



Meezan Bank
The Premier Islamic Bank



FORM-8

October 30, 2023

MEBL/CS/PSX-18/135/2023

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

TRANSMISSION OF QUARTERLY REPORT OF MEEZAN BANK LIMITED FOR THE PERIOD ENDED SEPTEMBER 30, 2023

Dear Sir,

السلام عليكم

We have to inform you that the Quarterly Report of Meezan Bank for the period ended **September 30, 2023** have been transmitted through PUCARS and is also available on Bank's website.

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

Yours Sincerely,

Muhammad Sohail Khan
Company Secretary

Encl: As above.

Meezan Bank Ltd.

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

**THIRD QUARTERLY
REPORT**
SEPTEMBER 30, 2023



Meezan Bank
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

CONTENTS

Corporate Information	03
Directors' Review	04
Condensed Interim Unconsolidated Statement of Financial Position	12
Condensed Interim Unconsolidated Profit and Loss Account	13
Condensed Interim Unconsolidated Statement of Comprehensive Income	14
Condensed Interim Unconsolidated Statement of Changes in Equity	15
Condensed Interim Unconsolidated Cash Flow Statement	17
Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Statements	18
Condensed Interim Consolidated Statement of Financial Position	51
Condensed Interim Consolidated Profit and Loss Account	52
Condensed Interim Consolidated Statement of Comprehensive Income	53
Condensed Interim Consolidated Statement of Changes in Equity	54
Condensed Interim Consolidated Cash Flow Statement	56
Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Statements	57

CORPORATE INFORMATION

AS OF SEPTEMBER 30, 2023

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

DIRECTORS' REVIEW

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

The Board of Directors is pleased to present the condensed interim unaudited unconsolidated and consolidated financial statements of Meezan Bank Limited for the nine-months ended September 30, 2023.

Economy

Pakistan's economy continues to navigate through a spectrum of challenges encompassing fiscal disparities, low foreign exchange reserves, political unrest and elevated global energy and commodity prices amid the ongoing Russia-Ukraine war. The Government of Pakistan (GoP) in the wake of macroeconomic pressures, rationalised imports and substantially raised domestic energy prices whilst increasing taxes to stabilize the national economy. Consequently, Pakistan's Gross Domestic Product (GDP) growth was restricted to a modest 0.3% p.a. Inflation reached an all-time high with headline Consumer Price Index (CPI) averaging at 31.4% in September 2023.

The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has also raised its Policy Rate by a cumulative 600 basis points since December 2022, bringing the policy rate to 22.00% in June 2023. In July 2023, the Executive Board of the International Monetary Fund (IMF) granted Pakistan a 9-month Stand-By Arrangement (SBA) totalling \$3 billion to serve as a stabilizing force, addressing both fiscal and trade imbalances thereby enabling financial assistance from other international and bilateral partners.

The GoP has undertaken certain measures which have successfully arrested the free fall of the Pakistani Rupee (PKR) against the United States Dollar (USD). As a result, the PKR to USD exchange rate after depreciating by 36% since January 2023 to 307 in early September 2023 has recovered to 280 in October 2023. The corrective measures have narrowed down the difference in rates between the inter-bank and open market and also partially curbed the inflationary rise. However, the pace of decline in inflation trend has been subdued by the rising energy prices. The national bourse has recently experienced a positive upturn, as the index closed at 46,232 points, surpassing the 41,452 points recorded in June 2023 and 40,420 points in December 2022. Pakistan is on track to secure the International Monetary Fund's (IMF) first economic review under its \$3 billion loan programme in November, paving the way for the release of the second tranche of \$700 million. The policies under the new IMF programme (SBA) would help in stabilising the country's economy and strengthen its financial buffers with the IMF expecting GDP growth of 2.5% for Pakistan in FY24.

Financial Highlights

With the grace of Allah, Meezan Bank has achieved impressive results for the nine-month period ending September 30, 2023 with a Profit After Tax of Rs 58 billion, compared to Rs 28.6 billion in corresponding period last year, a remarkable growth of 103%. This growth in profitability was driven by both volumetric expansion and higher benchmark rate. The basic Earnings per Share reached Rs 32.42 compared to Rs 15.98 in September 2022. Meezan's consistent profitability growth has led to robust internal equity generation, resulting in a healthy Capital Adequacy Ratio (CAR) of 23.37% - substantially higher than the minimum regulatory requirement of 11.50%, demonstrating our unwavering commitment to maintaining a strong financial foundation.

We are delighted to announce that the Board has approved an interim cash dividend of Rs 5.00 (50%) for the third quarter ended on September 30, 2023. This brings the total cash

DIRECTORS' REVIEW

dividend for the nine months to Rs 12.00 (120%), encompassing the earlier payment of an interim cash dividend of Rs 7.00 per share (70%) during the first half of 2023. We take pride in our enduring tradition of continuous dividend distribution, dating back to our listing on the Pakistan Stock Exchange. The financial highlights of Meezan Bank are given below:

Rupees in millions

Profit & Loss Account	Jan - Sep 2023	Jan - Sep 2022	Growth %
Profit / return earned on financing, investments and placements	303,817	153,879	97%
Profit on deposits and other dues expensed	(149,171)	(76,730)	94%
Net spread earned	154,646	77,149	100%
Fee, commission and other non-funded income	15,168	15,046	1%
Operating income	169,814	92,195	84%
Operating and other expenses	(50,833)	(34,077)	49%
Provision against NPLs and others - net	(4,416)	(1,735)	155%
Profit before tax	114,565	56,383	103%
Taxation	(56,528)	(27,787)	103%
Profit after tax	58,037	28,596	103%
Basic Earnings per share - Rupees	32.42	15.98	103%
Number of branches	983	940	5%

Rupees in millions

Statement of Financial Position	September 30, 2023	December 31, 2023	Growth %
Total Assets	2,941,380	2,577,397	14%
Investments	1,550,600	1,283,210	21%
Islamic financing and related assets - Gross	956,699	1,018,102	(6%)
Deposits	2,010,356	1,658,490	21%
ADR (Gross Advances to Deposits)- %	48%	61%	(14%)
Equity	154,144	115,321	34%

Return from financing, investments and placements witnessed a significant surge, reaching Rs 303.8 billion as compared to Rs 153.9 billion in the corresponding period previous year, marking an impressive increase of 97% - driven by the higher underlying benchmark rate and higher average volume of earning assets. Throughout this period, the Policy Rate averaged at 20.25% vis-a-vis 12.47% in September 2022, an increase of 778 basis points. Similarly, return on deposits and other dues also jumped from Rs 76.7 billion in September 2022 to Rs 149.2 billion, indicating a 94% rise which is attributable to higher average deposit and borrowing volume as well as an uptick in depositors' profit rates.

