



**Meezan Bank**  
The Premier Islamic Bank



**FORM-8**

August 22, 2024

MEBL/CS/PSX-19/104/2024

**The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi.

**TRANSMISSION OF QUARTERLY REPORT OF MEEZAN BANK LIMITED FOR THE PERIOD ENDED JUNE 30, 2024**

Dear Sir,

السَّلَامُ عَلَيْكُمْ

We have to inform you that the Quarterly Report of Meezan Bank for the period ended **June 30, 2024** have been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

**Muhammad Sohail Khan**  
Company Secretary

Encl: As above.

**Meezan Bank Ltd.**

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.  
PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332 www.meezanbank.com

# HALF YEARLY REPORT JUNE 30, 2024



**Meezan Bank**  
The Premier Islamic Bank

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# CORPORATE INFORMATION

## FOR THE HALF YEAR ENDED JUNE 30, 2024

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

### الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

The Board of Directors is pleased to present the condensed interim unaudited unconsolidated and consolidated financial statements of Meezan Bank Limited for the half year ended June 30, 2024.

#### Economy

Pakistan's economy has shown signs of recovery in Fiscal Year (FY) 2024 following a contraction in FY2023. Prudent policies and administrative measures by the Federal Government have restored market confidence, leading to increased economic activity. Initiatives such as strengthening public finances through fiscal consolidation, broadening the tax base, enhancing tax administration, restoring sustainability in the energy sector and reforming State-Owned Enterprises (SOEs) have been pivotal. Through substantial agricultural growth, decreased inflationary pressures and improved current account balance, GDP growth accelerated to 2.4% in FY2024.

The average CPI for FY 2024 remained around 26%, however, the significant decline in inflation since February 2024 prompted the SBP to decrease the policy rate first by 150 bps in June 2024 and then by another 100 bps bringing the policy rate to 19.50% by the end of July 2024. The Pakistan Stock Exchange (PSX) also continued its robust ascent, posting significant growth of 26% with the PSX-100 Index closing at 78,444 points at the end of June 2024 from 62,451 points in December 2023, emerging as one of the best-performing indices globally, attributed to political stability, improved economic fundamentals and positive market sentiments.

The total foreign exchange reserves of Pakistan rose to \$14 billion in June 2024 versus \$9 billion in June 2023. This increase has stabilized the PKR/USD exchange rate, further supported by structural reforms for Exchange Companies and the successful completion of a \$3 billion Stand-By Arrangement (SBA) programme with the IMF. Resultantly, the PKR maintained stability throughout the first half of 2024, strengthening to PKR 278.3 per US Dollar by the end of June 2024, compared to PKR 281.9 per US Dollar at the end of December 2023.

On the external front, the Government successfully reduced the trade deficit through higher exports and imports rationalisation, leading to a substantial decrease in the current account deficit. Worker remittances remained a critical source of foreign exchange reserves with positive trends emerging post-structural reforms for Exchange Companies narrowing the parity between exchange rates in the interbank and open markets. Post June 2024, the Federal Government and the IMF have reached a staff-level agreement on a 37-month Extended Fund Facility Arrangement (EFF) of about US\$7 billion subject to approval by the IMF's Executive Board. The programme aims to leverage the macroeconomic stability achieved over the past year.

Overall, following two turbulent years, the country's economy is showing signs of stabilization with the potential favourable conclusion of a new IMF programme which is expected to result in further macroeconomic improvements in the long run.

#### Financial Highlights

With the Grace of Allah SWT, Meezan Bank has achieved impressive results for the first half of 2024. The Profit after Tax surged by 59%, reaching Rs 51.8 billion from Rs 32.6 billion in the corresponding period last year. This translates into Basic Earnings per Share of Rs 28.89 in June 2024, compared to Rs 18.21 in the same period last year. The Bank's Return on Average Equity (ROAE) exceeded 50%, highlighting our robust financial performance, while Return on Average Assets (ROAA) surpassed 3%. Our strategy of balanced dividend pay-outs and profit retention has resulted in strong internal capital generation, reflected in a Capital Adequacy Ratio (CAR) in excess of 20%.

We are delighted to announce that the Board has approved an interim cash dividend of Rs 7.00 (70%) for the second quarter of 2024. This decision brings the total dividend payout to Rs 14.00 (140%) for the half-year 2024, inclusive of Rs 7.00 per share (70%) interim cash dividend disbursed in the first quarter of 2024. Our unwavering commitment to shareholders is underscored by our longstanding tradition of consistently paying dividends yearly since our listing on the Pakistan

## D I R E C T O R S ' R E V I E W

Stock Exchange. Meezan maintained its position as the most valuable bank in Pakistan with a market capitalisation of Rs 429 billion (\$ 1.54 billion) at June 30, 2024, reflecting the investors' confidence in the Bank's management team, performance and growth prospects. Below are the financial highlights of Meezan Bank:

### Rupees in millions

Profit & Loss Account	Jan - Jun 2024	Jan - Jun 2023
Profit / return earned on financing, investments and placements	249,350	182,985
Profit on deposits and other dues expensed	(111,453)	(92,407)
<b>Net spread earned</b>	<b>137,897</b>	<b>90,578</b>
Fee, commission and other non -funded income	11,681	8,976
<b>Operating income</b>	<b>149,578</b>	<b>99,554</b>
Operating and other expenses	(43,370)	(31,326)
<b>Profit before provisions</b>	<b>106,208</b>	<b>68,228</b>
Reversal / (Provisions) against NPLs and others - net	672	(3,634)
<b>Profit before tax</b>	<b>106,880</b>	<b>64,594</b>
Taxation	(55,127)	(32,008)
<b>Profit after tax</b>	<b>51,753</b>	<b>32,586</b>
Basic Earnings per share - Rupees	28.89	18.21
Number of branches	1,010	982

### Rupees in millions

Statement of Financial Position	June 30, 2024	December 31, 2023
Total Assets	3,296,362	3,012,109
Investments	1,644,261	1,572,388
Islamic financing and related assets - Gross	1,152,004	992,027
Deposits	2,414,878	2,217,474
ADR (Gross Advances to Deposits)- %	48%	45%
Equity	208,528	184,908

The return from financing, investments and placements grew by 36% to Rs 249 billion compared to Rs 183 billion in June 2023 driven by a higher underlying average SBP policy rate and a larger average volume of earning assets. Throughout the first half of 2024, the SBP policy averaged at 21.84%, up from 19.36% in June 2023. Returns on deposits and other dues expensed rose from Rs 92.4 billion in June 2023 to Rs 111.5 billion in the current period, reflecting a 21% increase over the same period last year. Average deposits witnessed an uptick of 26% expanding from Rs 1.77 trillion in corresponding period last year to Rs 2.24 trillion in the current period. Overall, our net spread increased to Rs 138 billion from Rs 91 billion in the corresponding period last year, reflecting a robust increase of 52%.

Fee, commission and other income showed strong growth, rising by 30% to Rs 11.7 billion by mid-year, compared to Rs 9 billion in June 2023. Core fees and commission income expanded by 22%, totalling Rs 9.5 billion, driven primarily by contributions from debit card services, branch banking and trade-related income. During the half year, our debit card portfolio increased by more than 500,000 cards on a gross basis, taking the total portfolio size to more than 3.5 million cards. Debit card spending rose by 36%, with Near Field Communication (NFC) transactions increasing by 186%. Domestic spend on debit cards also surged to Rs 116.4 billion in the half year 2024 as compared to Rs 79.2 billion in half year 2023, which is a significant increase of 47%.

## DIRECTORS' REVIEW

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The Bank continued to make strides in its Home Remittance services with 40% increase in remittance volumes compared to the same period previous year. Foreign exchange income increased to Rs 580 million from Rs 541 million in the same period last year, marking a growth of 7% while dividend income doubled to Rs 918 million from Rs 458 million in June 2023, primarily driven by healthy distribution from investment in shares and mutual funds.

Operating expenses rose by 38% from Rs 31.3 billion in June 2023 to Rs 43.4 billion in the current half-year period. This uptick in expenses is primarily attributed to sustained inflationary pressures throughout the period, along with strategic investments in IT projects and the costs associated with expanding our branch network—an investment in our future growth. Despite these higher expenses, our income growth effectively mitigated their impact, resulting in a strengthened income efficiency ratio of 29%, compared to 31% in the corresponding period last year. Notwithstanding the improvement in cost efficiency ratio, the Bank remains committed to pursuing its cost rationalization and process automation strategy.

Total assets reached Rs 3.3 trillion, marking a 9% increase compared to the year-end 2023 figure of Rs 3 trillion. Similarly, the investment portfolio grew by 5%, rising to Rs 1.64 trillion from Rs 1.57 trillion at the end of 2023. This growth is largely attributable to ongoing Sukuk auctions conducted by the Government of Pakistan, which have alleviated traditional liquidity management challenges within the Islamic Banking Industry (IBI).

The Federal Government, under Finance Bill 2024 has not extended the exemption for Gross Advances-to-Deposits Ratio (ADR) related tax which was allowed to the banking sector for tax year 2023. As a result, with ADR tax being effective again, the Bank will strive to achieve Gross ADR at fifty percent (50%) plus levels while maintaining its asset quality preservation stance and keeping in check all the risk acceptance parameters. As of the mid-year mark, the gross financing portfolio reached Rs 1.15 trillion, marking a 16% increase compared to the year-end 2023 figure of Rs 992 billion. Consequently, the Gross ADR has risen to 48% up from 45% at the end of 2023. At the same time, the Bank continues to maintain a high-quality asset portfolio, signified by having one of the lowest non-performing financing ratios in the industry of below 1.5% as at the half-year end 2024. Meezan also continues to maintain a significantly high level of provisions against its non-performing financing portfolio, which translated into a coverage ratio of 192% as of June 2024.

Meezan Bank has demonstrated robust performance in Small and Medium Enterprises (SME) banking. The Bank's SME portfolio increased by more than 20%, supported by initiatives like Islamic SME Asaan Finance Scheme (ISAAF), Prime Minister's Youth Business and Agriculture Loan Scheme (PMYBL&ALS), and Islamic Refinance Facility for Modernization of SMEs under the SBP incentive schemes. We also launched innovative digital financing solutions like the Digital Supply Chain Solution, Wisaaq, in collaboration with Haball. Agri Financing disbursed ~Rs 1.3 billion to sugar mills, benefiting over 1,000 farmers. Meezan remains committed to growing its financings portfolio across all sectors of the economy including top-tier Corporates, mid and small tier Commercial and SME clients as well as the Consumer segment.

The Bank's deposits portfolio grew by 9% to Rs 2.41 trillion as compared to Rs 2.22 trillion at the year-end 2023. The Current Account (CA) deposit portfolio stood at Rs. 1.13 trillion as of the half year end 2024 while Savings Account (SA) portfolio experienced an increase of 19% (Rs. 166 billion) crossing Rs 1 trillion in the half year period. Collectively, Current and Saving Account (CASA) deposits reached Rs 2.18 trillion as of the half year end representing 90% of the Bank's total deposit portfolio. Over the course of the half year, Meezan further expanded its client base through the addition of approximately 465,000 new-to-bank customers, thereby enhancing our portfolio of deposit relationships. Meezan's Roshan Digital Account continues to grow at an astounding pace. The Bank maintained its leading position in the industry with total inflows of USD 2.19 billion (26% of total industry inflows) as at the half year end 2024. Over 110,000 Meezan RDA accounts are currently operational providing seamless banking services to the Pakistani diaspora members residing in more than 144 countries around the globe.



## **DIRECTORS' REVIEW**

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Following a hybrid growth model, we are expanding our physical footprint while accelerating digital customer onboarding processes. By the end of the half-year, our strategically spread branch network comprised of 1,010 branches across 335 cities, complemented by an extensive ATM network with over 1,100 touchpoints nationwide. Our ATM machines are biometric-enabled and offer Tap and Withdraw services, allowing customers to access ATM services with a simple tap of their NFC-enabled debit cards. Moreover, the Bank's Merchant Acquiring Business spans over 22,000 POS terminals and includes partnerships with over 800 e-commerce merchants across 326 cities. Almost 45% of the Bank's overall Card Acquiring Business originates from SMEs vendors, showcasing its commitment to financial inclusion. Our state-of-the-art Mobile Banking App continues to provide a seamless platform for customers to carry out their digital transactions in a secure and efficient manner. Meezan Bank's leadership position in digital transactions by retail customers is also mirrored by 1-Link's Monthly Ranking Reports consistently ranking Meezan Bank as the number one bank in terms of overall digital transactions passing through 1Link's grid. We remain committed to our digital transformation strategy, which focuses on enhancing customer experiences and optimizing operations.

The VIS Credit Rating Company Limited has reaffirmed Meezan with the highest possible credit rating - 'AAA' (Triple A) rating for the Long Term and an 'A1+' (A-One Plus) rating for the Short Term, maintaining a stable outlook.

### **Outlook**

Meezan is steadfast in its commitment to bolstering the economic growth and stability of the nation through the enhancement of the Islamic Banking Industry. We are aligned with the Government's strategic pivot towards Islamic Finance, following the directive of the Honourable Federal Shariat Court (FSC) to fully transition the economy to a Shariah-Compliant financial system. Our strategy emphasizes balanced growth, diversification across sectors and surpassing regulatory stability benchmarks. We are expanding our footprint through both physical and digital channels, with a strong emphasis on delivering premier digital services to sustain our leadership in the industry.

We extend our heartfelt appreciation to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their unwavering commitment to establishing a sustainable Islamic financial system in the country. Our significant accomplishments would not have been possible without the proactive support of our diverse customer base, to whom we are deeply indebted. We also express our gratitude to the Board of Directors, members of the Shariah Board, our shareholders, holders of Additional Tier I Sukuk and Subordinated Sukuk (Tier II) for their continuous patronage for establishing Meezan Bank as the leading Islamic Bank in the country.

We convey our appreciation to every member of our devoted team for their diligent efforts and steadfast dedication to furthering the mission of Islamic Banking. Above all, we humbly acknowledge and offer gratitude to Allah Almighty for His continuous blessings upon our Bank and each one of us, which have enabled our notable achievements within a relatively brief timeframe. We beseech Him for His continued support, granting us the fortitude and insight to continue advancing our vision of "establishing Islamic banking as the banking of first choice".

On behalf of the Board

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

**Irfan Siddiqui**  
President & CEO

Islamabad:  
August 08, 2024

### الحمد لله رب العالمين

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 جون، 2024 کو مکمل ہونے والے نصف سال کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔

#### معیشت

پاکستانی معیشت میں مالی سال 2023 کی مندی کے بعد مالی سال 2024 میں بحالی کے آثار نظر آئے۔ وفاقی حکومت کی جانب سے اپنائی گئی دانشمندانہ پالیسیوں اور انتظامی اقدامات نے مارکیٹ کا اعتماد بحال کیا جس سے معاشی سرگرمیوں میں اضافہ ہوا۔ مالیاتی استحکام کے ذریعے پبلک فنانسز کو مضبوط کرنے، ٹیکس میں بڑھانے، ٹیکس انتظامات میں بہتری، توانائی کے شعبے کی صلاحیت کو بحال کرنے اور ریاستی ملکیت کے اداروں (SOEs) میں اصلاحات جیسے اقدامات نے اس بحالی میں مرکزی کردار ادا کیا۔ زرعی شعبے میں خاطر خواہ ترقی، افراط زر کے دباؤ میں مسلسل کمی اور کرنٹ اکاؤنٹ بیلنس میں بہتری کے ساتھ مالی سال 2024 میں قومی ترقیاتی پیداوار (GDP) میں 2.4 فیصد اضافہ ہوا۔

مالی سال 2024 کے لئے اوسط CPI افراط زر بدستور 26 فیصد کے قریب ہے تاہم فروری 2024 کے بعد افراط زر میں نمایاں کمی نے اسٹیٹ بینک آف پاکستان کو پالیسی شرح اولا جون 2024 میں 150 بیس پوائنٹس اور بعد ازاں مزید 100 بیس پوائنٹس کم کرنے پر مائل کیا جس سے جولائی 2024 کے آخر تک پالیسی شرح کم ہو کر 19.50 فیصد ہو گئی۔ پاکستان اسٹاک ایکسچینج (PSX) میں بھی زبردست اضافہ جاری رہا اور 100-PSX انڈیکس دسمبر 2023 کے 62,451 پوائنٹس کے مقابلے میں جون 2024 کے آخر میں 26 فیصد کے اضافے کے بعد 78,444 پوائنٹس پر بند ہوئی اور عالمی سطح پر بہترین کارکردگی کی حامل اسٹاک مارکیٹ بن کر ابھری، جس کی وجوہات میں سیاسی استحکام، معاشی بنیادوں میں بہتری اور مارکیٹ کے مثبت رجحانات شامل تھے۔

پاکستان میں زرمبادلہ کے کل ذخائر جون 2023 کے 9 ارب ڈالر کے مقابلے میں بڑھ کر 14 ارب ڈالر ہو گئے۔ اس اضافے سے پاکستانی روپے امریکی ڈالر کی شرح تبادلہ مستحکم ہوئی، جس میں ایکسچینج کمپنیوں میں تنظیم اور ساخت کے حوالے سے کی جانے والی اصلاحات اور آئی ایم ایف کے ساتھ 3 ارب ڈالر کے اسٹیٹڈ یائی اریجنٹ (SBA) پروگرام کی تکمیل مزید معاون ثابت ہوئی۔ اس کے نتیجے میں 2024 کے پہلے نصف حصہ میں پاکستانی روپے کی قدر میں مسلسل استحکام رہا اور جون 2024 کے اختتام تک 278.3 روپے/امریکی ڈالر رہا، جبکہ اس کے مقابلے میں دسمبر 2023 میں یہ شرح 281.9 روپے/امریکی ڈالر تھی۔

بیرونی سطح پر حکومت برآمدات میں اضافے اور درآمدات میں معقول کمی کے ذریعے مالیاتی خسارے میں کمی لانے میں کامیاب رہی، جس کے بعد کرنٹ اکاؤنٹ خسارے میں نمایاں کمی آئی۔ بیرون ملک مقیم پاکستانیوں کی جانب سے بھیجی جانے والی ترسیلات زر بدستور زرمبادلہ کا اہم ترین ذریعہ ہیں اور ایکسچینج کمپنیوں کی تنظیم اور ساخت کے حوالے سے کی جانے والی اصلاحات کے بعد ان میں مثبت رجحان دیکھنے میں آیا ہے جس سے انٹرنیٹ اور اوپن مارکیٹ کی شرح تبادلہ کے مابین فرق میں نمایاں کمی آئی ہے۔ جون 2024 کے بعد وفاقی حکومت اور آئی ایم ایف کے درمیان تقریباً 7 ارب امریکی ڈالر کا 37 ماہ کا توسیعی فنڈ ٹیسٹس کا اسٹاف لیول معاہدہ ہوا، جو آئی ایم ایف کے ایگزیکٹو بورڈ کی منظوری سے مشروط ہے۔ پروگرام کا مقصد گزشتہ سال کے دوران حاصل کردہ میکرو اکنامک استحکام سے فائدہ اٹھانا ہے۔

دو مشکل سوالوں کے بعد مجموعی طور پر ملکی معیشت میں استحکام کے آثار نظر آ رہے ہیں اور نئے آئی ایم ایف پروگرام کی ممکنہ سازگار تکمیل کے ساتھ آگے چل کر مزید میکرو اکنامک بہتری کی توقع ہے۔

