



In the name of Allah The Beneficent The Merciful

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C O R P O R A T E I N F O R M A T I O N

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 Syeda Azra Mujtaba Muhammad Zarrug Rajab Mohammad Abdul Aleem Noorur Rahman Abid Talal S. A. Al-Shehab Irfan Siddiqui Ariful Islam	Chairman Vice Chairman President & CEO Deputy CEO & Executive Director
Shariah Supervisory Board	Justice (Retd.) Muhammad Taqi Usmani Sheikh Esam Mohamed Ishaq Dr. Muhammad Imran Ashraf Usmani	Chairman
Board Audit Committee	Mohammad Abdul Aleem Noorur Rahman Abid Alaa A. Al-Sarawi Muhammad Zarrug Rajab	
Board Risk Management Committee	Faisal A. A. A. Al-Nassar Syeda Azra Mujtaba Ariful Islam	
Board 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	Muhammad Sohail Khan	
Auditors	EY Ford Rhodes	
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, 2017. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in millions

Statement of Financial Position	March 31, 2017	December 31, 2016	Growth %
Investments/Placements under Bai Muajjal - Sovereign	98,838	135,302	-27%
Investments/Placements under Bai Muajjal - Others	167,197	123,969	35%
Islamic financing and related assets - net	312,825	311,530	0%
Total Assets	657,233	657,767	0%
Deposits	551,367	564,024	-2%
Sub-ordinated Sukuk (Tier II)	7,000	7,000	0%
Shareholders' Equity	28,407	28,149	1%

Rupees in millions

Profit & Loss Account	Jan - Mar 2017	Jan - Mar 2016	Growth %
Net spread earned before provisions	4,747	4,242	12%
Fee and commission income	1,049	626	68%
Operating income	6,397	5,733	12%
Administrative and other expenses	(4,068)	(3,675)	11%
Profit after tax	1,512	1,337	13%
Earnings per share - Rupees	1.51	1.33	13%
Number of branches	571	551	4%

By the Grace of Allah, Meezan Bank has maintained its growth momentum and recorded good results for the first quarter ended March 31, 2017. Profit after tax increased by 13%, to Rs 1,512 million from Rs 1,337 million in corresponding period last year, primarily due to growth in earning assets. It is heartening to note that the Bank's gross return earned increased by 11% despite lower discount rate. The Bank's net spread before provision increased by 12% primarily due to increase in financings portfolio and lower cost of funds due to improved CASA mix that now stands at 76% of total deposits.

The Bank continued to enhance its exposure in financings in all sectors while simultaneously ensuring all the risk parameters are met. The Bank has one of the lowest ratio of non-performing financings of 2% as against an average of 10% for the banking industry which reflects the high quality financing portfolio of the Bank. The Bank's provision against its non-performing financing portfolio is at a very comfortable level with a coverage ratio of 120%.

You will be happy to note that fee and commission income of the Bank grew by 68% over the corresponding period last year. The trade business volume handled by the Bank grew by 37% to Rs 165 billion as against Rs 121 billion in the corresponding period of last year.

DIRECTORS' REVIEW

The availability of Government of Pakistan (GoP) Ijarah Sukuk to deploy surplus liquidity continues to be a challenge for Islamic Banks. There has been no new issue of GoP Ijarah Sukuk since March 2016 which has negatively impacted the Islamic banking industry in Pakistan.

Despite the Bank's aggressive branch expansion approach and rising cost of doing business, the growth in administrative and operating expenses was curtailed to 11% which increased to Rs 4 billion from Rs 3.7 billion. The focus is to achieve cost optimization through process efficiency and increasing productivity in all the areas of operations. The rise in expenses is 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. 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 571 branches in 146 cities.

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 15, 2017. 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 GoP Ijarah Sukuk 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 Implementation Committee for promotion of Islamic Banking, there will be new Sukuk issues during the year.

