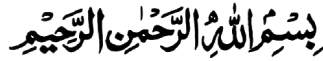


Half Yearly Report

June 30, 2018



Meezan Bank
The Premier Islamic Bank



In the name of Allah The Beneficent The Merciful

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CORPORATE INFORMATION

Board of Directors

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

Chairman
Vice Chairman

President & CEO
Executive Director & Deputy CEO

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani
Sheikh Esam Mohamed Ishaq
Dr. Muhammad Imran Ashraf Usmani

Chairman

Board Audit Committee

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

Board Risk Management Committee

Faisal A. A. A. Al-Nassar
Saad Fazil Abbasi
Ariful Islam

Board Human Resource & Remuneration Committee

Riyadh S. A. A. Edrees
Noorur Rahman Abid
Talal S. A. Al-Shehab

Board Information Technology Committee

Mohammad Abdul Aleem
Mansur Khan
Ariful Islam

Resident Shariah Board Member

Dr. Muhammad Imran Ashraf Usmani

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
1st Floor, 40-C,
Block 6, P.E.C.H.S.,
Karachi - 75400, Pakistan.
Phone: (9221) 111-000-322, Fax: (9221) 34168271
E-mail: 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, 2018. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in millions

Profit & Loss Account	Jan - June 2018	Jan - June 2017	Growth %
Net spread earned before provisions	12,479	9,711	29%
Fee and commission income	2,543	2,075	23%
Operating income	16,164	13,509	20%
Administrative and other expenses	(9,324)	(8,100)	15%
Profit after tax	4,126	3,163	30%
Earnings per share - Rupees	3.88	3.07	26%
Number of branches	602	571	5%

Rupees in millions

Statement of Financial Position	June 30, 2018	December 31, 2017	Growth %
Investments / Placements under Bai Muajjal	323,307	266,467	21%
Islamic financing and related assets - net	405,488	420,029	(3%)
Total Assets	828,061	781,699	6%
Deposits	707,297	673,188	5%
Shareholders' Equity	37,136	34,338	8%

By the Grace of Allah, Meezan Bank has recorded excellent results for the half year ended June 30, 2018. Profit after tax increased by 30% to Rs 4,126 million from Rs 3,163 million in corresponding period last year. The Bank's net spread before provision increased by 29% primarily due to Bank's continuous focus on increasing financing portfolio and maintaining an optimal cost of funds through strong relationship management and enhanced customer experience.

Alhamdulillah, the Bank has successfully issued Additional Tier I capital of Rs 7 billion in August 2018, in form of perpetual, unsecured and sub-ordinated Sukuk that has further strengthened the Bank's Capital Adequacy Ratio and will support the future growth strategy of the Bank. The Bank initially planned the issue size of Rs 5 billion however as the issue received an overwhelming response from the investors, the Bank increased the issue size to Rs 7 billion. The Sukuk has been rated AA- (Double A minus), by JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Agency, Japan. As a result of issuance of this Additional Tier I Sukuk, the Bank's Capital Adequacy Ratio has increased by around 2%.

DIRECTORS' REVIEW

During the period, the Bank continued its proactive strategy to enhance its exposure in high yield financings in all sectors, particularly in SME / Commercial and Consumer sector while simultaneously ensuring all the risk parameters are met. Islamic financings and related assets grew by 20% from June 2017 and closed at Rs 405 billion. The Bank's ADR stood at 57% as on June 30, 2018. The focus remains to build a high quality and diversified financing portfolio. The Bank has one of the lowest non-performing financing ratios in the banking industry – less than 2% as compared to an industry average of 8%. Provision against non-performing financing portfolio is also maintained at a very comfortable level with a coverage ratio of 133%.

Deposits of the Bank crossed Rs 700 billion and grew by 19% from June 2017. Despite the intense competition in banking industry, the Bank not only expanded its deposit base but also successfully enhanced its CASA deposits that now comprise 77% of the total deposits. The Bank maintained its position as the 7th largest Bank (amongst both Islamic as well as Conventional Banks) in terms of deposits in Pakistan with a branch network of more than 600 branches in 160 cities.

The Bank's fee and commission income increased by 23% which was mainly driven by growth in trade business which grew by an impressive 44% from the corresponding period last year. Administrative and operating expenses increased to Rs 9,324 million from Rs 8,100 million primarily due to rising inflation and increase in staff expenses, rent and costs associated with new branches – an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years. This rise in expenses is sufficiently absorbed by the growth in the Bank's income resulting in improvement in income efficiency ratio from the corresponding period last year.

The Finance Act 2018 has further extended the applicability of one-time Super Tax, initially levied for Tax Year 2015 at 4% of taxable income of the Bank. This Super Tax has resulted in additional tax charge of Rs 311 million for the half year 2018.

The Board has approved 15% (Rs 1.50 per share) interim cash dividend and 10% bonus shares. The Bank has maintained unbroken payout record since the Bank's listing on Stock Exchange in the year 2000.

We are pleased to inform you that JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has upgraded the Bank's long-term entity rating at AA+ (Double A Plus) from AA (Double AA). The JCR-VIS has maintained the Bank's short term rating at A1+ (A One Plus) with stable outlook which is the highest standard in short term rating. The JCR-VIS Credit Rating Company Limited has also upgraded the rating of the Bank's Subordinated (Tier II) sukuk rating at AA (Double A) from AA- (Double A minus). The rating indicates sound performance indicators of the Bank.

DIRECTORS' REVIEW

The availability of Government of Pakistan (GoP) Ijarah Sukuk to deploy surplus liquidity continues to be a challenge for Islamic Banks. There has been no new issue of GoP Ijarah Sukuk since June 2017 which has negatively impacted the Islamic banking industry in Pakistan. However, we have been assured that the State Bank of Pakistan and the Ministry of Finance is addressing this issue as a matter of high priority and we expect a GoP Sukuk issue in the second half of this year.

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and our Shariah Supervisory Board for their continued guidance and support. We also take this opportunity to thank our valued customers for their patronage, the shareholders, 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 29, 2018

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 جون، 2018 کو ختم ہونے والے نصف سال کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

اہم مالیاتی نکات روپے (ملین میں)

نفع و نقصان کھاتہ	جنوری تا جون، 2018	جنوری تا جون، 2017	اضافہ کی شرح %
تموین سے قبل آمدنی - خالص	12,479	9,711	29%
فیس اور کمیشن کی آمدنی	2,543	2,075	23%
کاروباری آمدنی	16,164	13,509	20%
انتظامی اور دیگر اخراجات	(9,324)	(8,100)	15%
بعد از ٹیکس منافع	4,126	3,163	30%
منافع فی حصص (روپوں میں)	3.88	3.07	26%
شاخوں کی تعداد	602	571	5%

مالیاتی حیثیت کا جائزہ	30 جون، 2018	31 دسمبر، 2017	اضافہ / کمی کی شرح %
سرمایہ کاری / پیسے معجل کے تحت تعین	323,307	266,467	21%
اسلامی فنانسنگ اور متعلقہ اثاثے - خالص (تمام کٹوتیوں کے بعد)	405,488	420,029	(3%)
کل اثاثے	828,061	781,699	6%
جمع شدہ رقوم (Deposits)	707,297	673,188	5%
حصص یافتگان کی ایکویٹی	37,136	34,338	8%