Fee and commission income also demonstrated a robust growth of 29% reaching Rs 12.4 billion from Rs 9.6 billion in September 2022, primarily attributable to a rise in number of debit cards, branch banking and trade-related income. Foreign exchange income clocked in at Rs 2.1 billion which was lower than September 2022 levels of Rs 3.9 billion. However, on a quarter over quarter basis, the foreign exchange income grew by 1.3x from second quarter

DIRECTORS' REVIEW

to Rs 1.6 billion. It is pertinent to mention here that the Pakistani currency market remains volatile thereby affecting the foreign exchange income. On an overall basis, the non-funded income remained in line with September 2022.

Operating and other expenses increased from Rs 34.1 billion to Rs 50.8 billion, primarily due to persistently high inflation, rupee devaluation and strategic investments in IT-related projects. Nevertheless, the rise in expenses was absorbed by the growth in income leading to a further improvement in our income efficiency ratio. We remain committed to our cost rationalization and process automation strategy in order to achieve a more streamlined and efficient operating cycle.

Total assets have reached Rs 2.94 trillion, marking a growth of 14% or Rs 364 billion from December 2022. Investment portfolio surged by 21% compared to the previous year to Rs 1.55 trillion. This expansion is a direct result of regular Sukuk auctions of GoP. In a historical development this year, the Ministry of Finance introduced 1-year Sukuk instruments for both fixed and variable-rate rentals, marking the first time such instruments have been introduced for short term liquidity deployment for the Islamic Banking Industry (IBI). The market exhibited strong interest in these instruments, with total participation reaching Rs 259 billion, surpassing the target of Rs 170 billion across four issuances.

Due to the prevailing economic challenges and slowdown in private sector credit amidst monetary contraction, Meezan has proactively made strategic adjustments by slowing down credit lending activities and emphasizing the preservation of our financing portfolio. Consequently, our gross financing portfolio declined by 6% from Rs 1.02 trillion in December 2022 to Rs 957 billion in September 2023 depicting an Advances to Deposits Ratio (ADR) of 48%. We remain committed to retaining a high-quality and well-diversified asset mix strategically distributed across various segments, including Corporate, Commercial & SME, and Consumer markets. Meezan continues to maintain its exemplary asset quality surpassing industry standards with a non-performing financing ratio below 2%. On a prudent approach, general provision levels were increased by Rs 3.5 billion during the nine months in response to a decline in borrowers' repayment capacity, exacerbated by historically high benchmark interest rates.

Meezan's deposit portfolio demonstrated a robust growth of 21% and crossed the Rs 2 trillion landmark for the first time ever in the history of the Bank. This achievement is a testament to the trust and confidence our customers have placed in us and underscores the collective efforts of our teams who have consistently worked towards fostering strong customer relationships, delivering service excellence and upholding the core values that define our banking legacy. Current Account (CA) deposits represent nearly half of the deposit book, amounting to Rs 981 billion, recording a growth of 20% from last year. Similarly, Savings Account (SA) deposits also surged by 24% to Rs 798 billion taking our CASA deposits to Rs 1.8 trillion representing 88% of the deposit base. Meezan expanded its clientele by acquiring approximately 598,000 new-to-bank customers, supplementing its existing deposit relationships, taking the overall customer-base to 3.9 million by the end of September - an 18% growth from 2022. Meezan recently marked a triumphant three-year milestone as the dominant leader in the market in terms of funds flowing into Roshan Digital Accounts (RDA) with RDA remittances surpassing \$1.7 billion since inception and commanding a significant market share of 26%. We express our sincere appreciation to the Pakistani diaspora for entrusting Meezan as their preferred banking partner.

Meezan Bank has embarked on an ambitious digital transformation strategy that not only aims to enhance customer experiences but also digitalise back-office operations to deliver smooth and speedy service to clients from all walks of life. A hybrid growth model allows for expansion of our physical presence in under-served areas of the country whilst simultaneously on-boarding customers digitally. Our branch network is strategically spread across the country with a total of 983 branches in 327 cities. The Bank's ATM network of

DIRECTORS' REVIEW

over 1,100 touchpoints nationwide provide convenient access to our services 24x7. Our Merchant Acquiring business initiative, in a short span of eighteen months, has successfully empowered around 15,000 merchants across 330 cities nationwide, to accept POS and E-commerce payments digitally.

The VIS Credit Rating Company Limited has reaffirmed Meezan with highest possible credit rating - 'AAA' (Triple A) rating for the Long Term and an 'A1+' (A-One Plus) rating for the Short Term, maintaining a stable outlook.

Outlook

Meezan remains steadfast in its dedication to contribute to the nation's economic growth and stability. Our focus is on fortifying the Islamic Banking Industry and supporting the government's transition towards Islamic Finance, in line with the Honourable Federal Shariat Court (FSC)'s directive to fully transform the economy into a Shariah-Compliant financial system within the next five years. Our strategic focus is to further expand our deposit base and maintaining highest level of Shariah and quality standards. We are committed to upholding financial stability ratios that exceed regulatory requirements and aim to bolster our equity in alignment with our future growth plans.

In line with our strategy to ensure smooth succession and transition planning of our leadership team, we welcome Syed Amir Ali, one of our past colleagues in Meezan, as Deputy CEO alongside Mr. Ariful Islam until his retirement early next year. Over the next six months, he will closely shadow Mr. Ariful Islam, immersing himself in the role to assimilate organizational intricacies. Following this, Syed Amir Ali will eventually succeed Mr Irfan Siddiqui, our Founding President & CEO upon his retirement by the end of 2025. We take immense pride in the fact that our 'homegrown' Meezan Banker returns to us with a unique blend of ingrained Meezan experience, as well as broader exposure at the CEO level within the Islamic Banking industry.

We extend our heartfelt appreciation to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their unwavering commitment to establishing a sustainable Islamic financial system in the country. Our significant accomplishments would not have been possible without the proactive support of our diverse customer base, to whom we are deeply indebted. We also express our gratitude to the members of the Shariah Board, our shareholders, holders of Additional Tier I Sukuk and Subordinated Sukuk (Tier II) for their continuous patronage for establishing Meezan Bank as the leading Islamic Bank in the country.

We extend our gratitude to each member of our dedicated team for their hard work and unwavering commitment to advancing the cause of Islamic Banking. Most importantly, we bow our heads in gratitude to Allah Almighty for His continued blessings on our Bank and all of us, which have enabled us to achieve this remarkable performance in a short period. We pray that He gives us more strength and wisdom to further realize our vision of establishing Islamic banking as banking of the first choice.

