



In the name of Allah The Beneficent The Merciful

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CORPORATE INFORMATION

Board of Directors

Riyadh S. A. A. Edrees
Faisal A. A. A. Al-Nassar
Bader H. A. M. A. Al-Rabiah
Mansur Khan
Alaa A. Al-Sarawi
Syeda Azra Mujtaba
Muhammad Zarrug Rajab
Mohammad Abdul Aleem
Noorur Rahman Abid
Talal S. A. Al-Shehab
Irfan Siddiqui
Ariful Islam

Chairman
Vice Chairman

President & CEO
Deputy CEO & Executive Director

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani
Sheikh Essam M. Ishaq
Dr. Muhammad Imran Ashraf Usmani

Chairman

Audit Committee

Mohammad Abdul Aleem
Noorur Rahman Abid
Alaa A. Al-Sarawi
Muhammad Zarrug Rajab

Risk Management Committee

Faisal A. A. A. Al-Nassar
Syeda Azra Mujtaba
Ariful Islam

Human Resource & Remuneration Committee

Riyadh S. A. A. Edrees
Noorur Rahman Abid
Irfan Siddiqui

Resident Shariah Board Member

Dr. Muhammad Imran Ashraf Usmani

Company Secretary

Tasnimul Haq Farooqui

Auditors

A. F. Ferguson & Co.

Registered Office and Head Office

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

E-mail

info@meezanbank.com

Website

www.meezanbank.com

Shares Registrar

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 and consolidated financial statements for the half year ended June 30, 2016. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in million

Statement of Financial Position	June 30, 2016	December 31, 2015	Growth %
Investments/Placements under Bai Muajjal - Sovereign	200,091	198,431	1%
Investments/Placements under Bai Muajjal - Others	67,636	48,953	38%
Islamic financing and related assets - net	225,262	207,569	9%
Total Assets	571,431	531,850	7%
Deposits	500,983	471,821	6%
Shareholders' Equity	26,989	25,557	6%

Rupees in million

Profit & Loss Account	Jan - June 2016	Jan - June 2015	Growth %
Discount rate	6.5% → 6.25%	8.5% → 6.5%	
Net spread earned after provisions	9,101	9,118	0%
Non funded income	2,807	2,185	28%
Operating income	11,909	11,304	5%
Administrative and other expenses	(7,475)	(6,468)	16%
Profit before tax	4,433	4,836	(8%)
Profit after tax	2,686	2,677	0%
Earnings per share - Rupees	2.68	2.67	0%
Number of branches	551	482	14%

By the Grace of Allah, Meezan Bank has maintained its growth momentum and crossed the deposits milestone of Rs 500 billion. The total assets of the Bank increased to Rs 571 billion from Rs 532 billion as of December 31, 2015, a growth of Rs 39 billion. The Bank maintained its position as the leading Islamic bank in Pakistan (amongst both Islamic as well as conventional banks) with branch network of 551 branches in 143 cities.

The Bank recorded profit after tax of Rs 2,686 million as compared to Rs 2,677 million in the corresponding period last year. You will be happy to note that operating income grew by 5% (YoY) on account of high quality portfolio of earning assets notwithstanding the fact that return on assets has decreased due to lowering of discount rate which ranged between 6.5% to 6.25% in the current period as compared to 8.5% to 6.5% in the corresponding period last year. However there was substantial growth in our fee, commission and brokerage income which increased by 40% with major contribution from trade finance income and income from alternative distribution channels.

DIRECTORS' REVIEW

The Finance Act 2016 has extended the applicability of Super Tax imposed in 2015 at the rate of 4% on the taxable income of the Bank for 2015. This has resulted in additional tax charge, for prior year, of Rs 276 million which has impacted the profitability of the Bank.

On liability side, deposits have increased by 6% as compared to December 2015 while CASA improved to 75% of the total deposits as compared to a CASA of 71% in December 2015. Despite the intense competition in the industry, the Bank not only expanded its deposit base but also successfully re-aligned its deposit mix and achieved a lower cost of funds. This low cost of funds has supported the Bank's operating performance during the half year.

There have been two new issues of the Sovereign Ijarah Sukuks but unfortunately the issue size was small as compared to the demand for such instrument which led to a price war and the cut-off price was lower than the equivalent instrument available for the conventional banks. This has negatively impacted the Islamic banking industry. The bank was able to deploy Rs 55 billion in these sukuks at a cut off yield of 5.59%.

Islamic financings and related assets grew by remarkable 56% from June 2015 and 9% from December 2015 closing at Rs 225 billion. During the half year, the Bank increased its financings as it brings better return with simultaneously ensuring all the risk parameters are met. The financings growth rate of banking industry was 7% during the half year while the Bank's financings grew by 9% and it also increased its share of financings in the banking industry. ADR of the Bank improved from 44% in December 2015 to 45% in June 2016.

The Bank maintains comfortable level of provisions against its non-performing financings with coverage ratio at 118%. The focus remains to build a high quality and diversified financing portfolio. The trade business volume handled by the Bank grew by 20% to Rs 241 billion as against Rs 201 billion in the corresponding period of last year.

Administrative and operating expenses increased to Rs 7,385 million from Rs 6,382 million. The rise in expenses is primarily due to increase in staff expenses, rent and associated costs as a result of addition of 123 new branches during last year - an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years.

The Bank is in the process of issuing Tier II Sukuks of Rs 7 billion to support our future growth strategy and meet Basel III requirements. The Sukuk issue is expected to be completed before the end of the third quarter which will improve the Bank's capital adequacy ratio.

The Board has approved 17.5% (Rs 1.75 per share) interim cash dividend for 2016. The Bank has maintained unbroken payout record since the Bank's listing on Stock Exchange in the year 2000.

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+ (A One Plus) is the highest standard in short term rating. The rating indicates sound performance indicators of the Bank.

DIRECTORS' REVIEW

Islamic Banking is growing at a rapid pace in Pakistan 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 Sukuks available to Islamic Banks to deploy surplus liquidity. We are hopeful that with the efforts of the Ministry of Finance and SBP's Islamic Banking Department, there will be new Sukuk issues during the year.

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

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
August 23, 2016

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 جون 2016ء کو ختم ہونے والی ششماہی کے لیے میزان بینک کے غیر پڑتال شدہ مختصر مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں۔

اہم مالیاتی نکات روپے (ملین میں)

مالیاتی حیثیت کا جائزہ	30 جون 2016	31 دسمبر 2015	اضافہ کی شرح %
بچہ معجل کے تحت سرمایہ کاری/انتظام کی اختیار	200,091	198,431	1%
بچہ معجل کے تحت سرمایہ کاری/انتظام۔ دیگر	67,636	48,953	38%
اسلامی فنانسنگ اور متعلقہ اثاثے۔ خالص (تمام کنٹریوں کے بعد)	225,262	207,569	9%
کل اثاثے	571,431	531,850	7%
جمع شدہ رقوم (Deposits)	500,983	471,821	6%
حصص یا فنڈنگ کی ایکویٹی	26,989	25,557	6%

نفع نقصان کھاتہ	جنوری تا جون 2016	جنوری تا جون 2015	اضافہ کی شرح %
ڈسکاؤنٹ ریٹس	6.5% سے 6.25%	6.5% سے 8.5%	
تمویں کے بعد اضافہ خالص (تمام کنٹریوں کے بعد)	9,101	9,118	0%
نان فنڈڈ آمدنی	2,807	2,185	28%
کاروباری آمدنی	11,909	11,304	5%
انتظامی اور دیگر اخراجات	(7,475)	(6,468)	16%
قبل از ٹیکس منافع	4,433	4,836	(8%)
بعد از ٹیکس منافع	2,686	2,677	0%
منافع فی حصص (روپوں میں)	2.68	2.67	0%
شاخوں کی تعداد	551	482	14%

