total Assets		267,236,681	288,624,267
LIABILITIES			
Bills payable	17	1,450,743	2,162,537
Borrowings	18	107,930,145	130,369,330
Deposits and other accounts	19	162,464,134	156,960,280
Lease liabilities	20	3,136,119	3,348,737
Subordinated debt	21	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	22	7,024,586	7,100,434
Total Liabilities		283,501,242	301,436,833
NET ASSETS		(16,264,561)	(12,812,566)
REPRESENTED BY			
Share capital - net		30,500,208	30,500,208
Reserves		(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	23	4,403,187	3,970,837
Accumulated losses		(50,742,913)	(46,858,568)
		(16,264,561)	(12,812,566)
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

BANK MAKRAMAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Note	Quarter Ended		Nine Months Period Ended		
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	
----- (Rupees in '000) -----					
Mark-up / return / interest earned	25	10,584,484	9,971,426	32,379,283	20,073,068
Mark-up / return / interest expensed	26	11,271,259	10,685,385	35,164,399	21,803,931
Net Mark-up / interest expense		(686,775)	(713,959)	(2,785,116)	(1,730,863)
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	258,346	155,481	781,474	439,315
Dividend income		-	-	412	206
Foreign exchange income		73,539	133,419	369,963	722,398
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	28	599,652	(62,255)	871,886	(514,293)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	29	13,409	14,340	704,175	371,146
Total non-markup / interest income		944,946	240,985	2,727,910	1,018,772
Total income		258,171	(472,974)	(57,206)	(712,091)
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	2,117,405	1,910,501	5,961,667	5,243,652
Workers' welfare fund		-	-	-	-
Other charges		89	237	193	418
Total non-markup / interest expenses		2,117,494	1,910,738	5,961,860	5,244,070
Loss before credit loss allowance / provisions		(1,859,323)	(2,383,712)	(6,019,066)	(5,956,161)
Credit loss allowance / reversals and write offs - net Extra ordinary / unusual items	32	756,021	739,826	(968,031)	(92,039)
LOSS BEFORE TAXATION		(2,615,344)	(3,123,538)	(5,051,035)	(5,864,122)
Taxation	33	(873,258)	(1,069,980)	(1,866,517)	(2,088,772)
LOSS AFTER TAXATION		(1,742,086)	(2,053,558)	(3,184,518)	(3,775,350)
----- (Rupee) -----					
Basic loss per share	34	(0.33)	(0.34)	(0.60)	(0.77)
Diluted loss per share	34	(0.33)	(0.34)	(0.60)	(0.77)

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

BANK MAKRAMAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Quarter Ended		Half Year Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----			
Loss after taxation for the period	(1,742,086)	(2,053,558)	(3,184,518)	(3,775,350)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax	-	335,521	-	185,369
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	946,473	-	615,770	-
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of property and equipment - net of tax	9,319	9,657	37,085	28,977
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	7	-	12	-
Movement in surplus on revaluation of non-banking assets - net of tax	2,320	2,313	41,229	6,937
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	15,613
	11,646	11,970	78,326	51,527
Total comprehensive loss	(1,730,440)	(1,706,067)	(2,490,422)	(3,538,454)

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

 President / Chief Executive

 Chief Financial Officer

 Director

 Director

 Director

BANK MAKRAMAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Share capital		Capital reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Accumulated losses	Total
	Issued, subscribed and paid up	Discount on issue of shares	Share premium	Reserve arising on amalgamation		Investments	Property & equipment / Non banking assets	Property held for sale		
	(Rupees in '000)									
Balance as at January 01, 2023 (Audited)	26,381,510	(5,881,316)	1,000,000	(1,579,205)	154,162	(6,149)	3,295,706	708,079	(41,721,679)	(17,648,892)
Loss after taxation for nine months period ended September 30, 2023	-	-	-	-	-	-	-	-	(3,775,350)	(3,775,350)
Other comprehensive income - net of tax	-	-	-	-	-	185,369	35,914	15,613	-	236,896
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated losses	-	-	-	-	-	-	(74,302)	-	74,302	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(17,785)	-	17,785	-
Transfer from surplus on revaluation of fixed assets on sale to accumulated losses	-	-	-	-	-	-	(39,415)	-	39,415	-
Transfer from surplus on revaluation of property held for sale on sale to accumulated losses	-	-	-	-	-	-	-	(40,035)	40,035	-
Transactions with owners, recorded directly in equity										
Issue of share capital	39,840,695	(29,840,681)	-	-	-	-	-	-	-	10,000,014
Share issuance cost	-	-	-	-	-	-	-	-	(166,647)	(166,647)
Balance as at Oct 01, 2023 (Un-audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	179,220	3,200,118	683,657	(45,492,139)	(11,353,979)
Loss after taxation for the three months period ended December 31, 2023	-	-	-	-	-	-	-	-	(1,543,266)	(1,543,266)
Other comprehensive income - net of tax	-	-	-	-	-	2,782	31,061	-	50,836	84,679
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property & equipment to accumulated losses	-	-	-	-	-	-	(24,558)	-	24,558	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(5,826)	-	5,826	-
Transfer from surplus on revaluation of property & equipment on sale to accumulated losses	-	-	-	-	-	-	(95,617)	-	95,617	-
Transfer from surplus on revaluation of property held for sale on sale to accumulated losses	-	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2024 (Audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	182,002	3,105,178	683,657	(46,858,568)	(12,812,566)
Effect of adoption of IFRS 9 - ECL (net of tax) - Note 4.1.2	-	-	-	-	-	(60,943)	-	-	(900,630)	(961,573)
Loss after taxation for nine months period ended September 30, 2024	-	-	-	-	-	-	-	-	(3,184,518)	(3,184,518)
Other comprehensive income - net of tax	-	-	-	-	-	615,782	78,314	-	-	694,096
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	(71,953)	-	71,953	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(17,850)	-	17,850	-
Transfer from surplus on revaluation of property property and equipment on sale to accumulated losses	-	-	-	-	-	-	(23,135)	-	23,135	-
Transfer from surplus on revaluation of non-banking assets on sale to accumulated losses	-	-	-	-	-	-	(87,865)	-	87,865	-
Balance as at September 30, 2024 (Un-audited)	66,222,205	(35,721,997)	1,000,000	(1,579,205)	154,162	736,841	2,982,689	683,657	(50,742,913)	(16,264,561)

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

BANK MAKRAMAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(5,051,035)	(5,864,122)
Less: Dividend income	<u>(412)</u>	<u>(206)</u>
	(5,051,447)	(5,864,328)
Adjustments:		
Depreciation on property and equipment	314,475	314,899
Depreciation on right-of-use assets	397,246	448,395
Depreciation on non-banking assets	47,717	48,910
Finance charges on leased assets	331,458	322,506
Amortization	23,137	17,944
Credit loss allowance / reversals and write offs - net	(967,464)	(91,311)
Loss on forward exchange contracts	14,248	52,822
Charge for defined benefit plan	59,585	37,514
Charge for employees compensated absences	17,996	15,587
Gain on termination of lease contracts under IFRS 16	(36,161)	(43,082)
Gain on sale of property and equipment	(59,941)	(201,014)
Gain on sale of non banking assets	(604,317)	-
Gain on partial sale of HFS property	-	(116,794)
	<u>(462,021)</u>	<u>806,376</u>
	(5,513,468)	(5,057,952)
Decrease in operating assets		
Lendings to financial institutions	(8,589,844)	10,141,557
Advances	2,475,157	2,746,460
Others assets (excluding advance taxation)	<u>20,114,275</u>	<u>(5,158,533)</u>
	13,999,588	7,729,484
(Decrease) / increase in operating liabilities		
Bills payable	(711,794)	(149,234)
Borrowings from financial institutions	(22,437,852)	94,650,754
Deposits	5,503,854	25,082,438
Other liabilities (excluding current taxation)	<u>(243,353)</u>	<u>2,912,841</u>
	(17,889,145)	122,496,799
Payment on account of staff retirement benefits	(38,593)	92,381
Income tax paid	<u>(471,872)</u>	<u>(210,425)</u>
Net cash (used in) / generated from operating activities	<u>(9,913,490)</u>	<u>125,050,287</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	10,729,659	-
Net Investments in available for sale securities	-	(133,116,876)
Dividends received	412	206
Investments in property and equipment	(237,364)	(135,228)
Investments in intangible assets	(48,000)	(119,737)
Proceeds from sale of property and equipment	94,281	359,202
Proceeds from sale of non-banking assets	1,198,212	-
Proceeds from partial sale of HFS property	-	302,877
Net cash generated from / (used in) investing activities	<u>11,737,200</u>	<u>(132,709,556)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(601,315)	(680,476)
Issue of share capital	-	10,000,014
Share issuance cost	-	(166,647)
Net cash (used in) / generated flow financing activities	<u>(601,315)</u>	<u>9,152,891</u>
Effect of exchange rate changes on cash and cash equivalents	18,828	528,027
Increase in cash and cash equivalents	<u>1,241,223</u>	<u>2,021,649</u>
Cash and cash equivalents at beginning of the year	15,040,071	13,476,148
Cash and cash equivalents at end of the period	<u>35</u> <u>16,281,294</u>	<u>15,497,797</u>

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

 President / Chief Executive

 Chief Financial Officer

 Director

 Director

 Director

BANK MAKRAMAH LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

1. STATUS AND NATURE OF BUSINESS

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

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 149 Conventional Banking Branches and 12 Islamic Banking Branches (December 31, 2023: 164 Conventional Banking Branches and 13 Islamic Banking Branches) in Pakistan.

