



**Meezan Bank**  
The Premier Islamic Bank



**FORM-8**

August 29, 2023

MEBL/CS/PSX-18/099/2023

**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, 2023**

Dear Sir,

السَّلَامُ عَلَيْكُمْ

We have to inform you that the Quarterly Report of Meezan Bank for the period ended **June 30, 2023** 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.**

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**HALF YEARLY  
REPORT**  
JUNE 30, 2023



**Meezan Bank**  
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

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## DIRECTORS' REVIEW

### 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, 2023.

#### **Economy**

During the fiscal year 2023, Pakistan encountered an unprecedented array of economic challenges arising from devastating floods, political uncertainty and global demand-supply disruptions. The situation was further compounded by a commodity super-cycle triggered by the Russia-Ukraine conflict, leading to inflationary pressures globally as well as domestically. Pakistan's inflation was further worsened by the unprecedented floods that occurred last year, severely impacting agriculture and livestock.

The inflation rates in Pakistan have reached an all-time high, with the headline Consumer Price Index (CPI) national inflation averaging 29.4% in June 2023, compared to 21.3% during the corresponding period in the previous financial year. In response to these economic conditions, the Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has raised its Policy Rate (benchmark rate) by a cumulative 600 basis points since December 2022, bringing the benchmark rate to 22.00% in June 2023 – the highest policy rate in the country's history. The Government of Pakistan (GoP), in the wake of macroeconomic imbalances, was compelled to make the difficult decision of rationalising imports and implementing restrictive measures to stabilize the national economy. Consequently, Pakistan's GDP growth was restricted to a modest 0.3% during this period due to the prevailing economic challenges. The national bourse remained lacklustre, witnessing a marginal upswing during the quarter, with the index closing at 41,452 points in June 2023, compared to 40,420 points in December 2022.

The Executive Board of the International Monetary Fund (IMF) approved a 9-month Stand-By Arrangement (SBA) for Pakistan in July 2023, amounting to \$3 billion providing support amid low foreign exchange reserves. This program aims to serve as a policy anchor to tackle domestic and external economic and trade imbalances, as well as provide a framework for financial support from multilateral and bilateral partners. While we believe that these broad-based remedial measures and reforms implemented by the Government, alongside the resumption of the IMF program, will pave the way for the country's economic revival, it would be important to focus on longer term reforms to ensure sustained recovery.

#### **Financial Highlights**

With the blessings of Allah, Meezan Bank achieved impressive results for the first half of 2023. Profit after Tax surged to Rs 32.6 billion from Rs 17.1 billion in the corresponding period last year representing a remarkable growth of 90%. The basic Earnings per Share clocked in at Rs 18.21 per share in June 2023 compared to Rs 9.57 per share in June 2022. We will strive to maintain our Return on Equity (ROE) above the banking industry average in line with our focus on value creation for our shareholders. Meezan's steady growth in profitability has led to strong capital generation internally, boasting a Capital Adequacy Ratio (CAR) of 21.01%. This figure substantially surpasses the minimum regulatory requirement of 12.00%, reflecting our commitment to maintaining a solid financial foundation.

## DIRECTORS' REVIEW

We are pleased to inform you that the Board has approved Rs 4.00 (40%) interim cash dividend for the second quarter. This brings the total dividend payout for the half year to Rs 7.00 (70%), as Rs 3.00 per share (30%) interim cash dividend was paid for the first quarter of 2023. We have maintained our tradition of unbroken dividend payouts since the date of our listing on the Stock Exchange. The financial highlights of Meezan Bank are given below:

### Rupees in millions

Profit & Loss Account	Jan - Jun 2023	Jan - Jun 2022	Growth %
Profit / return earned on financing, investments and placements	182,985	88,297	107%
Profit on deposits and other dues expensed	(92,407)	(42,874)	116%
<b>Net spread earned</b>	<b>90,578</b>	<b>45,422</b>	<b>99%</b>
Fee, commission and other non-funded income	8,975	10,658	(16%)
<b>Operating income</b>	<b>99,554</b>	<b>56,080</b>	<b>78%</b>
Operating and other expenses	(31,326)	(21,209)	48%
<b>Profit before provisions</b>	<b>68,228</b>	<b>34,871</b>	<b>96%</b>
Provision against NPLs and others - net	(3,634)	(1,189)	206%
<b>Profit before tax</b>	<b>64,594</b>	<b>33,682</b>	<b>92%</b>
Taxation	(32,008)	(16,563)	93%
<b>Profit after tax</b>	<b>32,586</b>	<b>17,119</b>	<b>90%</b>
Basic Earnings per share - Rupees	18.21	9.57	90%
Number of branches	982	931	5%

### Rupees in millions

Statement of Financial Position	June 30, 2023	December 31, 2022	Growth %
Total Assets	2,798,067	2,577,397	9%
Investments	1,360,514	1,283,210	6%
Islamic financing and related assets - Gross	1,046,609	1,018,102	3%
Deposits	1,921,892	1,658,490	16%
ADR (Gross Advances to Deposits)- %	54%	61%	(7%)
Equity	136,569	115,321	18%

The returns on financings, investments and placements surged significantly, reaching Rs 183 billion compared to Rs 88.3 billion in the corresponding period last year - a rise of 107%. This growth was propelled by both a higher underlying benchmark policy rate and higher volume of earning assets. During the period, the average Policy Rate remained at 19.36%, a notable rise versus ~11.23% in June 2022 – up by 73%. Likewise, the returns on deposits and other dues also witnessed a substantial upswing from Rs 42.9 billion in June 2022 to Rs 92.4 billion in June 2023, indicating an increase of 116% which was attributable to higher average deposit and borrowing volume, as well as an increase in depositors' profit rates.

## DIRECTORS' REVIEW

The fee and commission income demonstrated a decent growth of 26%, reaching Rs 7.8 billion from Rs 6.2 billion in June 2022 primarily attributable to a rise in number of debit cards as well as branch banking-related fee income. However, foreign exchange income remained lower at Rs 541 million versus Rs 3.1 billion in June 2022 due to the significant rupee devaluation in the current period. On an overall basis, there was a 16% decline in non-funded income, which dropped from Rs 10.7 billion in June 2022 to Rs 9 billion in the half-year period ending on June 30, 2023, primarily due to lower foreign exchange income.

The operating and other expenses rose to Rs 31.3 billion from Rs 21.2 billion, predominantly attributable to stubbornly high inflation, a pronounced devaluation of the rupee and strategic investments in IT-related initiatives. However, despite this increase, we are pleased to report that our income efficiency ratio further improved to 31% from 38% in the corresponding period last year. We will maintain our endeavours to pursue cost rationalization strategies and process automation, aiming to achieve a streamlined and efficient processing cycle.

The Federal Government, through Finance Act 2023, raised the tax rate on banking companies to 49% for the year 2023 and onwards (39% normal tax and 10% Super Tax) versus 43% in Finance Act, 2022 (39% normal tax and 4% Super Tax) bringing it at par with June 2022 levels. Accordingly, we have recorded a tax charge of Rs 32.0 billion for the half year as compared to Rs 16.6 billion in June 2022 driven by rise in profitability.

Our total assets reached Rs 2.8 trillion after registering a growth of 9% (Rs 220 billion) from Rs 2.6 trillion in December 2022. The bank's investment portfolio experienced an increase of 6% from last year reaching Rs. 1.36 trillion. The issuance of Government of Pakistan (GoP) Ijarah Sukuk at regular intervals has played a significant role in expanding the bank's investment book. This year, for the first time, the Ministry of Finance introduced 1-year sukuk instruments for fixed and variable-rate rentals. The launch of short-term Sukuk by the Government of Pakistan is another step towards the conversion of government borrowing to Islamic modes opening an alternative avenue for Islamic banks to invest in Shariah-Compliant Sukuk of shorter tenure. The market showed active participation in these newly issued instruments, with a total participation of Rs. 259 billion, surpassing the target of Rs. 170 billion across the four issuances. 99% of the total investment book represents investments in Federal Government / Government Guaranteed Securities.

In line with our strategy to retain a high-quality and well-diversified asset mix spread across all segments including Corporate, Commercial & SME and Consumer segments, we continued to expand our financing book which rose to Rs 1.05 trillion, from Rs 1.02 billion in December 2022 despite challenging market fundamentals. This ascending trajectory was achieved while maintaining credit discipline in order to keep non-performing loans in check. The Bank's portfolio quality remains unrivalled, outperforming industry averages - the Bank's non-performing financing ratio (infection ratio) remained below 1.5%, the lowest in the banking industry. Nevertheless, in line with the Bank's historical prudent approach, the general provision levels were further beefed up by Rs 2.5 billion during the period in response to a decline in borrowers' repayment capacity amidst historically high benchmark rates.

Our deposit portfolio grew by 16% to Rs 1.9 trillion from Rs 1.6 trillion in December 2022. We continue to maintain an optimal deposit mix, with current account deposits accounting for nearly half of the total deposits, equivalent to Rs 951 billion. The current and savings account (CASA) deposits, totalling Rs 1.7 trillion, contribute to 88% of the overall deposit base. Alhamdulillah, during the half year our remittances through the Roshan Digital Accounts (RDA) have exceeded USD 1.6 billion since inception. With more than 93,000 accounts spanning 143 countries, Meezan continues to lead in this sector, holding a market share of around 25% in total RDA remittances. We extend our heartfelt thanks to our fellow Pakistanis residing abroad for choosing Meezan as their trusted banking partner.

Meezan Bank has embarked on an ambitious digital transformation strategy that not only aims to enhance customer experiences but also digitalise back-office operations in order to



## **DIRECTORS' REVIEW**

deliver smooth and speedy service to customers from all walks of life. A hybrid growth model allows for expansion of our physical presence in under-served areas of the country whilst simultaneously on-boarding customers digitally. Our branch network is strategically spread across the country with a total of 982 branches in 327 cities. The Bank's ATM network of over 1,100 touchpoints nationwide provide convenient access to our services. Meezan has consistently led the way in transforming Pakistan's digital landscape and in a short span of eighteen months we have successfully empowered around 15,000 merchants across 275 cities nationwide, to accept POS and E-commerce payments through our Merchant Acquiring business. This dedicated effort to facilitate digital payments has resulted in steady growth in digital transaction volumes. Our Mobile Banking App has been consistently ranked as the No.1 Mobile Banking App in Pakistan by both Apple Store and Google Play Store.

The VIS Credit Rating Company Limited has reaffirmed Meezan an Entity Rating of 'AAA' (Triple A) for the Long Term and 'A1+' (A-One Plus) for the Short Term with a stable outlook which validates Meezan's outstanding creditworthiness and low-risk nature, underscoring its robust financial position.

### **Outlook**

Meezan remains committed to contributing to the economic growth and stability of the country by strengthening the Islamic Banking Industry (IBI) and assisting the government to shift toward Shariah-compliant banking solutions in line with the Honourable Federal Shariat Court (FSC)'s judgement to complete the conversion of the financial system to a Shariah-compliant Riba-free system in the next five years.

We intend to continue with our balanced-growth strategy for deposits and financings and further diversify our exposures in different sectors of the economy while keeping all the risk acceptance parameters in check. We would continue to maintain our financial stability ratios above the regulatory requirements and would seek to further strengthen our equity base in line with our future growth plans.

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establishing a viable Islamic financial system in the country. Our landmark achievements would not have been possible without the proactive support of our diversified customer base, for which we remain indebted to them. We would also like to thank the Members of the Shariah Board, shareholders and holders of Additional Tier I Sukuk and Sub-ordinated Sukuk (Tier II) for their continued support towards establishing Meezan Bank as the country's Premier Islamic Bank.

We are grateful to each one of our team members for their hard work and commitment to further the cause of Islamic Banking. Most importantly, we bow our heads in gratitude to Allah Almighty for His continued blessings on our Bank and all of us, which have enabled us to achieve this outstanding performance in a very short period. We pray that He gives us more strength and wisdom to further expand our Vision of establishing Islamic banking as banking of the first choice.

