

MEEZAN BANK LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY RATING	AAA	A1+	AAA	A1+
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	June 30, 2026		June 30, 2025	

Shareholding (5% or More)

Noor Financial Investment Co, Kuwait – 35.03%

Pakistan Kuwait Investment Co. (Pvt.) Ltd. – 29.82%

Islamic Development Bank, Jeddah – 9.27%

Other Information

Established in 1997

Public Limited Company (Listed)

Chairman of the Board: Mr. Riyadh S.A.A. Edrees

President & CEO: Dr. Syed Amir Ali

External Auditors: A. F. Ferguson & Co., Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Financial Institutions

<https://docs.vis.com.pk/Methodologies-2026/FI-Methodology-26.pdf>

Instrument Rating

<https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

The ratings reflect Meezan Bank Limited ('MEBL' or the 'Bank') leading franchise in Pakistan's Islamic banking industry, supported by a strong market position, extensive nationwide branch network, and sustained growth in its deposit and financing portfolios. The Bank benefits from a diversified and granular funding base, underpinned by a large proportion of low-cost deposits, which supports funding stability and liquidity. Liquidity indicators remain strong, with ample liquid asset buffers and regulatory liquidity metrics maintained comfortably above minimum requirements. The Bank's capitalization profile is viewed favorably, supported by consistent internal capital generation, and adequate capital buffers that provide capacity to support future business growth while maintaining resilience against potential risks. Asset quality remains sound, with infection level remaining low relative to peers and concentrated exposures largely directed toward established corporates and strategically important sectors. The overall credit risk profile continues to be supported by prudent risk management practices, adequate provisioning buffers, and manageable levels of non-performing financings. Profitability remains strong despite margin compression arising from the declining policy rate environment. While lower spreads have weighed on core earnings, the impact has been partly offset through growth in fee-based revenues, treasury income, and lower provisioning charge. The Bank continues to invest in technology, digital transformation, and operational infrastructure, reinforcing its competitive position and supporting long-term franchise value. Ratings also incorporate the Bank's governance framework, experienced management team, strong Shariah governance structure, and sponsorship from reputable institutional shareholders.

Company Profile

Meezan Bank Limited ('MEBL' or the 'Bank') was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited (PSX) since August 2000. The Bank was registered as 'Al-Meezan Investment Finance Company Limited' on August 8, 1997, and carried on the business of investment banking in accordance with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.

The Bank converted to Meezan Bank Limited, a full-fledged Islamic commercial bank in 2002, when the SBP issued Pakistan's first Islamic Commercial Banking license to the Bank. Concurrently, the Bank acquired the Pakistan operations of Societe Generale, and started commercial banking with a small network of 4 branches.

As of Mar'26, the Bank was operating with a network of 1,115 (Dec'25: 1,105; Dec'24: 1051) branches situated across 365 cities of Pakistan. In 2025, no significant changes were noted in the shareholding pattern. The main shareholders of the Bank along with their shareholding % is provided in the table below:

Table 1: Shareholding Pattern

Shareholding Pattern	Dec'24	Dec'25
Noor Financial Investment Co, Kuwait	35.15%	35.03%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	29.91%	29.82%
Islamic Development Bank, Jeddah	9.30%	9.27%

Sponsor Profile

Noor Financial Investment Company (Noor) is a Kuwaiti investment company established in 1996 and is engaged in investment and financial activities primarily in Kuwait, the Middle East, Asia and other emerging markets. The company was established as the financing arm of the National Industries Group (NIG), which is one of the largest private sector industrial groups in Kuwait.

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

Pakistan Kuwait Investment Company (Private) Limited (PKIC), a joint venture between the Governments of Pakistan and Kuwait was established in 1979. The company, operating for over 45 years in Pakistan, is engaged in investment and development banking activities in the country. PKIC is the first financial institution in Pakistan that has been rated AAA (triple A) for the long-term by both PACRA and VIS Credit Rating Company.

Islamic Development Bank (IsDB) is located in Jeddah and is an International Financial Institution established in 1974 in pursuance of a declaration by the Conference of Finance Ministers of Islamic countries to foster economic development and social progress in member countries. IsDB has a subscribed capital of USD 76 billion and enjoys presence in 57 member countries. The Bank participates in equity capital and grants loans for productive projects and enterprises besides providing financial assistance in other forms for economic and social development.

Management and Governance

BOARD COMPOSITION

Meezan Bank maintains a strong governance framework supported by an experienced and diversified Board of Directors. The Board comprises of seven non-executive directors, three independent directors which one female director and one executive director, reflecting compliance with applicable corporate governance requirements. The Board is chaired by Mr. Riyadh S.A.A. Edrees, who represents one of the Bank's key foreign sponsoring institutions, providing strategic oversight and international perspective.

The Board benefits from the continued association of Mr. Irfan Siddiqui, the founder President of Meezan Bank and a pioneer of Islamic banking in Pakistan, who remains a director following his retirement as President & CEO in December 2025. Executive management is led by Dr. Syed Amir Ali, who assumed the position of President & CEO on 30 December 2025, bringing extensive banking experience gained through his previous roles as Deputy CEO of Meezan Bank and President & CEO of BankIslami Pakistan.

The Bank's governance profile is further strengthened by representation from major institutional shareholders and strategic foreign investors, the presence of experienced independent directors, and a clear separation between the roles of Chairman and CEO.

