



In the name of Allah The Beneficent The Merciful

## **CONTENTS**

<b>Corporate Information</b>	<b>03</b>
<b>Directors' Review</b>	<b>04</b>
<b>Condensed Interim Unconsolidated Statement of Financial Position</b>	<b>09</b>
<b>Condensed Interim Unconsolidated Profit and Loss Account</b>	<b>10</b>
<b>Condensed Interim Unconsolidated Statement of Comprehensive Income</b>	<b>11</b>
<b>Condensed Interim Unconsolidated Cash Flow Statement</b>	<b>12</b>
<b>Condensed Interim Unconsolidated Statement of Changes in Equity</b>	<b>13</b>
<b>Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Information</b>	<b>14</b>
<b>Condensed Interim Consolidated Statement of Financial Position</b>	<b>30</b>
<b>Condensed Interim Consolidated Profit and Loss Account</b>	<b>31</b>
<b>Condensed Interim Consolidated Statement of Comprehensive Income</b>	<b>32</b>
<b>Condensed Interim Consolidated Cash Flow Statement</b>	<b>33</b>
<b>Condensed Interim Consolidated Statement of Changes in Equity</b>	<b>34</b>
<b>Notes to and Forming Part of the Condensed Interim Consolidated Financial Information</b>	<b>35</b>

## **CORPORATE INFORMATION**

### **Board of Directors**

Riyadh S. A. A. Edrees  
Faisal A. A. A. Al-Nassar  
Bader H. A. M. A. Al-Rabiah  
Rana Ahmed Humayun  
Alaa A. Al-Sarawi  
Syeda Azra Mujtaba  
Muhammad Zarrug Rajab  
Mohammad Abdul Aleem  
Noorur Rahman Abid  
Talal S. A. Al-Shehab  
Irfan Siddiqui  
Ariful Islam

Chairman

President & CEO  
Deputy CEO & Executive Director

### **Shariah Supervisory Board**

Justice (Retd.) Muhammad Taqi Usmani  
Sheikh Essam M. Ishaq  
Dr. Muhammad Imran Ashraf Usmani

Chairman

### **Audit Committee**

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

### **Risk Management Committee**

Faisal A. A. A. Al-Nassar  
Syeda Azra Mujtaba  
Ariful Islam

### **Human Resource & Remuneration Committee**

Riyadh S. A. A. Edrees  
Noorur Rahman Abid  
Irfan Siddiqui

### **Resident Shariah Board Member**

Dr. Muhammad Imran Ashraf Usmani

### **Company Secretary**

Tasnimul Haq Farooqui

### **Auditors**

A. F. Ferguson & Co.

### **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

### **Shares Registrar**

THK Associates (Pvt) Ltd  
State Life Building - 3  
Dr. Ziauddin Ahmed Road  
Karachi - 75530, Pakistan  
Phone: (9221) 111-000-322, Fax: (9221) 35655595

## **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 three months period ended March 31, 2016. The financial highlights of Meezan Bank are given below:

### **Financial Highlights**

#### **Rupees in million**

<b>Statement of Financial Position</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>Growth %</b>
Investments / Placements under Bai Muajjal - Sovereign	200,029	198,431	1%
Investments / Placements under Bai Muajjal - Others	69,287	48,953	42%
Islamic financing and related assets - net	201,247	207,569	(3%)
Total Assets	541,324	531,850	2%
Deposits	468,910	471,821	(1%)
Shareholders' Equity	25,640	25,557	0%

#### **Rupees in million**

<b>Profit &amp; Loss Account</b>	<b>Jan - Mar 2016</b>	<b>Jan - Mar 2015</b>	<b>Growth %</b>
Net spread earned after provisions	4,400	3,921	12%
Non funded income	1,333	1,156	15%
Operating income	5,733	5,077	13%
Administrative and other expenses	(3,675)	(3,087)	19%
Profit before tax	2,058	1,990	3%
Profit after tax	1,337	1,313	2%
Earnings per share - Rupees	1.33	1.31	2%
Number of branches	551	430	28%
Discount rate as at March 31	6.5%	8.0%	(19%)

By the Grace of Allah, Meezan Bank has maintained its growth momentum and recorded good results for the first quarter ended March 31, 2016. The total assets of the Bank increased to Rs 541 billion from Rs 532 billion as of December 31, 2015. The Bank maintained its position as the leading Islamic bank in Pakistan (amongst both Islamic as well as conventional banks) with a branch network of 551 branches in 143 cities.

Profit after tax increased to Rs 1,337 million from Rs 1,313 million earned in corresponding period last year. You will be happy to note that operating income grew by 13% (YoY) on account of high quality portfolio of earning assets coupled by growth in non funded revenue, notwithstanding the fact, that return on assets has decreased due to reduction in State Bank of Pakistan's (SBP) discount rate.

## **DIRECTORS' REVIEW**

On liability side, quarter end deposits have increased by 20% as compared to March 2015 with CASA contributing to 73% of the total deposits. Low cost of funds has supported the Bank's operating performance during the period.

There have been two new issues of the Sovereign Ijarah Sukuks but unfortunately the issue size was small as compared to the demand for such instrument which led price war and the cut-off price was lower than the equivalent instrument available for the conventional banks. This has negatively impacted the Islamic banking industry.

The State Bank of Pakistan (SBP) continued its Open Market Operations (OMO) for Islamic Banks using Bai Muajjal Structure during the period which helped the Islamic Banks to deploy their excess liquidity. Meezan Bank's total outstanding, as at March 31, 2016 under Bai Muajjal mode with Government of Pakistan (GoP) and SBP amounts to Rs 69 billion and Rs 31 billion respectively. We are grateful to the SBP and Ministry of Finance for the smooth and timely conduct of OMOs for Islamic Banks.

Islamic financings and related assets grew by 37% from March 2015 and closed at Rs 201 billion. It is however, lower than December 31, 2015 balance of Rs 208 billion mainly due to seasonal adjustments. The Bank maintains comfortable level of provisions against its non-performing financings with coverage ratio at 117%. The focus is to build a high quality and diversified financing portfolio. The trade business volume handled by the Bank grew by 34% to Rs 121 billion as against Rs 90 billion in the corresponding period of last year despite lower oil and commodity prices in the current quarter as compared to the corresponding period of last year.

Administrative and operating expenses increased to Rs 3.7 billion from Rs 3.1 billion. The rise in expenses is primarily due to increase in staff expenses, rent and associated costs as a result of addition of 123 new branches during the last year - an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years.

The Bank disbursed final cash dividend of 12.5% (Rs 1.25 per share) to shareholders during the quarter, which was approved in the last Board meeting held on February 22, 2016. The Bank has maintained unbroken payout record since the Bank's listing on Stock Exchange in the year 2000.

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has reaffirmed Bank's long-term entity rating at AA (Double A) and short term rating at A1+ (A One Plus) with stable outlook. The short term rating of A1+ is the highest standard in short term rating. The rating indicates sound performance indicators of the Bank.

Islamic Banking is growing in Pakistan at a rapid pace and we are thankful to the State Bank of Pakistan and the Ministry of Finance for the support given in developing the Islamic Banking industry. One of the issues being faced by the industry is the shortage of Sukuks available to Islamic Banks so that they may meet the Statutory Liquidity requirements required by law and also deploy surplus liquidity. We are hopeful that with the efforts of the Ministry of Finance, SBP's Islamic Banking Department and Steering Committee for Promotion of Islamic Banking, there will be new Sukuk issues during the year.

