



Bank with the Best

Half Yearly Report
June 30, 2019



Meezan Bank
The Premier Islamic Bank



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

CONTENTS

Corporate Information	03
Directors' Review	04
Auditors' Review Report	09
Condensed Interim Unconsolidated Statement of Financial Position	10
Condensed Interim Unconsolidated Profit and Loss Account	11
Condensed Interim Unconsolidated Statement of Comprehensive Income	12
Condensed Interim Unconsolidated Statement of Changes in Equity	13
Condensed Interim Unconsolidated Cash Flow Statement	14
Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Information	15
Condensed Interim Consolidated Statement of Financial Position	48
Condensed Interim Consolidated Profit and Loss Account	49
Condensed Interim Consolidated Statement of Comprehensive Income	50
Condensed Interim Consolidated Statement of Changes in Equity	51
Condensed Interim Consolidated Cash Flow Statement	52
Notes to and Forming Part of the Condensed Interim Consolidated Financial Information	53



CORPORATE INFORMATION

Board of Directors	Riyadh S. A. A. Edrees Faisal A. A. A. Al-Nassar Bader H. A. M. A. Al-Rabiah Alaa A. Al-Sarawi Saad Fazil Abbasi Noorur Rahman Abid Mohamed Guermazi Nausheen Ahmad Atif Azim Irfan Siddiqui	Chairman Vice Chairman President & CEO
Shariah Supervisory Board	Justice (Retd.) Muhammad Taqi Usmani Dr. Muhammad Imran Ashraf Usmani Sheikh Esam Mohamed Ishaq Mufti Muhammad Naveed Alam	Chairman Vice Chairman
Management	Irfan Siddiqui Ariful Islam	President & CEO Deputy CEO
Board Audit Committee	Noorur Rahman Abid Faisal A. A. A. Al-Nassar Alaa A. Al-Sarawi Bader H. A. M. A. Al-Rabiah	
Board Risk Management Committee	Faisal A. A. A. Al-Nassar Saad Fazil Abbasi Mohamed Guermazi	
Board Human Resource & Remuneration Committee	Noorur Rahman Abid Riyadh S. A. A. Edrees Alaa A. Al-Sarawi Nausheen Ahmad	
Board Information Technology Committee	Atif Azim Irfan Siddiqui	
Resident Shariah Board Member	Mufti Muhammad Naveed Alam	
Company Secretary	Muhammad Sohail Khan	
Auditors	EY Ford Rhodes, Chartered Accountants	
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 www.meezanbank.pk	
Shares Registrar	THK Associates (Pvt.) Ltd 1 st Floor, 40-C, Block 6, P.E.C.H.S., Karachi - 75400, Pakistan. Phone: (9221) 111-000-322, Fax: (9221) 34168271 Email: secretariat@thk.com.pk Website: www.thk.com.pk	

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, 2019. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in millions

Profit & Loss Account	Jan - June 2019	Jan - June 2018	Growth %
Net spread earned	20,751	12,401	67%
Fee and commission income	3,194	2,543	26%
Operating income	25,211	16,280	55%
Operating and other expenses	(11,721)	(9,333)	26%
Taxation	(5,435)	(2,714)	100%
Profit after tax	7,002	4,126	70%
Earnings per share - Rupees	5.44	3.21	70%
Number of branches	678	602	13%

Rupees in millions

Statement of Financial Position	June 30, 2019	December 31, 2018	Growth %
Investments / Placements under Bai Muajjal	348,414	308,557	13%
Islamic financing and related assets - net	483,894	512,565	(6%)
Total Assets	1,004,141	937,915	7%
Deposits	841,801	785,477	7%
Shareholders' Equity	43,567	40,333	8%

By the Grace of Allah, Meezan Bank has recorded excellent results for the half year ended June 30, 2019. Profit after tax for the half year crossed Rs 7 billion and registered a growth of 70% from the corresponding period last year driven by a steady rise in core banking income. The Earnings per Share - on enhanced capital increased to Rs 5.44 per share from Rs 3.21 per share in June 2018.

We are pleased to inform you that the Board has approved 10% interim cash dividend (Re 1.00 per share) for the second quarter ended of the year 2019, bringing the total payout for the half year to Rs 2.00 per share (20%) as Rupee 1 per share i.e. 10% interim cash dividend was paid alongwith issuance of 10% Bonus Shares during the first quarter. The Bank is a well capitalized institution with Capital Adequacy Ratio of 16.22% as at June 30, 2019.

The Bank has worked hard to build a high quality financing portfolio and has a Financing/Advances to Deposit Ratio of 57% that is lower than the ratio for the previous year but aligned with the banking industry average of 56%. The fees and commission income of

DIRECTORS' REVIEW

the Bank increased to Rs 3.2 billion from Rs 2.5 billion in the corresponding period last year primarily due to increase in trade business volume handled by the Bank and complemented by the growth in branch banking income. The Bank considers trade finance as a core business activity as it brings fees, forex and other ancillary income while also enhancing the current account balances which contribute to the overall profitability of the Bank.

The total assets of the Bank crossed Rs 1 trillion benchmark and grew by 7%. This is indeed a very big achievement in the span of around 17 years. The Bank's Islamic financings and related assets closed at Rs 484 billion which is slightly lower than December 2018 mainly due to repayment of seasonal financing and overall slowdown in economy due to higher Target rate. The Bank's financing portfolio is well diversified among top notch Corporate, mid-tier Small and Medium Enterprise (SME) / Commercial and Consumer segment. The focus remains to build a high quality and diversified financing portfolio.

The Bank is vigilant of the changing economic conditions and has adopted a more cautious approach in credit risk acceptance parameters. The Bank's non-performing financing ratio stood at 1.6% - compared to an industry average of 8%. The Bank maintains a comfortable level of provisions against its non-performing financings with the coverage ratio of 130% - one of the highest in the Banking industry.

Investments portfolio includes Pakistan's First Energy Sukuk of Rs 85 billion issued by the Power Holding Private Limited, a company wholly owned by the Government of Pakistan (GoP). The Sukuk is guaranteed by the GoP and is eligible for the Statutory Liquidity Requirement (SLR) purposes of the State Bank of Pakistan (SBP). We are hopeful that with the efforts of the Ministry of Finance, Ministry of Energy and SBP, there will be similar new Sukuk issues during 2019 Insha'Allah.

The Deposits of the Bank crossed Rs 841 billion and grew by 7% from December 2018. The Bank's average current account deposits grew by 14% from the corresponding period last year which contributed to higher net spread of the Bank. The Bank has a strong customer franchise with a comprehensive array of Shariah Compliant products and value added services tailored to address the banking needs of wholesale, mid-tier and retail banking customers.

During the half year, the Bank added 18 new branches to its network extending its footprints to 678 branches covering 189 cities of the country. The Bank intends to continue with its branch expansion strategy and will add more branches to its network in the second half of the year.

Operating and other expenses increased to Rs 11,721 million from Rs 9,333 million primarily due to rising cost of doing business post rupee devaluation and surging inflation and increase in costs associated with new branches – an investment which has reaped fruits for the Bank, as is evident from strong growth in deposits and profits over the years. However, the rise in expenses is sufficiently absorbed by the growth in the Bank's funded and non-funded income. Accordingly, the Bank's income efficiency ratio improved by 11% from corresponding period last year.

DIRECTORS' REVIEW

The Finance Act 2019 (the Act) has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3% for current year and further levied an additional Super Tax charge at 4% for Tax Year 2018 (Accounting Year 2017), which was previously not chargeable resulting in additional Super Tax charge of Rs 470 million in the current period. The aggregate Super Tax charge for the half year ended June 30, 2019 is Rs 1,065 million.

The VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited), has reaffirmed the Bank's Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term with stable outlook. The VIS Credit Rating Company Limited has also reaffirmed the rating of Subordinated Tier II Sukuk and Additional Tier I Sukuk of the Bank at 'AA' (Double A) and 'AA-' (Double A Minus) respectively. These ratings indicate sound performance of the Bank.

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, holders of Additional Tier I Sukuk and Subordinated Tier II Sukuk for their continued support and to the staff for their continuous efforts to make Meezan Bank a success. Most importantly, we are thankful to Allah Almighty for His continued blessings on our Bank which has enabled us to achieve this incredible performance in a very short span of time and we pray that He gives us more strength and wisdom to further expand our vision of 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 28, 2019

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 جون، 2019 کو ختم ہونے والے نصف سال کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضامی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

روپے (ملین میں)

اہم مالیاتی نکات

نفع و نقصان کھاتہ	جنوری تا جون، 2019	جنوری تا جون، 2018	اضافہ کی شرح %
آمدنی - خالص	20,751	12,401	67%
فیس اور کمیشن کی آمدنی	3,194	2,543	26%
کاروباری آمدنی	25,211	16,280	55%
انتظامی اور دیگر اخراجات	(11,721)	(9,333)	26%
ٹیکسیشن	(5,435)	(2,714)	100%
بعد از ٹیکس منافع	7,002	4,126	70%
منافع فی حصص (روپوں میں)	5.44	3.21	70%
شاخوں کی تعداد	678	602	13%
مالیاتی حیثیت کا جائزہ	30 جون، 2019	31 دسمبر، 2018	اضافہ کی شرح %
سرمایہ کاری اہل معقول کے تحت تعیین	348,414	308,557	13%
اسلامی فنانسنگ اور متعلقہ اثاثے - خالص	483,894	512,565	(6%)
کل اثاثے	1,004,141	937,915	7%
جمع شدہ رقوم (Deposits)	841,801	785,477	7%
حصص یافتگان کی ایکویٹی	43,567	40,333	8%

الحمد للہ، میزان بینک نے 30 جون، 2019 کو ختم ہونے والے نصف سال کے لئے زبردست نتائج حاصل کئے ہیں۔ نصف سال کا بعد از ٹیکس منافع 7 ارب روپے سے زیادہ رہا اور گزشتہ سال کی اسی مدت کے مقابلے میں 70 فیصد اضافہ ریکارڈ کیا گیا جس کی وجہ بینک کی مرکزی آمدنی میں ہونے والا مستحکم اضافہ تھی۔ اضافہ شدہ سرمائے پر فی حصص آمدنی جون، 2018 کے 3.21 روپے فی حصص کے مقابلے میں بڑھ کر 5.44 روپے فی حصص ہو گئی ہے۔

