



Meezan Bank
The Premier Islamic Bank



FORM-7

April 18, 2024

MEBL/CS/PSX-19/047/2024

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

Dear Sir,

السَّلَامُ عَلَيْكُمْ

FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2024

We have to inform you that the Board of Directors of our Bank in their meeting held on April 18, 2024 at 10:00 a.m. (PST) at Karachi, Pakistan, recommended the following

i. CASH DIVIDEND

An interim Cash Dividend for the quarter ended March 31, 2024 at **Rs 7/-** per share i.e. **70%**. This is in addition to interim Dividend(s) already paid at Rs. **NIL** per share i.e. **NIL%**.

AND/OR

ii. BONUS SHARES

It has been recommended by the Board of Directors to issue Bonus Shares in the proportion of **NIL** share(s) for every **NIL** share(s) held i.e. **NIL %**. This is in addition to the interim Bonus Shares already issued @ **NIL**.

AND/OR

iii. RIGHT SHARES

The Board has recommended to issue **NIL %** Right Shares at par/at a discount / premium of Rs. **NIL** per shares in proportion of **NIL** share(s) for every **NIL** share(s). The entitlement of right shares being declared simultaneously will be / will not be applicable on Bonus Shares as declared above.

AND/OR

iv. ANY OTHER ENTITLEMENT/CORPORATE ACTION

-----NIL-----

AND/OR

v. ANY OTHER PRICE-SENSITIVE INFORMATION

-----NIL-----

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

Page No. 1



Reference: Letter No. MEBL/CS/PSX-19/047/2024 dated April 18, 2024

The unconsolidated and consolidated financial results of the Bank for the quarter ended **March 31, 2024** are enclosed as Annexures "A, B and C" to this letter.

The above entitlement will be paid to the shareholders whose names will appear in the Register of Members on **April 30, 2024**.

The Share Transfer Books of the Bank will be closed from **May 1, 2024** to **May 3, 2024** (both days inclusive). Transfers received at our Shares Registrar, **M/s. THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, 75500, Pakistan**, at the close of business on **April 30, 2024** will be treated in time for the purpose of above entitlement to the transferees.

The Quarterly Report of the Bank for the period ended **March 31, 2024** will be transmitted through PUCARS separately, within the specified time.

Yours truly,

Muhammad Sohail Khan
Company Secretary

Cc:
Executive Director/HOD,
Offsite-II Department,
Supervision Division,
Securities & Exchange Commission of Pakistan,
63, NIC Building, Jinnah Avenue, Blue Area,
Islamabad.

Encls. As above

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
----- (Rupees in '000) -----			
Profit / return earned on Islamic financing and related assets, investments and placements	24	119,145,992	81,952,946
Profit / return on deposits and other dues expensed	25	51,581,860	40,907,273
Net profit / return		67,564,132	41,045,673
OTHER INCOME			
Fee and Commission Income	26	5,048,904	3,598,109
Dividend income		442,647	241,252
Foreign Exchange Income / (Loss)		477,930	(155,042)
Gain / (loss) on securities	27	60,100	(105,717)
Net gains on derecognition of financial assets measured at amortised cost		-	-
Other income	28	327,973	286,882
Total other income		6,357,554	3,865,484
Total income		73,921,686	44,911,157
OTHER EXPENSES			
Operating expenses	29	19,956,911	14,344,691
Workers Welfare Fund		1,118,616	589,508
Other charges	30	132,596	2,828
Total other expenses		21,208,123	14,937,027
Profit before credit loss allowance / provisions		52,713,563	29,974,130
Credit loss allowance / provisions / reversals and write offs - net	31	(344,143)	2,129,887
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		53,057,706	27,844,243
Taxation	32	27,650,918	12,420,072
PROFIT AFTER TAXATION		25,406,788	15,424,171
----- Rupees -----			
Basic earnings per share	33	14.18	8.62
Diluted earnings per share	34	14.12	8.61

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

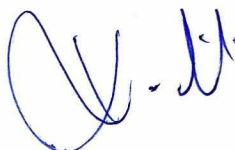
Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer


MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

Annexure "B"
Reference: Letter No. MEBL/CS/PSX-19/047/2024
dated April 18, 2024

	Quarter ended March 31, 2024	Quarter ended March 31, 2023
-----Rupees in '000-----		
Profit / return earned on Islamic financing and related assets, investments and placements	119,145,320	81,988,469
Profit on deposits and other dues expensed	51,588,995	40,920,804
Net profit / return	<u>67,556,325</u>	<u>41,067,665</u>
OTHER INCOME		
Fee and commission income	5,914,978	4,044,864
Dividend income	182,647	111,252
Foreign Exchange Income / (Loss)	477,930	(155,042)
Gain / (loss) on securities	60,100	(92,060)
Net gains on derecognition of financial assets measured at amortised cost	-	-
Other income	329,270	286,674
Total other income	<u>6,964,925</u>	<u>4,195,688</u>
Total income	<u>74,521,250</u>	<u>45,263,353</u>
OTHER EXPENSES		
Operating expenses	20,598,165	14,519,265
Workers Welfare Fund	1,128,469	595,835
Other charges	132,596	2,828
Total other expenses	<u>21,859,230</u>	<u>15,117,928</u>
Share of profit of associates	52,662,020	30,145,425
Profit before credit loss allowance / provisions	<u>374,589</u>	<u>26,463</u>
Credit loss allowance / provisions and write offs - net	53,036,609	30,171,888
Extra ordinary / unusual items	(344,143)	2,129,887
PROFIT BEFORE TAXATION	<u>-</u>	<u>-</u>
Taxation	53,380,752	28,042,001
PROFIT AFTER TAXATION	<u>27,836,462</u>	<u>12,515,818</u>
Attributable to:	<u>25,544,290</u>	<u>15,526,183</u>
Shareholders of the Holding company	25,420,400	15,446,339
Non-controlling interest	<u>123,890</u>	<u>79,844</u>
	<u>25,544,290</u>	<u>15,526,183</u>
	Rupees	
Basic earnings per share	<u>14.19</u>	<u>8.63</u>
Diluted earnings per share	<u>14.13</u>	<u>8.63</u>

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

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer



Annexure - C

Reference: Letter No. MEBL/CS/PSX-19/047/2024
dated April 18, 2024



MEEZAN BANK LIMITED

**FINANCIAL STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2024**

The block contains a handwritten signature in blue ink on the left and a circular blue stamp on the right. The stamp is identical to the Meezan Bank logo, featuring the text "MEEZAN BANK LIMITED" around the perimeter and the green recycling symbol in the center.



MEEZAN BANK LIMITED

**UNCONSOLIDATED FINANCIAL STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2024**

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.



MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks	6	231,685,428	242,611,556
Balances with other banks	7	13,380,314	11,452,256
Due from financial institutions	8	34,964,299	34,964,299
Investments	9	1,626,292,181	1,572,387,620
Islamic financing and related assets	10	896,555,304	961,673,012
Property and equipment	11	41,907,890	39,046,484
Right-of-use assets	12	19,549,123	19,571,852
Intangible assets	13	2,178,416	2,271,709
Deferred tax asset		-	-
Other assets	14	176,142,015	128,129,969
Total Assets		3,042,654,970	3,012,108,757
LIABILITIES			
Bills payable	15	39,338,264	39,724,176
Due to financial institutions	16	332,839,285	377,494,612
Deposits and other accounts	17	2,270,071,554	2,217,473,924
Lease liability against right-of-use assets	18	22,581,997	22,093,855
Sub-ordinated sukuk	19	20,990,000	20,990,000
Deferred tax liabilities	20	2,167,827	4,213,492
Other liabilities	21	160,078,876	145,211,181
Total Liabilities		2,848,067,803	2,827,201,240
NET ASSETS		194,587,167	184,907,517
REPRESENTED BY			
Share capital		17,912,532	17,912,532
Reserves		39,731,690	37,082,157
Surplus on revaluation of assets - net of tax	22	11,498,728	10,920,597
Unappropriated profit		125,444,217	118,992,231
		194,587,167	184,907,517
CONTINGENCIES AND COMMITMENTS	23		

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

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
------(Rupees in '000)-----			
Profit / return earned on Islamic financing and related assets, investments and placements	24	119,145,992	81,952,946
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Net profit / return		<u>67,564,132</u>	<u>41,045,673</u>
OTHER INCOME			
Fee and Commission Income	26	5,048,904	3,598,109
Dividend income		442,647	241,252
Foreign Exchange Income / (Loss)		477,930	(155,042)
Gain / (loss) on securities	27	60,100	(105,717)
Net gains on derecognition of financial assets measured at amortised cost		-	-
Other income	28	327,973	286,882
Total other income		<u>6,357,554</u>	<u>3,865,484</u>
Total income		<u>73,921,686</u>	<u>44,911,157</u>
OTHER EXPENSES			
Operating expenses	29	19,956,911	14,344,691
Workers Welfare Fund		1,118,616	589,508
Other charges	30	132,596	2,828
Total other expenses		<u>21,208,123</u>	<u>14,937,027</u>
Profit before credit loss allowance / provisions		<u>52,713,563</u>	<u>29,974,130</u>
Credit loss allowance / provisions / reversals and write offs - net	31	(344,143)	2,129,887
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>53,057,706</u>	<u>27,844,243</u>
Taxation	32	27,650,918	12,420,072
PROFIT AFTER TAXATION		<u>25,406,788</u>	<u>15,424,171</u>
----- Rupees -----			
Basic earnings per share	33	<u>14.18</u>	<u>8.62</u>
Diluted earnings per share	34	<u>14.12</u>	<u>8.61</u>

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

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
		------(Rupees in '000)-----	
Profit after taxation for the quarter		25,406,788	15,424,171
Other comprehensive loss			
Items that may be reclassified to profit and loss account in subsequent periods:			
- Movement in deficit on revaluation of debt investments through FVOCI - net of tax		(1,764,434)	-
- Gain on derecognition of Debt investments at FVOCI – reclassified to profit or loss - net of tax		(30,651)	-
- Movement in deficit on revaluation of available for sale investments - net of tax		-	(3,063,854)
Items that will not be reclassified to profit and loss account in subsequent periods:			
- Movement in surplus on revaluation of equity investments through FVOCI - net of tax		17,795	-
- Gain on sale of equity shares - FVOCI		61,393	-
Total Comprehensive Income for the quarter		<u>23,690,891</u>	<u>12,360,317</u>

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

Chairman

**President and
Chief Executive**

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

	Capital reserves					Revenue reserves		Surplus / (deficit) on revaluation of		Unappropriated profit	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, 2023	17,896,243	2,406,571	22,169,518	3,117,547	427,419	66,766	(666,349)	2,678	69,900,300	115,320,693	
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	-	-	15,424,171	15,424,171	
Other Comprehensive loss for the quarter ended March 31, 2023 - net of tax											
¹ - Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)	
Total other comprehensive income - net of tax	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)	
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(3)	3	-	
Recognition of share based compensation	-	-	-	-	85,366	-	-	-	-	85,366	
Other appropriations											
Transfer to statutory reserve*	-	-	1,542,417	-	-	-	-	-	(1,542,417)	-	
Transactions with owners recognised directly in equity											
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)	
Balance as at March 31, 2023	17,896,243	2,406,571	23,711,935	3,117,547	512,785	66,766	(3,730,203)	2,675	78,413,184	122,397,503	
Profit after taxation for the nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	69,051,471	69,051,471	
Other Comprehensive income for the nine months period ended December 31, 2023 - net of tax											
¹ - Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	14,650,800	-	-	14,650,800	
¹ - Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(123,510)	(123,510)	
¹ - Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(2,674)	-	(2,674)	
Total other comprehensive income - net of tax	-	-	-	-	-	-	14,650,800	(2,674)	(123,510)	14,524,616	
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(1)	1	-	
Recognition of share based compensation	-	-	-	-	324,380	-	-	-	-	324,380	
Other appropriations											
Transfer to statutory reserve*	-	-	6,905,147	-	-	-	-	-	(6,905,147)	-	
Transactions with owners recognised directly in equity											
First interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)	
Second interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	-	-	(7,165,013)	(7,165,013)	
Third interim cash dividend for the year 2023 @ Rs 5 per share	-	-	-	-	-	-	-	-	(8,956,266)	(8,956,266)	
	-	-	-	-	-	-	-	-	(21,490,152)	(21,490,152)	
Issue of 1,628,873 shares under the Employees share option scheme	16,289	219,870	-	-	(182,844)	-	-	-	46,384	99,699	
Balance as at December 31, 2023	17,912,532	2,626,441	30,617,082	3,117,547	654,321	66,766	10,920,597	-	118,992,231	184,907,517	