الحمد للہ، میزان بینک نے 30 جون، 2018 کو ختم ہونے والے نصف سال کے لئے زبردست نتائج حاصل کئے ہیں۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 3,163 ملین روپے کے مقابلے میں 30 فیصد اضافے کے ساتھ 4,126 ملین روپے ہو گیا ہے۔ بینک کی تموین سے قبل خالص آمدنی میں 29 فیصد اضافہ ہوا جس کی بنیادی وجہ یہ تھی کہ بینک نے فنانسنگ پورٹ فولیو میں اضافے پر مسلسل توجہ مرکوز رکھی اور اس کے ساتھ مستحکم تعلقاتی انتظام کاری اور صارفین کو بہتر خدمات کی فراہمی کے ذریعے اپنے فنڈز کی کم لاگت برقرار رکھی۔

الحمد للہ، بینک نے اگست، 2018 میں مستقل، بلا ضمانت اور ثانوی صکوک کی شکل میں Additional Tier I کے 7 ارب روپے کا اضافی سرمایہ جاری کیا ہے جس سے بینک کے Capital Adequacy Ratio کو مزید استحکام حاصل ہوا ہے اور جو بینک کی آئندہ ترقی کے پلان میں بھی معاون ثابت ہوگا۔ ابتدا میں بینک نے 5 ارب روپے کے صکوک کے اجراء کی منصوبہ بندی کی تھی تاہم سرمایہ کاروں کی جانب سے انتہائی مثبت رد عمل سامنے آنے کے بعد بینک نے اجراء کا حجم بڑھا کر 7 ارب روپے کر دیا۔ JCR-VIS کرڈٹ ریٹنگ کمپنی نے، جو جاپان کرڈٹ ریٹنگ ایجنسی سے الحاق شدہ ہے، صکوک کو AA- (ڈبل اے مائنس) کا درجہ دیا ہے۔ Additional Tier I صکوک کے اس اجراء کے بعد بینک کے Capital Adequacy Ratio میں تقریباً 2 فیصد اضافہ ہوا ہے۔

زیر جائزہ مدت میں بینک نے تمام شعبہ جات بالخصوص چھوٹے اور درمیانے درجے کے کاروبار (SME) / کمرشل اور کنزیومر شعبے میں زیادہ منافع بخش فنانسنگ پر اضافی توجہ کی اپنی فعال حکمت عملی برقرار رکھی جبکہ اس کے ساتھ ساتھ اس بات کو بھی یقینی بنایا کہ تمام تر رسک پیرامیٹرز پر قابو پایا جائے۔ اسلامی فنانسنگ اور متعلقہ اثاثے جون، 2017 کے مقابلے میں 20 فیصد اضافے کے بعد 405 ارب روپے ہو گئے۔ بینک کا ایڈوانس ٹو ڈپازٹ ریٹو (ADR) 30 جون، 2018 پر 57 فیصد رہا۔ ہماری تمام تر توجہ بدستور اعلیٰ معیار اور متنوع فنانسنگ پورٹ فولیو قائم کرنے پر مرکوز رہی۔ بینک کی غیر فعال فنانسنگ کی شرح 2 فیصد سے کم رہی جو بینکاری صنعت کی کم ترین شرحوں میں سے ایک ہے جبکہ مجموعی طور پر بینکاری صنعت میں یہ شرح اوسطاً 8 فیصد ہے۔ بینک نے غیر فعال فنانسنگ پورٹ فولیو کی مدتیں 133 فیصد کو ریٹو کے ساتھ پروویژن کی تسلی بخش شرح برقرار رکھی ہے۔

بینک کی جمع شدہ رقوم (Deposits) 700 ارب روپے سے تجاوز کر گئیں اور ان میں جون، 2017 سے 19 فیصد کا اضافہ ہوا۔ بینکاری صنعت میں زبردست مسابقت کے باوجود بینک نے نہ صرف اپنی جمع شدہ رقوم میں اضافہ کیا بلکہ اپنی کرنٹ اکاؤنٹنگ سیولنگ اکاؤنٹ (CASA) کی جمع شدہ رقوم میں بھی کامیابی سے اضافہ کیا جو اب بینک کی کل جمع شدہ رقوم کے 77 فیصد پر مشتمل ہیں۔ بینک نے 160 شہروں میں 600 سے زائد برانچوں کے نیٹ ورک کے ساتھ جمع شدہ رقوم کے اعتبار سے (اسلامی اور روایتی بینکوں کے درمیان) پاکستان کے ساتویں بڑے بینک ہونے کا اعزاز بھی برقرار رکھا ہے۔

بینک کی فیس اور کمیشن کی مد میں ہونے والی آمدنی میں 23 فیصد اضافہ ہوا جس کی اہم وجہ تجارتی کاروبار میں اضافہ تھی، جس میں گزشتہ سال کی اسی مدت کے مقابلے میں 44 فیصد کا متاثر کن اضافہ دیکھنے میں آیا۔ انتظامی اور عمل آوری کے اخراجات 8,100 ملین روپے سے بڑھ کر 9,324 ملین روپے ہو گئے۔ اخراجات میں اضافہ بنیادی طور پر بڑھتی ہوئی افراط زر اور عملے پر ہونے والے اخراجات، کرائے اور نئی شاخوں سے متعلق اخراجات کی وجہ سے ہے، تاہم یہ ایک سرمایہ کاری ہے جو بینک کے لئے فائدہ مند ثابت ہوئی ہے جیسا کہ گزشتہ برسوں میں جمع شدہ رقوم اور منافع میں ہونے والے اضافے سے اس کی تصدیق ہوتی ہے۔ اخراجات میں ہونے والے اس اضافے کو بینک کی آمدنی میں اضافے نے پورا کیا ہے جسے گزشتہ سال کی اسی مدت کے مقابلے میں اکٹھا (Income Efficiency Ratio) میں بہتری کی صورت میں دیکھا جاسکتا ہے۔

فنانس ایکٹ 2018 کے ذریعے دن۔ ٹائم سپرنٹیکس کی اطلاقیت میں مزید توسیع کر دی گئی، جو بینکوں کی (Taxable Income) پر 4 فیصد کے حساب سے ٹیکس سال 2015 کے لئے نافذ کیا گیا تھا۔ اس کا نتیجہ 2018 کے نصف سال میں 311 ملین روپے کا اضافی ٹیکس چارج ہوا۔

بورڈ نے سال 2018 کے لئے 15 فیصد (1.5 روپے فی حصص) عبوری نقد ڈیویڈنڈ اور 10 فیصد بونس شیئرز کی منظوری دی ہے۔ بینک نے سال 2000ء میں اسٹاک ایکسچینج میں شمولیت کے بعد سے اب تک بلا تعطل ادائیگیوں کا ریکارڈ برقرار رکھا ہے۔

ہمیں آپ کو یہ بتاتے ہوئے نہایت مسرت محسوس ہو رہی ہے کہ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے، جو جاپان کریڈٹ ریٹنگ ایجنسی سے الحاق شدہ ہے، بینک کی طویل المیعاد ریٹنگ AA (ڈبل اے) سے بڑھا کر AA+ (ڈبل اے پلس) کر دی ہے۔ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی قلیل المیعاد ریٹنگ A1+ (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ توثیق کر دی ہے جو کہ قلیل مدت کی بلند ترین ریٹنگ ہے۔ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کے ثانوی صکوک (Tier II) کی ریٹنگ بھی AA- (ڈبل اے منس) سے بڑھا کر AA (ڈبل اے) کر دی ہے۔ یہ ریٹنگز بینک کی مستحکم کارکردگی کے اشاروں کی تصدیق کرتی ہے۔