ہم آپ کو یہ اطلاع دینے میں مسرت محسوس کرتے ہیں کہ بورڈ نے سال 2019 کی دوسری سہ ماہی کے لئے 10 فیصد عبوری نقد ڈیویڈنڈ (1 روپے فی حصص) کی منظوری دی ہے جس سے نصف سال کا مجموعی ڈیویڈنڈ 2 روپے فی حصص (20 فیصد) ہو گیا ہے، کیونکہ پہلی سہ ماہی کے دوران 10 فیصد بونس حصص کے ساتھ 1 روپے فی حصص یعنی 10 فیصد عبوری نقد ڈیویڈنڈ ادا کیا گیا تھا۔ بینک ایک well-capitalized ادارہ ہے جس کا کپٹیل ایڈیوکیٹی ریشو (Capital Adequacy Ratio) 30 جون، 2019 تک 16.22 فیصد ریکارڈ کیا گیا تھا۔

بینک نے اعلیٰ معیار کا فنانسنگ پورٹ فولیو قائم کرنے کے لئے سخت محنت کی ہے اور اس کا فنانسنگ/ایڈوانسز ٹو پازٹ ریشو 57 فیصد ہے جو گزشتہ سال کی شرح سے کم ہے تاہم بینکاری صنعت کی اوسط شرح 56 فیصد کے مطابق ہے۔ بینک کی فیس اور کمیشن کی آمدنی گزشتہ سال کی اسی مدت کے 2.5 ارب روپے کے مقابلے میں بڑھ کر 3.2 ارب روپے ہو گئی جس کی بنیادی وجہ بینک کے تجارتی کاروبار کے حجم میں اضافہ تھی جبکہ برانچ بینکاری کی آمدنی بھی اس اضافے میں معاون ثابت ہوئی۔ بینک تجارتی کاروبار کو مرکزی کاروباری سرگرمی تصور کرتا ہے کیونکہ اس سے فیس، زرمبادلہ اور دیگر ضمنی آمدنی حاصل ہوتی ہے جبکہ کرنٹ اکاؤنٹ ہولڈرز میں بھی اضافہ ہوتا ہے جو بینک کے مجموعی منافع میں معاون ثابت ہوتے ہیں۔

بینک کے مجموعی اثاثوں نے 1 کھرب روپے کا سنگ میل عبور کر لیا اور ان میں 7 فیصد اضافہ ہوا۔ 17 سال کی قلیل مدت میں یہ ایک بہت بڑی کامیابی ہے۔ بینک کے اسلامی فنانسنگ اور متعلقہ اثاثے 484 ارب روپے رہے جو دسمبر 2018 کے مقابلے میں نسبتاً کم ہیں اور اس کی بنیادی وجہ سیزنل مدت کی فنانسنگ کی ادائیگی اور زیادہ شرح سود کے باعث معیشت کی مجموعی سست روی کی صورت حال ہے۔ بینک کا متنوع فنانسنگ پورٹ فولیو اعلیٰ درجے کے کارپوریٹ، چھوٹے اور درمیانے کاروبار (SME) / کمرشل اور کنزرویٹو شعبے پر محیط ہے۔ بینک کی توجہ اعلیٰ معیار کا حامل متنوع فنانسنگ پورٹ فولیو قائم کرنے پر مرکوز ہے۔

بینک بدلتے ہوئے معاشی حالات کا ادراک رکھتا ہے اور اس نے کریڈٹ رسک آپکیمینٹس پیرامیٹرز کے حوالے سے محتاط نقطہ نظر اختیار کیا ہے۔ بینک کی غیر فعال فنانسنگ کی شرح بینکاری صنعت کی اوسط شرح 8 فیصد کے مقابلے میں 1.6 فیصد ہے۔ بینک نے غیر فعال فنانسنگ کی مد میں 130 فیصد کو رجسٹریشن کے ساتھ پروویڈنٹ کی تسلی بخش شرح برقرار رکھی ہے جو بینکاری صنعت کی سب سے زیادہ شرحوں میں سے ایک ہے۔

بینک کے سرمایہ کاری پورٹ فولیو میں 85 ارب روپے مالیت کے پاکستان کے پہلے توانائی صکوک (Energy sukuk) شامل ہیں جو حکومت پاکستان کی کل ملکیتی کمپنی پاور ہولڈنگ پرائیویٹ لمیٹڈ (Power holding Pvt. Ltd.) نے جاری کئے ہیں۔ صکوک حکومت پاکستان کی ضمانت کے حامل ہیں اور اسٹیٹ بینک آف پاکستان (SBP) کی قانونی لکویڈیٹی کی ضروریات (SLR) کے مقاصد کی اہلیت رکھتے ہیں۔ ہمیں امید ہے کہ وزارت خزانہ، وزارت توانائی اور اسٹیٹ بینک آف پاکستان کی کوششوں سے سال 2019 میں اسی نوعیت کے دیگر صکوک جاری کئے جائیں گے۔ انشاء اللہ۔

بینک کی جمع شدہ رقم 841 ارب روپے سے تجاوز کر گئی ہے اور دسمبر 2018 سے 7 فیصد کا اضافہ ریکارڈ کیا گیا۔ بینک کی کرنٹ اکاؤنٹ کی اوسط جمع شدہ رقم میں گزشتہ سال کی اسی مدت کے مقابلے میں 14 فیصد کا اضافہ ہوا جو بینک کی خالص آمدنی میں اضافہ میں معاون ثابت ہوئیں۔ بینک شریعہ کمپلائنس پروڈکٹس اور اضافی قدر خدمات کی وسیع اور جامع رینج کے ساتھ، جو ہول سیل، درمیانے درجے اور ریٹیل بینکاری صارفین کی بینکاری ضروریات کو تکمیل کے لئے تیار کی گئی ہیں، ایک مضبوط کسٹمر فرینچائز کا حامل ہے۔

نصف سال کے دوران بینک نے اپنے نیٹ ورک میں 18 نئی شاخوں کا اضافہ کیا اور ملک کے 189 شہروں میں 678 شاخوں کے ساتھ اپنے نیٹ ورک کو وسعت دی۔ بینک اپنی شاخوں میں توسیع کی حکمت عملی جاری رکھنے کا ارادہ رکھتا ہے اور سال کے دوسرے نصف میں اپنے نیٹ ورک میں مزید نئی شاخوں کا اضافہ کرے گا۔

انتظامی اور دیگر اخراجات 9,333 ملین روپے سے بڑھ کر 11,721 ملین روپے ہو گئے ہیں جس کی بنیادی وجوہات میں روپے کی قدر میں کمی کے باعث کاروباری اخراجات میں اضافہ اور افراط زر کے ساتھ نئی برانچوں سے متعلقہ بڑھتے اخراجات ہیں، تاہم یہ ایک سرمایہ کاری ہے جو بینک کے لئے شہر آوری اور اثبات ہوئی ہے، جیسا کہ گزشتہ برسوں میں جمع شدہ رقم اور منافع میں اضافے سے اس کی تصدیق ہوتی ہے تاہم اخراجات میں ہونے والے اس اضافے کو بینک کی فنڈ ڈائنامک اور نان فنڈ ڈائنامک میں اضافے نے جذب کر لیا جس کے نتیجے میں بینک کی آمدنی کی شرح استعداد (Income Efficiency Ratio) میں گزشتہ سال کی اسی مدت کے مقابلے میں 11 فیصد بہتری آئی۔

فنانس ایکٹ 2019 (ایکٹ) کے ذریعے رواں سال بینکنگ کمپنیز کے لئے سپرنٹنڈنسی کی شرح میں مرحلہ وار کمی چار سے تین فیصد کرنے کے فیصلے کو واپس لے لیا گیا اور ٹیکس سال 2018 (اکاؤنٹنگ سال 2017) کے لئے 4 فیصد کے حساب سے اضافی سپرنٹنڈنسی بھی عائد کر دیا گیا جو پہلے عائد نہیں تھا اور اس کے نتیجے میں رواں مدت میں 470 ملین روپے کا اضافی سپرنٹنڈنسی چارج کیا گیا۔ 30 جون، 2019 کو ختم ہونے والے نصف سال کے لئے مجموعی سپرنٹنڈنسی چارج 1,065 ملین روپے رہا۔

VIS کریڈٹ ریٹنگ کمپنی (سابقہ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ) نے بینک کو مستحکم آئٹار کے ساتھ AA+ (ڈبل اے پلس) طویل المیعاد ریٹنگ اور A1+ (اے ون پلس) قلیل المیعاد ریٹنگ دی ہے۔ VIS کریڈٹ ریٹنگ کمپنی نے بینک کے ثانوی صکوک Tier II اور اضافی صکوک Tier I کو AA (ڈبل اے) اور AA- (ڈبل اے مائنس) ریٹنگ دی ہے۔ یہ ریٹنگز بینک کی مستحکم کارکردگی کے اشاروں کی توثیق کرتی ہیں۔

میزان بینک کا بورڈ اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور ہمارے شریعہ سپروائزرز کی بورڈ کا ان کی مسلسل معاونت اور رہنمائی کے لئے تہجد سے مشکور ہے۔ اس موقع پر ہم اپنے معزز صارفین کی سرپرستی، اپنے شیئر ہولڈرز، اضافی Tier I صکوک اور ثانوی Tier II صکوک ہولڈرز کے مسلسل تعاون اور اپنے ملازمین کی مسلسل جدوجہد کے لئے ان کا شکر یہ ادا کرتے ہیں جنہوں نے میزان بینک کو کامیابی کی ان بلندیوں سے ہمکنار کیا۔ سب سے بڑھ کر ہم اللہ سبحانہ تعالیٰ کے بے حد شکر گزار ہیں جس کی رحمت کے باعث بینک نے نہایت مختصر عرصے میں اتنی شاندار ترقی کی اور ہم دعا گو ہیں کہ اللہ تعالیٰ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی نئی بلندیوں سے ہمکنار کر سکیں۔

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض ایس۔ اے۔ اے اور ایس
چیئرمین

کراچی:

28 اگست، 2019

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF MEEZAN BANK LIMITED

Report on Review of Unconsolidated Condensed Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Meezan Bank Limited (the Bank) as at 30 June 2019, 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 financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the 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 30 June 2019 and 30 June 2018 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2019.