On behalf of the Board

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

**Irfan Siddiqui**  
President & CEO

Islamabad:  
August 10, 2023

## ڈائریکٹرز کا تجزیہ

### الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 جون، 2023 کو مکمل ہونے والے نصف سال کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور اضافی مالیاتی حسابات پیش کرتا ہے۔

#### معیشت

مالی سال 2023 کے دوران پاکستان کو تباہ کن سیلاب، غیر یقینی سیاسی صورتحال اور عالمی سطح پر طلب و رسد کی رکاوٹوں کی وجہ سے ایک کے بعد ایک معاشی چیلنجز درپیش رہے۔ روس یوکرین جنگ سے پیدا ہونے والے کوڈئی سپر سائیکل کی وجہ سے یہ صورتحال مزید پیچیدہ ہو گئی، جو بین الاقوامی سطح پر اور مقامی سطح پر بھی افراط زر کے دباؤ کا باعث بنی۔ پاکستان میں گزشتہ سال آنے والے تباہ کن سیلاب کی وجہ سے، جس نے زراعت اور لائیو اسٹاک کے شعبے کو بری طرح متاثر کیا تھا، افراط زر کی صورتحال مزید ابتر ہو گئی۔

پاکستان میں افراط زر تاریخ کی بلند ترین شرح پر پہنچ گئی ہے اور ہیڈ لائن کنزیومر پرائس انڈیکس (CPI) ملکی افراط زر جون 2023 میں اوسطاً 29.4 فیصد ہو گئی ہے، جبکہ گزشتہ سال کی اسی مدت میں یہ شرح 21.3 فیصد تھی۔ اس معاشی صورتحال کے پیش نظر اسٹیٹ بینک آف پاکستان (SBP) کی مانیٹری پالیسی کمیٹی (MPC) نے دسمبر 2022 کے بعد سے پالیسی شرح (بینچ مارک شرح) میں مجموعی طور پر 600 بیس پوائنٹس کا اضافہ کیا جس کے بعد جون 2023 میں بینچ مارک شرح 22.00 فیصد ہو گئی، جو ملکی تاریخ کی بلند ترین شرح ہے۔ میکرو اکنامک عدم توازن کے تناظر میں حکومت پاکستان (GoP) کو ملکی درآمدات کو محدود کرنے اور سخت اقدامات اٹھانے جیسے مشکل فیصلے کرنے پڑے، نتیجتاً اس مدت کے دوران حالیہ معاشی چیلنجز کی وجہ سے پاکستان کی مجموعی ترقیاتی پیداوار (GDP) کی نمو 0.3 فیصد تک محدود رہی۔ اسٹاک ایکسچینج بدستور سست روی کا شکار رہی، جس میں زیر جائزہ سہ ماہی کے دوران معمولی اضافہ دیکھنے میں آیا اور انڈیکس دسمبر 2022 کے 40,420 پوائنٹس کے مقابلے میں جون 2023 میں 41,452 پوائنٹس پر بند ہوئی۔

عالمی مالیاتی فنڈ (IMF) کے ایگزیکٹو بورڈ نے جولائی 2023 میں پاکستان کے لئے 3 ارب ڈالر کے 9 ماہ کے اسٹیڈی بائی اریجنمنٹ (SBA) کی منظوری دی جس سے زرمبادلہ کے گھٹتے ہوئے ذخائر کو کافی سہارا ملا۔ اس پروگرام کا مقصد اندرونی و بیرونی معاشی اور تجارتی عدم توازن پر قابو پانے کے لئے پالیسی تحفظ، اور اس کے ساتھ ساتھ کثیر فریقی اور دو فریقی شراکت داروں سے مالی تعاون کے حصول کے لئے لائحہ عمل فراہم کرنا ہے۔ اگرچہ ہمیں یقین ہے کہ آئی ایم ایف پروگرام کی بحالی اور اس کے ساتھ حکومت کی جانب سے اٹھائے گئے اقدامات اور نافذ کردہ اصلاحات ملک کی معاشی بحالی کی راہ ہموار کریں گے، تاہم اہمیت اس بات کی ہے کہ پائیدار بحالی کے لئے طویل مدتی اصلاحات کے نفاذ پر توجہ دی جائے۔

#### مالیاتی نکات

اللہ تعالیٰ کی رحمت سے میزان بینک نے سال 2023 کے پہلے نصف حصہ کے دوران غیر معمولی نتائج پیش کئے ہیں۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 17.1 بلین روپے کے مقابلے میں بڑھ کر 32.6 بلین روپے ہو گیا، جو 90 فیصد اضافے کو ظاہر کرتا ہے۔ اضافہ شدہ سرمائے پر فی حصص آمدنی جون 2022 کے 9.57 روپے فی حصص کے مقابلے میں بڑھ کر جون 2023 میں 18.21 روپے فی حصص ہو گئی۔ اپنے حصص یافتگان کے لئے تعمیر قدر (Value creation) پر توجہ مرکوز کرنے کی حکمت عملی کے عین مطابق ہم ایکویٹی پر منافع (ROE) کو بیکاری صنعت کی اوسط سے زیادہ پر برقرار رکھنے کی بھرپور کوشش کریں گے۔ میزان کے منافع میں مسلسل اضافے سے اندرونی طور پر سرمائے کی پیداوار مستحکم ہوئی جس سے کسٹیمیلر ایڈیکویٹی ریشو (CAR) بڑھ کر 21.01 فیصد ہو گیا۔ ہمارا کسٹیمیلر ایڈیکویٹی ریشو 12.00 فیصد کے کم از کم درکار قانونی تقاضے سے کافی زیادہ ہے، جو مستحکم مالیاتی بنیادیں استوار رکھنے کے ہمارے عزم کی عکاسی کرتا ہے۔

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ نے 2023 کی دوسری سہ ماہی کے لئے 4.00 روپے فی حصص (40.00 فیصد) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔ اس طرح نصف سال کے دوران ادا کردہ ڈیویڈنڈ 7.00 روپے (70 فیصد) ہو گیا ہے، کیونکہ 2023 کی پہلی سہ ماہی میں 3.00 روپے فی حصص (30 فیصد) عبوری نقد ڈیویڈنڈ ادا کیا گیا تھا۔ ہم نے اسٹاک ایکسچینج میں اندراج کے بعد سے بلا تعطل ڈیویڈنڈ کی ادائیگیوں کی روایت برقرار رکھی ہے۔

میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

روپے (ملین میں)

اضافہ کی شرح %	جنوری تا جون 2022	جنوری تا جون 2023	نفع و نقصان کھانا
107%	88,297	182,985	فنانسنگ، سرمایہ کاری اور Placements پر منافع
116%	(42,874)	(92,407)	جمع شدہ رقوم اور دیگر واجبات پر منافع
99%	45,422	90,578	خالص آمدنی
(16%)	10,658	8,975	فیس، کمیشن اور دیگر نان-فنڈڈ آمدنی
78%	56,080	99,554	انتظامی آمدنی
48%	(21,209)	(31,326)	انتظامی اور دیگر اخراجات
96%	34,871	68,228	پروویژن سے قبل منافع
206%	(1,189)	(3,634)	NPLs اور دیگر کمی مد میں پروویژن
92%	33,682	64,594	قبل از ٹیکس منافع
93%	(16,563)	(32,008)	ٹیکس
90%	17,119	32,586	بعد از ٹیکس منافع
90%	9.57	18.21	فی حصص آمدنی - روپے میں
5%	931	982	برانچوں کی تعداد

اضافہ کی شرح %	31 دسمبر، 2022	30 جون، 2023	مالیاتی حیثیت کا جائزہ
9%	2,577,397	2,798,067	کل اثاثے
6%	1,283,210	1,360,514	سرمایہ کاریاں
3%	1,018,102	1,046,609	اسلامی فنانسنگ اور متعلقہ اثاثے - مجموعی
16%	1,658,490	1,921,892	جمع شدہ رقوم
(7%)	61%	54%	اے ڈی آر (Gross advances to deposits) - فیصد
18%	115,321	136,569	ایکویٹی

فنانسنگ، سرمایہ کاریوں اور Placements پر منافع میں نمایاں اضافہ دیکھنے میں آیا، جو گزشتہ سال کی اسی مدت کے 88.3 ملین روپے کے مقابلے میں بڑھ کر 183 ملین روپے ہو گیا، جو کہ 107 فیصد اضافہ ہے۔ زیادہ بنیادی پالیسی شرح اور آمدنی پیدا کرنے والے اثاثوں کا بھاری حجم، یہ دونوں عوامل اس اضافے کا باعث بنے۔ زیر جائزہ مدت کے دوران اوسط پالیسی شرح 19.36 فیصد رہی، جو کہ جون 2022 کی پالیسی شرح 11.23 سے 73 فیصد زیادہ ہے۔ دوسری جانب جمع شدہ رقوم (Deposits) اور دیگر واجبات الادا رقوم پر منافع جون 2022 کے 42.9 ملین روپے کے مقابلے میں بڑھ کر جون 2023 میں 92.4 ملین روپے ہو گیا۔ اس 116 فیصد اضافہ کی وجہ اوسط ڈپازٹس اور قرضوں کے حجم اور ڈپازٹرز کی شرح منافع میں اضافہ تھی۔

بینک کی فیس اور کمیشن کی آمدنی میں 26 فیصد کا معقول اضافہ دیکھنے میں آیا جو کہ جون 2022 کے 6.2 ملین روپے کے مقابلے میں بڑھ کر 7.8 ملین روپے ہو گئی، جس میں ڈیٹ کارڈ اور برانچ بینکنگ سے متعلقہ فیس کی آمدنی نے بڑا حصہ ڈالا۔ رواں سہ ماہی میں روپے کی قدر میں نمایاں کمی کی وجہ سے میزان بینک کی غیر ملکی کرنسی کی آمدنی نسبتاً کم رہی اور جون 2022 کے 3.1 ملین روپے کے مقابلے میں 541 ملین روپے ریکارڈ کی گئی۔ مجموعی طور پر نان فنڈڈ آمدنی میں 16 فیصد کمی کی واقع ہوئی، جو کہ جون 2022 کے 10.7 ملین روپے کے مقابلے میں 30 جون 2023 کو مکمل ہونے والے نصف سال میں کم ہو کر 9 ملین روپے ہو گئی، جس کی بنیادی وجہ غیر ملکی زرمبادلہ کی آمدنی میں کمی تھی۔

انتظامی اور دیگر اخراجات بھی 21.2 ملین روپے سے بڑھ کر 31.3 ملین روپے ہو گئے۔ افراط زر میں بے پناہ اضافہ، روپے کی قدر میں زبردست کمی اور آئی ٹی سے متعلقہ اخراجات میں سرمایہ کاری جیسے عوامل اس اضافے کی وجہ بنے۔ تاہم ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ اخراجات میں اس اضافے کے باوجود

بینک کا انکم بلٹینٹنسی ریشورڈ شدہ سال کی اسی مدت کے 38 فیصد کے مقابلے میں بہتر ہو کر 31 فیصد ہو گیا۔ ہم Cost rationalization کی حکمت عملی اور پراسس آٹومیشن کی کوششیں جاری رکھیں گے، جس کا مقصد ایک ہموار اور موثر آپریشننگ سائیکل حاصل کرنا ہے۔

وفاقی حکومت نے فنانس ایکٹ، 2023 کے ذریعے بینکنگ کمپنیوں پر ٹیکس کی شرح کو 2023 اور اس کے بعد کے لئے 49 فیصد تک بڑھا دیا ہے (39 فیصد نارمل ٹیکس اور 10 فیصد سپر ٹیکس)، جبکہ فنانس ایکٹ 2022 میں یہ شرح 43 فیصد تھی (35 فیصد نارمل ٹیکس اور 4 فیصد سپر ٹیکس)، اس طرح یہ شرح جون 2022 کی سطح کے برابر ہو گئی۔ لہذا ہمارے منافع جات میں اضافے کے نتیجے میں ہمارا ٹیکس چارج جون 2022 کے 16.6 بلین روپے کے مقابلے میں بڑھ کر 32.0 بلین روپے ہو گیا۔

بینک کے کل اثاثے دسمبر 2022 میں 2.6 ٹریلین روپے کے مقابلے میں 9 فیصد (220 بلین روپے) اضافے کے بعد 2.8 ٹریلین روپے تک پہنچ گئے۔ بینک کا سرمایہ کاری پورٹ فولیو گزشتہ سال کے مقابلے میں 6 فیصد اضافے کے بعد 1.36 ٹریلین روپے پر بند ہوا۔ حکومت پاکستان (GoP) کے اجارہ وصولی کے باقاعدہ وقفوں سے اجرانے بینک کے سرمایہ کاری کھاتے کی توسیع میں اہم کردار ادا کیا ہے۔ اس سال وزارت خزانہ نے پہلی بار مقررہ اور متبادل شرح اقساط کے ایک سالہ وصولی انٹرنیشنل متعارف کروائے ہیں۔ حکومت پاکستان کی جانب سے مختصر مدت کے وصولی کا اجراء حکومتی قرضہ جات کو اسلامی طریقوں پر منتقل کرنے کی جانب ایک اور قدم ہے، جس سے اسلامی بینکوں کے لئے مختصر مدت کے شریعہ کیپٹال سنٹ وصولی میں سرمایہ کاری کے متبادل راستے ہموار ہوں گے۔ مارکیٹ نے نئے جاری کردہ انٹرنیشنل میں فعال انداز میں شرکت کی اور 259 بلین روپے کی شرکت سامنے آئی، جس نے چار بار اجراء کے 170 بلین کے ہدف کو پیچھے چھوڑ دیا۔ 99 فیصد سرمایہ کاری کھاتے وفاقی حکومت / حکومتی ضمانت شدہ سیکورٹیز پر مشتمل ہیں۔

معیشت کے تمام شعبوں بشمول کارپوریٹ، کمرشل اور ایس ایم ای، اور کنزرویٹو شعبوں میں منقسم اعلیٰ معیار کا متنوع پورٹ فولیو برقرار رکھنے کی ہماری حکمت عملی کے مطابق ہم نے اپنے سرمایہ کاری کھاتے میں توسیع کا سلسلہ جاری رکھا، جو مارکیٹ کے مشکل حالات کے باوجود دسمبر 2022 کے 1.02 ٹریلین روپے کے مقابلے میں بڑھ کر 1.05 ٹریلین ہو گیا۔ اضافے کی یہ رفتار کریڈٹ ڈیسٹینیشن برقرار رکھتے ہوئے حاصل کی گئی تاکہ غیر فعال قرضوں کو قابو میں رکھا جاسکے۔ بینک کے پورٹ فولیو کے معیار کا اب بھی کوئی مقابلہ نہیں ہے اور یہ بینکاری صنعت کی اوسط سے زیادہ ہے۔ بینک کا نان پرفارمنگ فنانسنگ ریشورڈ (انٹیکیشن ریشورڈ) بدستور 1.5 فیصد سے نیچے ہے، جو بینکاری صنعت میں سب سے کم ہے۔ اس کے باوجود جوازہ مدت میں بینک کے دانشمندانہ نکتہ نظر کے تحت تاریخ کی بلند ترین بیچ مارک شرح کے دوران قرض خواہان کی قرضوں کی واپسی کی استعداد میں کمی کے پیش نظر عمومی پروویڈنسی کی رقم مزید بڑھا کر 2.5 بلین روپے کر دی گئی۔