Table 2: Board of Directors

Name	Representation	Category
Mr. Riyadh S. A. A. Edrees (Chairman)	Noor	Non-Executive Director
Mr. Bader H.A.M.A. Al-Rabiah (Vice Chairman)		
Mr. Irfan Siddiqui		
Mr. Saad Ur Rahman Khan	PKIC	
Mr. Tariq Mahmood Pasha		
Mr. Faisal Fahad Al-Muzaini		
Mr. Zine Elabidine Bachiri	IsDB	
Ms. Nausheen Ahmad	Independent	Independent Director
Mr. Mohammad Abdul Aleem		
Mr. Abdulrazzaq T.A.M. Razooqi		
Dr. Syed Amir Ali (President & CEO)	MEBL	Executive Director

Oversight is supported through well-established Board committees responsible for audit, risk management, human resources and remuneration, information technology, and financial reporting matters, ensuring effective governance and risk oversight. The committees are appropriately constituted with the requisite number of members, ensuring adherence to regulatory requirements. The terms of reference of the aforesaid committees have been approved by the Board and communicated to the respective committees. Attendance of directors at committee meetings remained satisfactory and in accordance with the applicable regulatory requirements

Table 3: Board Committees

Committees	Meeting 2025
Board Audit Committee (BAC)	4
Board Risk Management Committee (BRMC)	4
Board Human Resources, Remuneration & Compensation Committee (BHRRCC)	4
Board Information Technology Committee (BITC)	4
Board IFRS 9 Committee	4

CHAIRMAN/CEO PROFILE

Mr. Riyadh S. A. A. Edrees has been a Director of MEBL since October 2012. He currently serves as Chairman of the Board and is also Chairman of the Human Resources, Remuneration and Compensation Committee and the IFRS 9 Committee of the Board. In addition, he is a member of the Information Technology Committee. He has previously served as Vice Chairman of the Bank's Board. Mr. Edrees holds a Bachelor of Science in Chemical Engineering from Newcastle upon Tyne University, United Kingdom, and a Master of Science in Chemical Engineering from Kuwait University. His professional experience spans a wide range of industries and leadership roles.

Dr. Syed Amir Ali is a distinguished Islamic banking professional with over 20 years of experience across finance, treasury, and corporate & investment banking. He is a member of Executive Committee of the Pakistan Banks Association and is a board member of Al Meezan Investments and Meezan Exchange, contributing to the governance and development of Pakistan's Islamic financial sector. He joined Meezan Bank in 2006 in Investment Banking and later headed the Corporate & Investment Banking Group. He previously served as President & CEO of BankIslami Pakistan from 2018 to 2023. Earlier in his career, he worked with A.F. Ferguson (PwC), Pakistan Refinery, and Shell, gaining cross-sector experience in assurance, energy, and multinational organizations. Dr. Ali is a Harvard Business School alumnus, CFA charterholder, and Chartered Accountant (Gold Medalist). He also holds a PhD, MBA (Gold Medalist), and LLB, along with a Certificate in Software Engineering.

MANAGEMENT TEAM

During past year, the Bank undertook a comprehensive organizational restructuring aimed at streamlining its management hierarchy and strengthening operational efficiency. The most significant leadership transition occurred in Q4 2025, when, following the retirement of Mr. Irfan Siddiqui, Syed Amir Ali, formerly Deputy CEO, assumed the position of President & CEO.

Under the new leadership structure, the Bank eliminated the Deputy CEO position and dissolved the overarching Operations & Branch Banking Group layer. This restructuring elevated Retail Banking and core Operations into a primary business pillar reporting directly to the executive management line, while the former Corporate, Commercial & Investment Banking Group was rebranded and streamlined as Wholesale Banking.

In line with the revised organizational structure, several senior management positions were redesignated and aligned with a more standardized C-suite framework. Mr. Zia Ul Hassan, previously heading the Operations & Branch Banking Group, was redesignated as Chief Operating Officer – Retail Banking, while Syed Tanveer Hussain, formerly leading the Corporate, Commercial & Investment Banking Group, assumed the role of Chief Operating Officer – Wholesale Banking.

The Bank also witnessed a number of internal leadership movements during the year. In Q3 2025, Mr. Javed Ahmed Shaikh, formerly Head of Compliance, was appointed as Head – Enterprise Risk Management. Following the resignation of Syed Iftikhar Ul Haq during the same quarter, Mr. Ahmed Ali Siddiqui transitioned from Group Head – Shariah Compliance and was appointed as Group Head – Consumer Finance. Consequently, Mr. Shayan Ahmed Baig assumed responsibility as Head – Shariah Compliance.

Several key appointments were also made to strengthen the Bank's control and governance functions. In Q1 2025, Mr. Rizwan Qamar Lari joined the Bank as Group Head – Internal Audit & BRR. Concurrently, Mr. Ebrahim Yakooob, who previously served as Group Head – Internal Audit & BRR, was reassigned as General Manager & Head Operations. In Q3 2025, Mr. Masood Muhammad Khan joined the Bank as Chief Compliance Officer.

The year also saw a number of senior management transitions. Mr. Masood Muhammad Khan succeeded Mr. Javed Ahmed Shaikh as the head of the Compliance function following the latter's transfer to Enterprise Risk Management. Furthermore, post-March 2026, CFO Syed Imran Ali Shah resigned from the Bank in the interim, Mr. Adeel Ali Khan, Financial Controller, is serving as Acting Chief Financial Officer.