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 interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Date: 28 August 2019

Karachi

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Rupees in '000			
Cash and balances with treasury banks	6	96,338,149	65,022,041
Balances with other banks	7	13,206,568	8,255,187
Due from financial institutions - net	8	131,254,232	184,814,600
Investments - net	9	217,159,760	123,742,867
Islamic financing and related assets - net	10	483,894,177	512,564,522
Fixed assets	11	19,649,900	13,129,126
Intangible assets	12	631,777	624,534
Deferred tax assets	13	1,959,410	982,936
Other assets - net	14	40,046,563	28,779,592
		1,004,140,536	937,915,405
LIABILITIES			
Bills payable	15	19,568,699	23,750,543
Due to financial institutions	16	33,259,583	36,407,811
Deposits and other accounts	17	841,801,305	785,476,944
Sub-ordinated Sukuk	18	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	19	51,944,287	37,947,052
		960,573,874	897,582,350
NET ASSETS			
		43,566,662	40,333,055
REPRESENTED BY			
Share capital		12,861,116	11,691,924
Reserves		16,561,598	15,161,249
Unappropriated profit		14,450,473	13,525,765
Deficit on revaluation of assets - net of tax	20	(306,525)	(45,883)
		43,566,662	40,333,055
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	Restated			
		Quarter ended June 30, 2019	Half year ended June 30, 2019	Quarter ended June 30, 2018	Half year ended June 30, 2018
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	22	21,800,617	40,007,016	11,005,118	21,123,641
Profit on deposits and other dues expensed	23	10,147,286	19,255,924	4,413,022	8,722,049
Net spread earned		<u>11,653,331</u>	<u>20,751,092</u>	6,592,096	12,401,592
OTHER INCOME					
Fee and commission income	24	1,675,017	3,193,791	1,250,954	2,542,891
Dividend income		75,067	108,193	319,619	368,248
Foreign exchange income		657,366	1,074,466	418,283	791,304
(Loss) / gain on securities - net	25	(15,961)	(140,689)	(35,087)	6,493
Other income	26	119,080	223,854	115,609	169,170
		<u>2,510,569</u>	<u>4,459,615</u>	2,069,378	3,878,106
Total income		<u>14,163,900</u>	<u>25,210,707</u>	8,661,474	16,279,698
OTHER EXPENSES					
Operating expenses	27	5,898,460	11,381,647	4,726,654	9,173,792
Workers' Welfare Fund		211,102	337,524	98,820	158,821
Other charges	28	787	2,155	54	805
Total other expenses		<u>6,110,349</u>	<u>11,721,326</u>	4,825,528	9,333,418
PROFIT BEFORE PROVISIONS		<u>8,053,551</u>	<u>13,489,381</u>	3,835,946	6,946,280
Provisions / (reversals) and write offs - net	29	1,152,184	1,052,237	(24,464)	105,834
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		<u>6,901,367</u>	<u>12,437,144</u>	3,860,410	6,840,446
Taxation	30	2,750,962	5,435,397	1,649,054	2,714,151
PROFIT AFTER TAXATION		<u>4,150,405</u>	<u>7,001,747</u>	2,211,356	4,126,295
Rupees					
Restated					
Basic and diluted earnings per share	31	<u>3.23</u>	<u>5.44</u>	1.72	3.21

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note 3.2.1	Restated			
		Quarter ended June 30, 2019	Half year ended June 30, 2019	Quarter ended June 30, 2018	Half year ended June 30, 2018
Rupees in '000					
Profit after taxation for the period		4,150,405	7,001,747	2,211,356	4,126,295
Other comprehensive income / (loss)					
Items that may be reclassified to					
profit and loss account in subsequent periods:					
Deficit on revaluation of investments	20	(589,171)	(386,082)	(275,637)	(602,607)
Deferred tax on revaluation of investments		206,210	135,129	96,472	210,912
		(382,961)	(250,953)	(179,165)	(391,695)
Deficit on revaluation of non - banking assets	20	-	(14,785)	-	-
Deferred tax on revaluation of non - banking assets		-	5,175	-	-
		-	(9,610)	-	-
Total Comprehensive Income for the period		3,767,444	6,741,184	2,032,191	3,734,600

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

	Capital reserves				Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Total
	Share capital	Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non-banking Assets	
Rupees in '000									
Balance as at January 01, 2018 - Restated (Note 3.2.1)	10,629,022	2,406,571	7,777,925	3,117,547	66,766	10,340,589	738,973	-	35,077,393
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	4,126,295	-	-	4,126,295
Other Comprehensive loss for the half year ended June 30, 2018 - net of tax	-	-	-	-	-	-	(391,695)	-	(391,695)
	-	-	-	-	-	4,126,295	(391,695)	-	3,734,600
Other appropriations									
Transfer to statutory reserve	-	-	825,259	-	-	(825,259)	-	-	-
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	-	(1,328,628)
Balance as at June 30, 2018 - Restated	10,629,022	2,406,571	8,603,184	3,117,547	66,766	12,312,997	347,278	-	37,483,365
Profit after taxation for the half year ended December 31, 2018	-	-	-	-	-	4,835,905	-	-	4,835,905
Other Comprehensive loss for the half year ended December 31, 2018 - net of tax	-	-	-	-	-	1,299	(415,313)	22,152	(391,862)
	-	-	-	-	-	4,837,204	(415,313)	22,152	4,444,043
Other appropriations									
Transfer to statutory reserve	-	-	967,181	-	-	(967,181)	-	-	-
Transactions with owners recognised directly in equity									
Issue of bonus shares	1,062,902	-	-	-	-	(1,062,902)	-	-	-
Interim cash dividend for the year 2018	-	-	-	-	-	(1,594,353)	-	-	(1,594,353)
Balance as at December 31, 2018	11,691,924	2,406,571	9,570,365	3,117,547	66,766	13,525,765	(68,035)	22,152	40,333,055
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	7,001,747	-	-	7,001,747
Other Comprehensive income for the half year ended June 30, 2019 - net of tax	-	-	-	-	-	-	(250,953)	(9,610)	(260,563)
	-	-	-	-	-	7,001,747	(250,953)	(9,610)	6,741,184
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	79	-	(79)	-
Other appropriations									
Transfer to statutory reserve	-	-	1,400,349	-	-	(1,400,349)	-	-	-
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	(2,338,385)
Interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	(1,169,192)
Balance as at June 30, 2019	12,861,116	2,406,571	10,970,714	3,117,547	66,766	14,450,473	(318,988)	12,463	43,566,662

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

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note 3.2.1	Restated
	Half year ended June 30, 2019	Half year ended June 30, 2018
Rupees in '000		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,437,144	6,840,446
Less: Dividend income	(108,193)	(368,248)
	12,328,951	6,472,198
Adjustments for non-cash charges and other items:		
Depreciation	805,923	736,402
Non cash item related to rental properties	1,368,576	-
Amortization	168,319	109,970
Provisions and write offs - net	1,052,237	105,834
Gain on sale of fixed assets	(39,607)	(29,266)
	3,355,448	922,940
	15,684,399	7,395,138
Decrease / (increase) in operating assets		
Due from financial institutions	53,560,368	(55,765,132)
Islamic financings and related assets	28,095,893	14,438,366
Other assets	(11,950,593)	(7,234,859)
	69,705,668	(48,561,625)
(Decrease) / increase in operating liabilities		
Bills payable	(4,181,844)	1,544,413
Due to financial institutions	(3,148,228)	5,445,172
Deposits and other accounts	56,324,361	34,108,704
Other liabilities	6,192,537	8,101,309
	55,186,826	49,199,598
	140,576,893	8,033,111
Income tax paid	(4,526,923)	(2,756,518)
Net cash flow from operating activities	136,049,970	5,276,593
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investments) / redemption in securities	(94,254,999)	(1,688,042)
Dividends received	101,138	92,231
Investments in fixed assets	(2,432,268)	(1,709,741)
Investments in intangible assets	(175,562)	(246,115)
Proceeds from sale of fixed assets	64,635	49,671
Net cash used in investing activities	(96,697,056)	(3,501,996)
CASH FLOW FROM FINANCING ACTIVITIES		
Rent liability related to properties	(1,033,119)	-
Dividend paid	(2,052,306)	(1,318,121)
Net cash used in financing activities	(3,085,425)	(1,318,121)
Increase in cash and cash equivalents	36,267,489	456,476
Cash and cash equivalents at the beginning of the period	32 73,277,228	69,451,986
Cash and cash equivalents at the end of the period	32 109,544,717	69,908,462

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees Chairman **Irfan Siddiqui** President & Chief Executive **Faisal A. A. Al-Nassar** Director **Noorur Rahman Abid** Director **Shabbir Hamza Khandwala** Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through six hundred and seventy eight branches as at June 30, 2019 (December 31, 2018: six hundred and sixty 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, 2018, the VIS Credit Rating Company Limited (formerly 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, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar, and Export Refinance under Islamic Export Refinance Scheme and long term financing facility under Islamic Long Term Financing Facility of the State Bank of Pakistan respectively.

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

3 STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information (here-in-after referred to as "financial information") has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

3.2 Significant accounting policies

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2018 other than as described below.

3.2.1 Adoption of new forms for the preparation of condensed interim financial information

During the period, the SBP, vide its BPRD Circular No. 05 dated March 22, 2019, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2019. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial information.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current period's presentation. Such reclassifications / re-arrangements are disclosed in note 38 to the condensed interim financial information.

3.2.2 Adoption of IFRS 16 "Leases"

During the period, the SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee) and accordingly, the Bank has adopted the standard. The IFAS 2 - Ijarah would continue to be applicable on all the Ijarah contracts where the Bank where the Islamic Banks acts as Mujir (lessor).

The Bank has lease contracts in the capacity of lessor for various properties used by the Bank's branches. The Bank has adopted modified retrospective approach for transition to IFRS 16. The standard also provides practical expedients, which has been applied by the Bank. The Bank has recognised right-of-use assets and lease liabilities for those leases which were previously accounted for under IFAS-2 Ijarah and recognised/ classified as rent expense. Lease liabilities were discounted using the incremental borrowing rate at the date of initial application. Right of use asset is depreciated over lease term and classified as depreciation expense.

The overall impact of the initial application of IFRS 16 on this condensed interim financial information is summarised below:

- Right of Use (RoU) assets recognised as Fixed assets - increased by Rs 4,836 million.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

- Ijarah (lease) liabilities recognised as Other liabilities - increased by Rs 4,611 million.
- Profit after tax for the half year ended June 30, 2019 decreased by Rs 230 million.

