



Meezan Bank
The Premier Islamic Bank



Best Bank
in Pakistan 2020
Recognized by
Pakistan Banking Awards

FORM-8

August 25, 2022

MEBL/CS/PSX-17/121/2022

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, 2022

Dear Sir,

السَّلَامُ عَلَيْكُمْ

We have to inform you that the Quarterly Report of Meezan Bank for the period ended **June 30, 2022** 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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PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332 www.meezanbank.com



**HALF YEARLY
REPORT**
JUNE 30, 2022



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 financial statements of Meezan Bank Limited and consolidated financial statements for the half year ended June 30, 2022.

Economy

Pakistan's economy posted a robust GDP growth of 5.97% for the fiscal year ended 30th June 2022. Exports grew strongly on account of policy support including export facilitation scheme, enhancement in coverage and loan limits under LTFF, and tariff rationalization in certain sectors. Tax collection by the Federal Board of Revenue also recorded substantial growth of 29% during fiscal year 2022.

However, the geopolitical uncertainty, arising out of the Russia-Ukraine conflict, has amplified macroeconomic imbalances and global commodity prices have increased substantially. The current account deficit for the period July-May FY2022 rose to \$15.2 billion while the CPI inflation rose to 11.3%. This led the State Bank of Pakistan (SBP) to raise the policy rate to 15 percent as part of monetary tightening which has been underway since September 2021 to tame the rising inflation. The Federal Government has also increased the income taxes on select corporate sectors, including the Banking industry, through the Federal Budget 2022-23 to fill the fiscal gap.

Our performance

By the grace of Allah, notwithstanding these challenging economic conditions, Meezan Bank continued to deliver strong financial results during the first half year of 2022. The Bank's profit after tax for the half year ended on June 30, 2022 registered a growth of 36% to Rs 17.1 billion from Rs 12.6 billion in corresponding period last year despite higher taxation charge levied under the Finance Act 2022 by the Federal Government. Under the Finance Act 2022, the tax rate on banking companies has been increased to 49% for the year 2022 (39% normal tax and 10% Super Tax) from 39% in 2021 (35% normal tax and 4% Super Tax). As a result, the effective tax rate of the Bank for the second quarter surged to 57% while the effective tax rate for the half year ended June 30, 2022 increased to 49% versus 39% in June 2021. In addition, there is an additional penal tax charge if bank's Asset to Deposit Ratio (ADR) falls below 50% which in the case of Meezan did not apply since the Bank was able to maintain its ADR at 50% plus levels and contributed to its efficient tax management strategy.

Earnings per Share, on enhanced share capital of Rs 16.27 billion, increased to Rs 10.52 per share from Rs 7.75 per share in June 2021. The Bank remains well-capitalized with Capital Adequacy Ratio (CAR) of 17.86% being well above the minimum regulatory requirement. We are pleased to inform you that the Board has approved Rs 1.75 (17.5%) interim cash dividend for the second quarter. Further, the Board has also approved to issue 10% bonus shares. This brings the total dividend payout for the half year to Rs 3.50 (35%) along with 10% bonus shares, as Rs 1.75 per share (17.5%) interim cash dividend was paid for the first quarter of 2022.

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

The Financial Highlights of Meezan Bank are given below:

Rupees in millions

Statement of Financial Position	June 30, 2022	December 31, 2021	Growth %
Total Assets	2,418,486	1,902,971	27%
Investments	1,241,233	620,132	100%
Sovereign	1,216,377	594,101	105%
Others	24,856	26,031	(5%)
Islamic financing and related assets - Gross	827,477	777,295	6%
Deposits	1,568,627	1,455,886	8%
ADR (Gross Advances to Deposits) - %	53%	53%	
Equity	93,646	86,558	8%

Rupees in millions

Profit & Loss Account	Jan - June 2022	Jan - June 2021	Growth %
Profit / return earned on financing, investments and placements	88,296	50,117	76%
Profit on deposits and other dues expensed	(42,874)	(18,911)	127%
Net spread earned	45,422	31,205	46%
Fee, commission and other non - funded income	10,658	6,810	57%
Operating income	56,080	38,016	48%
Operating and other expenses	(21,209)	(16,748)	27%
Provision against NPLs and others - net	(1,189)	(433)	175%
Profit before tax	33,682	20,835	62%
Taxation	(16,563)	(8,227)	101%
Profit after tax	17,119	12,608	36%
Earnings per share - Rupees - on enhanced share capital	10.52	7.75	36%
Number of branches	931	835	11%

Return on financings, investments and placements increased by 76% to Rs 88.3 billion from Rs 50.1 billion in the corresponding period last year, contributed by both higher volume of earning assets and higher benchmark Policy Rate which, on average, increased from 7.00% in the corresponding period last year to 11.23% during the current half year. The return on deposits and other dues, on the other hand, recorded more than a twofold increase closing at Rs 42.9 billion from Rs 18.9 billion in corresponding period last year due to higher average deposit volume and increase in depositors' profit rates, and other related costs.

DIRECTORS' REVIEW

Fee and commission income recorded a robust growth of 50% to Rs 6.2 billion from Rs 4.1 billion in June 2021 mainly contributed by rise in debit card related fee income, trade and branch banking income. The increase in card based spend and growing volumes of digital transactions contributed to this growth. The foreign exchange income of the Bank also doubled, growing from Rs 1.6 billion to Rs 3.1 billion on account of improved trade flows and market volatility. On an overall basis, the Bank's non-funded income recorded a 57% growth from June 2021 closing at Rs 10.7 billion.

The Bank's operating and other expenses also increased by 27% to Rs 21.2 billion from Rs 16.7 billion, primarily due to an increase in costs associated with opening of 96 new branches since June 2021, high inflation, rupee devaluation and investment in IT related initiatives. However, this rise in expenses was sufficiently absorbed by growth in the Bank's total income, resulting in further improving the income efficiency ratio of the Bank to 38% from 44% in the corresponding period last year.

The total assets of the Bank crossed Rs 2.4 trillion, after registering a growth of 27% (Rs 516 billion), from December 2021 levels of Rs 1.9 trillion. The investment portfolio of the Bank doubled, growing to Rs 1.2 trillion from Rs 620 billion last year, after investment of more than Rs 600 billion in GoP Ijarah Sukuk. The resumption of regular Sukuk auction by the Government of Pakistan (GoP), coupled with the introduction of the SBP's shariah compliant OMO and standing ceiling facility has played an instrumental role in addressing the chronic liquidity management challenges historically faced by the Islamic Banking Industry (IBI) for which we remain indebted to the GoP and the SBP.

The gross ADR of the Bank remained at 53% which is in line with the Bank's strategic objective to maintain a high-quality diversified asset portfolio spread across all segments including Corporate, Commercial & SME and the Consumer segments. Despite the repayment of seasonal financing and overall economic slowdown, the Bank was able to grow its gross financings book to Rs 827 billion – a growth of 6% over Rs 777 billion in December 2021. The Bank has met the SBP assigned mandatory targets under all SBP led initiatives including housing/construction finance and Mera Pakistan Mera Ghar (MPMG) Scheme. The Bank is also actively extending Islamic financing under export refinance, long term financing facility, financing for renewable energy, temporary economic refinance for plant and machinery, SME Asaan Finance etc.

During the half year ended June 30, 2022, the Bank made additional general provision of Rs 750 million against any potential non-performing financings and decline in borrowers' repayment capacity in view of the current ongoing economic slowdown. The Bank's non-performing financing ratio remained at an exemplary level of 1.7% versus overall banking industry average of 8%. The Bank maintains a comfortable level of provisions against its non-performing financings with a coverage ratio of 139% - one of the highest in the Banking industry. The Bank is fully geared up for adoption of IFRS - 9 and does not foresee any impact as a result of its implementation.

Deposits of the Bank grew by 8% closing at Rs 1.57 trillion as of June 30, 2022 from Rs 1.46 trillion last year. The Bank's deposit portfolio maintained an optimal deposit mix with current account deposits comprising 47% of its total deposits, amounting to Rs 747 billion. The current and savings account (CASA) deposits represent 83% of total deposits, amounting to Rs 1.3 trillion. Alhamdulillah, the Bank achieved landmark of one billion USD inflows through Roshan Digital Accounts (RDA) in a short span of less than two years. The Bank continued to maintain its leadership in RDA with market share of 24% in terms of total RDA remittances of the Pakistan Banking Industry.

DIRECTORS' REVIEW

To cater the banking needs of diversified and geographically dispersed population of the country, and to further stretch its footprints, the Bank added new 96 branches to its network from June 2021, bringing the total network size to 931 branches in more than 300 cities. The Bank's ATM network also crossed the 1000 ATMs milestone during the half year which is a significant achievement for the Bank. In addition to the physical channels, the Bank continued to deepen its presence in the digital space. The Bank's acquiring business also increased to 4,900 POS machines deployed on merchants across Pakistan. The Bank's Mobile App remains the highest-rated mobile App in the banking industry on both Google Play Store and Apple App Store.

VIS Credit Rating Company Limited has reaffirmed the entity ratings of the Bank at 'AAA/A-1+' (Triple A/ A-One Plus) which denotes highest credit quality, with negligible risk factors. Outlook on the assigned ratings is 'Stable'.

Outlook

The Bank remains committed to contribute towards the economic growth and stability of the country by strengthening the Islamic Banking landscape, and assisting the Government to shift towards Shariah-compliant banking solutions in line with the SBP's strategic vision to increase the market share of IBI from its current level of 19% to 30% by 2025. The Bank aims to maintain its share of IBI deposits and plans to grow its deposit book in the mid-teens for the financial year 2022. The Bank plans to add InshaAllah more branches to its network which will expand its geographical presence across Pakistan and help provide shariah compliant banking solutions to the unbanked population of the country. At the same time, the Bank aims to continue its digital acceleration to ensure seamless digital experience to its customers.

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Ministry of Finance for their continuous commitment to establish a viable Islamic financial system in the country. We would also like to thank our shareholders, Board members, Members of the Shariah Supervisory Board, holders of Additional Tier I Sukuk and Sub-ordinated Sukuk (Tier II) and each one of our staff members for their hard work, commitment and support without which these results would not have been made possible. Most importantly, we are thankful to Allah Almighty for His blessings on our Bank which has enabled us to achieve this incredible performance in a very short span of time. We pray that He gives us more strength and wisdom to further expand our Vision of establishing Islamic banking as banking of first choice.

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Islamabad:
August 11, 2022

Irfan Siddiqui
President & CEO

ڈائریکٹرز کا تجزیہ

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 جون، 2022 کو ختم ہونے والے نصف سال کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انصافی مالیاتی حسابات پیش کرتا ہے۔

معیشت

30 جون، 2022 کو ختم ہونے والے مالی سال میں پاکستانی معیشت نے 5.97 فیصد کی مستحکم جی ڈی پی نمو ظاہر کی۔ معاون پالیسی بشمول برآمدات میں سہولت کی اسکیم، LTFF کے تحت کوریج اور قرضوں کی حد میں اضافہ اور مختلف شعبوں میں ٹیرف ریشٹلائزیشن کی وجہ سے برآمدات میں مستحکم اضافہ دیکھنے میں آیا۔ مالی سال 2022 میں فیڈرل بورڈ آف ریونیو کی جانب سے ٹیکس وصولیوں میں بھی 29 فیصد کافی زیادہ اضافہ ریکارڈ کیا گیا۔

تاہم روس۔ یوکرین تنازعہ کے باعث پیدا ہونے والی جغرافیائی۔ سیاسی غیر یقینی کی صورتحال نے میکرو اکنامک عدم توازن کو بڑھا دیا ہے اور ایشیائے ضروریہ کی قیمتوں میں کافی حد تک اضافہ ہوا ہے۔ کرنٹ اکاؤنٹ خسارہ جولائی تا مئی، مالی سال 2022 میں بڑھ کر 15.2 ارب امریکی ڈالر ہو گیا جبکہ CPI (کنزیومر پرائس انڈیکس) کی افراط زر 11.3 فیصد تک پہنچ گئی۔ جس کے نتیجے میں اسٹیٹ بینک آف پاکستان (SBP) کو پالیسی شرح بڑھا کر 15 فیصد کرنا پڑی، جو اسٹیٹ بینک آف پاکستان کے بڑھتی ہوئی افراط زر کی شرح پر قابو پانے کے لئے ستمبر 2021 سے جاری اقدامات کا تسلسل ہے۔ وفاقی حکومت نے مالیاتی خلا کو پُر کرنے کے لئے وفاقی بجٹ 2022-23 کے ذریعے منتخب کارپوریٹ شعبوں بشمول بینکاری صنعت پر ٹیکس میں بھی اضافہ کیا ہے۔