## **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 for their continued support and to the staff for their continuous efforts to make Meezan Bank a success. May Allah Almighty give us the 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 26, 2016

## ڈائریکٹر کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2016ء کو ختم ہونے والی سہ ماہی کے لیے غیر پڑتال شدہ مختصر مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں۔

اہم مالیاتی نکات رقم (ملین میں)

مالیاتی حیثیت کا جائزہ	31 مارچ 2016	31 دسمبر 2015	اضافہ کی شرح %
بیج معجل کے تحت سرمایہ کاری/انتظام۔ کلی اختیاری	200,029	198,431	1%
بیج معجل کے تحت سرمایہ کاری/انتظام۔ دیگر	69,287	48,953	42%
اسلامی فنڈنگ اور متعلقہ اثاثے۔ خالص	201,247	207,569	(3%)
کل اثاثے	541,324	531,850	2%
جمع شدہ رقوم (Deposits)	468,910	471,821	(1%)
حصص یافتگان کی ایکویٹی	25,640	25,557	0%

نفع نقصان کھاتہ	جنوری تا مارچ 2016	جنوری تا مارچ 2015	اضافہ کی شرح %
تموین کے بعد خالص اضافہ	4,400	3,921	12%
ٹان فنڈ ڈآمدنی	1,333	1,156	15%
کاروباری آمدنی	5,733	5,077	13%
انتظامی اور دیگر اخراجات	(3,675)	(3,087)	19%
قبل از ٹیکس منافع	2,058	1,990	3%
بعد از ٹیکس منافع	1,337	1,313	2%
منافع فی حصص (روپوں میں)	1.33	1.31	2%
برانچز کی تعداد	551	430	28%
31 مارچ تک کے ڈسکاؤنٹ ریٹس	6.5%	8.0%	(19%)

الحمد للہ، میزان بینک نے 2016 کی پہلی سہ ماہی 31 مارچ تک، ترقی کی رفتار میں اضافے اور مستحکم کارکردگی کو برقرار رکھا ہے۔ 31 دسمبر 2015 تک بینک کے کل اثاثوں کی تعداد 532 ارب روپے تھی جو 31 مارچ 2016 تک بڑھ کر 541 ارب روپے ہو گئی ہے۔ بینک نے 143 شہروں میں 551 برانچوں کے نیٹ ورک کے ساتھ پاکستان کے سب سے بڑے اسلامی بینک (کنونشنل اور اسلامی بینکس) ہونے کا اعزاز برقرار رکھا ہے۔

بینک کا بعد از ٹیکس منافع گزشتہ سال اسی عرصہ کے مقابلے میں 1,313 ملین روپے سے 1,337 ملین روپے تک پہنچ گیا ہے۔ آپ کو یہ جان کر خوشی ہوگی کہ بینک کے آمدنی والے اثاثوں (earning assets) اور ٹان فنڈ و محصولات کی وجہ سے اس کی آپریٹنگ آمدنی میں 13% (سال بہ سال) اضافہ ہوا ہے جبکہ یہ حقیقت بھی پیش نظر رہے کہ اسٹیٹ بینک آف پاکستان کے ڈسکاؤنٹ ریٹس میں کمی کے باعث اثاثوں کے نفع (Returns) میں کمی ہوئی ہے۔

واجبات کے حوالے سے اس سہ ماہی کے اختتام تک جمع شدہ رقوم میں گزشتہ سال 2015 کی اسی سہ ماہی کے مقابلے میں 20% اضافہ ہوا جس میں CASA کا حصہ کل جمع شدہ رقوم کا 73% تھا۔ اسی مدت کے دوران فنڈز کی کم قیمت سے بینک کی کارکردگی میں اضافہ ہوا۔

کلی (sovereign) اجارہ صلوک کے دو نئے اجراء ہوئے لیکن بد قسمتی سے یہ دونوں اجراء اس انسٹرومنٹ کی طلب کے مقابلے میں بہت کم تھے جس کی وجہ سے مقابلہ نرخ کا آغاز ہوا اور ان کی اختتامی قیمت کنونشنل بینکوں کو دستیاب مساوی انسٹرومنٹ سے کم تھی۔ اس سے اسلامی بینکاری کی صنعت پر بے اثرات مرتب ہوئے۔

اسٹیٹ بینک آف پاکستان نے اس مدت میں بیج مقل طریقے کے تحت بینکاری کرنے والے اسلامی بینکوں کے لیے اپنا اوپن مارکیٹ آپریشن (OMO) جاری رکھا جس سے بینکوں کو اپنی اضافی Liquidity تقسیم کرنے میں مدد ملی۔

31 مارچ 2016 تک بیج مقل طریقے کے تحت گورنمنٹ آف پاکستان اور اسٹیٹ بینک آف پاکستان کے ساتھ میزبان بینک کے کل آؤٹ اسٹینڈنگ بالترتیب 69 ارب اور 31 ارب رہے۔ ہم اسلامی بینکوں کے لیے اسٹیٹ بینک آف پاکستان اور وزارت خزانہ کے ہموار اور بروقت اوپن مارکیٹ آپریشنز کے انتظام کے لیے بے حد مشکور ہیں۔

اسلامک فنانسنگ اور متعلقہ اثاثوں میں مارچ 2015 سے 37% اضافہ ہوا جو 201 ارب پر بند ہوئے۔ بہر حال یہ اضافہ 31 دسمبر 2015 کے اختتامی بیلنس 208 ارب سے کم ہے اور اس کی بنیادی وجہ وقتی مفاہمتیں/توافق ہیں۔ بینک نے غیر فعال فنانسنگ کی مدد میں Provisions کی تسلی بخش شرح (کورج کی شرح 117%) برقرار رکھی ہے۔ ہماری توجہ اعلیٰ معیار کے ساتھ مختلف النوع سرمایہ کاری طریقے قائم رکھنے پر مرکوز ہے۔ بینک کے تجارتی کاروبار کا حجم 34% اضافے کے ساتھ 121 ارب تک پہنچ گیا جو گزشتہ سال اس عرصے میں 90 ارب تھا (باوجود یکہ موجودہ سہ ماہی میں گزشتہ سال کی اس سہ ماہی کی بہ نسبت تیل اور اشیائے خورد و نوش کی قیمتوں میں کمی واقع ہوئی)۔

بینک کے انتظامی اور کارگزاری اخراجات میں اضافہ دیکھنے میں آیا جو 3.1 ارب سے بڑھ کر 3.7 ارب ہو گئے۔ اس کی بنیادی وجہ ملازمین کے اخراجات میں اضافہ اور گزشتہ سال کھولی گئی 123 نئی برانچز کے کرائے اور دیگر مد میں اخراجات ہیں۔ بہر حال یہ اضافہ اس حوالے سے بار محسوس نہیں ہوتا کہ یہ ایک سرمایہ کاری ہے جس کا فائدہ نتیجتاً بینک کو ہی ہوگا، جیسا کہ گزشتہ برسوں میں جمع شدہ رقوم اور منافع میں ہونے والے اضافوں سے اس کی تصدیق ہوتی ہے۔

بینک نے رواں سہ ماہی میں شیئر ہولڈرز کو 12.5% (1.25 فی شیئر) کے حساب سے ڈیویڈنڈ تقسیم کیا جس کی منظوری گزشتہ بورڈ میننگ منعقدہ 22 فروری 2016 میں دی گئی تھی۔ بینک نے 2000 میں اسٹاک ایکسچینج میں شمولیت کے وقت سے اب تک بلا قطل ادائیگیوں کا ریکارڈ بھی برقرار رکھا ہے۔

JCR-VIS کریڈٹ ریٹنگ کمپنی (جو جاپان کریڈٹ ریٹنگ ایجنسی سے الحاق شدہ ہے) نے بینک کی طویل مدتی ریٹنگ AA (ڈبل اے) اور قلیل المدتی ریٹنگ A1+ (اے پلس) کی دوبارہ توثیق کی ہے۔ قلیل مدتی ریٹنگ میں A1+ سب سے اعلیٰ درجہ ہے۔ اس سے بینک کی اعلیٰ کارکردگی کی تصدیق ہوتی ہے۔

