

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

## **CONTENTS**

---

<b><u>Corporate Information</u></b>	<b>03</b>
<b><u>Directors' Review</u></b>	<b>04</b>
<b><u>Auditors' Review Report</u></b>	<b>07</b>
<b><u>Statement of Financial Position</u></b>	<b>08</b>
<b><u>Profit and Loss Account</u></b>	<b>09</b>
<b><u>Statement of Comprehensive Income</u></b>	<b>10</b>
<b><u>Cash Flow Statement</u></b>	<b>11</b>
<b><u>Statement of Changes in Equity</u></b>	<b>12</b>
<b><u>Notes to and Forming Part of the Financial Statements</u></b>	<b>13</b>

## **CORPORATE INFORMATION**

<b>Board of Directors</b>	H. E. Sheikh Ebrahim Bin Khalifa Al-Khalifa Riyadh S. A. A. Edrees Rana Ahmed Humayun Syeda Azra Mujtaba Alaa A. Al-Sarawi Mohammad Abdul Aleem Noorur Rahman Abid Mohammad Azzaroog Rajab Faisal A. A. A. Al-Nassar Irfan Siddiqui Ariful Islam	Chairman Vice Chairman        President & CEO
<b>Shariah Supervisory Board</b>	Justice (Retd.) Muhammad Taqi Usmani Sheikh Essam M. Ishaq Dr. Muhammad Imran Usmani	Chairman
<b>Audit Committee</b>	Mohammad Abdul Aleem Noorur Rahman Abid Syeda Azra Mujtaba	
<b>Risk Management Committee</b>	Faisal A. A. A. Al-Nassar Alaa A. Al-Sarawi Ariful Islam	
<b>Human Resource &amp; Remuneration Committee</b>	Riyadh S. A. A. Edrees Noorur Rahman Abid Irfan Siddiqui	
<b>Resident Shariah Board Member</b>	Dr. Muhammad Imran Usmani	
<b>Company Secretary</b>	Tasnimul Haq Farooqui	
<b>Auditors</b>	A. F. Ferguson & Co.	
<b>Registered Office and Head Office</b>	Meezan House C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (9221) 38103500, Fax: (9221) 36406049 24/7 Call Centre: 111-331-331 & 111-331-332	
<b>E-mail</b>	info@meezanbank.com	
<b>Website</b>	www.meezanbank.com	
<b>Shares Registrar</b>	THK Associates (Pvt) Ltd State Life Building - 3 Dr. Ziauddin Ahmed Road Karachi - 75530, Pakistan Phone: (9221) 111-000-322, Fax: (9221) 35655595	

## DIRECTORS' REVIEW

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited for the half year ended June 30, 2015. The financial highlights of Meezan Bank are given below:

### Financial Highlights

Rupees in million

Statement of Financial Position	June 30, 2015	December 31, 2014	Growth %
Deposits	434,527	380,422	14%
Investments / Placements under Bai Muajjal	276,451	204,856	35%
Islamic financing and related assets - net	144,468	175,712	(18%)
Total Assets	485,425	437,406	11%
Share Capital	10,027	10,027	0%
Shareholders' Equity	24,686	23,262	6%

Rupees in million

Profit & Loss Account	Jan – June 2015	Jan – June 2014	Growth %
Net spread earned after provisions	9,118	6,158	48%
Non funded and other income	2,185	2,311	(5%)
Operating Income	11,303	8,469	33%
Administrative and other expenses	(6,467)	(5,015)	29%
Profit before tax	4,836	3,454	40%
Profit after tax	2,677	2,254	19%
Earnings per share - Rupees	2.67	2.25	19%
Number of branches	482	357	35%

By the Grace of Allah, Meezan Bank has maintained its growth momentum and profitability by recording excellent results for the half year ended June 30, 2015. You will be happy to learn that your Bank is now the 8th largest Bank (amongst both Islamic as well as conventional banks) both in terms of deposits and branch network in Pakistan. There has been impressive growth in deposits which has increased to Rs. 435 billion as at June 30, 2015 from Rs. 380 billion as at December 31, 2014, an increase of Rs. 55 billion (14%).

Profit after tax increased to Rs 2,677 million from Rs 2,254 million, a growth of 19%, primarily due to growth in earning assets notwithstanding the fact that return on assets has decreased due to reduction in SBP discount rate. Earning per share increased correspondingly to Rs. 2.67 (June 2014: Rs. 2.25). Profit on financings, investments and placements increased by 28% to Rs 17.3 billion during the current period as against Rs 13.5 billion recorded in the comparative period last year. Non-fund based and other income decreased by 5% from Rs. 2,311 million to Rs 2,185 million mainly due to decrease in forex income and lower capital gains.

## DIRECTORS' REVIEW

State Bank of Pakistan (SBP) continued its Open Market Operations (OMO) for Islamic Banks using Bai Muajjal Structure which helped the Islamic Banks to deploy their excess liquidity. Meezan Bank's total outstanding under Bai Muajjal mode with SBP at the close of half year amounted to Rs. 130 billion deployed at rates marginally lower than the discount rate.

SBP reduced the discount rate thrice during the current half year, first by 100 basis points in January 2015, 50 basis points in March 2015 and then 100 basis points in May 2015 bringing the discount rate to 7% which is the lowest rate in last 42 years. This reduction in discount rate has enhanced pressure on Islamic banks to park their surplus funds at competitive rates - due to a severe lack of new Sukuk issues - unlike conventional banks where a significant portion has been already invested in Pakistan Investment Bonds at much higher yields. Islamic Banks have therefore been at a significant disadvantage to conventional banks and we would urge the State Bank of Pakistan and Ministry of Finance to address this very important matter in the interest of the longer term viability of the Islamic Banking industry.

Islamic financings closed at Rs. 144 billion as against Rs. 176 billion as at December 31 2014 mainly due to seasonal demand which is in line with our budget; however this is expected to pick-up in the 2nd half of the year. During the current period provisions on non-performing portfolio and impairment on investments amounted to Rs 396 million. The Bank maintains comfortable level of provisions against its non-performing financings with coverage ratio at 116%. The focus is to build a high quality and diversified financing portfolio. The trade business volume handled by the Bank grew by 11% to Rs. 201 billion as against Rs. 181 billion in the corresponding six months period of last year despite lower oil and commodity prices in the current half as compared to the corresponding period of last year.