اضافی لکویڈیٹی کی تقسیم کے لئے حکومت پاکستان کے اجارہ صکوک کی دستیابی اسلامی بینکوں کے لئے بدستور ایک چیلنج رہی۔ جون، 2017 کے بعد سے حکومت پاکستان کے اجارہ صکوک کا کوئی نیا اجراء سامنے نہیں آیا جس سے پاکستان میں اسلامی بینکاری کی صنعت پر منفی اثرات مرتب ہوئے، تاہم ہمیں یقین دہانی کروائی گئی ہے کہ اسٹیٹ بینک آف پاکستان اور وزارت خزانہ اس مسئلے کو ترجیحی بنیادوں پر حل کرنے کی کوشش کر رہے ہیں اور رواں سال کی دوسری ششماہی میں حکومت پاکستان کے اجارہ صکوک کا اجراء متوقع ہے۔

میزان بینک کا بورڈ اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور ہمارے شریعہ سپروائزر بورڈ کا ان کی مسلسل معاونت اور رہنمائی کے لئے تہہ دل سے مشکور ہے۔ اس موقع پر ہم اپنے معزز صارفین کی سرپرستی، اپنے شیئرز ہولڈرز، اضافی Tier I صکوک اور ثانوی Tier II صکوک ہولڈرز کے مسلسل تعاون اور اپنے ملازمین کی مسلسل جدوجہد کے لئے ان کا شکریہ 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 ہمارے بینک نے نہایت مختصر عرصے میں اتنی شاندار ترقی کی اور ہم دعا گو ہیں کہ اللہ سبحانہ تعالیٰ ہمیں حوصلہ اور دانائی عطا کرے تاکہ 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 الہی، اے۔ اے۔ اور لیس

چیرمین

کراچی:

29 اگست، 2018

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 2018, 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 (herein-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 2018 and 30 June 2017 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 2018.

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 auditors' review report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Date: 29 August 2018

Karachi

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018**

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS			
Rupees in '000			
Cash and balances with treasury banks	7	63,709,754	64,556,170
Balances with other banks	8	6,198,708	4,895,816
Due from financial institutions - net	9	202,994,353	147,229,221
Investments - net	10	120,313,145	119,238,246
Islamic financing and related assets - net	11	405,487,719	420,029,088
Operating fixed assets	12	12,964,437	11,875,358
Deferred tax assets		524,797	-
Other assets - net		15,868,521	13,875,297
		828,061,434	781,699,196
LIABILITIES			
Bills payable		12,712,506	11,168,093
Due to financial institutions		42,258,467	36,813,295
Deposits and other accounts	13	707,296,511	673,187,807
Sub-ordinated Sukuk	14	7,000,000	7,000,000
Deferred tax liabilities		-	8,182
Other liabilities		21,310,585	18,444,426
		790,578,069	746,621,803
NET ASSETS			
		37,483,365	35,077,393
REPRESENTED BY			
Share capital	15	10,629,022	10,629,022
Reserves		14,194,068	13,368,809
Unappropriated profit		12,312,997	10,340,589
		37,136,087	34,338,420
Surplus on revaluation of investments - net of tax	16	347,278	738,973
		37,483,365	35,077,393
CONTINGENCIES AND COMMITMENTS			
	17		

The annexed notes 1 to 29 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

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Note	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	18	10,987,404	20,976,213	8,811,589	16,944,133
Profit on deposits and other dues expensed	19	4,353,722	8,497,360	3,655,404	7,232,824
Net spread earned		6,633,682	12,478,853	5,156,185	9,711,309
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	11.8	(57,761)	112,564	(43,547)	(21,366)
Provision against diminution in the value of investments	10.3	60,255	10,536	92,484	128,581
Provision against off-balance sheet obligations		-	1,820	-	-
Bad debts written off directly		-	-	-	-
		2,494	124,920	48,937	107,215
Net spread after provisions		6,631,188	12,353,933	5,107,248	9,604,094
OTHER INCOME					
Fee, commission and brokerage income		1,250,954	2,542,891	1,055,409	2,075,142
Dividend income		319,619	368,248	505,371	543,911
Income from dealing in foreign currencies		376,697	714,043	282,866	445,811
Capital (loss) / gain on sale of investments - net		(35,087)	6,493	335,676	707,060
Other income		120,251	178,731	66,275	132,895
Total other income		2,032,434	3,810,406	2,245,597	3,904,819
		8,663,622	16,164,339	7,352,845	13,508,913
OTHER EXPENSES					
Administrative expenses		4,726,654	9,173,792	4,198,574	7,985,954
Other reversal of provisions		(22,316)	(9,525)	(3,251)	(8,323)
Other charges		54	805	9,788	10,268
Workers Welfare Fund		98,820	158,821	67,590	112,591
Total other expenses		4,803,212	9,323,893	4,272,701	8,100,490
		3,860,410	6,840,446	3,080,144	5,408,423
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		3,860,410	6,840,446	3,080,144	5,408,423
Taxation - Current	20	1,868,700	3,036,218	1,229,720	2,212,486
- Prior years		-	-	344,016	344,016
- Deferred		(219,646)	(322,067)	(145,064)	(311,304)
		1,649,054	2,714,151	1,428,672	2,245,198
PROFIT AFTER TAXATION		2,211,356	4,126,295	1,651,472	3,163,225
Rupees					
Restated					
Basic and diluted earnings per share	21	2.08	3.88	1.60	3.07

The annexed notes 1 to 29 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

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

	Note	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
Rupees in '000					
Profit after taxation for the period		2,211,356	4,126,295	1,651,472	3,163,225
Other comprehensive income		-	-	-	-
Comprehensive income transferred to statement of changes in equity		2,211,356	4,126,295	1,651,472	3,163,225
Components of comprehensive income not reflected in equity					
Items that may be reclassified to profit and loss account					
Deficit on revaluation of investments	16	(275,637)	(602,607)	(227,341)	(1,074,672)
Deferred tax on revaluation of investments	16	96,472	210,912	79,569	376,135
		(179,165)	(391,695)	(147,772)	(698,537)

The annexed notes 1 to 29 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

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President & Chief Executive

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Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

		Capital reserves			Revenue reserve		
	Share capital	Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve	Unappropriated profit	Total
	Rupees in '000						
Balance as at January 1, 2017	10,027,379	-	6,515,372	3,117,547	66,766	8,422,009	28,149,073
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2017	-	-	-	-	-	3,163,225	3,163,225
Transactions with owners recognised directly in equity							
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)	(1,253,422)
Other appropriations							
Transfer to statutory reserve	-	-	632,645	-	-	(632,645)	-
Balance as at June 30, 2017	10,027,379	-	7,148,017	3,117,547	66,766	9,699,167	30,058,876
Total comprehensive income for the period							
Profit after taxation for the half year ended December 31, 2017	-	-	-	-	-	3,149,542	3,149,542
Remeasurement on defined benefit plan - net of tax	-	-	-	-	-	(123,421)	(123,421)
Transactions with owners recognised directly in equity							
Issue of right shares	601,643	2,406,571	-	-	-	-	3,008,214
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	(1,754,791)
Other appropriations							
Transfer to statutory reserve	-	-	629,908	-	-	(629,908)	-
Balance as at December 31, 2017	10,629,022	2,406,571	7,777,925	3,117,547	66,766	10,340,589	34,338,420
Total comprehensive income for the period							
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	4,126,295	4,126,295
Transactions with owners recognised directly in equity							
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	(1,328,628)
Other appropriations							
Transfer to statutory reserve	-	-	825,259	-	-	(825,259)	-
Balance as at June 30, 2018	10,629,022	2,406,571	8,603,184	3,117,547	66,766	12,312,997	37,136,087