پاکستان میں اسلامک بینکنگ کی شرح میں تیزی سے اضافہ ہو رہا ہے اور ہم اسٹیٹ بینک آف پاکستان اور وزارت خزانہ کے مشکور ہیں جنہوں نے اسلامی بینکنگ کی صنعت کی ترقی اور فروغ میں مدد دی۔ اس صنعت کو درپیش مسائل میں سے ایک اسلامی بینکوں کو صکوک کی کم تعداد میں دستیابی بھی ہے تاکہ وہ قانونی طور پر درکار Statutory Liquidity کا مطالبہ پورا کر سکیں اور اضافی Liquidity تقسیم کر سکیں۔ ہم امید کرتے ہیں کہ وزارت خزانہ، اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری شعبے اور اسلامی بینکنگ کے فروغ کے لیے بنائی گئی اسٹیزنگ کمیٹی کی کوششوں سے اس سال نئے صکوک جاری کیے جائیں گے۔

میزان بینک کا بورڈ، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور ہمارے شریعہ سپروائزرز بورڈ کا ان کی مسلسل معاونت اور رہنمائی کے لیے تہہ دل سے مشکور ہے۔ اس موقع پر ہم اپنے معزز صارفین کے مسلسل اعتماد اور سرپرستی، اپنے شیئر ہولڈرز کے تعاون اور اپنے ملازمین کی مسلسل جدوجہد کے لیے ان کا شکریہ ادا کرتے ہیں جنہوں نے میزان بینک کو کامیابی کی ان بلندیوں سے ہسکتا رکھا۔ اللہ تعالیٰ ہمیں حوصلہ اور دانائی عطا کرے تاکہ ہم اسلامی بینک کو بینکنگ کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی نئی بلندیوں تک لے جاسکیں۔ آمین

(منجانب بورڈ)

عرفان صدیقی  
صدر اور CEO

ریاض المس. اے. اے. ادریس  
چیرمین

کراچی  
26 اپریل 2016

**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2016**

	Note	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>ASSETS</b>			
<b>Rupees in '000</b>			
Cash and balances with treasury banks	8	<b>36,237,549</b>	43,685,636
Balances with other banks	9	<b>14,897,409</b>	11,175,060
Due from financial and other institutions	10	<b>76,073,161</b>	101,079,476
Investments - net	11	<b>193,242,979</b>	146,304,897
Islamic financing and related assets - net	12	<b>201,246,917</b>	207,568,823
Operating fixed assets	13	<b>8,071,461</b>	8,056,743
Deferred tax assets		-	-
Other assets - net		<b>11,554,418</b>	13,979,299
		<b>541,323,894</b>	531,849,934
<b>LIABILITIES</b>			
Bills payable		<b>8,775,707</b>	6,560,324
Due to financial institutions		<b>22,352,742</b>	13,609,551
Deposits and other accounts	14	<b>468,910,238</b>	471,820,959
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		<b>466,076</b>	393,121
Other liabilities		<b>14,613,680</b>	13,118,869
		<b>515,118,443</b>	505,502,824
<b>NET ASSETS</b>			
		<b>26,205,451</b>	26,347,110
<b>REPRESENTED BY</b>			
Share capital	15	<b>10,027,379</b>	10,027,379
Reserves		<b>8,854,702</b>	8,587,363
Unappropriated profit		<b>6,757,976</b>	6,942,042
		<b>25,640,057</b>	25,556,784
Surplus on revaluation of investments - net of tax		<b>565,394</b>	790,326
		<b>26,205,451</b>	26,347,110
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad**  
**Abdul Aleem**  
Director

**Faisal A. A. A.**  
**Al-Nassar**  
Director



**CONDENSED INTERIM UNCONSOLIDATED  
PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Note	Quarter ended March 31, 2016	Quarter ended March 31, 2015
		Rupees in '000	
Profit / return earned on Islamic financings, investments and placements	17	<b>7,466,775</b>	8,277,289
Profit on deposits and other dues expensed	18	<b>3,225,177</b>	4,030,630
Net spread earned		<b>4,241,598</b>	4,246,659
Reversals / (provisions) against non-performing Islamic financings and related assets - net	12.8	<b>132,251</b>	(225,746)
Reversal against off balance sheet obligations		-	84
Reversals / (provisions) for diminution in the value of investments	11.3	<b>26,466</b>	(99,787)
Bad debts written off directly		-	-
		<b>158,717</b>	(325,449)
Net spread after provisions		<b>4,400,315</b>	3,921,210
<b>OTHER INCOME</b>			
Fee, commission and brokerage income		<b>626,405</b>	431,359
Dividend income		<b>112,360</b>	42,251
Income from dealing in foreign currencies		<b>264,976</b>	496,703
Capital gain on sale of investments - net		<b>269,806</b>	151,259
Other income		<b>59,084</b>	34,203
Total other income		<b>1,332,631</b>	1,155,775
		<b>5,732,946</b>	5,076,985
<b>OTHER EXPENSES</b>			
Administrative expenses		<b>3,632,086</b>	3,042,758
Other provisions		<b>767</b>	4,889
Other charges		<b>65</b>	235
Workers Welfare Fund		<b>41,785</b>	39,179
Total other expenses		<b>3,674,703</b>	3,087,061
		<b>2,058,243</b>	1,989,924
Extraordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<b>2,058,243</b>	1,989,924
Taxation - Current		<b>527,476</b>	333,010
- Deferred		<b>194,072</b>	343,474
		<b>721,548</b>	676,484
<b>PROFIT AFTER TAXATION</b>		<b>1,336,695</b>	1,313,440
		Rupees	
Basic and diluted earnings per share	19	<b>1.33</b>	1.31

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad  
Abdul Aleem**  
Director

**Faisal A. A. A.  
Al-Nassar**  
Director

**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	————— Rupees in '000 —————	
<b>Profit for the quarter</b>	<b>1,336,695</b>	1,313,440
<b>Other comprehensive income</b>	-	-
<b>Comprehensive income transferred to equity</b>	<b>1,336,695</b>	1,313,440
<b><i>Items that may be reclassified to profit and loss account</i></b>		
<b><i>Components of comprehensive income</i></b>		
<b><i>not transferred to equity</i></b>		
Deficit on revaluation of securities classified as 'available for sale'	<b>(346,049)</b>	(142,365)
Deferred tax on revaluation of securities classified as 'available for sale'	<b>121,117</b>	24,248
<b>Total comprehensive income for the quarter</b>	<b>1,111,763</b>	1,195,323

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad  
Abdul Aleem**  
Director

**Faisal A. A. A.  
Al-Nassar**  
Director

**CONDENSED INTERIM UNCONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

	Note	Quarter ended March 31, 2016	Quarter ended March 31, 2015
<b>Rupees in '000</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,058,243	1,989,924
Less: Dividend income		(112,360)	(42,251)
		<b>1,945,883</b>	<b>1,947,673</b>
<b>Adjustments for non-cash charges</b>			
Depreciation		<b>322,268</b>	223,081
Amortization		<b>38,718</b>	34,982
(Reversals)/provisions against non-performing Islamic financings and related assets - net		<b>(132,251)</b>	225,746
(Reversals)/provisions for diminution in the value of investments		<b>(26,466)</b>	99,787
Reversal against off balance sheet obligations		-	(84)
Gain on sale of operating fixed assets		<b>(21,088)</b>	(12,437)
		<b>181,181</b>	571,075
		<b>2,127,064</b>	<b>2,518,748</b>
<b>(Increase)/decrease in operating assets</b>			
Due from financial institutions		<b>25,006,315</b>	(53,535,929)
Islamic financing and related assets		<b>6,454,157</b>	28,945,956
Other assets		<b>2,546,083</b>	6,779,667
		<b>34,006,555</b>	(17,810,306)
<b>Increase/(decrease) in operating liabilities</b>			
Bills payable		<b>2,215,383</b>	(17,022)
Due to financial institutions		<b>8,743,191</b>	(3,998,686)
Deposits and other accounts		<b>(2,910,721)</b>	10,928,583
Other liabilities		<b>1,248,565</b>	(1,321,229)
		<b>9,296,418</b>	5,591,646
		<b>45,430,037</b>	(9,699,912)
Income tax paid		<b>(626,338)</b>	(262,566)
<b>Net cash flow from/(used in) operating activities</b>		<b>44,803,699</b>	(9,962,478)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in securities		<b>(47,257,665)</b>	10,736,734
Dividends received		<b>90,020</b>	14,673
Investments in operating fixed assets		<b>(390,211)</b>	(423,025)
Proceeds from disposal of operating fixed assets		<b>35,595</b>	22,706
<b>Net cash flow from/(used in) investing activities</b>		<b>(47,522,261)</b>	10,351,088
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		<b>(1,007,176)</b>	(1,028,864)
<b>Net cash flow/(used in) financing activities</b>		<b>(1,007,176)</b>	(1,028,864)
<b>Net decrease in cash and cash equivalents</b>		<b>(3,725,738)</b>	(640,254)
Cash and cash equivalents at the beginning of the quarter		<b>54,860,696</b>	35,229,841
<b>Cash and cash equivalents at the end of the quarter</b>	20	<b>51,134,958</b>	34,589,587

