



Meezan Bank
The Premier Islamic Bank



FORM-7

October 19, 2023

MEBL/CS/PSX-18/129/2023

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

Dear Sir,

السَّلَامُ عَلَيْكُمْ

FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2023

We have to inform you that the Board of Directors of our Bank in their meeting held on October 19, 2023 at 9:30 a.m. (PST) at Karachi, Pakistan, recommended the following

i. CASH DIVIDEND

An interim Cash Dividend for the quarter ended nine months ended September 30, 2023 at **Rs. 5/-** per share i.e. **50%**. This is in addition to interim Dividend(s) already paid at **Rs. 7/-** per share i.e. **70%**.

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-----



Reference: Letter No. MEBL/CS/PSX-18/129/2023 dated October 19, 2023

The unconsolidated and consolidated financial results of the Bank for the quarter and nine months period ended **September 30, 2023** 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 **October 31, 2023**.

The Share Transfer Books of the Bank will be closed from **November 1, 2023 to November 3, 2023** (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 **October 31, 2023** will be treated in time for the purpose of above entitlement to the transferees.

The Quarterly Report of the Bank for the quarter and nine months period ended **September 30, 2023** 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 AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Quarter ended September 30, 2023	Nine months period ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2022
------(Rupees in '000)-----					
Profit / return earned on Islamic financing and related assets, investments and placements	22	120,831,793	303,816,525	65,582,358	153,878,806
Profit / return on deposits and other dues expensed	23	56,764,877	149,171,412	33,855,422	76,729,876
Net profit / return		64,066,916	154,645,113	31,726,936	77,148,930
OTHER INCOME					
Fee and commission income	24	4,603,452	12,388,468	3,438,653	9,600,144
Dividend income		129,467	587,931	128,466	552,119
Foreign exchange income		1,575,301	2,116,102	734,743	3,866,649
(Loss) / gain on securities	25	(526,272)	(901,785)	(104,612)	76,999
Other income	26	410,794	977,606	190,759	950,300
Total other income		6,192,742	15,168,322	4,388,009	15,046,211
Total income		70,259,658	169,813,435	36,114,945	92,195,141
OTHER EXPENSES					
Operating expenses	27	18,453,489	48,241,778	12,279,116	32,744,892
Workers welfare fund		1,050,119	2,535,151	506,021	1,242,851
Other charges	28	3,545	55,825	83,091	89,024
Total other expenses		19,507,153	50,832,754	12,868,228	34,076,767
Profit before provisions		50,752,505	118,980,681	23,246,717	58,118,374
Provisions and write offs - net	29	781,825	4,415,969	545,866	1,735,254
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		49,970,680	114,564,712	22,700,851	56,383,120
Taxation	30	24,519,266	56,527,651	11,223,605	27,786,725
PROFIT AFTER TAXATION		25,451,414	58,037,061	11,477,246	28,596,395
------(Rupees)-----					
Basic earnings per share	31	14.21	32.42	6.41	15.98
Diluted earnings per share	32	14.20	32.39	6.41	15.97

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer



MUHAMMAD SOHAIL KHAN
Company Secretary
MEEZAN BANK LIMITED



MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Quarter ended September 30, 2023	Nine months period ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2022
------(Rupees in '000)-----				
Profit / return earned on Islamic financing and related assets, investments and placements	120,855,921	303,901,959	65,609,619	153,971,541
Profit on deposits and other dues expensed	56,770,434	149,198,197	33,858,093	76,735,665
Net profit / return	64,085,487	154,703,762	31,751,526	77,235,876
OTHER INCOME				
Fee and commission income	5,214,869	13,820,110	3,805,903	10,620,348
Dividend income	113,467	440,773	128,467	421,564
Foreign exchange income	1,575,301	2,116,102	734,743	3,866,649
(Loss) / gain on securities	(526,162)	(866,972)	(89,129)	27,320
Other income	411,502	982,871	191,300	951,235
Total other income	6,788,977	16,492,884	4,771,284	15,887,116
Total income	70,874,464	171,196,646	36,522,810	93,122,992
OTHER EXPENSES				
Operating expenses	18,683,592	48,724,859	12,436,789	33,177,242
Workers Welfare Fund	1,062,812	2,562,585	511,288	1,255,173
Other charges	3,545	55,825	83,091	89,024
Total other expenses	19,749,949	51,343,269	13,031,168	34,521,439
	51,124,515	119,853,377	23,491,642	58,601,553
Share of results of associates before taxation	380,580	490,821	(23,554)	(130,129)
Profit before provisions	51,505,095	120,344,198	23,468,088	58,471,424
Provisions and write offs - net	781,915	4,416,289	545,866	1,735,254
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	50,723,180	115,927,909	22,922,222	56,736,170
Taxation	24,727,801	57,020,524	11,303,042	27,979,938
PROFIT AFTER TAXATION	25,995,379	58,907,385	11,619,180	28,756,232
Attributable to:				
Shareholders of the Holding company	25,828,291	58,571,067	11,568,768	28,621,418
Non-controlling interest	167,088	336,318	50,412	134,814
	25,995,379	58,907,385	11,619,180	28,756,232
------(Rupees)-----				
Basic earnings per share	14.43	32.72	6.46	15.99
Diluted earnings per share	14.42	32.69	6.46	15.99

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

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer



MUHAMMAD SOHAIL KHAN
Company Secretary
MEEZAN BANK LIMITED

Annexure C



MEEZAN BANK LIMITED
FINANCIAL STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2023





MEEZAN BANK LIMITED

**UNCONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**



MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks	6	187,840,849	117,743,106
Balances with other banks	7	11,749,670	13,676,159
Due from financial institutions	8	34,964,299	34,964,299
Investments	9	1,550,599,951	1,283,210,287
Islamic financing and related assets	10	929,060,571	995,508,354
Fixed assets	11	45,501,842	40,426,520
Intangible assets	12	1,861,276	1,843,984
Deferred tax assets	13	9,903,498	4,646,002
Other assets	14	169,898,012	85,378,800
		2,941,379,968	2,577,397,511
LIABILITIES			
Bills payable	15	41,913,696	40,175,122
Due to financial institutions	16	559,896,268	573,326,439
Deposits and other accounts	17	2,010,356,025	1,658,490,118
Sub-ordinated sukuks	18	20,990,000	20,990,000
Deferred tax liabilities		-	-
Other liabilities	19	154,080,239	169,095,139
		2,787,236,228	2,462,076,818
NET ASSETS		<u>154,143,740</u>	<u>115,320,693</u>
REPRESENTED BY			
Share capital	32.2	17,912,532	17,896,243
Reserves		34,323,799	28,187,821
Deficit on revaluation of assets - net of tax	20	(2,369,875)	(663,671)
Unappropriated profit		104,277,284	69,900,300
		<u>154,143,740</u>	<u>115,320,693</u>
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Quarter ended September 30, 2023	Nine months period ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2022
------(Rupees in '000)-----					
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Profit / return on deposits and other dues expensed	23	56,764,877	149,171,412	33,855,422	76,729,876
Net profit / return		64,066,916	154,645,113	31,726,936	77,148,930
OTHER INCOME					
Fee and commission income	24	4,603,452	12,388,468	3,438,653	9,600,144
Dividend income		129,467	587,931	128,466	552,119
Foreign exchange income		1,575,301	2,116,102	734,743	3,866,649
(Loss) / gain on securities	25	(526,272)	(901,785)	(104,612)	76,999
Other income	26	410,794	977,606	190,759	950,300
Total other income		6,192,742	15,168,322	4,388,009	15,046,211
Total income		70,259,658	169,813,435	36,114,945	92,195,141
OTHER EXPENSES					
Operating expenses	27	18,453,489	48,241,778	12,279,116	32,744,892
Workers welfare fund		1,050,119	2,535,151	506,021	1,242,851
Other charges	28	3,545	55,825	83,091	89,024
Total other expenses		19,507,153	50,832,754	12,868,228	34,076,767
Profit before provisions		50,752,505	118,980,681	23,246,717	58,118,374
Provisions and write offs - net	29	781,825	4,415,969	545,866	1,735,254
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		49,970,680	114,564,712	22,700,851	56,383,120
Taxation	30	24,519,266	56,527,651	11,223,605	27,786,725
PROFIT AFTER TAXATION		25,451,414	58,037,061	11,477,246	28,596,395
------(Rupees)-----					
Basic earnings per share	31	14.21	32.42	6.41	15.98
Diluted earnings per share	32	14.20	32.39	6.41	15.97

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Quarter ended September 30, 2023	Nine months period ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2022
------(Rupees in '000)-----					
Profit after taxation for the period		25,451,414	58,037,061	11,477,246	28,596,395
Other comprehensive income					
Items that may be reclassified to profit and loss account in subsequent periods:					
- Movement in (deficit) / surplus on revaluation of available for sale investments - net of tax	20	(820,697)	(1,705,919)	1,434,095	(3,431,385)
Items that will not be reclassified to profit and loss account in subsequent periods:					
- Movement in deficit on revaluation of non - banking assets - net of tax	20	-	(281)	-	(1,544)
Total Comprehensive Income for the period		<u>24,630,717</u>	<u>56,330,861</u>	<u>12,911,341</u>	<u>25,163,466</u>