## مالیاتی نکات

اللہ تعالیٰ کی رحمت سے میزان بینک نے سال 2024 کے پہلے نصف حصہ میں قابل تحسین نتائج پیش کئے ہیں۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 32.6 بلین روپے کے مقابلے میں بڑھ کر 51.8 بلین روپے ہو گیا، جو 59 فیصد اضافے کو ظاہر کرتا ہے۔ اس کے نتیجے میں بنیادی فی حصص آمدنی جو گزشتہ سال کی اسی مدت میں 18.21 روپے فی حصص تھی، جون 2024 میں بڑھ کر 28.89 روپے فی حصص ہو گئی۔ بینک کا اوسط ایکویٹی پر منافع (ROAE)، 50 فیصد سے زائد ہو گیا جو بینک کی شاندار مالیاتی کارکردگی کی عکاسی کرتا ہے جبکہ اوسط اثاثوں پر منافع (ROAA) بھی 3 فیصد سے زائد ہو گیا۔ ہمارے منافع جات کی مستحکم نمو کے ساتھ ساتھ ڈیویڈنڈز کی ادائیگیوں اور منافع رکھنے کے درمیان توازن کی ہماری حکمت عملی اندرونی سرمائے کی پیداوار پر متوجہ ہوئی ہے، جس کی عکاسی 20 فیصد سے زائد کپینٹل ایڈیکوسی ریشو (CAR) سے ہوتی ہے۔

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ نے 2024 کی دوسری سہ ماہی کے لئے 7.00 روپے (70.00 فیصد) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔ اس فیصلے سے 2024 کے پہلے نصف حصہ میں ادا کردہ ڈیویڈنڈ 14.00 روپے فی حصص (140 فیصد) ہو گیا ہے، جس میں 2024 کی پہلی سہ ماہی میں 7.00 روپے فی حصص (70 فیصد) ڈیویڈنڈ کی ادائیگی شامل ہے۔ اسٹاک ایکسچینج میں اندراج کے بعد سے بلا تعلق ہرسال ڈیویڈنڈز کی ادائیگیوں کی ہماری دیرینہ روایت حصص یافتگان کے ساتھ ہماری مضبوط وابستگی کا اظہار کرتی ہے۔ میزان نے 30 جون 2024 تک 429 بلین روپے (1.54 بلین ڈالر) کی مارکیٹ کپینٹل ریزیشن کے ساتھ پاکستان کا سب سے زیادہ قدر کا حامل بینک ہونے کی حیثیت برقرار رکھی ہے جو کہ بینک کی انتظامی ٹیم، کارکردگی اور ترقی کے امکانات پر سرمایہ کاروں کے اعتماد کی عکاسی کرتی ہے۔ میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

روپے (بلین میں)

میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

جنوری تا جون 2023	جنوری تا جون 2024	نفع و نقصان کھاتہ
182,985	249,350	فنانسنگ، سرمایہ کاری اور Placements پر منافع
(92,407)	(111,453)	جمع شدہ رقوم اور دیگر واجبات پر منافع
90,578	137,897	خالص آمدنی
8,976	11,681	فیس، کمیشن اور دیگر نان۔ فنڈڈ آمدنی
99,554	149,578	انتظامی آمدنی
(31,326)	(43,370)	انتظامی اور دیگر اخراجات
68,228	106,208	پروویژنز سے قبل منافع
(3,634)	672	NPLs اور دیگر کے لئے ریورسل (پروویژنز)۔ خالص
64,594	106,880	قبل از ٹیکس منافع
(32,008)	(55,127)	ٹیکس
32,586	51,753	بعد از ٹیکس منافع
18.21	28.89	فی حصص آمدنی۔ روپے میں۔
982	1,010	برانچوں کی تعداد

31 دسمبر، 2023	30 جون، 2024	مالیاتی حیثیت کا جائزہ
3,012,109	3,296,362	کل اثاثے
1,572,388	1,644,261	سرمایہ کاریاں
992,027	1,152,004	اسلامی فنانسنگ اور متعلقہ اثاثے۔ مجموعی
2,217,474	2,414,878	جمع شدہ رقوم
45%	48%	اے ڈی آر (Gross advances to deposits)۔ فیصد
184,908	208,528	ایکویٹی

فنانسنگز، سرمایہ کاریوں اور Placements پر منافع میں قابل ذکر اضافہ دیکھنے میں آیا جو کہ جون 2023 کے 183 بلین روپے کے مقابلے میں بڑھ کر 249 بلین روپے ہو گیا۔ 36 فیصد کاروباریاں اضافہ اسٹیٹ بینک آف پاکستان کی زیادہ اوسط پالیسی شرح اور آمدنی پیدا کرنے والے اثاثوں کی زیادہ اوسط شرح کا نتیجہ تھا۔ پالیسی شرح جون 2023 کے 19.36 فیصد کے مقابلے میں 2024 کے نصف سال کے دوران اوسط 21.84 فیصد رہی۔ دوسری جانب زیر جائزہ مدت میں جمع شدہ رقوم (Deposits) اور دیگر واجب الادا رقوم پر منافع جون 2023 کے 92.4 بلین روپے کے مقابلے میں بڑھ کر 111.5 بلین روپے ہو گیا، جو گزشتہ سال کی اسی مدت کے مقابلے میں 21 فیصد اضافہ ظاہر کرتا ہے۔ اوسط جمع شدہ رقوم گزشتہ سال کے 1.77 ٹریلین روپے کے مقابلے میں 26 فیصد اضافے کے بعد جاری مدت میں 2.24 ٹریلین روپے ہو گئیں۔ مجموعی طور پر ہمارا خالص منافع گزشتہ سال کی اسی مدت کے 91 بلین روپے کے مقابلے میں بڑھ کر 138 بلین روپے ہو گیا، جو 52 فیصد کے زبردست اضافے کی عکاسی کرتا ہے۔

بینک کی فیس اور کمیشن کی آمدنی میں بھی 30 فیصد کا مستحکم اضافہ دیکھنے میں آیا جو کہ جون 2023 کے 9 بلین روپے کے مقابلے میں نصف سال میں بڑھ کر 11.7 بلین روپے ہو گئی۔ فیس اور کمیشن کی بنیادی آمدنی مجموعی طور پر 9.5 بلین روپے تک پہنچ گئی اور اس میں 22 فیصد کا اضافہ ہوا، جس میں ڈیٹ کارڈ کی خدمات، برانچ بینکنگ اور تجارت سے متعلق آمدنی نے بڑا حصہ ڈالا۔ نصف سال کے دوران ہمارے ڈیٹ کارڈ پورٹ فولیو مجموعی طور پر 500,000 نئے کارڈز کا اضافہ ہوا جس سے ہمارا مجموعی پورٹ فولیو 3.5 بلین کارڈز تک بڑھ گیا۔ ڈیٹ کارڈز سے خرچ کی جانے والی رقم میں 36 فیصد اضافہ ہوا، جبکہ نیٹ فیڈ کیونٹیشن (NFC) ٹرانزیکشنز میں 186 فیصد اضافہ دیکھنے میں آیا۔ مقامی سطح پر ڈیٹ کارڈز سے خرچ کی جانے والے اخراجات بھی سال 2024 کے نصف حصہ میں 47 فیصد کے نمایاں اضافے کے بعد 116.4 بلین روپے ہو گئے، جبکہ سال 2023 کے پہلے نصف حصہ میں 79.2 بلین روپے خرچ کئے گئے تھے۔ بینک نے ہوم رییمیننس کی خدمات کے شعبے میں اپنی پیشرفت جاری رکھی اور گزشتہ سال کی اسی مدت کے مقابلے میں ترسیلات زر کے حجم میں 40 فیصد اضافہ حاصل کیا۔ غیر ملکی زرمبادلہ کی آمدنی گزشتہ سال کی اسی مدت کے 541 بلین روپے کے مقابلے میں بڑھ کر 580 بلین روپے ہو گئی، جو 7 فیصد اضافے کی عکاسی کرتی ہے جبکہ ڈیوڈنڈ کی آمدنی جون 2023 کے 458 بلین روپے سے دگنی ہو کر 918 بلین روپے ہو گئی، جو بنیادی طور پر حصص اور میوچل فنڈز میں مناسب طور پر تقسیم شدہ سرمایہ کاری کا نتیجہ ہے۔

انتظامی اخراجات جون 2023 کے 31.3 بلین روپے سے 38 فیصد بڑھ کر زیر جائزہ نصف سال میں 43.4 بلین روپے ہو گئے۔ زیر جائزہ مدت کے دوران افراط زر کے مسلسل دباؤ کے ساتھ آئی ٹی سے متعلقہ پروڈیکٹس میں تزویراتی سرمایہ کاریاں اور برانچ نیٹ ورک میں توسیع، جو کہ بذات خود مستقبل کی سرمایہ کاری ہے، سے متعلقہ اخراجات اس اضافے کی وجہ بنے۔ بڑھتے ہوئے ان اخراجات کے باوجود آمدنی میں اضافے نے اس کے اثرات کو کم کر دیا جس کے نتیجے میں ہمارا انکم ایفیشینسی ریشو مستحکم ہوا، جو گزشتہ سال کی اسی مدت کے 31 فیصد کے مقابلے میں اب 29 فیصد پر برقرار ہے۔ کوسٹ ایفیشینسی ریشو (cost efficiency ratio) میں بہتری کے باوجود بینک Cost rationalization اور پراسس آٹومیٹیشن کی حکمت عملی اختیار کرنے کے اپنے عزم پر ثابت قدم ہے۔

بینک کے کل اثاثے اختتام سال دسمبر 2023 کے 3 ٹریلین روپے سے 9 فیصد بڑھ کر 3.3 ٹریلین روپے تک پہنچ گئے۔ اسی طرح سرمایہ کاری پورٹ فولیو اختتام دسمبر 2023 کے 1.57 ٹریلین روپے سے 5 فیصد اضافے کے بعد 1.64 ٹریلین روپے تک پہنچ گیا۔ حکومت پاکستان کی جانب سے جاری سیکورٹی کی نیلامی کو اس اضافے کی براہ راست وجہ قرار دیا جاسکتا ہے جس نے اسلامی بینکاری صنعت (IBI) کو درپیش گلوبل ایڈیٹیٹیو چیلنجز کے دیرینہ مسائل کو کم کرنے میں مدد دی ہے۔ وفاقی حکومت نے فنانس بل 2024 کے تحت ایڈوانسز ٹوڈی پائرس ریشو (ADR) سے متعلقہ ٹیکس سے استثنیٰ کی مدت میں توسیع نہیں کی، جس کی اجازت بینکوں کو ٹیکس سال 2023 کے لئے دی گئی تھی۔ اس کے نتیجے میں، ADR ٹیکس دوبارہ لاگو ہونے کے بعد بینک اب اپنے اثاثوں کا معیار قائم رکھنے کے مؤقف کو برقرار رکھتے ہوئے اور تمام رسک آپٹیمائزیشن پر مبنی نظر رکھتے ہوئے اپنا ADR پچاس (50) فیصد سے زائد شرح پر لانے کے لئے پُر عزم ہے۔ زیر جائزہ نصف سال تک مجموعی فنانسنگ پورٹ فولیو 1.15 ٹریلین روپے تک پہنچ گیا، جو اختتام سال 2023 کے 992 بلین روپے کے مقابلے میں 16 فیصد اضافے کو ظاہر کرتا ہے۔ نتیجتاً مجموعی ایڈوانسز ٹوڈی پائرس ریشو اختتام 2023 کے 45 فیصد کے مقابلے میں بہتر ہو کر 48 فیصد ہو گیا۔ اس کے ساتھ ساتھ بینک نے اثاثوں کا اعلیٰ معیار کا پورٹ فولیو قائم رکھا ہوا ہے، جس کی عکاسی سال 2024 کے پہلے نصف حصہ میں بینکاری صنعت میں بینک کی غیر فعال فنانسنگز کی کم ترین شرح میں سے ہے جو کہ 1.5 فیصد ہے۔ بینک غیر فعال فنانسنگ پورٹ فولیو کی مد میں پروویڈنٹ کی بلند شرح برقرار رکھے ہوئے ہے، جس کے نتیجے میں جون 2024 تک بینک کا کوریج ریشو 192 فیصد تک پہنچ گیا ہے۔

میزان بینک نے اس سال اور میڈیم انٹر پرائزز (SME) بینکاری میں زبردست کارکردگی کا مظاہرہ کیا ہے۔ میزان بینک کے ایس ایم ای پورٹ فولیو میں 20 فیصد سے زائد کا اضافہ ہوا ہے، جس میں اسلامک ایس ایم ای آسان فنانسنگ (ISAAF) اسکیم، وزیر اعظم کی پوتھ بزنس اور ایگریکلچر لون



اسکیم (PMYBL&ALS) اور اسٹیٹ بینک آف پاکستان کی مراعاتی اسکیموں کے تحت ایس ایم ایز کی موڈرنائزیشن کے لئے اسلامک ری فنانس فیسلٹی نے معاونت کی۔ ہم نے جدید ڈیجیٹل فنانسنگ سولوشنز کا بھی آغاز کیا ہے جس میں Habbal کے اشتراک سے ڈیجیٹل سپلائی چین سلوشن، وثاق (Wisaaq) بھی شامل ہے۔ ایگری فنانسنگ کے تحت 1.3 ارب روپے سے زائد کی رقم شکرملوں کو جاری کی گئی، جس سے 1,000 سے زائد کسانوں کو فائدہ ہوا۔ میزان بینک اعلیٰ درجے کے کارپوریٹ، درمیانے اور چھوٹے درجے کے کمرشل اور ایس ایم ای کاؤنٹس اور اس کے ساتھ ساتھ کنزرویٹو سمیت معیشت کے تمام شعبوں پر محیط فنانسنگ پورٹ فولیو کے فروغ کے لئے پرعزم ہے۔

بینک کا ڈپازٹ پورٹ فولیو اختتام سال 2023 کے 2.22 ٹریلین روپے کے مقابلے میں 9 فیصد اضافے کے بعد 2.41 ٹریلین روپے پر بند ہوا۔ کرنٹ اکاؤنٹ (CA) ڈپازٹس سال 2024 کے پہلے نصف کے اختتام تک 1.13 ٹریلین روپے رہے جبکہ سیونگز اکاؤنٹس (SA) پورٹ فولیو نے زیر جائزہ نصف سال میں 19 فیصد (166 بلین روپے) کے اضافے کے بعد 1 ٹریلین روپے کا ہدف عبور کر لیا۔ مجموعی طور پر کرنٹ اور سیونگز اکاؤنٹس (CASA) ڈپازٹس جو نصف سال کے اختتام پر 2.18 ٹریلین روپے تک پہنچ گئے، کل ڈپازٹس کا 90 فیصد حصہ بنتے ہیں۔ میزان بینک نے پہلی بار بینک کی سہولت سے فائدہ اٹھانے والے 465,000 نئے صارفین شامل کر کے اپنے مجموعی صارفین کو بڑھایا جس سے ہمارے موجودہ ڈپازٹ ریلیشن شپس کو مزید تقویت حاصل ہوئی۔ میزان روشن ڈیجیٹل اکاؤنٹ نے بھی شاندار رفتار سے ترقی کا سفر جاری رکھا ہے۔ میزان بینک نے 2024 کے پہلے نصف حصہ کے اختتام تک 2.19 بلین امریکی ڈالر (جو بینکاری صنعت میں بیرون ملک سے آنے والی کل رقوم کا 26 فیصد حصہ بنتا ہے) کی آمد کے ساتھ اپنی صف اول کی حیثیت برقرار رکھی ہے۔ اس وقت 110,000 سے زائد میزان روشن ڈیجیٹل اکاؤنٹ آپریشنل ہیں جو دنیا بھر کے 144 سے زائد ممالک میں مقیم پاکستانیوں کو بلا رکاوٹ بینکاری خدمات فراہم کر رہے ہیں۔

ایک باہر ڈگریڈ گرتھ ماڈل اختیار کر کے ہم نے ڈیجیٹل صارفین کو شامل کرنے کے عمل کو تیز کرتے ہوئے اپنی موجودگی کو بڑھایا ہے۔ زیر جائزہ نصف سال کے اختتام تک ہمارا برانچ نیٹ ورک 335 شہروں میں 1,010 برانچوں تک وسیع ہو گیا ہے جسے ہمارا ملک بھر میں پھیلا 1,100 سے زائد ماڈرن ایمریکنائٹ ورک مزید تقویت دیتا ہے۔ ہماری اے ٹی ایم مشینیں بائیومیٹرک ٹیکنالوجی کی حامل ہیں جو Tap and Withdraw سرومز پیش کرتی ہیں، ان کی مدد سے صارفین اپنے NFC کے حامل ڈیٹ کارڈز کے ذریعے صرف ایک Tap سے اے ٹی ایم کی خدمات حاصل کر سکتے ہیں۔ مزید برآں، بینک کا مرچنٹ ایکویزنگ بزنس 22,000 سے زیادہ پی او ایس (POS) ٹرمینلز پر مشتمل ہے اور اس میں 326 شہروں میں 800 سے زائد ای کامرس مرچنٹس کا اشتراک شامل ہے۔ ہمارے کارڈ ایکویزنگ کاروبار کا 45 فیصد حصہ SME کے وینڈرز ہیں، جس سے مالیاتی شمولیت کے ہمارے عزم کی عکاسی ہوتی ہے۔ ہماری جدید ترین موبائل بینکنگ ایپ ہمارے صارفین کو اپنی ڈیجیٹل ٹرانزیکشنز کی محفوظ اور موثر انداز میں تکمیل کے لئے ایک ہموار پلیٹ فارم فراہم کرتی ہے۔ ریٹیل صارفین کی جانب سے کی گئی ڈیجیٹل ٹرانزیکشنز میں میزان بینک کی قائدانہ حیثیت کا اظہار 1-Link کی ماہانہ درجہ بندی رپورٹس سے بھی ہوتا ہے جن کے مطابق 1-Link کے گروڈس گزرنے والی مجموعی ڈیجیٹل ٹرانزیکشنز کے اعتبار سے میزان بینک مسلسل پہلے نمبر پر ہے۔ ہم ڈیجیٹل تبدیلی کی اپنی حکمت عملی پر پوری طرح کاربند ہیں، جس کا محور مرکز صارفین کے تجربات کو بہتر بنانا اور بہترین طریقہ عمل اختیار کرنا ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی ممکنہ حد تک اعلیٰ ترین معیار کی طویل المدتی ریٹنگ AAA (ٹرپل اے) اور قلیل المدتی ریٹنگ A1+ (اے ون پلس) کی دوبارہ توثیق کی ہے۔ تقویٰ کو فروغ دینے کے آثار مستحکم ہیں۔

### مستقبل کے آثار

میزان بینک اسلامی بینکاری کی صنعت کو مستحکم بنا کر ملک کی معاشی ترقی اور استحکام میں اپنا کردار ادا کرنے کے اپنے عزم پر ثابت قدم ہے۔ ہم معزز وفاقی شرعی عدالت (FSC) کی معیشت کو مکمل طور پر شریعہ مکمل نمائندگی کی ہدایات پر عمل کرتے ہوئے حکومت کی اسلامی مالیات کی جانب ترقیاتی منتقلی کے مقصد سے ہم آہنگ ہیں۔ ہماری حکمت عملی کا مرکز متوازن ترقی، شعبہ جاتی تنوع اور ریگولیٹری استحکام کے معیارات کا حصول ہے۔ ہم فزیکل اور ڈیجیٹل، دونوں طریقوں سے اپنی رسائی بڑھانے کو ترجیح دیتے ہیں، اور ہماری توجہ اعلیٰ ترین معیار کی ڈیجیٹل خدمات کی فراہمی پر مرکوز ہے تاکہ ہم بینکاری صنعت میں اپنی قائدانہ اور اوّلین حیثیت برقرار رکھ سکیں۔

ہم اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کو ملکہ میں ایک قابل عمل اسلامی مالیاتی نظام کے قیام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتے ہیں۔ ہماری امتیازی کامیابیاں ہمارے متنوع صارفین کے فعال تعاون کے بغیر ممکن نہیں ہو سکتی تھیں، جس کے لئے ہم ان کے ممنون احسان رہیں گے۔ ہم بورڈ آف ڈائریکٹرز، شریعہ بورڈ کے ممبران، اپنے حصص یافتگان، اضافی Tier I صکوک اور ثانوی صکوک (Tier II) یافتگان کا ان کی مسلسل سرپرستی کے لئے شکر یاد ادا کرنا چاہتے ہیں جنہوں نے میزان بینک کو اوّلین اور ممتاز ترین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔

ہم اپنی مخلص ٹیم کے ہر رکن کو اسلامی بینکاری کے فروغ کے لئے ان کی ثابت قدمی سے کی گئی کوششوں اور مصمم وابستگی کے لئے تہہ دل سے خراج تحسین پیش کرتے ہیں۔ سب سے بڑھ کر ہم اپنے بینک پر اور ہم میں سے ہر ایک فرد پر اللہ ﷻ کی مسلسل رحمت کے لئے شکر گزار ہیں جس کے باعث ہم اس قلیل عرصے میں اتنی شاندار کامیابیوں کے حصول کے قابل ہو سکے ہیں۔ ہم اسی سے مدد مانگتے ہیں اور دعا گو ہیں کہ اللہ ﷻ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم ’اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے‘ کے اپنے خواب کو تعبیر کی بلندیوں تک پہنچا سکیں۔ آمین

(منجانب بورڈ)

عرفان صدیقی  
صدر اور CEO

ریاض ایس۔ اے۔ اے۔ اور ایس  
چیئرمین

اسلام آباد:  
08 اگست، 2024

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF MEEZAN BANK LIMITED

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### Report on review of condensed interim unconsolidated financial statements

#### *Introduction*

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Meezan Bank Limited ("the Bank") as at June 30, 2024 and the related condensed interim unconsolidated statement of profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated cash flow statement, and notes to the condensed interim unconsolidated financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures for the quarters ended June 30, 2024 and June 30, 2023 in the condensed interim unconsolidated statement of profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

#### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 statements are 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 **Shahbaz Akbar**.

