



Meezan Bank
The Premier Islamic Bank



FORM-8

October 28, 2022

MEBL/CS/PSX-17/164/2022

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

TRANSMISSION OF QUARTERLY REPORT OF MEEZAN BANK LIMITED FOR THE PERIOD ENDED SEPTEMBER 30, 2022

Dear Sir,

السَّلَامُ عَلَيْكُمْ

We have to inform you that the Quarterly Report of Meezan Bank for the period ended **September 30, 2022** have been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Muhammad Sohail Khan
Company Secretary

Encl: As above.

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332 www.meezanbank.com



**THIRD
QUARTERLY REPORT**
SEPTEMBER 30, 2022



Meezan Bank
The Premier Islamic Bank



In the name of Allah The Beneficent The Merciful

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CORPORATE INFORMATION

AS OF SEPTEMBER 30, 2022

Board of Directors	Riyadh S. A. A. Edrees Faisal A. A. A. Al-Nassar Bader H. A. M. A. Al-Rabiah Mubashar Maqbool Faisal Fahad Al-Muzaini Naveed Iftikhar Sherwani Mohamed Guermazi Mohammad Abdul Aleem Nausheen Ahmad Yousef S.M.A Al-Saad Irfan Siddiqui	Chairman Vice Chairman President & CEO
Shariah Board	Justice (Retd.) Muhammad Taqi Usmani Dr. Muhammad Imran Ashraf Usmani Sheikh Esam Mohamed Ishaq Mufti Muhammad Naveed Alam	Chairman Vice Chairman
Management	Irfan Siddiqui Ariful Islam	President & CEO Deputy CEO
Board Audit Committee	Mohammad Abdul Aleem Faisal A.A.A. Al-Nassar Mohamed Guermazi Mubashar Maqbool	
Board Risk Management Committee	Faisal A. A. A. Al-Nassar Mubashar Maqbool Bader H. A. M. A. Al-Rabiah Yousef S.M.A Al-Saad	
Board Human Resources, Remuneration & Compensation Committee	Riyadh S. A. A. Edrees Mohammad Abdul Aleem Nausheen Ahmad	
Board Information Technology Committee	Mubashar Maqbool Riyadh S. A. A. Edrees Faisal A. A. A. Al-Nassar Irfan Siddiqui	
Board IFRS 9 Implementation Oversight Committee	Riyadh S. A. A. Edrees Faisal Fahad Al-Muzaini Irfan Siddiqui	
Resident Shariah Board Member	Mufti Muhammad Naveed Alam	
Chief Financial Officer	Syed Imran Ali Shah	
Company Secretary	Muhammad Sohail Khan	
Auditors	A. F. Ferguson & Co., Chartered Accountants	
Legal Adviser	Haidermota & Co. Advocates	
Registered Office and Head Office	Meezan House C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (92-21) 38103500, 37133500, Fax: (92-21) 36406056 24/7 Call Centre: (92-21) 111-331-331 & 111-331-332	
E-mail	info@meezanbank.com	
Website	www.meezanbank.com www.meezanbank.pk	
Shares Registrar	THK Associates (Pvt.) Ltd Plot No, 32-C, Jami Commercial, Street 2, DHA, Phase VII, Karachi - 75500, Pakistan Phone: (92-21) 111-000-322, 35310191-6 Fax: (92-21) 35310191 Email: secretariat@thk.com.pk, sfc@thk.com.pk Website: www.thk.com.pk	

DIRECTORS' REVIEW

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the nine months ended September 30, 2022.

Economy

After staging an impressive GDP growth of 6.0% in FY22, Pakistan's economy is expected to slow down in FY23 due to economic challenges – as the balance of payments pressures, fiscal slippages, high inflation, restrictions on non-essential imports, and resumption of IMF program have triggered sharp monetary and fiscal tightening. The tough global macro environment arising out of Russia-Ukraine conflict and commodity super cycle – particularly oil prices have added to economic imbalances. Domestic inflation rose substantially, which prompted the State Bank of Pakistan (SBP) to tighten monetary policy by raising the policy rate to 15 percent. The situation was further exacerbated by the unprecedented flooding in Pakistan during the 3rd Quarter resulting in more than 30 million people being rendered homeless and over eight hundred thousand heads of cattle washed away. Agriculture, especially in the province of Sind has also been very badly affected.

To fill the widening fiscal gap, the Federal Government has increased the income taxes on select corporate sectors, including the banking industry, through the Federal Budget 2022-23. The International Monetary Fund's (IMF) Executive Board also completed its combined seventh and eighth reviews of the Extended Arrangement under the Extended Fund Facility (EFF) for Pakistan and disbursed US\$1.1 billion which strengthened the country's foreign exchange reserves.

The Federal Board of Revenue's (FBR) budgeted revenue target for the first quarter of the current financial year has been surpassed. Pakistan Rupee-US Dollar parity has improved lately while commodity prices have started coming down. Pakistan's anticipated removal from the Financial Action Task Force (FATF) grey list should also bode well for the economy. We are hopeful that the Government's focus to address domestic and external imbalances and commitment to implementing fiscal discipline in the country will lay the foundation for inclusive and sustainable growth.

Our performance

By the grace of Allah, Meezan Bank continued to deliver strong financial results during the nine months ended September 30, 2022. Profit after tax registered a growth of 46% to Rs 28.6 billion from Rs 19.6 billion in corresponding period last year. This was achieved despite the higher taxation charge levied under the Finance Act 2022 by the Federal Government – the effective tax rate for the period ended September 30, 2022 increased to 49% versus 40% in September 2021.

Basic Earnings per Share for the nine months period, on enhanced share capital of Rs 17.9 billion, increased to Rs 15.98 per share from Rs 10.93 per share in September 2021. The Bank remains sufficiently capitalized with Capital Adequacy Ratio (CAR) of 19.19% – well above the minimum regulatory requirement. We are pleased to inform you that the Board has approved Rs 2.00 (2.00%) interim cash dividend for the third quarter. This brings the total dividend payout for the nine months period to Rs 5.50 (55%) as Rs 3.50 per share (35%) interim cash dividend was paid for the first half of 2022. This is in addition to the 10% bonus shares issued in the last quarter.

DIRECTORS' REVIEW

The Financial Highlights of Meezan Bank are given below:

Rupees in millions

Statement of Financial Position	September 30, 2022	December 31, 2021	Growth %
Total Assets	2,446,915	1,902,971	29%
Investments	1,243,737	620,132	101%
Sovereign	1,220,117	594,101	105%
Others	23,620	26,031	(9%)
Islamic financing and related assets - Gross	872,628	777,295	12%
Deposits	1,657,916	1,455,886	14%
ADR (Gross Advances to Deposits)- %	53%	53%	
Equity	103,795	86,558	20%

Rupees in millions

Profit & Loss Account	Jan - Sep 2022	Jan - Sep 2021	Growth %
Profit / return earned on financing, investments and placements	153,879	77,615	98%
Profit on deposits and other dues expensed	(76,730)	(29,096)	164%
Net spread earned	77,149	48,519	59%
Fee, commission and other non -funded income	15,046	10,267	47%
Operating income	92,195	58,786	57%
Operating and other expenses	(34,077)	(25,583)	33%
Provision against NPLs and others - net	(1,735)	(553)	214%
Profit before tax	56,383	32,650	73%
Taxation	(27,787)	(13,084)	112%
Profit after tax	28,596	19,566	46%
Earnings per share - Rupees - on enhanced share capital	15.98	10.93	46%
Number of branches	940	849	11%

Return on financings, investments and placements increased by 98% to Rs 153.9 billion from Rs 77.6 billion in the corresponding period last year, contributed by both a higher volume of earning assets and a higher benchmark Policy Rate which, on average, increased from 7.01% in the corresponding period last year to 12.47% during the nine months ended September 2022. On the other hand, the return on deposits and other dues recorded an increase of 164% closing at Rs 76.7 billion from Rs 29.1 billion in the corresponding period last year.

DIRECTORS' REVIEW

The Bank's operating and other expenses also increased by 33% to Rs 34 billion from Rs 25.6 billion, primarily due to an increase in costs associated with the opening of 91 new branches since September 2021, a substantial rise in inflation, and a steep rupee devaluation. However, it is heartening to note that notwithstanding the increase in operating and other expenses, the Bank's income efficiency ratio improved to 37% from 44% in the corresponding period last year on the back of its continued focus on cost rationalization and efficient operating cycle.

The total assets of the Bank reached Rs 2.45 trillion, after registering a growth of 29% (Rs 544 billion), from December 2021 levels of Rs 1.91 trillion. The investment portfolio of the Bank doubled, growing to Rs 1.2 trillion from Rs 620 billion last year, after an investment of more than Rs 600 billion in GoP Ijarah Sukuk. The resumption of GoP Ijarah Sukuk has provided necessary liquidity deployment instruments for the Islamic Banking Industry and we are hopeful that this program will remain in place in line with SBP's 5 year strategic plan to grow the Islamic Banking Industry.

The Bank was able to grow its gross financings book to Rs 873 billion – a increase of 12% over Rs 777 billion in December 2021. The growth is well-distributed across all segments in line with the Bank's strategic objective to maintain a high-quality diversified asset portfolio spread across top-tier corporates, mid-tier commercials, small and medium-sized entities and consumer segments. The Bank is also actively extending Islamic financing under export refinance, long-term financing facility, financing for renewable energy, temporary economic refinance for plant and machinery, SME Asaan Finance, etc.

During the nine months ended 30th September 2022, the Bank made an additional general provision of Rs 1.75 billion against potential non-performing financings and decline in borrowers' repayment capacity given the current economic slowdown and the impact of the recent unprecedented floods. The Bank's non-performing financing ratio has slightly improved to 1.5% against an overall banking industry average of around 7%. The Bank maintains a comfortable level of provisions against its non-performing financings with a coverage ratio of 154% - one of the highest in the Banking industry. The Bank does not foresee any adverse impact as a result of its implementation of IFRS 9.

As part of its deposit management strategy, the Bank's current account deposit recorded a growth of 17% from the last year-end to close at Rs 781 billion. Current account deposits now represent 47% – a substantial part of its total deposit base. The Bank's saving accounts also crossed Rs 595 billion bringing its total CASA deposits to 83% of total deposits, amounting to Rs 1.37 trillion as of September 30, 2022 vs Rs 1.21 trillion last year. On an overall basis, the deposits of the Bank grew by 14% or Rs 202 billion closing at Rs 1.66 trillion as of 30th September 2022 from Rs 1.46 trillion last year. The Bank continues to maintain its leadership in Roshan Digital Accounts (RDA) with a market share of 25% in terms of total inflows through this channel, representing \$1.2 billion in foreign remittances.

The Bank continues to focus on a hybrid growth model underpinned by expanding its physical presence in underserved areas of the country whilst simultaneously augmenting its digital footprint through innovative offerings and smooth channel migration. The Bank has added 38 new branches to its network since December 2021, bringing its branch network size to 940 branches with a presence in more than 307 cities. 61 new ATMs were also added over the same period and the Bank now operates with an extensive network of 1,000 plus ATMs. Meezan recently launched Pakistan's first digital supply chain financing platform 'Wisaaq' that digitizes business payments to enable a cashless and digital supply chain for distributors, enabling them to avail Shariah-compliant financing facilities to meet their working capital requirements. The Bank's acquiring business has also expanded to 212 cities in the country which would foster and accelerate the digital payments landscape of the country.

DIRECTORS' REVIEW

VIS Credit Rating Company Limited has reaffirmed the entity ratings of the Bank at 'AAA/A-1+' (Triple A/ A-One Plus) which denotes the highest credit quality, with negligible risk factors. The outlook on the assigned ratings is 'Stable'.

Outlook

The Bank remains committed to contributing to the economic growth and stability of the country by strengthening the Islamic Banking Industry (IBI) and assisting the government to shift toward Shariah-compliant banking solutions in line with the SBP's strategic vision to increase the market share of IBI to 30% by 2025 from its current level of around 20%. The Bank will continue to strengthen its equity base in line with its future growth plans while maintaining adequate buffers over regulatory requirements.

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Ministry of Finance for their continuous commitment to establishing a viable Islamic financial system in the country. We would also like to thank our shareholders, Board members, Members of the Shariah Board, holders of Additional Tier I Sukuk and Sub-ordinated Sukuk (Tier II) and each one of our staff members for their hard work, commitment and support without which these results would not have been made possible. Most importantly, we are thankful to Allah Almighty for His blessings on our Bank which have enabled us to achieve this in a very short period. We pray that He gives us more strength and wisdom to further expand our Vision of establishing Islamic banking as banking of first choice in Pakistan.