Administrative and operating expenses increased from Rs. 5,016 million to Rs. 6,468 million primarily due to higher staff expenses, rent and costs associated with branch expansion, an investment which has paid off well, as evident from strong growth in deposits over the period.

The Bank continued its Branch expansion approach and opened 53 branches during the half year and now the Bank has a network of 482 branches in 126 cities. The Bank plans to continue with its branch expansion approach.

The Board has approved 17.5% (Rs.1.75 per share) interim cash dividend for 2015. The Bank has maintained its unbroken payout record since the Bank's listing on Stock Exchange in the year 2000.

In June 2015, Meezan Bank has entered into an agreement with HSBC Bank Oman S.A.O.G (HBON) to acquire HBON's banking business comprising of a single branch in Pakistan through a process of amalgamation. The amalgamation is expected to be completed during 2nd half of 2015, subject to regulatory and other relevant approvals including the approvals of shareholders of the Bank.

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has reaffirmed Bank's long-term entity rating at AA (Double A) and short term rating at A1+ (A One Plus) with stable outlook. The short term rating of A1+ is the highest standard in short term rating. The rating

## DIRECTORS' REVIEW

State Bank of Pakistan (SBP) continued its Open Market Operations (OMO) for Islamic Banks using Bai indicates sound performance indicators of the Bank.

## DIRECTORS' REVIEW

Islamic Banking is growing in Pakistan at a rapid pace and we are thankful to the State Bank of Pakistan and the Ministry of Finance for the support given in developing the Islamic Banking industry. One of the issues being faced by the industry is the shortage of Sukuk's available to Islamic Banks so that they may meet the Statutory Liquidity requirements required by law and also deploy surplus liquidity. We are hopeful that with the efforts of the Ministry of Finance, SBP's Islamic Banking Department and Steering Committee for Promotion of Islamic Banking, this matter will be addressed soon Inshallah and there will be adequate supply of new Sukuk issues in the foreseeable future.

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and our Shariah Supervisory Board for their continued guidance and support. We also take this opportunity to thank our valued customers for their patronage, the shareholders for their continued support and to the staff for their continuous efforts to make Meezan Bank a success.

May Allah Almighty give us the strength and wisdom to further expand our vision of making Islamic banking as banking of first choice.

On behalf of the Board

**H. E. Sheikh Ebrahim Bin Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & CEO

Dubai:  
July 27, 2015

## **AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**

---

### ***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **Meezan Bank Limited** as at June 30, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended June 30, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**A. F. FERGUSON & CO.**  
Chartered Accountants  
Engagement Partner: **Salman Hussain**  
Dated: August 05, 2015  
Karachi

**CONDENSED INTERIM**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2015**

	Note	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
<b>ASSETS</b>			
Rupees in '000			
Cash and balances with treasury banks	8	<b>38,101,410</b>	29,728,764
Balances with other banks	9	<b>9,115,120</b>	5,501,077
Due from financial institutions	10	<b>173,537,838</b>	90,766,297
Investments - net	11	<b>102,912,811</b>	114,089,252
Islamic financing and related assets - net	12	<b>144,468,241</b>	175,711,942
Operating fixed assets	13	<b>7,178,875</b>	6,273,239
Deferred tax assets - net		<b>30,237</b>	530,564
Other assets		<b>10,080,441</b>	14,804,823
		<b>485,424,973</b>	437,405,958
<b>LIABILITIES</b>			
Bills payable		<b>8,371,635</b>	5,619,826
Due to financial institutions		<b>8,568,710</b>	15,465,418
Deposits and other accounts	14	<b>434,526,563</b>	380,421,569
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		<b>8,514,245</b>	12,021,378
		<b>459,981,153</b>	413,528,191
<b>NET ASSETS</b>		<b>25,443,820</b>	23,877,767
<b>REPRESENTED BY</b>			
Share capital	15	<b>10,027,379</b>	10,027,379
Reserves		<b>7,811,661</b>	7,276,191
Unappropriated profit		<b>6,847,045</b>	5,958,587
		<b>24,686,085</b>	23,262,157
Surplus on revaluation of investments - net of tax		<b>757,735</b>	615,610
		<b>25,443,820</b>	23,877,767
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