#### **A. F. Ferguson & Co.**

Chartered Accountants

Karachi

Dated: August 16, 2024

UDIN: RR202410068vEJKcAC4k

**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	273,320,214	242,611,556
Balances with other banks	7	16,932,866	11,452,256
Due from financial institutions	8	34,964,299	34,964,299
Investments	9	1,644,260,597	1,572,387,620
Islamic financing and related assets	10	1,119,911,933	961,673,012
Property and equipment	11	44,255,428	39,046,484
Right-of-use assets	12	19,980,725	19,571,852
Intangible assets	13	2,769,442	2,271,709
Deferred tax asset		-	-
Other assets	14	139,966,987	128,129,969
<b>Total Assets</b>		<b>3,296,362,491</b>	<b>3,012,108,757</b>
<b>LIABILITIES</b>			
Bills payable	15	70,550,545	39,724,176
Due to financial institutions	16	394,017,803	377,494,612
Deposits and other accounts	17	2,414,878,249	2,217,473,924
Lease liability against right-of-use assets	18	23,577,271	22,093,855
Sub-ordinated sukuk	19	20,990,000	20,990,000
Deferred tax liabilities	20	1,476,963	4,213,492
Other liabilities	21	162,343,693	145,211,181
<b>Total Liabilities</b>		<b>3,087,834,524</b>	<b>2,827,201,240</b>
<b>NET ASSETS</b>		<b>208,527,967</b>	<b>184,907,517</b>
<b>REPRESENTED BY</b>			
Share capital		17,912,532	17,912,532
Advance against issue of shares	34.2	258,888	-
Reserves		42,510,740	37,082,157
Surplus on revaluation of assets - net of tax	22	9,661,548	10,920,597
Unappropriated profit		138,184,259	118,992,231
		<b>208,527,967</b>	<b>184,907,517</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer



## CONDENSED INTERIM UNCONSOLIDATED

### PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Note	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	24	130,204,369	101,031,786	249,350,361	182,984,732
Profit / return on deposits and other dues expensed	25	59,871,921	51,499,262	111,453,781	92,406,535
Net profit / return		<b>70,332,448</b>	49,532,524	<b>137,896,580</b>	90,578,197
<b>OTHER INCOME</b>					
Fee and commission income	26	4,418,018	4,186,907	9,466,922	7,785,016
Dividend income		475,901	217,212	918,548	458,464
Foreign exchange income / (loss)		101,614	695,843	579,544	540,801
Gain / (loss) on securities	27	54,692	(269,796)	114,792	(375,513)
Net gains on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	28	273,290	279,930	601,263	566,812
Total other income		5,323,515	5,110,096	11,681,069	8,975,580
<b>Total income</b>		<b>75,655,963</b>	54,642,620	<b>149,577,649</b>	99,553,777
<b>OTHER EXPENSES</b>					
Operating expenses	29	21,053,129	15,443,598	41,010,040	29,788,289
Workers welfare fund		1,107,525	895,524	2,226,141	1,485,032
Other charges	30	923	49,452	133,519	52,280
Total other expenses		22,161,577	16,388,574	43,369,700	31,325,601
<b>Profit before credit loss allowance / provisions</b>		<b>53,494,386</b>	38,254,046	<b>106,207,949</b>	68,228,176
(Reversal of provisions / credit loss allowance) / credit loss allowance / provisions and write offs - net	31	(935,211)	1,504,257	(672,201)	3,634,144
Extra ordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		<b>54,429,597</b>	36,749,789	<b>106,880,150</b>	64,594,032
Taxation	32	27,773,625	19,588,313	55,127,038	32,008,385
<b>Profit after taxation</b>		<b>26,655,972</b>	17,161,476	<b>51,753,112</b>	32,585,647
Rupees					
<b>Basic earnings per share</b>	33	<b>14.88</b>	9.59	<b>28.89</b>	18.21
<b>Diluted earnings per share</b>	34	<b>14.78</b>	9.59	<b>28.73</b>	18.20

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

Riyadh S. A. A. Edrees  
Chairman

Irfan Siddiqui  
President & Chief Executive

Faisal A. A. AlNassar  
Director

Mohammad Abdul Aleem  
Director

Syed Imran Ali Shah  
Chief Financial Officer

## CONDENSED INTERIM UNCONSOLIDATED

### STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
	Rupees in '000			
Profit after taxation for the period	26,655,972	17,161,476	51,753,112	32,585,647
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to statement of profit and loss account in subsequent periods:</b>				
- Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(1,453,038)	-	(2,907,824)	-
- Gain on sale of debt investments carried at FVOCI reclassified to profit or loss account - net of tax	(28,262)	-	(58,913)	-
- Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	2,178,632	-	(885,222)
<b>Items that will not be reclassified to statement of profit and loss account in subsequent periods:</b>				
- Movement in surplus on revaluation of equity investments through FVOCI - net of tax	427,229	-	445,024	-
- Gain on sale of equity investments carried at FVOCI - net of tax	90,942	-	152,335	-
- Movement in deficit on revaluation of non - banking asset - net of tax	-	(281)	-	(281)
<b>Total comprehensive income for the period</b>	<b>25,692,843</b>	<b>19,339,827</b>	<b>49,383,734</b>	<b>31,700,144</b>

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

Riyadh S. A. A. Edrees  
Chairman

Irfan Siddiqui  
President & Chief Executive

Faisal A. A. AlNassar  
Director

Mohammad Abdul Aleem  
Director

Syed Imran Ali Shah  
Chief Financial Officer

## CONDENSED INTERIM UNCONSOLIDATED

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024

	Share capital	Advance against issue of shares	Capital reserves				Revenue reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Share premium	Statutory reserve *	Non-Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking Assets		
Rupees in '000											
<b>Balance as at January 01, 2023 (Audited)</b>	17,896,243	-	2,406,571	22,169,518	3,117,547	427,419	66,766	(666,349)	2,678	69,900,300	115,320,693
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	32,585,647	32,585,647
<b>Other Comprehensive loss for the half year ended June 30, 2023 - net of tax</b>											
-Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(885,222)	-	-	(885,222)
-Movement in surplus / (deficit) on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	-	(281)	-	(281)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(885,222)	(281)	-	(885,503)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(3)	3	-
Recognition of share based compensation	-	-	-	-	-	185,954	-	-	-	-	185,954
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	-	3,258,565	-	-	-	-	-	(3,258,565)	-
<b>Transactions with owners recognised directly in equity</b>											
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)
First interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	-	-	-	(5,368,873)	(5,368,873)
Advance received against issue of 1,628,873 shares under the Employees share option scheme	-	99,699	-	-	-	-	-	-	-	-	99,699
<b>Balance as at June 30, 2023 (Unaudited)</b>	<b>17,896,243</b>	<b>99,699</b>	<b>2,406,571</b>	<b>25,428,083</b>	<b>3,117,547</b>	<b>613,373</b>	<b>66,766</b>	<b>(1,551,571)</b>	<b>2,394</b>	<b>88,489,639</b>	<b>136,568,744</b>
Profit after taxation for the half year ended December 31, 2023	-	-	-	-	-	-	-	-	-	51,889,995	51,889,995
<b>Other comprehensive income / (loss) for the half year ended December 31, 2023 - net of tax</b>											
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	12,472,168	-	-	12,472,168
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(123,510)	(123,510)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(2,393)	-	(2,393)
Total other comprehensive income - net of tax	-	-	-	-	-	-	-	12,472,168	(2,393)	(123,510)	12,346,265
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(1)	1	-
Recognition of share based compensation	-	-	-	-	-	223,792	-	-	-	-	223,792
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	-	5,188,999	-	-	-	-	-	(5,188,999)	-
<b>Transactions with owners recognised directly in equity</b>											
Second interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	-	-	-	(7,165,013)	(7,165,013)
Third interim cash dividend for the year 2023 @ Rs 5 per share	-	-	-	-	-	-	-	-	-	(8,956,266)	(8,956,266)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	(99,699)	219,870	-	-	(182,844)	-	-	-	46,384	-
<b>Balance as at December 31, 2023 (Audited)</b>	<b>17,912,532</b>	<b>-</b>	<b>2,626,441</b>	<b>30,617,082</b>	<b>3,117,547</b>	<b>654,321</b>	<b>66,766</b>	<b>10,920,597</b>	<b>-</b>	<b>118,992,231</b>	<b>184,907,517</b>

## CONDENSED INTERIM UNCONSOLIDATED

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024

	Share capital	Advance against issue of shares	Capital reserves			Employee share option compensation reserve	Revenue reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Share premium	Statutory reserve*	Non-Distributable Capital Reserve - Gain on Bargain Purchase		General reserve	Investments	Non-banking Assets		
Rupees in '000											
<b>Balance as at December 31, 2023 (Audited)</b>	17,912,532	-	2,626,441	30,617,082	3,117,547	654,321	66,766	10,920,597	-	118,992,231	184,907,517
Impact of adoption of IFRS 9 - net of tax (note 5.2.10)	-	-	-	-	-	-	-	1,262,664	-	(669,309)	593,355
Profit after taxation for the half year ended June 30, 2024	-	-	-	-	-	-	-	-	-	51,753,112	51,753,112
<b>Other comprehensive income / (loss) for the half year ended June 30, 2024 - net of tax</b>											
- Movement in deficit on revaluation of investments in debt instruments at FVOCI - net of tax	-	-	-	-	-	-	-	(2,907,824)	-	-	(2,907,824)
- Gain on sale of debt investments carried at FVOCI reclassified to profit or loss account - net of tax	-	-	-	-	-	-	-	(58,913)	-	-	(58,913)
- Gain on sale of equity investments carried at FVOCI - net of tax	-	-	-	-	-	-	-	-	-	152,335	152,335
- Movement in surplus on revaluation of equity investments carried at FVOCI - net of tax	-	-	-	-	-	-	-	445,024	-	-	445,024
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(2,521,713)	-	152,335	(2,369,378)
Recognition of share based compensation	-	-	-	-	-	253,272	-	-	-	-	253,272
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	-	5,175,311	-	-	-	-	-	(5,175,311)	-
<b>Transactions with owners recognised directly in equity</b>											
Final cash dividend for the year 2023 @ Rs 8 per share	-	-	-	-	-	-	-	-	-	(14,330,026)	(14,330,026)
First interim cash dividend for the year 2024 @ Rs 7 per share	-	-	-	-	-	-	-	-	-	(12,538,773)	(12,538,773)
Advance received against issue of 3,487,520 shares under the Employees shares option scheme (note 34.2)	-	258,888	-	-	-	-	-	-	-	-	258,888
<b>Balance as at June 30, 2024 (Unaudited)</b>	<u>17,912,532</u>	<u>258,888</u>	<u>2,626,441</u>	<u>35,792,393</u>	<u>3,117,547</u>	<u>907,593</u>	<u>66,766</u>	<u>9,661,548</u>	<u>-</u>	<u>138,184,259</u>	<u>208,527,967</u>

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

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

## CONDENSED INTERIM UNCONSOLIDATED

### CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

	Note	Half year ended June 30, 2024	Half year ended June 30, 2023
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		106,880,150	64,594,032
Less: Dividend income		(918,548)	(458,464)
		105,961,602	64,135,568
<b>Adjustments:</b>			
Depreciation	29	2,786,186	1,958,313
Net profit / return		(139,685,960)	(91,399,161)
Amortisation	29	334,544	241,793
Depreciation on right-of-use-assets	29	1,229,332	1,370,880
Amortisation of lease liability against right-of-use assets	25	1,789,380	820,964
(Reversal of provisions / credit loss allowance) / credit loss allowance / provisions and write offs - net	31	(672,201)	3,634,144
Share based compensation expense		253,272	185,954
Unrealised loss - FVTPL	27	4,755	18
Gain on sale of property and equipment	28	(233,040)	(165,281)
		(134,193,732)	(83,352,376)
		(28,232,130)	(19,216,808)
<b>(Increase) / decrease in operating assets</b>			
Islamic financings and related assets		(160,652,041)	(28,382,434)
Other assets		(8,880,624)	(10,681,344)
		(169,532,665)	(39,063,778)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		30,826,369	14,043,214
Due to financial institutions		16,523,191	(45,851,509)
Deposits and other accounts		197,404,325	263,402,160
Other liabilities		9,299,466	(40,709,914)
		254,053,351	190,883,951
		56,288,556	132,603,365
Net profit / return received		246,632,309	162,969,593
Net profit / return paid		(110,885,432)	(85,528,102)
Income tax paid		(46,501,424)	(29,397,096)
<b>Net cash generated from operating activities</b>		145,534,009	180,647,760
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net divestment in amortised cost securities		36,736	-
Net investments in securities classified as FVOCI		(75,856,114)	-
Net divestment in securities classified as FVTPL		4,929,879	-
Net investments in associates		(14,032)	-
Net investments in subsidiaries		(1,000,000)	-
Net investments in available for sale securities		-	(79,316,681)
Net divestment in held to maturity securities		-	125,790
Net divestment in held for trading securities		-	2,470
Dividends received		584,854	441,306
Additions in property and equipment	11.2	(8,155,012)	(6,318,831)
Additions in intangible assets	13.1	(832,277)	(174,009)
Proceeds from sale of property and equipment		392,922	246,643
<b>Net cash used in investing activities</b>		(79,913,044)	(84,993,312)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(1,944,169)	(1,686,574)
Advance received against issue of shares	34.2	258,888	99,699
Dividend paid		(27,695,656)	(14,539,601)
<b>Net cash used in financing activities</b>		(29,380,937)	(16,126,476)
<b>Increase in cash and cash equivalents</b>			
		36,240,028	79,527,972
Cash and cash equivalents at the beginning of the period		254,063,812	131,419,265
Opening net credit loss allowance on cash and cash equivalents	5.2.10	(36,327)	-
		254,027,485	131,419,265
Impact of net credit loss allowance on cash and cash equivalents during the period	31	(14,433)	-
<b>Cash and cash equivalents at the end of the period</b>	35	290,253,080	210,947,237

The annexed notes 1 to 42 form an integral part of these condensed interim unconsolidated financial statements.

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

**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 provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), 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 one thousand and ten branches as at June 30, 2024 (December 31, 2023: one thousand and four branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** The VIS Credit Rating Company Limited (VIS) has reaffirmed the Bank's medium to long-term rating as 'AAA' and short-term rating as 'A1+' on June 28, 2024 (2023: 'AAA' and 'A1+' dated June 27, 2023).

**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 including under Islamic Export Refinance Scheme and various long term islamic refinancing facilities of the State Bank of Pakistan respectively.

The purchases and sales arising under these arrangements are not reflected in these unconsolidated 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** These condensed interim unconsolidated financial statements have 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, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
  - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
  - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS,

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023.

**3.2 Standards, interpretations of and amendments to published accounting And reporting standards that are effective in the current period:**

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 5.2.

**3.3 Standards, interpretations of and amendments to published accounting and Reporting standards that are not yet effective:**

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements.

**4. BASIS OF MEASUREMENT**

**4.1** These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except for certain non banking assets acquired in satisfaction of claims which are stated at revalued amounts; investment classified at fair value through profit or loss and fair value through other comprehensive income, commitments in respect of certain foreign exchange contracts which are measured at fair value; defined benefit obligations which are carried at present value; and right of use of assets and related lease liability measured at present value on initial recognition.

**4.2 Functional and presentation currency**

Items included in these condensed interim unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim unconsolidated financial statements are presented in Pakistani Rupees, 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.

**4.4 Critical accounting estimates and judgments**

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as that applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 5.2.

**5 MATERIAL ACCOUNTING POLICY INFORMATION AND FINANCIAL RISK MANAGEMENT POLICIES**

The material accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 5.1 and 5.2.

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2023.

**5.1 Adoption of new forms for the preparation of condensed interim financial statements**

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023 and BPRD Circular No. 07 dated April 13, 2023, issued the revised formats of the annual / interim financial statements which are applicable for the preparation of condensed interim quarterly / half yearly financial statements, periods beginning on or after



## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024**

January 01, 2024 (previously January 01, 2023). The implementation of the revised formats has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. The significant change is that the right of use assets and corresponding lease liability are now presented separately on the face of statement of financial position. Previously, these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. As a result of this change, the property and equipment of the Bank decreased by Rs 19,981 million and Rs 19,572 million as of June 30, 2024 and December 31, 2023 respectively. Furthermore, other liabilities of the Bank decreased by Rs 23,577 million and Rs 22,094 as of June 30, 2024 and December 31, 2023 respectively. There is no impact of this change on the unconsolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

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 presentation, as presented in note 40.

### **5.2 IFRS 9 - 'Financial Instruments'**

As directed by the SBP via BPRD Circular No. 07 of 2023 dated April 17, 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 (previously January 01, 2023) for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard in the banks.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS 9 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timelines.

There are a few matters which include income recognition on Islamic financings, maintenance of general provision, and fair valuation of subsidised financings, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

#### **5.2.1 Classification**

##### **Financial assets**

Under IFRS 9, existing categories of financial assets: Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss account (FVTPL)

##### **Financial liabilities**

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to, are required to be presented in other comprehensive income with no reclassification to profit or loss account. The Bank does not have any financial liability measured at FVTPL.

#### **5.2.2 Business model assessment**

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Eventually, the financial assets fall under either of the following three business models:

- Hold to Collect (HTC) Business Model:** Holding assets in order to collect contractual cash flows.
- Hold to Collect and Sell (HTC&S) Business Model:** Collecting contractual cash flows and selling financial assets.
- Other Business Models:** Resulting in classification of financial assets as FVTPL.

