



Meezan Bank
The Premier Islamic Bank



**Best Bank
in Pakistan**
Recognized by
Pakistan Banking Awards

April 30, 2019

CS/PSX-14/089/2019

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

Dear Sir,

السَّلَامُ عَلَيْكُمْ

Transmission of Quarterly Report for the Period Ended March 31, 2019.

We have to inform you that the Quarterly Report of the Bank for the period ended March 31, 2019 have been transmitted through PUCARS and is also available on Company's website.

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

Yours Sincerely,

Muhammad Sohail Khan
Company Secretary

Encl: As above.

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.

PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com



Bank with the Best

First Quarterly Report
March 31, 2019



Meezan Bank
The Premier Islamic Bank

Winner
Pakistan Banking Awards 2018
Best Bank
MEEZAN BANK

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

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CORPORATE INFORMATION

Board of Directors	Riyadh S. A. A. Edrees Faisal A. A. A. Al-Nassar Bader H. A. M. A. Al-Rabiah Mansur Khan Alaa A. Al-Sarawi Saad Fazil Abbasi Noorur Rahman Abid Mohamed Guermazi Nausheen Ahmad Irfan Siddiqui	Chairman Vice Chairman President & CEO
Shariah Supervisory Board	Justice (Retd.) Muhammad Taqi Usmani Dr. Muhammad Imran Ashraf Usmani Sheikh Esam Mohamed Ishaq Mufti Muhammad Naveed Alam	Chairman Vice Chairman
Management	Irfan Siddiqui Ariful Islam	President & CEO Deputy CEO
Board Audit Committee	Noorur Rahman Abid Faisal A. A. A. Al-Nassar Alaa A. Al-Sarawi Bader H. A. M. A. Al-Rabiah	
Board Risk Management Committee	Faisal A. A. A. Al-Nassar Mansur Khan Saad Fazil Abbasi	
Board Human Resource & Remuneration Committee	Noorur Rahman Abid Riyadh S. A. A. Edrees Alaa A. Al-Sarawi	
Board Information Technology Committee	Mansur Khan Noorur Rahman Abid Irfan Siddiqui	
Resident Shariah Board Member	Mufti Muhammad Naveed Alam	
Company Secretary	Muhammad Sohail Khan	
Auditors	EY Ford Rhodes, Chartered Accountants	
Registered Office and Head Office	Meezan House C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (9221) 38103500, Fax: (9221) 36406049 24/7 Call Centre: 111-331-331 & 111-331-332	
E-mail	info@meezanbank.com	
Website	www.meezanbank.com www.meezanbank.pk	
Shares Registrar	THK Associates (Pvt.) Ltd 1 st Floor, 40-C, Block 6, P.E.C.H.S., Karachi - 75400, Pakistan. Phone: (9221) 111-000-322, Fax: (9221) 34168271	

DIRECTORS' REVIEW

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the quarter ended March 31, 2019. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in millions

Statement of Financial Position	March 31, 2019	December 31, 2018	Growth %
Investments	218,755	123,743	77%
Islamic financing and related assets - net	493,936	512,565	(4%)
Total Assets	927,160	937,915	(1%)
Deposits	769,482	785,477	(2%)
Sub-ordinated Sukuk (Additional Tier I & Tier II)	14,000	14,000	-
Equity	40,968	40,333	2%

Rupees in millions

Profit & Loss Account	Jan - Mar 2019	Jan - Mar 2018	Growth %
Net spread earned	9,098	5,809	57%
Fee and commission income	1,519	1,292	18%
Total income	11,047	7,618	45%
Administrative and other expenses	5,611	4,508	24%
Profit after tax	2,851	1,915	49%
Earnings per share - Rupees	2.44	1.64	49%
Number of branches	676	601	12%

By the Grace of Allah, Meezan Bank has recorded excellent results for the first quarter ended March 31, 2019. Profit after tax increased to Rs 2,851 million from Rs 1,915 million in corresponding period last year - a growth of 49%. The Earnings per Share - on enhanced capital increased to Rs 2.44 per share.

We are pleased to inform you that the Board has approved 10% interim cash dividend (Rs 1.00 per share) and 10% bonus shares for the quarter ended March 31, 2019. Quarterly cash dividend has been approved for the first time in the history of the Bank.

The Bank's net spread grew by 57% primarily due to Bank's continuous focus on maintaining higher volume of high yield earning assets portfolio and its re-pricing pursuant to increase in Target Rate. The Bank's return on deposits also doubled on account of volumetric growth and increase in depositors' profit rates. The Bank's current account deposits grew by 12% from corresponding period last year which also contributed to higher net spread. The Bank continues to maintain an optimal cost of funds through strong relationship management and better customer experience. The fees and commission income of the Bank grew to Rs 1.5 billion from Rs 1.3 billion in the corresponding period last year - a growth of 18% primarily due to increase in trade business volume handled by the Bank, which increased by 11%.

DIRECTORS' REVIEW

During the quarter, a consortium led by Meezan Bank successfully closed Pakistan's First Energy Sukuk of Rs 200 billion issued by the Power Holding Private Limited, a company wholly owned by the Government of Pakistan (GoP). Meezan Bank was the largest investor in this Sukuk with a participation of Rs 85 billion in the total issue. The Sukuk is guaranteed by the GoP and is eligible for SLR for the purposes of the State Bank of Pakistan (SBP). The Sukuk is based on the Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments. We are hopeful that with the efforts of the SBP and the GoP, particularly Ministry of Finance and Ministry of Energy, there will be similar new Sukuk issues during 2019 Insha'Allah.

The Bank's Islamic Financings and related assets portfolio closed at Rs 494 billion which is slightly lower than December 2018 mainly due to repayment of seasonal financing which is in line with our budget. The Bank maintained its financing exposure in all sectors and continued to actively pursue growth in Small and Medium Enterprise (SME) / Commercial and Consumer segment. The Advance to Deposit ratio stood at 64%. Despite the higher ADR, the Bank has one of the lowest non-performing financing ratios in the banking industry - less than 1.5% compared to an industry average of 8% - a testimony to the stringent risk acceptance parameters of the Bank. The Bank maintains a comfortable level of provisions against its non-performing financings with coverage ratio of 137%.

The Bank continued to further expand its foot prints and added 16 new branches to its network, bringing the total number of branches to 676 in 189 cities (December 2018: 660 Branches in 181 cities). The Bank is now ranked 7th largest bank in terms of branch network as well. Administrative and operating expenses increased to Rs 5,611 million from Rs 4,508 million primarily due to increase in staff expenses, rent and costs associated with new branches – an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years. This rise in expenses is sufficiently absorbed by the growth in the Bank's funded and non-funded income resulting in improvement in income efficiency ratio by 8% from the corresponding period last year.

The Finance Supplementary (Second Amendment) Act, 2019 (the Act) has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3% for current year and further levied an additional Super Tax charge at 4% for Tax Year 2018 (Accounting Year 2017), which was previously not chargeable resulting in additional Super Tax charge of Rs 470 million in the current quarter. The aggregate Super Tax charge for the quarter ended March 31, 2019 is Rs 735 million.

The VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited), has assigned the Bank an Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term with stable outlook. The Subordinated Tier II Sukuk and Additional Tier I Sukuk of the Bank has been assigned a credit rating of 'AA' (Double A) and 'AA-' (Double A Minus) respectively. These ratings were assigned in 2018 and represent sound performance indicators of the Bank.

DIRECTORS' REVIEW

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and our Shariah Supervisory Board for their continued guidance and support. We also take this opportunity to thank our valued customers for their patronage, the shareholders, holders of Additional Tier I Sukuk and Subordinated Tier II Sukuk for their continued support and to the staff for their continuous efforts to make Meezan Bank a success. Most importantly, we are thankful to Allah Almighty for His continued blessings on our Bank which has enabled us to achieve this incredible performance in a very short span of time and we pray that He gives us more strength and wisdom to further expand our vision of making Islamic banking as banking of first choice.

