



**Meezan Bank**  
The Premier Islamic Bank



**FORM-8**

April 29, 2024

MEBL/CS/PSX-19/054/2024

**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 MARCH 31, 2024**

Dear Sir,

السَّلَامُ عَلَيْكُمْ

We have to inform you that the Quarterly Report of Meezan Bank for the period ended **March 31, 2024** 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

# FIRST QUARTERLY REPORT MARCH 31, 2024



**Meezan Bank**  
The Premier Islamic Bank

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# CORPORATE INFORMATION

AS OF MARCH 31, 2024

<b>Board of Directors</b>	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 Guerhazi Mohammad Abdul Aleem Nausheen Ahmad Yousef S.M.A Al-Saad Irfan Siddiqui	Chairman Vice Chairman
<b>Shariah Board</b>	Justice (Retd.) Muhammad Taqi Usmani Dr. Muhammad Imran Ashraf Usmani Sheikh Esam Mohamed Ishaq Mufti Zubair Ahmed Mufti Muhammad Naveed Alam	President & CEO Chairman Vice Chairman
<b>Management</b>	Irfan Siddiqui Ariful Islam Syed Amir Ali	President & CEO Deputy CEO Deputy CEO
<b>Board Audit Committee</b>	Mohammad Abdul Aleem Faisal A.A.A. Al-Nassar Mohamed Guerhazi Saad Ur Rahman Khan	
<b>Board Risk Management Committee</b>	Faisal A. A. A. Al-Nassar Saad Ur Rahman Khan Bader H. A. M. A. Al-Rabiah Yousef S.M.A Al-Saad	
<b>Board Human Resources, Remuneration &amp; Compensation Committee</b>	Riyadh S. A. A. Edrees Mohammad Abdul Aleem Nausheen Ahmad	
<b>Board Information Technology Committee</b>	Saad Ur Rahman Khan Riyadh S. A. A. Edrees Faisal A. A. A. Al-Nassar Irfan Siddiqui	
<b>Board IFRS 9 Implementation Oversight Committee</b>	Riyadh S. A. A. Edrees Faisal Fahad Al-Muzaini Irfan Siddiqui	
<b>Resident Shariah Board Member</b>	Mufti Muhammad Naveed Alam	
<b>Chief Financial Officer</b>	Syed Imran Ali Shah	
<b>Company Secretary</b>	Muhammad Sohail Khan	
<b>Auditors</b>	A. F. Ferguson & Co., Chartered Accountants	
<b>Legal Adviser</b>	Haidermota & Co. Advocates	
<b>Registered Office and Head Office</b>	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	
<b>E-mail</b>	info@meezanbank.com	
<b>Website</b>	www.meezanbank.com www.meezanbank.pk	
<b>Shares Registrar</b>	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	

### 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 first quarter ended March 31, 2024.

#### Economy

Pakistan's macroeconomic and political landscape has been navigating a host of pressing challenges for the past two years, stemming from both domestic and international events. These challenges encompass the ripple effects of monetary tightening across all major economies, escalating global commodity prices especially after the start of Russia-Ukraine war, post-Covid supply chain disruptions being compounded by the events in the Middle East and domestic political volatility and fiscal issues. Despite these formidable obstacles, early signs of nascent economic recovery are now discernible, bolstered by prudent policymaking and reforms leading to influx of funds from multilateral and bilateral partners.

With a new government now in place and showing resolve to address the persistent issues undermining the country's economic growth, confidence is gradually returning to the economy, albeit at a measured pace. This includes strengthening public finances through fiscal consolidation and expanding the tax base, alongside improvements in tax administration, restoring the viability of the energy sector and reforms in State Owned Enterprises. According to projections by the World Bank, Pakistan's real GDP is anticipated to expand by 1.8 percent in FY24, a notable improvement compared to (0.2) percent in FY23.

The successful conclusion of the International Monetary Fund (IMF)'s Stand-By Arrangement (SBA) programme in March 2024, marked by a Staff-Level Agreement with a \$1.1 billion disbursement, provides significant support to the economy. Headline inflation is now on a downward trajectory, reaching a twenty-two-month low of 20.7 percent in March 2024 versus 35.4 percent in March 2023. However, the State Bank of Pakistan (SBP) has opted to maintain the policy rate at 22 percent in its latest monetary policy statement announced in March 2024, citing risks to the inflation outlook. Measures taken to stabilize the Pakistani Rupee against the US Dollar, including structural reforms for Exchange Companies, have been effective. Consequently, the PKR remained stable during the first quarter of 2024, strengthening to PKR 277.9/US\$ by the quarter end, compared to PKR 281.9/US\$ at December 2023 year end. The Current Account reflects a deficit of \$1.0 billion for Jul-Feb FY2024, a notable improvement from the \$3.8 billion deficit recorded last year, primarily driven by import rationalisation.

The performance of the Pakistan Stock Exchange (PSX) remained upbeat in the initial three months of 2024, buoyed by political and economic stability. The PSX-100 index closed at 67,005 points, marking a gain of 4,554 points or 7% since December 2023 and 27,004 points or 68% from March 2023. Overall, the Pakistani economy appears to be on a path of recovery with decreasing inflation, the stabilized position of the PKR against USD and support from the IMF. The incumbent Government has indicated negotiating a larger and longer duration International Monetary Fund IMF programme in the next few months.

#### Financial Highlights

With the blessings of Allah, Meezan Bank achieved commendable results for the first quarter of 2024. Profit after Tax surged to Rs 25.4 billion from Rs 15.4 billion in the corresponding quarter last year representing a remarkable growth of 65%. The Basic Earnings per Share clocked in at Rs 14.18 per share in March 2024 compared to Rs 8.62 per share - a year ago. The Bank's Return on Equity (ROE) surpassed 50% demonstrating the Bank's robust financial performance while Return on Assets (ROA) crossed 3%. Alhamdulillah, we have consistently maintained ROE above the banking industry average in line with our focus on value creation for our shareholders. Our steady growth in profitability coupled with prudent approach of striking a balance between dividend pay-outs and profit retention has led to strong internal capital generation, boasting a Capital Adequacy Ratio (CAR) of 20% plus.

We are pleased to announce that the Board has approved an interim cash dividend of Rs 7.00 (70%) for the first quarter ended on March 31, 2024. We take pride in our longstanding tradition of

## DIRECTORS' REVIEW

consistently paying dividends every year since our listing on the Pakistan Stock Exchange. Meezan maintained its position as the most valuable bank in Pakistan with a market capitalisation of \$ 1.38 billion, closing the quarter at Rs 383 billion, which underscores the investors' confidence in the Bank's management team, performance and growth prospects. Below are the financial highlights of Meezan Bank:

### Rupees in millions

Profit & Loss Account	Jan - Mar 2024	Jan - Mar 2023	Growth %
Profit / return earned on financing, investments and placements	119,146	81,953	45%
Profit on deposits and other dues expensed	(51,582)	(40,907)	26%
<b>Net spread earned</b>	<b>67,564</b>	<b>41,046</b>	<b>65%</b>
Fee, commission and other non -funded income	6,358	3,865	65%
<b>Operating income</b>	<b>73,922</b>	<b>44,911</b>	<b>65%</b>
Operating and other expenses	(21,208)	(14,937)	42%
<b>Profit before provisions</b>	<b>52,714</b>	<b>29,974</b>	<b>76%</b>
Reversal / (Provisions) for credit loss - net	344	(2,130)	(116)%
<b>Profit before tax</b>	<b>53,058</b>	<b>27,844</b>	<b>91%</b>
Taxation	(27,651)	(12,420)	123%
<b>Profit after tax</b>	<b>25,407</b>	<b>15,424</b>	<b>65%</b>
Basic Earnings per share - Rupees	14.18	8.62	65%
Number of branches	1,007	972	4%

### Rupees in millions

Statement of Financial Position	March 31, 2024	December 31, 2023	Growth %
Total Assets	3,042,655	3,012,109	1%
Investments	1,626,292	1,572,388	3%
Islamic financing and related assets - Gross	930,822	992,027	(6%)
Deposits	2,270,072	2,217,474	2%
ADR (Gross Advances to Deposits)- %	41%	45%	(8%)
Equity	194,587	184,908	5%

Returns from financing, investments and placements experienced a notable increase, reaching Rs 119 billion compared to Rs 82 billion in the corresponding period of the previous year, reflecting a significant growth of 45%. This growth was propelled by the higher underlying benchmark rate and a higher average volume of earning assets. Throughout the quarter, the Policy Rate averaged at 22% compared to 17.71% in March 2023, representing an increase of 429 basis points or 24%. Returns on deposits and other dues expensed, on the contrary, grew to Rs 51.6 billion from Rs 40.9 billion in March 2023, a rise of 26% primarily due to reduction in average borrowings from the SBP under Shariah Compliant Open Market Operations (OMO) and Standing Ceiling Facility (window). The average OMO and window borrowings dropped from Rs 420 billion in March 2023 to Rs 135 billion in the current quarter, depicting a decline of 68%. The return on deposits during the similar period increased from Rs 17.6 billion to Rs 36.5 billion reflecting a growth of 107%, attributable to both the rise in average deposit volumes as well as an uptick in depositors' profit rates. On an overall basis, our net spread increased to Rs 68 billion from Rs 41 billion in corresponding period last year, reflecting a rise of 65%.

Fee, commission and other income also demonstrated strong growth, increasing by 65% to reach Rs 6.4 billion from Rs 3.9 billion in March 2023. Core fee and commission income posted a robust rise of 40% clocking in at Rs 5.0 billion with key contributors being debit card, branch banking

## DIRECTORS' REVIEW

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and trade related income. During the quarter, our debit card portfolio expanded with an addition of more than 246,000 cards, taking the total portfolio size to more than 3.4 million cards. Overall spend on debit cards surged from Rs 49.6 billion in first quarter of 2023 to Rs 70.9 billion in current quarter marking a substantial increase of 43%, with a remarkable fivefold increase in NFC transactions. Foreign exchange income grew to Rs 478 million compared to a loss of Rs 155 million in corresponding period last year due to stability in PKR during the current quarter and better trade flows.

Operating and other expenses rose from Rs 14.9 billion to Rs 21.2 billion, mainly attributable to high inflation, devaluation of the rupee, strategic investments in IT-related projects and increase in costs associated with branch expansion – an investment in future. However, the increase in expenses was offset by income growth, resulting in further enhancement of our income efficiency ratio which now stands at 29% versus 33% in March 2023. We remain steadfast in our commitment to cost rationalization and process automation strategies to attain a more efficient and streamlined operating cycle.

Total assets closed at Rs 3 trillion in line with December 2023 year end number. Investments portfolio expanded by 3% compared to the previous year, reaching Rs 1.63 trillion. This expansion can be directly attributed to the regular Sukuk auctions by the Government of Pakistan which has eased liquidity management challenges historically faced by Islamic Banking Industry (IBI).