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Karachi:
October 19, 2022

Irfan Siddiqui
President & CEO

ڈائریکٹرز کا تجزیہ

الحمد لله رب العالمین

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 ستمبر، 2022 کو ختم ہونے والے نو ماہ کے لئے میزان بینک لیٹنڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔

معیشت

مالی سال 2022 میں 6.0 فیصد کی متاثر کن جی ڈی پی نمو ظاہر کرنے کے بعد پاکستان کو درپیش معاشی چیلنجز کی وجہ سے FY-23 میں معیشت کی رفتار سست رہنے کی توقع ہے، جس کی وجہ سے ادائیگیوں کے توازن کے دباؤ، Fiscal Slippage، افراط زر کی بلند سطح، غیر ضروری درآمدات پر پابندیوں اور آئی ایم ایف پروگرام کی بحالی نے فوری معاشی سختیوں کی راہ ہموار کی۔ روس۔ یوکرین تنازعہ کے باعث عالمی سطح پر پیدا ہونے والی مشکل صورتحال اور کووڈ ٹی سپر سائیکل، خاص طور پر تیل کی قیمتوں نے معاشی عدم استحکام میں اضافہ کیا جس کی وجہ سے اسٹیٹ بینک آف پاکستان (SBP) کو پالیسی شرح بڑھا کر 15 فیصد کرنا پڑی۔ صورتحال اس وقت مزید خراب ہو گئی جب تیسری سہ ماہی میں پاکستان کو اپنی تاریخ کے بدترین سیلاب کا سامنا کرنا پڑا جس سے تین کروڑ سے زائد افراد بے گھر اور آٹھ لاکھ سے زائد مویشی ہلاک ہو گئے۔ زراعت کا شعبہ، بالخصوص صوبہ سندھ میں بری طرح متاثر ہوا۔

وفاقی حکومت نے بڑھتے ہوئے مالیاتی خلا کو پُر کرنے کے لئے وفاقی بجٹ 2022-23 کے ذریعے منتخب کارپوریٹ شعبوں بشمول بینکاری صنعت پر آئم ٹیکس میں اضافہ کر دیا۔ عالمی مالیاتی فنڈ (IMF) کے ایگزیکٹو بورڈ نے پاکستان کے لئے توسیعی فنڈ فیسلٹی (EFF) کے تحت توسیعی انتظام کے ساتویں اور آٹھویں جائزے کو بھی مکمل کیا اور 1.1 ارب امریکی ڈالر جاری کئے جن کی وجہ سے ملک کے زرمبادلہ کے ذخائر کو استحکام حاصل ہوا۔

موجودہ مالی سال کی پہلی سہ ماہی کے لئے فیڈرل بورڈ آف ریونیو (FBR) کا مقرر کردہ ریونیو کا ہدف حاصل کیا جا چکا ہے۔ پاکستانی روپے اور امریکی ڈالر کا توازن حال میں بہتر ہوا ہے جبکہ اشیائے ضروریہ کی قیمتیں بھی نیچے آنا شروع ہو گئی ہیں۔ پاکستان کا فنانشل ایکشن ٹاسک فورس (FATF) کی گزشتہ سہ ماہی سے متوقع اخراج بھی خوش آئند ثابت ہوگا۔ ہمیں امید ہے کہ حکومت کی اندرونی اور بیرونی عدم توازن دور کرنے پر توجہ اور ملک میں مالیاتی نظم و ضبط نافذ کرنے کے عزم کی بدولت جامع اور پائیدار ترقی کی راہ ہموار ہوگی۔

ہماری کارکردگی

الحمد لله، میزان بینک نے 30 ستمبر، 2022 کو ختم ہونے والے نو ماہ کے لئے مستحکم مالیاتی نتائج پیش کرنے کا سلسلہ جاری رکھا ہے۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 19.6 ارب روپے کے مقابلہ میں 46 فیصد اضافے کے بعد 28.6 ارب روپے تک پہنچ گیا۔

اگرچہ وفاقی حکومت کی جانب سے فنانس ایکٹ 2022 کے تحت زیادہ ٹیکس وصولی کی گئی، اور 30 ستمبر، 2022 کو ختم ہونے والی مدت کے لئے مؤثر ٹیکس کی شرح ستمبر، 2021 کے 40 فیصد کے مقابلہ میں بڑھ کر 49 فیصد ہو گئی۔ 17.9 ارب روپے اضافہ شدہ حصص کے سرمائے پر بنیادی فی حصص آمدنی ستمبر 2021 کے 10.93 روپے فی حصص کے مقابلہ میں بڑھ کر 15.98 روپے فی حصص ہو گئی۔ بینک 19.19 فیصد کنٹینٹل ایڈیکوئیسی ریشو (CAR) کے ساتھ ایک well-capitalized ادارہ ہے اور اس کا کنٹینٹل ایڈیکوئیسی ریشو کم از کم درکار قانونی تقاضے سے کافی زیادہ ہے۔ ہمیں آپ کو یہ بتاتے ہوئے مسرت محسوس ہو رہی ہے کہ بورڈ نے تیسری سہ ماہی کے لئے 2.00 روپے (20 فیصد) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔ اس سے نو ماہ میں ڈیویڈنڈ کی ادائیگی 5.50 روپے فی حصص (55 فیصد) ہو گئی ہے، کیونکہ 3.50 روپے فی حصص (35 فیصد) عبوری نقد ڈیویڈنڈ 2022 کے پہلے نصف کے لئے ادا کیا جا چکا ہے۔ اس کے علاوہ گزشتہ سہ ماہی میں 10 فیصد بونس حصص بھی ادا کئے گئے ہیں۔

میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

روپے (ملین میں)

مالیاتی حیثیت کا جائزہ	30 ستمبر، 2022	31 ستمبر، 2021	اضافہ کی شرح %
کل اثاثے	2,446,915	1,902,971	29%
سرمایہ کاریاں	1,243,737	620,132	101%
- خود مختار	1,220,117	594,101	105%
- دیگر	23,620	26,031	(9%)
اسلامی فنڈنگ اور متعلقہ اثاثے - مجموعی	872,628	777,295	12%
جمع شدہ رقوم	1,657,916	1,455,886	14%
اسے ڈی آر (Gross advances to deposits) - فیصد	53%	53%	
ایکویٹی	103,795	86,558	20%

نفع و نقصان کھاتے	جنوری تا ستمبر 2022	جنوری تا ستمبر 2021	اضافہ کی شرح %
فنانسنگ، سرمایہ کاری اور تعمیراتی پر منافع	153,879	77,615	98%
جمع شدہ رقوم اور دیگر واجبات پر منافع	(76,730)	(29,096)	164%
خالص آمدنی	77,149	48,519	59%
فیس، کمیشن اور دیگر نان - فنڈڈ آمدنی	15,046	10,267	47%
انتظامی آمدنی	92,195	58,786	57%
انتظامی اور دیگر اخراجات	(34,077)	(25,583)	33%
NPLs اور دیگر کی مد میں پروویژنز	(1,735)	(553)	214%
قبل از ٹیکس منافع	56,383	32,650	73%
ٹیکس	(27,787)	(13,084)	112%
بعد از ٹیکس منافع	28,596	19,566	46%
فی حصص آمدنی - روپے میں - اضافہ شدہ حصص کے سرمائے پر	15.98	10.93	46%
برانچوں کی تعداد	940	849	11%

فنانسنگ، سرمایہ کاریوں اور تعمیراتی پر بینک کی آمدنی گزشتہ سال کی اسی مدت کے 77.6 ارب روپے کے مقابلہ میں 98 فیصد اضافہ کے بعد 153.9 ارب روپے ہو گئی، جس میں آمدنی والے اثاثوں کے بڑے حجم کا بھی حصہ تھا اور زیادہ منافع مارک پالیسی شرح نے بھی اپنا کردار ادا کیا، جو گزشتہ سال کی اسی مدت کے اوسطاً 7.01 فیصد سے بڑھ کر ستمبر 2022 کو ختم ہونے والے نو ماہ میں 12.47 فیصد ہو گئی۔ دوسری جانب ڈپازٹس اور دیگر واجبات الا دارقوم پر آمدنی میں بھی اضافہ ریکارڈ کیا گیا جو گزشتہ سال کی اسی مدت کے 29.1 ارب روپے کے مقابلہ میں 164 فیصد بڑھ کر 76.7 ارب روپے ہو گئی۔

بینک کے آپریٹنگ اور دیگر اخراجات بھی 25.6 ارب روپے سے 33 فیصد بڑھ کر 34 ارب روپے ہو گئے، جس کی بنیادی وجوہات میں ستمبر 2021 کے بعد سے 91 نئی برانچیں کھولنے سے اخراجات میں ہونے والا اضافہ، افراط زر کی بڑھتی شرح اور روپے کی قدر میں تیزی سے کمی شامل ہیں۔ تاہم یہ بات خوش آئند ہے کہ بینک کے آپریٹنگ اور دیگر اخراجات میں اضافے کے باوجود بینک کا انکم انٹینسٹی ریشوز گزشتہ سال کے 44 فیصد کے مقابلہ میں بہتر ہو کر 37 فیصد ہو گیا، جس کی وجہ cost rationalization پر بینک کی مسلسل توجہ اور مؤثر آپریٹنگ سائیکل تھی۔

بینک کے کل اثاثوں نے دسمبر 2021 کے 1.91 ٹریلین روپے کے مقابلہ میں 29 فیصد (544 ٹریلین روپے) اضافہ کے بعد 2.45 ٹریلین روپے کا ہدف عبور کر لیا۔ حکومت پاکستان کے اجارہ صکوک میں 600 ٹریلین روپے سے زائد کی سرمایہ کاری کے بعد بینک کا سرمایہ کاری پورٹ فولیو گزشتہ سال کے 620 ٹریلین روپے کے مقابلہ میں دو گنے اضافہ کے ساتھ 1.2 ٹریلین روپے ہو گیا۔ حکومت پاکستان کے اجارہ صکوک کے اجراء کے عمل کی بحالی نے اسلامی بینکاری کی صنعت کو ضروری لکویڈیٹی ڈپازمنٹ انسٹرومنٹس فراہم کئے اور ہمیں امید ہے کہ اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری کی صنعت کو فروغ دینے کے 5 سالہ ترویجیاتی منصوبے کے مطابق یہ پروگرام آئندہ بھی جاری رہے گا۔

بینک نے اپنی مجموعی فنانسنگز میں اضافہ بھی جاری رکھا اور بینک کی فنانسنگز دسمبر، 2021 کے 777 ٹریلین روپے کے مقابلہ میں 12 فیصد اضافہ کے بعد 873 ٹریلین روپے پر پہنچ گئیں۔ فنانسنگز میں اضافہ کو تمام شعبہ جات پر تقسیم کیا گیا جو اعلیٰ درجہ کے کارپوریٹ، اوسط درجہ کے کرسٹلز، اسام اور میڈیم سائز اداروں اور کزنیومر شعبوں پر مشتمل اعلیٰ معیار کا متنوع ایسٹ پورٹ فولیو برقرار رکھنے کے بینک کے مقصد سے ہم آہنگ ہے۔ بینک ایکسپورٹ ری فنانس، طویل مدتی فنانسنگ فیسلسٹی، قابل تجدید توانائی کے لئے فنانسنگ، پلانٹ اور مشینری کے لئے عارضی اکنام کی فنانس، SME آسان فنانس وغیرہ کے لئے اسلامک فنانسنگ فراہم کرنے کے لئے سرگرم ہے۔

30 ستمبر، 2022 کو ختم ہونے والے نو ماہ کے دوران بینک نے ممکنہ غیر فعال فنانسنگز کی مد میں اور موجودہ معاشی ست روی اور حالیہ غیر معمولی سیلاب کے اثرات کی وجہ سے صارفین کی فنانسنگز کی واپسی کی گنجائش میں کمی کے پیش نظر 1.75 ٹریلین روپے کی اضافی عمومی پروویژنز کی منظوری دی ہے۔ بینک کی غیر فعال فنانسنگز کی شرح قدرے بہتر ہو کر 1.5 فیصد ہو گئی ہے جبکہ مجموعی بینکاری صنعت کی اوسط شرح تقریباً 7 فیصد ہے۔ بینک نے 154 فیصد کو رج ریشو کے ساتھ اپنی غیر فعال فنانسنگز کی مد میں پروویژنز کی تسلی بخش شرح برقرار رکھی ہے جو بینکاری صنعت کی سب سے زیادہ شرح ہے۔ بینک کو IFRS-9 کے نفاذ سے کوئی بڑے اثرات مرتب ہونے کا امکان نظر نہیں آتا۔