الحمد للہ، میزان بینک نے 2016 کی پہلی ششماہی میں ترقی کی رفتار کو برقرار رکھتے ہوئے 500 ارب روپے کی جمع شدہ رقوم کے ساتھ ایک نیا سنگ میل عبور کر لیا ہے۔ زیر جائزہ مدت میں میزان بینک کے کل اثاثے 39 ارب روپے کے اضافے کے ساتھ 571 ارب ہو گئے جو کہ 31 دسمبر 2015 تک 532 ارب روپے تھے۔ بینک نے 143 شہروں میں 551 شاخوں کے وسیع نیٹ ورک کے ساتھ ملک بھر کے روایتی اور اسلامی بینکوں کے درمیان پاکستان کے سب سے بڑے اسلامی بینک ہونے کا اعزاز برقرار رکھا ہے۔

بینک کا بعد از ٹیکس منافع 2,686 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی عرصے میں 2,677 ملین تھا۔ آپ کو یہ جان کر خوشی ہوگی کہ بینک کے آمدنی والے اثاثوں (earning assets) کے ہائی کوائٹی پورٹ فولیو کے باعث بینک کی آپریٹنگ آمدنی میں 5 فیصد (سال بہ سال) اضافہ ہوا ہے جبکہ یہ حقیقت بھی پیش نظر رہے کہ ڈسکاؤنٹ ریٹس میں کمی کے باعث اثاثوں کے نفع (Returns) میں کمی واقع ہوئی ہے جو کہ حالیہ مدت میں 6.5 فیصد سے 6.25 فیصد جو گزشتہ سال کی اسی مدت میں 8.5 فیصد سے 6.5 فیصد رہا۔ بہر حال ہماری اجرت، کمیشن اور بروکریج کی مد میں ہونے والی آمدنی میں 40 فیصد تک اضافہ ہوا جس میں بڑا حصہ ٹریڈ فنانس اور تقسیم کے متبادل ذرائع سے حاصل ہونے والی آمدنی کا تھا۔

فنانس ایکٹ 2016 کے نفاذ سے 2015 میں نافذ کردہ سپرنٹنڈنسی کی اطلاقیت میں مزید توسیع ہوئی جو 4 فیصد کی شرح سے بینک کی 2015 کی قابل ٹیکس آمدنی پر لگایا گیا تھا۔ اس کے نتیجے میں گزشتہ سال 276 ملین روپے کے اضافی ٹیکس کی وجہ سے بینک کا منافع متاثر ہوا۔

واجبات کے حوالے سے اس ششماہی کے اختتام تک جمع شدہ رقوم میں گزشتہ سال 2015 کی اسی ششماہی کے مقابلے میں 16% اضافہ ہوا جس میں CASA کا حصہ کل جمع شدہ رقوم کا 75% فیصد تھا جبکہ دسمبر 2015 میں CASA کی شرح 71 فیصد تھی۔ بینکاری کی صنعت میں سخت مقابلے کے باوجود نہ صرف بینک کی جمع شدہ رقوم میں مسلسل اضافہ ہوا بلکہ ان کی ازسر نو درستی سے سرمائے کی کم ترین لاگت کا حصول بھی ممکن ہوا۔ سرمائے کی اس کم ترین لاگت کی بدولت اس ششماہی میں بینک کی عملی کارکردگی میں قابل قدر اضافہ دیکھنے میں آیا۔

کلی (sovereign) اجارہ صکوک کے دو نئے اجراء ہوئے لیکن بد قسمتی سے یہ دونوں اجراء اس انسٹرومنٹ کی طلب کے مقابلے میں بہت کم تھے جس کی وجہ سے مقابلہ نرخ کا آغاز ہوا اور ان کی اختتامی قیمت کنوٹشل بینکوں کو دستیاب مساوی انسٹرومنٹ سے کم تھی۔ اس سے اسلامی بینکاری کی صنعت پر برے اثرات مرتب ہوئے، بینک 5.59 فیصد کے اختتامی منافع کے ساتھ 55 ارب روپے ان صکوک کے لئے مختص کر سکا۔

اسلامی فنانسنگ اور متعلقہ اثاثوں میں جون 2015 کے مقابلے میں 56 فیصد اور دسمبر 2015 کے مقابلے میں 9 فیصد کا غیر معمولی اضافہ ہوا جو 225 ارب پر بند ہوئے۔ اس ششماہی کے دوران بینک نے زیادہ منافع کے حصول کے ساتھ ساتھ تمام تر اہم پیش روں پر قابو پاتے ہوئے اپنی فنانسنگ میں اضافہ کر کے زیادہ منافع کے حصول کو ممکن بنایا۔ زیر جائزہ مدت میں بینکاری کی صنعت میں فنانسنگ کی شرح 7 فیصد سے برقی جبکہ بینک کی فنانسنگ میں 9 فیصد کا اضافہ ہوا اور اس کے ساتھ ہی بینک نے بینکاری کی صنعت میں اپنی فنانسنگ کے حصے میں بھی اضافہ کیا۔ بینک کا ADR دسمبر 2015 کے 44 فیصد سے بہتر ہو کر جون 2016 میں 45 فیصد ہو گیا۔

بینک نے غیر فعال فنانسنگ کی مد میں Provisions کی تسلی بخش شرح (کوریج کی شرح 118%) برقرار رکھی ہے۔ ہماری توجہ اعلیٰ معیار کے ساتھ مختلف النوع سرمایہ کاری طریقے قائم رکھنے پر مرکوز ہے۔ بینک کے تجارتی کاروبار کا حجم 20 فیصد کے اضافے کے ساتھ 241 ارب روپے تک پہنچ گیا جو گزشتہ سال اس عرصے میں 201 ارب تھا۔

بینک کے انتظامی اور کارگزاری اخراجات میں اضافہ دیکھنے میں آیا جو 6,382 ملین روپے سے بڑھ کر 7,385 ملین ہو گئے۔ اس کی بنیادی وجہ ملازمین پر ہونے والے اخراجات میں اضافہ اور گزشتہ سال کھولی گئی 123 نئی شاخوں کے کرائے اور دیگر مد میں اخراجات ہیں۔ بہر حال اس اضافہ کا فائدہ نتیجتاً بینک کو ہی ہوا ہے جیسا کہ گزشتہ برسوں میں جمع شدہ رقوم اور منافع میں ہونے والے اضافوں سے اس کی تصدیق ہوتی ہے۔

بینک عفریب 7 ارب روپے کے Tier II صکوک جاری کر رہا ہے تاکہ اس سے ہماری مستقبل کی ترقی کی حکمت عملی کو مدد ملے اور Basel III کی ضروریات پوری ہوسکیں۔ صکوک کا اجراء اس سال کی تیسری سہ ماہی میں مکمل ہونے کا امکان ہے جس سے بینک کے Capital Adequacy Ratio میں بہتری آئے گی۔

بورڈ نے 2016 کے لئے 17.5 فیصد (1.75 روپے فی حصص) کے عبوری نقد یو یو یو کی منظوری دی ہے۔ بینک نے سنہ 2000 میں اسٹاک آپکھینچ میں شمولیت کے وقت سے اب تک بلا قطل ادا بینگیوں کا ریکارڈ بھی برقرار رکھا ہے۔