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad**  
**Abdul Aleem**  
Director

**Faisal A. A. A.**  
**Al-Nassar**  
Director

**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

	Capital reserves				Revenue reserve		
	Share capital	Statutory reserve *	Reserve for issue of bonus shares	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve	Unappropriated profit	Total
	Rupees in '000						
Balance as at January 1, 2015 - <b>Restated</b>	10,027,379	4,398,548	-	2,823,440	66,766	5,958,587	23,274,720
<b>Total comprehensive income for the quarter</b>							
Profit after taxation for the quarter ended March 31, 2015	-	-	-	-	-	1,313,440	1,313,440
<b>Transactions with owners recognised directly in equity</b>							
Final cash dividend for the year 2014	-	-	-	-	-	(1,253,422)	(1,253,422)
Transfer to statutory reserve	-	262,688	-	-	-	(262,688)	-
<b>Balance as at March 31, 2015</b>	<b>10,027,379</b>	<b>4,661,236</b>	<b>-</b>	<b>2,823,440</b>	<b>66,766</b>	<b>5,755,917</b>	<b>23,334,738</b>
<b>Total comprehensive income for the quarter</b>							
Profit after taxation for the nine months period ended December 31, 2015	-	-	-	-	-	3,709,069	3,709,069
Remeasurement gain on defined benefit plan - net of tax	-	-	-	-	-	(26,339)	(26,339)
<b>Transactions with owners recognised directly in equity</b>							
Interim cash dividend for the year 2015	-	-	-	-	-	(1,754,791)	(1,754,791)
Gain on bargain purchase	-	-	-	294,107	-	-	294,107
Transfer to statutory reserve	-	741,814	-	-	-	(741,814)	-
<b>Balance as at December 31, 2015</b>	<b>10,027,379</b>	<b>5,403,050</b>	<b>-</b>	<b>3,117,547</b>	<b>66,766</b>	<b>6,942,042</b>	<b>25,556,784</b>
<b>Total comprehensive income for the quarter</b>							
Profit after taxation for the quarter ended March 31, 2016	-	-	-	-	-	1,336,695	1,336,695
<b>Transactions with owners recognised directly in equity</b>							
Final cash dividend for the year 2015	-	-	-	-	-	(1,253,422)	(1,253,422)
Transfer to statutory reserve	-	267,339	-	-	-	(267,339)	-
<b>Balance as at March 31, 2016</b>	<b>10,027,379</b>	<b>5,670,389</b>	<b>-</b>	<b>3,117,547</b>	<b>66,766</b>	<b>6,757,976</b>	<b>25,640,057</b>

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

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad  
Abdul Aleem**  
Director

**Faisal A. A. A.  
Al-Nassar**  
Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

**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 Ordinance, 1984, and its shares are quoted on the Karachi Stock Exchange. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. The 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002, and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through five hundred and fifty one branches as at March 31, 2016 (December 31, 2015: five hundred and fifty one branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2014, the JCR-VIS Credit Rating Company Limited has reaffirmed the Bank's long-term rating as "AA" and the short-term rating as 'A-1+' 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 and Export Refinance under Islamic Export Refinance Scheme.

The purchases and sales arising under these arrangements are not reflected in this financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings 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 Shariah Advisor of the Bank.

**3 STATEMENT OF COMPLIANCE**

- 3.1** These condensed interim unconsolidated financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

**3.2** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full set of annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2015.

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

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information.

**4 ACQUISITION OF HSBC BANK OMAN S.A.O.G - PAKISTAN BRANCH OPERATION**

Last year, the Bank completed the acquisition of HSBC Oman S.A.O.G - Pakistan branch (HBON) effective from the close of business on November 06, 2015. This transaction has been accounted for as "Business Combination" under IFRS 3.

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. The SBP has given exemption to the Bank from recognition of Intangible assets on the business combination. The management is currently carrying out the fair valuation exercise for recorded assets and liabilities and intends to complete within the period specified under IFRS 3.

The Bank incorporated the balances relating to HBON at their carrying values as appearing in the audited financial statements of HBON on the close of business on November 06, 2015.

The excess of net assets acquired over purchase consideration has been recognised as a non-distributable capital reserve in the statement of changes in equity as per the directives of the State Bank of Pakistan. The reserve may become available for distribution as stock dividend only with prior approval of the SBP. Further, the Bank may, before distribution of the reserve as stock dividend, adjust any subsequent provisions / deficit assessed by the Bank or recommended by the Banking Inspection Department of the SBP in subsequent inspections in the acquired portfolio of the HBON against this reserve.

Further, the above gain does not incorporate the adjustments which will be recorded after completion of the fair value exercise of recorded assets and liabilities.

**5 BASIS OF MEASUREMENT**

**5.1** These condensed interim financial information has been prepared under the historical cost convention except that certain investments and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value in accordance with the requirements of the SBP. In addition, obligations in respect of staff retirement benefits and employees compensated leave absences are carried at present value.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

**5.2 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.

**5.3 Rounding off**

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

**6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim unconsolidated financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

**7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

	Note	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>			
		Rupees in '000	
In hand			
- local currency		10,733,620	10,796,938
- foreign currencies		1,832,449	1,706,594
With the State Bank of Pakistan in			
- local currency current accounts	8.1	14,169,799	15,508,004
- foreign currency current accounts	8.1	3,096,396	3,038,669
With National Bank of Pakistan in			
- local currency current accounts		6,405,285	12,635,431
		<u>36,237,549</u>	<u>43,685,636</u>

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Note	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>9 BALANCES WITH OTHER BANKS</b>		<b>Rupees in '000</b>	
In Pakistan			
- on current accounts		<b>1,367,290</b>	1,978,004
- on deposit accounts	9.1	<b>13,000,000</b>	4,000,000
Outside Pakistan			
- on current accounts		<b>494,937</b>	2,089,623
- on deposit accounts	9.2	<b>35,182</b>	3,107,433
		<b>14,897,409</b>	11,175,060

**9.1** The return on these balances is around 5.98% (December 31, 2015: 6.5%) per annum.

**9.2** The return on these balances is around 0.09% (December 31, 2015: 0.09%) per annum.

**10 DUE FROM FINANCIAL AND OTHER INSTITUTIONS**

Bai Muajjal with the State Bank of Pakistan	<b>31,413,175</b>	78,334,591
Bai Muajjal with others banks	<b>44,675,486</b>	21,885,385
Musharakah	-	875,000
Commodity Murabaha	<b>26,066</b>	26,066
	<b>76,114,727</b>	101,121,042
Provision against non-performing amounts due from financial institutions	<b>(41,566)</b>	(41,566)
	<b>76,073,161</b>	101,079,476