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 and holders of Sub-ordinated Sukuk (Tier II) 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 19, 2017

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2017 کو ختم ہونے والی سہ ماہی کے لئے میزان بینک کے غیر پڑتال شدہ مختصر مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

اہم مالیاتی نکات روپے (ملین میں)

مالیاتی حیثیت کا جائزہ	31 مارچ 2017	31 دسمبر 2016	اضافہ/کمی کی شرح %
سرمایہ کاری/بیع معجل کے تحت تعین۔ کلی اختیاری	98,838	135,302	(27%)
سرمایہ کاری/بیع معجل کے تحت تعین۔ دیگر	167,197	123,969	35%
اسلامی فنانسنگ اور متعلقہ اثاثے۔ خالص (تمام کٹوتیوں کے بعد)	312,825	311,530	0%
کل اثاثے	657,233	657,767	0%
جمع شدہ رقوم (Deposits)	551,367	564,024	(2%)
ثانوی (Sub-Ordinated) صکوک (Tier II)	7,000	7,000	0%
حصص یافتگان کی ایکویٹی	28,407	28,149	1%

نفع و نقصان کھاتہ	جنوری تا مارچ 2017	جنوری تا مارچ 2016	اضافہ/کمی کی شرح %
تموین سے قبل آمدنی۔ خالص	4,747	4,242	12%
فیس اور کمیشن کی آمدنی	1,049	626	68%
کاروباری آمدنی	6,397	5,733	12%
انتظامی اور دیگر اخراجات	(4,068)	(3,675)	11%
بعد از ٹیکس منافع	1,512	1,337	13%
منافع فی حصص (روپوں میں)	1.51	1.33	13%
شاخوں کی تعداد	571	551	4%

الحمد للہ، میزان بینک نے ترقی کی رفتار کو برقرار رکھا ہے اور 31 مارچ 2017 کو ختم ہونے والی سہ ماہی کے لئے بہتر نتائج حاصل کئے ہیں۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 1,337 ملین روپے کے مقابلے میں 13 فیصد اضافے کے بعد 1,512 ملین روپے ہو گیا جس کی بنیادی وجہ آمدنی پیدا کرنے والے اثاثوں (Earning assets) میں اضافہ تھی۔ یہ امر نہایت خوش آئند ہے کہ کم ڈسکاؤنٹ ریٹ کے باوجود بینک کی مجموعی حاصل کردہ آمدنی (Gross return earned) میں 11 فیصد اضافہ ہوا۔ بینک کے Provisions سے قبل خالص منافع میں 12 فیصد اضافہ ہوا جس کی بنیادی وجہ فنانسنگ پورٹ فولیو میں اضافہ اور کرنٹ اکاؤنٹ سیونگ اکاؤنٹ (CASA) کے حصے میں بہتری کے باعث فنڈز کی کم قیمت (Lower cost of funds) تھی، جو اب بڑھ کر کل جمع شدہ رقوم کا 76 فیصد ہو گیا ہے۔

بینک نے تمام تر رسک پیرامیٹرز کو مد نظر رکھتے ہوئے تمام شعبہ جات میں فنانسنگز میں اضافے پر توجہ مرکوز رکھی ہے۔ بینک کی غیر فعال فنانسنگ کی شرح 2 فیصد، بینکاری صنعت کی کم ترین شرحوں میں سے ایک ہے جبکہ بینکاری صنعت کی اوسط شرح 10 فیصد ہے، جس سے بینک کو اعلیٰ معیار کے فنانسنگ پورٹ فولیو کی عکاسی ہوتی ہے۔ بینک نے غیر فعال فنانسنگ پورٹ فولیو کی مدد میں 120 فیصد کوریج کی شرح کے ساتھ Provisions کی تسلی بخش شرح برقرار رکھی ہے۔

آپ کو یہ جان کر مسرت ہوگی کہ بینک کی فیس اور کمیشن کی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 68 فیصد اضافہ ہوا ہے۔ بینک کے تجارتی کاروبار کا حجم گزشتہ سال کی اسی مدت کے 121 ارب روپے کے مقابلے میں 37 فیصد اضافے کے ساتھ 165 ارب روپے ہو گیا۔