In response to ongoing slowdown in private sector credit amid monetary tightening, Meezan has proactively moderated its credit lending activities, prioritizing the preservation of financing portfolio's quality. Consequently, gross financing portfolio decreased by 6% from Rs 992 billion as at December 2023 end to Rs 931 billion at the end of the current quarter, translating into an Advances to Deposits Ratio (ADR) of 41%. With the ADR related tax now being applicable, the Bank will strive to increase its finances ratio in order to meet its ADR targets.

We remain steadfast in our commitment to maintaining a high-quality and diversified asset mix, strategically allocated across various sectors including Corporate, Commercial & SME, and Consumer markets. In our strategic endeavours across SME and agriculture financing, Meezan is actively participating in various financing programs, including Islamic SME Aasaan Financing (ISAAF) scheme, farm mechanization, women entrepreneur, and financing facility for storage of agriculture produce. Through SBP's Farmer Literacy Program, Meezan organized Kissan Baithak "Farmer's Gatherings" in rural communities, conducted Farmer Literacy Programs and provided financial support to farmers to acquire solar-powered tube well systems contributing to sustainable farming practices. Meezan Bank continues to uphold exemplary asset quality, surpassing industry standards with a non-performing financing ratio below 2%. Meezan maintains a comfortable level of provisions against our non-performing financings translating into a coverage ratio of more than 190%.

Deposits portfolio also remained aligned with last year-end numbers closing at Rs 2.27 trillion. Current Account (CA) deposits constitute nearly half of the deposit book, amounting to Rs 1.08 trillion while Current and Savings Account (CASA) deposits represent 89% of the total deposit book amounting to Rs 2.03 trillion. Meezan Bank has expanded its clientele by acquiring approximately 215,000 new-to-bank customers, thereby supplementing our existing deposit relationships.

Meezan Bank has been steadfast in its digital transformation strategy, aiming to enhance customer experiences and streamline back-office operations. Embracing a hybrid growth model, we have expanded our physical presence in underserved regions of the country while simultaneously onboarding customers digitally. Strategically dispersed across the nation, our branch network comprises of 1,007 branches across 334 cities, whereas our ATM network of over 1,100 touchpoints nationwide have facilitated transactions worth around Rs 517 billion. Additionally, our Merchant Acquiring Business spans over 20,000 POS terminals and over 300 E-commerce merchants across more than 320 cities. Notably, 45% of our overall Card Acquiring Business originates from SMEs vendors, showcasing our commitment to financial inclusion. During the first quarter of 2024, over 87 million financial transactions amounting to over Rs 4 trillion were executed through our

## **DIRECTORS' REVIEW**

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Mobile App, setting a new benchmark for the banking industry in Pakistan.

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 committed to fostering the economic growth and stability of the nation by strengthening the Islamic Banking Industry and aligning with the government's shift towards Islamic Finance, as guided by the Honourable Federal Shariat Court (FSC) directive to fully transition the economy into a Shariah-Compliant financial system. We aim to maintain a balanced growth strategy, diversifying sector exposures while surpassing regulatory stability thresholds. Our expansion efforts prioritize both physical and digital outreach, with a focus on providing top-tier digital services to maintain our leading position in the industry.

With heartfelt appreciation, gratitude and respect, we bid farewell to our Deputy Chief Executive Officer (DCEO), Mr Ariful Islam, who has been a cornerstone of our management team for the past 25 years. As we reflect on Arif's remarkable tenure, we are reminded of his unwavering dedication, visionary leadership and tireless commitment that has propelled the Bank to one of the largest, Most Valuable and the Most Profitable Bank in the country. Under his stewardship, Meezan has not only achieved significant milestones but has also fostered a culture of innovation, collaboration and service excellence that define our banking practices. As Arif embarks on a new chapter in his life, we extend him our heartfelt gratitude and best wishes for the future. Though Mr Islam may be stepping away from his formal role, his impact and influence will continue to resonate within the Bank for years to come.

Syed Amir Ali, having rejoined the Bank this past October, is already infusing our operations with new vigour and insight and has formally resumed the charge as the DCEO of the Bank. Amir's proactive involvement fortifies our Vision and Mission and this unprecedented transition underscores our commitment to continuity, growth and innovation.

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 Board of Directors, 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 convey our appreciation to every member of our devoted team for their diligent efforts and steadfast dedication to furthering the mission of Islamic Banking. Above all, we humbly acknowledge and offer gratitude to Allah Almighty for His continuous blessings upon our Bank and each one of us, which have enabled our notable achievements within a relatively brief timeframe. We beseech Him for His continued support, granting us the fortitude and insight to continue advancing our vision of "establishing Islamic banking as the banking of first choice".

On behalf of the Board

**Riyadh S.A.A. Edrees**  
Chairman

**Irfan Siddiqui**  
President & CEO

Karachi:  
April 18, 2024

## ڈائریکٹرز کا تجزیہ

### الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

بورڈ آف ڈائریکٹرز مسزمت کے ساتھ 31 مارچ، 2024 کو مکمل ہونے والی سہ ماہی کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انصافی مالیاتی حسابات پیش کرتا ہے۔

#### معیشت

پاکستان کا میکرو اکنامک اور سیاسی منظر نامہ گزشتہ دو سالوں سے سخت چیلنجز کا سامنا کر رہا ہے جو مقامی اور بین الاقوامی واقعات کے نتیجے میں سامنے آئے ہیں۔ ان چیلنجز میں تمام بڑی معیشتوں میں مالیاتی سختی کے مسلسل اور وسیع تر اثرات، عالمی سطح پر خصوصاً روس۔ یوکرین جنگ کے بعد ایشیائے جنوبی کی بڑھتی ہوئی قیمتیں، Covid کے بعد رسد کی فراہمی کی رکاوٹیں شامل ہیں جنہیں مشرق وسطیٰ میں پیدا شدہ حالات اور مقامی سطح پر سیاسی اتار چڑھاؤ اور مالیاتی مسائل نے مزید پیچیدہ بنا دیا۔ ان مشکل حالات کے باوجود معاشی بحالی کے ابتدائی آثار نظر آنا شروع ہو گئے ہیں جو کہ دانشمندانہ پالیسی سازی اور اصلاحات کے ذریعے کثیر فریقی اور دو فریقی شراکت داروں کی جانب سے فنڈز کی آمد کا باعث بنے ہیں۔

اب جبکہ ایک نئی حکومت قائم ہو گئی ہے جس نے ملکی معاشی ترقی کو نقصان پہنچانے والے دیرینہ مسائل کے حل کا عزم بھی ظاہر کیا ہے، معیشت کا اعتماد، اگرچہ نہیں تلی رفتار کے ساتھ ہی، بتدریج بحال ہو رہا ہے۔ اس میں مالیاتی استحکام کے ذریعے پبلک فنانس کو مضبوط کرنا اور ٹیکس ٹیس بڑھانا اور اس کے ساتھ ساتھ ٹیکس انتظامات میں بہتری، توانائی کے شعبے کی صلاحیت کو بحال کرنا اور ریاستی ملکیت کے اداروں میں اصلاحات لانا شامل ہیں۔ عالمی بینک کے تخمینوں کے مطابق مالی سال 2024 میں پاکستان کی حقیقی قومی ترقیاتی پیداوار (GDP) کے 1.8 فیصد تک بڑھنے کی توقع ہے، جو کہ مالی سال 2023 کے (0.2) فیصد کے مقابلے میں قابل ذکر بہتری کو ظاہر کرتی ہے۔

مارچ 2024 میں عالمی مالیاتی فنڈ (IMF) کے اسٹیٹمنٹ بائی اریجنٹ (SBA) پروگرام کی کامیاب تکمیل، جس کے بعد اسٹاف لیول معاہدے کے ذریعے 1.1 بلین ڈالر کی قسط کی فراہمی معیشت کو نمایاں مدد دیتی ہے۔ ہیڈ لائن افراط زر اب کم ہو رہی ہے، جو کہ مارچ 2023 کے 35.4 فیصد کے مقابلے میں مارچ 2024 میں 20.7 فیصد تک آگئی ہے۔ تاہم اسٹیٹ بینک آف پاکستان نے افراط زر کے آثار کے خطرات کے پیش نظر مارچ 2024 میں جاری کردہ اپنے حالیہ پالیسی بیان میں پالیسی شرح 22 فیصد پر برقرار رکھنے کا فیصلہ کیا ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کو مستحکم کرنے کے لئے اٹھانے والے اقدامات، بشمول آپیکس کمپنوں کی ساخت اور تنظیم کے حوالے سے کی جانے والی اصلاحات مؤثر ثابت ہوئی ہیں۔ اس کے نتیجے میں 2024 کی پہلی سہ ماہی میں پاکستانی روپیہ بدستور مستحکم رہا اور سہ ماہی کے اختتام تک 277.9 روپے اپنی امریکی ڈالر پر برقرار رہا، جبکہ اس کے مقابلے میں دسمبر 2023 کے اختتام پر 281.9 روپے اپنی امریکی ڈالر تھا۔ کرنٹ اکاؤنٹ نے مالی سال 2024 جولائی تا فروری کے دوران 1.0 بلین امریکی ڈالر خسارہ ظاہر کیا، جو کہ گزشتہ سال ریکارڈ کئے گئے 3.8 بلین امریکی ڈالر کے خسارے سے کافی حد تک بہتر ہے، اور جس کی بنیادی وجہ درآمدات میں معقول انداز میں کمی ہے۔

پاکستان اسٹاک ایکسچینج (PSX) کی کارکردگی 2024 کے ابتدائی تین ماہ میں حوصلہ افزا رہی، جسے سیاسی اور معاشی استحکام نے مزید مدد دی۔ PSX-100 انڈیکس 67,005 پوائنٹس پر بند ہوا جو دسمبر 2023 کے بعد سے 4,554 پوائنٹس یا 7 فیصد اور مارچ 2023 سے 27,004 پوائنٹس یا 68 فیصد اضافے کی نشاندہی کرتا ہے۔ مجموعی طور پر دیکھا جائے تو کم ہوتی افراط زر، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی مستحکم قدر اور آئی ایم ایف کے تعاون کے ساتھ پاکستانی معیشت بحالی کی راہ پر گامزن نظر آتی ہے۔ موجودہ حکومت نے آئندہ چند ماہ میں عالمی مالیاتی فنڈ کے ساتھ بڑے اور طویل دورانیے کے پروگرام کے لئے مذاکرات کا عزم دیا ہے۔