جیسا کہ بینک کی ڈپازٹ کے انتظام کی حکمت عملی کا حصہ ہے، بینک کے کرنٹ اکاؤنٹ ڈپازٹس میں گزشتہ سال کے اختتام سے 17 فیصد اضافہ ریکارڈ کیا گیا جو 781 ارب روپے پر بند ہوئے۔ کرنٹ اکاؤنٹ ڈپازٹس اب 47 فیصد حصہ پر مشتمل ہیں جو بینک کے کل ڈپازٹس کا ایک بڑا حصہ ہے۔ بینک کے سیونگز اکاؤنٹس بھی 595 ارب روپے سے تجاوز کر گئے اور اس طرح بینک کے کل ڈپازٹس میں کرنٹ اکاؤنٹ سیونگز اکاؤنٹ (CASA) کا حصہ 83 فیصد ہو گیا، جو گزشتہ سال کے 1.21 ٹریلین روپے کے مقابلہ میں 30 ستمبر، 2022 تک 1.37 ٹریلین روپے ہے۔ مجموعی طور پر بینک کے ڈپازٹس میں 30 ستمبر، 2022 تک 14 فیصد یا 202 ارب روپے کا اضافہ ہوا اور گزشتہ سال کے 1.46 ٹریلین روپے کے مقابلہ میں 1.66 ٹریلین روپے پر بند ہوئے۔ بینک نے روشن ڈیجیٹل اکاؤنٹ (RDA) میں اپنی برتری برقرار رکھی ہے اور پاکستان کی بینکاری صنعت میں روشن ڈیجیٹل اکاؤنٹ کے ذریعے کل جمع شدہ رقوم میں بینک کا مارکیٹ شیئر 25 فیصد ہے، جو غیر ملکی ترسیلات زر میں 1.2 ارب امریکی ڈالر کے برابر ہے۔

بینک نے ملک کے بینکاری سہولیات سے محروم علاقوں تک اپنی جغرافیائی موجودگی میں اضافے کی بنیاد پر ایک باہر ڈگرو تھ ماڈل پر اپنی توجہ مرکوز رکھی ہے اور اس کے ساتھ ساتھ پیشکش میں جدت اور چینلز کی ہموار منتقلی کے ذریعے اپنی ڈیجیٹل خدمات میں بھی اضافہ کیا ہے۔ بینک نے دسمبر 2021 کے بعد سے اپنے نیٹ ورک میں 38 نئی برانچوں کا اضافہ کیا ہے جس سے اس کا برانچ نیٹ ورک 307 سے زائد شہروں میں 940 برانچوں تک وسیع ہو گیا ہے۔ اس مدت کے دوران 61 نئے اسے ٹی ایبز کا بھی اضافہ کیا گیا اور اب بینک کا اسے ٹی ایم نیٹ ورک 1000 سے زیادہ اسے ٹی ایبز تک وسیع ہو گیا ہے۔ میزبان نے حال ہی میں پاکستان کے پہلے ڈیجیٹل سپلائی چین فنانسنگ پلیٹ فارم ”وثاق“ کا بھی اجرا کیا ہے جو کاروباری ادائیگیوں کو ڈیجیٹائز کرے گا تاکہ ڈسٹری بیوٹرز کے لئے کیش لیس اور ڈیجیٹل سپلائی چین کو ممکن بنایا جائے اور اس کی مدد سے وہ اپنی ورکنگ کمیٹی کی ضروریات کی تکمیل کے لئے شریعہ کمپلائنس فنانسنگ فیسلسٹیز حاصل کر سکیں۔ بینک کا ایکوائزنگ بزنس بھی ملک کے 212 شہروں تک وسیع ہو گیا ہے جو ملک میں ڈیجیٹل ادائیگیوں کے مظہر نامے کو فروغ دینے اور اس کی رفتار بڑھانے میں معاون ہوگا۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے بینک کو AAA/A-1+ (ٹرپل اے/اے ون پلس) ریٹنگ دی گئی ہیں جو نہ ہونے کے برابر رسک فیکٹرز کے ساتھ کریڈٹ کے ممکنہ حد تک اعلیٰ ترین معیار کی نشاندہی کرتی ہیں۔ تفویض کردہ ریٹنگز کے آثار مضحکم ہیں۔

مستقبل کے امکانات

بینک اسلامی بینکاری کو مستحکم بنیادوں پر استوار کر کے ملکی معاشی ترقی اور استحکام میں اپنا کردار ادا کرنے اور شریعہ کمپلائنس بینکاری پر منتقلی کے لئے حکومت کی معاونت جاری رکھنے کے لئے پُر عزم ہے، جو اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری صنعت (IBI) کے حصہ کو 2025 تک موجودہ سطح یعنی 20 فیصد سے بڑھا کر 30 فیصد کرنے کے عزم سے ہم آہنگ ہے۔ بینک ریگولیٹری تقاضوں سے مناسب تحفظ برقرار رکھتے ہوئے اپنی ایکویٹی میں کو مستحکم کرنے کا سلسلہ بھی جاری رکھے گا، جو اس کے آئندہ ترقی کے منصوبوں سے ہم آہنگ ہے۔

بورڈ، اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتا ہے۔ ہم اپنے حصص یافتگان، بورڈ ممبران، شریعہ بورڈ کے ممبران، اضافی Tier I صکوک اور ثانوی صکوک (Tier II) یافتگان اور اپنے عملے کے تمام ارکان کا ان کی انتھک محنت، لگن اور معاونت کے لئے شکریہ ادا کرنا چاہتے ہیں جس کے بغیر ہمارے لئے یہ نتائج حاصل کرنا ممکن نہیں ہو سکتا تھا۔ سب سے بڑھ کر ہم اللہ ﷻ کے شکرگزار ہیں کہ اس کی مسلسل رحمت کے باعث ہم اس قلیل مدت میں اتنی شاندار کارکردگی کے حصول کے قابل ہو سکے ہیں۔ ہم دعا گو ہیں کہ اللہ ﷻ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے لئے اپنے خواب کو تعبیر کی بلند یوں تک لے جاسکیں۔ آمین۔

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض ایس۔ اے۔ اے۔ اور ایس
چیئرمین

کراچی:

19 اکتوبر، 2022

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Rupees in '000			
Cash and balances with treasury banks	6	152,413,160	170,500,698
Balances with other banks	7	13,187,682	16,420,036
Due from financial institutions - net	8	35,964,299	238,401,637
Investments - net	9	1,243,737,014	620,132,043
Islamic financing and related assets - net	10	852,338,939	758,086,120
Fixed assets	11	39,259,109	33,957,947
Intangible assets	12	1,791,544	1,495,810
Deferred tax assets	13	3,797,659	175,555
Other assets - net	14	104,425,184	63,801,554
		2,446,914,590	1,902,971,400
LIABILITIES			
Bills payable	15	42,638,472	36,141,378
Due to financial institutions	16	505,307,507	220,414,234
Deposits and other accounts	17	1,657,916,371	1,455,886,468
Sub-ordinated Sukuk	18	20,990,000	20,990,000
Other liabilities	19	116,267,060	82,981,545
		2,343,119,410	1,816,413,625
NET ASSETS		103,795,180	86,557,775
REPRESENTED BY			
Share capital		17,896,243	16,269,312
Reserves		26,461,434	23,393,198
Unappropriated profit		58,806,861	42,831,655
Surplus on revaluation of assets - net of tax	20	630,642	4,063,610
		103,795,180	86,557,775
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Note	Quarter ended September 30, 2022	Nine months period ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2021
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	22	65,582,358	153,878,806	27,498,562	77,615,000
Profit on deposits and other dues expensed	23	33,855,422	76,729,876	10,185,340	29,096,456
Net spread earned		31,726,936	77,148,930	17,313,222	48,518,544
OTHER INCOME					
Fee and commission income	24	3,438,653	9,600,144	2,506,984	6,608,816
Dividend income		128,466	552,119	160,527	573,269
Foreign exchange income		734,743	3,866,649	543,966	2,149,005
(Loss) / Gain on securities - net	25	(104,612)	76,999	80,938	339,009
Other income	26	190,759	950,300	164,579	597,772
		4,388,009	15,046,211	3,456,994	10,267,871
Total income		36,114,945	92,195,141	20,770,216	58,786,415
OTHER EXPENSES					
Operating expenses	27	12,279,116	32,744,892	8,587,719	24,847,146
Workers Welfare Fund		506,021	1,242,851	245,231	729,344
Other charges	28	83,091	89,024	1,608	6,524
Total other expenses		12,868,228	34,076,767	8,834,558	25,583,014
Profit before provisions		23,246,717	58,118,374	11,935,658	33,203,401
Provisions and write offs - net	29	545,866	1,735,254	120,527	553,418
Extra ordinary/ unusual items		-	-	-	-
Profit before taxation		22,700,851	56,383,120	11,815,131	32,649,983
Taxation	30	11,223,605	27,786,725	4,856,713	13,083,633
Profit after taxation		11,477,246	28,596,395	6,958,418	19,566,350
Rupees					
Restated					
Basic earnings per share	31	6.41	15.98	3.89	10.93
Diluted earnings per share	31	6.41	15.97	3.89	10.93

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Note	Quarter ended September 30, 2022	Nine months period ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2021
Rupees in '000					
Profit after taxation for the period		11,477,246	28,596,395	6,958,418	19,566,350
Other comprehensive income					
Items that may be reclassified to					
profit and loss account in subsequent periods:					
Surplus / (deficit) on revaluation of investments	20	2,515,957	(5,555,197)	(391,688)	927,290
Deferred tax on revaluation of investments	20	(1,081,862)	2,123,812	144,821	(739,120)
		1,434,095	(3,431,385)	(246,867)	188,170
Items that will not be reclassified to profit and					
loss account in subsequent periods:					
Surplus on revaluation of non - banking assets		-	-	-	-
Deferred tax on revaluation of non - banking assets	20	-	(1,544)	-	(1,227)
		-	(1,544)	-	(1,227)
Other Comprehensive income/ (loss) for the period		1,434,095	(3,432,929)	(246,867)	186,943
Total Comprehensive Income for the period		12,911,341	25,163,466	6,711,551	19,753,293

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Capital reserves					Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Total
	Share capital	Share premium	Statutory reserve *	Non - Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve		Investments	Non-banking Assets	
	Rupees in '000									
Balance as at January 01, 2021	14,147,228	2,406,571	14,833,341	3,117,547	-	66,766	29,021,521	5,542,351	19,941	69,155,266
Profit after taxation for the nine months period ended September 30, 2021	-	-	-	-	-	-	19,566,350	-	-	19,566,350
Other Comprehensive income for the nine months period ended September 30, 2021 - net of tax	-	-	-	-	-	-	-	188,170	(1,227)	186,943
	-	-	-	-	-	-	19,566,350	188,170	(1,227)	19,753,293
Other appropriations										
Transfer to statutory reserve	-	-	1,956,635	-	-	-	(1,956,635)	-	-	-
Issue of bonus shares @ 15%	2,122,084	-	-	-	-	-	(2,122,084)	-	-	-
Final cash dividend for the year 2020 @ Rs 2 per share	-	-	-	-	-	-	(2,829,446)	-	-	(2,829,446)
First Interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	(2,122,085)
Second Interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	(2,122,085)
Balance as at September 30, 2021	16,269,312	2,406,571	16,789,976	3,117,547	-	66,766	37,435,536	5,730,521	18,714	81,834,943
Profit after taxation for the quarter ended December 31, 2021	-	-	-	-	-	-	8,788,807	-	-	8,788,807
Other Comprehensive loss for the quarter ended December 31, 2021 - net of tax	-	-	-	-	-	-	(73,503)	(1,690,444)	4,912	(1,759,035)
	-	-	-	-	-	-	8,715,304	(1,690,444)	4,912	7,029,772
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	93	-	(93)	-
Other appropriations										
Transfer to statutory reserve	-	-	878,881	-	-	-	(878,881)	-	-	-
Recognition of share based compensation	-	-	-	-	133,457	-	-	-	-	133,457
Transactions with owners recognised directly in equity										
Third Interim cash dividend for the year 2021@ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	(2,440,397)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	66,766	42,831,655	4,040,077	23,533	86,557,775
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	-	-	-	28,596,395	-	-	28,596,395
Other Comprehensive income for the nine months period ended September 30, 2022 - net of tax	-	-	-	-	-	-	-	(3,431,385)	(1,544)	(3,432,929)
	-	-	-	-	-	-	28,596,395	(3,431,385)	(1,544)	25,163,466
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	39	-	(39)	-
Other appropriations										
Transfer to statutory reserve	-	-	2,859,640	-	-	-	(2,859,640)	-	-	-
Recognition of share based compensation	-	-	-	-	208,596	-	-	-	-	208,596
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	(1,626,931)	-	-	-
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	(2,440,397)
First Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	(2,847,130)	-	-	(2,847,130)
Second Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	(2,847,130)	-	-	(2,847,130)
Balance as at September 30, 2022	17,896,243	2,406,571	20,528,497	3,117,547	342,053	66,766	58,806,861	608,692	21,950	103,795,180