اضافی لیکویڈیٹی کی تقسیم کے لئے حکومت پاکستان کے اجارہ صکوک کی دستیابی اسلامی بینکوں کے لئے بدستور ایک مسئلہ رہی۔ مارچ 2016 کے بعد سے حکومت پاکستان کے اجارہ صکوک کا کوئی نیا اجرا نہیں ہوا جس سے پاکستان میں اسلامی بینکاری کی صنعت پر منفی اثرات مرتب ہوئے۔

بینک کے اپنی شاخوں میں توسیع کے پُر جوش نقطہ نظر اور بڑھتی ہوئی کاروباری لاگت کے باوجود انتظامی اور کارگزاری اخراجات میں اضافے کو 11 فیصد تک محدود کیا گیا جو 3.7 ارب روپے سے بڑھ کر 4 ارب روپے ہو گئے۔ ہماری توجہ عملی استعداد اور عملی طریق کار کے تمام شعبوں میں پیداواریت میں اضافے کے ذریعے لاگت میں کمی اور کارکردگی میں اضافے پر مرکوز ہے۔ اخراجات میں اضافہ بنیادی طور پر عملے پر ہونے والے اخراجات بمعہ کرائے اور نئی شاخوں سے متعلق اخراجات کی وجہ سے ہے تاہم یہ ایک سرمایہ کاری ہے جو بینک کے لئے شمر آ رہی ہے جیسا کہ گزشتہ برسوں میں جمع شدہ رقوم اور منافع میں ہونے والے اضافے سے اس کی توثیق ہوتی ہے۔ بینک نے 146 شہروں میں 571 شاخوں کے نیٹ ورک کے ساتھ (اسلامی اور اس کے ساتھ ساتھ روایتی بینکوں کے درمیان) پاکستان کے سب سے بڑے اسلامی بینک ہونے کا اعزاز برقرار رکھا ہے۔

بینک نے اس سہ ماہی میں اپنے حصص یافتگان کو 12.5 فیصد (1.25 روپے فی حصص) کا حتمی نقد ڈیویڈنڈ تقسیم کیا جس کی منظوری گزشتہ بورڈ میٹنگ منعقدہ 15 فروری، 2017 کو دی گئی تھی۔ بینک نے 2000ء میں اسٹاک ایکسچینج میں شمولیت کے بعد سے اب تک بلا تعطل ادائیگیوں کا ریکارڈ برقرار رکھا ہے۔

JCR-VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ (جو جاپان کرڈٹ ریٹنگ ایجنسی سے الحاق شدہ ہے) نے بینک کی طویل مدتی ریٹنگ AA (ڈبل اے) اور قلیل المدتی ریٹنگ A1+ (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ توثیق کی ہے۔ قلیل مدتی ریٹنگ میں A1+ سب سے اعلیٰ درجہ ہے جو بینک کے اعلیٰ کارکردگی کے اشاروں کی تصدیق کرتا ہے۔

پاکستان میں اسلامی بینکاری کی شرح میں تیز رفتاری سے اضافہ ہو رہا ہے اور ہم اسٹیٹ بینک آف پاکستان اور وزارت خزانہ کے مشکور ہیں جنہوں نے اسلامی بینکاری کی صنعت کی ترقی اور فروغ میں مدد دی۔ اس صنعت کو درپیش مسائل میں سے ایک اسلامی بینکوں کو حکومت پاکستان کے اجارہ صلوک کی کم تعداد میں دستیابی ہے تاکہ وہ قانونی طور پر ورکار لیکویڈیٹی (Statutory Liquidity) کی ضروریات پوری کر سکیں اور اضافی لیکویڈیٹی تقسیم کر سکیں۔ ہم امید کرتے ہیں کہ وزارت خزانہ اور اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری شعبے اور اسلامی بینکاری کے فروغ کے لئے قائم کردہ پلیٹیفارم کی کمیٹی کی کاوشوں سے اس سال نئے صلوک جاری کیے جائیں گے۔