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
October 19, 2023

ڈائریکٹرز کا تجزیہ

الحمد لله رب العالمین

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 ستمبر، 2023 کو مکمل ہونے والے نو ماہ کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔

معیشت

پاکستانی معیشت مالیاتی عدم مساوات، زرمبادلہ کم ذخائر، سیاسی غیر یقینی کی صورتحال اور روس یوکرین کی جاری جنگ کی وجہ سے عالمی سطح پر توانائی اور ایشیائے جنوبی کی قیمتوں میں اضافے سمیت بے درپے مسائل سے نبرد آزما ہے۔ حکومت پاکستان (GoP) نے میکرو اکنامک دباؤ کے تناظر میں درآمدات کو محدود رکھا اور ٹیکسوں میں اضافہ کرتے ہوئے مقامی سطح پر توانائی کی قیمتیں بڑھائیں تاکہ ملکی معیشت کو مستحکم بنایا جاسکے۔ اس کے نتیجے میں پاکستان کی مجموعی ترقیاتی پیداوار (GDP) کی شرح نمو 0.3 فیصد سالانہ تک محدود رہی۔ افراط زرتاریج کی بلند ترین سطح پر پہنچ گئی اور ستمبر 2023 کے دوران کنزیومر پرائس انڈیکس (CPI) افراط زر کی اوسط شرح 31.4 فیصد رہی۔

اسٹیٹ بینک آف پاکستان (SBP) کی مانیٹری پالیسی کمیٹی (MPC) نے دسمبر 2022 کے بعد سے پالیسی شرح (ٹیچ مارک شرح) میں مجموعی طور پر 600 بیس پوائنٹس کا اضافہ کیا جس کے بعد جون 2023 میں پالیسی شرح 22 فیصد تک پہنچ گئی۔ جولائی 2023 میں عالمی مالیاتی فنڈ (IMF) کے ایگزیکٹو بورڈ نے معیشت کو مستحکم کرنے اور مالیاتی اور تجارتی عدم توازن پر قابو پانے کے لئے نو ماہ کے اسٹیٹڈ ہائی ایگریمنٹ کے تحت مجموعی طور پر تین بلین ڈالر دیئے جس کی وجہ سے دیگر بین الاقوامی اور دو طرفہ شراکت داروں کی جانب سے تعاون کی راہ بھی ہموار ہوئی۔

حکومت پاکستان نے متعدد ایسے اقدامات کئے ہیں جن سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی تیزی سے گراؤٹ کو روک دیا گیا ہے۔ نتیجتاً امریکی ڈالر کے مقابلے میں روپے کی شرح تبادلہ، جو جنوری 2023 سے ستمبر 2023 کے دوران 36 فیصد کمی کے بعد 30 روپے فی امریکی ڈالر ہوئی تھی، اکتوبر 2023 میں بہتر ہو کر 280 روپے فی امریکی ڈالر ہو گئی۔ درستی کے ان اقدامات نے اوپن مارکیٹ اور انٹرنیشنل کی قیمتوں کے فرق میں نمایاں کمی کی اور افراط زر میں اضافے کو بھی جزوی طور پر روک دیا۔ تاہم توانائی کی بڑھتی ہوئی قیمتوں کی وجہ سے افراط زر میں کمی کے رجحان کی رفتار سست ہو گئی۔ ملکی بازار حصص میں حالیہ مدت میں مثبت رجحان دیکھنے میں آیا اور انڈیکس جون 2023 میں ریکارڈ کئے گئے 41,452 پوائنٹس اور دسمبر 2022 میں ریکارڈ کئے گئے 40,420 پوائنٹس کو پیچھے چھوڑتے ہوئے 46,232 پوائنٹس پر بند ہوا۔ پاکستان نومبر میں عالمی مالیاتی فنڈ (IMF) کے 3 بلین ڈالر قرض پروگرام کے تحت اس کے پہلے اقتصادی جائزے کے حصول کے راستے پر ہے جس سے 700 ملین امریکی ڈالر کی دوسری قسط کی راہ ہموار ہوگی۔ نئے آئی ایم ایف پروگرام (SBA) کے تحت جاری پالیسیاں پاکستان کی معیشت کو متوازن کرنے میں مدد دیں گی اور اس کے محفوظ سرمائے (Financial Buffers) کو استحکام بخشیں گی، جبکہ آئی ایم ایف نے مالی سال 2024 کے لئے پاکستان کی معاشی نمو 2.5 فیصد رہنے کی توقع ظاہر کی ہے۔

مالیاتی نکات

اللہ تعالیٰ کی رحمت سے میزان بینک نے 30 ستمبر 2023 کو اختتام پذیر نو ماہ کے دوران غیر معمولی نتائج پیش کئے ہیں اور بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 28.6 بلین روپے کے مقابلے میں بڑھ کر 58 بلین روپے ہو گیا، جو 103 فیصد کے زبردست اضافے کو ظاہر کرتا ہے۔ منافع میں یہ اضافہ حجم میں توسیع اور بیج مارک کی بلند شرح کی وجہ سے ہوا۔ بنیادی فی حصص آمدنی ستمبر 2022 کے 15.98 روپے فی حصص کے مقابلے میں بڑھ کر 32.42 روپے فی حصص ہو گئی۔ میزان بینک کے منافع میں مسلسل اضافے سے زبردست داخلی ایکویٹی کی پیداوار کی راہ ہموار ہوئی، جس کے نتیجے میں 23.37 فیصد مستحکم کپیٹل ایڈیکولٹی ریٹو (CAR) حاصل ہوا، جو 11.50 فیصد کے کم از کم درکار قانونی تقاضے سے کافی زیادہ ہے اور جو ایک مضبوط مالی بنیاد برقرار رکھنے کے ہمارے غیر متزلزل عزم کی عکاسی کرتا ہے۔

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ نے 30 ستمبر 2023 کو اختتام پذیر تیسری سہ ماہی کے لئے 5.00 روپے فی حصص (50.00 فیصد) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔ اس طرح نو ماہ کے دوران ادا کردہ ڈیویڈنڈ 12.00 روپے (120 فیصد) ہو گیا ہے، جس میں 2023 کے پہلے نصف حصہ میں کی جانے والی 7.00 روپے فی حصص (70 فیصد) نقد ڈیویڈنڈ کی ادائیگی بھی شامل ہے۔ ہمیں ڈیویڈنڈ کی مسلسل ادائیگی کی اپنی دیرینہ روایت پر فخر ہے، جو پاکستان اسٹاک ایکسچینج میں ہمارے اندراج کے بعد سے اب تک برقرار ہے۔

میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

روپے (ملین میں)

نفع و نقصان کھانہ	جنوری تا ستمبر 2023	جنوری تا ستمبر 2022	اضافہ کی شرح %
فنانسنگ، سرمایہ کاری اور Placements پر منافع	303,817	153,879	97%
جمع شدہ رقوم اور دیگر واجبات پر منافع	(149,171)	(76,730)	94%
خالص آمدنی	154,646	77,149	100%
فیس، کمیشن اور دیگر ٹران۔ فنڈڈ آمدنی	15,168	15,046	1%
انتظامی آمدنی	169,814	92,195	84%
انتظامی اور دیگر اخراجات	(50,833)	(34,077)	49%
NPLs اور دیگر کی مد میں پروویژنز	(4,416)	(1,735)	155%
قبل از ٹیکس منافع	114,565	56,383	103%
ٹیکس	(56,528)	(27,787)	103%
بعد از ٹیکس منافع	58,037	28,596	103%
فی حصص آمدنی۔ روپے میں۔	32.42	15.98	103%
برانچوں کی تعداد	983	940	5%