ہماری کارکردگی

الحمد للہ، ان تمام مشکل معاشی حالات کے باوجود میزان بینک نے مالی سال 2022 کے پہلے نصف حصہ میں مستحکم مالیاتی نتائج پیش کرنے کا سلسلہ جاری رکھا ہے۔ 30 جون، 2022 کو ختم ہونے والے نصف سال کے لئے بینک کے بعد از ٹیکس منافع میں 36 فیصد اضافہ ریکارڈ کیا گیا، اور وفاقی حکومت کی جانب سے فنانس ایکٹ 2022 کے تحت زیادہ ٹیکس کی وصولی کے باوجود بینک نے گزشتہ سال کی اسی مدت کے 12.6 ارب روپے کے مقابلہ میں 17.1 ارب روپے کا اضافہ ظاہر کیا۔ فنانس ایکٹ 2022 کے تحت بینکنگ کمپنیوں کے لئے ٹیکس کی شرح 2021 کے 39 فیصد (35 فیصد عمومی ٹیکس اور 4 فیصد سپر ٹیکس) سے بڑھا کر مالی سال 2022 میں 49 فیصد (39 فیصد عمومی ٹیکس اور 10 فیصد سپر ٹیکس) کر دی گئی۔ نتیجتاً دوسری سہ ماہی میں بینک کے لئے مؤثر ٹیکس کی شرح بڑھ کر 57 فیصد ہو گئی جبکہ 30 جون 2022 کو ختم ہونے والے نصف سال کے لئے مؤثر ٹیکس کی شرح جون 2021 کے 39 فیصد کے مقابلہ میں بڑھ کر 49 فیصد ہو گئی۔ مزید برآں، بینک کا ایسٹ ٹو ڈیپازٹ ریشو (ADR) اگر 50 فیصد سے کم ہو تو اس پر اضافی پینل ٹیکس کا بھی نفاذ ہوگا، تاہم میزان بینک پر اس کا اطلاق نہیں ہوتا کیونکہ بینک نے اپنے ADR کو 50 فیصد سے زائد کی سطح پر برقرار رکھا جو اس کی مؤثر ٹیکس مینجمنٹ کی حکمت عملی میں مددگار ثابت ہوا۔

16.27 ارب روپے اضافہ شدہ حصص کے سرمائے پر فی ہصص آمدنی جون 2021 کے 7.75 روپے فی ہصص کے مقابلہ میں بڑھ کر 10.52 روپے فی ہصص ہو گئی۔ بینک ایک well-capitalized ادارہ ہے اور اس کا کپٹیل ایڈیوکیٹی ریشو (CAR)، 17.86 فیصد ہے جو کم از کم درکار قانونی تقاضے سے کافی زیادہ ہے۔ ہمیں آپ کو یہ بتاتے ہوئے مسرت محسوس ہو رہی ہے کہ بورڈ نے دوسری سہ ماہی کے لئے 1.75 روپے (17.5 فیصد) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں بورڈ نے 10 فیصد بونس حصص کے اجرا کی بھی منظوری دی ہے۔ اس سے نصف سال میں ڈیویڈنڈ کی ادائیگی 3.50 روپے (35 فیصد) ہو گئی ہے اور 10 فیصد بونس حصص بھی دیئے گئے ہیں، کیونکہ 2022 کی پہلی سہ ماہی میں 1.75 روپے فی ہصص (17.5 فیصد) عبوری نقد ڈیویڈنڈ ادا کیا گیا تھا۔

میزان بینک کے اہم مالیاتی نتائج درج ذیل ہیں:

روپے (ملین میں)

مالیاتی حیثیت کا جائزہ	30 جون، 2022	31 دسمبر، 2021	اضافہ کی شرح %
کل اثاثے	2,418,486	1,902,971	27%
سرمایہ کاریاں	1,241,233	620,132	100%
- خود مختار	1,216,377	594,101	105%
- دیگر	24,856	26,031	(5%)
اسلامی فنانسنگ اور متعلقہ اثاثے - مجموعی	827,477	777,295	6%
جمع شدہ رقوم	1,568,627	1,455,886	8%
اے ڈی آر (Gross advances to deposits) - فیصد	53%	53%	
ایکویٹی	93,646	86,558	8%

نفع و نقصان کھاتے	جنوری تا جون 2022	جنوری تا جون 2021	اضافہ کی شرح %
فنانسنگ، سرمایہ کاری اور تعیناتی پر منافع	88,296	50,117	76%
جمع شدہ رقوم اور دیگر واجبات پر منافع	(42,874)	(18,911)	127%
خالص آمدنی	45,422	31,205	46%
فیس، کمیشن اور دیگر نمان۔ فنڈ ڈ آمدنی	10,658	6,810	57%
انتظامی آمدنی	56,080	38,016	48%
انتظامی اور دیگر اخراجات	(21,209)	(16,748)	27%
NPLs اور دیگر کی مد میں پروویژنرز	(1,189)	(433)	175%
قبل از ٹیکس منافع	33,682	20,835	62%
ٹیکس	(16,563)	(8,227)	101%
بعد از ٹیکس منافع	17,119	12,608	36%
فی حصص آمدنی - روپے میں - اضافہ شدہ حصص کے سرمائے پر	10.52	7.75	36%
برانچوں کی تعداد	931	835	11%

فنانسنگ، سرمایہ کاریوں اور تعیناتی پر بینک کی آمدنی گزشتہ سال کی اسی مدت کے 50.1 ارب روپے کے مقابلہ میں 76 فیصد اضافہ کے بعد 88.3 ارب روپے ہو گئی، جس میں آمدنی والے اثاثوں کے بڑے حجم کا بھی حصہ تھا اور زیادہ بیچ مارک پالیسی شرح نے بھی اپنا کردار ادا کیا، جو اوسطاً گزشتہ سال کی اسی مدت کے 7 فیصد سے بڑھ کر موجودہ نصف سال میں 11.23 فیصد ہو گئی۔ دوسری جانب ڈپازٹس اور دیگر واجبات الادا رقوم پر آمدنی میں دو گنا سے زائد اضافہ ریکارڈ کیا گیا جو گزشتہ سال کی اسی مدت کے 18.9 ارب روپے کے مقابلہ میں بڑھ کر 42.9 ارب روپے ہو گئی، جس کی وجہ ڈپازٹس کا زیادہ اوسط حجم اور ڈپازٹرز کی منافع کی شرح اور دیگر متعلقہ اخراجات میں اضافہ تھی۔

فیس اور کمیشن کی آمدنی جون 2021 کے 14.1 ارب روپے کے مقابلہ میں 50 فیصد کے زبردست اضافہ کے بعد 6.2 ارب روپے ہو گئی، جس میں ڈی بیٹ کارڈ سے متعلقہ فیس کی آمدنی ٹریڈ اور برانچ بینکنگ کی آمدنی میں اضافہ نے نمایاں کردار ادا کیا۔ کارڈ کے ذریعے کئے گئے اخراجات اور ڈیجیٹل ٹرانزیکشنز کے بڑھتے ہوئے

حجم نے بھی اس اضافہ میں اپنا حصہ ڈالا۔ تجارتی سرمائے کی آمد میں بہتری اور مارکیٹ کے اتار چڑھاؤ کی وجہ سے بینک کی غیر ملکی زرمبادلہ کی آمدنی بھی دگنی ہو گئی اور 1.6 ارب روپے سے بڑھ کر 3.1 ارب روپے ہو گئی۔ مجموعی طور پر جون 2021 سے بینک کی نان- فنڈڈ آمدنی میں 57 فیصد اضافہ ہوا اور 10.7 ارب روپے پر بند ہوئی۔

بینک کے آپریٹنگ اور دیگر اخراجات بھی 27 فیصد بڑھ کر 16.7 ارب روپے سے 21.2 ارب روپے ہو گئے، جس کی بنیادی وجوہات میں جون 2021 کے بعد سے 96 نئی برانچیں کھولنے سے اخراجات میں ہونے والا اضافہ، افراط زر کی بڑھتی شرح، روپے کی قدر میں کمی اور آئی ٹی سے متعلقہ سرمایہ کاری اقدامات شامل ہیں۔ تاہم اخراجات میں ہونے والے اس اضافہ کو بینک کی کل آمدنی میں ہونے والے اضافہ نے کافی حد تک متوازن کر دیا، اس کا نتیجہ بینک کے آگم ایفیشنسی ریشو میں مزید بہتری کی صورت میں سامنے آیا، جو گزشتہ سال کی اسی مدت کے 44 فیصد سے بہتر ہو کر 38 فیصد ہو گیا۔

بینک کے کل اثاثوں نے دسمبر 2021 کے 1.9 کھرب روپے کے مقابلہ میں 27 فیصد (516 ارب روپے) اضافہ کے بعد 4.2 کھرب روپے کا ہدف عبور کر لیا۔ حکومت پاکستان کے اجارہ صلوک میں 600 ارب روپے سے زائد کی سرمایہ کاری کے بعد بینک کا سرمایہ کاری پورٹ فولیو گزشتہ سال کے 620 ارب روپے کے مقابلہ میں دو گئے اضافہ کے ساتھ 1.2 کھرب روپے ہو گیا۔ حکومت پاکستان کی جانب سے باقاعدگی سے صلوک کے اجراء کے عمل کی بحالی اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی جانب سے شریعہ کھپلائنٹ اوپن مارکیٹ آپریشنز (OMO) کے اجراء اور اسٹیٹ بینک سیلنگ فیسلٹی نے اسلامی بینکاری صنعت (IBI) کو درپیش کوویڈ 19 پینڈنگ کے دیرینہ مسئلے کے حل میں اہم کردار ادا کیا، جس کے لئے ہم حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کے انتہائی مشکور ہیں۔

بینک کا مجموعی ایڈوانسز ٹو ڈپازٹ ریشو 53 فیصد پر برقرار ہے جو تمام شعبوں بشمول کارپوریٹ، کمرشل اور اسٹامپ میڈیم انٹرپرائزز اور کنزیومر شعبوں پر مشتمل اعلیٰ معیار کا فنڈنگ پورٹ فولیو قائم رکھنے کی بینک کی حکمت عملی کے مطابق ہے۔ Seasonal فنڈنگ کی ادائیگی اور مجموعی معاشی صورتحال کی سست رفتار کے باوجود بینک کی مجموعی فنڈنگ بڑھ کر 827 ارب روپے تک پہنچ گئی اور دسمبر 2021 کے 777 ارب روپے کے مقابلہ میں 6 فیصد اضافہ ریکارڈ کیا گیا۔ بینک نے اسٹیٹ بینک آف پاکستان کے زیر سرپرستی جاری اقدامات کے تحت تفویض کردہ تمام لازمی اہداف حاصل کر لئے جن میں ہاؤسنگ / کنسٹرکشن فنڈس اور میرا پاکستان میرا گھر (MPMG) اسکیم شامل ہیں۔ بینک ایکسپورٹ ری فنڈس، طویل مدتی فنڈنگ فیسلٹی، قابل تجدید توانائی کے لئے فنڈنگ، پلانٹ اور مشینری کے لئے عارضی معاشی ری فنڈس، SME آسان فنڈس وغیرہ کے تحت اسلامک فنڈنگ فراہم کرنے میں فعال کردار ادا کر رہا ہے۔

30 جون 2022 کو ختم ہونے والے نصف سال کے دوران بینک نے موجودہ طور پر جاری سست معاشی رفتار کے پیش نظر ممکنہ غیر فعال فنڈنگ، اور فنڈنگ حاصل کرنے والوں کی واپسی کی گنجائش میں کمی کو مد نظر رکھتے ہوئے عمومی پروویژن کے لئے اضافی 750 ملین روپے مقرر کئے ہیں۔ بینک کی غیر فعال فنڈنگ کی شرح مجموعی طور پر بینکاری صنعت کی اوسط 8 فیصد شرح کے مقابلہ میں 1.7 فیصد کی مثالی شرح پر برقرار ہے۔ بینک نے اپنی غیر فعال فنڈنگ کی مد میں پروویژن کی تسلی بخش شرح برقرار رکھی ہے جبکہ اس کا کوریج ریشو 139 فیصد ہے جو بینکاری صنعت میں بلند ترین شرحوں میں سے ایک ہے۔ بینک IFRS-9 کو اختیار کرنے کے لئے پوری طرح تیار ہے اور اس کے نفاذ کی وجہ سے کوئی اثرات مرتب ہونے کا امکان نہیں ہے۔