میزان بینک کا بورڈ اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور ہمارے شریعہ سپروائزری 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 اور ثانوی (Sub-Ordinated) صلوک (Tier II) 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 ہمکنار کیا۔ اللہ تعالیٰ ہمیں حوصلہ اور توانائی عطا کرے تاکہ ہم اسلامی بینکاری کو پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی نئی بلندیوں تک لے جاسکیں۔ آمین

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض الیس. اے. اے. اور لیس
چیئرمین

کراچی:

19 اپریل 2017

UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	56,266,818	56,036,849
Balances with other banks	8	3,564,249	12,021,351
Due from financial institutions	9	142,288,057	129,115,165
Investments - net	10	123,747,489	130,156,297
Islamic financing and related assets - net	11	312,824,629	311,530,270
Operating fixed assets	12	9,036,470	8,924,328
Deferred tax asset		-	-
Other assets - net		9,504,789	9,982,837
		657,232,501	657,767,097
LIABILITIES			
Bills payable		11,245,311	9,130,998
Due to financial institutions		41,427,191	32,005,501
Deposits and other accounts	13	551,366,641	564,023,853
Sub-ordinated Sukuk	14	7,000,000	7,000,000
Deferred tax liabilities		900,103	1,362,909
Other liabilities		15,112,071	13,770,218
		627,051,317	627,293,479
NET ASSETS		30,181,184	30,473,618
REPRESENTED BY			
Share capital	15	10,027,379	10,027,379
Reserves		10,002,036	9,699,685
Unappropriated profit		8,377,989	8,422,009
		28,407,404	28,149,073
Surplus on revaluation of investments - net of tax		1,773,780	2,324,545
		30,181,184	30,473,618
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director

UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017

	Note	Quarter ended March 31, 2017	Quarter ended March 31, 2016
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	17	8,324,714	7,466,775
Profit on deposits and other dues expensed	18	3,577,420	3,225,177
Net spread earned		4,747,294	4,241,598
Provision / (reversal of provision) against non-performing islamic financing and related assets - net	11.8	22,181	(132,251)
Provision / (reversal of provision) against diminution in the value of investments	10.3	36,097	(26,466)
Bad debts written off directly		-	-
		58,278	(158,717)
Net spread after provisions		4,689,016	4,400,315
OTHER INCOME			
Fee, commission and brokerage income		1,048,865	626,405
Dividend income		38,540	112,360
Income from dealing in foreign currencies		162,945	264,976
Capital gain on sale of investments - net		371,384	269,806
Other income		85,915	59,084
Total other income		1,707,649	1,332,631
		6,396,665	5,732,946
OTHER EXPENSES			
Administrative expenses		4,027,977	3,632,086
Other (reversal of provisions) / provisions		(5,072)	767
Other charges		480	65
Workers Welfare Fund		45,001	41,785
Total other expenses		4,068,386	3,674,703
		2,328,279	2,058,243
Extraordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,328,279	2,058,243
Taxation - Current		982,766	527,476
- Deferred		(166,240)	194,072
		816,526	721,548
PROFIT AFTER TAXATION		1,511,753	1,336,695
		Rupees	
Basic and diluted earnings per share	19	1.51	1.33

The annexed notes 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director

UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	———— Rupees in '000 ————	
Profit after taxation for the quarter	1,511,753	1,336,695
Other comprehensive income	-	-
Comprehensive income transferred to statement of changes in equity	<u>1,511,753</u>	<u>1,336,695</u>
Components of comprehensive income not transferred to equity		
Items that may be reclassified to profit and loss account		
Deficit on revaluation of investments	(847,331)	(346,049)
Deferred tax on revaluation of investments	296,566	121,117
Total comprehensive income for the quarter	<u>960,988</u>	<u>1,111,763</u>