MEEZAN BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

	Capital reserves					Revenue reserves	Surplus / (deficit) on revaluation of		Unappropriated profit	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 December 31, 2023	17,912,532	2,626,441	30,617,082	3,117,547	654,321	66,766	10,920,597	-	118,992,231	184,907,517
Impact of adoption of IFRS 9 - net of tax (Note 3.3.5)	-	-	-	-	-	-	2,355,421	-	(2,145,490)	209,931
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	-	-	25,406,788	25,406,788
Other Comprehensive loss for the quarter ended March 31, 2024 - net of tax										
¹ - Movement in deficit on revaluation of investments in debt instruments at FVOCI - net of tax	-	-	-	-	-	-	(1,764,434)	-	-	(1,764,434)
² - Gain on derecognition of Debt investments at FVOCI – reclassified to profit or loss - net of tax	-	-	-	-	-	-	(30,651)	-	-	(30,651)
Gain on sale of equity shares - FVOCI	-	-	-	-	-	-	-	-	61,393	61,393
³ - Movement in surplus on revaluation of investments in equity instruments at FVOCI - net of tax	-	-	-	-	-	-	17,795	-	-	17,795
Total other comprehensive loss - net of tax	-	-	-	-	-	-	(1,777,290)	-	61,393	(1,715,897)
Recognition of share based compensation	-	-	-	-	108,854	-	-	-	-	108,854
Other appropriations										
Transfer to statutory reserve*	-	-	2,540,679	-	-	-	-	-	(2,540,679)	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2023 @ Rs 8 per share	-	-	-	-	-	-	-	-	(14,330,026)	(14,330,026)
Balance as at March 31, 2024	17,912,532	2,626,441	33,157,761	3,117,547	763,175	66,766	11,498,728	-	125,444,217	194,587,167

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

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

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		53,057,706	27,844,243
Less: Dividend income		(442,647)	(241,252)
		<u>52,615,059</u>	<u>27,602,991</u>
Adjustments:			
Depreciation	29	1,328,625	946,588
Net profit / return		(68,449,611)	(41,453,930)
Amortisation	29	154,995	117,196
Non cash items related to right-of-use assets	25 & 29	1,507,000	1,134,993
Credit loss allowance / provisions / reversals and write offs - net	31	(344,143)	2,129,887
Share based compensation expense	38	108,854	85,366
Unrealised gain - FVTPL	27	-	18
Gain on sale of property and equipment	28	(150,402)	(62,715)
		<u>(65,844,682)</u>	<u>(37,102,597)</u>
		(13,229,623)	(9,499,606)
(Increase) / decrease in operating assets			
Islamic financings and related assets		61,134,897	(31,012,422)
Other assets		(5,906,876)	(6,531,284)
		55,228,021	(37,543,706)
Increase / (decrease) in operating liabilities			
Bills payable		(385,912)	(266,849)
Due to financial institutions		(44,655,327)	27,964,041
Deposits and other accounts		52,597,630	132,726,681
Other liabilities		(6,562,493)	(45,141,206)
		<u>993,898</u>	<u>115,282,667</u>
		42,992,296	68,239,355
Net profit / return received		76,819,551	43,079,890
Net profit / return paid		(51,538,053)	(37,407,799)
Income tax paid		(20,654,838)	(12,187,957)
		<u>47,618,956</u>	<u>61,723,489</u>
Net cash generated from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investments) / redemption in amortized cost securities		18,618	-
Net (investments) / redemption in securities classified as FVOCI		(50,936,630)	-
Net (investments) / redemption in subsidiaries		(1,000,000)	-
Net (investments) / redemption in available for sale securities		-	(4,227,128)
Net (investments) / redemption in held to maturity securities		-	62,546
Net (investments) / redemption in held for trading securities		-	2,470
Dividends received		442,647	202,557
Investments in property and equipment		(4,286,505)	(1,999,283)
Investments in intangible assets		(61,702)	(69,517)
Proceeds from sale of property and equipment		246,876	103,925
		<u>(55,576,696)</u>	<u>(5,924,430)</u>
Net cash used in investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(996,129)	(923,813)
Dividend paid		(370)	(409)
		<u>(996,499)</u>	<u>(924,222)</u>
Net cash used in financing activities			
(Decrease) / increase in cash and cash equivalents			
		(8,954,239)	54,874,837
ECL impact of adoption of IFRS 9 on cash and cash equivalents		(43,831)	-
Cash and cash equivalents at the beginning of the quarter	35	254,063,812	131,419,265
Cash and cash equivalents at the end of the quarter	35	<u>245,065,742</u>	<u>186,294,102</u>

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

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

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 One thousand and seven branches as at March 31, 2024 (December 31, 2023: One thousand and four branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2022, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating 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 including under Islamic Export Refinance Scheme and various long term Islamic refinancing facilities of the State Bank of Pakistan respectively.

The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually 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.

3. STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information (here-in-after referred to as "financial information") 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 IFRS or IFAS, 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

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, 2023.

3.2.2 The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2023 except as mentioned below:

3.2.2.1 Adoption of new forms for the preparation of condensed interim financial information

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023 and BPRD Circular No. 07 dated April 13, 2023, issued the revised forms for the preparation of the annual / interim financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2024 (previously January 01, 2023). The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial information. Right of use assets and corresponding lease liability are now presented separately on the face of Statement of financial position. Previously they were presented under Property and Equipment (previously titled Fixed Assets) and Other Liabilities respectively. As a result of this change, the Property and Equipment of the Bank decreased by Rs 19,549 million and Rs 19,572 million as of March 31, 2024 and December 31, 2023 respectively. Further, Other liabilities of the Bank decreased by Rs 22,581 million and Rs 22,094 as of March 31, 2024 and December 31, 2023 respectively.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current year's presentation (Note 40).

3.2.2.2 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 3.6 to the annual financial statement of the Bank). However, such standards did not have any significant effect on this condensed interim unconsolidated financial information except IFRS 9 (Financial Instruments), the impact of which is disclosed under Note 3.3:

3.3 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 7 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 (previously January 01, 2023) for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard in the banks.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

3.3.1 Classification

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for Sale (AFS) and Held to maturity (HTM) have been replaced by:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss account (FVTPL)

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at Amortized cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to profit or loss account. The Bank does not have any financial liability measured at FVTPL

3.3.1.1 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

- i) **Hold to Collect (HTC) Business Model:** Holding assets in order to collect contractual cash flows
- ii) **Hold to Collect and Sell (HTC&S) Business Model:** Collecting contractual cash flows and selling financial assets
- iii) **Other Business Models:** Resulting in classification of financial assets as FVTPL

3.3.1.2 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

3.3.1.3 Application to Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank (including, Islamic financing and related assets; investment in Federal government securities and other government / private sukuk; due from financial institutions; cash and balances with treasury banks; balances with other banks; and other financial assets) are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Bank assess whether and how the sales are consistent with the HTC objective. This assessment include the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

Aforementioned financial assets are measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Aforementioned financial assets if held for trading purposes are classified as measured at FVTPL.

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

The application of these policies also resulted in reclassifications and consequent remeasurements of certain amount of investments in GoP ijarah sukuk held under Available for Sale portfolio as of December 31, 2023 based on business model. Moreover, the Bank's investment in Sub-ordinated sukuk issued by other Banks under Available for Sale portfolio as of December 31, 2023 have been reclassified as FVTPL since they do not pass the SPPI criteria due to equity conversion features embedded in the terms of these sukuk. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2023:

Impact of reclassification

	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 - before ECL
------(Rupees in '000)-----					
- Federal Government Sukuk - AFS	1,192,027,379	FVOCI	1,067,226,357	4,931,129	1,072,157,486
		FVTPL	-	-	-
		Amortized Cost	124,801,022	-	124,801,022
- Non Government Sukuk - AFS	135,525,257	FVOCI	134,442,257	-	134,442,257
		FVTPL	1,083,000	-	1,083,000

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. Gains and losses on equity instruments at FVTPL are included in the profit and loss account. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify its available for sale equity investment portfolio as of December 31, 2023 as FVOCI on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly the Bank has reversed impairment of Rs 2,562 million on equity investment held as at December 31, 2023 and the same has been transferred to deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9		After adoption of IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount (before ECL)
		Rs '000		Rs '000
Cash and balances with treasury banks	Loans and receivables	242,611,556	Amortised cost	242,611,556
Balances with other banks	Loans and receivables	11,452,256	Amortised cost	11,452,256
Due from financial institutions - net	Loans and receivables	34,964,299	Amortised cost	34,964,299
Investments - net	Held-for-trading	-	Fair value through profit or loss	1,083,000
	Available-for-sale	1,354,524,725	Fair value through other comprehensive income	1,235,756,463
	Held-to-maturity	216,954,593	Amortised cost	341,755,615
Islamic financing and related assets - net	Loans and receivables	961,673,012	Amortised cost	961,673,012
Other assets (financial assets only)	Loans and receivables	125,309,036	Amortised cost	125,309,036
		2,947,489,477		2,954,605,237

3.3.1.4 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Bank purchase or sell the asset. Other financial assets and liabilities like Islamic financing and related assets, due from financial institutions, deposits etc. are recognized when funds are transferred to the customers' account or financial institutions or as per underlying Shariah mode. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Bank will recognize due to customer and financial institution balances when these funds reach the Bank.

Amortized Cost

Financial assets and liabilities under Amortized Cost category are initially recognized at fair value adjusted for directly attributable transaction cost. They are subsequently measured at Amortized Cost. An expected credit loss allowance (ECL) is recognized for financial assets in profit or loss. Rental / profit income / expense on these assets / liabilities are recognized in profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognized in profit or loss account.

Fair value through Other Comprehensive Income

Financial assets under FVOCI category are initially recognized at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at Fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognized for these financial assets in profit or loss. Rental / profit / dividend income on these assets are recognized in profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognized in profit or loss account only in case of debt instruments.

Fair value through Profit or Loss

Financial assets under FVTPL category are initially recognized at fair value. Transaction cost will be directly recorded in profit or loss. These assets are subsequently measured at Fair value with changes recorded in profit or loss. Rental / profit / dividend income on these assets are recognized in profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognized in profit or loss account. An expected credit loss allowance (ECL) is not recognized for these financial assets

Bank's revenue recognition policy is consistent with the annual financial statements for the year ended December 31, 2023

3.3.1.5 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised (Note 3.3.1.6).

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.1.6 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

3.3.2 Overview of the ECL principles

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all Islamic financing and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilized financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank has rebutted 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also include facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the financings. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated and presented together with the financings. For financings commitments and letters of credit, the ECL is recognised within Provisions.
Guarantee and letters of credit contracts	The Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted discount rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within Other liabilities.

For receivables on account of refundable security deposits; settlement of transactions (including those originated from Alternative Distribution Channels); services rendered to customers (including related parties) etc., the Bank applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of the these receivables.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Forward looking information

In its ECL models, the Bank relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Volume of exports of goods
- Consumer Price Index
- Unemployment rate

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of recoverability

The Bank's management has only considered cash, liquid Securities, gold, and Government of Pakistan guarantees as eligible collaterals in the LGD calculation. All of these collaterals have a 0% Haircut other than Equity securities where haircut of 15% is applied.

3.3.3 Definition of default

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments except in case of agriculture, project infrastructure and housing financing.

Further the following qualitative criteria has been determined for assessment of default

- The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising security (if held).
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group.

3.3.4 Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations.