بینک کے ڈپازٹس گزشتہ سال کے 1.46 کھرب روپے کے مقابلہ میں 8 فیصد اضافہ کے بعد 30 جون 2022 کو 1.57 کھرب روپے ہو گئے۔ بینک کے ڈپازٹ پورٹ فولیو میں بہترین ڈپازٹس مگس برقرار رکھا گیا اور کرنٹ اکاؤنٹ ڈپازٹس بینک کے کل ڈپازٹس کا 47 فیصد یعنی 747 ارب روپے رہے۔ کرنٹ اور سیونگز اکاؤنٹ ڈپازٹس (CASA) کل ڈپازٹس کے 83 فیصد حصہ پر مشتمل ہیں، جو 1.3 کھرب روپے ہیں۔ الحمد للہ، بینک نے دوسال کی مختصر مدت میں روشن ڈیجیٹل اکاؤنٹ (RDA) کے ذریعے ایک ارب امریکی ڈالر کی آمد کا سنگ میل عبور کر لیا۔ بینک نے پاکستان کی بینکاری صنعت میں روشن ڈیجیٹل اکاؤنٹ کے ذریعے ترسیلات زر کے اعتبار سے 24 فیصد حصہ کے ساتھ اپنی اولین حیثیت برقرار رکھی۔

ملک کی متنوع اور جغرافیائی اعتبار سے بکھری ہوئی آبادی کی بینکاری ضروریات کی تکمیل کے لئے، اور اپنی موجودگی میں مزید اضافہ کے لئے بینک نے جون 2021 کے بعد سے اپنے نیٹ ورک میں 96 نئی برانچوں کا اضافہ کیا ہے جس سے 300 سے زائد شہروں میں بینک کی برانچوں کی تعداد 931 تک ہو گئی ہے۔ بینک کے اے ٹی ایم نیٹ ورک نے بھی نصف سال کے دوران 1000 کا ہدف عبور کر لیا ہے جو بینک کے لئے ایک اہم کامیابی ہے۔ روایتی بینکاری ذرائع کے ساتھ ساتھ بینک نے ڈیجیٹل ذرائع میں بھی اپنی موجودگی مستحکم کرنے کا سلسلہ جاری رکھا۔ بینک کا ایکویزنگ بزنس بھی پاکستان بھر میں مارجنل سٹور پر نصب 4,900 اپی ایپس مشینز کی بدولت روز افزوں ترقی کر رہا ہے۔ بینک کی موبائل بینکنگ ایپلی کیشن، Apple App Store اور Google Play Store پر بدستور بینکاری صنعت کی سب سے اعلیٰ رینٹ کی حامل ایپ ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے بینک کو 'AAA/A-1+' (ٹرپل اے/اے ون پلس) ریٹنگ دی گئی ہے جو نہ ہونے کے برابر رسک فیکٹرز کے ساتھ کریڈٹ کے مکمل حد تک اعلیٰ ترین معیار کی نشاندہی کرتی ہیں۔ تفویض کردہ ریٹنگز کے آثار مستحکم ہیں۔

مستقبل کے امکانات

بینک اسلامی بینکاری کو مستحکم بنیادوں پر استوار کر کے ملکی معاشی ترقی اور استحکام میں اپنا کردار ادا کرنے اور شریعہ کمپلائنس بینکاری پر منتقلی کے لئے حکومت کی معاونت جاری رکھنے کے لئے پرعزم ہے، جو اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری صنعت (IBI) کے حصہ کو 2025 تک موجودہ سطح یعنی 19 فیصد سے بڑھا کر 30 فیصد کرنے کے عزم سے ہم آہنگ ہے۔ بینک کا مقصد اسلامی بینکاری صنعت کے ڈپازٹس میں اپنا حصہ برقرار رکھنا ہے اور مالی سال 2022 کے لئے بینک نے اپنی ڈپازٹس بک mid-teens میں بڑھانے کی منصوبہ بندی کی ہے۔ بینک نے انشا اللہ اپنے نیٹ ورک میں مزید برانچوں کے اضافے کا فیصلہ کیا ہے جس سے پاکستان بھر میں اس کی جغرافیائی موجودگی میں اضافہ ہوگا اور ملک کی بینکوں کی سہولت سے فائدہ نہ اٹھانے والی آبادی کو شریعہ کمپلائنس بینکاری سولوشن فراہم کرنے میں مدد ملے گی۔ اس کے ساتھ ساتھ بینک اپنے ڈیجیٹل ارتقاء کو جاری رکھنے کا بھی ارادہ رکھتا ہے تاکہ صارفین کو ڈیجیٹل ذرائع سے خدمات کے بلا رکاوٹ تجربہ سے روشناس کروایا جاسکے۔

بورڈ، اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام کے لئے کی گئی ان کی مسلسل کوششوں اور روایتی کے لئے خراج تحسین پیش کرتا ہے۔ ہم اپنے بورڈ ممبران، شریعہ سپروائزرز اور ڈیپارٹمنٹ کے ممبران، حصص یافتگان، اضافی Tier I سکوک اور ثانوی سکوک (Tier II) یافتگان اور اپنے عملے کے تمام ارکان کا ان کی معاونت اور انتھک کوششوں کے لئے شکریہ ادا کرنا چاہتے ہیں جنہوں نے میزان بینک کو اولین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔ سب سے بڑھ کر ہم اللہ ﷻ کے شکر گزار ہیں کہ اس کی مسلسل رحمت کے باعث ہم اس قلیل مدت میں اتنی شاندار کارکردگی 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 لئے اپنے خواب کو تعبیر کی بلندیوں تک لے جاسکیں۔ آمین۔

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض ایس۔ اے۔ اے۔ اور ایس
چیئر مین

اسلام آباد:

11 اگست، 2022

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF MEEZAN BANK LIMITED

Report on Review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Meezan Bank Limited ("the Bank") as at June 30, 2022 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim 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.

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.

Other Matter

The figures for the quarters ended June 30, 2022 and June 30, 2021 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

The financial statements of the Bank for the year ended December 31, 2021 and half year ended June 30, 2021 were audited and reviewed by another firm of Chartered Accountants who had expressed an unmodified opinion / conclusion on those statements vide their reports dated February 28, 2022 and August 25, 2021 respectively.

The engagement partner on the engagement resulting in this independent auditor's review report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Place: Karachi
Dated: August 22, 2022
UDIN: RR202210068ykG1IxeSX

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Rupees in '000			
Cash and balances with treasury banks	6	166,493,297	170,500,698
Balances with other banks	7	12,433,516	16,420,036
Due from financial institutions - net	8	78,832,828	238,401,637
Investments - net	9	1,241,232,565	620,132,043
Islamic financing and related assets - net	10	807,537,961	758,086,120
Fixed assets	11	37,666,552	33,957,947
Intangible assets	12	1,644,585	1,495,810
Deferred tax assets	13	5,003,011	175,555
Other assets - net	14	67,642,098	63,801,554
		2,418,486,413	1,902,971,400
LIABILITIES			
Bills payable	15	58,870,035	36,141,378
Due to financial institutions	16	572,030,657	220,414,234
Deposits and other accounts	17	1,568,627,208	1,455,886,468
Sub-ordinated Sukuk	18	20,990,000	20,990,000
Deferred tax liabilities	13	-	-
Other liabilities	19	104,322,910	82,981,545
		2,324,840,810	1,816,413,625
NET ASSETS		93,645,603	86,557,775
REPRESENTED BY			
Share capital		16,269,312	16,269,312
Reserves		25,228,343	23,393,198
Unappropriated profit		52,951,401	42,831,655
(Deficit) / surplus on revaluation of assets - net of tax	20	(803,453)	4,063,610
		93,645,603	86,557,775
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 37 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

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Note	Quarter ended June 30, 2022	Half year ended June 30, 2022	Quarter ended June 30, 2021	Half year ended June 30, 2021
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	22	50,185,189	88,296,448	25,887,172	50,116,438
Profit on deposits and other dues expensed	23	26,200,154	42,874,454	9,736,472	18,911,116
Net spread earned		23,985,035	45,421,994	16,150,700	31,205,322
OTHER INCOME					
Fee and commission income	24	3,171,924	6,161,491	2,035,122	4,101,832
Dividend income		119,265	423,653	129,430	412,742
Foreign exchange income		2,318,467	3,131,906	783,506	1,605,039
Gain on securities - net	25	166,251	181,611	117,328	258,071
Other income	26	581,938	759,541	182,910	433,193
		6,357,845	10,658,202	3,248,296	6,810,877
Total income		30,342,880	56,080,196	19,398,996	38,016,199
OTHER EXPENSES					
Operating expenses	27	10,432,669	20,465,776	8,423,828	16,259,427
Workers Welfare Fund		402,330	736,830	229,998	484,113
Other charges	28	4,801	5,933	3,534	4,916
Total other expenses		10,839,800	21,208,539	8,657,360	16,748,456
Profit before provisions		19,503,080	34,871,657	10,741,636	21,267,743
Provisions and write offs - net	29	961,498	1,189,388	148,320	432,891
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		18,541,582	33,682,269	10,593,316	20,834,852
Taxation	30	10,627,972	16,563,120	4,086,587	8,226,920
Profit after taxation		7,913,610	17,119,149	6,506,729	12,607,932
Rupees					
Restated					
Basic earnings per share	31	4.86	10.52	4.00	7.75
Diluted earnings per share	31	4.86	10.52	4.00	7.75

The annexed notes 1 to 37 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	Mubashar Maqbool Director	Shabbir Hamza Khandwala Chief Financial Officer
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CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Note	Quarter ended June 30, 2022	Half year ended June 30, 2022	Quarter ended June 30, 2021	Half year ended June 30, 2021
Rupees in '000					
Profit after taxation for the period		7,913,610	17,119,149	6,506,729	12,607,932
Other comprehensive income					
Items that may be reclassified to					
profit and loss account in subsequent periods:					
(Deficit) / surplus on revaluation of investments	20	(2,565,435)	(8,071,154)	1,142,299	1,318,978
Deferred tax on revaluation of investments	20	1,058,444	3,205,674	(822,103)	(883,941)
		(1,506,991)	(4,865,480)	320,196	435,037
Items that will not be reclassified to profit and					
loss account in subsequent periods:					
Surplus on revaluation of non - banking assets		-	-	-	-
Deferred tax on revaluation of non - banking assets	20	(1,544)	(1,544)	(1,227)	(1,227)
		(1,544)	(1,544)	(1,227)	(1,227)
Other Comprehensive (loss) / Income for the period		(1,508,535)	(4,867,024)	318,969	433,810
Total Comprehensive Income for the period		6,405,075	12,252,125	6,825,698	13,041,742