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

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

- 1.3 During the period ended, the Bank has incurred a net loss of Rs. 3,184.518 million resulting in accumulated losses of Rs. 50,742.913 million and negative equity of Rs. 16,264.561 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of September 30, 2024. However, the paid up capital of the Bank (net of losses), CAR and LR are negative.

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

- Injection of capital;
- Sale of a portion of self-constructed property on the plot of land bearing No. G-2, Block2, Scheme No: 5;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Bank will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;
- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Bank;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Bank to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income; and
- Income generation through avenues for mark up income and non-mark up income.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim 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 Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. Moreover, SBP vide BPRD Circular no. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP, through S.R.O. 411(1)/2008 dated April 28, 2008 has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures', to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

These unconsolidated condensed interim financial statements represent separate financial statements of Bank Makramah Limited in which investment in subsidiary are accounted for on the basis of direct equity interest rather on the basis of reported results. Accordingly, the consolidated condensed interim financial statements have been presented separately.

2.2 Key financial figures of the Islamic banking branches are disclosed in Note 40 to these unconsolidated condensed interim financial statements.

2.3 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 09, 2023 and IAS 34 'Interim Financial Reporting' and do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2023.

2.4 **Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period**

IFRS 9 'Financial Instruments', became effective for annual reporting on or after January 01, 2024. The impact of adaptation of IFRS 9 on the Bank's condensed interim financial statements is disclosed in note 4.1.2.

In addition, there are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. These are considered either not to be relevant or not to have any significant impact on the Bank's operations and therefore are not detailed in these unconsolidated financial statements.

2.5 Standards, interpretations of and amendments to existing accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

<u>Standard, Interpretation or Amendment</u>	<u>Effective date (annual periods beginning on or after)</u>
Lack of Exchangeability - Amendments to IAS 21	January 01, 2025
Presentation and Disclosure in Financial Statements - IFRS 18	January 01, 2027

2.6 Critical accounting estimates and judgments

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for:

- Certain property & equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation / impairment.
- Investments classified as FVTPL and FVOCI, which are measured at fair value.
- Commitments in respect of forward exchange contracts, which are measured at fair value.
- Right-of-use assets and their related lease liabilities, which are measured at their present value adjusted for depreciation, interest cost and lease repayments.
- Net obligation in respect of defined benefit scheme, which is measured at their present value.

3.2 Functional and Presentation Currency

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2023 except as disclosed in note 4.1.

4.1 Changes in accounting policies - IFRS 9 Financial Instruments

Classification of Financial Assets

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

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

Classification of Equity Instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable.

Classification of other Financial Assets

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

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

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

FVTPL: This includes financial assets:

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

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

Subsequent Measurement

Equity and debt securities classified as FVTPL

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

Equity and debt securities classified as FVOCI

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

Other financial assets classified at amortised cost

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

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

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

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

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

Derecognition other than due to substantial modification of terms and conditions

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

Classification of Financial Liabilities

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

Financial liabilities classified as FVTPL are measured at fair value.

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment

An ECL provision will be calculated on financial assets designated at FVOCI or at Amortised cost in accordance with the requirements of IFRS 9 and the guidelines issued by the SBP. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Equity securities are not subject to impairment.

4.1.1 Change in reporting format

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023 and BPRD Circular letter No. 07 dated April 13, 2023, issued the revised formats for the preparation of the annual and interim financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2024 (previously January 01, 2023). The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial information. Right of use assets and corresponding Lease Liability are now presented separately on the face of Statement of financial position. Previously they were presented under Property and Equipment (previously titled Fixed Assets) and Other Liabilities respectively. As a result of the this change, the Property and Equipment of the Bank decreased by Rs 2,417.360 million and Rs 2,721.205 million as of September 30, 2024 and December 31, 2023 respectively. Further, Other liabilities of the Bank decreased by Rs 3,136.119 million and Rs 3,348.737 as of September 30, 2024 and December 31, 2023 respectively.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified (Note 41).

4.1.2 Impact of IFRS 9- Financial Instruments

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

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

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

The Bank has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application is of Rs. 961.573 million has been recorded as an adjustment to equity at the beginning of the current accounting period. Details of impact of initial application are tabulated below:

	Balances as of	Impact due to:		Balances as of	IFRS 9 Category
	December 31, 2023	Recognition Expected Credit Losses	Adoption of revised classifications under IFRS 9	January 1, 2024 Restated	
ASSETS					
Cash and balances with treasury banks	14,463,417	-	-	14,463,417	Amortized Cost
Balances with other banks	601,877	(501)	-	601,376	Amortized Cost
Lendings to financial institutions	-	-	-	-	Amortized Cost
Investments					
- Classified as Available for sale	179,668,201	-	(179,668,201)	-	
- Classified as FVOCI	-	-	179,668,201	179,668,201	FVOCI
- Subsidiary	231,751	-	-	231,751	Not applicable
Advances	18,735,149	(852,060)	-	17,883,089	Amortized Cost
Property and equipment	7,210,016	-	-	7,210,016	Outside scope of IFRS 9
Right-of-use assets	2,721,205	-	-	2,721,205	Outside scope of IFRS 9
Intangible assets	262,203	-	-	262,203	Outside scope of IFRS 9
Deferred tax assets	23,255,236	-	-	23,255,236	Outside scope of IFRS 9
Other assets - Financial Assets	33,507,356	-	-	33,507,356	Amortized Cost / FVOCI*
Other assets - Non Financial Assets	7,967,856	-	-	7,967,856	Outside scope of IFRS 9
Total Assets	288,624,267	(852,561)	-	287,771,706	
LIABILITIES					
Bills payable	2,162,537	-	-	2,162,537	Amortized Cost
Borrowings	130,369,330	-	-	130,369,330	Amortized Cost
Deposits and other accounts	156,960,280	-	-	156,960,280	Amortized Cost
Lease liabilities	3,348,737	-	-	3,348,737	Outside scope of IFRS 9
Subordinated debt	1,495,515	-	-	1,495,515	Amortized Cost
Deferred tax liabilities	-	-	-	-	Outside scope of IFRS 9
Other liabilities - Financial Liabilities	5,931,521	109,012	-	6,040,533	Amortized Cost
Other liabilities - Non-financial Liabilities	1,168,913	-	-	1,168,913	Outside scope of IFRS 9
Total Liabilities	301,436,833	109,012	-	301,545,845	
NET ASSETS	(12,812,566)	(961,573)	-	(13,774,139)	
REPRESENTED BY					
Share capital - net	30,500,208	-	-	30,500,208	Outside scope of IFRS 9
Reserves	(425,043)	-	-	(425,043)	Outside scope of IFRS 9
Surplus / (deficit) on revaluation of assets	3,970,837	-	(60,943)	3,909,894	Outside scope of IFRS 9
Accumulated losses	(46,858,568)	(961,573)	60,943	(47,759,198)	Outside scope of IFRS 9
	(12,812,566)	(961,573)	-	(13,774,139)	

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

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	4,522,905	4,607,634
Foreign currency	190,720	473,765
	4,713,625	5,081,399
With State Bank of Pakistan in		
Local currency current account	8,400,419	7,809,752
Foreign currency current account	423,077	501,148
Foreign currency deposit account	755,625	645,616
	9,579,121	8,956,516
With National Bank of Pakistan in Local currency current account	462,497	400,275
Prize bonds	14,504	25,227
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	<u>14,769,747</u>	<u>14,463,417</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current account	24,938	12,830
In deposit account	-	-
	24,938	12,830
Outside Pakistan		
In current account	1,415,915	512,159
In deposit account	75,756	76,888
	1,491,671	589,047
Less: Credit loss allowance held against balances with other banks	(1,807)	-
Balances with other banks - net of credit loss allowance	<u>1,514,802</u>	<u>601,877</u>

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	-	-
Reverse repo agreements	3,170,960	-
Bai Muajjal receivable		
- with State Bank of Pakistan	4,418,884	-
Musharakah	1,000,000	-
	<u>8,589,844</u>	<u>-</u>
Less: Credit loss allowance held against lending to financial institutions	(536)	-
Lendings to financial institutions - net of credit loss allowance	<u>8,589,308</u>	<u>-</u>

	(Un-audited)		(Audited)	
	September 30, 2024		December 31, 2023	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
	----- (Rupees in '000) -----			
8.1 Lending to Fis - Particulars of credit loss allowance				
Domestic				
Performing	8,589,844	536	-	-
Under performing	-	-	-	-
Non-performing				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>8,589,844</u>	<u>536</u>	<u>-</u>	<u>-</u>
Overseas				
Performing	-	-	-	-
Under performing	-	-	-	-
Non-performing				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

9. INVESTMENTS

9.1 Investments by type:

September 30, 2024 (Un-audited)

Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
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FVOCI

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GoP Ijarah Sukuks

Shares

- Fully paid up ordinary shares - Listed
- Fully paid up ordinary shares - Unlisted
- Preference shares - Unlisted