*This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Note	Nine months period ended September 30, 2022	Nine months period ended September 30, 2021
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		56,383,120	32,649,983
Less: Dividend income		(552,119)	(573,269)
		55,831,001	32,076,714
Adjustments for non-cash charges and other items:			
Depreciation		2,219,330	1,786,173
Amortization		328,697	262,331
Non cash items related to right of use assets		3,230,394	2,371,360
Provisions and write offs - net		1,735,254	553,418
Recognition of share based compensation		208,596	-
Gain on sale of fixed assets		(170,862)	(77,210)
		7,551,409	4,896,072
		63,382,410	36,972,786
Decrease / (increase) in operating assets			
Due from financial institutions		202,437,338	(26,405,391)
Islamic financings and related assets		(95,327,620)	(92,038,055)
Other assets		(40,675,142)	(21,016,688)
		66,434,576	(139,460,134)
Increase / (decrease) in operating liabilities			
Bills payable		6,497,094	13,322,937
Due to financial institutions		284,893,273	44,749,695
Deposits and other accounts		202,029,903	89,726,084
Other liabilities		21,208,229	13,636,049
		514,628,499	161,434,765
		644,445,485	58,947,417
		(18,861,458)	(11,276,513)
Income tax paid		625,584,027	47,670,904
Net cash flow from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(629,723,862)	(41,259,212)
Dividends received		506,872	491,834
Investments in fixed assets		(8,968,183)	(4,199,642)
Investments in intangible assets		(624,431)	(759,031)
Proceeds from sale of fixed assets		296,573	132,778
Net cash used in investing activities		(638,513,031)	(45,593,273)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(2,598,286)	(2,248,191)
Dividend paid		(5,792,602)	(5,998,353)
Net cash used in financing activities		(8,390,888)	(8,246,544)
Decrease in cash and cash equivalents		(21,319,892)	(6,168,913)
Cash and cash equivalents at the beginning of the period	32	186,920,734	155,688,374
Cash and cash equivalents at the end of the period	32	165,600,842	149,519,461

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through nine hundred and forty branches as at September 30, 2022 (December 31, 2021: nine hundred and two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2021, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term as 'AAA' and the short-term rating as "A1+".

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar, and Export Refinance under Islamic Export Refinance Scheme and various long term refinancing facility of the State Bank of Pakistan.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

3 STATEMENT OF COMPLIANCE

3.1 This condensed interim financial statements (here-in-after referred to as "financial statements") has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting 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 the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

3.2 Significant accounting policies and financial risk management

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2021.

3.2.1 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, 2021.

3.3 Amendments to approved accounting standards that are effective in the current period

There are certain new and amended standards that became effective during the period (enumerated in note 3.5 to the annual financial statement of the Bank for the year ended December 31, 2021). However, such standards did not have any significant effect on this condensed interim unconsolidated financial statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

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

As referred to in note 3.5 to the annual financial statements of the Bank for the year ended December 31, 2021, there are certain amendments to the financial reporting standards which would become effective from the next financial year, however such amendments are not expected to have a material effect on the Bank's financial statements of the period of initial application.

IFRS 9 'Financial Instruments' - IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets. The SBP vide its BPRD Circular Letter No. 03 of 2022 dated July 05, 2022 extended the implementation date of IFRS 9 to January 01, 2023 from an earlier implementation date of January 01, 2022. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan along with the requirements to conduct quarterly parallel run reporting for the year 2022 and the Bank is in the process of complying the same.

4 BASIS OF MEASUREMENT

- 4.1** This condensed interim unconsolidated financial statements has been prepared under the historical cost convention except that certain available for sale investments, foreign currency balances, Non-banking assets acquired in satisfaction of claims and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP. In addition, obligation in respect of staff retirement benefit and employees compensated leave balances are carried at present value.

4.2 Functional and presentation currency

This condensed interim unconsolidated financial statements has been presented in Pakistani Rupee, which is the Bank's functional and presentation currency.

4.3 Rounding off

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2021.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		38,511,530	36,028,760
- foreign currencies		2,006,704	2,821,769
		40,518,234	38,850,529
With the State Bank of Pakistan in			
- local currency current accounts	6.1	69,761,486	70,308,704
- foreign currency current accounts	6.1	6,224,539	10,259,746
		75,986,025	80,568,450
With the National Bank of Pakistan in			
- local currency current accounts		35,878,400	50,668,296
National Prize Bonds	6.2	30,501	413,423
		152,413,160	170,500,698

6.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

6.2 These represent the national prize bonds received from customers for onward surrendering to SBP. The Bank, as a matter of Shariah principle, does not deal in prize bonds.

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		10,842,464	14,901,943
Outside Pakistan			
- in current accounts		2,024,566	1,275,566
- in deposit accounts	7.1	320,652	242,527
		2,345,218	1,518,093
		13,187,682	16,420,036

7.1 It represent the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on this balance is 1.75% (December 31, 2021: 0.0001%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
8 DUE FROM FINANCIAL INSTITUTIONS - NET		Rupees in '000	
Bai Muajjal:			
With scheduled banks / financial institution - Secured	8.1	34,964,299	238,401,637
With other financial institution		15,500	15,500
		34,979,799	238,417,137
Musharakah - Unsecured	8.2	1,000,000	-
Commodity Murabaha		26,066	26,066
		36,005,865	238,443,203
Provision against non-performing amounts due from financial institutions	8.3	(41,566)	(41,566)
		35,964,299	238,401,637

8.1 The average return on this product is 11.14% (December 31, 2021: 8.10%) per annum. These balances have maturities in July 2025 (December 31, 2021: ranging between January 2022 to July 2025).

8.2 The average return on this product is 15.95% (December 31, 2021: Nil) per annum. This balance has matured in October 2022.

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
8.3 Category of classification	Rupees in '000			
Loss	41,566	41,566	41,566	41,566

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

9	INVESTMENTS - NET	Note	September 30, 2022 (Unaudited)				December 31, 2021 (Audited)			
			Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000										
9.1 Investments by types										
Available for sale securities										
Federal Government Securities										
	- Ijarah Sukuk		852,234,577	-	(4,971,381)	847,263,196	322,169,774	-	(1,300,655)	320,869,119
	- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		23,224,694	-	-	23,224,694	64,443,192	-	-	64,443,192
	- Islamic Naya Pakistan Certificate		5,594,488	-	-	5,594,488	1,285,426	-	-	1,285,426
Non Government Sukuk										
	- Pakistan Energy Sukuk guaranteed by the Government of Pakistan		114,390,553	-	5,119,155	119,509,708	114,404,511	-	5,624,000	120,028,511
	- Other Sukuk guaranteed by the Government of Pakistan		7,252,810	-	-	7,252,810	10,786,560	-	-	10,786,560
	- Other Non Government Sukuk		4,390,010	75,892	-	4,314,118	5,216,319	75,892	-	5,140,427
Foreign Securities										
			9,941,389	-	(183,128)	9,758,261	10,343,243	-	370,768	10,714,011
Shares										
			10,421,127	2,885,818	1,103,235	8,638,544	9,662,370	2,322,124	1,928,965	9,269,211
			1,027,449,648	2,961,710	1,067,881	1,025,555,819	538,311,395	2,398,016	6,623,078	542,536,457
Held to maturity securities										
	- Ijarah Sukuk		217,272,893	-	-	217,272,893	76,687,798	-	-	76,687,798
In related parties										
Subsidiary (unlisted)										
	- Shares		63,050	-	-	63,050	63,050	-	-	63,050
Associates (listed)										
	- Units of funds		845,252	-	-	845,252	844,738	-	-	844,738
Total Investments			1,245,630,843	2,961,710	1,067,881	1,243,737,014	615,906,981	2,398,016	6,623,078	620,132,043

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

9.2 Investments given as collateral

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Face Value	Market / Carrying Value	Face Value	Market / Carrying Value
	Rupees in '000			
Federal Government Securities				
- Sukuk	379,007,000	378,027,592	30,000,000	30,054,000
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	28,150,000	28,150,000
	<u>379,007,000</u>	<u>378,027,592</u>	<u>58,150,000</u>	<u>58,204,000</u>

9.3 Provision against diminution in value of investments

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
Opening balance	2,398,016	2,183,393
Charge / (reversals) for the period / year		
On available for sale securities		
- charge for the period / year on equity investments	652,948	305,016
- reversals for the period / year on recovery of debt instruments	-	(3,456)
- reversals for the period / year on disposals of equity investments	(89,254)	(86,937)
	<u>563,694</u>	<u>214,623</u>
Closing balance	<u>2,961,710</u>	<u>2,398,016</u>

9.4 Particulars of provision against Sukuk

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
Category of classification				
Loss	<u>75,892</u>	<u>75,892</u>	<u>75,892</u>	<u>75,892</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
10 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	10.1	56,113,701	6,195,161
- Advances against Murabaha		3,245,808	2,224,908
- Murabaha inventory		1,249,678	2,085,908
- Financing under Islamic Export Refinance - Murabaha	10.2	1,056,855	1,048,988
- Financing against Islamic SME Asaan Finance	10.3	116,100	10,000
- Inventory under Islamic Export Refinance - Murabaha		10,000	35,000
- Advance against Islamic SME Asaan Finance		41,000	40,000
- Advance against Islamic Export Refinance - Murabaha		488,498	460,014
		62,321,640	12,099,979
Running Musharakah financing			
- Running Musharakah financing		157,127,738	193,218,603
- Financing under Islamic Export Refinance - Running Musharakah		55,082,113	37,235,077
		212,209,851	230,453,680
Istisna financing and related assets			
- Istisna financing		33,411,078	6,534,664
- Advances against Istisna		34,395,854	68,370,720
- Istisna inventory		30,543,414	5,574,727
- Financing under Islamic Export Refinance - Istisna		155,113	266,800
- Advances under Islamic Export Refinance - Istisna		10,367,932	7,985,372
- Inventory under Islamic Export Refinance - Istisna		3,274,923	2,866,783
		112,148,314	91,599,066
Tijarah financing and related assets			
- Tijarah financing		1,511,986	1,715,312
- Tijarah inventory		6,273,370	10,959,567
- Financing under Islamic Export Refinance - Tijarah		1,268,251	1,549,127
- Financing under Islamic SME Asaan Finance - Tijarah		9,977	2,738
- Inventory under Islamic Export Refinance - Tijarah		393,255	413,901
		9,456,839	14,640,645
Musawammah financing and related assets			
- Musawammah financing	10.4	18,036,959	33,362,530
- Musawammah Inventory		10,155,073	8,621,219
- Advances against Musawammah		7,384,326	15,944,490
- Financing under Islamic Export Refinance - Musawammah	10.5	970,885	2,313,610
- Financing under SBP's IFRE - Musawammah	10.6	288,063	90,260
- Inventory under Islamic Export Refinance - Musawammah		186,000	647,638
- Advances under Islamic Export Refinance - Musawammah		177,000	1,215,492
		37,198,306	62,195,239
Salam Financing and related assets			
- Salam Financing		1,505,653	990,223
- Salam Inventory		1,626,748	11,204,294
- Advances against Salam		8,255,661	1,230,270
- Advances under Islamic Export Refinance - Salam		-	449,206
		11,388,062	13,873,993
Financing against bills			
- Financing against bills - Salam		7,549,738	9,827,325
- Advances against bills - Salam		16,716	1,947
		7,566,454	9,829,272
- Bai Muajjal financing	10.7	50,998,101	39,429,724