مالیاتی حیثیت کا جائزہ	30 ستمبر، 2023	31 دسمبر، 2022	اضافہ کی شرح %
کل اثاثے	2,941,380	2,577,397	14%
سرمایہ کاریاں	1,550,600	1,283,210	21%
اسلامی فنانسنگ اور متعلقہ اثاثے۔ مجموعی	956,699	1,018,102	(6%)
جمع شدہ رقوم	2,010,356	1,658,490	21%
اے ڈی آر (Gross advances to deposits)۔ فیصد	48%	61%	(14%)
ایکویٹی	154,144	115,321	34%

فنانسنگ، سرمایہ کاری اور Placements پر منافع میں زبردست اضافہ دیکھنے میں آیا، جو گزشتہ سال کی اسی مدت کے 153.9 ملین روپے کے مقابلے میں بڑھ کر 303.8 ملین روپے ہو گیا۔ 97 فیصد کا یہ متاثر کن اضافہ بلند بنیادی بیج مارک شرح اور آمدنی پیدا کرنے والے اثاثوں کے زیادہ اوسط حجم کے نتیجے میں حاصل ہوا۔ زیر جائزہ مدت کے دوران اوسط پالیسی شرح ستمبر 2022 کے 12.47 فیصد کے مقابلے میں 20.25 فیصد رہی جو کہ 778 پیسے پوائنٹس کا اضافہ ہے۔ اسی طرح جمع شدہ رقوم (ڈپازٹس) اور دیگر واجب الادا رقوم پر منافع ستمبر 2022 کے 76.7 ملین روپے کے مقابلے میں بڑھ کر 149.2 ملین روپے ہو گیا۔ 94 فیصد کے اس اضافے کی وجہ اوسط ڈپازٹس اور قرضوں کے حجم، اور ڈپازٹرز کی شرح منافع میں اضافہ تھی۔

بینک کی فیس اور کمیشن کی آمدنی میں 29 فیصد کا زبردست اضافہ دیکھنے میں آیا جو کہ ستمبر 2022 کے 9.6 ملین روپے کے مقابلے میں بڑھ کر 12.4 ملین روپے ہو گیا، جس میں ڈی بیٹ کارڈ، برانچ بینکنگ اور ٹریڈ سے متعلقہ آمدنی نے بڑا حصہ ڈالا۔ غیر ملکی زرمبادلہ کی آمدنی 2.1 ملین روپے رہی جو ستمبر 2022 کے 3.9

بلین روپے کے مقابلہ میں کم تھی۔ تاہم سہ ماہی بنیاد پر غیر ملکی زرمبادلہ کی آمدنی میں سال کی دوسری سہ ماہی سے 1.3 گنا یعنی 1.6 بلین روپے کا اضافہ ہوا۔ یہ بات بھی قابل ذکر ہے کہ پاکستان کی کرنسی مارکیٹ بدستور غیر مستحکم ہے جس نے غیر ملکی زرمبادلہ کی آمدنی کو متاثر کیا ہے۔ مجموعی طور پر بینک کی نان-فنڈڈ آمدنی ستمبر 2022 کی سطح پر برقرار رہی۔

انتظامی اور دیگر اخراجات بھی 34.1 بلین روپے سے بڑھ کر 50.8 بلین روپے ہو گئے۔ افراط زر کی مسلسل بلند شرح، روپے کی قدر میں کمی اور آئی ٹی سے متعلقہ پروڈیکٹس میں تزویراتی سرمایہ کاری جیسے عوامل اس اضافے کی وجہ بنے۔ تاہم اخراجات میں اس اضافے کو آمدنی میں ہونے والے اضافے نے جذب کر لیا جس کے نتیجے میں ہمارے انکم ایفیشینسی ریشو میں مزید بہتری آئی۔ ہم زیادہ ہموار اور موثر آپریٹنگ سائیکل کے حصول کے لئے Cost rationalization اور پراسس آٹومیشن کی حکمت عملی پر کاربند ہیں۔

بینک کے کل اثاثے دسمبر 2022 کے مقابلے میں 14 فیصد (364 بلین روپے) اضافے کے بعد 2.94 ٹریلین روپے تک پہنچ گئے۔ بینک کا سرمایہ کاری پورٹ فولیو گزشتہ سال کے مقابلے میں 21 فیصد اضافے کے بعد 1.55 ٹریلین روپے پر بند ہوا۔ حکومت پاکستان (GoP) کے اجارہ سلوک کے باقاعدہ وقفوں سے اجرانے بینک کے سرمایہ کاری کھاتے کی توسیع میں اہم کردار ادا کیا ہے۔ اس سال ایک تاریخی پیش رفت ہوئی جب وزارت خزانہ نے پہلی بار مقررہ اور متبادل شرح انقساط کے ایک سالہ سلوک انسٹرومنٹس متعارف کروائے، اور یہ پہلی بار تھا کہ اسلامی بینکاری صنعت (IBI) کی قلیل مدتی لکویڈیٹی ڈپلائمنٹ کے لئے ایسے انسٹرومنٹس متعارف کروائے گئے۔ مارکیٹ نے نئے جاری کردہ انسٹرومنٹس میں بھرپور دلچسپی ظاہر کی اور 259 بلین روپے کی شرکت سامنے آئی، جس نے چار بار اجرا کے 170 بلین کے ہدف کو پیچھے چھوڑ دیا۔

موجودہ معاشی چیلنجز اور مالیاتی سختی کے باعث نجی شعبے کے قرضہ جات میں کمی کی وجہ سے میزان بینک نے قرض دہنگی کی سرگرمیوں میں کمی کر کے، فنانشنگ پورٹ فولیو کو محفوظ بنانے پر توجہ دے کر تزویراتی تبدیلیاں کی ہیں، اس کے نتیجے میں ہمارے مجموعی فنانشنگ پورٹ فولیو میں 6 فیصد کمی آئی جو دسمبر 2022 کے 1.02 ٹریلین روپے کے مقابلے میں ستمبر 2023 تک کم ہو کر 957 بلین روپے ہو گیا جو 48 فیصد ایڈوانسز ٹو ڈپازٹ ریشو (ADR) کو ظاہر کرتا ہے۔ ہم معیشت کے تمام شعبوں بشمول کارپوریٹ، کمرشل اور ایس ایم ای، اور کزن بومر شعبوں میں منقسم اعلیٰ معیار کا متنوع پورٹ فولیو برقرار رکھنے کے اپنے عزم پر قائم ہیں۔ میزان بینک اپنے اثاثوں کے مثالی معیار کو برقرار رکھے ہوئے ہے جو 2 فیصد سے کم کے نان پرفارمنگ فنانشنگ ریشو کے ساتھ بینکاری صنعت کے معیار سے کہیں آگے ہے۔ نو ماہ کے دوران بینک کے دانشمندانہ نکتہ نظر کے تحت تاریخ کی بلند ترین بیچ مارک شرح کے دوران قرض خواہان کی قرضوں کی واپسی کی استعداد میں کمی کے پیش نظر عمومی پروڈیونز کی رقم مزید بڑھا کر 3.5 بلین روپے کر دی گئی۔