#### مالیاتی نکات

اللہ ﷻ کی رحمت سے میزان بینک نے سال 2024 کی پہلی سہ ماہی کے دوران قابل تحسین نتائج پیش کئے ہیں۔ بعد ازیں ٹیکس منافع گزشتہ سال کی اسی سہ ماہی کے 15.4 بلین روپے کے مقابلے میں بڑھ کر 25.4 بلین روپے ہو گیا، جو 65 فیصد کے زبردست اضافے کو ظاہر کرتا ہے۔ بنیادی فی ٹھکانے درآمدی جو ایک سال قبل 8.62 روپے فی ٹھکانے تھی، مارچ 2024 میں بڑھ کر 14.18 روپے فی ٹھکانے ہو گئی۔ بینک کا ایکویٹی پر منافع (ROE)، 50 فیصد سے بڑھ گیا جو بینک کی شاندار کارکردگی کی عکاسی کرتا ہے جبکہ اثاثوں پر منافع (ROA) بھی 3 فیصد سے بڑھ گیا۔ الحمد للہ ہم نے مسلسل کے ساتھ ایکویٹی پر منافع کو بینکاری صنعت کی اوسط سے زیادہ پر برقرار رکھا ہے اور اپنے ٹھکانے یا فنڈنگ کے لئے تعمیر قدر (Value creation) پر توجہ مرکوز رکھی ہے۔ ہمارے منافع جات کی مستحکم نمونے کے

ساتھ ساتھ ڈیویڈنڈ کی ادائیگیوں اور منافع رکھنے کے درمیان توازن کی ہماری دانشمندانہ حکمت عملی اندرونی سرمائے کی پیداوار پر متوجہ ہوئی ہے، جس نے کمپنیل ایڈیکولیٹی ریٹھو کو 20 فیصد سے زائد کر دیا ہے۔

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ نے 2024 کی پہلی سہ ماہی کے لئے 7.00 روپے (70.00 فیصد) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔ ہمیں اس بات پر فخر ہے کہ ہم نے اسٹاک ایکسچینج میں اندراج کے بعد سے بلا تھقل ڈیویڈنڈ کی ادائیگیوں کی اپنی دیرینہ روایت قائم رکھی ہے۔ میزان نے 1.38 بلین امریکی ڈالر کی مارکیٹ کیپیٹلایزیشن کے ساتھ پاکستان کا سب سے زیادہ قدر کا حامل بینک ہونے کی حیثیت برقرار رکھی ہے، اور 383 بلین روپے کے ساتھ سہ ماہی کا اختتام کیا ہے، جو کہ بینک کی انتظامی ٹیم، کارکردگی اور ترقی کے امکانات پر سرمایہ کاروں کے اعتماد کی عکاسی کرتا ہے۔ میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں: روپے (بلین میں)

نفع و نقصان کھانڈ	جنوری تا مارچ 2024	جنوری تا مارچ 2023	اضافہ کی شرح %
فنانسنگ، سرمایہ کاری اور Placements پر منافع	119,146	81,953	45%
جمع شدہ قوم اور دیگر واجبات پر منافع	(51,582)	(40,907)	26%
<b>خالص آمدنی</b>	<b>67,564</b>	<b>41,046</b>	<b>65%</b>
فیس، کمیشن اور دیگر ٹان۔ فنڈ ڈآمدنی	6,358	3,865	65%
<b>انتظامی آمدنی</b>	<b>73,922</b>	<b>44,911</b>	<b>65%</b>
انتظامی اور دیگر اخراجات	(21,208)	(14,937)	42%
<b>پروویڈنز سے قبل منافع</b>	<b>52,714</b>	<b>29,974</b>	<b>76%</b>
کریڈٹ لاس ریورسل (پروویڈنز)۔ خالص	344	(2,130)	(116%)
<b>قبل از ٹیکس منافع</b>	<b>53,058</b>	<b>27,844</b>	<b>91%</b>
ٹیکس	(27,651)	(12,420)	123%
<b>بعد از ٹیکس منافع</b>	<b>25,407</b>	<b>15,424</b>	<b>65%</b>
نی حصص آمدنی۔ روپے میں۔	14.18	8.62	65%
برانچوں کی تعداد	1,007	972	4%

مالیاتی حیثیت کا جائزہ	31 مارچ، 2024	31 ڈسمبر، 2023	اضافہ کی شرح %
کل اثاثے	3,042,655	3,012,109	1%
سرمایہ کاریاں	1,626,292	1,572,388	3%
اسلامی فنانسنگ اور متعلقہ اثاثے۔ مجموعی	930,822	992,027	(6%)
جمع شدہ قوم	2,270,072	2,217,474	2%
اے ڈی آر (Gross advances to deposits)۔ فیصد	41%	45%	(8%)
ایکویٹی	194,587	184,908	5%

فنانسنگ، سرمایہ کاریوں اور Placements پر منافع میں قابل ذکر اضافہ دیکھنے میں آیا جو گزشتہ سال کی اسی مدت کے 82 بلین روپے کے مقابلے میں بڑھ کر 119 بلین روپے ہو گیا۔ 45 فیصد کا یہ نمایاں اضافہ بنیادی بیج مارک شرح اور آمدنی پیدا کرنے والے اثاثوں کی زیادہ اوسط شرح کا نتیجہ تھا۔ پالیسی شرح مارچ 2023 کے 17.71 فیصد کے مقابلے میں زیر جائزہ پوری سہ ماہی کے دوران اوسطاً 22 فیصد رہی، جو 429 بیس پوائنٹس یا 24 فیصد اضافے کو ظاہر کرتی ہے۔ دوسری جانب جمع شدہ قوم (Deposits) اور دیگر واجب الادا قوم پر منافع مارچ 2023 کے 40.9 بلین روپے کے مقابلے میں بڑھ کر 51.6 بلین روپے ہو گیا۔ یہ 26 فیصد اضافہ بنیادی طور پر اسٹیٹ بینک آف پاکستان سے شریعہ کیپلائنٹ اوپن مارکیٹ آپریشنز (OMO) اور اسٹیٹنگ سیلنگ فیسلٹی (window) کے تحت اوسط قرضہ جات کے حصول میں کمی کی وجہ سے ہوا۔ اوسط OMO اور ونڈ قرضہ جات کا حصول مارچ 2023 کے 420 بلین

روپے کے مقابلے میں کم ہو کر 135 بلین روپے رہ گیا، جو 68 فیصد کمی کو ظاہر کرتا ہے۔ اسی مدت کے دوران جمع شدہ رقم پر منافع 17.6 بلین روپے سے بڑھ کر 36.5 بلین روپے ہو گیا، جو 107 فیصد اضافے کو ظاہر کرتا ہے، اور جس کی وجوہات میں اوسط جمع شدہ رقم کے حجم میں اضافہ اور ڈپازٹرز کی شرح منافع میں اضافہ، دونوں شامل ہیں۔ مجموعی طور پر ہمارا خالص منافع گزشتہ سال کی اسی مدت کے 41 بلین روپے کے مقابلے میں بڑھ کر 68 بلین روپے ہو گیا، جو 65 فیصد اضافے کی عکاسی کرتا ہے۔

بینک کی فیس اور کمیشن کی آمدنی میں بھی 65 فیصد کا مستحکم اضافہ دیکھنے میں آیا جو مارچ 2023 کے 3.9 بلین روپے کے مقابلے میں بڑھ کر 6.4 بلین روپے ہو گئی۔ فیس اور کمیشن کی آمدنی کی بنیادی آمدنی میں 40 فیصد کا زبردست اضافہ ہوا اور 5.0 بلین روپے تک پہنچ گئی، جس میں ڈیٹ کارڈ اور برانچ بینکنگ سے متعلقہ فیس کی آمدنی اور تجارت سے متعلقہ آمدنی نے بڑا حصہ ڈالا۔ دوران سہ ماہی ہمارے ڈیٹ کارڈ پورٹ فولیو میں 246,000 نئے کارڈز کا اضافہ ہوا جس سے ہمارا مجموعی پورٹ فولیو 3.4 بلین کارڈز تک بڑھ گیا۔ ڈیٹ کارڈز سے کئے جانے والے اخراجات کی رقم 2023 کی پہلی سہ ماہی کے 49.6 بلین روپے سے بڑھ کر زیر جائزہ سہ ماہی میں 70.9 بلین روپے ہو گئی، جو NFC ٹرانزیکشنز میں حیرت انگیز پانچ گنا اضافے کے ساتھ 43 فیصد کے زبردست اضافے کو ظاہر کرتی ہے۔ رواں سہ ماہی میں پاکستانی روپے کی قدر میں استحکام اور تجارتی روانی میں بہتری کے باعث غیر ملکی زرمبادلہ کی آمدنی بڑھ کر 478 بلین روپے تک پہنچ گئی جبکہ گزشتہ سال کی اسی مدت میں 155 بلین روپے کے خسارے کا سامنا رہا تھا۔

انتظامی اور دیگر اخراجات 14.9 بلین روپے سے بڑھ کر 21.2 بلین روپے ہو گئے۔ افراط زر کی بلند شرح، روپے کی قدر میں کمی، آئی ٹی سے متعلقہ پروڈیکٹس میں تیز رفتاری سرمایہ کاریاں اور برانچ نیٹ ورک میں توسیع، جو کہ بذات خود مستقبل کی سرمایہ کاری ہے، سے متعلقہ اخراجات اس اضافے کی وجہ سے تاحم آمدنی میں اضافے نے اخراجات میں اضافے کا ازالہ کر دیا جس کے نتیجے میں ہمارے اعلیٰ پرفیشنٹی ریشو میں مزید بہتری آئی جو مارچ 2023 کے 33 فیصد کے مقابلے میں اب 29 فیصد پر برقرار ہے۔ ہم زیادہ مؤثر اور ہموار آپریٹنگ سائیکل حاصل کرنے کے لئے Cost rationalization اور پراسس آٹومیشن کی حکمت عملی اختیار کرنے کے اپنے عزم پر ثابت قدم ہیں۔

بینک کے کل اثاثے 3 ٹریلین روپے پر بند ہوئے جو اختتام سال دسمبر 2023 کے مساوی ہیں۔ سرمایہ کاری پورٹ فولیو گزشتہ سال کے مقابلے میں 3 فیصد اضافے کے بعد 1.63 ٹریلین روپے تک پہنچ گیا۔ حکومت پاکستان کی جانب سے صلح کی باقاعدہ وقفوں سے نیلامی کو اس اضافے کی براہ راست وجہ قرار دیا جا سکتا ہے، جس نے اسلامی بینکاری صنعت (IBI) کو درپیش لکویڈیٹی چیلنجز کے دیرینہ مسائل کو کم کرنے میں مدد دی ہے۔