### 5.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic financing arrangement, the related financial asset is classified and measured at FVTPL.

### 5.2.4 Application to Bank's financial assets

#### Debt based financial assets

Debt based financial assets held by the Bank includes: Islamic financing and related assets, investment in federal government securities and other government / private sukuk, due from financial institutions, cash and balances with treasury banks; balances with other banks; and other financial assets.

- These are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL:
  - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sale of significant value are made, the Bank assess whether and how the sales are consistent with the HTC objective. This assessment include the reasons for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

- b) Aforementioned financial assets are measured at FVOCI only if it meets both of the following conditions and are not designated as at FVTPL:
- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.
- c) Aforementioned financial assets, if held for trading purposes are measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in GoP ijarah sukuk held under available for sale portfolio as of December 31, 2023 based on business model. Moreover, the Bank's investment in sub-ordinated sukuks issued by other Banks under available for sale portfolio as of December 31, 2023 have been reclassified as FVTPL since they do not pass the SPPI criteria due to equity conversion features embedded in the terms of these sukuks. Additionally, the Bank, has elected to classify investment in Islamic Naya Pakistan Certificates (previously classified under Available for Sale portfolio) as at December 31, 2023 at FVTPL. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

**Impact of reclassification**

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of	Remeasurements	Balances as of
			December 31, 2023		January 01, 2024
			Rupees in '000		
- Federal Government Sukuk - AFS	1,202,500,730	FVOCI	1,067,226,357	4,931,129	1,072,157,486
		FVTPL	10,473,351	-	10,473,351
		Amortized Cost	124,801,022	-	124,801,022
- Non Government Sukuk - AFS	135,525,257	FVOCI	134,442,257	-	134,442,257
		FVTPL	1,083,000	-	1,083,000

**Equity based financial assets**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the unconsolidated statement profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the unconsolidated statement of profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reversed impairment of Rs 2,562 million on equity investment held as at December 31, 2023 and the same has been transferred

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to deficit on revaluation of investments through remeasurements. Gains and losses on equity instruments at FVTPL are included in the 'Gain on sales of securities' line in the unconsolidated statement of profit and loss account.

The measurement category and carrying amounts of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023 Rupees in '000	Measurement category	Carrying amount as at January 01, 2024
Cash and balances with treasury banks	Loans and receivables	242,611,556	Amortised cost	242,577,553
Balances with other banks	Loans and receivables	11,452,256	Amortised cost	11,449,932
Due from financial institutions - net	Loans and receivables	34,964,299	Amortised cost	34,964,299
Investments - net			Fair value through profit or loss	11,560,549
	Available-for-sale	1,354,524,725	Fair value through other comprehensive income	1,223,153,197
			Amortised cost	124,801,022
	Held-to-maturity	216,954,593	Amortised cost	216,954,593
Islamic financing and related assets - net	Loans and receivables	961,673,012	Amortised cost	958,315,528
Other assets (financial assets only)	Loans and receivables	125,309,036	Amortised cost / FVTPL	125,146,072
		<u>2,947,489,477</u>		<u>2,948,922,745</u>

### 5.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchase or sell the asset. Other financial assets and liabilities like Islamic financing and related assets, due from financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions or as per underlying Shariah mode. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Bank will recognise due to customer and financial institution balances when these funds reach the Bank.

#### a) Amortised cost (AC)

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. They are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in condensed interim unconsolidated statement of profit and loss account. Rental / profit income / expense on these assets / liabilities are recognised in condensed interim unconsolidated statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in condensed interim unconsolidated statement of profit and loss account.

#### b) Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for these financial assets in condensed interim unconsolidated statement of profit and loss account. Rental / profit / dividend income on these assets are recognised in condensed interim unconsolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in condensed interim unconsolidated statement of profit and loss account only in case of debt instruments. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit on revaluations of assets to unappropriated profit.

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**c) Fair value through profit or loss (FVTPL)**

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in condensed interim unconsolidated statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in condensed interim unconsolidated statement of profit and loss account. Rental / profit / dividend income on these assets are recognised in condensed interim unconsolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in condensed interim unconsolidated profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

**5.2.6 Derecognition**

**Financial assets**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and sukuks) furnished by the Bank under due from and due to institutions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

**Financial liabilities**

Financial liabilities are derecognised when these are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original participants of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

**5.2.7 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

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Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

**5.2.8 Modification**

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in condensed interim unconsolidated statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

**5.2.9 Overview of the expected credit loss (ECL) principles**

The Bank assesses on a forward-looking basis the expected credit losses ("ECL") associated with Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets , the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

**Stage 1:** When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure at default (EAD) and multiplied by the expected Loss given default (LGD) and discounted by an approximation to the original effective profit rate (EIR). This calculation is made for all the scenarios.

**Stage 2:** When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs. Stage 2 also include facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but probability of default (PD) are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.

**Purchased or originated credit impaired (POCI):** POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

**Undrawn financing commitments** When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios.

For revolving facilities that include both a financings and an undrawn commitment. ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.

**Guarantee and letters of credit contracts** The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit. The calculation is made using a probability-weighting of the three scenarios. The ECLs is recognised within other liabilities.

### **The calculation of ECLs**

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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**PD** The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the past 7 years. PDs for non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

**EAD** The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

**LGD** The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

The Bank's management has only considered cash, liquid Securities, gold, and Government of Pakistan guarantees as eligible collaterals in the LGD calculation. All of these collaterals have a 0% haircut other than equity securities where haircut of 15% is applied.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.



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The SBP has issued FAQs in its BPRD Circular Letter No. 16 dated July 29, 2024 with regard to certain interpretation of the SBP application instructions. In respect of Stage 3 provision, the SBP has clarified that the banks, while assessing the higher of IFRS 9 ECL and provision under the SBP Prudential Regulations, shall take into account the ECL against corporate / commercial / SME loan portfolios at the borrower / facility level, and for the retail borrowers at segment / product basis.

**Forward looking information**

In its ECL models, the Bank relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Volume of exports of goods
- Consumer price index
- Unemployment rate

**Definition of default**

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments, except in case of agriculture, project infrastructure and housing financing. This implies that if one facility of a counterparty is defaulted as per the definition; all other facilities would deem to be classified as stage 3.

Further the following qualitative criteria has been determined for assessment of default:

- The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising security (if held).
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, profit or (where relevant) fees.
- The obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group.

**Write-offs**

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.



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**5.2.10** The Bank has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs 593.355 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as at December 31, 2023 (Audited)	Impact due to:					Reversal of provisions held	Total Impact- Gross of tax	Taxation (current and deferred)	Total Impact- Net of tax	Balances as of January 01, 2024	IFRS 9 Category
		Recognition of Expected Credit Losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPP assessments	Remeasurements	Reversal of provisions held						
<b>Rupees in '000</b>												
<b>ASSETS</b>												
Cash and balances with treasury banks	242,611,556	(34,003)	-	-	-	-	(34,003)	-	(34,003)	242,577,553	Amortised cost	
Balances with other banks	11,457,256	(2,324)	-	-	-	-	(2,324)	-	(2,324)	11,449,932	Amortised cost	
Due from financial institutions	34,964,299	-	-	-	-	-	-	-	-	34,964,299	Amortised cost	
Investments	1,354,524,725	-	(1,354,524,725)	-	-	-	(1,354,524,725)	-	(1,354,524,725)	1,223,153,197	FVOCI	
- Classified as Available for Sale	-	(52,055)	1,354,524,725	2,475,812	2,562,068	-	1,223,153,197	-	1,223,153,197	216,954,593	Amortised cost	
- Classified as Fair Value through Other Comprehensive Income	-	-	(216,954,593)	-	-	-	(216,954,593)	-	(216,954,593)	341,755,615	FVOCI	
- Classified as Held to Maturity	-	-	216,954,593	-	-	-	216,954,593	-	216,954,593	11,560,549	Amortised cost	
- Classified as Amortized Cost	-	-	-	-	-	-	-	-	-	845,252	FVTPL	
- Classified as Held for Trading	-	-	-	4,198	-	-	-	-	4,198	845,252	Outside the scope of IFRS 9	
- Classified as Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	63,050	Outside the scope of IFRS 9	
- Associates	845,252	-	-	-	-	-	-	-	-	845,252	Amortised cost	
- Subsidiary	63,050	-	-	-	-	-	-	-	-	63,050	FVTPL	
	1,572,387,620	(52,055)	-	2,480,010	2,562,068	-	4,990,043	-	4,990,043	1,577,377,663	Amortised cost	
Islamic financing and related assets	992,027,463	-	-	-	-	-	-	-	-	992,027,463	Amortised cost	
- Gross Amount	(30,354,451)	(4,004,838)	-	-	647,354	-	(3,357,484)	-	(3,357,484)	958,315,528	Amortised cost	
- Provisions	961,673,012	(4,004,838)	-	-	647,354	-	(3,357,484)	-	(3,357,484)	958,315,528	Amortised cost	
Property and equipment	39,046,484	-	-	-	-	-	-	-	-	39,046,484	Outside the scope of IFRS 9	
Right-of-use assets	19,571,852	-	-	-	-	-	-	-	-	19,571,852	Outside the scope of IFRS 9	
Intangible assets	2,271,709	-	-	-	-	-	-	-	-	2,271,709	Outside the scope of IFRS 9	
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	Amortised cost / FVTPL	
Other assets - Financial assets	125,309,036	(162,964)	-	-	-	-	(162,964)	-	(162,964)	125,146,072	Amortised cost / FVTPL	
Other assets - Non financial assets	2,820,933	-	-	-	-	-	-	-	-	2,820,933	Outside the scope of IFRS 9	
	3,012,108,757	(4,256,164)	-	2,480,010	3,209,422	-	1,433,268	-	1,433,268	3,013,542,025	Amortised cost	
<b>LIABILITIES</b>												
Bills payable	397,241,176	-	-	-	-	-	-	-	-	397,241,176	Amortised cost	
Due to financial institutions	377,494,612	-	-	-	-	-	-	-	-	377,494,612	Amortised cost	
Deposits and other accounts	2,217,473,924	-	-	-	-	-	-	-	-	2,217,473,924	Amortised cost	
Lease liability against right-of-use assets	22,093,855	-	-	-	-	-	-	-	-	22,093,855	Amortised cost	
Sub-ordinated sukuk	20,990,000	-	-	-	-	-	-	-	-	20,990,000	Amortised cost	
Deferred tax liabilities	4,213,492	-	-	-	-	-	-	570,078	570,078	4,783,570	Outside the scope of IFRS 9	
Other liabilities - Non financial liabilities	22,291,665	-	-	-	-	-	-	-	-	22,291,665	Amortised cost / FVTPL	
Other liabilities - Financial liabilities	122,919,516	269,835	-	-	-	-	269,835	-	269,835	123,189,351	Amortised cost / FVTPL	
	2,827,201,240	269,835	-	-	-	-	269,835	570,078	839,913	2,828,041,153	Amortised cost	
	184,907,517	(4,525,999)	-	2,480,010	3,209,422	-	1,663,433	(570,078)	993,355	185,500,872	Amortised cost	
<b>NET ASSETS</b>												
Share capital	17,912,532	-	-	-	-	-	-	-	-	17,912,532	Amortised cost	
Reserves	37,082,157	-	-	-	-	-	-	-	-	37,082,157	Amortised cost	
Surplus on revaluation of assets - net of tax	10,920,597	-	-	2,475,812	-	-	2,475,812	(1,213,148)	1,262,664	12,183,261	Amortised cost	
Unappropriated profit	118,992,231	(4,525,999)	-	4,198	3,209,422	-	(1,312,379)	643,070	(669,309)	118,322,922	Amortised cost	
	184,907,517	(4,525,999)	-	2,480,010	3,209,422	-	1,663,433	(570,078)	993,355	185,500,872	Amortised cost / FVTPL	

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	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		47,006,169	44,000,090
- foreign currencies		3,824,100	4,043,711
		<b>50,830,269</b>	48,043,801
With the State Bank of Pakistan in:			
- local currency current accounts		132,834,792	105,848,962
- foreign currency current accounts		15,188,269	14,790,799
	6.1	<b>148,023,061</b>	120,639,761
With the National Bank of Pakistan in:			
- local currency current accounts		74,468,272	73,915,744
National Prize Bonds	6.2	23,863	12,250
Less: Credit loss allowance held against cash and balances with treasury banks		<b>(25,251)</b>	-
Cash and balances with treasury banks - net of credit loss allowance		<b><u>273,320,214</u></b>	<b><u>242,611,556</u></b>

**6.1** These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and /or stipulated by the SBP. These accounts are non-remunerative in nature.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000		
<b>7 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- in current accounts	12,846,228	9,035,396
Outside Pakistan		
- in current accounts	2,710,979	1,879,152
- in deposit accounts	1,401,168	537,708
	7.1	4,112,147
		2,416,860
Less: Credit loss allowance held against balances with other banks	<b>(25,509)</b>	-
Balances with other banks - net of credit loss allowance	<b><u>16,932,866</u></b>	<b><u>11,452,256</u></b>

**7.1** It represents the balance in the remunerative account maintained with financial institutions outside Pakistan. The return on the balance is 4.00% (December 31, 2023: 0.20% to 3.00%) per annum.

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	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>8 DUE FROM FINANCIAL INSTITUTIONS</b>			
Bai Muajjal receivable:			
- from scheduled banks / financial institutions - Secured	8.1	<b>34,964,299</b>	34,964,299
- from other Financial Institution		<b>15,500</b>	15,500
		<b>34,979,799</b>	34,979,799
		<b>34,979,799</b>	34,979,799
Less: Credit loss allowance held against due from financial institutions	8.2	<b>(15,500)</b>	(15,500)
Due from financial institutions - net of credit loss allowance / provision held		<b>34,964,299</b>	34,964,299

**8.1** The effective average return on this product is 11.95% (December 31, 2023: 11.72%) per annum. The balances have maturities in July 2025 (December 31, 2023: July 2025).

8.2 Due from financial institutions - particulars of credit loss allowance / provision held	Note	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
		Due from financial institutions	Credit loss allowance held	Due from financial institutions	Provision held
Rupees in '000					
<b>Domestic</b>					
Stage 1 / Performing	8.2.1	34,964,299	-	34,964,299	-
Stage 2 / Under performing		-	-	-	-
Stage 3 / Non-performing					
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		15,500	15,500	15,500	15,500
		15,500	15,500	15,500	15,500
<b>Total</b>		<b>34,979,799</b>	<b>15,500</b>	<b>34,979,799</b>	<b>15,500</b>

**8.2.1** The outstanding amount is secured against Federal Government securities.

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9 INVESTMENTS	Note	June 30, 2024 (Unaudited)				December 31, 2023 (Audited)			
9.1 Investments by types:		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000									
<b>FVTPL securities</b>									
- Federal Government securities		5,489,501	-	-	5,489,501	-	-	-	-
- Units of mutual funds		53,971	-	(2,638)	51,333	-	-	-	-
- Non Government Sukuk		1,083,000	-	2,081	1,085,081	-	-	-	-
		6,626,472	-	(557)	6,625,915	-	-	-	-
<b>FVOCI securities</b>									
- Federal Government Securities	9.1.2	1,132,444,572	-	11,385,732	1,143,830,304	-	-	-	-
- Shares		9,052,231	-	2,452,958	11,505,189	-	-	-	-
- Non Government Sukuk		128,320,340	190,717	5,215,352	133,344,975	-	-	-	-
- Foreign Securities		5,426,096	3,264	(109,831)	5,313,001	-	-	-	-
	9.2	1,275,243,239	193,981	18,944,211	1,293,993,469	-	-	-	-
<b>Amortized Cost securities</b>									
- Federal Government Securities	9.5	341,718,879	-	-	341,718,879	-	-	-	-
<b>Available for sale securities</b>									
- Federal Government Securities		-	-	-	-	1,190,199,366	-	12,301,364	1,202,500,730
- Shares		-	-	-	-	9,883,161	2,562,064	4,064,496	11,385,593
- Non Government Sukuk		-	-	-	-	130,442,094	70,645	5,153,808	135,525,257
- Foreign Securities		-	-	-	-	5,219,877	-	(106,732)	5,113,145
		-	-	-	-	1,335,744,498	2,632,709	21,412,936	1,354,524,725
<b>Held to maturity securities</b>									
- Federal Government Securities		-	-	-	-	216,954,593	-	-	216,954,593
<b>In related parties</b>									
<b>Associates</b>									
- Units of mutual funds		859,284	-	-	859,284	845,252	-	-	845,252
<b>Subsidiaries*</b>									
- Shares		1,063,050	-	-	1,063,050	63,050	-	-	63,050
<b>Total Investments</b>		<b>1,625,510,924</b>	<b>193,981</b>	<b>18,943,654</b>	<b>1,644,260,597</b>	<b>1,553,607,393</b>	<b>2,632,709</b>	<b>21,412,936</b>	<b>1,572,387,620</b>

\* During the period, the Bank has invested Rs 1 billion as initial paid up capital in fully owned subsidiary - Meezan Exchange Company (Private) Limited. These shares were credited in the name of the Bank subsequent to the period end.

**9.1.1 Details of investment in subsidiary and associates**

	June 30, 2024 (Unaudited)						
	Percentage of holding %	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)	Market value / net asset share
Rupees in '000							
<b>Subsidiaries (unlisted)</b>							
Al Meezan Investment Management Limited	65.00%	7,054,922	2,060,628	2,804,408	966,837	966,837	3,246,291
Meezan Exchange Company (Private) Limited	100.00%	1,104,514	91,988	45,287	9,911	9,911	1,012,526
<b>Associates (open ended - listed)</b>							
Meezan Balanced Fund	18.12%	2,421,126	507,697	289,552	235,668	235,668	346,670
Al Meezan Mutual Fund	11.51%	5,162,884	288,434	828,093	736,955	736,955	560,853
Meezan Islamic Fund	4.41%	24,195,565	1,100,552	3,637,082	3,251,020	3,251,020	1,019,450
Meezan Sovereign Fund*	-	58,849,332	794,006	5,536,349	5,215,036	5,215,036	522
Meezan Gold Fund	10.34%	1,731,270	12,631	148,240	128,750	128,750	177,766
KSE Meezan Index Fund	5.40%	4,130,839	158,076	693,887	660,948	660,948	214,575
Meezan Cash Fund	0.01%	72,973,186	1,081,089	5,397,544	5,098,954	5,098,954	5,025
Meezan Islamic Income Fund	0.03%	16,590,246	610,092	1,497,621	1,382,525	1,382,525	5,026
		186,054,448	4,552,577	18,028,368	16,709,856	16,709,856	2,329,887

\* Nil percentage due to round off

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	December 31, 2023				June 30, 2023		
	Percentage of holding %	Assets	Liabilities	Market value / net asset share	Revenue	Total comprehensive income / (loss)	Profit / (loss) after taxation
<b>Subsidiary</b>				<b>Rupees in '000</b>			
Al Meezan Investment Management Limited	65.00%	5,999,799	1,572,275	2,416,614	1,013,468	483,514	483,514
<b>Associates (open ended - listed)</b>							
Meezan Balanced Fund	21.94%	1,790,098	64,251	378,708	96,414	46,169	46,169
Al Meezan Mutual Fund	12.52%	4,501,792	171,965	542,147	50,990	(17,668)	(17,668)
Meezan Islamic Fund	4.95%	21,253,561	659,628	1,019,100	255,237	(116,484)	(116,484)
Meezan Sovereign Fund*	-	78,527,967	1,404,137	580	617,544	576,974	576,974
Meezan Gold Fund	11.74%	1,419,778	11,085	165,390	295,519	278,608	278,608
KSE Meezan Index Fund	6.00%	3,376,486	32,105	200,791	99,867	74,655	74,655
		110,869,682	2,343,171	2,306,716	1,415,571	842,254	842,254

\* Nil percentage due to round off

Subsidiaries and associates are incorporated / registered in Pakistan. The shares in subsidiaries are placed in custody account with Central Depository Company of Pakistan Limited and cannot be sold without the prior approval of the SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

**9.1.2 Investments given as collateral**

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Cost / amortised cost	Market value	Cost / amortised cost	Market value
	<b>Rupees in '000</b>			
<b>Federal Government Securities</b>				
- GoP Ijarah sukuks	<b>232,000,000</b>	<b>233,600,800</b>	184,000,000	186,760,000

**9.2 Credit loss allowance / Provision for diminution in value of investments**

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
		<b>Rupees in '000</b>	
Opening balance		2,632,709	3,204,697
Impact of adoption of IFRS 9 - reversal of provision held against shares	5.2.10	(2,562,068)	-
Impact of adoption of IFRS 9 - credit loss allowance	5.2.10	52,035	-
		(2,510,033)	-
Charge / (reversals)			
ECL charge for the period / year		86,813	-
Charge for the period / year		-	238,864
ECL reversals for the period / year (including cash recovery)		(15,508)	(5,247)
Reversal on disposals		-	(805,605)
		71,305	(571,988)
Closing balance	9.3	<b>193,981</b>	2,632,709

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**9.3 Particulars of credit loss allowance / provision against debt securities**

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
Rupees in '000				
<b>Domestic</b>				
Performing - Stage 1	19,033,670	5,214	-	-
Under performing - Stage 2	-	-	-	-
Non-performing - Stage 3			-	-
Substandard	272,000	121,117	-	-
Doubtful	-	-	-	-
Loss	67,650	67,650	70,645	70,645
	339,650	188,767	70,645	70,645
	<u>19,373,320</u>	<u>193,981</u>	<u>70,645</u>	<u>70,645</u>

9.4 The debt securities amounting to Rs 1,474,163 and Rs 114,363 million pertains to Government securities and Government guaranteed exposure. The exposure is exempted for the calculation of ECL by the SBP.

9.5 The market value of securities classified as amortised cost as at June 30, 2024 amounted to Rs 308,828 million (December 31, 2023: Rs 187,691 million).

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>10 ISLAMIC FINANCING AND RELATED ASSETS</b>			
<b>In Pakistan:</b>			
<b>Murabaha financing and related assets</b>			
- Murabaha financing	10.1	5,173,272	6,547,184
- Advances against Murabaha		11,069,143	11,526,208
- Murabaha inventory		1,110,643	1,958,612
- Financing under Islamic Export Refinance - Murabaha	10.2	610,230	503,859
- Financing against Islamic SME Asaan Finance	10.3	1,374,787	126,483
- Advance against Islamic SME Asaan Finance		1,554,208	1,005,534
- Advance against Islamic Export Refinance - Murabaha		248,155	244,700
- Inventory under Islamic SME Asaan Finance		-	5,000
		<b>21,150,738</b>	21,917,580
<b>Running Musharakah financing</b>			
- Running Musharakah financing		320,454,687	182,916,112
- Financing under Islamic Export Refinance - Running Musharakah		42,090,676	58,491,956
		<b>362,545,363</b>	241,408,068
<b>Istisna financing and related assets</b>			
- Istisna financing		24,431,786	35,529,463
- Advances against Istisna		62,992,316	99,829,298
- Istisna inventory		35,489,272	5,988,841
- Financing under Islamic Export Refinance - Istisna		198,224	344,330
- Advances under Islamic Export Refinance - Istisna		10,852,160	10,743,412
- Inventory under Islamic Export Refinance - Istisna		3,938,929	4,756,387
		<b>137,902,687</b>	157,191,731

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Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000		
<b>Tijarah financing and related assets</b>		
- Tijarah financing	3,131,723	2,311,642
- Tijarah inventory	13,652,463	13,079,258
- Financing under Islamic Export Refinance - Tijarah	1,067,010	1,701,367
- Financing under Islamic SME Asaan Finance - Tijarah	648,258	-
- Inventory under Islamic Export Refinance - Tijarah	521,390	836,798
	<b>19,020,844</b>	17,929,065
<b>Musawammah financing and related assets</b>		
- Musawammah financing	18,092,902	32,401,509
- Advances against Musawammah	10,686,309	22,924,687
- Advance against Islamic SME Asaan Finance	42,327	-
- Musawammah Inventory	7,559,772	17,065,727
- Financing under Islamic Export Refinance - Musawammah	455,257	563,377
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	397,926	359,297
- Financing against Islamic SME Asaan Finance	54,553	-
- Advances under Islamic Export Refinance - Musawammah	295,831	73,300
- Inventory under Islamic Export Refinance - Musawammah	256,000	301,000
	<b>37,840,877</b>	73,688,897
<b>Salam Financing and related assets</b>		
- Salam Financing	1,113,454	1,392,987
- Advances against Salam	30,747,678	23,878,427
- Salam Inventory	2,548,080	1,393,814
	<b>34,409,212</b>	26,665,228
<b>Financing against bills</b>		
- Financing against bills - Salam	266,317	1,291,913
- Advance against bills - Salam	1,738	1,738
	<b>268,055</b>	1,293,651
- Bai Muajjal financing	77,073,370	33,086,224
<b>Ijarah financing and related assets</b>		
- Net investment in Ijarah	48,758	56,050
- Net book value of assets / investment in Ijarah under IFAS 2	59,989,509	60,109,729
	<b>60,038,267</b>	60,165,779
- Advances against Ijarah	4,405,815	2,839,276
	<b>64,444,082</b>	63,005,055
<b>Diminishing Musharakah financing and related assets</b>		
- Diminishing Musharakah financing	217,513,613	198,619,635
- Diminishing Musharakah financing - housing	17,437,644	18,552,137
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	481,882	350,586
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)	14,985,515	15,917,226
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID - 19 (IRFCC)	168,327	215,211
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme	1,528,851	76,973
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery	18,284,645	19,291,370
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)	18,346,402	17,643,962
- Diminishing Musharakah financing - SBP's Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)	14,658	7,873
- Advances against Diminishing Musharakah	24,457,312	16,379,833
- Advances against Diminishing Musharakah under SBP's IFFSAP	497,509	185,000
- Advances against Diminishing Musharakah under SBP's IFRE	3,236,360	1,284,996
- Advances against Diminishing Musharakah under SBP's IRFCC	145,372	181,715
- Advances against Diminishing Musharakah under SBP's ISAAF	1,456,428	963,154
- Advances against Diminishing Musharakah under SBP's ITERF	625,907	2,514,059
- Advances against Diminishing Musharakah under SBP's Islamic Refinance Facility for Modernization of SMEs (IRFMS)	200,000	-
- Advances against Diminishing Musharakah under SBP's IRCGSWE	-	9,963
- Advances against Diminishing Musharakah under SBP's ILTFF	3,508,536	4,005,820
	<b>322,888,961</b>	296,199,513

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	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
- Musharakah financing		1,135,725	988,725
- Wakalah Tul Istithmar financing		30,602,133	30,602,133
- Advance against Service Ijarah		27,315,277	14,884,577
- Qard financing under SBP's IRFCC		183,320	250,531
- Labbaik (Qard for Hajj and Umrah)		9,736	15,593
- Staff financing (including under SBP's IFRE)	10.10	13,963,075	11,614,300
- Other financing		1,250,954	1,286,592
<b>Gross Islamic Financing and Related Assets</b>	10.11	<b>1,152,004,409</b>	992,027,463
Less: Credit loss allowance against Islamic financing and related assets			
Stage 1	10.13 & 10.13.4	(1,615,656)	-
Stage 2	10.13 & 10.13.4	(1,081,743)	-
Less: Credit loss allowance / provision against non-performing Islamic financing and related assets - Specific / Stage 3	10.12 & 10.13 & 10.13.4	(15,795,077)	(16,107,097)
Less: Provision against non-performing Islamic financing and related assets - General	10.13 & 10.13.2 & 10.13.4	(13,600,000)	(14,247,354)
<b>Islamic financing and related assets - net of credit loss allowance / provision</b>		<b>1,119,911,933</b>	961,673,012
<b>10.1</b> Murabaha receivable - gross	10.1.1	<b>5,671,772</b>	10,243,132
Less: Deferred murabaha income	10.1.3	(75,335)	(231,226)
Profit receivable shown in other assets		(423,165)	(3,464,722)
Murabaha financing	10.1.2	5,173,272	6,547,184
<b>10.1.1</b> Murabaha Sale Price		<b>5,671,772</b>	10,243,132
Murabaha Purchase Price		(5,173,272)	(6,547,184)
		498,500	3,695,948
<b>10.1.2</b> The movement in Murabaha financing during the period / year is as follows:			
Opening balance		6,547,184	7,127,282
Sales during the period / year		11,683,566	57,566,155
Adjusted during the period / year		(13,057,478)	(58,146,253)
Closing balance		5,173,272	6,547,184
<b>10.1.3</b> Deferred murabaha income			
Opening balance		231,226	164,688
Arising during the period / year		1,631,966	7,532,817
Recognised during the period / year		(1,787,857)	(7,466,279)
Closing balance		75,335	231,226
<b>10.2</b> Financing under Islamic Export Refinance - Murabaha - gross		<b>626,707</b>	527,330
Less: Deferred income	10.2.2	(6,396)	(9,440)
Profit receivable shown in other assets		(10,081)	(14,031)
Financing under Islamic Export Refinance - Murabaha	10.2.1	610,230	503,859
<b>10.2.1</b> The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:			
Opening balance		503,859	711,413
Sales during the period / year		776,591	4,841,614
Adjusted during the period / year		(670,220)	(5,049,168)
Closing balance		610,230	503,859
<b>10.2.2</b> Deferred Islamic Export Refinance murabaha income			
Opening balance		9,440	10,030
Arising during the period / year		34,743	171,742
Recognised during the period / year		(37,787)	(172,332)
Closing balance		6,396	9,440



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	Rupees in '000	
<b>10.3</b> Financing against Islamic SME Asaan Finance - Murabaha - gross	<b>1,484,738</b>	140,007
Less: Deferred income	<b>(101,467)</b>	(7,398)
Profit receivable shown in other assets	<b>(8,484)</b>	(6,126)
Financing against Islamic SME Asaan Finance - Murabaha	<b>1,374,787</b>	126,483
<b>10.3.1</b> The movement in Islamic SME Asaan Finance (Murabaha financing) during period / year is as follows:		
Opening balance	<b>126,483</b>	94,018
Sales during the period / year	<b>1,578,446</b>	80,500
Adjusted during the period / year	<b>(330,142)</b>	(48,035)
Closing balance	<b>1,374,787</b>	126,483
<b>10.3.2</b> Deferred Islamic SME Asaan Finance Murabaha income		
Opening balance	<b>7,398</b>	7,566
Arising during the period / year	<b>150,824</b>	5,958
Recognised during the period / year	<b>(56,755)</b>	(6,126)
Closing balance	<b>101,467</b>	7,398
<b>10.4</b> Musawammah financing - gross	<b>19,736,156</b>	35,624,523
Less: Deferred income	<b>(893,236)</b>	(1,674,894)
Profit receivable shown in other assets	<b>(750,018)</b>	(1,548,120)
Musawammah financing	<b>18,092,902</b>	32,401,509
<b>10.5</b> Financing under Islamic Export Refinance - Musawammah - gross	<b>487,732</b>	607,974
Less: Deferred income	<b>(23,464)</b>	(25,538)
Profit receivable shown in other assets	<b>(9,011)</b>	(19,059)
Financing under Islamic Export Refinance - Musawammah	<b>455,257</b>	563,377
<b>10.6</b> Financing under SBP's IFRE - Musawammah - gross	<b>477,615</b>	432,221
Less: Deferred income	<b>(78,196)</b>	(66,921)
Profit receivable shown in other assets	<b>(1,493)</b>	(6,003)
Financing under SBP's IFRE - Musawammah	<b>397,926</b>	359,297
<b>10.7</b> Financing under SBP's ISAAF - Musawammah - gross	<b>56,115</b>	-
Less: Deferred income	<b>(1,229)</b>	-
Less: Profit receivable shown in other assets	<b>(333)</b>	-
Financing under SBP's ISAAF - Musawammah	<b>54,553</b>	-
<b>10.8</b> Bai Muajjal financing - gross	<b>81,375,869</b>	37,242,068
Less: Deferred income	<b>(1,392,173)</b>	(2,393,786)
Less: Profit receivable shown in other assets	<b>(2,910,326)</b>	(1,762,058)
Bai Muajjal financing	<b>77,073,370</b>	33,086,224
<b>10.9</b> Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 49,757 million (December 31, 2023: Rs 49,011 million).		
<b>10.10</b> This includes Rs 807 million (December 31, 2023: Rs 707 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.		

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	Rupees in '000	
<b>10.11 Particulars of financing - Gross</b>		
- in local currency	1,100,333,439	940,666,342
- in foreign currencies	<u>51,670,970</u>	<u>51,361,121</u>
	<u>1,152,004,409</u>	<u>992,027,463</u>

10.12 Islamic financing and related assets include Rs 16,742 million (December 31, 2023: Rs 16,939 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Non-performing amount	Credit loss allowance	Non-performing amount	Provision held
	Rupees in '000			
<b>Domestic</b>				
Other Assets Especially Mentioned	-	-	207,244	2,380
Substandard	1,583,666	955,232	127,575	15,877
Doubtful	995,441	512,373	482,321	78,538
Loss	<u>14,162,465</u>	<u>14,327,472</u>	<u>16,122,057</u>	<u>16,010,302</u>
Total	<u>16,741,572</u>	<u>15,795,077</u>	<u>16,939,197</u>	<u>16,107,097</u>

10.13 Particulars of credit loss allowance / provision against Islamic financing and related assets:

	June 30, 2024 (Unaudited)						December 31, 2023 (Audited)		
	Expected credit loss			Specific	General	Total	Specific	General	Total
	Note	Stage 1	Stage 2						
	Rupees in '000								
<b>Opening balance</b>									
	-	-	-	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403
Implementation of IFRS 9	-	-	16,107,097	(16,107,097)	-	-	-	-	-
Impact adoption of IFRS 9 - credit loss allowance	5.2.10	2,419,726	1,034,559	550,553	-	-	4,004,838	-	-
Impact of adoption of IFRS 9 - Reversal of provision	5.2.10	-	-	-	-	(647,354)	(647,354)	-	-
		2,419,726	1,034,559	550,553	-	(647,354)	3,357,484	-	-
Exchange Adjustment for the period / year		-	-	(7,236)	-	-	(7,236)	114,703	114,703
Charge for the period / year		355,065	502,916	1,378,122	-	-	2,236,103	3,934,473	4,500,000
Less: Reversals the period / year	10.13.1	(1,159,135)	(455,732)	(1,564,712)	-	-	(3,179,579)	(754,338)	(33,287)
		(804,070)	47,184	(186,590)	-	-	(943,476)	3,180,135	4,466,713
Transfer to other liabilities		-	-	(486,424)	-	-	(486,424)	-	-
Amount written off	10.13.4	-	-	(182,323)	-	-	(182,323)	(503)	(503)
<b>Closing balance</b>		<u>1,615,656</u>	<u>1,081,743</u>	<u>15,795,077</u>	<u>-</u>	<u>13,600,000</u>	<u>32,092,476</u>	<u>16,107,097</u>	<u>14,247,354</u>
						32,092,476		14,247,354	30,354,451

10.13.1 It includes reversal on account of settlement of exposure amounting to Rs 590 million against acquisition of non-banking asset amounting to Rs 471 million (December 31, 2023: nil).

10.13.2 In addition, the Bank has also maintained a general provision of Rs 13,600 million (December 31, 2023: Rs 13,600 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 and IFRS 9.

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10.13.3 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 certain non-performing facilities. The accumulated benefit availed amounts to Rs 129.82 million (December 31, 2023: Rs 419.00 million) and the additional profit arising from availing the FSV benefit - net of tax amounts to Rs 66.29 million (December 31, 2023: Rs 213.69 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**10.13.4 Islamic financing and related assets - particulars of credit loss allowance**

Note	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)					
	Expected credit loss Stage 1	Stage 2	Stage 3	Specific	General	Total	Specific	General	Total
	Rupees in '000								
Opening balance	-	-	-	16,107,097	14,247,354	30,354,451	12,812,762	9,780,641	22,593,403
Implementation of IFRS 9	-	-	16,107,097	(16,107,097)	-	-	-	-	-
Impact of adoption of IFRS 9	5.2.10	2,419,726	1,034,559	550,553	-	(647,354)	3,357,484	-	-
Balance as at January 01 after adopting IFRS 9		2,419,726	1,034,559	16,657,650	-	13,600,000	33,711,935	12,812,762	9,780,641
Fresh disbursements		324,359	21,883	11,316	-	-	357,558	-	-
Amount derecognised / repaid		(337,971)	(43,399)	(1,531,324)	-	-	(1,912,694)	-	-
Transfer to stage 1		12,447	(11,919)	(528)	-	-	-	-	-
Transfer to stage 2		(76,419)	76,447	(28)	-	-	-	-	-
Transfer to stage 3		(7,402)	(47,025)	54,427	-	-	-	-	-
Charge for the year - specific and general		-	-	-	-	-	-	4,049,176	4,500,000
Reversal for the year		(84,986)	(4,013)	(1,466,137)	-	-	(1,555,136)	(754,338)	(33,287)
Amounts written off / charged off		-	-	(182,323)	-	-	(182,323)	(503)	(503)
Changes in risk parameters		(719,084)	51,197	1,272,311	-	-	604,424	-	-
Other changes		-	-	(486,424)	-	-	(486,424)	-	-
Closing balance		1,615,656	1,081,743	15,795,077	-	13,600,000	32,092,476	16,107,097	14,247,354

**10.13.5 Category of classification**

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Outstanding amount	Credit loss allowance	Outstanding amount	Provision held
	Rupees in '000			
<b>Domestic</b>				
Performing	Stage 1	1,086,704,537	1,615,656	
Underperforming	Stage 2	48,558,300	1,081,743	927,924,620
Non-Performing	Stage 3			
Other Assets Especially Mentioned		-	-	2,380
Substandard		1,583,666	955,232	15,877
Doubtful		995,441	512,373	78,538
Loss		14,162,465	14,327,472	16,010,302
		16,741,572	15,795,077	16,107,097
<b>Total</b>		1,152,004,409	18,492,476	944,863,817
				16,107,097

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	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>11. PROPERTY AND EQUIPMENT</b>		Rupees in '000	
Capital work-in-progress	11.1	10,731,823	9,449,999
Property and equipment		33,823,605	29,896,485
		<u>44,555,428</u>	<u>39,346,484</u>
Less: Provision against capital work-in-progress		<u>(300,000)</u>	<u>(300,000)</u>
		<u>44,255,428</u>	<u>39,046,484</u>
<b>11.1 Capital work-in-progress</b>			
Advances to suppliers and contractors for:			
- civil works		6,466,031	6,359,312
- computer hardware		928,297	997,260
- purchase of vehicles		586,810	281,747
- office machines		2,271,146	1,419,869
- furniture and fixtures		479,539	391,811
		<u>10,731,823</u>	<u>9,449,999</u>
<b>11.2 Additions to property and equipment</b>		June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
The following additions (net) have been made to property and equipment during the period:		Rupees in '000	
Capital work-in-progress		1,281,824	1,326,021
<b>Property and equipment</b>			
Leasehold land		699,181	2,022
Building on leasehold land		436,380	358,617
Leasehold improvements		970,449	1,572,939
Furniture and fixture		164,617	151,255
Electrical, office and computer equipment		3,646,976	1,987,971
Vehicles		955,585	920,006
		<u>6,873,188</u>	<u>4,992,810</u>
		<u>8,155,012</u>	<u>6,318,831</u>
<b>11.3 Disposal of property and equipment</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold improvements		18,275	2,410
Furniture and fixture		472	534
Electrical, office and computer equipment		3,278	14,592
Vehicles		137,857	63,826
		<u>159,882</u>	<u>81,362</u>
<b>12. RIGHT-OF-USE ASSETS</b>		June 30, 2024 (Unaudited)	
		Cost	Accumulated Depreciation
		Rupees in '000	
At January 1, 2024	29,812,340	(10,240,488)	19,571,852
Additions during the period	1,638,205	-	1,638,205
Adjusted upon reassessment of lease term	-	-	-
Depreciation charge	-	(1,229,332)	(1,229,332)
Derecognition during the period	(94,123)	94,123	-
At June 30, 2024	<u>31,356,422</u>	<u>(11,375,697)</u>	<u>19,980,725</u>

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	December 31, 2023 (Audited)		
	Cost	Accumulated Depreciation	Net Book Value
	Rupees in '000		
At January 1, 2023	20,682,720	(9,335,704)	11,347,016
Additions during the year	881,582	-	881,582
Adjusted upon reassessment of lease term	10,086,130	-	10,086,130
Depreciation charge	-	(2,742,876)	(2,742,876)
Derecognition during the year	(1,838,092)	1,838,092	-
At December 31, 2023	29,812,340	(10,240,488)	19,571,852

12.1 These rental agreements mainly pertains to the branches that are operated throughout Pakistan.

13. INTANGIBLE ASSETS	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	Rupees in '000	
Computer Software	2,069,473	1,651,018
Advance against computer software	699,969	620,691
	2,769,442	2,271,709

13.1 Additions to intangible assets	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
	Rupees in '000	
The following additions have been made to intangible assets during the period:		
Computer softwares (including advances)- directly purchased	832,277	174,009

14 OTHER ASSETS	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	Rupees in '000	
Profit / return accrued in local currency	107,333,378	103,885,757
Profit / return accrued in foreign currencies	589,946	1,319,515
Acceptances	16,185,020	15,392,217
Advances, deposits, and other prepayments	4,193,947	2,898,657
Non-banking assets acquired in satisfaction of claims	521,422	50,243
Receivables on account of sale of securities	193,656	67,113
Dividends receivable	333,955	261
Stamps	19,790	24,397
Security deposits	504,867	515,716
Receivable under Alternate Delivery Channel (ADC)	8,946,654	3,373,605
Other	1,502,514	754,852
	140,325,149	128,282,333
Less: Credit loss allowance / provision held against other assets	14.1 & 14.1.1 (358,162)	(152,364)
Other Assets (net of credit loss allowance / provision held)	139,966,987	128,129,969

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14.1 Credit loss allowance / provision held against other assets	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
Profit / return accrued		98,474	-
Acceptances		52,078	-
Non-banking assets acquired in satisfaction of claims		13,923	13,923
Others		193,687	138,441
		<u>358,162</u>	<u>152,364</u>
<b>14.1.1 Movement in credit loss allowance / provision held against other assets</b>			
Opening balance		152,364	107,921
Impact of adoption of IFRS 9	5.2.10	162,964	-
Charge for the period / year (including ECL)		147,826	72,972
Reversals for the period / year		(88,037)	(2,680)
Amount adjusted / written off		(16,955)	(25,849)
Closing balance		<u>358,162</u>	<u>152,364</u>
	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>15</b> <b>BILLS PAYABLE</b>			
In Pakistan		<u>70,550,545</u>	<u>39,724,176</u>
<b>16</b> <b>DUE TO FINANCIAL INSTITUTIONS</b>			
In Pakistan	16.1	<u>394,017,803</u>	<u>377,494,612</u>
<b>16.1</b> <b>Details of due to financial institutions - secured / unsecured</b>			
<b>Secured</b>			
<b>With State Bank of Pakistan</b>			
Musharakah under Islamic Export Refinance Scheme		58,262,339	78,802,384
Investment under Islamic Long Term Financing Facility		21,647,884	23,280,222
Investment under Islamic Refinance Facility for Combating COVID-19		501,442	646,152
Investment under Islamic Financing for Renewal Energy		17,583,794	17,405,412
Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery		18,865,251	20,093,256
Investment under Islamic Refinance Scheme for storage of agriculture produce		464,784	525,523
Investment under Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGSWE)		16,419	7,861
Investment under Islamic Refinance Scheme for modernization of SMEs (IRFMS)		200,000	-
Investment under Islamic Refinance Scheme for SME Asaan Finance		5,311,565	455,509
Investment under Shariah Compliant Open Market Operations	16.1.1	49,528,455	180,159,641
Investment under Shariah Compliant Standing Ceiling Facility	16.1.1	102,483,477	-
		<u>274,865,410</u>	<u>321,375,960</u>
<b>With Scheduled Bank</b>	16.1.2	80,000,000	4,000,000
<b>Other financial institutions</b>		6,913,689	5,279,332
<b>Total secured</b>		<u>361,779,099</u>	<u>330,655,292</u>
<b>Unsecured</b>			
Overdrawn nostro accounts		363,704	2,679,320
Musharakah with scheduled banks / financial institutions	16.1.3	31,875,000	44,160,000
<b>Total unsecured</b>		<u>32,238,704</u>	<u>46,839,320</u>
		<u>394,017,803</u>	<u>377,494,612</u>

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- 16.1.1** These represent acceptance of funds by the Bank on Mudarabah basis which have been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities. The expected average return on Open Market Operations is 20.57% (December 31, 2023: 22.08%) per annum and on Standing Ceiling Facility is 21.5% (December 31, 2023: Nil) per annum.
- 16.1.2** These represent acceptance of funds by the Bank on Musharakah basis which are secured against pledge of the Bank's investment in Federal Government securities. The expected average return on these Musharakah arrangements is around 19.72% (December 31, 2023: 22.95%) per annum. These balances have matured in July 2024 (December 31, 2023: January 2024).
- 16.1.3** These represent acceptance of funds by the Bank on Musharakah basis. The expected average return on these Musharakah arrangements is around 19.83% (December 31, 2023: 21.97%) per annum. These balances have matured in July 2024 (December 31, 2023: January 2024).

17 DEPOSITS AND OTHER ACCOUNTS	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
<b>Customers</b>						
- Current accounts - non-remunerative	1,042,370,108	61,973,350	1,104,343,458	1,012,415,113	57,892,401	1,070,307,514
- Savings deposits	961,072,274	75,423,451	1,036,495,725	803,833,457	68,537,150	872,370,607
- Fixed deposits	217,278,737	16,098,386	233,377,123	217,884,345	17,080,020	234,964,365
- Margin deposits	21,886,464	406,377	22,292,841	25,622,708	1,108,617	26,731,325
	<b>2,242,607,583</b>	<b>153,901,564</b>	<b>2,396,509,147</b>	<b>2,059,755,623</b>	<b>144,618,188</b>	<b>2,204,373,811</b>
<b>Financial institutions</b>						
- Current accounts - non-remunerative	3,535,435	474,117	4,009,552	1,249,647	388,192	1,637,839
- Savings deposits	12,776,174	17,538	12,793,712	10,721,389	-	10,721,389
- Fixed deposits	1,565,838	-	1,565,838	740,885	-	740,885
	<b>17,877,447</b>	<b>491,655</b>	<b>18,369,102</b>	<b>12,711,921</b>	<b>388,192</b>	<b>13,100,113</b>
	<b>2,260,485,030</b>	<b>154,393,219</b>	<b>2,414,878,249</b>	<b>2,072,467,544</b>	<b>145,006,380</b>	<b>2,217,473,924</b>

18 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS	Note	June 30, 2024	December 31, 2023
		(Unaudited)	(Audited)
Rupees in '000			
Opening balance		22,093,855	12,813,226
Additions during the period / year		1,638,205	881,582
Adjustment upon reassessment of lease term		-	10,086,130
Amortisation of lease liability against right-of-use assets		1,789,380	2,077,327
Payments made during the period / year		(1,944,169)	(3,764,410)
Closing balance		<b>23,577,271</b>	<b>22,093,855</b>
<b>19 SUB-ORDINATED SUKUK</b>			
Additional Tier I Sukuk	19.1	7,000,000	7,000,000
Tier II Sukuk	19.2	13,990,000	13,990,000
		<b>20,990,000</b>	<b>20,990,000</b>



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

Credit Rating	AA+ (Double A Plus) by VIS Credit Rating Company Limited
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual. However, the Bank has call option which can be exercised with prior approval of SBP.
Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non discretionary subject to profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 23.35% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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

Credit Rating	AAA (Triple A) by VIS Credit Rating Company Limited
Issue Date	January 09, 2020 and December 16, 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount) - Non-discretionary subject to actual profit of the pool	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 22.28% and 21.47% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares (variable) upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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20 DEFERRED TAX LIABILITIES	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
		Rupees in '000	
<b>Taxable temporary differences on:</b>			
Excess of accounting book values over tax written down values of owned assets		1,032,109	910,196
Surplus on revaluation of available for sale investments		-	10,492,339
Surplus on revaluation of FVOCI investments		<b>9,282,663</b>	-
		<b>10,314,772</b>	11,402,535
<b>Deductible temporary differences on:</b>			
Net credit loss allowance / provision against investments / impairment in value of investments		(95,051)	(1,140,570)
Deficit on revaluation of FVTPL investments		(273)	-
Income not accrued due to non-culmination of financing		(6,681,097)	(4,982,219)
Net credit loss allowance / provision against Islamic financing and related assets		(1,723,649)	(826,762)
Others		(337,739)	(239,492)
		<b>(8,837,809)</b>	<b>(7,189,043)</b>
		<b>1,476,963</b>	<b>4,213,492</b>
<b>21 OTHER LIABILITIES</b>			
Return on deposits and other dues			
- payable in local currency		18,274,598	17,723,633
- payable in foreign currencies		348,849	331,465
Unearned income		3,734,739	3,290,414
Accrued expenses		36,264,228	30,548,977
Current taxation (provision less payments)		36,344,572	26,688,813
Acceptances		16,185,020	15,392,217
Dividend payable (including unclaimed dividend)		38,089	864,946
Payable to defined benefit plan		1,096,962	1,550,202
Credit loss allowance / provision against off-balance sheet obligations	21.1	280,342	55,167
Charity payable		9,222	242
Security deposits against Ijarah		19,090,223	18,946,084
Payable on account of credit murabaha / ijarah / musawammah		192,289	1,060
Security deposits against lockers		218,607	207,865
Mark to market loss on forward foreign exchange commitments - net		969,737	848,249
Withholding taxes payable		847,901	82,892
Workers Welfare Fund payable		11,452,970	9,226,829
Payable under Alternate Delivery Channel		14,334,137	16,978,468
Others		2,661,208	2,473,658
		<b>162,343,693</b>	<b>145,211,181</b>
<b>21.1 Provision against off-balance sheet obligations</b>			
Opening balance		55,167	55,167
Impact of adoption of IFRS 9	5.2.10	269,835	-
Charge for the period / year		93,245	-
Reversals for the period / year		(137,905)	-
Closing balance		<b>280,342</b>	<b>55,167</b>

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	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000			
<b>22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
<b>Surplus on revaluation of:</b>			
- Securities measured at FVOCI-Debt		16,491,253	-
- Securities measured at FVOCI-Equity		2,452,958	-
<b>Available for sale securities</b>			
- Listed shares		-	4,064,496
- Sukuk		-	17,348,440
		-	21,412,936
		<b>18,944,211</b>	21,412,936
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI-Debt		(8,080,714)	-
- Securities measured at FVOCI-Equity		(1,201,949)	-
- Available for sale securities		-	(10,492,339)
		<b>(9,282,663)</b>	(10,492,339)
		<b>9,661,548</b>	10,920,597
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	23.1	73,148,648	67,624,287
- Commitments	23.2	1,509,207,331	1,261,716,514
- Other contingent liabilities	23.3	1,802,000	1,802,000
		<b>1,584,157,979</b>	1,331,142,801
<b>23.1 Guarantees:</b>			
Financial guarantees		30,395	30,395
Performance guarantees		50,704,932	44,956,248
Other guarantees		22,413,321	22,637,644
		<b>73,148,648</b>	67,624,287
<b>23.2 Commitments:</b>			
Documentary letters of credit		240,427,915	235,057,572
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	351,482,700	281,400,267
Commitments for acquisition of:			
- fixed assets		281,117	599,915
- intangible assets		638,058	526,922
Other commitments	23.2.2	916,377,541	744,131,838
		<b>1,509,207,331</b>	1,261,716,514
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		211,870,152	170,276,350
Salvage		139,612,548	111,123,917
		<b>351,482,700</b>	281,400,267
<b>23.2.2 Other Commitments</b>			
Commitments in respect of financing (including irrevocable commitments)		<b>916,377,541</b>	744,131,838

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**23.3 Other contingent liabilities**

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2023. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against Islamic financing and related assets, 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, non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches and the levy of super tax were also raised. The matter has been decided in Bank's favour by Appellate Tribunal Inland Revenue. Both the Bank and the tax department filed a reference with the High Court of Sindh 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 unconsolidated financial statements 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.

	Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
		Rupees in '000	
<b>24 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS</b>			
<b>Profit / return earned on:</b>			
Financing	24.1	90,983,388	75,981,642
Investments		156,302,331	104,883,494
Deposits / placements with financial institutions		2,064,642	2,119,596
		<u>249,350,361</u>	<u>182,984,732</u>
<b>24.1</b>	The income on Ijarah under IFAS 2 is net of takaful of Rs 894 million (June 30, 2023: Rs 991 million) recovered from customers.		
	Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
		Rupees in '000	
<b>25 PROFIT / RETURN ON DEPOSITS AND OTHER DUES EXPENSED</b>			
Deposits and other accounts	25.1	77,349,155	44,318,995
Sub-ordinated Sukuk		2,366,258	1,949,102
Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan		18,034,276	34,762,320
Other Musharakahs / Mudarabas		11,914,712	10,555,154
Amortisation of lease liability against right-of-use assets		1,789,380	820,964
		<u>111,453,781</u>	<u>92,406,535</u>
<b>25.1</b>	This includes conversion cost of Rs 2,085 million (June 30, 2023: Rs 677 million) against foreign currency deposits.		
	Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
		Rupees in '000	
<b>26 FEE AND COMMISSION INCOME</b>			
Trade related fees and commissions	26.1	2,416,496	1,824,131
Commission on guarantees		112,347	99,535
Branch banking customer fees	26.1	1,680,733	1,242,084
Credit related fees		47,782	42,670
Debit card related fees	26.1	4,008,604	3,610,463
Investment banking related fees		209,728	241,321
Commission on cash management		220,870	210,265
Commission on home remittances		185,462	125,116
Others (including wealth management related fees)		584,900	389,431
		<u>9,466,922</u>	<u>7,785,016</u>
<b>26.1</b>	Trade related income pertains to corporate, commercial and SME segments. Branch banking fees pertain to retail banking segment while debit card fees pertain to alternative delivery channel segment.		

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	Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
Rupees in '000			
<b>27 GAIN / (LOSS) ON SECURITIES</b>			
Realised - net	27.1	119,547	(375,495)
Unrealised - measured as FVTPL / held for trading - net		(4,755)	(18)
		<u>114,792</u>	<u>(375,513)</u>
<b>27.1 Realised gain / (loss) on:</b>			
Federal Government securities		115,516	(217,760)
Listed shares		-	(157,735)
Associates		4,031	-
		<u>119,547</u>	<u>(375,495)</u>
<b>27.2 Net gain / (loss) on financial assets measured at FVTPL / HFT</b>			
- designated upon initial recognition		-	(18)
- mandatorily measured at FVTPL		(4,755)	-
<b>Net gain / (loss) on financial assets measured at FVOCI / AFS</b>		<u>115,516</u>	<u>(375,495)</u>
		<u>110,761</u>	<u>(375,513)</u>
<b>28 OTHER INCOME</b>			
Gain on termination of Islamic financing		364,781	399,861
Gain on sale of property and equipment		233,040	165,281
Others		3,442	1,670
		<u>601,263</u>	<u>566,812</u>
<b>29 OPERATING EXPENSES</b>			
Total compensation expense		24,696,610	17,299,179
<b>Property expense</b>			
Depreciation on right-of-use assets		1,229,332	1,370,880
Rent and taxes		107,418	98,613
Utilities cost (including electricity and diesel)		1,451,731	1,088,439
Security (including guards)		946,352	604,456
Repair and maintenance (including janitorial charges)		631,216	739,888
Depreciation		632,671	545,087
Others		34,002	16,537
		<u>5,032,722</u>	<u>4,463,900</u>
<b>Information technology expenses</b>			
Software maintenance		1,203,749	738,279
Hardware maintenance		231,620	303,550
Depreciation		806,061	530,587
Amortisation		334,544	241,793
Network charges		181,468	165,614
		<u>2,757,442</u>	<u>1,979,823</u>

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		June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
		Rupees in '000	
<b>Other operating expenses</b>			
Stationery and printing (including debit card related cost)		951,000	839,582
Repairs and maintenance		409,081	270,585
Local transportation and car running		979,898	896,558
Depreciation on vehicles, equipment etc.		1,347,454	882,639
Legal and professional charges		67,119	74,036
NIFT and other clearing charges		139,619	99,703
Marketing, advertisement and publicity		1,126,310	639,508
Security charges - cash transportation		769,175	485,723
Communication (including courier)		1,272,884	696,961
Travelling and conveyance		178,469	134,945
Training and development		60,783	55,689
Donation		4,416	-
Fees, subscription and other charges		392,791	277,264
Brokerage and bank charges		171,419	168,242
Office supplies		315,187	263,027
Entertainment		46,088	40,007
Takaful expense		185,139	153,911
Outsourced services costs		16,006	10,764
Auditors' remuneration		21,035	8,804
Fees and allowances to Shariah Board		35,933	21,285
Directors' fees and allowances		33,190	25,880
Others		270	274
		<b>8,523,266</b>	<b>6,045,387</b>
		<b>41,010,040</b>	<b>29,788,289</b>
	Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
		Rupees in '000	
<b>30 OTHER CHARGES</b>		<b>133,519</b>	<b>52,280</b>
Penalties imposed by the State Bank of Pakistan			
<b>31 (REVERSAL OF PROVISIONS / CREDIT LOSS ALLOWANCE) / CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET</b>			
Net reversal of credit loss allowance / provision against non-performing Islamic financing and related assets	10.13	<b>(943,476)</b>	3,608,044
Net credit loss allowance / provision for diminution in value of investments	9.2	<b>71,305</b>	11,629
Net reversal of credit loss allowance against cash and balance with treasury banks		<b>(8,752)</b>	-
Net credit loss allowance against balances with other banks		<b>23,185</b>	-
Net credit loss allowance / provision against other assets	14.1.1	<b>59,789</b>	17,022
Net credit loss allowance against off-balance sheet obligations and other liabilities		<b>126,636</b>	-
Recovery of written off financing		<b>(888)</b>	(2,551)
		<b>(672,201)</b>	<b>3,634,144</b>
<b>32 TAXATION</b>			
Current	32.1	<b>56,010,821</b>	35,807,477
Prior periods		-	718,001
Deferred		<b>(883,783)</b>	(4,517,093)
		<b>55,127,038</b>	<b>32,008,385</b>

**32.1** The super tax amounting to Rs. 11,022 million (December 31, 2023: Rs 7,314 million) has been recorded by the Bank based on taxable income for the period.

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			Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	
				(Rupees in '000)	(Rupees in '000)	
<b>33</b>	<b>BASICEARNINGS PER SHARE</b>					
	Profit for the period			<u>51,753,112</u>	<u>32,585,647</u>	
				(Number)		
	Weighted average number of ordinary shares			<u>1,791,253,194</u>	<u>1,789,624,321</u>	
				(Rupees)		
	Basic earnings per share			<u>28.89</u>	<u>18.21</u>	
<b>34</b>	<b>DILUTED EARNINGS PER SHARE</b>					
	Profit for the period			<u>51,753,112</u>	<u>32,585,647</u>	
				(Number)		
	Weighted average number of ordinary shares (adjusted for effects of all dilutive potential ordinary shares)		34.1	<u>1,801,255,411</u>	<u>1,790,638,082</u>	
				(Rupees)		
	Diluted earnings per share			<u>28.73</u>	<u>18.20</u>	
<b>34.1</b>	<b>Reconciliation of basic and diluted earning per share</b>			(Number)		
	Weighted average number of ordinary shares			<u>1,791,253,194</u>	<u>1,789,624,321</u>	
	Add: Diluted impact of Employee stock option scheme			<u>10,002,217</u>	<u>1,013,761</u>	
	Dilutive potential ordinary shares			<u>1,801,255,411</u>	<u>1,790,638,082</u>	
<b>34.2</b>	The Bank has received advance against issue of 3,487,520 (June 30, 2023: 1,628,873) shares amounting to Rs 258.89 million (June 30, 2023: 99.70 million) under employees share option scheme. These shares were issued subsequent to the period end.					
			Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	
<b>35</b>	<b>CASH AND CASH EQUIVALENTS</b>			(Rupees in '000)		
	Cash and balances with treasury banks		6	<u>273,320,214</u>	<u>200,316,407</u>	
	Balances with other banks		7	<u>16,932,866</u>	<u>10,630,830</u>	
				<u>290,253,080</u>	<u>210,947,237</u>	

**36 FAIR VALUE INSTRUMENT**

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost / held to maturity, is based on quoted market price. Quoted debt securities classified as amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of valuation methodologies which are best reflective of their business model in accordance with the SBP application instructions. The fair value of unquoted debt securities that are not available, fixed term loans, other assets, other liabilities, fixed term deposits and due to financial institutions cannot be calculated with sufficient reliability due to the absence of a



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current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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 are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

**36.1 Fair value of financial assets**

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured as at June 30, 2024 and December 31, 2023 by the level in the fair value hierarchy into which the fair value measurement is categorised.

<b>June 30, 2024 (Unaudited)</b>					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,149,319,805	109,911,871	1,033,918,433	5,489,501	1,149,319,805
- Shares	11,556,522	10,887,362	51,333	617,827	11,556,522
- Non Government Sukuk	134,430,056	119,559,306	4,041,666	10,829,084	134,430,056
- Foreign Securities	5,313,001	-	5,302,612	10,389	5,313,001
	<u>1,300,619,384</u>	<u>240,358,539</u>	<u>1,043,314,044</u>	<u>16,946,801</u>	<u>1,300,619,384</u>
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	341,718,879	-	308,828,325	-	308,828,325
	<u>341,718,879</u>	<u>-</u>	<u>308,828,325</u>	<u>-</u>	<u>308,828,325</u>
	<u>1,642,338,263</u>	<u>240,358,539</u>	<u>1,352,142,369</u>	<u>16,946,801</u>	<u>1,609,447,709</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange contracts	357,728,957	-	357,728,957	-	357,728,957
	<u>357,728,957</u>	<u>-</u>	<u>357,728,957</u>	<u>-</u>	<u>357,728,957</u>
<b>December 31, 2023 (Audited)</b>					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	1,202,500,730	633,750	1,201,866,980	-	1,202,500,730
- Shares	10,845,690	10,845,690	-	-	10,845,690
- Non Government Sukuk	119,520,856	119,520,856	-	-	119,520,856
- Foreign Securities	5,102,756	-	5,102,756	-	5,102,756
	<u>1,337,970,032</u>	<u>131,000,296</u>	<u>1,206,969,736</u>	<u>-</u>	<u>1,337,970,032</u>
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	216,954,593	-	187,691,000	-	187,691,000
	<u>216,954,593</u>	<u>-</u>	<u>187,691,000</u>	<u>-</u>	<u>187,691,000</u>
	<u>1,554,924,625</u>	<u>131,000,296</u>	<u>1,394,660,736</u>	<u>-</u>	<u>1,525,661,032</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange contracts	284,833,586	-	284,833,586	-	284,833,586
	<u>284,833,586</u>	<u>-</u>	<u>284,833,586</u>	<u>-</u>	<u>284,833,586</u>

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**36.2 Fair value of non-financial assets**

		June 30, 2024 (Unaudited)			
Carrying value	Level 1	Fair value Level 2		Level 3	Total
		Rupees in '000			
Non-banking assets acquired in satisfaction of claims	507,499	-	-	507,499	507,499
	507,499	-	-	507,499	507,499
		December 31, 2023 (Audited)			
Carrying value	Level 1	Fair value Level 2		Level 3	Total
		Rupees in '000			
Non-banking assets acquired in satisfaction of claims	36,320	-	-	36,320	36,320
	36,320	-	-	36,320	36,320

Non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

**Valuation techniques used in determination of fair values**

Item	Valuation approach and input used
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
GoP Sukuk	The fair value of GoP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GoP Ijarah sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign Sukuk	These are measured at fair value using the rates published by the valuation expert portal (Bloomberg).
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2023.
Mutual Funds	The valuation has been determined based on net asset values (NAV) declared by respective funds.
Unquoted Equity Securities	The value of unquoted equity securities are determined by using different methods for different securities.  Fair value of investment in one of the unquoted investee has been determined by Dividend Discount Model (DDM) by using constant dividends streams of the entity by using various key assumptions considering economic and market conditions. Key assumptions include discount rate and terminal growth rate (if applicable).
Corporate sukuks	The valuation has been determined through closing rates announced by FMA (Financial Market Association) through Reuters.

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 / year.

The valuation of non-banking assets acquired in satisfaction of claims, mentioned above, is conducted by the valuation expert appointed by the Bank which is also on the panel of the Pakistan Banks' Association (PBA). The valuation expert uses a market based approach to arrive at the fair value of the Bank's non-banking asset acquired in satisfaction of claims. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. This value is adjusted to reflect the current condition of the property. The effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

The sensitivity analysis of the fair value measurement of unquoted equity securities due to changes in observable inputs has not been disclosed as the amount is not material and significant.

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**37 SEGMENT INFORMATION**

**37.1 Segment Details with respect to Business Activities**

	2024					Total
	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	
<b>Statement of profit and loss account for the half year ended June 30, 2024 (Unaudited)</b>						
External Funded Revenue	87,472,479	5,076,708	156,801,174	-	-	249,350,361
External Non funded Revenue	2,917,888	2,557,104	1,613,813	4,592,264	-	11,681,069
Inter segment revenue - net	-	229,153,620	-	-	(229,153,620)	-
<b>Total Income</b>	<b>90,390,367</b>	<b>236,787,432</b>	<b>158,414,987</b>	<b>4,592,264</b>	<b>(229,153,620)</b>	<b>261,031,430</b>
External Cost of funds	7,369,358	79,623,231	24,461,192	-	-	111,453,781
Segment direct expenses	1,401,696	38,804,374	634,902	2,528,728	-	43,369,700
Inter segment expense allocation	75,494,564	-	153,618,350	40,706	(229,153,620)	-
<b>Total expenses</b>	<b>84,265,618</b>	<b>118,427,605</b>	<b>178,714,444</b>	<b>2,569,434</b>	<b>(229,153,620)</b>	<b>154,823,481</b>
(Reversal of provisions / credit loss allowance) / credit loss allowance / provisions and write offs - net	(839,874)	978,616	(992,638)	181,695	-	(672,201)
<b>Profit before tax</b>	<b>6,964,623</b>	<b>117,381,211</b>	<b>(19,306,819)</b>	<b>1,841,135</b>	<b>-</b>	<b>106,880,150</b>
<b>Statement of financial position as at June 30, 2024 (Unaudited)</b>						
Cash and Bank balances	4,086,637	279,275,773	-	6,890,670	-	290,253,080
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	14,867,486	-	1,629,393,111	-	-	1,644,260,597
Net inter segment lending	-	2,224,611,239	-	-	(2,224,611,239)	-
Islamic financings and related assets - net	1,031,413,629	88,498,304	-	-	-	1,119,911,933
Others	47,403,073	78,271,180	72,252,214	9,046,115	-	206,972,582
<b>Total Assets</b>	<b>1,097,770,825</b>	<b>2,670,656,496</b>	<b>1,736,609,624</b>	<b>15,936,785</b>	<b>(2,224,611,239)</b>	<b>3,296,362,491</b>
Due to financial institutions	117,026,467	12,740,701	264,250,635	-	-	394,017,803
Deposits and other accounts	-	2,414,878,249	-	-	-	2,414,878,249
Subordinated Sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	861,917,857	-	1,360,772,971	1,920,411	(2,224,611,239)	-
Others	28,391,493	214,820,713	1,728,053	13,008,213	-	257,948,472
<b>Total liabilities</b>	<b>1,028,325,817</b>	<b>2,642,439,663</b>	<b>1,626,751,659</b>	<b>14,928,624</b>	<b>(2,224,611,239)</b>	<b>3,087,834,524</b>
Equity	69,445,008	28,216,833	109,857,965	1,008,161	-	208,527,967
<b>Total Equity and liabilities</b>	<b>1,097,770,825</b>	<b>2,670,656,496</b>	<b>1,736,609,624</b>	<b>15,936,785</b>	<b>(2,224,611,239)</b>	<b>3,296,362,491</b>
<b>Contingencies and Commitments</b>	<b>1,131,867,892</b>	<b>100,807,387</b>	<b>351,482,700</b>	<b>-</b>	<b>-</b>	<b>1,584,157,979</b>
<b>2023</b>						
	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
<b>Statement of profit and loss account for the half year ended June 30, 2023 (Unaudited)</b>						
External Funded Revenue	72,545,915	4,604,606	105,834,211	-	-	182,984,732
External Non funded Revenue	2,338,385	1,889,636	748,869	3,998,690	-	8,975,580
Inter segment revenue - net	-	159,213,865	-	16,334	(159,230,199)	-
<b>Total Income</b>	<b>74,884,300</b>	<b>165,708,107</b>	<b>106,583,080</b>	<b>4,015,024</b>	<b>(159,230,199)</b>	<b>191,960,312</b>
External Cost of funds	5,850,008	45,519,109	41,037,418	-	-	92,406,535
Segment direct expenses	772,688	28,542,335	389,902	1,620,676	-	31,325,601
Inter segment expense allocation	69,638,903	-	89,591,296	-	(159,230,199)	-
<b>Total expenses</b>	<b>76,261,599</b>	<b>74,061,444</b>	<b>131,018,616</b>	<b>1,620,676</b>	<b>(159,230,199)</b>	<b>123,732,136</b>
Provision and write offs - net	3,590,135	23,870	11,629	8,510	-	3,634,144
<b>Profit before tax</b>	<b>(4,967,434)</b>	<b>91,622,793</b>	<b>(24,447,165)</b>	<b>2,385,838</b>	<b>-</b>	<b>64,594,032</b>
<b>Statement of financial position as at December 31, 2023 (Audited)</b>						
Cash and Bank balances	2,416,860	244,475,948	-	7,171,004	-	254,063,812
Due from financial institutions	-	-	34,964,299	-	-	34,964,299
Investments	16,004,402	-	1,556,383,218	-	-	1,572,387,620
Net inter segment lending	-	2,010,062,419	-	7,500,761	(2,017,563,180)	-
Islamic financings and related assets	872,356,169	89,316,843	-	-	-	961,673,012
Others	46,375,068	68,610,791	70,660,404	3,373,751	-	189,020,014
<b>Total assets</b>	<b>937,152,499</b>	<b>2,412,466,001</b>	<b>1,662,007,921</b>	<b>18,045,516</b>	<b>(2,017,563,180)</b>	<b>3,012,108,757</b>
Due to financial institutions	140,798,856	5,696,799	230,998,957	-	-	377,494,612
Deposits and other accounts	-	2,217,473,924	-	-	-	2,217,473,924
Subordinated Sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	691,084,684	-	1,326,478,496	-	(2,017,563,180)	-
Others	26,748,984	164,592,502	2,503,024	17,398,194	-	211,242,704
<b>Total liabilities</b>	<b>879,622,524</b>	<b>2,387,763,225</b>	<b>1,559,980,477</b>	<b>17,398,194</b>	<b>(2,017,563,180)</b>	<b>2,827,201,240</b>
Equity	57,529,975	24,702,776	102,027,444	647,322	-	184,907,517
<b>Total Equity and liabilities</b>	<b>937,152,499</b>	<b>2,412,466,001</b>	<b>1,662,007,921</b>	<b>18,045,516</b>	<b>(2,017,563,180)</b>	<b>3,012,108,757</b>
<b>Contingencies and Commitments</b>	<b>946,041,322</b>	<b>103,701,212</b>	<b>281,400,267</b>	<b>-</b>	<b>-</b>	<b>1,331,142,801</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

**38 RELATED PARTY TRANSACTIONS**

**38.1** 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 subsidiary companies, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

**38.2** The Banks enter 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 and other benefit to the key management personnel is determined in accordance with the terms of their appointment.

**38.3 Subsidiary company**

- Al Meezan Investment Management Limited
- Meezan Exchange Company (Private) Limited

**38.4 Associates**

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

**38.5 Key management personnel**

- President and Chief Executive Officer
- Deputy Chief Executive Officers

**38.6** Details of transactions with related parties during the period / year and balances with them (other than those disclosed in respective notes) as at the period / year end as are follows:

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
<b>Rupees in '000</b>												
<b>Islamic financing and related assets</b>												
At January 1,	33,002,164	29,972,348	-	-	32,914,968	29,972,348	-	-	87,196	-	-	-
Addition during the period / year	3,522,664	23,154,677	-	-	3,522,664	23,066,434	-	-	-	88,243	-	-
Repayments during the period / year	(36,439,753)	(20,124,861)	-	-	(36,437,632)	(20,123,814)	-	-	(2,121)	(1,047)	-	-
At period end	85,075	33,002,164	-	-	-	32,914,968	-	-	85,075	87,196	-	-
<b>Investments</b>												
At January 1,	908,302	908,302	63,050	63,050	845,252	845,252	-	-	-	-	-	-
Addition during the period / year	1,015,000	-	1,000,000	-	15,000	-	-	-	-	-	-	-
Repayment / redemption during the period / year	(968)	-	-	-	(968)	-	-	-	-	-	-	-
At period end	1,922,334	908,302	1,063,050	63,050	859,284	845,252	-	-	-	-	-	-
<b>Deposits</b>	10,628,042	6,588,811	524,219	53,388	8,238,133	5,521,325	176,826	167,014	52,974	176,832	1,635,890	670,252
<b>Other Assets</b>												
Profit receivable on financing / investments / placements	23	1,076,495	-	-	-	1,076,459	-	-	23	36	-	-
Fee, dividend and Other Receivable	586,066	113,922	165,279	83,405	420,787	28,800	-	-	-	-	-	1,717
Credit loss allowance / provision held against other assets	90	-	22	-	57	-	-	-	11	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	June 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
<b>Rupees in '000</b>												
<b>Due to financial institutions</b>												
At January 1,	-	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-
Addition during the period / year	228,000,000	157,050,000	-	-	228,000,000	157,050,000	-	-	-	-	-	-
Repayment / redemption during the period / year	(228,000,000)	(175,050,000)	-	-	(228,000,000)	(175,050,000)	-	-	-	-	-	-
At period end	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-ordinated Sukuk</b>												
At January 1,	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
Addition during the period / year	-	200,000	-	-	-	200,000	-	-	-	-	-	-
Repayment / redemption during the period / year	-	(200,000)	-	-	-	(200,000)	-	-	-	-	-	-
At period end	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
<b>Other liabilities</b>												
Payable to defined benefit plan	1,096,962	1,550,202	-	-	-	-	-	-	724,029	663,573	372,933	886,629
Accrued Expenses	4,917	11,717	4,917	6,707	-	-	-	5,010	-	-	-	-
Unearned Income	-	4,534	-	-	-	4,534	-	-	-	-	-	-
Advance against issue of shares under Employee Share option	5,328	-	-	-	-	-	-	-	5,328	-	-	-
<b>Contingencies and Commitments</b>												
Letters of credit (unfunded)	-	81,444	-	-	-	81,444	-	-	-	-	-	-
Letters of Guarantee (unfunded)	100	1,175,557	100	100	-	1,175,457	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Transactions, income and expenses</b>	<b>Rupees in '000</b>											
Profit earned on financing / investments / placements	2,359,285	2,291,276	-	-	2,357,134	2,291,276	-	-	2,151	-	-	-
Fees and other income earned	575,017	395,159	247,642	155,983	327,230	238,970	10	17	95	148	40	41
Dividend income earned	595,862	147,158	260,000	130,000	335,862	17,158	-	-	-	-	-	-
Return on deposits / acceptance expenses	1,133,399	1,871,232	24,092	3,561	1,052,945	1,829,935	2,088	1,640	7,082	4,962	47,192	31,134
Charge for defined benefit plan	372,933	293,186	-	-	-	-	-	-	-	-	372,933	293,186
Contribution to defined contribution plan	424,769	330,398	-	-	-	-	-	-	-	-	424,769	330,398
Contribution to staff benevolent fund	82,778	58,142	-	-	-	-	-	-	-	-	82,778	58,142
(Reversal of provisions / credit loss allowance / credit loss allowance / provision and write offs - net (including recognised directly in unappropriated profit)	3,646	-	22	-	3,613	-	-	-	11	-	-	-
Fees expensed	17,153	11,414	16,006	10,764	1,147	650	-	-	-	-	-	-
Capital gain - net	4,031	-	-	-	4,031	-	-	-	-	-	-	-
Charity paid	-	21,500	-	-	-	1,500	-	-	-	-	-	20,000
Expenses paid on behalf of Meezan Exchange Company Private Limited	56,474	-	56,474	-	-	-	-	-	-	-	-	-
Purchase of property and equipment	32,845	217,461	-	-	32,845	217,461	-	-	-	-	-	-
Remuneration to key management personnel	243,541	148,606	-	-	-	-	-	-	243,541	148,606	-	-
Fee to non-executive directors	33,190	25,880	-	-	-	-	33,190	25,880	-	-	-	-
Proceeds from sale of property and equipment	7,261	-	-	-	-	-	-	-	7,261	-	-	-

Balances pertaining to parties that were related at the beginning of the year 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 STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

**39 CAPITAL ADEQUACY, LEVERAGE RATIO &  
LIQUIDITY REQUIREMENTS**

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Rupees in '000		
<b>Minimum Capital Requirement (MCR)</b>		
Paid-up capital (net of losses)	<u>17,912,532</u>	<u>17,912,532</u>
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>195,944,211</u>	<u>171,598,930</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>7,000,000</u>	<u>7,000,000</u>
Total Eligible Tier 1 Capital	<u>202,944,211</u>	<u>178,598,930</u>
Eligible Tier 2 Capital	<u>31,325,082</u>	<u>32,640,088</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>234,269,293</u>	<u>211,239,018</u>
Risk weighted assets (RWAs):		
Credit Risk	<u>613,882,694</u>	<u>618,359,310</u>
Market Risk	<u>39,270,103</u>	<u>29,240,708</u>
Operational Risk	<u>296,043,878</u>	<u>296,043,878</u>
Total	<u>949,196,675</u>	<u>943,643,896</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>20.64%</u>	<u>18.18%</u>
Tier 1 Capital Adequacy Ratio	<u>21.38%</u>	<u>18.93%</u>
Total Capital Adequacy Ratio	<u>24.68%</u>	<u>22.39%</u>
<b>Leverage ratio (LR):</b>		
Tier-1 Capital	<u>202,944,211</u>	<u>178,598,930</u>
Total Exposures	<u>3,677,602,499</u>	<u>3,406,288,360</u>
Leverage Ratio	<u>5.52%</u>	<u>5.24%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>1,276,435,565</u>	<u>1,002,019,479</u>
Total Net Cash Outflow	<u>401,573,106</u>	<u>354,386,339</u>
Liquidity Coverage Ratio	<u>318%</u>	<u>283%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>2,401,139,411</u>	<u>2,161,583,994</u>
Total Required Stable Funding	<u>1,281,087,874</u>	<u>1,049,256,515</u>
Net Stable Funding Ratio	<u>187%</u>	<u>206%</u>

**40 CORRESPONDING FIGURES**

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim unconsolidated financial statements, wherever necessary to facilitate comparison.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these condensed interim unconsolidated financial statements due to implementation of the revised format issued by SBP as mentioned in note 5.1 is as follows:

		December 31, 2023 (Rupees in '000)
<b>Reclassified from</b>	<b>Reclassified to</b>	
Property and equipment	Right-of-use assets	<u>19,571,852</u>
Other liabilities	Lease liability against right-of-use assets	<u>22,093,855</u>

**41 NON-ADJUSTING EVENT**

The Board of Directors in their meeting held on August 08, 2024 has announced interim cash dividend of Rs 7 per share (70%). These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

**42 DATE OF AUTHORISATION**

These condensed interim unconsolidated financial statements were authorised for issue on August 08, 2024 by the Board of Directors of the Bank.