Forborne and modified financings

The Bank sometimes makes concessions or modifications to the original terms of financings as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a financing forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new financing conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne financing to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a financing, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

3.3.5 The Bank has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs 209.93 million has been recorded as an adjustment to equity at the beginning of the current accounting period. Details of impact of initial application are tabulated below:

	Balances as of	Impact due to:					Total Impact - Gross of tax	Taxation (current and deferred)	Total Impact - Net of tax	Balances as of January 01, 2024	IFRS 9 Category
	December 31, 2023 (Restated)	Recognition of Expected Credit Losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassification s due to business model and SPPI	Remeasurements	Reversal of provisions held					
------(Rupees in '000)-----											
ASSETS											
Cash and balances with treasury banks	242,611,556	(34,003)	-	-	-	-	(34,003)	-	(34,003)	242,577,553	Amortized Cost
Balances with other banks	11,452,296	(2,324)	-	-	-	-	(2,324)	-	(2,324)	11,449,932	Amortized Cost
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	34,964,299	Amortized Cost
Investments											
- Classified as Available for Sale	1,354,524,725	-	(1,354,524,725)	-	-	-	(1,354,524,725)	-	(1,354,524,725)	-	
- Classified as Fair Value through Other Comprehensive Income	-	(2,230,173)	1,354,524,725	(125,884,022)	4,618,472	2,497,288	1,233,526,290	-	1,233,526,290	1,233,526,290	FVOCI
- Classified as Held to Maturity	216,954,593	-	(216,954,593)	-	-	-	(216,954,593)	-	(216,954,593)	-	
- Classified as Amortized Cost	-	-	216,954,593	124,801,022	-	-	341,755,615	-	341,755,615	341,755,615	Amortized Cost
- Classified as Held for Trading	-	-	-	-	-	-	-	-	-	-	
- Classified as Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	-	
- Associates	845,252	-	-	1,083,000	-	-	1,083,000	-	1,083,000	1,083,000	FVTPL
- Subsidiary	63,050	-	-	-	-	-	-	-	-	63,050	Not Applicable
	1,572,387,620	(2,230,173)	-	-	4,618,472	2,497,288	4,885,587	-	4,885,587	1,577,273,207	Not Applicable
Islamic financing and related assets											
- Gross Amount	992,027,463	-	-	-	-	-	-	-	-	992,027,463	
- Provisions	(30,354,451)	(4,004,838)	-	-	-	-	(4,004,838)	-	(4,004,838)	(34,359,299)	
	961,673,012	(4,004,838)	-	-	-	-	(4,004,838)	-	(4,004,838)	957,668,174	Amortized Cost
Property and equipment	39,046,484	-	-	-	-	-	-	-	-	39,046,484	Outside the scope of IFRS 9
Right-of-use assets	19,571,852	-	-	-	-	-	-	-	-	19,571,852	Outside the scope of IFRS 9
Intangible assets	2,271,709	-	-	-	-	-	-	-	-	2,271,709	Outside the scope of IFRS 9
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other assets - Financial assets	125,309,036	(162,964)	-	-	-	-	(162,964)	-	(162,964)	125,146,072	Amortized Cost * / FVOCI * / FVTPL *
Other assets - Non financial assets	2,820,933	-	-	-	-	-	-	-	-	2,820,933	Outside the scope of IFRS 9
	3,012,108,757	(6,434,302)	-	-	4,618,472	2,497,288	681,458	-	681,458	3,012,790,215	
LIABILITIES											
Bills payable	39,724,176	-	-	-	-	-	-	-	-	39,724,176	Amortized Cost
Due to financial institutions	377,494,612	-	-	-	-	-	-	-	-	377,494,612	Amortized Cost
Deposits and other accounts	2,217,473,924	-	-	-	-	-	-	-	-	2,217,473,924	Amortized Cost
Lease liability against right-of-use assets	22,093,855	-	-	-	-	-	-	-	-	22,093,855	Amortized Cost
Sub-ordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	20,990,000	Amortized Cost
Deferred tax liabilities	4,213,492	-	-	-	-	-	-	219,496	219,496	4,432,988	Outside the scope of IFRS 9
Other liabilities - Non financial assets	22,291,665	-	-	-	-	-	-	-	-	22,291,665	Outside the scope of IFRS 9
Other liabilities - Financial assets	122,919,516	269,835	-	-	-	-	269,835	(17,804)	252,031	123,171,547	Amortized Cost
	2,827,201,240	269,835	-	-	-	-	269,835	201,692	471,527	2,827,672,767	
NET ASSETS	184,907,517	(6,704,137)	-	-	4,618,472	2,497,288	411,623	(201,692)	209,931	185,117,448	
REPRESENTED BY											
Share capital	17,912,532	-	-	-	-	-	-	-	-	17,912,532	Outside the scope of IFRS 9
Reserves	37,082,157	-	-	-	-	-	-	-	-	37,082,157	Outside the scope of IFRS 9
Surplus on revaluation of assets - net of tax	10,920,597	-	-	-	4,618,472	-	4,618,472	(2,263,051)	2,355,421	13,276,018	Outside the scope of IFRS 9
Unappropriated profit	118,992,231	(6,704,137)	-	-	-	2,497,288	(4,206,849)	2,061,359	(2,145,490)	116,846,741	Outside the scope of IFRS 9
	184,907,517	(6,704,137)	-	-	4,618,472	2,497,288	411,623	(201,692)	209,931	185,117,448	

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

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

As referred to in note 3.6 to the annual financial statements of the Bank, 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.

4. BASIS OF MEASUREMENT

4.1 This condensed interim unconsolidated financial information has been prepared under the historical cost convention except that certain 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 information 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 information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2023.

6	CASH AND BALANCES WITH TREASURY BANKS	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----				
	In hand			
	- local currency		51,131,242	44,000,090
	- foreign currencies		3,472,905	4,043,711
			54,604,147	48,043,801
	With the State Bank of Pakistan in			
	- local currency current accounts		108,108,060	105,848,962
	- foreign currency current accounts		15,383,057	14,790,799
		6.1	123,491,117	120,639,761
	With the National Bank of Pakistan in			
	- local currency current accounts		53,622,482	73,915,744
	National Prize Bonds	6.2	9,888	12,250
	Less: Credit loss allowance held against cash and balances with treasury banks		(42,205)	-
	Cash and balances with treasury banks - net of credit loss allowance		<u>231,685,429</u>	<u>242,611,556</u>
6.1	These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and /or 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.			

7.	BALANCES WITH OTHER BANKS	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----				
	In Pakistan			
	- in current accounts		11,328,145	9,035,396
	Outside Pakistan			
	- in current accounts		2,053,795	1,879,152
	- in deposit accounts		-	537,708
			2,053,795	2,416,860
	Less: Credit loss allowance held against balances with other banks		(1,626)	-
	Balances with other banks - net of credit loss allowance		<u>13,380,314</u>	<u>11,452,256</u>

8.	DUE FROM FINANCIAL INSTITUTIONS	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----				
	Bai Muajjal receivable:			
	- from scheduled banks / financial institutions - Secured	8.1	34,964,299	34,964,299
	- from other Financial Institution		15,500	15,500
			34,979,799	34,979,799
	Less: Credit loss allowance held against due from financial institutions	8.2	(15,500)	(15,500)
	Due from financial institutions - net of provision		<u>34,964,299</u>	<u>34,964,299</u>
8.1	The effective average return on this product is 11.83% (December 31, 2023: 11.72%) per annum. The balances have maturities in July 2025 (December 31, 2023: July 2025).			

8.2	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Due from financial institutions	Credit loss allowance held	Non-performing due from financial institutions	Provision held
------(Rupees in '000)-----				
Performing - Stage 1	34,964,299	-	-	-
Under performing - Stage 2	-	-	-	-
Non-performing - Stage 3 (Loss)	15,500	15,500	15,500	15,500
Total	<u>34,979,799</u>	<u>15,500</u>	<u>15,500</u>	<u>15,500</u>

9. INVESTMENTS

9.1 Investments by types

	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminutio	Surplus / (deficit)	Carrying value
------(Rupees in '000)-----								
FVTPL securities								
- Non Government Sukuk	1,083,000	-	-	1,083,000	-	-	-	-
FVOCI securities								
- Federal Government Securities	1,116,569,281	1,570,985	15,860,297	1,130,858,593	-	-	-	-
- Shares	9,509,637	-	1,602,106	11,111,743	-	-	-	-
- Non Government Sukuk	129,020,133	203,122	5,191,806	134,008,817	-	-	-	-
- Foreign Securities	5,698,055	5,643	(107,683)	5,584,729	-	-	-	-
	1,260,797,106	1,779,750	22,546,526	1,281,563,882	-	-	-	-
Amortized Cost securities								
- Federal Government Securities	341,736,997	-	-	341,736,997	-	-	-	-
Available for sale securities								
- Federal Government Securities	-	-	-	-	1,190,199,366	-	12,301,364	1,202,500,730
- Shares	-	-	-	-	9,883,161	2,562,064	4,064,496	11,385,593
- Non Government Sukuk	-	-	-	-	130,442,094	70,645	5,153,808	135,525,257
- Foreign Securities	-	-	-	-	5,219,877	-	(106,732)	5,113,145
	-	-	-	-	1,335,744,498	2,632,709	21,412,936	1,354,524,725
Held to maturity securities								
- Federal Government Securities	-	-	-	-	216,954,593	-	-	216,954,593
In related parties								
Associates								
- Units of mutual funds	845,252	-	-	845,252	845,252	-	-	845,252
Subsidiaries *								
- Shares	1,063,050	-	-	1,063,050	63,050	-	-	63,050
Total Investments	<u>1,605,525,405</u>	<u>1,779,750</u>	<u>22,546,526</u>	<u>1,626,292,181</u>	<u>1,553,607,393</u>	<u>2,632,709</u>	<u>21,412,936</u>	<u>1,572,387,620</u>

* During the quarter, the Bank invested Rs 1 billion as initial paid up capital of fully owned subsidiary - Meezan Exchange Company (Private) Limited.

9.1.1 Details of investment in subsidiary and associates

	March 31, 2024 (Unaudited)						
	Percentage of holding	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)	Market value / net asset share
------(Rupees in '000)-----							
Subsidiaries (unlisted)							
Al Meezan Investment Management Limited	65.00%	6,157,135	1,775,706	1,245,164	41,415	41,415	N/A
Meezan Exchange Company (Private) Limited	100.00%	1,017,221	32,656	(15,691)	(15,435)	(15,435)	N/A
Associates (open ended - listed)							
Meezan Balanced Fund	18.28%	2,231,501	71,068	105,255	82,333	82,333	394,960
Al Meezan Mutual Fund	11.55%	5,297,131	358,979	285,145	237,837	237,837	570,385
Meezan Islamic Fund	5.13%	21,429,729	699,749	1,092,076	892,714	892,714	1,063,560
Meezan Sovereign Fund	0.00%	53,772,305	2,176,229	3,436,011	3,221,741	3,221,741	560
Meezan Gold Fund	11.14%	1,621,284	20,614	125,713	112,800	112,800	178,341
KSE Meezan Index Fund	5.98%	3,625,099	35,298	243,184	228,572	228,572	214,501
		<u>87,977,049</u>	<u>3,361,937</u>	<u>5,287,384</u>	<u>4,775,998</u>	<u>4,775,998</u>	<u>2,422,307</u>

March 31, 2023 (Unaudited)							
Percentage of holding	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)	Market value / net asset share	
------(Rupees in '000)-----							
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65.00%	4,519,508	1,050,291	560,725	228,125	228,125	N/A
Associates (open ended - listed)							
Meezan Balanced Fund	18.28%	2,498,072	295,952	23,194	1,544	1,544	302,471
Al Meezan Mutual Fund	11.55%	3,205,269	76,314	(104,259)	(141,231)	(141,231)	346,814
Meezan Islamic Fund	5.13%	18,652,382	446,666	(282,504)	(476,825)	(476,825)	670,422
Meezan Sovereign Fund	0.00%	7,119,031	108,253	267,844	248,507	248,507	526
Meezan Gold Fund	11.14%	929,288	5,564	210,806	205,151	205,151	160,261
KSE Meezan Index Fund	5.98%	2,611,602	18,928	46,170	34,370	34,370	137,440
		<u>35,015,644</u>	<u>951,677</u>	<u>161,251</u>	<u>(128,484)</u>	<u>(128,484)</u>	<u>1,617,934</u>

Subsidiary and associates are incorporated / registered in Pakistan. Shares in subsidiary are placed in custody account with Central Depository of Pakistan and cannot be sold without the prior approval of SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