مالیاتی سختی کے دوران نجی شعبہ کو قرضوں میں جاری سست روی کے پیش نظر میزان بینک نے اپنے فنانسنگ پورٹ فولیو کو معیار قائم رکھنے کو ترجیح دی ہے اور اپنی قرض دینے کی سرگرمیوں کو فعال انداز میں متوازن بنایا ہے۔ اس کے نتیجے میں مجموعی فنانسنگ پورٹ فولیو دسمبر 992 بلین روپے کے مقابلے میں 6% سے کم ہو کر رواں سہ ماہی میں 931 بلین روپے ہو گیا جس کی وجہ سے بینک کا ایڈوانسز نوڈ پارٹس ریشو (ADR) 41 فیصد ہو گیا۔ چونکہ ADR سے متعلقہ ٹیکس اب قابل اطلاق ہے، بینک اپنے ADR کے اہداف کے حصول کے لئے اپنے فنانسنگ شرح میں اضافے کی پھر پورکوشش کرے گا۔

ہمارا پختہ عزم تیز رفتاری طور پر مختلف شعبوں بشمول کارپوریٹ، کمرشل اور ایس ایم ای اور کزنیوم مارکیٹس پر مشتمل ایک اعلیٰ معیار کا متنوع ایسٹ کس قائم رکھنا ہے۔ ایس ایم ای اور ایگریکلچر فنانسنگ میں ہمارے تیز رفتاری اقدامات کے تحت میزان متعدد فنانسنگ پروگراموں میں بڑھ چڑھ کر حصہ لے رہا ہے، جس میں اسلامک ایس ایم ای آسان فنانسنگ (ISAAF) اکیسم، فارم میکانائزیشن، خواتین کا کاروبار اور زرعی پیداوار کی اسٹورج کے لئے فنانسنگ کی سہولت شامل ہیں۔ اسٹیٹ بینک آف پاکستان کے کسان خواندگی پروگرامز (Farmer Literacy Programs) کے تحت میزان نے دیہی علاقوں میں کسان بیچھک کا انتظام کیا، کسان خواندگی پروگرام منعقد کئے اور سولر پاور ٹیوب ویل سسٹمز کی خریداری کے لئے کسانوں کو فنانسنگ فراہم کر کے زراعت کے پائیدار طریقوں کے فروغ میں تعاون کیا۔ میزان بینک نے اثاثوں کا مثالی معیار مسلسل قائم رکھا ہے اور 2 فیصد سے کم غیر فعال فنانسنگ ریشو کے ساتھ بینکاری صنعت کے معیار کو پیچھے چھوڑ دیا ہے۔ میزان نے اپنی غیر فعال فنانسنگ کو مدین پروویڈنزی کی تسلی بخش شرح برقرار رکھی ہے جس کے نتیجے میں 190 فیصد سے زائد کو رج ریشو کی صورت میں سامنے آیا ہے۔

بینک کا ڈپازٹ پورٹ فولیو بھی گزشتہ سال کے اختتام کے اعداد کے برابر رہا اور 2.27 ٹریلین روپے پر بند ہوا۔ کرنٹ اکاؤنٹ (CA) ڈپازٹس کل ڈپازٹس کا تقریباً نصف حصہ رہے اور 1.08 ٹریلین تک پہنچ گئے جبکہ کرنٹ اور سیونگز کا وٹنس (CASA) ڈپازٹس جو 2.03 ٹریلین روپے پر مشتمل ہیں، کل ڈپازٹس کا 89 فیصد حصہ بنتے ہیں۔ میزان بینک نے بجلی بار بینک کی سہولت سے فائدہ اٹھانے والے 215,000 نئے صارفین شامل کر کے اپنے مجموعی صارفین کو بڑھایا جس سے ہمارے موجودہ ڈپازٹ ریلیشن شپس کو مزید تقویت حاصل ہوئی۔

میزان بینک ڈیجیٹل تبدیلی کی اپنی حکمت عملی پر ثابت قدمی سے عمل پیرا ہے، جس کا مقصد صارفین کو بہتر بینکاری سہولتوں کی فراہمی اور بیک آفس آپریشنز میں روانی



**CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2024**

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

The annexed notes 1 to 42 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 ENDED MARCH 31, 2024**

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

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

**Riyadh S. A. A. Edrees**  
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Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

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

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

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

**Riyadh S. A. A. Edrees**  
Chairman

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President & Chief Executive

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Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

## CONDENSED INTERIM UNCONSOLIDATED

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	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									
<b>Balance as at January 01, 2023</b>	17,896,243	2,406,571	22,169,518	3,117,547	427,419	66,766	(666,349)	2,678	69,900,300	115,320,693
Profit after taxation for the Quarter ended March 31, 2023	-	-	-	-	-	-	-	-	15,424,171	15,424,171
<b>Other Comprehensive loss for the quarter ended March 31, 2023 - net of tax</b>										
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(3)	3	-
Recognition of share based compensation	-	-	-	-	85,366	-	-	-	-	85,366
<b>Other appropriations</b>										
Transfer to statutory reserve*	-	-	1,542,417	-	-	-	-	-	(1,542,417)	-
<b>Transactions with owners recognised directly in equity</b>										
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)
<b>Balance as at March 31, 2023</b>	17,896,243	2,406,571	23,711,935	3,117,547	512,785	66,766	(3,730,203)	2,675	78,413,184	122,397,503
Profit after taxation for the nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	69,051,471	69,051,471
<b>Other Comprehensive income for the nine months period ended December 31, 2023 - net of tax</b>										
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	14,650,800	-	-	14,650,800
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(123,510)	(123,510)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(2,674)	-	(2,674)
Total other comprehensive income - net of tax	-	-	-	-	-	-	14,650,800	(2,674)	(123,510)	14,524,616
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(1)	1	-
Recognition of share based compensation	-	-	-	-	324,380	-	-	-	-	324,380
<b>Other appropriations</b>										
Transfer to statutory reserve*	-	-	6,905,147	-	-	-	-	-	(6,905,147)	-
<b>Transactions with owners recognised directly in equity</b>										
First interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)
Second interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	-	-	(7,165,013)	(7,165,013)
Third interim cash dividend for the year 2023 @ Rs 5 per share	-	-	-	-	-	-	-	-	(8,956,266)	(8,956,266)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	219,870	-	-	(182,844)	-	-	-	46,384	99,699
<b>Balance as at December 31, 2023</b>	17,912,532	2,626,441	30,617,082	3,117,547	654,321	66,766	10,920,597	-	118,992,231	184,907,517

**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

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

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

The annexed notes 1 to 42 form an integral part of 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 QUARTER ENDED MARCH 31, 2024**

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

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

<b>Riyadh S. A. A. Edrees</b> Chairman	<b>Irfan Siddiqui</b> President & Chief Executive	<b>Faisal A. A. AlNassar</b> Director	<b>Mohammad Abdul Aleem</b> Director	<b>Syed Imran Ali Shah</b> Chief Financial Officer
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# **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2024**

## **1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through one thousand and seven branches as at March 31, 2024 (December 31, 2023: One thousand and four branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2022, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'.

## **2 BASIS OF PRESENTATION**

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

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

## **3 STATEMENT OF COMPLIANCE**

- 3.1** This condensed interim financial information (here-in-after referred to as "financial information") has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
  - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
  - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

**3.2 Significant accounting policies and financial risk management**

**3.2.1** The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

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

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

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

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

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

There are certain new and amended standards that became effective during the period (enumerated in note 3.6 to the annual financial statement of the Bank). However, such standards did not have any significant effect on this condensed interim unconsolidated financial information except IFRS 9 (Financial Instruments), the impact of which is disclosed under Note 3.3.

**3.3 IFRS 9 - 'Financial Instruments'**

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

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

**3.3.1 Classification**

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

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

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

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

### 3.3.1.1 Business model assessment

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

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

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

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

**3.3.1.3 Application to Bank's financial assets**

**Debt based financial assets**

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

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

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

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

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

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

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

The application of these policies also resulted in reclassifications and consequent remeasurements of certain amount of investments in GoP ijarah sukuk held under Available for Sale portfolio as of December 31, 2023 based on business model. Moreover, the Bank's investment in Sub-ordinated sukuk issued by other Banks under Available for Sale portfolio as of December 31, 2023 have been reclassified as FVTPL since they do not pass the SPPI criteria due to equity conversion features embedded in the terms of these sukuk. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

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

**Equity based financial assets**

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

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

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

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

#### 3.3.1.4 Initial recognition and measurement

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

##### Amortized Cost

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

##### Fair value through Other Comprehensive Income

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

##### Fair value through Profit or Loss

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

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

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**3.3.1.5 Derecognition**

**Financial assets**

The Bank derecognises a financial asset when:

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

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

**Financial liabilities**

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

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

**3.3.1.6 Modification**

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

**3.3.2 Overview of the ECL principles**

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

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

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

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

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

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

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

For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated and presented together with the financings. For financings commitments and letters of credit, the ECL is recognised within Provisions.

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**Guarantee and letters of credit contracts** The Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted discount rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within Other liabilities.

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

**The calculation of ECLs**

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

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

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

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

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

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

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### **Forward looking information**