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

Chairman

**President and
Chief Executive**

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Share capital	Advance against issue of shares	Capital reserves				Revenue reserves	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Share premium	Statutory reserve*	Non Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking Assets		
(Rupees in '000)											
Balance as at January 01, 2022 (Audited)	16,269,312	-	2,406,571	17,668,857	3,117,547	133,457	66,766	4,040,077	23,533	42,831,655	86,557,775
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	-	-	-	-	-	-	28,596,395	28,596,395
Other Comprehensive loss for the nine months period ended September 30, 2022 - net of tax											
- Movement in (deficit) / surplus on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(3,431,385)	-	-	(3,431,385)
- Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(1,544)	-	(1,544)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(3,431,385)	(1,544)	-	(3,432,929)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(39)	39	-
Recognition of share based compensation	-	-	-	-	-	208,596	-	-	-	-	208,596
Other appropriations											
Transfer to statutory reserve*	-	-	-	2,859,640	-	-	-	-	-	(2,859,640)	-
Transactions with owners recognised directly in equity											
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	-	(1,626,931)	-
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)
First Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
Second Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
	-	-	-	-	-	-	-	-	-	(8,134,657)	(8,134,657)
Balance as at September 30, 2022 (Unaudited)	17,896,243	-	2,406,571	20,528,497	3,117,547	342,053	66,766	608,692	21,950	58,806,861	103,795,180
Profit after taxation for the quarter ended December 31, 2022	-	-	-	-	-	-	-	-	-	16,410,215	16,410,215
Other Comprehensive loss for the quarter ended December 31, 2022 - net of tax											
- Movement in (deficit) / surplus on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(1,275,041)	-	-	(1,275,041)
- Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(96,555)	(96,555)
- Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(19,224)	-	(19,224)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(1,275,041)	(19,224)	(96,555)	(1,390,820)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(48)	48	-
Recognition of share based compensation	-	-	-	-	-	85,366	-	-	-	-	85,366
Other appropriations											
Transfer to statutory reserve*	-	-	-	1,641,021	-	-	-	-	-	(1,641,021)	-
Transactions with owners recognised directly in equity											
Third interim cash dividend for the year 2022 @ Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,579,248)	(3,579,248)
Balance as at December 31, 2022 (Audited)	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

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	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, 2022 (Audited)	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 nine months period ended September 30, 2023	-	-	-	-	-	-	-	-	58,037,061	58,037,061
Other Comprehensive loss for the nine months period ended September 30, 2023 - net of tax										
- Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	(1,705,919)	-	-	(1,705,919)
- Movement in surplus / (deficit) on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	(281)	-	(281)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	(1,705,919)	(281)	-	(1,706,200)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(4)	4	-
Recognition of share based compensation	-	-	-	-	295,246	-	-	-	-	295,246
Other appropriations										
Transfer to statutory reserve*	-	-	5,803,706	-	-	-	-	-	(5,803,706)	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)
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)
	-	-	-	-	-	-	-	-	(17,902,759)	(17,902,759)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	214,225	-	-	(177,199)	-	-	-	46,384	99,699
Balance as at September 30, 2023 (Unaudited)	17,912,532	2,620,796	27,973,224	3,117,547	545,466	66,766	(2,372,268)	2,393	104,277,284	154,143,740

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

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Nine months period ended September 30, 2023	Nine months period ended September 30, 2022
------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		114,564,712	56,383,120
Less: Dividend income		(587,931)	(552,119)
		<u>113,976,781</u>	<u>55,831,001</u>
Adjustments:			
Depreciation	27	3,068,908	2,219,330
Amortisation	27	375,521	328,697
Non cash items related to right-of-use assets	23 & 27	3,280,017	3,230,394
Provisions and write offs - net	29	4,415,969	1,735,254
Share based compensation expense		295,246	208,596
Unrealised loss - held for trading	25	18	-
Gain on sale of property and equipment	26	(317,223)	(170,862)
		<u>11,118,456</u>	<u>7,551,409</u>
		<u>125,095,237</u>	<u>63,382,410</u>
(Increase) / decrease in operating assets			
Due from financial institutions		-	202,437,338
Islamic financings and related assets		61,531,975	(95,327,620)
Other assets		(84,499,588)	(40,675,142)
		<u>(22,967,613)</u>	<u>66,434,576</u>
Increase in operating liabilities			
Bills payable		1,738,574	6,497,094
Due to financial institutions		(13,430,171)	284,893,273
Deposits and other accounts		351,865,907	202,029,903
Other liabilities		(24,001,638)	21,208,229
		<u>316,172,672</u>	<u>514,628,499</u>
		<u>418,300,296</u>	<u>644,445,485</u>
Income tax paid		(48,123,549)	(18,861,458)
Net cash generated from operating activities		<u>370,176,747</u>	<u>625,584,027</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(270,534,472)	(489,138,767)
Net redemption / (investments) in held to maturity securities		189,725	(140,585,095)
Net redemption in held for trading securities		2,470	-
Dividends received		538,270	506,872
Investments in property and equipment		(10,215,099)	(8,968,183)
Investments in intangible assets		(382,177)	(624,431)
Proceeds from sale of property and equipment		458,759	296,573
Net cash used in investing activities		<u>(279,942,524)</u>	<u>(638,513,031)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(2,729,332)	(2,598,286)
Proceed against issue of shares		99,699	-
Dividend paid		(19,433,336)	(5,792,602)
Net cash used in financing activities		<u>(22,062,969)</u>	<u>(8,390,888)</u>
Increase / (decrease) in cash and cash equivalents			
		<u>68,171,254</u>	<u>(21,319,892)</u>
Cash and cash equivalents at the beginning of the period		131,419,265	186,920,734
Cash and cash equivalents at the end of the period	33	<u>199,590,519</u>	<u>165,600,842</u>

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

Chairman

President and
Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through nine hundred and eighty three branches as at September 30, 2023 (December 31, 2022: nine hundred and sixty two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE,
- 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 condensed interim 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** These condensed interim unconsolidated financial statements (here-in-after referred to as "financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, 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 IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

- 3.2** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual unconsolidated financial statements for the year ended December 31, 2022.

3.3 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period:

3.3.1 There are certain new and amended standards, interpretations and amendments that have become applicable for the Bank's accounting periods beginning on January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.

3.4 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

3.4.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2024*
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	January 1, 2024

The management is in the process of assessing the impact of these standards and amendments on the condensed interim unconsolidated financial statements of the Bank except IFRS 9 - 'Financial Instruments', the impact of which has been disclosed in the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

*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 IFRS 9 was applicable on banks having asset base of more than Rs. 500 billion as at December 31, 2021 from January 1, 2023. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan along with the requirements to conduct quarterly parallel run reporting for the year 2023 and the Bank remained compliant with parallel run reporting requirements.

4. BASIS OF MEASUREMENT

4.1 These condensed interim unconsolidated financial statements have 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.

4.2 Functional and presentation currency

Items included in these condensed interim unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim unconsolidated financial statements are presented in Pakistani Rupees, 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.

4.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as that applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

5 SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL RISK MANAGEMENT POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2022.

6. CASH AND BALANCES WITH TREASURY BANKS	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
		------(Rupees in '000)-----	
In hand			
- local currency		44,191,599	40,142,380
- foreign currencies		3,791,843	1,120,217
		47,983,442	41,262,597
With State Bank of Pakistan in			
- local currency current accounts		81,982,081	69,747,152
- foreign currency current accounts		15,991,956	6,433,593
	6.1	97,974,037	76,180,745
With National Bank of Pakistan in			
- local currency current accounts		41,876,957	222,839
National Prize Bonds	6.2	6,413	76,925
		<u>187,840,849</u>	<u>117,743,106</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	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
		------(Rupees in '000)-----	
In Pakistan			
- in current accounts		7,690,469	4,770,402
Outside Pakistan			
- in current accounts		2,841,084	4,080,128
- in deposit accounts		1,218,117	4,825,629
	7.1	4,059,201	8,905,757
		<u>11,749,670</u>	<u>13,676,159</u>

7.1 It represents the balance in the remunerative accounts maintained with financial institutions outside Pakistan. The return on these balances ranges from 0.20% to 3% (December 31, 2022: 0.20% to 2.25%) per annum.

8. DUE FROM FINANCIAL INSTITUTIONS	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
		------(Rupees in '000)-----	
Bai Muajjal receivable:			
- from scheduled bank / financial institution - secured	8.1	34,964,299	34,964,299
- from other financial institution		15,500	15,500
		34,979,799	34,979,799
Commodity Murabaha		26,066	26,066
		35,005,865	35,005,865
Less: Provision against non-performing due from financial institutions	8.2	(41,566)	(41,566)
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 11.60% (2022: 11.25%) per annum. These balances have maturities in July 2025 (December 31, 2022: July 2025).

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
8.2 Category of classification	------(Rupees in '000)-----			
Domestic				
Loss	41,566	41,566	41,566	41,566

9. INVESTMENTS

9.1 Investments by types

Note	September 30, 2023 (Unaudited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

Held for trading securities

- Federal Government Securities	-	-	-	-	2,470	-	18	2,488
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Available for sale securities

- Federal Government Securities

- Ijarah Sukuk	1,181,918,275	-	(10,987,224)	1,170,931,051	893,891,330	-	(7,185,753)	886,705,577
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	-	-	23,224,694	-	-	23,224,694
- Islamic Naya Pakistan Certificates	12,530,762	-	-	12,530,762	7,940,803	-	-	7,940,803

- Shares

9.2	9,716,995	2,599,789	1,374,184	8,491,390	10,205,678	3,128,805	1,035,172	8,112,045
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- Non Government Sukuk

- Pakistan Energy Sukuk guaranteed by the Government of Pakistan	114,371,769	-	5,145,371	119,517,140	114,385,781	-	5,123,927	119,509,708
- Other Sukuk guaranteed by the Government of Pakistan	11,046,430	-	-	11,046,430	6,716,920	-	-	6,716,920
- Other Non Government Sukuk	5,087,631	75,032	-	5,012,599	4,378,519	75,892	-	4,302,627

9.2 & 9.3

- Foreign Securities

5,327,579	-	(183,836)	5,143,743	8,721,244	-	(142,380)	8,578,864
1,339,999,441	2,674,821	(4,651,505)	1,332,673,115	1,069,464,969	3,204,697	(1,169,034)	1,065,091,238