ہمارا ڈپازٹ پورٹ فولیو دسمبر 2022 میں 1.6 ٹریلین روپے کے مقابلے میں 16 فیصد اضافے کے بعد 1.9 ٹریلین روپے ہو گیا۔ ہم نے 951 بلین روپے کے کرنٹ اکاؤنٹ کے ڈپازٹس کے ساتھ ایک بہترین ڈپازٹ کلس برقرار رکھا ہے اور ہمارے کرنٹ اکاؤنٹ ڈپازٹس، ہمارے کل موجود ڈپازٹس کا تقریباً نصف حصہ ہیں۔ کرنٹ اور سیونگز اکاؤنٹ (CASA) ڈپازٹس 1.7 ٹریلین روپے پر مشتمل ہیں جو کل ڈپازٹس کا 88 فیصد حصہ ہیں۔ الحمد للہ جوازہ نصف سال کے دوران روشن ڈیجیٹل اکاؤنٹس (RDA) کے ذریعے ہماری ترسیلات آغاز سے اب تک 1.6 بلین امریکی ڈالر سے تجاوز کر چکی ہیں۔ 143 ملکوں میں 93,000 سے زائد اکاؤنٹس کے ساتھ میزان بینک اس شعبے میں اپنی برتری قائم رکھے ہوئے ہے اور آرڈی اے میں کل ترسیلات کے اعتبار سے ہمارا مارکیٹ شیئر تقریباً 25 فیصد ہے۔ ہم بیرون ملک مقیم پاکستانیوں کے شکر گزار ہیں کہ انہوں نے اپنی بینکاری ضروریات کی تکمیل کے لئے میزان بینک پر اعتماد کیا۔

میزان بینک نے ڈیجیٹل تبدیلی کی حکمت عملی اختیار کی ہے جس کا مقصد نہ صرف صارفین کے بینکاری تجربہ کو بہتر بنانا ہے بلکہ بیک آفس (back-office) آپریشنز کو ڈیجیٹل کرنا بھی ہے تاکہ زندگی کے تمام شعبوں سے تعلق رکھنے والے افراد کو بلا رکاوٹ اور فوری خدمات فراہم کی جاسکیں۔ ہمارے ڈیجیٹل ماڈل ہمیں ملک کے بینکاری کی سہولیات سے محروم علاقوں میں اپنی موجودگی بڑھانے اور اس کے ساتھ ڈیجیٹل سطح پر صارفین کو متوجہ کرنے میں مدد کرتا ہے۔ ہمارا برانچ نیٹ ورک ملک بھر کے 327 شہروں میں 982 برانچوں تک وسیع ہے۔ ملک بھر میں 1,100 سے زائد مقامات پر ہمارا ایس ٹی ایم نیٹ ورک ہماری خدمات تک آسان رسائی فراہم کرتا ہے۔ میزان بینک پاکستان کے ڈیجیٹل منظر نامے میں انقلابی تبدیلیاں لانے میں پیش پیش ہے اور صرف اٹھارہ ماہ کی قلیل مدت میں ہم نے ملک بھر کے 275 شہروں میں تقریباً 15,000 سے زائد مرچنٹس کو ہمارے مرچنٹ ایکوائزنگ برنس کے ذریعے پوائنٹ آف سیل اور ای کامرس پینٹنٹس قبول کرنے کی سہولت فراہم کی ہے۔ ڈیجیٹل پینٹنٹس میں آسانی کی ہماری اس کوشش سے ڈیجیٹل ٹرانزیکشنز کے حجم میں مستحکم اضافہ دیکھنے میں آیا ہے۔ ہماری موبائل بینکنگ ایپلی کیشن کو صارفین کی جانب سے Apple Store اور Google Play Store پر تسلسل کے ساتھ پاکستان کی نمبر 1 موبائل بینکنگ ایپلی کیشن قرار دیا گیا ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی طویل المدتی ریٹنگ AAA (ٹریپل اے) اور قلیل المدتی ریٹنگ A1+ (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ توثیق کی ہے۔ یہ ریٹنگز میزان بینک کے کریڈٹ کے اعلیٰ ترین معیار اور کم رسک کی تصدیق ہیں اور اس کی مستحکم مالیاتی حیثیت کی نشاندہی کرتی 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 اور شریعہ کمپلائنس بینکاری پر منتقلی کے لئے حکومت کے ساتھ تعاون جاری رکھنے کے لئے پرعزم ہے، جو پاکستان میں مالیاتی نظام کو اگلے پانچ سالوں میں مکمل طور پر شریعہ کمپلائنس، ربا سے پاک نظام پر منتقل کرنے کے معزز و فائق شرعی عدالت (FSC) کے فیصلے سے ہم آہنگ ہے۔

ہم ڈپازٹس اور فنڈنگ کے حوالے سے متوازن ترقی کی حکمت عملی پر عمل کریں گے اور تمام رسک آپیکس پیئر ایمرٹرز کو مد نظر رکھتے ہوئے معیشت کے مختلف شعبوں میں اپنی رسائی بڑھائیں گے۔ ہم اپنے مالیاتی استحکام کے تناسب کو ریگولیٹری تقاضوں سے زیادہ شرح پر برقرار رکھیں گے اور اپنی ایکویٹی بیس کو مزید مستحکم بنائیں گے، جو ہمارے مستقبل کی ترقی کے منصوبوں کے عین مطابق ہے۔

بورڈ اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور ہمارے شریعہ سپروائزرزری بورڈ کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام کے قیام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتا ہے۔ 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 اپنے شریعہ بورڈ کے ممبران، حصص یافتگان، اضافی (Tier I) صکوک اور ثانوی صکوک (Tier II) یا فینگان کا ان کی معاونت کے لئے شکریہ ادا کرنا چاہتے ہیں جنہوں نے میزان بینک کو اولین اور ممتاز ترین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔

ہم اپنی ٹیم کے ہر رکن کا ان کی محنت اور وابستگی کے لئے تہ دل سے شکر یہ ادا کرتے ہیں۔ سب سے بڑھ کر ہم اللہ ﷻ کے شکر گزار ہیں کہ اس کی مسلسل رحمت کے باعث ہم اس قلیل عرصے میں اتنی شاندار کامیابیوں کے حصول کے قابل ہو سکے ہیں اور ہم 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

(مخائب بورڈ)

عرفان صدیقی  
صدر اور CEO

ریاض امیس، اے۔ اے۔ اور لیس  
چیئرمین

اسلام آباد:

10 اگست، 2023

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MEEZAN BANK LIMITED**

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### **Report on review of interim 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, 2023 and the related condensed interim unconsolidated 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 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, 2023 and June 30, 2022 in the condensed interim unconsolidated 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 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 22, 2023  
UDIN: RR202310068sodmpSOBa

**CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2023**

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
Rupees in '000			
Cash and balances with treasury banks	6	200,316,407	117,743,106
Balances with other banks	7	10,630,830	13,676,159
Due from financial institutions	8	34,964,299	34,964,299
Investments	9	1,360,513,799	1,283,210,287
Islamic financing and related assets	10	1,020,285,295	995,508,354
Fixed assets	11	43,343,115	40,426,520
Intangible assets	12	1,786,836	1,843,984
Deferred tax asset	13	10,150,856	4,646,002
Other assets	14	116,075,424	85,378,800
		<b>2,798,066,861</b>	<b>2,577,397,511</b>
<b>LIABILITIES</b>			
Bills payable	15	54,218,336	40,175,122
Due to financial institutions	16	527,474,930	573,326,439
Deposits and other accounts	17	1,921,892,278	1,658,490,118
Sub-ordinated sukus	18	20,990,000	20,990,000
Deferred tax liabilities		-	-
Other liabilities	19	136,922,573	169,095,139
		<b>2,661,498,117</b>	<b>2,462,076,818</b>
<b>NET ASSETS</b>		<b>136,568,744</b>	<b>115,320,693</b>
<b>REPRESENTED BY</b>			
Share capital		17,896,243	17,896,243
Advance against issue of shares	32.3	99,699	-
Reserves		31,632,340	28,187,821
Deficit on revaluation of assets - net of tax	20	(1,549,177)	(663,671)
Unappropriated profit		88,489,639	69,900,300
		<b>136,568,744</b>	<b>115,320,693</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes 1 to 39 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 HALF YEAR ENDED JUNE 30, 2023**

	Note	Quarter ended June 30, 2023	Half year ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2022
<b>Rupees in '000</b>					
Profit / return earned on Islamic financing and related assets, investments and placements	22	101,031,786	182,984,732	50,185,189	88,296,448
Profit / return on deposits and other dues expensed	23	51,499,262	92,406,535	26,200,154	42,874,454
Net profit / return		<b>49,532,524</b>	<b>90,578,197</b>	23,985,035	45,421,994
<b>OTHER INCOME</b>					
Fee and Commission Income	24	4,186,907	7,785,016	3,171,924	6,161,491
Dividend income		217,212	458,464	119,265	423,653
Foreign Exchange Income		695,843	540,801	2,318,467	3,131,906
(Loss) / gain on securities	25	(269,796)	(375,513)	166,251	181,611
Other income	26	279,930	566,812	581,938	759,541
Total other income		5,110,096	8,975,580	6,357,845	10,658,202
<b>Total income</b>		<b>54,642,620</b>	<b>99,553,777</b>	30,342,880	56,080,196
<b>OTHER EXPENSES</b>					
Operating expenses	27	15,443,598	29,788,289	10,432,669	20,465,776
Workers Welfare Fund		895,524	1,485,032	402,330	736,830
Other charges	28	49,452	52,280	4,801	5,933
Total other expenses		16,388,574	31,325,601	10,839,800	21,208,539
<b>Profit before provisions</b>		<b>38,254,046</b>	<b>68,228,176</b>	19,503,080	34,871,657
Provisions and write offs - net	29	1,504,257	3,634,144	961,498	1,189,388
Extra ordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		<b>36,749,789</b>	<b>64,594,032</b>	18,541,582	33,682,269
Taxation	30	19,588,313	32,008,385	10,627,972	16,563,120
<b>Profit after taxation</b>		<b>17,161,476</b>	<b>32,585,647</b>	7,913,610	17,119,149
<b>Rupees</b>					
<b>Restated</b>					
<b>Basic earnings per share</b>	31	9.59	18.21	4.42	9.57
<b>Diluted earnings per share</b>	32	9.58	18.20	4.42	9.56

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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

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**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 HALF YEAR ENDED JUNE 30, 2023**

	Note	Quarter ended June 30, 2023	Half year ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2022
Rupees in '000					
Profit after taxation for the period		17,161,476	32,585,647	7,913,610	17,119,149
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>					
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	20	2,178,632	(885,222)	(1,506,991)	(4,865,480)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>					
Movement in deficit on revaluation of non-banking asset - net of tax	20	(281)	(281)	(1,544)	(1,544)
<b>Total Comprehensive Income for the period</b>		<b>19,339,827</b>	<b>31,700,144</b>	6,405,075	12,252,125

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

**Riyadh S. A. A. Edrees**  
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**Mohammad Abdul Aleem**  
Director

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Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	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 January 01, 2022 (Audited)</b>	16,269,312	-	2,406,571	17,668,857	3,117,547	133,457	66,766	4,040,077	23,533	42,831,655	86,557,775
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	17,119,149	17,119,149
<b>Other Comprehensive loss for the half year ended June 30, 2022 - net of tax</b>											
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(4,865,480)	-	-	(4,865,480)
Movement in surplus / (deficit) on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	-	(1,544)	-	(1,544)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(4,865,480)	(1,544)	-	(4,867,024)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(39)	39	-
Recognition of share based compensation	-	-	-	-	-	123,230	-	-	-	-	123,230
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	-	1,711,915	-	-	-	-	-	(1,711,915)	-
<b>Transactions with owners recognised directly in equity</b>											
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	-	(2,440,397)	(2,440,397)
First Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
	-	-	-	-	-	-	-	-	-	(5,287,527)	(5,287,527)
<b>Balance as at June 30, 2022 (Unaudited)</b>	<b>16,269,312</b>	<b>-</b>	<b>2,406,571</b>	<b>19,380,772</b>	<b>3,117,547</b>	<b>256,687</b>	<b>66,766</b>	<b>(825,403)</b>	<b>21,950</b>	<b>52,951,401</b>	<b>93,645,603</b>
Profit after taxation for the half year ended December 31, 2022	-	-	-	-	-	-	-	-	-	27,887,461	27,887,461
<b>Other Comprehensive loss for the half year ended December 31, 2022 - net of tax</b>											
Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	159,054	-	-	159,054
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(96,555)	(96,555)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(19,224)	-	(19,224)
Total other comprehensive income - net of tax	-	-	-	-	-	-	-	159,054	(19,224)	(96,555)	43,275
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(48)	48	-
Recognition of share based compensation	-	-	-	-	-	170,732	-	-	-	-	170,732
<b>Other appropriations</b>											
Transfer to statutory reserve*	-	-	-	2,788,746	-	-	-	-	-	(2,788,746)	-
<b>Transactions with owners recognised directly in equity</b>											
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	-	(1,626,931)	-
Second interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	-	(2,847,130)	(2,847,130)
Third interim cash dividend for the year 2022 @ Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,579,248)	(3,579,248)
	-	-	-	-	-	-	-	-	-	(6,426,378)	(6,426,378)
<b>Balance as at December 31, 2022 (Audited)</b>	<b>17,896,243</b>	<b>-</b>	<b>2,406,571</b>	<b>22,169,518</b>	<b>3,117,547</b>	<b>427,419</b>	<b>66,766</b>	<b>(666,349)</b>	<b>2,678</b>	<b>69,900,300</b>	<b>115,320,693</b>

## CONDENSED INTERIM UNCONSOLIDATED

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2023

	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, 2022 (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>