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
April 25, 2019

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 31 مارچ، 2019 کو ختم ہونے والی سہ ماہی کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضامی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

روپے (ملین میں)

اہم مالیاتی نکات

مالیاتی حیثیت کا جائزہ	31 مارچ، 2019	31 دسمبر، 2018	اضافہ/کمی کی شرح %
سرمایہ کاری	218,755	123,743	77%
اسلامی فنڈنگ اور متعلقہ اثاثے۔ (تمام کنوٹیوں کے بعد)	493,936	512,565	(4%)
کل اثاثے	927,160	937,915	(1%)
جمع شدہ رقوم (Deposits)	769,482	785,477	(2%)
جانوی سکوٹ (اضافی Tier I اور Tier II)	14,000	14,000	-
ایکویٹی	40,968	40,333	2%
نفع و نقصان کھاتہ	جنوری تا مارچ، 2019	جنوری تا مارچ، 2018	اضافہ/کمی کی شرح %
آمدنی۔ خالص	9,098	5,809	57%
فیس اور کمیشن کی آمدنی	1,519	1,292	18%
کل آمدنی	11,047	7,618	45%
انتظامی اور دیگر اخراجات	5,611	4,508	24%
بعد از ٹیکس منافع	2,851	1,915	49%
منافع فی حصص (روپوں میں)	2.44	1.64	49%
شاخوں کی تعداد	676	601	12%

الحمد للہ، میزان بینک نے 31 مارچ، 2019 کو ختم ہونے والی سہ ماہی کے لئے زبردست نتائج حاصل کئے ہیں۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 1,915 ملین روپے کے مقابلے میں بڑھ کر 2,851 ملین روپے ہو گیا ہے جو 49 فیصد اضافے کی عکاسی کرتا ہے۔ اضافہ شدہ سرمائے پر فی حصص آمدنی بڑھ کر 2.44 روپے فی حصص ہو گئی ہے۔

ہم آپ کو یہ اطلاع دینے میں مسرت محسوس کرتے ہیں کہ بورڈ نے 31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لئے 10 فیصد عبوری نقد ڈیویڈنڈ (1.00 روپے فی حصص) اور 10 فیصد بونس حصص کی منظوری دی ہے۔ بینک کی تاریخ میں پہلی بار سہ ماہی ڈیویڈنڈ کی منظوری دی گئی ہے۔

بینک کی خالص آمدنی میں 57 فیصد اضافہ ہوا جس کی بنیادی وجہ زیادہ منافع بخش اثاثے کے پورٹ فولیو کا اضافہ شدہ حجم برقرار رکھنے پر مسلسل توجہ اور شرح منافع میں اضافے کے مطابق ان کی قیمتوں کا از سر نو تعین تھی۔ بینک کی جمع شدہ رقوم کے منافع کی ادائیگی بھی حجم کے اعتبار سے اضافے اور رقوم جمع کروانے والوں کی شرح منافع میں اضافے کے باعث ڈگنی ہو گئی۔ بینک کی کرنٹ اکاؤنٹ میں جمع شدہ رقوم میں بھی گزشتہ سال کی اسی مدت کے مقابلے میں 12 فیصد اضافہ ہوا جو اضافہ شدہ خالص آمدنی کے حصول میں معاون ثابت ہوا۔ بینک نے استحکام تعلقاتی انتظام کاری اور صارفین کو بہتر خدمات کی فراہمی کے ذریعے فنڈ زکی موزوں ترین لاگت برقرار رکھی۔ بینک کی فیس اور کمیشن کی آمدنی گزشتہ سال کی اسی مدت 1.3 ارب روپے کے مقابلے میں بڑھ کر 1.5 ارب روپے ہو گئی، اس 18 فیصد اضافے کی بنیادی وجہ بینک کے تجارتی کاروبار کے حجم میں اضافہ تھی جس میں 11 فیصد اضافہ ریکارڈ کیا گیا۔

ہم آپ کو یہ اطلاع دینے میں مسرت محسوس کرتے ہیں کہ میزان بینک کی زیر قیادت کنسورٹیم (Consortium) نے 200 ارب روپے مالیت کے پاکستان کے پہلے توانائی سکوٹ (Energy Sukuk) کے اجراء کی خریداری مکمل کی ہے جو حکومت پاکستان کی کل ملکیتی کمپنی پاور ہولڈنگ پرائیویٹ لمیٹڈ کی جانب سے جاری کئے گئے تھے۔ میزان بینک اس اجراء کا سب سے بڑا سرمایہ کار تھا اور اجراء کی کل مالیت میں اس کا حصہ 85 ارب روپے تھا۔ یہ سکوٹ حکومت پاکستان کی ضمانت کے

حامل ہیں اور اسٹیٹ بینک آف پاکستان (SBP) کے مقاصد کے لئے SLR کی اہلیت رکھتے ہیں۔ صکوک کی بنیاد اسلامی طریقے اجارہ پر ہے اور سال میں دو اقساط کی ادائیگی کے ساتھ 10 سال کی مدت تکمیل کے حامل ہیں۔ ہمیں امید ہے کہ حکومت، پاکستان اور اسٹیٹ بینک آف پاکستان بالخصوص وزارت مالیات اور وزارت توانائی کی کوششوں سے سال 2019 میں اسی نوعیت کے دیگر صکوک کا اجراء کیا جائے گا، انشاء اللہ۔

بینک کا اسلامی فنانسنگ اور متعلقہ اثاثوں کا پورٹ فولیو 494 ارب روپے رہا جو دسمبر 2018 کے مقابلے میں کچھ کم ہے اور اس کی بنیادی وجہ مخصوص مدت کی فنانسنگ کی ادائیگی ہے جو ہمارے بجٹ کے مطابق ہے۔ بینک نے تمام شعبہ جات میں سرمایہ کاریوں پر توجہ مرکوز رکھی اور چھوٹے اور درمیانے درجے کے کاروبار (SME) / کمرشل اور کنزیومر شعبہ میں فعال انداز میں اضافے کا سلسلہ جاری رکھا، بینک کا ایڈوانس نوڈ پازٹ ریٹو (ADR)، 64 فیصد پر برقرار ہے۔ ADR کی بلند شرح کے باوجود بینک کی غیر فعال فنانسنگ کی شرح بینکاری صنعت میں سب سے کم یعنی 1.5 فیصد سے بھی کم ہے جبکہ مجموعی طور پر بینکاری صنعت میں یہ شرح اوسطاً 8 فیصد ہے، جو بینک کے سخت رسک آپٹیمائزیشن پیرامیٹرز (Risk Acceptance Parameters) کی تصدیق کرتی ہے۔ بینک نے غیر فعال فنانسنگ پورٹ فولیو کی مدت میں 137 فیصد کو ریٹو کے ساتھ پروویڈنٹ کی تسلی بخش شرح برقرار رکھی ہے۔

بینک نے اپنی توسیع کا سلسلہ جاری رکھا اور اپنے نیٹ ورک میں 16 شاخوں کا اضافہ کیا، جس سے شاخوں کی تعداد بڑھ کر 189 شہروں میں 676 شاخیں ہو گئیں (دسمبر 2018 میں یہ تعداد 181 شہروں میں 661 شاخیں تھی)۔ بینک اپنی شاخوں کی تعداد کے اعتبار سے بھی ملک کا سب سے بڑا بینک بن چکا ہے۔ انتظامی اور عمل کاری کے اخراجات 4,508 ملین روپے سے بڑھ کر 5,611 ملین روپے ہو گئے جس کی بنیادی وجہ عملے پر ہونے والے اخراجات، کرائے اور نئی برانچوں سے متعلقہ اخراجات ہیں، تاہم یہ ایک سرمایہ کاری ہے جو بینک کے لئے شہر آ اور ثابت ہوئی ہے، جیسا کہ گزشتہ برسوں میں جمع شدہ رقم اور بینک کے منافع میں ہونے والے اضافے سے اس کی تصدیق ہوتی ہے۔ اخراجات میں ہونے والے اس اضافے کو بینک کی فنڈ ڈورن ان فنڈ ڈ آمدنی میں اضافے نے جذب کر لیا جس کے نتیجے میں بینک کی آمدنی کی شرح استعداد (Income Efficiency Ratio) میں گزشتہ سال کی اسی مدت کے مقابلے میں 8 فیصد بہتری آئی۔

فنانس سہلیٹیٹی (سینڈ امینڈمنٹ) ایکٹ 2019 (ایکٹ) کے ذریعے رواں سال بینکنگ کمینیز کے لئے سپرنٹنڈنٹ کی شرح میں مرحلہ وار کی چار سے تین فیصد کرنے کے فیصلے کو واپس لے لیا گیا ہے اور نیکس سال 2018 (اکٹوبر 2017) کے لئے 4 فیصد کے حساب سے اضافی سپرنٹنڈنٹ بھی عائد کر دیا گیا ہے جو پہلے عائد نہیں تھا، اور اس کے نتیجے میں رواں سہ ماہی میں 470 ملین روپے کا اضافی سپرنٹنڈنٹ چارج کیا گیا۔ 31 مارچ، 2019 کو ختم ہونے والی سہ ماہی کے لئے نکل سپرنٹنڈنٹ چارج 735 ملین روپے ہے۔

VIS کریڈٹ ریٹنگ کمپنی (سابقہ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ) نے بینک کو مستحکم آثار کے ساتھ AA+ (ڈبل اے پلس) طویل المیعاد ریٹنگ اور A1+ (اے ون پلس) قلیل المیعاد ریٹنگ دی ہے۔ بینک کے ثانوی صکوک Tier II اور اضافی صکوک Tier I کو AA (ڈبل اے) اور AA- (ڈبل اے مائنس) ریٹنگ دی گئی ہے۔ یہ ریٹنگز 2018 میں دی گئی تھیں جو بینک کی مستحکم کارکردگی کے اشاروں کی توثیق کرتی ہیں۔

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

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض ایس۔ اے۔ اور ایس
چیئرمین

کراچی:

25 اپریل، 2019

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	69,084,885	65,022,041
Balances with other banks	7	8,392,713	8,255,187
Due from financial institutions - net	8	88,246,928	184,814,600
Investments - net	9	218,755,206	123,742,867
Islamic financing and related assets - net	10	493,936,006	512,564,522
Fixed assets	11	13,737,363	13,129,126
Intangible assets	12	618,587	624,534
Deferred tax assets	13	1,298,508	982,936
Other assets - net	14	33,089,882	28,779,592
		927,160,078	937,915,405
LIABILITIES			
Bills payable	15	19,270,317	23,750,543
Due to financial institutions	16	32,545,116	36,407,811
Deposits and other accounts	17	769,481,960	785,476,944
Sub-ordinated Sukuk	18	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	19	50,894,275	37,947,052
		886,191,668	897,582,350
NET ASSETS		40,968,410	40,333,055
REPRESENTED BY			
Share capital		11,691,924	11,691,924
Reserves		15,446,383	15,161,249
Unappropriated profit		13,753,627	13,525,765
Surplus / (deficit) on revaluation of assets - net of tax	20	76,476	(45,883)
		40,968,410	40,333,055
CONTINGENCIES AND COMMITMENTS	21		