Held to maturity securities

- Federal Government Securities	9.4	217,018,534	-	-	217,018,534	217,208,259	-	-	217,208,259
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In related parties

Associates

Meezan Balanced Fund	161,345	-	-	161,345	161,345	-	-	161,345
Al Meezan Mutual Fund	312,371	-	-	312,371	312,371	-	-	312,371
Meezan Islamic Fund	221,050	-	-	221,050	221,050	-	-	221,050
Meezan Sovereign Fund	514	-	-	514	514	-	-	514
Meezan Gold Fund	49,972	-	-	49,972	49,972	-	-	49,972
KSE Meezan Index Fund	100,000	-	-	100,000	100,000	-	-	100,000
	845,252	-	-	845,252	845,252	-	-	845,252

Subsidiary

Al Meezan Investment Management Limited	63,050	-	-	63,050	63,050	-	-	63,050
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Total Investments

1,557,926,277	2,674,821	(4,651,505)	1,550,599,951	1,287,584,000	3,204,697	(1,169,016)	1,283,210,287
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9.1.1 Investments given as collateral

September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
Cost / amortised cost	Market value	Cost / amortised cost	Market value

------(Rupees in '000)-----

Federal Government Securities

- Ijarah Sukuk

418,000,000	416,028,400	404,000,000	401,903,600
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September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
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------(Rupees in '000)-----

9.2 Provision for diminution in value of investments

Opening balance

3,204,697	2,398,016
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Charge / (reversals)

Charge for the period on account of provision for
diminution against shares

241,336	970,287
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Reversals of provision on recovery of debt instruments

(860)	-
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Reversals of provision on disposal of shares

(770,352)	(163,606)
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(529,876)	806,681
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Closing balance

2,674,821	3,204,697
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9.3 Particulars of provision against Non- Government Sukuks

September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
Non- performing investments	Provision held	Non- performing investments	Provision held

------(Rupees in '000)-----

Category of classification

Domestic

Loss

75,032	75,032	75,892	75,892
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9.4 The market value of securities classified as held-to-maturity as at September 30, 2023 amounted to Rs 193,386 million (2022: Rs 203,805 million).

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
-----Rupees in '000-----			
10. ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	10.1	6,976,465	7,127,282
- Advances against Murabaha		42,461,125	4,888,537
- Murabaha inventory		2,058,485	3,872,679
- Financing under Islamic Export Refinance - Murabaha	10.2	474,910	711,413
- Financing against Islamic SME Asaan Finance	10.3	55,583	94,018
- Financing against Islamic Working Capital Finance	10.4	50,000	-
- Advance against Islamic Export Refinance - Murabaha		696,687	2,465,400
		52,773,255	19,159,329
Running Musharakah financing			
- Running Musharakah financing		147,080,344	240,531,788
- Financing under Islamic Export Refinance - Running Musharakah		55,571,196	50,965,430
		202,651,540	291,497,218
Istisna financing and related assets			
- Istisna financing		34,967,735	23,081,974
- Advances against Istisna		34,780,856	94,010,017
- Istisna inventory		34,032,960	13,309,627
- Financing under Islamic Export Refinance - Istisna		471,275	72,143
- Advances under Islamic Export Refinance - Istisna		10,904,425	10,957,214
- Inventory under Islamic Export Refinance - Istisna		1,964,813	1,658,523
		117,122,064	143,089,498
Tijarah financing and related assets			
- Tijarah financing		2,272,638	1,959,394
- Tijarah inventory		9,384,964	9,160,823
- Financing under Islamic Export Refinance - Tijarah		1,283,323	1,056,241
- Financing under Islamic SME Asaan Finance - Tijarah		-	-
- Inventory under Islamic Export Refinance - Tijarah		499,359	1,132,182
		13,440,284	13,308,640
Musawammah financing and related assets			
- Musawammah financing	10.5	20,492,040	74,983,110
- Advances against Musawammah		18,643,946	11,073,176
- Musawammah inventory		10,339,173	12,874,909
- Financing under Islamic Export Refinance - Musawammah	10.6	528,162	1,481,762
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	10.7	305,980	271,213
- Advances under Islamic Export Refinance - Musawammah		78,269	412,100
- Inventory under Islamic Export Refinance - Musawammah		559,000	-
		50,946,570	101,096,270

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
-----Rupees in '000-----			
Salam Financing and related assets			
- Salam Financing		698,199	899,631
- Advances against Salam		11,177,470	18,705,389
- Salam Inventory		2,199,594	1,836,491
		14,075,263	21,441,511
Financing against bills			
- Financing against bills - Salam		3,113,792	5,173,912
- Advance against bills - Salam		1,738	1,738
		3,115,530	5,175,650
Bai Muajjal financing	10.8	92,931,310	35,969,952
Ijarah financing and related assets			
- Net investment in Ijarah		56,050	74,960
- Net book value of assets / investment in Ijarah under IFAS 2		60,232,644	63,004,338
	10.9	60,288,694	63,079,298
- Advances against Ijarah		5,701,691	6,508,337
		65,990,385	69,587,635
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing		184,322,765	151,635,702
- Diminishing Musharakah financing - housing		19,003,087	20,132,503
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		307,572	263,206
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,548,486	14,350,196
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID – 19 (IRFCC)		248,260	295,145
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		63,489	80,771
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		19,709,609	15,771,049
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		17,223,052	10,880,035
- Diminishing Musharakah financing - SBP's Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns (IRSPWS)		-	427,780
- Advances against Diminishing Musharakah		19,378,649	29,957,946
- Advances against Diminishing Musharakah under SBP's IFFSAP		249,000	57,141
- Advances against Diminishing Musharakah under SBP's IFRE		1,262,021	2,870,913
- Advances against Diminishing Musharakah under SBP's IRFCC		206,095	254,401
- Advances against Diminishing Musharakah under SBP's I-SAAF		800	4,800
- Advances against Diminishing Musharakah under SBP's ITERF		3,442,178	9,030,290
- Advances against Diminishing Musharakah under SBP's ILTFF		4,280,400	9,986,155
		285,245,463	265,998,033

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
-----Rupees in '000-----			
- Musharakah financing		948,617	888,725
- Wakalah Tul Istithmar financing		-	6,375,000
- Advances against Wakalah Tul Istithmar		30,602,133	19,227,133
- Advance against Service Ijarah		14,884,577	14,899,103
- Qard financing under SBP's IRSPWS		-	5,783
- Qard financing under SBP's IRFCC		284,137	406,027
- Labbaik (Qard for Hajj and Umrah)		13,988	9,714
- Staff financing (including under SBP's IFRE)	10.10	10,369,506	8,433,655
- Other financing		1,304,265	1,532,881
Gross Islamic Financing and Related Assets	10.11	<u>956,698,887</u>	<u>1,018,101,757</u>
Less: Provision against non-performing Islamic financing and related assets - Specific	10.13	(14,349,800)	(12,812,762)
Less: Provision against non-performing Islamic financing and related assets - General	10.13	(13,288,516)	(9,780,641)
Islamic financing and related assets - net of provision		<u><u>929,060,571</u></u>	<u><u>995,508,354</u></u>
10.1 Murabaha receivable - gross	10.1.1	8,361,079	12,435,057
Less: Deferred murabaha income	10.1.3	(244,023)	(164,688)
Profit receivable shown in other assets		(1,140,591)	(5,143,087)
Murabaha financing	10.1.2	<u>6,976,465</u>	<u>7,127,282</u>
10.1.1 Murabaha sale price		8,361,079	12,435,057
Murabaha purchase price		<u>(6,976,465)</u>	<u>(7,127,282)</u>
		<u>1,384,614</u>	<u>5,307,775</u>
10.1.2 The movement in Murabaha financing during the period / year is as follows:			
Opening balance		7,127,282	6,195,161
Sales during the period / year		24,983,147	68,424,533
Adjusted during the period / year		(25,133,964)	(67,492,412)
Closing balance		<u>6,976,465</u>	<u>7,127,282</u>
10.1.3 Deferred murabaha income			
Opening balance		164,688	117,597
Arising during the period / year		2,318,587	10,906,739
Recognised during the period / year		(2,239,252)	(10,859,648)
Closing balance		<u>244,023</u>	<u>164,688</u>
10.2 Financing under Islamic Export Refinance - Murabaha - gross		506,035	745,114
Less: Deferred income	10.2.2	(5,571)	(10,030)
Profit receivable shown in other assets		(25,554)	(23,671)
Financing under Islamic Export Refinance - Murabaha	10.2.1	<u>474,910</u>	<u>711,413</u>