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
Ijarah financing and related assets			
- Net investment in Ijarah		75,042	75,042
- Net book value of assets/investment in Ijarah under IFAS 2		61,719,013	54,013,622
- Net book value of assets/investment in Ijarah under IFAS 2 under SBP's ILTFF		1,157	11,030
	10.8	61,795,212	54,099,694
- Advances against Ijarah		7,341,496	8,865,508
		69,136,708	62,965,202
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - others		139,628,661	110,857,954
- Diminishing Musharakah financing - housing		20,125,601	16,670,211
- Diminishing Musharakah financing - SBP's ILTFF		13,665,624	12,881,740
- Diminishing Musharakah financing - SBP's IRSPWS		626,289	2,321,293
- Diminishing Musharakah financing - SBP's IFRE		14,121,657	952,704
- Diminishing Musharakah financing - SBP's ITERF		8,709,513	1,507,883
- Diminishing Musharakah financing - SBP's IRFCC		193,705	402,751
- Diminishing Musharakah financing - SBP's IFFSAP		181,157	62,913
- Diminishing Musharakah financing - SBP's ISAAF		59,181	9,900
- Advances against Diminishing Musharakah		23,356,377	11,302,256
- Advances against Diminishing Musharakah under SBP's IFFSAP		125,661	83,939
- Advances against Diminishing Musharakah under SBP's IFRE		3,193,990	15,188,412
- Advances against Diminishing Musharakah under SBP's IRFCC		278,781	327,087
- Advances against Diminishing Musharakah under SBP's ISAAF		32,828	-
- Advances against Diminishing Musharakah under SBP's ITERF		10,649,711	12,148,592
- Advances against Diminishing Musharakah under SBP's ILTFF		12,616,890	4,963,408
		247,565,626	189,681,043
- Wakalah Tul Istithmar financing		20,025,067	10,625,000
- Advance against Wakalah Tul Istithmar financing		8,500,000	23,714,700
- Advance against Service Ijarah		14,899,103	7,749,103
- Qard financing under SBP's IRSPWS		11,566	28,914
- Qard financing under SBP's IRFCC		286,435	528,791
- Labbaik (Qard for Hajj and Umrah)		3,810	274
- Staff financing		7,314,431	6,237,617
- Other financing		1,597,461	1,642,884
Gross Islamic financing and related assets		872,627,774	777,295,126
Less: Provision against non-performing Islamic financing and related assets - Specific	10.10	(12,538,994)	(13,338,988)
Less: Provision against non-performing Islamic financing and related assets - General	10.10	(7,749,841)	(5,870,018)
Islamic financing and related assets - net of provision		852,338,939	758,086,120

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	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
10.1			
Murabaha receivable - gross	10.1.1	61,356,816	6,944,861
Less: Deferred murabaha income	10.1.3	(4,978,587)	(117,597)
Profit receivable shown in other assets		(264,528)	(632,103)
Murabaha financing		56,113,701	6,195,161
10.1.1			
Murabaha Sale Price		61,356,816	6,944,861
Murabaha Purchase Price		(56,113,701)	(6,195,161)
		5,243,115	749,700
10.1.2			
The movement in Murabaha financing during the period / year is as follows:			
Opening balance		6,195,161	7,292,120
Sales during the period / year		58,514,238	72,951,570
Adjusted during the period / year		(8,595,698)	(74,048,529)
Closing balance		56,113,701	6,195,161
10.1.3			
Deferred Murabaha Income			
Opening balance		117,597	112,171
Deferred during the period / year		5,700,802	2,621,586
Recognised during the period / year		(839,812)	(2,616,160)
Closing balance		4,978,587	117,597
10.2			
Financing under Islamic Export Refinance - Murabaha - gross		1,092,592	1,068,203
Less: Deferred income		(11,953)	(5,937)
Profit receivable shown in other assets		(23,784)	(13,278)
Financing under Islamic Export Refinance - Murabaha		1,056,855	1,048,988
10.2.1			
The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:			
Opening balance		1,048,988	873,321
Sales during the period / year		1,726,476	3,159,707
Adjusted during the period / year		(1,718,609)	(2,984,040)
Closing balance		1,056,855	1,048,988
10.2.2			
Deferred Islamic Export Refinance Murabaha Income			
Opening balance		5,937	5,106
Deferred during the period / year		55,007	51,534
Recognised during the period / year		(48,991)	(50,703)
Closing balance		11,953	5,937
10.3			
Financing against Islamic SME Asaan Finance - Murabaha - gross		128,363	11,526
Less: Deferred income		(11,096)	(1,506)
Profit receivable shown in other assets		(1,167)	(20)
Financing against Islamic SME Asaan Finance - Murabaha		116,100	10,000
10.3.1			
The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:			
Opening balance		10,000	-
Sales during the period / year		155,626	10,000
Adjusted during the period / year		(49,526)	-
Closing balance		116,100	10,000
10.3.2			
Deferred Islamic SME Asaan Finance Murabaha income			
Opening balance		1,506	-
Arising during the period / year		17,220	1,526
Recognised during the period / year		(7,630)	(20)
Closing balance		11,096	1,506

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	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
10.4 Musawammah financing - gross	19,212,131	34,477,153
Less: Deferred income	(637,900)	(468,449)
Profit receivable shown in other assets	(537,272)	(646,174)
Musawammah financing	18,036,959	33,362,530
10.5 Financing under Islamic Export Refinance - Musawammah - gross	1,006,419	2,346,068
Less: Deferred income	(18,066)	(13,048)
Profit receivable shown in other assets	(17,468)	(19,410)
Financing under Islamic Export Refinance - Musawammah	970,885	2,313,610
10.6 Financing under SBP's IFRE - Musawammah - gross	323,729	101,406
Less: Deferred income	(33,196)	(10,925)
Profit receivable shown in other assets	(2,470)	(221)
Financing under SBP's IFRE - Musawammah	288,063	90,260
10.7 Bai Muajjal financing - gross	54,077,438	40,373,453
Less: Deferred income	(1,027,371)	(300,831)
Profit receivable shown in other assets	(2,051,966)	(642,898)
Bai Muajjal financing	50,998,101	39,429,724
10.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 44,713 million (December 31, 2021: Rs 41,547 million).		
10.9 Islamic financing and related assets include Rs. 13,181 million (December 31, 2021: Rs. 14,450 million) which have been placed under non-performing status as detailed below:		

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Non-performing amount	Provision held	Non-performing amount	Provision held
Category of classification	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	3,998	11	41,771	358
Substandard	312,125	64,157	409,772	82,151
Doubtful	297,390	130,113	1,000,601	356,314
Loss	12,567,851	12,344,713	12,997,394	12,900,165
	13,181,364	12,538,994	14,449,538	13,338,988

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10.10 Particulars of provision against non-performing Islamic financing and related assets:

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	13,338,988	5,870,018	19,209,006	13,602,974	5,452,711	19,055,685
Charge for the period / year	379,853	1,879,823	2,259,676	2,186,594	417,307	2,603,901
Less: Reversals	(1,179,847)	-	(1,179,847)	(1,859,091)	-	(1,859,091)
	(799,994)	1,879,823	1,079,829	327,503	417,307	744,810
Amount written off	-	-	-	(591,489)	-	(591,489)
Closing balance	12,538,994	7,749,841	20,288,835	13,338,988	5,870,018	19,209,006

10.10.1 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 7,100 million (December 31, 2021: Rs 5,350 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

10.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at September 30, 2022 amounts to Rs 294.9 million (December 31, 2021: Rs 176.6 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 150.4 million as at September 30, 2022 (December 31, 2021: Rs 107.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

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	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
11 FIXED ASSETS			
Capital work-in-progress	11.1	7,294,137	5,117,821
Property and equipment		20,751,469	16,304,643
Right-of-use assets		11,213,503	12,535,483
		<u>39,259,109</u>	<u>33,957,947</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		4,612,435	3,600,313
- computer hardware		938,175	583,704
- purchase of vehicles		747,749	346,210
- office machines		950,146	472,467
- furniture and fixtures		45,632	115,127
		<u>7,294,137</u>	<u>5,117,821</u>
		September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
11.2 Additions to fixed assets			
The following additions (net) have been made to fixed assets during the period:			
Capital work-in-progress		2,176,316	1,503,392
Property and equipment			
Leasehold land		408,334	536,680
Buidling on leasehold land		1,116,802	331,428
Leasehold improvements		1,308,414	440,355
Furniture and fixture		282,239	119,127
Electrical, office and computer equipment		2,956,725	688,149
Vehicles		719,353	580,511
		6,791,867	2,696,250
Right-of-use assets		737,302	454,949
Total		<u>9,705,485</u>	<u>4,654,591</u>

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	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
	Rupees in '000	
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Leasehold improvements	25,372	-
Furniture and fixture	961	11
Electrical, office and computer equipment	4,096	28
Vehicles	95,282	55,529
	<u>125,711</u>	<u>55,568</u>

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
12 INTANGIBLE ASSETS			
Computer Software		1,323,939	1,235,876
Advance against computer software		467,605	259,934
	12.1	<u>1,791,544</u>	<u>1,495,810</u>

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
	Rupees in '000	
12.1 Additions to intangible assets	<u>624,431</u>	<u>759,031</u>

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	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
13 DEFERRED TAX ASSETS		
Taxable temporary differences due to:		
Excess of accounting book values over tax written down values of owned assets	(324,719)	(136,865)
Surplus on revaluation of available for sale investments	(459,189)	(2,583,001)
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims	(16,552)	(15,045)
	(800,460)	(2,734,911)
Deductible temporary differences due to:		
Provision for diminution / impairment in value of investments	1,575,449	1,209,055
Provision against non-performing Islamic financing and related assets	2,774	125,678
Income not accrued due to non-culmination of financing	2,835,012	1,365,823
Provision against non-banking assets acquired in satisfaction of claims and others	184,884	209,910
	4,598,119	2,910,466
	3,797,659	175,555

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	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		84,066,530	48,899,926
Profit / return accrued in foreign currencies - net of provisions		609,594	109,199
Acceptances		13,827,383	10,925,144
Advances, deposits, advance rent and other prepayments		2,754,942	2,075,376
Non-banking assets acquired in satisfaction of claims		115,193	115,269
Unrealised gain on forward foreign exchange contracts - net		1,420,962	976,644
Receivables on account of sale of securities		146,262	-
Dividends receivable		49,340	4,093
Stamps		27,421	25,020
Security deposits		365,909	234,949
Advance for Investments		-	882
Other		1,110,839	436,175
		<u>104,494,375</u>	<u>63,802,677</u>
Provision against other assets	14.1	(107,922)	(39,854)
Other Assets (Net of Provision)		<u>104,386,453</u>	<u>63,762,823</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	38,731	38,731
Other Assets - total		<u><u>104,425,184</u></u>	<u><u>63,801,554</u></u>
14.1 Provision held against other assets			
Others		107,922	39,854
		<u>107,922</u>	<u>39,854</u>
14.1.1 Movement in provision held against other assets			
Opening balance		39,854	53,923
Charge for the period / year		104,815	61,004
Reversals during the period / year		(8,056)	(36,518)
Amount adjusted / written off during the period / year		(28,691)	(38,555)
Closing balance		<u>107,922</u>	<u>39,854</u>

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	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
15	BILLS PAYABLE		
	In Pakistan	42,638,472	36,141,378
	Outside Pakistan	-	-
		<u>42,638,472</u>	<u>36,141,378</u>
16	DUE TO FINANCIAL INSTITUTIONS		
	In Pakistan	505,307,507	220,414,234
	Outside Pakistan	-	-
		<u>505,307,507</u>	<u>220,414,234</u>
16.1	Details of due to financial institutions secured / unsecured		
	Secured		
	With State Bank of Pakistan		
	Musharakah under Islamic Export Refinance Scheme	67,048,769	55,181,621
	Investment under Islamic Long Term Financing Facility	25,990,575	17,490,047
	Investment under Islamic Refinance Facility for Combating COVID-19	1,032,149	1,244,792
	Investment under Islamic Financing for Renewal Energy	17,593,777	12,967,880
	Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	19,199,776	13,230,968
	Investment under Islamic Refinance Scheme for storage of agriculture produce	230,018	40,677
	Investment under Islamic Refinance Scheme for payment of wages and salaries	540,079	2,177,385
	Investment under Islamic Refinance Scheme for SME Asaan Finance	303,579	-
	Investment under Shariah Compliant Open Market Operations	351,556,064	-
	Investment under Shariah Compliant Standing Ceiling Facility	-	39,993,944
		<u>483,494,786</u>	<u>142,327,314</u>
	With Scheduled Bank	17,000,000	30,000,000
	Other financial institutions	683,324	693,096
	Unsecured		
	Overdrawn nostro accounts	429,397	443,824
	Other Musharakah	3,700,000	46,950,000
		<u>505,307,507</u>	<u>220,414,234</u>

16.1.1 These represents acceptance of funds by the Bank on Mudarabah basis which has been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities. The expected average return on Open market operations is 15.20% (December 31, 2021: Nil) per annum.

16.1.2 These represents acceptance of funds by the Bank on Musharakah basis which are secured against pledge of the Bank's investment in Government Ijarah Sukuk. The actual return on these Musharakah is around 15.36% (December 31, 2021: 10.65%) per annum. These balances have matured in October 2022 (December 31, 2021: January 2022).

16.1.3 These Musharakah are on profit and loss sharing basis with banks. The actual return on these Musharakah is around 15.26% (December 2021: 10.37%) per annum. These balances have matured in October 2022 (December 2021: January 2022).

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17 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
Customers						
- Current accounts - non-remunerative	716,520,576	36,774,060	753,294,636	622,823,894	30,848,040	653,671,934
- Savings deposits	537,120,392	53,685,147	590,805,539	492,095,194	43,166,844	535,262,038
- Fixed deposits	262,296,116	17,583,100	279,879,216	231,366,955	14,454,313	245,821,268
- Margin	23,845,925	1,997,114	25,843,039	12,003,635	6,566	12,010,201
	1,539,783,009	110,039,421	1,649,822,430	1,358,289,678	88,475,763	1,446,765,441
Financial institutions						
- Current accounts - non-remunerative	1,327,542	362,225	1,689,767	1,829,027	308,877	2,137,904
- Savings deposits	4,480,164	910	4,481,074	6,096,621	702	6,097,323
- Fixed deposits	1,923,100	-	1,923,100	885,800	-	885,800
	7,730,806	363,135	8,093,941	8,811,448	309,579	9,121,027
	<u>1,547,513,815</u>	<u>110,402,556</u>	<u>1,657,916,371</u>	<u>1,367,101,126</u>	<u>88,785,342</u>	<u>1,455,886,468</u>

Note **September 30, 2022** **December 31,**
(Unaudited) **(Audited)**
 Rupees in '000

18 SUB-ORDINATED SUKUK

Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	13,990,000	13,990,000
		<u>20,990,000</u>	<u>20,990,000</u>

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18.1 In August 2018, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs. 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA+ (Double A plus) by VIS Credit Rating Company Limited
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual. However, the Bank has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non discretionary subject to profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 17.01% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

18.2 In January 2020 and December 2021, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 4,000 million and Rs 9,990 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AAA (Triple A) by VIS Credit Rating Company Limited
Issue Date	January 09, 2020 and December 16, 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non discretionary subject to profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 16.17% and 15.17% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
19 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		13,672,769	4,643,447
- payable in foreign currencies		114,918	49,414
Unearned income		1,773,443	1,449,591
Accrued expenses		15,762,554	12,187,304
Current taxation (provision less payments)		23,924,075	13,498,972
Acceptances		13,827,383	10,925,144
Dividends payable		2,361,545	19,490
Payable to defined benefit plan		736,450	941,589
Charity payable		12,369	3,932
Provision against off-balance sheet obligations	19.1	55,167	55,167
Security deposits against Ijarah		22,174,932	20,370,305
Payable on account of credit murabaha / ijarah		35,713	24,819
Security deposits against lockers		177,195	160,555
Advance against future Diminishing Musharakah		23,316	490,951
Withholding taxes payable		624,182	275,530
Lease liability against right-of-use assets		12,417,305	13,107,177
Workers Welfare Fund payable		4,953,105	3,710,254
Others		3,620,639	1,067,904
		<u>116,267,060</u>	<u>82,981,545</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		55,167	36,489
Charge for the period / year		-	18,678
Closing balance		<u>55,167</u>	<u>55,167</u>
20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Available for sale securities			
- Listed shares		1,103,235	1,928,965
- Sukuk		(35,354)	4,694,113
		1,067,881	6,623,078
Non-banking assets acquired in satisfaction of claims		38,502	38,578
		1,106,383	6,661,656
Less: Deferred tax liability on			
- Available for sale securities		(459,189)	(2,583,001)
- Non-banking assets acquired in satisfaction of claims		(16,552)	(15,045)
		(475,741)	(2,598,046)
		<u>630,642</u>	<u>4,063,610</u>

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	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	56,505,297	45,072,765
- Commitments	21.2	1,105,883,327	887,366,094
- Other contingent liabilities	21.3	1,802,000	1,802,000
		1,164,190,624	934,240,859
21.1 Guarantees:			
Financial guarantees		586,619	930,441
Performance guarantees		33,958,461	23,651,964
Other guarantees		21,960,217	20,490,360
		56,505,297	45,072,765
21.2 Commitments:			
Documentary letters of credit		214,232,056	175,227,624
Commitments in respect of: - forward foreign exchange contracts	21.2.1	251,297,795	200,615,279
Commitments for acquisition of: - fixed assets		854,940	389,225
- intangible assets		327,244	309,824
Other commitments	21.2.2	639,171,292	510,824,142
		1,105,883,327	887,366,094
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		148,135,040	114,757,851
Sale		103,162,755	85,857,428
		251,297,795	200,615,279
21.2.2 Other Commitments			
Commitments in respect of financing		639,171,292	510,824,142
21.3 Other contingencies			

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2021. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in this financial information with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

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	Note	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
22 PROFIT / RETURN EARNED ON FINANCING, AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS			
On financing	22.1	56,980,570	29,112,730
On investments in			
- Available for sale securities		71,351,381	28,828,936
- Held for trading securities		433	-
- Held to maturity securities		17,296,120	834,651
		88,647,934	29,663,587
On deposits / placements with financial institutions		8,250,302	18,838,683
		<u>153,878,806</u>	<u>77,615,000</u>

22.1 The income on Ijarah under IFAS 2 is net of takaful of Rs 1,667 million (September 30, 2021: Rs 1,234 million) recovered from customers.

	Note	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts	23.1	42,752,874	25,047,630
Sub-ordinated Sukuk		2,166,668	1,155,820
Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan		22,406,084	-
Other Musharakahs / Mudarabas		8,233,138	2,296,717
Amortisation of lease liability against right-of-use assets		1,171,112	596,289
		<u>76,729,876</u>	<u>29,096,456</u>

23.1 This includes conversion cost of Rs 1,857 million (September 30, 2021: Rs 1,594 million) against foreign currency deposits.

	Note	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
24 FEE AND COMMISSION INCOME			
Trade related fees and commissions		2,804,826	2,440,973
Commission on guarantees		132,149	133,342
Branch banking customer fees		1,669,705	1,206,978
Credit processing related fees (including consumer processing fees of Rs 39.123 million (September 30, 2021: Rs 50.454 million))		77,935	92,645
Debit card related fees and others		4,032,074	2,085,797
Investment banking related fees		269,019	205,329
Cash management fees		208,329	118,863
Home remittance related fees		213,740	198,600
Others		192,367	126,289
		<u>9,600,144</u>	<u>6,608,816</u>

25 GAIN ON SECURITIES - NET

Realised	25.1	<u>76,999</u>	<u>339,009</u>
25.1 Realised gain / (loss) on:			
Listed Shares		180,641	297,251
Federal Government Securities		22,540	9,024
Pakistan Energy Sukuk		-	32,734
Foreign Securities		(126,182)	-
		<u>76,999</u>	<u>339,009</u>

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	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
	Rupees in '000	
26 OTHER INCOME		
Gain on termination of islamic financing	425,838	518,713
Gain on sale of fixed assets	170,862	77,210
Liabilities written back	350,000	-
Others	3,600	1,849
	<u>950,300</u>	<u>597,772</u>
27 OPERATING EXPENSES		
Total compensation expense	18,232,749	13,957,880
Property expense		
Depreciation on right-of-use assets	2,059,282	1,775,071
Rent and taxes	34,653	75,271
Utilities cost (including electricity and diesel)	1,530,869	883,519
Security (including guards)	825,627	609,948
Repair and maintenance (including janitorial charges)	566,839	407,895
Depreciation	647,423	629,693
Others	47,760	56,821
	<u>5,712,453</u>	<u>4,438,218</u>
Information technology expenses		
Software maintenance	676,328	445,098
Hardware maintenance	223,824	232,104
Depreciation	507,724	372,658
Amortisation	328,697	262,331
Network charges	235,896	183,307
	<u>1,972,469</u>	<u>1,495,498</u>
Other operating expenses		
Stationery and printing (including debit card related costs)	1,326,891	704,858
Repairs and maintenance	324,329	218,944
Local transportation and car running	863,566	459,069
Depreciation on vehicles, equipment etc.	1,064,183	783,822
Marketing, advertisement and publicity	823,446	776,034
Security charges - cash transportation	500,685	440,079
Communication (including courier)	435,688	358,664
Legal and professional charges	100,843	114,201
NIFT and other clearing charges	152,478	142,969
Travelling and conveyance	109,951	30,922
Training and Development	71,157	14,802
Donation	5,000	512
Fees, subscription and other charges	318,776	214,636
Brokerage and bank charges	204,721	244,972
Office supplies	285,582	218,542
Entertainment	51,788	49,630
Takaful expense	79,069	68,652
Outsourced services costs	14,877	19,778
Auditors' Remuneration	10,706	10,506
Shariah Board fees	26,925	14,863
Non-executive Directors' fee	54,680	50,030
Others	1,880	19,065
	<u>6,827,221</u>	<u>4,955,550</u>
	<u>32,744,892</u>	<u>24,847,146</u>

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	Note	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		89,024	6,524
29 PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing islamic financing related assets - net	10.10	1,079,829	499,120
Provision against diminution in the value of investments	9.3	563,694	38,212
Provision against off-balance sheet obligations		-	18,679
Other provision		96,759	5,021
Recovery against written off financing		(5,028)	(7,614)
		1,735,254	553,418
30 TAXATION			
Current			
- for the period	30.1	29,286,561	12,971,894
Deferred			
- for the period		(1,499,836)	111,739
		27,786,725	13,083,633
30.1	Through Finance Act 2022, the effective tax rate on banking companies has been increased and consequently for the year 2022, tax rates has been enhanced to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognized super tax charge of Rs 5,930 million (September 30, 2021: Rs 1,261 million) in the current period based on taxable income for the period.		

	Note	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
31 BASIC AND DILUTED EARNINGS PER SHARE			
31.1 Basic Earnings per share			
Profit for the period		28,596,395	19,566,350
		(Number)	
Weighted average number of ordinary shares		1,789,624,321	1,789,624,321
		(Rupees)	
		Restated	
Basic earnings per share	31.4	15.98	10.93

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	Note	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
31.2 Diluted Earnings per share			
Profit for the period		<u>28,596,395</u>	<u>19,566,350</u>
		(Number)	
Weighted average number of ordinary shares	31.3	<u>1,790,306,495</u>	<u>1,789,624,321</u>
		(Rupees)	
			Restated
Diluted earnings per share	31.4	<u>15.97</u>	<u>10.93</u>

31.3 Reconciliation of basic and diluted earning per share

	(Number)	
Weighted average number of ordinary shares	<u>1,789,624,321</u>	1,789,624,321
Add: Employee stock option scheme	<u>682,174</u>	-
Dilutive potential ordinary shares	<u>1,790,306,495</u>	<u>1,789,624,321</u>

31.4 The Bank issued bonus shares last year and accordingly the earnings per share for the comparative period has been restated.

	Note	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
		Rupees in '000	
32 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	<u>152,413,160</u>	135,845,315
Balances with other banks	7	<u>13,187,682</u>	13,674,146
		<u>165,600,842</u>	<u>149,519,461</u>

33 FAIR VALUE OF FINANCIAL INSTRUMENT

33.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

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	September 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
RECURRING FAIR VALUE MEASUREMENTS				
ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE				
INVESTMENTS - NET				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	8,087,615	-	-	8,087,615
Pakistan Energy Sukuk - listed	119,509,708	-	-	119,509,708
GOP Sukuk	-	847,263,196	-	847,263,196
Foreign Sukuk	9,747,872	-	-	9,747,872
OFF BALANCE SHEET FINANCIAL INSTRUMENTS				
Forward purchase of foreign exchange contracts	-	149,146,246	-	149,146,246
Forward sale of foreign exchange contracts	-	103,664,018	-	103,664,018

	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
RECURRING FAIR VALUE MEASUREMENTS				
ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE				
INVESTMENTS - NET				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	8,718,285	-	-	8,718,285
Pakistan Energy Sukuk - listed	120,028,511	-	-	120,028,511
GOP Sukuk	-	320,869,119	-	320,869,119
Foreign Sukuk	10,703,622	-	-	10,703,622
OFF BALANCE SHEET FINANCIAL INSTRUMENTS				
Forward purchase of foreign exchange contracts	-	116,360,987	-	116,360,987
Forward sale of foreign exchange contracts	-	86,873,922	-	86,873,922

ON BALANCE SHEET FINANCIAL INSTRUMENTS - DISCLOSED BUT NOT MEASURED AT FAIR VALUE

Investment in associates (listed - mutual funds) have market value of Rs 1,603 million (December 31, 2021: Rs 1,711 million) which is being valued under level 1. Investment in GoP sukuk classified as Held to Maturity have market value of Rs 206,577 million (December 31, 2021: Rs 76,651 million) which is being valued under level 2. These investments are carried at cost in the financial statements in accordance with the bank's accounting policy.

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Valuation techniques used in determination of fair values

Item	Valuation approach and input used
GoP Sukuk	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the period.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Bank's accounting policy as as stated in note 6.3.2 to the 2021 annual financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

	Carrying Value	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
33.2 Financial assets not measured at fair value		
Cash and balances with treasury banks	152,413,160	170,500,698
Balances with other banks	13,187,682	16,420,036
Due from financial institutions - net	35,964,299	238,401,637
Investments - net	259,128,623	159,812,506
Islamic financings and related assets - net	852,338,939	758,086,120
Other assets - net	101,596,819	61,587,012

33.3 Fair value of non-financial assets

Non-banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 14. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in this financial information.

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34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
September 30, 2022 (Unaudited)						
Profit and Loss Account						
External Funded Revenue	52,888,068	5,424,042	95,566,696	-	-	153,878,806
External Non funded Revenue	3,637,303	2,391,541	4,794,453	4,222,914	-	15,046,211
Inter segment revenue - net	-	130,316,007	-	90,097	(130,406,104)	-
Total Income	56,525,371	138,131,590	100,361,149	4,313,011	(130,406,104)	168,925,017
External Cost of funds	4,207,022	43,994,888	28,527,968	-	-	76,729,878
Segment direct expenses	1,006,924	31,363,306	161,076	1,545,459	-	34,076,765
Inter segment expense allocation	46,160,269	-	84,245,835	-	(130,406,104)	-
Total expenses	51,374,215	75,358,194	112,934,879	1,545,459	(130,406,104)	110,806,643
Provision and write offs - net	1,073,322	74,718	563,694	23,520	-	1,735,254
Profit before tax	4,077,834	62,698,678	(13,137,424)	2,744,032	-	56,383,120
Statement of Financial Position						
Cash and Bank balances	-	156,756,129	2,345,218	6,499,495	-	165,600,842
Due from financial institutions - net	-	-	35,964,299	-	-	35,964,299
Investments - net	11,566,928	-	1,232,170,086	-	-	1,243,737,014
Net inter segment lending	-	1,503,451,935	-	-	(1,503,451,935)	-
Islamic financings and related assets - net	763,491,644	88,847,295	-	-	-	852,338,939
Others	28,499,450	50,760,802	69,859,527	153,717	-	149,273,496
Total Assets	803,558,022	1,799,816,161	1,340,339,130	6,653,212	(1,503,451,935)	2,446,914,590
Due to financial institutions	131,305,090	1,316,955	372,685,462	-	-	505,307,507
Deposits and other accounts	-	1,657,916,371	-	-	-	1,657,916,371
Subordinated Sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	595,693,628	-	903,726,149	4,032,158	(1,503,451,935)	-
Others	21,483,337	128,011,420	7,071,942	2,338,833	-	158,905,532
Total liabilities	769,472,055	1,787,244,746	1,283,483,553	6,370,991	(1,503,451,935)	2,343,119,410
Equity	34,085,967	12,571,415	56,855,577	282,221	-	103,795,180
Total Equity and liabilities	803,558,022	1,799,816,161	1,340,339,130	6,653,212	(1,503,451,935)	2,446,914,590
Contingencies and Commitments	829,448,662	83,444,167	251,297,795	-	-	1,164,190,624
September 30, 2021 (Unaudited)						
Profit and Loss Account						
External Funded Revenue	25,125,155	4,968,168	47,521,677	-	-	77,615,000
External Non funded Revenue	2,930,095	1,808,267	3,317,459	2,212,050	-	10,267,871
Inter segment revenue - net	-	63,006,636	-	204,070	(63,210,706)	-
Total Income	28,055,250	69,783,071	50,839,136	2,416,120	(63,210,706)	87,882,871
External Cost of funds	2,345,748	25,693,882	1,056,826	-	-	29,096,456
Segment direct expenses	768,052	23,258,389	493,983	1,062,590	-	25,583,014
Inter segment expense allocation	19,830,556	-	43,380,150	-	(63,210,706)	-
Total expenses	22,944,356	48,952,271	44,930,959	1,062,590	(63,210,706)	54,679,470
Provision and write offs - net	426,174	85,576	41,668	-	-	553,418
Profit before tax	4,684,720	20,745,224	5,866,509	1,353,530	-	32,649,983
Statement of Financial Position						
Cash and Bank balances	-	148,411,421	1,108,040	-	-	149,519,461
Due from financial institutions - net	-	-	368,474,190	-	-	368,474,190
Investments - net	16,603,118	-	459,753,512	-	-	476,356,630
Net inter segment lending	-	1,180,355,055	-	632,343	(1,180,987,398)	-
Islamic financings and related assets - net	511,776,748	92,301,731	-	-	-	604,078,479
Others	14,920,308	31,932,675	52,446,965	-	-	99,299,948
Total Assets	543,300,174	1,453,000,882	881,782,707	632,343	(1,180,987,398)	1,697,728,708
Due to financial institutions	88,838,833	753,923	49,657,579	-	-	139,250,335
Deposits and other accounts	-	1,344,156,618	-	-	-	1,344,156,618
Subordinated Sukuk	18,000,000	-	-	-	-	18,000,000
Net inter segment borrowing	391,560,665	-	789,426,733	-	(1,180,987,398)	-
Others	18,712,194	94,948,102	194,173	632,343	-	114,486,812
Total liabilities	517,111,692	1,439,858,643	839,278,485	632,343	(1,180,987,398)	1,615,893,765
Equity	26,188,482	13,142,239	42,504,222	-	-	81,834,943
Total Equity and liabilities	543,300,174	1,453,000,882	881,782,707	632,343	(1,180,987,398)	1,697,728,708
Contingencies and Commitments	625,864,816	87,201,462	171,599,566	-	-	884,665,844

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35 RELATED PARTY TRANSACTIONS

35.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

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

35.3 Subsidiary company

- Al Meezan Investment Management Limited

35.4 Associates

Associates include major shareholders, mutual funds managed by Al Meezan Investment Management Limited and entities having common directorship with the Board. However, entities are not considered related party only if common director is an independent director working on both the Boards.

35.5 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

35.6 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the period-end as are follows:

Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
Sep 30, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2021
(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)

Rupees in '000

Investments

At January 1,	907,788	908,669	63,050	63,050	844,738	845,619	-	-	-	-	-	-
Addition during the period / year	514	-	-	-	514	-	-	-	-	-	-	-
Deletion during the period / year	-	(881)	-	-	-	(881)	-	-	-	-	-	-
At September 30 / December 31	908,302	907,788	63,050	63,050	845,252	844,738	-	-	-	-	-	-

Due from financial institutions

At January 1,	21,858,348	36,671,288	-	-	21,858,348	36,671,288	-	-	-	-	-	-
Addition during the period / year	-	76,546,772	-	-	-	76,546,772	-	-	-	-	-	-
Deletion during the period / year	(21,858,348)	(91,359,712)	-	-	(21,858,348)	(91,359,712)	-	-	-	-	-	-
At September 30 / December 31	-	21,858,348	-	-	-	21,858,348	-	-	-	-	-	-

Balances pertaining to parties that were related at the beginning of the period but ceased to be related during any part of the current period are not reflected as part of the closing balance. However, new related parties have been added during the period. The same are accounted for through the movement presented above.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
Rupees in '000												
Deposits	2,150,821	7,236,303	25,361	15,388	1,497,780	2,386,870	140,027	131,435	119,929	188,427	367,724	4,514,183
Other Assets												
Profit receivable on financing / investments	-	725,460	-	-	-	725,460	-	-	-	-	-	-
Fee and Other Receivable	34,385	59,573	20,104	22,111	14,281	9,037	-	-	-	-	-	28,425
Sub-ordinated Sukuk (Tier II)												
At January 1,	200,000	578,000	-	-	200,000	578,000	-	-	-	-	-	-
Addition during the period / year	-	10,000	-	-	-	10,000	-	-	-	-	-	-
Deletion during the period / year	-	(388,000)	-	-	-	(388,000)	-	-	-	-	-	-
At September 30 / December 31	200,000	200,000	-	-	200,000	200,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	736,450	941,589	-	-	-	-	-	-	434,138	403,874	302,312	537,715
Accrued Expenses	1,621	353,974	1,621	3,974	-	-	-	-	-	-	-	350,000
Unearned Income	15,068	16,648	-	-	15,068	16,648	-	-	-	-	-	-
Contingencies and Commitments												
Letters of Guarantee (unfunded)	2,387,177	2,491,377	100	100	2,387,077	2,491,277	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
Rupees in '000												
Profit earned on financing / investments / placements	68,184	2,206,406	-	-	68,184	2,206,406	-	-	-	-	-	-
Fees and other income earned	527,327	119,846	60,492	70,094	116,529	49,603	10	20	265	44	350,031	85
Dividend income earned	130,556	214,500	130,000	214,500	556	-	-	-	-	-	-	-
Gain on securities	2,028	280	-	-	-	280	-	-	-	-	2,028	-
Return on deposits / borrowing expensed	477,350	448,465	2,207	1,092	319,111	203,994	1,348	568	5,663	6,312	149,021	236,499
Charge for defined benefit plan	322,312	276,329	-	-	-	-	-	-	-	-	322,312	276,329
Contribution to defined contribution plan	401,913	347,023	-	-	-	-	-	-	-	-	401,913	347,023
Contribution to staff benevolent fund	51,314	42,204	-	-	-	-	-	-	-	-	51,314	42,204
Fees expensed	16,401	22,262	14,877	19,778	1,092	2,484	-	-	-	-	432	-
(Reversals) / Provision against investments	-	(527)	-	-	-	(527)	-	-	-	-	-	-
Charity Paid	30,000	38,000	-	-	-	-	-	-	-	-	30,000	38,000
Purchase of fixed assets	164,549	367,927	-	-	164,549	367,927	-	-	-	-	-	-
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founding President	205,514	184,580	-	-	-	-	54,680	50,030	150,834	134,550	-	-
Proceeds from sale of fixed assets	526	-	-	-	-	-	-	-	526	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement		
Paid-up capital (net of losses)	<u>17,896,243</u>	<u>16,269,312</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	<u>101,245,591</u>	80,903,080
Eligible Additional Tier 1 Capital	<u>7,000,000</u>	7,000,000
Total Eligible Tier 1 Capital	<u>108,245,591</u>	87,903,080
Eligible Tier 2 Capital	<u>21,084,250</u>	23,900,095
Total Eligible Capital (Tier 1 + Tier 2)	<u>129,329,841</u>	<u>111,803,175</u>
Risk Weighted Assets		
Credit Risk	<u>518,844,604</u>	471,179,745
Market Risk	<u>21,198,655</u>	22,956,751
Operational Risk	<u>133,736,815</u>	133,736,815
Total	<u>673,780,074</u>	<u>627,873,311</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>15.03%</u>	12.89%
Tier 1 Capital Adequacy Ratio	<u>16.07%</u>	14.00%
Total Capital Adequacy Ratio	<u>19.19%</u>	17.81%
Leverage Ratio		
Tier-1 Capital	<u>108,245,591</u>	87,903,080
Total Exposures	<u>2,852,108,315</u>	2,244,744,326
Leverage Ratio	<u>3.80%</u>	3.92%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	<u>641,638,021</u>	464,998,495
Total Net Cash Outflow	<u>221,364,197</u>	209,348,310
Liquidity Coverage Ratio	<u>290%</u>	222%
Net Stable Funding Ratio		
Total Available Stable Funding	<u>1,623,027,848</u>	1,370,517,865
Total Required Stable Funding	<u>980,564,095</u>	829,111,476
Net Stable Funding Ratio	<u>166%</u>	165%