9.1.2 Investments given as collateral

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Cost / amortised cost	Market value	Cost / amortised cost	Market value
------(Rupees in '000)-----				
Federal Government Securities				
- Sukuk	<u>155,000,000</u>	<u>157,325,000</u>	<u>184,000,000</u>	<u>186,760,000</u>

9.2 Credit loss allowance / Provision for diminution in value of investments

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Cost / amortised cost	Market value	Cost / amortised cost	Market value
------(Rupees in '000)-----				
Opening balance			2,632,709	3,204,697
Impact of adoption of IFRS 9 - reversal of provision held			(2,497,288)	-
Impact of adoption of IFRS 9 - ECL			2,230,173	-
			(267,115)	
Charge / (reversals)				
ECL charge for the quarter			87,624	-
Charge for the quarter on account of provision for diminution against shares			-	238,864
ECL reversals for the year			(608,688)	(5,247)
Reversals of provision for diminution against shares			(64,780)	(805,605)
			(585,844)	(571,988)
Closing balance			<u>1,779,750</u>	<u>2,632,709</u>

9.3 Particulars of provision against Debt securities

Category of classification	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Investment - Cost / amortised cost	Credit loss allowance	Non-performing investment	Provision
------(Rupees in '000)-----				
Domestic				
Performing - Stage 1	1,585,552,349	24,227	-	-
Under performing - Stage 2	7,122,078	1,570,985	-	-
Non-performing - Stage 3				
Substandard	272,000	116,888	-	-
Doubtful	-	-	-	-
Loss	67,650	67,650	70,645	70,645
	<u>339,650</u>	<u>184,538</u>	<u>70,645</u>	<u>70,645</u>
	<u>1,593,014,077</u>	<u>1,779,750</u>	<u>70,645</u>	<u>70,645</u>

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
-----Rupees in '000-----			
10. ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	10.1	6,425,973	6,547,184
- Advances against Murabaha		12,691,759	11,526,208
- Murabaha inventory		2,378,813	1,958,612
- Financing under Islamic Export Refinance - Murabaha	10.2	342,588	503,859
- Financing against Islamic SME Asaan Finance	10.3	946,087	126,483
- Advance against Islamic SME Asaan Finance		809,082	1,005,534
- Advance against Islamic Export Refinance - Murabaha		374,621	244,700
- Inventory under Islamic SME Asaan Finance		25,768	5,000
- Financing against Islamic Working Capital Finance		2,298	-
		23,996,989	21,917,580
Running Musharakah financing			
- Running Musharakah financing		147,256,645	182,916,112
- Financing under Islamic Export Refinance - Running Musharakah		50,343,496	58,491,956
		197,600,141	241,408,068
Istisna financing and related assets			
- Istisna financing		34,357,000	35,529,463
- Advances against Istisna		68,777,823	99,829,298
- Istisna inventory		31,206,056	5,988,841
- Financing under Islamic Export Refinance - Istisna		526,484	344,330
- Advances under Islamic Export Refinance - Istisna		11,203,160	10,743,412
- Inventory under Islamic Export Refinance - Istisna		4,267,777	4,756,387
		150,338,300	157,191,731
Tijarah financing and related assets			
- Tijarah financing		4,202,071	2,311,642
- Tijarah inventory		19,482,059	13,079,258
- Financing under Islamic Export Refinance - Tijarah		1,204,388	1,701,367
- Inventory under Islamic SME Asaan Finance		852,518	-
- Inventory under Islamic Export Refinance - Tijarah		506,558	836,798
		26,247,594	17,929,065
Musawammah financing and related assets			
- Musawammah financing	10.4	23,466,673	32,401,509
- Advances against Musawammah		11,866,444	22,924,687
- Musawammah Inventory		9,738,733	17,065,727
- Financing under Islamic Export Refinance - Musawammah	10.5	583,903	563,377
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	10.6	372,000	359,297
- Advances under Islamic Export Refinance - Musawammah		243,389	73,300
- Inventory under Islamic Export Refinance - Musawammah		364,500	301,000
		46,635,642	73,688,897

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
-----Rupees in '000-----			
Salam Financing and related assets			
- Salam Financing		2,296,650	1,392,987
- Advances against Salam		24,236,795	23,878,427
- Salam Inventory		3,116,345	1,393,814
		29,649,790	26,665,228
Financing against bills			
- Financing against bills - Salam		711,264	1,291,913
- Advance against bills - Salam		1,738	1,738
		713,002	1,293,651
- Bai Muajjal financing	10.7	32,251,398	33,086,224
Ijarah financing and related assets			
- Net investment in Ijarah		48,758	56,050
- Net book value of assets/investment in Ijarah under IFAS 2		59,085,591	60,109,729
	10.8	59,134,349	60,165,779
- Advances against Ijarah		4,503,321	2,839,276
		63,637,670	63,005,055
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		190,441,347	198,619,635
- Diminishing Musharakah financing - housing		17,757,365	18,552,137
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		507,857	350,586
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,601,290	15,917,226
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID – 19 (IRFCC)		201,375	215,211
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		243,085	76,973
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		18,831,128	19,291,370
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		17,937,503	17,643,962
- Diminishing Musharakah financing - SBP's Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		17,747	7,873
- Advances against Diminishing Musharakah		29,652,517	16,379,833
- Advances against Diminishing Musharakah under SBP's IFFSAP		-	185,000
- Advances against Diminishing Musharakah under SBP's IFRE		1,828,709	1,284,996
- Advances against Diminishing Musharakah under SBP's IRFCC		181,715	181,715
- Advances against Diminishing Musharakah under SBP's ISAAF		668,210	963,154
- Advances against Diminishing Musharakah under SBP's ITERF		1,675,907	2,514,059
- Advances against Diminishing Musharakah under SBP's IRFMS		200,000	-
- Advances against Diminishing Musharakah under SBP's IRCGSWE		-	9,963
- Advances against Diminishing Musharakah under SBP's ILTFF		3,747,674	4,005,820
		299,493,429	296,199,513

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
-----Rupees in '000-----			
- Musharakah financing		1,135,725	988,725
- Wakalah Tul Istithmar financing		30,602,133	30,602,133
- Advance against Service Ijarah		14,352,314	14,884,577
- Qard financing under SBP's IRFCC		216,925	250,531
- Labbaik (Qard for Hajj and Umrah)		12,981	15,593
- Staff financing (including under SBP's IFRE)	10.9	12,679,357	11,614,300
- Other financing		1,258,567	1,286,592
Gross Islamic Financing and Related Assets	10.10	<u>930,821,957</u>	<u>992,027,463</u>
Less: Credit Loss Allowance - Stage 1	10.12	(2,201,615)	-
Less: Credit Loss Allowance - Stage 2	10.12	(985,375)	-
Less: Provision against non-performing Islamic financing and related assets - Specific / Stage 3	10.12	(16,855,935)	(16,107,097)
Less: Provision against non-performing Islamic financing and related assets - General	10.12	(14,223,728)	(14,247,354)
Islamic financing and related assets - net of provision		<u><u>896,555,304</u></u>	<u><u>961,673,012</u></u>
10.1 Murabaha receivable - gross	10.1.1	8,067,234	10,243,132
Less: Deferred murabaha income	10.1.3	(152,756)	(231,226)
Profit receivable shown in other assets		(1,488,505)	(3,464,722)
Murabaha financing	10.1.2	<u>6,425,973</u>	<u>6,547,184</u>
10.1.1 Murabaha Sale Price		8,067,234	10,243,132
Murabaha Purchase Price		<u>(6,425,973)</u>	<u>(6,547,184)</u>
		<u>1,641,261</u>	<u>3,695,948</u>
10.1.2 The movement in Murabaha financing during the quarter / year is as follows:			
Opening balance		6,547,184	7,127,282
Sales during the quarter / year		8,529,729	57,566,155
Adjusted during the quarter / year		<u>(8,650,940)</u>	<u>(58,146,253)</u>
Closing balance		<u>6,425,973</u>	<u>6,547,184</u>

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	------(Rupees in '000)-----	
10.1.3 Deferred murabaha income		
Opening balance	231,226	164,688
Arising during the quarter / year	836,766	7,532,817
Recognised during the quarter / year	<u>(915,236)</u>	<u>(7,466,279)</u>
Closing balance	<u>152,756</u>	<u>231,226</u>
10.2 Financing under Islamic Export Refinance - Murabaha - gross	357,411	527,330
Less: Deferred income	(6,523)	(9,440)
Profit receivable shown in other assets	(8,300)	(14,031)
Financing under Islamic Export Refinance - Murabaha	<u>342,588</u>	<u>503,859</u>
10.2.1 The movement in Islamic Export Refinance Murabaha financing during the quarter / year is as follows:		
Opening balance	503,859	711,413
Sales during the quarter / year	409,908	4,841,614
Adjusted during the quarter / year	<u>(571,179)</u>	<u>(5,049,168)</u>
Closing balance	<u>342,588</u>	<u>503,859</u>
10.2.2 Deferred Islamic Export Refinance murabaha income		
Opening balance	9,440	10,030
Arising during the quarter / year	18,236	171,742
Recognised during the quarter / year	<u>(21,153)</u>	<u>(172,332)</u>
Closing balance	<u>6,523</u>	<u>9,440</u>
10.3 Financing against Islamic SME Asaan Finance - Murabaha - gross	1,021,698	140,007
Less: Deferred income	(69,627)	(7,398)
Profit receivable shown in other assets	(5,984)	(6,126)
Financing against Islamic SME Asaan Finance - Murabaha	<u>946,087</u>	<u>126,483</u>
10.3.1 The movement in Islamic SME Asaan Finance (Murabaha financing) during the quarter / year is as follows:		
Opening balance	126,483	94,018
Sales during the quarter / year	926,716	80,500
Adjusted during the quarter / year	<u>(107,112)</u>	<u>(48,035)</u>
Closing balance	<u>946,087</u>	<u>126,483</u>
10.3.2 Deferred Islamic SME Asaan Finance Murabaha income		
Opening balance	7,398	7,566
Arising during the quarter / year	84,970	5,958
Recognised during the quarter / year	<u>(22,741)</u>	<u>(6,126)</u>
Closing balance	<u>69,627</u>	<u>7,398</u>
10.4 Musawammah financing - gross	25,897,076	35,624,523
Less: Deferred income	(1,227,200)	(1,674,894)
Profit receivable shown in other assets	(1,203,203)	(1,548,120)
Musawammah financing	<u>23,466,673</u>	<u>32,401,509</u>
10.5 Financing under Islamic Export Refinance - Musawammah - gross	621,939	607,974
Less: Deferred income	(14,797)	(25,538)
Profit receivable shown in other assets	(23,239)	(19,059)
Financing under Islamic Export Refinance - Musawammah	<u>583,903</u>	<u>563,377</u>

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	----- (Rupees in '000) -----	
10.6 Financing under SBP's IFRE - Musawammah - gross	442,781	432,221
Less: Deferred income	(69,454)	(66,921)
Profit receivable shown in other assets	(1,327)	(6,003)
Financing under SBP's IFRE - Musawammah	<u>372,000</u>	<u>359,297</u>
10.7 Bai Muajjal financing - gross	35,834,429	37,242,068
Less: Deferred income	(815,143)	(2,393,786)
Profit receivable shown in other assets	(2,767,888)	(1,762,058)
Bai Muajjal financing	<u>32,251,398</u>	<u>33,086,224</u>

10.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 49,158 million (December 31, 2023: Rs 49,011 million).