As of Dec'25 overall Staff strength of the Bank stood at 20,391 (Dec'24: 18,653), which included 16,003 (Dec'24: 14,810) permanent employees, 1,796 (Dec'24: 1,376) contractual employees and 2,592 (Dec'24: 2,467) outsourced employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Meezan Bank demonstrates a strong ESG framework focused on sustainable finance, social welfare, and robust governance. On the environmental front, the Bank focuses on climate resilience, environmental stewardship, and transitioning towards cleaner energy sources. Its green financing portfolio reached Rs. 36,871 million across 41 clients, supporting renewable energy and infrastructure projects, including wind energy, hydropower, clean water initiatives, and participation in Pakistan's first Sovereign Green Sukuk. Internally, 196 branches and the Head Office have been solarized, with a cumulative capacity of 4.3 MW, reducing carbon emissions by approximately 1,100 metric tons annually. The Bank also promotes sustainability through Meezan Solar Financing, Electric Bike Financing, and Climate-Smart Agriculture (CSA), with over 20% of its agriculture financing portfolio supporting sustainable farming practices. In collaboration with WWF-Pakistan, the Bank funded the plantation and maintenance of 10,000 native and fruit-bearing trees to support biodiversity and offset its carbon footprint.

From a social perspective, the Bank maintains a strong commitment to community development and financial inclusion. Under its Shariah-compliant Charity Fund, Rs. 311.6 million was distributed during 2025, primarily supporting education (87%), healthcare (8%), and community development (5%). Major initiatives include the country's largest private-sector interest-free student financing scheme through Ihsan Trust, healthcare support programs, affordable housing under the Mera Ghar Mera Ashiana (MGMA) scheme, vocational training through the Meezan Justuju platform, and nationwide financial literacy initiatives, including dedicated programs for farmers and female participants.

From a governance perspective, the Bank maintains strong Shariah governance through an independent Shariah Board, internal Shariah audit function, and comprehensive Board oversight supported by specialized committees covering risk management and information technology. Climate risk has been integrated into the Bank's enterprise risk management framework, while governance is reinforced through formal policies covering whistleblowing, conflict of interest, safeguarding of records, and employee code of conduct. The Bank also promotes diversity, equity, and inclusion through documented policies, including a formal Gender Pay Gap Statement and targeted employee wellbeing initiatives.

Meezan Bank has significantly advanced its digital transformation strategy, focusing on scalability, automation, and enhanced customer experience. Key initiatives include a redesigned Meezan Mobile App, upgraded internet banking platforms, expanded WhatsApp Banking services, and integration with the Raast payment system for instant QR-based payments. On the infrastructure side, the Bank has modernized its data centers, adopted a microservices-based architecture, deployed Robotic Process Automation (RPA), strengthened AI and data analytics capabilities, implemented an API gateway for fintech integration, and continues upgrading its core banking platform to enhance scalability and operational resilience.

From a cybersecurity perspective, the Bank operates a 24/7 Security Operations Center (SOC) under a zero-trust framework, supported by AI-driven threat detection tools. Multi-factor authentication, biometric security, regular Vulnerability Assessment and Penetration Testing (VAPT), and disaster recovery testing strengthen cyber resilience and business continuity, while ensuring compliance with SBP's regulatory requirements.

SHARIAH GOVERNANCE FRAMEWORK

Table 4: Shariah Supervisory Board

Name	Designation
Justice (Retd.) Muhammad Taqi Usmani	Chairman
Dr. Muhammad Imran Ashraf Usmani	Member
Sheikh Esam Mohamed Ishaq	Member
Mufti Zubair Ahmed	Member
Mufti Muhammad Naveed Alam	Resident Shariah Board Member (RSBM)

The Bank operates under the strict oversight of an independent, world-class Shariah Board, comprising eminent Islamic scholars who rigorously evaluate, approve, and monitor every financial product, transaction structure, and operational policy. To ensure that daily banking practices mirror these high ethical mandates, MEBL utilizes a comprehensive Shariah Governance Framework, which includes an active Internal Shariah Audit function and a dedicated Shariah Compliance Department that conducts continuous reviews of branch operations, trade transactions, and corporate financing pools. A defining element of this governance structure is the strict management of non-compliant income; any funds generated from inadvertent procedural errors or late payment fees are legally barred from the Bank's profitability and are systematically directed to a closely monitored Charity Account for socio-economic uplift. Furthermore, this internal governance is regularly validated by external Shariah audits and is kept fully aligned with the guidelines established by the State Bank of Pakistan (SBP) and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). By embedding these multi-layered vetting processes directly into its corporate ecosystem, the Bank ensures absolute transparency, mitigates reputational risks, and maintains the sacred trust of millions of Islamic banking customers.

AUDIT OPINION

A. F. Ferguson & Co., Chartered Accountants, a member firm of PwC, a Category 'A' firm on SBP's panel of auditors with a satisfactory QCR rating from ICAP, has expressed an unqualified opinion on the Bank's CY25 financial statements.

Business Risk

INDUSTRY

The banking sector in 2025 demonstrated notable resilience and moderate growth, underpinned by strong capitalization, stable profitability, and improving asset quality. The sector maintained a robust capital adequacy ratio of approximately 20.6% as of December 2025, reflecting a solid buffer against potential financial shocks. Profitability indicators remained stable, with return on assets (ROA) around 1.2% and return on equity (ROE) close to 19.8%, highlighting consistent earnings performance despite prevailing economic challenges. The sector also experienced significant expansion in its balance sheet, as deposits grew by nearly 25% year-on-year, indicating sustained public confidence in the banking system. Asset quality showed improvement, with non-performing loans (NPLs) contained at approximately 6.0%, suggesting that credit risk remained manageable. Lending activity continued to be concentrated in the corporate and SME segments, which together accounted for more than half of total loans, reflecting banks' focus on productive sectors of the economy. Additionally, there was a slight increase in foreign currency exposure, pointing toward evolving portfolio dynamics.