The annexed notes 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

UNCONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017

	Note	Quarter ended March 31, 2017	Quarter ended March 31, 2016
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,328,279	2,058,243
Less: Dividend income		(38,540)	(112,360)
		2,289,739	1,945,883
Adjustments for non-cash charges			
Depreciation		355,687	322,268
Amortization		40,262	38,718
Provision / (reversal of provision) against non-performing islamic financing and related assets - net		22,181	(132,251)
Provision / (reversal of provision) against diminution in the value of investments		36,097	(26,466)
Gain on sale of operating fixed assets		(21,712)	(21,088)
		432,515	181,181
		2,722,254	2,127,064
(Increase) / decrease in operating assets			
Due from financial institutions		(13,172,892)	25,006,315
Islamic financing and related assets		(1,316,540)	6,454,157
Other assets - net		491,071	2,546,083
		(13,998,361)	34,006,555
Increase / (decrease) in operating liabilities			
Bills payable		2,114,313	2,215,383
Due to financial institutions		9,421,690	8,743,191
Deposits and other accounts		(12,657,212)	(2,910,721)
Other liabilities		866,864	1,248,565
		(254,345)	9,296,418
		(11,530,452)	45,430,037
Income tax paid		(748,206)	(626,338)
Net cash (used in) / generated from operating activities		(12,278,658)	44,803,699
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in securities		5,525,380	(47,257,665)
Dividends received		25,517	90,020
Investments in operating fixed assets		(529,265)	(390,211)
Proceeds from disposal of operating fixed assets		42,886	35,595
Net cashflow generated from / (used in) investing activities		5,064,518	(47,522,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,012,993)	(1,007,176)
Net cashflow used in financing activities		(1,012,993)	(1,007,176)
Net decrease in cash and cash equivalents		(8,227,133)	(3,725,738)
Cash and cash equivalents at the beginning of the quarter		68,058,200	54,860,696
Cash and cash equivalents at the end of the quarter		59,831,067	51,134,958

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The annexed notes 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director

UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017

	Share capital	Capital reserves	Revenue reserve			
		Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve	Unappropriated profit	Total
	Rupees in '000					
Balance as at January 1, 2016	10,027,379	5,403,050	3,117,547	66,766	6,942,042	25,556,784
Total comprehensive income for the quarter						
Profit after taxation for the quarter ended March 31, 2016	-	-	-	-	1,336,695	1,336,695
Transactions with owners recognised directly in equity						
Final cash dividend for the year 2015	-	-	-	-	(1,253,422)	(1,253,422)
Transfer to statutory reserve	-	267,339	-	-	(267,339)	-
Balance as at March 31, 2016	10,027,379	5,670,389	3,117,547	66,766	6,757,976	25,640,057
Total comprehensive income for the period						
Profit after taxation for the nine months period ended December 31, 2016	-	-	-	-	4,224,916	4,224,916
Remeasurement gain on defined benefit plan - net of tax	-	-	-	-	38,891	38,891
Transactions with owners recognised directly in equity						
Interim cash dividend for the year 2016	-	-	-	-	(1,754,791)	(1,754,791)
Transfer to statutory reserve	-	844,983	-	-	(844,983)	-
Balance as at December 31, 2016	10,027,379	6,515,372	3,117,547	66,766	8,422,009	28,149,073
Total comprehensive income for the quarter						
Profit after taxation for the quarter ended March 31, 2017	-	-	-	-	1,511,753	1,511,753
Transactions with owners recognised directly in equity						
Final cash dividend for the year 2016	-	-	-	-	(1,253,422)	(1,253,422)
Transfer to statutory reserve	-	302,351	-	-	(302,351)	-
Balance as at March 31, 2017	10,027,379	6,817,723	3,117,547	66,766	8,377,989	28,407,404

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

The annexed notes 1 to 25 form an integral part of this unconsolidated condensed interim financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

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 (now "Pakistan 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 seventy one branches as at March 31, 2017 (December 31, 2016: five hundred and seventy one branches). Its registered office is situated 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, 2015, the JCR-VIS Credit Rating Company Limited has reaffirmed the Bank's long-term rating as 'AA' and 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, Musharakah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Export Refinance under Islamic Export Refinance Scheme and Service Ijarah.

The purchases and sales arising under these arrangements are not reflected in this unconsolidated condensed interim 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 Islamic financing is recognised in accordance with the principles of the Islamic Shariah. However, income, if any, received which does not comply with the principles of the Islamic Shariah is recognised as charity payable, if so directed by the Shariah Advisor of the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1** This unconsolidated condensed interim 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 UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

3.2 The disclosures made in this unconsolidated condensed interim financial information have been limited based on the format prescribed by the SBP 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 a full set of annual financial statements and this condensed interim unconsolidated financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2016.