<b>11 INVESTMENTS - NET</b>	Note	March 31, 2016 (Unaudited)			December 31, 2015 (Audited)		
		Held by the bank	Given as collateral	Total	Held by the bank	Given as collateral	Total
<b>Rupees in '000</b>							
<b>11.1 Investments by types</b>							
<b>Held to maturity securities</b>		<b>28,000,000</b>	-	<b>28,000,000</b>	-	-	-
<b>Available for sale securities</b>		<b>162,865,539</b>	-	<b>162,865,539</b>	143,607,874	-	143,607,874
<b>In related parties</b>							
Subsidiary (unlisted)		<b>63,050</b>	-	<b>63,050</b>	63,050	-	63,050
Associates (listed)		<b>1,835,346</b>	-	<b>1,835,346</b>	1,835,346	-	1,835,346
Associates (unlisted)		<b>28,125</b>	-	<b>28,125</b>	28,125	-	28,125
<b>Investments at cost / carrying value</b>		<b>192,792,060</b>	-	<b>192,792,060</b>	145,534,395	-	145,534,395
Less : Provision for diminution in value of investments and impairment	11.3	<b>(418,919)</b>	-	<b>(418,919)</b>	(445,385)	-	(445,385)
<b>Investments - net of provision</b>		<b>192,373,141</b>	-	<b>192,373,141</b>	145,089,010	-	145,089,010
Surplus on revaluation of available for sale securities		<b>869,838</b>	-	<b>869,838</b>	1,215,887	-	1,215,887
<b>Total investments</b>		<b>193,242,979</b>	-	<b>193,242,979</b>	146,304,897	-	146,304,897



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

11.2 Investments by segments	Note	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
		Rupees in '000	
<b>Federal Government Securities</b>			
GoP Ijarah Sukuk		97,057,576	48,183,702
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		69,394,946	69,394,946
<b>Sukuk certificates / bonds</b>			
Sukuk Certificates		12,668,410	14,515,543
Global Sukuk Bonds		7,489,675	7,492,187
<b>Fully paid up ordinary shares</b>			
- Listed companies		3,633,107	3,432,671
- Unlisted companies		638,000	605,000
<b>Units of open end funds</b>		1,910,346	1,910,346
<b>Total investment at cost / carrying value</b>		192,792,060	145,534,395
Less: Provision for diminution in value of investments and impairment	11.3	(418,919)	(445,385)
<b>Investments (net of provision)</b>		192,373,141	145,089,010
Surplus on revaluation of available for sale securities		869,838	1,215,887
<b>Total investments</b>		193,242,979	146,304,897

**11.3 Provision for diminution in value of investments and impairment**

	March 31, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	24,514	420,871	445,385	13,186	311,106	324,292
Reversals / (Provision) for the period / year - net						
- on associates (unlisted)	-	-	-	11,328	-	11,328
- on available for sale securities	-	(26,466)	(26,466)	-	109,765	109,765
	-	(26,466)	(26,466)	11,328	109,765	121,093
Closing balance	24,514	394,405	418,919	24,514	420,871	445,385

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Note	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>12 ISLAMIC FINANCING AND RELATED ASSETS - NET</b>		<b>Rupees in '000</b>	
In Pakistan			
- Murabaha Financings	12.1	<b>8,231,833</b>	12,197,556
- Advances against Murabaha		<b>1,303,715</b>	1,848,265
- Murabaha Inventory		<b>3,151,527</b>	5,762,536
- Financing under Islamic Export Refinance - Murabaha	12.2	<b>546,900</b>	595,214
- Advances against Future Islamic Export Refinance - Murabaha		<b>32,000</b>	232,432
- Net Investment in Ijarah		<b>230,408</b>	238,011
- Net book value of assets / Investment in Ijarah under IFAS-2	12.3	<b>14,978,769</b>	13,610,087
		<b>15,209,177</b>	13,848,098
- Advances against Future Ijarah		<b>2,085,339</b>	1,773,507
- Istisna Financings		<b>857,883</b>	777,841
- Istisna Advance		<b>17,311,639</b>	19,316,205
- Istisna Inventory		<b>2,400,127</b>	1,358,024
- Financing under Islamic Export Refinance - Istisna		<b>262,491</b>	387,235
- Financing under Islamic Export Refinance - Istisna - Inventory		<b>676,434</b>	818,114
- Advances against Islamic Export Refinance - Istisna		<b>5,074,219</b>	6,348,823
- Financing under Islamic Export Refinance - Musawammah	12.6	<b>801,257</b>	434,393
- Advances against Islamic Export Refinance - Musawammah		-	60,000
- Running Musharakah Financings		<b>44,942,887</b>	42,315,235
- Financing under Islamic Export Refinance - Running Musharakah		<b>4,538,000</b>	6,030,000
- Diminishing Musharakah Financings - Housing		<b>7,714,144</b>	6,918,394
- Diminishing Musharakah Financings - Others		<b>50,122,197</b>	51,538,252
- Advances against Diminishing Musharakah		<b>5,608,519</b>	6,632,827
- Tijarah Financings		<b>304,063</b>	278,911
- Tijarah Inventory		<b>6,703,765</b>	4,237,102
- Financing under Islamic Export Refinance - Tijarah		<b>664,500</b>	129,600
- Financing under Islamic Export Refinance - Tijarah - Inventory		<b>220,000</b>	685,800
- Bai Muajjal Financings	12.4	<b>112,163</b>	863,631
- Advances against Service Ijarah		<b>663,779</b>	770,456
- Musawammah Financings	12.5	<b>9,840,141</b>	7,827,479
- Advance against Musawammah Financings		<b>1,175,137</b>	2,396,596
- Musawammah Inventory		<b>4,436,551</b>	1,666,407
- Labbaik (Qard for Hajj and Umrah)		<b>3,596</b>	4,725
- Financings against bills - Salam		<b>7,582,952</b>	7,343,900
- Financings against bills - Murabaha - Advance		<b>6,159</b>	1,738
- Salam Financings - Advances		<b>2,000,000</b>	5,000,000
- Staff financings		<b>2,301,496</b>	2,183,244
- Other financings		<b>2,436,916</b>	3,193,123
<b>Gross Islamic financing and related assets</b>		<b>209,321,506</b>	215,775,663
Less: Provision against non-performing Islamic financings and related assets	12.8	<b>(8,074,589)</b>	(8,206,840)
<b>Islamic financing and related assets (net of provisions)</b>		<b>201,246,917</b>	207,568,823
<b>12.1 Murabaha receivable - gross</b>		<b>8,647,169</b>	12,709,277
Less: Deferred murabaha income		<b>(50,811)</b>	(141,759)
Profit receivable shown in other assets		<b>(364,525)</b>	(369,962)
<b>Murabaha Financings</b>		<b>8,231,833</b>	12,197,556
<b>12.2 Financing under Islamic Export Refinance - Murabaha - gross</b>		<b>567,616</b>	613,268
Less: Deferred income		<b>(2,360)</b>	(5,693)
Profit receivable shown in other assets		<b>(18,356)</b>	(12,361)
<b>Financing under Islamic Export Refinance - Murabaha</b>		<b>546,900</b>	595,214

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

- 12.3** Net book value of assets / investments in Ijarah under IFAS 2 is net of accumulated depreciation of Rs 8,863 million (Dec 31, 2015: Rs 8,152 million).