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

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

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

- History of legal certainty and enforceability
- History of recoverability

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

### **3.3.3 Definition of default**

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

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

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

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

### **3.3.4 Write-offs**

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

### **Forborne and modified financings**

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

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

	Impact due to:										Balances as of January 01, 2024	IFRS 9 Category
	Balances as of December 31, 2023	Recognition of Expected Credit Losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassifications due to business model and SPP1 assessments		Reversal of provisions held	Total Impact - Gross of tax	Taxation (current and deferred)	Total Impact - Net of tax	Balances as of January 01, 2024		
				Reclassifications due to business model and SPP1 assessments	Remeasurements							
Rupees in '000												
<b>ASSETS</b>												
Cash and balances with treasury banks	242,611,556	(34,003)	-	-	-	(34,003)	-	-	(34,003)	242,577,553	Amortized Cost	
Balances with other banks	11,452,256	(2,324)	-	-	-	(2,324)	-	-	(2,324)	11,449,932	Amortized Cost	
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	34,964,299	Amortized Cost	
Investments												
- Classified as Available for Sale	1,354,524,725	(2,230,173)	(1,354,524,725)	4,618,472	2,497,288	(1,354,524,725)	-	-	(1,354,524,725)	-	FVOCI	
- Classified as Fair Value through Other Comprehensive Income	216,954,593	-	(216,954,593)	-	-	(216,954,593)	-	-	(216,954,593)	1,233,526,290	Amortized Cost	
- Classified as Held to Maturity	-	-	216,954,593	-	-	216,954,593	-	-	216,954,593	341,755,615	Amortized Cost	
- Classified as Amortized Cost	-	-	-	-	-	-	-	-	-	1,083,000	FVTPL	
- Classified as Held for Trading	845,252	-	-	-	-	-	-	-	-	845,252	Not Applicable	
- Classified as Fair Value through Profit or Loss	63,050	-	-	-	-	-	-	-	-	63,050	Not Applicable	
- Associates	1,572,387,620	(2,230,173)	-	4,618,472	2,497,288	(4,885,587)	-	-	4,885,587	1,577,273,207	Amortized Cost	
- Subsidiary												
Islamic financing and related assets	992,027,463	(4,004,838)	-	-	-	(4,004,838)	-	-	(4,004,838)	992,027,463	Amortized Cost	
- Gross Amount	(30,354,451)	(4,004,838)	-	-	-	(4,004,838)	-	-	(4,004,838)	(34,359,289)	Amortized Cost	
- Provisions	961,675,012	-	-	-	-	-	-	-	-	957,668,174	Amortized Cost	
Property and equipment	39,046,484	-	-	-	-	-	-	-	-	39,046,484	Outside the scope of IFRS 9	
Right-of-use assets	19,571,852	-	-	-	-	-	-	-	-	19,571,852	Outside the scope of IFRS 9	
Intangible assets	2,271,709	-	-	-	-	-	-	-	-	2,271,709	Outside the scope of IFRS 9	
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	Amortized Cost * / FVOCI * / FVTPL *	
Other assets - Financial assets	125,309,096	(162,964)	-	-	-	(162,964)	-	-	(162,964)	125,146,072	Amortized Cost	
Other assets - Non financial assets	2,820,933	-	-	-	-	-	-	-	-	2,820,933	Outside the scope of IFRS 9	
	3,012,108,757	(6,434,302)	-	4,618,472	2,497,288	681,458	-	-	681,458	3,012,790,215		
<b>LIABILITIES</b>												
Bills payable	39,724,176	-	-	-	-	-	-	-	-	39,724,176	Amortized Cost	
Due to financial institutions	377,494,612	-	-	-	-	-	-	-	-	377,494,612	Amortized Cost	
Deposits and other accounts	2,217,475,924	-	-	-	-	-	-	-	-	2,217,475,924	Amortized Cost	
Lease liability against right-of-use assets	22,095,855	-	-	-	-	-	-	-	-	22,095,855	Amortized Cost	
Sub-ordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	20,990,000	Amortized Cost	
Deferred tax liabilities	4,213,492	-	-	-	-	-	-	-	-	4,432,988	Outside the scope of IFRS 9	
Other liabilities - Non financial assets	22,291,665	-	-	-	-	-	-	-	-	22,291,665	Outside the scope of IFRS 9	
Other liabilities - Financial assets	122,919,516	269,835	-	-	-	269,835	(17,804)	252,031	(17,804)	123,171,547	Amortized Cost	
	2,827,201,240	269,835	-	-	-	269,835	201,692	282,767,267	282,767,267	2,828,033,333		
	184,907,517	(6,704,137)	-	4,618,472	2,497,288	411,623	(201,692)	209,931	(201,692)	185,117,448		
<b>NET ASSETS</b>												
Share capital	17,912,532	-	-	-	-	-	-	-	-	17,912,532	Outside the scope of IFRS 9	
Reserves	37,082,157	-	-	-	-	-	-	-	-	37,082,157	Outside the scope of IFRS 9	
Surplus on revaluation of assets - net of tax	10,920,597	-	-	-	-	-	-	-	-	13,276,018	Outside the scope of IFRS 9	
Unappropriated profit	118,992,251	(6,704,137)	-	4,618,472	2,497,288	(4,206,849)	2,061,359	(2,145,490)	(2,145,490)	116,846,741	Outside the scope of IFRS 9	
	184,907,517	(6,704,137)	-	4,618,472	2,497,288	411,623	(201,692)	209,931	(201,692)	185,117,448		

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

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

As referred to in note 3.6 to the annual financial statements of the Bank, there are certain amendments to the financial reporting standards which would become effective from the next financial year, however such amendments are not expected to have a material effect on the Bank's financial statements of the period of initial application.

**4. BASIS OF MEASUREMENT**

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

**4.2 Functional and presentation currency**

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

**4.3 Rounding off**

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

**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2023.

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

**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.

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

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	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>8 DUE FROM FINANCIAL INSTITUTIONS</b>			
Bai Muajjal receivable:			
- from scheduled banks / financial institutions - Secured	8.1	<b>34,964,299</b>	34,964,299
- from other Financial Institution		<b>15,500</b>	15,500
		<b>34,979,799</b>	34,979,799
		<b>34,979,799</b>	34,979,799
Less: Credit loss allowance held against due from financial institutions	8.2	<b>(15,500)</b>	(15,500)
Due from financial institutions - net of provision		<b>34,964,299</b>	34,964,299

- 8.1** The effective average return on this product is 11.83% (December 31, 2023: 11.72%) per annum. The balances have maturities in July 2025 (December 31, 2023: July 2025).

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

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**9 INVESTMENTS**

**9.1 Investments by types**

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

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

**9.1.1 Details of investment in subsidiary and associates**

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

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

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

**9.1.2 Investments given as collateral**

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

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

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

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**9.3 Particulars of provision against Debt securities**

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

10 ISLAMIC FINANCING AND RELATED ASSETS	Note	March 31,	December 31,
		2024 (Unaudited)	2023 (Audited)
		Rupees in '000	
<b>In Pakistan:</b>			
<b>Murabaha financing and related assets</b>			
- Murabaha financing	10.1	6,425,973	6,547,184
- Advances against Murabaha		12,691,759	11,526,208
- Murabaha inventory		2,378,813	1,958,612
- Financing under Islamic Export Refinance - Murabaha	10.2	342,588	503,859
- Financing against Islamic SME Asaan Finance	10.3	946,087	126,483
- Advance against Islamic SME Asaan Finance		809,082	1,005,534
- Advance against Islamic Export Refinance - Murabaha		374,621	244,700
- Inventory under Islamic SME Asaan Finance		25,768	5,000
- Financing against Islamic Working Capital Finance		2,298	-
		<u>23,996,989</u>	<u>21,917,580</u>
<b>Running Musharakah financing</b>			
- Running Musharakah financing		147,256,645	182,916,112
- Financing under Islamic Export Refinance - Running Musharakah		50,343,496	58,491,956
		<u>197,600,141</u>	<u>241,408,068</u>
<b>Istisna financing and related assets</b>			
- Istisna financing		34,357,000	35,529,463
- Advances against Istisna		68,777,823	99,829,298
- Istisna inventory		31,206,056	5,988,841
- Financing under Islamic Export Refinance - Istisna		526,484	344,330
- Advances under Islamic Export Refinance - Istisna		11,203,160	10,743,412
- Inventory under Islamic Export Refinance - Istisna		4,267,777	4,756,387
		<u>150,338,300</u>	<u>157,191,731</u>
<b>Tijarah financing and related assets</b>			
- Tijarah financing		4,202,071	2,311,642
- Tijarah inventory		19,482,059	13,079,258
- Financing under Islamic Export Refinance - Tijarah		1,204,388	1,701,367
- Financing under Islamic SME Asaan Finance - Tijarah		852,518	-
- Inventory under Islamic Export Refinance - Tijarah		506,558	836,798
		<u>26,247,594</u>	<u>17,929,065</u>

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	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>Musawammah financing and related assets</b>			
- Musawammah financing	10.4	23,466,673	32,401,509
- Advances against Musawammah		11,866,444	22,924,687
- Musawammah inventory		9,738,733	17,065,727
- Financing under Islamic Export Refinance - Musawammah	10.5	583,903	563,377
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	10.6	372,000	359,297
- Advances under Islamic Export Refinance - Musawammah		243,389	73,300
- Inventory under Islamic Export Refinance - Musawammah		364,500	301,000
		<b>46,635,642</b>	73,688,897
<b>Salam Financing and related assets</b>			
- Salam Financing		2,296,650	1,392,987
- Advances against Salam		24,236,795	23,878,427
- Salam Inventory		3,116,345	1,393,814
		<b>29,649,790</b>	26,665,228
<b>Financing against bills</b>			
- Financing against bills - Salam		711,264	1,291,913
- Advance against bills - Salam		1,738	1,738
		<b>713,002</b>	1,293,651
- Bai Muajjal financing	10.7	<b>32,251,398</b>	33,086,224
<b>Ijarah financing and related assets</b>			
- Net investment in Ijarah		48,758	56,050
- Net book value of assets / investment in Ijarah under IFAS 2		59,085,591	60,109,729
- Advances against Ijarah	10.8	59,134,349	60,165,779
		4,503,321	2,839,276
		<b>63,637,670</b>	63,005,055
<b>Diminishing Musharakah financing and related assets</b>			
- Diminishing Musharakah financing		190,441,347	198,619,635
- Diminishing Musharakah financing - housing		17,757,365	18,552,137
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		507,857	350,586
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,601,290	15,917,226
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID - 19 (IRFCC)		201,375	215,211
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		243,085	76,973
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		18,831,128	19,291,370
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		17,937,503	17,643,962
- Diminishing Musharakah financing - SBP's Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		17,747	7,873
- Advances against Diminishing Musharakah		29,652,517	16,379,833
- Advances against Diminishing Musharakah under SBP's IFFSAP		-	185,000
- Advances against Diminishing Musharakah under SBP's IFRE		1,828,709	1,284,996
- Advances against Diminishing Musharakah under SBP's IRFCC		181,715	181,715
- Advances against Diminishing Musharakah under SBP's ISAAF		668,210	963,154
- Advances against Diminishing Musharakah under SBP's ITERF		1,675,907	2,514,059
- Advances against Diminishing Musharakah under SBP's IRFMS		200,000	-
- Advances against Diminishing Musharakah under SBP's IRCGSWE		-	9,963
- Advances against Diminishing Musharakah under SBP's ILTFF		3,747,674	4,005,820
		<b>299,493,429</b>	296,199,513