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

The annexed notes 1 to 39 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, 2023**

	Note	Half year ended June 30, 2023	Half year ended June 30, 2022
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		64,594,032	33,682,269
Less: Dividend income		(458,464)	(423,653)
		<b>64,135,568</b>	<b>33,258,616</b>
<b>Adjustments:</b>			
Depreciation	27	1,958,313	1,413,361
Amortisation	27	241,793	210,715
Non cash items related to right-of-use assets	23 & 27	2,191,844	2,187,752
Provisions and write offs - net	29	3,634,144	1,189,388
Share based compensation expense		185,954	123,230
Unrealised loss - held for trading	25	18	-
Gain on sale of property and equipment	26	(165,281)	(141,750)
		<b>8,046,785</b>	<b>4,982,696</b>
		<b>72,182,353</b>	<b>38,241,312</b>
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		-	159,568,809
Islamic financings and related assets		(28,382,434)	(50,177,986)
Other assets		(30,696,488)	(3,871,747)
		<b>(59,078,922)</b>	<b>105,519,076</b>
<b>Increase in operating liabilities</b>			
Bills payable		14,043,214	22,728,657
Due to financial institutions		(45,851,509)	351,616,423
Deposits and other accounts		263,402,160	112,740,740
Other liabilities		(34,652,439)	13,400,367
		<b>196,941,426</b>	<b>500,486,187</b>
		<b>210,044,857</b>	<b>644,246,575</b>
Income tax paid		(29,397,097)	(11,141,919)
<b>Net cash generated from operating activities</b>		<b>180,647,760</b>	<b>633,104,656</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(79,316,681)	(488,959,210)
Net redemption / (investments) in held to maturity securities		125,790	(140,648,338)
Net redemption in held for trading securities		2,470	-
Dividends received		441,306	427,485
Investments in property and equipment		(6,318,831)	(5,990,594)
Investments in intangible assets		(174,009)	(359,490)
Proceeds from sale of property and equipment		246,643	239,233
<b>Net cash used in investing activities</b>		<b>(84,993,312)</b>	<b>(635,290,914)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(1,686,574)	(1,694,034)
Advance received against issue of shares		99,699	-
Dividend paid		(14,539,601)	(4,113,629)
<b>Net cash used in financing activities</b>		<b>(16,126,476)</b>	<b>(5,807,663)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>79,527,972</b>	<b>(7,993,921)</b>
Cash and cash equivalents at the beginning of the period		131,419,265	186,920,734
<b>Cash and cash equivalents at the end of the period</b>	33	<b>210,947,237</b>	<b>178,926,813</b>

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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**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, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through nine hundred and eighty two branches as at June 30, 2023 (December 31, 2022: nine hundred and sixty two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2022, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'.

**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 condensed interim 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

**3 STATEMENT OF COMPLIANCE**

**3.1** These condensed interim unconsolidated financial statements (here-in-after referred to as "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, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

**3.2** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual unconsolidated financial statements for the year ended December 31, 2022.

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

**3.3.1** There are certain new and amended standards, interpretations and amendments that have become applicable for the Bank's accounting periods beginning on January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.

**3.4 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**

**3.4.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

<b>Standards, interpretations or amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
- IFRS 9 - 'Financial instruments'	January 1, 2024*
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	January 1, 2024

The management is in the process of assessing the impact of these standards and amendments on the condensed interim unconsolidated financial statements of the Bank except IFRS 9 - 'Financial Instruments', the impact of which has been disclosed in the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

\*As directed by the SBP via BPRD Circular no 7 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024. Previously IFRS 9 was applicable on banks having asset base of more than Rs. 500 billion as at December 31, 2021 from January 1, 2023. Moreover, SBP has also issued application instructions on IFRS 9 for banks in Pakistan along with the requirements to conduct quarterly parallel run reporting for the year 2023 and the Bank remained compliant with parallel run reporting requirements.

#### **4 BASIS OF MEASUREMENT**

**4.1** These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances, non-banking assets acquired in satisfaction of claims and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP.

#### **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 JUDGEMENTS**

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, 2022.

#### **5 SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL RISK MANAGEMENT POLICIES**

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

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, 2022.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		54,455,995	40,142,380
- foreign currencies		3,665,032	1,120,217
		<b>58,121,027</b>	41,262,597
With the State Bank of Pakistan in			
- local currency current accounts		84,764,995	69,747,152
- foreign currency current accounts		15,021,501	6,433,593
	6.1	<b>99,786,496</b>	76,180,745
With the National Bank of Pakistan in			
- local currency current accounts		42,398,384	222,839
National Prize Bonds	6.2	10,500	76,925
		<b>200,316,407</b>	117,743,106

**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.

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>7 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- in current accounts		6,845,670	4,770,402
Outside Pakistan			
- in current accounts		2,218,881	4,080,128
- in deposit accounts	7.1	1,566,279	4,825,629
		<b>3,785,160</b>	8,905,757
		<b>10,630,830</b>	13,676,159

**7.1** It represents the balance in the remunerative accounts maintained with financial institutions outside Pakistan. The return on these balances ranges from 0.20% to 3% (December 31, 2022: 0.20% to 2.25%) per annum.



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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (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
Commodity Murabaha		<b>26,066</b>	26,066
		<b>35,005,865</b>	35,005,865
Less: Provision against non-performing due from financial institutions	8.2	<b>(41,566)</b>	(41,566)
Due from financial institutions - net of provision		<b>34,964,299</b>	34,964,299

**8.1** The effective average return on this product is 11.48% (2022: 11.25%) per annum. The balances have maturities in July 2025 (December 31, 2022: July 2025).

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
Rupees in '000				
<b>8.2 Category of classification</b>				
<b>Domestic</b>				
Loss	<b>41,566</b>	<b>41,566</b>	41,566	41,566

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9 INVESTMENTS	Note	June 30, 2023 (Unaudited)				December 31, 2022 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>9.1 Investments by types</b>									
<b>Rupees in '000</b>									
<b>Held for trading securities</b>									
- Federal Government Securities		-	-	-	-	2,470	-	18	2,488
<b>Available for sale securities</b>									
<b>- Federal Government Securities</b>									
- Ijarah Sukuk		992,057,119	-	(9,032,199)	983,024,920	893,891,330	-	(7,185,753)	886,705,577
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		-	-	-	-	23,224,694	-	-	23,224,694
- Islamic Naya Pakistan Certificates		13,531,767	-	-	13,531,767	7,940,803	-	-	7,940,803
- Shares	9.2	10,571,747	3,140,434	1,007,484	8,438,797	10,205,678	3,128,805	1,035,172	8,112,045
<b>- Non Government Sukuk</b>									
- Pakistan Energy Sukuk guaranteed by the Government of Pakistan		114,376,490	-	5,140,650	119,517,140	114,385,781	-	5,123,927	119,509,708
- Other Sukuk guaranteed by the Government of Pakistan		7,574,220	-	-	7,574,220	6,716,920	-	-	6,716,920
- Other Non Government Sukuk	9.2 & 9.3	5,375,955	75,892	-	5,300,063	4,378,519	75,892	-	4,302,627
- Foreign Securities		5,294,352	-	(158,231)	5,136,121	8,721,244	-	(142,380)	8,578,864
		1,148,781,650	3,216,326	(3,042,296)	1,142,523,028	1,069,464,969	3,204,697	(1,169,034)	1,065,091,238
<b>Held to maturity securities</b>									
- Federal Government Securities	9.4	217,082,469	-	-	217,082,469	217,208,259	-	-	217,208,259
<b>In related parties</b>									
<b>Associates</b>									
- Meezan Balanced Fund		161,345	-	-	161,345	161,345	-	-	161,345
- Al Meezan Mutual Fund		312,371	-	-	312,371	312,371	-	-	312,371
- Meezan Islamic Fund		221,050	-	-	221,050	221,050	-	-	221,050
- Meezan Sovereign Fund		514	-	-	514	514	-	-	514
- Meezan Gold Fund		49,972	-	-	49,972	49,972	-	-	49,972
- KSE Meezan Index Fund		100,000	-	-	100,000	100,000	-	-	100,000
		845,252	-	-	845,252	845,252	-	-	845,252
<b>Subsidiary</b>									
- Al Meezan Investment Management Limited		63,050	-	-	63,050	63,050	-	-	63,050
<b>Total Investments</b>		<b>1,366,772,421</b>	<b>3,216,326</b>	<b>(3,042,296)</b>	<b>1,360,513,799</b>	<b>1,287,584,000</b>	<b>3,204,697</b>	<b>(1,169,016)</b>	<b>1,283,210,287</b>

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**9.1.1 Investments given as collateral**

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Cost / amortised cost	Market value	Cost / amortised cost	Market value
	Rupees in '000			
<b>Federal Government Securities</b>				
- Ijarah Sukuk	<u>379,151,000</u>	<u>376,631,094</u>	<u>404,000,000</u>	<u>401,903,600</u>

**9.2 Provision for diminution in value of investments**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	Rupees in '000	
Opening balance	3,204,697	2,398,016
Charge / (reversals)		
Charge for the period on account of provision for diminution against shares	321,565	970,287
Reversals of provision on disposals of shares	(309,936)	(163,606)
	11,629	806,681
Closing balance	<u>3,216,326</u>	<u>3,204,697</u>

**9.3 Particulars of provision against Non - Government Sukuk**

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
<b>Category of classification</b>				
<b>Domestic</b>				
Loss	<u>75,892</u>	<u>75,892</u>	<u>75,892</u>	<u>75,892</u>

**9.4** The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs 194,181 million (2022: Rs 203,805 million).

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10 ISLAMIC FINANCING AND RELATED ASSETS	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
		Rupees in '000	
<b>In Pakistan:</b>			
<b>Murabaha financing and related assets</b>			
- Murabaha financing	10.1	7,027,025	7,127,282
- Advances against Murabaha		57,640,808	4,888,537
- Murabaha inventory		880,023	3,872,679
- Financing under Islamic Export Refinance - Murabaha	10.2	436,770	711,413
- Financing against Islamic SME Asaan Finance	10.3	63,777	94,018
- Advance against Islamic Export Refinance - Murabaha		639,000	2,465,400
		<b>66,687,403</b>	19,159,329
<b>Running Musharakah financing</b>			
- Running Musharakah financing		201,004,206	240,531,788
- Financing under Islamic Export Refinance - Running Musharakah		53,225,984	50,965,430
		<b>254,230,190</b>	291,497,218
<b>Istisna financing and related assets</b>			
- Istisna financing		11,387,469	23,081,974
- Advances against Istisna		40,872,965	94,010,017
- Istisna inventory		54,961,612	13,309,627
- Financing under Islamic Export Refinance - Istisna		64,670	72,143
- Advances under Islamic Export Refinance - Istisna		8,648,672	10,957,214
- Inventory under Islamic Export Refinance - Istisna		3,002,027	1,658,523
		<b>118,937,415</b>	143,089,498
<b>Tijarah financing and related assets</b>			
- Tijarah financing		3,198,687	1,959,394
- Tijarah inventory		12,116,375	9,160,823
- Financing under Islamic Export Refinance - Tijarah		1,116,935	1,056,241
- Inventory under Islamic Export Refinance - Tijarah		404,092	1,132,182
		<b>16,836,089</b>	13,308,640
<b>Musawammah financing and related assets</b>			
- Musawammah financing	10.4	15,327,774	74,983,110
- Advances against Musawammah		8,628,635	11,073,176
- Musawammah Inventory		9,197,350	12,874,909
- Financing under Islamic Export Refinance - Musawammah	10.5	759,529	1,481,762
- Financing under SBP's Islamic Financing Facility for Renewable Energy (IFRE) - Musawammah	10.6	277,772	271,213
- Advances under Islamic Export Refinance - Musawammah		486,700	412,100
- Inventory under Islamic Export Refinance - Musawammah		100,000	-
		<b>34,777,760</b>	101,096,270
<b>Salam Financing and related assets</b>			
- Salam Financing		948,107	899,631
- Advances against Salam		25,405,997	18,705,389
- Salam Inventory		6,358,532	1,836,491
		<b>32,712,636</b>	21,441,511
<b>Financing against bills</b>			
- Financing against bills - Salam		4,590,903	5,173,912
- Advances against bills - Salam		1,738	1,738
		<b>4,592,641</b>	5,175,650
- Bai Muajjal financing	10.7	112,923,105	35,969,952