Non Government Debt Securities

- Term Finance Certificates
- Sukuk Bonds

152,783	-	2,242	155,025	
122,799,947	-	560,909	123,360,856	
43,393,935	-	787,069	44,181,004	
99,922	-	(99,888)	34	
2,830	(1,000)	-	1,830	
46,035	(46,035)	-	-	
1,542,217	(1,542,217)	-	-	
2,491,667	(200,000)	(42,396)	2,249,271	
170,529,336	(1,789,252)	1,207,936	169,948,020	
Subsidiary	396,942	(165,191)	-	231,751
Total Investments	170,926,278	(1,954,443)	1,207,936	170,179,771

December 31, 2023 (Audited)

Investments by type:

Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
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Available-for-sale securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GoP Ijarah Sukuks

Shares

- Fully paid up ordinary shares - Listed
- Fully paid up ordinary shares - Unlisted
- Preference shares - Unlisted

Non Government Debt Securities

- Term Finance Certificates
- Sukuk Bonds

25,272,804	-	12,008	25,284,812	
108,328,519	-	(10,996)	108,317,523	
43,396,876	-	341,195	43,738,071	
99,922	(99,906)	(2)	14	
2,830	(1,000)	-	1,830	
46,035	(46,035)	-	-	
1,542,217	(1,542,217)	-	-	
2,569,792	(200,000)	(43,841)	2,325,951	
181,258,995	(1,889,158)	298,364	179,668,201	
Subsidiary	396,942	(165,191)	-	231,751
Total Investments	181,655,937	(2,054,349)	298,364	179,899,952

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
9.1.1 Investments given as collateral - Market Value		
Market Treasury Bills	-	19,453,473
Pakistan Investment Bonds	102,641,590	104,870,972
	<u>102,641,590</u>	<u>124,324,445</u>
9.2 Credit loss allowance / provision for diminution in value of investments		
Opening balance	2,054,349	4,176,071
Impact of reclassification on adoption of IFRS 9	(99,906)	-
Charge / reversals		
Charge for the period / year	-	26,943
Reversals for the period / year	-	(23,569)
Reversal on disposals	-	(2,125,096)
	-	(2,121,722)
Closing balance	<u>1,954,443</u>	<u>2,054,349</u>
9.3 Particulars of credit loss allowance / provision against debt securities		

		September 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
Category of classification		Outstanding amount	Credit loss allowance Held	Non performing investment	Provision
----- (Rupees in '000) -----					
Domestic					
Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Loss		<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>
		<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>	<u>1,742,217</u>

10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023
Note	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc. Islamic financing and related assets	12,047,939	13,596,524	34,766,835	35,952,899	46,814,774	49,549,423
40.3 Bills discounted and purchased	2,472,599	2,439,460	279,113	274,364	2,751,712	2,713,824
Advances - gross	870,975	641,308	38,353	47,089	909,328	688,397
	15,391,513	16,677,292	35,084,301	36,274,352	50,475,814	52,951,644
Credit loss allowance / provision against advances						
10.3 - Specific	-	-	-	(34,211,166)	-	(34,211,166)
- General	-	(5,329)	-	-	-	(5,329)
-Stage 1	(4,999)	-	-	-	(4,999)	-
-Stage 2	(179,180)	-	-	-	(179,180)	-
-Stage 3	-	-	(33,912,399)	-	(33,912,399)	-
	(184,179)	(5,329)	(33,912,399)	(34,211,166)	(34,096,578)	(34,216,495)
Advances - net of credit loss allowance / provision	15,207,334	16,671,963	1,171,902	2,063,186	16,379,236	18,735,149

10.1 Particulars of advances (Gross)

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
In local currency	49,642,172	52,311,597
In foreign currencies	833,642	640,047
	50,475,814	52,951,644

10.2 Advances include Rs. 35,084.301 million (December 31, 2023: Rs. 36,274.352 million) which have been placed under non-performing / Stag 3 status as detailed below:

Category of Classification	September 30, 2024 (Un-audited)	
	Non Performing Loans	Credit loss allowance
	----- (Rupees in '000) -----	
Domestic		
Other Assets Especially Mentioned	3,306	331
Substandard	6,513	3,828
Doubtful	72,664	34,482
Loss	35,001,818	33,874,089
	35,084,301	33,912,730
	----- (Rupees in '000) -----	
Category of Classification	December 31, 2023 (Audited)	
	Non Performing Loans	Provision
Domestic		
Other Assets Especially Mentioned	11,034	657
Substandard	25,438	1,092
Doubtful	102,297	6,397
Loss	36,135,583	34,203,020
	36,274,352	34,211,166

10.3 Particulars of credit loss allowance / provisions against advances

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- (Rupees in '000) -----						
Opening balance	3,939	1,390	34,211,166	34,216,495	33,231,865	10,556	33,242,421
Impact of adoption of IFRS 9	39,060	92,134	720,866	852,060	-	-	-
Charge for the period / year	2,309	121,054	301,828	425,191	2,958,975	-	2,958,975
Reversals	(40,309)	(35,398)	(1,320,788)	(1,396,495)	(1,978,573)	(5,227)	(1,983,800)
	(38,000)	85,656	(1,018,960)	(971,304)	980,402	(5,227)	975,175
Amounts written off	-	-	(673)	(673)	(1,101)	-	(1,101)
Closing balance	4,999	179,180	33,912,399	34,096,578	34,211,166	5,329	34,216,495

10.3.1 Credit loss allowance for Stage 1 and Stage 2 represents credit loss allowance maintained against performing portfolio as required under IFRS 9.

10.3.2 The Bank has availed the Forced Sale Value (FSV) benefit of pledged stocks, mortgaged properties, plant and machinery, shares and Cash Margin / TDRs held as collateral against non-performing advances as allowed under the applicable Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,447.087 million (December 31, 2023: Rs. 1,982.581 million). The positive impact on the profit and loss account arising from availing this benefit - net of tax amounts to Rs. 882.723 million (December 31, 2023: Rs. 1,209.374 million). As per the applicable Prudential Regulations, the positive impact of FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

		September 30, 2024 (Un-audited)			
		Stage 1	Stage 2	Stage 3	Total
		Rupees in '000			
10.4	Advances - Particulars of credit loss allowance				
	Opening balance	-	-	-	-
	Impact of adoption of IFRS 9	42,999	93,524	34,932,032	35,068,555
	New Advances	234	30,656	301,828	332,718
	Advances derecognised or repaid	(30,718)	(28,116)	(540,897)	(599,731)
	Transfer to stage 1	2,075	(6,076)	(612)	(4,613)
	Transfer to stage 2	(9,581)	90,398	(520,693)	(439,876)
	Transfer to stage 3	(10)	(1,206)	(258,586)	(259,802)
		(38,000)	85,656	(1,018,960)	(971,304)
	Amounts written off / charged	-	-	(673)	(673)
	Closing balance	4,999	179,180	33,912,399	34,096,578

		September 30, 2024 (Un-audited)	
		Outstanding amount	Credit loss allowance Held
		----- (Rupees in '000) -----	
10.5	Advances - Category of classification		
	Performing	7,735,604	4,999
	Underperforming	7,659,215	179,180
	Non-Performing		
	Substandard	6,513	3,828
	Doubtful	72,664	34,482
	Loss	35,001,818	33,874,089
	Total	50,475,814	34,096,578

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
11. PROPERTY AND EQUIPMENT	Note		
Capital work-in-progress	11.1	42,970	71,286
Property and equipment		7,055,593	7,138,730
		<u>7,098,563</u>	<u>7,210,016</u>
11.1 Capital work-in-progress			
Civil works and related payments / progress billings		12,401	3,487
Advances and other payments to suppliers and contractors		30,569	67,799
Advances and other payments against capital work in progress considered doubtful		1,155,814	1,155,814
Less: Provision held there against		(1,155,814)	(1,155,814)
		-	-
		<u>42,970</u>	<u>71,286</u>
		(Un-audited)	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
11.2 Additions to property and equipment			
The following additions have been made to property and equipment during the period:			
Capital work-in-progress - net		(28,316)	15,557
Property and equipment			
Building improvements		38,255	37,362
Furniture and fixture		6,355	7,081
Electrical, office and computer equipment		212,461	50,107
Vehicles		8,609	25,121
		265,680	119,671
		<u>237,364</u>	<u>135,228</u>

		(Un-audited)	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
11.3	Disposal of property and equipment		
	The net book value of property and equipment disposed off during the period is as follows:		
	Leasehold land	-	70,000
	Building on leasehold land	31,608	74,915
	Building improvements	839	593
	Furniture and fixture	245	62
	Electrical, office and computer equipment	1,650	476
	Vehicles	-	12,142
		<u>34,342</u>	<u>158,188</u>
		(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
12.	RIGHT-OF-USE ASSETS	Note	
	At January 01,		
	Cost	5,553,456	5,195,266
	Accumulated depreciation	<u>(2,832,251)</u>	<u>(2,241,870)</u>
	Net carrying amount at January 01,	2,721,205	2,953,396
	Additions during the period / year	191,385	581,344
	Modifications during the period / year	(16,724)	9,197
	Deletions during the period / year	(81,260)	(232,351)
	Depreciation Charge for the period / year	<u>(397,246)</u>	<u>(590,381)</u>
	Net Carrying amount	<u>2,417,360</u>	<u>2,721,205</u>
13.	INTANGIBLE ASSETS		
	Capital work-in-progress	13.1	196,521
	Intangible assets in use	13.2	90,544
			<u>287,065</u>
13.1	Capital work-in-progress		
	Advances to suppliers and contractors		196,521
	Advances against capital work in progress considered doubtful		142,522
	Less: Provision held there against		<u>(142,522)</u>
			-
			<u>196,521</u>
13.2	Intangible assets in use		
	Computer softwares		90,544
			<u>67,205</u>
			(Un-audited)
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
13.3	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress - net	1,523	100,991
	Directly purchased	46,477	18,746
		<u>48,000</u>	<u>119,737</u>
13.4	There were no disposals in intangible assets during the current and prior period.		