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

There are certain other new and amended standards that became effective during the period (enumerated in note 3.6.1 to the annual financial statement of the Bank for the year 2018). However, such standards did not have any significant effect on this condensed interim unconsolidated financial information except IFRS 16 "Leases" as described above.

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

There are certain amendments to the financial reporting standards which would become effective from the next financial year (enumerated in note 3.6.1 to the annual financial statements of the Bank for the year 2018), however such amendments are not expected to have a material effect on this condensed interim unconsolidated financial information.

With regard to IFRS 9, the SECP vide its press release dated February 15, 2019 has deferred the applicability of IFRS 9 for reporting periods ending on or after June 30, 2019. However, the SBP has clarified that IFRS 9 is not applicable on financial information of the Bank for period ending June 30, 2019. Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non-performing financing, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

4 BASIS OF MEASUREMENT

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

4.2 Functional and presentation currency

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

4.3 Rounding off

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		14,506,609	10,754,777
- foreign currencies		4,802,879	2,122,435
With the State Bank of Pakistan in			
- local currency current accounts	6.1	46,605,040	25,130,062
- foreign currency current accounts	6.1	6,808,495	5,305,332
With National Bank of Pakistan in			
- local currency current accounts		21,569,366	21,709,435
National Prize Bonds	6.2	2,045,760	-
		96,338,149	65,022,041

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

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

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		6,363,761	5,858,646
- in deposit accounts	7.1	3,270,000	-
Outside Pakistan			
- in current accounts		2,766,740	2,089,540
- in deposit accounts	7.2	806,067	307,001
		13,206,568	8,255,187

7.1 The return on these balances is around 9.94% (December 31, 2018: Nil) per annum.

7.2 The return on these balances is around 1.04% (December 31, 2018: 0.85%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
8 DUE FROM FINANCIAL INSTITUTIONS - NET			
Bai Muajjal:			
With the State Bank of Pakistan	8.1	42,321,908	-
With Scheduled Banks - Secured	8.2	80,332,324	184,814,600
With other Financial Institution		15,500	15,500
		122,669,732	184,830,100
Musharakah	8.3	8,600,000	-
Commodity Murabaha		26,066	26,066
		131,295,798	184,856,166
Provision against non-performing amounts due from financial institutions	8.4	(41,566)	(41,566)
		131,254,232	184,814,600

8.1 During the period, the SBP conducted its Open Market Operation (OMO) using Bai Muajjal Structure to manage the liquidity of Islamic Banks. The average return on these Bai Muajjal is 10.65% (December 31, 2018: Nil) per annum. These balances have maturities ranging between September 2019 to February 2020 (December 31, 2018: Nil).

8.2 The average return on this product is 11.38% (December 31, 2018: 7.87%) per annum. These balances have maturities ranging between July 2019 to March 2020 (December 31, 2018: January 2019 to April 2019).

8.3 The average return on this product is 10.04% (December 31, 2018: Nil) per annum. These balances are maturing latest by July 2019 (December 31, 2018: Nil).

	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
Rupees in '000				
8.4 Category of classification				
Loss	41,566	41,566	41,566	41,566
	41,566	41,566	41,566	41,566

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

9 INVESTMENTS - NET	Note	June 30, 2019 (Unaudited)				December 31, 2018 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		Rupees in '000							
9.1 Investments by types									
Available for sale securities									
Federal Government Securities									
- Ijarah Sukuk		14,836,571	-	(583,813)	14,252,758	18,986,693	-	(271,470)	18,715,223
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		83,652,209	-	-	83,652,209	42,433,712	-	-	42,433,712
Non Government Sukuk									
- Pakistan Energy Sukuk-I guaranteed by the Government of Pakistan	9.1.1	85,000,000	-	-	85,000,000	-	-	-	-
- Other Sukuk guaranteed by the Government of Pakistan		13,784,720	-	-	13,784,720	14,128,470	-	-	14,128,470
- Other Non Government Sukuk		5,547,092	166,091	-	5,381,001	7,118,262	170,635	-	6,947,627
Foreign Securities		8,885,810	-	218,231	9,104,041	7,576,263	-	(110,446)	7,465,817
Shares (including units of fund)		6,773,165	1,560,778	(125,167)	5,087,220	5,981,168	1,104,210	277,249	5,154,207
		218,479,567	1,726,869	(490,749)	216,261,949	96,224,568	1,274,845	(104,667)	94,845,056
Held to maturity securities									
- Federal Government Securities Ijarah Sukuk		-	-	-	-	28,000,000	-	-	28,000,000
In related parties									
Subsidiary (unlisted)									
- Shares		63,050	-	-	63,050	63,050	-	-	63,050
Associates (listed)									
- Units of funds		834,761	-	-	834,761	834,761	-	-	834,761
Total Investments		<u>219,377,378</u>	<u>1,726,869</u>	<u>(490,749)</u>	<u>217,159,760</u>	<u>125,122,379</u>	<u>1,274,845</u>	<u>(104,667)</u>	<u>123,742,867</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

9.1.1 During the period, the Bank invested Rs 85 billion in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments.

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
9.2 Provision against diminution in value of investments		
Opening balance	1,274,845	967,444
Charge / (reversals) for the period / year		
On available for sale securities		
- charge for the period / year	597,122	505,484
- reversals for the period / year on recovery of debt instruments	(4,544)	(11,047)
- reversals for the period / year on disposals	(140,554)	(187,036)
	(452,024)	307,401
Closing balance	<u>1,726,869</u>	<u>1,274,845</u>

	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
9.3 Particulars of provision against Sukuk				
Category of classification	166,091	166,091	170,635	170,635
Loss	<u>166,091</u>	<u>166,091</u>	<u>170,635</u>	<u>170,635</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
10 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	10.1	7,707,923	8,021,609
- Advances against Murabaha		7,385,506	7,657,780
- Murabaha inventory		1,611,869	3,818,550
- Financing under Islamic Export Refinance - Murabaha	10.2	387,099	344,573
- Advances against Islamic Export Refinance - Murabaha		155,730	130,491
		17,248,127	19,973,003
Running Musharakah financing			
- Running Musharakah financing		138,816,726	142,433,085
- Financing under Islamic Export Refinance - Running Musharakah		19,992,000	16,430,165
		158,808,726	158,863,250
Istisna financing and related assets			
- Istisna financing		4,032,371	3,440,669
- Advances against Istisna		30,107,953	56,972,563
- Istisna inventory		6,918,458	8,069,320
- Financing under Islamic Export Refinance - Istisna		314,317	74,732
- Advances under Islamic Export Refinance - Istisna		6,294,907	4,388,971
- Inventory under Islamic Export Refinance - Istisna		1,645,921	508,535
		49,313,927	73,454,790
Tijarah financing and related assets			
- Tijarah financing		965,068	394,041
- Tijarah inventory		15,652,145	12,371,614
- Financing under Islamic Export Refinance - Tijarah		540,573	364,949
- Inventory under Islamic Export Refinance - Tijarah		593,438	271,085
		17,751,224	13,401,689
Musawammah financing and related assets			
- Musawammah financing	10.3	8,236,406	12,450,345
- Musawammah Inventory		9,636,319	9,890,657
- Advances against Musawammah		11,410,775	16,505,491
- Financing under Islamic Export Refinance - Musawammah	10.4	589,110	875,001
- Advances under Islamic Export Refinance - Musawammah		69,500	124,950
		29,942,110	39,846,444
Salam Financing and related assets			
- Salam Financing		455,981	590,001
- Salam Inventory		1,338,082	1,659,072
- Advances against Salam		7,157,882	7,281,394
		8,951,945	9,530,467
Financing against bills			
- Financing against bills - Salam		5,734,853	5,725,100
- Advances against bills - Salam		1,738	1,738
		5,736,591	5,726,838
Bai Muajjal financing			
	10.5	569,632	569,632
Ijarah financing and related assets			
- Net investment in Ijarah		114,903	116,259
- Net book value of assets/investment in Ijarah under IFAS 2		51,092,183	46,836,155
- Net book value of assets/investment in Ijarah under IFAS 2 (SBP's ILTFF)		34,704	-
		51,241,790	46,952,414
- Advances against Ijarah		3,116,228	6,253,140
		54,358,018	53,205,554

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - housing		14,288,805	14,150,878
- Diminishing Musharakah financing - others		73,003,619	74,800,828
- Advances against Diminishing Musharakah		12,191,335	8,490,933
- Diminishing Musharakah financing - SBP's ILTF		303,011	-
- Advances against Diminishing Musharakah under SBP's ILTF		2,333,749	490,628
		102,120,519	97,933,267
- Musharakah financing		331,840	414,800
- Wakalah Tul Istithmar financing		28,075,200	40,825,200
- Advance against Wakalah Tul Istithmar financing		12,750,000	-
- Wakalah financing		400,000	475,000
- Advance against Service Ijarah		1,500,000	2,000,000
- Labbaik (Qard for Hajj and Umrah)		4,590	5,153
- Staff financing		3,960,199	3,712,540
- Other financing		2,318,942	2,326,136
Gross Islamic financing and related assets		494,141,590	522,263,763
Less: Provision against non-performing Islamic financing and related assets - Specific	10.8	(7,319,702)	(6,771,530)
Less: Provision against non-performing Islamic financing and related assets - General	10.8	(2,927,711)	(2,927,711)
Islamic financing and related assets - net of provision		483,894,177	512,564,522