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
10.2.1	The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:		
	Opening balance	711,413	1,048,988
	Sales during the period / year	1,472,744	3,990,743
	Adjusted during the period / year	<u>(1,709,247)</u>	<u>(4,328,318)</u>
	Closing balance	<u>474,910</u>	<u>711,413</u>
10.2.2	Deferred Islamic Export Refinance murabaha income		
	Opening balance	10,030	5,937
	Arising during the period / year	115,486	82,533
	Recognised during the period / year	<u>(119,945)</u>	<u>(78,440)</u>
	Closing balance	<u>5,571</u>	<u>10,030</u>
10.3	Financing against Islamic SME Asaan Finance - Murabaha - gross	63,149	112,938
	Less: Deferred income	(3,108)	(7,566)
	Profit receivable shown in other assets	<u>(4,458)</u>	<u>(11,354)</u>
	Financing against Islamic SME Asaan Finance - Murabaha	<u>55,583</u>	<u>94,018</u>
10.3.1	The movement in Islamic SME Asaan Finance (Murabaha financing) during the period / year is as follows:		
	Opening balance	94,018	10,000
	Sales during the period / year	-	116,957
	Adjusted during the period / year	<u>(38,435)</u>	<u>(32,939)</u>
	Closing balance	<u>55,583</u>	<u>94,018</u>
10.3.2	Deferred Islamic SME Asaan Finance Murabaha income		
	Opening balance	7,566	1,526
	Arising during the period / year	-	17,394
	Recognised during the period / year	<u>(4,458)</u>	<u>(11,354)</u>
	Closing balance	<u>3,108</u>	<u>7,566</u>
10.4	Financing against Islamic Working Capital Finance - Murabaha - gross	51,145	-
	Less: Deferred income	(323)	-
	Profit receivable shown in other assets	<u>(822)</u>	<u>-</u>
	Financing against Islamic Working Capital Finance - Murabaha	<u>50,000</u>	<u>-</u>
10.4.1	The movement in Islamic Working Capital Finance (Murabaha financing) during the period / year is as follows:		
	Opening balance	-	-
	Sales during the period / year	50,000	-
	Adjusted during the period / year	<u>-</u>	<u>-</u>
	Closing balance	<u>50,000</u>	<u>-</u>
10.4.2	Deferred Islamic Working Capital Finance Murabaha income		
	Opening balance	-	-
	Arising during the period / year	1,145	-
	Recognised during the period / year	<u>(822)</u>	<u>-</u>
	Closing balance	<u>323</u>	<u>-</u>
10.5	Musawammah financing - gross	22,407,768	76,327,808
	Less: Deferred income	(1,145,671)	(593,935)
	Profit receivable shown in other assets	<u>(770,057)</u>	<u>(750,763)</u>
	Musawammah financing	<u>20,492,040</u>	<u>74,983,110</u>
10.6	Financing under Islamic Export Refinance - Musawammah - gross	561,508	1,548,225
	Less: Deferred income	(20,583)	(33,599)
	Profit receivable shown in other assets	<u>(12,763)</u>	<u>(32,864)</u>
	Financing under Islamic Export Refinance - Musawammah	<u>528,162</u>	<u>1,481,762</u>

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----	
10.7 Financing under SBP's IFRE - Musawammah - gross	358,779	304,510
Less: Deferred income	(46,798)	(29,482)
Profit receivable shown in other assets	(6,001)	(3,815)
Financing under SBP's IFRE - Musawammah	<u>305,980</u>	<u>271,213</u>
10.8 Bai Muajjal financing - gross	102,457,945	42,504,634
Less: Deferred income	(2,925,267)	(5,283,514)
Profit receivable shown in other assets	(6,601,368)	(1,251,168)
Bai Muajjal financing	<u>92,931,310</u>	<u>35,969,952</u>

10.9 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 49,369 million (December 31, 2022: Rs 45,881 million).

10.10 This includes Rs 706 million (December 31, 2022: Rs 699 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----	
10.11 Particulars of financing - Gross		
- in local currency	903,817,367	972,271,359
- in foreign currencies	52,881,520	45,830,398
	<u>956,698,887</u>	<u>1,018,101,757</u>

10.12 Islamic financing and related assets include Rs 16,156 million (December 31, 2022: Rs 13,628 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Non performing amount	Provision held	Non performing amount	Provision held
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	49,333	2,397	221,234	114
Substandard	1,253,738	248,913	318,621	69,740
Doubtful	947,954	323,562	305,332	127,458
Loss	13,904,950	13,774,928	12,783,100	12,615,450
Total	<u>16,155,975</u>	<u>14,349,800</u>	<u>13,628,287</u>	<u>12,812,762</u>

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

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006
Exchange Adjustment for the period / year	126,042	-	126,042	219,559	-	219,559
Charge for the period / year	1,944,209	3,507,875	5,452,084	815,425	3,910,623	4,726,048
Less: Reversals for the period / year	(532,710)	-	(532,710)	(1,476,314)	-	(1,476,314)
	1,411,499	3,507,875	4,919,374	(660,889)	3,910,623	3,249,734
Amount written off	(503)	-	(503)	(84,896)	-	(84,896)
Closing balance	<u>14,349,800</u>	<u>13,288,516</u>	<u>27,638,316</u>	<u>12,812,762</u>	<u>9,780,641</u>	<u>22,593,403</u>

10.13.1 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 12,600 million (December 31, 2022: Rs 9,100 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

10.13.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed amounts to Rs 465.77 million (December 31, 2022: Rs 256.30 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 237.54 million (December 31, 2022: Rs 130.71 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
11. FIXED ASSETS			
Capital work-in-progress	11.1 & 11.2	8,924,127	6,782,412
Property and equipment	11.2 & 11.3	27,149,396	22,297,092
Right-of-use assets		9,428,319	11,347,016
		<u>45,501,842</u>	<u>40,426,520</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		5,518,442	4,767,018
- computer hardware		868,155	815,696
- purchase of vehicles		625,817	76,824
- office machines		1,428,383	993,941
- furniture and fixtures		483,330	128,933
		<u>8,924,127</u>	<u>6,782,412</u>
		Nine months period ended	
		September 30,	September 30,
		2023	2022
		(Unaudited)	(Unaudited)
		------(Rupees in '000)-----	
11.2 Additions to fixed assets			
The following additions (net) have been made to fixed assets during the period:			
Capital work-in-progress		2,141,715	2,176,316
Property and equipment			
Leasehold land		458,066	408,334
Building on leasehold land		597,250	1,116,802
Leasehold improvements		1,720,513	1,308,414
Furniture and fixture		191,671	282,239
Electrical, office and computer equipment		3,205,922	2,956,725
Vehicles		1,899,962	719,353
		<u>8,073,384</u>	<u>6,791,867</u>
		<u>10,215,099</u>	<u>8,968,183</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold improvements		6,247	25,372
Furniture and fixture		854	961
Electrical, office and computer equipment		17,345	4,096
Vehicles		117,090	95,282
		<u>141,536</u>	<u>125,711</u>

	Note	September 30, 2023 (Unaudited) ------(Rupees in '000)-----	December 31, 2022 (Audited) ------(Rupees in '000)-----
12. INTANGIBLE ASSETS			
Computer software	12.1	1,357,154	1,421,338
Advance against computer software		504,122	422,646
		<u>1,861,276</u>	<u>1,843,984</u>
			<u>Nine months period ended</u>
		<u>September 30,</u>	<u>September 30,</u>
		<u>2023</u>	<u>2022</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>
		<u>------(Rupees in '000)-----</u>	<u>------(Rupees in '000)-----</u>
12.1 Additions to intangible assets			
Computer softwares - directly purchased		<u>382,177</u>	<u>624,431</u>
			<u>September 30,</u>
			<u>December 31,</u>
			<u>2023</u>
			<u>2022</u>
			<u>(Unaudited)</u>
			<u>(Audited)</u>
			<u>------(Rupees in '000)-----</u>
13. DEFERRED TAX ASSETS			
Taxable temporary differences on:			
Excess of accounting book values over tax written down values of owned assets		(779,943)	(463,330)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(2,299)	(2,021)
		(782,242)	(465,351)
Deductible temporary differences on:			
Deficit on revaluation of available for sale investments	20	2,279,237	502,685
Provision for diminution / impairment in value of investments		1,161,626	1,378,020
Income not accrued due to non-culmination of financing		6,643,307	2,998,031
Provision against non-performing Islamic financing and related assets		518,928	162,490
Others		82,642	70,127
		<u>10,685,740</u>	<u>5,111,353</u>
		<u>9,903,498</u>	<u>4,646,002</u>

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
14. OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		146,504,212	68,614,403
Profit / return accrued in foreign currencies - net of provisions		680,358	390,362
Acceptances		13,286,021	12,495,872
Advances, deposits, and other prepayments		3,137,114	2,301,748
Non-banking assets acquired in satisfaction of claims		50,258	50,301
Mark to market gain on forward foreign exchange contracts		-	-
Receivables on account of sale of securities		1,020	61,941
Dividends receivable		50,611	950
Stamps		25,488	27,400
Security deposits		503,833	427,931
Advance for Investments		23,148	-
Receivable under alternate delivery channel		4,735,102	557,375
Others		1,010,953	553,739
		<u>170,008,118</u>	<u>85,482,022</u>
Less: Provision held against other assets	14.1	(114,798)	(107,921)
Other assets (net of provision)		<u>169,893,320</u>	<u>85,374,101</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	4,692	4,699
Other assets		<u>169,898,012</u>	<u>85,378,800</u>
14.1 Provision held against other assets			
Others	14.1.1	<u>114,798</u>	<u>107,921</u>
14.1.1 Movement in provision held against other assets			
Opening balance		107,921	39,854
Charge for the period / year		32,717	134,167
Reversals for the period / year		(2,680)	(8,056)
Amount adjusted / written off		(23,160)	(58,044)
Closing balance		<u>114,798</u>	<u>107,921</u>
15. BILLS PAYABLE			
In Pakistan		<u>41,913,696</u>	<u>40,175,122</u>
16. DUE TO FINANCIAL INSTITUTIONS			
In Pakistan	16.1	<u>559,896,268</u>	<u>573,326,439</u>

16.1 Details of due to financial institutions - secured / unsecured	Note	September 30,	December 31,
		2023 (Unaudited)	2022 (Audited)
------(Rupees in '000)-----			
Secured			
With State Bank of Pakistan			
Musharakah under Islamic Export Refinance Scheme		75,939,693	71,610,934
Investment under Islamic Long Term Financing Facility		23,978,602	25,694,774
Investment under Islamic Refinance Facility for Combating COVID-19		737,187	955,573
Investment under Islamic Financing for Renewal Energy		17,023,200	17,251,134
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery		20,601,217	19,384,119
Investment under Islamic Refinance Scheme for storage of Agriculture Produce		393,027	282,324
Investment under Islamic Refinance Scheme for Working Capital Finance		50,000	-
Investment under Islamic Refinance Scheme for SME Asaan Finance		129,316	201,614
Investment under Shariah Compliant Open Market Operations	16.1.1	397,936,681	363,382,155
Total secured		536,788,923	498,762,627
With Scheduled Bank		-	30,000,000
Other financial institutions		5,313,862	5,856,908
Unsecured			
Overdrawn nostro accounts		293,483	496,904
Musharakah with scheduled banks / financial institutions	16.1.2	17,500,000	37,775,000
Others		-	435,000
		<u>559,896,268</u>	<u>573,326,439</u>

16.1.1 These represent 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 profit rate on Open Market Operations is 22.25% (December 31, 2022: 15.91%) per annum.