14. DEFERRED TAX ASSETS

September 30, 2024 (Un-audited)

At January 01, 2024	IFRS - 9 transition impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At September 30, 2024
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(Rupees in '000)

Deductible Temporary Differences on

- Tax losses carried forward	15,511,202	-	2,271,348	-	17,782,550
- Credit loss allowance against advances, off balance sheet	9,002,927	-	18,269	-	9,021,196
- Credit loss allowance against Investment	801,196	(38,963)	-	-	762,233
- Provision against intangible assets	48,034	-	-	-	48,034
- Staff compensated absences	53,678	-	(695)	-	52,983
- Credit loss allowance against other assets	166,759	-	-	-	166,759
	25,583,796	(38,963)	2,288,922	-	27,833,755

Taxable Temporary Differences on

- Surplus on revaluation of property & equipment	(1,074,691)	-	-	37,083	(1,037,608)
- Surplus on revaluation of investments	(116,362)	38,963	-	(393,696)	(471,095)
- Unrealized gain on forward exchange contracts	(10,047)	-	15,604	-	5,557
- Surplus on revaluation of property - held for sale	(437,092)	-	-	-	(437,092)
- Surplus on revaluation of non-banking assets	(313,821)	-	-	41,228	(272,593)
- Accelerated tax depreciation	(376,547)	-	(6,200)	-	(382,747)
	(2,328,560)	38,963	9,404	(315,385)	(2,595,578)

23,255,236	-	2,298,326	(315,385)	25,238,177
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December 31, 2023 (Audited)

At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
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(Rupees in '000)

Deductible Temporary Differences on

- Tax losses carried forward	13,103,981	2,407,221	-	15,511,202
- Provision against advances, off balance sheet etc.	8,121,244	881,683	-	9,002,927
- Provision for impairment loss - Investment	1,628,668	(827,472)	-	801,196
- Provision against intangible assets	48,034	-	-	48,034
- Staff compensated absences	51,077	2,601	-	53,678
- Provision against other assets	166,759	-	-	166,759
	23,119,763	2,464,033	-	25,583,796

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets	(1,151,581)	-	76,890	(1,074,691)
- Surplus on revaluation of investments	3,932	-	(120,294)	(116,362)
- Unrealized gain on forward exchange contracts	(142)	(9,905)	-	(10,047)
- Surplus on revaluation of property - held for sale	(452,705)	-	15,613	(437,092)
- Surplus on revaluation of non-banking assets	(333,546)	-	19,725	(313,821)
- Accelerated tax depreciation	(403,990)	27,443	-	(376,547)
	(2,338,032)	17,538	(8,066)	(2,328,560)

20,781,731	2,481,571	(8,066)	23,255,236
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- 14.1 The net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits. Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. The management believes that it is probable that the Bank would be able to achieve the profits and consequently, the deferred tax amount will be fully realized in future.

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
15. OTHER ASSETS			
Income / mark-up accrued in local currency		11,984,235	7,915,376
Income / mark-up accrued in foreign currency		4,552	2,822
Advances, deposits, advance rent and other prepayments		557,163	370,131
Advance taxation (payments less provisions)		545,298	505,235
Non-banking assets acquired in satisfaction of claims		1,817,012	2,352,910
Branch adjustment account		-	-
Receivable from other banks against clearing and settlement		278,826	1,391,209
Receivable against Government Securities		-	23,000,000
Mark to market gain on forward foreign exchange contracts		4,739	27,833
Acceptances		370,765	409,685
Stationery and stamps on hand		6,564	6,792
Commission receivable on home remittance		-	184
Property - Held for sale	15.1	3,692,787	3,692,787
Others		515,143	709,558
		19,777,084	40,384,522
Less: Credit loss allowance / provision held against other assets	15.2	(834,137)	(834,729)
Other Assets (Net of credit loss allowance / provision)		18,942,947	39,549,793
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		698,956	804,670
Surplus on revaluation of property - held for sale		1,120,749	1,120,749
Other assets - total		20,762,652	41,475,212
15.1	This represents a portion of the Bank's self constructed property which has been earmarked for selling in the near future. This property is carried at lower of market value / fair value less cost to sell and carrying amount.		
15.2	Credit loss allowance / provision held against other assets		
Income / mark-up accrued in local currency		1,389	1,389
Advances, deposits, advance rent and other prepayments		98,008	98,008
Non-banking assets acquired in satisfaction of claims		360,107	360,107
Commission receivable on guarantees		9,880	9,880
Receivable from Dewan Group		45,310	45,310
Account receivable - sundry claims		155,954	156,546
Receivable from Speedway Fondmetal (Pakistan) Limited		25,694	25,694
Others		137,795	137,795
		834,137	834,729
15.2.1	Movement in Credit loss allowance / provision held against other assets		
Opening balance		834,729	832,810
Charge for the period / year		-	8,032
Reversals for the period / year		(592)	(6,000)
Amount written off		-	(113)
Closing balance		834,137	834,729
16. CONTINGENT ASSETS			
There were no contingent assets at the balance sheet date.			

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
17. BILLS PAYABLE		
In Pakistan	1,450,743	2,162,537
Outside Pakistan	-	-
	<u>1,450,743</u>	<u>2,162,537</u>
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	3,799,950	4,691,400
- Under Islamic Export Refinance Scheme (IERF)	-	90,000
- Under long-term financing facility	124,737	239,398
- Refinance facility for modernization of SMEs	396	1,100
- Repurchase agreement borrowings	104,000,000	123,027,721
	107,925,083	128,049,619
Repurchase agreement borrowings	-	2,313,316
Total secured	<u>107,925,083</u>	<u>130,362,935</u>
Unsecured		
Overdrawn nostro accounts	5,062	6,395
	<u>107,930,145</u>	<u>130,369,330</u>

19. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	33,819,444	1,693,270	35,512,714	43,315,999	1,722,463	45,038,462
Savings deposits	102,547,594	1,419,218	103,966,812	84,046,183	2,168,138	86,214,321
Term deposits	11,785,830	3,291,020	15,076,850	14,520,225	3,489,167	18,009,392
Others	2,339,307	43,674	2,382,981	4,110,091	44,326	4,154,417
	150,492,175	6,447,182	156,939,357	145,992,498	7,424,094	153,416,592
Financial institutions						
Current deposits	192,511	36,077	228,588	230,114	43,445	273,559
Savings deposits	3,458,727	-	3,458,727	2,494,955	8	2,494,963
Term deposits	1,720,822	116,640	1,837,462	668,059	107,107	775,166
Others	-	-	-	-	-	-
	5,372,060	152,717	5,524,777	3,393,128	150,560	3,543,688
	<u>155,864,235</u>	<u>6,599,899</u>	<u>162,464,134</u>	<u>149,385,626</u>	<u>7,574,654</u>	<u>156,960,280</u>

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
20. LEASE LIABILITIES		
Opening	3,348,737	3,494,834
Additions during the period / year	157,069	495,709
Deletion during the period / year	(117,422)	(311,302)
Lease payments including interest	(566,998)	(774,778)
Interest expense	331,458	435,077
Modifications	(16,725)	9,197
Closing	<u>3,136,119</u>	<u>3,348,737</u>
20.1 Liabilities Outstanding		
Not later than one year	800,762	778,144
Later than one year and upto five years	1,803,838	1,890,404
Over five years	531,519	680,189
Total at the year end	<u>3,136,119</u>	<u>3,348,737</u>
21. SUBORDINATED DEBT		

Issue amount Rs.1,500,000,000

Issue date October 27, 2011

Maturity date October 27, 2022 (December 31, 2023: October 27, 2022)

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

Subsequent to the approval granted by the TFC Holders (in their last meeting held on October 27, 2022) for extension in the maturity date and associated rescheduling of the coupon payments of the Term Finance Certificate upto October 27, 2023, the Bank after complying with all the applicable legal and regulatory requirements had furnished a formal request in SBP for seeking aforesaid extension which is currently under consideration and no formal SBP approval has been received.

Rating 'B' (Single B).

Security Unsecured.

Redemption / profit payment frequency The redemption / profit payment details are mentioned in the above maturity date clause.

Mark up Base rate (6 months KIBOR - ask side) plus 325 bps.

Call option The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.