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
10.1 Murabaha receivable - gross	10.1.1	8,196,034	8,434,743
Less: Deferred murabaha income	10.1.3	(172,142)	(142,250)
Profit receivable shown in other assets		(315,969)	(270,884)
Murabaha financing		<u>7,707,923</u>	<u>8,021,609</u>
10.1.1 Murabaha Sale Price		8,196,034	8,434,743
Murabaha Purchase Price		(7,707,923)	(8,021,609)
		<u>488,111</u>	<u>413,134</u>
10.1.2 The movement in Murabaha financing during the period / year is as follows:			
Opening balance		8,021,609	7,854,995
Sales during the period / year		23,573,253	47,580,002
Adjusted during the period / year		(23,886,939)	(47,413,388)
Closing balance		<u>7,707,923</u>	<u>8,021,609</u>
10.1.3 Deferred Murabaha Income			
Opening balance		142,250	110,813
Deferred during the period / year		782,560	1,218,659
Recognised during the period / year		(752,668)	(1,187,222)
Closing balance		<u>172,142</u>	<u>142,250</u>
10.2 Financing under Islamic Export Refinance - Murabaha - gross		396,701	353,984
Less: Deferred income		(1,877)	(1,725)
Profit receivable shown in other assets		(7,725)	(7,686)
Financing under Islamic Export Refinance - Murabaha		<u>387,099</u>	<u>344,573</u>
10.2.1 The movement in Islamic Export Refinance			
Murabaha financing during the period / year is as follows:			
Opening balance		344,573	599,862
Sales during the period / year		626,487	684,949
Adjusted during the period / year		(583,961)	(940,238)
Closing balance		<u>387,099</u>	<u>344,573</u>
10.2.2 Deferred Islamic Export Refinance Murabaha Income			
Opening balance		1,725	1,848
Deferred during the period / year		4,879	9,507
Recognised during the period / year		(4,727)	(9,630)
Closing balance		<u>1,877</u>	<u>1,725</u>
10.3 Musawammah financing - gross		8,692,715	12,998,576
Less: Deferred income		(168,840)	(298,927)
Profit receivable shown in other assets		(287,469)	(249,304)
Musawammah financing		<u>8,236,406</u>	<u>12,450,345</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
10.4 Financing under Islamic Export Refinance - Musawammah - gross	597,112	885,568
Less: Deferred income	(4,549)	(4,387)
Profit receivable shown in other assets	(3,453)	(6,180)
Financing under Islamic Export Refinance - Musawammah	589,110	875,001
10.5 Bai Muajjal financing - gross	615,345	615,345
Less: Deferred income	(3,757)	(26,426)
Profit receivable shown in other assets	(41,956)	(19,287)
Bai Muajjal financing	569,632	569,632
10.6 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 30,818 million (December 31, 2018: Rs 25,267 million).		
10.7 Islamic financing and related assets include Rs. 7,888 million (December 31, 2018: Rs. 6,985 million) which have been placed under non-performing status as detailed below:		

Category of classification	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non-performing investment	Provision held	Non-performing investment	Provision held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	23,570	-	28,157	-
Substandard	456,092	112,242	137,429	30,927
Doubtful	108,449	43,367	49,514	8,523
Loss	7,299,853	7,164,093	6,770,142	6,732,080
	7,887,964	7,319,702	6,985,242	6,771,530

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

10.8 Particulars of provision against non-performing Islamic financing and related assets:

	June 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	6,771,530	2,927,711	9,699,241	6,426,731	2,377,711	8,804,442
Charge for the period / year	853,277	-	853,277	552,977	550,000	1,102,977
Less: Reversals for the period / year	(270,323)	-	(270,323)	(208,111)	-	(208,111)
	582,954	-	582,954	344,866	550,000	894,866
Amount written off	(34,782)	-	(34,782)	(67)	-	(67)
Closing balance	<u>7,319,702</u>	<u>2,927,711</u>	<u>10,247,413</u>	<u>6,771,530</u>	<u>2,927,711</u>	<u>9,699,241</u>

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

In addition, the Bank has also maintained a general provision of Rs 2,525 million (December 31, 2018: Rs 2,525 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of 'Prudential Regulations'.

10.8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at June 30, 2019 amounts to Rs 18.0 million (December 31, 2018: Rs 17.9 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 11.7 million as at June 30, 2019 (December 31, 2018: Rs 11.6 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
11 FIXED ASSETS			
Capital work-in-progress	11.1	3,074,532	1,644,436
Property and equipment		11,739,126	11,484,690
Right-of-use assets	3.2.2	4,836,242	-
		<u>19,649,900</u>	<u>13,129,126</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		1,703,979	1,009,074
- computer hardware		408,853	174,250
- purchase of vehicles		386,308	152,864
- office machines		510,541	263,986
- furniture and fixtures		64,851	44,262
		<u>3,074,532</u>	<u>1,644,436</u>
		June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		1,430,096	693,349
Property and equipment			
Buidling on leasehold land		82,500	146,742
Leasehold improvements		159,833	145,541
Furniture and fixture		42,602	32,428
Electrical, office and computer equipment		548,325	496,562
Vehicles		168,912	195,119
		<u>1,002,172</u>	<u>1,016,392</u>
		2,432,268	1,709,741
Right -of-use assets		187,522	-
		<u>2,619,790</u>	<u>1,709,741</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
	———— Rupees in '000 ————	
11.3 Transfer to fixed assets from Non-banking assets acquired in satisfaction of claims		
Buidling on leasehold land	<u>83,215</u>	<u>-</u>
Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Leasehold improvements	21	2
Furniture and fixture	123	152
Electrical, office and computer equipment	90	561
Vehicles	<u>24,794</u>	<u>19,690</u>
	<u>25,028</u>	<u>20,405</u>
	Note	
	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	———— Rupees in '000 ————	
12 INTANGIBLE ASSETS		
Computer Software	486,719	552,130
Advance against computer software	<u>145,058</u>	<u>72,404</u>
	<u>631,777</u>	<u>624,534</u>
	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
	———— Rupees in '000 ————	
12.1 Additions to intangible assets	<u>175,562</u>	<u>246,115</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
13 DEFERRED TAX ASSETS			
Taxable temporary differences due to:			
Excess of accounting book values over tax written down values of owned assets		(337,656)	(411,918)
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims		(6,711)	(11,928)
		(344,367)	(423,846)
Deductible temporary differences due to:			
Provision for diminution / impairment in value of investments		647,666	470,528
Deficit on revaluation of available for sale investments		171,761	36,632
Income not accrued due to non-culmination of financing		1,339,786	812,904
Provision against non-performing Islamic financing and related assets		48,830	-
Provision against non-banking assets acquired in satisfaction of claims and other assets		95,734	86,718
		2,303,777	1,406,782
		1,959,410	982,936
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		20,639,804	13,851,168
Profit / return accrued in foreign currencies - net of provisions		73,866	63,744
Acceptances		11,901,290	10,634,901
Advances, deposits, advance rent and other prepayments		2,081,832	2,269,774
Non-banking assets acquired in satisfaction of claims		157,043	240,607
Unrealised gain on forward foreign exchange contracts - net		4,502,944	1,335,392
Dividends receivable		7,317	262
Stamps		14,104	13,037
Security deposits		119,818	119,510
Other		605,360	288,419
		40,103,788	28,816,814
Provision against other assets	14.1	(76,399)	(71,302)
Other Assets (Net of Provision)		40,027,389	28,745,512
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	19,174	34,080
Other Assets - total		40,046,563	28,779,592

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
14.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	10,000	10,000
Acceptances	40,271	35,451
Others	26,128	25,851
	76,399	71,302
14.1.1 Movement in provision held against other assets		
Opening balance	71,302	96,234
Charge for the period / year	5,481	2,417
Reversals during the period / year	(384)	(27,349)
Amount adjusted / written off	-	-
Closing balance	76,399	71,302
15 BILLS PAYABLE		
In Pakistan	19,568,699	23,750,543
Outside Pakistan	-	-
	19,568,699	23,750,543
16 DUE TO FINANCIAL INSTITUTIONS		
In Pakistan	33,259,583	36,407,811
Outside Pakistan	-	-
	33,259,583	36,407,811
16.1 Details of due to financial institutions secured / unsecured		
Secured		
Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	29,298,757	22,737,094
Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility	2,664,184	433,990
Other financial institution	596,786	627,075
Unsecured		
Overdrawn nostro accounts	49,856	409,652
Other Musharakah	650,000	12,200,000
	33,259,583	36,407,811

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

17 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
Customers						
- Current accounts - non-remunerative	277,902,798	19,869,287	297,772,085	267,855,629	15,590,028	283,445,657
- Savings deposits	286,105,315	30,969,315	317,074,630	255,706,358	23,494,221	279,200,579
- Fixed deposits	198,994,394	13,103,005	212,097,399	197,008,707	10,109,048	207,117,755
- Margin	4,095,577	7,544	4,103,121	5,335,289	41,896	5,377,185
	767,098,084	63,949,151	831,047,235	725,905,983	49,235,193	775,141,176
Financial institutions						
- Current accounts - non-remunerative	857,174	-	857,174	597,730	-	597,730
- Savings deposits	3,451,334	-	3,451,334	4,607,308	-	4,607,308
- Fixed deposits	6,445,562	-	6,445,562	5,130,730	-	5,130,730
	10,754,070	-	10,754,070	10,335,768	-	10,335,768
	777,852,154	63,949,151	841,801,305	736,241,751	49,235,193	785,476,944

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
		Rupees in '000	
18 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	7,000,000	7,000,000
		14,000,000	14,000,000

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

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

Credit Rating	AA- (Double A minus) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 13.11% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

18.2 In September 2016, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited.
Issue Date	September 22, 2016
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 11.33% per annum.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
19 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		4,626,075	3,388,288
- payable in foreign currencies		114,604	75,272
Unearned income		41,315	32,521
Accrued expenses		3,944,504	3,721,994
Current taxation (provision less payments)		4,726,540	2,981,896
Acceptances		11,901,290	10,634,901
Dividends payable		1,472,301	17,030
Payable to defined benefit plan		468,469	624,077
Charity payable		3,233	942
Provision against off-balance sheet obligations	19.1	28,893	35,020
Security deposits against Ijarah		14,542,789	13,623,020
Payable on account of credit murabaha / ijarah		9,493	75,439
Security deposits against lockers		108,262	100,532
Retention Money		65,687	60,688
Rentals received against Diminishing Musharakah - Advance		49,494	-
Withholding taxes payable		70,975	123,762
Lease liability against right-of-use assets	3.2.2	4,610,910	-
Workers' Welfare Fund payable		1,625,436	1,287,912
Others	19.2	3,534,017	1,163,758
		<u>51,944,287</u>	<u>37,947,052</u>

19.1 Provision against off-balance sheet obligations

Opening balance	35,020	33,200
(Reversal) / Charge for the period / year	(6,127)	1,820
Closing balance	<u>28,893</u>	<u>35,020</u>

19.2 This includes Rs 2,950 million received on behalf of Noor Financial Investment Company (NFIC), Kuwait - an associated company, for onward remittance to NFIC, Kuwait, in due course.