The annexed notes 1 to 37 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

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Capital reserves					Revenue reserve	Unappro- priated profit	Surplus / (deficit) on revaluation of		Total
	Share capital	Share premium	Statutory reserve *	Non- Distributable Capital Reserve - Gain on Bargain Purchase	Employee share option compensation reserve	General reserve		Investments	Non- banking Assets	
Rupees in '000										
Balance as at January 01, 2021	14,147,228	2,406,571	14,833,341	3,117,547	-	66,766	29,021,521	5,542,351	19,941	69,155,266
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	12,607,932	-	-	12,607,932
Other Comprehensive income / (loss) for the half year ended June 30, 2021 - net of tax	-	-	-	-	-	-	-	435,037	(1,227)	433,810
	-	-	-	-	-	-	12,607,932	435,037	(1,227)	13,041,742
Other appropriations										
Transfer to statutory reserve	-	-	1,260,793	-	-	-	(1,260,793)	-	-	-
Final cash dividend for the year 2020 @ Rs 2 per share	-	-	-	-	-	-	(2,829,446)	-	-	(2,829,446)
First Interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	(2,122,085)
Balance as at June 30, 2021	14,147,228	2,406,571	16,094,134	3,117,547	-	66,766	35,417,129	5,977,388	18,714	77,245,477
Profit after taxation for the half year ended December 31, 2021	-	-	-	-	-	-	15,747,225	-	-	15,747,225
Other Comprehensive loss for the half year ended December 31, 2021 - net of tax	-	-	-	-	-	-	(73,503)	(1,937,311)	4,912	(2,005,902)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	15,673,722	(1,937,311)	4,912	13,741,323
	-	-	-	-	-	-	93	-	(93)	-
Other appropriations										
Transfer to statutory reserve	-	-	1,574,723	-	-	-	(1,574,723)	-	-	-
Recognition of share based compensation	-	-	-	-	133,457	-	-	-	-	133,457
Transactions with owners recognised directly in equity										
Issue of bonus shares @ 15%	2,122,084	-	-	-	-	-	(2,122,084)	-	-	-
Second Interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	(2,122,085)
Third Interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	(2,440,397)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	66,766	42,831,655	4,040,077	23,533	86,557,775
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	17,119,149	-	-	17,119,149
Other Comprehensive loss for the half year ended June 30, 2022 - 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	-	-	-	-	-	-	17,119,149	(4,865,480)	(1,544)	12,252,125
	-	-	-	-	-	-	39	-	(39)	-
Other appropriations										
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)
Balance as at June 30, 2022	16,269,312	2,406,571	19,380,772	3,117,547	256,687	66,766	52,951,401	(825,403)	21,950	93,645,603

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

The annexed notes 1 to 37 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

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Note	Half year ended June 30, 2022	Half year ended June 30, 2021
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		33,682,269	20,834,852
Less: Dividend income		(423,653)	(412,742)
		<u>33,258,616</u>	<u>20,422,110</u>
Adjustments for non-cash charges and other items:			
Depreciation		1,413,361	1,187,393
Amortization		210,715	164,618
Non cash items related to right of use assets		2,187,752	1,577,240
Provisions and write offs - net		1,189,388	432,891
Recognition of share based compensation		123,230	-
Gain on sale of fixed assets		(141,750)	(61,762)
		<u>4,982,696</u>	<u>3,300,380</u>
		<u>38,241,312</u>	<u>23,722,490</u>
Decrease / (increase) in operating assets			
Due from financial institutions		159,568,809	(38,182,057)
Islamic financings and related assets		(50,177,986)	(58,082,422)
Other assets		(3,871,747)	(12,570,185)
		<u>105,519,076</u>	<u>(108,834,664)</u>
Increase / (decrease) in operating liabilities			
Bills payable		22,728,657	12,856,906
Due to financial institutions		351,616,423	7,320,728
Deposits and other accounts		112,740,740	115,543,357
Other liabilities		13,400,367	6,588,363
		<u>500,486,187</u>	<u>142,309,354</u>
		<u>644,246,575</u>	<u>57,197,180</u>
Income tax paid		(11,141,919)	(6,037,384)
Net cash flow from operating activities		<u>633,104,656</u>	<u>51,159,796</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(629,607,548)	(36,597,293)
Dividends received		427,485	397,904
Investments in fixed assets		(5,990,594)	(2,643,806)
Investments in intangible assets		(359,490)	(520,758)
Proceeds from sale of fixed assets		239,233	105,772
Net cash used in investing activities		<u>(635,290,914)</u>	<u>(39,258,181)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(1,694,034)	(1,484,117)
Dividend paid		(4,113,629)	(4,951,231)
Net cash used in financing activities		<u>(5,807,663)</u>	<u>(6,435,348)</u>
(Decrease) / increase in cash and cash equivalents		<u>(7,993,921)</u>	<u>5,466,267</u>
Cash and cash equivalents at the beginning of the period	32	<u>186,920,734</u>	<u>155,688,374</u>
Cash and cash equivalents at the end of the period	32	<u>178,926,813</u>	<u>161,154,641</u>

The annexed notes 1 to 37 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 **Mubashar Maqbool** Director **Shabbir Hamza Khandwala** Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

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 thirty one branches as at June 30, 2022 (December 31, 2021: nine hundred and two branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2021, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term 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, and Export Refinance under Islamic Export Refinance Scheme and various long term refinancing facility of the State Bank of Pakistan.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

3 STATEMENT OF COMPLIANCE

3.1 This condensed interim financial statements (here-in-after referred to as "financial statements") has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

3.2 Significant accounting policies and financial risk management

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2021.

3.2.1 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2021.

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

There are certain new and amended standards that became effective during the period (enumerated in note 3.5 to the annual financial statement of the Bank for the year ended December 31, 2021). However, such standards did not have any significant effect on this condensed interim unconsolidated financial statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

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

As referred to in note 3.5 to the annual financial statements of the Bank for the year ended December 31, 2021, there are certain amendments to the financial reporting standards which would become effective from the next financial year, however such amendments are not expected to have a material effect on the Bank's financial statements of the period of initial application.

IFRS 9 'Financial Instruments' - IFRS 9 replaced the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets. The SBP vide its BPRD Circular Letter No. 03 of 2022 dated July 05, 2022 extended the implementation date of IFRS 9 to January 01, 2023 from an earlier implementation date of January 01, 2022. 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 2022 and the Bank is in the process of complying the same.

4 BASIS OF MEASUREMENT

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

4.2 Functional and presentation currency

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

4.3 Rounding off

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2021.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
6 CASH AND BALANCES WITH TREASURY BANKS			
Rupees in '000			
In hand			
- local currency		39,114,677	36,028,760
- foreign currencies		2,146,065	2,821,769
		41,260,742	38,850,529
With the State Bank of Pakistan in			
- local currency current accounts	6.1	67,756,173	70,308,704
- foreign currency current accounts	6.1	11,721,563	10,259,746
		79,477,736	80,568,450
With the National Bank of Pakistan in			
- local currency current accounts		45,654,106	50,668,296
National Prize Bonds	6.2	100,713	413,423
		166,493,297	170,500,698

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

6.2 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, 2022 (Unaudited)	December 31, 2021 (Audited)
7 BALANCES WITH OTHER BANKS			
Rupees in '000			
In Pakistan			
- in current accounts		9,892,105	14,901,943
Outside Pakistan			
- in current accounts		2,244,669	1,275,566
- in deposit accounts	7.1	296,742	242,527
		2,541,411	1,518,093
		12,433,516	16,420,036

7.1 It represent the balance in the remunerative account maintained with financial insitutions outside Pakistan. The return on these balances range from 0.20% to 0.33% (December 31, 2021: 0.0001%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
8 DUE FROM FINANCIAL INSTITUTIONS - NET		Rupees in '000	
Bai Muajjal:			
With scheduled banks / financial institution - Secured	8.1	78,832,828	238,401,637
With other financial institution		15,500	15,500
		78,848,328	238,417,137
Commodity Murabaha		26,066	26,066
		78,874,394	238,443,203
Provision against non-performing amounts due from financial institutions	8.2	(41,566)	(41,566)
		78,832,828	238,401,637

8.1 The average return on this product is 10.80% (December 31, 2021: 8.10%) per annum. These balances have maturities ranging between August 2022 to July 2025 (December 31, 2021: January 2022 to July 2025).

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
Rupees in '000				
8.2 Category of classification				
Loss	41,566	41,566	41,566	41,566

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

9 INVESTMENTS - NET

June 30, 2022 (Unaudited)				December 31, 2021 (Audited)			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

9.1 Investments by types

Rupees in '000

Available for sale securities

Federal Government Securities

- Ijarah Sukuk	852,168,585	-	(7,760,647)	844,407,938	322,169,774	-	(1,300,655)	320,869,119
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	23,224,694	-	-	23,224,694	64,443,192	-	-	64,443,192
- Islamic Naya Pakistan Certificate	4,385,362	-	-	4,385,362	1,285,426	-	-	1,285,426

Non Government Sukuk

- Pakistan Energy Sukuk guaranteed by the Government of Pakistan	114,395,223	-	5,374,608	119,769,831	114,404,511	-	5,624,000	120,028,511
- Other Sukuk guaranteed by the Government of Pakistan	7,252,810	-	-	7,252,810	10,786,560	-	-	10,786,560
- Other Non Government Sukuk	4,699,474	75,892	-	4,623,582	5,216,319	75,892	-	5,140,427

Foreign Securities

	10,974,181	-	(229,617)	10,744,564	10,343,243	-	370,768	10,714,011
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Shares

	10,169,762	2,757,996	1,167,580	8,579,346	9,662,370	2,322,124	1,928,965	9,269,211
	1,027,270,091	2,833,888	(1,448,076)	1,022,988,127	538,311,395	2,398,016	6,623,078	542,536,457

Held to maturity securities

- Ijarah Sukuk	217,336,136	-	-	217,336,136	76,687,798	-	-	76,687,798
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In related parties

Subsidiary (unlisted)

- Shares	63,050	-	-	63,050	63,050	-	-	63,050
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Associates (listed)

- Units of funds	845,252	-	-	845,252	844,738	-	-	844,738
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Total Investments

	1,245,514,529	2,833,888	(1,448,076)	1,241,232,565	615,906,981	2,398,016	6,623,078	620,132,043
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

9.2 Investments given as collateral

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Face Value	Market / Carrying Value	Face Value	Market / Carrying Value
	Rupees in '000			
Federal Government Securities				
- Sukuk	402,000,000	401,006,100	30,000,000	30,054,000
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	28,150,000	28,150,000
	402,000,000	401,006,100	58,150,000	58,204,000

9.3 Provision against diminution in value of investments

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000
Opening balance	2,398,016	2,183,393
Charge / (reversals) for the period / year		
On available for sale securities		
- charge for the period / year on equity instruments	491,429	305,016
- reversals for the period / year on recovery of debt instruments	-	(3,456)
- reversals for the period / year on disposals of equity instruments	(55,557)	(86,937)
	435,872	214,623
Closing balance	2,833,888	2,398,016

9.4 Particulars of provision against Sukuk

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
Category of classification				
Loss	75,892	75,892	75,892	75,892

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000			
10 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan:			
Murabaha financing and related assets			
- Murabaha financing	10.1	6,282,042	6,195,161
- Advances against Murabaha		3,878,056	2,224,908
- Murabaha inventory		51,522,175	2,085,908
- Financing under Islamic Export Refinance - Murabaha	10.2	891,225	1,048,988
- Financing against Islamic SME Asaan Finance	10.3	116,688	10,000
- Inventory under Islamic Export Refinance - Murabaha		3,700	35,000
- Advance against Islamic SME Asaan Finance		132,109	40,000
- Advance against Islamic Export Refinance - Murabaha		844,108	460,014
		63,670,103	12,099,979
Running Musharakah financing			
- Running Musharakah financing		137,003,210	193,218,603
- Financing under Islamic Export Refinance - Running Musharakah		53,760,715	37,235,077
		190,763,925	230,453,680
Istisna financing and related assets			
- Istisna financing		14,559,705	6,534,664
- Advances against Istisna		51,664,675	68,370,720
- Istisna inventory		20,002,175	5,574,727
- Financing under Islamic Export Refinance - Istisna		30,570	266,800
- Advances under Islamic Export Refinance - Istisna		11,084,404	7,985,372
- Inventory under Islamic Export Refinance - Istisna		3,488,813	2,866,783
		100,830,342	91,599,066
Tijarah financing and related assets			
- Tijarah financing		1,624,029	1,715,312
- Tijarah inventory		9,043,323	10,959,567
- Financing under Islamic Export Refinance - Tijarah		1,088,527	1,549,127
- Financing under Islamic SME Asaan Finance - Tijarah		19,608	2,738
- Inventory under Islamic Export Refinance - Tijarah		571,096	413,901
		12,346,583	14,640,645
Musawammah financing and related assets			
- Musawammah financing	10.4	15,459,024	33,362,530
- Musawammah Inventory		8,075,294	8,621,219
- Advances against Musawammah		7,695,211	15,944,490
- Financing under Islamic Export Refinance - Musawammah	10.5	1,271,762	2,313,610
- Financing under SBP's IFRE - Musawammah	10.6	305,033	90,260
- Inventory under Islamic Export Refinance - Musawammah		469,000	647,638
- Advances under Islamic Export Refinance - Musawammah		48,500	1,215,492
		33,323,824	62,195,239
Salam Financing and related assets			
- Salam Financing		1,032,609	990,223
- Salam Inventory		1,386,403	11,204,294
- Advances against Salam		16,561,818	1,230,270
- Financing under Islamic Export Refinance - Salam		99,206	-
- Advances under Islamic Export Refinance - Salam		-	449,206
		19,080,036	13,873,993
Financing against bills			
- Financing against bills - Salam		9,506,770	9,827,325
- Advances against bills - Salam		32,440	1,947
		9,539,210	9,829,272
- Bai Muajjal financing	10.7	50,998,878	39,429,724