Overall, in 2025, the banking sector remained stable, liquid, and well-capitalized, playing a critical role in supporting economic activity and facilitating financial intermediation.

Asset Mix

Table 5: Asset Mix (all figures in PKR Bn, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Cash and Cash Equivalents*	7.9%	7.5%	7.1%
Investment – Net	47.9%	54.0%	56.0%
Islamic Financing -Net	38.8%	34.1%	31.2%
Other Asset	5.3%	4.4%	5.7%
Total Asset	3,902.07	4,806.56	4,788.40

*Cash & Cash Equivalent include Cash & Balances with Treasury Banks, Balances with other Banks and Due from FIs

As of Dec'25, MEBL's asset base expanded by 23.2%, outpacing the industry's asset growth of 17.8%. The increase was primarily funded by a robust 27.8% growth in deposits, supplemented by a 22.8% rise in borrowings. Asset growth was largely deployed into the investment portfolio, which increased by 38.8% resulting in a higher concentration within the overall asset mix. Meanwhile, net Islamic financings recorded a comparatively modest increase of 8.3%, leading to a decline in their share of total assets, reflecting a normalization in financing growth following the significant year-end expansion witnessed as of Dec'24. The moderation in financing growth was accompanied by a strategic reallocation towards investments amid evolving market conditions and the removal of higher tax implications associated with maintaining lower Advance-to-Deposit Ratio (ADR) levels.

Subsequent to year-end, the Bank's asset base remained broadly stable as of Mar'26. The investment portfolio increased further by 3.2%, while net Islamic financings declined by 9.1% from the Dec'25 level. Similarly, gross financings contracted by 8.8% during the first quarter of CY26, primarily reflecting the scheduled maturity and run-off of exposures disbursed in prior periods. At the same time, deposits continued to demonstrate strong momentum, growing by 9.6% while borrowings declined by 33.1%, indicating a greater reliance on the Bank's core deposit franchise for funding requirements.

Going forward, management is expected to maintain a balanced asset allocation strategy, keeping advances-to-deposit ratio (ADR) in the range of 40–43%, while deploying surplus liquidity into investment securities. The Bank's strong deposit mobilization capacity, supported by a sizable liquidity buffer, is expected to underpin sustainable balance sheet growth while preserving profitability and funding stability.

Financing Portfolio

Given that the Bank's financing portfolio expanded, in contrast to the broader industry's financing decline, its market share improved notably to 11.3% as of Dec'25 (Dec'24: 9.7%). However, as of Mar'26, the Bank's market share moderated slightly to 10.6%. From a sectoral perspective, the Bank's financing portfolio remains well-diversified across key segments of the economy. As of Dec'25, the largest concentrations were in textiles (16.5%), oil & gas (15.2%), agriculture (12.6%), power (12.3%), transport & communication (7.2%), and fertilizer (5.6%), collectively representing approximately 69.4% of total gross advances. Portfolio growth during the year was primarily driven by increased exposures to the oil & gas sector, power, agriculture, automobile, and fertilizer. Meanwhile, financing levels in certain sectors, including textiles, pharmaceuticals, and cement, moderated due to lower working capital requirements. The contraction largely reflects improved liquidity positions of borrowers rather than any deterioration in asset quality, underscoring Bank's sound credit underwriting standards.

Asset quality indicators remained largely stable across most major sectors, with gross infection ratios declining in several key segments, including oil & gas, agriculture, power, individuals, automobile and wholesale & retail trade. Nevertheless, certain sectors continued to exhibit elevated credit risk, most notably construction and steel & allied industries, where gross infection ratios remained high at 23.2% and 10.6%, respectively. In addition, the electronics & electrical appliances segment witnessed a deterioration in asset quality, with the gross infection ratio increasing to 9.9% (Dec'24: 7.2%). Despite these pockets of stress, the overall risk profile of the financing portfolio remains supported by the relatively low infection levels observed across the Bank's largest sectoral exposures.

The Bank reported 21 single-party exposures exceeding 5% of common equity, indicating a relatively high level of obligor concentration. While this concentration exposes the Bank to potential name-specific credit risk, the risk is mitigated to an extent by the fact that these exposures are largely extended to established private-sector corporates and government-related institutions with comparatively stronger credit profiles. Consequently, notwithstanding the concentration in large borrowers, the overall credit risk profile remains supported by the quality and strategic importance of the underlying counterparties.

Table 6: Segment-wise Breakup of Gross Financings (all figures in PKR Bn, unless stated otherwise)

Segments	Dec'24		Dec'25	
	GA	GI	GA	GI
Corporate	1,148.62	1.6%	1,241.16	1.6%
Commercial/SME and others	329.22	1.8%	328.21	2.9%
Consumer	78.52	1.6%	116.90	1.1%
Total	1,556.36		1,686.27	

*GA- Gross Advances

GI- Gross Infection

Segment-wise, the corporate portfolio remained the dominant component of the financing book, contributing nearly three-fourths of total financings as of end-Dec'25. During the year, the consumer segment emerged as the fastest-growing area, expanding by 48.9%, supported by increased retail penetration and diversification efforts. The corporate portfolio also registered steady growth of 8.5%, reflecting continued exposure to established corporate relationships and structured financing opportunities.

In contrast, the commercial segment recorded a marginal contraction, though it continues to remain a meaningful component relative to peer Islamic banks. Notably, Meezan Bank has still managed to sustain and selectively expand its presence in the commercial space, particularly through supply-chain linked and structured transaction flows, in an environment where many banks have remained relatively cautious.