JCR-VIS کریڈٹ ریٹنگ کمپنی (جو جاپان کریڈٹ ریٹنگ ایجنسی سے الحاق شدہ ہے) نے بینک کی طویل مدتی ریٹنگ AA (ڈبل اے) اور قلیل المدتی ریٹنگ A1+ (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ توثیق کی ہے۔ قلیل مدتی ریٹنگ میں A1+ سب سے اعلیٰ درجہ ہے اور یہ بینک کی اعلیٰ کارکردگی کی تصدیق کرتی ہے۔ پاکستان میں اسلامی بینکاری کی شرح میں تیزی سے اضافہ ہو رہا ہے اور ہم اسٹیٹ بینک آف پاکستان اور وزارت خزانہ کے مشکور ہیں جنہوں نے اسلامی بینکاری کی صنعت کی ترقی اور فروغ میں مدد دی۔ اس صنعت کو درپیش مسائل میں سے ایک اسلامی بینکوں کو صکوک کی کم تعداد میں دستیابی بھی ہے تاکہ وہ اضافی Liquidity انویسٹ کر سکیں۔ ہم امید کرتے ہیں کہ وزارت خزانہ اور اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری شعبے کی کوششوں سے اس سال نئے صکوک جاری کیے جائیں گے۔

میزان بینک کا بورڈ، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور ہمارے شریعہ سپر وائزرز بورڈ کا ان کی مسلسل معاونت اور رہنمائی کے لیے جہد دل سے مشکور ہے۔ اس موقع پر ہم اپنے معزز صارفین کے مسلسل اعتماد اور سرپرستی، اپنے شیئر ہولڈرز کے تعاون اور اپنے ملازمین کی مسلسل جدوجہد کے لیے ان کا شکریہ ادا کرتے ہیں جنہوں نے میزان بینک کو کامیابی کی ان بلندیوں سے ہمکنار کیا۔ اللہ تعالیٰ ہمیں حوصلہ اور دانائی عطا کرے تاکہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعمیر کی نئی بلندیوں تک لے جاسکیں۔ آمین

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض الیس اے اے اور لیس
چیئر مین

کراچی
23 اگست 2016

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

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Meezan Bank Limited** as at June 30, 2016 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial information for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated 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 unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

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 unconsolidated condensed interim financial information as at and for the half year ended June 30, 2016 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 25, 2016

Karachi

UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	8	44,288,226	43,685,636
Balances with other banks	9	15,698,346	11,175,060
Due from financial institutions	10	72,498,847	101,079,476
Investments - net	11	195,227,829	146,304,897
Islamic financing and related assets - net	12	225,262,295	207,568,823
Operating fixed assets	13	8,846,817	8,056,743
Deferred tax asset - net		-	-
Other assets		9,608,309	13,979,299
		571,430,669	531,849,934
LIABILITIES			
Bills payable		10,532,096	6,560,324
Due to financial institutions		20,141,400	13,609,551
Deposits and other accounts	14	500,983,284	471,820,959
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		631,509	393,121
Other liabilities		11,204,880	13,118,869
		543,493,169	505,502,824
NET ASSETS		27,937,500	26,347,110
REPRESENTED BY			
Share capital	15	10,027,379	10,027,379
Reserves		9,124,489	8,587,363
Unappropriated profit		7,837,122	6,942,042
		26,988,990	25,556,784
Surplus on revaluation of investments - net of tax		948,510	790,326
		27,937,500	26,347,110
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

Riyadh
S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A.
Al-Nassar
Director

Muhammad
Zarrug Rajab
Director

UNCONSOLIDATED CONDENSED INTERIM

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2016

	Note	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	17	7,487,045	14,953,820	9,018,723	17,296,012
Return on deposits and other dues expensed	18	2,926,668	6,151,845	3,751,002	7,781,632
Net spread earned		4,560,377	8,801,975	5,267,721	9,514,380
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	12.8	(90,669)	(222,920)	83,081	308,827
Reversal of provision against off-balance sheet obligations		-	-	(4,813)	(4,897)
(Reversal of provision) / provision against diminution in the value of investments	11.3	(50,110)	(76,576)	(7,499)	92,288
Bad debts written off directly		-	-	-	-
		(140,779)	(299,496)	70,769	396,218
Net spread after provisions		4,701,156	9,101,471	5,196,952	9,118,162
OTHER INCOME					
Fee, commission and brokerage income		680,931	1,307,336	503,214	934,573
Dividend income		167,240	279,600	54,403	96,654
Income from dealing in foreign currencies		378,698	643,674	392,422	889,125
Capital gain on sale of investments - net		201,221	471,027	31,135	182,394
Unrealised loss on revaluation of investments classified as 'held for trading'		-	-	-	-
Other income		46,433	105,517	48,493	82,696
Total other income		1,474,523	2,807,154	1,029,667	2,185,442
		6,175,679	11,908,625	6,226,619	11,303,604
OTHER EXPENSES					
Administrative expenses		3,753,247	7,385,333	3,338,834	6,381,592
Other charges		316	381	212	447
Other reversals		(868)	(101)	(16,419)	(11,530)
Workers Welfare Fund		47,817	89,602	57,839	97,018
Total other expenses		3,800,512	7,475,215	3,380,466	6,467,527
		2,375,167	4,433,410	2,846,153	4,836,077
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		2,375,167	4,433,410	2,846,153	4,836,077
Taxation - Current	19	891,814	1,419,290	1,019,316	1,352,326
- Prior years		175,280	175,280	459,143	459,143
- Deferred		(40,860)	153,212	3,784	347,258
		1,026,234	1,747,782	1,482,243	2,158,727
PROFIT AFTER TAXATION		1,348,933	2,685,628	1,363,910	2,677,350
Rupees					
Basic and diluted earnings per share	20	1.35	2.68	1.36	2.67

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

Riyadh
S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A.
Al-Nassar
Director

Muhammad
Zarrug Rajab
Director

UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
	Rupees in '000			
Profit after taxation for the period	1,348,933	2,685,628	1,363,910	2,677,350
Other Comprehensive income	-	-	-	-
Comprehensive income transferred to statement of changes in equity	1,348,933	2,685,628	1,363,910	2,677,350
<i>Items that may be reclassified to profit and loss account</i>				
Components of comprehensive income not reflected in equity				
Surplus on revaluation of investments	589,409	243,360	437,559	295,194
Deferred tax on revaluation of investments	(206,293)	(85,176)	(177,317)	(153,069)
Total comprehensive income for the period	1,732,049	2,843,812	1,624,152	2,819,475