Lock-in-clause Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
22. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,697,796	4,236,243
Mark-up / return / interest payable in foreign currencies	5,966	1,625
Unearned income	49,556	71,476
Accrued expenses	160,432	110,084
Advance against sale of property	211,103	211,103
Acceptances	370,765	409,685
Unclaimed dividends	2,213	2,213
Mark to market loss on forward foreign exchange contracts	18,987	2,071
Payable to defined benefit plan	59,585	18,813
Charity fund balance	2,016	4,317
Branch adjustment account	206,822	29,074
Security deposits against lease	157,419	187,514
Payable to Bangladesh Bank	41,389	41,389
Payable to Rupali Bank - Bangladesh	16,293	16,293
Payable to vendors / creditors	419,159	367,873
Provision for compensated absences	135,853	137,637
Payable to Bank of Ceylon, Colombo	20,163	20,163
Retention money	498,478	542,370
Workers' welfare fund	13,360	13,360
Withholding taxes and government levies payable	233,211	261,913
Federal excise duty and sales tax payable	10,712	10,724
Commission payable on home remittances	72	213
Credit loss allowance against off-balance sheet obligations	109,530	-
Others	583,706	404,281
	7,024,586	7,100,434

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
22.1	Credit loss allowance against off-balance sheet obligations		
	Opening balance	-	-
	Impact of adoption of IFRS 9	109,012	
	Charge for the period / year	518	-
	Reversals	-	-
	Amount written off	518	-
		-	-
	Closing balance	<u>109,530</u>	<u>-</u>
23.	SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS		
	Surplus / (deficit) on revaluation of		
	- Securities measured at FVOCI-Debt	9.1 1,307,824	-
	- Securities measured at FVOCI-Equity	9.1 (99,888)	-
	- Available for sale securities	-	298,364
	- Property and equipment	3,593,934	3,689,020
	- Non-banking assets acquired in satisfaction of claims	698,956	804,670
	- Property - held for sale	1,120,749	1,120,749
		6,621,575	5,912,803
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Securities measured at FVOCI-Debt	(510,051)	-
	- Securities measured at FVOCI-Equity	38,956	-
	- Available for sale securities	-	(116,362)
	- Property and equipment	(1,037,608)	(1,074,691)
	- Non-banking assets acquired in satisfaction of claims	(272,593)	(313,821)
	- Property - held for sale	(437,092)	(437,092)
		(2,218,388)	(1,941,966)
		<u>4,403,187</u>	<u>3,970,837</u>
24.	CONTINGENCIES AND COMMITMENTS		
	-Guarantees	24.1 15,576,079	13,557,375
	-Commitments	24.2 117,693,393	147,372,771
	-Other contingent liabilities	24.3 22,028,725	22,748,472
		<u>155,298,197</u>	<u>183,678,618</u>
24.1	Guarantees:		
	Financial guarantees	20,470	20,470
	Performance guarantees	9,832,463	9,761,374
	Other guarantees	5,723,146	3,775,531
		<u>15,576,079</u>	<u>13,557,375</u>
24.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	4,608,950	8,868,111
	Commitments in respect of:		
	- forward foreign exchange contracts	24.2.1 2,887,038	6,935,713
	- forward lending	24.2.2 5,872,218	5,985,317
	Commitments for acquisition of:		
	- property and equipment	101,569	109,562
	- intangible assets	223,618	133,031
	Other commitments	24.2.3 104,000,000	125,341,037
		<u>117,693,393</u>	<u>147,372,771</u>

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
24.2.1	Commitments in respect of forward foreign exchange contracts		
		Note	
	Purchase	2,850,029	6,180,469
	Sale	37,009	755,244
		<u>2,887,038</u>	<u>6,935,713</u>
24.2.2	Commitments in respect of forward lending		
	Forward documentary bills	4,883,189	4,916,896
	Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1 989,029	1,068,421
		<u>5,872,218</u>	<u>5,985,317</u>
24.2.2.1	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
		(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
24.2.3	Other commitments		
	Purchase (Repo)	<u>104,000,000</u>	<u>125,341,037</u>
24.3	Other contingent liabilities - claims against the Bank not acknowledged as debts	<u>22,028,725</u>	<u>22,748,472</u>
24.4	Contingency for tax payable		
	Contingency related to tax payable is disclosed in note 33.2.		

		(Un-audited)	
		Nine months ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
25. MARK-UP / RETURN / INTEREST EARNED	Note		
On:			
Loans and advances		2,188,435	2,110,496
Investments		29,800,710	17,764,473
Lendings to financial institutions		338,040	148,367
Balances with banks		52,098	49,732
		<u>32,379,283</u>	<u>20,073,068</u>
26. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		15,920,638	11,150,200
Borrowings		18,186,057	9,430,327
Subordinated debt		279,041	253,674
Cost of foreign currency swaps against foreign currency deposits / borrowings		447,205	647,224
Finance cost of lease liability		331,458	322,506
		<u>35,164,399</u>	<u>21,803,931</u>
27. FEE AND COMMISSION INCOME			
Branch banking customer fees		173,674	47,491
Consumer finance related fees		2,885	3,728
Card related fees (debit cards)		143,511	84,963
Credit related fees		1,327	3,783
Investment banking fees		-	1,322
Commission on trade		342,372	174,729
Commission on guarantees		96,881	88,215
Commission on cash management		161	40
Commission on remittances including home remittances		4,578	7,679
Commission on bancassurance		1,225	1,532
Alternate Delivery Channels		14,822	25,794
Others		38	39
		<u>781,474</u>	<u>439,315</u>
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	871,886	(514,293)
Unrealised - Measured at FVPL		-	-
		<u>871,886</u>	<u>(514,293)</u>
28.1 Realised gain / (loss) on:			
Federal Government Securities		871,886	42,233
Shares		-	(556,526)
		<u>871,886</u>	<u>(514,293)</u>

		(Un-audited)	
		Nine months ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
29. OTHER INCOME	Note		
Rent on property		3,103	4,302
Gain on sale of fixed assets - net		59,941	201,014
Gain on sale of non banking assets		604,317	-
Gain on partial sale of HFS property		-	116,794
Gain on sale of ijarah assets		642	720
Gain on termination of lease contracts under IFRS 16		36,161	43,082
Refund from Gratuity Fund		-	4,516
Others		11	718
		<u>704,175</u>	<u>371,146</u>
30. OPERATING EXPENSES			
Total compensation expense	30.1	1,974,244	1,748,628
Property expense			
Rent and taxes		115,208	67,000
Insurance - property		5,233	7,036
Insurance - non banking assets		574	621
Utilities cost		413,533	369,694
Security (including guards)		192,409	183,342
Repair and maintenance (including janitorial charges)		176,391	122,678
Depreciation on owned fixed assets		191,475	187,655
Depreciation on right-of-use assets		397,246	448,395
Depreciation on non banking assets		47,717	48,910
		1,539,786	1,435,331
Information technology expenses			
Software maintenance		176,299	114,531
Hardware maintenance		102,608	115,933
Depreciation on computer equipments		61,089	50,737
Amortisation of computer softwares		23,137	17,944
Network charges		68,907	71,414
Insurance		1,479	2,603
		433,519	373,162
Other operating expenses			
Directors' fees and allowances		27,900	24,000
Fees and allowances to Shariah Board		17,775	17,775
Legal and professional charges		160,278	96,156
Outsourced services costs		241,522	213,894
Travelling and conveyance		349,160	334,254
NIFT clearing charges		24,987	24,036
Depreciation		61,911	76,507
Training and development		4,463	6,598
Postage and courier charges		29,848	30,122
Communication		109,919	72,604
Stationery and printing		147,940	113,971
Marketing, advertisement and publicity		31,059	16,378
Brokerage and commission		30,822	28,261
Fee and subscription		185,641	127,997
Cash transportation and sorting charges		121,707	113,479
Entertainment		59,142	49,666
Insurance		137,402	107,588
Deposit insurance premium expense		136,683	101,148
Repair and maintenance		100,228	97,481
Auditors' remuneration		10,066	7,609
Others		25,665	27,007
		2,014,118	1,686,531
		<u>5,961,667</u>	<u>5,243,652</u>

		(Un-audited)	
		Nine months ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
30.1 Total compensation expense	Note		
Fees and allowances etc.		19,483	14,333
Managerial remuneration			
i) Fixed		1,231,647	1,099,154
ii) Variable			
of which;			
a) Cash bonus / awards etc.		-	-
b) Incentives and commission		2,001	5,688
Charge for defined benefit plan		59,585	37,514
Contribution to defined contribution plan		63,877	60,283
Charge for employees compensated absences		17,996	15,587
Rent and house maintenance		400,425	355,892
Utilities		89,492	79,084
Medical		89,738	81,093
Total		<u>1,974,244</u>	<u>1,748,628</u>
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		<u>193</u>	<u>418</u>
32. CREDIT LOSS ALLOWANCE / REVERSALS AND WRITE OFFS - NET			
Reversal of provision for diminution in value of investments		-	(583,530)
Credit loss allowance / reversal of provision against loans & advances		(971,304)	491,699
Credit loss allowance / provision against other assets		(592)	1,896
Operational loss		2,073	1,075
Recoveries against written off / charged off bad debts		(567)	(728)
Reversal of provision for advances and other payments against capital work in progress		-	(2,526)
Bad debts written off directly		-	75
Credit loss allowance against off-balance sheet obligations		518	-
Credit loss allowance on balance with other banks		1,305	-
Credit loss allowance on lending to FI		536	-
		<u>(968,031)</u>	<u>(92,039)</u>
33. TAXATION			
Current	33.1 & 33.2	431,809	261,788
Prior years		-	-
Deferred		(2,298,326)	(2,350,560)
		<u>(1,866,517)</u>	<u>(2,088,772)</u>

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

According to ICAP guide dated May 2024, minimum taxes do not qualify as income tax expense under IAS 12 Income Taxes. Instead, they should be accounted for as levy under IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Since the SBP has not officially adopted or communicated any changes to the format of the financial statements (refer note 2.3), no changes have been made to the format of the statement of profit and loss account.