	<b>March 31, 2016 (Unaudited)</b>	<b>December 31, 2015 (Audited)</b>
	<b>Rupees in '000</b>	
<b>12.4</b> Bai Muajjal financings - gross	<b>178,860</b>	898,512
Less: Deferred income	<b>(16,899)</b>	(20,945)
Profit receivable shown in other assets	<b>(49,798)</b>	(13,936)
Bai Muajjal financings	<b>112,163</b>	863,631
<b>12.5</b> Musawammah financings - gross	<b>10,369,306</b>	8,100,048
Less: Deferred income	<b>(95,494)</b>	(180,515)
Profit receivable shown in other assets	<b>(433,671)</b>	(92,054)
Musawammah financings	<b>9,840,141</b>	7,827,479
<b>12.6</b> Financing under Islamic Export Refinance - Musawammah	<b>823,241</b>	451,794
Less: Deferred income	<b>(5,230)</b>	(5,432)
Profit receivable shown in other assets	<b>(16,754)</b>	(11,969)
Financing under Islamic Export Refinance - Musawammah	<b>801,257</b>	434,393
<b>12.7</b> Islamic financings and related assets include Rs 6,908 million (Dec 31, 2015: Rs 7,064 million) which have been placed under non-performing status as detailed below:		

	<b>March 31, 2016 (Unaudited)</b>				
<b>Category of classification</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision required</b>	<b>Provision held</b>
	<b>Rupees in '000</b>				
Other Assets Especially Mentioned	6,423	-	6,423	243	243
Substandard	238,136	-	238,136	59,027	59,027
Doubtful	68,834	-	68,834	29,521	29,521
Loss	6,594,514	-	6,594,514	6,588,574	6,588,574
	<u>6,907,907</u>	<u>-</u>	<u>6,907,907</u>	<u>6,677,365</u>	<u>6,677,365</u>

	<b>December 31, 2015 (Audited)</b>				
<b>Category of classification</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision required</b>	<b>Provision held</b>
	<b>Rupees in '000</b>				
Other Assets Especially Mentioned	1,544	-	1,544	-	-
Substandard	227,927	-	227,927	54,401	54,401
Doubtful	62,832	-	62,832	25,755	25,755
Loss	6,772,079	-	6,772,079	6,759,912	6,759,912
	<u>7,064,382</u>	<u>-</u>	<u>7,064,382</u>	<u>6,840,068</u>	<u>6,840,068</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

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

	March 31, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,840,068	1,366,772	8,206,840	6,285,090	1,288,516	7,573,606
Charge for the period / year	9,435	30,452	39,887	604,014	78,256	682,270
Less: Reversals	(172,138)	-	(172,138)	(256,362)	-	(256,362)
	(162,703)	30,452	(132,251)	347,652	78,256	425,908
Transferred during the period	-	-	-	207,661	-	207,661
Amount written off	-	-	-	(335)	-	(335)
Closing balance	6,677,365	1,397,224	8,074,589	6,840,068	1,366,772	8,206,840

- 12.9** The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financings and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 1,125 million (2015: Rs 1,125 million) against financings made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

- 12.10** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the State Bank of Pakistan, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The accumulated benefit availed as at March 31, 2016 amounts to Rs 18.1 million (Dec 31, 2015: Rs 25.3 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 11.8 million as at March 31, 2016. The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>13 OPERATING FIXED ASSETS</b>		
Capital work-in-progress	346,661	425,560
Property and equipment	7,274,939	7,177,915
	<u>7,621,600</u>	<u>7,603,475</u>
Intangible assets	449,861	453,268
	<u>8,071,461</u>	<u>8,056,743</u>
	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
	Rupees in '000	
<b>13.1 Additions to fixed assets - at cost</b>	<u>390,211</u>	<u>423,025</u>
Disposals of fixed assets - at cost	<u>61,560</u>	<u>51,714</u>
	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>14 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
- Fixed deposits	125,795,971	131,769,647
- Savings deposits	190,967,008	184,622,913
- Current accounts - non-remunerative	146,156,691	148,226,202
- Margin	1,184,593	1,055,262
	<u>464,104,263</u>	<u>465,674,024</u>
<b>Financial institutions</b>		
- Remunerative deposits	4,343,974	5,672,624
- Non-remunerative deposits	462,001	474,311
	<u>4,805,975</u>	<u>6,146,935</u>
	<u>468,910,238</u>	<u>471,820,959</u>
<b>14.1 Particulars of deposits</b>		
In		
- local currency	442,261,860	445,247,970
- foreign currencies	26,648,378	26,572,989
	<u>468,910,238</u>	<u>471,820,959</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

**15 SHARE CAPITAL**

**15.1 Authorised capital**

March 31, 2016	December 31, 2015		March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Number of Shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

**15.2 Issued, subscribed and paid-up capital**

March 31, 2016	December 31, 2015		March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Number of Shares			Rupees in '000	
		<b>Ordinary Shares</b>		
<u>456,353,635</u>	<u>456,353,635</u>	Fully paid in cash	<u>4,563,536</u>	<u>4,563,536</u>
<u>546,384,260</u>	<u>546,384,260</u>	Issued as bonus shares	<u>5,463,843</u>	<u>5,463,843</u>
<u>1,002,737,895</u>	<u>1,002,737,895</u>		<u>10,027,379</u>	<u>10,027,379</u>

**16 CONTINGENCIES AND COMMITMENTS**

**16.1 Direct credit substitutes**

Guarantee favoring		
- Banks	<u>25,000</u>	<u>-</u>

**16.2 Transaction related contingent liabilities**

Guarantee favoring		
- Government	<u>11,097,225</u>	<u>9,936,461</u>
- Banks	<u>504,808</u>	<u>227,332</u>
- Others	<u>1,839,814</u>	<u>2,436,550</u>
	<u>13,441,847</u>	<u>12,600,343</u>

**16.3 Trade related contingent liabilities**

Import letters of credit	<u>27,359,945</u>	<u>29,373,250</u>
Acceptances	<u>3,011,327</u>	<u>4,049,357</u>
	<u>30,371,272</u>	<u>33,422,607</u>

**16.4 Commitments in respect of forward exchange contracts**

Purchases	<u>54,528,521</u>	<u>68,362,309</u>
Sales	<u>48,428,136</u>	<u>74,532,767</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>16.5 Commitments for the acquisition of operating fixed assets</b>	<b>68,419</b>	294,082
<b>16.6 Commitments in respect of Islamic financings and related assets</b>	<b>108,581,645</b>	106,606,261
<b>16.7 Other commitments</b>		
Bills for collection (inland)	131,560	151,175
Bills for collection (foreign)	40,245,149	30,956,046
	<b>40,376,709</b>	31,107,221
<b>17 PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS INVESTMENTS AND PLACEMENTS</b>	<b>March 31, 2016 (Unaudited)</b>	<b>March 31, 2015 (Unaudited)</b>
	Rupees in '000	
On financings to:		
- Customers	3,460,983	3,672,178
On investments in		
- Available for sale securities	980,797	2,204,353
- Held for trading securities	5,547	478
- Held to maturity securities	12,865	-
On deposits with financial institutions	3,006,583	2,400,280
	<b>7,466,775</b>	8,277,289
<b>18 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	3,109,121	3,866,379
Other short term Musharakahs / Mudarabas	116,056	164,251
	<b>3,225,177</b>	4,030,630

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Note	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
<b>19 BASIC AND DILUTED EARNINGS PER SHARE</b>			
		<b>Rupees in '000</b>	
Profit after taxation		<u><b>1,336,695</b></u>	<u>1,313,440</u>
		<b>Number</b>	
Weighted average number of ordinary shares		<u><b>1,002,737,895</b></u>	<u>1,002,737,895</u>
		<b>Rupees</b>	
Basic earnings per share	19.1	<u><b>1.33</b></u>	<u>1.31</u>

**19.1** There were no convertible dilutive potential ordinary shares outstanding on March 31, 2016 and March 31, 2015.

	Note	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
<b>20 CASH AND CASH EQUIVALENTS</b>			
		<b>Rupees in '000</b>	
Cash and balances with treasury banks	8	<u><b>36,237,549</b></u>	30,569,238
Balances with other banks	9	<u><b>14,897,409</b></u>	4,020,349
		<u><b>51,134,958</b></u>	<u>34,589,587</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