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

The annexed notes 1 to 29 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

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Note	Half year ended June 30, 2018	Half year ended June 30, 2017
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,840,446	5,408,423
Less: Dividend income		(368,248)	(543,911)
		6,472,198	4,864,512
Adjustments for non-cash charges			
Depreciation		736,402	722,090
Amortization		109,970	81,794
Provision / (reversals of provision) against non-performing Islamic financing and related assets - net		112,564	(21,366)
Provision against diminution in the value of investments		10,536	128,581
Provision against off-balance sheet obligations		1,820	-
Gain on sale of operating fixed assets		(29,266)	(40,896)
		942,026	870,203
		7,414,224	5,734,715
(Increase) / decrease in operating assets			
Due from financial institutions		(55,765,132)	(14,645,851)
Islamic financing and related assets		14,428,805	(26,850,440)
Other assets - net		(1,717,207)	(1,529,259)
		(43,053,534)	(43,025,550)
Increase / (decrease) in operating liabilities			
Bills payable		1,544,413	894,500
Due to financial institutions		5,445,172	(9,813,331)
Deposits and other accounts		34,108,704	29,239,784
Other liabilities		2,574,132	905,330
		43,672,421	21,226,283
		8,033,111	(16,064,552)
Income tax paid		(2,756,518)	(2,122,134)
Net cash generated from / (used in) operating activities		5,276,593	(18,186,686)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(1,688,042)	11,007,011
Dividends received		92,231	98,166
Investments in operating fixed assets		(1,955,856)	(3,543,749)
Proceeds from disposal of operating fixed assets		49,671	77,463
Net cashflow (used in) / generated from investing activities		(3,501,996)	7,638,891
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(1,318,121)	(1,253,081)
Net cashflow used in financing activities		(1,318,121)	(1,253,081)
Net increase / (decrease) in cash and cash equivalents		456,476	(11,800,876)
Cash and cash equivalents at the beginning of the period		69,451,986	68,058,200
Cash and cash equivalents at the end of the period	22	69,908,462	56,257,324

The annexed notes 1 to 29 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

Mansur Khan
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, 2018**

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. The 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002, and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through six hundred and two branches as at June 30, 2018 (December 31, 2017: six hundred and one branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2017, the JCR-VIS Credit Rating Company Limited has upgraded the Bank's long-term rating to 'AA+' from 'AA' and reaffirmed the short-term rating as 'A1+' with stable outlook.

2 BASIS OF PRESENTATION

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

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

3 STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act 2017,
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962, and directives issued by the SECP and the SBP differ from the requirements of IAS 34 or IFAS, the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP have been followed.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

3.2 The disclosures made in this condensed interim unconsolidated financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for a full set of annual financial statements and this condensed interim unconsolidated financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2017.

3.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim unconsolidated financial information.

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, 2017 except for change in useful lives of computer equipment as disclosed in note 12.1 to this condensed interim financial information.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
7 CASH AND BALANCES WITH TREASURY BANKS		Rupees in '000	
In hand			
- local currency		14,554,861	16,244,335
- foreign currencies		2,042,955	2,515,745
With the State Bank of Pakistan in			
- local currency current accounts	7.1	24,861,119	25,011,106
- foreign currency current accounts	7.1	4,588,633	4,100,803
With National Bank of Pakistan in			
- local currency current accounts		17,662,186	16,684,181
		<u>63,709,754</u>	<u>64,556,170</u>

7.1 These represent 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.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
8 BALANCES WITH OTHER BANKS	Rupees in '000	
In Pakistan		
- in current accounts	4,968,714	3,699,377
Outside Pakistan		
- in current accounts	1,229,994	1,084,534
- in deposit accounts	-	111,905
	<u>6,198,708</u>	<u>4,895,816</u>

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
9 DUE FROM FINANCIAL INSTITUTIONS - NET		Rupees in '000	
Bai Muajjal:			
With Scheduled banks / other			
financial institutions - Secured	9.1	197,994,353	142,229,221
With Other Banks		15,500	15,500
		198,009,853	142,244,721
Musharakah - Secured	9.2	5,000,000	5,000,000
Commodity Murabaha		26,066	26,066
		203,035,919	147,270,787
Provision against non-performing amounts due from financial institutions		(41,566)	(41,566)
		<u>202,994,353</u>	<u>147,229,221</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

- 9.1** The average return on this product is 6.04% (December 31, 2017: 5.80%) per annum. The balances have maturities ranging between July 2018 to April 2019 (December 31, 2017: January 2018 to November 2018).
- 9.2** The average return on this product is 5.83% (December 31, 2017: 5.83%) per annum and are due to mature in November 2018 (December 31, 2017: November 2018).

10 INVESTMENTS - NET

	Note	June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
		Held by the bank	Given as collateral	Total	Held by the bank	Given as collateral	Total
Rupees in '000							
10.1 Investments by types							
Available for sale securities		91,859,038	-	91,859,038	89,110,996	-	89,110,996
Held to maturity securities		28,000,000	-	28,000,000	28,000,000	-	28,000,000
In related parties							
Subsidiary (unlisted)		63,050	-	63,050	63,050	-	63,050
Associates (listed)		834,761	-	834,761	1,894,761	-	1,894,761
Investments at cost / carrying value		120,756,849	-	120,756,849	119,068,807	-	119,068,807
Less: Provision against diminution							
in value of investments	10.3	(977,980)	-	(977,980)	(967,444)	-	(967,444)
Investments - net of provision		119,778,869	-	119,778,869	118,101,363	-	118,101,363
Surplus on revaluation of							
available for sale securities	16	534,276	-	534,276	1,136,883	-	1,136,883
Total Investments		120,313,145	-	120,313,145	119,238,246	-	119,238,246

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
10.2 Investments by segments		Rupees in '000	
Federal Government Securities			
GoP Ijarah Sukuk		85,996,149	84,895,331
Sukuk certificates / bonds			
Sukuk Certificates		22,050,962	21,911,179
Global Sukuk Bonds		6,140,254	5,033,346
Fully paid up ordinary shares			
Listed companies		4,760,502	4,367,016
Unlisted companies			
- subsidiary		63,050	63,050
- others		861,171	854,124
Units of open end funds			
- associates		834,761	1,894,761
- others		50,000	50,000
Investment at cost / carrying value		120,756,849	119,068,807
Less: Provision against diminution in the value of investments	10.3	(977,980)	(967,444)
Investments (net of provision)		119,778,869	118,101,363
Surplus on revaluation of available for sale securities	16	534,276	1,136,883
Total Investments		120,313,145	119,238,246

10.3 Provision against diminution in value of investments

Opening balance	967,444	380,712
Charge / (reversals) for the period / year		
On available for sale securities		
- charge for the period / year	144,781	605,434
- reversals for the period / year	(134,245)	(18,702)
	10,536	586,732
Closing balance	977,980	967,444