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000		
20 DEFICIT ON REVALUATION OF ASSETS - NET OF TAX		
Available for sale securities		
- Quoted shares / units of mutual fund	(125,167)	277,249
- Sukuk	(365,582)	(381,916)
	(490,749)	(104,667)
Non-banking assets acquired in satisfaction of claims	19,174	34,080
	(471,575)	(70,587)
Less: Deferred tax asset on		
- Available for sale securities	171,761	36,632
- Non-banking assets acquired in satisfaction of claims	(6,711)	(11,928)
	165,050	24,704
	<u>(306,525)</u>	<u>(45,883)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	32,607,440	31,724,600
- Commitments	21.2	484,662,235	429,428,900
- Other contingent liabilities	21.3	1,802,000	1,802,000
		519,071,675	462,955,500
21.1 Guarantees:			
Financial guarantees		7,817,938	7,561,791
Performance guarantees		14,682,929	12,533,871
Other guarantees		10,106,573	11,628,938
		32,607,440	31,724,600
21.2 Commitments:			
Documentary letters of credit		89,297,103	92,343,175
Commitments in respect of: - forward foreign exchange contracts	21.2.1	163,535,765	118,865,324
Commitments for acquisition of: - operating fixed assets		346,765	313,580
- intangible assets		244,929	87,475
Other commitments	21.2.2	231,237,673	217,819,346
		484,662,235	429,428,900
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		100,153,366	74,321,214
Sale		63,382,399	44,544,110
		163,535,765	118,865,324
21.2.2 Other Commitments			
Commitments in respect of financing		231,237,673	217,819,346

21.3 Other contingencies

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2018. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
22 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS			
On financing	22.1	24,416,181	12,702,088
On investments in			
- Available for sale securities		9,427,495	2,334,991
- Held to maturity securities		145,799	776,168
On deposits / placements with financial institutions		<u>6,017,541</u>	<u>5,310,394</u>
		<u>40,007,016</u>	<u>21,123,641</u>

22.1 The income on Ijarah under IFAS 2 is net off takaful of Rs 874 million (June 30, 2018: Rs 604 million) recovered from customers.

	Note	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts	23.1	17,472,189	7,795,410
Sub-ordinated Sukuk		788,689	240,430
Other Musharakahs / Modarabas / Murabaha		665,126	686,209
Amortisation of lease liability against right-of-use assets	3.2.2	<u>329,920</u>	-
		<u>19,255,924</u>	<u>8,722,049</u>

23.1 This includes conversion cost of Rs. 434 million (June 30, 2018: Rs. 225 million) against foreign currency deposits.

	Note	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
24 FEE AND COMMISSION INCOME			
Trade related fees and commissions		1,242,756	842,862
Commission on guarantees		52,885	39,346
Branch banking customer fees		788,908	692,289
Credit processing related fees		52,090	55,986
Debit card related fees		807,252	620,497
Investment banking related fees		72,672	114,321
Cash management fees		29,853	19,453
Home remittance related fees		75,220	58,924
Others		<u>72,155</u>	<u>99,213</u>
		<u>3,193,791</u>	<u>2,542,891</u>
25 (LOSS) / GAIN ON SECURITIES - NET			
Realised	25.1	<u>(140,689)</u>	6,493
25.1 Realised (loss) / gain on:			
Listed Shares / Unit of fund		(57,859)	3,911
Federal Government Securities		(82,830)	-
Associates		-	2,582
		<u>(140,689)</u>	<u>6,493</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
26 OTHER INCOME			
Gain on termination of islamic financing		176,310	133,048
Gain on sale of fixed assets		39,607	29,266
Rental income		6,587	3,993
Others		1,350	2,863
		<u>223,854</u>	<u>169,170</u>
27 OPERATING EXPENSES			
Total compensation expense		6,033,705	4,817,727
Property expense			
Depreciation on right-of-use assets	3.2.2	1,038,656	-
Utilities cost (including electricity and diesel)		373,259	344,760
Security (including guards)		298,742	255,992
Repair and maintenance (including janitorial charges)		211,607	132,441
Depreciation		301,262	298,513
Rent and taxes		58,914	965,007
Others		21,555	12,652
		<u>2,303,995</u>	<u>2,009,365</u>
Information technology expenses			
Software maintenance		194,705	95,745
Hardware and related maintenance		124,255	79,452
Depreciation		140,485	141,605
Amortisation		168,319	109,970
Network charges		110,038	90,498
		<u>737,802</u>	<u>517,270</u>
Other operating expenses			
Stationery and printing		342,333	220,327
Local transportation and car running		236,420	194,106
Depreciation on vehicles, equipments etc.		364,176	296,284
Legal and professional charges		71,625	34,872
NIFT and other clearing charges		83,903	70,920
Travelling and conveyance		60,269	51,464
Training and Development		24,209	16,316
Communication (including courier)		180,819	162,369
Marketing, advertisement and publicity		197,445	113,415
Fees, subscription and other charges		121,695	106,420
Brokerage and bank charges		88,224	103,418
Office supplies		119,480	103,808
Entertainment		43,311	34,617
Takaful expense		56,852	65,928
Repairs and maintenance		120,215	96,156
Security charges - cash transportation		146,371	112,554
Outsourced services costs		6,177	1,112
Auditors' Remuneration		8,003	13,691
Non-executive Directors' fee		27,401	21,936
Others		7,217	9,717
		<u>2,306,145</u>	<u>1,829,430</u>
		<u>11,381,647</u>	<u>9,173,792</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		2,155	805
29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Provision against non-performing islamic financing related assets - net	10.8	582,954	112,564
Provision against diminution in the value of investments	9.2	452,024	10,536
Other provision		31,888	(9,525)
Reversals against off-balance sheet obligations		(6,127)	1,820
Recovery against written off financing		(8,502)	(9,561)
		<u>1,052,237</u>	<u>105,834</u>
30 TAXATION			
Current			
- for the year	30.1	5,801,537	3,036,218
- for prior years	30.1	470,030	-
		<u>6,271,567</u>	<u>3,036,218</u>
Deferred			
- for the year		(836,170)	(322,067)
		<u>5,435,397</u>	<u>2,714,151</u>

30.1 The Finance Supplementary (Second Amendment) Act 2019 has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3% and further levied an additional Super Tax charge at 4% for Tax Year 2018 (Accounting Year 2017), which was previously not chargeable resulting in additional Super Tax charge of Rs 470 million in the current period. The aggregate Super Tax charge for the period ended June 30, 2019 is Rs 1,065 million.

	Note	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		7,001,747	4,126,295
		(Number)	
Weighted average number of ordinary shares		1,286,111,622	1,286,111,622
		(Rupees)	
			Restated
Basic and diluted earnings per share	31.1	5.44	3.21

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

- 31.1** The Bank has issued bonus shares in the current period and accordingly the earnings per share for the comparative period has been restated.

	Note	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000			
32 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	96,338,149	63,709,754
Balances with other banks	7	13,206,568	6,198,708
		109,544,717	69,908,462

33 FAIR VALUE OF FINANCIAL INSTRUMENT

- 33.1** The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in subsidiaries and associates is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets (excluding non banking assets acquired in settlement of claims), other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Bank's accounting policy.

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

	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Book value	Fair value	Book value	Fair value
Rupees in '000				
33.2 Off-balance sheet financial instruments				
Forward purchase of foreign exchange - net	92,760,795	101,623,925	72,163,082	74,597,244
Forward sale of foreign exchange - net	59,690,175	64,050,361	43,560,484	44,659,254

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

33.3 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, 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<i>Financial Assets</i>				
Available for sale securities				
Ordinary shares - listed	4,331,691	-	-	4,331,691
Units of open end fund	-	-	-	-
GOP Sukuks	-	14,252,758	-	14,252,758
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	9,093,652	-	-	9,093,652
Forward purchase of foreign exchange contracts	-	101,623,925	-	101,623,925
Forward sale of foreign exchange contracts	-	64,050,361	-	64,050,361

RECURRING FAIR VALUE MEASUREMENTS	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<i>Financial Assets</i>				
Available for sale securities				
Ordinary shares - listed	4,347,184	-	-	4,347,184
Units of open end fund	51,483	-	-	51,483
GOP Sukuks	-	18,715,223	-	18,715,223
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	7,455,428	-	-	7,455,428
Forward purchase of foreign exchange contracts	-	74,597,244	-	74,597,244
Forward sale of foreign exchange contracts	-	44,659,254	-	44,659,254

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

Investment in associates (listed - mutual funds) have market value of Rs. 1,336 million which is being valued under level 2. These are carried at cost in the financial statements in accordance with the Bank's accounting policy.

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.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares, units of open end mutual fund and global sukuk bonds classified as available for sale.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GoP Ijarah sukuk and PIA sukuk classified as available for sale.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Sukuk and PIA Sukuk	The fair value of GoP Ijarah Sukuk and PIA Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

33.4 Fair value of non-financial assets

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

33.5 Financial assets not measured at fair value

	Carrying Value	
	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
Cash and balances with treasury banks	96,338,149	65,022,041
Balances with other banks	13,206,568	8,255,187
Due from financial institutions - net	131,254,232	184,814,600
Investments - net	187,981,659	91,673,549
Islamic financings and related assets - net	483,894,177	512,564,522
Other assets (excluding non banking assets acquired in settlement of claims) - net	38,007,852	26,293,396