Table 7: Product-wise Breakup of Consumer Financings (all figures in PKR Bn, unless stated otherwise)

	Dec'24		Dec'25	
	GA	GI	GA	GI
Auto Finance	60.90	0.4%	97.12	0.3%
Home Finance	16.87	5.8%	18.43	5.4%
Other Personal Finance	0.75	5.7%	1.35	3.7%
Total	78.52		116.90	

*GA- Gross Advances

GI- Gross Infection

Consumer financing recorded strong growth during CY25, primarily driven by auto financing, which expanded by 59.8% YoY and increased its share to 83.2% of the consumer portfolio (Dec'24: 77.6%). Asset quality in the segment remained strong, with the infection ratio improving marginally to 0.3% (CY24: 0.4%). Home financing grew by 9.3%, while its infection ratio improved to 5.4% from 5.8%. Other Personal Finance remained a small portion of the portfolio; however, the infection ratio declined to 3.7% from 5.7%, indicating some enhancement in credit quality. Going forward, the planned launch of a Shariah-compliant credit card is expected to enhance product diversification and strengthen the Bank's retail banking franchise.

PROFITABILITY

Table 8: Profitability Indicators

	CY24	CY25	1QCY26
ROAA	2.9%	2.0%	2.0%*
ROAE	50.9%	35.6%	34.6%*
Spread	10.1%	6.8%	5.8%*
- Return on Earning Assets	17.3%	11.3%	10.0%*
- Cost of Funding	7.2%	4.6%	4.2%
Efficiency Ratio	25.5%	29.2%	31.1%

*Annualized

During CY25, Bank's profitability moderated amid a sharp decline in benchmark interest rates, with the average policy rate falling to 11.3% from 19.4% in CY24. Consequently, both earning asset yields and funding costs repriced downward; however, the contraction in asset yields outpaced the reduction in funding costs, resulting in compression in net spreads. As a result, markup earned declined by 14.9% to PKR 420.5bn (CY24: PKR 494.3bn). Although the Bank benefited from its predominantly low-cost deposit, reflected in a decline in the cost of deposits to 3.6% (CY24: 6.0%), markup expense reduced by a comparatively lower 18.9% to PKR 168.0bn (CY24: PKR 207.3bn). Consequently, net markup income contracted by 12.0% to PKR 252.5bn (CY24: PKR 287.0bn).

The decline in core income was partially offset by strong growth in non-markup income, which increased by 13.0% to PKR 32.6bn (CY24: PKR 28.9bn). The increase was primarily supported by a substantial rise in foreign exchange income to PKR 5.5bn (CY24: PKR 0.8bn), reflecting improved treasury performance and higher market activity. Fee and commission income also increased by 6.4% to PKR 22.7bn (CY24: PKR 21.3bn), driven by growth in trade-related fees, branch banking customer fees, cash management services, guarantee commissions, and investment banking-related income. However, this was partially offset by lower debit card-related fees, wealth management fees, and home remittance commissions. Dividend income remained broadly stable at PKR 2.0bn, while gains on securities moderated to PKR 1.0bn from PKR 3.5bn in the previous year.

Operating expenses increased modestly by 3.7% to PKR 82.5bn (CY24: PKR 79.5bn), reflecting continued investment in franchise expansion through branch network growth, technology enhancement initiatives, and the impact of inflationary pressures on operating costs. Nevertheless, the Bank's cost-to-income ratio stood at 29.2% (CY24: 25.5%), remaining among the lowest in the banking sector. The Bank's strong cost efficiency continues to represent a key competitive advantage and an important driver of profitability, providing resilience to earnings even during periods of margin compression. Profit before provisions declined by 14.3% to PKR 198.3bn in CY25 (CY24: PKR 231.3bn). However, a significant reduction

in net provisioning charge to PKR 3.9bn (CY24: PKR 9.2bn) partially mitigated the decline in pre-tax profitability. Nonetheless, profit after tax stood at PKR 89.0bn in CY25 (CY24: PKR 101.5bn), as the lower earnings base outweighed the benefit of reduced credit impairment charges.

During 1QCY26, profitability slightly improved compared to SPLY despite the lower interest rate environment continued to weigh on earning asset yields. Net spreads compressed further, as the decline in the return on earning assets outpaced the reduction in the cost of funding. However, net markup income remained largely unchanged at PKR 61.4bn (1QCY25: PKR 61.8bn) during the quarter due to increase in overall balance sheet.

Furthermore, non-markup income exhibited strong growth, increasing by 36.3% YoY to PKR 11.2bn (1QCY25: PKR 8.2bn). The increase was primarily driven by higher fee, commission and brokerage income, which rose to PKR 7.0bn (1QCY25: PKR 5.5bn), alongside improved dividend income and higher foreign exchange earnings. However, operating expenses increased by 19.3% YoY to PKR 22.2bn (1QCY25: PKR 18.6bn), consequently, the efficiency ratio deteriorated to 31.1%, resulting in a 1.8% YoY decline in profit before provisions to PKR 49.4bn (1QCY25: PKR 50.3bn). Nevertheless, a significant reduction in net provisioning charge to PKR 0.5bn (1QCY25: PKR 1.9bn) largely offset the decline in operating profitability and supported earnings. As a result, profit after tax increased to PKR 23.4bn compared to PKR 22.0bn in 1QCY25.

Going forward, the Bank's profitability is expected to remain stable. The Bank's established franchise, extensive branch network, and ongoing digital initiatives are anticipated to further strengthen customer acquisition and deposit mobilization, enabling sustainable balance sheet growth. In addition, the Bank's diversified non-markup income profile is expected to provide continued support to overall profitability. Management remains focused on enhancing fee-based revenues through growth in cards business, trade finance, branch banking transactions and investment banking activities. The continued expansion of digital channels and transaction banking capabilities is expected to deepen customer engagement and increase cross-selling opportunities across retail, commercial, and SME segments.