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	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000			
Ijarah financing and related assets			
- Net investment in Ijarah		75,042	75,042
- Net book value of assets/investment in Ijarah under IFAS 2		60,725,311	54,013,622
- Net book value of assets/investment in Ijarah under IFAS 2 under SBP's ILTF		3,756	11,030
	10.8	60,804,109	54,099,694
- Advances against Ijarah		9,981,380	8,865,508
		70,785,489	62,965,202
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - others		126,608,103	110,857,954
- Diminishing Musharakah financing - housing		20,191,959	16,670,211
- Diminishing Musharakah financing - SBP's ILTF		12,990,792	12,881,740
- Diminishing Musharakah financing - SBP's IRSPWS		1,196,359	2,321,293
- Diminishing Musharakah financing - SBP's IFRE		10,084,899	952,704
- Diminishing Musharakah financing - SBP's ITERF		5,764,193	1,507,883
- Diminishing Musharakah financing - SBP's IRFCC		456,591	402,751
- Diminishing Musharakah financing - SBP's IFFSAP		99,713	62,913
- Diminishing Musharakah financing - SBP's ISAAF		14,022	9,900
- Advances against Diminishing Musharakah		13,057,109	11,302,256
- Advances against Diminishing Musharakah under SBP's IFFSAP		172,891	83,939
- Advances against Diminishing Musharakah under SBP's IFRE		7,471,150	15,188,412
- Advances against Diminishing Musharakah under SBP's IRFCC		290,744	327,087
- Advances against Diminishing Musharakah under SBP's ISAAF		68,225	-
- Advances against Diminishing Musharakah under SBP's ITERF		12,669,065	12,148,592
- Advances against Diminishing Musharakah under SBP's ILTF		13,121,822	4,963,408
		224,257,637	189,681,043
- Wakalah Tul Istithmar financing		20,191,733	10,625,000
- Advance against Wakalah Tul Istithmar financing		8,333,334	23,714,700
- Advance against Service Ijarah		14,899,103	7,749,103
- Qard financing under SBP's IRSPWS		17,349	28,914
- Qard financing under SBP's IRFCC		310,748	528,791
- Labbaik (Qard for Hajj and Umrah)		1,397	274
- Staff financing		6,813,362	6,237,617
- Other financing		1,313,595	1,642,884
Gross Islamic financing and related assets		827,476,648	777,295,126
Less: Provision against non-performing Islamic financing and related assets - Specific	10.10	(13,233,996)	(13,338,988)
Less: Provision against non-performing Islamic financing and related assets - General	10.10	(6,704,691)	(5,870,018)
Islamic financing and related assets - net of provision		807,537,961	758,086,120

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	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000			
10.1	Murabaha receivable - gross	10.1.1 6,664,398	6,944,861
	Less: Deferred murabaha income	10.1.3 (160,074)	(117,597)
	Profit receivable shown in other assets	(222,282)	(632,103)
	Murabaha financing	6,282,042	6,195,161
10.1.1	Murabaha Sale Price	6,664,398	6,944,861
	Murabaha Purchase Price	(6,282,042)	(6,195,161)
		382,356	749,700
10.1.2	The movement in Murabaha financing during the period / year is as follows:		
	Opening balance	6,195,161	7,292,120
	Sales during the period / year	8,369,172	72,951,570
	Adjusted during the period / year	(8,282,291)	(74,048,529)
	Closing balance	6,282,042	6,195,161
10.1.3	Deferred Murabaha Income		
	Opening balance	117,597	112,171
	Deferred during the period / year	550,593	2,621,586
	Recognised during the period / year	(508,116)	(2,616,160)
	Closing balance	160,074	117,597
10.2	Financing under Islamic Export Refinance - Murabaha - gross	911,077	1,068,203
	Less: Deferred income	(8,035)	(5,937)
	Profit receivable shown in other assets	(11,817)	(13,278)
	Financing under Islamic Export Refinance - Murabaha	891,225	1,048,988
10.2.1	The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:		
	Opening balance	1,048,988	873,321
	Sales during the period / year	1,329,141	3,159,707
	Adjusted during the period / year	(1,486,904)	(2,984,040)
	Closing balance	891,225	1,048,988
10.2.2	Deferred Islamic Export Refinance Murabaha Income		
	Opening balance	5,937	5,106
	Deferred during the period / year	25,342	51,534
	Recognised during the period / year	(23,244)	(50,703)
	Closing balance	8,035	5,937
10.3	Financing against Islamic SME Asaan Finance - Murabaha - gross	124,739	11,526
	Less: Deferred income	(7,213)	(1,506)
	Profit receivable shown in other assets	(838)	(20)
	Financing against Islamic SME Asaan Finance - Murabaha	116,688	10,000
10.3.1	The movement in Islamic SME Asaan Finance (Murabaha financing) during the year is as follows:		
	Opening balance	10,000	-
	Sales during the period / year	116,458	10,000
	Adjusted during the period / year	(9,770)	-
	Closing balance	116,688	10,000
10.3.2	Deferred Islamic SME Asaan Finance Murabaha income		
	Opening balance	1,506	-
	Arising during the period / year	9,402	1,526
	Recognised during the period / year	(3,695)	(20)
	Closing balance	7,213	1,506

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	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
10.4 Musawammah financing - gross	16,309,720	34,477,153
Less: Deferred income	(467,369)	(468,449)
Profit receivable shown in other assets	(383,327)	(646,174)
Musawammah financing	15,459,024	33,362,530
10.5 Financing under Islamic Export Refinance - Musawammah - gross	1,294,305	2,346,068
Less: Deferred income	(9,289)	(13,048)
Profit receivable shown in other assets	(13,254)	(19,410)
Financing under Islamic Export Refinance - Musawammah	1,271,762	2,313,610
10.6 Financing under SBP's IFRE - Musawammah - gross	343,638	101,406
Less: Deferred income	(37,015)	(10,925)
Profit receivable shown in other assets	(1,590)	(221)
Financing under SBP's IFRE - Musawammah	305,033	90,260
10.7 Bai Muajjal financing - gross	53,164,206	40,373,453
Less: Deferred income	(852,020)	(300,831)
Profit receivable shown in other assets	(1,313,308)	(642,898)
Bai Muajjal financing	50,998,878	39,429,724
10.8 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 43,512 million (December 31, 2021: Rs 41,547 million).		
10.9 Islamic financing and related assets include Rs. 14,381 million (December 31, 2021: Rs. 14,450 million) which have been placed under non-performing status as detailed below:		

Category of classification	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Non-performing amount	Provision held	Non-performing amount	Provision held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	11,893	-	41,771	358
Substandard	290,405	62,147	409,772	82,151
Doubtful	1,252,443	557,717	1,000,601	356,314
Loss	12,825,843	12,614,132	12,997,394	12,900,165
	14,380,584	13,233,996	14,449,538	13,338,988

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

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	13,338,988	5,870,018	19,209,006	13,602,974	5,452,711	19,055,685
Charge for the period / year	791,106	834,673	1,625,779	2,186,594	417,307	2,603,901
Less: Reversals	(896,098)	-	(896,098)	(1,859,091)	-	(1,859,091)
	(104,992)	834,673	729,681	327,503	417,307	744,810
Amount written off	-	-	-	(591,489)	-	(591,489)
Closing balance	<u>13,233,996</u>	<u>6,704,691</u>	<u>19,938,687</u>	<u>13,338,988</u>	<u>5,870,018</u>	<u>19,209,006</u>

10.10.1 The Bank maintains general reserve (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 6,100 million (December 31, 2021: Rs 5,350 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.

10.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at June 30, 2022 amounts to Rs 264.7 million (December 31, 2021: Rs 176.6 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 135 million as at June 30, 2022 (December 31, 2021: Rs 107.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

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	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
————— Rupees in '000 —————			
11 FIXED ASSETS			
Capital work-in-progress	11.1	6,920,552	5,117,821
Property and equipment		18,981,662	16,304,643
Right-of-use assets		11,764,338	12,535,483
		<u>37,666,552</u>	<u>33,957,947</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		4,283,145	3,600,313
- computer hardware		1,076,781	583,704
- purchase of vehicles		968,396	346,210
- office machines		544,771	472,467
- furniture and fixtures		47,459	115,127
		<u>6,920,552</u>	<u>5,117,821</u>
		June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
————— Rupees in '000 —————			
11.2 Additions to fixed assets			
The following additions (net) have been made to fixed assets during the period:			
Capital work-in-progress		1,802,731	892,638
Property and equipment			
Leasehold land		161,463	283,163
Buidling on leasehold land		524,488	119,803
Leasehold improvements		790,713	325,974
Furniture and fixture		237,424	90,474
Electrical, office and computer equipment		2,090,490	497,318
Vehicles		383,285	434,436
		4,187,863	1,751,168
Right-of-use assets		628,000	301,481
Total		<u>6,618,594</u>	<u>2,945,287</u>

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	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000		
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Leasehold improvements	10,385	-
Furniture and fixture	618	-
Electrical, office and computer equipment	2,193	5
Vehicles	84,287	44,005
	97,483	44,010

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000			
12 INTANGIBLE ASSETS			
Computer Software		1,295,121	1,235,876
Advance against computer software		349,464	259,934
	12.1	1,644,585	1,495,810

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000		
12.1 Additions to intangible assets	359,490	520,758

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13 DEFERRED TAX ASSETS	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
Taxable temporary differences due to:			
Excess of accounting book values over tax written down values of owned assets		(210,785)	(136,865)
Surplus on revaluation of available for sale investments		-	(2,583,001)
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims		(16,552)	(15,045)
		(227,337)	(2,734,911)
Deductible temporary differences due to:			
Provision for diminution / impairment in value of investments		1,520,486	1,209,055
Deficit on revaluation of available for sale investments		622,673	-
Provision against non-performing Islamic financing and related assets		197,351	125,678
Income not accrued due to non-culmination of financing		2,734,159	1,365,823
Provision against non-banking assets acquired in satisfaction of claims and others		155,679	209,910
		5,230,348	2,910,466
		5,003,011	175,555

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	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000			
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		46,955,343	48,899,926
Profit / return accrued in foreign currencies - net of provisions		170,733	109,199
Acceptances		14,972,799	10,925,144
Advances, deposits, advance rent and other prepayments		2,931,498	2,075,376
Non-banking assets acquired in satisfaction of claims		115,193	115,269
Unrealised gain on forward foreign exchange contracts - net		1,392,314	976,644
Dividends receivable		261	4,093
Stamps		27,294	25,020
Security deposits		364,849	234,949
Advance for Investments		-	882
Other		732,359	436,175
		67,662,643	63,802,677
Provision against other assets	14.1	(59,276)	(39,854)
Other Assets (Net of Provision)		67,603,367	63,762,823
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	38,731	38,731
Other Assets - total		67,642,098	63,801,554
14.1 Provision held against other assets			
Others		59,276	39,854
		59,276	39,854
14.1.1 Movement in provision held against other assets			
Opening balance		39,854	53,923
Charge for the period / year		31,490	61,004
Reversals during the period / year		(4,119)	(36,518)
Amount adjusted / written off during the period / year		(7,949)	(38,555)
Closing balance		59,276	39,854

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	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000			
15	BILLS PAYABLE		
	In Pakistan	58,870,035	36,141,378
	Outside Pakistan	-	-
		<u>58,870,035</u>	<u>36,141,378</u>
16	DUE TO FINANCIAL INSTITUTIONS		
	In Pakistan	572,030,657	220,414,234
	Outside Pakistan	-	-
		<u>572,030,657</u>	<u>220,414,234</u>
16.1	Details of due to financial institutions secured / unsecured		
	Secured		
	With State Bank of Pakistan		
	Musharakah under Islamic Export Refinance Scheme	74,433,540	55,181,621
	Investment under Islamic Long Term Financing Facility	26,039,464	17,490,047
	Investment under Islamic Refinance Facility for Combating COVID-19	1,092,486	1,244,792
	Investment under Islamic Financing for Renewal Energy	17,336,267	12,967,880
	Investment under Islamic Temporary Economic Refinance Facility for Plant and Machinery	17,953,744	13,230,968
	Investment under Islamic Refinance Scheme for storage of agriculture produce	210,744	40,677
	Investment under Islamic Refinance Scheme for payment of wages and salaries	1,088,192	2,177,385
	Investment under Islamic Refinance Scheme for SME Asaan Finance	295,101	-
	Investment under Shariah Compliant Open Market Operations	304,174,509	-
	Investment under Shariah Compliant Standing Ceiling Facility	17,958,371	39,993,944
		460,582,418	142,327,314
	With Scheduled Bank	72,000,000	30,000,000
	Other financial institutions	700,624	693,096
	Unsecured		
	Overdrawn nostro accounts	252,615	443,824
	Other Musharakah	38,495,000	46,950,000
		<u>572,030,657</u>	<u>220,414,234</u>

16.1.1 These represents 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 return on Open market operations is 13.87% (December 31, 2021: Nil) per annum and on Standing ceiling facility is 14.75% (December 31, 2021: 10.75%) 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 Government Ijarah Sukuk. The expected average return on these Musharakah is around 13.64% (December 31, 2021: 10.65%) per annum. These balances have matured in July 2022 (December 31, 2021: January 2022).