10.9 This includes Rs 720 million (December 31, 2023: Rs 707 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	----- (Rupees in '000) -----	
10.10 Particulars of financing - Gross		
- in local currency	880,633,554	940,666,342
- in foreign currencies	50,188,403	51,361,121
	<u>930,821,957</u>	<u>992,027,463</u>

10.11 Islamic financing and related assets include Rs 17,634 million (December 31, 2023: Rs 16,939 million) which have been placed under non-performing status (Stage 3 under IFRS 9) as detailed below:

Category of classification - Stage 3 under IFRS 9	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Non performing amount	Credit loss allowance	Non performing amount	Provision held
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	1,021	453	207,244	2,380
Substandard	1,579,821	977,357	127,575	15,877
Doubtful	493,648	241,226	482,321	78,538
Loss	15,559,767	15,636,899	16,122,057	16,010,302
Total	<u>17,634,257</u>	<u>16,855,935</u>	<u>16,939,197</u>	<u>16,107,097</u>

10.12 Particulars of credit loss allowance / provision against Islamic financing and related assets:

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Specific (including Stage 3)	General + Stage 1 + Stage 2	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403
Impact of IFRS 9 adoption - ECL	550,553	3,454,285	4,004,838	-	-	-
Impact of IFRS 9 adoption - Reversal of provision	-	-	-	-	-	-
	550,553	3,454,285	4,004,838	-	-	-
Exchange Adjustment for the quarter / year	(8,046)	-	(8,046)	114,703	-	114,703
ECL (including Specific provision) / General provision:						
Charge for the quarter	1,228,742	344,411	1,573,153	3,934,473	4,500,000	8,434,473
Less: Reversals for the quarter	(959,168)	(635,332)	(1,594,500)	(754,338)	(33,287)	(787,625)
	269,574	(290,921)	(21,347)	3,180,135	4,466,713	7,646,848
Amount written off	(63,243)	-	(63,243)	(503)	-	(503)
Closing balance	<u>16,855,935</u>	<u>17,410,718</u>	<u>34,266,653</u>	<u>16,107,097</u>	<u>14,247,354</u>	<u>30,354,451</u>

10.12.2 The Bank maintains general 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 13,600 million (December 31, 2023: Rs 13,600 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 and IFRS 9.

10.12.3 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. Since under the instructions from the SBP, the Bank considers the higher of IFRS 9 stage 3 provision and provision under Prudential regulations, the FSV benefit availed is not applicable for all non-performing financing. The accumulated benefit availed amounts to Rs 145.5 million (December 31, 2023: Rs 419.0 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 74.2 million (December 31, 2023: Rs 213.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.12.4 Islamic financing and related assets - particulars of credit loss allowance

	March 31, 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	------(Rupees in '000)-----			
Opening balance	-	-	-	-
Impact of adoption of IFRS 9	2,419,726	1,034,559	16,657,650	20,111,935
Fresh disbursements	131,572	3,414	239,594	374,580
Amount derecognised / repaid	(347,821)	(83,740)	(809,366)	(1,240,927)
Transfer to stage 1	28,074	(28,074)	-	-
Transfer to stage 2	(21,148)	74,415	(53,267)	-
Transfer to stage 3	(7,118)	(255,099)	262,217	-
	(216,441)	(289,084)	(360,822)	(866,347)
Amounts written off / charged off	-	-	(63,243)	(63,243)
Changes in risk parameters	(1,670)	239,900	622,350	860,580
Other changes	-	-	-	-
	2,201,615	985,375	16,855,935	20,042,925

10.12.5 Category of classification under IFRS 9

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Gross Amount	Credit loss allowance	Non performing amount	Provision held
	------(Rupees in '000)-----			
Domestic				
Performing - Stage 1 under IFRS 9	877,833,917	2,201,615	-	-
Underperforming - Stage 2 under IFRS 9	35,353,783	985,375	-	-
Non-Performing - including Stage 3 under IFRS 9				
Other Assets Especially Mentioned	1,021	453	207,244	2,380
Substandard	1,579,821	977,357	127,575	15,877
Doubtful	493,648	241,226	482,321	78,538
Loss	15,559,767	15,636,899	16,122,057	16,010,302
	17,634,257	16,855,935	16,939,197	16,107,097
Total	930,821,957	20,042,925	16,939,197	16,107,097

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
		------(Rupees in '000)-----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	10,144,268	9,449,999
Property and equipment		32,063,622	29,896,485
		<u>42,207,890</u>	<u>39,346,484</u>
Less: Provision against capital work-in-progress		(300,000)	(300,000)
		<u>41,907,890</u>	<u>39,046,484</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		5,840,637	6,359,312
- computer hardware		1,380,460	997,260
- purchase of vehicles		554,315	281,747
- office machines		1,930,901	1,419,869
- furniture and fixtures		437,955	391,811
		<u>10,144,268</u>	<u>9,449,999</u>
11.2 Additions to fixed assets		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
		------(Rupees in '000)-----	
The following additions (net) have been made to fixed assets during the quarter:			
Capital work-in-progress		694,269	204,032
Property and equipment			
Leasehold land		696,101	-
Building on leasehold land		160,499	83,542
Leasehold improvements		779,367	392,752
Furniture and fixture		53,647	23,581
Electrical, office and computer equipment		1,493,649	1,198,783
Vehicles		408,973	96,593
		<u>3,592,236</u>	<u>1,795,251</u>
		<u>4,286,505</u>	<u>1,999,283</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the quarter is as follows:			
Leasehold improvements		-	723
Furniture and fixture		77	215
Electrical, office and computer equipment		2,226	14,168
Vehicles		94,171	26,104
		<u>96,474</u>	<u>41,210</u>

12. RIGHT-OF-USE ASSETS

March 31, 2024 (Unaudited)			
Cost	Accumulated Depreciation	Net Book Value	
------(Rupees in '000)-----			
At January 1,	29,812,340	(10,240,488)	19,571,852
Additions during the quarter	598,792	-	598,792
Adjusted upon reassessment of useful life	-	-	-
Depreciation Charge	-	(621,521)	(621,521)
Derecognition during the quarter	(118,056)	118,056	-
At March 31,	<u>30,293,076</u>	<u>(10,743,953)</u>	<u>19,549,123</u>

December 31, 2023 (Audited)			
Cost	Accumulated Depreciation	Net Book Value	
------(Rupees in '000)-----			
At January 1,	20,682,720	(9,335,704)	11,347,016
Additions during the year	881,582	-	881,582
Adjusted upon reassessment of useful life	10,086,130	-	10,086,130
Depreciation Charge	-	(2,742,876)	(2,742,876)
Derecognition during the year	(1,838,092)	1,838,092	-
At December 31,	<u>29,812,340</u>	<u>(10,240,488)</u>	<u>19,571,852</u>

13. INTANGIBLE ASSETS

Computer Software
Advance against computer software

March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----	
1,594,086	1,651,018
584,330	620,691
<u>2,178,416</u>	<u>2,271,709</u>

13.1 Additions to intangible assets

Additions (Net) during the quarter

March 31, 2023 (Unaudited)	March 31, 2023 (Unaudited)
------(Rupees in '000)-----	
61,702	69,517
<u>61,702</u>	<u>69,517</u>

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
14. OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		146,381,684	103,885,757
Profit / return accrued in foreign currencies - net of provisions		1,150,029	1,319,515
Acceptances		16,642,843	15,392,217
Advances, deposits, and other prepayments		3,698,021	2,898,657
Non-banking assets acquired in satisfaction of claims		50,228	50,243
Mark to market gain on forward foreign exchange contracts		41,343	-
Receivables on account of sale of securities		-	67,113
Dividends receivable		261	261
Stamps		25,052	24,397
Security deposits		505,637	515,716
Advance for Investments		-	-
Receivable under alternate delivery channel		7,469,954	3,373,605
Other		639,131	754,852
		<u>176,604,183</u>	<u>128,282,333</u>
Less: Credit loss allowance / provision held against other assets	14.1.1	<u>(462,168)</u>	<u>(152,364)</u>
Other Assets (net of provision)		<u>176,142,015</u>	<u>128,129,969</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	-	-
Other assets - total		<u><u>176,142,015</u></u>	<u><u>128,129,969</u></u>
14.1 Credit loss allowance / provision held against other assets			
Profit / return accrued		112,366	-
Acceptances		36,490	-
Non-banking assets acquired in satisfaction of claims		13,923	13,923
Others		299,389	138,441
		<u>462,168</u>	<u>152,364</u>
14.1.1 Movement in credit loss allowance / provision held against other assets			
Opening balance		152,364	107,921
Impact of adoption of IFRS 9		162,964	-
Charge for the quarter / year (including ECL)		236,630	72,972
Reversals for the quarter / year		(57,944)	(2,680)
Amount adjusted / written off		(31,846)	(25,849)
Closing balance		<u>462,168</u>	<u>152,364</u>
15. BILLS PAYABLE			
In Pakistan		39,338,264	39,724,176
Outside Pakistan		-	-
		<u>39,338,264</u>	<u>39,724,176</u>
16. DUE TO FINANCIAL INSTITUTIONS			
In Pakistan		332,839,285	377,494,612
Outside Pakistan		-	-
		<u>332,839,285</u>	<u>377,494,612</u>

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
16.1 Details of due to financial institutions secured / unsecured			
Secured			
With State Bank of Pakistan			
Musharakah under Islamic Export Refinance Scheme		70,937,742	78,802,384
Investment under Islamic Long Term Financing Facility		22,511,966	23,280,222
Investment under Islamic Refinance Facility for Combating COVID-19		598,710	646,152
Investment under Islamic Financing for Renewal Energy		17,624,653	17,405,412
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery		19,554,509	20,093,256
Investment under Islamic Refinance Scheme for storage of agriculture produce		497,536	525,523
Investment under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		12,259	7,861
Investment under Islamic Refinance Scheme for modernization of SMEs (IRFMS)		200,000	-
Investment under Islamic Refinance Scheme for SME Asaan Finance		3,308,862	455,509
Investment under Shariah Compliant Open Market Operations	16.1.1	155,194,338	180,159,641
Total secured		290,440,575	321,375,960
With Scheduled Bank		-	4,000,000
Other financial institutions		7,067,049	5,279,332
Unsecured			
Overdrawn nostro accounts		2,831,661	2,679,320
Musharakah with scheduled banks / financial institutions	16.1.2	32,500,000	44,160,000
		<u>332,839,285</u>	<u>377,494,612</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 22.07% (December 31, 2023: 22.08%) per annum.

16.1.2 These represents acceptance of funds by the Bank on Musharakah basis. The expected average return on these Musharakah is around 22.00% (December 31, 2023: 21.97%) per annum. These balances have matured in April 2024 (December 31, 2023: January 2024).

17. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	------(Rupees in '000)-----					
Customers						
- Current accounts - non-remunerative	1,004,627,105	55,757,673	1,060,384,778	1,012,415,113	57,892,401	1,070,307,514
- Savings deposits	865,625,431	70,782,442	936,407,873	803,833,457	68,537,150	872,370,607
- Fixed deposits	221,640,459	17,073,695	238,714,154	217,884,345	17,080,020	234,964,365
- Margin	19,035,055	854,745	19,889,800	25,622,708	1,108,617	26,731,325
	<u>2,110,928,050</u>	<u>144,468,555</u>	<u>2,255,396,605</u>	<u>2,059,755,623</u>	<u>144,618,188</u>	<u>2,204,373,811</u>
Financial institutions						
- Current accounts - non-remunerative	2,514,152	428,824	2,942,976	1,249,647	388,192	1,637,839
- Savings deposits	10,943,215	-	10,943,215	10,721,389	-	10,721,389
- Fixed deposits	788,758	-	788,758	740,885	-	740,885
	<u>14,246,125</u>	<u>428,824</u>	<u>14,674,949</u>	<u>12,711,921</u>	<u>388,192</u>	<u>13,100,113</u>
	<u><u>2,125,174,175</u></u>	<u><u>144,897,379</u></u>	<u><u>2,270,071,554</u></u>	<u><u>2,072,467,544</u></u>	<u><u>145,006,380</u></u>	<u><u>2,217,473,924</u></u>

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
		------(Rupees in '000)-----	
18. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS			
As at January 1,		22,093,855	12,813,226
Additions		598,792	881,582
Adjustment upon reassessment of useful life		-	10,086,130
Amortisation of lease liability against right-of-use assets		885,479	2,077,327
Derecognition during the quarter / year		-	-
Payments		<u>(996,129)</u>	<u>(3,764,410)</u>
As at March 31 / December 31,		<u><u>22,581,997</u></u>	<u><u>22,093,855</u></u>
19. SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	19.1	7,000,000	7,000,000
Tier II Sukuk	19.2	13,990,000	13,990,000
		<u><u>20,990,000</u></u>	<u><u>20,990,000</u></u>

- 19.1** In August 2018, the Bank issued regulatory Shariah compliant unsecured, sub-ordinated 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 actual 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 22.57% 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.

- 19.2** 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 actual 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 22.85% and 22.02% 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.