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
11 ISLAMIC FINANCING AND RELATED ASSETS - NET		Rupees in '000	
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	11.1	6,853,213	7,854,995
- Advances against Murabaha		6,769,356	6,487,946
- Murabaha inventory		4,994,011	4,573,868
- Financing under Islamic Export Refinance - Murabaha	11.2	213,677	599,862
- Advance against Islamic Export Refinance - Murabaha		51,513	236,121
		18,881,770	19,752,792
Running Musharakah financing			
- Running Musharakah financing		103,790,596	132,032,737
- Financing under Islamic Export Refinance - Running Musharakah		13,948,230	13,882,800
		117,738,826	145,915,537
Istisna financing and related assets			
- Istisna financing		1,999,555	2,432,621
- Istisna - advance		26,211,364	44,548,652
- Istisna inventory		3,312,920	3,352,093
- Financing under Islamic Export Refinance - Istisna		247,576	170,111
- Advances under Islamic Export Refinance - Istisna		5,099,375	5,489,701
- Financing under Islamic Export Refinance - Istisna - inventory		741,703	1,076,361
		37,612,493	57,069,539
Tijarah financing and related assets			
- Tijarah financing		810,951	498,305
- Tijarah inventory		7,727,804	7,213,736
- Islamic Export Refinance - Tijarah - financing		338,300	254,802
- Islamic Export Refinance - Tijarah - inventory		242,800	217,500
		9,119,855	8,184,343
Musawammah financing and related assets			
- Musawammah financing	11.3	8,322,624	6,468,792
- Musawammah Inventory		11,059,461	5,272,054
- Advances against Musawammah		10,395,768	7,523,238
- Financing under Islamic Export Refinance - Musawammah	11.4	274,232	95,308
- Advances under Islamic Export Refinance - Musawammah		16,100	111,350
		30,068,185	19,470,742
Ijarah financing and related assets			
- Net investment in Ijarah		118,016	124,058
- Net book value of assets/investment in Ijarah under IFAS 2	11.5	38,969,320	31,019,341
		39,087,336	31,143,399
- Advances against Ijarah		8,750,837	5,389,253
		47,838,173	36,532,652

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	Note	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
		Rupees in '000	
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - Housing		13,175,733	11,991,953
- Diminishing Musharakah financing - Others		66,475,629	65,438,474
- Advances against Diminishing Musharakah		10,774,662	7,125,407
		90,426,024	84,555,834
Musharakah financing		497,760	580,720
Wakalah financing		625,000	-
Wakalah Tul Istithmar financing and related assets			
- Wakalah Tul Istithmar financing		31,250,000	31,250,000
- Wakalah Tul Istithmar - advances		9,575,200	-
		40,825,200	31,250,000
Bai Muajjal financing	11.6	570,104	705,642
Advances against Service Ijarah		2,500,000	3,000,000
Labbaik (Qard for Hajj and Umrah)		4,660	3,382
Financing against bills			
- Financing against bills - Salam		5,429,990	11,834,926
- Financing against bills - Murabaha - Advance		1,738	1,738
		5,431,728	11,836,664
Salam Financing and related assets			
- Salam financing		347,402	464,337
- Salam financing - inventory		200,000	77,200
- Salam financing - advances		5,591,945	3,595,916
- Advances under Islamic Export Refinance - Salam		213,899	-
		6,353,246	4,137,453
Staff financing		3,418,390	3,226,026
Other financing		2,493,311	2,612,204
Gross Islamic financing and related assets		414,404,725	428,833,530
Less: Provision against non-performing Islamic financing and related assets	11.8	(8,917,006)	(8,804,442)
Islamic financing and related assets - net of provisions		405,487,719	420,029,088

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	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
11.1 Murabaha receivable - gross	7,163,038	8,222,190
Less: Deferred income	(96,602)	(110,813)
Profit receivable shown in other assets	(213,223)	(256,382)
Murabaha Financing	6,853,213	7,854,995
11.2 Financing under Islamic Export Refinance - Murabaha - gross	220,886	613,210
Less: Deferred income	(465)	(1,848)
Profit receivable shown in other assets	(6,744)	(11,500)
Financing under Islamic Export Refinance - Murabaha	213,677	599,862
11.3 Musawammah financing - gross	8,570,269	6,688,479
Less: Deferred income	(118,408)	(107,833)
Profit receivable shown in other assets	(129,237)	(111,854)
Musawammah financing	8,322,624	6,468,792
11.4 Financing under Islamic Export Refinance - Musawammah	277,900	96,526
Less: Deferred income	(2,175)	(604)
Profit receivable shown in other assets	(1,493)	(614)
Financing under Islamic Export Refinance - Musawammah	274,232	95,308
11.5 Net book value of assets / investments in Ijarah under IFAS 2 is net of accumulated depreciation of Rs 20,067 million (December 31, 2017: Rs 16,118 million).		
	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
11.6 Bai Muajjal financing - gross	606,576	773,092
Less: Deferred income	(2,920)	(33,689)
Profit receivable shown in other assets	(33,552)	(33,761)
Bai Muajjal financing	570,104	705,642

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11.7 Islamic financing and related assets include Rs 6,721 million (December 31, 2017: Rs 6,606 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2018 (Unaudited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	24,559	-	24,559	-	-
Substandard	97,762	-	97,762	22,879	22,879
Doubtful	62,447	-	62,447	26,377	26,377
Loss	6,536,582	-	6,536,582	6,490,039	6,490,039
	<u>6,721,350</u>	<u>-</u>	<u>6,721,350</u>	<u>6,539,295</u>	<u>6,539,295</u>

Category of classification	December 31, 2017 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	10,845	-	10,845	-	-
Substandard	176,553	-	176,553	40,636	40,636
Doubtful	16,588	-	16,588	6,068	6,068
Loss	6,402,143	-	6,402,143	6,380,027	6,380,027
	<u>6,606,129</u>	<u>-</u>	<u>6,606,129</u>	<u>6,426,731</u>	<u>6,426,731</u>

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

	June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,426,731	2,377,711	8,804,442	6,592,203	1,494,391	8,086,594
Charge for the period / year	263,197	-	263,197	116,422	883,320	999,742
Less: Reversals for the period / year	(150,633)	-	(150,633)	(279,553)	-	(279,553)
	112,564	-	112,564	(163,131)	883,320	720,189
Amount written off	-	-	-	(2,341)	-	(2,341)
Closing balance	<u>6,539,295</u>	<u>2,377,711</u>	<u>8,917,006</u>	<u>6,426,731</u>	<u>2,377,711</u>	<u>8,804,442</u>

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- 11.9** 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 1,975 million (December 31, 2017: Rs 1,975 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.

- 11.10** 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, 2018 amounts to Rs 11.4 million (December 31, 2017: Rs 8.3 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 7.4 million as at June 30, 2018 (December 31, 2017: Rs 5.4 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
12 OPERATING FIXED ASSETS		
Capital work-in-progress	1,271,053	562,887
Property and equipment	11,092,344	10,832,759
	12,363,397	11,395,646
Intangible assets	601,040	479,712
	12,964,437	11,875,358
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
	Rupees in '000	
Additions to fixed assets - at cost	1,955,856	3,543,749
Disposals of fixed assets - at cost	113,312	181,684

- 12.1** During the period ended June 30, 2018, the Bank has revised its estimate of the useful lives of "Computer Equipments". Previously, computer equipments were depreciated over period of 3 to 5 years and now these are being depreciated over 5 years. The revision takes into account the expected pattern of economic benefits associated with the use of computer equipments and has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of computer equipments not been made, the related depreciation expense for the period would have been higher by Rs. 64.988 million and consequently profit before tax would have been lower by the same amount.