16.1.3 These Musharakah are on profit and loss sharing basis with banks. The expected average return on these Musharakah is around 13.82% (December 2021: 10.37%) per annum. These balances have matured in July 2022 (December 2021: January 2022).

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17 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
Customers						
- Current accounts - non-remunerative	691,944,588	34,359,517	726,304,105	622,823,894	30,848,040	653,671,934
- Savings deposits	503,397,423	51,210,198	554,607,621	492,095,194	43,166,844	535,262,038
- Fixed deposits	243,669,756	16,029,806	259,699,562	231,366,955	14,454,313	245,821,268
- Margin	16,734,380	1,790,647	18,525,027	12,003,635	6,566	12,010,201
	1,455,746,147	103,390,168	1,559,136,315	1,358,289,678	88,475,763	1,446,765,441
Financial institutions						
- Current accounts - non-remunerative	1,524,813	506,146	2,030,959	1,829,027	308,877	2,137,904
- Savings deposits	5,518,561	815	5,519,376	6,096,621	702	6,097,323
- Fixed deposits	1,940,558	-	1,940,558	885,800	-	885,800
	8,983,932	506,961	9,490,893	8,811,448	309,579	9,121,027
	1,464,730,079	103,897,129	1,568,627,208	1,367,101,126	88,785,342	1,455,886,468

	Note	June 30,	December 31,
		2022 (Unaudited)	2021 (Audited)
Rupees in '000			
18 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	13,990,000	13,990,000
		<u>20,990,000</u>	<u>20,990,000</u>

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

Credit Rating	AA+ (Double A 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 16.68% 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 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 12.17% and 15.34% 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000			
19 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		9,207,220	4,643,447
- payable in foreign currencies		81,540	49,414
Unearned income		1,633,269	1,449,591
Accrued expenses		12,894,971	12,187,304
Current taxation (provision less payments)		20,543,499	13,498,972
Acceptances		14,972,799	10,925,144
Dividends payable		1,193,388	19,490
Payable to defined benefit plan		638,924	941,589
Charity payable		7,581	3,932
Provision against off-balance sheet obligations	19.1	55,167	55,167
Security deposits against Ijarah		22,827,351	20,370,305
Payable on account of credit murabaha / ijarah		-	24,819
Security deposits against lockers		171,362	160,555
Advance against future Diminishing Musharakah		14,473	490,951
Withholding taxes payable		457,324	275,530
Lease liability against right-of-use assets		12,829,750	13,107,177
Workers Welfare Fund payable		4,447,084	3,710,254
Others		2,347,208	1,067,904
		<u>104,322,910</u>	<u>82,981,545</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		55,167	36,489
Charge for the period / year		-	18,678
Closing balance		<u>55,167</u>	<u>55,167</u>
20 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Available for sale securities			
- Listed shares		1,167,580	1,928,965
- Sukuk		(2,615,656)	4,694,113
		(1,448,076)	6,623,078
Non-banking assets acquired in satisfaction of claims		38,502	38,578
		(1,409,574)	6,661,656
Less: Deferred tax Asset / (liability) on			
- Available for sale securities		622,673	(2,583,001)
- Non-banking assets acquired in satisfaction of claims		(16,552)	(15,045)
		606,121	(2,598,046)
		<u>(803,453)</u>	<u>4,063,610</u>

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	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees in '000	
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	51,529,855	45,072,765
- Commitments	21.2	1,056,819,658	887,366,094
- Other contingent liabilities	21.3	1,802,000	1,802,000
		<u>1,110,151,513</u>	<u>934,240,859</u>
21.1 Guarantees:			
Financial guarantees		604,760	930,441
Performance guarantees		28,378,984	23,651,964
Other guarantees		22,546,111	20,490,360
		<u>51,529,855</u>	<u>45,072,765</u>
21.2 Commitments:			
Documentary letters of credit		231,892,310	175,227,624
Commitments in respect of: - forward foreign exchange contracts	21.2.1	227,308,831	200,615,279
Commitments for acquisition of: - fixed assets		387,072	389,225
- intangible assets		358,615	309,824
Other commitments	21.2.2	596,872,830	510,824,142
		<u>1,056,819,658</u>	<u>887,366,094</u>
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		132,214,373	114,757,851
Sale		95,094,458	85,857,428
		<u>227,308,831</u>	<u>200,615,279</u>
21.2.2 Other Commitments			
Commitments in respect of financing		<u>596,872,830</u>	<u>510,824,142</u>
21.3 Other contingencies			

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2021. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East - Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in this financial statement 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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	Note	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000			
22 PROFIT / RETURN EARNED ON FINANCING, AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS			
On financing	22.1	33,508,788	19,138,405
On investments in			
- Available for sale securities		36,579,519	18,802,730
- Held for trading securities		433	-
- Held to maturity securities		11,380,848	549,025
		47,960,800	19,351,755
On deposits / placements with financial institutions		6,826,860	11,626,278
		88,296,448	50,116,438
22.1	The income on Ijarah under IFAS 2 is net off takaful of Rs 1,107 million (June 30, 2021: Rs 787 million) recovered from customers.		
	Note	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000			
23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts	23.1	25,651,096	16,344,178
Sub-ordinated Sukuk		1,338,596	766,121
Shariah Compliant Open Market Operations and Standing Ceiling Facility from the State Bank of Pakistan		10,932,888	-
Other Musharakahs / Mudarabas		4,163,267	1,389,650
Amortisation of lease liability against right-of-use assets		788,607	411,167
		42,874,454	18,911,116
23.1	This includes conversion cost of Rs 1,355 million (June 30, 2021: Rs 1,312 million) against foreign currency deposits.		
	Note	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000			
24 FEE AND COMMISSION INCOME			
Trade related fees and commissions		1,872,127	1,582,465
Commission on guarantees		90,266	88,300
Branch banking customer fees		1,079,418	763,999
Credit processing related fees (including consumer processing fees of Rs 31.852 million (June 30, 2021: Rs 31.645 million))		59,425	64,991
Debit card related fees		2,505,593	1,156,177
Investment banking related fees		154,476	151,064
Cash management fees		134,412	74,421
Home remittance related fees		144,767	127,925
Others		121,007	92,490
		6,161,491	4,101,832
25 GAIN ON SECURITIES - NET			
Realised	25.1	181,611	258,071
25.1 Realised gain on:			
Listed Shares		159,246	219,183
Federal Government Securities		22,365	5,024
Pakistan Energy Sukuk		-	33,864
		181,611	258,071

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	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
	Rupees in '000	
26 OTHER INCOME		
Gain on termination of islamic financing	265,191	370,331
Gain on sale of fixed assets	141,750	61,762
Liabilities written back	350,000	-
Others	2,600	1,100
	<u>759,541</u>	<u>433,193</u>
27 OPERATING EXPENSES		
Total compensation expense	11,571,816	9,142,504
Property expense		
Depreciation on right-of-use assets	1,399,145	1,166,073
Rent and taxes	16,395	31,501
Utilities cost (including electricity and diesel)	778,076	511,121
Security (including guards)	555,683	402,694
Repair and maintenance (including janitorial charges)	331,532	270,092
Depreciation	414,580	423,123
Others	29,191	24,399
	<u>3,524,602</u>	<u>2,829,003</u>
Information technology expenses		
Software maintenance	421,546	287,132
Hardware maintenance	148,989	138,371
Depreciation	300,859	247,224
Amortisation	210,715	164,618
Network charges	153,714	114,062
	<u>1,235,823</u>	<u>951,407</u>
Other operating expenses		
Stationery and printing (including debit card related costs)	588,482	499,455
Repairs and maintenance	244,807	140,709
Local transportation and car running	472,909	287,825
Depreciation on vehicles, equipment etc.	697,922	517,046
Marketing, advertisement and publicity	605,150	522,174
Security charges - cash transportation	306,389	303,770
Communication (including courier)	267,632	251,353
Legal and professional charges	55,675	71,333
NIFT and other clearing charges	104,222	106,783
Travelling and conveyance	65,995	16,664
Training and Development	54,103	8,460
Donation	-	512
Fees, subscription and other charges	199,215	146,094
Brokerage and bank charges	130,362	171,806
Office supplies	179,253	137,803
Entertainment	33,550	33,773
Takaful expense	52,154	47,522
Outsourced services costs	11,222	11,220
Auditors' Remuneration	7,204	7,004
Shariah Board fees	17,951	9,910
Non-executive Directors' fee	34,670	33,570
Others	4,668	11,727
	<u>4,133,535</u>	<u>3,336,513</u>
	<u>20,465,776</u>	<u>16,259,427</u>

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	Note	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000			
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		5,933	4,916
29 PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing islamic financing related assets - net	10.10	729,681	397,681
Provision against diminution in the value of investments	9.3	435,872	528
Provision against off-balance sheet obligations		-	20,499
Other provision		27,371	19,162
Recovery against written off financing		(3,536)	(4,979)
		<u>1,189,388</u>	<u>432,891</u>
30 TAXATION			
Current			
- for the period	30.1	18,186,446	7,594,599
Deferred			
- for the period		(1,623,326)	632,321
		<u>16,563,120</u>	<u>8,226,920</u>
30.1	Through Finance Act 2022, the effective tax rate on banking companies has been increased and consequently for the year 2022, tax rates has been enhanced to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognized super tax charge of Rs 3,676 million (June 30, 2021: Rs 733 million) in the current period based on taxable income for the period.		

	Note	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000			
31 BASIC AND DILUTED EARNINGS PER SHARE			
31.1 Basic Earnings per share			
Profit for the period		17,119,149	12,607,932
		(Number)	
Weighted average number of ordinary shares		1,626,931,201	1,626,931,201
		(Rupees)	
			Restated
Basic earnings per share	31.4	10.52	7.75

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	Note	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000			
31.2 Diluted Earnings per share			
Profit for the period		<u>17,119,149</u>	<u>12,607,932</u>
		(Number)	
Weighted average number of ordinary shares	31.3	<u>1,627,449,563</u>	<u>1,626,931,201</u>
		(Rupees)	
Diluted earnings per share	31.4	<u>10.52</u>	<u>7.75</u>
			Restated

31.3 Reconciliation of basic and diluted earning per share

	(Number)
Weighted average number of ordinary shares	<u>1,626,931,201</u>
Add: Employee stock option scheme	<u>518,362</u>
Dilutive potential ordinary shares	<u>1,627,449,563</u>
	<u>1,626,931,201</u>

31.4 The Bank issued bonus shares last year and accordingly the earnings per share for the comparative period has been restated.