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, 2017 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 unconsolidated condensed interim financial information.

4 BASIS OF MEASUREMENT

4.1 This unconsolidated condensed interim financial information has been prepared under the historical cost convention except that certain investments, foreign currency balances 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 is carried at present value.

4.2 Functional and presentation currency

This unconsolidated condensed interim 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 unconsolidated 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, 2016.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim 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, 2016.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
7 CASH AND BALANCES WITH TREASURY BANKS		Rupees in '000	
In hand			
- local currency		17,510,879	14,725,026
- foreign currencies		2,241,552	2,159,517
With the State Bank of Pakistan in			
- local currency current accounts	7.1	24,452,400	20,323,435
- foreign currency current accounts	7.1	3,259,729	3,138,134
With National Bank of Pakistan in			
- local currency current accounts		8,802,258	15,690,737
		<u>56,266,818</u>	<u>56,036,849</u>

7.1 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.

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
8 BALANCES WITH OTHER BANKS		Rupees in '000	
In Pakistan			
- in current accounts		2,441,734	2,000,041
- in deposit accounts / term deposit receipts		-	9,000,000
Outside Pakistan			
- in current accounts		943,706	814,335
- in deposit accounts	8.1	178,809	206,975
		<u>3,564,249</u>	<u>12,021,351</u>

8.1 The return on these balances is around 0.28% (December 31, 2016: 0.28%) per annum.

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
9 DUE FROM FINANCIAL INSTITUTIONS		Rupees in '000	
Bai Muajjal:			
With Scheduled banks / other			
financial institutions - Secured	9.1	142,288,057	77,829,747
With State Bank of Pakistan		-	31,413,175
With Scheduled banks		15,500	19,887,743
		142,303,557	129,130,665
Commodity Murabaha		26,066	26,066
		142,329,623	129,156,731
Provision against non-performing amounts due			
from financial institutions		(41,566)	(41,566)
		<u>142,288,057</u>	<u>129,115,165</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

9.1 These carry average return of 5.76% per annum (December 31, 2016: 5.75% per annum) and are due to mature on various dates ranging between June 2017 to March 2018 (December 31, 2016: January 2017 to December 2017).

10 INVESTMENTS - NET

	Note	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
		Held by the bank	Given as collateral	Total	Held by the bank	Given as collateral	Total
Rupees in '000							
10.1 Investments by types							
Available for sale securities *		91,545,235	-	91,545,235	96,995,615	-	96,995,615
Held to maturity securities		28,000,000	-	28,000,000	28,000,000	-	28,000,000
In related parties							
Subsidiary (unlisted)		63,050	-	63,050	63,050	-	63,050
Associates (listed)		1,827,120	-	1,827,120	1,902,120	-	1,902,120
Investments at cost / carrying value		121,435,405	-	121,435,405	126,960,785	-	126,960,785
Less: Provision against diminution in value of investments	10.3	(416,809)	-	(416,809)	(380,712)	-	(380,712)
Investments - net of provision		121,018,596	-	121,018,596	126,580,073	-	126,580,073
Surplus on revaluation of available for sale securities		2,728,893	-	2,728,893	3,576,224	-	3,576,224
Total investments		123,747,489	-	123,747,489	130,156,297	-	130,156,297

* This includes investment in sukuk of PIA amounting to Rs 1.5 billion. The SBP has allowed relaxation to all the participant banks upto 30 June 2017 from classification and provisioning against such sukuk in terms of prudential regulations. These sukuk are guaranteed by the Government of Pakistan.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Rupees in '000			
10.2 Investments by segments			
Federal Government Securities			
GOP Ijarah Sukuk		92,775,469	96,937,287
Sukuk certificates / bonds			
Sukuk Certificates		15,820,471	16,090,897
Global Sukuk Bonds		6,353,684	7,543,519
Fully paid up ordinary shares			
Listed companies		3,691,487	3,519,788
Unlisted companies			
- subsidiary		63,050	63,050
- others		854,124	854,124
Units of open end funds			
- associates		1,827,120	1,902,120
- others		50,000	50,000
Total investment at cost / carrying value		121,435,405	126,960,785
Less: Provision against diminution in the value of investments	10.3	(416,809)	(380,712)
Investments (net of provision)		121,018,596	126,580,073
Surplus on revaluation of available for sale securities		2,728,893	3,576,224
Total investments		123,747,489	130,156,297