میزان ڈپازٹ پورٹ فولیو میں 21 فیصد زبردست اضافہ دیکھنے میں آیا اور بینک کی تاریخ میں پہلی بار 2 ٹریلین کا سنگ میل عبور کر لیا۔ ہماری کامیابی ہمارے صارفین کے ہم پر بھروسے اور اعتماد کا ثبوت اور ہماری ٹیم کی اجتماعی کوششوں کی عکاسی ہے جنہوں نے صارفین کے ساتھ مضبوط تعلقات کو فروغ دینے، اعلیٰ معیار کی خدمات کی فراہمی اور ہماری بینکاری روایات کا مظہر ہماری بنیادی اقدار کو برقرار رکھنے کے لئے مسلسل کام کیا ہے۔ ہمارے کرنٹ اکاؤنٹ (CA) ڈپازٹس ہمارے کل موجود ڈپازٹس کا تقریباً نصف حصہ ہیں اور ان کی مالیت 981 بلین روپے ہے، جو گزشتہ سال سے 20 فیصد زیادہ ہے۔ اسی طرح سیونگز اکاؤنٹس بھی 24 فیصد اضافے کے بعد 798 بلین روپے تک پہنچ گئے ہیں جس سے ہمارے کرنٹ اور سیونگز اکاؤنٹس (CASA) ڈپازٹس 1.8 ٹریلین روپے ہو گئے ہیں، جو کل ڈپازٹس کا 88 فیصد حصہ ہیں۔ میزان نے تقریباً 598,000 نئے صارفین شامل کر کے، اپنے موجود ڈپازٹ تعلقات میں اضافہ کر کے ستمبر کے آخر تک اپنے صارفین کو 3.9 بلین تک بڑھا لیا ہے جو 2022 کے بعد سے 18 فیصد اضافہ ہے۔

میزان نے حال ہی میں روشن ڈیجیٹل اکاؤنٹ میں رقوم کے حصول کے اعتبار سے تین سال سے مارکیٹ میں سب سے آگے رہتے ہوئے کامیابی کا ایک نیا سنگ میل عبور کیا ہے اور روشن ڈیجیٹل اکاؤنٹس کے آغاز کے بعد سے تریسیات 1.7 بلین امریکی ڈالر سے تجاوز کر گئی ہیں، جو مارکیٹ کا 26 فیصد حصہ ہیں۔ ہم بیرون ملک مقیم پاکستانیوں کے خلوص دل سے شکرگزار ہیں جنہوں نے میزان بینک کو اپنے تازہ ترین بینکنگ پارٹنر کے طور پر منتخب کیا اور ہم پر اپنے اعتماد کا اظہار کیا۔

میزان بینک نے ڈیجیٹل تبدیلی کی حکمت عملی اختیار کی ہے جس کا مقصد نہ صرف صارفین کے بینکاری تجربہ کو بہتر بنانا ہے بلکہ بیک آفس (office-back) آپریشنز کو ڈیجیٹلائز کرنا بھی ہے تاکہ زندگی کے تمام شعبوں سے تعلق رکھنے والے افراد کو بلا کاؤٹ اور فوری خدمات فراہم کی جاسکیں۔ ہمارے ڈیجیٹل ماڈل ہمیں ملک کے بینکاری کی سہولیات سے محروم علاقوں میں اپنی موجودگی بڑھانے اور اس کے ساتھ ڈیجیٹل سطح پر صارفین کو متوجہ کرنے میں مدد کرتا ہے۔ ہمارا برانچ نیٹ ورک

ملک بھر کے 327 شہروں میں 983 برانچوں تک وسیع ہے۔ ملک بھر میں 1,100 سے زائد مقامات پر ہمارا اے ٹی ایم نیٹ ورک ہماری خدمات تک آسانی رسائی فراہم کرتا ہے۔ ہمارے مچنٹ ایکواڑنگ برنس نے صرف اٹھارہ ماہ کی قلیل مدت میں ملک بھر کے 330 شہروں میں تقریباً 15,000 سے زائد مچنٹس کو پوائنٹ آف سیل اور ای کامرس مچنٹس قبول کرنے کی سہولت فراہم کی ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی طویل المدتی ریٹنگ AAA (ٹریپل اے) اور قلیل المدتی ریٹنگ A1+ (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ توثیق کی ہے۔

مستقبل کے آثار

میزان بینک ملک کی معاشی ترقی اور استحکام میں اپنا کردار ادا کرنے کے لئے پرعزم ہے۔ ہماری تمام تر توجہ اسلامی بینکاری صنعت کو مستحکم بنانے اور اسلامی فنانسنگ پر منتقلی کے لئے حکومت سے تعاون برقرار رکھنے پر مرکوز ہے، جو پاکستان میں مالیاتی نظام کو اگلے پانچ سالوں میں مکمل طور پر شریعہ کیپلائنٹ نظام پر منتقل کرنے کے معزز وفاقی شرعی عدالت (FSC) کے فیصلے سے ہم آہنگ ہے۔ اپنے ڈپازٹ میں کو مزید بڑھانا اور شریعہ اور قابلیت کے اعلیٰ ترین معیارات کو برقرار رکھنا ہماری ترویجی توجہ کا مرکز ہے۔ ہم ریگولیٹری تقاضوں سے بڑھ کر مالیاتی استحکام کا تناسب برقرار رکھنے کے لئے پرعزم ہیں اور ہمارا مقصد اپنی ایکویٹی کو بڑھا کر اسے مستقبل کی ترقی کے منصوبوں سے ہم آہنگ کرنا ہے۔

لیڈرشپ ٹیم کی ہموار انداز میں تبدیلی اور فرائض کی منتقلی کو یقینی بنانے کی ہماری حکمت عملی کے مطابق ہم میزبان کے پرانے رفیق کار جناب سید عامر علی کو دوبارہ خوش آمدید کہتے ہیں جو جناب عارف الاسلام کے ساتھ آئندہ سال کے آغاز میں ان کی ریٹائرمنٹ تک بطور ڈپٹی ای او فرائض انجام دیں گے۔ آئندہ چھ ماہ کے دوران وہ جناب عارف الاسلام کی ذمہ داریاں سنبھالیں گے اور تنظیمی پیچیدگیوں کو سمجھنے کے لئے اپنے کردار میں ڈھل جائیں گے۔ اس کے بعد سید عامر علی ہندرج ہمارے بانی پریزیڈنٹ اور سی ای او جناب عرفان صدیقی کی جگہ لیں گے، جو 2025 کے آخر میں ریٹائر ہو جائیں گے۔ ہمیں فخر ہے کہ ہمارے پرانے ساتھی، میزبان بینکار اپنے متنوع تجربات کے امتزاج ساتھ دوبارہ شامل ہو رہے ہیں، جس میں میزبان بینک میں کام کے ساتھ ساتھ اسلامی بینکاری صنعت میں سی ای او کی سطح پر کام کا وسیع تجربہ بھی شامل ہے۔