**H. E. Sheikh Ebrahim Bin  
Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

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

**Rana Ahmed  
Humayun**  
Director



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2015

	Note	Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	17	9,018,723	17,296,012	7,091,274	13,460,303
Return on deposits and other dues expensed	18	<u>3,751,002</u>	<u>7,781,632</u>	<u>3,752,201</u>	<u>7,355,912</u>
Net spread earned		<u>5,267,721</u>	<u>9,514,380</u>	3,339,073	6,104,391
Provision against non-performing Islamic financing and related assets - net	12.7	<u>83,081</u> <u>(4,813)</u>	<u>308,827</u> <u>(4,897)</u>	115,938 -	78,192 -
Reversal of provision against off-balance sheet obligations (Reversal) / provision against diminution in the value of investments	11.3	<u>(7,499)</u>	<u>92,288</u>	(120,692)	(131,692)
Reversal of provision against amounts due from financial institutions		-	-	-	(300)
Bad debts written off directly		-	-	-	-
Net spread after provisions		<u>70,769</u> <u>5,196,952</u>	<u>396,218</u> <u>9,118,162</u>	(4,754) 3,343,827	(53,800) 6,158,191
<b>OTHER INCOME</b>					
Fee, commission and brokerage income		<u>503,214</u>	<u>934,573</u>	390,801	759,124
Dividend income		<u>54,403</u>	<u>96,654</u>	21,311	62,305
Income from dealing in foreign currencies		<u>392,422</u>	<u>889,125</u>	335,776	958,493
Capital gain on sale of investments - net		<u>31,135</u>	<u>182,394</u>	255,104	483,218
Unrealised loss on revaluation of investments classified as 'held for trading'		-	-	(1,254)	(1,254)
Other income		<u>48,493</u>	<u>82,696</u>	27,355	49,394
Total other income		<u>1,029,667</u> <u>6,226,619</u>	<u>2,185,442</u> <u>11,303,604</u>	1,029,093 4,372,920	2,311,280 8,469,471
<b>OTHER EXPENSES</b>					
Administrative expenses		<u>3,338,834</u>	<u>6,381,592</u>	2,513,618	4,911,081
Other charges		<u>212</u>	<u>447</u>	40,457	40,457
Other reversals		<u>(16,419)</u>	<u>(11,530)</u>	(8,020)	(7,765)
Workers Welfare Fund		<u>57,839</u>	<u>97,018</u>	36,000	72,000
Total other expenses		<u>3,380,466</u> <u>2,846,153</u>	<u>6,467,527</u> <u>4,836,077</u>	2,582,055 1,790,865	5,015,773 3,453,698
Extraordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<u>2,846,153</u>	<u>4,836,077</u>	1,790,865	3,453,698
Taxation - Current		<u>1,019,316</u>	<u>1,352,326</u>	785,217	868,883
- Prior years		<u>459,143</u>	<u>459,143</u>	-	-
- Deferred		<u>3,784</u>	<u>347,258</u>	(142,284)	331,093
<b>PROFIT AFTERTAXATION</b>		<u>1,482,243</u> <u>1,363,910</u>	<u>2,158,727</u> <u>2,677,350</u>	642,933 1,147,932	1,199,976 2,253,722
Rupees					
Basic and diluted earnings per share	20	<u>1.36</u>	<u>2.67</u>	1.14	2.25

H. E. Sheikh Ebrahim Bin  
Khalifa Al-Khalifa  
Chairman

Irfan Siddiqui  
President & Chief Executive

Riyadh  
S. A. A. Edrees  
Director

Rana Ahmed  
Humayun  
Director

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

**H. E. Sheikh Ebrahim Bin  
Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

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

**Rana Ahmed  
Humayun**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
	Rupees in '000			
<b>Profit for the period</b>	<b>1,363,910</b>	<b>2,677,350</b>	1,147,932	2,253,722
<b>Other comprehensive income</b>	-	-	-	-
<b>Comprehensive income transferred to equity</b>	<b>1,363,910</b>	<b>2,677,350</b>	1,147,932	2,253,722
<i>Items that may be reclassified to profit and loss account</i>				
<b>Components of comprehensive income not transferred to equity</b>				
Surplus / (Deficit) on revaluation of investments	437,559	295,194	(29,814)	1,160,381
Deferred tax on revaluation of investments	<b>(177,317)</b>	<b>(153,069)</b>	87,630	(350,521)
<b>Total comprehensive income for the period</b>	<b>1,624,152</b>	<b>2,819,475</b>	1,205,748	3,063,582

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

**H. E. Sheikh Ebrahim Bin  
Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

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

**Rana Ahmed  
Humayun**  
Director

**CONDENSED INTERIM**

**CASH FLOW STATEMENT (UNAUDITED)**

**FORTHE HALF YEAR ENDED JUNE 30, 2015**

	Note	June 30, 2015	June 30, 2014
		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,836,077	3,453,698
Less: Dividend income		(96,654)	(62,305)
		<u>4,739,423</u>	<u>3,391,393</u>
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		453,259	391,637
Amortization		72,712	36,928
Provisions against non-performing Islamic financings and related assets - net		308,827	78,192
Provision / (Reversal of provisions) against diminution in the value of investments - net		92,288	(131,692)
Unrealised loss on revaluation of investments classified as 'held for trading'		-	1,254
Reversal of provisions against amounts due from financial institutions		-	(300)
Reversal of provision against off-balance sheet obligations		(4,897)	-
Gain on sale of operating fixed assets		(29,810)	(9,941)
		<u>892,379</u>	<u>366,078</u>
		5,631,802	3,757,471
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		(82,771,541)	(83,582,391)
Held for trading securities		-	(2,026,854)
Islamic financing and related assets		30,934,874	11,165,439
Other assets		4,097,847	(1,157,103)
		(47,738,820)	(75,600,909)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		2,751,809	1,336,116
Due to financial institutions		(6,896,708)	(268,638)
Deposits and other accounts		54,104,994	27,913,204
Other liabilities		(3,503,535)	841,187
		<u>46,456,560</u>	<u>29,821,869</u>
		4,349,542	(42,021,569)
Income tax paid		(1,161,894)	(1,173,371)
<b>Net cash generated flow / (used in) operating activities</b>		<u>3,187,648</u>	<u>(43,194,940)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in securities		11,379,347	42,881,517
Dividends received		73,614	60,586
Investments in operating fixed assets		(1,451,078)	(482,569)
Proceeds from disposal of operating fixed assets		49,281	23,608
<b>Net cash generated from investing activities</b>		<u>10,051,164</u>	<u>42,483,142</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(1,252,123)	(501,214)
<b>Net cash flow used in financing activities</b>		<u>(1,252,123)</u>	<u>(501,214)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		11,986,689	(1,213,012)
<b>Cash and cash equivalents at the end of the period</b>	21	<u>35,229,841</u>	<u>32,136,860</u>
		<u>47,216,530</u>	<u>30,923,848</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Chairman