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

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

Irfan Siddiqui
President & Chief Executive

**Faisal A. A. A.
Al-Nassar**
Director

**Muhammad
Zarrug Rajab**
Director

UNCONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016	June 30, 2015
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,433,410	4,836,077
Less: Dividend income		(279,600)	(96,654)
		4,153,810	4,739,423
Adjustments for non-cash charges and other items			
Depreciation		657,385	453,259
Amortization		80,151	72,712
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net		(222,920)	308,827
(Reversal of provision) / provision against diminution in value of investments		(76,576)	92,288
Reversal of provision against off balance sheet obligations		-	(4,897)
Gain on sale of operating fixed assets		(29,429)	(29,810)
		408,611	892,379
		4,562,421	5,631,802
(Increase) / decrease in operating assets			
Due from financial institutions		28,580,629	(82,771,541)
Islamic financing and related assets		(17,470,552)	30,934,874
Other assets		4,504,511	4,097,847
		15,614,588	(47,738,820)
Increase / (decrease) in operating liabilities			
Bills payable		3,971,772	2,751,809
Due to financial institutions		6,531,849	(6,896,708)
Deposits and other accounts		29,162,325	54,104,994
Other liabilities		(2,293,125)	(3,503,535)
		37,372,821	46,456,560
		57,549,830	4,349,542
Income tax paid		(1,216,112)	(1,161,894)
Net cash generated from operating activities		56,333,718	3,187,648
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in securities		(48,602,996)	11,379,347
Dividends received		146,079	73,614
Investments in operating fixed assets		(1,547,759)	(1,451,078)
Proceeds from disposal of operating fixed assets		49,578	49,281
Net cash (used in) / generated from investing activities		(49,955,098)	10,051,164
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,252,744)	(1,252,123)
Net cash used in financing activities		(1,252,744)	(1,252,123)
Increase in cash and cash equivalents		5,125,876	11,986,689
Cash and cash equivalents at the beginning of the period		54,860,696	35,229,841
Cash and cash equivalents at the end of the period	21	59,986,572	47,216,530

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

Riyadh
S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Muhammad Zarrug Rajab
Director

UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016

	Share capital	Statutory reserve *	Capital reserves Non-Distributable Capital Reserve	Revenue reserve General reserve	Unappropriated profit	Total
	Rupees in '000					
Balance as at January 1, 2015	10,027,379	4,398,548	2,823,440	66,766	5,958,587	23,274,720
Total comprehensive income for the period						
Profit after taxation for the half year ended June 30, 2015	-	-	-	-	2,677,350	2,677,350
Transactions with owners recognised directly in equity						
Final cash dividend for the year 2014	-	-	-	-	(1,253,422)	(1,253,422)
Transfer to statutory reserve	-	535,470	-	-	(535,470)	-
Balance as at June 30, 2015	10,027,379	4,934,018	2,823,440	66,766	6,847,045	24,698,648
Total comprehensive income for the period						
Profit after taxation for the half year ended December 31, 2015	-	-	-	-	2,345,159	2,345,159
Remeasurement loss on defined benefit plan - net of tax	-	-	-	-	(26,339)	(26,339)
Transactions with owners recognised directly in equity						
Interim cash dividend for the year 2015	-	-	-	-	(1,754,791)	(1,754,791)
Gain on bargain purchase (note 4)	-	-	294,107	-	-	294,107
Transfer to statutory reserve	-	469,032	-	-	(469,032)	-
Balance as at December 31, 2015	10,027,379	5,403,050	3,117,547	66,766	6,942,042	25,556,784
Total comprehensive income for the period						
Profit after taxation for the half year ended June 30, 2016	-	-	-	-	2,685,628	2,685,628
Transactions with owners recognised directly in equity						
Final cash dividend for the year 2015	-	-	-	-	(1,253,422)	(1,253,422)
Transfer to statutory reserve	-	537,126	-	-	(537,126)	-
Balance as at June 30, 2016	10,027,379	5,940,176	3,117,547	66,766	7,837,122	26,988,990

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

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Muhammad Zarrug Rajab
Director

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016**

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 (now "Pakistan 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. The Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through five hundred and fifty one branches as at June 30, 2016 (December 31, 2015: five hundred and fifty one 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, 2015, the JCR-VIS Credit Rating Company Limited has reaffirmed the Bank's long-term rating as 'AA' and the short-term rating as 'A1+' with stable outlook.

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 unconsolidated 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.

3 STATEMENT OF COMPLIANCE

- 3.1** This unconsolidated 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.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016**

3.2 The disclosures made in this unconsolidated 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 unconsolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2015.

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, 2016 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 unconsolidated condensed interim financial information.

4 ACQUISITION OF HSBC BANK OMAN S.A.O.G - PAKISTAN BRANCH OPERATIONS

Last year, the Bank completed the acquisition of HSBC Oman S.A.O.G - Pakistan branch (HBON) effective from the close of business on November 06, 2015. 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 HBON at their carrying values as appearing in the audited financial statements of HBON on the close of business on November 06, 2015.

The excess of net assets acquired over purchase consideration 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 HBON 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.

5 BASIS OF MEASUREMENT

5.1 This unconsolidated 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

5.2 Functional and Presentation Currency

This unconsolidated 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 unconsolidated 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, 2015.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this unconsolidated 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, 2015 except for the following:

- Non Banking assets acquired in the satisfaction of claims

Effective January 1, 2016, the Bank has changed its accounting policy for recording of non banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property is required to be credited to the 'surplus on revaluation of assets' account which is required to be shown in the Statement of Financial Position below equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

The above change in accounting policy does not have any impact on this unconsolidated condensed interim financial information.

	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		13,253,085	10,796,938
- foreign currencies		1,859,679	1,706,594
With the State Bank of Pakistan in			
- local currency current accounts	8.1	16,968,044	15,508,004
- foreign currency current accounts	8.1	3,052,178	3,038,669
With National Bank of Pakistan in			
- local currency current accounts		9,155,240	12,635,431
		44,288,226	43,685,636

- 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 UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
9 BALANCES WITH OTHER BANKS			
In Pakistan		Rupees in '000	
- in current accounts		1,899,758	1,978,004
- on deposit accounts / term deposit receipts	9.1	13,000,000	4,000,000
Outside Pakistan			
- in current accounts		625,464	2,089,623
- in deposit accounts	9.2	173,124	3,107,433
		15,698,346	11,175,060

9.1 The return on these balances is around 5.98% (December 31, 2015: 6.5%) per annum.

9.2 The return on these balances is around 0.10% (December 31, 2015: 0.09%) per annum.

10 DUE FROM FINANCIAL INSTITUTIONS

Bai Muajjal:			
With other banks		27,734,087	21,885,385
With State Bank of Pakistan		31,413,175	78,334,591
With other banks-Secured		3,367,085	-
		62,514,347	100,219,976
Musharakah - Unsecured		-	875,000
Musharakah - Secured		10,000,000	-
Commodity Murabaha		26,066	26,066
		72,540,413	101,121,042
Provision against non-performing amounts due from financial institutions		(41,566)	(41,566)
		72,498,847	101,079,476

10.1 These carry return ranging from 5.70% to 6.07% per annum (December 31, 2015: 5.75% to 8.34%) and are due to mature on various dates from July 2016 to March 2017.

11 INVESTMENTS - NET	Note	June 30, 2016 (Unaudited)			December 31, 2015 (Audited)		
		Held by the bank	Given as collateral	Total	Held by the bank	Given as collateral	Total
11.1 Investments by types		Rupees in '000					
Available for sale securities		164,238,995 *	-	164,238,995	143,607,874	-	143,607,874
Held to maturity securities		28,000,000	-	28,000,000	-	-	-
In related parties							
Subsidiary (unlisted)		63,050	-	63,050	63,050	-	63,050
Associates (listed)		1,835,346	-	1,835,346	1,835,346	-	1,835,346
Associate (unlisted)		-	-	-	28,125 **	-	28,125
Investments at cost / carrying value		194,137,391	-	194,137,391	145,534,395	-	145,534,395
Less: Provision for diminution in the value of investments	11.3	(368,809)	-	(368,809)	(445,385)	-	(445,385)
Investments - net of provision		193,768,582	-	193,768,582	145,089,010	-	145,089,010
Surplus on revaluation of available for sale securities		1,459,247	-	1,459,247	1,215,887	-	1,215,887
Total investments		195,227,829	-	195,227,829	146,304,897	-	146,304,897

* These include investment in sukuks of Pakistan International Airline (PIA) amounting to Rs 1.5 billion in respect of which no provision has been recognised as the SBP has allowed exemption from Regulation (R-8) of the Prudential Regulations for Corporate / Commercial Banking upto December 31, 2016.