بورڈ اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور ہمارے شریعہ سپروائزرز بورڈ کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام کے قیام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتا ہے۔ ہماری امتیازی کامیابیاں ہمارے متنوع صارفین کے فعال تعاون کے بغیر ممکن نہیں ہو سکتی تھیں، جس کے لئے ہم ان کے ممنون احسان رہیں گے۔ ہم اپنے شریعہ بورڈ کے ممبران، حصص یافتگان، اضافی بینک (Tier ID) صکوک اور ثانوی صکوک (Tier ID) یافتگان کا ان کی معاونت کے لئے شکریہ ادا کرنا چاہتے ہیں جنہوں نے میزبان بینک کو اولین اور ممتاز ترین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔

ہم اپنی ٹیم کے ہر رکن کا ان کی محنت اور وابستگی کے لئے تہہ دل سے شکریہ ادا کرتے ہیں۔ سب سے بڑھ کر ہم اللہ ﷻ کے شکر گزار ہیں کہ اس کی مسلسل رحمت کے باعث ہم اس قلیل عرصے میں اتنی شاندار کامیابیوں کے حصول کے قابل ہو سکے ہیں اور ہم دعا گو ہیں کہ اللہ ﷻ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی بلندیوں تک پہنچا سکیں۔ آمین

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض ایس۔ اے۔ اے اور میں
چیئرمین

کراچی:

19 اکتوبر، 2023

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023**

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Rupees in '000			
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 asset	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 sukuku	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		154,143,740	115,320,693
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
		154,143,740	115,320,693
CONTINGENCIES AND COMMITMENTS			
	21		

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED
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 asset - net of tax	20	-	(281)	-	(1,544)
Total Comprehensive Income for the period		24,630,717	56,330,861	12,911,341	25,163,466

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Capital reserves					Revenue reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
	Share capital	Share premium	Statutory reserve *	Non-Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking Assets		
	Rupees in '000									
Balance as at January 01, 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 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 income - 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

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Capital reserves					Revenue reserve	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)
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.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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)
		113,976,781	55,831,001
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)
		11,118,456	7,551,409
		125,095,237	63,382,410
(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)
		(22,967,613)	66,434,576
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
		316,172,672	514,628,499
		418,300,296	644,445,485
Income tax paid		(48,123,549)	(18,861,458)
Net cash generated from operating activities		370,176,747	625,584,027
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		(279,942,524)	(638,513,031)
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		(22,062,969)	(8,390,888)
Increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		68,171,254	(21,319,892)
		131,419,265	186,920,734
Cash and cash equivalents at the end of the period	33	199,590,519	165,600,842

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

**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, Karachi, Pakistan.
- 1.4** Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2022, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'.

2 BASIS OF PRESENTATION

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

The purchases and sales arising under these arrangements are not reflected in these 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.

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

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 interpretations:

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

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 JUDGEMENTS

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.

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

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
6 CASH AND BALANCES WITH TREASURY BANKS			
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 the 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 the National Bank of Pakistan in			
- local currency current accounts		41,876,957	222,839
National Prize Bonds	6.2	6,413	76,925
		187,840,849	117,743,106

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.

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
7 BALANCES WITH OTHER BANKS			
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	7.1	1,218,117	4,825,629
		4,059,201	8,905,757
		11,749,670	13,676,159

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.

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

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
8 DUE FROM FINANCIAL INSTITUTIONS			
Bai Muajjal receivable:			
- from scheduled banks / financial institutions - Secured	8.1	34,964,299	34,964,299
- from other Financial Institution		15,500	15,500
		34,979,799	34,979,799
 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		34,964,299	34,964,299

8.1 The effective average return on this product is 11.60% (December 31, 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
Rupees in '000				
8.2 Category of classification				
Domestic				
Loss	41,566	41,566	41,566	41,566

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

9 INVESTMENTS	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
9.1 Investments by types		Rupees in '000							
Held for trading securities									
- Federal Government Securities		-	-	-	-	2,470	-	18	2,488
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
- 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	9.2 & 9.3	5,087,631	75,032	-	5,012,599	4,378,519	75,892	-	4,302,627
- Foreign Securities		5,327,579	-	(183,836)	5,143,743	8,721,244	-	(142,380)	8,578,864
		<u>1,339,999,441</u>	<u>2,674,821</u>	<u>(4,651,505)</u>	<u>1,332,673,115</u>	<u>1,069,464,969</u>	<u>3,204,697</u>	<u>(1,169,034)</u>	<u>1,065,091,238</u>
Held to maturity securities									
- Federal Government Securities	9.4	217,018,534	-	-	217,018,534	217,208,259	-	-	217,208,259
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
		<u>845,252</u>	<u>-</u>	<u>-</u>	<u>845,252</u>	<u>845,252</u>	<u>-</u>	<u>-</u>	<u>845,252</u>
Subsidiary									
- Al Meezan Investment Management Limited		63,050	-	-	63,050	63,050	-	-	63,050
Total Investments		<u>1,557,926,277</u>	<u>2,674,821</u>	<u>(4,651,505)</u>	<u>1,550,599,951</u>	<u>1,287,584,000</u>	<u>3,204,697</u>	<u>(1,169,016)</u>	<u>1,283,210,287</u>

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

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	<u>418,000,000</u>	<u>416,028,400</u>	<u>404,000,000</u>	<u>401,903,600</u>

9.2 Provision for diminution in value of investments

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
		Rupees in '000
Opening balance	3,204,697	2,398,016
Charge / (reversals)		
Charge for the period on account of provision for diminution against shares	241,336	970,287
Reversals of provision on recovery of debt instruments	(860)	-
Reversals of provision on disposals of shares	(770,352)	(163,606)
	<u>(529,876)</u>	<u>806,681</u>
Closing balance	<u>2,674,821</u>	<u>3,204,697</u>

9.3 Particulars of provision against Non - Government Sukuk

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
Category of classification				
Domestic				
Loss	<u>75,032</u>	<u>75,032</u>	<u>75,892</u>	<u>75,892</u>

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).