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Note	Quarter ended March 31, 2019	Restated Quarter ended March 31, 2018
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	22	18,206,399	10,118,523
Profit on deposits and other dues expensed	23	9,108,638	4,309,027
Net spread earned		<u>9,097,761</u>	<u>5,809,496</u>
OTHER INCOME			
Fee and commission income	24	1,518,774	1,291,937
Dividend income		33,126	48,629
Foreign currencies income		417,100	373,021
(Loss) / gain on securities - net	25	(124,728)	41,580
Other income	26	104,774	53,561
		<u>1,949,046</u>	<u>1,808,728</u>
Total income		<u>11,046,807</u>	<u>7,618,224</u>
OTHER EXPENSES			
Operating expenses	27	5,483,187	4,447,138
Workers Welfare Fund		126,422	60,001
Other charges	28	1,368	751
Total other expenses		<u>5,610,977</u>	<u>4,507,890</u>
PROFIT BEFORE PROVISIONS		<u>5,435,830</u>	<u>3,110,334</u>
(Reversals) / provisions and write offs - net	29	(99,947)	130,298
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>5,535,777</u>	<u>2,980,036</u>
Taxation	30	2,684,435	1,065,097
PROFIT AFTER TAXATION		<u>2,851,342</u>	<u>1,914,939</u>
		Rupees	
		Restated	
Basic and diluted earnings per share	31	<u>2.44</u>	<u>1.64</u>

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

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

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Note 3.2.1	Restated
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	Rupees in '000	
Profit after taxation for the quarter	2,851,342	1,914,939
Other comprehensive income		
Items that may be reclassified to		
profit and loss account in subsequent periods:		
Surplus / (deficit) on revaluation of investments	20 203,089	(326,970)
Deferred tax on revaluation of investments	(71,081)	114,440
	132,088	(212,530)
Deficit on revaluation of non - banking assets	20 (14,785)	-
Deferred tax on revaluation of non - banking assets	5,175	-
	(9,610)	-
Total Comprehensive Income for the quarter	2,973,740	1,702,409

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Share capital	Capital reserves			Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Total
		Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non-banking Assets	
Rupees in '000									
Balance as at January 01, 2018 Restated (Note 3.2.1)	10,629,022	2,406,571	7,777,925	3,117,547	66,766	10,340,589	738,973	-	35,077,393
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	1,914,939	-	-	1,914,939
Other Comprehensive loss for the quarter ended March 31, 2018 - net of tax	-	-	-	-	-	-	(212,530)	-	(212,530)
Other appropriations	-	-	-	-	-	1,914,939	(212,530)	-	1,702,409
Transfer to statutory reserve	-	-	382,988	-	-	(382,988)	-	-	-
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	-	(1,328,628)
Balance as at March 31, 2018 Restated (Note 3.2.1)	10,629,022	2,406,571	8,160,913	3,117,547	66,766	10,543,912	526,443	-	35,451,174
Profit after taxation for the nine months period ended December 31, 2018	-	-	-	-	-	7,047,261	-	-	7,047,261
Other Comprehensive loss for the nine months period ended December 31, 2018 - net of tax	-	-	-	-	-	1,299	(594,478)	22,152	(571,027)
Other appropriations	-	-	-	-	-	7,048,560	(594,478)	22,152	6,476,234
Transfer to statutory reserve	-	-	1,409,452	-	-	(1,409,452)	-	-	-
Transactions with owners recognised directly in equity									
Issue of bonus shares	1,062,902	-	-	-	-	(1,062,902)	-	-	-
Interim cash dividend for the year 2018	-	-	-	-	-	(1,594,353)	-	-	(1,594,353)
Balance as at December 31, 2018	11,691,924	2,406,571	9,570,365	3,117,547	66,766	13,525,765	(68,035)	22,152	40,333,055
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	2,851,342	-	-	2,851,342
Other Comprehensive income for the quarter ended March 31, 2019 - net of tax	-	-	-	-	-	-	132,008	(9,610)	122,398
Other appropriations	-	-	-	-	-	2,851,342	132,008	(9,610)	2,973,740
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	39	-	(39)	-
Other appropriations	-	-	285,134	-	-	(285,134)	-	-	-
Transfer to statutory reserve	-	-	285,134	-	-	(285,134)	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	(2,338,385)
Balance as at March 31, 2019	11,691,924	2,406,571	9,855,499	3,117,547	66,766	13,753,627	63,973	12,503	40,968,410

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Note 3.2.1	Quarter ended March 31, 2019	Restated Quarter ended March 31, 2018
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		5,535,777	2,980,036
Less: Dividend income		<u>(33,126)</u>	<u>(48,629)</u>
		5,502,651	2,931,407
Adjustments for non-cash charges and other items:			
Depreciation		399,722	360,865
Amortization		56,333	55,299
(Reversals) / provisions and write offs - net		(99,947)	130,298
Gain on sale of fixed assets		(6,556)	(11,833)
		<u>349,552</u>	<u>534,629</u>
		5,852,203	3,466,036
Decrease / (increase) in operating assets			
Due from financial institutions		96,567,672	(6,281,278)
Islamic financings and related assets		18,624,872	6,769,789
Other assets		(4,421,721)	(5,470,345)
		<u>110,770,823</u>	<u>(4,981,834)</u>
(Decrease) / increase in operating liabilities			
Bills payable		(4,480,226)	130,717
Due to financial institutions		(3,862,695)	(13,492,046)
Deposits and other accounts		(15,994,984)	(2,454,917)
Other liabilities		9,849,668	7,295,689
		<u>(14,488,237)</u>	<u>(8,520,557)</u>
		102,134,789	(10,036,355)
Income tax paid		(2,300,814)	(867,984)
Net cash flow from / (used in) operating activities		<u>99,833,975</u>	<u>(10,904,339)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investments) / redemption in securities		(94,664,146)	1,239,468
Dividends received		5,044	35,262
Investments in fixed assets		(929,219)	(1,037,908)
Investments in intangible assets		(50,386)	(131,582)
Proceeds from sale of fixed assets		11,031	21,201
Net cash (used in) / flow from investing activities		<u>(95,627,676)</u>	<u>126,441</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(5,929)	(85)
Net cash used in financing activities		<u>(5,929)</u>	<u>(85)</u>
Increase / (decrease) in cash and cash equivalents		<u>4,200,370</u>	<u>(10,777,983)</u>
Cash and cash equivalents at the beginning of the quarter	32	<u>73,277,228</u>	<u>69,451,986</u>
Cash and cash equivalents at the end of the quarter	32	<u>77,477,598</u>	<u>58,674,003</u>

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through six hundred and seventy six branches as at March 31, 2019 (December 31, 2018: six hundred and sixty branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2017, the VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited) has upgraded the Bank's long-term rating to 'AA+' from 'AA' and reaffirmed the short-term rating as 'A1+' with stable outlook.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar, and Export Refinance under Islamic Export Refinance Scheme and long term financing facility under Islamic Long Term Financing Facility of the State Bank of Pakistan respectively.

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

3 STATEMENT OF COMPLIANCE

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

- 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

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2018 other than as disclosed below in note 3.2.1.

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

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

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

3.2.2 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 3.6.1 to the annual financial statement of the Bank). However, such standards did not have any significant effect on this condensed interim unconsolidated financial information.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

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

As referred to in note 3.6.1 to the annual financial statements of the Bank, 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.

With regard to IFRS 9, the SECP vide its press release dated February 15, 2019 has deferred the applicability of IFRS 9 for reporting periods ending on or after June 30, 2019. Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non-performing financing, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

4 BASIS OF MEASUREMENT

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

4.2 Functional and presentation currency

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

4.3 Rounding off

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		10,412,134	10,754,777
- foreign currencies		2,476,982	2,122,435
With the State Bank of Pakistan in			
- local currency current accounts	6.1	38,222,453	25,130,062
- foreign currency current accounts	6.1	5,593,233	5,305,332
With National Bank of Pakistan in			
- local currency current accounts		12,380,083	21,709,435
		<u>69,084,885</u>	<u>65,022,041</u>

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.