16.1.2 These represents acceptance of funds by the Bank on Musharakah basis. The expected average profit rate on these Musharakah is around 16.53% (December 31, 2022: 15.51%) per annum. These balances have matured in October 2023 (December 31, 2022: January 2023).

17. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
- Current accounts - non-remunerative	898,914,924	54,731,637	953,646,561	736,468,532	38,420,227	774,888,759
- Savings deposits	718,683,118	71,156,645	789,839,763	581,314,505	53,554,524	634,869,029
- Fixed deposits	212,227,986	19,302,814	231,530,800	181,114,576	16,136,130	197,250,706
- Margin deposits	23,885,394	1,491,155	25,376,549	40,429,443	2,005,656	42,435,099
	<u>1,853,711,422</u>	<u>146,682,251</u>	<u>2,000,393,673</u>	<u>1,539,327,056</u>	<u>110,116,537</u>	<u>1,649,443,593</u>
Financial institutions						
- Current accounts - non-remunerative	1,303,439	371,999	1,675,438	1,770,475	345,846	2,116,321
- Savings deposits	7,724,814	-	7,724,814	5,929,062	904	5,929,966
- Fixed deposits	562,100	-	562,100	1,000,238	-	1,000,238
	<u>9,590,353</u>	<u>371,999</u>	<u>9,962,352</u>	<u>8,699,775</u>	<u>346,750</u>	<u>9,046,525</u>
	<u>1,863,301,775</u>	<u>147,054,250</u>	<u>2,010,356,025</u>	<u>1,548,026,831</u>	<u>110,463,287</u>	<u>1,658,490,118</u>

18. SUB-ORDINATED SUKUKS	Note	September 30,	December 31,
		2023 (Unaudited)	2022 (Audited)
------(Rupees in '000)-----			
Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	13,990,000	13,990,000
		<u>20,990,000</u>	<u>20,990,000</u>

- 18.1** 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 25.03% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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

Credit Rating	AAA (Triple A) by VIS Credit Rating Company Limited.
Issue Date	January 09, 2020 and December 16, 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non-discretionary subject to 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 23.38% and 22.55% 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	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
19. OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		26,013,932	13,408,460
- payable in foreign currencies		352,020	222,900
Unearned income		2,886,414	2,123,582
Accrued expenses		26,699,107	17,360,130
Current taxation (provision less payments)		31,969,907	20,084,580
Acceptances		13,286,021	12,495,872
Unclaimed dividends		2,294,773	3,825,350
Payable to defined benefit plan		1,040,077	1,198,444
Provision against off-balance sheet obligations	19.1	55,167	55,167
Charity payable		10,748	4,159
Security deposits against Ijarah		20,070,283	21,959,346
Payable on account of credit murabaha / ijarah / musawammah		146,079	53,681,143
Security deposits against lockers		202,886	183,412
Mark to market loss on forward foreign exchange commitments - net		1,631,421	214,602
Advance against future Diminishing Musharakah		-	34,987
Withholding taxes payable		900,159	400,426
Lease liability against right-of-use assets		11,445,214	12,813,226
Workers welfare fund payable		8,155,749	5,620,598
Payable to interchange network		3,797,528	1,999,252
Others		3,122,754	1,409,503
		<u>154,080,239</u>	<u>169,095,139</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		55,167	55,167
Charge for the period / year		-	-
Reversals for the period / year		-	-
Closing balance		<u>55,167</u>	<u>55,167</u>
20. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX			
Available for sale securities			
- Listed shares		1,374,184	1,035,172
- Sukuk		(6,025,689)	(2,204,206)
		(4,651,505)	(1,169,034)
Non-banking assets acquired in satisfaction of claims		4,692	4,699
		(4,646,813)	(1,164,335)
Less: Deferred tax asset / (liability) on			
- Available for sale securities		2,279,237	502,685
- Non-banking assets acquired in satisfaction of claims		(2,299)	(2,021)
		2,276,938	500,664
		<u>(2,369,875)</u>	<u>(663,671)</u>

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
21. CONTINGENCIES AND COMMITMENTS			
-Guarantees	21.1	66,017,599	56,485,801
-Commitments	21.2	1,483,975,581	1,238,876,726
-Other contingent liabilities	21.3	1,802,000	1,802,000
		1,551,795,180	1,297,164,527
21.1 Guarantees:			
Financial guarantees		30,395	570,477
Performance guarantees		41,184,654	33,361,532
Other guarantees		24,802,550	22,553,792
		<u>66,017,599</u>	<u>56,485,801</u>
21.2 Commitments:			
Documentary letters of credit		257,033,740	221,689,496
Commitments in respect of:			
- forward foreign exchange transactions	21.2.1	257,635,502	243,862,470
Commitments for acquisition of:			
- fixed assets		597,395	640,778
- intangible assets		407,300	291,358
Other commitments	21.2.2	968,301,644	772,392,624
		<u>1,483,975,581</u>	<u>1,238,876,726</u>
21.2.1 Commitments in respect of forward foreign exchange transactions			
Purchase		156,956,354	139,648,096
Sale		100,679,148	104,214,374
		<u>257,635,502</u>	<u>243,862,470</u>
21.2.2 Other Commitments			
Commitments in respect of financing (including irrevocable commitments)		<u>968,301,644</u>	<u>772,392,624</u>
21.3 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.

		Nine months period ended	
		September 30,	September 30,
		2023	2022
22.	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	(Unaudited)	(Unaudited)
		----- (Rupees in '000) -----	
	On financing	121,638,165	56,980,570
	On investments		
	- Available for Sale securities	160,364,332	71,351,381
	- Held for trading securities	5,391	433
	- Held to maturity securities	18,713,111	17,296,120
		179,082,834	88,647,934
	On deposits / placements with financial institutions	3,095,526	8,250,302
		<u>303,816,525</u>	<u>153,878,806</u>
22.1	The income on Ijarah under IFAS 2 is net of takaful of Rs 1,403 million (September 30, 2022: Rs 1,667 million) recovered from customers.		
		Nine months period ended	
		September 30,	September 30,
		2023	2022
23.	PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED	(Unaudited)	(Unaudited)
		----- (Rupees in '000) -----	
	Deposits and other accounts	75,908,423	42,752,874
	Sub-ordinated sukuk	3,216,141	2,166,668
	Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan	52,019,195	22,406,084
	Other Musharakahs / Mudarabas	16,818,747	8,233,138
	Amortisation of lease liability against right-of-use assets	1,208,906	1,171,112
		<u>149,171,412</u>	<u>76,729,876</u>
23.1	This includes conversion cost of Rs 2,695 million (September 30, 2022: conversion cost of Rs 1,857 million) against foreign currency deposits.		
		Nine months period ended	
		September 30,	September 30,
		2023	2022
24.	FEE AND COMMISSION INCOME	(Unaudited)	(Unaudited)
		----- (Rupees in '000) -----	
	Trade related fees and commissions	3,020,521	2,804,826
	Commission on guarantees	148,817	132,149
	Branch banking customer fees	1,975,386	1,669,705
	Credit related fees	64,808	77,935
	Debit card related fees	5,822,224	4,032,074
	Investment banking related fees	288,330	269,019
	Commission on cash management	310,772	208,329
	Commission on home remittances	191,424	213,740
	Others (including wealth management related fees)	566,186	192,367
		<u>12,388,468</u>	<u>9,600,144</u>
25.	(LOSS) / GAIN ON SECURITIES		
	Realised - net	(901,767)	76,999
	Unrealised - held for trading - net	(18)	-
		<u>(901,785)</u>	<u>76,999</u>
25.1	Realised (loss) / gain on:		
	Federal Government Securities	(289,080)	22,540
	Foreign Securities	-	(126,182)
	Listed Shares	(612,687)	180,641
		<u>(901,767)</u>	<u>76,999</u>

	Note	Nine months period ended	
		September, 2023 (Unaudited)	September, 2022 (Unaudited)
------(Rupees in '000)-----			
26. OTHER INCOME			
Gain on termination of Islamic financing		657,112	425,838
Gain on sale of operating fixed assets		317,223	170,862
Liabilities written back - donation to Meezan Foundation (Liquidated)		-	350,000
Others		3,271	3,600
		<u>977,606</u>	<u>950,300</u>
27. OPERATING EXPENSES			
Total compensation expense		28,334,764	18,232,749
Property expense			
Depreciation on right-of-use assets		2,071,111	2,059,282
Rent and taxes		145,005	34,653
Utilities cost (including electricity and diesel)		2,039,539	1,530,869
Security (including guards)		959,691	825,627
Repair and maintenance (including janitorial charges)		1,049,725	566,839
Depreciation		844,296	647,423
Others		25,250	47,760
		<u>7,134,617</u>	<u>5,712,453</u>
Information technology expenses			
Software maintenance		1,260,563	676,328
Hardware maintenance		448,771	223,824
Depreciation		814,368	507,724
Amortisation		375,521	328,697
Network charges		255,289	235,896
		<u>3,154,512</u>	<u>1,972,469</u>
Other operating expenses			
Stationery and printing (including debit card related cost)		1,399,802	1,326,891
Repairs and maintenance		443,125	324,329
Local transportation and car running		1,427,340	863,566
Depreciation on vehicles, equipment etc.		1,410,244	1,064,183
Legal and professional charges		114,618	100,843
NIFT and other clearing charges		183,270	152,478
Marketing, advertisement and publicity (including Corporate Social Responsibility)		927,122	823,446
Security charges - cash transportation		747,418	500,685
Communication (including courier)		1,220,815	435,688
Travelling and conveyance		218,972	109,951
Training and Development		87,537	71,157
Donation		-	5,000
Fees, subscription and other charges		411,518	318,776
Brokerage and bank charges		254,765	204,721
Office supplies		416,806	285,582
Entertainment		62,241	51,788
Takaful expense		191,427	79,069
Outsourced services costs		15,252	14,877
Auditors' remuneration		13,506	10,706
Fees and allowances to Shariah Board		31,928	26,925
Directors' fees and allowances		39,740	54,680
Others		439	1,880
		<u>9,617,885</u>	<u>6,827,221</u>
		<u>48,241,778</u>	<u>32,744,892</u>
28. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		55,825	89,024
29. PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing Islamic financing and related assets - net	10.13	4,919,374	1,079,829
(Reversals) / provision for diminution in value of investments	9.2	(529,876)	563,694
Provision against other assets	14.1.1	30,037	96,759
Recoveries of written off financings		(3,566)	(5,028)
		<u>4,415,969</u>	<u>1,735,254</u>