President & Chief Executive

Director

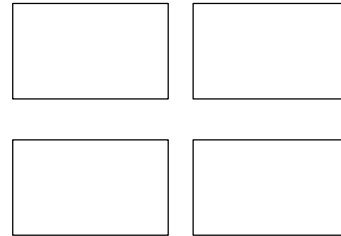
Director

**H. E. Sheikh Ebrahim Bin  
Khalifa Al-Khalifa**

**Irfan Siddiqui**

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

**Rana Ahmed  
Humayun**



Chairman

President & Chief Executive

Director

Director

## CONDENSED INTERIM

### STATEMENT OF CHANGES IN EQUITY ( UNAUDITED ) FOR THE HALF YEAR ENDED JUNE 30, 2015

	Capital reserves				Revenue reserve	Unappropriated profit	Total
	Share capital	Statutory reserve*	Reserve for issue of bonus shares	Non-Distributable Capital Reserve (Note 4)	General reserve		
	Rupees in '000						
Balance as at January 1, 2014	10,027,379	3,484,531	-	-	66,766	4,329,474	17,908,150
<b>Total comprehensive income for the period</b>							
Profit after taxation for the half year ended June 30, 2014	-	-	-	-	-	2,253,722	2,253,722
<b>Transactions with owners recognised directly in equity</b>							
Final cash dividend for the year 2013	-	-	-	-	-	(501,369)	(501,369)
Transfer to statutory reserve	-	450,744	-	-	-	(450,744)	-
<b>Balance as at June 30, 2014</b>	<b>10,027,379</b>	<b>3,935,275</b>	<b>-</b>	<b>-</b>	<b>66,766</b>	<b>5,631,083</b>	<b>19,660,503</b>
<b>Total comprehensive income for the period</b>							
Profit after taxation for the half year ended December 31, 2014	-	-	-	-	-	2,316,364	2,316,364
Remeasurement loss on defined benefit plan - net of tax	-	-	-	-	-	(21,480)	(21,480)
<b>Transactions with owners recognised directly in equity</b>							
Interim cash dividend for the year 2014	-	-	-	-	-	(1,504,107)	(1,504,107)
Gain on bargain purchase (note 4)	-	-	-	2,810,877	-	-	2,810,877
Transfer to statutory reserve	-	463,273	-	-	-	(463,273)	-
<b>Balance as at December 31, 2014</b>	<b>10,027,379</b>	<b>4,398,548</b>	<b>-</b>	<b>2,810,877</b>	<b>66,766</b>	<b>5,958,587</b>	<b>23,262,157</b>
<b>Total comprehensive income for the period</b>							
Profit after taxation for the half year ended June 30, 2015	-	-	-	-	-	2,677,350	2,677,350
<b>Transactions with owners recognised directly in equity</b>							
Final cash dividend for the year 2014	-	-	-	-	-	(1,253,422)	(1,253,422)
Transfer to statutory reserve	-	535,470	-	-	-	(535,470)	-
<b>Balance as at June 30, 2015</b>	<b>10,027,379</b>	<b>4,934,018</b>	<b>-</b>	<b>2,810,877</b>	<b>66,766</b>	<b>6,847,045</b>	<b>24,686,085</b>

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

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

	<b>H. E. Sheikh</b>	<b>Ebrahim</b>	<b>Bin Khalifa Al-</b>
Chairman	President & Chief Executive	Director	Director

**Khalifa**

**Irfan Siddiqui**

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

**Rana Ahmed  
Humayun**

Chairman

President & Chief Executive

Director

Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

**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 Ordinance, 1984, and its shares are quoted on the Karachi Stock Exchange. 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. The '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 (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 four hundred and eighty two branches as at June 30, 2015 (December 31, 2014: four hundred and twenty eight 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, 2014, the JCR - VIS Credit Rating Company Limited has reaffirmed the Bank's long-term rating as "AA" and the short-term rating as 'A-1+' with stable outlook.
- 1.5** The Securities and Exchange Commission of Pakistan (SECP) vide its letter No. EMD/233/001/2002-1191 dated March 31, 2015 has granted exemption to the Bank from preparation of consolidated financial statements of the Bank and its subsidiary company namely Al-Meezan Investment Management Limited (AMIML) for the year ending December 31, 2015 and all the interim periods falling within the aforesaid year end. The letter from the SECP specifies that the said exemption is subject to the following conditions:
- (i) It must be disclosed at conspicuous place in the annual financial statements of the Bank that annual audited accounts of the subsidiary shall be available for inspection at Registered Office of the Bank and would be available to the members on request without any cost; and
  - (ii) Annual accounts of the Bank must also disclose information regarding nature of auditors' qualification in the last audited accounts of the subsidiary, if any.

The required information and disclosures relating to AMIML will be made in the annual financial statements of the Bank for the year ending December 31, 2015.

**2 BASIS OF PRESENTATION**

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Musharakah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah and Export Refinance under Islamic Export Refinance Scheme and Service Ijarah.

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



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

**3 STATEMENT OF COMPLIANCE**

- 3.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 3.2** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for a full set of annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2014.
- 3.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information.

**4 ACQUISITION OF HSBC BANK MIDDLE EAST LIMITED - PAKISTAN BRANCHES OPERATIONS**

Last year, the Bank completed the acquisition of HSBC Bank Middle East Limited - Pakistan branches (HSBC) effective from the close of business on October 17, 2014. This transaction has been accounted for as "Business Combination" under IFRS 3.

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. The SBP has given exemption to the Bank from recognition of Intangible assets on the business combination. The management is currently carrying out the fair valuation exercise for recorded assets and liabilities and intends to complete within the period specified under IFRS 3.

The Bank incorporated the balances relating to HSBC at their carrying values as appearing in the audited financial statements of HSBC on the close of business on October 17, 2014.

The excess of net assets acquired over purchase consideration (bargain purchase gain) has been recognised as a non-distributable capital reserve in the statement of changes in equity as per the directives of the State Bank of Pakistan. The reserve may become available for distribution as stock dividend only with prior approval of the SBP. Further, the Bank may, before distribution of the reserve as stock dividend, adjust any subsequent provisions / deficit assessed by the Bank or recommended by the Banking Inspection Department of the SBP in subsequent inspections in the acquired portfolio of the HSBC against this reserve.

Further, the above gain does not incorporate the adjustments which will be recorded after completion of the fair value exercise of recorded assets and liabilities.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

**5 BASIS OF MEASUREMENT**

**5.1** This condensed interim financial information has been prepared under the historical cost convention except that certain investments, foreign currency balances 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 is carried at present value.