	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		5,927,394	5,858,646
Outside Pakistan			
- in current accounts		2,432,892	2,089,540
- in deposit accounts	7.1	32,427	307,001
		<u>8,392,713</u>	<u>8,255,187</u>

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

	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
8 DUE FROM FINANCIAL INSTITUTIONS - NET			
Bai Muajjal:			
With the State Bank of Pakistan	8.1	42,321,908	-
With Scheduled Banks - Secured	8.2	43,925,020	184,814,600
With other Financial Institution		15,500	15,500
		86,262,428	184,830,100
Musharakah	8.3	1,500,000	-
Wakalah	8.4	500,000	-
Commodity Murabaha		26,066	26,066
		88,288,494	184,856,166
Provision against non-performing amounts due from financial institutions	8.5	(41,566)	(41,566)
		<u>88,246,928</u>	<u>184,814,600</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

- 8.1** During the quarter, the SBP conducted its Open Market Operation (OMO) using Bai Muajjal Structure to manage the liquidity of Islamic Banks. The average return on these Bai Muajjal is 10.65% (December 31, 2018: Nil) per annum. These balances have maturities ranging between September 2019 to February 2020 (December 31, 2018: Nil).
- 8.2** The average return on this product is 9.69% (December 31, 2018: 7.87%) per annum. These balances have maturities ranging between April 2019 to March 2020 (December 31, 2018: January 2019 to April 2019).
- 8.3** The average return on this product is 9.50% (December 31, 2018: Nil) per annum. These balances are maturing latest by April 2019 (December 31, 2018: Nil).
- 8.4** The return on this product is 10.00% (December 31, 2018: Nil) per annum. This balance is maturing latest by April 2019 (December 31, 2018: Nil).

	March 31, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
	Rupees in '000			
8.5 Category of classification				
Loss	41,566	41,566	41,566	41,566
	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

9 INVESTMENTS - NET	Note	March 31, 2019 (Unaudited)				December 31, 2018 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by types									
Available for sale securities									
Federal Government Securities									
- Ijarah Sukuk		15,661,106	-	(173,231)	15,487,875	18,986,693	-	(271,470)	18,715,223
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		83,652,209	-	-	83,652,209	42,433,712	-	-	42,433,712
Non Government Sukuk									
- Pakistan Energy Sukuk-I guaranteed by the Government of Pakistan	9.1.1	85,000,000	-	-	85,000,000	-	-	-	-
- Other Sukuk guaranteed by the Government of Pakistan		14,128,470	-	-	14,128,470	14,128,470	-	-	14,128,470
- Other Non Government Sukuk		6,400,911	168,403	-	6,232,508	7,118,262	170,635	-	6,947,627
Foreign Securities									
		7,818,468	-	48,787	7,867,255	7,576,263	-	(110,446)	7,465,817
Shares (including units of fund)									
		6,227,550	961,338	222,866	5,489,078	5,981,168	1,104,210	277,249	5,154,207
		<u>218,888,714</u>	<u>1,129,741</u>	<u>98,422</u>	<u>217,857,395</u>	<u>96,224,568</u>	<u>1,274,845</u>	<u>(104,667)</u>	<u>94,845,056</u>
Held to maturity securities									
- Federal Government Securities Ijarah Sukuk		-	-	-	-	28,000,000	-	-	28,000,000
In related parties									
Subsidiary (unlisted)									
- Shares		63,050	-	-	63,050	63,050	-	-	63,050
Associates (listed)									
- Units of funds		834,761	-	-	834,761	834,761	-	-	834,761
Total Investments									
		<u>219,786,525</u>	<u>1,129,741</u>	<u>98,422</u>	<u>218,755,206</u>	<u>125,122,379</u>	<u>1,274,845</u>	<u>(104,667)</u>	<u>123,742,867</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

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

9.2 Provision against diminution in value of investments	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
Opening balance	1,274,845	967,444
Charge / (reversals) for the quarter / year		
On available for sale securities		
- charge for the quarter / year	40,730	505,484
- reversals for the quarter / year on recovery of debt instruments	(2,232)	(11,047)
- reversals for the quarter / year on disposals	(183,602)	(187,036)
	(145,104)	307,401
Closing balance	1,129,741	1,274,845

9.3 Particulars of provision against Sukuk	March 31, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
Category of classification				
Loss	168,403	168,403	170,635	170,635
	168,403	168,403	170,635	170,635

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	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
10 ISLAMIC FINANCING AND RELATED ASSETS - NET			
		Rupees in '000	
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	10.1	8,826,899	8,021,609
- Advances against Murabaha		5,805,210	7,657,780
- Murabaha inventory		2,052,106	3,818,550
- Financing under Islamic Export Refinance - Murabaha	10.2	369,654	344,573
- Advances against Islamic Export Refinance - Murabaha		124,944	130,491
		17,178,813	19,973,003
Running Musharakah financing			
- Running Musharakah financing		144,155,088	142,433,085
- Financing under Islamic Export Refinance - Running Musharakah		17,851,965	16,430,165
		162,007,053	158,863,250
Istisna financing and related assets			
- Istisna financing		4,851,011	3,440,669
- Advances against Istisna		38,214,590	56,972,563
- Istisna inventory		12,004,024	8,069,320
- Financing under Islamic Export Refinance - Istisna		151,731	74,732
- Advances under Islamic Export Refinance - Istisna		6,630,851	4,388,971
- Inventory under Islamic Export Refinance - Istisna		1,218,497	508,535
		63,070,704	73,454,790
Tijarah financing and related assets			
- Tijarah financing		1,228,168	394,041
- Tijarah inventory		14,770,308	12,371,614
- Financing under Islamic Export Refinance - Tijarah		484,328	364,949
- Inventory under Islamic Export Refinance - Tijarah		668,909	271,085
		17,151,713	13,401,689
Musawammah financing and related assets			
- Musawammah financing	10.3	11,929,800	12,450,345
- Musawammah Inventory		9,539,752	9,890,657
- Advances against Musawammah		5,893,595	16,505,491
- Financing under Islamic Export Refinance - Musawammah	10.4	516,001	875,001
- Inventory under Islamic Export Refinance - Musawammah		50,000	-
- Advances under Islamic Export Refinance - Musawammah		236,450	124,950
		28,165,598	39,846,444
Salam Financing and related assets			
- Salam Financing		891,917	590,001
- Salam Inventory		1,028,915	1,659,072
- Advances against Salam		5,920,730	7,281,394
		7,841,562	9,530,467
Financing against bills			
- Financing against bills - Salam		5,318,016	5,725,100
- Advances against bills - Salam		1,738	1,738
		5,319,754	5,726,838
Bai Muajjal financing			
	10.5	569,632	569,632
Ijarah financing and related assets			
- Net investment in Ijarah		115,176	116,259
- Net book value of assets / investment in Ijarah under IFAS 2	10.6	49,701,489	46,836,155
		49,816,665	46,952,414
- Advances against Ijarah		3,921,873	6,253,140
- Advances against Ijarah under SBP's ILTF		37,281	-
		53,775,819	53,205,554

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	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
————— Rupees in '000 —————			
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - housing		14,398,095	14,150,878
- Diminishing Musharakah financing - others		73,934,862	74,800,828
- Diminishing Musharakah financing - SBP's ILTF		10,848	-
- Advances against Diminishing Musharakah		9,164,419	8,490,933
- Advances against Diminishing Musharakah under SBP's ILTF		1,158,220	490,628
		98,666,444	97,933,267
Musharakah financing		414,800	414,800
Wakalah Tul Istithmar financing and related assets			
- Wakalah Tul Istithmar financing		28,075,200	40,825,200
- Advance against Wakalah Tul Istithmar financing		12,750,000	-
		40,825,200	40,825,200
- Wakalah financing		425,000	475,000
- Advance against Service Ijarah		2,000,000	2,000,000
- Labbaik (Qard for Hajj and Umrah)		3,474	5,153
- Staff financing		3,828,680	3,712,540
- Other financing		2,364,091	2,326,136
Gross Islamic financing and related assets		503,608,337	522,263,763
Less: Provision against non-performing Islamic financing and related assets - Specific	10.8	(6,744,620)	(6,771,530)
Less: Provision against non-performing Islamic financing and related assets - General	10.8	(2,927,711)	(2,927,711)
Islamic financing and related assets - net of provision		493,936,006	512,564,522

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	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)	
Rupees in '000				
10.1	Murabaha receivable - gross	10.1.1	9,331,546	8,434,743
	Less: Deferred murabaha income	10.1.3	(188,204)	(142,250)
	Profit receivable shown in other assets		(316,443)	(270,884)
	Murabaha financing		<u>8,826,899</u>	<u>8,021,609</u>
10.1.1	Murabaha Sale Price		9,331,546	8,434,743
	Murabaha Purchase Price		(8,826,899)	(8,021,609)
			<u>504,647</u>	<u>413,134</u>
10.1.2	The movement in Murabaha financing during the quarter / year is as follows:			
	Opening balance		8,021,609	7,854,995
	Sales during the quarter / year		10,207,638	47,580,002
	Adjusted during the quarter / year		(9,402,348)	(47,413,388)
	Closing balance		<u>8,826,899</u>	<u>8,021,609</u>
10.1.3	Deferred Murabaha Income			
	Opening balance		142,250	110,813
	Deferred during the quarter / year		396,944	1,218,659
	Recognised during the quarter / year		(350,990)	(1,187,222)
	Closing balance		<u>188,204</u>	<u>142,250</u>
10.2	Financing under Islamic Export Refinance - Murabaha - gross		378,779	353,984
	Less: Deferred income		(1,943)	(1,725)
	Profit receivable shown in other assets		(7,182)	(7,686)
	Financing under Islamic Export Refinance - Murabaha		<u>369,654</u>	<u>344,573</u>
10.2.1	The movement in Islamic Export Refinance Murabaha financing during the quarter / year is as follows:			
	Opening balance		344,573	599,862
	Sales during the quarter / year		331,562	684,949
	Adjusted during the quarter / year		(306,481)	(940,238)
	Closing balance		<u>369,654</u>	<u>344,573</u>
10.2.2	Deferred Islamic Export Refinance Murabaha Income			
	Opening balance		1,725	1,848
	Deferred during the quarter / year		4,142	9,507
	Recognised during the quarter / year		(3,924)	(9,630)
	Closing balance		<u>1,943</u>	<u>1,725</u>
10.3	Musawammah financing - gross		12,560,419	12,998,576
	Less: Deferred income		(276,660)	(298,927)
	Profit receivable shown in other assets		(353,959)	(249,304)
	Musawammah financing		<u>11,929,800</u>	<u>12,450,345</u>