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
20. DEFERRED TAX LIABILITIES			
Taxable temporary differences on:			
Excess of accounting book values over tax written down values of owned assets		919,218	910,196
Surplus on revaluation of available for sale investments		-	10,492,339
Surplus on revaluation of FVOCI investments		11,047,798	-
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
		11,967,016	11,402,535
Deductible temporary differences on:			
Provision against investments / impairment in value of investments		(872,078)	(1,140,570)
Income not accrued due to non-culmination of financing		(5,573,795)	(4,982,219)
Provision against Islamic financing and related assets		(2,929,609)	(826,762)
Others		(423,707)	(239,492)
		(9,799,189)	(7,189,043)
		<u>2,167,827</u>	<u>4,213,492</u>
21. OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		17,777,855	17,723,633
- payable in foreign currencies		321,050	331,465
Unearned income		3,656,486	3,290,414
Accrued expenses		32,185,529	30,548,977
Current taxation (provision less payments)		34,283,644	26,688,813
Acceptances		16,642,843	15,392,217
Dividend payable (including unclaimed dividend)		15,194,602	864,946
Payable to defined benefit plan		880,268	1,550,202
Credit loss allowance / provision against off-balance sheet obligations	21.1	402,540	55,167
Charity payable		13,005	242
Security deposits against Ijarah		18,756,493	18,946,084
Payable on account of credit murabaha / ijarah / musawammah		370,499	1,060
Security deposits against lockers		213,089	207,865
Mark to market loss on forward foreign exchange commitments - net		-	848,249
Withholding taxes payable		2,272,782	82,892
Workers Welfare Fund payable		10,345,445	9,226,829
Payable under Alternate Delivery Channel		3,996,748	16,978,468
Others		2,765,998	2,473,658
		<u>160,078,876</u>	<u>145,211,181</u>
21.1 Provision against off-balance sheet obligations			
Opening balance		55,167	55,167
Impact of adoption of IFRS 9		269,835	-
Charge for the quarter / year		125,405	-
Reversals for the quarter / year		(47,867)	-
Closing balance		<u>402,540</u>	<u>55,167</u>

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	----- (Rupees in '000) -----	
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Securities measured at FVOCI-Debt	20,944,420	-
Securities measured at FVOCI-Equity	1,602,106	-
Available for sale securities		
- Listed shares	-	4,064,496
- Sukuk	-	17,348,440
	-	21,412,936
Non-banking assets acquired in satisfaction of claims	-	-
	<u>22,546,526</u>	<u>21,412,936</u>
Less: Deferred tax asset / (liability) on		
- Securities measured at FVOCI-Debt	(10,262,766)	-
- Securities measured at FVOCI-Equity	(785,032)	-
- Available for sale securities	-	(10,492,339)
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>(11,047,798)</u>	<u>(10,492,339)</u>
	<u><u>11,498,728</u></u>	<u><u>10,920,597</u></u>

23. CONTINGENCIES AND COMMITMENTS	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
-Guarantees	23.1	71,745,645	67,624,287
-Commitments	23.2	1,270,818,310	1,261,716,514
-Other contingent liabilities	23.3	1,802,000	1,802,000
		1,344,365,955	1,331,142,801
23.1 Guarantees:			
Financial guarantees		30,395	30,395
Performance guarantees		49,965,789	44,956,248
Other guarantees		21,749,461	22,637,644
		71,745,645	67,624,287
23.2 Commitments:			
Documentary letters of credit		217,114,653	235,057,572
Commitments in respect of:			
- forward foreign exchange transactions	23.2.1	288,760,187	281,400,267
Commitments for acquisition of:			
- fixed assets		419,521	599,915
- intangible assets		653,495	526,922
Other commitments	23.2.2	763,870,454	744,131,838
		<u>1,270,818,310</u>	<u>1,261,716,514</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		176,769,288	170,276,350
Sale		111,990,899	111,123,917
		288,760,187	281,400,267
23.2.2 Other Commitments			
Commitments in respect of financing (including irrevocable commitments)		<u>763,870,454</u>	<u>744,131,838</u>

23.3 Other contingent liabilities

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2022. 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 these unconsolidated financial statements 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.

	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
		------(Rupees in '000)-----	
24. PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS			
On financing	24.1	40,164,481	29,541,487
On investments		77,929,824	51,269,983
On deposits / placements with financial institutions		1,051,687	1,141,476
		<u>119,145,992</u>	<u>81,952,946</u>
24.1	The income on Ijarah under IFAS 2 is net of takaful of Rs 443 million (March 31, 2023: Rs 506 million) recovered from customers.		
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
		------(Rupees in '000)-----	
24.2	Profit / return recorded on financial assets measured at:		
- Fair Value through Profit and Loss		49,585	-
- Fair Value through OCI		66,612,815	-
- Amortized Cost		52,483,592	-
		<u>119,145,992</u>	<u>-</u>
	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
		------(Rupees in '000)-----	
25. PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts	25.1	36,523,193	17,634,060
Sub-ordinated Sukuk		1,185,616	936,355
Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan		7,582,111	17,337,563
Other Musharakahs / Mudarabas		5,405,461	4,591,038
Amortisation of lease liability against right-of-use assets		885,479	408,257
		<u>51,581,860</u>	<u>40,907,273</u>
25.1	This includes conversion cost of Rs 715 million (March 31, 2023: conversion credit of Rs 110 million) against foreign currency deposits.		
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
		------(Rupees in '000)-----	
26. FEE AND COMMISSION INCOME			
Trade related fees and commissions		1,240,717	837,522
Commission on guarantees		58,530	55,379
Branch banking customer fees		817,740	581,062
Credit related fees		18,565	22,859
Debit card related fees		2,309,432	1,683,633
Investment banking related fees		160,665	91,214
Commission on cash management		103,190	101,808
Commission on home remittances		46,208	59,487
Others (including wealth management related fees)		293,857	165,145
		<u>5,048,904</u>	<u>3,598,109</u>
	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
		------(Rupees in '000)-----	
27. GAIN / (LOSS) ON SECURITIES			
Realised - net	27.1	60,100	(105,699)
Unrealised - FVTPL / held for trading - net		-	(18)
		<u>60,100</u>	<u>(105,717)</u>

	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
------(Rupees in '000)-----			
27.1 Realised (loss) / gain on:			
Federal Government Securities		60,100	(86,978)
Listed Shares		-	(18,721)
		<u>60,100</u>	<u>(105,699)</u>
27.1.1 Net gain / (loss) on financial assets measured at FVOCI under IFRS 9		60,100	-
Net gain / (loss) on financial assets measured at FVTPL under IFRS 9		-	-
		<u>60,100</u>	<u>-</u>
28. OTHER INCOME			
Gain on termination of Islamic financing		175,649	223,167
Gain on sale of operating fixed assets		150,402	62,715
Others		1,922	1,000
		<u>327,973</u>	<u>286,882</u>
29. OPERATING EXPENSES			
Total compensation expense		12,066,114	8,289,933
Property expense			
Depreciation on right-of-use assets		621,521	726,736
Rent and taxes		49,211	27,040
Utilities cost (including electricity and diesel)		636,291	466,140
Security (including guards)		545,449	324,521
Repair and maintenance (including janitorial charges)		338,694	389,942
Depreciation		311,026	264,851
Others		33,877	8,275
		2,536,069	2,207,505
Information technology expenses			
Software maintenance		569,294	340,582
Hardware maintenance		88,950	117,650
Depreciation		369,548	257,122
Amortisation		154,995	117,196
Network charges		76,437	82,207
		1,259,224	914,757
Other operating expenses			
Stationery and printing (including debit card related cost)		547,281	419,477
Repairs and maintenance		155,744	141,439
Local transportation and car running		466,126	435,472
Depreciation on vehicles, equipment etc.		648,051	424,615
Legal and professional charges		20,376	51,545
NIFT and other clearing charges		91,526	60,904
Marketing, advertisement and publicity		511,849	282,001
Security charges - cash transportation		342,043	220,728
Communication (including courier)		598,663	348,847
Travelling and conveyance		85,000	58,606
Training and Development		27,321	40,587
Donation		1,241	-
Fees, subscription and other charges		173,478	128,909
Brokerage and bank charges		85,465	83,059
Office supplies		177,505	140,429
Entertainment		19,745	18,491
Takaful expense		99,850	38,655
Outsourced services costs		6,707	5,976
Auditors' Remuneration		9,035	4,102
Fees and allowances to Shariah Board		10,643	9,324
Directors' fees and allowances		17,760	18,760
Others		95	570
		4,095,504	2,932,496
		<u>19,956,911</u>	<u>14,344,691</u>

	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
30. OTHER CHARGES		------(Rupees in '000)-----	
Penalties imposed by the State Bank of Pakistan		132,596	2,828
31. CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS - NET			
Net Credit loss allowance / Provision / Reversals against non-performing Islamic financing and related assets - net	10.12	(21,347)	2,053,175
Net Credit loss allowance / Provision / Reversals against diminution in value of investments	9.2	(585,844)	71,769
Net Credit loss allowance against cash and balance with treasury banks		8,202	-
Net Credit loss allowance against balances with other banks		(698)	-
Net Credit loss allowance / provision / reversals against other assets	14.1.1	178,686	6,477
Net Credit loss allowance / provision against off-balance sheet obligations	21.1	77,538	-
Recoveries of written off financings		(680)	(1,534)
		<u>(344,143)</u>	<u>2,129,887</u>
32. TAXATION			
Current	32.1	28,208,486	12,581,978
Deferred		(557,568)	(161,906)
		<u>27,650,918</u>	<u>12,420,072</u>
32.1	Through Finance Act 2022, the effective tax rate on banking companies has been increased and consequently from the year 2022, tax rates has been enhanced to 49% (inclusive of 10% Super Tax) from 43% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognised super tax charge of Rs 5,443 million (Q1 2023: Rs 1,141 million) in the current quarter based on taxable income for the quarter.		
33. BASIC EARNINGS PER SHARE		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Profit for the quarter		25,406,788	15,424,171
		------(Number)-----	
Weighted average number of ordinary shares		<u>1,791,253,200</u>	<u>1,789,624,321</u>
		------(Rupees)-----	
Basic earnings per share		<u>14.18</u>	<u>8.62</u>
34. DILUTED EARNINGS PER SHARE		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Profit for the quarter		25,406,788	15,424,171
		------(Number)-----	
Weighted average number of ordinary shares	34.1	<u>1,799,242,599</u>	<u>1,790,479,468</u>
		------(Rupees)-----	
Diluted earnings per share		<u>14.12</u>	<u>8.61</u>
34.1 Reconciliation of basic and diluted earning per share		------(Number)-----	
Weighted average number of ordinary shares		1,791,253,200	1,789,624,321
Add: Diluted impact of Employee stock option scheme		7,989,399	855,147
Dilutive potential ordinary shares		<u>1,799,242,599</u>	<u>1,790,479,468</u>
35. CASH AND CASH EQUIVALENTS		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Cash and balances with treasury banks	6	231,685,428	175,189,889
Balances with other banks	7	13,380,314	11,104,213
		<u>245,065,742</u>	<u>186,294,102</u>

36. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as Amortized cost, is based on quoted market price. Quoted securities classified as amortized cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of an appropriate valuation model or alternatively break-up value of these investments as per their latest available audited financial statements.