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

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

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

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

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

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

In pursuance of SRO 1588(I)/2023 dated 21 November 2023, banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance 2001, for the tax years 2022 and 2023. The Bank through its legal council has challenged the above levy, and the High Court of Sindh, has suspended the operation of the aforementioned SRO and granted stay to the Bank. Further, the Islamabad High court and the Lahore High court has suspended the operation in other similar petitions. The matter remains pending and the stay order still holds the field.

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

		(Un-audited)	
		Nine months ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
34. BASIC AND DILUTED LOSS PER SHARE	Note		
Loss for the period		<u>(3,184,518)</u>	<u>(3,775,350)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Basic		<u>5,334,220,021</u>	<u>4,900,168,551</u>
		----- (Rupee) -----	
Basic loss per share		<u>(0.60)</u>	<u>(0.77)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Diluted	34.1	<u>5,334,220,021</u>	<u>4,900,168,551</u>
		----- (Rupee) -----	
Diluted loss per share		<u>(0.60)</u>	<u>(0.77)</u>

34.1 There are no potential ordinary shares outstanding as of September 30, 2024.

		(Un-audited)	
		Nine months ended	
		September 30, 2024	September 30, 2023
		----- (Rupees in '000) -----	
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks		14,769,747	14,984,193
Balances with other banks excluding credit loss allowance		1,516,609	519,983
Overdrawn nostro accounts		(5,062)	(6,379)
		<u>16,281,294</u>	<u>15,497,797</u>

36. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investment in subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

36.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

36.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

September 30, 2024 (Un-audited)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
- Federal Government Securities	- 167,696,885	-	- 167,696,885
- Shares - Listed	34	-	- 34
- Non Government Debt Securities	-	2,249,271	- 2,249,271
Financial assets - disclosed but not measured at fair value			
Investments			
- Shares - Unlisted	-	4,810	4,810
Non-Financial assets - measured at fair value			
Property & equipment	-	6,555,019	6,555,019
Non banking assets acquired in satisfaction of claims	-	2,155,861	2,155,861
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	-	2,833,373	- 2,833,373
Forward sale of foreign exchange	-	37,044	- 37,044

December 31, 2023 (Audited)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
- Federal Government Securities	177,340,406		177,340,406
- Shares - Listed	14		14
- Non Government Debt Securities	2,325,951		2,325,951
Financial assets - disclosed but not measured at fair value			
Investments			
- Shares - Unlisted		3,848	3,848
Non-Financial assets - measured at fair value			
Operating fixed assets		6,740,687	6,740,687
Non banking assets acquired in satisfaction of claims		2,797,473	2,797,473
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	6,204,424		6,204,424
Forward sale of foreign exchange	753,437		753,437

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities - Unlisted	The fair values of Market Treasury Bills (MTB) and Pakistan Investment Bonds (PIB) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair values of GOP Ijarah Sukuks are derived using the PKISRV rates.
Federal Government Securities - Listed	The fair value of investment in listed GOP Ijarah Sukuk are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Property & equipment (land and building) and non-banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.

37. SEGMENT INFORMATION

37.1 Segment details with respect to business activities

For the nine months period ended September 30, 2024 (Un-audited)					
Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total	
----- (Rupees in '000) -----					
Profit and Loss					
Net mark-up / return / profit	880,354	12,149,112	(15,258,170)	(556,412)	(2,785,116)
Inter segment revenue - net	(810,182)	(12,116,769)	20,665,723	(7,738,772)	-
Non mark-up / return / interest income	227,657	1,338,485	471,332	690,436	2,727,910
Total income	297,829	1,370,828	5,878,885	(7,604,748)	(57,206)
Segment direct expenses	210,761	84,167	3,849,613	1,817,319	5,961,860
Inter segment expense allocation	491,427	178,093	1,020,776	(1,690,296)	-
Total expenses	702,188	262,260	4,870,389	127,023	5,961,860
Provisions	(975,684)	1,841	842	4,970	(968,031)
Profit / (loss) before tax	571,325	1,106,727	1,007,654	(7,736,741)	(5,051,035)

As at September 30, 2024 (Un-audited)					
Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total	
----- (Rupees in '000) -----					
Balance Sheet					
Cash and bank balances	112,388	11,556,420	4,615,741	-	16,284,549
Investments	-	169,948,020	-	231,751	170,179,771
Net inter segment lending	43,432,176	100,035,108	160,775,103	-	304,242,387
Lendings to financial institutions	-	8,589,308	-	-	8,589,308
Advances - performing	13,225,476	-	260,536	1,721,322	15,207,334
Advances - non-performing	719,038	-	441,762	11,102	1,171,902
Others	703,111	11,158,698	2,358,994	41,583,014	55,803,817
Total assets	58,192,189	301,287,554	168,452,136	43,547,189	571,479,068
Borrowings	3,925,083	104,005,062	-	-	107,930,145
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	4,720,954	-	157,743,180	-	162,464,134
Net inter segment borrowing	49,309,466	196,366,074	7,680,442	50,886,405	304,242,387
Others	236,686	916,418	3,028,514	7,429,830	11,611,448
Total liabilities	58,192,189	301,287,554	168,452,136	59,811,750	587,743,629
Equity	-	-	-	(16,264,561)	(16,264,561)
Total equity and liabilities	58,192,189	301,287,554	168,452,136	43,547,189	571,479,068
Contingencies and Commitments	47,186,096	106,887,038	-	1,225,063	155,298,197

For the nine months period ended September 30, 2023 (Un-audited)

	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
----- (Rupees in '000) -----					
Profit and Loss					
Net mark-up / return / profit	676,701	8,412,735	(10,524,602)	(295,697)	(1,730,863)
Inter segment revenue - net	(1,026,741)	(8,598,469)	16,739,621	(7,114,411)	-
Non mark-up / return / interest income	168,223	245,533	239,698	365,318	1,018,772
Total income	(181,817)	59,799	6,454,717	(7,044,790)	(712,091)
Segment direct expenses	135,602	68,719	3,533,786	1,505,963	5,244,070
Inter segment expense allocation	436,519	136,762	836,047	(1,409,328)	-
Total expenses	572,121	205,481	4,369,833	96,635	5,244,070
Provisions	492,121	(583,531)	-	(629)	(92,039)
(Loss) / profit before tax	(1,246,059)	437,849	2,084,884	(7,140,796)	(5,864,122)

As at December 31, 2023 (Audited)

	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
----- (Rupees in '000) -----					
Balance Sheet					
Cash and Bank balances	197,817	9,958,667	4,908,810	-	15,065,294
Investments	-	179,899,952	-	-	179,899,952
Net inter segment lending	3,099,470	54,276,571	144,616,478	168,729	202,161,248
Lendings to financial institutions	-	-	-	-	-
Advances - performing	14,706,718	-	384,646	1,580,599	16,671,963
Advances - non-performing	1,582,648	-	472,592	7,946	2,063,186
Others	629,959	30,187,746	3,746,440	40,359,727	74,923,872
Total Assets	20,216,612	274,322,936	154,128,966	42,117,001	490,785,515
Borrowings	5,021,898	125,347,432	-	-	130,369,330
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	7,971,400	-	148,988,880	-	156,960,280
Net inter segment borrowing	6,971,002	147,416,551	903,968	46,869,727	202,161,248
Others	252,312	1,558,953	4,236,118	6,564,325	12,611,708
Total liabilities	20,216,612	274,322,936	154,128,966	54,929,567	503,598,081
Equity	-	-	-	(12,812,566)	(12,812,566)
Total equity and liabilities	20,216,612	274,322,936	154,128,966	42,117,001	490,785,515
Contingencies and Commitments	49,925,894	132,276,749	-	1,475,975	183,678,618

37.1.1 The Bank does not have any operations outside Pakistan.

38. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, employee benefit plans and its directors and Key Management Personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period / year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	September 30, 2024 (Un-audited)					December 31, 2023 (Audited)				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	-	396,942	448,218	-	-	-	396,942	1,664,676
Investment made during the period / year	-	-	-	-	-	-	-	-	-	15
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	(1,216,473)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	396,942	448,218	-	-	-	396,942	448,218
Credit loss allowance / provision for diminution in value of investments	-	-	-	165,191	448,203	-	-	-	165,191	448,203
Advances										
Opening balance	-	-	303,505	82,400	671,901	-	-	162,705	-	671,888
Addition during the period / year	-	-	50,470	1,355,942	284	-	-	210,330	846,145	13
Repaid during the period / year	-	-	(21,498)	(1,353,159)	(97,450)	-	-	(73,085)	(763,745)	-
Transfer in / (out) - net	-	-	90,369	-	-	-	-	3,555	-	-
Closing balance	-	-	422,846	85,183	574,735	-	-	303,505	82,400	671,901
Credit loss allowance/ provision held against advances	-	-	58	605	574,511	-	-	-	-	671,901