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	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
13 DEPOSITS AND OTHER ACCOUNTS		
Customers		
- Fixed deposits	164,730,796	167,981,117
- Savings deposits	275,491,910	258,421,153
- Current accounts - non-remunerative	258,844,847	236,032,293
- Margin	3,890,852	5,513,350
	702,958,405	667,947,913
Financial institutions		
- Remunerative deposits	3,803,121	4,870,558
- Non-remunerative deposits	534,985	369,336
	4,338,106	5,239,894
	707,296,511	673,187,807
13.1 Particulars of deposits		
In		
- local currency	665,787,705	635,551,382
- foreign currencies	41,508,806	37,636,425
	707,296,511	673,187,807

14 SUB-ORDINATED SUKUK

In 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 sukuk is as follows:

Credit Rating	AA (Double A) by JCR-VIS Credit Rating Company Limited.
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 6.95% 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 Issuer's minimum capital or capital adequacy ratio requirement.

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15 SHARE CAPITAL

15.1 Authorised capital

June 30, 2018	December 31, 2017		June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Number of Shares			Rupees in '000	
<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>20,000,000</u>	<u>20,000,000</u>

15.2 Issued, subscribed and paid-up capital

June 30, 2018	December 31, 2017			
Number of Shares				
516,517,908	516,517,908	Ordinary Shares	5,165,179	5,165,179
546,384,260	546,384,260	Fully paid in cash	5,463,843	5,463,843
		Issued as bonus shares		
<u>1,062,902,168</u>	<u>1,062,902,168</u>		<u>10,629,022</u>	<u>10,629,022</u>

16 SURPLUS ON REVALUATION OF INVESTMENTS

Quoted shares/units of mutual fund	791,303	858,330
Other securities	(257,027)	278,553
	<u>534,276</u>	1,136,883
Less: Deferred tax liability	(186,998)	(397,910)
	<u>347,278</u>	<u>738,973</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Direct credit substitutes

Guarantee favoring		
- Government	13,961	20,235
- Banks	349,211	349,211
- Others	6,510,800	-
	<u>6,873,972</u>	<u>369,446</u>

17.2 Transaction related contingent liabilities

Guarantee favoring		
- Government	15,031,934	12,306,548
- Banks	683,758	653,233
- Others	4,493,837	3,583,442
	<u>20,209,529</u>	<u>16,543,223</u>

17.3 Trade related contingent liabilities

Import letters of credit	80,659,480	66,003,500
Acceptances	12,671,432	7,144,255
	<u>93,330,912</u>	<u>73,147,755</u>

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17.4 The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2017. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in these condensed interim unconsolidated 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.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
17.5 Commitments in respect of forward exchange contracts		
Purchases	<u>64,297,281</u>	75,272,094
Sales	<u>38,577,119</u>	49,286,572
17.6 Commitments for the acquisition of operating fixed assets	<u>371,748</u>	202,293
17.7 Commitments in respect of Islamic financing and related assets	<u>154,133,083</u>	139,288,755
17.8 Other commitments		
Bills for collection (inland)	92,639	125,354
Bills for collection (foreign)	<u>38,094,998</u>	38,774,344
	<u>38,187,637</u>	38,899,698

	Note	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
		Rupees in '000	
18 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS			
On financings to:			
- Customers	18.1	<u>12,702,088</u>	9,474,729
On investments in			
- Available for sale securities		<u>2,187,563</u>	2,429,730
- Held to maturity securities		<u>776,168</u>	776,168
On deposits with financial institutions		<u>5,310,394</u>	4,263,506
		<u>20,976,213</u>	16,944,133

18.1 This include income on Ijarah under IFAS II which is net off takaful expense of Rs 604 million (June 30, 2017: Rs 392 million) recovered from customers.

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	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
	Rupees in '000	
19 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	7,570,721	6,210,112
Other Musharakah / Modaraba / Murabaha	926,639	1,022,712
	<u>8,497,360</u>	<u>7,232,824</u>

20 TAXATION

The Finance Act 2018 has revised the applicability of super tax brought into effect through Finance Act, 2015 for rehabilitation of temporary displaced persons for tax years 2019, 2020 and 2021 at the rate of 4%, 3% and 2% respectively on the taxable income for respective years. Accordingly the bank has recognized super tax charge of Rs 311.290 million in the current period which is determined at the applicable tax rate of 4 percent on taxable income for the period.

	Note	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
		Rupees in '000	
21 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period		<u>4,126,295</u>	<u>3,163,225</u>
		Number	
Weighted average number of ordinary shares		<u>1,062,902,168</u>	<u>1,029,187,450</u>
		Rupees	
		Restated	
Basic earnings per share	21.1	<u>3.88</u>	<u>3.07</u>

21.1 There were no convertible dilutive potential ordinary shares outstanding on June 30, 2018 and June 30, 2017.

	Note	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
		Rupees in '000	
22 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	63,709,754	53,119,088
Balances with other banks	8	6,198,708	3,138,236
		<u>69,908,462</u>	<u>56,257,324</u>

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The table below analyses 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).

June 30, 2018 (Unaudited)				
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,840,783	-	-	4,840,783
Units of open end fund	52,158	-	-	52,158
GOP Sukuks	-	57,853,962	-	57,853,962
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	6,026,011	-	-	6,026,011
Forward purchase of foreign exchange contracts	-	64,549,382	-	64,549,382
Forward sale of foreign exchange contracts	-	38,726,467	-	38,726,467

December 31, 2017 (Audited)				
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,526,079	-	-	4,526,079
Units of open end fund	50,939	-	-	50,939
GOP Sukuks	-	57,151,526	-	57,151,526
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,055,704	-	-	5,055,704
Forward purchase of foreign exchange contracts	-	75,547,124	-	75,547,124
Forward sale of foreign exchange contracts	-	49,494,849	-	49,494,849

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP 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.

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24 SEGMENT DETAILS

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

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Agency Services	Total
Rupees in '000						
June 30, 2018 (Unaudited)						
Total income	828,700	8,931,309	5,579,345	9,437,166	10,099	24,786,619
Total expenses	(676,285)	(7,609,553)	(4,494,819)	(7,872,146)	(7,521)	(20,660,324)
Net income	152,415	1,321,756	1,084,526	1,565,020	2,578	4,126,295
Segment assets	22,103,953	383,441,586	134,131,640	288,384,255	-	828,061,434
Segment non performing assets	181,683	837,865	1,679,218	5,092,337	-	7,791,103
Segment provision held *	181,683	837,865	2,558,570	6,408,641	-	9,986,759
Segment liabilities	381,256	25,844,977	741,449,979	22,901,857	-	790,578,069
Segment return on assets (ROA) (%)	1.44%	0.77%	1.88%	1.05%	-	-
Segment cost of funds (%)	2.41%	2.41%	2.41%	2.41%	-	-

June 30, 2017 (Unaudited)

Total income	792,393	8,645,139	3,862,385	7,541,841	7,194	20,848,952
Total expenses	(653,797)	(7,451,240)	(3,194,938)	(6,380,243)	(5,509)	(17,685,727)
Net income	138,596	1,193,899	667,447	1,161,598	1,685	3,163,225
Segment assets	21,671,822	303,620,309	100,437,377	254,222,408	-	679,951,916
Segment non performing assets	181,683	369,177	1,524,866	5,266,744	-	7,342,470
Segment provision held *	181,683	369,177	1,964,324	6,182,700	-	8,697,884
Segment liabilities	370,856	13,619,489	617,804,200	16,472,487	-	648,267,032
Segment return on assets (ROA) (%)	1.53%	0.77%	1.55%	0.97%	-	-
Segment cost of funds (%)	2.44%	2.44%	2.44%	2.44%	-	-