**5.2 Functional and Presentation Currency**

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

**5.3 Rounding off**

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

**6 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 the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

**7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

	Note	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
———— Rupees in '000 ————			
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		<b>8,486,331</b>	7,304,820
- foreign currencies		<b>1,975,837</b>	1,214,052
With the State Bank of Pakistan in			
- local currency current accounts	8.1	<b>17,691,160</b>	9,852,651
- foreign currency current accounts	8.1	<b>2,699,242</b>	2,623,520
With National Bank of Pakistan in			
- local currency current accounts		<u><b>7,248,840</b></u>	<u>8,733,721</u>
		<u><b>38,101,410</b></u>	<u>29,728,764</u>

**8.1** 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Note	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Rupees in '000			
<b>9 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- on current accounts		1,871,020	1,539,136
- on deposit accounts / term deposit receipts		-	2,000,000
Outside Pakistan			
- current accounts		2,389,728	852,178
- deposit accounts	9.1	4,854,372	1,109,763
		<u>9,115,120</u>	<u>5,501,077</u>

9.1 The return on these balances is around 0.10% (December 31, 2014: 0.14%) per annum.

**10 DUE FROM FINANCIAL INSTITUTIONS**

Bai Muajjal with the State Bank of Pakistan	129,938,581	51,603,990
Bai Muajjal with others banks	35,552,503	39,177,807
Wakalah	2,035,574	-
Musharakah	4,500,000	-
Modaraba	1,526,680	-
Commodity Murabaha	26,066	26,066
	<u>173,579,404</u>	<u>90,807,863</u>
Provision against non-performing amounts due from financial institutions	(41,566)	(41,566)
	<u>173,537,838</u>	<u>90,766,297</u>

10.1 These carry return ranging from 6% to 9.64% per annum (December 31, 2014: average return of 9.46%) and are due to mature on various dates from July 2015 to April 2016.

11 INVESTMENTS	Note	June 30, 2015 (Unaudited)		December 31, 2014 (Audited)			
		Held by the bank	Given as collateral Total	Held by the bank	Given as collateral	Total	
Rupees in '000							
<b>11.1 Investments by types</b>							
Available for sale securities		98,662,124	-	98,662,124	110,042,531	-	110,042,531
<b>In related parties</b>							
Subsidiary (unlisted)		63,050	-	63,050	63,050	-	63,050
Associates (listed)		3,410,346	-	3,410,346	3,409,286	-	3,409,286
Associates (unlisted)		28,125	-	28,125	28,125	-	28,125
<b>Investments at cost / carrying value</b>		<u>102,163,645</u>	<u>-</u>	<u>102,163,645</u>	113,542,992	-	113,542,992
Less : Provision for diminution in value of investments and impairment	11.3	(416,580)	-	(416,580)	(324,292)	-	(324,292)
<b>Investments - net of provision</b>		<u>101,747,065</u>	<u>-</u>	<u>101,747,065</u>	113,218,700	-	113,218,700
Surplus on revaluation of available for sale securities		1,165,746	-	1,165,746	870,552	-	870,552
<b>Total investments</b>		<u>102,912,811</u>	<u>-</u>	<u>102,912,811</u>	114,089,252	-	114,089,252

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

11.2 Investments by segments	Note	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
		———— Rupees in '000 ————	
<b>Federal Government Securities</b>			
GOP Ijarah Sukuk		75,383,888	88,715,134
<b>Sukuk certificates / bonds</b>			
Sukuk Certificates		12,297,431	11,708,002
Global Sukuk Bonds		7,296,297	6,716,165
<b>Fully paid up ordinary shares</b>			
Listed companies		3,176,682	2,463,424
Unlisted companies			
- Subsidiary		63,050	63,050
- Associates		28,125	28,125
- Others		432,826	389,806
<b>Units of open end funds</b>			
- Associates		3,410,346	3,409,286
- Others		75,000	50,000
<b>Total investment at cost / carrying value</b>		<b>102,163,645</b>	113,542,992
Less: Provision for diminution in value of investments and impairment	11.3	<b>(416,580)</b>	<b>(324,292)</b>
<b>Investments - net of provision</b>		<b>101,747,065</b>	113,218,700
Surplus on revaluation of available for sale securities		<b>1,165,746</b>	870,552
<b>Total investments</b>		<b>102,912,811</b>	114,089,252

**11.3 Provision for diminution in value of investments and impairment**

	June 30, 2015 (Unaudited)			December 31, 2014 (Audited)		
	Associates	Others	Total	Associates	Others	Total
	———— Rupees in '000 ————					
Opening balance	13,186	311,106	324,292	28,186	393,963	422,149
Charge / (reversal) for the year						
- on associates (unlisted)	-	-	-	(1,000)	-	(1,000)
On available for sale investments						
- charge for the year	-	114,788	114,788	-	101,045	101,045
- reversal for the year	-	(22,500)	(22,500)	-	(183,902)	(183,902)
	-	92,288	92,288	(1,000)	(82,857)	(83,857)
Provision written off	-	-	-	(14,000)	-	(14,000)
Closing balance	<b>13,186</b>	<b>403,394</b>	<b>416,580</b>	13,186	311,106	324,292