	Note	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000			
32 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	<u>166,493,297</u>	<u>142,210,133</u>
Balances with other banks	7	<u>12,433,516</u>	<u>18,944,508</u>
		<u>178,926,813</u>	<u>161,154,641</u>

33 FAIR VALUE OF FINANCIAL INSTRUMENT

33.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

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June 30, 2022 (Unaudited)				
	Level 1	Level 2	Level 3	Total
Rupees in '000				
RECURRING FAIR VALUE MEASUREMENTS ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE				
INVESTMENTS - NET				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	8,028,416	-	-	8,028,416
Pakistan Energy Sukuk - listed	119,769,831	-	-	119,769,831
GOP Sukuk	-	844,407,938	-	844,407,938
Foreign Sukuk	10,734,175	-	-	10,734,175
OFF BALANCE SHEET FINANCIAL INSTRUMENTS				
Forward purchase of foreign exchange contracts	-	133,747,815	-	133,747,815
Forward sale of foreign exchange contracts	-	96,043,188	-	96,043,188

December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
Rupees in '000				
RECURRING FAIR VALUE MEASUREMENTS ON BALANCE SHEET FINANCIAL INSTRUMENTS - MEASURED AT FAIR VALUE				
INVESTMENTS - NET				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	8,718,285	-	-	8,718,285
Pakistan Energy Sukuk - listed	120,028,511	-	-	120,028,511
GOP Sukuk	-	320,869,119	-	320,869,119
Foreign Sukuk	10,703,622	-	-	10,703,622
OFF BALANCE SHEET FINANCIAL INSTRUMENTS				
Forward purchase of foreign exchange contracts	-	116,360,987	-	116,360,987
Forward sale of foreign exchange contracts	-	86,873,922	-	86,873,922

ON BALANCE SHEET FINANCIAL INSTRUMENTS - DISCLOSED BUT NOT MEASURED AT FAIR VALUE

Investment in associates (listed - mutual funds) have market value of Rs 1,608 million (December 31, 2021: Rs 1,711 million) which is being valued under level 1. Investment in GoP sukuk classified as Held to Maturity have market value of Rs 207,127 million (December 31, 2021: Rs 76,651 million) which is being valued under level 2. These investments are carried at cost in the financial statements in accordance with the bank's accounting policy.

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Valuation techniques used in determination of fair values

Item	Valuation approach and input used
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.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

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 2021 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.

	Carrying Value	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
33.2 Financial assets not measured at fair value		
Cash and balances with treasury banks	166,493,297	170,500,698
Balances with other banks	12,433,516	16,420,036
Due from financial institutions - net	78,832,828	238,401,637
Investments - net	258,292,205	159,812,506
Islamic financings and related assets - net	807,537,961	758,086,120
Other assets - net	64,588,658	61,587,012

33.3 Fair value of non-financial assets

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

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34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
June 30, 2022 (Unaudited)						
Profit and Loss Account						
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)	-
Total Income	33,254,300	81,784,777	57,866,521	2,683,160	(76,634,108)	98,954,650
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)	-
Total expenses	29,976,640	45,864,319	63,817,549	1,058,593	(76,634,108)	64,082,993
Provision and write offs - net	621,394	110,250	435,872	21,872	-	1,189,388
Profit before tax	2,656,266	35,810,208	(6,386,900)	1,602,695	-	33,682,269
Statement of Financial Position						
Cash and Bank balances	-	166,213,644	2,541,411	10,171,758	-	178,926,813
Due from financial institutions - net	-	-	78,832,828	-	-	78,832,828
Investments - net	11,876,392	-	1,229,356,173	-	-	1,241,232,565
Net inter segment lending	-	1,411,497,751	-	-	(1,411,497,751)	-
Islamic financings and related assets - net	715,620,615	91,917,346	-	-	-	807,537,961
Others	25,875,012	49,980,232	35,995,747	105,255	-	111,956,246
Total Assets	753,372,019	1,719,608,973	1,346,726,159	10,277,013	(1,411,497,751)	2,418,486,413
Due to financial institutions	137,870,355	1,279,807	432,880,495	-	-	572,030,657
Deposits and other accounts	-	1,568,627,208	-	-	-	1,568,627,208
Subordinated Sukuk	20,990,000	-	-	-	-	20,990,000
Net inter segment borrowing	543,728,551	-	859,165,929	8,603,271	(1,411,497,751)	-
Others	21,611,985	137,771,661	2,533,491	1,275,808	-	163,192,945
Total liabilities	724,200,891	1,707,678,676	1,294,579,915	9,879,079	(1,411,497,751)	2,324,840,810
Equity	29,171,128	11,930,297	52,146,244	397,934	-	93,645,603
Total Equity and liabilities	753,372,019	1,719,608,973	1,346,726,159	10,277,013	(1,411,497,751)	2,418,486,413
Contingencies and Commitments	796,044,595	86,798,087	227,308,831	-	-	1,110,151,513
June 30, 2021 (Unaudited)						
Profit and Loss Account						
External Funded Revenue	15,773,098	3,988,647	30,354,693	-	-	50,116,438
External Non funded Revenue	1,920,501	1,206,234	2,435,488	1,248,654	-	6,810,877
Inter segment revenue - net	-	40,501,651	-	140,105	(40,641,756)	-
Total Income	17,693,599	45,696,532	32,790,181	1,388,759	(40,641,756)	56,927,315
External Cost of funds	1,511,039	16,778,844	621,233	-	-	18,911,116
Segment direct expenses	492,092	15,152,005	353,754	750,605	-	16,748,456
Inter segment expense allocation	12,818,524	-	27,823,232	-	(40,641,756)	-
Total expenses	14,821,655	31,930,849	28,798,219	750,605	(40,641,756)	35,659,572
Provision and write offs - net	414,947	12,858	3,984	1,102	-	432,891
Profit before tax	2,456,997	13,752,825	3,987,978	637,052	-	20,834,852
Statement of Financial Position						
Cash and Bank balances	-	154,713,459	6,441,182	-	-	161,154,641
Due from financial institutions - net	-	-	380,250,856	-	-	380,250,856
Investments - net	13,980,338	-	458,143,745	-	-	472,124,083
Net inter segment lending	-	1,207,986,111	-	1,530,985	(1,209,517,096)	-
Islamic financings and related assets - net	486,103,204	84,118,446	-	-	-	570,221,650
Others	16,266,767	28,489,441	45,385,971	-	-	90,142,179
Total Assets	516,350,309	1,475,307,457	890,221,754	1,530,985	(1,209,517,096)	1,673,893,409
Due to financial institutions	83,731,609	694,251	17,395,508	-	-	101,821,368
Deposits and other accounts	-	1,369,973,891	-	-	-	1,369,973,891
Subordinated Sukuk	18,000,000	-	-	-	-	18,000,000
Net inter segment borrowing	377,863,709	-	831,653,387	-	(1,209,517,096)	-
Others	12,926,875	92,303,186	91,627	1,530,985	-	106,852,673
Total liabilities	492,522,193	1,462,971,328	849,140,522	1,530,985	(1,209,517,096)	1,596,647,932
Equity	23,828,116	12,336,129	41,081,232	-	-	77,245,477
Total Equity and liabilities	516,350,309	1,475,307,457	890,221,754	1,530,985	(1,209,517,096)	1,673,893,409
Contingencies and Commitments	549,813,620	77,774,017	202,875,046	-	-	830,462,683

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35 RELATED PARTY TRANSACTIONS

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

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

35.3 Subsidiary company
- Al Meezan Investment Management Limited

35.4 Associates
Associates include major shareholders, 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.

35.5 Key management personnel
- President and Chief Executive Officer
- Deputy Chief Executive Officer

35.6 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:

Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
June 30, 2022	Dec 31, 2021	June 30, 2022	Dec 31, 2021	June 30, 2022	Dec 31, 2021	June 30, 2022	Dec 31, 2021	June 30, 2022	Dec 31, 2021	June 30, 2022	Dec 31, 2021
(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)

Rupees in '000

Investments

At January 1,	907,788	908,669	63,050	63,050	844,738	845,619	-	-	-	-	-
Addition during the period / year	514	-	-	-	514	-	-	-	-	-	-
Deletion during the period / year	-	(881)	-	-	-	(881)	-	-	-	-	-
At June 30 / December 31	908,302	907,788	63,050	63,050	845,252	844,738	-	-	-	-	-

Due from financial institutions

At January 1,	21,858,348	36,671,288	-	-	21,858,348	36,671,288	-	-	-	-	-
Addition during the period / year	-	76,546,772	-	-	-	76,546,772	-	-	-	-	-
Deletion during the period / year	(21,858,348)	(91,359,712)	-	-	(21,858,348)	(91,359,712)	-	-	-	-	-
At June 30 / December 31	-	21,858,348	-	-	-	21,858,348	-	-	-	-	-

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	June 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	June 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	June 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	June 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	June 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
Rupees in '000												
Deposits	3,443,644	7,236,303	27,614	15,388	2,776,728	2,386,870	137,494	131,435	130,074	188,427	371,734	4,514,183
Other Assets												
Profit receivable on financing / investments	-	725,460	-	-	-	725,460	-	-	-	-	-	-
Fee and Other Receivable	35,107	59,573	19,540	22,111	15,567	9,037	-	-	-	-	-	28,425
Sub-ordinated Sukuk (Tier II)												
At January 1,	200,000	578,000	-	-	200,000	578,000	-	-	-	-	-	-
Addition during the period / year	-	10,000	-	-	-	10,000	-	-	-	-	-	-
Deletion during the period / year	-	(388,000)	-	-	-	(388,000)	-	-	-	-	-	-
At June 30 / December 31	200,000	200,000	-	-	200,000	200,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	638,924	941,589	-	-	-	-	-	-	424,050	403,874	214,874	537,715
Accrued Expenses	1,621	353,974	1,621	3,974	-	-	-	-	-	-	-	350,000
Unearned Income	15,976	16,648	-	-	15,976	16,648	-	-	-	-	-	-
Contingencies and Commitments												
Letters of Guarantee (unfunded)	2,387,177	2,491,377	100	100	2,387,077	2,491,277	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Rupees in '000												
Profit earned on financing / investments / placements	68,184	1,389,282	-	-	68,184	1,389,282	-	-	-	-	-	-
Fees and other income earned	469,435	85,506	41,116	52,908	78,093	32,540	8	6	187	13	350,031	39
Dividend income earned	130,556	214,500	130,000	214,500	556	-	-	-	-	-	-	-
Gain on securities	2,028	280	-	-	-	280	-	-	-	-	2,028	-
Return on deposits / borrowing expensed	288,066	275,636	1,146	704	141,662	116,870	564	384	3,537	5,178	141,157	152,500
Charge for defined benefit plan	214,874	184,219	-	-	-	-	-	-	-	-	214,874	184,219
Contribution to defined contribution plan	265,352	232,212	-	-	-	-	-	-	-	-	265,352	232,212
Contribution to staff benevolent fund	10,216	37,887	-	-	-	-	-	-	-	-	10,216	37,887
Fees expensed	11,964	13,437	11,222	11,220	742	2,217	-	-	-	-	-	-
(Reversals) / Provision against investments	-	(527)	-	-	-	(527)	-	-	-	-	-	-
Charity Paid	-	38,000	-	-	-	-	-	-	-	-	-	38,000
Purchase of fixed assets	141,496	183,410	-	-	141,496	183,410	-	-	-	-	-	-
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	135,848	123,525	-	-	-	-	34,670	33,570	101,178	89,955	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees in '000	
36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement		
Paid-up capital (net of losses)	<u>16,269,312</u>	<u>16,269,312</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	<u>91,853,469</u>	<u>80,903,080</u>
Eligible Additional Tier 1 Capital	<u>7,000,000</u>	<u>7,000,000</u>
Total Eligible Tier 1 Capital	<u>98,853,469</u>	<u>87,903,080</u>
Eligible Tier 2 Capital	<u>20,405,477</u>	<u>23,900,095</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>119,258,946</u>	<u>111,803,175</u>
Risk Weighted Assets		
Credit Risk	<u>513,238,147</u>	<u>471,179,745</u>
Market Risk	<u>20,667,294</u>	<u>22,956,751</u>
Operational Risk	<u>133,736,815</u>	<u>133,736,815</u>
Total	<u>667,642,256</u>	<u>627,873,311</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>13.76%</u>	<u>12.89%</u>
Tier 1 Capital Adequacy Ratio	<u>14.81%</u>	<u>14.00%</u>
Total Capital Adequacy Ratio	<u>17.86%</u>	<u>17.81%</u>
Leverage Ratio		
Tier-1 Capital	<u>98,853,469</u>	<u>87,903,080</u>
Total Exposures	<u>2,658,280,047</u>	<u>2,244,744,326</u>
Leverage Ratio	<u>3.72%</u>	<u>3.92%</u>
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	<u>590,341,787</u>	<u>464,998,495</u>
Total Net Cash Outflow	<u>209,640,727</u>	<u>209,348,310</u>
Liquidity Coverage Ratio	<u>282%</u>	<u>222%</u>
Net Stable Funding Ratio		
Total Available Stable Funding	<u>1,534,017,313</u>	<u>1,370,517,865</u>
Total Required Stable Funding	<u>930,098,496</u>	<u>829,111,476</u>
Net Stable Funding Ratio	<u>165%</u>	<u>165%</u>