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2024**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
	Rupees in '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	<b>273,429,536</b>	242,612,195
Balances with other banks	<b>16,801,922</b>	11,458,281
Due from financial institutions	<b>34,964,299</b>	34,964,299
Investments	<b>1,651,139,470</b>	1,578,341,536
Islamic financing and related assets	<b>1,119,911,933</b>	961,673,012
Property and equipment	<b>44,564,044</b>	39,295,656
Right-of-use assets	<b>20,306,006</b>	19,867,043
Intangible assets	<b>2,852,271</b>	2,370,686
Deferred tax asset	-	-
Other assets	<b>140,407,888</b>	128,733,444
<b>Total Assets</b>	<b>3,304,377,369</b>	3,019,316,152
<b>LIABILITIES</b>		
Bills payable	<b>70,550,545</b>	39,724,176
Due to financial institutions	<b>394,017,803</b>	377,494,612
Deposits and other accounts	<b>2,414,354,030</b>	2,217,420,536
Lease liability against right-of-use assets	<b>23,917,508</b>	22,412,164
Sub-ordinated sukuk	<b>20,990,000</b>	20,990,000
Deferred tax liabilities	<b>2,012,459</b>	4,881,310
Other liabilities	<b>164,374,273</b>	146,376,085
<b>Total Liabilities</b>	<b>3,090,216,618</b>	2,829,298,883
<b>NET ASSETS</b>	<b>214,160,751</b>	190,017,269
<b>REPRESENTED BY</b>		
Share capital	<b>17,912,532</b>	17,912,532
Advance against issue of shares	<b>258,888</b>	-
Reserves	<b>42,535,056</b>	37,106,473
Surplus on revaluation of assets - net of tax	<b>9,661,548</b>	10,920,597
Unappropriated profit	<b>142,065,946</b>	122,528,058
	<b>212,433,970</b>	188,467,660
<b>Non-controlling Interest</b>	<b>1,726,781</b>	1,549,609
	<b>214,160,751</b>	190,017,269

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED

### PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
Rupees in '000				
Profit / return earned on Islamic financing and related assets, investments and placements	130,216,127	101,057,569	249,361,447	183,046,038
Profit on deposits and other dues expensed	59,863,487	51,506,959	111,452,482	92,427,763
Net profit / return	<u>70,352,640</u>	49,550,610	<u>137,908,965</u>	90,618,275
<b>OTHER INCOME</b>				
Fee and commission income	5,414,732	4,560,377	11,329,710	8,605,241
Dividend income	473,545	216,054	656,192	327,306
Foreign exchange income / (loss)	101,254	695,843	579,184	540,801
Gain / (loss) on securities	967,776	(248,750)	1,027,876	(340,810)
Net gains on derecognition of financial assets measured at amortised cost	-	-	-	-
Other income	278,506	284,695	607,776	571,369
Total other income	<u>7,235,813</u>	5,508,219	<u>14,200,738</u>	9,703,907
<b>Total income</b>	<u>77,588,453</u>	55,058,829	<u>152,109,703</u>	100,322,182
<b>OTHER EXPENSES</b>				
Operating expenses	21,581,077	15,522,002	42,179,242	30,041,267
Workers Welfare Fund	1,125,476	903,938	2,253,945	1,499,773
Other charges	923	49,452	133,519	52,280
Total other expenses	<u>22,707,476</u>	16,475,392	<u>44,566,706</u>	31,593,320
	<u>54,880,977</u>	38,583,437	<u>107,542,997</u>	68,728,862
Share of profit of associates	(580,560)	83,778	(205,971)	110,241
Profit before credit loss allowance / provisions	<u>54,300,417</u>	38,667,215	<u>107,337,026</u>	68,839,103
(Reversal of provisions / credit loss allowance) / credit loss allowance / provisions and write offs - net	<u>(328,058)</u>	1,504,487	<u>(672,201)</u>	3,634,374
Extra ordinary / unusual items	-	-	-	-
<b>Profit Before Taxation</b>	<u>54,628,475</u>	37,162,728	<u>108,009,227</u>	65,204,729
Taxation	<u>27,742,136</u>	19,776,905	<u>55,578,598</u>	32,292,723
<b>Profit After Taxation</b>	<u>26,886,339</u>	17,385,823	<u>52,430,629</u>	32,912,006
<b>Attributable to:</b>				
Shareholders of the Holding company	26,687,987	17,296,437	52,108,387	32,742,776
Non-controlling interest	198,352	89,386	322,242	169,230
	<u>26,886,339</u>	17,385,823	<u>52,430,629</u>	32,912,006
Rupees				
<b>Basic earnings per share</b>	<u>14.90</u>	9.66	<u>29.09</u>	18.30
<b>Diluted earnings per share</b>	<u>14.82</u>	9.66	<u>28.93</u>	18.29

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

Riyadh S. A. A. Edrees  
Chairman

Irfan Siddiqui  
President & Chief Executive

Faisal A. A. AlNassar  
Director

Mohammad Abdul Aleem  
Director

Syed Imran Ali Shah  
Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED

### STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024

	Quarter ended June 30, 2024	Quarter ended June 30, 2023	Half year ended June 30, 2024	Half year ended June 30, 2023
Rupees in '000				
<b>Profit after taxation for the period attributable to:</b>				
Shareholders of the Holding company	26,687,987	17,296,437	52,108,387	32,742,776
Non-controlling interest	198,352	89,386	322,242	169,230
	<b>26,886,339</b>	17,385,823	<b>52,430,629</b>	32,912,006
<b>Other Comprehensive Income / (loss)</b>				
<b>Item that may be reclassified to profit and loss account in subsequent periods:</b>				
- Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(1,143,390)	-	(2,907,824)	-
- Gain on derecognition of Debt investments at FVOCI reclassified to profit or loss - net of tax	(28,262)	-	(58,913)	-
- Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	2,178,632	-	(885,222)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
- Movement in surplus on revaluation of equity investments through FVOCI - net of tax	427,229	-	445,024	-
- Gain on sale of equity investments carried at FVOCI - net of tax	90,942	-	152,335	-
- Remeasurement of defined benefit plan - net of tax	(14,485)	(6,739)	(14,485)	(6,739)
- Movement in (deficit) / surplus on revaluation of non - banking assets - net of tax	-	(281)	-	(281)
<b>Total comprehensive income for the period</b>	<b>26,218,373</b>	19,557,435	<b>50,046,766</b>	32,019,764
<b>Attributable to:</b>				
Shareholders of the Holding company	26,025,091	19,470,408	49,729,594	31,852,893
Non-controlling interest	193,282	87,027	317,172	166,871
	<b>26,218,373</b>	19,557,435	<b>50,046,766</b>	32,019,764

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2024**

	Share capital	Advance against issue of shares	Capital reserves				Revenue reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Non controlling interest	Total
			Share premium	Statutory reserve *	Non-Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking Assets			
Rupees in '000												
<b>Balance as at January 01, 2023</b>	17,896,243	-	2,406,571	22,169,518	3,117,547	427,419	91,082	(666,349)	2,678	72,485,599	1,204,382	119,134,690
Profit after taxation for half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	32,742,776	169,230	32,912,006
<b>Other Comprehensive loss for half year ended June 30, 2023 - net of tax</b>												
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(885,222)	-	-	-	(885,222)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(281)	-	-	(281)
Remeasurement gain/(loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(4,380)	(2,359)	(6,739)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(885,222)	(281)	(4,380)	(2,359)	(892,242)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(3)	3	-	-
Recognition of share based compensation	-	-	-	-	185,954	-	-	-	-	-	-	185,954
<b>Other appropriations</b>												
Transfer to statutory reserve*	-	-	-	3,258,565	-	-	-	-	-	(3,258,565)	-	-
<b>Transactions with owners recognised directly in equity</b>												
Final cash dividend for the year 2022 @ Rs 3 per share	-	-	-	-	-	-	-	-	-	(5,368,873)	-	(5,368,873)
First interim cash dividend for the year 2023 @ Rs 3 per share	-	-	-	-	-	-	-	-	-	(5,368,873)	-	(5,368,873)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(10,737,746)	-	(10,737,746)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Advance received against issue of 1,628,873 shares under the Employees share option scheme	-	99,699	-	-	-	-	-	-	-	-	-	99,699
<b>Balance as at June 30, 2023</b>	17,896,243	99,699	2,406,571	25,428,083	3,117,547	613,373	91,082	(1,551,571)	2,394	91,227,687	1,301,253	140,632,361
Profit after taxation for the half year ended December 31, 2023	-	-	-	-	-	-	-	-	-	52,687,774	423,356	53,111,130
<b>Other Comprehensive income / (loss) for half year ended December 31, 2023 - net of tax</b>												
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	12,472,168	-	-	-	12,472,168
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(123,510)	-	(123,510)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(2,393)	-	-	(2,393)
Total other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	-	12,472,168	(2,393)	(123,510)	-	12,346,265
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(1)	1	-	-
Recognition of share based compensation	-	-	-	-	223,792	-	-	-	-	-	-	223,792
<b>Other appropriations</b>												
Transfer to statutory reserve*	-	-	-	5,188,999	-	-	-	-	-	(5,188,999)	-	-
<b>Transactions with owners recognised directly in equity</b>												
Second Interim cash dividend for the year 2023 @ Rs 4 per share	-	-	-	-	-	-	-	-	-	(7,165,013)	-	(7,165,013)
Thrid intereim cash dividend for the year 2023 @ Rs 5 per share	-	-	-	-	-	-	-	-	-	(8,956,266)	-	(8,956,266)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(16,121,279)	-	(16,121,279)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(175,000)	(175,000)
Issue of 1,628,873 shares under the Employees share option scheme	16,289	(99,699)	219,870	-	-	(182,844)	-	-	-	46,384	-	-
<b>Balance as at December 31, 2023 (Audited)</b>	17,912,532	-	2,626,441	30,617,082	3,117,547	654,321	91,082	10,920,597	-	122,528,058	1,549,609	190,017,269

**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2024**

	Share capital	Advance against issue of shares	Capital reserves				Revenue reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Non controlling interest	Total
			Share premium	Statutory reserve *	Non-Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve	Investments	Non-banking Assets			
Rupees in '000												
<b>Balance as at December 31, 2023 (Audited)</b>	17,912,532	-	2,626,441	30,617,082	3,117,547	654,321	91,082	10,920,597	-	122,528,058	1,549,609	190,017,269
Impact of adoption of IFRS 9 - net of tax (Note 1.4)	-	-	-	-	-	-	-	1,262,664	-	(669,309)	-	593,355
Profit after taxation for the half year ended June 30, 2024	-	-	-	-	-	-	-	-	-	52,108,387	322,242	52,430,629
<b>Other Comprehensive income / (loss) for the half year ended June 30, 2024 - net of tax</b>												
Movement in deficit on revaluation of investments in debt instruments at FVOCI - net of tax	-	-	-	-	-	-	-	(2,907,824)	-	-	-	(2,907,824)
Gain on sale of Debt investments carried at FVOCI - reclassified to profit or loss - net of tax	-	-	-	-	-	-	-	(58,913)	-	-	-	(58,913)
Gain on sale of equity investments carried at FVOCI - net of tax in equity instruments at FVOCI - net of tax	-	-	-	-	-	-	-	-	-	152,335	-	152,335
Remeasurement of post retirement benefits obligation - net of tax	-	-	-	-	-	-	-	-	-	(9,415)	(5,070)	(14,485)
Movement in surplus on revaluation of equity investments carried at FVOCI - net of tax	-	-	-	-	-	-	-	445,024	-	-	-	445,024
Total other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	(2,521,713)	-	142,920	(5,070)	(2,383,863)
Recognition of share based compensation	-	-	-	-	-	253,272	-	-	-	-	-	253,272
<b>Other appropriations</b>												
Transfer to statutory reserve*	-	-	-	5,175,311	-	-	-	-	-	(5,175,311)	-	-
<b>Transactions with owners recognised directly in equity</b>												
Final cash dividend for the year 2023 @ Rs 8 per share	-	-	-	-	-	-	-	-	-	(14,330,026)	-	(14,330,026)
First interim cash dividend for the year 2024 @ Rs 7 per share	-	-	-	-	-	-	-	-	-	(12,538,773)	-	(12,538,773)
										(26,868,799)		(26,868,799)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Advance received against issue of 3,487,520 shares under Employees shares option scheme	-	258,888	-	-	-	-	-	-	-	-	-	258,888
<b>Balance as at June 30, 2024</b>	<u>17,912,532</u>	<u>258,888</u>	<u>2,626,441</u>	<u>35,792,393</u>	<u>3,117,547</u>	<u>907,593</u>	<u>91,082</u>	<u>9,661,548</u>	<u>-</u>	<u>142,065,946</u>	<u>1,726,781</u>	<u>214,160,751</u>

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

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2024**

	Half year ended June 30, 2024	Half year ended June 30, 2023
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	108,009,227	65,204,729
Less: Dividend income	(656,192)	(327,306)
	<b>107,353,035</b>	<b>64,877,423</b>
<b>Adjustments:</b>		
Depreciation	2,829,663	1,984,623
Net profit / return	(139,721,138)	(90,618,275)
Amortization	355,949	258,725
Depreciation on right-of-use-assets	1,272,831	1,403,978
Amortisation of lease liability against right-of-use assets	1,812,173	845,753
(Reversal of provisions / credit loss allowance) / credit loss allowance / provisions and write offs - net	(672,201)	3,634,374
Share based compensation expense	253,272	185,954
Unrealised loss - FVTPL	4,755	18
Gain on sale of property and equipment	(236,100)	(167,667)
Share of results of associates	205,971	(110,241)
	<b>(133,894,825)</b>	<b>(82,582,758)</b>
	<b>(26,541,790)</b>	<b>(17,705,335)</b>
<b>Increase in operating assets</b>		
Islamic financing and related assets	(160,652,041)	(28,382,434)
Other assets	(8,718,050)	(10,780,930)
	<b>(169,370,091)</b>	<b>(39,163,364)</b>
<b>Increase in operating liabilities</b>		
Bills payable	30,826,369	14,043,214
Due to financial institutions	16,523,191	(45,851,509)
Deposits and other accounts	196,933,494	263,355,923
Other liabilities	9,991,311	(41,282,591)
	<b>254,274,365</b>	<b>190,265,037</b>
	<b>58,362,484</b>	<b>133,396,338</b>
Net profit / return received	246,643,395	163,030,899
Net profit / return paid	(110,884,133)	(85,549,330)
Income tax paid	(46,903,167)	(29,725,789)
<b>Net cash generated from operating activities</b>	<b>147,218,579</b>	<b>181,152,118</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net divestment in amortized cost securities	(123,268)	-
Net investments in securities classified as FVOCI	(75,856,114)	-
Net investment in securities classified as FVPL	4,929,879	-
Net investments in associates	(1,984,956)	(115,761)
Net investments in available for sale securities	-	(79,314,381)
Net investment in held to maturity securities	-	593,613
Net investments in held for trading securities	-	(399,771)
Dividends received	322,498	310,148
Additions in property and equipment	(8,257,977)	(6,411,424)
Additions in intangible assets	(837,534)	(272,012)
Proceeds from sale of property and equipment	396,026	251,432
<b>Net cash used in investing activities</b>	<b>(81,411,446)</b>	<b>(85,358,156)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(2,018,623)	(1,756,289)
Advance received against issue of shares	258,888	99,699
Dividend paid to equity shareholders of the Bank	(27,695,656)	(14,539,601)
Dividend paid to non-controlling interest	(140,000)	(70,000)
<b>Net cash used in financing activities</b>	<b>(29,595,391)</b>	<b>(16,266,191)</b>
<b>Increase in cash and cash equivalents</b>	<b>36,211,742</b>	<b>79,527,771</b>
Cash and cash equivalents at the beginning of the period	254,070,476	131,454,425
Opening net credit loss allowance on cash and cash equivalents	(36,327)	-
	<b>254,034,149</b>	<b>131,454,425</b>
Impact of net credit loss allowance on cash and cash equivalents during the period	(14,433)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>290,231,458</b>	<b>210,982,196</b>

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

<b>Riyadh S. A. A. Edrees</b> Chairman	<b>Irfan Siddiqui</b> President & Chief Executive	<b>Faisal A. A. AlNassar</b> Director	<b>Mohammad Abdul Aleem</b> Director	<b>Syed Imran Ali Shah</b> Chief Financial Officer
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2024**

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**1 BASIS OF PRESENTATION**

- 1.1** These condensed interim consolidated financial statements include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company), Al-Meezan Investment Management Limited (subsidiary) and Meezan Exchange Company (Private) Limited (subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds , Meezan Gold Fund, Meezan Energy Fund, Meezan Cash Fund, Meezan Rozana Amdani Fund, Meezan Pakistan Exchange Traded Fund, Meezan Daily Income Fund, Meezan Paidar Munafa Plan and Meezan GOKP Pension Fund.
- 1.2** These condensed interim consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** These condensed interim consolidated financial statements comprise of the statement of financial position as at June 30, 2024 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended June 30, 2024.

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

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, 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, 2024 (previously January 01, 2023). 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 statements.

**1.4.1 IFRS 9 - 'Financial Instruments'**

As directed by the SBP via BPRD Circular No. 07 of 2023 dated April 17, 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 (previously January 01, 2023) for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard in the banks. The Group has adopted IFRS 9 effective from January 01, 2024.

**2 ACCOUNTING POLICIES**

- 2.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the Group for the year ended December 31, 2023.

**3 DATE OF AUTHORISATION**

These condensed interim consolidated financial statements were authorised for issue on August 08, 2024 by the Board of Directors of the Holding company.

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mohammad Abdul Aleem**  
Director

**Syed Imran Ali Shah**  
Chief Financial Officer





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The Premier Islamic Bank

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