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Note	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
<b>12 ISLAMIC FINANCING AND RELATED ASSETS - NET</b>			
		Rupees in '000	
In Pakistan			
- Murabaha financings	12.1	9,636,303	16,759,330
- Advances against Murabaha		5,087,774	3,126,233
- Murabaha Inventory		2,021,455	6,836,095
- Financing under Islamic Export Refinance - Murabaha	12.2	409,383	621,295
- Advances against future Islamic Export Refinance - Murabaha		50,000	206,196
- Net investment in Ijarah		245,854	262,539
- Net book value of assets / investment in Ijarah under IFAS-2	12.3	11,902,757	9,987,968
		12,148,611	10,250,507
- Advances against future Ijarah		1,498,565	1,272,858
- Istisna financings		368,320	5,353,073
- Istisna advance		13,809,717	30,119,434
- Istisna Inventory		2,941,156	549,204
- Financing under Islamic Export Refinance - Istisna		193,132	411,792
- Financing under Islamic Export Refinance - Istisna - Inventory		100,240	144,939
- Advances against Islamic Export Refinance - Istisna		4,788,295	4,239,117
- Running Musharakah financings		23,226,375	23,215,324
- Financing under Islamic Export Refinance - Running Musharakah		3,230,000	5,520,154
- Diminishing Musharakah financings - Housing		5,317,503	4,546,072
- Diminishing Musharakah financings - Others		46,082,787	36,692,929
- Advance against Diminishing Musharakah		4,515,976	4,522,833
- Financing under Islamic Export Refinance - Tijarah		169,425	170,700
- Financing under Islamic Export Refinance - Tijarah - Inventory		554,900	484,700
- Tijarah financings		314,510	477,802
- Tijarah inventory		1,893,983	1,121,191
- Bai Muajjal financings	12.4	119,550	376,596
- Advance against future Service Ijarah		890,059	1,103,412
- Musawammah financings	12.5	91,663	905,100
- Musawammah inventory		600,087	1,500,815
- Labbaik (Qard for Hajj and Umrah)		6,201	7,796
- Financings against bills - Salam		4,683,891	6,656,647
- Financings against bills - Murabaha - Advance		1,738	1,738
- Salam Financings - Advances		3,000,000	3,000,055
- Salam Financings - Inventory		-	7,402,272
- Staff financings		1,836,086	1,550,862
- Other financings		2,762,989	4,138,477
<b>Gross Islamic financing and related assets</b>		<b>152,350,674</b>	<b>183,285,548</b>
Less: Provision against non-performing Islamic financing and related assets	12.7	(7,882,433)	(7,573,606)
<b>Islamic financing and related assets - net of provisions</b>		<b>144,468,241</b>	<b>175,711,942</b>
<b>12.1 Murabaha receivable - gross</b>		<b>10,386,745</b>	<b>17,476,680</b>
Less: Deferred murabaha income		(172,746)	(275,959)
Profit receivable shown in other assets		(577,696)	(441,391)
<b>Murabaha Financings</b>		<b>9,636,303</b>	<b>16,759,330</b>

<b>12.2</b> Financings under Islamic Export Refinance - Murabaha - gross	<b>441,228</b>	649,732
Less: Deferred income	<b>(7,061)</b>	(11,114)
Profit receivable shown in other assets	<b>(24,784)</b>	(17,323)
Financings under Islamic Export Refinance - Murabaha	<b><u>409,383</u></b>	<b><u>621,295</u></b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

- 12.3** Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs 6,850 million (December 31, 2014: Rs 6,246 million).

	<b>June 30, 2015 (Unaudited)</b>	<b>December 31, 2014 (Audited)</b>	<b>Rupees in '000</b>
<b>12.4</b> Bai Muajjal financings - gross	<b>211,322</b>	390,729	
Less: Deferred income	<b>(27,349)</b>	(13,656)	
Profit receivable shown in other assets	<b>(64,423)</b>	(477)	
Bai Muajjal financings	<b><u>119,550</u></b>	<u>376,596</u>	
<b>12.5</b> Musawammah financings - gross	<b>144,948</b>	962,334	
Less: Deferred income	<b>(17,920)</b>	(45,064)	
Profit receivable shown in other assets	<b>(35,365)</b>	(12,170)	
Musawammah financings	<b><u>91,663</u></b>	<u>905,100</u>	

Islamic financings and related assets include Rs 6,789 million (Dec 31, 2014: Rs 6,912 million) which have been placed under non-performing status as detailed below:

	<b>June 30, 2015 (Unaudited)</b>				
	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision required</b>	<b>Provision held</b>
	<b>Rupees in '000</b>				
<b>Category of classification</b>					
Other Assets Especially Mentioned	18,288	-	18,288	-	-
Substandard	64,010	-	64,010	9,068	9,068
Doubtful	205,142	-	205,142	96,115	96,115
Loss	<u>6,501,578</u>	-	<u>6,501,578</u>	<u>6,455,179</u>	<u>6,455,179</u>
	<u>6,789,018</u>	-	<u>6,789,018</u>	<u>6,560,362</u>	<u>6,560,362</u>

	<b>December 31, 2014 (Audited)</b>				
	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision required</b>	<b>Provision held</b>
	<b>Rupees in '000</b>				
<b>Category of classification</b>					

	2019	2018	2017	2016
<b>NOTES TO AND FORMING PART OF THE CONDENSED INTERIM</b>				
Other Assets, Especially Mentioned	9,860		68	68
Substandard	221,543	-	221,543	45,468
Doubtful	753,051	-	753,051	371,665
Loss	<u>5,927,924</u>	<u>-</u>	<u>5,927,924</u>	<u>5,867,889</u>
	<u>6,912,378</u>	<u>-</u>	<u>6,912,378</u>	<u>6,285,090</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

**Particulars of provision against non-performing Islamic Financing and Related Assets:**

	June 30, 2015 (Unaudited)			December 31, 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	6,285,090	1,288,516	7,573,606	4,608,918	1,242,923	5,851,841
Charge for the period / year	445,351	33,780	479,131	765,109	27,022	792,131
Less: Reversals	(170,079)	(225)	(170,304)	(246,367)	-	(246,367)
	275,272	33,555	308,827	518,742	27,022	545,764
Transferred during the period*	-	-	-	1,203,020	18,571	1,221,591
Amount written off	-	-	-	(45,590)	-	(45,590)
Closing balance	<u>6,560,362</u>	<u>1,322,071</u>	<u>7,882,433</u>	<u>6,285,090</u>	<u>1,288,516</u>	<u>7,573,606</u>

\* This represents balances transferred from HSBC Bank Middle East Limited - Pakistan branches on acquisition of HSBC Bank Middle East Limited - Pakistan branches operations.