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	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
10.4 Financing under Islamic Export Refinance - Musawammah - gross	522,968	885,568
Less: Deferred income	(4,004)	(4,387)
Profit receivable shown in other assets	(2,963)	(6,180)
Financing under Islamic Export Refinance - Musawammah	516,001	875,001
10.5 Bai Muajjal financing - gross	615,345	615,345
Less: Deferred income	(15,154)	(26,426)
Profit receivable shown in other assets	(30,559)	(19,287)
Bai Muajjal financing	569,632	569,632
10.6 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 28,168 million (December 31, 2018: Rs 25,267 million).		
10.7 Islamic financing and related assets include Rs. 7,083 million (December 31, 2018: Rs. 6,985 million) which have been placed under non-performing status as detailed below:		

Category of classification	March 31, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non-performing investment	Provision held	Non-performing investment	Provision held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	31,588	-	28,157	-
Substandard	296,172	69,912	137,429	30,927
Doubtful	52,682	9,608	49,514	8,523
Loss	6,702,209	6,665,100	6,770,142	6,732,080
	7,082,651	6,744,620	6,985,242	6,771,530

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

	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	6,771,530	2,927,711	9,699,241	6,426,731	2,377,711	8,804,442
Charge for the quarter / year	235,562	-	235,562	552,977	550,000	1,102,977
Less: Reversals for the quarter / year	(227,690)	-	(227,690)	(208,111)	-	(208,111)
	7,872	-	7,872	344,866	550,000	894,866
Amount written off	(34,782)	-	(34,782)	(67)	-	(67)
Closing balance	6,744,620	2,927,711	9,672,331	6,771,530	2,927,711	9,699,241

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

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

10.8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at March 31, 2019 amounts to Rs 17.4 million (December 31, 2018: Rs 17.9 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 11.3 million as at March 31, 2019 (December 31, 2018: Rs 11.6 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

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	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
11 FIXED ASSETS			
Capital work-in-progress	11.1	2,092,607	1,644,436
Property and equipment		<u>11,644,756</u>	<u>11,484,690</u>
		<u>13,737,363</u>	<u>13,129,126</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		1,269,504	1,009,074
- computer hardware		270,674	174,250
- purchase of vehicles		121,784	152,864
- office machines		377,536	263,986
- furniture and fixtures		53,109	44,262
		<u>2,092,607</u>	<u>1,644,436</u>
		March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Rupees in '000			
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the quarter:			
Capital work-in-progress		448,171	390,036
Property and equipment			
Buidling on leasehold land		-	146,742
Leasehold improvements		44,095	108,572
Furniture and fixture		15,035	12,307
Electrical, office and computer equipment		261,917	269,619
Vehicles		160,001	110,632
		<u>481,048</u>	<u>647,872</u>
Total		<u>929,219</u>	<u>1,037,908</u>

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	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
	———— Rupees in '000 ————	
11.3 Transfer to fixed assets from Non-banking assets acquired in satisfaction of claims		
Buidling on leasehold land	83,215	-
	————	————
Disposal of fixed assets		
The net book value of fixed assets disposed off during the quarter is as follows:		
Leasehold improvements	21	-
Furniture and fixture	48	59
Electrical, office and computer equipment	41	177
Vehicles	4,365	9,132
	————	————
	4,475	9,368
	————	————
	Note	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	———— Rupees in '000 ————	
12 INTANGIBLE ASSETS		
Computer Software	529,132	552,130
Advance against computer software	89,455	72,404
	————	————
	618,587	624,534
	————	————
	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
	———— Rupees in '000 ————	
12.1 Additions to intangible assets	50,386	131,582
	————	————

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	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
13 DEFERRED TAX ASSETS			
Taxable temporary differences due to:			
Excess of accounting book values over tax written down values of owned assets		(379,978)	(411,918)
Surplus on revaluation of available for sale investments		(34,449)	-
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims		(6,732)	(11,928)
		(421,159)	(423,846)
Deductible temporary differences due to:			
Provision for diminution / impairment in value of investments		444,984	470,528
Deficit on revaluation of available for sale investments		-	36,632
Income not accrued due to non-culmination of financing		1,181,596	812,904
Provision against non-banking assets acquired in satisfaction of claims and other assets		93,087	86,718
		1,719,667	1,406,782
		1,298,508	982,936
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		14,439,619	13,851,168
Profit / return accrued in foreign currencies - net of provisions		47,576	63,744
Acceptances		14,808,724	10,634,901
Advances, deposits, advance rent and other prepayments		2,222,585	2,269,774
Non-banking assets acquired in satisfaction of claims		157,217	240,607
Unrealised gain on forward foreign exchange contracts - net		947,576	1,335,392
Dividends receivable		28,344	262
Stamps		16,966	13,037
Security deposits		119,682	119,510
Other		371,474	288,419
		33,159,763	28,816,814
Provision against other assets	14.1	(89,116)	(71,302)
Other Assets (Net of Provision)		33,070,647	28,745,512
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	19,235	34,080
Other Assets - total		33,089,882	28,779,592

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	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
14.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	10,000	10,000
Acceptances	40,424	35,451
Others	38,692	25,851
	<u>89,116</u>	<u>71,302</u>
14.1.1 Movement in provision held against other assets		
Opening balance	71,302	96,234
Charge for the quarter / year	18,198	2,417
Reversals during the quarter / year	(384)	(27,349)
Amount adjusted / written off	-	-
Closing balance	<u>89,116</u>	<u>71,302</u>
15 BILLS PAYABLE		
In Pakistan	19,270,317	23,750,543
Outside Pakistan	-	-
	<u>19,270,317</u>	<u>23,750,543</u>
16 DUE TO FINANCIAL INSTITUTIONS		
In Pakistan	32,545,116	36,407,811
Outside Pakistan	-	-
	<u>32,545,116</u>	<u>36,407,811</u>
16.1 Details of due to financial institutions secured / unsecured		
Secured		
Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	26,672,351	22,737,094
Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility	1,175,794	433,990
Other financial institution	847,631	627,075
Unsecured		
Overdrawn nostro accounts	349,340	409,652
Other Musharakah	3,500,000	12,200,000
	<u>32,545,116</u>	<u>36,407,811</u>

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17 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign Currency	Total	In Local Currency	In Foreign Currency	Total
Rupees in '000						
Customers						
- Current accounts - non-remunerative	255,204,774	15,970,655	271,175,429	267,855,629	15,590,028	283,445,657
- Savings deposits	269,289,522	25,031,181	294,320,703	255,706,358	23,494,221	279,200,579
- Fixed deposits	182,013,831	10,425,690	192,439,521	197,008,707	10,109,048	207,117,755
- Margin	3,882,576	38,993	3,921,569	5,335,289	41,896	5,377,185
	710,390,703	51,466,519	761,857,222	725,905,983	49,235,193	775,141,176
Financial institutions						
- Current accounts - non-remunerative	444,127	-	444,127	597,730	-	597,730
- Savings deposits	2,777,060	-	2,777,060	4,607,308	-	4,607,308
- Fixed deposits	4,403,551	-	4,403,551	5,130,730	-	5,130,730
	7,624,738	-	7,624,738	10,335,768	-	10,335,768
	718,015,441	51,466,519	769,481,960	736,241,751	49,235,193	785,476,944

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

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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 minus) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 12.69% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

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

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited.
Issue Date	September 22, 2016
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 11.34% per annum.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