	Note	Nine months period ended	
		September, 2023 (Unaudited)	September, 2022 (Unaudited)
30. TAXATION		------(Rupees in '000)-----	
Current	30.1	59,407,549	29,286,561
Prior periods		601,324	-
Deferred	30.1	(3,481,222)	(1,499,836)
		56,527,651	27,786,725
30.1	Through Finance Act 2022 and 2023, the effective tax rate on banking companies has been increased and consequently for the years 2023 and onwards, tax rate has been enhanced to 49% (inclusive of 10% Super Tax). Accordingly, the Bank has recognised current super tax charge of Rs 12,116 million (September 30, 2022: Rs 5,930 million) in the current period based on taxable income for the period.		
	Note	Nine months period ended	
		September, 2023 (Unaudited)	September, 2022 (Unaudited)
31. BASIC EARNINGS PER SHARE		------(Rupees in '000)-----	
Profit for the period		58,037,061	28,596,395
		------(Number)-----	
Weighted average number of ordinary shares	32.2	1,790,107,613	1,789,624,321
		------(Rupees)-----	
Basic earnings per share		32.42	15.98
32. DILUTED EARNINGS PER SHARE		------(Rupees in '000)-----	
Profit for the period		58,037,061	28,596,395
		------(Number)-----	
Weighted average number of ordinary shares	32.1	1,791,657,776	1,790,306,495
		------(Rupees)-----	
Diluted earnings per share		32.39	15.97
32.1 Reconciliation of basic and diluted earning per share		------(Number)-----	
Weighted average number of ordinary shares		1,790,107,613	1,789,624,321
Add: Diluted impact of Employees share option scheme		1,550,163	682,174
Dilutive potential ordinary shares		1,791,657,776	1,790,306,495
32.2	The Bank has issued 1,628,873 shares under employees share option scheme in July 2023.		
	Note	Nine months period ended	
		September, 2023 (Unaudited)	September, 2022 (Unaudited)
33. CASH AND CASH EQUIVALENTS		------(Rupees in '000)-----	
Cash and balances with treasury banks	6	187,840,849	152,413,160
Balances with other banks	7	11,749,670	13,187,682
		199,590,519	165,600,842

34. FAIR VALUE MEASUREMENTS

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

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

34.1 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).

September 30, 2023 (Unaudited)				
Carrying value	Fair value			
	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	1,183,461,813	-	1,183,461,813	-
- Shares	7,951,491	7,951,491	-	-
- Non Government Sukuk	119,517,140	119,517,140	-	-
- Foreign Securities	5,133,354	-	5,133,354	-
	<u>1,316,063,798</u>	<u>127,468,631</u>	<u>1,188,595,167</u>	<u>-</u>
				<u>1,316,063,798</u>
Financial assets - disclosed but not measured at fair value				
Investments				
- Federal Government securities	217,018,534	-	193,386,125	-
	<u>217,018,534</u>	<u>-</u>	<u>193,386,125</u>	<u>-</u>
				<u>193,386,125</u>
	<u>1,533,082,332</u>	<u>127,468,631</u>	<u>1,381,981,292</u>	<u>-</u>
				<u>1,509,449,923</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	259,421,188	-	259,421,188	-
	<u>259,421,188</u>	<u>-</u>	<u>259,421,188</u>	<u>-</u>
				<u>259,421,188</u>
December 31, 2022 (Audited)				
Carrying value	Fair value			
	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	917,873,562	-	917,873,562	-
- Shares	7,565,867	7,565,867	-	-
- Non Government Sukuk	119,509,708	119,509,708	-	-
- Foreign Securities	8,568,475	-	8,568,475	-
	<u>1,053,517,612</u>	<u>127,075,575</u>	<u>926,442,037</u>	<u>-</u>
				<u>1,053,517,612</u>
Financial assets - disclosed but not measured at fair value				
Investments				
- Federal Government securities	217,208,259	-	203,805,000	-
	<u>217,208,259</u>	<u>-</u>	<u>203,805,000</u>	<u>-</u>
				<u>203,805,000</u>
	<u>1,270,725,871</u>	<u>127,075,575</u>	<u>1,130,247,037</u>	<u>-</u>
				<u>1,257,322,612</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	244,685,475	-	244,685,475	-
	<u>244,685,475</u>	<u>-</u>	<u>244,685,475</u>	<u>-</u>
				<u>244,685,475</u>

34.2 Fair Value of non-financial assets

	September 30, 2023 (Unaudited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Non-banking assets acquired in satisfaction of claims	54,950	-	-	55,000	55,000
	54,950	-	-	55,000	55,000

	December 31, 2022 (Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Non-banking assets acquired in satisfaction of claims	55,000	-	-	55,000	55,000
	55,000	-	-	55,000	55,000

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 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 the State Bank of Pakistan.
Mutual Funds	The valuation has been determined based on Net asset values (NAV) declared by respective funds.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2022.
Unquoted Equity Securities	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 period.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Bank's accounting policy as stated in note 6.3.2 to the 2022 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.

35. SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities

2023						
Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total	
(Rupees in '000)						
Profit and loss account for the nine months period ended September 30, 2023 (Unaudited)						
External funded revenue	116,515,430	7,115,584	180,241,724	-	303,872,738	
External non funded revenue	3,721,412	3,012,056	1,993,671	6,384,970	15,112,109	
Inter segment revenue - net	-	260,070,828	-	75,982	(260,146,810)	
Total Income	120,236,842	270,198,468	182,235,395	6,460,952	(260,146,810)	
External cost of funds	9,636,989	77,687,347	61,847,078	-	149,171,414	
Segment direct expenses	1,320,944	46,132,089	594,204	2,785,515	50,832,752	
Inter segment expense allocation	105,896,859	-	154,249,951	-	(260,146,810)	
Total expenses	116,854,792	123,819,436	216,691,233	2,785,515	(260,146,810)	
Provisions / (reversals) and write offs - net	4,986,074	(55,965)	(529,016)	14,876	4,415,969	
Profit before tax	(1,604,024)	146,434,997	(33,926,822)	3,660,561	-	
Statement of financial position as at September 30, 2023 (Unaudited)						
Cash and bank balances	-	187,465,151	4,059,201	8,066,167	-	199,590,519
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	16,059,029	-	1,534,540,922	-	-	1,550,599,951
Net inter segment lending	-	1,858,655,845	-	-	(1,858,655,845)	-
Islamic financings and related assets - net	847,671,220	81,389,351	-	-	-	929,060,571
Others	43,946,956	64,469,539	114,013,022	4,735,111	-	227,164,628
Total Assets	907,677,205	2,191,979,886	1,687,577,444	12,801,278	(1,858,655,845)	2,941,379,968
Due to financial institutions	138,430,961	5,735,146	415,730,161	-	-	559,896,268
Deposits and other accounts	-	2,010,356,025	-	-	-	2,010,356,025
Subordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	675,822,623	-	1,173,775,872	9,057,350	(1,858,655,845)	-
Others	24,866,574	158,420,787	9,633,500	3,073,074	-	195,993,935
Total liabilities	860,110,158	2,174,511,958	1,599,139,533	12,130,424	(1,858,655,845)	2,787,236,228
Equity	47,567,047	17,467,928	88,437,911	670,854	-	154,143,740
Total Equity and liabilities	907,677,205	2,191,979,886	1,687,577,444	12,801,278	(1,858,655,845)	2,941,379,968
Contingencies and Commitments	1,175,212,208	118,947,470	257,635,502	-	-	1,551,795,180