The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer financing and Prudential Regulations for Small and Medium Enterprise financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 1,125 million (December 31, 2014: Rs 1,125 million) against Islamic financing and related assets made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the State Bank of Pakistan, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The accumulated benefit availed as at June 30, 2015 amounts to Rs 27 million (December 31, 2014: Rs 32 million). The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2015 amounts to Rs 17.55 million (December 31, 2014: Rs. 20.8 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  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

		June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
		Rupees in '000	
<b>13</b>	<b>OPERATING FIXED ASSETS</b>		
	Capital work-in-progress	877,159	195,815
	Property and equipment	5,821,924	5,581,937
	Intangible assets	<u>479,792</u>	<u>495,487</u>
		<u>7,178,875</u>	<u>6,273,239</u>
		June 30, 2015 (Unaudited)	June 30, 2014 (Unaudited)
		Rupees in '000	
	13.1 Additions to fixed assets	<u>1,451,078</u>	<u>482,569</u>
	Disposals of fixed assets - at cost	<u>150,842</u>	<u>55,120</u>
<b>14</b>	<b>14.1</b>	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
		DEPOSITS AND OTHER ACCOUNTS	
		Customers	
	- Fixed deposits	127,013,938	107,700,592
	- Savings deposits	166,710,441	149,365,058
	- Current accounts - non-remunerative	134,214,544	117,999,206
	- Margin	<u>725,224</u>	<u>605,419</u>
		<u>428,664,147</u>	375,670,275
		Financial institutions	
	- Remunerative deposits	<u>5,582,763</u>	4,639,557
	- Non-remunerative deposits	<u>279,653</u>	111,737
		<u>5,862,416</u>	4,751,294
		<u>434,526,563</u>	<u>380,421,569</u>

Particulars of  
deposits  
in

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)**

	Rupees in 000	
FOR THE HALF YEAR ENDED JUNE 30, 2015		
- local currency	<b>411,111,278</b>	356,600,082
- foreign currencies	<b><u>23,415,285</u></b>	<u>23,821,487</u>
	<b><u>434,526,563</u></b>	<u>380,421,569</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

**15 SHARE CAPITAL**

**Authorized capital**

June 30, 2015	December 31, 2014		June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Number of Shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

**Issued, subscribed and paid-up capital**

June 30, 2015	December 31, 2014		June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Number of Shares			Rupees in '000	
		<b>Ordinary Shares</b>		
456,353,635	456,353,635	Fully paid incash	<u>4,563,536</u>	4,563,536
<u>546,384,260</u>	<u>546,384,260</u>	Issued as bonus shares	<u>5,463,843</u>	<u>5,463,843</u>
<u>1,002,737,895</u>	<u>1,002,737,895</u>		<u>10,027,379</u>	<u>10,027,379</u>

**16 CONTINGENCIES AND COMMITMENTS**

**Direct credit substitutes**

Guarantee favoring		
- Banks	<u>62,587</u>	<u>65,264</u>

**Transaction related contingent liabilities**

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM**

	<b>10,002,266</b>	<b>12,782,424</b>
- Government	<b>526,169</b>	<b>203,386</b>
- Banks	<b>1,938,990</b>	<b>1,197,434</b>
- Others	<b>12,467,425</b>	<b>14,183,244</b>
<b>16.3 Trade related contingent liabilities</b>		
Import letters of credit	<b>29,530,738</b>	<b>22,011,518</b>
Acceptances	<b>3,640,404</b>	<b>2,662,307</b>
	<b>33,171,142</b>	<b>24,673,825</b>
<b>16.4 Commitments in respect of forward exchange contracts</b>		
Purchases	<b>68,598,409</b>	<b>49,068,758</b>
Sales	<b>73,722,655</b>	<b>65,208,080</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	<b>June 30, 2015 (Unaudited)</b>	<b>December 31, 2014 (Audited)</b>
	Rupees in '000	
<b>16.5 Commitments for the acquisition of operating fixed assets</b>	-	27,584
<b>16.6 Commitments in respect of Islamic financings and related assets</b>	<b>103,803,237</b>	86,587,543
<b>16.7 Other commitments</b>		
Bills for collection (inland)	225,014	128,131
Bills for collection (foreign)	19,961,392	20,589,736
	<b>20,186,406</b>	20,717,867
	<b>June 30, 2015 (Unaudited)</b>	<b>June 30, 2014 (Unaudited)</b>
	Rupees in '000	
<b>17 PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS</b>		
On financings to:		
- Customers	7,591,957	5,936,493
On investments in:		
- Available for sale securities	3,950,507	5,542,756
- Held for trading securities	478	11,784
- Held for maturity securities	-	-
On deposits with financial institutions	5,753,070	1,969,270
	<b>17,296,012</b>	13,460,303
<b>18 RETURN ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	7,506,603	6,931,065
Other short term Musharakahs / Mudarabas	275,029	424,847
	<b>7,781,632</b>	7,355,912

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

**19 TAXATION**

The Finance Act 2015 has introduced certain amendments in the Seventh schedule to the Income Tax Ordinance, 2001 which apply retrospectively to the financial year ended December 31, 2014 (Tax year 2015). The amendments introduced relates to:

- the bank's income from dividend and capital gains is now taxable at the rate of 35 percent for the Tax year 2015 and onwards. Previously, these were taxed at reduced rates (including for Tax year 2015);
- a one-time super tax at the rate of 4 percent of the taxable income for the Tax year 2015 has been introduced for rehabilitation of temporary displaced persons.

The effects of above amendments have been incorporated in this condensed interim financial information and an amount of Rs 459.143 million has been recognised as prior year tax charge. However, the banking industry is of the view that this may be discriminatory against banks and is seeking legal advice on the matter.

	Note	June 30, 2015 (Unaudited)	June 30, 2014 (Unaudited)
Rupees in '000			
<b>20 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation for the period		<u>2,677,350</u>	<u>2,253,722</u>
		Number	
Weighted average number of ordinary shares		<u>1,002,737,895</u>	<u>1,002,737,895</u>
		Rupees	
Basic earnings per share	20.1	<u>2.67</u>	<u>2.25</u>

**20.1** There were no convertible dilutive potential ordinary shares outstanding on June 30, 2015 and June 30, 2014.

	Note	June 30, 2015 (Unaudited)	June 30, 2014 (Unaudited)
Rupees in '000			
<b>21 CASH AND CASHEQUIVALENTS</b>			
Cash and balances with treasury banks	8	<u>38,101,410</u>	27,760,737
Balances with other banks	9	<u>9,115,120</u>	<u>3,163,111</u>
		<u>47,216,530</u>	<u>30,923,848</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