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	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
19 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		4,115,127	3,388,288
- payable in foreign currencies		75,379	75,272
Unearned income		43,824	32,521
Accrued expenses		4,825,802	3,721,994
Current taxation (provision less payments)		3,746,995	2,981,896
Acceptances		14,808,724	10,634,901
Dividend payable		2,349,486	17,030
Payable to defined benefit plan		707,885	624,077
Charity payable		2,925	942
Provision against off-balance sheet obligations	19.1	35,020	35,020
Security deposits against Ijarah		14,135,462	13,623,020
Payable on account of credit murabaha / ijarah		72,534	75,439
Security deposits against lockers		104,933	100,532
Retention Money		60,688	60,688
Advance against future Diminishing Musharakah		54,734	-
Withholding taxes payable		185,111	123,762
Workers' Welfare Fund payable		1,414,334	1,287,912
Others	19.2	4,155,312	1,163,758
		<u>50,894,275</u>	<u>37,947,052</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		35,020	33,200
Charge for the quarter / year		-	1,820
Closing balance		<u>35,020</u>	<u>35,020</u>
19.2	This includes Rs 2,950 million received on behalf of Noor Financial Investment Company (NFIC), Kuwait - an associated company, for onward remittance to NFIC, Kuwait in due course.		
20 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX		March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
Available for sale securities			
- Quoted shares / units of mutual fund		222,866	277,249
- Sukuk		(124,444)	(381,916)
		98,422	(104,667)
Non-banking assets acquired in satisfaction of claims		19,235	34,080
		117,657	(70,587)
Less: Deferred tax asset / (liability) on			
- Available for sale securities		(34,449)	36,632
- Non-banking assets acquired in satisfaction of claims		(6,732)	(11,928)
		(41,181)	24,704
		<u>76,476</u>	<u>(45,883)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	31,086,439	31,724,600
- Commitments	21.2	440,942,315	429,428,900
- Other contingent liabilities	21.3	1,802,000	1,802,000
		473,830,754	462,955,500
21.1 Guarantees:			
Financial guarantees		8,187,764	7,561,791
Performance guarantees		12,528,996	12,533,871
Other guarantees		10,369,679	11,628,938
		31,086,439	31,724,600
21.2 Commitments:			
Documentary letters of credit		79,727,267	92,343,175
Commitments in respect of: - forward foreign exchange contracts	21.2.1	131,874,898	118,865,324
Commitments for acquisition of: - fixed assets		387,819	313,580
- intangible assets		114,307	87,475
Other commitments	21.2.2	228,838,024	217,819,346
		440,942,315	429,428,900
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		81,128,773	74,321,214
Sale		50,746,125	44,544,110
		131,874,898	118,865,324
21.2.2 Other Commitments			
Commitments in respect of financing		228,838,024	217,819,346

21.3 Other contingencies

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

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

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	Note	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Rupees in '000			
22 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS			
On financing	22.1	11,614,024	6,346,063
On investments in			
- Available for sale securities		3,657,808	1,148,518
- Held to maturity securities		145,799	385,940
On deposits / placements with financial institutions		<u>2,788,768</u>	<u>2,238,002</u>
		<u>18,206,399</u>	<u>10,118,523</u>
22.1	The income on Ijarah under IFAS 2 is net off takaful of Rs 424 million (March 31, 2018: Rs 282 million) recovered from customers.		
	Note	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Rupees in '000			
23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts	23.1	8,395,864	3,899,823
Sub-ordinated Sukuk		370,668	118,112
Other Musharakahs / Modarabas / Murabaha		342,106	291,092
		<u>9,108,638</u>	<u>4,309,027</u>
23.1	This includes conversion cost of Rs. 98 million (March 31, 2018: Rs. 165 million) against foreign currency deposits.		
	Note	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Rupees in '000			
24 FEE AND COMMISSION INCOME			
Trade related fees and commissions		573,826	406,528
Commission on guarantees		23,690	21,370
Branch banking customer fees		414,938	372,465
Credit processing related fees		26,490	26,370
Debit card related fees		400,974	317,736
Investment banking related fees		-	69,175
Cash management fees		13,689	10,033
Home remittance related fees		26,278	21,270
Others		38,889	46,990
		<u>1,518,774</u>	<u>1,291,937</u>
25 (LOSS) / GAIN ON SECURITIES - NET			
Realised	25.1	<u>(124,728)</u>	41,580
25.1 Realised (loss) / gain on:			
Listed Shares		(41,898)	38,998
Federal Government Securities		(82,830)	-
Associates		-	2,582
		<u>(124,728)</u>	<u>41,580</u>

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	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
	Rupees in '000	
26 OTHER INCOME		
Gain on termination of islamic financing	93,827	38,676
Gain on sale of fixed assets	6,556	11,833
Rental income	4,391	1,996
Others	-	1,056
	<u>104,774</u>	<u>53,561</u>
27 OPERATING EXPENSES		
Total compensation expense	2,829,018	2,315,817
Property expense		
Rent and taxes	670,508	490,722
Utilities cost (including electricity and diesel)	157,197	113,669
Security (including guards)	147,179	125,598
Repair and maintenance (including janitorial charges)	145,812	142,111
Depreciation	135,424	130,951
Others	10,162	10,059
	<u>1,266,282</u>	<u>1,013,110</u>
Information technology expenses		
Software maintenance	70,165	41,381
Hardware and related maintenance	59,661	25,298
Depreciation	69,087	71,098
Amortisation	56,333	55,299
Network charges	55,555	42,517
	<u>310,801</u>	<u>235,593</u>
Other operating expenses		
Stationery and printing	177,894	113,412
Local transportation and car running	126,243	97,016
Depreciation on vehicles, equipments etc.	195,211	158,816
Legal and professional charges	22,431	17,825
NIFT and other clearing charges	23,715	19,973
Travelling and conveyance	34,969	21,653
Training and Development	9,789	8,552
Communication (including courier)	87,948	84,802
Marketing, advertisement and publicity	88,628	77,081
Fees, subscription and other charges	60,464	53,636
Brokerage and bank charges	53,565	49,259
Office supplies	60,104	56,637
Entertainment	21,583	16,260
Takaful expense	27,587	28,050
Security charges - cash transportation	65,263	56,899
Outsourced services costs	1,256	1,112
Auditors' Remuneration	5,502	4,072
Non-executive Directors' fee	12,894	11,233
Others	2,040	6,330
	<u>1,077,086</u>	<u>882,618</u>
	<u>5,483,187</u>	<u>4,447,138</u>
28 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	1,368	751

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	Note	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Rupees in '000			
29 (REVERSALS) / PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing islamic financing related assets - net	10.8	7,872	170,325
Reversal of provision against diminution in the value of investments	9.2	(145,104)	(49,719)
Other provision		41,513	14,611
Recovery against written off financing		(4,228)	(4,919)
		<u>(99,947)</u>	<u>130,298</u>
30 TAXATION			
Current			
- for the year	30.1	2,595,883	1,167,518
- for prior years	30.1	470,030	-
		<u>3,065,913</u>	<u>1,167,518</u>
Deferred			
- for the year		(381,478)	(102,421)
		<u>2,684,435</u>	<u>1,065,097</u>

30.1 The Finance Supplementary (Second Amendment) Act 2019 has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3% for current year and further levied an additional Super Tax charge at 4% for Tax Year 2018 (Accounting Year 2017), which was previously not chargeable resulting in additional Super Tax charge of Rs 470 million in the current quarter. The aggregate Super Tax charge for the quarter ended March 31, 2019 is Rs 735 million.

	Note	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Rupees in '000			
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the quarter		<u>2,851,342</u>	<u>1,914,939</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,169,192,400</u>	<u>1,169,192,400</u>
		(Rupees)	
			Restated
Basic and diluted earnings per share	31.1	<u>2.44</u>	<u>1.64</u>

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

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	Note	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
————— Rupees in '000 —————			
32 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	69,084,885	54,540,570
Balances with other banks	7	8,392,713	4,133,433
		<u>77,477,598</u>	<u>58,674,003</u>

33 FAIR VALUE OF FINANCIAL INSTRUMENT

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

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

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

	March 31, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Book value	Fair value	Book value	Fair value
————— Rupees in '000 —————				
33.2 Off-balance sheet financial instruments				
Forward purchase of foreign exchange - net	80,507,561	81,985,484	72,163,082	74,597,244
Forward sale of foreign exchange - net	50,775,009	51,305,356	43,560,484	44,659,254

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

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

RECURRING FAIR VALUE MEASUREMENTS	March 31, 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<i>Financial Assets</i>				
Available for sale securities				
Ordinary shares - listed	4,682,710	-	-	4,682,710
Units of open end fund	50,829	-	-	50,829
GOP Sukuks	-	15,487,875	-	15,487,875
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	7,856,866	-	-	7,856,866
Forward purchase of foreign exchange contracts	-	81,985,484	-	81,985,484
Forward sale of foreign exchange contracts	-	51,305,356	-	51,305,356

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

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Investment in associates (listed - mutual funds) have market value of Rs. 1,532 million which is being valued under level 2. These are carried at cost in the financial statements in accordance with the Bank's accounting policy.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques used in determination of fair values within level 2

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

33.4 Fair value of non-financial assets

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

33.5 Financial assets not measured at fair value

	Carrying Value	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
Cash and balances with treasury banks		
Balances with other banks	69,084,885	65,022,041
Due from financial institutions - net	8,392,713	8,255,187
Investments - net	88,246,928	184,814,600
Islamic financings and related assets - net	189,176,926	91,673,549
Other assets - net	493,936,006	512,564,522
	30,920,212	26,293,396

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34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