	September 30, 2024 (Un-audited)					December 31, 2023 (Audited)				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
----- (Rupees in '000) -----										
Other Assets										
Interest / mark-up accrued	-	-	7,681	3,326	-	-	-	-	2,559	-
Advances, deposits, advance rent and other prepayments	-	-	4,024	-	-	-	-	4,022	-	-
Other receivable	-	-	-	-	2,949	-	-	-	-	2,949
Credit loss allowance / provision held against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	109,345	15,625	84,129	779,900	-	-	19,511	57,606	2,052,046
Received during the period / year	-	180,653	705,076	4,275,495	749,841	-	-	714,248	5,600,783	3,126,796
Withdrawn during the period / year	-	(197,743)	(701,822)	(4,213,896)	(689,419)	-	-	(718,348)	(5,574,260)	(4,400,329)
Transfer (out) / in - net	-	-	347	-	(8)	-	109,345	214	-	1,387
Closing balance	-	92,255	19,226	145,728	840,314	-	109,345	15,625	84,129	779,900
Other Liabilities										
Interest / mark-up payable	-	1,260	384	-	2,913	-	1,951	298	1,792	13,355
Payable to defined benefit plan	-	-	-	-	59,585	-	-	-	-	18,813
Unearned income	-	-	-	-	-	-	-	-	-	692
Brokerage payable	-	-	-	3,170	-	-	-	-	2,914	-
Contingencies and Commitments										
Guarantees, letters of credit and acceptances - net of ECL	-	-	-	-	77,613	-	-	-	-	86,500
Commitments to extend credit	-	-	-	138,993	-	-	-	-	131,389	-

For nine months period ended September 30, 2024 (Un-audited) For nine months period ended September 30, 2023 (Un-audited)

Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
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(Rupees in '000)

Income

Mark-up / return / interest earned

Fee and commission income

Other income

Expense

Mark-up / return / interest expensed

Operating expenses:

- Directors' fees and allowances

- Brokerage and commission

- Fee and subscription

- Managerial remuneration

- Contribution to defined contribution plan

- Charge for defined benefit plan

Reversal of provision for diminution in value of investment

Credit loss allowance / provision against loans and advances

Credit loss allowance against off-balance sheet obligations

-	-	20,771	9,580	7	-	-	6,564	1,890	-
-	2	-	66	692	-	5	13	76	693
-	-	29	1,843	-	-	-	-	3,157	-
-	15,373	1,795	15,006	108,598	-	-	626	6,369	165,560
-	27,900	-	-	-	-	24,000	-	-	-
-	-	-	4,113	-	-	-	-	1,115	-
-	-	1,215	-	-	-	-	1,264	-	-
-	-	304,779	-	1,314	-	-	263,290	-	1,027
-	-	-	-	63,877	-	-	-	-	60,283
-	-	-	-	59,585	-	-	-	-	37,514
-	-	-	-	-	-	-	-	-	671,895
-	-	12	262	(97,391)	-	-	-	-	(10,899)
-	-	-	-	(9,924)	-	-	-	-	-

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>(20,821,910)</u>	<u>(16,937,565)</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	<u>(46,699,197)</u>	<u>(40,909,154)</u>
Eligible Additional Tier-1 (ADT-1) Capital	-	-
Total Eligible Tier-1 Capital	<u>(46,699,197)</u>	<u>(40,909,154)</u>
Eligible Tier-2 Capital	-	-
Total Eligible Capital (Tier-1 + Tier-2)	<u>(46,699,197)</u>	<u>(40,909,154)</u>
Risk Weighted Assets (RWAs):		
Credit Risk	36,712,445	39,240,005
Market Risk	13,697,147	5,935,021
Operational Risk	7,447,378	143,387
Total	<u>57,856,970</u>	<u>45,318,413</u>
Common Equity Tier-1 Capital Adequacy Ratio	<u>-80.71%</u>	<u>-90.27%</u>
Tier-1 Capital Adequacy Ratio	<u>-80.71%</u>	<u>-90.27%</u>
Total Capital Adequacy Ratio	<u>-80.71%</u>	<u>-90.27%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	(46,699,197)	(40,909,154)
Total Exposures	416,096,267	374,092,249
Leverage Ratio	<u>-11.22%</u>	<u>-10.94%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	80,715,903	73,491,142
Total Net Cash Outflow	25,611,845	27,494,992
Liquidity Coverage Ratio	<u>315.15%</u>	<u>267.29%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	106,572,931	102,118,423
Total Required Stable Funding	71,683,836	64,870,949
Net Stable Funding Ratio	<u>148.67%</u>	<u>157.42%</u>

40. ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 12 (December 31, 2023: 13) Islamic banking branches and 31 (December 31, 2023: 35) Islamic banking windows at the end of the period.

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024**

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		1,783,679	2,064,488
Balances with other banks		102,201	102,863
Due from financial institutions	40.1	8,403,648	2,788,300
Investments	40.2	41,560,459	37,213,598
Islamic financing and related assets - net	40.3	2,566,001	2,632,858
Property and equipment		170,903	173,098
Right-of-use assets		98,721	76,654
Intangible assets		-	-
Due from Head Office		-	-
Deferred tax assets		-	-
Other assets		3,177,048	2,608,328
Total Assets		57,862,660	47,660,187
LIABILITIES			
Bills payable		218,811	444,820
Due to financial institutions	40.4	2,509,267	4,705,668
Deposits and other accounts	40.5	40,682,570	36,330,124
Due to Head Office		-	-
Lease liabilities		117,505	103,179
Subordinated debt		-	-
Deferred tax liabilities		55,742	134,120
Other liabilities		7,605,065	1,287,124
		51,188,960	43,005,035
NET ASSETS		6,673,700	4,655,152
REPRESENTED BY			
Islamic Banking Fund		1,000,000	1,000,000
Reserves		-	-
Surplus on revaluation of assets		753,651	219,705
Unappropriated / Unremitted profit	40.6	4,920,049	3,435,447
		6,673,700	4,655,152
CONTINGENCIES AND COMMITMENTS	40.7		

ISLAMIC BANKING BUSINESS
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023
Note	----- (Rupees in '000) -----	
Profit / return earned	40.8 6,445,016	3,718,538
Profit / return expensed	40.9 4,130,968	2,072,183
Net Profit / return	2,314,048	1,646,355
Other income		
Fee and commission income	133,417	70,509
Dividend income	-	-
Foreign exchange loss	(64,981)	3,395
Income / (loss) from derivatives	-	-
Gain / (loss) on securities	289,090	(1,879)
Other income	1,474	8,482
Total other income	359,000	80,507
Total income	2,673,048	1,726,862
Other expenses		
Operating expenses	853,372	760,822
Workers' welfare fund	-	-
Other charges	-	-
Total other expenses	853,372	760,822
Profit before credit loss allowance / provisions	1,819,676	966,040
Credit loss allowance / reversals and write offs - net	252,232	32,804
Profit before taxation	1,567,444	933,236
Taxation	-	-
Profit after taxation	1,567,444	933,236

ISLAMIC BANKING BUSINESS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

		September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
40.1	Due from Financial Institutions	(Rupees in '000)					
	Unsecured						
	Bai Muajjal Receivable from SBP	4,418,884	-	4,418,884	-	-	-
	Bai Muajjal Receivable from other Financial Institutions	3,212,757	-	3,212,757	2,788,300	-	2,788,300
	Musharakah	1,000,000	-	1,000,000			
		<u>8,631,641</u>	<u>-</u>	<u>8,631,641</u>	<u>2,788,300</u>	<u>-</u>	<u>2,788,300</u>
	Less: Credit loss allowance						
	Stage 1	(227,993)	-	(227,993)	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
		<u>(227,993)</u>	<u>-</u>	<u>(227,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Due from financial institutions - net of credit loss allowance	<u>8,403,648</u>	<u>-</u>	<u>8,403,648</u>	<u>2,788,300</u>	<u>-</u>	<u>2,788,300</u>

40.1.1 This represents Bai Muajjal agreement with State Bank of Pakistan and carries profit rate of 16.21% per annum on September 30, 2024 and are due to mature latest by August 05, 2027.

40.1.2 This represents Bai Muajjal agreements with conventional operation of Bank Makramah Limited and carries profit rate of 18.75% per annum on September 30, 2024 and are due to mature latest by November 25, 2024.

40.1.3 This represent Musharakah agreement with other financial institution and carries profit rate of 16.25% per annum on September 30, 2024 and are due to mature latest by October 01, 2024.

40.2 Investments

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Investments by segments:	(Rupees in '000)							
Classified / Measured at FVOCI / Available for sale securities								
Federal Government Securities:								
- GOP Ijarah Sukuks	38,547,392	-	763,796	39,311,188	34,580,383	-	307,264	34,887,647
Non Government Debt Securities								
- Listed	2,291,667	-	(42,396)	2,249,271	2,369,792	-	(43,841)	2,325,951
Total Investments	<u>40,839,059</u>	<u>-</u>	<u>721,400</u>	<u>41,560,459</u>	<u>36,950,175</u>	<u>-</u>	<u>263,423</u>	<u>37,213,598</u>

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
40.3 Islamic financing and related assets		
Ijarah	564,316	479,172
Running Musharakah	211,508	354,382
Diminishing Musharakah	1,067,268	967,149
Diminishing Musharakah-IERF	300,000	300,000
Tijarah	569,998	605,998
Advance against Ijarah	38,622	7,123
Gross Islamic financing and related assets	<u>2,751,712</u>	<u>2,713,824</u>
Less: Credit loss allowance / provision against Islamic financings		
-Stage 1	(1,328)	-
-Stage 2	(14,579)	-
-Stage 3	(169,804)	-
- Specific	-	(79,889)
- General	-	(1,077)
	<u>(185,711)</u>	<u>(80,966)</u>
Islamic financing and related assets - net of credit loss allowance / provision	<u>2,566,001</u>	<u>2,632,858</u>
40.4 Due to financial institutions		
Secured		
Acceptances from the SBP under Islamic Export Refinance Scheme	-	90,000
Total secured	<u>-</u>	<u>90,000</u>
Unsecured		
Overdrawn nostro accounts	2,509,267	115,668
Musharakah	-	4,500,000
Total unsecured	<u>2,509,267</u>	<u>4,615,668</u>
	<u>2,509,267</u>	<u>4,705,668</u>
40.4.1		
This represented acceptance of funds by Islamic operations of Bank Makramah Limited from conventional operations of Bank Makramah Limited on Musharaka basis.		