* Includes general provision

25 RELATED PARTY TRANSACTIONS

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

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

25.3 Subsidiary company:

- Al Meezan Investment Management Limited

25.4 Key management personnel:

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

	Total		Subsidiary		Associates		Key management personnel / Directors		Other related parties	
	June 30, 2018	Dec 31, 2017	June 30, 2018	Dec 31, 2017	June 30, 2018	Dec 31, 2017	June 30, 2018	Dec 31, 2017	June 30, 2018	Dec 31, 2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Rupees in '000									
Islamic financing and related assets	673,779	776,443	-	99,939	673,799	676,504	-	-	-	-
Deposits	5,241,727	4,389,308	13,615	7,497	1,386,960	1,248,619	459,073	429,167	3,382,079	2,704,025
Investments	897,811	1,957,811	63,050	63,050	834,761	1,894,761	-	-	-	-
Other Balances										
Profit receivable on Islamic financing	8,964	11,044	-	816	8,964	10,228	-	-	-	-
Dividend receivable	260,000	-	260,000	-	-	-	-	-	-	-
Fee receivable	27,890	24,907	23,290	23,407	4,600	1,500	-	-	-	-
Payable to defined benefit plan	431,696	715,883	-	-	-	-	294,373	274,758	137,323	441,125
Accrued expenses	4,421	3,135	4,421	3,135	-	-	-	-	-	-
Letters of guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-
Letters of Credit (unfunded)	7,137	29,851	-	-	7,137	29,851	-	-	-	-

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, in case 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, 2018**

Total		Subsidiary		Associates		Key management personnel / Directors		Other related parties	
June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
(Unaudited)									
Rupees in '000									

Transactions, income and expenses

Profit earned on Investments / Islamic financing	22,330	136,096	2,378	-	19,952	136,096	-	-	-	-
Profit on deposits / borrowings expensed	101,024	92,869	586	526	11,872	19,011	6,510	6,292	82,056	67,040
Dividend income earned	260,000	472,612	260,000	260,000	-	212,612	-	-	-	-
Investments made	-	183,264	-	-	-	183,264	-	-	-	-
Capital gain - net	2,582	29,013	-	-	2,582	29,013	-	-	-	-
Charge for defined benefit plan	137,323	106,584	-	-	-	-	-	-	137,323	106,584
Contribution to defined contribution plan	135,685	119,070	-	-	-	-	-	-	135,685	119,070
Contribution to staff benevolent fund	16,694	15,642	-	-	-	-	-	-	16,694	15,642
Fees expensed	5,992	9,725	5,992	9,725	-	-	-	-	-	-
Fees and commission earned	88,887	167,805	51,624	46,946	37,263	120,859	-	-	-	-
Charity paid	7,000	5,000	-	-	-	-	-	-	7,000	5,000
Remuneration to the directors and key management personnel including fees to non-executive directors	104,738	97,478	-	-	-	-	104,738	97,478	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

26 RISK MANAGEMENT

The Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis and Net Stable Funding Ratio (NSFR) on quarterly basis as per SBP Basel III Liquidity Standards issued under BPRD Circular No. 08 dated June 23, 2016. As of June 30, 2018, Bank's LCR stood at 105% (December 31, 2017: 126%) against the SBP's minimum requirement of 90% while the NSFR stood at 135% (December 31, 2017: 133%) against the SBP's minimum requirement of 100%

27 SUBSEQUENT NON-ADJUSTING EVENT

- 27.1** The Board of Directors in their meeting held on August 29, 2018 has announced an interim cash dividend @ 15% and 10% bonus shares. This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the period end.
- 27.2** The Deposit Protection Corporation (DPC) - Subsidiary of State Bank of Pakistan vide its DPC Circular No. 04 dated 22 June 2018 has introduced a deposit protection mechanism to all scheduled banks in Pakistan with effect from 1 July 2018. As per such mechanism, banks are required to pay annual premium to the DPC calculated @ 0.16% of their respective "aggregate eligible deposits". Based on the above, the Bank will recognize expense of Rs 434 million in the second half of the year 2018.
- 27.3** On August 01, 2018, the Bank has issued Additional Tier 1 capital of Rs 7 billion, in form of perpetual, unsecured and subordinated Sukuk that has further strengthened the Bank's capital adequacy ratio and will support the future growth strategy of the Bank. The Sukuk carry an expected profit rate of 3 month KIBOR plus 1.75% payable on monthly basis. The Sukuk has been rated AA- (Double A minus), by JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Agency, Japan.

28 GENERAL

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

29 DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorised for issue on August 29, 2018 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

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018**

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	63,710,069	64,556,409
Balances with other banks	6,237,739	4,940,090
Due from financial institutions - net	202,994,353	147,229,221
Investments - net	124,481,830	123,160,901
Islamic financing and related assets - net	405,487,719	419,929,149
Operating fixed assets	13,075,400	11,994,586
Deferred tax asset	287,494	-
Other assets - net	16,084,412	14,156,973
	832,359,016	785,967,329
LIABILITIES		
Bills payable	12,712,506	11,168,093
Due to financial institutions	42,258,467	36,813,295
Deposits and other accounts	707,282,896	673,180,310
Sub-ordinated sukuk	7,000,000	7,000,000
Deferred tax liabilities	-	230,787
Other liabilities	22,277,321	19,165,271
	791,531,190	747,557,756
NET ASSETS	40,827,826	38,409,573
REPRESENTED BY		
Share capital	10,629,022	10,629,022
Reserves	14,218,384	13,393,125
Unappropriated profit	14,550,784	12,563,156
	39,398,190	36,585,303
NON-CONTROLLING INTEREST	1,007,439	1,007,975
	40,405,629	37,593,278
Surplus on revaluation of investments (including amount relating to share of profit from associates) - net of tax	422,197	816,295
	40,827,826	38,409,573

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

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
Rupees in '000				
Profit / return earned on Islamic financing and related assets, investments and placements	10,988,413	20,977,338	8,816,134	16,948,720
Profit on deposits and other dues expensed	4,352,634	8,494,396	3,655,202	7,232,298
Net spread earned	6,635,779	12,482,942	5,160,932	9,716,422
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	(57,761)	112,564	(43,547)	(21,366)
Provision against diminution in the value of investments	60,255	10,536	92,484	128,581
Provision against off-balance sheet obligations	-	1,820	-	-
Bad debts written off directly	-	-	-	-
	2,494	124,920	48,937	107,215
Net spread after provisions	6,633,285	12,358,022	5,111,995	9,609,207
OTHER INCOME				
Fee, commission and brokerage income	1,667,406	3,360,422	1,632,928	3,083,322
Dividend income	59,619	108,248	52,331	90,871
Income from dealing in foreign currencies	376,697	714,043	282,866	445,811
Capital (loss) / gain on sale of investments - net	(28,383)	(43,778)	375,398	843,307
Unrealised gain / (loss) on held for trading investments	355	(774)	-	-
Other income	121,767	180,247	93,182	210,143
Total other income	2,197,461	4,318,408	2,436,705	4,673,454
	8,830,746	16,676,430	7,548,700	14,282,661
OTHER EXPENSES				
Administrative expenses	4,797,167	9,431,143	4,373,193	8,405,635
Other reversals	(22,316)	(9,525)	(3,251)	(8,323)
Other charges	54	805	9,788	10,268
Workers Welfare Fund	105,217	169,337	199,495	147,025
Total other expenses	4,880,122	9,591,760	4,579,225	8,554,605
	3,950,624	7,084,670	2,969,475	5,728,056
Share of results of associates before taxation	(284,236)	146,213	(196,331)	(206,887)
	3,666,388	7,230,883	2,773,144	5,521,169
Extraordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	3,666,388	7,230,883	2,773,144	5,521,169
Taxation - Current	2,014,659	3,248,295	1,350,066	2,436,481
- Prior years	-	-	391,525	391,525
- Deferred	(291,050)	(306,075)	(272,805)	(436,954)
	1,723,609	2,942,220	1,468,786	2,391,052
PROFIT AFTER TAXATION	1,942,779	4,288,663	1,304,358	3,130,117
Attributable to:				
Shareholders of the Holding company	1,926,483	4,146,510	1,286,589	3,010,215
Non-controlling interest	16,296	142,153	17,769	119,902
	1,942,779	4,288,663	1,304,358	3,130,117
Rupees				
				Restated
Basic and diluted earnings per share	1.81	3.90	1.25	2.92