** The entity has no longer remained an associated entity during the current period.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Rupees in '000			
11.2 Investments by segments			
Federal Government Securities			
GOP Ijarah Sukuk		96,981,701	48,183,702
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		69,394,946	69,394,946
Sukuk certificates / bonds			
Sukuk Certificates		13,798,640	14,515,543
Global Sukuk Bonds		7,647,301	7,492,187
Fully paid up ordinary shares			
Listed companies		3,773,056	3,432,671
Unlisted companies			
- subsidiary		63,050	63,050
- associates		-	28,125 *
- others		593,351	513,825
Units of open end funds			
- associates		1,835,346	1,835,346
- others		50,000	75,000
Total investment at cost / carrying value		194,137,391	145,534,395
Less: Provision for diminution in the value of investments		(368,809)	(445,385)
Investments - net of provision		193,768,582	145,089,010
Surplus on revaluation of available for sale securities	11.3	1,459,247	1,215,887
Total investments		195,227,829	146,304,897

11.3 Provision for diminution in value of investments and impairment

	June 30, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Associates	Others	Total	Associates	Others	Total
Rupees in '000						
Opening balance	-	445,385	445,385	13,186	311,106	324,292
Charge / (reversal) for the period / year						
- on associates (unlisted)	-	-	-	11,328	-	11,328
On available for sale investments						
- charge for the period / year	-	28,054	28,054	-	163,280	163,280
- reversal for the period / year	-	(104,630)	(104,630)	-	(53,515)	(53,515)
	-	(76,576)	(76,576)	11,328	109,765	121,093
Closing balance	-	368,809	368,809	24,514 *	420,871	445,385

* The entity has no longer remained an associated entity during the current period.

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	Note	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
12 ISLAMIC FINANCING AND RELATED ASSETS - NET		Rupees in '000	
In Pakistan			
- Murabaha financings	12.1	6,660,339	12,197,556
- Advances against Murabaha		3,022,534	1,848,265
- Murabaha Inventory		5,461,405	5,762,536
- Financing under Islamic Export Refinance - Murabaha	12.2	126,135	595,214
- Advances against future Islamic Export Refinance - Murabaha		1,200	232,432
- Net investment in Ijarah		153,932	238,011
- Net book value of assets / investment in Ijarah under IFAS-2		17,073,530	13,610,087
	12.3	17,227,462	13,848,098
- Advances against future Ijarah		2,834,620	1,773,507
- Istisna financings		579,584	777,841
- Istisna advance		15,872,300	19,316,205
- Istisna Inventory		1,542,455	1,358,024
- Financing under Islamic Export Refinance - Istisna		505,114	387,235
- Financing under Islamic Export Refinance - Istisna - Inventory		848,648	818,114
- Advances against Islamic Export Refinance - Istisna		2,987,232	6,348,823
- Financing under Islamic Export Refinance - Musawammah	12.6	273,264	434,393
- Advances against Islamic Export Refinance - Musawammah		-	60,000
- Running Musharakah financings		31,205,134	42,315,235
- Financing under Islamic Export Refinance - Running Musharakah		4,373,065	6,030,000
- Diminishing Musharakah financings - Housing		8,371,965	6,918,394
- Diminishing Musharakah financings - Others		76,147,299	51,538,252
- Advances against Diminishing Musharakah		10,723,564	6,632,827
- Financing under Islamic Export Refinance - Tijarah		220,000	129,600
- Financing under Islamic Export Refinance - Tijarah - Inventory		166,500	685,800
- Tijarah financings		210,517	278,911
- Tijarah inventory		4,839,148	4,237,102
- Bai Muajjal financings	12.4	110,413	863,631
- Advances against future Service Ijarah		932,103	770,456
- Musawammah financings	12.5	4,153,325	7,827,479
- Advances against Musawammah		2,244,139	2,396,596
- Wakalah Tul Istithmar		12,750,000	-
- Musharakah Financings		829,600	
- Musawammah inventory		3,711,922	1,666,407
- Labbaik (Qard for Hajj and Umrah)		4,125	4,725
- Financings against bills - Salam		9,430,623	7,343,900
- Financings against bills - Murabaha - Advance		1,738	1,738
- Salam Financings - Advances		-	5,000,000
- Staff financings		2,477,480	2,183,244
- Other financings		2,401,263	3,193,123
Gross Islamic financing and related assets		233,246,215	215,775,663
Less: Provision against non-performing Islamic financings and related assets	12.8	(7,983,920)	(8,206,840)
Islamic financing and related assets - net of provisions		225,262,295	207,568,823
12.1 Murabaha receivable - gross		6,949,546	12,709,277
Less: Deferred murabaha income		(91,638)	(141,759)
Profit receivable shown in other assets		(197,569)	(369,962)
Murabaha Financings		6,660,339	12,197,556
12.2 Financing under Islamic Export Refinance - Murabaha - gross		136,084	613,268
Less: Deferred income		(882)	(5,693)
Profit receivable shown in other assets		(9,067)	(12,361)
Financing under Islamic Export Refinance - Murabaha		126,135	595,214

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- 12.3** Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs 9,321 million (Dec 31, 2015: Rs 8,152 million).

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
12.4 Bai Muajjal financings - gross	143,312	898,512
Less: Deferred income	(14,678)	(20,945)
Profit receivable shown in other assets	(18,221)	(13,936)
Bai Muajjal financings	110,413	863,631
12.5 Musawammah financings - gross	4,301,792	8,100,048
Less: Deferred income	(88,777)	(180,515)
Profit receivable shown in other assets	(59,690)	(92,054)
Musawammah financings	4,153,325	7,827,479
12.6 Financing under Islamic Export Refinance - Musawammah	277,167	451,794
Less: Deferred income	(575)	(5,432)
Profit receivable shown in other assets	(3,328)	(11,969)
Financing under Islamic Export Refinance - Musawammah	273,264	434,393

- 12.7** Islamic financings and related assets include Rs 6,791 million (Dec 31, 2015: Rs 7,064 million) which have been placed under non-performing status as detailed below:

	June 30, 2016 (Unaudited)				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	8,434	-	8,434	710	710
Substandard	208,652	-	208,652	49,585	49,585
Doubtful	57,058	-	57,058	22,665	22,665
Loss	6,516,558	-	6,516,558	6,482,042	6,482,042
	6,790,702	-	6,790,702	6,555,002	6,555,002

	December 31, 2015 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	1,544	-	1,544	-	-
Substandard	227,927	-	227,927	54,401	54,401
Doubtful	62,832	-	62,832	25,755	25,755
Loss	6,772,079	-	6,772,079	6,759,912	6,759,912
	7,064,382	-	7,064,382	6,840,068	6,840,068

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12.8 Particulars of provision against non-performing Islamic Financing and related assets:

	June 30, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,840,068	1,366,772	8,206,840	6,285,090	1,288,516	7,573,606
Charge for the period / year	49,916	62,146	112,062	604,014	78,256	682,270
Less: Reversals	(334,982)	-	(334,982)	(256,362)	-	(256,362)
	(285,066)	62,146	(222,920)	347,652	78,256	425,908
Transferred during the period / year*	-	-	-	207,661	-	207,661
Amount written off	-	-	-	(335)	-	(335)
Closing balance	6,555,002	1,428,918	7,983,920	6,840,068	1,366,772	8,206,840

* This represents balances transferred from HSBC Bank Oman S.A.O.G.- Pakistan branch on acquisition of HSBC Bank Oman S.A.O.G - Pakistan branch operations.