40.5 Deposits

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	5,551,465	622,974	6,174,439	10,873,527	615,187	11,488,714
Savings deposits	31,729,140	158,377	31,887,517	21,568,709	194,150	21,762,859
Term deposits	1,499,275	172,795	1,672,070	1,391,933	589,284	1,981,217
Others	442,269	-	442,269	664,289	-	664,289
	39,222,149	954,146	40,176,295	34,498,458	1,398,621	35,897,079
Financial Institutions						
Current deposits	4,725	-	4,725	5,725	78	5,803
Savings deposits	351,550	-	351,550	277,242	-	277,242
Term deposits	150,000	-	150,000	150,000	-	150,000
	506,275	-	506,275	432,967	78	433,045
	39,728,424	954,146	40,682,570	34,931,425	1,398,699	36,330,124

40.6 Islamic Banking Business Unappropriated Profit

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Opening balance	3,435,447	1,651,555
Effect of adoption of IFRS 9	(85,251)	-
Add: Islamic Banking profit for the period / year	1,567,444	1,780,701
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated profit	2,409	3,191
Closing balance	<u>4,920,049</u>	<u>3,435,447</u>

40.7 CONTINGENCIES AND COMMITMENTS

-Guarantees	4,329,526	3,880,588
-Commitments	6,620,391	6,236,815
-Other contingent liabilities	-	-
	<u>10,949,917</u>	<u>10,117,403</u>

40.8 Profit / Return Earned of Financing, Investments and Placement

	(Un-audited) September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
Profit earned on:		
Financing	112,445	190,636
Investments	6,042,731	2,646,696
Placements	289,840	881,061
Balances with banks	-	145
	<u>6,445,016</u>	<u>3,718,538</u>

	(Un-audited)	
	September 30, 2024	September 30, 2023
	----- (Rupees in '000) -----	
40.9 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	3,964,649	1,925,049
Due to Financial Institutions	154,951	134,605
Finance cost of lease liability	11,368	12,529
	<u>4,130,968</u>	<u>2,072,183</u>

41. CORRESPONDING FIGURES

As a result of change in format for the preparation of condensed interim financial information issued by SBP as referred in note 4.1.1 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	December 31, 2023 Rs. in '000
Property and equipment	Right-of-use	<u>2,721,205</u>
Other liabilities	Lease liability against right-of-use assets	<u>3,348,737</u>

42. DATE OF AUTHORIZATION OF ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on _____ by the Board of Directors of the Bank.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

Annexure E – GHDL Shareholding after settlement of Advance Against Share Capital

Particulars (no of shares)	NAHL	Khalid Masood	Syed Nauman Ali	Total
Shareholding in GHDL - pre issuance of new shares	8,564,698	74,638	2	8,639,338
Shareholding percentage - pre issuance of new shares	99.14%	0.86%	0.00%	100.00%
New shares issued in settlement of Advance Against Share Capital	44,589,405	-		44,589,405
Total shares - post issuance of new shares	53,154,103	74,638	2	53,228,743
Shareholding percentage - post issuance of new shares	99.86%	0.14%	0.00%	100.00%

Annexure F – Shares of BML to be issued to GHDL Shareholders

New Shares Issued in BML	Number of shares
New shares issued to NAHL	12,350,471,822
Khalid Masood	17,342,302
Syed Nauman Ali	465
Total	12,367,814,589

Annexure F-1 – Shares of BML to be issued to TFC Holders

NAME	NET AMOUNT IN RS.	BML SHARES TO BE ISSUED
M/S. FCCL Employee Fund Trust	8,332,222	3,893,562
Mrs. Afsheen Merchant	280,864	131,245
Mr. Karim Merchant	280,864	131,245
Mr. Mohammad Younis	249,967	116,807
MCB Bank Limited - Financial Institutions Division	101,345,454	47,357,689
Ayesha Farook	101,110,908	47,248,088
Samira Faisal Khan	28,086,363	13,124,469
Farook Bengali	37,448,484	17,499,292
Muhammad Saleem	12,170,757	5,687,270
Najeeb Ur Rehman Khan Rohilla	2,771,248	1,294,976
Dawood Corporation (Private) Limited	93,621,211	43,748,229
Trustee-Exalo Drilling S.A. Gratuity Fund	374,485	174,993
Pak Libya Holding Company (Pvt.) Limited	374,063,548	174,796,050
Pak Libya Holding Company (Pvt.) Limited	374,484,843	174,992,918
Trustees Pak Suzuki Motor Company Ltd Employees Prov. Fund	10,134,545	4,735,769
Mumtaz Ahmed Shaikh	1,872,424	874,965
Trustees of PIAC Employees Provident Fund Trust	506,727,270	236,788,444
Abdul Nasir	1,872,424	874,965
Asma Mundrawala	15,915,606	7,437,199
Amjad Ali Siddiqui	280,864	131,245
Trustees D.G. Khan Cement Co. Ltd. Emp. P.F	20,269,091	9,471,538
Iftikhar Ahmed	187,242	87,496
National Bank of Pakistan	242,195,366	113,175,405
Pak-Oman Investment Company Ltd.	93,621,211	43,748,229
Nizar	280,864	131,245
Hamid Hussain Siddiqui	2,166,378	1,012,326
Trustee-Roche Pakistan Ltd. Management Staff Pension Fund	20,269,091	9,471,538
Trustee-Roche Pakistan Ltd. Management Staff Gratuity Fund	20,269,091	9,471,538
Trustee-Roche Pakistan Ltd. Mngt. Staff Defined Cont.Pens.Fund	833,222	389,356

Mahjabeen Nasir	936,212	437,482
The Saudi Pak Industrial & Agricul. Investment Co. Ltd. - Td	56,172,727	26,248,938
CDC - Trustee Askari High Yield Scheme	46,810,605	21,874,115
The Bank of Punjab, Treasury Division.	10,134,545	4,735,769
First Credit & Investment Bank Limited	37,401,674	17,477,418
CDC - Trustee Akd Aggressive Income Fund	50,672,727	23,678,844
CDC - Trustee Nit Income Fund	202,690,908	94,715,378
Sindh Bank Limited	455,872,121	213,024,356
	2,932,207,426	1,370,190,386

**Annexure F-2 – Net Number of Shares to be Inducted in the CDS for GHDL
Shareholders**

Name	BML Shares to GHDL Shareholders Post Reeducation
NAHL	803,209,786
Khalid Masood	851,774
Syed Nauman Ali	23
Total	804,061,583

Annexure F-3 – Net Number of Shares to be Inducted in the CDS for TFC Holders

NAME	BML SHARES TO TFC HOLDERS POST REDUCTION
M/S. FCCL Employee Fund Trust	191,234
Mrs. Afsheen Merchant	6,446
Mr. Karim Merchant	6,446
Mr. Mohammad Younis	5,737
MCB Bank Limited - Financial Institutions Division	2,325,990
Ayesha Farook	2,320,607
Samira Faisal Khan	644,613
Farook Bengali	859,484
Muhammad Saleem	279,332
Najeeb Ur Rehman Khan Rohilla	63,603
Dawood Corporation (Private) Limited	2,148,710
Trustee-Exalo Drilling S.A. Gratuity Fund	8,595
Pak Libya Holding Company (Pvt.) Limited	8,585,173
Pak Libya Holding Company (Pvt.) Limited	8,594,842
Trustees Pak Suzuki Motor Company Ltd Employees Prov. Fund	232,599
Mumtaz Ahmed Shaikh	42,974
Trustees of PIAC Employees Provident Fund Trust	11,629,952
Abdul Nasir	42,974
Asma Mundrawala	365,281
Amjad Ali Siddiqui	6,446
Trustees D.G. Khan Cement Co. Ltd. Emp. P.F	465,198
Iftikhar Ahmed	4,297
National Bank of Pakistan	5,558,652
Pak-Oman Investment Company Ltd.	2,148,710
Nizar	6,446
Hamid Hussain Siddiqui	49,721
Trustee-Roche Pakistan Ltd. Management Staff Pension Fund	465,198
Trustee-Roche Pakistan Ltd. Management Staff Gratuity Fund	465,198
Trustee-Roche Pakistan Ltd. Mngt. Staff Defined Cont.Pens.Fund	19,123
Mahjabeen Nasir	21,487

The Saudi Pak Industrial & Agricul. Investment Co. Ltd. - Td	1,289,226
CDC - Trustee Askari High Yield Scheme	1,074,355
The Bank of Punjab, Treasury Division.	232,599
First Credit & Investment Bank Limited	858,410
CDC - Trustee Akd Aggressive Income Fund	1,162,995
CDC - Trustee Nit Income Fund	4,651,981
Sindh Bank Limited	10,462,770
	67,297,407

**Annexure G – Net Number of Shares to be Inducted in the CDS for GHDL
Shareholders pursuant to exclusion of settlement of the TFC Redemption Amount**

Name	BML Shares to GHDL Shareholders Post Reduction
NAHL	861,163,883
Khalid Masood	913,232
Syed Nauman Ali	24
Total	862,077,139