10.3 Provision for diminution in value of investments

	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Associates	Others	Total	Associates	Others	Total
Rupees in '000						
Opening balance	-	380,712	380,712	24,514	420,871	445,385
Charge / (reversal) for the quarter / year						
- on associates (unlisted)	-	-	-	3,611	-	3,611
On available for sale securities						
- charge for the quarter / year	-	43,027	43,027	-	33,840	33,840
- reversals for the quarter / year	-	(6,930)	(6,930)	-	(102,124)	(102,124)
	-	36,097	36,097	3,611	(68,284)	(64,673)
Transfers	-	-	-	(28,125)	28,125	-
Closing balance	-	416,809	416,809	-	380,712	380,712

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
		Rupees in '000	
11 ISLAMIC FINANCING AND RELATED ASSETS - NET			
In Pakistan			
- Murabaha financing	11.1	7,123,785	7,786,937
- Advances against Murabaha		2,082,030	3,993,151
- Murabaha inventory		2,677,659	4,967,432
- Financing under Islamic Export Refinance - Murabaha	11.2	560,852	723,956
- Advances against future Islamic Export Refinance - Murabaha		45,582	122,221
- Net investment in Ijarah		145,961	149,054
- Net book value of assets / investment in Ijarah under IFAS-2	11.3	23,080,214	20,671,262
		23,226,175	20,820,316
- Advances against future Ijarah		4,228,676	3,906,242
- Diminishing Musharakah financing - Housing		9,931,568	9,374,585
- Diminishing Musharakah financing - Others		79,772,318	79,478,870
- Advances against Diminishing Musharakah		9,953,753	12,971,982
- Running Musharakah financing		64,168,159	70,517,803
- Financing under Islamic Export Refinance - Running Musharakah		9,818,000	7,784,000
- Musharakah financing		746,640	746,640
- Wakalah Tul Istithmar		12,750,000	12,750,000
- Advances against Wakalah Tul Istithmar		10,000,000	-
- Istisna financing		4,432,482	3,155,616
- Advances against Istisna		31,788,577	28,112,137
- Istisna inventory		2,177,963	1,876,007
- Financing under Islamic Export Refinance - Istisna		212,235	128,743
- Advances against Islamic Export Refinance - Istisna		1,445,166	7,261,153
- Financing under Islamic Export Refinance - Istisna - Inventory		5,407,463	828,634
- Tijarah financing		818,202	337,506
- Tijarah inventory		8,814,193	5,182,105
- Financing under Islamic Export Refinance - Tijarah		198,395	244,051
- Financing under Islamic Export Refinance - Tijarah - Inventory		390,395	227,584
- Musawammah financing	11.6	5,883,980	7,159,774
- Musawammah Inventory		3,015,136	2,590,940
- Advances against Musawammah		5,394,822	4,908,188
- Financing under Islamic Export Refinance - Musawammah	11.4	362,454	325,512
- Advances against Islamic Export Refinance - Musawammah		115,500	100,000
- Islamic Export Refinance - Musawammah - Inventory		110,000	110,000
- Bai Muajjal financing	11.5	187,050	101,496
- Advances against future Service Ijarah		656,250	718,750
- Labbaik (Qard for Hajj and Umrah)		4,920	5,871
- Financing against bills - Salam		5,169,594	13,183,818
- Financing against bills - Murabaha - Advance		1,738	1,738
- Advances against Salam financing		2,000,000	2,000,000
- Staff financing		2,870,937	2,739,104
- Other financing		2,388,571	2,374,002
Gross Islamic financing and related assets		320,931,220	319,616,864
Less: Provision against non-performing Islamic financing and related assets	11.8	(8,106,591)	(8,086,594)
Islamic financing and related assets - net of provisions		312,824,629	311,530,270