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

36.1 Fair value of financial assets

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

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

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

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

March 31, 2024 (Unaudited)					
Carrying value	Fair value				Total
	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,130,858,593	64,416,750	1,066,441,843	-	1,130,858,593
- Shares	11,111,743	10,503,923	-	607,820	11,111,743
- Non Government Sukuk	120,642,204	119,559,204	1,083,000	-	120,642,204
- Foreign Securities	5,574,340	-	5,574,340	-	5,574,340
	<u>1,268,186,880</u>	<u>194,479,877</u>	<u>1,073,099,183</u>	<u>607,820</u>	<u>1,268,186,880</u>
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	341,736,997	-	307,130,000	-	307,130,000
	<u>341,736,997</u>	<u>-</u>	<u>307,130,000</u>	<u>-</u>	<u>307,130,000</u>
	<u><u>1,609,923,877</u></u>	<u><u>194,479,877</u></u>	<u><u>1,380,229,183</u></u>	<u><u>607,820</u></u>	<u><u>1,575,316,880</u></u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts					
	<u>295,046,198</u>	<u>-</u>	<u>295,046,198</u>	<u>-</u>	<u>295,046,198</u>
December 31, 2023 (Audited)					
Carrying value	Fair value				Total
	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,202,500,730	633,750	1,201,866,980	-	1,202,500,730
- Shares	10,845,690	10,845,690	-	-	10,845,690
- Non Government Sukuk	119,520,856	119,520,856	-	-	119,520,856
- Foreign Securities	5,102,756	-	5,102,756	-	5,102,756
	<u>1,337,970,032</u>	<u>131,000,296</u>	<u>1,206,969,736</u>	<u>-</u>	<u>1,337,970,032</u>
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	216,954,593	-	187,691,000	-	187,691,000
	<u>216,954,593</u>	<u>-</u>	<u>187,691,000</u>	<u>-</u>	<u>187,691,000</u>
	<u><u>1,554,924,625</u></u>	<u><u>131,000,296</u></u>	<u><u>1,394,660,736</u></u>	<u><u>-</u></u>	<u><u>1,525,661,032</u></u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts					
	<u>284,833,586</u>	<u>-</u>	<u>284,833,586</u>	<u>-</u>	<u>284,833,586</u>

36.2 Fair Value of non-financial assets

	March 31, 2024 (Unaudited)				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Non-banking assets acquired in satisfaction of claims	36,320	-	-	36,320	36,320
	<u>36,320</u>	<u>-</u>	<u>-</u>	<u>36,320</u>	<u>36,320</u>

	December 31, 2023 (Audited)				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Non-banking assets acquired in satisfaction of claims	36,320	-	-	36,320	36,320
	<u>36,320</u>	<u>-</u>	<u>-</u>	<u>36,320</u>	<u>36,320</u>

Non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Sukuk	The fair value of GoP sukuk listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other 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.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.
Unquoted Equity Securities	Dividend discount model using a constant dividend stream and terminal value (if determinable). For unquoted equity securities, where no reliable data is available, break-up value determined on the basis of NAV of the company using the latest available audited financial statements

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 quarter.

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 stated in note 6.3.2 to the 2023 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.

37. SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

	2024					Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	
	(Rupees in '000)					
Profit and loss account for the quarter ended March 31, 2024 (Unaudited)						
External funded revenue	38,452,457	2,613,360	78,080,175	-	-	119,145,992
External non funded revenue	1,539,225	1,235,024	980,678	2,602,627	-	6,357,554
Inter segment revenue - net	-	110,564,239	-	-	(110,564,239)	-
Total Income	39,991,682	114,412,623	79,060,853	2,602,627	(110,564,239)	125,503,546
External cost of funds	3,865,200	37,611,447	10,105,213	-	-	51,581,860
Segment direct expenses	608,729	19,327,372	245,191	1,026,831	-	21,208,123
Inter segment expense allocation	33,106,873	-	77,393,431	63,935	(110,564,239)	-
Total expenses	37,580,802	56,938,819	87,743,835	1,090,766	(110,564,239)	72,789,983
Net ECL / Provisions / (Reversals) and write offs - net	202,498	(65,877)	(662,781)	182,017	-	(344,143)
Profit before tax	2,208,382	57,539,681	(8,020,201)	1,329,844	-	53,057,706
Statement of financial position as at March 31, 2024 (Unaudited)						
Cash and bank balances	2,052,169	239,538,670	-	3,474,903	-	245,065,742
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	13,955,984	-	1,612,336,197	-	-	1,626,292,181
Net inter segment lending	-	2,095,685,794	-	-	(2,095,685,794)	-
Islamic financings and related assets - net	807,853,495	88,701,809	-	-	-	896,555,304
Others	41,899,655	72,136,061	118,285,039	7,456,689	-	239,777,444
Total Assets	865,761,303	2,496,062,334	1,765,585,535	10,931,592	(2,095,685,794)	3,042,654,970
Due to financial institutions	131,411,978	10,901,309	190,525,998	-	-	332,839,285
Deposits and other accounts	-	2,270,071,554	-	-	-	2,270,071,554
Subordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	629,195,809	-	1,461,361,628	5,128,357	(2,095,685,794)	-
Others	28,795,411	189,484,157	783,270	5,104,126	-	224,166,964
Total liabilities	810,393,198	2,470,457,020	1,652,670,896	10,232,483	(2,095,685,794)	2,848,067,803
Equity	55,368,105	25,605,314	112,914,639	699,109	-	194,587,167
Total Equity and liabilities	865,761,303	2,496,062,334	1,765,585,535	10,931,592	(2,095,685,794)	3,042,654,970
Contingencies and Commitments	952,373,747	103,232,021	288,760,187	-	-	1,344,365,955
	2023					
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000)					
Profit and loss account for the quarter ended March 31, 2023 (Unaudited)						
External funded revenue	32,896,572	2,154,282	46,902,092	-	-	81,952,946
External non funded revenue	1,069,633	907,871	39,977	1,848,003	-	3,865,484
Inter segment revenue - net	-	66,177,683	-	93,273	(66,270,956)	-
Total Income	33,966,205	69,239,836	46,942,069	1,941,276	(66,270,956)	85,818,430
External cost of funds	2,582,921	18,235,538	20,088,814	-	-	40,907,273
Segment direct expenses	380,144	13,629,839	181,344	745,700	-	14,937,027
Inter segment expense allocation	29,001,815	-	37,269,141	-	(66,270,956)	-
Total expenses	31,964,880	31,865,377	57,539,299	745,700	(66,270,956)	55,844,300
Provisions and write offs - net	2,030,609	22,502	71,769	5,007	-	2,129,887
Profit before tax	(29,284)	37,351,957	(10,668,999)	1,190,569	-	27,844,243
Statement of financial position as at December 31, 2023 (Audited)						
Cash and bank balances	2,416,860	244,475,948	-	7,171,004	-	254,063,812
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	16,004,402	-	1,556,383,218	-	-	1,572,387,620
Net inter segment lending	-	2,010,062,419	-	7,500,761	(2,017,563,180)	-
Islamic financings and related assets - net	872,356,169	89,316,843	-	-	-	961,673,012
Others	46,375,068	68,610,791	70,660,404	3,373,751	-	189,020,014
Total Assets	937,152,499	2,412,466,001	1,662,007,921	18,045,516	(2,017,563,180)	3,012,108,757
Due to financial institutions	140,798,856	5,696,799	230,998,957	-	-	377,494,612
Deposits and other accounts	-	2,217,473,924	-	-	-	2,217,473,924
Subordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	691,084,684	-	1,326,478,496	-	(2,017,563,180)	-
Others	26,748,984	164,592,502	2,503,024	17,398,194	-	211,242,704
Total liabilities	879,622,524	2,387,763,225	1,559,980,477	17,398,194	(2,017,563,180)	2,827,201,240
Equity	57,529,975	24,702,776	102,027,444	647,322	-	184,907,517
Total Equity and liabilities	937,152,499	2,412,466,001	1,662,007,921	18,045,516	(2,017,563,180)	3,012,108,757
Contingencies and Commitments	946,041,322	103,701,212	281,400,267	-	-	1,331,142,801

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	(Rupees in '000)											
Deposits	8,520,625	6,588,811	1,058,081	53,388	6,495,016	5,521,325	172,918	167,014	161,051	176,832	633,559	670,252
Other Assets												
Profit receivable on financing / investments / placements	2,830,279	1,076,495	-	-	2,830,244	1,076,459	-	-	35	36	-	-
Fee and Other Receivable	222,096	113,922	120,879	83,405	101,217	28,800	-	-	-	-	-	1,717
Provision against ECL	3,617	-	22	-	3,584	-	-	-	11	-	-	-
Due to financial institutions												
At January 1,	-	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-
Addition during the quarter / year	57,800,000	157,050,000	-	-	57,800,000	157,050,000	-	-	-	-	-	-
Repayment / redemption / deletion during the quarter / year	(57,800,000)	(175,050,000)	-	-	(57,800,000)	(175,050,000)	-	-	-	-	-	-
At December 31	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated Sukuk												
At January 1,	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
Addition during the quarter / year	-	200,000	-	-	-	200,000	-	-	-	-	-	-
Repayment / redemption / deletion during the quarter / year	-	(200,000)	-	-	-	(200,000)	-	-	-	-	-	-
At December 31	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	880,268	1,550,202	-	-	-	-	-	-	693,801	663,573	186,467	886,629
Accrued Expenses	17,367	11,717	6,707	6,707	-	-	10,660	5,010	-	-	-	-
Unearned Income	4,505	4,534	-	-	4,505	4,534	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	1,625	81,444	-	-	1,625	81,444	-	-	-	-	-	-
Letters of Guarantee (unfunded)	916,376	1,175,557	100	100	916,276	1,175,457	-	-	-	-	-	-

Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)

(Rupees in '000)

Transactions, income and expenses

Profit earned on financing / investments / placements	1,790,505	1,123,347	-	-	1,789,423	1,123,347	-	-	1,082	-	-	-
Fees and other income earned	289,872	174,659	110,461	38,180	179,303	136,355	1	10	67	73	40	41
Dividend income earned	260,000	130,000	260,000	130,000	-	-	-	-	-	-	-	-
Return on deposits / acceptance expensed	416,253	870,492	2,596	1,195	389,896	854,290	1,130	674	4,370	1,672	18,261	12,661
Charge for defined benefit plan	186,467	146,633	-	-	-	-	-	-	-	-	186,467	146,633
Contribution to defined contribution plan	175,863	137,797	-	-	-	-	-	-	-	-	175,863	137,797
Contribution to staff benevolent fund	68,712	5,407	-	-	-	-	-	-	-	-	68,712	5,407
ECL charge / (reversals) - including recognized in unappropriated profit	3,617	-	22	-	3,584	-	-	-	11	-	-	-
Fees expensed	7,281	6,362	6,707	5,976	574	386	-	-	-	-	-	-
Recovery of expenses	32,474	-	32,474	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	32,845	41,737	-	-	32,845	41,737	-	-	-	-	-	-
Remuneration to key management personnel	97,952	75,487	-	-	-	-	-	-	97,952	75,487	-	-
Fee to non-executive directors	17,760	18,760	-	-	-	-	17,760	18,760	-	-	-	-

39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	------(Rupees in '000)-----	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	17,912,532	17,912,532
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	180,749,513	171,598,930
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	187,749,513	178,598,930
Eligible Tier 2 Capital	32,879,063	32,640,088
Total Eligible Capital (Tier 1 + Tier 2)	220,628,576	211,239,018
Risk weighted assets (RWAs):		
Credit Risk	591,226,823	618,359,310
Market Risk	28,842,665	29,240,708
Operational Risk	296,043,878	296,043,878
Total	916,113,366	943,643,896
Common Equity Tier 1 Capital Adequacy ratio	19.73%	18.18%
Tier 1 Capital Adequacy Ratio	20.49%	18.93%
Total Capital Adequacy Ratio	24.08%	22.39%
Leverage ratio (LR):		
Tier-1 Capital	187,749,513	178,598,930
Total Exposures	3,416,903,582	3,406,288,360
Leverage Ratio	5.49%	5.24%
Liquidity coverage ratio (LCR):		
Total High Quality Liquid Assets	1,274,869,394	1,002,019,479
Total Net Cash Outflow	396,700,283	354,386,339
Liquidity Coverage Ratio	321%	283%
Net stable funding ratio (NSFR):		
Total Available Stable Funding	2,245,314,887	2,161,583,994
Total Required Stable Funding	1,167,217,498	1,049,256,515
Net Stable Funding Ratio	192%	206%

40. RECLASSIFICATIONS

As a result of change in forms for the preparation of condensed interim financial information issued by SBP as referred in note 3.2.2 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	December 31, 2023 (Rupees in '000) Aggregate
Property and equipment	Right-of-use assets	<u>19,571,852</u>
Other liabilities	Lease liability against right-of-use assets	<u>22,093,855</u>

41. NON-ADJUSTING EVENT

The Board of Directors in their meeting held on April 18, 2024 has announced interim cash dividend of Rs 7 per share (70%). This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the quarter end.

42. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue on April 18, 2024 by the Board of Directors of the Bank.