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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>Ijarah financing and related assets</b>			
- Net investment in Ijarah		56,448	74,960
- Net book value of assets / investment in Ijarah under IFAS 2		62,036,907	63,004,338
	10.8	62,093,355	63,079,298
- Advances against Ijarah		3,321,207	6,508,337
		65,414,562	69,587,635
<b>Diminishing Musharakah financing and related assets</b>			
- Diminishing Musharakah financing		175,472,471	151,635,702
- Diminishing Musharakah financing - housing		19,599,949	20,132,503
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		273,199	263,206
- Diminishing Musharakah financing - SBP's Islamic Financing Facility for Renewable Energy (IFRE)		15,666,084	14,350,196
- Diminishing Musharakah financing - SBP's Islamic Refinance Facility for Combating COVID – 19 (IRFCC)		262,096	295,145
- Diminishing Musharakah financing - SBP's Islamic SME Asaan Finance (I-SAAF) Scheme		75,159	80,771
- Diminishing Musharakah financing - SBP's Islamic Long Term Financing Facility (ILTFF) for Plant & Machinery		18,480,310	15,771,049
- Diminishing Musharakah financing - SBP's Islamic Temporary Economic Refinance Facility (ITERF)		15,956,458	10,880,035
- Diminishing Musharakah financing - SBP's Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns (IRSPWS)		-	427,780
- Advances against Diminishing Musharakah		23,742,005	29,957,946
- Advances against Diminishing Musharakah under SBP's IFFSAP		253,677	57,141
- Advances against Diminishing Musharakah under SBP's IFRE		695,971	2,870,913
- Advances against Diminishing Musharakah under SBP's IRFCC		218,058	254,401
- Advances against Diminishing Musharakah under SBP's I-SAAF		800	4,800
- Advances against Diminishing Musharakah under SBP's ITERF		4,310,946	9,030,290
- Advances against Diminishing Musharakah under SBP's ILTFF		6,166,406	9,986,155
		281,173,589	265,998,033
- Musharakah financing		888,725	888,725
- Wakalah Tul Istithmar financing		-	6,375,000
- Advances against Wakalah Tul Istithmar		30,602,133	19,227,133
- Advance against Service Ijarah		15,416,840	14,899,103
- Qard financing under SBP's IRSPWS		-	5,783
- Qard financing under SBP's IRFCC		303,389	406,027
- Labbaik (Qard for Hajj and Umrah)		10,349	9,714
- Staff financing (including under SBP's IFRE)	10.9	9,583,495	8,433,655
- Other financing		1,518,366	1,532,881
<b>Gross Islamic Financing and Related Assets</b>	10.10	<b>1,046,608,687</b>	1,018,101,757
Less: Provision against non-performing Islamic financing and related assets - Specific	10.12	(13,988,251)	(12,812,762)
Less: Provision against non-performing Islamic financing and related assets - General	10.12	(12,335,141)	(9,780,641)
<b>Islamic financing and related assets - net of provision</b>		<b>1,020,285,295</b>	995,508,354

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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>10.1</b> Murabaha receivable - gross	10.1.1	<b>7,639,998</b>	12,435,057
Less: Deferred murabaha income	10.1.3	<b>(257,570)</b>	(164,688)
Profit receivable shown in other assets		<b>(355,403)</b>	(5,143,087)
Murabaha financing	10.1.2	<b>7,027,025</b>	7,127,282
<b>10.1.1</b> Murabaha Sale Price		<b>7,639,998</b>	12,435,057
Murabaha Purchase Price		<b>(7,027,025)</b>	(7,127,282)
		<b>612,973</b>	5,307,775
<b>10.1.2</b> The movement in Murabaha financing during the period / year is as follows:			
Opening balance		<b>7,127,282</b>	6,195,161
Sales during the period / year		<b>9,253,521</b>	68,424,533
Adjusted during the period / year		<b>(9,353,778)</b>	(67,492,412)
Closing balance		<b>7,027,025</b>	7,127,282
<b>10.1.3</b> Deferred murabaha income			
Opening balance		<b>164,688</b>	117,597
Arising during the period / year		<b>1,017,661</b>	10,906,739
Recognised during the period / year		<b>(924,779)</b>	(10,859,648)
Closing balance		<b>257,570</b>	164,688
<b>10.2</b> Financing under Islamic Export Refinance - Murabaha - gross		<b>465,373</b>	745,114
Less: Deferred income	10.2.2	<b>(11,526)</b>	(10,030)
Profit receivable shown in other assets		<b>(17,077)</b>	(23,671)
Financing under Islamic Export Refinance - Murabaha	10.2.1	<b>436,770</b>	711,413
<b>10.2.1</b> The movement in Islamic Export Refinance			
Murabaha financing during the period / year is as follows:			
Opening balance		<b>711,413</b>	1,048,988
Sales during the period / year		<b>1,832,914</b>	3,990,743
Adjusted during the period / year		<b>(2,107,557)</b>	(4,328,318)
Closing balance		<b>436,770</b>	711,413
<b>10.2.2</b> Deferred Islamic Export Refinance murabaha income			
Opening balance		<b>10,030</b>	5,937
Arising during the period / year		<b>89,660</b>	82,533
Recognised during the period / year		<b>(88,164)</b>	(78,440)
Closing balance		<b>11,526</b>	10,030
<b>10.3</b> Financing against Islamic SME Asaan Finance - Murabaha - gross		<b>71,343</b>	112,938
Less: Deferred income		<b>(4,401)</b>	(7,566)
Profit receivable shown in other assets		<b>(3,165)</b>	(11,354)
Financing against Islamic SME Asaan Finance - Murabaha		<b>63,777</b>	94,018
<b>10.3.1</b> The movement in Islamic SME Asaan Finance (Murabaha financing)			
during the period / year is as follows:			
Opening balance		<b>94,018</b>	10,000
Sales during the period / year		<b>-</b>	116,957
Adjusted during the period / year		<b>(30,241)</b>	(32,939)
Closing balance		<b>63,777</b>	94,018
<b>10.3.2</b> Deferred Islamic SME Asaan Finance Murabaha income			
Opening balance		<b>7,566</b>	1,526
Arising during the period / year		<b>-</b>	17,394
Recognised during the period / year		<b>(3,165)</b>	(11,354)
Closing balance		<b>4,401</b>	7,566

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	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
	Rupees in '000	
<b>10.4</b> Musawammah financing - gross	<b>17,077,050</b>	76,327,808
Less: Deferred income	<b>(749,893)</b>	(593,935)
Profit receivable shown in other assets	<b>(999,383)</b>	(750,763)
Musawammah financing	<b>15,327,774</b>	74,983,110
<b>10.5</b> Financing under Islamic Export Refinance - Musawammah - gross	<b>794,184</b>	1,548,225
Less: Deferred income	<b>(21,270)</b>	(33,599)
Profit receivable shown in other assets	<b>(13,385)</b>	(32,864)
Financing under Islamic Export Refinance - Musawammah	<b>759,529</b>	1,481,762
<b>10.6</b> Financing under SBP's IFRE - Musawammah - gross	<b>314,390</b>	304,510
Less: Deferred income	<b>(30,165)</b>	(29,482)
Profit receivable shown in other assets	<b>(6,453)</b>	(3,815)
Financing under SBP's IFRE - Musawammah	<b>277,772</b>	271,213
<b>10.7</b> Bai Muajjal financing - gross	<b>125,231,126</b>	42,504,634
Less: Deferred income	<b>(6,276,135)</b>	(5,283,514)
Profit receivable shown in other assets	<b>(6,031,886)</b>	(1,251,168)
Bai Muajjal financing	<b>112,923,105</b>	35,969,952
<b>10.8</b> Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 48,539 million (December 31, 2022: Rs 45,881 million).		
<b>10.9</b> This includes Rs 675 million (December 31, 2022: Rs 699 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.		
<b>10.10 Particulars of financing - Gross</b>	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
	Rupees in '000	
- in local currency	<b>992,105,056</b>	972,271,359
- in foreign currencies	<b>54,503,631</b>	45,830,398
	<b>1,046,608,687</b>	1,018,101,757

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10.11 Islamic financing and related assets include Rs 15,344 million (December 31, 2022: Rs 13,628 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Non-performing amount	Provision held	Non-performing amount	Provision held
	Rupees in '000			
<b>Domestic</b>				
Other Assets Especially Mentioned	41,671	630	221,234	114
Substandard	647,497	95,313	318,621	69,740
Doubtful	805,509	259,518	305,332	127,458
Loss	13,849,569	13,632,790	12,783,100	12,615,450
Total	<u>15,344,246</u>	<u>13,988,251</u>	<u>13,628,287</u>	<u>12,812,762</u>

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

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	12,812,762	9,780,641	22,593,403	13,338,988	5,870,018	19,209,006
Exchange Adjustment for the period / year	122,448	-	122,448	219,559	-	219,559
Charge for the period / year	1,405,448	2,554,500	3,959,948	815,425	3,910,623	4,726,048
Less: Reversals for the period / year	(351,904)	-	(351,904)	(1,476,314)	-	(1,476,314)
	1,053,544	2,554,500	3,608,044	(660,889)	3,910,623	3,249,734
Amount written off	(503)	-	(503)	(84,896)	-	(84,896)
Closing balance	<u>13,988,251</u>	<u>12,335,141</u>	<u>26,323,392</u>	<u>12,812,762</u>	<u>9,780,641</u>	<u>22,593,403</u>

10.12.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 11,600 million (December 31, 2022: Rs 9,100 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

10.12.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed amounts to Rs 384.36 million (December 31, 2022: Rs 256.30 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 196.02 million (December 31, 2022: Rs 130.71 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.



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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>11 FIXED ASSETS</b>			
Capital work-in-progress	11.1 & 11.2	<b>8,108,433</b>	6,782,412
Property and equipment	11.2 & 11.3	<b>25,239,591</b>	22,297,092
Right-of-use assets		<b>9,995,091</b>	11,347,016
		<b>43,343,115</b>	40,426,520
<b>11.1 Capital work-in-progress</b>			
Advances to suppliers and contractors for:			
- civil works		<b>5,015,301</b>	4,767,018
- computer hardware		<b>518,899</b>	815,696
- purchase of vehicles		<b>756,003</b>	76,824
- office machines		<b>1,539,465</b>	993,941
- furniture and fixtures		<b>278,765</b>	128,933
		<b>8,108,433</b>	6,782,412
		<b>June 30, 2023 (Unaudited)</b>	<b>June 30, 2022 (Unaudited)</b>
Rupees in '000			
<b>11.2 Additions to fixed assets</b>			
The following additions (net) have been made to fixed assets during the period:			
Capital work-in-progress		<b>1,326,021</b>	1,802,731
<b>Property and equipment</b>			
Leasehold land		<b>2,022</b>	161,463
Buidling on leasehold land		<b>358,617</b>	524,488
Leasehold improvements		<b>1,572,939</b>	790,713
Furniture and fixture		<b>151,255</b>	237,424
Electrical, office and computer equipment		<b>1,987,971</b>	2,090,490
Vehicles		<b>920,006</b>	383,285
		<b>4,992,810</b>	4,187,863
		<b>6,318,831</b>	5,990,594

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	Note	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
		Rupees in '000	
<b>11.3 Disposal of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold improvements		2,410	10,385
Furniture and fixture		534	618
Electrical, office and computer equipment		14,592	2,193
Vehicles		63,826	84,287
		<b>81,362</b>	<b>97,483</b>
		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
		Rupees in '000	
<b>12 INTANGIBLE ASSETS</b>			
Computer software	12.1	1,465,123	1,421,338
Advance against computer software		321,713	422,646
		<b>1,786,836</b>	<b>1,843,984</b>
		Half year ended	
		June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
		Rupees in '000	
<b>12.1 Additions to intangible assets</b>			
Computer softwares - directly purchased		174,009	359,490

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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>13 DEFERRED TAX ASSETS</b>			
<b>Taxable temporary differences on:</b>			
Excess of accounting book values over tax written down values of owned assets		(588,094)	(463,330)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(2,300)	(2,021)
		(590,394)	(465,351)
<b>Deductible temporary differences on:</b>			
Deficit on revaluation of available for sale investments	20	1,490,725	502,685
Provision for diminution / impairment in value of investments		1,426,542	1,378,020
Income not accrued due to non-culmination of financing		7,009,916	2,998,031
Provision against non-performing Islamic financing and related assets		742,641	162,490
Others		71,426	70,127
		10,741,250	5,111,353
		<u>10,150,856</u>	<u>4,646,002</u>

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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>14 OTHER ASSETS</b>			
Profit / return accrued in local currency - net of provisions		<b>88,721,999</b>	68,614,403
Profit / return accrued in foreign currencies - net of provisions		<b>297,905</b>	390,362
Acceptances		<b>16,416,946</b>	12,495,872
Advances, deposits, and other prepayments		<b>3,173,874</b>	2,301,748
Non-banking assets acquired in satisfaction of claims		<b>50,267</b>	50,301
Mark to market gain on forward foreign exchange contracts		<b>280,231</b>	-
Receivables on account of sale of securities		<b>17,096</b>	61,941
Dividends receivable		<b>18,108</b>	950
Stamps		<b>25,799</b>	27,400
Security deposits		<b>463,958</b>	427,931
Receivable under alternate delivery channel		<b>5,918,993</b>	557,375
Others		<b>800,486</b>	553,739
		<b>116,185,662</b>	85,482,022
Less: Provision held against other assets	14.1	<b>(114,932)</b>	(107,921)
Other assets (net of provision)		<b>116,070,730</b>	85,374,101
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	<b>4,694</b>	4,699
Other assets		<b>116,075,424</b>	85,378,800
<b>14.1 Provision held against other assets</b>			
Others	14.1.1	<b>114,932</b>	107,921
<b>14.1.1 Movement in provision held against other assets</b>			
Opening balance		<b>107,921</b>	39,854
Charge for the period / year		<b>19,568</b>	134,167
Reversals for the period / year		<b>(2,546)</b>	(8,056)
Amount adjusted / written off		<b>(10,011)</b>	(58,044)
Closing balance		<b>114,932</b>	107,921

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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>15</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	<u>54,218,336</u>	<u>40,175,122</u>
<b>16</b>	<b>DUE TO FINANCIAL INSTITUTIONS</b>		
	In Pakistan	16.1 <u>527,474,930</u>	<u>573,326,439</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	72,016,604	71,610,934
	Investment under Islamic Long Term Financing Facility	24,621,254	25,694,774
	Investment under Islamic Refinance Facility for Combating COVID-19	802,320	955,573
	Investment under Islamic Financing for Renewal Energy	16,687,124	17,251,134
	Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	20,221,730	19,384,119
	Investment under Islamic Refinance Scheme for storage of Agriculture Produce	283,162	282,324
	Investment under Islamic Refinance Scheme for SME Asaan Finance	150,717	201,614
	Investment under Shariah Compliant Open Market Operations	290,571,642	363,382,155
	Investment under Shariah Compliant Standing Ceiling Facility	5,949,005	-
	<b>Total secured</b>	<u>431,303,558</u>	<u>498,762,627</u>
	<b>With Scheduled Bank</b>	16.1.2 <u>67,742,000</u>	30,000,000
	<b>Other financial institutions</b>	<u>5,416,491</u>	5,856,908
	<b>Unsecured</b>		
	Overdrawn nostro accounts	762,881	496,904
	Musharakah with scheduled banks / financial institutions	16.1.3 <u>22,250,000</u>	37,775,000
	Others	-	435,000
		<u>527,474,930</u>	<u>573,326,439</u>

**16.1.1** These represent acceptance of funds by the Bank on Mudarabah basis which has 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 profit rate on Open Market Operations is 21.11% (December 31, 2022: 15.91%) per annum and Standing Ceiling facility is 23% (December 31, 2022: Nil) per annum.