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

	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
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

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

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
————— Rupees in '000 —————			
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
- 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	956,698,887	1,018,101,757
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		929,060,571	995,508,354

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

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
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 6,976,465	7,127,282
10.1.1	Murabaha Sale Price	8,361,079	12,435,057
	Murabaha Purchase Price	(6,976,465)	(7,127,282)
		1,384,614	5,307,775
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	6,976,465	7,127,282
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	244,023	164,688
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	10.2.1 474,910	711,413
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	(1,709,247)	(4,328,318)
	Closing balance	474,910	711,413
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	(119,945)	(78,440)
	Closing balance	5,571	10,030
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	(4,458)	(11,354)
	Financing against Islamic SME Asaan Finance - Murabaha	55,583	94,018
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	(38,435)	(32,939)
	Closing balance	55,583	94,018
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	(4,458)	(11,354)
	Closing balance	3,108	7,566

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	Rupees in '000	
10.4 Financing against Islamic Working Capital Finance - Murabaha - gross	51,145	-
Less: Deferred income	(323)	-
Profit receivable shown in other assets	(822)	-
Financing against Islamic Working Capital Finance - Murabaha	50,000	-
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	-	-
Closing balance	50,000	-
10.4.2 Deferred Islamic Working Capital Finance Murabaha income		
Opening balance	-	-
Arising during the period / year	1,145	-
Recognised during the period / year	(822)	-
Closing balance	323	-
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	(770,057)	(750,763)
Musawammah financing	20,492,040	74,983,110
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	(12,763)	(32,864)
Financing under Islamic Export Refinance - Musawammah	528,162	1,481,762
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	305,980	271,213
10.8 Bai Muajjal financing - gross	102,457,945	42,504,634
Less: Deferred income	(2,925,267)	(5,283,514)
Less: Profit receivable shown in other assets	(6,601,368)	(1,251,168)
Bai Muajjal financing	92,931,310	35,969,952
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
	956,698,887	1,018,101,757

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

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 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.

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

	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
		45,501,842	40,426,520
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
		8,924,127	6,782,412
		September 30, 2023 (Unaudited)	September 30, 2022 (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
		8,073,384	6,791,867
		10,215,099	8,968,183

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

	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
————— Rupees in '000 —————			
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold improvements		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>

		September 30, 2023 (Unaudited)	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>

		September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
————— Rupees in '000 —————			

12.1 Additions to intangible assets

Computer softwares - directly purchased		<u>382,177</u>	<u>624,431</u>
---	--	----------------	----------------

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

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
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
		10,685,740	5,111,353
		9,903,498	4,646,002

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

	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
		170,008,118	85,482,022
Less: Provision held against other assets	14.1	(114,798)	(107,921)
Other assets (net of provision)		169,893,320	85,374,101
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	4,692	4,699
Other assets		169,898,012	85,378,800
14.1 Provision held against other assets			
Others	14.1.1	114,798	107,921
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		114,798	107,921

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

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
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		
	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	397,936,681	363,382,155
	Total secured	16.1.1 <u>536,788,923</u>	<u>498,762,627</u>
	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	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).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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
Rupees in '000						
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
	1,853,711,422	146,682,251	2,000,393,673	1,539,327,056	110,116,537	1,649,443,593
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
	9,590,353	371,999	9,962,352	8,699,775	346,750	9,046,525
	1,863,301,775	147,054,250	2,010,356,025	1,548,026,831	110,463,287	1,658,490,118

18 SUB-ORDINATED SUKUK

	Note	September 30, 2023 (Unaudited)	December 31, 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
		20,990,000	20,990,000

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

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 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.

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

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
19 OTHER LIABILITIES		Rupees in '000	
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
		(2,369,875)	(663,671)

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

	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
		<u>1,551,795,180</u>	<u>1,297,164,527</u>
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 contingencies			

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.

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

	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
22 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS		Rupees in '000	
On financing	22.1	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.		
	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
23 PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED		Rupees in '000	
Deposits and other accounts	23.1	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.		
	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
24 FEE AND COMMISSION INCOME		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	25.1	(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>

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

	September 30, 2023 (Unaudited)	September 30, 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
	977,606	950,300
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
	7,134,617	5,712,453
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
	3,154,512	1,972,469
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
	9,617,885	6,827,221
	48,241,778	32,744,892

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

	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Rupees in '000			
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>
30 TAXATION			
Current	30.1	59,407,549	29,286,561
Prior periods		601,324	-
Deferred	30.1	(3,481,222)	(1,499,836)
		<u>56,527,651</u>	<u>27,786,725</u>

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	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Rupees in '000			
31 BASIC EARNINGS PER SHARE			
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			
Profit for the period		58,037,061	28,596,395

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

	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
		(Number)	(Number)
Weighted average number of ordinary shares	32.1	<u>1,791,657,776</u>	<u>1,790,306,495</u>
		(Rupees)	
Diluted earnings per share		<u>32.39</u>	<u>15.97</u>
32.1 Reconciliation of basic and diluted earning per share		(Number)	
Weighted average number of ordinary shares		<u>1,790,107,613</u>	1,789,624,321
Add: Diluted impact of Employee stock option scheme		<u>1,550,163</u>	682,174
Dilutive potential ordinary shares		<u>1,791,657,776</u>	<u>1,790,306,495</u>

32.2 The Bank has issued 1,628,873 shares under employees share option scheme in July 2023.

	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
		Rupees in '000	
33 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	<u>187,840,849</u>	152,413,160
Balances with other banks	7	<u>11,749,670</u>	13,187,682
		<u>199,590,519</u>	<u>165,600,842</u>

34 FAIR VALUE INSTRUMENT

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).

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

September 30, 2023 (Unaudited)					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
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	-	1,183,461,813
- Shares	7,951,491	7,951,491	-	-	7,951,491
- Non Government Sukuk	119,517,140	119,517,140	-	-	119,517,140
- Foreign Securities	5,133,354	-	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	-	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	-	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			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	917,873,562	-	917,873,562	-	917,873,562
- Shares	7,565,867	7,565,867	-	-	7,565,867
- Non Government Sukuk	119,509,708	119,509,708	-	-	119,509,708
- Foreign Securities	8,568,475	-	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	-	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	-	244,685,475
	<u>244,685,475</u>	<u>-</u>	<u>244,685,475</u>	<u>-</u>	<u>244,685,475</u>

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

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
	<u>54,950</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>
	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
	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>

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

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Sukuk	The fair value of GoP 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.

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

35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities

	2023					Total
	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	
	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)	318,984,847
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)	200,004,166
Provision / (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	-	114,564,712
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 & 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	52,888,068	5,424,042	95,566,696	-	-	153,878,806
External Non funded Revenue	3,637,303	2,391,541	4,794,453	4,222,914	-	15,046,211
Inter segment revenue - net	-	130,316,007	-	90,097	(130,406,104)	-
Total Income	56,525,371	138,131,590	100,361,149	4,313,011	(130,406,104)	168,925,017
External Cost of funds	4,207,022	43,994,888	28,527,968	-	-	76,729,878
Segment direct expenses	1,006,924	31,363,306	161,076	1,545,459	-	34,076,765
Inter segment expense allocation	46,160,269	-	84,245,835	-	(130,406,104)	-
Total expenses	51,374,215	75,358,194	112,934,879	1,545,459	(130,406,104)	110,806,643
Provision and write offs - net	1,073,322	74,718	563,694	23,520	-	1,735,254
Profit before tax	4,077,834	62,698,678	(13,137,424)	2,744,032	-	56,383,120
Statement of financial position 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

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

36 RELATED PARTY TRANSACTIONS

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

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

36.3 Subsidiary company

- Al Meezan Investment Management Limited

36.4 Associates

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

36.5 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

36.6 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the period-end as are follows. Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current period are not reflected as part of the closing balance. However, new related parties have been added during the period. The same are accounted for through the movement presented above.