Financial Risk

Asset Quality

Table 9: Asset Quality Indicators

	Dec'24	Dec'25	Mar'26
NPF (PKR Bn)	25.2	31.0	30.2
Gross Infection	1.6%	1.8%	2.0%
Net Infection*	0.1%	0.3%	0.3%
Stage-3 Provisioning Coverages	94.6%	84.7%	86.6%
General Provisioning Coverages	1.2%	1.2%	1.3%
Net NPLs to Tier 1 Capital**	0.6%	1.7%	1.4%

*Only takes into account Stage 3 provisions

**Adjusted for Stage 1 & Stage 2

The Bank's asset quality indicators remained sound despite a rise in non-performing financings (NPFs) during CY25. The increase in impaired exposures was partly on account of subjective classifications on prudent basis which collectively accounted for the majority of the increase in NPFs. Nevertheless, the impact on overall asset quality remained manageable, as growth in the financing portfolio limited the increase in the gross infection ratio.

Asset quality trends varied across segments. The corporate portfolio maintained stable infection levels, indicating that portfolio growth was not accompanied by disproportionate credit stress. The consumer segment demonstrated improved asset quality, supported by the strong performance of the predominantly auto-finance portfolio. In contrast, the commercial portfolio experienced some deterioration, with higher infection levels reflecting greater sensitivity to SME cash flows and working capital pressures.

Provisioning coverage moderated during CY25, resulting in a modest increase in net infection indicators. However, the Bank continued to maintain adequate loss-absorption buffers, further supported by a conservative risk management approach providing additional resilience against potential credit deterioration. By end-Mar'26, provisioning coverage strengthened further, while net infection metrics remained low and the ratio of net NPFs to Tier-1 capital improved, underscoring the Bank's capacity to absorb potential losses. The Bank's asset quality profile remains supported by diversified sectoral exposures, relatively low infection levels across its major financing segments, prudent underwriting standards, and adequate provisioning buffers.

Market Risk

Table 10: Net Investment Portfolio (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
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Federal Govt Securities	1,722.19	2,555.76	2,639.62
- GoP Ijarah Sukuk	1,696.36	2,164.55	2,248.08
- Bai Muajjal with GoP	21.05	390.30	390.30
- Islamic Naya Pakistan Certificates	4.78	0.91	1.24
Shares	11.20	17.28	16.13
- Listed	10.51	16.80	15.69
- Unlisted	0.62	0.38	0.35
- Units of Mutual Fund	0.07	0.10	0.09
Non-Government Debt Securities	131.26	11.00	11.15
- Listed	118.05	-	-
- Unlisted	13.21	11.00	11.15
Foreign Securities	3.97	10.88	10.70
- Govt Debt Securities	3.13	10.02	9.86
- Non-Govt Debt Securities	0.83	0.85	0.83
- Shares	0.01	0.01	0.01
Associates	0.86	0.86	0.86
Subsidiary	1.06	1.06	1.06
Total	1,870.54	2,596.84	2,679.52

The Bank's investment portfolio continued to expand on the back of increased deployment in sovereign instruments. From a credit risk perspective, the portfolio maintained a highly conservative profile, with 98.5% (Dec'25: 98.5%; Dec'24: 92.1%) of total investments allocated to Federal Government Securities as at Mar'26. These exposures are considered low-risk and provide substantial capital protection within the domestic financial system. The significant increase in sovereign holdings during CY25 was primarily driven by higher investments in Government of Pakistan (GoP) Ijarah Sukuk and Bai Muajjal transactions with the GoP.

Within the sovereign portfolio, GoP Ijarah Sukuk remained the dominant component, accounting for approximately 85% of Federal Government Securities at Mar'26, while Bai Muajjal with the GoP represented 15% of the sovereign book. The remaining exposure comprised Islamic Naya Pakistan Certificates.

The non-government debt securities portfolio remained modest, following a substantial reduction as of Dec'25. Equity investments largely comprising listed shares, while investments in mutual funds remained immaterial relative to the overall portfolio size. Foreign investments were predominantly consisting of foreign sovereign debt securities further supporting the Bank's overall low-risk investment profile.

The Bank's investment base further includes strategic investments in subsidiaries and associates, representing long-term strategic holdings that support the Bank's broader business ecosystem.

From a market risk perspective, the Bank's investment portfolio remains conservatively positioned against profit rate volatility. The weighted average duration declined to 0.52 years as at Mar'26 (Dec'25: 0.72 years; Dec'24: 0.65 years), reflecting a deliberate shift towards shorter-tenor exposures. This lower duration profile reduces sensitivity to changes in profit rates and limits potential mark-to-market volatility, while enhancing the Bank's ability to reposition the portfolio in response to evolving market conditions. The duration strategy remains aligned with the Bank's prudent risk management framework, balancing earnings generation with capital preservation and liquidity objectives.

LIQUIDITY

Table 11: Deposit Mix & Granularity (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Current Accounts	1,207.66	1,568.44	1,826.28

	46.7%	47.5%	50.5%
Saving Accounts	1,176.46	1,426.43	1,513.01
	45.5%	43.2%	41.8%
Term Deposits	179.62	287.10	262.86
	6.9%	8.7%	7.3%
Other Deposits	21.13	20.87	17.36
Total Deposits	2,584.87	3,302.84	3,619.51
Liquid Assets	2,163.91	2,941.79	3,002.87
CASA	92.2%	90.7%	92.3%

MEBL continued to demonstrate strong franchise strength through robust deposit mobilization, with deposits growing by 27.8% YoY as of Dec'25, outperforming the industry growth rate of 25%. Consequently, the Bank's market share improved to 8.8% (Dec'24: 8.5%) and further strengthened to 9.7% by Mar'26. Growth was primarily driven by current accounts, followed by savings deposits, reflecting the Bank's ability to attract and retain stable, low-cost funding.