12.8.1 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, 2015: 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.

12.8.2 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, 2016 amounts to Rs 8 million (December 31, 2015: Rs 25.3 million). The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2016 amounting to Rs 5.2 million (December 31, 2015: Rs. 16.4 million) is not available for distribution of cash and stock dividend to share holders.

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	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
13 OPERATING FIXED ASSETS		
Capital work-in-progress	500,580	425,560
Property and equipment	7,893,538	7,177,915
Intangible assets	452,699	453,268
	<u>8,846,817</u>	<u>8,056,743</u>
	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
	Rupees in '000	
13.1 Additions to fixed assets	<u>1,547,759</u>	<u>1,451,078</u>
Disposals of fixed assets - at cost	<u>99,706</u>	<u>150,842</u>
	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
14 DEPOSITS AND OTHER ACCOUNTS		
Customers		
- Fixed deposits	126,309,552	131,769,647
- Savings deposits	198,593,420	184,622,913
- Current accounts - non-remunerative	169,041,081	148,226,202
- Margin	2,030,029	1,055,262
	<u>495,974,082</u>	<u>465,674,024</u>
Financial institutions		
- Remunerative deposits	4,192,603	5,672,624
- Non-remunerative deposits	816,599	474,311
	<u>5,009,202</u>	<u>6,146,935</u>
	<u>500,983,284</u>	<u>471,820,959</u>
14.1 Particulars of deposits		
In		
- local currency	473,957,064	445,247,970
- foreign currencies	27,026,220	26,572,989
	<u>500,983,284</u>	<u>471,820,959</u>

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15 SHARE CAPITAL

15.1 Authorised capital

June 30, 2016	December 31, 2015		June 30, 2016 (Unaudited)	December 31, 2015 (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>

15.2 Issued, subscribed and paid-up capital

June 30, 2016	December 31, 2015		June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Number of Shares			Rupees in '000	
		Ordinary Shares		
<u>456,353,635</u>	<u>456,353,635</u>	Fully paid in cash	<u>4,563,536</u>	<u>4,563,536</u>
<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

16.1 Transaction related contingent liabilities

Guarantee favoring		
- Government	11,218,317	9,936,461
- Banks	851,769	227,332
- Others	2,986,617	2,436,550
	<u>15,056,703</u>	<u>12,600,343</u>

16.2 Trade related contingent liabilities

Import letters of credit	32,414,280	29,373,250
Acceptances	5,283,070	4,049,357
	<u>37,697,350</u>	<u>33,422,607</u>

16.3 Commitments in respect of forward exchange contracts

Purchases	<u>57,993,945</u>	<u>68,362,309</u>
Sales	<u>50,993,408</u>	<u>74,532,767</u>

**16.4 Commitments for the acquisition
of operating fixed assets**

<u>135,786</u>	<u>294,082</u>
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	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
16.5 Commitments in respect of Islamic financing and related assets	125,144,187	106,606,261
16.6 Other commitments		
Bills for collection (inland)	167,739	151,175
Bills for collection (foreign)	41,237,476	30,956,046
	41,405,215	31,107,221
17 PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
	Rupees in '000	
On financings to:		
- Customers	7,035,039	7,591,957
On investments in		
- Available for sale securities	4,255,145	3,950,507
- Held for trading securities	5,547	478
- Held to maturity securities	403,093	-
On deposits with financial institutions	3,254,996	5,753,070
	14,953,820	17,296,012
18 RETURN ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	5,941,518	7,506,603
Other short term Musharakahs / Mudarabas	210,327	275,029
	6,151,845	7,781,632

19 TAXATION

The Finance Act 2016 has extended the applicability of one time super tax imposed in the tax year 2015 for the tax year 2016 also. The rate of tax is 4% of the taxable income for the tax year 2016. The Bank has recognised an amount Rs 275.647 million as the prior year tax charge pertaining to super tax in the current period.

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	Note	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
20 BASIC AND DILUTED EARNINGS PER SHARE		Rupees in '000	
Profit after taxation for the period		<u>2,685,628</u>	<u>2,677,350</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>2.68</u>	<u>2.67</u>

20.1 There were no convertible dilutive potential ordinary shares outstanding on June 30, 2016 and June 30, 2015.

	Note	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
21 CASH AND CASH EQUIVALENTS		Rupees in '000	
Cash and balances with treasury banks	8	<u>44,288,226</u>	38,101,410
Balances with other banks	9	<u>15,698,346</u>	9,115,120
		<u>59,986,572</u>	<u>47,216,530</u>

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22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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).

RECURRING FAIR VALUE MEASUREMENTS	June 30, 2016 (Unaudited)			
INVESTMENTS - NET	Level 1	Level 2	Level 3	Level 4
	Rupees in '000			
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,618,298	-	-	4,618,298
Units of open end fund	49,588	-	-	49,588
GOP Sukuks	-	69,348,595	-	69,348,595
WAPDA Sukuks	-	434,663	-	434,663
Global Sukuk Bonds	7,710,354	-	-	7,710,354
Forward purchase of foreign exchange contracts	-	58,568,129	-	58,568,129
Forward sale of foreign exchange contracts	-	51,461,646	-	51,461,646

RECURRING FAIR VALUE MEASUREMENTS	December 31, 2015 (Audited)			
INVESTMENTS - NET	Level 1	Level 2	Level 3	Level 4
	Rupees in '000			
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,112,074	-	-	4,112,074
Units of open end fund	75,528	-	-	75,528
GOP Sukuks	-	48,653,776	-	48,653,776
WAPDA Sukuks	-	579,550	-	579,550
Global Sukuk Bonds	7,365,343	-	-	7,365,343
Forward purchase of foreign exchange contracts	-	68,957,448	-	68,957,448
Forward sale of foreign exchange contracts	-	75,131,750	-	75,131,750

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

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

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks WAPDA Sukuks	The fair value of GoP Ijarah Sukuks and WAPDA sukuks 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 6 different pre-defined / approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

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23 SEGMENT DETAILS

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Agency Services	Total
Rupees in '000						
June 30, 2016 (Unaudited)						
Total income	630,017	9,003,162	3,147,244	4,971,750	8,801	17,760,974
Total expenses	(505,035)	(7,801,095)	(2,570,115)	(4,196,021)	(3,080)	(15,075,346)
Net income	124,982	1,202,067	577,129	775,729	5,721	2,685,628
Segment assets	13,799,643	322,367,692	66,446,725	168,816,609	-	571,430,669
Segment non performing assets	190,586	869,495	1,818,248	5,275,597	-	8,153,926
Segment Provision held*	156,603	212,206	1,910,767	6,248,096	-	8,527,672
Segment liabilities	422,835	1,795,502	519,128,908	22,145,924	-	543,493,169
Segment return on assets (ROA) (%)	1.78%	0.78%	2.08%	0.90%	-	-
Segment cost of funds (%)	2.57%	2.57%	2.57%	2.57%	-	-

*Includes General Provision

June 30, 2015 (Unaudited)

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%	-	-

*Includes General Provision

24 RELATED PARTY TRANSACTIONS

24.1 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 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.