 Chairman

 President and
Chief Executive

 Director

 Director

 Chief Financial Officer



MEEZAN BANK LIMITED

**CONSOLIDATED FINANCIAL STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2024**

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.



MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	------(Rupees in '000)-----	
ASSETS		
Cash and balances with treasury banks	231,686,134	242,612,195
Balances with other banks	13,382,740	11,458,281
Due from financial institutions	34,964,299	34,964,299
Investments	1,631,486,026	1,578,341,536
Islamic financing and related assets	896,555,304	961,673,012
Property and equipment	42,154,806	39,295,656
Right-of-use assets	19,824,102	19,867,043
Intangible assets	2,271,258	2,370,686
Deferred tax asset	-	-
Other assets	176,820,835	128,733,444
Total Assets	3,049,145,504	3,019,316,152
LIABILITIES		
Bills payable	39,338,264	39,724,176
Due to financial institutions	332,839,285	377,494,612
Deposits and other accounts	2,269,013,473	2,217,420,536
Lease liability against right-of-use assets	22,891,376	22,412,164
Sub-ordinated sukuk	20,990,000	20,990,000
Deferred tax liabilities	2,928,413	4,881,310
Other liabilities	161,450,272	146,376,085
Total Liabilities	2,849,451,083	2,829,298,883
NET ASSETS	199,694,421	190,017,269
REPRESENTED BY		
Share capital	17,912,532	17,912,532
Reserves	39,756,006	37,106,473
Surplus / (deficit) on revaluation of assets - net of tax	11,498,728	10,920,597
Unappropriated profit	128,993,656	122,528,058
	<u>198,160,922</u>	<u>188,467,660</u>
NON-CONTROLLING INTEREST	1,533,499	1,549,609
	<u>199,694,421</u>	<u>190,017,269</u>

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

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Quarter ended March 31, 2024	Quarter ended March 31, 2023
	-----Rupees in '000-----	
Profit / return earned on Islamic financing and related assets, investments and placements	119,145,320	81,988,469
Profit on deposits and other dues expensed	51,588,995	40,920,804
Net profit / return	<u>67,556,325</u>	<u>41,067,665</u>
OTHER INCOME		
Fee and commission income	5,914,978	4,044,864
Dividend income	182,647	111,252
Foreign Exchange (Loss) / Income	477,930	(155,042)
Gain / (loss) on securities	60,100	(92,060)
Net gains on derecognition of financial assets measured at amortised cost	-	-
Other income	329,270	286,674
Total other income	<u>6,964,925</u>	<u>4,195,688</u>
Total income	<u>74,521,250</u>	<u>45,263,353</u>
OTHER EXPENSES		
Operating expenses	20,598,165	14,519,265
Workers Welfare Fund	1,128,469	595,835
Other charges	132,596	2,828
Total other expenses	<u>21,859,230</u>	<u>15,117,928</u>
	<u>52,662,020</u>	<u>30,145,425</u>
Share of profit of associates	374,589	26,463
Profit before credit loss allowance / provisions	<u>53,036,609</u>	<u>30,171,888</u>
Credit loss allowance / provisions and write offs - net	(344,143)	2,129,887
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>53,380,752</u>	<u>28,042,001</u>
Taxation	27,836,462	12,515,818
PROFIT AFTER TAXATION	<u>25,544,290</u>	<u>15,526,183</u>
Attributable to:		
Shareholders of the Holding company	25,420,400	15,446,339
Non-controlling interest	123,890	79,844
	<u>25,544,290</u>	<u>15,526,183</u>
	Rupees	
Basic earnings per share	<u>14.19</u>	<u>8.63</u>
Diluted earnings per share	<u>14.13</u>	<u>8.63</u>

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

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Quarter ended March 31, 2024	Quarter ended March 31, 2023
-----Rupees in '000-----		
Profit after taxation for the quarter attributable to:		
Shareholders of the Holding company	25,420,400	15,446,339
Non-controlling interest	123,890	79,844
	25,544,290	15,526,183
Other Comprehensive Income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(1,764,434)	-
- Gain on derecognition of Debt investments at FVOCI – reclassified to profit or loss - net of tax	(30,651)	-
- Movement in deficit on revaluation of available for sale investments - net of tax	-	(3,063,854)
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of equity investments through FVOCI - net of tax	17,795	-
- Gain on sale of equity shares - FVOCI	61,393	-
	23,828,393	12,462,329
Other Comprehensive income for the quarter		
Attributable to:		
Shareholders of the Holding company	23,704,503	12,382,485
Non-controlling interest	123,890	79,844
	23,828,393	12,462,329

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

Chairman	President & Chief Executive	Director	Director	Chief Financial Officer
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MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

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	Share capital	Share Premium	Capital reserves			Revenue reserves	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
			Statutory reserve *	Non Distributable Capital Reserve - Gain on	Employee share option compensation reserve	General reserve		Investments	Non-banking assets		
(Rupees in '000)											
Balance as at January 1, 2023	17,896,243	2,406,571	22,169,518	3,117,547	427,419	91,082	72,485,599	(666,349)	2,678	1,204,382	119,134,690
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	15,446,339	-	-	79,844	15,526,183
Other Comprehensive loss for the quarter ended March 31, 2023 - net of tax											
- Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)
Total other comprehensive income - net of tax	-	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	3	-	(3)	-	-
Recognition of share based compensation	-	-	-	-	85,366	-	-	-	-	-	85,366
Other appropriations											
Transfer to statutory reserve*	-	-	1,542,417	-	-	-	(1,542,417)	-	-	-	-
Transactions with owners recognised directly in equity											
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	(5,368,873)	-	-	-	(5,368,873)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Balance as at March 31, 2023	17,896,243	2,406,571	23,711,935	3,117,547	512,785	91,082	81,020,651	(3,730,203)	2,675	1,214,226	126,243,512
Profit after taxation for the nine months period end December 31, 2023	-	-	-	-	-	-	69,984,211	-	-	512,742	70,496,953
Other Comprehensive income / (loss) for the nine months period ended December 31, 2023 - net of tax											
- Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	14,650,800	-	-	14,650,800
- Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	(127,890)	-	-	(2,359)	(130,249)
- Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(2,674)	-	(2,674)
Total other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(127,890)	14,650,800	(2,674)	(2,359)	14,517,877
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	1	-	(1)	-	-
Recognition of share based compensation	-	-	-	-	324,380	-	-	-	-	-	324,380
Other appropriations											
Transfer to statutory reserve*	-	-	6,905,147	-	-	-	(6,905,147)	-	-	-	-
Transactions with owners recognised directly in equity											
First Interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	(5,368,873)	-	-	-	(5,368,873)
Second Interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	(7,165,013)	-	-	-	(7,165,013)
Third interim cash dividend for the year 2023 @ Rs. 5 per share	-	-	-	-	-	-	(8,956,266)	-	-	-	(8,956,266)
	-	-	-	-	-	-	(21,490,152)	-	-	-	(21,490,152)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(175,000)	(175,000)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	219,870	-	-	(182,844)	-	46,384	-	-	-	99,699
Balance as at December 31, 2023	17,912,532	2,626,441	30,617,082	3,117,547	654,321	91,082	122,528,058	10,920,597	-	1,549,609	190,017,269
Impact of adoption of IFRS 9 - net of tax (Note 1.4)	-	-	-	-	-	-	(2,145,490)	2,355,421	-	-	209,931
Profit after taxation for the quarter ended March 31, 2024	-	-	-	-	-	-	25,420,400	-	-	123,890	25,544,290
Other Comprehensive loss for the quarter ended March 31, 2024 - net of tax											
- Movement in deficit on revaluation of investments in debt instruments at FVOCI - net of tax	-	-	-	-	-	-	-	(1,764,434)	-	-	(1,764,434)
- Gain on derecognition of Debt investments at FVOCI - reclassified to profit or loss - net of tax	-	-	-	-	-	-	-	(30,651)	-	-	(30,651)
- Movement in surplus on revaluation of investments in equity instruments at FVOCI - net of tax	-	-	-	-	-	-	61,393	17,795	-	-	79,188
Total other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	61,393	(1,777,290)	-	-	(1,715,897)
Recognition of share based compensation	-	-	-	-	108,854	-	-	-	-	-	108,854
Other appropriations											
Transfer to statutory reserve*	-	-	2,540,679	-	-	-	(2,540,679)	-	-	-	-
Transactions with owners recognised directly in equity											
Final cash dividend for the year 2023 @ Rs 8 per share	-	-	-	-	-	-	(14,330,026)	-	-	-	(14,330,026)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Balance as at March 31, 2024	17,912,532	2,626,441	33,157,761	3,117,547	763,175	91,082	128,993,656	11,498,728	-	1,533,499	199,694,421

*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 this condensed interim consolidated financial information.

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Quarter ended March 31, 2024	Quarter ended March 31, 2023
------(Rupees in '000)-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	53,380,752	27,816,909
Less: Dividend income	(182,647)	(111,252)
	<u>53,198,105</u>	<u>27,705,657</u>
Adjustments for non-cash charges and other items:		
Depreciation	1,350,305	960,218
Net profit / return	(68,451,535)	(41,490,648)
Amortization	165,435	123,527
Non cash items related to right-of-use assets	1,536,943	1,167,773
Credit loss allowance / provisions / reversals and write offs - net	(344,143)	2,405,963
Share based compensation expense	108,854	85,366
Gain on sale of operating fixed assets	(151,061)	(64,296)
Share of results of associates	(374,589)	(26,463)
	<u>(66,159,791)</u>	<u>(36,838,560)</u>
	(12,961,686)	(9,132,903)
(Increase) / decrease in operating assets		
Due from financial institutions	-	-
Islamic financing and related assets	61,134,897	(31,012,421)
Other assets	(5,982,221)	(6,664,938)
	<u>55,152,676</u>	<u>(37,677,359)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(385,912)	(266,849)
Due to financial institutions	(44,655,327)	27,964,041
Deposits and other accounts	51,592,937	132,703,315
Other liabilities	(5,981,387)	(45,486,335)
	<u>570,311</u>	<u>114,914,172</u>
	42,761,301	68,103,910
Net profit / return received	76,818,879	43,115,413
Net profit / return paid	(51,545,188)	(37,421,330)
Income tax paid	(20,770,278)	(12,315,364)
Net cash generated from operating activities	<u>47,264,714</u>	<u>61,482,629</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(51,125,572)	(3,642,827)
Dividends received	182,647	72,557
Investments in operating fixed assets	(4,306,077)	(2,002,753)
Investments in intangible assets	(66,007)	(103,823)
Proceeds from sale of fixed assets	247,683	106,068
Net cash used in investing activities	<u>(55,067,326)</u>	<u>(5,570,778)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,014,789)	(959,445)
Dividend paid to equity shareholders of the Bank	(370)	(409)
Dividend paid to non-controlling interest	(140,000)	(70,000)
Net cash used in financing activities	<u>(1,155,159)</u>	<u>(1,029,854)</u>
Increase / (decrease) in cash and cash equivalents	(8,957,771)	54,881,997
ECL impact of adoption of IFRS 9 on cash and cash equivalents	(43,831)	-
Cash and cash equivalents at the beginning of the quarter	254,070,476	131,454,425
Cash and cash equivalents at the end of the quarter	<u>245,068,874</u>	<u>186,336,422</u>

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

Chairman	President & Chief Executive	Director	Director	Chief Financial Officer
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MEEZAN BANK LIMITED
NOTES TO AND FORMING PART OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

1 BASIS OF PRESENTATION

1.1 This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company), Al-Meezan Investment Management Limited (the subsidiary) and Meezan Exchange Company (Private) Limited (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, Meezan Paidar Munafa Plan and Meezan GOKP Pension Fund.

1.2 This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

1.3 This condensed interim consolidated financial information comprise of the statement of financial position as at March 31, 2024 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended March 31, 2024.

1.4 Adoption of new forms for the preparation of condensed interim financial information

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2024 (previously January 01, 2023). The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim consolidated financial information.

1.4.1 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 7 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 (previously January 01, 2023) for banks having asset base of more than Rs 500 billion as at December 31, 2022. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard in the banks. The Group has adopted IFRS 9 effective from January 01, 2024.

2 ACCOUNTING POLICIES

2.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2023.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorized for issue on April 18, 2024 by the Board of Directors of the Holding company.

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer