



**FIRST
QUARTERLY REPORT**
MARCH 31, 2022



Meezan Bank
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

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CORPORATE INFORMATION

FOR THE QUARTER ENDED MARCH 31, 2022

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

DIRECTORS' REVIEW

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the quarter ended March 31, 2022.

Economy

The State Bank of Pakistan (SBP) in its last monetary policy statement indicated that the global commodity prices, including oil, are likely to remain at elevated levels. While timely demand-moderating measures and strong exports and remittances saw the February'2022 current account deficit shrink to \$0.5 billion, its lowest level this fiscal year, political uncertainty contributed to a depreciation in the rupee which was subsequently recovered to some extent. Average inflation is forecasted at slightly above 11 percent in FY22 as a result of persistent rise in international prices. Exports and remittances are expected to continue their upward trend, backed by the export-friendly policies that have been implemented by the Government. While the non-oil current account balance has continued to improve, the overall current account remains dependent on global commodity prices.

The SBP in view of the recent economic development, after maintaining the Policy Rate at 9.75% since December 2021, revised the Policy Rate upwards by 250 basis points to 12.25% in April 2022.

Financial Highlights

By the grace of Allah, Meezan Bank delivered exceptional results during the first quarter of 2022. Profit after tax of the Bank grew to Rs 9.2 billion from Rs 6.1 billion in corresponding period last year, a growth of 51% while Earnings per Share - on enhanced capital increased to Rs 5.66 per share from Rs 3.75 per share in March 2021. The Bank is a well-capitalized institution with Capital Adequacy Ratio (CAR) of 17.99%, well above the minimum regulatory requirement of 11.50%.

We are pleased to inform you that the Board has approved Rs 1.75 (17.5%) interim cash dividend for the first quarter of 2022. The financial highlights of Meezan Bank are given below:

DIRECTORS' REVIEW

Financial Highlights of Meezan Bank are given below:

Rupees in millions

| Statement of Financial Position | March 31, 2022 | December 31, 2021 | Growth % |
|----------------------------------------------|-------------------|----------------------|----------|
| Total Assets | 2,118,499 | 1,902,971 | 11% |
| Investments | 927,492 | 620,132 | 50% |
| Sovereign | 901,256 | 594,101 | 52% |
| Others | 26,236 | 26,031 | 1% |
| Islamic financing and related assets - Gross | 758,582 | 777,295 | (2%) |
| Deposits | 1,455,435 | 1,455,886 | (0%) |
| ADR (Gross Advances to Deposits) - % | 52% | 53% | (2%) |
| Equity | 90,014 | 86,558 | 4% |

Rupees in millions

| Profit & Loss Account | Jan - Mar 2022 | Jan - Mar 2021 | Growth % |
|---------------------------------------------------------------------|-------------------|-------------------|------------|
| Profit / return earned on financings, investments and placements | 38,111 | 24,230 | 57% |
| Profit on deposits and other dues expensed | (16,674) | (9,175) | 82% |
| Net spread earned | 21,437 | 15,055 | 42% |
| Fee, commission and other non - funded income | 4,300 | 3,562 | 21% |
| Operating income | 25,737 | 18,617 | 38% |
| Operating and other expenses | (10,369) | (8,091) | 28% |
| Provision against NPLs and others - net | (228) | (285) | (20%) |
| Profit before tax | 15,140 | 10,241 | 48% |
| Taxation | (5,935) | (4,140) | 43% |
| Profit after tax | 9,205 | 6,101 | 51% |
| Earnings per share - Rupees | 5.66 | 3.75 | 51% |
| Number of branches | 908 | 825 | 10% |

DIRECTORS' REVIEW

The total assets of the Bank crossed Rs 2.1 trillion mark, after registering a growth of 11% (Rs 215 billion), from Rs 1.90 trillion in December 2021. The Bank's investment portfolio rose by 50% to Rs 927 billion, from Rs 620 billion last year, after investment of Rs 351 billion in GoP Ijarah Sukuk during the quarter. The resumption of regular Sukuk auction by the Government of Pakistan has enabled the Islamic Banking Industry (IBI) to reduce its dependency on inter-bank secured placements under Bai Muajjal and has addressed the chronic liquidity management challenges historically faced by the IBI. This, together with the introduction of the SBP's Shariah-compliant Open Market Operations (OMO-Injections) and Shariah-compliant Standing Ceiling Facility has immensely helped the Islamic Banking Industry in managing their liquidity more efficiently for which we remain grateful to the Government of Pakistan and the SBP.

The Bank's financings portfolio stood at Rs 759 billion, as compared to Rs 777 billion in December 2021 mainly due to repayment of seasonal financing. The gross advances to deposits ratio (ADR) of the Bank remained at 52% in line with Bank's strategy to maintain a high quality well-diversified asset mix spread across all segments including Corporate, Commercial & SME and the Consumer segments. The Bank maintains a comfortable level of provisions against its non-performing financings with a coverage ratio of 137% - one of the highest in the Banking industry while its non-performing financing ratio remained at less than 2% level. The Bank is fully geared up for adoption of IFRS - 9 and does not foresee any major financial impact as a result of its implementation.

Deposits of the Bank closed at Rs 1.46 trillion as of March 31, 2022 and it continued to maintain an optimal deposit mix. Current account deposits contributed to 46% of its total deposits, amounting to Rs 672 billion. The current and savings account (CASA) deposits represent 82% of total deposits, amounting to Rs 1.2 trillion. Alhamdulillah, the Bank continued to maintain its leadership in Roshan Digital Account (RDA) with market share of 24% in terms of total RDA deposits of the Pakistan Banking Industry.

The Bank's branch network is well distributed across the country with 908 branches in 293 cities, as compared to 825 branches in 255 cities in corresponding period last year, to cater the banking needs of diversified and geographically dispersed population of the country. The Bank also has a network of 986 ATMs across the country. The Bank's Mobile Banking App has been consistently ranked as No.1 Mobile Banking App in Pakistan by both Apple Store and Google Play Store.

Return on financings, investments and placements increased to Rs 38.1 billion from Rs 24.2 billion in corresponding period last year largely due to 31% growth in Bank's average earning

DIRECTORS' REVIEW

assets and higher underlying Policy Rate which increased from 7.00% in corresponding period last year to 9.75%. The return on deposits and other dues, on the other hand, increased from Rs 9.2 billion in March 2021 to Rs 16.7 billion in March 2022 - an increase of 82% due to higher average deposit volume and increase in depositors' profit rates.

Fee and commission income demonstrated a robust growth of 45% to Rs 3 billion from Rs 2 billion in March 2021 mainly contributed by rise in trade, branch banking and debit card related fee income. On an overall basis, the Bank's non-funded income recorded a 21% growth from March 2021 closing at Rs 4.3 billion. The Bank's operating and other expenses also increased to Rs 10.4 billion from Rs 8.1 billion, primarily due to increase in cost associated with opening of 83 new branches since March 2021, higher inflationary impact, rupee devaluation and IT related cost. However, this rise in expenses was sufficiently absorbed by the growth in total income, resulting in further improving the income efficiency ratio of the Bank to 40% from 43% in corresponding period last year.

The VIS Credit Rating Company Limited, has assigned the Bank an Entity Rating of 'AAA' (Triple A) for the Long Term and 'A1+' (A-One Plus) for the Short Term with stable outlook.

Outlook

Pakistan has staged a strong recovery post the Covid19 pandemic. The demand for private-sector credit has been strong as almost all segments of the corporate sectors have posted strong results. Although, the Bank's deposit growth for this quarter of Jan-March 2022 has been flat, we remain confident that the Bank will be able to achieve deposit growth in the mid-teens for the financial year. The Bank will InshaAllah continue playing its leadership role in evolving the Islamic Banking Industry of Pakistan and assisting the Government to shift towards Shariah-compliant finance, with the stated objective of the State Bank of Pakistan to increase the market share of the Islamic Banking industry from its current level of 19% to 30% by the end of 2025.

The Bank will, Insha'Allah, continue with its branch expansion strategy and plans to add more branches to its network during the year, which will expand its geographical presence across Pakistan and help provide Shariah Compliant Banking solutions to the unbanked population of the country. At the same time, the Bank aims to continue its digital acceleration to ensure seamless unparalleled digital experience to customers. The Bank aims to further accelerate its recently launched initiative of Merchant Acquiring Business with a state-of-the art POS and e-Commerce Payment Gateway solution for its retail and corporate customers in 2022.

DIRECTORS' REVIEW

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country. We would also like to thank our Board members, Members of the Shariah Supervisory Board, shareholders, holders of Additional Tier I Sukuk and Sub-ordinated Sukuk (Tier II) for their continued support and unrelenting efforts towards establishing Meezan Bank as the Premier Islamic Bank. Most importantly, we are thankful to Allah Almighty for His continued blessings on our Bank which has enabled us to achieve this incredible performance in a very short span of time and we pray that He gives us more strength and wisdom to further expand our Vision of establishing Islamic banking as banking of first choice.

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
April 25, 2022

ڈائریکٹرز کا تجزیہ

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 31 مارچ، 2022 کو ختم ہونے والی سہ ماہی کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔

معیشت

اسٹیٹ بینک آف پاکستان (SBP) نے اپنے سابقہ مالیاتی پالیسی بیان میں اس بات کی نشاندہی کی تھی کہ عالمی سطح پر ایشیائے جنوبی بحالی کی قیمتیں بدستور زیادہ رہنے کی توقع ہے۔ اگرچہ طلب کو متوازن رکھنے کے بروقت اقدامات، اور مستحکم برآمدات اور ترسیلات زر کے باعث فروری میں کرنٹ اکاؤنٹ خسارہ کم ہو کر 0.5 بلین روپے ہو گیا، جو کہ رواں مالی سال میں کم ترین خسارہ تھا، تاہم سیاسی غیر یقینی صورتحال روپے کی قدر میں گراؤ کا باعث بنی، جو بعد میں کسی حد تک بحال بھی ہو گئی۔ عالمی سطح پر قیمتوں میں مسلسل اضافہ کی وجہ سے افراط زر کی شرح مالی سال 2022 میں 11 فیصد سے کچھ زیادہ رہنے کی توقع ہے۔ برآمدات اور ترسیلات زر میں اضافہ کا رجحان جاری رہنے کی توقع ہے، جس کی وجہ برآمدات کے لئے معاون وہ پالیسیاں ہیں جو حکومت کی جانب سے نافذ کی گئی تھیں۔ اگرچہ Non-oil کرنٹ اکاؤنٹ کا توازن مسلسل بہتر ہو رہا ہے، تاہم مجموعی طور پر کرنٹ اکاؤنٹ کا انحصار بدستور عالمی سطح پر ایشیائے جنوبی بحالی کی قیمتوں پر ہے۔

دسمبر 2021 سے پالیسی شرح 9.75 فیصد پر برقرار رکھنے کے بعد اسٹیٹ بینک آف پاکستان نے حالیہ معاشی پیش رفت کو دیکھتے ہوئے اپریل 2022 میں پالیسی شرح پر نظر ثانی کی ہے اور اسے 250 بیس پوائنٹس بڑھا کر 12.25 فیصد کر دیا ہے۔

مالیاتی نکات

اللہ تعالیٰ کی رحمت سے میزان بینک نے 2022 کی پہلی سہ ماہی میں غیر معمولی نتائج پیش کئے ہیں۔ بینک کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 6.1 بلین روپے کے مقابلہ میں 51 فیصد اضافہ کے بعد 9.2 بلین روپے ہو گیا جبکہ اضافہ شدہ حصص کے سرمائے پر فی حصص آمدنی مارچ 2021 کے 3.75 روپے فی حصص کے مقابلہ میں بڑھ کر 5.66 روپے فی حصص ہو گئی۔ بینک ایک Well-capitalized ادارہ ہے اور اس کا کپٹل ایڈیوکیٹیو ریشو (CAR) اس وقت 17.99 فیصد ہے، جو کم از کم درکار قانونی تقاضے یعنی 11.50 فیصد سے کافی زیادہ ہے۔

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ نے 2022 کی پہلی سہ ماہی کے لئے 1.75 روپے فی حصص (17.5 فیصد) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔

میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

روپے (بلین میں)

| مالیاتی حیثیت کا جائزہ | 31 مارچ 2022 | 31 دسمبر 2021 | اضافہ کمی کی شرح % |
|----------------------------------------------------|--------------|---------------|--------------------|
| کل اثاثے | 2,118,499 | 1,902,971 | 11% |
| سرمایہ کاریاں | 927,492 | 620,132 | 50% |
| - Sovereign / حکومتی ضمانت شدہ | 901,256 | 594,101 | 52% |
| - دیگر سیکیورٹیز | 26,236 | 26,031 | 1% |
| اسلامی فنانسنگ اور متعلقہ اثاثے - مجموعی | 758,582 | 777,295 | (2%) |
| جمع شدہ رقوم | 1,455,435 | 1,455,886 | (0%) |
| ایڈوانس ٹو ڈپازٹ ریٹو (Gross advances to deposits) | 52% | 53% | (2%) |
| ایکیویٹی | 90,014 | 86,558 | 4% |

| نفع و نقصان کھاتہ | جنوری تا مارچ 2022 | جنوری تا مارچ 2021 | اضافہ کمی کی شرح % |
|-------------------------------------------|--------------------|--------------------|--------------------|
| فنانسنگ، سرمایہ کاری اور تعیناتی پر منافع | 38,111 | 24,230 | 57% |
| جمع شدہ قوم اور دیگر واجبات پر ادائیگی | (16,674) | (9,175) | 82% |
| خالص آمدنی | 21,437 | 15,055 | 42% |
| فیس، کمیشن اور دیگر ٹران۔ فنڈ ڈ آمدنی | 4,300 | 3,562 | 21% |
| انتظامی آمدنی | 25,737 | 18,617 | 38% |
| انتظامی اور دیگر اخراجات | (10,369) | (8,091) | 28% |
| NPLs اور دیگر کمی مد میں پروویژنز | (228) | (285) | (20%) |
| قبل از ٹیکس منافع | 15,140 | 10,241 | 48% |
| ٹیکس | (5,935) | (4,140) | 43% |
| بعد از ٹیکس منافع | 9,205 | 6,101 | 51% |
| فی حصص آمدنی۔ روپے میں | 5.66 | 3.75 | 51% |
| برانچوں کی تعداد | 908 | 825 | 10% |

بینک کے اثاثوں نے دسمبر 2021 کے 1.90 ٹریلیون روپے کے مقابلہ میں 11 فیصد اضافہ (215 بلین روپے اضافہ) کے بعد 2.1 ٹریلیون روپے کا ہدف عبور کر لیا۔ اسی سہ ماہی کے دوران بینک نے حکومت پاکستان کے اجارہ صکوک میں 351 بلین روپے کی سرمایہ کاری کی جس کے بعد بینک کا سرمایہ کاری پورٹ فولیو 50 فیصد اضافے کے بعد 927 بلین روپے ہو گیا، جو کہ گزشتہ سال 620 بلین روپے تھا۔ حکومت پاکستان کی جانب سے صکوک کی باقاعدہ نیلامی کے دوبارہ آغاز سے اسلامی بینکاری کی صنعت (IBI) کو بچھڑنے کے تحت انٹرنیشنل سیکورٹیز پر انحصار کم کرنے میں مدد ملی اور یہ عمل اسلامی بینکاری کی صنعت کو درپیش کلوڈیٹی مینجمنٹ کے دیرینہ مسئلہ کے حل میں بھی معاون ثابت ہوا۔ یہ اقدام اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کے شریعہ کمپلائنس اوپن مارکیٹ آپریشنز (OMO-Injections)، اور شریعہ کمپلائنس اسٹینڈنگ سیلنگ فیسلٹی کے اجراء جیسے اقدامات سے اسلامی بینکاری کی صنعت کو اپنے کلوڈیٹی کے مؤثر انتظام میں زبردست مدد ملی جس کے لئے ہم حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کے مشکور رہیں گے۔

بینک کا فنانسنگ پورٹ فولیو دسمبر 2021 کے 777 بلین روپے کے مقابلہ میں 759 بلین روپے رہا، جس کی بنیادی وجہ Seasonal فنانسنگ کی واپس ادائیگی ہے۔ بینک کا مجموعی ایڈوانسز ٹو ڈپازٹ ریشو 52 فیصد پر برقرار ہے جو تمام شعبوں بشمول کارپوریٹ، کمرشل اور سال میڈیم انٹرنیٹ براؤزر اور کنزومر شعبوں پر مشتمل اعلیٰ معیار کا فنانسنگ پورٹ فولیو قائم رکھنے کی بینک کی حکمت عملی کے مطابق ہے۔ بینک نے اپنی غیر فعال فنانسنگ کی مد میں 137 فیصد کوریج ریشو کے ساتھ پروویژنز کی تسلی بخش شرح برقرار رکھی ہے، جو بینکاری صنعت میں سب سے زیادہ میں سے ایک شرح ہے، جبکہ اس کی غیر فعال فنانسنگ کی شرح بدستور 2 فیصد سے کم سطح پر برقرار ہے۔ بینک IFRS-9 کو اختیار کرنے کے لئے پوری طرح تیار ہے اور اس کے نفاذ کی وجہ سے بڑے معاشی اثرات مرتب ہونے کا امکان نہیں ہے۔

بینک کے ڈپازٹس 31 مارچ 2022 تک 1.46 ٹریلیون روپے تھے، اور بینک نے موزوں ترین ڈپازٹ کس برقرار رکھنے کا سلسلہ جاری رکھا ہے۔ کرنٹ اکاؤنٹ ڈپازٹس، جو 672 بلین روپے ہیں، بینک کے کل ڈپازٹس کا 46 فیصد حصہ ہیں۔ کرنٹ اور سیونگز اکاؤنٹ ڈپازٹس (CASA) 1.2 ٹریلیون روپے ہیں جو بینک کے کل ڈپازٹس کا 82 فیصد حصہ ہیں۔ الحمد للہ بینک نے روشن ڈیجیٹل اکاؤنٹ (RDA) میں اپنی برتری برقرار رکھی ہے اور پاکستان کی بینکاری صنعت میں روشن ڈیجیٹل اکاؤنٹ کے کل ڈپازٹس میں بینک کا مارکیٹ شیئر 24 فیصد ہے۔

ملک کی متنوع اور جغرافیائی اعتبار سے بکھری ہوئی آبادی کی بینکاری ضروریات کی تکمیل کے لئے بینک کا برانچ نیٹ ورک ملک بھر میں پھیلا ہوا ہے اور اس کی 293 شہروں میں 908 برانچیں ہیں، جبکہ گزشتہ سال 255 شہروں میں 825 برانچیں تھیں۔ اس کے علاوہ بینک ملک بھر میں 1986 ٹی اییز کے وسیع نیٹ ورک کا حامل ہے۔ بینک کی موبائل بینکنگ ایپلی کیشن کو Apple Store اور Google Play Store پر صارفین کی جانب سے تسلسل کے ساتھ پاکستان کی نمبر 1 موبائل بینکنگ ایپ قرار دیا جا رہا ہے۔

فنانشنگ، سرمایہ کاریوں اور Placements پر بینک کی آمدنی گزشتہ سال کے 24.2 بلین روپے کے مقابلہ میں بڑھ کر 38.1 بلین روپے ہو گئی جس کی بڑی وجہ آمدنی پیدا کرنے والے اثاثوں کے اوسط میں 31 فیصد اضافہ اور زیادہ بنیادی پالیسی شرح تھی جو گزشتہ سال کے 7.00 فیصد کے مقابلہ میں بڑھ کر 9.75 فیصد ہو گئی۔ دوسری جانب ڈپازٹس اور دیگر واجب الادا رقم پر منافع مارچ 2021 کے 9.2 بلین روپے کے مقابلہ میں بڑھ کر 16.7 بلین روپے ہو گیا، 82 فیصد کا یہ اضافہ ڈپازٹس کے زیادہ اوسط حجم اور ڈپازٹس پر منافع کی شرح بڑھنے کی وجہ سے ہوا۔

بینک کی فیس اور کمیشن کی آمدنی میں زبردست اضافہ دیکھنے میں آیا جو مارچ 2021 کے 2 بلین روپے کے مقابلہ میں 45 فیصد اضافہ کے بعد 3 بلین روپے ہو گئی، جس میں ٹریڈ، برانچ بینکنگ اور ڈیپٹ کارڈ سے متعلقہ آمدنی، بینک کی آمدنی کا حصہ سب سے زیادہ رہا۔ مجموعی طور پر بینک کی نان-فنانس آمدنی مارچ 2021 کے مقابلہ میں 21 فیصد اضافہ کے بعد 4.3 بلین روپے ریکارڈ کی گئی۔ بینک کے انتظامی اور دیگر اخراجات بھی 8.1 بلین روپے سے بڑھ کر 10.4 بلین روپے ہو گئے، جس کی بنیادی وجوہات میں مارچ 2021 کے بعد سے 83 نئی برانچیں کھولنے پر آنے والے اخراجات، اضافہ شدہ افراط زر کی شرح کے اثرات، روپے کی قدر میں کمی اور انفارمیشن ٹیکنالوجی سے متعلقہ اخراجات شامل تھے۔ تاہم اخراجات میں اس اضافہ کو مجموعی آمدنی میں ہونے والے ضائف نے کافی حد تک جذب کر لیا، جس کے نتیجے میں بینک کی آمدنی کی شرح استعداد (Income Efficiency Ratio) گزشتہ سال کی اسی مدت کے 43 فیصد کے مقابلہ میں مزید بہتر ہو کر 40 فیصد ہو گئی۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے بینک کو مستحکم آثار کے ساتھ 'AAA' (ٹریپل اے) طویل المیعاد ریٹنگ اور 'A1+' قلیل المیعاد ریٹنگ دی ہے۔

مستقبل کے امکانات

پاکستان نے COVID-19 کی عالمی وبا کے بعد مستحکم بحالی ظاہر کی ہے۔ نجی شعبہ میں قرضہ جات کی طلب بہت زیادہ رہی کیونکہ کارپوریٹ شعبے کے تقریباً تمام حصوں نے مستحکم نتائج پیش کئے۔ اگرچہ جنوری تا مارچ 2022 کی سہ ماہی میں بینک کے ڈپازٹس میں اضافہ دیکھنے میں نہیں آیا، تاہم ہمیں یقین ہے کہ مالی سال کے وسط تک بینک اپنے ڈپازٹس میں 15 سے 17 فیصد اضافہ حاصل کرنے میں کامیاب ہو جائے گا۔ انشاء اللہ بینک پاکستان میں اسلامی بینکاری کے ارتقاء میں اپنا قائدانہ کردار ادا کرنے اور شریعہ کمپلائنسٹ فننس پر منتقلی میں حکومت سے تعاون کا سلسلہ جاری رکھے گا، جو پاکستان میں اسلامی بینکاری صنعت کے مارکیٹ شیئر کو موجودہ 19 فیصد سے بڑھا کر 2025 کے آخر تک 30 فیصد پر لانے کے اسٹیٹ بینک آف پاکستان کے مقررہ ہدف کے مطابق ہے۔

بینک انشاء اللہ برانچوں میں توسیع کی اپنی حکمت عملی جاری رکھے گا اور اس نے دوران سال اپنے نیٹ ورک میں مزید برانچیں شامل کرنے کا فیصلہ کیا ہے، جس سے پاکستان بھر میں اس کی جغرافیائی موجودگی میں اضافہ ہوگا اور پاکستان کی بینکوں کی سہولت سے فائدہ نہ اٹھانے والی آبادی کو شریعہ کمپلائنسٹ بینکاری سولوشن فراہم کرنے میں مدد ملے گی۔ اس کے ساتھ ساتھ بینک اپنے ڈیجیٹل ارتقاء کو جاری رکھنے کا بھی ارادہ رکھتا ہے تاکہ صارفین کو ڈیجیٹل ذرائع سے خدمات کے بلاک کاٹ بے مثال تجربہ سے روشناس کروایا جاسکے۔ بینک اپنے ریٹیل اور کارپوریٹ صارفین کے لئے جدید ترین POS اور ای کامرس پیمنٹ گیٹ وے کے حامل مرچنٹ ایکوائزنگ برنس کو، جس کا اجرا حال ہی میں کیا گیا ہے، 2022 میں مزید وسعت دینے کا ارادہ رکھتا ہے۔

بورڈ، اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتا ہے۔ ہم اپنے بورڈ ممبران، شریعہ سپروائزر اور بورڈ کے ممبران، حصص یافتگان، اضافی Tier I صکوک اور ثانوی صکوک (Tier II) یافتگان کا ان کی معاونت اور انتھک کوششوں کے لئے شکریہ ادا کرنا چاہتے ہیں جنہوں نے میزان بینک کو اوپن لین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔ سب سے بڑھ کر ہم اللہ ﷻ کے شکر گزار ہیں کہ اس کی مسلسل رحمت کے باعث ہم اس قلیل مدت میں اتنی شاندار کارکردگی کے حصول کے قابل ہو سکے ہیں، اور ہم دعا گو ہیں کہ اللہ ﷻ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو پہلا انتخاب بنانے کے لئے اپنے خواب کو تعبیر کی بلندیوں تک لے جاسکیں۔ آمین۔

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض امین اے۔ اے۔ اور ایس
چیئر مین

کراچی:

25 اپریل 2022

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-----------------------------------------------|------|----------------------------------|-----------------------------------|
| ASSETS | | | |
| Rupees in '000 | | | |
| Cash and balances with treasury banks | 6 | 145,460,335 | 170,500,698 |
| Balances with other banks | 7 | 10,268,861 | 16,420,036 |
| Due from financial institutions - net | 8 | 192,084,797 | 238,401,637 |
| Investments - net | 9 | 927,492,287 | 620,132,043 |
| Islamic financing and related assets - net | 10 | 739,345,161 | 758,086,120 |
| Fixed assets | 11 | 35,187,205 | 33,957,947 |
| Intangible assets | 12 | 1,453,253 | 1,495,810 |
| Deferred tax assets | 13 | 2,455,052 | 175,555 |
| Other assets - net | 14 | 64,752,093 | 63,801,554 |
| | | 2,118,499,044 | 1,902,971,400 |
| LIABILITIES | | | |
| Bills payable | 15 | 42,440,524 | 36,141,378 |
| Due to financial institutions | 16 | 419,531,122 | 220,414,234 |
| Deposits and other accounts | 17 | 1,455,434,789 | 1,455,886,468 |
| Sub-ordinated Sukuk | 18 | 20,990,000 | 20,990,000 |
| Deferred tax liabilities | 13 | - | - |
| Other liabilities | 19 | 90,088,511 | 82,981,545 |
| | | 2,028,484,946 | 1,816,413,625 |
| NET ASSETS | | | |
| | | 90,014,098 | 86,557,775 |
| REPRESENTED BY | | | |
| Share capital | | 16,269,312 | 16,269,312 |
| Reserves | | 24,363,422 | 23,393,198 |
| Unappropriated profit | | 48,676,243 | 42,831,655 |
| Surplus on revaluation of assets - net of tax | 20 | 705,121 | 4,063,610 |
| | | 90,014,098 | 86,557,775 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 21 | | |

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | Quarter ended March 31, 2022 | Quarter ended March 31, 2021 |
|--------------------------------------------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| Rupees in '000 | | | |
| Profit / return earned on Islamic financing and related assets, investments and placements | 22 | 38,111,259 | 24,229,266 |
| Profit on deposits and other dues expensed | 23 | 16,674,300 | 9,174,644 |
| Net spread earned | | 21,436,959 | 15,054,622 |
| OTHER INCOME | | | |
| Fee and commission income | 24 | 2,989,567 | 2,066,710 |
| Dividend income | | 304,388 | 283,312 |
| Foreign exchange income | | 813,439 | 821,533 |
| Gain on securities - net | 25 | 15,360 | 140,743 |
| Other income | 26 | 177,603 | 250,283 |
| | | 4,300,357 | 3,562,581 |
| Total income | | 25,737,316 | 18,617,203 |
| OTHER EXPENSES | | | |
| Operating expenses | 27 | 10,033,107 | 7,835,599 |
| Workers Welfare Fund | | 334,500 | 254,115 |
| Other charges | 28 | 1,132 | 1,382 |
| Total other expenses | | 10,368,739 | 8,091,096 |
| Profit before provisions | | 15,368,577 | 10,526,107 |
| Provisions and write offs - net | 29 | 227,890 | 284,571 |
| Extra ordinary / unusual items | | - | - |
| Profit before taxation | | 15,140,687 | 10,241,536 |
| Taxation | 30 | 5,935,148 | 4,140,333 |
| Profit after taxation | | 9,205,539 | 6,101,203 |
| Rupees | | | |
| Restated | | | |
| Basic earnings per share | 31 | 5.66 | 3.75 |
| Diluted earnings per share | 31 | 5.66 | 3.75 |

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

| | | | | |
|-------------------------------------------|------------------------------------------------------|------------------------------------------|-------------------------------------|-----------------------------------------------------------|
| Riyadh S. A. A. Edrees Chairman | Irfan Siddiqui President & Chief Executive | Faisal A. A. AlNassar Director | Mubashar Maqbool Director | Shabbir Hamza Khandwala Chief Financial Officer |
|-------------------------------------------|------------------------------------------------------|------------------------------------------|-------------------------------------|-----------------------------------------------------------|

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022

| | Note | Quarter ended March 31, 2022 | Quarter ended March 31, 2021 |
|------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | | ———— Rupees in '000 ———— | |
| Profit after taxation for the quarter | | 9,205,539 | 6,101,203 |
| Other comprehensive income | | | |
| Items that may be reclassified to | | | |
| profit and loss account in subsequent periods: | | | |
| (Deficit) / surplus on revaluation of investments | 20 | (5,505,719) | 176,679 |
| Deferred tax on revaluation of investments | 20 | 2,147,230 | (61,838) |
| | | (3,358,489) | 114,841 |
| Other Comprehensive (Loss) / Income for the quarter | | (3,358,489) | 114,841 |
| Total Comprehensive Income for the quarter | | 5,847,050 | 6,216,044 |

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Share capital | Capital reserves | | | Employee share option compensation reserve | Revenue reserve | Unappropriated profit | Surplus / (deficit) on revaluation of | | Total |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|---------------------|--------------------------------------------------------------|--------------------------------------------|-----------------|-----------------------|---------------------------------------|--------------------|-------------------|
| | | Share premium | Statutory reserve * | Non-Distributable Capital Reserve - Gain on Bargain Purchase | | General reserve | | Investments | Non-banking Assets | |
| Rupees in '000 | | | | | | | | | | |
| Balance as at January 01, 2021 | 14,147,228 | 2,406,571 | 14,833,341 | 3,117,547 | - | 66,766 | 29,021,521 | 5,542,351 | 19,941 | 69,155,266 |
| Profit after taxation for the quarter ended March 31, 2021 | - | - | - | - | - | - | 6,101,203 | - | - | 6,101,203 |
| Other Comprehensive income for the quarter ended March 31, 2021 - net of tax | - | - | - | - | - | - | - | 114,841 | - | 114,841 |
| Other appropriations | | | | | | | | | | |
| Transfer to statutory reserve | - | - | 610,120 | - | - | - | (610,120) | - | - | - |
| Final cash dividend for the year 2020 @ Rs 2 per share | - | - | - | - | - | - | (2,829,446) | - | - | (2,829,446) |
| Balance as at March 31, 2021 | 14,147,228 | 2,406,571 | 15,443,461 | 3,117,547 | - | 66,766 | 31,683,158 | 5,657,192 | 19,941 | 72,541,864 |
| Profit after taxation for the nine months period ended December 31, 2021 | - | - | - | - | - | - | 22,253,954 | - | - | 22,253,954 |
| Other Comprehensive loss for the nine months period ended December 31, 2021 - net of tax | - | - | - | - | - | - | (73,503) | (1,617,115) | 3,685 | (1,686,933) |
| Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax | - | - | - | - | - | - | 22,180,451 | (1,617,115) | 3,685 | 20,567,021 |
| | - | - | - | - | - | - | 93 | - | (93) | - |
| Other appropriations | | | | | | | | | | |
| Transfer to statutory reserve | - | - | 2,225,396 | - | - | - | (2,225,396) | - | - | - |
| Recognition of share based compensation | - | - | - | - | 133,457 | - | - | - | - | 133,457 |
| Transactions with owners recognised directly in equity | | | | | | | | | | |
| Issue of bonus shares @ 15% | 2,122,084 | - | - | - | - | - | (2,122,084) | - | - | - |
| Interim cash dividend for the year 2021 @ Rs 4.5 per share | - | - | - | - | - | - | (6,684,567) | - | - | (6,684,567) |
| Balance as at December 31, 2021 | 16,269,312 | 2,406,571 | 17,668,857 | 3,117,547 | 133,457 | 66,766 | 42,831,655 | 4,040,077 | 23,533 | 86,557,775 |
| Profit after taxation for the quarter ended March 31, 2022 | - | - | - | - | - | - | 9,205,539 | - | - | 9,205,539 |
| Other Comprehensive loss for the quarter ended March 31, 2022 - net of tax | - | - | - | - | - | - | - | (3,358,489) | - | (3,358,489) |
| Other appropriations | | | | | | | | | | |
| Transfer to statutory reserve | - | - | 920,554 | - | - | - | (920,554) | - | - | - |
| Recognition of share based compensation | - | - | - | - | 49,670 | - | - | - | - | 49,670 |
| Final cash dividend for the year 2021 @ Rs 1.5 per share | - | - | - | - | - | - | (2,440,397) | - | - | (2,440,397) |
| Balance as at March 31, 2022 | 16,269,312 | 2,406,571 | 18,589,411 | 3,117,547 | 183,127 | 66,766 | 48,676,243 | 681,588 | 23,533 | 90,014,098 |

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | Quarter ended March 31, 2022 | Quarter ended March 31, 2021 |
|-----------------------------------------------------------|------|------------------------------------|------------------------------------|
| Rupees in '000 | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 15,140,687 | 10,241,536 |
| Less: Dividend income | | (304,388) | (283,312) |
| | | <u>14,836,299</u> | <u>9,958,224</u> |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 688,341 | 556,452 |
| Amortization | | 102,052 | 73,181 |
| Non cash items related to right of use assets | | 1,119,111 | 795,336 |
| Provisions and write offs - net | | 227,890 | 284,571 |
| Recognition of share based compensation | | 49,670 | - |
| Gain on sale of fixed assets | | (51,177) | (49,206) |
| | | <u>2,135,887</u> | <u>1,660,334</u> |
| | | <u>16,972,186</u> | <u>11,618,558</u> |
| Decrease / (increase) in operating assets | | | |
| Due from financial institutions | | 46,316,840 | 26,835,603 |
| Islamic financings and related assets | | 18,714,984 | (10,247,397) |
| Other assets | | (984,376) | (7,781,989) |
| | | <u>64,047,448</u> | <u>8,806,217</u> |
| Increase / (decrease) in operating liabilities | | | |
| Bills payable | | 6,299,146 | 4,911,177 |
| Due to financial institutions | | 199,116,888 | 13,446,353 |
| Deposits and other accounts | | (451,679) | (5,822,156) |
| Other liabilities | | 3,591,833 | 6,675,820 |
| | | <u>208,556,188</u> | <u>19,211,194</u> |
| | | <u>289,575,822</u> | <u>39,635,969</u> |
| Income tax paid | | (5,066,783) | (2,385,396) |
| Net cash flow from operating activities | | <u>284,509,039</u> | <u>37,250,573</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net investments in securities | | (313,058,894) | (29,860,525) |
| Dividends received | | 301,367 | 261,751 |
| Investments in fixed assets | | (2,168,481) | (982,841) |
| Investments in intangible assets | | (59,495) | (328,598) |
| Proceeds from sale of fixed assets | | 80,760 | 85,320 |
| Net cash used in investing activities | | <u>(314,904,743)</u> | <u>(30,824,893)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payment of lease liability against right-of-use assets | | (795,553) | (763,608) |
| Dividend paid | | (281) | (2,830,725) |
| Net cash used in financing activities | | <u>(795,834)</u> | <u>(3,594,333)</u> |
| (Decrease) / increase in cash and cash equivalents | | <u>(31,191,538)</u> | <u>2,831,347</u> |
| Cash and cash equivalents at the beginning of the quarter | 32 | <u>186,920,734</u> | 155,688,374 |
| Cash and cash equivalents at the end of the quarter | 32 | <u>155,729,196</u> | <u>158,519,721</u> |

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through nine hundred and eight branches as at March 31, 2022 (December 31, 2021: nine hundred and two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2020, the VIS Credit Rating Company Limited has upgraded the Bank's medium to long-term as 'AAA' and reaffirmed the short-term rating as "A1+". The 'AAA' rating denotes the highest possible credit quality, with negligible risk factors, being only slightly more than for risk-free debt of the Government of Pakistan.

2 BASIS OF PRESENTATION

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

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 Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

3.2 Significant accounting policies and financial risk management

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

3.2.1 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2021.

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2022

IFRS 9 'Financial Instruments' - IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets. SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 extended the implementation date of IFRS 9 to January 01, 2022 from an earlier implementation date of January 01, 2021. Moreover, SBP has also issued guidelines for the application of IFRS 9 for banks in Pakistan and as part of the consultative process, the banking industry has provided comments and sought clarifications on such guidelines which are critical in finalising the adoption of the standard on the Bank and its impact. The final guidelines are yet to be issued by the SBP and the banks in Pakistan are collectively of the opinion that IFRS 9 can only be adopted once the final guidelines are issued. Accordingly, the Bank has not adopted IFRS 9 in these condensed interim financial statements.

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

As referred to in note 3.5 to the annual financial statements of the Bank, 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, 2021.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|------------------------------------------------|------|----------------------------------|-----------------------------------|
| 6 CASH AND BALANCES WITH TREASURY BANKS | | | |
| Rupees in '000 | | | |
| In hand | | | |
| - local currency | | 31,809,017 | 36,028,760 |
| - foreign currencies | | 2,878,700 | 2,821,769 |
| | | 34,687,717 | 38,850,529 |
| With the State Bank of Pakistan in | | | |
| - local currency current accounts | 6.1 | 68,747,068 | 70,308,704 |
| - foreign currency current accounts | 6.1 | 10,754,652 | 10,259,746 |
| | | 79,501,720 | 80,568,450 |
| With the National Bank of Pakistan in | | | |
| - local currency current accounts | | 31,041,855 | 50,668,296 |
| National Prize Bonds | 6.2 | 229,043 | 413,423 |
| | | 145,460,335 | 170,500,698 |

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

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

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|------------------------------------|------|----------------------------------|-----------------------------------|
| 7 BALANCES WITH OTHER BANKS | | | |
| Rupees in '000 | | | |
| In Pakistan | | | |
| - in current accounts | | 9,180,722 | 14,901,943 |
| Outside Pakistan | | | |
| - in current accounts | | 1,034,478 | 1,275,566 |
| - in deposit accounts | 7.1 | 53,661 | 242,527 |
| | | 1,088,139 | 1,518,093 |
| | | 10,268,861 | 16,420,036 |

7.1 It represent the balance in the remunerative account maintained with financial insitutions outside Pakistan. The return on these balances is 0.33% (December 31, 2021: 0.0001%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|--------------------------------------------------------------------------|------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 8 DUE FROM FINANCIAL INSTITUTIONS - NET | | | |
| Bai Muajjal: | | | |
| With scheduled banks / financial institution - Secured | 8.1 | 192,084,797 | 238,401,637 |
| With other financial institution | | 15,500 | 15,500 |
| | | 192,100,297 | 238,417,137 |
| Commodity Murabaha | | 26,066 | 26,066 |
| | | 192,126,363 | 238,443,203 |
| Provision against non-performing amounts due from financial institutions | 8.2 | (41,566) | (41,566) |
| | | 192,084,797 | 238,401,637 |

8.1 The average return on this product is 8.30% (December 31, 2021: 8.10%) per annum. These balances have maturities ranging between April 2022 to July 2025 (December 31, 2021: January 2022 to July 2025).

| | March 31, 2022 (Unaudited) | | December 31, 2021 (Audited) | |
|---------------------------------------|------------------------------------------------|----------------|------------------------------------------------|----------------|
| | Non-performing due from financial institutions | Provision held | Non-performing due from financial institutions | Provision held |
| Rupees in '000 | | | | |
| 8.2 Category of classification | | | | |
| Loss | 41,566 | 41,566 | 41,566 | 41,566 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

9 INVESTMENTS - NET

| March 31, 2022 (Unaudited) | | | | December 31, 2021 (Audited) | | | |
|-----------------------------|--------------------------------|------------------------|-------------------|-----------------------------|--------------------------------|------------------------|-------------------|
| Cost / Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |

9.1 Investments by types

Rupees in '000

Available for sale securities

Federal Government Securities

| | | | | | | | | |
|----------------------------------------------------------------------------|-------------|---|-------------|-------------|-------------|---|-------------|-------------|
| - Ijarah Sukuk | 537,238,376 | - | (6,117,541) | 531,120,835 | 322,169,774 | - | (1,300,655) | 320,869,119 |
| - Bai Muajjal with Government of Pakistan (through State Bank of Pakistan) | 23,224,694 | - | - | 23,224,694 | 64,443,192 | - | - | 64,443,192 |
| - Islamic Naya Pakistan Certificate | 1,159,406 | - | - | 1,159,406 | 1,285,426 | - | - | 1,285,426 |

Non Government Sukuk

| | | | | | | | | |
|------------------------------------------------------------------|-------------|--------|-----------|-------------|-------------|--------|-----------|-------------|
| - Pakistan Energy Sukuk guaranteed by the Government of Pakistan | 114,399,893 | - | 5,253,910 | 119,653,803 | 114,404,511 | - | 5,624,000 | 120,028,511 |
| - Other Sukuk guaranteed by the Government of Pakistan | 8,036,560 | - | - | 8,036,560 | 10,786,560 | - | - | 10,786,560 |
| - Other Non Government Sukuk | 5,050,605 | 75,892 | - | 4,974,713 | 5,216,319 | 75,892 | - | 5,140,427 |

Foreign Securities

| | | | | | | | | |
|--|------------|---|--------|------------|------------|---|---------|------------|
| | 10,748,380 | - | 24,511 | 10,772,891 | 10,343,243 | - | 370,768 | 10,714,011 |
|--|------------|---|--------|------------|------------|---|---------|------------|

Shares

| | | | | | | | | |
|--|-------------|-----------|-----------|-------------|-------------|-----------|-----------|-------------|
| | 10,139,450 | 2,515,055 | 1,956,479 | 9,580,874 | 9,662,370 | 2,322,124 | 1,928,965 | 9,269,211 |
| | 709,997,364 | 2,590,947 | 1,117,359 | 708,523,776 | 538,311,395 | 2,398,016 | 6,623,078 | 542,536,457 |

Held to maturity securities

| | | | | | | | | |
|----------------|-------------|---|---|-------------|------------|---|---|------------|
| - Ijarah Sukuk | 218,060,223 | - | - | 218,060,223 | 76,687,798 | - | - | 76,687,798 |
|----------------|-------------|---|---|-------------|------------|---|---|------------|

In related parties

Subsidiary (unlisted)

| | | | | | | | | |
|----------|--------|---|---|--------|--------|---|---|--------|
| - Shares | 63,050 | - | - | 63,050 | 63,050 | - | - | 63,050 |
|----------|--------|---|---|--------|--------|---|---|--------|

Associates (listed)

| | | | | | | | | |
|------------------|---------|---|---|---------|---------|---|---|---------|
| - Units of funds | 845,238 | - | - | 845,238 | 844,738 | - | - | 844,738 |
|------------------|---------|---|---|---------|---------|---|---|---------|

Total Investments

| | | | | | | | | |
|--|-------------|-----------|-----------|-------------|-------------|-----------|-----------|-------------|
| | 928,965,875 | 2,590,947 | 1,117,359 | 927,492,287 | 615,906,981 | 2,398,016 | 6,623,078 | 620,132,043 |
|--|-------------|-----------|-----------|-------------|-------------|-----------|-----------|-------------|

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

9.2 Investments given as collateral

| | March 31, 2022 (Unaudited) | | December 31, 2021 (Audited) | |
|-------------------------------------------------------------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|
| | Face Value | Market / Carrying Value | Face Value | Market / Carrying Value |
| | Rupees in '000 | | | |
| Federal Government Securities | | | | |
| - Sukuk | 259,000,000 | 258,942,000 | 30,000,000 | 30,054,000 |
| - Bai Muajjal with Government of Pakistan (through State Bank of Pakistan) | 22,650,000 | 22,650,000 | 28,150,000 | 28,150,000 |
| | 281,650,000 | 281,592,000 | 58,150,000 | 58,204,000 |

9.3 Provision against diminution in value of investments

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-----------------------------------------------------------------------|----------------------------------|-----------------------------------|
| | | Rupees in '000 |
| Opening balance | 2,398,016 | 2,183,393 |
| Charge / (reversals) for the quarter / year | | |
| On available for sale securities | | |
| - charge for the quarter / year on equity instruments | 192,931 | 305,016 |
| - reversals for the quarter / year on recovery of debt instruments | - | (3,456) |
| - reversals for the quarter / year on disposals of equity instruments | - | (86,937) |
| | 192,931 | 214,623 |
| Closing balance | 2,590,947 | 2,398,016 |

9.4 Particulars of provision against Sukuk

| | March 31, 2022 (Unaudited) | | December 31, 2021 (Audited) | |
|-----------------------------------|----------------------------------|-------------------|----------------------------------|-------------------|
| | Non- performing investment | Provision held | Non- performing investment | Provision held |
| | Rupees in '000 | | | |
| Category of classification | | | | |
| Loss | 75,892 | 75,892 | 75,892 | 75,892 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-----------------------------------------------------------------|------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 10 ISLAMIC FINANCING AND RELATED ASSETS | | | |
| In Pakistan: | | | |
| Murabaha financing and related assets | | | |
| - Murabaha financing | 10.1 | 6,308,204 | 6,195,161 |
| - Advances against Murabaha | | 2,892,676 | 2,224,908 |
| - Murabaha inventory | | 1,652,676 | 2,085,908 |
| - Financing under Islamic Export Refinance - Murabaha | 10.2 | 986,238 | 1,048,988 |
| - Financing against Islamic SME Asaan Finance | 10.3 | 59,234 | 10,000 |
| - Inventory under Islamic Export Refinance - Murabaha | | 36,021 | 35,000 |
| - Advance against Islamic SME Asaan Finance | | 44,616 | 40,000 |
| - Advance against Islamic Export Refinance - Murabaha | | 656,363 | 460,014 |
| | | 12,636,028 | 12,099,979 |
| Running Musharakah financing | | | |
| - Running Musharakah financing | | 153,613,749 | 193,218,603 |
| - Financing under Islamic Export Refinance - Running Musharakah | | 49,085,426 | 37,235,077 |
| | | 202,699,175 | 230,453,680 |
| Istisna financing and related assets | | | |
| - Istisna financing | | 24,430,861 | 6,534,664 |
| - Advances against Istisna | | 48,566,752 | 68,370,720 |
| - Istisna inventory | | 15,915,328 | 5,574,727 |
| - Financing under Islamic Export Refinance - Istisna | | 128,057 | 266,800 |
| - Advances under Islamic Export Refinance - Istisna | | 9,375,474 | 7,985,372 |
| - Inventory under Islamic Export Refinance - Istisna | | 3,398,485 | 2,866,783 |
| | | 101,814,957 | 91,599,066 |
| Tijarah financing and related assets | | | |
| - Tijarah financing | | 1,906,107 | 1,715,312 |
| - Tijarah inventory | | 12,213,633 | 10,959,567 |
| - Financing under Islamic Export Refinance - Tijarah | | 1,017,752 | 1,549,127 |
| - Financing under Islamic SME Asaan Finance - Tijarah | | 15,364 | 2,738 |
| - Inventory under Islamic Export Refinance - Tijarah | | 561,525 | 413,901 |
| | | 15,714,381 | 14,640,645 |
| Musawammah financing and related assets | | | |
| - Musawammah financing | 10.4 | 17,485,477 | 33,362,530 |
| - Musawammah Inventory | | 10,086,612 | 8,621,219 |
| - Advances against Musawammah | | 8,279,384 | 15,944,490 |
| - Financing under Islamic Export Refinance - Musawammah | 10.5 | 1,630,776 | 2,313,610 |
| - Financing under SBP's IFRE - Musawammah | 10.6 | 181,024 | 90,260 |
| - Inventory under Islamic Export Refinance - Musawammah | | 255,000 | 647,638 |
| - Advances under Islamic Export Refinance - Musawammah | | 604,000 | 1,215,492 |
| | | 38,522,273 | 62,195,239 |
| Salam Financing and related assets | | | |
| - Salam Financing | | 1,420,145 | 990,223 |
| - Salam Inventory | | 2,124,077 | 11,204,294 |
| - Advances against Salam | | 12,135,730 | 1,230,270 |
| - Advances under Islamic Export Refinance - Salam | | 449,206 | 449,206 |
| | | 16,129,158 | 13,873,993 |
| Financing against bills | | | |
| - Financing against bills - Salam | | 7,028,005 | 9,827,325 |
| - Advances against bills - Salam | | 2,771 | 1,947 |
| | | 7,030,776 | 9,829,272 |
| - Bai Muajjal financing | 10.7 | 37,481,339 | 39,429,724 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|----------------------------------------------------------------------------------------|-------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| Ijarah financing and related assets | | | |
| - Net investment in Ijarah | | 75,042 | 75,042 |
| - Net book value of assets/investment in Ijarah under IFAS 2 | | 56,592,109 | 54,013,622 |
| - Net book value of assets/investment in Ijarah under IFAS 2 under SBP's ILTFF | | 6,355 | 11,030 |
| | 10.8 | 56,673,506 | 54,099,694 |
| - Advances against Ijarah | | 9,956,054 | 8,865,508 |
| | | 66,629,560 | 62,965,202 |
| Diminishing Musharakah financing and related assets | | | |
| - Diminishing Musharakah financing - others | | 116,420,794 | 110,857,954 |
| - Diminishing Musharakah financing - housing | | 18,038,985 | 16,670,211 |
| - Diminishing Musharakah financing - SBP's ILTFF | | 12,775,474 | 12,881,740 |
| - Diminishing Musharakah financing - SBP's IRSPWS | | 1,718,181 | 2,321,293 |
| - Diminishing Musharakah financing - SBP's IFRE | | 1,175,137 | 952,704 |
| - Diminishing Musharakah financing - SBP's ITERF | | 3,245,693 | 1,507,883 |
| - Diminishing Musharakah financing - SBP's IRFCC | | 402,751 | 402,751 |
| - Diminishing Musharakah financing - SBP's IFFSAP | | 72,865 | 62,913 |
| - Diminishing Musharakah financing - SBP's ISAAP | | 9,075 | 9,900 |
| - Advances against Diminishing Musharakah | | 15,584,835 | 11,302,256 |
| - Advances against Diminishing Musharakah under SBP's IFFSAP | | 175,751 | 83,939 |
| - Advances against Diminishing Musharakah under SBP's IFRE | | 15,436,513 | 15,188,412 |
| - Advances against Diminishing Musharakah under SBP's IRFCC | | 315,124 | 327,087 |
| - Advances against Diminishing Musharakah under SBP's ISAAP | | 800 | - |
| - Advances against Diminishing Musharakah under SBP's ITERF | | 13,515,499 | 12,148,592 |
| - Advances against Diminishing Musharakah under SBP's ILTFF | | 9,610,836 | 4,963,408 |
| | | 208,498,313 | 189,681,043 |
| - Wakalah Tul Istithmar financing | | 22,489,667 | 10,625,000 |
| - Advance against Wakalah Tul Istithmar financing | | 8,500,000 | 23,714,700 |
| - Advance against Service Ijarah | | 11,749,103 | 7,749,103 |
| - Qard financing under SBP's IRSPWS | | 23,132 | 28,914 |
| - Qard financing under SBP's IRFCC | | 494,252 | 528,791 |
| - Labbaik (Qard for Hajj and Umrah) | | 1,172 | 274 |
| - Staff financing | | 6,596,974 | 6,237,617 |
| - Other financing | | 1,572,013 | 1,642,884 |
| Gross Islamic financing and related assets | | 758,582,273 | 777,295,126 |
| Less: Provision against non-performing Islamic financing and related assets - Specific | 10.10 | (13,327,571) | (13,338,988) |
| Less: Provision against non-performing Islamic financing and related assets - General | 10.10 | (5,909,541) | (5,870,018) |
| Islamic financing and related assets - net of provision | | 739,345,161 | 758,086,120 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|----------------|------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 10.1 | Murabaha receivable - gross | 10.1.1 6,644,243 | 6,944,861 |
| | Less: Deferred murabaha income | 10.1.3 (118,188) | (117,597) |
| | Profit receivable shown in other assets | (217,851) | (632,103) |
| | Murabaha financing | <u>6,308,204</u> | <u>6,195,161</u> |
| 10.1.1 | Murabaha Sale Price | 6,644,243 | 6,944,861 |
| | Murabaha Purchase Price | (6,308,204) | (6,195,161) |
| | | <u>336,039</u> | <u>749,700</u> |
| 10.1.2 | The movement in Murabaha financing during the quarter / year is as follows: | | |
| | Opening balance | 6,195,161 | 7,292,120 |
| | Sales during the quarter / year | 7,411,738 | 72,951,570 |
| | Adjusted during the quarter / year | (7,298,695) | (74,048,529) |
| | Closing balance | <u>6,308,204</u> | <u>6,195,161</u> |
| 10.1.3 | Deferred Murabaha Income | | |
| | Opening balance | 117,597 | 112,171 |
| | Deferred during the quarter / year | 231,739 | 2,621,586 |
| | Recognised during the quarter / year | (231,148) | (2,616,160) |
| | Closing balance | <u>118,188</u> | <u>117,597</u> |
| 10.2 | Financing under Islamic Export Refinance - Murabaha - gross | 1,004,685 | 1,068,203 |
| | Less: Deferred income | (2,978) | (5,937) |
| | Profit receivable shown in other assets | (15,469) | (13,278) |
| | Financing under Islamic Export Refinance - Murabaha | <u>986,238</u> | <u>1,048,988</u> |
| 10.2.1 | The movement in Islamic Export Refinance Murabaha financing during the quarter / year is as follows: | | |
| | Opening balance | 1,048,988 | 873,321 |
| | Sales during the quarter / year | 694,234 | 3,159,707 |
| | Adjusted during the quarter / year | (756,984) | (2,984,040) |
| | Closing balance | <u>986,238</u> | <u>1,048,988</u> |
| 10.2.2 | Deferred Islamic Export Refinance Murabaha Income | | |
| | Opening balance | 5,937 | 5,106 |
| | Deferred during the quarter / year | 7,269 | 51,534 |
| | Recognised during the quarter / year | (10,228) | (50,703) |
| | Closing balance | <u>2,978</u> | <u>5,937</u> |
| 10.3 | Financing against Islamic SME Asaan Finance - Murabaha - gross | 67,115 | 11,526 |
| | Less: Deferred income | (7,465) | (1,506) |
| | Profit receivable shown in other assets | (416) | (20) |
| | Financing against Islamic SME Asaan Finance - Murabaha | <u>59,234</u> | <u>10,000</u> |
| 10.3.1 | The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows: | | |
| | Opening balance | 10,000 | - |
| | Sales during the year | 54,116 | 10,000 |
| | Adjusted during the year | (4,882) | - |
| | Closing balance | <u>59,234</u> | <u>10,000</u> |
| 10.3.2 | Deferred Islamic SME Asaan Finance Murabaha income | | |
| | Opening balance | 1,506 | - |
| | Arising during the year | 6,835 | 1,526 |
| | Recognised during the year | (876) | (20) |
| | Closing balance | <u>7,465</u> | <u>1,506</u> |

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| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|
| | Rupees in '000 | |
| 10.4 Musawammah financing - gross | 18,367,524 | 34,477,153 |
| Less: Deferred income | (359,469) | (468,449) |
| Profit receivable shown in other assets | (522,578) | (646,174) |
| Musawammah financing | 17,485,477 | 33,362,530 |
| 10.5 Financing under Islamic Export Refinance - Musawammah - gross | 1,653,167 | 2,346,068 |
| Less: Deferred income | (8,461) | (13,048) |
| Profit receivable shown in other assets | (13,930) | (19,410) |
| Financing under Islamic Export Refinance - Musawammah | 1,630,776 | 2,313,610 |
| 10.6 Financing under SBP's IFRE - Musawammah - gross | 203,139 | 101,406 |
| Less: Deferred income | (21,430) | (10,925) |
| Profit receivable shown in other assets | (685) | (221) |
| Financing under SBP's IFRE - Musawammah | 181,024 | 90,260 |
| 10.7 Bai Muajjal financing - gross | 38,942,799 | 40,373,453 |
| Less: Deferred income | (422,141) | (300,831) |
| Profit receivable shown in other assets | (1,039,319) | (642,898) |
| Bai Muajjal financing | 37,481,339 | 39,429,724 |
| 10.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 42,267 million (December 31, 2021: Rs 41,547 million). | | |
| 10.9 Islamic financing and related assets include Rs. 14,042 million (December 31, 2021: Rs. 14,450 million) which have been placed under non-performing status as detailed below: | | |

| Category of classification | March 31, 2022 (Unaudited) | | December 31, 2021 (Audited) | |
|-----------------------------------|----------------------------|-------------------|-----------------------------|-------------------|
| | Non-performing amount | Provision held | Non-performing amount | Provision held |
| | Rupees in '000 | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | 17,647 | 1,333 | 41,771 | 358 |
| Substandard | 289,407 | 60,111 | 409,772 | 82,151 |
| Doubtful | 390,708 | 74,977 | 1,000,601 | 356,314 |
| Loss | 13,344,022 | 13,191,150 | 12,997,394 | 12,900,165 |
| | 14,041,784 | 13,327,571 | 14,449,538 | 13,338,988 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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10.10 Particulars of provision against non-performing Islamic financing and related assets:

| | March 31, 2022 (Unaudited) | | | December 31, 2021 (Audited) | | |
|-------------------------------|----------------------------|------------------|-------------------|-----------------------------|------------------|-------------------|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| Opening balance | 13,338,988 | 5,870,018 | 19,209,006 | 13,602,974 | 5,452,711 | 19,055,685 |
| Charge for the quarter / year | 310,636 | 39,523 | 350,159 | 2,186,594 | 417,307 | 2,603,901 |
| Less: Reversals | (322,053) | - | (322,053) | (1,859,091) | - | (1,859,091) |
| | (11,417) | 39,523 | 28,106 | 327,503 | 417,307 | 744,810 |
| Amount written off | - | - | - | (591,489) | - | (591,489) |
| Closing balance | <u>13,327,571</u> | <u>5,909,541</u> | <u>19,237,112</u> | <u>13,338,988</u> | <u>5,870,018</u> | <u>19,209,006</u> |

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

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

10.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at March 31, 2022 amounts to Rs 189.7 million (December 31, 2021: Rs 176.6 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 115.7 million as at March 31, 2022 (December 31, 2021: Rs 107.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|----------------------------------------------------------------------------------|------|----------------------------------|-----------------------------------|
| | | ————— Rupees in '000 ————— | |
| 11 FIXED ASSETS | | | |
| Capital work-in-progress | 11.1 | 6,013,849 | 5,117,821 |
| Property and equipment | | 16,859,172 | 16,304,643 |
| Right-of-use assets | | 12,314,184 | 12,535,483 |
| | | <u>35,187,205</u> | <u>33,957,947</u> |
| 11.1 Capital work-in-progress | | | |
| Advances to suppliers and contractors for: | | | |
| - civil works | | 4,019,149 | 3,600,313 |
| - computer hardware | | 1,104,469 | 583,704 |
| - purchase of vehicles | | 375,405 | 346,210 |
| - office machines | | 389,474 | 472,467 |
| - furniture and fixtures | | 125,352 | 115,127 |
| | | <u>6,013,849</u> | <u>5,117,821</u> |
| | | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
| | | ————— Rupees in '000 ————— | |
| 11.2 Additions to fixed assets | | | |
| The following additions (net) have been made to fixed assets during the quarter: | | | |
| Capital work-in-progress | | 896,028 | 342,312 |
| Property and equipment | | | |
| Leasehold land | | 14,177 | 141,606 |
| Buidling on leasehold land | | - | 25,000 |
| Leasehold improvements | | 228,054 | 83,977 |
| Furniture and fixture | | 97,821 | 13,898 |
| Electrical, office and computer equipment | | 770,602 | 106,668 |
| Vehicles | | 161,799 | 269,380 |
| | | 1,272,453 | 640,529 |
| Total | | <u>2,168,481</u> | <u>982,841</u> |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|-----------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Rupees in '000 | | |
| 11.3 Disposal of fixed assets | | |
| The net book value of fixed assets disposed off during the quarter is as follows: | | |
| Leasehold improvements | 4,058 | - |
| Furniture and fixture | 447 | - |
| Electrical, office and computer equipment | 1,809 | - |
| Vehicles | 23,269 | 36,114 |
| | 29,583 | 36,114 |

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-----------------------------------|-------------|-------------------------------------------|--------------------------------------------|
| Rupees in '000 | | | |
| 12 INTANGIBLE ASSETS | | | |
| Computer Software | | 1,199,224 | 1,235,876 |
| Advance against computer software | | 254,029 | 259,934 |
| | 12.1 | 1,453,253 | 1,495,810 |

| | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|--------------------------------------------|-------------------------------------------|-------------------------------------------|
| Rupees in '000 | | |
| 12.1 Additions to intangible assets | 59,495 | 328,598 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|------------------------------------------------------------------------------------|------|----------------------------------|-----------------------------------|
| ————— Rupees in '000 ————— | | | |
| 13 DEFERRED TAX ASSETS / (LIABILITIES) | | | |
| Taxable temporary differences due to: | | | |
| Excess of accounting book values over tax written down values of owned assets | | (105,920) | (136,865) |
| Surplus on revaluation of available for sale investments | | (435,771) | (2,583,001) |
| Surplus on revaluation of Non-banking assets acquired in satisfaction of claims | | (15,045) | (15,045) |
| | | (556,736) | (2,734,911) |
| Deductible temporary differences due to: | | | |
| Provision for diminution / impairment in value of investments | | 1,296,241 | 1,209,055 |
| Provision against non-performing Islamic financing and related assets | | 2,004 | 125,678 |
| Income not accrued due to non-culmination of financing | | 1,500,059 | 1,365,823 |
| Provision against non-banking assets acquired in satisfaction of claims and others | | 213,484 | 209,910 |
| | | 3,011,788 | 2,910,466 |
| | | 2,455,052 | 175,555 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|------------------------------------------------------------------------------------|------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 14 OTHER ASSETS | | | |
| Profit / return accrued in local currency - net of provisions | | 51,088,304 | 48,899,926 |
| Profit / return accrued in foreign currencies - net of provisions | | 189,117 | 109,199 |
| Acceptances | | 9,003,880 | 10,925,144 |
| Advances, deposits, advance rent and other prepayments | | 2,765,030 | 2,075,376 |
| Non-banking assets acquired in satisfaction of claims | | 115,269 | 115,269 |
| Unrealised gain on forward foreign exchange contracts - net | | 815,142 | 976,644 |
| Dividends receivable | | 7,114 | 4,093 |
| Stamps | | 26,370 | 25,020 |
| Security deposits | | 262,849 | 234,949 |
| Advance for Investments | | - | 882 |
| Other | | 511,626 | 436,175 |
| | | 64,784,701 | 63,802,677 |
| Provision against other assets | 14.1 | (71,339) | (39,854) |
| Other Assets (Net of Provision) | | 64,713,362 | 63,762,823 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 20 | 38,731 | 38,731 |
| Other Assets - total | | 64,752,093 | 63,801,554 |
| 14.1 Provision held against other assets | | | |
| Acceptances | | 27,874 | - |
| Others | | 43,465 | 39,854 |
| | | 71,339 | 39,854 |
| 14.1.1 Movement in provision held against other assets | | | |
| Opening balance | | 39,854 | 53,923 |
| Charge for the quarter / year | | 37,040 | 61,004 |
| Reversals during the quarter / year | | (182) | (36,518) |
| Amount adjusted / written off during the quarter / year | | (5,373) | (38,555) |
| Closing balance | | 71,339 | 39,854 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|----------------|----------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 15 | BILLS PAYABLE | | |
| | In Pakistan | 42,440,524 | 36,141,378 |
| | Outside Pakistan | - | - |
| | | <u>42,440,524</u> | <u>36,141,378</u> |
| 16 | DUE TO FINANCIAL INSTITUTIONS | | |
| | In Pakistan | 419,531,122 | 220,414,234 |
| | Outside Pakistan | - | - |
| | | <u>419,531,122</u> | <u>220,414,234</u> |
| 16.1 | Details of due to financial institutions secured / unsecured | | |
| | Secured | | |
| | With State Bank of Pakistan | | |
| | Musharakah under Islamic Export Refinance Scheme | 64,259,319 | 55,181,621 |
| | Investment under Islamic Long Term Financing Facility | 21,715,022 | 17,490,047 |
| | Investment under Islamic Refinance Facility for Combating COVID-19 | 1,184,454 | 1,244,792 |
| | Investment under Islamic Financing for Renewal Energy | 16,616,343 | 12,967,880 |
| | Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery | 16,076,460 | 13,230,968 |
| | Investment under Islamic Refinance Scheme for storage of agriculture produce | 110,965 | 40,677 |
| | Investment under Islamic Refinance Scheme for payment of wages and salaries | 1,633,038 | 2,177,385 |
| | Investment under Islamic Refinance Scheme for SME Asaan Finance | 128,816 | - |
| | Investment under Shariah Compliant Standing Ceiling Facility | 219,620,915 | 39,993,944 |
| | | <u>341,345,332</u> | <u>142,327,314</u> |
| | With Scheduled Bank | 65,000,000 | 30,000,000 |
| | Other financial institutions | 832,011 | 693,096 |
| | Unsecured | | |
| | Overdrawn nostro accounts | 1,353,779 | 443,824 |
| | Other Musharakah | 11,000,000 | 46,950,000 |
| | | <u>419,531,122</u> | <u>220,414,234</u> |

16.1.1 This represents acceptance of funds by the Bank on Mudarabah basis which has been invested in special pool of the Bank and are secured against lien of the Bank's investment in Federal Government securities.

16.1.2 These represents acceptance of funds by the Bank on Musharakah basis which are secured against pledge of the Bank's investment in Government Ijarah Sukuk. The expected average return on these Musharakah is around 10.50% (December 31, 2021: 10.65%) per annum. These balances have matured in April 2022 (December 31, 2021: January 2022).

16.1.3 These Musharakah are on profit and loss sharing basis with banks. The expected average return on these Musharakah is around 10.50% (December 2021: 10.37%) per annum. These balances have matured in April 2022 (December 2021: January 2022).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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17 DEPOSITS AND OTHER ACCOUNTS

| | March 31, 2022 (Unaudited) | | | December 31, 2021 (Audited) | | |
|---------------------------------------|----------------------------|-----------------------|----------------------|-----------------------------|-----------------------|----------------------|
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total |
| Rupees in '000 | | | | | | |
| Customers | | | | | | |
| - Current accounts - non-remunerative | 628,539,919 | 32,817,880 | 661,357,799 | 622,823,894 | 30,848,040 | 653,671,934 |
| - Savings deposits | 473,523,472 | 44,604,649 | 518,128,121 | 492,095,194 | 43,166,844 | 535,262,038 |
| - Fixed deposits | 243,563,414 | 15,067,322 | 258,630,736 | 231,366,955 | 14,454,313 | 245,821,268 |
| - Margin | 8,325,105 | 6,820 | 8,331,925 | 12,003,635 | 6,566 | 12,010,201 |
| | 1,353,951,910 | 92,496,671 | 1,446,448,581 | 1,358,289,678 | 88,475,763 | 1,446,765,441 |
| Financial institutions | | | | | | |
| - Current accounts - non-remunerative | 1,763,013 | 487,420 | 2,250,433 | 1,829,027 | 308,877 | 2,137,904 |
| - Savings deposits | 5,598,445 | 730 | 5,599,175 | 6,096,621 | 702 | 6,097,323 |
| - Fixed deposits | 1,136,600 | - | 1,136,600 | 885,800 | - | 885,800 |
| | 8,498,058 | 488,150 | 8,986,208 | 8,811,448 | 309,579 | 9,121,027 |
| | 1,362,449,968 | 92,984,821 | 1,455,434,789 | 1,367,101,126 | 88,785,342 | 1,455,886,468 |

| | Note | March 31, | December 31, |
|-------------------------------|------|---------------------|-------------------|
| | | 2022 (Unaudited) | 2021 (Audited) |
| Rupees in '000 | | | |
| 18 SUB-ORDINATED SUKUK | | | |
| Additional Tier I Sukuk | 18.1 | 7,000,000 | 7,000,000 |
| Tier II Sukuk | 18.2 | 13,990,000 | 13,990,000 |
| | | 20,990,000 | 20,990,000 |

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

| | |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit Rating | AA+ (Double A plus) by VIS Credit Rating Company Limited |
| Issue Date | August 01, 2018 |
| Tenor | Perpetual |
| Profit payment frequency | Monthly in arrears |
| Redemption | Perpetual. However, the Bank has call option which can be exercised with prior approval of SBP. |
| Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non discretionary subject to profit of the pool | The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 12.13% per annum. |
| Call Option | The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue. |
| Loss Absorbency | The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP. |
| Lock-in-Clause | Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement. |

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

| | |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit Rating | AAA (Triple A) by VIS Credit Rating Company Limited |
| Issue Date | January 09, 2020 and December 16, 2021 |
| Tenor | 10 years from the issue date |
| Profit payment frequency | Semi-annually in arrears |
| Redemption | Bullet payment at the end of the tenth year |
| Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non discretionary subject to profit of the pool | The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 12.01% and 12.13% per annum respectively. |
| Call Option | The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue. |
| Loss Absorbency | The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP. |
| Lock-in-Clause | Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement. |

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| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-------------------------------------------------------------|------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 19 OTHER LIABILITIES | | | |
| Return on deposits and other dues | | | |
| - payable in local currency | | 5,477,674 | 4,643,447 |
| - payable in foreign currencies | | 52,221 | 49,414 |
| Unearned income | | 1,656,528 | 1,449,591 |
| Accrued expenses | | 14,888,835 | 12,187,304 |
| Current taxation (provision less payments) | | 14,499,604 | 13,498,972 |
| Acceptances | | 9,003,880 | 10,925,144 |
| Dividends payable | | 2,459,606 | 19,490 |
| Payable to defined benefit plan | | 521,399 | 941,589 |
| Charity payable | | 11,893 | 3,932 |
| Provision against off-balance sheet obligations | 19.1 | 27,293 | 55,167 |
| Security deposits against Ijarah | | 21,437,684 | 20,370,305 |
| Payable on account of credit murabaha / ijarah | | 14,028 | 24,819 |
| Security deposits against lockers | | 166,255 | 160,555 |
| Advance against future Diminishing Musharakah | | 11,034 | 490,951 |
| Withholding taxes payable | | 559,596 | 275,530 |
| Lease liability against right-of-use assets | | 13,209,436 | 13,107,177 |
| Workers Welfare Fund payable | | 4,044,754 | 3,710,254 |
| Others | | 2,046,791 | 1,067,904 |
| | | <u>90,088,511</u> | <u>82,981,545</u> |
| 19.1 Provision against off-balance sheet obligations | | | |
| Opening balance | | 55,167 | 36,489 |
| (Reversal) / Charge for the quarter / year | | (27,874) | 18,678 |
| Closing balance | | <u>27,293</u> | <u>55,167</u> |
| 20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX | | | |
| Available for sale securities | | | |
| - Listed shares / units of mutual fund | | 1,956,479 | 1,928,965 |
| - Sukuk | | (839,120) | 4,694,113 |
| | | 1,117,359 | 6,623,078 |
| Non-banking assets acquired in satisfaction of claims | | 38,578 | 38,578 |
| | | <u>1,155,937</u> | <u>6,661,656</u> |
| Less: Deferred tax liability on | | | |
| - Available for sale securities | | (435,771) | (2,583,001) |
| - Non-banking assets acquired in satisfaction of claims | | (15,045) | (15,045) |
| | | <u>(450,816)</u> | <u>(2,598,046)</u> |
| | | <u>705,121</u> | <u>4,063,610</u> |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|----------------------------------------------------------------------------|--------|----------------------------------|-----------------------------------|
| Rupees in '000 | | | |
| 21 CONTINGENCIES AND COMMITMENTS | | | |
| - Guarantees | 21.1 | 44,072,966 | 45,072,765 |
| - Commitments | 21.2 | 906,968,711 | 887,366,094 |
| - Other contingent liabilities | 21.3 | 1,802,000 | 1,802,000 |
| | | 952,843,677 | 934,240,859 |
| 21.1 Guarantees: | | | |
| Financial guarantees | | 621,542 | 930,441 |
| Performance guarantees | | 20,394,201 | 23,651,964 |
| Other guarantees | | 23,057,223 | 20,490,360 |
| | | 44,072,966 | 45,072,765 |
| 21.2 Commitments: | | | |
| Documentary letters of credit | | 205,956,312 | 175,227,624 |
| Commitments in respect of: - forward foreign exchange contracts | 21.2.1 | 187,652,170 | 200,615,279 |
| Commitments for acquisition of: - fixed assets | | 665,908 | 389,225 |
| - intangible assets | | 346,041 | 309,824 |
| Other commitments | 21.2.2 | 512,348,280 | 510,824,142 |
| | | 906,968,711 | 887,366,094 |
| 21.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 111,920,056 | 114,757,851 |
| Sale | | 75,732,114 | 85,857,428 |
| | | 187,652,170 | 200,615,279 |
| 21.2.2 Other Commitments | | | |
| Commitments in respect of financing | | 512,348,280 | 510,824,142 |

21.3 Other contingencies

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2020. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| Rupees in '000 | | | |
| 22 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS | | | |
| On financing | 22.1 | 15,852,186 | 9,426,255 |
| On investments in | | | |
| - Available for sale securities | | 12,853,984 | 9,077,079 |
| - Held for trading securities | | 433 | - |
| - Held to maturity securities | | 5,415,892 | 266,504 |
| | | <u>18,270,309</u> | <u>9,343,583</u> |
| On deposits / placements with financial institutions | | <u>3,988,764</u> | <u>5,459,428</u> |
| | | <u>38,111,259</u> | <u>24,229,266</u> |
| 22.1 | The income on Ijarah under IFAS 2 is net off takaful of Rs 521 million (March 31, 2021: Rs 390 million) recovered from customers. | | |
| | Note | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
| Rupees in '000 | | | |
| 23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED | | | |
| Deposits and other accounts | 23.1 | 11,487,225 | 8,072,484 |
| Sub-ordinated Sukuk | | 635,959 | 368,773 |
| Other Musharakahs / Modarabas | | 4,166,371 | 518,008 |
| Amortisation of lease liability against right-of-use assets | | 384,745 | 215,379 |
| | | <u>16,674,300</u> | <u>9,174,644</u> |
| 23.1 | This includes conversion cost of Rs 453 million (March 31, 2021: Rs 594 million) against foreign currency deposits. | | |
| | Note | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
| Rupees in '000 | | | |
| 24 FEE AND COMMISSION INCOME | | | |
| Trade related fees and commissions | | 896,224 | 804,370 |
| Commission on guarantees | | 45,370 | 37,878 |
| Branch banking customer fees | | 544,122 | 370,642 |
| Credit processing related fees (including consumer processing fees of Rs 16.669 million (2021: Rs 18.040 million)) | | 26,753 | 35,857 |
| Debit card related fees | | 1,212,635 | 563,386 |
| Investment banking related fees | | 85,340 | 119,076 |
| Cash management fees | | 66,061 | 33,373 |
| Home remittance related fees | | 73,221 | 56,626 |
| Others | | 39,841 | 45,502 |
| | | <u>2,989,567</u> | <u>2,066,710</u> |
| 25 GAIN ON SECURITIES - NET | | | |
| Realised | 25.1 | 15,360 | 140,743 |
| 25.1 Realised gain / (loss) on: | | | |
| Listed Shares | | (2,160) | 102,943 |
| Federal Government Securities | | 17,520 | 5,024 |
| Pakistan Energy Sukuk | | - | 32,776 |
| | | <u>15,360</u> | <u>140,743</u> |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|--------------------------------------------------------------|----------------------------------|----------------------------------|
| | Rupees in '000 | |
| 26 OTHER INCOME | | |
| Gain on termination of islamic financing | 125,426 | 200,627 |
| Gain on sale of fixed assets | 51,177 | 49,206 |
| Others | 1,000 | 450 |
| | 177,603 | 250,283 |
| 27 OPERATING EXPENSES | | |
| Total compensation expense | 5,755,492 | 4,454,195 |
| Property expense | | |
| Depreciation on right-of-use assets | 734,366 | 579,957 |
| Rent and taxes | 9,303 | 32,386 |
| Utilities cost (including electricity and diesel) | 307,159 | 206,997 |
| Security (including guards) | 303,074 | 201,211 |
| Repair and maintenance (including janitorial charges) | 164,943 | 138,855 |
| Depreciation | 200,924 | 196,978 |
| Others | 18,112 | 12,048 |
| | 1,737,881 | 1,368,432 |
| Information technology expenses | | |
| Software maintenance | 163,260 | 143,797 |
| Hardware maintenance | 129,005 | 84,466 |
| Depreciation | 137,375 | 104,437 |
| Amortisation | 102,052 | 73,181 |
| Network charges | 74,957 | 56,308 |
| | 606,649 | 462,189 |
| Other operating expenses | | |
| Stationery and printing (including debit card related costs) | 247,441 | 217,906 |
| Repairs and maintenance | 119,876 | 64,256 |
| Local transportation and car running | 215,418 | 138,621 |
| Depreciation on vehicles, equipment etc. | 350,042 | 255,037 |
| Marketing, advertisement and publicity | 278,082 | 200,404 |
| Security charges - cash transportation | 140,415 | 139,959 |
| Communication (including courier) | 137,936 | 143,893 |
| Legal and professional charges | 30,092 | 34,384 |
| NIFT and other clearing charges | 48,584 | 47,615 |
| Travelling and conveyance | 24,831 | 11,571 |
| Training and Development | 24,201 | 2,470 |
| Donation | - | 362 |
| Fees, subscription and other charges | 103,281 | 75,335 |
| Brokerage and bank charges | 53,663 | 70,604 |
| Office supplies | 88,722 | 75,192 |
| Entertainment | 15,480 | 17,622 |
| Takaful expense | 23,712 | 23,110 |
| Outsourced services costs | 4,394 | 2,980 |
| Auditors' Remuneration | 3,702 | 3,502 |
| Shariah Board fees | 4,951 | 3,651 |
| Non-executive Directors' fee | 16,110 | 17,110 |
| Others | 2,152 | 5,199 |
| | 1,933,085 | 1,550,783 |
| | 10,033,107 | 7,835,599 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|-------------------------------------------------------------------------|-------|----------------------------------|----------------------------------|
| Rupees in '000 | | | |
| 28 OTHER CHARGES | | | |
| Penalties imposed by the State Bank of Pakistan | | <u>1,132</u> | <u>1,382</u> |
| 29 PROVISIONS AND WRITE OFFS - NET | | | |
| Provision against non-performing islamic financing related assets - net | 10.10 | <u>28,106</u> | 304,578 |
| Provision / (reversals) against diminution in the value of investments | 9.3 | <u>192,931</u> | (18,449) |
| (Reversals) / provision against off-balance sheet obligations | | <u>(27,874)</u> | 24,316 |
| Other Provision / (reversals) | | <u>36,858</u> | (23,064) |
| Recovery against written off financing | | <u>(2,131)</u> | (2,810) |
| | | <u>227,890</u> | <u>284,571</u> |
| 30 TAXATION | | | |
| Current | | | |
| - for the year | 30.1 | <u>6,067,415</u> | 2,834,822 |
| Deferred | | | |
| - for the year | | <u>(132,267)</u> | 1,305,511 |
| | | <u>5,935,148</u> | <u>4,140,333</u> |

30.1 The Bank has recognized super tax charge of Rs 620.862 million (March 31, 2021: Rs 268.115 million) in the current quarter which is determined at the applicable tax rate of 4 percent on taxable income for the quarter.

| | Note | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|------------------------------------------------|------|----------------------------------|----------------------------------|
| Rupees in '000 | | | |
| 31 BASIC AND DILUTED EARNINGS PER SHARE | | | |
| Profit for the quarter | | <u>9,205,539</u> | <u>6,101,203</u> |
| | | (Number) | |
| Weighted average number of ordinary shares | | <u>1,626,931,201</u> | <u>1,626,931,201</u> |
| | | (Rupees) | |
| Basic earnings per share | 31.4 | <u>5.66</u> | <u>Restated 3.75</u> |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Note | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|-------------------------------------------------------------------|------|----------------------------------|----------------------------------|
| | | Rupees in '000 | |
| 31.2 Diluted Earnings per share | | | |
| Profit for the year | | <u>9,205,539</u> | <u>6,101,203</u> |
| | | (Number) | |
| Weighted average number of ordinary shares | 31.3 | <u>1,627,240,459</u> | <u>1,626,931,201</u> |
| | | (Rupees) | |
| Diluted earnings per share | 31.4 | <u>5.66</u> | <u>Restated 3.75</u> |
| 31.3 Reconciliation of basic and diluted earning per share | | (Number) | |
| Weighted average number of ordinary shares | | <u>1,626,931,201</u> | 1,626,931,201 |
| Add: Employee stock option scheme | | <u>309,258</u> | - |
| Dilutive potential ordinary shares | | <u>1,627,240,459</u> | <u>1,626,931,201</u> |

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

| | Note | March 31, 2022 (Unaudited) | March 31, 2021 (Unaudited) |
|---------------------------------------|------|----------------------------------|----------------------------------|
| | | Rupees in '000 | |
| 32 CASH AND CASH EQUIVALENTS | | | |
| Cash and balances with treasury banks | 6 | <u>145,460,335</u> | 146,910,480 |
| Balances with other banks | 7 | <u>10,268,861</u> | 11,609,241 |
| | | <u>155,729,196</u> | <u>158,519,721</u> |

33 FAIR VALUE OF FINANCIAL INSTRUMENT

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

March 31, 2022 (Unaudited)

| Level 1 | Level 2 | Level 3 | Total |
|----------------|---------|---------|-------|
| Rupees in '000 | | | |

**RECURRING FAIR VALUE MEASUREMENTS
ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE**

INVESTMENTS - NET

Financial Assets

Available for sale securities

| | | | | |
|--------------------------------|-------------|-------------|---|-------------|
| Ordinary shares - listed | 9,029,946 | - | - | 9,029,946 |
| Pakistan Energy Sukuk - listed | 119,653,803 | - | - | 119,653,803 |
| GOP Sukuk | - | 531,120,835 | - | 531,120,835 |
| Foreign Sukuk | 10,762,502 | - | - | 10,762,502 |

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

| | | | | |
|------------------------------------------------|---|-------------|---|-------------|
| Forward purchase of foreign exchange contracts | - | 114,281,509 | - | 114,281,509 |
| Forward sale of foreign exchange contracts | - | 77,340,818 | - | 77,340,818 |

December 31, 2021 (Audited)

| Level 1 | Level 2 | Level 3 | Total |
|----------------|---------|---------|-------|
| Rupees in '000 | | | |

**RECURRING FAIR VALUE MEASUREMENTS
ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE**

INVESTMENTS - NET

Financial Assets

Available for sale securities

| | | | | |
|--------------------------------|-------------|-------------|---|-------------|
| Ordinary shares - listed | 8,718,285 | - | - | 8,718,285 |
| Pakistan Energy Sukuk - listed | 120,028,511 | - | - | 120,028,511 |
| GOP Sukuk | - | 320,869,119 | - | 320,869,119 |
| Foreign Sukuk | 10,703,622 | - | - | 10,703,622 |

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

| | | | | |
|------------------------------------------------|---|-------------|---|-------------|
| Forward purchase of foreign exchange contracts | - | 116,360,987 | - | 116,360,987 |
| Forward sale of foreign exchange contracts | - | 86,873,922 | - | 86,873,922 |

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

Investment in associates (listed - mutual funds) have market value of Rs 1,715 million (December 31, 2021: Rs 1,711 million) which is being valued under level 1. Investment in GoP sukuk classified as Held to Maturity have market value of Rs 216,482 million (December 31, 2021: Rs 76,651 million) which is being valued under level 2. These investments are carried at cost in the financial statements in accordance with the bank's accounting policy.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

Valuation techniques used in determination of fair values

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

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

There were no transfers between levels 1 and 2 during the 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 2021 annual financial statements.

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

| | Carrying Value | |
|---------------------------------------------------------|----------------------------------|-----------------------------------|
| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
| | Rupees in '000 | |
| 33.2 Financial assets not measured at fair value | | |
| Cash and balances with treasury banks | 145,460,335 | 170,500,698 |
| Balances with other banks | 10,268,861 | 16,420,036 |
| Due from financial institutions - net | 192,084,797 | 238,401,637 |
| Investments - net | 256,925,201 | 159,812,506 |
| Islamic financings and related assets - net | 739,345,161 | 758,086,120 |
| Other assets - net | 61,878,032 | 61,587,012 |

33.3 Fair value of non-financial assets

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

| | Corporate and Commercial banking | Retail Banking | Trading & Sales | Others | Inter-segment Eliminations | Total |
|----------------------------------------------|----------------------------------------|----------------------|----------------------|------------------|-------------------------------|----------------------|
| Rupees in '000 | | | | | | |
| March 31, 2022 (Unaudited) | | | | | | |
| Profit and Loss Account | | | | | | |
| External Funded Revenue | 14,527,650 | 1,750,342 | 21,833,267 | - | - | 38,111,259 |
| External Non funded Revenue | 1,152,213 | 657,500 | 1,238,397 | 1,252,247 | - | 4,300,357 |
| Inter segment revenue - net | - | 35,082,601 | - | 33,284 | (35,115,885) | - |
| Total Income | 15,679,863 | 37,490,443 | 23,071,664 | 1,285,531 | (35,115,885) | 42,411,616 |
| External Cost of funds | 1,165,822 | 11,889,853 | 3,618,625 | - | - | 16,674,300 |
| Segment direct expenses | 286,745 | 9,418,061 | 56,488 | 607,445 | - | 10,368,739 |
| Inter segment expense allocation | 13,065,366 | - | 22,050,519 | - | (35,115,885) | - |
| Total expenses | 14,517,933 | 21,307,914 | 25,725,632 | 607,445 | (35,115,885) | 27,043,039 |
| Provision / (reversals) and write offs - net | (41,297) | 76,092 | 192,931 | 164 | - | 227,890 |
| Profit before tax | 1,203,227 | 16,106,437 | (2,846,899) | 677,922 | - | 15,140,687 |
| Statement of Financial Position | | | | | | |
| Cash and Bank balances | - | 152,440,353 | 1,088,139 | 2,200,704 | - | 155,729,196 |
| Due from financial institutions - net | - | - | 192,084,797 | - | - | 192,084,797 |
| Investments - net | 13,011,273 | - | 914,481,014 | - | - | 927,492,287 |
| Net inter segment lending | - | 1,300,865,044 | - | - | (1,300,865,044) | - |
| Islamic financings and related assets - net | 652,764,393 | 86,580,768 | - | - | - | 739,345,161 |
| Others | 19,153,981 | 44,494,985 | 40,150,703 | 47,934 | - | 103,847,603 |
| Total Assets | 684,929,647 | 1,584,381,150 | 1,147,804,653 | 2,248,638 | (1,300,865,044) | 2,118,499,044 |
| Due to financial institutions | 110,980,440 | 1,122,646 | 307,428,036 | - | - | 419,531,122 |
| Deposits and other accounts | - | 1,455,434,789 | - | - | - | 1,455,434,789 |
| Subordinated Sukuk | 20,990,000 | - | - | - | - | 20,990,000 |
| Net inter segment borrowing | 508,836,659 | - | 790,750,907 | 1,277,478 | (1,300,865,044) | - |
| Others | 15,020,187 | 115,777,240 | 855,992 | 875,616 | - | 132,529,035 |
| Total liabilities | 655,827,286 | 1,572,334,675 | 1,099,034,935 | 2,153,094 | (1,300,865,044) | 2,028,484,946 |
| Equity | 29,102,361 | 12,046,475 | 48,769,718 | 95,544 | - | 90,014,098 |
| Total Equity and liabilities | 684,929,647 | 1,584,381,150 | 1,147,804,653 | 2,248,638 | (1,300,865,044) | 2,118,499,044 |
| Contingencies and Commitments | 686,276,125 | 78,915,382 | 187,652,170 | - | - | 952,843,677 |
| March 31, 2021 (Unaudited) | | | | | | |
| Profit and Loss Account | | | | | | |
| External Funded Revenue | 7,791,718 | 1,940,624 | 14,496,924 | - | - | 24,229,266 |
| External Non funded Revenue | 1,002,580 | 648,903 | 1,302,215 | 608,883 | - | 3,562,581 |
| Inter segment revenue - net | - | 19,227,887 | - | 74,631 | (19,302,518) | - |
| Total Income | 8,794,298 | 21,817,414 | 15,799,139 | 683,514 | (19,302,518) | 27,791,847 |
| External Cost of funds | 726,508 | 8,298,140 | 149,996 | - | - | 9,174,644 |
| Segment direct expenses | 235,669 | 7,300,811 | 177,860 | 376,756 | - | 8,091,096 |
| Inter segment expense allocation | 6,008,814 | - | 13,293,704 | - | (19,302,518) | - |
| Total expenses | 6,970,991 | 15,598,951 | 13,621,560 | 376,756 | (19,302,518) | 17,265,740 |
| Provision / (reversals) and write offs - net | 314,397 | (14,833) | (14,993) | - | - | 284,571 |
| Profit before tax | 1,508,910 | 6,233,296 | 2,192,572 | 306,758 | - | 10,241,536 |
| Statement of Financial Position | | | | | | |
| Cash and Bank balances | - | 157,138,375 | 1,381,346 | - | - | 158,519,721 |
| Due from financial institutions - net | - | - | 315,233,196 | - | - | 315,233,196 |
| Investments - net | 14,845,755 | - | 449,418,238 | - | - | 464,263,993 |
| Net inter segment lending | - | 1,078,928,889 | - | 1,257,017 | (1,080,185,906) | - |
| Islamic financings and related assets - net | 441,093,224 | 81,384,335 | - | - | - | 522,477,559 |
| Others | 16,829,738 | 28,037,578 | 39,871,569 | - | - | 84,738,885 |
| Total Assets | 472,768,717 | 1,345,489,177 | 805,904,349 | 1,257,017 | (1,080,185,906) | 1,545,233,354 |
| Due to financial institutions | 72,442,775 | 686,209 | 34,818,009 | - | - | 107,946,993 |
| Deposits and other accounts | - | 1,248,608,378 | - | - | - | 1,248,608,378 |
| Subordinated Sukuk | 18,000,000 | - | - | - | - | 18,000,000 |
| Net inter segment borrowing | 348,940,460 | - | 731,245,446 | - | (1,080,185,906) | - |
| Others | 11,191,084 | 83,680,765 | 2,007,253 | 1,257,017 | - | 98,136,119 |
| Total liabilities | 450,574,319 | 1,332,975,352 | 768,070,708 | 1,257,017 | (1,080,185,906) | 1,472,691,490 |
| Equity | 22,194,398 | 12,513,825 | 37,833,641 | - | - | 72,541,864 |
| Total Equity and liabilities | 472,768,717 | 1,345,489,177 | 805,904,349 | 1,257,017 | (1,080,185,906) | 1,545,233,354 |
| Contingencies and Commitments | 507,362,680 | 78,524,626 | 172,367,427 | - | - | 758,254,733 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

35 RELATED PARTY TRANSACTIONS

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

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

35.3 Subsidiary company
- Al Meezan Investment Management Limited

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

35.5 Key management personnel
- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

| Total | | Subsidiary | | Associates | | Directors | | Key management personnel | | Other related parties | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------|--------------|-----------------------|--------------|
| Mar 31, 2022 | Dec 31, 2021 | Mar 31, 2022 | Dec 31, 2021 | Mar 31, 2022 | Dec 31, 2021 | Mar 31, 2022 | Dec 31, 2021 | Mar 31, 2022 | Dec 31, 2021 | Mar 31, 2022 | Dec 31, 2021 |
| (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) |

Rupees in '000

Investments

| | | | | | | | | | | | |
|------------------------------------|---------|---------|--------|--------|---------|---------|---|---|---|---|---|
| At January 1, | 907,788 | 908,669 | 63,050 | 63,050 | 844,738 | 845,619 | - | - | - | - | - |
| Addition during the quarter / year | 500 | - | - | - | 500 | - | - | - | - | - | - |
| Deletion during the quarter / year | - | (881) | - | - | - | (881) | - | - | - | - | - |
| At March 31 / December 31 | 908,288 | 907,788 | 63,050 | 63,050 | 845,238 | 844,738 | - | - | - | - | - |

Due from financial institutions

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

Balances pertaining to parties that were related at the beginning of the quarter 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Total | | Subsidiary | | Associates | | Directors | | Key management personnel | | Other related parties | |
|----------------------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| | Mar 31, 2022 (Unaudited) | Dec 31, 2021 (Audited) | Mar 31, 2022 (Unaudited) | Dec 31, 2021 (Audited) | Mar 31, 2022 (Unaudited) | Dec 31, 2021 (Audited) | Mar 31, 2022 (Unaudited) | Dec 31, 2021 (Audited) | Mar 31, 2022 (Unaudited) | Dec 31, 2021 (Audited) | Mar 31, 2022 (Unaudited) | Dec 31, 2021 (Audited) |
| Rupees in '000 | | | | | | | | | | | | |
| Deposits | 5,250,386 | 7,236,303 | 58,825 | 15,388 | 1,998,133 | 2,386,870 | 133,452 | 131,435 | 125,179 | 188,427 | 2,934,798 | 4,514,183 |
| Other Assets | | | | | | | | | | | | |
| Profit receivable on financing / investments | - | 725,460 | - | - | - | 725,460 | - | - | - | - | - | - |
| Fee and Other Receivable | 47,793 | 59,573 | 1,950 | 22,111 | 11,442 | 9,037 | - | - | - | - | 34,401 | 28,425 |
| Sub-ordinated Sukuk (Tier II) | | | | | | | | | | | | |
| At January 1, | 200,000 | 578,000 | - | - | 200,000 | 578,000 | - | - | - | - | - | - |
| Addition during the quarter / year | - | 10,000 | - | - | - | 10,000 | - | - | - | - | - | - |
| Deletion during the quarter / year | - | (388,000) | - | - | - | (388,000) | - | - | - | - | - | - |
| At March 31 / December 31 | 200,000 | 200,000 | - | - | 200,000 | 200,000 | - | - | - | - | - | - |
| Other Liabilities | | | | | | | | | | | | |
| Payable to defined benefit plan | 521,399 | 941,589 | - | - | - | - | - | - | 413,962 | 403,874 | 107,437 | 537,715 |
| Accrued Expenses | 354,400 | 353,974 | 4,400 | 3,974 | - | - | - | - | - | - | 350,000 | 350,000 |
| Unearned Income | 14,800 | 16,648 | - | - | 14,800 | 16,648 | - | - | - | - | - | - |
| Contingencies and Commitments | | | | | | | | | | | | |
| Letters of Guarantee (unfunded) | 1,841,377 | 2,491,377 | 100 | 100 | 1,841,277 | 2,491,277 | - | - | - | - | - | - |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Total | | Subsidiary | | Associates | | Directors | | Key management personnel | | Other related parties | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Mar 31, 2022 (Unaudited) | Mar 31, 2021 (Unaudited) | Mar 31, 2022 (Unaudited) | Mar 31, 2021 (Unaudited) | Mar 31, 2022 (Unaudited) | Mar 31, 2021 (Unaudited) | Mar 31, 2022 (Unaudited) | Mar 31, 2021 (Unaudited) | Mar 31, 2022 (Unaudited) | Mar 31, 2021 (Unaudited) | Mar 31, 2022 (Unaudited) | Mar 31, 2021 (Unaudited) |
| Rupees in '000 | | | | | | | | | | | | |
| Profit earned on financing / investments / placements | 68,184 | 581,701 | - | - | 68,184 | 581,701 | - | - | - | - | - | - |
| Fees and other income earned | 45,812 | 38,669 | 1,398 | 27,122 | 44,314 | 11,497 | 7 | 2 | 62 | 10 | 31 | 38 |
| Dividend income earned | 130,000 | 214,500 | 130,000 | 214,500 | - | - | - | - | - | - | - | - |
| Gain on securities | 2,028 | - | - | - | - | - | - | - | - | - | 2,028 | - |
| Return on deposits / borrowing expensed | 203,568 | 133,949 | 467 | 292 | 118,319 | 59,630 | 332 | 189 | 1,335 | 2,763 | 83,115 | 71,075 |
| Charge for defined benefit plan | 107,437 | 92,109 | - | - | - | - | - | - | - | - | 107,437 | 92,109 |
| Contribution to defined contribution plan | 116,010 | 104,771 | - | - | - | - | - | - | - | - | 116,010 | 104,771 |
| Contribution to staff benevolent fund | 4,404 | 4,149 | - | - | - | - | - | - | - | - | 4,404 | 4,149 |
| Fees expensed | 4,912 | 3,612 | 4,394 | 2,980 | 518 | 632 | - | - | - | - | - | - |
| Purchase of fixed assets | 121,399 | 112,445 | - | - | 121,399 | 112,445 | - | - | - | - | - | - |
| Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President | 62,576 | 59,255 | - | - | - | - | 16,110 | 17,110 | 46,466 | 42,145 | - | - |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-------------------------------------------------------------------------|----------------------------------|-----------------------------------|
| | Rupees in '000 | |
| 36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS | | |
| Minimum Capital Requirement | | |
| Paid-up capital (net of losses) | <u>16,269,312</u> | <u>16,269,312</u> |
| | | |
| Capital Adequacy Ratio | | |
| Eligible Common Equity Tier 1 Capital | <u>87,721,317</u> | <u>80,903,080</u> |
| Eligible Additional Tier 1 Capital | <u>7,000,000</u> | <u>7,000,000</u> |
| Total Eligible Tier 1 Capital | <u>94,721,317</u> | <u>87,903,080</u> |
| Eligible Tier 2 Capital | <u>20,581,129</u> | <u>23,900,095</u> |
| Total Eligible Capital (Tier 1 + Tier 2) | <u>115,302,446</u> | <u>111,803,175</u> |
| | | |
| Risk Weighted Assets | | |
| Credit Risk | <u>485,886,923</u> | <u>471,179,745</u> |
| Market Risk | <u>21,392,163</u> | <u>22,956,751</u> |
| Operational Risk | <u>133,736,815</u> | <u>133,736,815</u> |
| Total | <u>641,015,901</u> | <u>627,873,311</u> |
| | | |
| Common Equity Tier 1 Capital Adequacy ratio | <u>13.68%</u> | <u>12.89%</u> |
| Tier 1 Capital Adequacy Ratio | <u>14.78%</u> | <u>14.00%</u> |
| Total Capital Adequacy Ratio | <u>17.99%</u> | <u>17.81%</u> |
| | | |
| Leverage Ratio | | |
| Tier-1 Capital | <u>94,721,317</u> | <u>87,903,080</u> |
| Total Exposures | <u>2,351,457,259</u> | <u>2,244,744,326</u> |
| Leverage Ratio | <u>4.03%</u> | <u>3.92%</u> |
| | | |
| Liquidity Coverage Ratio | | |
| Total High Quality Liquid Assets | <u>546,065,772</u> | <u>464,998,495</u> |
| Total Net Cash Outflow | <u>217,955,787</u> | <u>209,348,310</u> |
| Liquidity Coverage Ratio | <u>251%</u> | <u>222%</u> |
| | | |
| Net Stable Funding Ratio | | |
| Total Available Stable Funding | <u>1,437,541,722</u> | <u>1,370,517,865</u> |
| Total Required Stable Funding | <u>888,786,027</u> | <u>829,111,476</u> |
| Net Stable Funding Ratio | <u>162%</u> | <u>165%</u> |

37 DATE OF AUTHORISATION AND NON-ADJUSTING EVENT

- 37.1** This condensed interim financial information was authorised for issue on April 25, 2022 by the Board of Directors of the Bank.
- 37.2** The Board of Directors in their meeting held on April 25, 2022 has announced an interim cash dividend @ 17.5%. This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the quarter end.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

| | March, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-----------------------------------------------|-------------------------------|-----------------------------------|
| | Rupees in '000 | |
| ASSETS | | |
| Cash and balances with treasury banks | 145,460,335 | 170,501,306 |
| Balances with other banks | 10,305,936 | 16,465,169 |
| Due from financial institutions - net | 192,084,797 | 238,401,637 |
| Investments - net | 931,607,441 | 624,332,881 |
| Islamic financing and related assets - net | 739,345,161 | 758,086,120 |
| Fixed assets | 35,408,892 | 34,185,975 |
| Intangible assets | 1,461,012 | 1,505,581 |
| Deferred tax asset | 2,204,137 | - |
| Other assets - net | 65,165,386 | 64,180,378 |
| | 2,123,043,097 | 1,907,659,047 |
| LIABILITIES | | |
| Bills payable | 42,440,524 | 36,141,378 |
| Due to financial institutions | 419,531,122 | 220,414,234 |
| Deposits and other accounts | 1,455,375,964 | 1,455,871,080 |
| Sub-ordinated Sukuk | 20,990,000 | 20,990,000 |
| Deferred tax liabilities | - | 72,189 |
| Other liabilities | 90,839,359 | 83,728,554 |
| | 2,029,176,969 | 1,817,217,435 |
| NET ASSETS | 93,866,128 | 90,441,612 |
| REPRESENTED BY | | |
| Share capital | 16,269,312 | 16,269,312 |
| Reserves | 24,387,738 | 23,417,514 |
| Unappropriated profit | 51,319,301 | 45,494,657 |
| Surplus on revaluation of assets - net of tax | 705,121 | 4,063,610 |
| | 92,681,472 | 89,245,093 |
| NON-CONTROLLING INTEREST | 1,184,656 | 1,196,519 |
| | 93,866,128 | 90,441,612 |

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Quarter ended March 31, 2022 | Quarter ended March 31, 2021 |
|--------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| | Rupees in '000 | |
| Profit / return earned on Islamic financing and related assets, investments and placements | 38,137,493 | 24,229,777 |
| Profit on deposits and other dues expensed | 16,678,750 | 9,180,800 |
| Net spread earned | 21,458,743 | 15,048,977 |
| OTHER INCOME | | |
| Fee and commission income | 3,356,404 | 2,443,004 |
| Dividend income | 174,387 | 68,812 |
| Foreign exchange income | 813,439 | 821,533 |
| Gain on securities - net | 15,252 | 309,116 |
| Other income | 177,437 | 250,376 |
| | 4,536,919 | 3,892,841 |
| Total income | 25,995,662 | 18,941,818 |
| OTHER EXPENSES | | |
| Operating expenses | 10,217,420 | 7,989,753 |
| Workers Welfare Fund | 337,958 | 260,396 |
| Other charges | 1,132 | 1,382 |
| Total other expenses | 10,556,510 | 8,251,531 |
| | 15,439,152 | 10,690,287 |
| Share of results of associates before taxation | 29,555 | (48,133) |
| Profit before provisions | 15,468,707 | 10,642,154 |
| Provisions and write offs - net | 227,890 | 284,571 |
| Extraordinary / unusual items | - | - |
| Profit before taxation | 15,240,817 | 10,357,583 |
| Taxation | 5,997,085 | 4,230,676 |
| Profit after taxation | 9,243,732 | 6,126,907 |
| Attributable to: | | |
| Shareholders of the Holding company | 9,185,595 | 6,049,802 |
| Non-controlling interest | 58,137 | 77,105 |
| | 9,243,732 | 6,126,907 |
| | Rupees | |
| | Restated | |
| Basic earnings per share | 5.65 | 3.72 |
| Diluted earnings per share | 5.64 | 3.72 |

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

| | | | | |
|-------------------------------------------|------------------------------------------------------|------------------------------------------|-------------------------------------|-----------------------------------------------------------|
| Riyadh S. A. A. Edrees Chairman | Irfan Siddiqui President & Chief Executive | Faisal A. A. AlNassar Director | Mubashar Maqbool Director | Shabbir Hamza Khandwala Chief Financial Officer |
|-------------------------------------------|------------------------------------------------------|------------------------------------------|-------------------------------------|-----------------------------------------------------------|

CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022

| | Quarter ended March 31, 2022 | Quarter ended March 31, 2021 |
|--|---------------------------------------------|---------------------------------------------|
|--|---------------------------------------------|---------------------------------------------|

———— Rupees in '000 ————

Profit after taxation for the period attributable to:

| | | |
|-------------------------------------|------------------|------------------|
| Shareholders of the Holding company | 9,185,595 | 6,049,802 |
| Non-controlling interest | 58,137 | 77,105 |
| | 9,243,732 | 6,126,907 |

Other Comprehensive income

Item that may be reclassified to profit and loss account in subsequent periods:

| | | |
|---------------------------------------------------|--------------------|----------|
| (Deficit) / surplus on revaluation of investments | (5,505,719) | 176,679 |
| Deferred tax on revaluation of investments | 2,147,230 | (61,838) |
| | (3,358,489) | 114,841 |

Other comprehensive (loss) / income for the quarter

| | | |
|--|--------------------|---------|
| | (3,358,489) | 114,841 |
|--|--------------------|---------|

Total comprehensive Income for the quarter

| | | |
|-------------------------------------|------------------|------------------|
| | 5,885,243 | 6,241,748 |
| Attributable to: | | |
| Shareholders of the Holding company | 5,827,106 | 6,164,643 |
| Non-controlling interest | 58,137 | 77,105 |
| | 5,885,243 | 6,241,748 |

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | 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 |
| Rupees in '000 | | | | | | | | | | | |
| Balance as at January 1, 2021 | 14,147,228 | 2,406,571 | 14,833,341 | 3,117,547 | - | 91,082 | 31,808,445 | 5,542,351 | 19,941 | 1,264,512 | 73,231,018 |
| Profit after taxation for the quarter ended March 31, 2021 | - | - | - | - | - | - | 6,049,802 | - | - | 77,105 | 6,126,907 |
| Other Comprehensive income for the quarter ended March 31, 2021 - net of tax | - | - | - | - | - | - | - | 114,841 | - | - | 114,841 |
| | - | - | - | - | - | - | 6,049,802 | 114,841 | - | 77,105 | 6,241,748 |
| Other appropriations | | | | | | | | | | | |
| Transfer to statutory reserve | - | - | 610,120 | - | - | - | (610,120) | - | - | - | - |
| Transactions with owners recognised directly in equity | | | | | | | | | | | |
| Final cash dividend for the year 2020 @ Rs 2 per share | - | - | - | - | - | - | (2,829,446) | - | - | - | (2,829,446) |
| Dividend payout by Subsidiary | - | - | - | - | - | - | - | - | - | (115,500) | (115,500) |
| Balance as at March 31, 2021 | 14,147,228 | 2,406,571 | 15,443,461 | 3,117,547 | - | 91,082 | 34,418,681 | 5,657,192 | 19,941 | 1,226,117 | 76,57,820 |
| Profit after taxation for the nine months period ended December 31, 2021 | - | - | - | - | - | - | 22,177,758 | - | - | 202,923 | 22,380,681 |
| Other Comprehensive (loss) / income for the nine months period ended December 31, 2021 - net of tax | - | - | - | - | - | - | (69,828) | (1,617,115) | 3,685 | 1,979 | (1,681,279) |
| | - | - | - | - | - | - | 22,107,930 | (1,617,115) | 3,685 | 204,902 | 20,699,402 |
| Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax | - | - | - | - | - | - | 93 | - | (93) | - | - |
| Other appropriations | | | | | | | | | | | |
| Transfer to statutory reserve | - | - | 2,225,396 | - | - | - | (2,225,396) | - | - | - | - |
| Recognition of share based compensation | - | - | - | - | 133,457 | - | - | - | - | - | 133,457 |
| Transactions with owners recognised directly in equity | | | | | | | | | | | |
| Issue of bonus shares @ 15% | 2,122,084 | - | - | - | - | - | (2,122,084) | - | - | - | - |
| First interim cash dividend for the year 2021 @ Rs 1.5 per share | - | - | - | - | - | - | (2,122,085) | - | - | - | (2,122,085) |
| Second interim cash dividend for the year 2021 @ Rs 1.5 per share | - | - | - | - | - | - | (2,122,085) | - | - | - | (2,122,085) |
| Third interim cash dividend for the year 2021 @ Rs 1.5 per share | - | - | - | - | - | - | (2,440,397) | - | - | - | (2,440,397) |
| | - | - | - | - | - | - | (6,684,567) | - | - | - | (6,684,567) |
| Dividend payout by Subsidiary | - | - | - | - | - | - | - | - | - | (234,500) | (234,500) |
| Balance as at December 31, 2021 | 16,269,312 | 2,406,571 | 17,668,857 | 3,117,547 | 133,457 | 91,082 | 45,494,657 | 4,040,077 | 23,533 | 1,196,519 | 90,441,612 |
| Profit after taxation for the quarter ended March 31, 2022 | - | - | - | - | - | - | 9,185,595 | - | - | 58,137 | 9,243,732 |
| Other Comprehensive loss for the quarter ended March 31, 2022 - net of tax | - | - | - | - | - | - | - | (3,358,489) | - | - | (3,358,489) |
| | - | - | - | - | - | - | 9,185,595 | (3,358,489) | - | 58,137 | 5,885,243 |
| Other appropriations | | | | | | | | | | | |
| Transfer to statutory reserve | - | - | 920,554 | - | - | - | (920,554) | - | - | - | - |
| Recognition of share based compensation | - | - | - | - | 49,670 | - | - | - | - | - | 49,670 |
| Final cash dividend for the year 2021 @ Rs 1.5 per share | - | - | - | - | - | - | (2,440,397) | - | - | - | (2,440,397) |
| Dividend payout by Subsidiary | - | - | - | - | - | - | - | - | - | (70,000) | (70,000) |
| Balance as at March 31, 2022 | 16,269,312 | 2,406,571 | 18,589,411 | 3,117,547 | 183,127 | 91,082 | 51,319,301 | 681,588 | 23,533 | 1,184,656 | 93,866,128 |

* 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 information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022**

| | Quarter ended March 31, 2022 | Quarter ended March 31, 2021 |
|------------------------------------------------------------|---------------------------------------|---------------------------------------|
| | Rupees in '000 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 15,240,817 | 10,357,583 |
| Less: Dividend income | (174,387) | (68,812) |
| | 15,066,430 | 10,288,771 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 702,103 | 570,115 |
| Amortization | 104,065 | 76,345 |
| Non cash items related to right of use assets | 1,140,749 | 818,188 |
| Provisions and write offs - net | 227,890 | 284,571 |
| Recognition of share based compensation | 49,670 | - |
| Gain on sale of fixed assets | (51,011) | (49,299) |
| Share of results of associates | (29,555) | 48,133 |
| | 2,143,911 | 1,748,053 |
| | 17,210,341 | 12,036,824 |
| (Increase) / decrease in operating assets | | |
| Due from financial institutions | 46,316,840 | 26,835,603 |
| Islamic financing and related assets | 18,714,984 | (10,247,397) |
| Other assets | (1,018,845) | (7,914,153) |
| | 64,012,979 | 8,674,053 |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 6,299,146 | 4,911,177 |
| Due to financial institutions | 199,116,888 | 13,446,353 |
| Deposits and other accounts | (495,116) | (5,828,779) |
| Other liabilities | 3,675,277 | 6,893,697 |
| | 208,596,195 | 19,422,448 |
| | 289,819,515 | 40,133,325 |
| Income tax paid | (5,191,504) | (2,389,623) |
| Net cash flow from operating activities | 284,628,011 | 37,743,702 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investments in securities | (312,943,655) | (29,765,033) |
| Dividends received | 171,366 | 47,251 |
| Investments in fixed assets | (2,180,652) | (1,001,641) |
| Investments in intangible assets | (59,496) | (338,415) |
| Proceeds from sale of fixed assets | 80,923 | 85,486 |
| Net cash used in investing activities | (314,931,514) | (30,972,352) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payment of lease liability against right-of-use assets | (826,420) | (981,080) |
| Dividend paid to equity shareholders of the Bank | (281) | (2,830,725) |
| Dividend paid to non controlling interest | (70,000) | (115,500) |
| Net cash used in financing activities | (896,701) | (3,927,305) |
| (Decrease) / increase in cash and cash equivalents | (31,200,204) | 2,844,045 |
| Cash and cash equivalents at the beginning of the quarter | 186,966,475 | 155,722,310 |
| Cash and cash equivalents at the end of the quarter | 155,766,271 | 158,566,355 |

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

Riyadh S. A. A. Edrees Chairman **Irfan Siddiqui** President & Chief Executive **Faisal A. A. AlNassar** Director **Mubashar Maqbool** Director **Shabbir Hamza Khandwala** Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2022

1 BASIS OF PRESENTATION

- 1.1** This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan 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 and Meezan Daily Income 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, 2022 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, 2022.

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, 2021.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on April 25, 2022 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

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer





Meezan Bank

The Premier Islamic Bank

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