2022						
Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total	
(Rupees in '000)						
Profit and loss account for the nine months period ended September 30, 2022 (Unaudited)						
External funded revenue	52,888,068	5,424,042	95,566,696	-	153,878,806	
External non funded revenue	3,637,303	2,391,541	4,794,453	4,222,914	15,046,211	
Inter segment revenue - net	-	130,316,007	-	90,097	(130,406,104)	
Total Income	56,525,371	138,131,590	100,361,149	4,313,011	(130,406,104)	
External cost of funds	4,207,022	43,994,888	28,527,968	-	76,729,878	
Segment direct expenses	1,006,924	31,363,306	161,076	1,545,459	34,076,765	
Inter segment expense allocation	46,160,269	-	84,245,835	-	(130,406,104)	
Total expenses	51,374,215	75,358,194	112,934,879	1,545,459	(130,406,104)	
Provisions and write offs - net	1,073,322	74,718	563,694	23,520	1,735,254	
Profit before tax	4,077,834	62,698,678	(13,137,424)	2,744,032	-	
Statement of financial position as at December 31, 2022 (Audited)						
Cash and bank balances	-	112,300,051	8,905,757	10,213,457	-	131,419,265
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	11,019,547	-	1,272,190,740	-	-	1,283,210,287
Net inter segment lending	-	1,544,149,502	-	-	(1,544,149,502)	-
Islamic financings and related assets - net	902,768,059	92,740,295	-	-	-	995,508,354
Others	35,208,094	52,596,851	43,932,977	557,384	-	132,295,306
Total Assets	948,995,700	1,801,786,699	1,359,993,773	10,770,841	(1,544,149,502)	2,577,397,511
Due to financial institutions	134,872,920	6,364,466	432,089,053	-	-	573,326,439
Deposits and other accounts	-	1,658,490,118	-	-	-	1,658,490,118
Subordinated sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	675,947,666	-	861,843,217	6,358,619	(1,544,149,502)	-
Others	74,724,128	125,404,634	5,211,198	3,930,301	-	209,270,261
Total liabilities	906,534,714	1,790,259,218	1,299,143,468	10,288,920	(1,544,149,502)	2,462,076,818
Equity	42,460,986	11,527,481	60,850,305	481,921	-	115,320,693
Total Equity and liabilities	948,995,700	1,801,786,699	1,359,993,773	10,770,841	(1,544,149,502)	2,577,397,511
Contingencies and Commitments	965,252,925	88,049,132	243,862,470	-	-	1,297,164,527

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Sep 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	Sep 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	Sep 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	Sep 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	Sep 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	Sep 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)
	(Rupees in '000)											
Deposits	5,465,609	4,494,250	81,155	20,530	4,495,161	3,565,923	173,706	134,806	185,342	180,487	530,245	592,504
Other Assets												
Profit receivable on financing / investments / placements	2,367,670	684,919	-	-	2,367,670	684,919	-	-	-	-	-	-
Fee and Other Receivable	145,723	47,936	76,950	24,975	68,773	17,864	-	-	-	1,745	-	3,352
Due to financial institutions												
Opening balance	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-	-
Addition during the period / year	140,050,000	53,500,000	-	-	140,050,000	53,500,000	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	(158,050,000)	(35,500,000)	-	-	(158,050,000)	(35,500,000)	-	-	-	-	-	-
Closing balance	-	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-
Sub-ordinated Sukuk												
Opening balance	210,000	200,000	-	-	210,000	200,000	-	-	-	-	-	-
Addition during the period / year	200,000	10,000	-	-	200,000	10,000	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	(200,000)	-	-	-	(200,000)	-	-	-	-	-	-	-
Closing balance	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
Other Liabilities												
Profit payable on musharakah acceptance	-	54,568	-	-	-	54,568	-	-	-	-	-	-
Payable to defined benefit plan	1,040,077	1,198,444	-	-	-	-	-	-	600,297	529,429	439,780	669,015
Accrued Expenses	6,580	1,992	6,580	1,992	-	-	-	-	-	-	-	-
Unearned Income	2,940	16,615	-	-	2,940	16,615	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	315,249	725,168	-	-	315,249	725,168	-	-	-	-	-	-
Letters of Guarantee (unfunded)	1,000,557	2,387,177	100	100	1,000,457	2,387,077	-	-	-	-	-	-

Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)

(Rupees in '000)

Transactions, income and expenses

Profit earned on financing / investments / placements

Profit earned on financing / investments / placements	3,924,622	68,184	-	-	3,924,622	68,184	-	-	-	-	-	-
Fees and other income earned	565,817	527,327	218,184	60,492	347,313	116,529	20	10	215	265	85	350,031
Dividend income earned	147,158	130,556	130,000	130,000	17,158	556	-	-	-	-	-	-
Capital gain - net	-	2,028	-	-	-	-	-	-	-	-	-	2,028
Return on deposits / acceptance expensed	2,104,881	477,350	5,531	2,207	2,040,003	319,111	2,990	1,348	8,244	5,663	48,113	149,021
Charge for defined benefit plan	439,780	322,312	-	-	-	-	-	-	-	-	439,780	322,312
Contribution to defined contribution plan	500,233	401,913	-	-	-	-	-	-	-	-	500,233	401,913
Contribution to staff benevolent fund	64,461	51,314	-	-	-	-	-	-	-	-	64,461	51,314
Fees expensed	16,099	16,401	15,252	14,877	847	1,092	-	-	-	-	-	432
Charity Paid	21,500	30,000	-	-	1,500	-	-	-	-	-	20,000	30,000
Purchase of fixed assets	257,421	164,549	-	-	257,421	164,549	-	-	-	-	-	-
Remuneration to key management personnel	221,388	150,834	-	-	-	-	-	-	221,388	150,834	-	-
Fee to non-executive directors	39,740	54,680	-	-	-	-	39,740	54,680	-	-	-	-
Proceeds from sale of fixed assets	-	2,271	-	-	-	-	-	2,271	-	-	-	-
Proceed against issue of shares	3,570	-	-	-	-	-	-	-	3,570	-	-	-

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----	
37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	17,912,532	17,896,243
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	152,149,345	113,339,894
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	159,149,345	120,339,894
Eligible Tier 2 Capital	21,014,028	20,962,210
Total Eligible Capital (Tier 1 + Tier 2)	180,163,373	141,302,104
Risk weighted assets (RWAs):		
Credit Risk	561,922,277	557,776,813
Market Risk	22,294,492	22,678,235
Operational Risk	186,602,267	186,602,267
Total	770,819,036	767,057,315
Common Equity Tier 1 Capital Adequacy ratio	19.74%	14.78%
Tier 1 Capital Adequacy Ratio	20.65%	15.69%
Total Capital Adequacy Ratio	23.37%	18.42%
Leverage ratio (LR):		
Tier-1 Capital	159,149,345	120,339,894
Total Exposures	3,395,874,680	2,940,154,033
Leverage Ratio	4.69%	4.09%
Liquidity coverage ratio (LCR):		
Total High Quality Liquid Assets	898,366,963	682,411,975
Total Net Cash Outflow	337,059,166	240,277,969
Liquidity Coverage Ratio	267%	284%
Net stable funding ratio (NSFR):		
Total Available Stable Funding	1,986,768,772	1,628,565,640
Total Required Stable Funding	1,047,624,676	1,038,717,022
Net Stable Funding Ratio	190%	157%

38. NON-ADJUSTING EVENT

The Board of Directors in their meeting held on October 19, 2023 has announced interim cash dividend of Rs 5/- per share (50%). These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

39. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were authorised for issue on October 19, 2023 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 PERIOD ENDED SEPTEMBER 30, 2023**



MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----	
ASSETS		
Cash and balances with treasury banks	187,841,395	117,743,672
Balances with other banks	11,783,614	13,710,753
Due from financial institutions	34,964,299	34,964,299
Investments	1,555,442,028	1,287,316,423
Islamic financing and related assets	929,060,571	995,508,354
Fixed assets	45,914,169	40,624,658
Intangible assets	1,971,510	1,873,518
Deferred tax asset	9,667,814	4,439,835
Other assets	170,402,308	85,719,066
	<u>2,947,047,708</u>	<u>2,581,900,578</u>
LIABILITIES		
Bills payable	41,913,696	40,175,122
Due to financial institutions	559,896,268	573,326,439
Deposits and other accounts	2,010,274,870	1,658,469,588
Sub-ordinated sukuk	20,990,000	20,990,000
Deferred tax liabilities	-	-
Other liabilities	155,221,552	169,804,739
	<u>2,788,296,386</u>	<u>2,462,765,888</u>
NET ASSETS	<u>158,751,322</u>	<u>119,134,690</u>
REPRESENTED BY		
Share capital	17,912,532	17,896,243
Advance against issue of shares	-	-
Reserves	34,348,115	28,212,137
Deficit on revaluation of assets - net of tax	(2,369,875)	(663,671)
Unappropriated profit	107,392,209	72,485,599
	<u>157,282,981</u>	<u>117,930,308</u>
NON-CONTROLLING INTEREST	<u>1,468,341</u>	<u>1,204,382</u>
	<u>158,751,322</u>	<u>119,134,690</u>

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

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Quarter ended September 30, 2023	Nine months period ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2022
------(Rupees in '000)-----				
Profit / return earned on Islamic financing and related assets, investments and placements	120,855,921	303,901,959	65,609,619	153,971,541
Profit on deposits and other dues expensed	56,770,434	149,198,197	33,858,093	76,735,665
Net profit / return	<u>64,085,487</u>	<u>154,703,762</u>	<u>31,751,526</u>	<u>77,235,876</u>
OTHER INCOME				
Fee and commission income	5,214,869	13,820,110	3,805,903	10,620,348
Dividend income	113,467	440,773	128,467	421,564
Foreign exchange income	1,575,301	2,116,102	734,743	3,866,649
(Loss) / gain on securities	(526,162)	(866,972)	(89,129)	27,320
Other income	411,502	982,871	191,300	951,235
Total other income	<u>6,788,977</u>	<u>16,492,884</u>	<u>4,771,284</u>	<u>15,887,116</u>
Total income	<u>70,874,464</u>	<u>171,196,646</u>	<u>36,522,810</u>	<u>93,122,992</u>
OTHER EXPENSES				
Operating expenses	18,683,592	48,724,859	12,436,789	33,177,242
Workers Welfare Fund	1,062,812	2,562,585	511,288	1,255,173
Other charges	3,545	55,825	83,091	89,024
Total other expenses	<u>19,749,949</u>	<u>51,343,269</u>	<u>13,031,168</u>	<u>34,521,439</u>
	<u>51,124,515</u>	<u>119,853,377</u>	<u>23,491,642</u>	<u>58,601,553</u>
Share of results of associates before taxation	380,580	490,821	(23,554)	(130,129)
Profit before provisions	<u>51,505,095</u>	<u>120,344,198</u>	<u>23,468,088</u>	<u>58,471,424</u>
Provisions and write offs - net	781,915	4,416,289	545,866	1,735,254
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	<u>50,723,180</u>	<u>115,927,909</u>	<u>22,922,222</u>	<u>56,736,170</u>
Taxation	24,727,801	57,020,524	11,303,042	27,979,938
PROFIT AFTER TAXATION	<u>25,995,379</u>	<u>58,907,385</u>	<u>11,619,180</u>	<u>28,756,232</u>
Attributable to:				
Shareholders of the Holding company	25,828,291	58,571,067	11,568,768	28,621,418
Non-controlling interest	167,088	336,318	50,412	134,814
	<u>25,995,379</u>	<u>58,907,385</u>	<u>11,619,180</u>	<u>28,756,232</u>
------(Rupees)-----				
Basic earnings per share	<u>14.43</u>	<u>32.72</u>	<u>6.46</u>	<u>15.99</u>
Diluted earnings per share	<u>14.42</u>	<u>32.69</u>	<u>6.46</u>	<u>15.99</u>