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

June 30, 2019 (Unaudited)	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
Profit and Loss Account						
External Revenue	23,382,248	4,157,822	15,647,998	1,278,563	-	44,466,631
Inter segment revenue - net	-	30,049,283	-	48,721	(30,098,004)	-
Total Income	23,382,248	34,207,105	15,647,998	1,327,284	(30,098,004)	44,466,631
Segment direct expenses	1,512,338	28,588,997	482,284	393,631	-	30,977,250
Inter segment expense allocation	17,216,318	-	12,881,686	-	(30,098,004)	-
Total expenses	18,728,656	28,588,997	13,363,970	393,631	(30,098,004)	30,977,250
Provision / (reversals) and write offs - net	497,108	98,561	456,568	-	-	1,052,237
Profit before tax	4,156,484	5,519,547	1,827,460	933,653	-	12,437,144
Statement of Financial Position						
Cash & Bank balances	-	102,971,910	6,572,807	-	-	109,544,717
Due from financial institutions - net	-	-	131,254,232	-	-	131,254,232
Investments - net	19,165,720	-	197,994,040	-	-	217,159,760
Net inter segment lending	-	691,679,145	-	-	(691,679,145)	-
Islamic financings and related assets - net	399,635,086	84,259,091	-	-	-	483,894,177
Others	19,406,242	31,100,229	11,211,281	569,898	-	62,287,650
Total Assets	438,207,048	910,010,375	347,032,360	569,898	(691,679,145)	1,004,140,536
Due to financial institutions	31,962,941	596,786	699,856	-	-	33,259,583
Deposits & other accounts	-	841,801,305	-	-	-	841,801,305
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	360,064,352	-	331,175,651	439,142	(691,679,145)	-
Others	13,167,259	58,139,543	100,154	106,030	-	71,512,986
Total liabilities	419,194,552	900,537,634	331,975,661	545,172	(691,679,145)	960,573,874
Equity	19,012,496	9,472,741	15,056,699	24,726	-	43,566,662
Total Equity & liabilities	438,207,048	910,010,375	347,032,360	569,898	(691,679,145)	1,004,140,536
Contingencies & Commitments	304,410,368	51,125,542	163,535,765	-	-	519,071,675
June 30, 2018 (Unaudited)						
Profit and Loss Account						
External Revenue	12,274,909	2,716,812	8,980,658	1,029,368	-	25,001,747
Inter segment revenue - net	-	16,518,663	-	35,929	(16,554,592)	-
Total Income	12,274,909	19,235,475	8,980,658	1,065,297	(16,554,592)	25,001,747
Segment direct expenses	706,494	16,439,807	654,667	254,499	-	18,055,467
Inter segment expense allocation	9,703,900	-	6,850,692	-	(16,554,592)	-
Total expenses	10,410,394	16,439,807	7,505,359	254,499	(16,554,592)	18,055,467
Provision / (reversals) and write offs - net	47,251	69,119	(10,536)	-	-	105,834
Profit before tax	1,817,264	2,726,549	1,485,835	810,798	-	6,840,446
Statement of Financial Position						
Cash & Bank balances	-	68,678,468	1,229,994	-	-	69,908,462
Due from financial institutions - net	-	-	202,994,353	-	-	202,994,353
Investments - net	21,869,279	-	98,443,866	-	-	120,313,145
Net inter segment lending	-	584,180,514	-	247,098	(584,427,612)	-
Islamic financings and related assets - net	329,921,941	75,565,778	-	-	-	405,487,719
Others	16,720,128	18,866,865	6,442,194	-	-	42,029,187
Total Assets	368,511,348	747,291,625	309,110,407	247,098	(584,427,612)	840,732,866
Due to financial institutions	20,108,402	404,208	21,745,857	-	-	42,258,467
Deposits & other accounts	-	707,296,511	-	-	-	707,296,511
Subordinated Sukuk	7,000,000	-	-	-	-	7,000,000
Net inter segment borrowing	311,120,472	-	273,307,140	-	(584,427,612)	-
Others	13,852,707	32,318,735	275,983	247,098	-	46,694,523
Total liabilities	352,081,581	740,019,454	295,328,980	247,098	(584,427,612)	803,249,501
Equity	16,429,767	7,272,171	13,781,427	-	-	37,483,365
Total Equity & liabilities	368,511,348	747,291,625	309,110,407	247,098	(584,427,612)	840,732,866
Contingencies & Commitments	224,283,940	39,765,872	102,874,400	-	-	366,924,212

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

35 RELATED PARTY TRANSACTIONS

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

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

35.3 Subsidiary company

- Al Meezan Investment Management Limited

35.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

	Total		Subsidiary		Associates		Directors		Key management personnel / Directors		Other related parties	
	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Rupees in '000												
Islamic financing and related assets												
At January 1,	437,528	776,443	-	99,939	437,528	676,504	-	-	-	-	-	-
Addition during the period / year	1,574,258	3,732,561	-	-	1,574,258	3,732,561	-	-	-	-	-	-
Deletion during the period / year	(2,011,786)	(4,071,476)	-	(99,939)	(2,011,786)	(3,971,537)	-	-	-	-	-	-
At June 30 / December 31	-	437,528	-	-	-	437,528	-	-	-	-	-	-
Investments												
At January 1,	897,811	1,957,811	63,050	63,050	834,761	1,894,761	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Deletion during the period / year	-	(1,060,000)	-	-	-	(1,060,000)	-	-	-	-	-	-
At June 30 / December 31	897,811	897,811	63,050	63,050	834,761	834,761	-	-	-	-	-	-

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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Total		Subsidiary		Associates		Directors		Key management personnel / Directors		Other related parties	
	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	June 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Rupees in '000												
Deposits	7,135,356	5,255,327	32,057	32,351	2,824,186	1,125,645	16,514	107,304	519,006	523,483	3,743,593	3,466,544
Other Assets												
Profit receivable on financing / investments	3,007	12,820	-	-	3,007	12,820	-	-	-	-	-	-
Fee and Other Receivable	26,588	26,855	24,922	22,355	1,666	1,000	-	-	-	-	-	3,500
Sub-ordinated Sukuk (Tier II)	568,000	618,000	-	-	568,000	618,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	468,469	624,077	-	-	-	-	-	-	328,384	300,854	140,085	323,223
Accrued Expenses	4,921	2,921	4,921	2,921	-	-	-	-	-	-	-	-
Other Payable	2,950,402	-	-	-	2,950,402	-	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	28,330	27,572	-	-	28,330	27,572	-	-	-	-	-	-
Letters of Guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Total		Subsidiary		Associates		Directors		Key management personnel / Directors		Other related parties	
	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Rupees in '000												
Profit earned on financing / investments	22,206	22,330	-	2,378	22,206	19,952	-	-	-	-	-	-
Fees and other income earned	61,567	88,887	53,107	51,624	8,460	37,263	-	-	-	-	-	-
Return on deposits / borrowing expensed	245,414	101,024	911	586	50,476	11,872	1,038	626	17,292	5,884	175,697	82,056
Capital gain - net	-	2,582	-	-	-	2,582	-	-	-	-	-	-
Charge for defined benefit plan	140,085	137,323	-	-	-	-	-	-	-	-	140,085	137,323
Contribution to defined contribution plan	155,818	135,685	-	-	-	-	-	-	-	-	155,818	135,685
Contribution to staff benevolent fund	20,000	16,694	-	-	-	-	-	-	-	-	20,000	16,694
Fees expensed	6,177	5,992	6,177	5,992	-	-	-	-	-	-	-	-
Charity Paid	8,900	7,000	-	-	-	-	-	-	-	-	8,900	7,000
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	123,743	104,738	-	-	-	-	27,401	21,936	96,342	82,802	-	-
Proceeds from sale of fixed assets	-	1,984	-	-	-	-	-	-	-	1,984	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement		
Paid-up capital (net of losses)	<u>12,861,116</u>	<u>11,691,924</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	<u>42,896,247</u>	39,591,737
Eligible Additional Tier 1 Capital	<u>7,000,000</u>	7,000,000
Total Eligible Tier 1 Capital	<u>49,896,247</u>	46,591,737
Eligible Tier 2 Capital	<u>9,918,207</u>	9,916,173
Total Eligible Capital (Tier 1 + Tier 2)	<u>59,814,454</u>	<u>56,507,910</u>
Risk Weighted Assets		
Credit Risk	<u>303,137,617</u>	323,126,915
Market Risk	<u>12,089,217</u>	11,628,453
Operational Risk	<u>53,645,290</u>	53,645,290
Total	<u>368,872,124</u>	<u>388,400,658</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>11.63%</u>	10.19%
Tier 1 Capital Adequacy Ratio	<u>13.53%</u>	12.00%
Total Capital Adequacy Ratio	<u>16.22%</u>	<u>14.55%</u>
Leverage Ratio		
Tier-1 Capital	<u>49,896,247</u>	46,591,737
Total Exposures	<u>1,148,873,977</u>	1,054,746,721
Leverage Ratio	<u>4.34%</u>	4.42%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	<u>195,187,548</u>	120,562,308
Total Net Cash Outflow	<u>87,765,517</u>	94,253,108
Liquidity Coverage Ratio	<u>222%</u>	147%
Net Stable Funding Ratio		
Total Available Stable Funding	<u>772,743,880</u>	716,111,391
Total Required Stable Funding	<u>485,792,526</u>	550,702,281
Net Stable Funding Ratio	<u>159%</u>	130%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

37 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2018.

38 RECLASSIFICATIONS

As a result of change in forms for the preparation of condensed interim financial information issued by SBP as referred in note 3.2.1 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	(Rupees in '000) Aggregate
Profit / return earned on Islamic financing and related assets, investments and foreign exchange income	Profit on deposits and other dues expensed	<u>224,689</u>
Other income	Provisions / (reversals) and write offs - net	<u>9,561</u>
Other reversals of provision	Provisions / (reversals) and write offs - net	<u>9,525</u>

39 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on August 28, 2019 has announced an interim cash dividend @10%. This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the period end.

40 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on August 28, 2019 by the Board of Directors of the Bank.