**21. SEGMENT DETAILS**

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
<b>March 31, 2016 (Unaudited)</b>	<b>Rupees in '000</b>						
Total income	273,413	4,521,308	1,389,785	2,610,850	-	4,050	8,799,406
Total expenses	(218,121)	(3,908,893)	(1,136,014)	(2,198,265)	-	(1,418)	(7,462,711)
Net income	55,292	612,415	253,771	412,585	-	2,632	1,336,695
Segment Assets (Gross)	12,618,606	315,115,047	50,306,062	163,284,179	-	-	541,323,894
Segment Non Performing Loans	203,427	691,691	1,930,479	5,284,457	-	-	8,110,054
Segment Provision Required	188,116	230,803	1,735,513	6,517,562	-	-	8,671,994
Segment Liabilities	455,990	2,091,780	488,312,858	24,257,815	-	-	515,118,443
Segment Return on Assets (ROA) (%)	1.65%	0.81%	2.14%	0.97%	-	-	-
Segment Cost of funds (%)	2.73%	2.73%	2.73%	2.73%	-	-	-

**March 31, 2015 (Unaudited)**

Total income	286,438	5,092,413	882,817	3,170,369	-	1,027	9,433,064
Total expenses	(241,185)	(4,410,965)	(728,640)	(2,738,475)	-	(359)	(8,119,624)
Net income	45,253	681,448	154,177	431,894	-	668	1,313,440
Segment Assets (Gross)	12,246,756	273,849,238	25,227,127	131,840,858	-	-	443,163,979
Segment Non Performing Loans	316,163	495,598	1,699,351	5,148,150	-	-	7,659,262
Segment Provision Required	273,681	150,398	960,268	6,839,084	-	-	8,223,431
Segment Liabilities	347,400	1,954,385	403,632,242	13,410,284	-	-	419,344,311
Segment Return on Assets (ROA) (%)	1.35%	1.09%	2.39%	0.98%	-	-	-
Segment Cost of funds (%)	4.20%	4.20%	4.20%	4.20%	-	-	-

**22. RELATED PARTY TRANSACTIONS**

**22.1** Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel and their close family members.

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

**22.3 Subsidiary company:**

- Al Meezan Investment Management Limited

**22.4 Key management personnel:**

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Total		Subsidiary		Associates		Key management personnel/Directors		Other related parties	
	Mar 31, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Mar 31, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Mar 31, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Mar 31, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Mar 31, 2016 (Unaudited)	Dec 31, 2015 (Audited)
	<b>Rupees in '000</b>									
<b>Islamic financing and related assets</b>	<b>594,217</b>	<b>944,387</b>	<b>-</b>	<b>-</b>	<b>594,217</b>	<b>944,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deposits</b>	<b>3,203,674</b>	<b>3,439,189</b>	<b>10,383</b>	<b>21,486</b>	<b>954,668</b>	<b>1,561,102</b>	<b>184,546</b>	<b>160,650</b>	<b>2,054,077</b>	<b>1,695,951</b>
<b>Other Balances</b>										
Profit receivable on Islamic financings	17,800	38,684	-	-	17,800	38,684	-	-	-	-
Fee receivable	7,630	7,767	7,630	7,767	-	-	-	-	-	-
Payable to defined benefit plan	52,726	438,444	-	-	-	-	-	211,964	52,726	226,480
Accrued expenses	4,527	6,273	4,527	6,273	-	-	-	-	-	-
Letters of guarantee (unfunded)	1,202,391	337,300	100	100	1,202,291	337,200	-	-	-	-
Letters of credit (unfunded)	70,565	735,909	-	-	70,565	735,909	-	-	-	-

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Total		Subsidiary		Associates		Key management personnel/Directors		Other related parties	
	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015
	(Unaudited)									
	Rupees in '000									
<b>Transactions, income and expenses</b>										
Profit earned on Islamic financings	20,494	33,926	-	-	20,494	33,926	-	-	-	-
Profit on deposits / borrowings expensed	36,512	37,177	402	335	3,597	6,450	1,867	1,889	30,646	28,503
Investments made	27,553	200,000	-	-	27,553	200,000	-	-	-	-
Capital gain - net	5,699	-	-	-	5,699	-	-	-	-	-
Charged for defined benefit plan	52,726	38,904	-	-	-	-	-	-	52,726	38,904
Contribution to defined contribution plan	47,066	38,221	-	-	-	-	-	-	47,066	38,221
Contribution to staff benevolent fund	2,071	1,685	-	-	-	-	-	-	2,071	1,685
Fees expensed	3,250	1,849	3,250	1,849	-	-	-	-	-	-
Fees and commission earned	27,686	27,108	27,416	27,108	270	-	-	-	-	-
Takaful Premiums paid	2,501	1,191	-	-	2,501	1,191	-	-	-	-
Takaful Claims received	1,510	4,765	-	-	1,510	4,765	-	-	-	-
Remuneration to the directors and key management personnel including fees to non-executive directors	34,240	30,273	-	-	-	-	34,240	30,273	-	-

## 23 GENERAL

**23.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation.

**23.2** The SBP vide its BPRD circular No.5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, the Bank has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial and Other Institutions" to "Investments".

## 24 DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorised for issue on April 26, 2016 by the Board of Directors of the Bank.

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad  
Abdul Aleem**  
Director

**Faisal A. A. A.  
Al-Nassar**  
Director

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2016**

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	36,237,549	43,685,791
Balances with other banks	14,945,490	11,205,707
Due from financial and other institutions	76,073,161	101,079,476
Investments - net	197,368,874	150,137,212
Islamic financing and related assets - net	201,246,917	207,568,823
Operating fixed assets	8,170,313	8,161,435
Deferred tax assets	-	-
Other assets - net	11,711,031	14,111,489
	<b>545,753,335</b>	<b>535,949,933</b>
<b>LIABILITIES</b>		
Bills payable	8,775,707	6,560,324
Due to financial institutions	22,352,742	13,609,551
Deposits and other accounts	468,899,855	471,799,473
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	862,632	730,923
Other liabilities	15,119,948	13,569,243
	<b>516,010,884</b>	<b>506,269,514</b>
<b>NET ASSETS</b>	<b>29,742,451</b>	<b>29,680,419</b>
<b>REPRESENTED BY</b>		
Share capital	10,027,379	10,027,379
Reserves	8,879,018	8,611,679
Unappropriated profit	9,187,676	9,238,479
	<b>28,094,073</b>	<b>27,877,537</b>
<b>NON-CONTROLLING INTEREST</b>	<b>1,015,052</b>	<b>944,623</b>
	<b>29,109,125</b>	<b>28,822,160</b>
Surplus on revaluation of investments - net of tax	633,326	858,259
	<b>29,742,451</b>	<b>29,680,419</b>

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad**  
**Abdul Aleem**  
Director

**Faisal A. A. A.**  
**Al-Nassar**  
Director

**CONDENSED INTERIM CONSOLIDATED  
PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	Rupees in '000	
Profit / return earned on financings, investments and placements	7,466,719	8,277,113
Profit on deposits and other dues expensed	3,224,775	4,030,295
Net spread earned	4,241,944	4,246,818
Reversals / (provision) against non-performing Islamic financing and related assets - net	132,251	(225,746)
Reversals / (provision) for diminution in the value of investments	26,466	(99,787)
Reversal of provision against off balance sheet obligations	-	84
Bad debts written off directly	-	-
	158,717	(325,449)
Net spread after provisions	4,400,661	3,921,369
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	867,497	633,819
Dividend income	112,360	42,251
Income from dealing in foreign currencies	264,976	496,703
Capital gain on sale of investments - net	274,597	151,259
Other income	93,663	78,464
Total other income	1,613,093	1,402,496
	6,013,754	5,323,865
<b>OTHER EXPENSES</b>		
Administrative expenses	3,756,601	3,130,496
Other provisions	767	4,889
Other charges	65	235
Workers Welfare Fund	46,941	41,453
Total other expenses	3,804,374	3,177,073
	2,209,380	2,146,792
Share of results of associates before taxation	167,868	(36,959)
	2,377,248	2,109,833
Extraordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	2,377,248	2,109,833
Taxation - current	584,035	375,265
- deferred	252,826	338,854
	836,861	714,119
<b>PROFIT AFTER TAXATION</b>	1,540,387	1,395,714
Share of profit attributable to non-controlling interest	(70,429)	(22,112)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	1,469,958	1,373,602
	Rupees	
Basic and diluted earnings per share	1.47	1.37