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Rupees in '000												
Islamic financing and related assets												
Opening balance	29,972,348	-	-	-	29,972,348	-	-	-	-	-	-	-
Addition during the period / year	10,071,141	29,972,348	-	-	10,071,141	29,972,348	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	(10,052,673)	-	-	-	(10,052,673)	-	-	-	-	-	-	-
Closing balance	29,990,816	29,972,348	-	-	29,990,816	29,972,348	-	-	-	-	-	-
Investments												
Opening balance	908,302	907,788	63,050	63,050	845,252	844,738	-	-	-	-	-	-
Addition during the period / year	-	514	-	-	-	514	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	908,302	908,302	63,050	63,050	845,252	845,252	-	-	-	-	-	-
Due from financial institutions												
Opening balance	-	21,858,348	-	-	-	21,858,348	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	-	(21,858,348)	-	-	-	(21,858,348)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-

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

	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	1,000,557	2,387,077	-	-	-	-	-	-

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

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
	Rupees in '000											
Transactions, income and expenses												
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	-	-	-

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

	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)	<u>17,912,532</u>	<u>17,896,243</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>152,149,345</u>	<u>113,339,894</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>7,000,000</u>	<u>7,000,000</u>
Total Eligible Tier 1 Capital	<u>159,149,345</u>	<u>120,339,894</u>
Eligible Tier 2 Capital	<u>21,014,028</u>	<u>20,962,210</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>180,163,373</u>	<u>141,302,104</u>
Risk weighted assets (RWAs):		
Credit Risk	<u>561,922,277</u>	<u>557,776,813</u>
Market Risk	<u>22,294,492</u>	<u>22,678,235</u>
Operational Risk	<u>186,602,267</u>	<u>186,602,267</u>
Total	<u>770,819,036</u>	<u>767,057,315</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>19.74%</u>	<u>14.78%</u>
Tier 1 Capital Adequacy Ratio	<u>20.65%</u>	<u>15.69%</u>
Total Capital Adequacy Ratio	<u>23.37%</u>	<u>18.42%</u>
Leverage ratio (LR):		
Tier-1 Capital	<u>159,149,345</u>	<u>120,339,894</u>
Total Exposures	<u>3,395,874,680</u>	<u>2,940,154,033</u>
Leverage Ratio	<u>4.69%</u>	<u>4.09%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>898,366,963</u>	<u>682,411,975</u>
Total Net Cash Outflow	<u>337,059,166</u>	<u>240,277,969</u>
Liquidity Coverage Ratio	<u>267%</u>	<u>284%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>1,986,768,772</u>	<u>1,628,565,640</u>
Total Required Stable Funding	<u>1,047,624,676</u>	<u>1,038,717,022</u>
Net Stable Funding Ratio	<u>190%</u>	<u>157%</u>

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.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023**

**September 30,
2023
(Unaudited)** **December 31,
2022
(Audited)**

ASSETS

	Rupees in '000	
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
	2,947,047,708	2,581,900,578

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
	2,788,296,386	2,462,765,888
NET ASSETS	158,751,322	119,134,690

REPRESENTED BY

Share capital	17,912,532	17,896,243
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
	157,282,981	117,930,308
Non-controlling Interest	1,468,341	1,204,382
	158,751,322	119,134,690

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

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 in '000			
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.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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)
Item 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)
	-	(7,020)	-	(13,526)
Other Comprehensive (loss) / income 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>25,174,682</u>	<u>57,194,446</u>	<u>13,053,275</u>	<u>25,311,321</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.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

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

	Share capital	Capital reserves				Revenue reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Non controlling interest	Total
		Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking assets			
Rupees in '000											
Balance as at January 01, 2022	16,269,312	2,406,571	17,668,857	3,117,547	133,457	91,082	4,040,077	23,533	45,494,657	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 ended September 30, 2022 - net of tax											
- Movement in deficit on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	(3,431,385)	-	-	-	(3,431,385)
- Movement in deficit on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	(1,544)	-	-	(1,544)
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(7,788)	(4,194)	(11,982)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	(3,431,385)	(1,544)	(7,788)	(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)
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	(8,134,657)	-	(8,134,657)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Balance as at September 30, 2022	17,896,243	2,406,571	20,528,497	3,117,547	342,053	91,082	608,692	21,950	61,487,098	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 the quarter ended December 31, 2022 - net of tax											
- Movement in deficit on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	(1,275,041)	-	-	-	(1,275,041)
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(96,555)	-	(96,555)
- Movement in deficit on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	(19,224)	-	-	(19,224)
Total other comprehensive (loss) / income - 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	-	-
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	(666,349)	2,678	72,485,599	1,204,382	119,134,690

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

	Share capital	Capital reserves				Revenue reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Non controlling interest	Total
		Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking assets			
Rupees in '000											
Balance as at December 31, 2022	17,896,243	2,406,571	22,169,518	3,117,547	427,419	91,082	(666,349)	2,678	72,485,599	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 on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	(1,705,919)	-	-	-	(1,705,919)
- Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(281)	-	-	(281)
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(4,380)	(2,359)	(6,739)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	(1,705,919)	(281)	(4,380)	(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)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(17,902,759)	(70,000)	(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	17,912,532	2,620,796	27,973,224	3,117,547	545,466	91,082	(2,372,268)	2,393	107,392,209	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.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

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)
	115,487,136	56,314,606
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
	10,776,894	7,788,907
	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)
	(23,131,643)	66,399,780
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
	316,374,318	514,657,677
	419,506,705	645,160,970
Income tax paid	(48,584,693)	(19,109,716)
Net cash generated from operating activities	370,922,012	626,051,254
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	(280,537,679)	(638,834,169)
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	(22,213,749)	(8,543,761)
Increase / (decrease) in cash and cash equivalents	68,170,584	(21,326,676)
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	199,625,009	165,639,799

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

1 BASIS OF PRESENTATION

- 1.1** These condensed interim consolidated financial statements include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan 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.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mohammad Abdul Aleem
Director

Syed Imran Ali Shah
Chief Financial Officer



Meezan Bank
The Premier Islamic Bank

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.

PABX: (92-21) 38103500 **UAN:** 111-331-331 & 111-331-332

www.meezanbank.com



www.facebook.com/MeezanBank



www.twitter.com/MeezanBankLtd



www.linkedin.com/company/meezan-bank-ltd



www.youtube.com/c/MeezanBankLtd



www.instagram.com/meezanbanklimited