**22 SEGMENT DETAILS**

The segment analysis with respect to business activity is as follows:-

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Agency Services	Total
<b>Rupees in '000</b>						
<b>June 30, 2015 (Unaudited)</b>						
Total income	536,884	10,519,940	1,918,680	6,500,813	5,137	19,481,454
Total expenses	(459,254)	(9,197,657)	(1,585,088)	(5,560,307)	(1,798)	(16,804,104)
Net income	77,630	1,322,283	333,592	940,506	3,339	2,677,350
Segment assets	12,031,250	316,477,124	27,279,358	129,637,241	-	485,424,973
Segment non performing assets	579,861	376,439	962,510	5,855,968	-	7,774,778
Segment provision held*	406,410	150,399	957,879	6,963,045	-	8,477,733
Segment liabilities	214,386	1,368,853	447,942,154	10,455,760	-	459,981,153
Segment return on assets (ROA) (%)	1.33%	0.97%	2.48%	1.29%	-	-
Segment cost of funds (%)	3.88%	3.88%	3.88%	3.88%	-	-

**June 30, 2014 (Unaudited)**

Total income	434,202	8,615,415	1,714,259	5,001,449	6,258	15,771,583
Total expenses	(358,241)	(7,416,894)	(1,408,489)	(4,332,047)	(2,190)	(13,517,861)
Net income	75,961	1,198,521	305,770	669,402	4,068	2,253,722
Segment assets	6,877,785	230,476,331	20,038,567	104,962,372	-	362,355,055
Segment non performing assets	633,887	28,125	690,450	4,277,359	-	5,629,821
Segment provision held*	395,912	13,186	718,229	5,203,105	-	6,330,432
Segment liabilities	226,607	1,276,158	327,003,820	12,373,014	-	340,879,599
Segment return on assets (ROA) (%)	1.96%	1.13%	3.06%	1.26%	-	-
Segment cost of funds (%)	4.82%	4.82%	4.82%	4.82%	-	-

\* Includes General Provision

**23 RELATED PARTY TRANSACTIONS**

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 include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel and their close family members.

Banking transactions with related parties are entered in the normal course of business.

**Subsidiary company:**

- Al Meezan Investment Management Limited

**Key management personnel:**

- President and Chief Executive Officer  
- Deputy Chief Executive Officer

Details of transactions with related parties and balances with them as at the period / year end are as follows:



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Total		Subsidiary		Associates		Key management personnel/Directors		Other related parties	
	June 30, 2015 (Unaudited)	Dec 31, 2014 (Audited)	June 30, 2015 (Unaudited)	Dec 31, 2014 (Audited)	June 30, 2015 (Unaudited)	Dec 31, 2014 (Audited)	June 30, 2015 (Unaudited)	Dec 31, 2014 (Audited)	June 30, 2015 (Unaudited)	Dec 31, 2014 (Audited)
	<b>Rupees in '000</b>									
<b>Investment</b>	4,543,256	3,500,461	63,050	63,050	4,480,206	3,437,411	-	-	-	-
<b>Islamic financing and related assets</b>	3,111,790	-	-	-	3,111,790	-	-	-	-	-
<b>Deposits</b>	4,038,008	2,121,481	39,014	6,867	2,279,303	575,888	240,904	174,125	1,478,787	1,364,601
<b>Other Balances</b>										
Profit receivable on Islamic financing and related assets	57,551	-	-	-	57,551	-	-	-	-	-
Dividend receivable	15,109	-	-	-	15,109	-	-	-	-	-
Transfer agency fee receivable	2,493	1,000	2,493	1,000	-	-	-	-	-	-
Payable to defined benefit plan	77,808	123,481	-	-	-	-	-	-	77,808	123,481
Accrued expenses	8,167	12,337	8,167	12,337	-	-	-	-	-	-
Letters of credit (unfunded)	285,365	-	-	-	285,365	-	-	-	-	-
Letters of guarantee (unfunded)	337,300	100	100	100	337,200	-	-	-	-	-

	Total		Subsidiary		Associates		Key management personnel/Directors		Other related parties	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	<b>(Un-audited)</b>									
	<b>Rupees in '000</b>									

**Transactions, income and expenses**

Profit earned on Islamic financing and related assets	301,229	17,170	-	10,141	301,229	7,029	-	-	-	-
Return on deposits/borrowing expensed	58,958	328,669	641	665	11,590	269,113	1,844	3,564	44,883	55,327
Dividend income earned	17,844	-	-	-	17,844	-	-	-	-	-
Capital gain - net	34,276	8,582	-	-	34,276	8,582	-	-	-	-
Reversal of Provision against diminution in value of investment s	-	1,000	-	-	-	1,000	-	-	-	-
Write off of provision against diminution in value of investment s	-	14,000	-	-	-	14,000	-	-	-	-
Charge for defined benefit plan	77,808	55,211	-	-	-	-	-	-	77,808	55,211
Contribution to defined contribution plan	87,585	68,010	-	-	-	-	-	-	87,585	68,010
Contribution to defined staff benevolent fund	10,000	9,626	-	-	-	-	-	-	10,000	9,626
Fees expensed	11,469	6,897	11,469	6,897	-	-	-	-	-	-
Fees and other income earned	23,915	64,629	23,522	64,629	393	-	-	-	-	-
Premiums paid	7,340	30,797	-	-	7,340	30,797	-	-	-	-
Claims received	32,304	16,951	-	-	32,304	16,951	-	-	-	-
Remuneration to key management personnel including fees to non executive directors	66,132	59,838	-	-	-	-	66,132	59,838	-	26

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM**

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2015**

---

**24 NON-ADJUSTING EVENT**

The Board of Directors in their meeting held on July 27, 2015 has announced cash dividend @17.5% . This condensed interim financial information does not include the effect of this appropriation which will be accounted for subsequent to the period end.

**25 DATE OF AUTHORISATION**

This condensed interim financial information was authorised for issue on July 27, 2015 by the Board of Directors of the Bank.

**H. E. Sheikh Ebrahim Bin  
Khalifa Al-Khalifa**  
Chairman

**Irfan Siddiqui**  
President & Chief Executive

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

**Rana Ahmed  
Humayun**  
Director