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

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
	Rupees in '000			
Profit after tax for the period attributable to:				
Shareholders of the Holding company	1,926,483	4,146,510	1,286,589	3,010,215
Non-controlling interest	16,296	142,153	17,769	119,902
	1,942,779	4,288,663	1,304,358	3,130,117
Other Comprehensive income				
Item that may not be reclassified to profit and loss account				
Remeasurements of defined benefit plan - net of tax	(7684)	(7,684)	(2,396)	(2,842)
Comprehensive income transferred to statement of changes in equity	1,935,095	4,280,979	1,301,962	3,127,275
Attributable to:				
Shareholders of the Holding company	1,921,488	4,141,515	1,285,032	3,008,368
Non-controlling interest	13,607	139,464	16,930	118,907
	1,935,095	4,280,979	1,301,962	3,127,275
Components of comprehensive income not reflected in equity				
Share in results of associates relating to investment classified as 'available for sale'	(40,225)	(3,697)	(30,849)	(21,641)
Deferred tax on share of results of associates	14,079	1,294	10,797	7,574
Deficit on revaluation of investments	(275,637)	(602,607)	(227,341)	(1,074,672)
Deferred tax on revaluation of investments	96,472	210,912	79,569	376,135
	(205,311)	(394,098)	(167,824)	(712,604)

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

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Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Capital reserves				Revenue reserves	Unappropriated profit	Non controlling interest	Total
	Share capital	Share premium	Statutory reserve *	Non Distributable Capital Reserve - Gain on Bargain Purchase	General reserve			
	Rupees in '000							
Balance as at January 1, 2017	10,027,379	-	6,515,372	3,117,547	91,082	11,340,678	1,221,989	32,314,047
Total comprehensive income for the period								
Profit after taxation for the half year ended June 30, 2017	-	-	-	-	-	3,010,215	119,902	3,130,117
Remeasrement of defined benefit plan - net of tax	-	-	-	-	-	(1,847)	(995)	(2,842)
Transactions with owners recognised directly in equity								
Dividend payout by Subsidiary	-	-	-	-	-	-	(140,000)	(140,000)
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)	-	(1,253,422)
Other appropriations								
Transfer to statutory reserve	-	-	632,645	-	-	(632,645)	-	-
Balance as at June 30, 2017	10,027,379	-	7,148,017	3,117,547	91,082	12,462,979	1,200,896	34,047,900
Total comprehensive income for the period								
Profit after taxation for the half year ended December 31, 2017	-	-	-	-	-	2,608,297	41,579	2,649,876
Remeasurement of defined benefit plan - net of tax	-	-	-	-	-	(123,421)	-	(123,421)
Transactions with owners recognised directly in equity								
Dividend payout by Subsidiary	-	-	-	-	-	-	(234,500)	(234,500)
Issue of right shares	601,643	2,406,571	-	-	-	-	-	3,008,214
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	-	(1,754,791)
Other appropriations								
Transfer to statutory reserve	-	-	629,908	-	-	(629,908)	-	-
Balance as at December 31, 2017	10,629,022	2,406,571	7,777,925	3,117,547	91,082	12,563,156	1,007,975	37,593,278
Total comprehensive income for the period								
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	4,146,510	142,153	4,288,663
Remeasurement of defined benefit plan - net of tax	-	-	-	-	-	(4,995)	(2,689)	(7,684)
Transactions with owners recognised directly in equity								
Dividend payout by Subsidiary	-	-	-	-	-	-	(140,000)	(140,000)
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	(1,328,628)
Other appropriations								
Transfer to statutory reserve	-	-	825,259	-	-	(825,259)	-	-
Balance as at June 30, 2018	10,629,022	2,406,571	8,603,184	3,117,547	91,082	14,550,784	1,007,439	40,405,629

* 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

Irfaan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Half year ended June 30, 2018	Half year ended June 30, 2017
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,230,883	5,521,169
Less: Dividend income	(108,248)	(90,871)
	7,122,635	5,430,298
Adjustments for non-cash charges and other items:		
Depreciation	761,826	743,697
Amortization	114,956	85,521
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	112,564	(21,366)
Provision against diminution in value of investments	10,536	128,581
Provision against off-balance sheet obligations	1,820	-
Unrealised loss on held for trading investments	774	-
Remeasurment of defined benefit plan	-	(2,842)
Gain on sale of operating fixed assets	(30,781)	(40,896)
Share of results of associates	(146,213)	206,887
	825,482	1,099,582
	7,948,117	6,529,880
(Increase) / decrease in operating assets		
Due from financial institutions	(55,765,132)	(14,645,851)
Islamic financing and related assets	14,328,866	(27,344,314)
Other assets	(1,919,106)	(1,257,682)
	(43,355,372)	(43,247,847)
Increase / (decrease) in operating liabilities		
Bills payable	1,544,413	894,500
Due to financial institutions	5,445,172	(9,813,331)
Deposits and other accounts	34,102,586	29,244,242
Other liabilities	2,811,998	1,129,692
	43,904,169	21,455,103
	8,496,914	(15,262,864)
Income tax paid	(2,960,570)	(2,324,378)
Net cash flows from operating activities	5,536,344	(17,587,242)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in securities	(1,792,330)	10,552,558
Dividends received	92,231	98,166
Investments in operating fixed assets	(1,981,769)	(3,558,503)
Proceeds from sale of fixed assets	54,954	77,463
Net cash flows from investing activities	(3,626,914)	7,169,684
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,318,121)	(1,253,081)
Dividend paid to non controlling interest	(140,000)	(140,000)
Net cash flows from financing activities	(1,458,121)	(1,393,081)
Net increase / (decrease) in cash and cash equivalents	451,309	(11,810,639)
Cash and cash equivalents at the beginning of the period	69,496,499	68,104,898
Cash and cash equivalents at the end of the period	69,947,808	56,294,259

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

Mansur Khan
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, 2018

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 and Meezan Energy 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, 2018 and the profit and loss account, statement of comprehensive income, the statement of changes in equity and cash flow statement for the half year ended June 30, 2018.

2 ACCOUNTING POLICIES

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, 2017.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on August 29, 2018 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

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer



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The Premier Islamic Bank

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