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

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Quarter ended September 30, 2023	Nine months period ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2022
------(Rupees in '000)-----				
Profit after taxation for the period attributable to:				
Shareholders of the Holding company	25,828,291	58,571,067	11,568,768	28,621,418
Non-controlling interest	167,088	336,318	50,412	134,814
	<u>25,995,379</u>	<u>58,907,385</u>	<u>11,619,180</u>	<u>28,756,232</u>
Other Comprehensive Income				
Item that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(820,697)	(1,705,919)	1,434,095	(3,431,385)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurements of defined benefit plan - net of tax	-	(6,739)	-	(11,982)
Movement in deficit on revaluation of non - banking assets - net of tax	-	(281)	-	(1,544)
	<u>-</u>	<u>(7,020)</u>	<u>-</u>	<u>(13,526)</u>
Other Comprehensive loss for the period	<u>(820,697)</u>	<u>(1,712,939)</u>	<u>1,434,095</u>	<u>(3,444,911)</u>
Total Comprehensive income for the period	<u><u>25,174,682</u></u>	<u><u>57,194,446</u></u>	<u><u>13,053,275</u></u>	<u><u>25,311,321</u></u>
Attributable to:				
Shareholders of the Holding company	25,007,594	56,860,487	13,002,863	25,180,701
Non-controlling interest	167,088	333,959	50,412	130,620
	<u>25,174,682</u>	<u>57,194,446</u>	<u>13,053,275</u>	<u>25,311,321</u>

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

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Share capital	Advance against issue of shares	Capital reserves			Revenue reserves		Surplus / (deficit) on revaluation of			Non controlling interest	Total
			Share Premium	Statutory reserve *	Non Distributable Capital Reserve Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Unappropriated profit	Investments	Non-banking assets		
-(Rupees in '000)-												
Balance as at January 1, 2022	16,269,312	-	2,406,571	17,668,857	3,117,547	133,457	91,082	45,494,657	4,040,077	23,533	1,196,519	90,441,612
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	-	-	-	-	28,621,418	-	-	134,814	28,756,232
Other Comprehensive loss for the nine months period ended September 30, 2022 - net of tax												
- Movement in (deficit) / surplus on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	-	(3,431,385)	-	-	(3,431,385)
- Movement in (deficit) / surplus on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	-	-	(1,544)	-	(1,544)
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(7,788)	-	-	(4,194)	(11,982)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(7,788)	(3,431,385)	(1,544)	(4,194)	(3,444,911)
Transfer from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	39	-	(39)	-	-
Other appropriations												
Transfer to statutory reserve*	-	-	2,859,640	-	-	-	-	(2,859,640)	-	-	-	-
Recognition of share based compensation	-	-	-	-	-	208,596	-	-	-	-	-	208,596
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	(2,440,397)	-	-	-	(2,440,397)
First Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	(2,847,130)	-	-	-	(2,847,130)
Second Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	(2,847,130)	-	-	-	(2,847,130)
	-	-	-	-	-	-	-	(8,134,657)	-	-	-	(8,134,657)
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	(1,626,931)	-	-	-	-
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Balance as at September 30, 2022	17,896,243	-	2,406,571	20,528,497	3,117,547	342,053	91,082	61,487,098	608,692	21,950	1,257,139	107,756,872
Profit after taxation for the quarter ended December 31, 2022	-	-	-	-	-	-	-	16,315,277	-	-	69,743	16,385,020
Other Comprehensive loss for quarter ended December 31, 2022 - net of tax												
- Movement in (deficit) / surplus on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	-	(1,275,041)	-	-	(1,275,041)
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(96,555)	-	-	-	(96,555)
- Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	(19,224)	-	(19,224)
Total other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	-	(96,555)	(1,275,041)	(19,224)	-	(1,390,820)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	48	-	(48)	-	-
Other appropriations												
Transfer to statutory reserve*	-	-	1,641,021	-	-	-	-	(1,641,021)	-	-	-	-
Recognition of share based compensation	-	-	-	-	-	85,366	-	-	-	-	-	85,366
Transactions with owners recognised directly in equity												
Third interim cash dividend for the year 2022 @ Rs. 2 per share	-	-	-	-	-	-	-	(3,579,248)	-	-	-	(3,579,248)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(122,500)	(122,500)
Balance as at December 31, 2022	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 nine months period ended September 30, 2023	-	-	-	-	-	-	-	58,571,067	-	-	336,318	58,907,385
Other Comprehensive loss for the nine months period ended September 30, 2023 - net of tax												
- Movement in (deficit) / surplus on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	-	(1,705,919)	-	-	(1,705,919)
- Movement in (deficit) / surplus on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	-	-	(281)	-	(281)
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(4,380)	-	-	(2,359)	(6,739)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(4,380)	(1,705,919)	(281)	(2,359)	(1,712,939)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	4	-	(4)	-	-
Recognition of share based compensation	-	-	-	-	-	295,246	-	-	-	-	-	295,246
Other appropriations												
Transfer to statutory reserve*	-	-	5,803,706	-	-	-	-	(5,803,706)	-	-	-	-
Transactions with owners recognised directly in equity												
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	(5,368,873)	-	-	-	(5,368,873)
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)
	-	-	-	-	-	-	-	(17,902,759)	-	-	-	(17,902,759)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	-	214,225	-	-	(177,199)	-	46,384	-	-	-	99,699
Balance as at September 30, 2023	17,912,532	-	2,620,796	27,973,224	3,117,547	545,466	91,082	107,392,209	(2,372,268)	2,393	1,468,341	158,751,322

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

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Nine months period ended September 30, 2023	Nine months period ended September 30, 2022
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	115,927,909	56,736,170
Less: Dividend income	(440,773)	(421,564)
	<u>115,487,136</u>	<u>56,314,606</u>
Adjustments for non-cash charges and other items:		
Depreciation	3,108,536	2,261,005
Amortization	403,129	336,450
Non cash items related to right-of-use assets	3,364,882	3,289,270
Provisions and write offs - net	4,416,289	1,735,254
Share based compensation expense	295,246	208,596
Gain on sale of operating fixed assets	(320,367)	(171,797)
Share of results of associates	(490,821)	130,129
	<u>10,776,894</u>	<u>7,788,907</u>
	126,264,030	64,103,513
(Increase) / decrease in operating assets		
Due from financial institutions	-	202,437,338
Islamic financing and related assets	61,531,975	(95,327,620)
Other assets	(84,663,618)	(40,709,938)
	<u>(23,131,643)</u>	<u>66,399,780</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,738,574	6,497,094
Due to financial institutions	(13,430,171)	284,893,273
Deposits and other accounts	351,805,282	202,019,930
Other liabilities	(23,739,367)	21,247,380
	<u>316,374,318</u>	<u>514,657,677</u>
	419,506,705	645,160,970
Income tax paid	(48,584,693)	(19,109,716)
Net cash generated from operating activities	<u>370,922,012</u>	<u>626,051,254</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(270,587,699)	(629,853,027)
Dividends received	391,112	376,317
Investments in operating fixed assets	(10,304,283)	(9,012,487)
Investments in intangible assets	(501,121)	(644,109)
Proceeds from sale of fixed assets	464,312	299,137
Net cash used in investing activities	<u>(280,537,679)</u>	<u>(638,834,169)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,810,112)	(2,681,159)
Proceed against issue of shares	99,699	-
Dividend paid to equity shareholders of the Bank	(19,433,336)	(5,792,602)
Dividend paid to non-controlling interest	(70,000)	(70,000)
Net cash used in financing activities	<u>(22,213,749)</u>	<u>(8,543,761)</u>
Increase / (decrease) in cash and cash equivalents	<u>68,170,584</u>	<u>(21,326,676)</u>
Cash and cash equivalents at the beginning of the period	131,454,425	186,966,475
Cash and cash equivalents at the end of the period	<u><u>199,625,009</u></u>	<u><u>165,639,799</u></u>

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

Chairman	President and 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

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) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Sovereign 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 Cash Fund, Meezan Rozana Amdani Fund, Meezan Pakistan Exchange Traded Fund, Meezan Daily Income Plan and Meezan Fixed Term Fund.
- 1.2** These condensed interim consolidated financial statements has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** These condensed interim consolidated financial statements comprise of the statement of financial position as at September 30, 2023 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the nine months period ended September 30, 2023.

2 ACCOUNTING POLICIES

- 2.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the Group for the year ended December 31, 2022.

3 DATE OF AUTHORISATION

These condensed interim consolidated financial statements was authorised for issue on October 19, 2023 by the Board of Directors of the Holding company.

Chairman

President & Chief Executive

Director

Director

Chief Financial Officer