The Bank maintains one of the strongest funding profiles in the sector, characterized by a high concentration of current and savings accounts. Despite strong growth in term deposits, the CASA ratio remained exceptionally high at 90.7% as of Dec'25 and improved further to 92.3% by Mar'26. Notably, current accounts surpassed 50% of total deposits by Mar'26, underscoring the strength of the Bank's deposit franchise and its success in mobilizing non-remunerative deposits.

The deposit base remains granular and predominantly retail in nature, with low depositor concentration and increasing participation from private sector customers, supporting funding stability. Strong deposit growth, coupled with prudent liquidity management, translated into enhanced liquidity buffers, with the LADB ratio improving to 62.1% at Dec'25 and 68.4% by Mar'26. Structural liquidity indicators remained exceptionally strong, with both LCR and NSFR comfortably exceeding regulatory requirements.

CAPITALIZATION

Table 12: Deposit Mix & Granularity (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Share capital	17.95	18.01	18.01
Reserves	48.00	57.96	60.50
Unappropriated profit	158.89	188.91	197.39
Shareholder's Equity (excl. revaluation)	224.84	264.88	275.90
Tier 1 Equity	228.80	268.16	279.30
Total Eligible Capital	275.94	304.84	304.55
Risk Weighted Assets	1,355.84	1,587.98	1,558.68
Tier-1 CAR (%)	16.9%	16.9%	17.9%
Capital Adequacy Ratio (%)	20.4%	19.2%	19.5%
Leverage (%)	5.5%	5.2%	5.2%

As of Dec'25, MEBL's Tier-1 capital increased, primarily supported by strong internal capital generation and profit retention. Shareholders' equity (excluding revaluation surplus) rose by 17.8% YoY, driven by growth in both reserves and unappropriated profits. Consequently, total eligible capital increased to PKR 304.8 bn (Dec'24: PKR 275.9 bn), reflecting the Bank's continued ability to generate capital organically while maintaining a consistent dividend payout of PKR 28 per share.

Risk-weighted assets (RWAs) expanded by 17.1% YoY to PKR 1,588.0 bn at end-Dec'25 (Dec'24: PKR 1,355.8 bn), largely reflecting growth in the financing portfolio and overall balance sheet expansion. While capital accretion broadly kept pace with the increase in RWAs, the total Capital

Adequacy Ratio (CAR) moderated to 19.2% (Dec'24: 20.4%). However, the Tier-1 CAR remained stable at 16.9% (Dec'24: 16.9%), indicating that earnings retention continued to support the Bank's core capital position. Despite the marginal decline, both capital ratios remained comfortably above the minimum regulatory requirements, underscoring MEBL's strong capitalization profile.

During 1QCY26, continued earnings accumulation increased Tier-1 capital further to PKR 279.3 bn, while RWAs declined modestly to PKR 1,558.7 bn. As a result, the Tier-1 CAR improved to 17.9%, while the total CAR strengthened to 19.5% by end-Mar'26. The quality of capital remains strong, with Tier-1 capital constituting approximately 91.7% of total eligible capital as of Mar'26, highlighting the predominance of high-quality loss-absorbing capital within the Bank's capital structure. The leverage ratio remained stable at 5.2%, providing an additional cushion against balance-sheet expansion risks.

Going forward, MEBL's capital adequacy is expected to remain robust, supported by strong profitability, continued internal capital generation, and prudent balance-sheet growth. The Bank's sizeable buffer over regulatory minimum requirements provides sufficient capacity to support future financing growth while maintaining comfortable capital ratios.