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Rupees in '000		
Cash and balances with treasury banks	96,338,559	65,022,412
Balances with other banks	13,230,745	8,277,146
Due from financial institutions - net	131,254,232	184,814,600
Investments - net	220,506,572	127,115,376
Islamic financing and related assets - net	483,894,177	512,564,522
Fixed assets	19,776,136	13,228,398
Intangible assets	647,959	644,956
Deferred tax asset	1,911,866	868,024
Other assets - net	40,379,148	29,215,973
	1,007,939,394	941,751,407
LIABILITIES		
Bills payable	19,568,699	23,750,543
Due to financial institutions	33,259,583	36,407,811
Deposits and other accounts	841,769,248	785,444,592
Sub-ordinated Sukuk	14,000,000	14,000,000
Deferred tax liabilities	-	-
Other liabilities	52,519,973	38,571,522
	961,117,503	898,174,468
NET ASSETS	46,821,891	43,576,939
REPRESENTED BY		
Share capital	12,861,116	11,691,924
Reserves	16,585,914	15,185,565
Unappropriated profit	16,632,318	15,738,899
Deficit on revaluation of assets - net of tax	(306,525)	(45,883)
	45,772,823	42,570,505
NON-CONTROLLING INTEREST	1,049,068	1,006,434
	46,821,891	43,576,939

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

Note	Restated			
1.4	Quarter ended June 30, 2019	Half year ended June 30, 2019	Quarter ended June 30, 2018	Half year ended June 30, 2018
Rupees in '000				
Profit / return earned on Islamic financing and related assets, investments and placements	21,802,674	40,011,089	11,006,127	21,124,766
Profit on deposits and other dues expensed	10,146,865	19,255,013	4,411,934	8,719,085
Net spread earned	11,655,809	20,756,076	6,594,193	12,405,681
OTHER INCOME				
Fee and commission income	1,986,703	3,856,279	1,667,406	3,360,422
Dividend income	63,875	108,193	59,619	108,248
Foreign exchange income	657,366	1,074,466	418,283	791,304
Gain / (loss) on securities - net	1,923	(141,029)	(28,383)	(43,778)
Unrealised gain / (loss) on held for trading investments	-	-	355	(774)
Other income	119,408	221,978	117,125	170,686
	2,829,275	5,119,887	2,234,405	4,386,108
Total income	14,485,084	25,875,963	8,828,598	16,791,789
OTHER EXPENSES				
Operating expenses	6,038,227	11,677,102	4,797,167	9,431,143
Workers' Welfare Fund	214,248	344,685	105,217	169,337
Other charges	787	2,155	54	805
Total other expenses	6,253,262	12,023,942	4,902,438	9,601,285
	8,231,822	13,852,021	3,926,160	7,190,504
Share of results of associates before taxation	(455,513)	(300,731)	(284,236)	146,213
Profit before provisions	7,776,309	13,551,290	3,641,924	7,336,717
Provisions / (reversals) and write offs - net	1,152,184	1,052,237	(24,464)	105,834
Extraordinary / unusual items	-	-	-	-
Profit before taxation	6,624,125	12,499,053	3,666,388	7,230,883
Taxation	2,720,545	5,495,046	1,723,609	2,942,220
Profit after taxation	3,903,580	7,004,007	1,942,779	4,288,663
Attributable to:				
Shareholders of the Holding company	3,939,897	6,964,554	1,926,483	4,146,510
Non-controlling interest	(36,317)	39,453	16,296	142,153
	3,903,580	7,004,007	1,942,779	4,288,663
Rupees				
Restated				
Basic and diluted earnings per share	3.06	5.42	1.50	3.22

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

Riyadh S. A. A. Edrees Chairman **Irfan Siddiqui** President & Chief Executive **Faisal A. A. Al-Nassar** Director **Noorur Rahman Abid** Director **Shabbir Hamza Khandwala** Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Restated			
	1.4	Quarter ended June 30, 2019	Half year ended June 30, 2019	Quarter ended June 30, 2018	Half year ended June 30, 2018
Rupees in '000					
Profit after taxation for the period attributable to:					
Shareholders of the Holding company		3,939,897	6,964,554	1,926,483	4,146,510
Non-controlling interest		(36,317)	39,453	16,296	142,153
		<u>3,903,580</u>	<u>7,004,007</u>	<u>1,942,779</u>	<u>4,288,663</u>
Other Comprehensive income					
Item that may be reclassified to profit and loss account in subsequent periods:					
Deficit on revaluation of investments		(589,171)	(386,082)	(275,637)	(602,607)
Deferred tax on revaluation of investments		206,210	135,129	96,472	210,912
Deficit on revaluation of non - banking assets		-	(14,785)	-	-
Deferred tax on revaluation of non - banking assets		-	5,175	-	-
Share in profits of associates relating to investment classified as 'available for sale'		-	-	(40,225)	(3,697)
Deferred tax on share of results of associates		-	-	14,079	1,294
		<u>(382,961)</u>	<u>(260,563)</u>	<u>(205,311)</u>	<u>(394,098)</u>
Item that will not be reclassified to profit and loss account in subsequent periods:					
Remeasurements of defined benefit plan - net of tax		9,085	9,085	(7,684)	(7,684)
		<u>9,085</u>	<u>9,085</u>	<u>(7,684)</u>	<u>(7,684)</u>
Total Comprehensive Income for the period		<u>3,529,704</u>	<u>6,752,529</u>	<u>1,729,784</u>	<u>3,886,881</u>
Attributable to:					
Shareholders of the Holding company		3,562,840	6,709,895	1,716,177	3,747,417
Non-controlling interest		(33,136)	42,634	13,607	139,464
		<u>3,529,704</u>	<u>6,752,529</u>	<u>1,729,784</u>	<u>3,886,881</u>

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Share capital	Share premium	Capital reserves		Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
			Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non-banking assets		
Rupees in '000										
Balance as at January 1, 2018 - Restated (Note 1.4)	10,629,022	2,406,571	7,777,925	3,117,547	91,082	12,563,156	816,295	-	1,007,975	38,409,573
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	4,146,510	-	-	142,153	4,288,663
Other Comprehensive loss for the half year ended June 30, 2018 - net of tax	-	-	-	-	-	(4,995)	(394,098)	-	(2,689)	(401,782)
	-	-	-	-	-	4,141,515	(394,098)	-	139,464	3,886,881
Other appropriations										
Transfer to statutory reserve	-	-	825,259	-	-	(825,259)	-	-	-	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	-	-	(1,328,628)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Balance as at June 30, 2018 - Restated	10,629,022	2,406,571	8,603,184	3,117,547	91,082	14,550,784	422,197	-	1,007,439	40,827,826
Profit after taxation for the half year ended December 31, 2018	-	-	-	-	-	4,811,251	-	-	33,995	4,845,246
Other Comprehensive income / (loss) for the half year ended December 31, 2018 - net of tax	-	-	-	-	-	1,300	(490,232)	22,152	-	(466,780)
	-	-	-	-	-	4,812,551	(490,232)	22,152	33,995	4,378,466
Other appropriations										
Transfer to statutory reserve	-	-	967,181	-	-	(967,181)	-	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,062,902	-	-	-	-	(1,062,902)	-	-	-	-
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(35,000)	(35,000)
Interim cash dividend for the year 2018	-	-	-	-	-	(1,594,353)	-	-	-	(1,594,353)
Balance as at December 31, 2018	11,691,924	2,406,571	9,570,365	3,117,547	91,082	15,738,899	(68,035)	22,152	1,006,434	43,576,939
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	6,964,554	-	-	39,453	7,004,007
Other Comprehensive loss for the half year ended June 30, 2019 - net of tax	-	-	-	-	-	5,904	(260,563)	-	3,181	(251,478)
	-	-	-	-	-	6,970,458	(260,563)	-	42,634	6,752,529
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	79	-	(79)	-	-
Other appropriations										
Transfer to statutory reserve	-	-	1,400,349	-	-	(1,400,349)	-	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	-	(2,338,385)
Interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	-	(1,169,192)
Balance as at June 30, 2019	12,861,116	2,406,571	10,970,714	3,117,547	91,082	16,632,318	(328,598)	22,073	1,049,068	46,821,891

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Half year ended June 30, 2019	Restated Half year ended June 30, 2018
Rupees in '000		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,499,053	7,230,883
Less: Dividend income	(108,193)	(108,248)
	<u>12,390,860</u>	<u>7,122,635</u>
Adjustments for non-cash charges and other items:		
Depreciation	831,872	761,826
Non cash item related to rental properties	1,368,576	-
Amortization	174,197	114,956
Provisions and write offs - net	1,052,237	105,834
Unrealised loss on held for trading investments	-	774
Gain on sale of fixed assets	(41,483)	(30,781)
Share of results of associates	300,731	(146,213)
	<u>3,686,130</u>	<u>806,396</u>
	<u>16,076,990</u>	<u>7,929,031</u>
Decrease / (increase) in operating assets		
Due from financial institutions	53,560,368	(55,765,132)
Islamic financing and related assets	28,095,893	14,338,427
Other assets	(11,286,008)	(1,909,581)
	<u>70,370,253</u>	<u>(43,336,286)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(4,181,844)	1,544,413
Due to financial institutions	(3,148,228)	5,445,172
Deposits and other accounts	56,324,656	34,102,586
Other liabilities	5,813,927	2,811,998
	<u>54,808,511</u>	<u>43,904,169</u>
	<u>141,255,754</u>	<u>8,496,914</u>
Income tax paid	(4,650,486)	(2,960,570)
Net cash flow from operating activities	<u>136,605,268</u>	<u>5,536,344</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investments) / redemption in securities	(94,530,033)	(1,792,330)
Dividends received	101,138	92,231
Investments in fixed assets	(2,716,251)	(1,735,123)
Investments in intangible assets	(177,200)	(246,646)
Proceeds from sale of fixed assets	72,249	54,954
Net cash used in investing activities	<u>(97,250,097)</u>	<u>(3,626,914)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Rent liability related to properties	(1,033,119)	-
Dividend paid	(2,052,306)	(1,318,121)
Dividend paid to non controlling interest	-	(140,000)
Net cash used in financing activities	<u>(3,085,425)</u>	<u>(1,458,121)</u>
Increase in cash and cash equivalents	<u>36,269,746</u>	<u>451,309</u>
Cash and cash equivalents at the beginning of the period	<u>73,299,558</u>	<u>69,496,499</u>
Cash and cash equivalents at the end of the period	<u>109,569,304</u>	<u>69,947,808</u>

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

Riyadh S. A. A. Edrees Chairman **Irfan Siddiqui** President & Chief Executive **Faisal A. A. Al-Nassar** Director **Noorur Rahman Abid** Director **Shabbir Hamza Khandwala** Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

1 BASIS OF PRESENTATION

1.1 This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund, Meezan Gold Fund, Meezan Energy Fund and Meezan Rozana Amdani Fund.

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

1.3 This condensed interim consolidated financial information comprise of the statement of financial position as at June 30, 2019 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the half year ended June 30, 2019.

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

During the period, the SBP, vide its BPRD Circular No. 05 dated March 22, 2019, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2019. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim consolidated financial information.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current period's presentation.

1.5 Adoption of IFRS 16 "Leases"

During the period, the SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where an Islamic Bank acts in capacity of Mustajir (lessee) and accordingly, the MBL has adopted the standard. The IFAS 2 - Ijarah would continue to be applicable on all the Ijarah contracts where the MBL acts as Mujir (lessor).

2 ACCOUNTING POLICIES

2.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2018.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on August 28, 2019 by the Board of Directors of the Holding company.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer









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The Premier Islamic Bank

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