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad**  
**Abdul Aleem**  
Director

**Faisal A. A. A.**  
**Al-Nassar**  
Director

**CONDENSED INTERIM CONSOLIDATED****STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	Rupees in '000	
<b>Profit after taxation for the quarter</b>	<b>1,469,958</b>	1,373,602
<b>Other Comprehensive income</b>	-	-
<b>Comprehensive income transferred to equity</b>	<b>1,469,958</b>	1,373,602
<b>Items that may be reclassified to profit and loss account</b>		
<b>Components of comprehensive income not transferred to equity</b>		
Deficit on revaluation of securities classified as 'available for sale'	<b>(346,049)</b>	(142,365)
Deferred tax on revaluation of securities classified as 'available for sale'	<b>121,117</b>	24,248
<b>Total comprehensive income for the quarter</b>	<b>1,245,026</b>	1,255,485

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad  
Abdul Aleem**  
Director

**Faisal A. A. A.  
Al-Nassar**  
Director

**CONDENSED INTERIM CONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,377,248	2,109,833
Less: Dividend income	(112,360)	(42,251)
	<b>2,264,888</b>	<b>2,067,582</b>
<b>Adjustments for non-cash charges and other items</b>		
Depreciation	331,061	228,712
Amortization	40,007	36,057
(Reversal) / provision against non-performing Islamic financing and related assets - net	(132,251)	225,746
(Reversal) / provision for diminution in value of investments	(26,466)	99,787
Reversal of provision against off balance sheet obligations	-	(84)
Gain on sale of operating fixed assets	(21,088)	(35,398)
Share of results of associates	(167,868)	36,959
	<b>23,395</b>	<b>591,779</b>
	<b>2,288,283</b>	<b>2,659,361</b>
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	25,006,315	(53,535,929)
Islamic financing and related assets	6,454,157	28,945,956
Other assets	2,422,798	6,844,368
	<b>33,883,270</b>	<b>(17,745,605)</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,215,383	(17,022)
Due to financial institutions	8,743,191	(3,998,686)
Deposits and other accounts	(2,899,618)	10,914,639
Other liabilities	1,393,880	(1,367,309)
	<b>9,452,836</b>	<b>5,531,622</b>
	<b>45,624,389</b>	<b>(9,554,622)</b>
Income tax paid	(673,457)	(290,401)
<b>Net cash flow from operating activities</b>	<b>44,950,932</b>	<b>(9,845,023)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(47,383,377)	10,601,734
Dividends received	90,020	14,673
Investments in operating fixed assets	(394,453)	(433,944)
Proceeds from sale of fixed assets	35,595	45,667
<b>Net cash flow from investing activities</b>	<b>(47,652,215)</b>	<b>10,228,130</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,007,176)	(1,028,864)
<b>Net cash flow from financing activities</b>	<b>(1,007,176)</b>	<b>(1,028,864)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,708,459)</b>	<b>(645,757)</b>
Cash and cash equivalents at the beginning of the quarter	54,891,498	35,280,507
<b>Cash and cash equivalents at the end of the quarter</b>	<b>51,183,039</b>	<b>34,634,750</b>

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad**  
**Abdul Aleem**  
Director

**Faisal A. A. A.**  
**Al-Nassar**  
Director



**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

	Share capital	Capital reserves		Revenue reserve	Unappropriated profit	Non controlling interest	Total
		Statutory reserve *	Non-Distributable Capital Reserve-Gain on Bargain Purchase	General reserve			
<b>Rupees in '000</b>							
<b>Balance as at January 1, 2015 - Restated</b>	10,027,379	4,398,548	2,823,440	91,082	8,420,316	839,801	26,600,566
Profit after taxation for the quarter ended March 31, 2015	-	-	-	-	1,395,714	-	1,395,714
Share of profit attributable to non-controlling interest	-	-	-	-	(22,112)	22,112	-
<b>Transactions with owners recognised directly in equity</b>							
Final cash dividend for the year 2014	-	-	-	-	(1,253,422)	-	(1,253,422)
Transfer to statutory reserve	-	262,688	-	-	(262,688)	-	-
<b>Balance as at March 31, 2015</b>	<b>10,027,379</b>	<b>4,661,236</b>	<b>2,823,440</b>	<b>91,082</b>	<b>8,277,808</b>	<b>861,913</b>	<b>26,742,858</b>
<b>Total comprehensive income for the quarter</b>							
Profit after taxation for the nine months period ended December 31, 2015	-	-	-	-	3,672,228	-	3,672,228
Remeasurement of defined benefit plan - net of tax	-	-	-	-	(26,926)	(316)	(27,242)
Share of profit attributable to non-controlling interest	-	-	-	-	(188,026)	188,026	-
<b>Transactions with owners recognised directly in equity</b>							
Dividend payout by subsidiary	-	-	-	-	-	(105,000)	(105,000)
Interim cash dividend for the year 2015	-	-	-	-	(1,754,791)	-	(1,754,791)
Gain on bargain purchase	-	-	294,107	-	-	-	294,107
Transfer to statutory reserve	-	741,814	-	-	(741,814)	-	-
<b>Balance as at December 31, 2015</b>	<b>10,027,379</b>	<b>5,403,050</b>	<b>3,117,547</b>	<b>91,082</b>	<b>9,238,479</b>	<b>944,623</b>	<b>28,822,160</b>
Profit after taxation for the quarter ended March 31, 2016	-	-	-	-	1,540,387	-	1,540,387
Share of profit attributable to non-controlling interest	-	-	-	-	(70,429)	70,429	-
Final cash dividend for the year 2015	-	-	-	-	(1,253,422)	-	(1,253,422)
Transfer to statutory reserve	-	267,339	-	-	(267,339)	-	-
<b>Balance as at March 31, 2016</b>	<b>10,027,379</b>	<b>5,670,389</b>	<b>3,117,547</b>	<b>91,082</b>	<b>9,187,676</b>	<b>1,015,052</b>	<b>29,109,125</b>

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

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad**  
**Abdul Aleem**  
Director

**Faisal A. A. A.**  
**Al-Nassar**  
Director

**NOTES TO AND FORMING PART OF CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

**1 BASIS OF PRESENTATION**

**1.1** These condensed interim consolidated financial information include the un-audited 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 Sovereign Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Capital Preservation Fund II, Meezan Capital Preservation Fund III, Meezan Capital Preservation Plan I, Meezan Capital Preservation Plan II, Meezan Financial Planning Fund of Funds, Meezan Asset Allocation Plan I, Meezan Asset Allocation Plan II and Meezan Gold fund.

**1.2** These condensed interim consolidated financial information have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

These condensed interim consolidated financial information comprise of the statement of financial position as at March 31, 2016 and the profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity for the quarter ended March 31, 2016.

**2 ACCOUNTING POLICIES**

**2.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2015.

**3 GENERAL AND DATE OF AUTHORISATION**

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

**3.2** The SBP vide its BPRD circular No.5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, the Bank has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial and Other Institutions" to "Investments".

**3.3** These condensed interim consolidated financial information were authorised for issue on April 26, 2016 by the Board of Directors of the MBL.

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

**Irfan Siddiqui**  
President & Chief Executive

**Mohammad  
Abdul Aleem**  
Director

**Faisal A. A. A.  
Al-Nassar**  
Director