37 DATE OF AUTHORISATION AND NON-ADJUSTING EVENT

- 37.1** This condensed interim financial statements was authorised for issue on August 11, 2022 by the Board of Directors of the Bank.
- 37.2** The Board of Directors in their meeting held on August 11, 2022 has announced an interim cash dividend @ 17.5% along with bonus issue of 10%. This condensed interim unconsolidated financial statements does not include the effect of this appropriation which will be accounted for subsequent to the period end.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Rupees in '000		
ASSETS		
Cash and balances with treasury banks	166,493,297	170,501,306
Balances with other banks	12,474,022	16,465,169
Due from financial institutions - net	78,832,828	238,401,637
Investments - net	1,245,468,555	624,332,881
Islamic financing and related assets - net	807,537,961	758,086,120
Fixed assets	37,909,492	34,185,975
Intangible assets	1,669,289	1,505,581
Deferred tax asset	4,786,966	-
Other assets - net	67,867,799	64,180,378
	2,423,040,209	1,907,659,047
LIABILITIES		
Bills payable	58,870,035	36,141,378
Due to financial institutions	572,030,657	220,414,234
Deposits and other accounts	1,568,599,594	1,455,871,080
Sub-ordinated Sukuk	20,990,000	20,990,000
Deferred tax liabilities	-	72,189
Other liabilities	105,084,562	83,728,554
	2,325,574,848	1,817,217,435
NET ASSETS	97,465,361	90,441,612
REPRESENTED BY		
Share capital	16,269,312	16,269,312
Reserves	25,252,659	23,417,514
Unappropriated profit	55,540,116	45,494,657
(Deficit) / surplus on revaluation of assets - net of tax	(803,453)	4,063,610
	96,258,634	89,245,093
NON-CONTROLLING INTEREST	1,206,727	1,196,519
	97,465,361	90,441,612

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	Mubashar Maqbool Director	Shabbir Hamza Khandwala Chief Financial Officer
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**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Quarter ended June 30, 2022	Half year ended June 30, 2022	Quarter ended June 30, 2021	Half year ended June 30, 2021
Rupees in '000				
Profit / return earned on Islamic financing and related assets, investments and placements	50,224,429	88,361,922	25,887,606	50,117,383
Profit on deposits and other dues expensed	26,198,822	42,877,572	9,742,480	18,923,280
Net spread earned	24,025,607	45,484,350	16,145,126	31,194,103
OTHER INCOME				
Fee and commission income	3,458,041	6,814,445	2,417,009	4,860,013
Dividend income	118,710	293,097	129,430	198,242
Foreign exchange income	2,318,467	3,131,906	783,506	1,605,039
Gain on securities - net	101,197	116,449	136,797	445,913
Other income	582,498	759,935	183,371	433,747
	6,578,913	11,115,832	3,650,113	7,542,954
Total income	30,604,520	56,600,182	19,795,239	38,737,057
OTHER EXPENSES				
Operating expenses	10,523,033	20,740,453	8,589,262	16,579,015
Workers Welfare Fund	405,927	743,885	236,300	496,696
Other charges	4,801	5,933	3,534	4,916
Total other expenses	10,933,761	21,490,271	8,829,096	17,080,627
	19,670,759	35,109,911	10,966,143	21,656,430
Share of results of associates before taxation	(136,130)	(106,575)	153,004	104,871
Profit before provisions	19,534,629	35,003,336	11,119,147	21,761,301
Provisions and write offs - net	961,498	1,189,388	148,320	432,891
Extraordinary / unusual items	-	-	-	-
Profit before taxation	18,573,131	33,813,948	10,970,827	21,328,410
Taxation	10,679,811	16,676,896	4,195,854	8,426,530
Profit after taxation	7,893,320	17,137,052	6,774,973	12,901,880
Attributable to:				
Shareholders of the Holding company	7,867,055	17,052,650	6,682,699	12,732,501
Non-controlling interest	26,265	84,402	92,274	169,379
	7,893,320	17,137,052	6,774,973	12,901,880

Rupees

Restated

Basic earnings per share	4.84	10.48	4.11	7.83
Diluted earnings per share	4.83	10.48	4.11	7.83

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. A. AlNassar** Director **Mubashar Maqbool** Director **Shabbir Hamza Khandwala** Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Quarter ended June 30, 2022	Half year ended June 30, 2022	Quarter ended June 30, 2021	Half year ended June 30, 2021
Rupees in '000				
Profit after taxation for the period attributable to:				
Shareholders of the Holding company	7,867,055	17,052,650	6,682,699	12,732,501
Non-controlling interest	26,265	84,402	92,274	169,379
	<u>7,893,320</u>	<u>17,137,052</u>	<u>6,774,973</u>	<u>12,901,880</u>
Other Comprehensive income				
Item that may be reclassified to profit and loss account in subsequent periods:				
(Deficit) / surplus on revaluation of investments	(2,565,435)	(8,071,154)	1,142,299	1,318,978
Deferred tax on revaluation of investments	1,058,444	3,205,674	(822,103)	(883,941)
	<u>(1,506,991)</u>	<u>(4,865,480)</u>	<u>320,196</u>	<u>435,037</u>
Item that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurements of defined benefit plan - net of tax	(11,982)	(11,982)	5,654	5,654
Surplus on revaluation of non - banking assets	-	-	-	-
Deferred tax on revaluation of non - banking assets	(1,544)	(1,544)	(1,227)	(1,227)
	<u>(13,526)</u>	<u>(13,526)</u>	<u>4,427</u>	<u>4,427</u>
Other comprehensive (loss) / income for the period	<u>(1,520,517)</u>	<u>(4,879,006)</u>	<u>324,623</u>	<u>439,464</u>
Total comprehensive Income for the period	<u><u>6,372,803</u></u>	<u><u>12,258,046</u></u>	<u><u>7,099,596</u></u>	<u><u>13,341,344</u></u>
Attributable to:				
Shareholders of the Holding company	6,350,732	12,177,838	7,005,343	13,169,986
Non-controlling interest	22,071	80,208	94,253	171,358
	<u>6,372,803</u>	<u>12,258,046</u>	<u>7,099,596</u>	<u>13,341,344</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

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Share capital	Capital reserves			Revenue reserve General reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total	
		Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase			Employee share option compensation reserve	Investments			Non-banking assets
Rupees in '000											
Balance as at January 1, 2021	14,147,228	2,406,571	14,833,341	3,117,547	-	91,082	31,808,445	5,542,351	19,941	1,264,512	73,231,018
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	12,732,501	-	-	169,379	12,901,880
Other Comprehensive income for half year ended June 30, 2021 - net of tax	-	-	-	-	-	-	3,675	435,037	(1,227)	1,979	439,464
Other appropriations	-	-	-	-	-	-	12,736,176	435,037	(1,227)	171,358	13,341,344
Transfer to statutory reserve	-	-	1,260,793	-	-	-	(1,260,793)	-	-	-	-
Transactions with owners recognised directly in equity											
Final cash dividend for the year 2020 @ Rs 2 per share	-	-	-	-	-	-	(2,829,446)	-	-	-	(2,829,446)
Interim cash dividend for the year 2021	-	-	-	-	-	-	(2,122,085)	-	-	-	(2,122,085)
	-	-	-	-	-	-	(4,951,531)	-	-	-	(4,951,531)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(115,500)	(115,500)
Balance as at June 30, 2021	14,147,228	2,406,571	16,094,134	3,117,547	-	91,082	38,332,297	5,977,388	18,714	1,320,370	81,505,331
Profit after taxation for the six months period ended December 31, 2021	-	-	-	-	-	-	15,495,059	-	-	110,649	15,605,708
Other Comprehensive (loss) / income for the six months period ended December 31, 2021 - net of tax	-	-	-	-	-	-	(73,503)	(1,937,311)	4,912	-	(2,005,902)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	15,421,556	(1,937,311)	4,912	110,649	13,599,806
Other appropriations	-	-	-	-	-	-	93	-	(93)	-	-
Transfer to statutory reserve	-	-	1,574,723	-	-	-	(1,574,723)	-	-	-	-
Recognition of share based compensation	-	-	-	-	133,457	-	-	-	-	-	133,457
Transactions with owners recognised directly in equity											
Issue of bonus shares @ 15%	2,122,084	-	-	-	-	-	(2,122,084)	-	-	-	-
Second interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,122,085)	-	-	-	(2,122,085)
Third interim cash dividend for the year 2021 @ Rs 1.5 per share	-	-	-	-	-	-	(2,440,397)	-	-	-	(2,440,397)
	-	-	-	-	-	-	(4,562,482)	-	-	-	(4,562,482)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(234,500)	(234,500)
Balance as at December 31, 2021	16,269,312	2,406,571	17,668,857	3,117,547	133,457	91,082	45,494,657	4,040,077	23,533	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
Other Comprehensive loss for the half year ended June 30, 2022 - net of tax	-	-	-	-	-	-	(7,788)	(4,865,480)	(1,544)	(4,194)	(4,879,006)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	17,044,862	(4,865,480)	(1,544)	80,208	12,258,046
Other appropriations	-	-	-	-	-	-	39	-	(39)	-	-
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)
Balance as at June 30, 2022	16,269,312	2,406,571	19,380,772	3,117,547	256,687	91,082	55,540,116	(825,403)	21,950	1,206,727	97,465,361

* 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

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

	Half year ended June 30, 2022	Half year ended June 30, 2021
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	33,813,948	21,328,410
Less: Dividend income	(293,097)	(198,242)
	33,520,851	21,130,168
Adjustments for non-cash charges and other items:		
Depreciation	1,441,379	1,215,257
Amortization	215,461	170,947
Non cash items related to right of use assets	2,225,395	1,622,834
Provisions and write offs - net	1,189,388	432,891
Recognition of share based compensation	123,230	-
Gain on sale of fixed assets	(142,144)	(62,369)
Share of results of associates	106,575	(104,871)
	5,159,284	3,274,689
	38,680,135	24,404,857
(Increase) / decrease in operating assets		
Due from financial institutions	159,568,809	(38,182,057)
Islamic financing and related assets	(50,177,986)	(58,082,422)
Other assets	(3,718,624)	(12,582,366)
	105,672,199	(108,846,845)
Increase / (decrease) in operating liabilities		
Bills payable	22,728,657	12,856,906
Due to financial institutions	351,616,423	7,320,728
Deposits and other accounts	112,728,514	115,490,669
Other liabilities	13,466,933	6,690,403
	500,540,527	142,358,706
	644,892,861	57,916,718
Income tax paid	(11,309,705)	(6,230,260)
Net cash flow from operating activities	633,583,156	51,686,458
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(629,749,275)	(36,715,949)
Dividends received	296,929	183,404
Investments in fixed assets	(6,058,551)	(2,674,272)
Investments in intangible assets	(379,169)	(530,576)
Proceeds from sale of fixed assets	240,990	106,655
Net cash used in investing activities	(635,649,076)	(39,630,738)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,749,607)	(1,537,366)
Dividend paid to equity shareholders of the Bank	(4,113,629)	(4,951,231)
Dividend paid to non controlling interest	(70,000)	(115,500)
Net cash used in financing activities	(5,933,236)	(6,604,097)
(Decrease) / increase in cash and cash equivalents	(7,999,156)	5,451,623
Cash and cash equivalents at the beginning of the period	186,966,475	155,722,310
Cash and cash equivalents at the end of the period	178,967,319	161,173,933

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	Mubashar Maqbool Director	Shabbir Hamza Khandwala Chief Financial Officer
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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2022

1 BASIS OF PRESENTATION

- 1.1** This 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 and Meezan Daily Income Fund.
- 1.2** This condensed interim consolidated financial statements has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** This condensed interim consolidated financial statements comprise of the statement of financial position as at June 30, 2022 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, 2022.

2 ACCOUNTING POLICIES

- 2.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial statements are the same as those applied in the preparation of the Group for the year ended December 31, 2021.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial statements was authorised for issue on August 11, 2022 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

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer



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