Financial Summary (PKR Mn)				Appendix I
Balance Sheet	CY23	CY24	CY25	1QCY26
Cash and Cash Equivalents*	289,028.11	309,123.51	358,256.22	341,846.85
Investments	1,572,387.62	1,870,535.62	2,596,837.14	2,679,522.33
Islamic financing and related assets - Net	961,673.01	1,514,755.94	1,640,934.80	1,491,867.63
Fixed Assets	60,890.05	70,974.81	75,245.21	76,905.43
Other Assets	128,129.97	136,683.26	135,287.56	198,257.35
Total Assets	3,012,108.76	3902,073.13	4,806,560.92	4,788,399.59
Due to financial institutions	377,494.61	722,286.32	887,048.23	593,788.74
Deposits & other accounts	2,217,473.92	2,584,871.30	3,302,842.20	3,619,515.40
Subordinated debt	20,990.00	20,990.00	16,990.00	16,990.00
Other Liabilities	211,242.70	326,941.22	320,423.37	279,089.11
Total Liabilities	2,827,201.24	3,655,088.84	4,527,303.80	4,509,383.25
Share capital	17,912.53	17,947.41	18,005.55	18,005.55
Net Shareholders Equity (excl. revaluation surplus)	173,986.92	224,843.10	264,877.01	275,900.53
Total Equity	184,907.52	246,984.29	279,257.12	279,016.34
Total Eligible Capital (Tier 1 + Tier 2)	211,239.02	275,939.32	304,835.44	304,550.41
Income Statement	CY23	CY24	CY25	1QCY26
Net Spread Earned	226,428.82	287,039.36	252,472.03	61,426.79
Net Provisioning/(Reversal)	7,340.41	9,221.07	3,885.73	448.80
Non-Markup Income	22,107.16	28,877.95	32,632.30	11,150.82
Operating Expenses	67,876.60	79,509.60	82,484.62	22,196.89
Profit/(Loss) Before Tax	169,407.92	222,085.10	194,418.23	48,978.58
Profit/(Loss) After Tax	84,475.64	101,507.52	89,041.25	23,404.68
Ratio Analysis	CY23	CY24	CY25	1QCY26
Market Share (Advances) (%)	8.03%	9.72%	11.33%	10.56%
Market Share (Deposits) (%)	7.96%	8.54%	8.82%	9.65%
Gross Infection (%)	1.71%	1.62%	1.84%	1.96%
Net Infection (%)	0.09%	0.09%	0.29%	0.27%
Specific Provisioning Coverage (%)	95.09%	94.62%	84.71%	86.64%
General Provisioning Coverage (%)	1.46%	1.16%	1.15%	1.28%
Net NPFs to Tier-1 Capital (%) (adj. for general prov.)	0.43%	0.55%	1.65%	1.35%
Cost of Funds (%)	8.27%	7.18%	4.55%	4.18%*
Spread (%)	9.41%	10.13%	6.79%	5.79%*
Efficiency (%)	27.36%	25.53%	29.18%	31.13%
ROAA (%)	3.02%	2.94%	2.02%	1.95%
ROAE (%) (excl. revaluation surplus)	58.26%	50.90%	35.65%	34.62%
Liquid Coverage Ratio (%)	283.00%	305.00%	197.00%	214.00%
Net Stable Funding Ratio (%)	206.00%	177.00%	314.00%	264.00%
Leverage (%)	5.24%	5.47%	5.21%	5.22%
Liquid Assets to Deposits & Borrowings*** (%)	68.74%	60.17%	64.76%	68.38%
Gross Advances to Deposits Ratio (ADR) **** (%)	38.37%	55.70%	48.36%	40.22%
Tier-1 CAR (%)	18.93%	16.88%	16.89%	17.92%
Capital Adequacy Ratio (%)	22.39%	20.35%	19.20%	19.54%

*Cash & Cash Equivalent include Cash & Balances with Treasury Banks, Balances with other Banks and Due from FIs

**Annualized

*** Adjusted for repo and collateral

**** Adjusted for SBP refinancing schemes

REGULATORY DISCLOSURES					Appendix II
Name of Rated Entity	Meezan Bank Limited				
Sector	Commercial Banks				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	30-Jun-26	AAA	A1+	Stable	Reaffirmed
	30-Jun-25	AAA	A1+	Stable	Reaffirmed
	28-Jun-24	AAA	A1+	Stable	Reaffirmed
	27-Jun-23	AAA	A1+	Stable	Reaffirmed
	29-Jun-22	AAA	A1+	Stable	Reaffirmed
	30-Jun-21	AAA	A1+	Stable	Upgrade
	30-Jun-20	AA+	A1+	Stable	Reaffirmed
	28-Jun-19	AA+	A1+	Stable	Reaffirmed
	30-May-18	AA+	A1+	Stable	Upgrade
	22-Jun-17	AA	A1+	Stable	Reaffirmed
	02-Jun-16	AA	A1+	Stable	Reaffirmed
	29-Jun-15	AA	A1+	Stable	Reaffirmed
	RATING TYPE: Sukuk 2 (ADT-1)				
	30-Jun-26	AA+	-	Stable	Reaffirmed
	30-Jun-25	AA+	-	Stable	Reaffirmed
	28-Jun-24	AA+	-	Stable	Reaffirmed
	27-Jun-23	AA+	-	Stable	Reaffirmed
	29-Jun-22	AA+	-	Stable	Reaffirmed
	24-Nov-22	AA+	-	Stable	Upgrade
	30-Jun-21	AA	-	Stable	Upgrade
	30-Jun-20	AA-	-	Stable	Reaffirmed
	28-Jun-19	AA-	-	Stable	Reaffirmed
	20-Aug-18	AA-	-	Stable	Final
	05-Jun-18	AA-	-	Stable	Preliminary
	RATING TYPE: Sukuk 3 (Tier-2)				
	30-Jun-25	-	-	-	Withdrawn
	28-Jun-24	AAA	-	Stable	Reaffirmed
	27-Jun-23	AAA	-	Stable	Reaffirmed
	29-Jun-22	AAA	-	Stable	Reaffirmed
	24-Nov-21	AAA	-	Stable	Upgrade
30-Jun-21	AA+	-	Stable	Upgrade	
30-Jun-20	AA	-	Stable	Reaffirmed	
21-Jan-20	AA	-	Stable	Final	
19-Nov-19	AA	-	Stable	Preliminary	
RATING TYPE: Sukuk 4 (Tier-2)					
30-Jun-26	AAA	-	Stable	Reaffirmed	
30-Jun-25	AAA	-	Stable	Reaffirmed	
28-Jun-24	AAA	-	Stable	Reaffirmed	
27-Jun-23	AAA	-	Stable	Reaffirmed	
29-Jun-22	AAA	-	Stable	Reaffirmed	
31-Dec-21	AAA	-	Stable	Final	
30-Jun-21	AAA	-	Stable	Preliminary	
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				

Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.		
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Due Diligence Meeting Conducted	Name	Designation	Date
	Mr. Adeel Khan	Chief Financial Officer (Acting)	16th June 2026
	Mr. Masood Muhammad Khan	Chief Compliance Officer	
	Mr. Shahzad Abdullah	Group Head Treasury	
	Mr. Nasif	Corporate Head - South	