March 31, 2019 (Unaudited)	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
	Rupees in '000					
Profit and Loss Account						
External Revenue	11,093,761	1,947,929	6,455,699	658,056	-	20,155,445
Inter segment revenue - net	-	14,086,484	-	17,794	(14,104,278)	-
Total Income	11,093,761	16,034,413	6,455,699	675,850	(14,104,278)	20,155,445
Segment direct expenses	683,128	13,572,061	255,736	208,690	-	14,719,615
Inter segment expense allocation	8,454,379	-	5,649,899	-	(14,104,278)	-
Total expenses	9,137,507	13,572,061	5,905,635	208,690	(14,104,278)	14,719,615
Reversals / (provision) and write offs - net	6,426	(51,583)	145,104	-	-	99,947
Profit before tax	1,962,680	2,410,769	695,168	467,160	-	5,535,777
Statement of Financial Position						
Cash & Bank balances	-	75,012,279	2,465,319	-	-	77,477,598
Due from financial institutions - net	-	-	88,246,928	-	-	88,246,928
Investments - net	20,360,978	-	198,394,228	-	-	218,755,206
Net inter segment lending	-	651,996,513	-	467,056	(652,463,569)	-
Islamic financings and related assets - net	410,623,973	83,312,033	-	-	-	493,936,006
Others	22,518,766	20,741,865	4,914,165	569,544	-	48,744,340
Total Assets	453,503,717	831,062,690	294,020,640	1,036,600	(652,463,569)	927,160,078
Due to financial institutions	27,848,144	847,631	3,849,341	-	-	32,545,116
Deposits & other accounts	-	769,481,960	-	-	-	769,481,960
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	375,471,317	-	276,992,252	-	(652,463,569)	-
Others	16,145,293	52,820,704	187,161	1,011,434	-	70,164,592
Total liabilities	433,464,754	823,150,295	281,028,754	1,011,434	(652,463,569)	886,191,668
Equity	20,038,963	7,912,395	12,991,886	25,166	-	40,968,410
Total Equity & liabilities	453,503,717	831,062,690	294,020,640	1,036,600	(652,463,569)	927,160,078
Contingencies & Commitments	292,724,908	49,230,948	131,874,898	-	-	473,830,754
March 31, 2018 (Unaudited)						
Profit and Loss Account						
External Revenue	5,992,224	1,321,549	4,071,032	542,446	-	11,927,251
Inter segment revenue - net	-	7,575,759	-	15,020	(7,590,779)	-
Total Income	5,992,224	8,897,308	4,071,032	557,466	(7,590,779)	11,927,251
Segment direct expenses	334,421	8,065,115	285,322	132,059	-	8,816,917
Inter segment expense allocation	4,937,601	-	2,653,178	-	(7,590,779)	-
Total expenses	5,272,022	8,065,115	2,938,500	132,059	(7,590,779)	8,816,917
Reversals / (provision) and write offs - net	(84,902)	(95,114)	49,718	-	-	(130,298)
Profit before tax	635,300	737,079	1,182,250	425,407	-	2,980,036
Statement of Financial Position						
Cash & Bank balances	-	57,870,453	803,550	-	-	58,674,003
Due from financial institutions - net	-	-	153,510,499	-	-	153,510,499
Investments - net	20,839,812	-	96,881,715	-	-	117,721,527
Net inter segment lending	-	568,660,574	-	878,816	(569,539,390)	-
Islamic financings and related assets - net	348,587,498	64,506,395	-	-	-	413,093,893
Others	17,896,829	17,251,181	4,170,458	-	-	39,318,468
Total Assets	387,324,139	708,288,603	255,366,222	878,816	(569,539,390)	782,318,390
Due to financial institutions	22,235,808	280,825	804,616	-	-	23,321,249
Deposits & other accounts	-	669,558,737	-	-	-	669,558,737
Subordinated Sukuk	7,000,000	-	-	-	-	7,000,000
Net inter segment borrowing	326,822,324	-	242,717,066	-	(569,539,390)	-
Others	13,714,207	32,121,723	272,484	878,816	-	46,987,230
Total liabilities	369,772,339	701,961,285	243,794,166	878,816	(569,539,390)	746,867,216
Equity	17,551,800	6,327,318	11,572,056	-	-	35,451,174
Total Equity & liabilities	387,324,139	708,288,603	255,366,222	878,816	(569,539,390)	782,318,390
Contingencies & Commitments	220,973,795	36,585,921	118,000,491	-	-	375,560,207

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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 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

	Total		Subsidiary		Associates		Directors		Key management personnel / Directors		Other related parties	
	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Rupees in '000												
Islamic financing and related assets												
At January 1,	437,528	776,443	-	99,939	437,528	676,504	-	-	-	-	-	-
Addition during the quarter / year	671,350	3,732,561	-	-	671,350	3,732,561	-	-	-	-	-	-
Deletion during the quarter / year	(391,020)	(4,071,476)	-	(99,939)	(391,020)	(3,971,537)	-	-	-	-	-	-
At March 31 / December 31	<u>717,858</u>	<u>437,528</u>	<u>-</u>	<u>-</u>	<u>717,858</u>	<u>437,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments												
At January 1,	897,811	1,957,811	63,050	63,050	834,761	1,894,761	-	-	-	-	-	-
Addition during the quarter / year	-	-	-	-	-	-	-	-	-	-	-	-
Deletion during the quarter / year	-	(1,060,000)	-	-	-	(1,060,000)	-	-	-	-	-	-
At March 31 / December 31	<u>897,811</u>	<u>897,811</u>	<u>63,050</u>	<u>63,050</u>	<u>834,761</u>	<u>834,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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	Total		Subsidiary		Associates		Directors		Key management personnel / Directors		Other related parties	
	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Mar 31, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Rupees in '000												
Deposits	5,598,215	5,255,327	16,837	32,351	1,280,314	1,125,645	94,851	107,304	388,897	523,483	3,817,316	3,466,544
Other Assets												
Profit receivable on financing / investments	19,199	12,820	-	-	19,199	12,820	-	-	-	-	-	-
Fee and Other Receivable	29,888	26,855	28,995	22,355	893	1,000	-	-	-	-	-	3,500
Sub-ordinated Sukuk (Tier II)	568,000	618,000	-	-	568,000	618,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	707,885	624,077	-	-	-	-	-	-	314,620	300,854	393,265	323,223
Accrued Expenses	3,921	2,921	3,921	2,921	-	-	-	-	-	-	-	-
Other Payable	2,950,402	-	-	-	2,950,402	-	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	34,245	27,572	-	-	34,245	27,572	-	-	-	-	-	-
Letters of Guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Total		Subsidiary		Associates		Directors		Key management personnel / Directors		Other related parties	
	Mar 31, 2019 (Unaudited)	Mar 31, 2018 (Unaudited)	Mar 31, 2019 (Unaudited)	Mar 31, 2018 (Unaudited)	Mar 31, 2019 (Unaudited)	Mar 31, 2018 (Unaudited)	Mar 31, 2019 (Unaudited)	Mar 31, 2018 (Unaudited)	Mar 31, 2019 (Unaudited)	Mar 31, 2018 (Unaudited)	Mar 31, 2019 (Unaudited)	Mar 31, 2018 (Unaudited)
Rupees in '000												
Profit earned on financing / investments	19,199	12,574	-	1,597	19,199	10,977	-	-	-	-	-	-
Fees and other income earned	32,888	40,409	27,580	23,752	5,308	16,657	-	-	-	-	-	-
Return on deposits / borrowing expensed	128,801	47,561	490	279	38,298	5,613	561	274	9,041	3,354	80,411	38,041
Charge for defined benefit plan	70,042	68,662	-	-	-	-	-	-	-	-	70,042	68,662
Contribution to defined contribution plan	68,887	61,721	-	-	-	-	-	-	-	-	68,887	61,721
Contribution to staff benevolent fund	2,776	2,454	-	-	-	-	-	-	-	-	2,776	2,454
Fees expensed	1,257	1,112	1,257	1,112	-	-	-	-	-	-	-	-
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	60,226	50,697	-	-	-	-	12,894	11,233	47,332	39,464	-	-
Proceeds from sale of fixed assets	-	1,984	-	-	-	-	-	-	-	1,984	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement		
Paid-up capital (net of losses)	<u>11,691,924</u>	<u>11,691,924</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	<u>40,252,008</u>	39,591,737
Eligible Additional Tier 1 Capital	<u>7,000,000</u>	7,000,000
Total Eligible Tier 1 Capital	<u>47,252,008</u>	46,591,737
Eligible Tier 2 Capital	<u>9,981,167</u>	9,916,173
Total Eligible Capital (Tier 1 + Tier 2)	<u>57,233,175</u>	<u>56,507,910</u>
Risk Weighted Assets		
Credit Risk	<u>303,700,307</u>	323,126,915
Market Risk	<u>11,781,752</u>	11,628,453
Operational Risk	<u>53,645,290</u>	53,645,290
Total	<u>369,127,349</u>	388,400,658
Common Equity Tier 1 Capital Adequacy ratio	<u>10.90%</u>	10.19%
Tier 1 Capital Adequacy Ratio	<u>12.80%</u>	12.00%
Total Capital Adequacy Ratio	<u>15.50%</u>	14.55%
Leverage Ratio		
Tier-1 Capital	<u>47,252,008</u>	46,591,737
Total Exposures	<u>1,072,775,626</u>	1,054,746,721
Leverage Ratio	<u>4.40%</u>	4.42%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	<u>130,956,680</u>	120,562,308
Total Net Cash Outflow	<u>57,889,508</u>	94,253,108
Liquidity Coverage Ratio	<u>226%</u>	147%
Net Stable Funding Ratio		
Total Available Stable Funding	<u>708,303,435</u>	716,111,391
Total Required Stable Funding	<u>512,198,409</u>	550,702,281
Net Stable Funding Ratio	<u>138%</u>	130%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

37 FINANCIAL RISK MANAGEMENT

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

38 RECLASSIFICATIONS

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

Transfer from	Transfer to	(Rupees in '000) Aggregate
Profit / return earned on Islamic financing and related assets, investments and foreign exchange income	Profit on deposits and other dues expensed	<u>165,389</u>
Other income	(Reversals) / provisions and write offs - net	<u>4,919</u>
Other reversals of provision	(Reversals) / provisions and write offs - net	<u>12,791</u>

39 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on April 25, 2019 has announced an interim cash dividend @ 10% along with 10% bonus shares. This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the quarter end.