**16.1.2** These represents 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 profit rate on these Musharakah is around 22.51% (December 31, 2022: 16.15%) per annum. These balances have matured in July 2023 (December 31, 2022: January 2023).

**16.1.3** These represents acceptance of funds by the Bank on Musharakah basis. The expected average profit rate on these Musharakah is around 21.58% (December 31, 2022: 15.51%) per annum. These balances have matured in July 2023 (December 31, 2022: January 2023).

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**17 DEPOSITS AND OTHER ACCOUNTS**

	June 30, 2023 (Unaudited)			December 31, 2022 (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	877,420,065	51,918,348	929,338,413	736,468,532	38,420,227	774,888,759
- Savings deposits	672,734,181	66,475,808	739,209,989	581,314,505	53,554,524	634,869,029
- Fixed deposits	205,278,663	19,272,059	224,550,722	181,114,576	16,136,130	197,250,706
- Margin deposits	19,063,711	282,002	19,345,713	40,429,443	2,005,656	42,435,099
	<b>1,774,496,620</b>	<b>137,948,217</b>	<b>1,912,444,837</b>	<b>1,539,327,056</b>	<b>110,116,537</b>	<b>1,649,443,593</b>
<b>Financial institutions</b>						
- Current accounts - non-remunerative	1,589,921	509,580	2,099,501	1,770,475	345,846	2,116,321
- Savings deposits	6,509,119	-	6,509,119	5,929,062	904	5,929,966
- Fixed deposits	838,821	-	838,821	1,000,238	-	1,000,238
	<b>8,937,861</b>	<b>509,580</b>	<b>9,447,441</b>	<b>8,699,775</b>	<b>346,750</b>	<b>9,046,525</b>
	<b>1,783,434,481</b>	<b>138,457,797</b>	<b>1,921,892,278</b>	<b>1,548,026,831</b>	<b>110,463,287</b>	<b>1,658,490,118</b>

**18 SUB-ORDINATED SUKUK**

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
		Rupees in '000	
Additional Tier I Sukuk	18.1	<b>7,000,000</b>	7,000,000
Tier II Sukuk	18.2	<b>13,990,000</b>	13,990,000
		<b>20,990,000</b>	<b>20,990,000</b>

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**18.1** 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 23.76% 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.

**18.2** 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 18.00% and 22.5% 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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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>19 OTHER LIABILITIES</b>		Rupees in '000	
Return on deposits and other dues			
- payable in local currency		<b>20,139,315</b>	13,408,460
- payable in foreign currencies		<b>370,478</b>	222,900
Unearned income		<b>2,638,400</b>	2,123,582
Accrued expenses		<b>20,834,900</b>	17,360,130
Current taxation (provision less payments)		<b>27,212,963</b>	20,084,580
Acceptances		<b>16,416,946</b>	12,495,872
Unclaimed dividends		<b>23,495</b>	3,825,350
Payable to defined benefit plan		<b>869,860</b>	1,198,444
Provision against off-balance sheet obligations	19.1	<b>55,167</b>	55,167
Charity payable		<b>15,644</b>	4,159
Security deposits against Ijarah		<b>20,636,158</b>	21,959,346
Payable on account of credit murabaha / ijarah / musawammah		<b>24,323</b>	53,681,143
Security deposits against lockers		<b>196,325</b>	183,412
Mark to market loss on forward foreign exchange commitments - net		-	214,602
Advance against future Diminishing Musharakah		-	34,987
Withholding taxes payable		<b>412,896</b>	400,426
Lease liability against right-of-use assets		<b>11,966,571</b>	12,813,226
Workers welfare fund payable		<b>7,105,630</b>	5,620,598
Payable to interchange network		<b>5,563,307</b>	1,999,252
Others		<b>2,440,195</b>	1,409,503
		<b><u>136,922,573</u></b>	<b><u>169,095,139</u></b>
<b>19.1 Provision against off-balance sheet obligations</b>			
Opening balance		<b>55,167</b>	55,167
Charge for the period / year		-	-
Reversals for the period / year		-	-
Closing balance		<b><u>55,167</u></b>	<b><u>55,167</u></b>
<b>20 DEFICIT ON REVALUATION OF ASSETS - NET OF TAX</b>			
Available for sale securities			
- Listed shares		<b>1,007,484</b>	1,035,172
- Sukuk		<b>(4,049,780)</b>	(2,204,206)
		<b>(3,042,296)</b>	(1,169,034)
Non-banking assets acquired in satisfaction of claims		<b>4,694</b>	4,699
		<b>(3,037,602)</b>	(1,164,335)
Less: Deferred tax asset / (liability) on			
- Available for sale securities		<b>1,490,725</b>	502,685
- Non-banking assets acquired in satisfaction of claims		<b>(2,300)</b>	(2,021)
		<b>1,488,425</b>	500,664
		<b>(1,549,177)</b>	(663,671)



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	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rupees in '000			
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	21.1	62,151,423	56,485,801
- Commitments	21.2	1,254,636,227	1,238,876,726
- Other contingent liabilities	21.3	1,802,000	1,802,000
		<u>1,318,589,650</u>	<u>1,297,164,527</u>
<b>21.1 Guarantees:</b>			
Financial guarantees		79,181	570,477
Performance guarantees		38,595,776	33,361,532
Other guarantees		23,476,466	22,553,792
		<u>62,151,423</u>	<u>56,485,801</u>
<b>21.2 Commitments:</b>			
Documentary letters of credit		235,893,748	221,689,496
Commitments in respect of:			
- forward foreign exchange transactions	21.2.1	180,664,504	243,862,470
Commitments for acquisition of:			
- fixed assets		540,946	640,778
- intangible assets		297,510	291,358
Other commitments	21.2.2	837,239,519	772,392,624
		<u>1,254,636,227</u>	<u>1,238,876,726</u>
<b>21.2.1 Commitments in respect of forward foreign exchange transactions</b>			
Purchase		115,923,178	139,648,096
Sale		64,741,326	104,214,374
		<u>180,664,504</u>	<u>243,862,470</u>
<b>21.2.2 Other Commitments</b>			
Commitments in respect of financing (including irrevocable commitments)		<u>837,239,519</u>	<u>772,392,624</u>
<b>21.3 Other contingencies</b>			

The Income Tax Department amended the deemed assessment orders of the Bank for prior years including the tax year 2022. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

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



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	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	Rupees in '000	
<b>26 OTHER INCOME</b>		
Gain on termination of Islamic financing	399,861	265,191
Gain on sale of operating fixed assets	165,281	141,750
Liabilities written back - donation to Meezan Foundation (Liquidated)	-	350,000
Others	1,670	2,600
	<u>566,812</u>	<u>759,541</u>
<b>27 OPERATING EXPENSES</b>		
Total compensation expense	17,299,179	11,571,816
<b>Property expense</b>		
Depreciation on right-of-use assets	1,370,880	1,399,145
Rent and taxes	98,613	16,395
Utilities cost (including electricity and diesel)	1,088,439	778,076
Security (including guards)	604,456	555,683
Repair and maintenance (including janitorial charges)	739,888	331,532
Depreciation	545,087	414,580
Others	16,537	29,191
	<u>4,463,900</u>	<u>3,524,602</u>
<b>Information technology expenses</b>		
Software maintenance	738,279	421,546
Hardware maintenance	303,550	148,989
Depreciation	530,587	300,859
Amortisation	241,793	210,715
Network charges	165,614	153,714
	<u>1,979,823</u>	<u>1,235,823</u>
<b>Other operating expenses</b>		
Stationery and printing (including debit card related cost)	839,582	588,482
Repairs and maintenance	270,585	244,807
Local transportation and car running	896,558	472,909
Depreciation on vehicles, equipment etc.	882,639	697,922
Legal and professional charges	74,036	55,675
NIFT and other clearing charges	99,703	104,222
Marketing, advertisement and publicity (including Corporate Social Responsibility)	639,508	605,150
Security charges - cash transportation	485,723	306,389
Communication (including courier)	696,961	267,632
Travelling and conveyance	134,945	65,995
Training and Development	55,689	54,103
Fees, subscription and other charges	277,264	199,215
Brokerage and bank charges	168,242	130,362
Office supplies	263,027	179,253
Entertainment	40,007	33,550
Takaful expense	153,911	52,154
Outsourced services costs	10,764	11,222
Auditors' remuneration	8,804	7,204
Fees and allowances to Shariah Board	21,285	17,951
Directors' fees and allowances	25,880	34,670
Others	274	4,668
	<u>6,045,387</u>	<u>4,133,535</u>
	<u>29,788,289</u>	<u>20,465,776</u>

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	Note	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Rupees in '000			
<b>28 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		<u>52,280</u>	<u>5,933</u>
<b>29 PROVISIONS AND WRITE OFFS - NET</b>			
Provision against non-performing Islamic financing and related assets - net	10.12	<u>3,608,044</u>	729,681
Provision for diminution in value of investments	9.2	<u>11,629</u>	435,872
Provision against other assets	14.1.1	<u>17,022</u>	27,371
Recoveries of written off financings		<u>(2,551)</u>	(3,536)
		<u>3,634,144</u>	<u>1,189,388</u>
<b>30 TAXATION</b>			
Current	30.1	<u>35,807,477</u>	18,186,446
Prior periods		<u>718,001</u>	-
Deferred	30.1	<u>(4,517,093)</u>	(1,623,326)
		<u>32,008,385</u>	<u>16,563,120</u>
<b>30.1</b>	Through Finance Act 2022 and 2023, the effective tax rate on banking companies has been increased and consequently for the years 2023 and 2024 and onwards, tax rate has been enhanced to 49% (inclusive of 10% Super Tax). Accordingly, the Bank has recognised current super tax charge of Rs 7,314 million (June 30, 2022: Rs 3,676 million) in the current period based on taxable income for the period.		
		<b>Half year ended</b>	
	Note	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Rupees in '000			
<b>31 BASIC EARNINGS PER SHARE</b>			
Profit for the period		<u>32,585,647</u>	<u>17,119,149</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,789,624,321</u>	<u>1,789,624,321</u>
		(Rupees)	
Basic earnings per share	32.2	<u>18.21</u>	<u>9.57</u>
		Restated	
		June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Rupees in '000			
<b>32 DILUTED EARNINGS PER SHARE</b>			
Profit for the period		<u>32,585,647</u>	<u>17,119,149</u>

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	Note	June 30, 2023 (Unaudited) <u>(Number)</u>	June 30, 2022 (Unaudited) <u>Restated</u>
Weighted average number of ordinary shares	32.1	<u>1,790,638,082</u>	<u>1,790,142,683</u>
		<u>(Rupees)</u>	
Diluted earnings per share	32.2	<u>18.20</u>	<u>9.56</u>
		<u>(Number)</u>	
<b>32.1 Reconciliation of basic and diluted earning per share</b>			
Weighted average number of ordinary shares		<u>1,789,624,321</u>	<u>1,789,624,321</u>
Add: Diluted impact of Employee stock option scheme	32.3	<u>1,013,761</u>	<u>518,362</u>
Dilutive potential ordinary shares		<u>1,790,638,082</u>	<u>1,790,142,683</u>

**32.2** The Bank has issued bonus shares during the last year and accordingly the earnings per share for the comparative year has been restated.

**32.3** The Bank has received advance against issue of 1,628,873 shares under employees share option scheme. These shares were issued subsequent to the period end.