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	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
		Rupees in '000	
- Musharakah financing		1,135,725	988,725
- Wakalah Tul Istithmar financing		30,602,133	30,602,133
- Advance against Service Ijarah		14,352,314	14,884,577
- Qard financing under SBP's IRFCC		216,925	250,531
- Labbaik (Qard for Hajj and Umrah)		12,981	15,593
- Staff financing (including under SBP's IFRE)	10.9	12,679,357	11,614,300
- Other financing		1,258,567	1,286,592
<b>Gross Islamic Financing and Related Assets</b>	10.10	<b>930,821,957</b>	992,027,463
Less: Credit Loss Allowance - Stage 1	10.12	(2,201,615)	-
Less: Credit Loss Allowance - Stage 2	10.12	(985,375)	-
Less: Provision against non-performing Islamic financing and related assets - Specific / Stage 3	10.12	(16,855,935)	(16,107,097)
Less: Provision against non-performing Islamic financing and related assets - General	10.12	(14,223,728)	(14,247,354)
<b>Islamic financing and related assets - net of provision</b>		<b>896,555,304</b>	961,673,012
<b>10.1</b> Murabaha receivable - gross	10.1.1	<b>8,067,234</b>	10,243,132
Less: Deferred murabaha income	10.1.3	(152,756)	(231,226)
Profit receivable shown in other assets		(1,488,505)	(3,464,722)
Murabaha financing	10.1.2	<b>6,425,973</b>	6,547,184
<b>10.1.1</b> Murabaha Sale Price		<b>8,067,234</b>	10,243,132
Murabaha Purchase Price		(6,425,973)	(6,547,184)
		<b>1,641,261</b>	3,695,948
<b>10.1.2</b> The movement in Murabaha financing during the quarter / year is as follows:			
Opening balance		6,547,184	7,127,282
Sales during the quarter / year		8,529,729	57,566,155
Adjusted during the quarter / year		(8,650,940)	(58,146,253)
Closing balance		<b>6,425,973</b>	6,547,184
<b>10.1.3</b> Deferred murabaha income			
Opening balance		231,226	164,688
Arising during the quarter / year		836,766	7,532,817
Recognised during the quarter / year		(915,236)	(7,466,279)
Closing balance		<b>152,756</b>	231,226
<b>10.2</b> Financing under Islamic Export Refinance - Murabaha - gross		<b>357,411</b>	527,330
Less: Deferred income	10.2.2	(6,523)	(9,440)
Profit receivable shown in other assets		(8,300)	(14,031)
Financing under Islamic Export Refinance - Murabaha	10.2.1	<b>342,588</b>	503,859
<b>10.2.1</b> The movement in Islamic Export Refinance Murabaha financing during the quarter / year is as follows:			
Opening balance		503,859	711,413
Sales during the quarter / year		409,908	4,841,614
Adjusted during the quarter / year		(571,179)	(5,049,168)
Closing balance		<b>342,588</b>	503,859
<b>10.2.2</b> Deferred Islamic Export Refinance murabaha income			
Opening balance		9,440	10,030
Arising during the quarter / year		18,236	171,742
Recognised during the quarter / year		(21,153)	(172,332)
Closing balance		<b>6,523</b>	9,440

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	Rupees in '000	
<b>10.3</b> Financing against Islamic SME Asaan Finance - Murabaha - gross	<b>1,021,698</b>	140,007
Less: Deferred income	<b>(69,627)</b>	(7,398)
Profit receivable shown in other assets	<b>(5,984)</b>	(6,126)
Financing against Islamic SME Asaan Finance - Murabaha	<b>946,087</b>	126,483
<b>10.3.1</b> The movement in Islamic SME Asaan Finance (Murabaha financing) during the quarter / year is as follows:		
Opening balance	<b>126,483</b>	94,018
Sales during the quarter / year	<b>926,716</b>	80,500
Adjusted during the quarter / year	<b>(107,112)</b>	(48,035)
Closing balance	<b>946,087</b>	126,483
<b>10.3.2</b> Deferred Islamic SME Asaan Finance Murabaha income		
Opening balance	<b>7,398</b>	7,566
Arising during the quarter / year	<b>84,970</b>	5,958
Recognised during the quarter / year	<b>(22,741)</b>	(6,126)
Closing balance	<b>69,627</b>	7,398
<b>10.4</b> Musawammah financing - gross	<b>25,897,076</b>	35,624,523
Less: Deferred income	<b>(1,227,200)</b>	(1,674,894)
Profit receivable shown in other assets	<b>(1,203,203)</b>	(1,548,120)
Musawammah financing	<b>23,466,673</b>	32,401,509
<b>10.5</b> Financing under Islamic Export Refinance - Musawammah - gross	<b>621,939</b>	607,974
Less: Deferred income	<b>(14,797)</b>	(25,538)
Profit receivable shown in other assets	<b>(23,239)</b>	(19,059)
Financing under Islamic Export Refinance - Musawammah	<b>583,903</b>	563,377
<b>10.6</b> Financing under SBP's IFRE - Musawammah - gross	<b>442,781</b>	432,221
Less: Deferred income	<b>(69,454)</b>	(66,921)
Profit receivable shown in other assets	<b>(1,327)</b>	(6,003)
Financing under SBP's IFRE - Musawammah	<b>372,000</b>	359,297
<b>10.7</b> Bai Muajjal financing - gross	<b>35,834,429</b>	37,242,068
Less: Deferred income	<b>(815,143)</b>	(2,393,786)
Less: Profit receivable shown in other assets	<b>(2,767,888)</b>	(1,762,058)
Bai Muajjal financing	<b>32,251,398</b>	33,086,224
<b>10.8</b> Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 49,158 million (December 31, 2023: Rs 49,011 million).		
<b>10.9</b> This includes Rs 720 million (December 31, 2023: Rs 707 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.		
	<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
	Rupees in '000	
<b>10.10 Particulars of financing - Gross</b>		
- in local currency	<b>880,633,554</b>	940,666,342
- in foreign currencies	<b>50,188,403</b>	51,361,121
	<b>930,821,957</b>	992,027,463

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

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

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

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

10.12.1 In addition, the Bank has also maintained a general provision of Rs 14,224 million (December 31, 2023: Rs 13,600 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of IFRS 9.

10.12.2 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. Since under the instructions from the SBP, the Bank considers the higher of IFRS 9 stage 3 provision and provision under Prudential regulations, the FSV

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benefit availed is not applicable for all non-performing financing. The accumulated benefit availed amounts to Rs 145.5 million (December 31, 2023: Rs 419.0 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 74.2 million (December 31, 2023: Rs 213.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**10.12.3 Islamic financing and related assets - particulars of credit loss allowance**

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

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

**10.12.4 Category of classification - Stage 3 under IFRS 9**

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	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	10,144,268	9,449,999
Property and equipment		32,063,622	29,896,485
		<u>42,207,890</u>	<u>39,346,484</u>
Less: Provision against capital work-in-progress		<u>(300,000)</u>	<u>(300,000)</u>
		<u>41,907,890</u>	<u>39,046,484</u>

**11.1 Capital work-in-progress**

Advances to suppliers and contractors for:

- civil works	5,840,637	6,359,312
- computer hardware	1,380,460	997,260
- purchase of vehicles	554,315	281,747
- office machines	1,930,901	1,419,869
- furniture and fixtures	437,955	391,811
	<u>10,144,268</u>	<u>9,449,999</u>

**11.2 Additions to fixed assets**

The following additions (net) have been made to fixed assets during the quarter:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Rupees in '000		
Capital work-in-progress	694,269	204,032
<b>Property and equipment</b>		
Leasehold land	696,101	-
Building on leasehold land	160,499	83,542
Leasehold improvements	779,367	392,752
Furniture and fixture	53,647	23,581
Electrical, office and computer equipment	1,493,649	1,198,783
Vehicles	408,973	96,593
	<u>3,592,236</u>	<u>1,795,251</u>
	<u>4,286,505</u>	<u>1,999,283</u>

**11.3 Disposal of fixed assets**

The net book value of fixed assets disposed off during the quarter is as follows:

Leasehold improvements	-	723
Furniture and fixture	77	215
Electrical, office and computer equipment	2,226	14,168
Vehicles	94,171	26,104
	<u>96,474</u>	<u>41,210</u>

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**12. RIGHT-OF-USE ASSETS**

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

  

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

**13. INTANGIBLE ASSETS**

	<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
	<b>Rupees in '000</b>	
Computer Software	1,594,086	1,651,018
Advance against computer software	584,330	620,691
	2,178,416	2,271,709

**13.1 Additions to intangible assets**

	<b>March 31, 2024 (Unaudited)</b>	<b>March 31, 2023 (Unaudited)</b>
	<b>Rupees in '000</b>	
Additions (Net) during the quarter	61,702	69,517

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Rupees in '000			
<b>14 OTHER ASSETS</b>			
Profit / return accrued in local currency - net of provisions		146,381,684	103,885,757
Profit / return accrued in foreign currencies - net of provisions		1,150,029	1,319,515
Acceptances		16,642,843	15,392,217
Advances, deposits, and other prepayments		3,698,021	2,898,657
Non-banking assets acquired in satisfaction of claims		50,228	50,243
Mark to market gain on forward foreign exchange contracts		41,343	-
Receivables on account of sale of securities		-	67,113
Dividends receivable		261	261
Stamps		25,052	24,397
Security deposits		505,637	515,716
Advance for Investments		-	-
Receivable under alternate delivery channel		7,469,954	3,373,605
Other		639,131	754,852
		<b>176,604,183</b>	<b>128,282,333</b>
Less: Credit loss allowance / provision held against other assets	14.1	<b>(462,168)</b>	<b>(152,364)</b>
Other Assets (net of provision)		<b>176,142,015</b>	<b>128,129,969</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
Other assets - total		<b>176,142,015</b>	<b>128,129,969</b>

**14.1 Credit loss allowance / provision held against other assets**

Profit / return accrued	112,366	-
Acceptances	36,490	-
Non-banking assets acquired in satisfaction of claims	13,923	13,923
Others	299,389	138,441
	<b>462,168</b>	<b>152,364</b>

**14.1.1 Movement in credit loss allowance / provision held against other assets**

Opening balance	152,364	107,921
Impact of adoption of IFRS 9	162,964	-
Charge for the quarter / year (including ECL)	236,630	72,972
Reversals for the quarter / year	(57,944)	(2,680)
Amount adjusted / written off	(31,846)	(25,849)
Closing balance	<b>462,168</b>	<b>152,364</b>

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	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>15</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	39,338,264	39,724,176
	Outside Pakistan	-	-
		<u>39,338,264</u>	<u>39,724,176</u>
<b>16</b>	<b>DUE TO FINANCIAL INSTITUTIONS</b>		
	In Pakistan	332,839,285	377,494,612
	Outside Pakistan	-	-
		<u>332,839,285</u>	<u>377,494,612</u>
<b>16.1</b>	<b>Details of due to financial institutions - secured / unsecured</b>		
	<b>Secured</b>		
	<b>With State Bank of Pakistan</b>		
	Musharakah under Islamic Export Refinance Scheme	70,937,742	78,802,384
	Investment under Islamic Long Term Financing Facility	22,511,966	23,280,222
	Investment under Islamic Refinance Facility for Combating COVID-19	598,710	646,152
	Investment under Islamic Financing for Renewal Energy	17,624,653	17,405,412
	Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	19,554,509	20,093,256
	Investment under Islamic Refinance Scheme for storage of Agriculture Produce	497,536	525,523
	Investment under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)	12,259	7,861
	Investment under Islamic Refinance Scheme for modernization of SMEs (IRFMS)	200,000	-
	Investment under Islamic Refinance Scheme for SME Asaan Finance	3,308,862	455,509
	Investment under Shariah Compliant Open Market Operations	155,194,338	180,159,641
	<b>Total secured</b>	<b>290,440,575</b>	<b>321,375,960</b>
	<b>With Scheduled Bank</b>	-	4,000,000
	<b>Other financial institutions</b>	<b>7,067,049</b>	<b>5,279,332</b>
	<b>Unsecured</b>		
	Overdrawn nostro accounts	2,831,661	2,679,320
	Musharakah with scheduled banks / financial institutions	32,500,000	44,160,000
		<u>332,839,285</u>	<u>377,494,612</u>

**16.1.1** These represents acceptance of funds by the Bank on Mudarabah basis which has been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities. The expected average return on Open Market Operations is 22.07% (December 31, 2023: 22.08%) per annum.

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

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**17 DEPOSITS AND OTHER ACCOUNTS**

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

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
As at January 1,		<b>22,093,855</b>	12,813,226
Additions		<b>598,792</b>	881,582
Adjustment upon reassessment of useful life		-	10,086,130
Amortisation of lease liability against right-of-use assets		<b>885,479</b>	2,077,327
Derecognition during the quarter / year		-	-
Payments		<b>(996,129)</b>	(3,764,410)
As at March 31 / December 31,		<b>22,581,997</b>	22,093,855

**19 SUB-ORDINATED SUKUK**

Additional Tier I Sukuk	19.1	<b>7,000,000</b>	7,000,000
Tier II Sukuk	19.2	<b>13,990,000</b>	13,990,000
		<b>20,990,000</b>	20,990,000

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

Credit Rating	AA+ (Double A Plus) by VIS Credit Rating Company Limited
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual. However, the Bank has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non discretionary subject to profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 22.57% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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

Credit Rating	AAA (Triple A) by VIS Credit Rating Company Limited
Issue Date	January 09, 2020 and December 16, 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 22.85% and 22.02% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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

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Rupees in '000			
<b>22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Securities measured at FVOCI-Debt		20,944,420	-
Securities measured at FVOCI-Equity		1,602,106	-
<b>Available for sale securities</b>			
- Listed shares		-	4,064,496
- Sukuk		-	17,348,440
		-	21,412,936
Non-banking assets acquired in satisfaction of claims		-	-
		<b>22,546,526</b>	21,412,936
Less: Deferred tax asset / (liability) on			
- Securities measured at FVOCI-Debt		<b>(10,262,766)</b>	-
- Securities measured at FVOCI-Equity		<b>(785,032)</b>	-
- Available for sale securities		-	(10,492,339)
- Non-banking assets acquired in satisfaction of claims		-	-
		<b>(11,047,798)</b>	(10,492,339)
		<b>11,498,728</b>	10,920,597
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	23.1	<b>71,745,645</b>	67,624,287
- Commitments	23.2	<b>1,270,818,310</b>	1,261,716,514
- Other contingent liabilities	23.3	<b>1,802,000</b>	1,802,000
		<b>1,344,365,955</b>	1,331,142,801
<b>23.1 Guarantees:</b>			
Financial guarantees		<b>30,395</b>	30,395
Performance guarantees		<b>49,965,789</b>	44,956,248
Other guarantees		<b>21,749,461</b>	22,637,644
		<b>71,745,645</b>	67,624,287
<b>23.2 Commitments:</b>			
Documentary letters of credit		<b>217,114,653</b>	235,057,572
Commitments in respect of:			
- forward foreign exchange transactions	23.2.1	<b>288,760,187</b>	281,400,267
Commitments for acquisition of:			
- fixed assets		<b>419,521</b>	599,915
- intangible assets		<b>653,495</b>	526,922
Other commitments	23.2.2	<b>763,870,454</b>	744,131,838
		<b>1,270,818,310</b>	1,261,716,514
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>176,769,288</b>	170,276,350
Sale		<b>111,990,899</b>	111,123,917
		<b>288,760,187</b>	281,400,267
<b>23.2.2 Other Commitments</b>			
Commitments in respect of financing (including irrevocable commitments)		<b>763,870,454</b>	744,131,838

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**23.3 Other contingent liabilities**

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2022. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

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

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

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	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Rupees in '000			
<b>27 GAIN / (LOSS) ON SECURITIES</b>			
Realised - net	27.1	60,100	(105,699)
Unrealised - held for trading - net		-	(18)
		<u>60,100</u>	<u>(105,717)</u>
<b>27.1 Realised (loss) / gain on:</b>			
Federal Government Securities		60,100	(86,978)
Listed Shares		-	(18,721)
		<u>60,100</u>	<u>(105,699)</u>
<b>27.1.1</b>			
Net gain / (loss) on financial assets measured at FVOCI under IFRS 9		60,100	-
Net gain / (loss) on financial assets measured at FVTPL under IFRS 9		-	-
		<u>60,100</u>	<u>-</u>
<b>28 OTHER INCOME</b>			
Gain on termination of Islamic financing		175,649	223,167
Gain on sale of operating fixed assets		150,402	62,715
Others		1,922	1,000
		<u>327,973</u>	<u>286,882</u>
<b>29 OPERATING EXPENSES</b>			
Total compensation expense		12,066,114	8,289,933
<b>Property expense</b>			
Depreciation on right-of-use assets		621,521	726,736
Rent and taxes		49,211	27,040
Utilities cost (including electricity and diesel)		636,291	466,140
Security (including guards)		545,449	324,521
Repair and maintenance (including janitorial charges)		338,694	389,942
Depreciation		311,026	264,851
Others		33,877	8,275
		<u>2,536,069</u>	<u>2,207,505</u>
<b>Information technology expenses</b>			
Software maintenance		569,294	340,582
Hardware maintenance		88,950	117,650
Depreciation		369,548	257,122
Amortisation		154,995	117,196
Network charges		76,437	82,207
		<u>1,259,224</u>	<u>914,757</u>

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	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
	Rupees in '000	
<b>Other operating expenses</b>		
Stationery and printing (including debit card related cost)	547,281	419,477
Repairs and maintenance	155,744	141,439
Local transportation and car running	466,126	435,472
Depreciation on vehicles, equipment etc.	648,051	424,615
Legal and professional charges	20,376	51,545
NIFT and other clearing charges	91,526	60,904
Marketing, advertisement and publicity (including Corporate Social Responsibility)	511,849	282,001
Security charges - cash transportation	342,043	220,728
Communication (including courier)	598,663	348,847
Travelling and conveyance	85,000	58,606
Training and Development	27,321	40,587
Donation	1,241	-
Fees, subscription and other charges	173,478	128,909
Brokerage and bank charges	85,465	83,059
Office supplies	177,505	140,429
Entertainment	19,745	18,491
Takaful expense	99,850	38,655
Outsourced services costs	6,707	5,976
Auditors' remuneration	9,035	4,102
Fees and allowances to Shariah Board	10,643	9,324
Directors' fees and allowances	17,760	18,760
Others	95	570
	<b>4,095,504</b>	<b>2,932,496</b>
	<b>19,956,911</b>	<b>14,344,691</b>
	<b>Note</b>	
	<b>March 31, 2024 (Unaudited)</b>	<b>March 31, 2023 (Unaudited)</b>
	Rupees in '000	
<b>30 OTHER CHARGES</b>		
Penalties imposed by the State Bank of Pakistan	<b>132,596</b>	2,828
<b>31 CREDIT LOSS ALLOWANCE / PROVISIONS / REVERSALS AND WRITE OFFS - NET</b>		
Net Credit loss allowance / Provision / Reversals against non-performing Islamic financing and related assets - net	10.12 (21,347)	2,053,175
Net Credit loss allowance / Provision / Reversals against diminution in value of investments	9.2 (585,844)	71,769
Net Credit loss allowance against cash and balance with treasury banks	8,202	-
Net Credit loss allowance against balances with other banks	(698)	-
Net Credit loss allowance / provision / reversals against other assets	14.1.1 178,686	6,477
Net Credit loss allowance / provision against off-balance sheet obligations	21.1 77,538	-
Recoveries of written off financings	(680)	(1,534)
	<b>(344,143)</b>	<b>2,129,887</b>
<b>32 TAXATION</b>		
Current	32.1 28,208,486	12,581,978
Deferred	(557,568)	(161,906)
	<b>27,650,918</b>	<b>12,420,072</b>

**32.1** Through Finance Act 2022, the effective tax rate on banking companies has been increased and consequently from the year 2022, tax rates has been enhanced to 49% (inclusive of 10% Super Tax) from 43% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognised super tax charge of Rs 5,443 million (Q1 2023: Rs 1,141 million) in the current quarter based on taxable income for the quarter.

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	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
<b>33 BASIC EARNINGS PER SHARE</b>		———— Rupees in '000 ————	
Profit for the quarter		<u>25,406,788</u>	<u>15,424,171</u>
		———— (Number) ————	
Weighted average number of ordinary shares		<u>1,791,253,200</u>	<u>1,789,624,321</u>
		———— (Rupees) ————	
Basic earnings per share		<u>14.18</u>	<u>8.62</u>
<b>34 DILUTED EARNINGS PER SHARE</b>		———— Rupees in '000 ————	
Profit for the quarter		<u>25,406,788</u>	<u>15,424,171</u>
		———— (Number) ————	
Weighted average number of ordinary shares	34.1	<u>1,799,242,599</u>	<u>1,790,479,468</u>
		———— (Rupees) ————	
Diluted earnings per share		<u>14.12</u>	<u>8.61</u>
<b>34.1 Reconciliation of basic and diluted earning per share</b>		———— (Number) ————	
Weighted average number of ordinary shares		<u>1,791,253,200</u>	<u>1,789,624,321</u>
Add: Diluted impact of Employee stock option scheme		<u>7,989,399</u>	<u>855,147</u>
Dilutive potential ordinary shares		<u>1,799,242,599</u>	<u>1,790,479,468</u>
<b>35 CASH AND CASH EQUIVALENTS</b>		———— Rupees in '000 ————	
Cash and balances with treasury banks	6	<u>231,685,428</u>	<u>175,189,889</u>
Balances with other banks	7	<u>13,380,314</u>	<u>11,104,213</u>
		<u>245,065,742</u>	<u>186,294,102</u>
<b>36 FAIR VALUE INSTRUMENT</b>			

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

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

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**36.1 Fair value of financial assets**

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

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

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

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

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

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**Fair value of non-financial assets**

**March 31, 2024 (Unaudited)**

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

**December 31, 2023 (Audited)**

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

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

**Valuation techniques used in determination of fair values**

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

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

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

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Bank's accounting policy as stated in note 6.3.2 to the 2023 annual financial statements.

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

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**37 SEGMENT INFORMATION**

**37.1 Segment Details with respect to Business Activities**

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

**38 RELATED PARTY TRANSACTIONS**

**38.1** 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.

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

**38.3 Subsidiary company**

- Al Meezan Investment Management Limited
- Meezan Exchange Company (Private) Limited

**38.4 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.

**38.5 Key management personnel**

- President and Chief Executive Officer
- Deputy Chief Executive Officers

**38.6** Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-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 quarter are not reflected as part of the closing balance. However, new related parties have been added during the quarter. The same are accounted for through the movement presented above.

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	March 31, 2024	Dec 31, 2023	March 31, 2024	Dec 31, 2023	March 31, 2024	Dec 31, 2023						
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Rupees in '000</b>												
<b>Islamic financing and related assets</b>												
At January 1,	33,002,164	29,972,348	-	-	32,914,968	29,972,348	-	-	87,196	-	-	-
Addition during the quarter / year	3,435,612	23,154,677	-	-	3,435,612	23,066,434	-	-	-	88,243	-	-
Repayment / redemption / deletion during the quarter / year	(5,003,791)	(20,124,861)	-	-	(5,002,731)	(20,123,814)	-	-	(1,060)	(1,047)	-	-
At March 31	31,433,985	33,002,164	-	-	31,347,849	32,914,968	-	-	86,136	87,196	-	-
<b>Investments</b>												
At January 1,	908,302	908,302	63,050	63,050	845,252	845,252	-	-	-	-	-	-
Addition during the quarter / year	1,000,000	-	1,000,000	-	-	-	-	-	-	-	-	-
Repayment / redemption / deletion during the quarter / year	-	-	-	-	-	-	-	-	-	-	-	-
At March 31	1,908,302	908,302	1,063,050	63,050	845,252	845,252	-	-	-	-	-	-
<b>Deposits</b>	8,520,625	6,588,811	1,058,081	53,388	6,495,016	5,521,325	172,918	167,014	161,051	176,832	633,559	670,252
<b>Other Assets</b>												
Profit receivable on financing / investments / placements	2,830,279	1,076,495	-	-	2,830,244	1,076,459	-	-	35	36	-	-
Fee and Other Receivable	222,096	113,922	120,879	83,405	101,217	28,800	-	-	-	-	-	1,717
Provision against ECL	3,617	-	22	-	3,584	-	-	-	11	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	March 31, 2024 (Unaudited)	Dec 31, 2023 (Audited)										
<b>Rupees in '000</b>												
<b>Due to financial institutions</b>												
At January 1,	-	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-
Addition during the quarter / year	57,800,000	157,050,000	-	-	57,800,000	157,050,000	-	-	-	-	-	-
Repayment / redemption / deletion during the quarter / year	(57,800,000)	(175,050,000)	-	-	(57,800,000)	(175,050,000)	-	-	-	-	-	-
At December 31	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-ordinated Sukuk</b>												
At January 1,	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
Addition during the quarter / year	-	200,000	-	-	-	200,000	-	-	-	-	-	-
Repayment / redemption / deletion during the quarter / year	-	(200,000)	-	-	-	(200,000)	-	-	-	-	-	-
At December 31	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
<b>Other Liabilities</b>												
Payable to defined benefit plan	880,268	1,550,202	-	-	-	-	-	-	693,801	663,573	186,467	886,629
Accrued Expenses	17,367	11,717	6,707	6,707	-	-	10,660	5,010	-	-	-	-
Unearned Income	4,505	4,534	-	-	4,505	4,534	-	-	-	-	-	-
<b>Contingencies and Commitments</b>												
Letters of credit (unfunded)	1,625	81,444	-	-	1,625	81,444	-	-	-	-	-	-
Letters of Guarantee (unfunded)	916,376	1,175,557	100	100	916,276	1,175,457	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<b>Rupees in '000</b>											
<b>Transactions, income and expenses</b>												
Profit earned on financing / investments / placements	1,790,505	1,123,347	-	-	1,789,423	1,123,347	-	-	1,082	-	-	-
Fees and other income earned	289,872	174,659	110,461	38,180	179,303	136,355	1	10	67	73	40	41
Dividend income earned	260,000	130,000	260,000	130,000	-	-	-	-	-	-	-	-
Return on deposits / acceptance expenses	416,253	870,492	2,596	1,195	389,896	854,290	1,130	674	4,370	1,672	18,261	12,661
Charge for defined benefit plan	186,467	146,633	-	-	-	-	-	-	-	-	186,467	146,633
Contribution to defined contribution plan	175,863	137,797	-	-	-	-	-	-	-	-	175,863	137,797
Contribution to staff benevolent fund	68,712	5,407	-	-	-	-	-	-	-	-	68,712	5,407
ECL charge / (reversals) - including recognized in unappropriated profit	3,617	-	22	-	3,584	-	-	-	11	-	-	-
Fees expensed	7,281	6,362	6,707	5,976	574	386	-	-	-	-	-	-
Recovery of expenses	32,474	-	32,474	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	32,845	41,737	-	-	32,845	41,737	-	-	-	-	-	-
Remuneration to key management personnel	97,952	75,487	-	-	-	-	-	-	97,952	75,487	-	-
Fee to non-executive directors	17,760	18,760	-	-	-	-	17,760	18,760	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

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

**40 RECLASSIFICATIONS**

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

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

**41 NON-ADJUSTING EVENT**

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

**42 DATE OF AUTHORISATION**

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

**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 MARCH 31, 2024**

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

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 ENDED MARCH 31, 2024**

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

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

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

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Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	Share capital	Capital reserves				Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
		Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	Employee share option compensation reserve	General reserve		Investments	Non-banking assets		
<b>Rupees in '000</b>											
<b>Balance as at January 01, 2023</b>	17,896,243	2,406,571	22,169,518	3,117,547	427,419	91,082	72,485,599	(666,349)	2,678	1,204,382	119,134,690
Profit after taxation for the Quarter ended March 31, 2023	-	-	-	-	-	-	15,446,339	-	-	79,844	15,526,183
<b>Other Comprehensive loss for quarter ended March 31, 2023 - net of tax</b>											
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(3,063,854)	-	-	(3,063,854)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	3	-	(3)	-	-
Recognition of share based compensation	-	-	-	-	85,366	-	-	-	-	-	85,366
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	1,542,417	-	-	-	(1,542,417)	-	-	-	-
<b>Transactions with owners recognised directly in equity</b>											
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	(5,368,873)	-	-	-	(5,368,873)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
<b>Balance as at March 31, 2023</b>	17,896,243	2,406,571	23,711,935	3,117,547	512,785	91,082	81,020,651	(3,730,203)	2,675	1,214,226	126,243,512
Profit after taxation for the nine months period ended December 31, 2023	-	-	-	-	-	-	69,984,211	-	-	512,742	70,496,953
<b>Other Comprehensive income / (loss) for the nine months period ended December 31, 2023 - net of tax</b>											
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	14,650,800	-	-	14,650,800
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	(127,890)	-	-	(2,359)	(130,249)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(2,674)	-	(2,674)
Total other comprehensive income - net of tax	-	-	-	-	-	-	(127,890)	14,650,800	(2,674)	(2,359)	14,517,877
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	1	-	(1)	-	-
Recognition of share based compensation	-	-	-	-	324,380	-	-	-	-	-	324,380
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	6,905,147	-	-	-	(6,905,147)	-	-	-	-
<b>Transactions with owners recognised directly in equity</b>											
First interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	(5,368,873)	-	-	-	(5,368,873)
Second interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	(7,165,013)	-	-	-	(7,165,013)
Third interim cash dividend for the year 2023 @ Rs 5 per share	-	-	-	-	-	-	(8,956,266)	-	-	-	(8,956,266)
	-	-	-	-	-	-	(21,490,152)	-	-	-	(21,490,152)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(175,000)	(175,000)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	219,870	-	-	(182,844)	-	46,384	-	-	-	99,699
<b>Balance as at December 31, 2023</b>	17,912,532	2,626,441	30,617,082	3,117,547	654,321	91,082	122,528,058	10,920,597	-	1,549,609	190,017,269

## CONDENSED INTERIM CONSOLIDATED

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	Share capital	Capital reserves				Revenue reserve General reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
		Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	Employee share option compensation reserve			Investments	Non-banking assets		
<b>Rupees in '000</b>											
<b>Balance as at December 31, 2023</b>	17,912,532	2,626,441	30,617,082	3,117,547	654,321	91,082	122,528,058	10,920,597	-	1,549,609	190,017,269
Impact of adoption of IFRS 9 - net of tax (Note 1.4)	-	-	-	-	-	-	(2,145,490)	2,355,421	-	-	209,931
Profit after taxation for the quarter ended March 31, 2024	-	-	-	-	-	-	25,420,400	-	-	123,890	25,544,290
<b>Other Comprehensive loss for quarter ended March 31, 2024 - net of tax</b>											
- Movement in deficit on revaluation of investments in debt instruments at FVOCI - net of tax	-	-	-	-	-	-	-	(1,764,434)	-	-	(1,764,434)
- Gain on derecognition of Debt investments at FVOCI - reclassified to profit or loss - net of tax	-	-	-	-	-	-	-	(30,651)	-	-	(30,651)
- Movement in surplus on revaluation of investments in equity instruments at FVOCI - net of tax	-	-	-	-	-	-	61,393	17,795	-	-	79,188
Total other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	61,393	(1,777,290)	-	-	(1,715,897)
Recognition of share based compensation	-	-	-	-	108,854	-	-	-	-	-	108,854
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	2,540,679	-	-	-	(2,540,679)	-	-	-	-
<b>Transactions with owners recognised directly in equity</b>											
Final cash dividend for the year 2023 @ Rs 8 per share	-	-	-	-	-	-	(14,330,026)	-	-	-	(14,330,026)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
<b>Balance as at March 31, 2024</b>	<b>17,912,532</b>	<b>2,626,441</b>	<b>33,157,761</b>	<b>3,117,547</b>	<b>763,175</b>	<b>91,082</b>	<b>128,993,656</b>	<b>11,498,728</b>	<b>-</b>	<b>1,533,499</b>	<b>199,694,421</b>

\* 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 QUARTER ENDED MARCH 31, 2024

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

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 QUARTER ENDED MARCH 31, 2024

## 1 BASIS OF PRESENTATION

- 1.1** This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company), Al-Meezan Investment Management Limited (the subsidiary) and Meezan Exchange Company (Private) Limited (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund II, Meezan Gold Fund, Meezan Energy Fund, Meezan Strategic Allocation Fund III, Meezan Rozana Amdani Fund, Meezan Pakistan Exchange Traded Fund, Meezan Daily Income Fund, Meezan Paidar Munafa Plan and Meezan GOKP Pension Fund.
- 1.2** This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** This condensed interim consolidated financial information comprise of the statement of financial position as at March 31, 2024 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended March 31, 2024.

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

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

#### 1.4.1 IFRS 9 - 'Financial Instruments'

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

## 2 ACCOUNTING POLICIES

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

## 3 DATE OF AUTHORISATION

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

**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









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The Premier Islamic Bank

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