40 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 25, 2019 by the Board of Directors of the Bank.

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

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	69,084,885	65,022,412
Balances with other banks	8,438,655	8,277,146
Due from financial institutions - net	88,246,928	184,814,600
Investments - net	222,407,250	127,115,376
Islamic financing and related assets - net	493,936,006	512,564,522
Fixed assets	13,844,086	13,228,398
Intangible assets	636,164	644,956
Deferred tax asset	1,156,848	868,024
Other assets - net	33,573,879	29,215,973
	931,324,701	941,751,407
LIABILITIES		
Bills payable	19,270,317	23,750,543
Due to financial institutions	32,545,116	36,407,811
Deposits and other accounts	769,465,123	785,444,592
Sub-ordinated Sukuk	14,000,000	14,000,000
Deferred tax liabilities	-	-
Other liabilities	51,582,766	38,571,522
	886,863,322	898,174,468
NET ASSETS	44,461,379	43,576,939
REPRESENTED BY		
Share capital	11,691,924	11,691,924
Reserves	15,470,699	15,185,565
Unappropriated profit	16,140,076	15,738,899
Surplus / (deficit) on revaluation of assets - net of tax	76,476	(45,883)
	43,379,175	42,570,505
NON-CONTROLLING INTEREST	1,082,204	1,006,434
	44,461,379	43,576,939

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Note 1.4		Restated
		Quarter ended March 31, 2019	Quarter ended March 31, 2018
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements		18,208,415	10,118,639
Profit on deposits and other dues expensed		9,108,148	4,307,151
Net spread earned		9,100,267	5,811,488
OTHER INCOME			
Fee and commission income		1,869,576	1,693,016
Dividend income		44,318	48,629
Foreign exchange income		417,100	373,021
Loss on securities - net		(142,952)	(15,395)
Unrealised loss on held for trading investments		-	(1,129)
Other income		102,570	53,561
		2,290,612	2,151,703
Total income		11,390,879	7,963,191
OTHER EXPENSES			
Operating expenses		5,638,875	4,633,976
Workers' Welfare Fund		130,437	64,120
Other charges		1,368	751
Total other expenses		5,770,680	4,698,847
		5,620,199	3,264,344
Share of results of associates before taxation		154,782	430,449
Profit before provisions		5,774,981	3,694,793
(Reversals) / provisions and write offs - net		(99,947)	130,298
Extraordinary / unusual items		-	-
Profit before taxation		5,874,928	3,564,495
Taxation		2,774,501	1,218,611
Profit after taxation		3,100,427	2,345,884
Attributable to:			
Shareholders of the Holding company		3,024,657	2,220,027
Non-controlling interest		75,770	125,857
		3,100,427	2,345,884
		Rupees	
			Restated
Basic and diluted earnings per share		2.59	1.90

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Note		Restated
	1.4	Quarter ended March 31, 2019	Quarter ended March 31, 2018
Rupees in '000			
Profit after taxation for the quarter attributable to:			
Shareholders of the Holding company		3,024,657	2,220,027
Non-controlling interest		<u>75,770</u>	<u>125,857</u>
		3,100,427	2,345,884
Other Comprehensive income			
Item that may be reclassified to profit and loss account in subsequent periods:			
Surplus / (deficit) on revaluation of investments		203,089	(326,970)
Deferred tax on revaluation of investments		(71,081)	114,440
Share in profits of associates relating to investment classified as 'available for sale'		-	36,528
Deferred tax on share of results of associates		-	(12,785)
		132,008	(188,787)
Item that will not be reclassified to profit and loss account in subsequent periods:			
Deficit on revaluation of non - banking assets		(14,785)	-
Deferred tax on revaluation of non - banking assets		5,175	-
		(9,610)	-
Total Comprehensive Income for the quarter		3,222,825	2,157,097
Attributable to:			
Shareholders of the Holding company		3,147,055	2,031,240
Non-controlling interest		<u>75,770</u>	<u>125,857</u>
		3,222,825	2,157,097

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

Share capital	Share premium	Capital reserves		Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
		Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non-banking assets		

Rupees in '000

Balance as at January 1, 2018 Restated (Note 1.4)	10,629,022	2,406,571	7,777,925	3,117,547	91,082	12,563,156	816,295	-	1,007,975	38,409,573
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	2,220,027	-	-	125,857	2,345,884
Other Comprehensive loss for the quarter ended March 31, 2018 - net of tax	-	-	-	-	-	-	(188,787)	-	-	(188,787)
Other appropriations						2,220,027	(188,787)	-	125,857	2,157,097
Transfer to statutory reserve	-	-	382,988	-	-	(382,988)	-	-	-	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	-	-	(1,328,628)
Balance as at March 31, 2018 Restated (Note 1.4)	10,629,022	2,406,571	8,160,913	3,117,547	91,082	13,071,567	627,508	-	1,133,832	39,238,042
Profit after taxation for the nine months period ended December 31, 2018	-	-	-	-	-	6,737,734	-	-	50,292	6,788,026
Other Comprehensive loss for the nine months period ended December 31, 2018 - net of tax	-	-	-	-	-	(3,695)	(695,543)	22,152	(2,690)	(679,776)
Other appropriations						6,734,039	(695,543)	22,152	47,602	6,108,250
Transfer to statutory reserve	-	-	1,409,452	-	-	(1,409,452)	-	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,062,902	-	-	-	-	(1,062,902)	-	-	-	-
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(175,000)	(175,000)
Interim cash dividend for the year 2018	-	-	-	-	-	(1,594,353)	-	-	-	(1,594,353)
Balance as at December 31, 2018	11,691,924	2,406,571	9,570,365	3,117,547	91,082	15,738,899	(68,035)	22,152	1,006,434	43,576,939
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	3,024,657	-	-	75,770	3,100,427
Other Comprehensive income for the quarter ended March 31, 2019 - net of tax	-	-	-	-	-	-	132,008	(9,610)	-	122,398
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	3,024,657	132,008	(9,610)	75,770	3,222,825
Other appropriations										
Transfer to statutory reserve	-	-	285,134	-	-	(285,134)	-	-	-	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	-	(2,338,385)
Balance as at March 31, 2019	11,691,924	2,406,571	9,855,499	3,117,547	91,082	16,140,076	63,973	12,503	1,082,204	44,461,379

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

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

Riyadh S. A. A. Adrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

	Note 1.4	Restated Quarter ended March 31, 2018
Rupees in '000		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,874,928	3,564,495
Less: Dividend income	(44,318)	(48,629)
	5,830,610	3,515,866
Adjustments for non-cash charges and other items:		
Depreciation	411,922	373,519
Amortization	59,178	57,404
(Reversals) / provisions and write offs - net	(99,947)	130,298
Unrealised loss on held for trading investments	-	1,129
Gain on sale of fixed assets	(4,352)	(11,833)
Share of results of associates	(154,782)	(430,449)
	212,019	120,068
	6,042,629	3,635,934
Decrease / (increase) in operating assets		
Due from financial institutions	96,567,672	(6,281,278)
Islamic financing and related assets	18,624,872	6,769,789
Other assets	(4,458,145)	(5,605,760)
	110,734,399	(5,117,249)
(Decrease) / increase in operating liabilities		
Bills payable	(4,480,226)	130,717
Due to financial institutions	(3,862,695)	(13,492,046)
Deposits and other accounts	(15,979,469)	(2,467,784)
Other liabilities	9,914,584	7,385,011
	(14,407,806)	(8,444,102)
	102,369,222	(9,925,417)
Income tax paid	(2,365,027)	(954,088)
Net cash flow from / (used in) operating activities	100,004,195	(10,879,505)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investments) / redemption in securities	(94,788,899)	1,229,201
Dividends received	5,044	35,262
Investments in fixed assets	(957,074)	(1,052,626)
Investments in intangible assets	(50,386)	(132,113)
Proceeds from sale of fixed assets	17,031	21,201
Net cash (used in) / flow from investing activities	(95,774,284)	100,925
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,929)	(85)
Net cash flow used in financing activities	(5,929)	(85)
Increase / (decrease) in cash and cash equivalents	4,223,982	(10,778,665)
Cash and cash equivalents at the beginning of the quarter	73,299,558	69,496,499
Cash and cash equivalents at the end of the quarter	77,523,540	58,717,834

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019**

1 BASIS OF PRESENTATION

- 1.1** This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund, Meezan Gold Fund, Meezan Energy Fund and Meezan Rozana Amdani Fund.
- 1.2** This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** This condensed interim consolidated financial information comprise of the statement of financial position as at March 31, 2019 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended March 31, 2019.

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

During the quarter, the State Bank of Pakistan (SBP), vide its BPRD Circular No. 05 dated March 22, 2019, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2019.

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

2 ACCOUNTING POLICIES

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

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on April 25, 2019 by the Board of Directors of the Holding company.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer



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