	Note	June 30, 2023 (Unaudited) <u>Rupees in '000</u>	June 30, 2022 (Unaudited)
<b>33 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	<u>200,316,407</u>	<u>166,493,297</u>
Balances with other banks	7	<u>10,630,830</u>	<u>12,433,516</u>
		<u>210,947,237</u>	<u>178,926,813</u>

**34 FAIR VALUE INSTRUMENT**

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

**34.1 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).

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<b>June 30, 2023 (Unaudited)</b>					
	Carrying value	Level 1	Fair value		Total
			Level 2	Level 3	
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	996,556,687	-	996,556,687	-	996,556,687
- Shares	7,898,898	7,898,898	-	-	7,898,898
- Non Government Sukuk	119,517,140	119,517,140	-	-	119,517,140
- Foreign Securities	5,125,732	-	5,125,732	-	5,125,732
	<u>1,129,098,457</u>	<u>127,416,038</u>	<u>1,001,682,419</u>	<u>-</u>	<u>1,129,098,457</u>
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	217,082,469	-	194,181,175	-	194,181,175
	<u>217,082,469</u>	<u>-</u>	<u>194,181,175</u>	<u>-</u>	<u>194,181,175</u>
	<u>1,346,180,926</u>	<u>127,416,038</u>	<u>1,195,863,594</u>	<u>-</u>	<u>1,323,279,632</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange contracts	183,285,443	-	183,285,443	-	183,285,443
	<u>183,285,443</u>	<u>-</u>	<u>183,285,443</u>	<u>-</u>	<u>183,285,443</u>
<b>December 31, 2022 (Audited)</b>					
	Carrying value	Level 1	Fair value		Total
			Level 2	Level 3	
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	917,873,562	-	917,873,562	-	917,873,562
- Shares	7,565,867	7,565,867	-	-	7,565,867
- Non Government Sukuk	119,509,708	119,509,708	-	-	119,509,708
- Foreign Securities	8,568,475	-	8,568,475	-	8,568,475
	<u>1,053,517,612</u>	<u>127,075,575</u>	<u>926,442,037</u>	<u>-</u>	<u>1,053,517,612</u>
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	217,208,259	-	203,805,000	-	203,805,000
	<u>217,208,259</u>	<u>-</u>	<u>203,805,000</u>	<u>-</u>	<u>203,805,000</u>
	<u>1,270,725,871</u>	<u>127,075,575</u>	<u>1,130,247,037</u>	<u>-</u>	<u>1,257,322,612</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange contracts	244,685,475	-	244,685,475	-	244,685,475
	<u>244,685,475</u>	<u>-</u>	<u>244,685,475</u>	<u>-</u>	<u>244,685,475</u>

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

	June 30, 2023 (Unaudited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-banking assets acquired in satisfaction of claims	54,961	-	-	55,000	55,000
	<u>54,961</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>
	December 31, 2022 (Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Non-banking assets acquired in satisfaction of claims	55,000	-	-	55,000	55,000
	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>

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 Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Mutual Funds	The valuation has been determined based on Net asset values (NAV) declared by respective funds.
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, 2022.
Unquoted Equity Securities	Break-up value determined on the basis of NAV of the company using the latest available audited financial statements.

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.

Fair value of Islamic financing and related assets, unquoted sukuk, other assets, other liabilities and fixed term deposits and other accounts and due to financial institutions cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been made in accordance with the Bank's accounting policy as stated in note 6.3.2 to the 2022 annual financial statements.

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

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**35 SEGMENT INFORMATION**

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

**2023**

	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
<b>Rupees in '000</b>						
<b>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 June 30, 2023 (Unaudited)</b>						
Cash and Bank balances	-	203,654,538	3,785,160	3,507,539	-	210,947,237
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	12,874,283	-	1,347,639,516	-	-	1,360,513,799
Net inter segment lending	-	1,748,040,349	-	-	(1,748,040,349)	-
Islamic financings and related assets - net	934,296,866	85,988,429	-	-	-	1,020,285,295
Others	44,603,523	61,979,626	58,854,080	5,919,002	-	171,356,231
<b>Total Assets</b>	<b>991,774,672</b>	<b>2,099,662,942</b>	<b>1,445,243,055</b>	<b>9,426,541</b>	<b>(1,748,040,349)</b>	<b>2,798,066,861</b>
Due to financial institutions	134,341,786	5,857,619	387,275,525	-	-	527,474,930
Deposits and other accounts	-	1,921,892,278	-	-	-	1,921,892,278
Subordinated Sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	761,359,648	-	980,485,960	6,194,741	(1,748,040,349)	-
Others	26,676,453	154,750,962	6,941,787	2,771,707	-	191,140,909
<b>Total liabilities</b>	<b>943,367,887</b>	<b>2,082,500,859</b>	<b>1,374,703,272</b>	<b>8,966,448</b>	<b>(1,748,040,349)</b>	<b>2,661,498,117</b>
<b>Equity</b>	<b>48,406,785</b>	<b>17,162,083</b>	<b>70,539,783</b>	<b>460,093</b>	<b>-</b>	<b>136,568,744</b>
<b>Total Equity and liabilities</b>	<b>991,774,672</b>	<b>2,099,662,942</b>	<b>1,445,243,055</b>	<b>9,426,541</b>	<b>(1,748,040,349)</b>	<b>2,798,066,861</b>
<b>Contingencies and Commitments</b>	<b>1,046,328,086</b>	<b>91,597,060</b>	<b>180,664,504</b>	<b>-</b>	<b>-</b>	<b>1,318,589,650</b>

**2022**

	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
<b>Rupees in '000</b>						
<b>Profit and loss account for the half year ended June 30, 2022 (Unaudited)</b>						
External Funded Revenue	30,872,958	3,493,962	53,929,528	-	-	88,296,448
External Non funded Revenue	2,381,342	1,713,724	3,936,993	2,626,143	-	10,658,202
Inter segment revenue - net	-	76,577,091	-	57,017	(76,634,108)	-
<b>Total Income</b>	<b>33,254,300</b>	<b>81,784,777</b>	<b>57,866,521</b>	<b>2,683,160</b>	<b>(76,634,108)</b>	<b>98,954,650</b>
External Cost of funds	2,506,226	26,481,116	13,887,112	-	-	42,874,454
Segment direct expenses	618,202	19,383,203	148,541	1,058,593	-	21,208,539
Inter segment expense allocation	26,852,212	-	49,781,896	-	(76,634,108)	-
<b>Total expenses</b>	<b>29,976,640</b>	<b>45,864,319</b>	<b>63,817,549</b>	<b>1,058,593</b>	<b>(76,634,108)</b>	<b>64,082,993</b>
Provision and write offs - net	621,394	110,250	435,872	21,872	-	1,189,388
<b>Profit before tax</b>	<b>2,656,266</b>	<b>35,810,208</b>	<b>(6,386,900)</b>	<b>1,602,695</b>	<b>-</b>	<b>33,682,269</b>
<b>Statement of financial position as at December 31, 2022 (Audited)</b>						
Cash and Bank balances	-	112,300,051	8,905,757	10,213,457	-	131,419,265
Due from financial institutions - net	-	-	34,964,299	-	-	34,964,299
Investments - net	11,019,547	-	1,272,190,740	-	-	1,283,210,287
Net inter segment lending	-	1,544,149,502	-	-	(1,544,149,502)	-
Islamic financings and related assets - net	902,768,059	92,740,295	-	-	-	995,508,354
Others	35,208,094	52,596,851	43,932,977	557,384	-	132,295,306
<b>Total Assets</b>	<b>948,995,700</b>	<b>1,801,786,699</b>	<b>1,359,993,773</b>	<b>10,770,841</b>	<b>(1,544,149,502)</b>	<b>2,577,397,511</b>
Due to financial institutions	134,872,920	6,364,466	432,089,053	-	-	573,326,439
Deposits and other accounts	-	1,658,490,118	-	-	-	1,658,490,118
Subordinated Sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	675,947,666	-	861,843,217	6,358,619	(1,544,149,502)	-
Others	74,724,128	125,404,634	5,211,198	3,930,301	-	209,270,261
<b>Total liabilities</b>	<b>906,534,714</b>	<b>1,790,259,218</b>	<b>1,299,143,468</b>	<b>10,288,920</b>	<b>(1,544,149,502)</b>	<b>2,462,076,818</b>
<b>Equity</b>	<b>42,460,986</b>	<b>11,527,481</b>	<b>60,850,305</b>	<b>481,921</b>	<b>-</b>	<b>115,320,693</b>
<b>Total Equity and liabilities</b>	<b>948,995,700</b>	<b>1,801,786,699</b>	<b>1,359,993,773</b>	<b>10,770,841</b>	<b>(1,544,149,502)</b>	<b>2,577,397,511</b>
<b>Contingencies and Commitments</b>	<b>965,252,925</b>	<b>88,049,132</b>	<b>243,862,470</b>	<b>-</b>	<b>-</b>	<b>1,297,164,527</b>



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**36 RELATED PARTY TRANSACTIONS**

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

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

**36.3 Subsidiary company**  
- Al Meezan Investment Management Limited

**36.4 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.

**36.5 Key management personnel**  
- President and Chief Executive Officer  
- Deputy Chief Executive Officer

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

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)
<b>Rupees in '000</b>												
<b>Islamic financing and related assets</b>												
Opening balance	29,972,348	-	-	-	29,972,348	-	-	-	-	-	-	-
Addition during the period / year	10,071,141	29,972,348	-	-	10,071,141	29,972,348	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	(10,052,673)	-	-	-	(10,052,673)	-	-	-	-	-	-	-
Closing balance	29,990,816	29,972,348	-	-	29,990,816	29,972,348	-	-	-	-	-	-
<b>Investments</b>												
Opening balance	908,302	907,788	63,050	63,050	845,252	844,738	-	-	-	-	-	-
Addition during the period / year	-	514	-	-	-	514	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	908,302	908,302	63,050	63,050	845,252	845,252	-	-	-	-	-	-
<b>Due from financial institutions</b>												
Opening balance	-	21,858,348	-	-	-	21,858,348	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	-	(21,858,348)	-	-	-	(21,858,348)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-

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	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	June 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)
<b>Rupees in '000</b>												
<b>Deposits</b>	4,563,911	4,494,250	66,767	20,528	3,654,971	3,565,924	175,710	134,806	154,640	180,487	511,823	592,504
<b>Other Assets</b>												
Profit receivable on financing / investments / placements	1,468,089	684,919	-	-	1,468,089	684,919	-	-	-	-	-	-
Dividend Receivable	17,158	-	-	-	17,158	-	-	-	-	-	-	-
Fee and Other Receivable	136,147	47,936	65,975	24,975	70,172	17,864	-	-	-	1,745	-	3,352
<b>Due from financial institutions</b>												
Opening balance	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-	-
Addition during the period / year	118,600,000	53,500,000	-	-	118,600,000	53,500,000	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	(136,600,000)	(35,500,000)	-	-	(136,600,000)	(35,500,000)	-	-	-	-	-	-
Closing balance	-	18,000,000	-	-	-	18,000,000	-	-	-	-	-	-
<b>Sub-ordinated Sukuk</b>												
Opening balance	210,000	200,000	-	-	210,000	200,000	-	-	-	-	-	-
Addition during the period / year	-	10,000	-	-	-	10,000	-	-	-	-	-	-
Repayment / redemption / deletion during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	210,000	210,000	-	-	210,000	210,000	-	-	-	-	-	-
<b>Other Liabilities</b>												
Profit payable on musharakah acceptance	-	54,568	-	-	-	54,568	-	-	-	-	-	-
Payable to defined benefit plan	869,860	1,198,444	-	-	-	-	-	-	576,674	529,429	293,186	669,015
Accrued Expenses	5,382	1,992	5,382	1,992	-	-	-	-	-	-	-	-
Unearned Income	1,937	16,615	-	-	1,937	16,615	-	-	-	-	-	-
<b>Advances against issue of shares</b>	3,570	-	-	-	-	-	-	-	3,570	-	-	-
<b>Contingencies and Commitments</b>												
Letters of credit (unfunded)	720,968	725,168	-	-	720,968	725,168	-	-	-	-	-	-
Letters of Guarantee (unfunded)	641,377	2,387,177	100	100	641,277	2,387,077	-	-	-	-	-	-

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FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	<b>Rupees in '000</b>											
<b>Transactions, income and expenses</b>												
Profit earned on financing / investments / placements	2,291,276	68,184	-	-	2,291,276	68,184	-	-	-	-	-	-
Fees and other income earned	395,159	469,435	155,983	41,116	238,970	78,093	17	8	148	187	41	350,031
Dividend income earned	147,158	130,556	130,000	130,000	17,158	556	-	-	-	-	-	-
Capital gain - net	-	2,028	-	-	-	-	-	-	-	-	-	2,028
Return on deposits / acceptance expensed	1,871,232	288,066	3,561	1,146	1,829,935	141,662	1,640	564	4,962	3,537	31,134	141,157
Charge for defined benefit plan	293,186	214,874	-	-	-	-	-	-	-	-	293,186	214,874
Contribution to defined contribution plan	330,398	265,352	-	-	-	-	-	-	-	-	330,398	265,352
Contribution to staff benevolent fund	58,142	10,216	-	-	-	-	-	-	-	-	58,142	10,216
Fees expensed	11,414	11,964	10,764	11,222	650	742	-	-	-	-	-	-
Charity Paid	21,500	-	-	-	1,500	-	-	-	-	-	20,000	-
Purchase of fixed assets	217,461	141,496	-	-	217,461	141,496	-	-	-	-	-	-
Remuneration to key management personnel	148,606	101,178	-	-	-	-	-	-	148,606	101,178	-	-
Fee to non-executive directors	25,880	34,670	-	-	-	-	25,880	34,670	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
	Rupees in '000	
<b>37 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR)</b>		
Paid-up capital (net of losses)	17,896,243	17,896,243
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	134,651,363	113,339,894
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	141,651,363	120,339,894
Eligible Tier 2 Capital	21,085,090	20,962,210
Total Eligible Capital (Tier 1 + Tier 2)	162,736,453	141,302,104
Risk weighted assets (RWAs):		
Credit Risk	567,607,193	557,776,813
Market Risk	20,293,895	22,678,235
Operational Risk	186,602,267	186,602,267
Total	774,503,356	767,057,315
Common Equity Tier 1 Capital Adequacy ratio	17.39%	14.78%
Tier 1 Capital Adequacy Ratio	18.29%	15.69%
Total Capital Adequacy Ratio	21.01%	18.42%
<b>Leverage ratio (LR):</b>		
Tier-1 Capital	141,651,363	120,339,894
Total Exposures	3,238,531,237	2,940,154,033
Leverage Ratio	4.37%	4.09%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	794,889,983	682,411,975
Total Net Cash Outflow	327,936,704	240,277,969
Liquidity Coverage Ratio	242%	284%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,891,909,340	1,628,565,640
Total Required Stable Funding	1,067,983,793	1,038,717,022
Net Stable Funding Ratio	177%	157%

**38 NON-ADJUSTING EVENT**

The Board of Directors in their meeting held on August 10, 2023 has announced interim cash dividend of Rs 4.00 per share (40%). These condensed interim unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

**39 DATE OF AUTHORISATION**

These condensed interim unconsolidated financial statements were authorised for issue on August 10, 2023 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, 2023**

	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
	<b>Rupees in '000</b>	
<b>ASSETS</b>		
Cash and balances with treasury banks	<b>200,316,850</b>	117,743,672
Balances with other banks	<b>10,665,346</b>	13,710,753
Due from financial institutions	<b>34,964,299</b>	34,964,299
Investments	<b>1,364,777,825</b>	1,287,316,423
Islamic financing and related assets	<b>1,020,285,295</b>	995,508,354
Fixed assets	<b>43,791,806</b>	40,624,658
Intangible assets	<b>1,886,805</b>	1,873,518
Deferred tax asset	<b>9,948,325</b>	4,439,835
Other assets	<b>116,515,271</b>	85,719,066
	<b>2,803,151,822</b>	2,581,900,578
<b>LIABILITIES</b>		
Bills payable	<b>54,218,336</b>	40,175,122
Due to financial institutions	<b>527,474,930</b>	573,326,439
Deposits and other accounts	<b>1,921,825,511</b>	1,658,469,588
Sub-ordinated sukuk	<b>20,990,000</b>	20,990,000
Deferred tax liabilities	-	-
Other liabilities	<b>138,010,684</b>	169,804,739
	<b>2,662,519,461</b>	2,462,765,888
<b>NET ASSETS</b>	<b>140,632,361</b>	119,134,690
<b>REPRESENTED BY</b>		
Share capital	<b>17,896,243</b>	17,896,243
Advance against issue of shares	<b>99,699</b>	-
Reserves	<b>31,656,656</b>	28,212,137
Deficit on revaluation of assets - net of tax	<b>(1,549,177)</b>	(663,671)
Unappropriated profit	<b>91,227,687</b>	72,485,599
	<b>139,331,108</b>	117,930,308
Non-controlling Interest	<b>1,301,253</b>	1,204,382
	<b>140,632,361</b>	119,134,690

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 HALF YEAR ENDED JUNE 30, 2023**

	Quarter ended June 30, 2023	Half year ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2022
Rupees in '000				
Profit / return earned on Islamic financing and related assets, investments and placements	101,057,569	183,046,038	50,224,429	88,361,922
Profit on deposits and other dues expensed	51,506,959	92,427,763	26,198,822	42,877,572
Net profit / return	<u>49,550,610</u>	<u>90,618,275</u>	<u>24,025,607</u>	<u>45,484,350</u>
<b>OTHER INCOME</b>				
Fee and Commission income	4,560,377	8,605,241	3,458,041	6,814,445
Dividend income	216,054	327,306	118,710	293,097
Foreign Exchange income	695,843	540,801	2,318,467	3,131,906
(Loss) / gain on securities	(248,750)	(340,810)	101,197	116,449
Other income	284,695	571,369	582,498	759,935
	<u>5,508,219</u>	<u>9,703,907</u>	<u>6,578,913</u>	<u>11,115,832</u>
Total other income	<u>55,058,829</u>	<u>100,322,182</u>	<u>30,604,520</u>	<u>56,600,182</u>
<b>OTHER EXPENSES</b>				
Operating expenses	15,522,002	30,041,267	10,523,033	20,740,453
Workers Welfare Fund	903,938	1,499,773	405,927	743,885
Other charges	49,452	52,280	4,801	5,933
Total other expenses	<u>16,475,392</u>	<u>31,593,320</u>	<u>10,933,761</u>	<u>21,490,271</u>
	<u>38,583,437</u>	<u>68,728,862</u>	<u>19,670,759</u>	<u>35,109,911</u>
Share of results of associates before taxation	83,778	110,241	(136,130)	(106,575)
Profit before provisions	<u>38,667,215</u>	<u>68,839,103</u>	<u>19,534,629</u>	<u>35,003,336</u>
Provisions and write offs - net	1,504,487	3,634,374	961,498	1,189,388
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<u>37,162,728</u>	<u>65,204,729</u>	<u>18,573,131</u>	<u>33,813,948</u>
Taxation	19,776,905	32,292,723	10,679,811	16,676,896
<b>PROFIT AFTER TAXATION</b>	<u>17,385,823</u>	<u>32,912,006</u>	<u>7,893,320</u>	<u>17,137,052</u>
<b>Attributable to:</b>				
Shareholders of the Holding company	17,296,437	32,742,776	7,867,055	17,052,650
Non-controlling interest	89,386	169,230	26,265	84,402
	<u>17,385,823</u>	<u>32,912,006</u>	<u>7,893,320</u>	<u>17,137,052</u>
Rupees in '000				
Restated				
<b>Basic earnings per share</b>	<u>9.66</u>	<u>18.30</u>	<u>4.40</u>	<u>9.53</u>
<b>Diluted earnings per share</b>	<u>9.66</u>	<u>18.29</u>	<u>4.39</u>	<u>9.53</u>

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 HALF YEAR ENDED JUNE 30, 2023**

	Quarter ended June 30, 2023	Half year ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2022
Rupees in '000				
<b>Profit after taxation for the period attributable to:</b>				
Shareholders of the Holding company	17,296,437	32,742,776	7,867,055	17,052,650
Non-controlling interest	89,386	169,230	26,265	84,402
	<u>17,385,823</u>	<u>32,912,006</u>	<u>7,893,320</u>	<u>17,137,052</u>
<b>Other Comprehensive Income</b>				
<b>Item that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	2,178,632	(885,222)	(1,506,991)	(4,865,480)
<b>Item that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurements of defined benefit plan - net of tax	(6,739)	(6,739)	(11,982)	(11,982)
Movement in deficit on revaluation of non - banking assets - net of tax	(281)	(281)	(1,544)	(1,544)
	<u>(7,020)</u>	<u>(7,020)</u>	<u>(13,526)</u>	<u>(13,526)</u>
<b>Other Comprehensive loss for the period</b>	<u>2,171,612</u>	<u>(892,242)</u>	<u>(1,520,517)</u>	<u>(4,879,006)</u>
<b>Total Comprehensive income for the period</b>	<u>19,557,435</u>	<u>32,019,764</u>	<u>6,372,803</u>	<u>12,258,046</u>
<b>Attributable to:</b>				
Shareholders of the Holding company	19,470,408	31,852,893	6,350,732	12,177,838
Non-controlling interest	87,027	166,871	22,071	80,208
	<u>19,557,435</u>	<u>32,019,764</u>	<u>6,372,803</u>	<u>12,258,046</u>

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

**Riyadh S. A. A. Edrees**  
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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, 2023**

	Share capital	Advance against issue of shares	Capital reserves			Employee share option compensation reserve	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		General reserve	Investments	Non-banking assets			
Rupees in '000												
<b>Balance as at January 1, 2022</b>	16,269,312	-	2,406,571	17,668,857	3,117,547	133,457	91,082	4,040,077	23,533	45,494,657	1,196,519	90,441,612
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	17,052,650	84,402	17,137,052
<b>Other Comprehensive loss for the half year ended June 30, 2022 - net of tax</b>												
- Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	(4,865,480)	-	-	-	(4,865,480)
- Movement in surplus / (deficit) on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	-	(1,544)	-	-	(1,544)
- Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(7,788)	(4,194)	(11,982)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-	(4,865,480)	(1,544)	(7,788)	(4,194)	(4,879,006)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(39)	39	-	-
<b>Other appropriations</b>												
Transfer to statutory reserve*	-	-	-	1,711,915	-	-	-	-	-	(1,711,915)	-	-
Recognition of share based compensation	-	-	-	-	-	123,230	-	-	-	-	-	123,230
Final cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	-	-	-	(2,440,397)	-	(2,440,397)
First Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	-	(2,847,130)	-	(2,847,130)
	-	-	-	-	-	-	-	-	-	(5,287,527)	-	(5,287,527)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
<b>Balance as at June 30, 2022</b>	<b>16,269,312</b>	<b>-</b>	<b>2,406,571</b>	<b>19,380,772</b>	<b>3,117,547</b>	<b>256,687</b>	<b>91,082</b>	<b>(825,403)</b>	<b>21,950</b>	<b>55,540,116</b>	<b>1,206,727</b>	<b>97,465,361</b>
Profit after taxation for the six months period end December 31, 2022	-	-	-	-	-	-	-	-	-	27,884,045	120,155	28,004,200
<b>Other Comprehensive (loss) / income for the six months period ended December 31, 2022 - net of tax</b>												
- Movement in surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	159,054	-	-	-	159,054
- Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	(96,555)	-	(96,555)
- Movement in surplus on revaluation of non - banking assets - net of tax	-	-	-	-	-	-	-	-	(19,224)	-	-	(19,224)
Total other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	-	159,054	(19,224)	(96,555)	-	43,275
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(48)	48	-	-
<b>Other appropriations</b>												
Transfer to statutory reserve*	-	-	-	2,788,746	-	-	-	-	-	(2,788,746)	-	-
Recognition of share based compensation	-	-	-	-	-	170,732	-	-	-	-	-	170,732
<b>Transactions with owners recognised directly in equity</b>												
Issue of bonus shares @ 10%	1,626,931	-	-	-	-	-	-	-	-	(1,626,931)	-	-
Second Interim cash dividend for the year 2022 @ Rs 1.75 per share	-	-	-	-	-	-	-	-	-	(2,847,130)	-	(2,847,130)
Third Interim cash dividend for the year 2022 @ Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,579,248)	-	(3,579,248)
	-	-	-	-	-	-	-	-	-	(6,426,378)	-	(6,426,378)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	-	(122,500)	(122,500)
<b>Balance as at December 31, 2022</b>	<b>17,896,243</b>	<b>-</b>	<b>2,406,571</b>	<b>22,169,518</b>	<b>3,117,547</b>	<b>427,419</b>	<b>91,082</b>	<b>(666,349)</b>	<b>2,678</b>	<b>72,485,599</b>	<b>1,204,382</b>	<b>119,134,690</b>

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Share capital	Advance against issue of shares	Capital reserves			Employee share option compensation reserve	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		General reserve	Investments	Non-banking assets			
<b>Rupees in '000</b>												
<b>Balance as at December 31, 2022</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 the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	32,742,776	169,230	32,912,006
<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)
- 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)
	-	-	-	-	-	-	-	-	-	(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>	<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>91,082</b>	<b>(1,551,571)</b>	<b>2,394</b>	<b>91,227,687</b>	<b>1,301,253</b>	<b>140,632,361</b>

\* 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, 2023**

	<b>Half year ended June 30, 2023</b>	<b>Half year ended June 30, 2022</b>
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>65,204,729</b>	33,813,948
Less: Dividend income	<b>(327,306)</b>	(293,097)
	<b>64,877,423</b>	33,520,851
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	<b>1,984,623</b>	1,441,379
Amortization	<b>258,725</b>	215,461
Non cash items related to right-of-use assets	<b>2,249,731</b>	2,225,395
Provisions and write offs - net	<b>3,634,374</b>	1,189,388
Share based compensation expense	<b>185,954</b>	123,230
Gain on sale of operating fixed assets	<b>(167,667)</b>	(142,144)
Share of results of associates	<b>(110,241)</b>	106,575
	<b>8,035,499</b>	5,159,284
	<b>72,912,922</b>	38,680,135
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	<b>-</b>	159,568,809
Islamic financing and related assets	<b>(28,382,434)</b>	(50,177,986)
Other assets	<b>(30,796,069)</b>	(3,718,624)
	<b>(59,178,503)</b>	105,672,199
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	<b>14,043,214</b>	22,728,657
Due to financial institutions	<b>(45,851,509)</b>	351,616,423
Deposits and other accounts	<b>263,355,923</b>	112,728,514
Other liabilities	<b>(34,404,158)</b>	13,466,933
	<b>197,143,470</b>	500,540,527
	<b>210,877,889</b>	644,892,861
Income tax paid	<b>(29,725,789)</b>	(11,309,705)
<b>Net cash generated from operating activities</b>	<b>181,152,100</b>	633,583,156
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	<b>(79,236,282)</b>	(629,749,275)
Dividends received	<b>310,148</b>	296,929
Investments in operating fixed assets	<b>(6,411,424)</b>	(6,058,551)
Investments in intangible assets	<b>(272,012)</b>	(379,169)
Proceeds from sale of fixed assets	<b>251,432</b>	240,990
<b>Net cash used in investing activities</b>	<b>(85,358,138)</b>	(635,649,076)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	<b>(1,756,289)</b>	(1,749,607)
Advance received against issue of shares	<b>99,699</b>	-
Dividend paid to equity shareholders of the Bank	<b>(14,539,601)</b>	(4,113,629)
Dividend paid to non-controlling interest	<b>(70,000)</b>	(70,000)
<b>Net cash used in financing activities</b>	<b>(16,266,191)</b>	(5,933,236)
Increase / (decrease) in cash and cash equivalents	<b>79,527,771</b>	(7,999,156)
Cash and cash equivalents at the beginning of the period	<b>131,454,425</b>	186,966,475
<b>Cash and cash equivalents at the end of the period</b>	<b>210,982,196</b>	178,967,319

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

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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) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund II, Meezan Gold Fund, Meezan Energy Fund, Meezan Strategic Allocation Fund III, Meezan Rozana Amdani Fund, Meezan Pakistan Exchange Traded Fund, Meezan Daily Income Fund and Meezan Paidar Munafa Plan.
- 1.2** These condensed interim consolidated financial statements has 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, 2023 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the half year ended June 30, 2023.

**2 ACCOUNTING POLICIES**

- 2.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2022.

**3 DATE OF AUTHORISATION**

Thess condensed interim consolidated financial statements was authorised for issue on August 10, 2023 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



**Meezan Bank**  
The Premier Islamic Bank

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