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

24.3 Subsidiary company:

- Al Meezan Investment Management Limited

24.4 Key management personnel:

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

	Total		Subsidiary		Associates		Key management Personnel/Directors		Other related parties	
	June 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	June 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	June 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	June 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	June 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)
	Rupees in '000									
Investment	2,972,476	2,636,264	63,050	63,050	2,909,426	2,573,214	-	-	-	-
Islamic financing and related assets	1,910,982	944,387	-	-	1,910,982	944,387	-	-	-	-
Deposits	4,754,100	3,439,189	24,236	21,486	2,488,388	1,561,102	228,719	160,650	2,012,757	1,695,951
Other Balances										
Profit receivable on Islamic financing and related assets	21,921	38,684	-	-	21,921	38,684	-	-	-	-
Dividend receivable	125,357	3,079	-	-	125,357	3,079	-	-	-	-
Transfer agency fee receivable	17,610	7,767	17,610	7,767	-	-	-	-	-	-
Payable to defined benefit plan	334,856	438,444	-	-	-	-	229,405	211,964	105,451	226,480
Accrued expenses	5,745	6,273	5,745	6,273	-	-	-	-	-	-
Letters of credit (unfunded)	671,363	735,909	-	-	671,363	735,909	-	-	-	-
Letters of guarantee (unfunded)	1,203,049	337,300	100	100	1,202,949	337,200	-	-	-	-

Balances pertaining to parties that were related at the beginning of the period but ceased to be related during any part of the current period are not reflected as part of the closing balance. However, new related parties have been added during the period. The same are accounted for through the movement presented above.

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Total		Subsidiary		Associates		Key management Personnel/Directors		Other related parties	
June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
(Unaudited)									
Rupees in '000									

Transactions, income and expenses

Profit earned on Islamic financing and related assets	37,868	301,229	-	-	37,868	301,229	-	-	-	-
Return on deposits / borrowing expensed	83,471	58,958	594	641	17,257	11,590	2,835	1,844	62,785	44,883
Dividend income earned	129,667	17,844	-	-	129,667	17,844	-	-	-	-
Investments made	415,974	1,579,197	-	-	415,974	1,579,197	-	-	-	-
Capital gain - net	12,507	34,276	-	-	12,507	34,276	-	-	-	-
Charge for defined benefit plan	105,451	77,808	-	-	-	-	-	-	105,451	77,808
Contribution to defined contribution plan	101,895	87,585	-	-	-	-	-	-	101,895	87,585
Contribution to defined staff benevolent fund	14,271	10,000	-	-	-	-	-	-	14,271	10,000
Fees expensed	5,000	11,469	5,000	11,469	-	-	-	-	-	-
Fees and other income earned	60,308	23,915	59,044	23,522	1,264	393	-	-	-	-
Premiums paid	4,558	7,340	-	-	4,558	7,340	-	-	-	-
Claims received	8,336	32,304	-	-	8,336	32,304	-	-	-	-
Remuneration to key management personnel including fees to non executive directors	88,324	66,132	-	-	-	-	88,324	66,132	-	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016**

25 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on August 23, 2016 has announced an interim cash dividend @ 17.5 %. This unconsolidated condensed interim financial information does not include the effect of this appropriation which will be accounted for subsequent to the period end.

26 GENERAL

- 26.1** Comparative information has been re-classified, re-arranged or additionally incorporated in this unconsolidated condensed interim financial information, wherever necessary to facilitate comparison and better presentation.
- 26.2** The SBP vide its BPRD circular No.5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, the Bank has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial and Other Institutions" to "Investments".

27 DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorised for issue on August 23, 2016 by the Board of Directors of the Bank.

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

Irfan Siddiqui
President & Chief Executive

**Faisal A. A. A.
Al-Nassar**
Director

**Muhammad
Zarrug Rajab**
Director

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION**

CONSOLIDATED CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	44,288,230	43,685,791
Balances with other banks	15,728,843	11,205,707
Due from financial institutions	72,498,847	101,079,476
Investments - net	199,778,092	150,137,212
Islamic financing and related assets - net	225,262,295	207,568,823
Operating fixed assets	8,940,820	8,161,435
Deferred tax asset - net	-	-
Other assets	9,749,347	14,111,489
	576,246,474	535,949,933
LIABILITIES		
Bills payable	10,532,096	6,560,324
Due to financial institutions	20,141,400	13,609,551
Deposits and other accounts	500,959,048	471,799,473
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	1,048,649	730,923
Other liabilities	11,809,015	13,569,243
	544,490,208	506,269,514
NET ASSETS	31,756,266	29,680,419
REPRESENTED BY		
Share capital	10,027,379	10,027,379
Reserves	9,148,805	8,611,679
Unappropriated profit	10,456,554	9,238,479
	29,632,738	27,877,537
NON-CONTROLLING INTEREST	1,089,932	944,623
	30,722,670	28,822,160
Surplus on revaluation of investments - net of tax	1,033,596	858,259
	31,756,266	29,680,419

The annexed notes form an integral part of these consolidated condensed interim financial information.

Riyadh
S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A.
Al-Nassar
Director

Muhammad
Zarrug Rajab
Director

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
Rupees in '000				
Profit / return earned on Islamic financing and related assets, investments and placements	7,487,049	14,953,768	9,018,760	17,295,873
Return on deposits and other dues expensed	2,926,476	6,151,251	3,750,697	7,780,992
Net spread earned	4,560,573	8,802,517	5,268,063	9,514,881
Reversal of provision/(provision) against non-performing Islamic financing and related assets - net	90,669	222,920	(83,079)	(308,825)
Reversal of provision/(provision) against diminution in the value of investments	50,110	76,576	7,500	(92,287)
Reversal of provision against off-balance sheet obligations	-	-	4,813	4,897
Bad debts written off directly	-	-	-	-
Net spread after provisions	140,779	299,496	(70,766)	(396,215)
	4,701,352	9,102,013	5,197,297	9,118,666
OTHER INCOME				
Fee, commission and brokerage income	943,021	1,810,518	755,988	1,389,807
Dividend income	93,202	205,562	54,403	96,654
Income from dealing in foreign currencies	378,698	643,674	392,421	889,124
Capital gain on sale of investments - net	225,198	499,795	170,479	321,738
Other income	74,498	168,161	75,623	154,087
Total other income	1,714,617	3,327,710	1,448,914	2,851,410
	6,415,969	12,429,723	6,646,211	11,970,076
OTHER EXPENSES				
Administrative expenses	3,955,762	7,712,363	3,555,997	6,686,493
Other reversals	(868)	(101)	(16,419)	(11,530)
Other charges	316	381	212	447
Workers Welfare Fund	56,026	102,967	62,316	103,769
Total other expenses	4,011,236	7,815,610	3,602,106	6,779,179
	2,404,733	4,614,113	3,044,105	5,190,897
Share of results of associates before taxation	345,215	513,083	280,974	244,015
	2,749,948	5,127,196	3,325,079	5,434,912
Extraordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	2,749,948	5,127,196	3,325,079	5,434,912
Taxation - Current	993,176	1,577,211	1,033,930	1,409,195
- Prior years	175,280	175,280	459,143	459,143
- Deferred	(29,513)	223,313	107,809	446,663
	1,138,943	1,975,804	1,600,882	2,315,001
PROFIT AFTER TAXATION	1,611,005	3,151,392	1,724,197	3,119,911
Share of profit attributable to non-controlling interest	(73,991)	(144,420)	(95,432)	(117,544)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	1,537,014	3,006,972	1,628,765	3,002,367
Rupees				
Basic and diluted earnings per share	1.53	3.00	1.62	2.99

The annexed notes form an integral part of these consolidated condensed interim financial information.