37 DATE OF AUTHORISATION AND NON-ADJUSTING EVENT

- 37.1** This condensed interim financial information was authorised for issue on October 19, 2022 by the Board of Directors of the Bank.
- 37.2** The Board of Directors in their meeting held on October 19, 2022 has announced an interim cash dividend @ 20%. This condensed interim unconsolidated financial statements does not include the effect of this appropriation which will be accounted for subsequent to the period end.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	152,477,478	170,501,306
Balances with other banks	13,162,321	16,465,169
Due from financial institutions - net	35,964,299	238,401,637
Investments - net	1,247,936,888	624,332,881
Islamic financing and related assets - net	852,338,939	758,086,120
Fixed assets	39,470,858	34,185,975
Intangible assets	1,813,240	1,505,581
Deferred tax asset	3,591,323	-
Other assets - net	104,838,804	64,180,378
	2,451,594,150	1,907,659,047
LIABILITIES		
Bills payable	42,638,472	36,141,378
Due to financial institutions	505,307,507	220,414,234
Deposits and other accounts	1,657,891,010	1,455,871,080
Sub-ordinated Sukuk	20,990,000	20,990,000
Deferred tax liabilities	-	72,189
Other liabilities	117,010,289	83,728,554
	2,343,837,278	1,817,217,435
NET ASSETS	107,756,872	90,441,612
REPRESENTED BY		
Share capital	17,896,243	16,269,312
Reserves	26,485,750	23,417,514
Unappropriated profit	61,487,098	45,494,657
Surplus on revaluation of assets - net of tax	630,642	4,063,610
	106,499,733	89,245,093
NON-CONTROLLING INTEREST	1,257,139	1,196,519
	107,756,872	90,441,612

The annexed notes 1 to 3 form an integral part of these condensed interim consolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Quarter ended September 30, 2022	Nine months period ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2021
	Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	65,609,619	153,971,541	27,498,837	77,616,220
Profit on deposits and other dues expensed	33,858,093	76,735,665	10,189,538	29,112,818
Net spread earned	31,751,526	77,235,876	17,309,299	48,503,402
OTHER INCOME				
Fee and commission income	3,805,903	10,620,348	2,899,008	7,759,021
Dividend income	128,467	421,564	160,527	358,769
Foreign exchange income	734,743	3,866,649	543,966	2,149,005
(Loss) / gain on securities - net	(89,129)	27,320	89,539	535,452
Other income	191,300	951,235	164,629	598,376
	4,771,284	15,887,116	3,857,669	11,400,623
Total income	36,522,810	93,122,992	21,166,968	59,904,025
OTHER EXPENSES				
Operating expenses	12,436,789	33,177,242	8,724,745	25,303,760
Workers Welfare Fund	511,288	1,255,173	250,625	747,321
Other charges	83,091	89,024	1,608	6,524
Total other expenses	13,031,168	34,521,439	8,976,978	26,057,605
	23,491,642	58,601,553	12,189,990	33,846,420
Share of results of associates before taxation	(23,554)	(130,129)	(81,628)	23,243
Profit before provisions	23,468,088	58,471,424	12,108,362	33,869,663
Provisions and write offs - net	545,866	1,735,254	120,527	553,418
Extraordinary / unusual items	-	-	-	-
Profit before taxation	22,922,222	56,736,170	11,987,835	33,316,245
Taxation	11,303,042	27,979,938	4,920,590	13,347,120
Profit after taxation	11,619,180	28,756,232	7,067,245	19,969,125
Attributable to:				
Shareholders of the Holding company	11,568,768	28,621,418	7,019,649	19,752,150
Non-controlling interest	50,412	134,814	47,596	216,975
	11,619,180	28,756,232	7,067,245	19,969,125
	Rupees			
	Restated			
Basic earnings per share	6.46	15.99	3.92	11.04
Diluted earnings per share	6.46	15.99	3.92	11.04

The annexed notes 1 to 3 form an integral part of these condensed interim consolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Quarter ended September 30, 2022	Nine months period ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2021
Rupees in '000				
Profit after taxation for the period attributable to:				
Shareholders of the Holding company	11,568,768	28,621,418	7,019,649	19,752,150
Non-controlling interest	50,412	134,814	47,596	216,975
	<u>11,619,180</u>	<u>28,756,232</u>	<u>7,067,245</u>	<u>19,969,125</u>
Other Comprehensive income				
Item that may be reclassified to profit and loss account in subsequent periods:				
Surplus / (deficit) on revaluation of investments	2,515,957	(5,555,197)	(391,688)	927,290
Deferred tax on revaluation of investments	(1,081,862)	2,123,812	144,821	(739,120)
	<u>1,434,095</u>	<u>(3,431,385)</u>	<u>(246,867)</u>	<u>188,170</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurements of defined benefit plan - net of tax	-	(11,982)	-	5,654
Surplus on revaluation of non - banking assets	-	-	-	-
Deferred tax on revaluation of non - banking assets	-	(1,544)	-	(1,227)
	<u>-</u>	<u>(13,526)</u>	<u>-</u>	<u>4,427</u>
Other Comprehensive income / (loss) for the period	<u>1,434,095</u>	<u>(3,444,911)</u>	<u>(246,867)</u>	<u>192,597</u>
Total Comprehensive Income for the period	<u>13,053,275</u>	<u>25,311,321</u>	<u>6,820,378</u>	<u>20,161,722</u>
Attributable to:				
Shareholders of the Holding company	13,002,863	25,180,701	6,772,782	19,942,768
Non-controlling interest	50,412	130,620	47,596	218,954
	<u>13,053,275</u>	<u>25,311,321</u>	<u>6,820,378</u>	<u>20,161,722</u>

The annexed notes 1 to 3 form an integral part of these condensed interim consolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Share capital	Capital reserves				Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
		Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	Employee share option compensation reserve	General reserve		Investments	Non-banking assets		
Rupees in '000											
Balance as at January 1, 2021	14,147,228	2,406,571	14,833,341	3,117,547	-	91,082	31,808,445	5,542,351	19,941	1,264,512	73,231,018
Profit after taxation for the nine months period ended September 30, 2021	-	-	-	-	-	-	19,752,150	-	-	216,975	19,969,125
Other Comprehensive income for the nine months period ended September 30, 2021 - net of tax	-	-	-	-	-	-	3,675	188,170	(1,227)	1,979	192,597
Other appropriations	-	-	-	-	-	-	19,755,825	188,170	(1,227)	218,954	20,161,722
Transfer to statutory reserve	-	-	1,956,635	-	-	-	(1,956,635)	-	-	-	-
Transactions with owners recognised directly in equity											
Issue of bonus shares	2,122,084	-	-	-	-	-	(2,122,084)	-	-	-	-
Final cash dividend for the year 2020	-	-	-	-	-	-	(2,829,446)	-	-	-	(2,829,446)
First Interim cash dividend for the year 2021 @ Rs. 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	-	(2,122,085)
Second Interim cash dividend for the year 2021 @ Rs. 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	-	(2,122,085)
	-	-	-	-	-	-	(7,073,616)	-	-	-	(7,073,616)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(115,500)	(115,500)
Balance as at September 30, 2021	16,269,312	2,406,571	16,789,976	3,117,547	-	91,082	40,411,935	5,730,521	18,714	1,367,966	86,203,624
Profit after taxation for the quarter ended December 31, 2021	-	-	-	-	-	-	8,475,410	-	-	63,053	8,538,463
Other Comprehensive (loss) / income for the quarter ended December 31, 2021 - net of tax	-	-	-	-	-	-	(73,503)	(1,690,444)	4,912	-	(1,759,035)
	-	-	-	-	-	-	8,401,907	(1,690,444)	4,912	63,053	6,779,428
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	93	-	(93)	-	-
Other appropriations	-	-	878,881	-	-	-	(878,881)	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based compensation	-	-	-	-	133,457	-	-	-	-	-	133,457
Transactions with owners recognised directly in equity											
Third interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	-	(2,440,397)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(234,500)	(234,500)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	91,082	45,494,657	4,040,077	23,533	1,196,519	90,441,612
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	-	-	-	28,621,418	-	-	134,814	28,756,232
Other Comprehensive loss for the nine months period ended September 30, 2022 - net of tax	-	-	-	-	-	-	(7,788)	(3,431,385)	(1,544)	(4,194)	(3,444,911)
	-	-	-	-	-	-	28,613,630	(3,431,385)	(1,544)	130,620	25,311,321
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	39	-	(39)	-	-
Other appropriations	-	-	2,859,640	-	-	-	(2,859,640)	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based compensation	-	-	-	-	208,596	-	-	-	-	-	208,596
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	(1,626,931)	-	-	-	-
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	-	(2,440,397)
First Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	(2,847,130)	-	-	-	(2,847,130)
Second Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	(2,847,130)	-	-	-	(2,847,130)
	-	-	-	-	-	-	(8,134,657)	-	-	-	(8,134,657)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Balance as at September 30, 2022	17,896,243	2,406,571	20,528,497	3,117,547	342,053	91,082	61,487,098	608,692	21,950	1,257,139	107,756,872

* This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 3 form an integral part of these condensed interim consolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Nine months period ended September 30, 2022	Nine months period ended September 30, 2021
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	56,736,170	33,316,245
Less: Dividend income	(421,564)	(358,769)
	56,314,606	32,957,476
Adjustments for non-cash charges and other items:		
Depreciation	2,261,005	1,828,391
Amortization	336,450	271,824
Non cash items related to right of use assets	3,289,270	553,418
Provisions and write offs - net	1,735,254	2,437,822
Recognition of share based compensation	208,596	-
Gain on sale of fixed assets	(171,797)	(77,867)
Share of results of associates	130,129	(23,243)
	7,788,907	4,990,345
	64,103,513	37,947,821
(Increase) / decrease in operating assets		
Due from financial institutions	202,437,338	(26,405,391)
Islamic financing and related assets	(95,327,620)	(92,038,055)
Other assets	(40,709,938)	(21,216,280)
	66,399,780	(139,659,726)
Increase / (decrease) in operating liabilities		
Bills payable	6,497,094	13,322,937
Due to financial institutions	284,893,273	44,749,695
Deposits and other accounts	202,019,930	89,695,447
Other liabilities	21,247,380	13,527,579
	514,657,677	161,295,658
	645,160,970	59,583,753
Income tax paid	(19,109,716)	(11,529,555)
Net cash flow from operating activities	626,051,254	48,054,198
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(629,853,027)	(41,225,947)
Dividends received	376,317	277,334
Investments in fixed assets	(9,012,487)	(4,232,202)
Investments in intangible assets	(644,109)	(768,848)
Proceeds from sale of fixed assets	299,137	133,711
Net cash used in investing activities	(638,834,169)	(45,815,952)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,681,159)	(2,311,062)
Dividend paid to equity shareholders of the Bank	(5,792,602)	(5,998,353)
Dividend paid to non controlling interest	(70,000)	(115,500)
Net cash used in financing activities	(8,543,761)	(8,424,915)
Decrease in cash and cash equivalents	(21,326,676)	(6,186,669)
Cash and cash equivalents at the beginning of the period	186,966,475	155,722,310
Cash and cash equivalents at the end of the period	165,639,799	149,535,641

The annexed notes 1 to 3 form an integral part of these condensed interim consolidated financial statements.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

1 BASIS OF PRESENTATION

- 1.1** This condensed interim consolidated financial statements include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund II, Meezan Gold Fund, Meezan Energy Fund, Meezan Strategic Allocation Fund III, Meezan Rozana Amdani Fund, Meezan Pakistan Exchange Traded Fund, Meezan Daily Income Fund and Meezan Paidar Munafa Plan.
- 1.2** This condensed interim consolidated financial statements has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** This condensed interim consolidated financial statements comprise of the statement of financial position as at September 30, 2022 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the nine months period ended September 30, 2022.

2 ACCOUNTING POLICIES

- 2.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial statements are the same as those applied in the preparation of the Group for the year ended December 31, 2021.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial statements was authorised for issue on October 19, 2022 by the Board of Directors of the Holding company.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer



Meezan Bank
The Premier Islamic Bank

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