Riyadh
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Chairman

Irfan Siddiqui
President & Chief Executive

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Director

Muhammad
Zarrug Rajab
Director

CONSOLIDATED CONDENSED INTERIM

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
	Rupees in '000			
Profit after taxation for the period	1,537,014	3,006,972	1,628,765	3,002,367
Other Comprehensive income	-	-	-	-
Comprehensive income transferred to statement of changes in equity	1,537,014	3,006,972	1,628,765	3,002,367
<i>Items that may be reclassified to profit and loss account</i>				
Components of comprehensive income not reflected in equity				
Share in profits of associates relating to investment classified as 'available for sale'	26,390	26,390	-	-
Deferred tax on share of profit of associates	(9,237)	(9,237)	-	-
Surplus on revaluation of investments	589,409	243,360	437,559	295,194
Deferred tax on revaluation of investments	(206,293)	(85,176)	(177,317)	(153,069)
Remeasurement of post retirement benefits obligation - net of tax	2,540	2,540	-	-
Total comprehensive income for the period	1,939,823	3,184,849	1,889,007	3,144,492

The annexed notes form an integral part of these consolidated condensed interim financial information.

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

Irfan Siddiqui
President & Chief Executive

**Faisal A. A. A.
Al-Nassar**
Director

**Muhammad
Zarrug Rajab**
Director

CONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,127,196	5,434,912
Less: Dividend income	(205,562)	(96,654)
	4,921,634	5,338,258
Adjustments for non-cash charges and other items:		
Depreciation	675,282	467,229
Amortization	87,773	73,296
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	(222,920)	308,825
(Reversal of provision) / provision against diminution in value of investments	(76,576)	92,287
Reversal of provision against off balance sheet obligations	-	(4,897)
Remeasurement of defined benefit plan	2,540	-
Gain on sale of operating fixed assets	(31,267)	(29,857)
Share of results of associates	(513,083)	(244,015)
	(78,251)	662,868
	4,843,383	6,001,126
(Increase) / decrease in operating assets		
Due from financial institutions	28,580,629	(82,771,541)
Islamic financing and related assets	(17,470,552)	30,934,873
Other assets	4,421,625	4,738,519
	15,531,702	(47,098,149)
Increase / (decrease) in operating liabilities		
Bills payable	3,971,772	2,751,809
Due to financial institutions	6,531,849	(6,896,708)
Deposits and other accounts	29,159,575	54,072,847
Other liabilities	(2,157,375)	(4,029,654)
	37,505,821	45,898,294
	57,880,906	4,801,271
Income tax paid	(1,356,022)	(1,243,431)
Net cash generated from operating activities	56,524,884	3,557,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in securities	(48,781,471)	11,025,549
Dividends received	146,079	73,614
Investments in operating fixed assets	(1,561,237)	(1,474,702)
Proceeds from disposal of operating fixed assets	50,064	49,553
Net cash (used in) / generated from investing activities	(50,146,565)	9,674,014
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,252,744)	(1,252,123)
Net cash used in financing activities	(1,252,744)	(1,252,123)
Increase in cash and cash equivalents	5,125,575	11,979,731
Cash and cash equivalents at the beginning of the period	54,891,498	35,280,507
Cash and cash equivalents at the end of the period	60,017,073	47,260,238

The annexed notes form an integral part of these consolidated condensed interim financial information.

Riyadh
S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Muhammad Zarrug Rajab
Director

CONSOLIDATED CONDENSED INTERIM

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

	Share capital	Capital reserves		Revenue reserve	Unappropriated profit	Non controlling interest	Total
		Statutory reserve *	Non-Distributable Capital Reserve	General reserve			
Rupees in '000							
Balance as at January 1, 2015	10,027,379	4,398,548	2,823,440	91,082	8,420,316	839,801	26,600,566
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2015	-	-	-	-	3,119,911	-	3,119,911
Share of profit attributable to non-controlling interest	-	-	-	-	(117,544)	117,544	-
Transactions with owners recognised directly in equity							
Final cash dividend for the year 2014	-	-	-	-	(1,253,422)	-	(1,253,422)
Transfer to statutory reserve	-	535,470	-	-	(535,470)	-	-
Balance as at June 30, 2015	10,027,379	4,934,018	2,823,440	91,082	9,633,791	957,345	28,467,055
Total comprehensive income for the period							
Profit after taxation for the half year ended December 31, 2015	-	-	-	-	1,948,031	-	1,948,031
Remeasurement loss on defined benefit plan - net of tax	-	-	-	-	(26,926)	(316)	(27,242)
Share of profit attributable to non-controlling interest	-	-	-	-	(92,594)	92,594	-
Transactions with owners recognised directly in equity							
Dividend payout by AMIML	-	-	-	-	-	(105,000)	(105,000)
Interim cash dividend for the year 2015	-	-	-	-	(1,754,791)	-	(1,754,791)
Gain on bargain purchase	-	-	294,107	-	-	-	294,107
Transfer to statutory reserve	-	469,032	-	-	(469,032)	-	-
Balance as at December 31, 2015	10,027,379	5,403,050	3,117,547	91,082	9,238,479	944,623	28,822,160
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2016	-	-	-	-	3,151,392	-	3,151,392
Share of profit attributable to non-controlling interest	-	-	-	-	(144,420)	144,420	-
Other Comprehensive income for the period							
Remeasurement of post retirement benefits obligation - net of tax	-	-	-	-	1,651	889	2,540
Transactions with owners recognised directly in equity							
Final cash dividend for the year 2015	-	-	-	-	(1,253,422)	-	(1,253,422)
Transfer to statutory reserve	-	537,126	-	-	(537,126)	-	-
Balance as at June 30, 2016	10,027,379	5,940,176	3,117,547	91,082	10,456,554	1,089,932	30,722,670

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

The annexed notes form an integral part of these consolidated condensed interim financial information.

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

Irfan Siddiqui
President & Chief Executive

**Faisal A. A. A.
Al-Nassar**
Director

**Muhammad
Zarrug Rajab**
Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

1 BASIS OF PRESENTATION

1.1 These consolidated condensed interim financial information include the un-audited 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 Sovereign Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Capital Preservation Fund II, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Plan I, Meezan Capital Preservation Plan II, Meezan Asset Allocation Plan II, Meezan Asset Allocation Plan III and Meezan Gold fund.

1.2 These consolidated condensed interim financial information have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

These consolidated condensed interim financial information comprise of the statement of financial position as at June 30, 2016 and the profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity for the half year ended June 30, 2016.

2 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2015 except for the following:

- Non Banking assets acquired in the satisfaction of claims

Effective January 1, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property is required to be credited to the 'surplus on revaluation of assets' account which is required to be shown in the Statement of Financial Position below equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

The above change in accounting policy does not have any impact on these consolidated condensed interim financial information.

3 GENERAL

3.1 Comparative information has been re-classified, re-arranged or additionally incorporated in this consolidated condensed interim financial information, wherever necessary to facilitate comparison and better presentation.

3.2 The SBP vide its BPRD Circular No. 5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, the Bank has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial and Other Institutions" to "Investments".

4 DATE OF AUTHORISATION

These consolidated condensed interim financial information were authorised for issue on August 23, 2016 by the Board of Directors of MBL.

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

Irfan Siddiqui
President & Chief Executive

**Faisal A. A. A.
Al-Nassar**
Director

**Muhammad
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Director