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
11.1 Murabaha receivable - gross	7,455,457	8,134,131
Less: Deferred murabaha income	(91,296)	(119,342)
Profit receivable shown in other assets	(240,376)	(227,852)
Murabaha financing	7,123,785	7,786,937
11.2 Financing under Islamic Export Refinance - Murabaha - gross	575,493	741,100
Less: Deferred income	(1,403)	(4,616)
Profit receivable shown in other assets	(13,238)	(12,528)
Financing under Islamic Export Refinance - Murabaha	560,852	723,956
11.3 Net book value of assets / investments in Ijarah under IFAS-2 is net of accumulated depreciation of Rs 11,931 million (Dec 31, 2016: Rs 10,951 million).		

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
11.4 Financing under Islamic Export Refinance - Musawammah	366,970	329,995
Less: Deferred income	(1,835)	(2,973)
Profit receivable shown in other assets	(2,681)	(1,510)
Financing under Islamic Export Refinance - Musawammah	362,454	325,512
11.5 Bai Muajjal financing - gross	218,879	133,325
Less: Deferred income	(10,525)	(10,835)
Profit receivable shown in other assets	(21,304)	(20,994)
Bai Muajjal financing	187,050	101,496
11.6 Musawammah financing - gross	6,063,596	7,340,823
Less: Deferred income	(92,596)	(107,675)
Profit receivable shown in other assets	(87,020)	(73,374)
Musawammah financing	5,883,980	7,159,774

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

11.7 Islamic financing and related assets include Rs 6,776 million (December 31, 2016: Rs 6,847 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2017 (Unaudited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	4,860	-	4,860	1,215	1,215
Substandard	178,439	-	178,439	45,594	45,594
Doubtful	57,991	-	57,991	26,306	26,306
Loss	6,534,684	-	6,534,684	6,497,518	6,497,518
	<u>6,775,974</u>	<u>-</u>	<u>6,775,974</u>	<u>6,570,633</u>	<u>6,570,633</u>

Category of classification	December 31, 2016 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	16,018	-	16,018	12	12
Substandard	221,688	-	221,688	52,569	52,569
Doubtful	48,473	-	48,473	21,037	21,037
Loss	6,561,113	-	6,561,113	6,518,585	6,518,585
	<u>6,847,292</u>	<u>-</u>	<u>6,847,292</u>	<u>6,592,203</u>	<u>6,592,203</u>

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

	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,592,203	1,494,391	8,086,594	6,840,068	1,366,772	8,206,840
Charge for the quarter / year	15,577	41,567	57,144	235,753	127,619	363,372
Less: Reversals	(34,963)	-	(34,963)	(483,618)	-	(483,618)
	(19,386)	41,567	22,181	(247,865)	127,619	(120,246)
Amount written off	(2,184)	-	(2,184)	-	-	-
Closing balance	<u>6,570,633</u>	<u>1,535,958</u>	<u>8,106,591</u>	<u>6,592,203</u>	<u>1,494,391</u>	<u>8,086,594</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

- 11.9** The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing 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 (December 31, 2016: Rs 1,125 million) against financing made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

- 11.10** 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 financing. The accumulated benefit availed as at March 31, 2017 amounts to Rs 8.4 million (December 31, 2016: Rs 10.2 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 5.5 million as at March 31, 2017. The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

12 OPERATING FIXED ASSETS

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
Capital work-in-progress	473,270	314,408
Property and equipment	8,157,800	8,193,642
	8,631,070	8,508,050
Intangible assets	405,400	416,278
	9,036,470	8,924,328

	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
	Rupees in '000	
Additions to fixed assets - at cost	529,265	390,211
Disposals of fixed assets - at cost	107,771	61,560

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
13 DEPOSITS AND OTHER ACCOUNTS		
Customers		
- Fixed deposits	133,758,652	141,796,085
- Savings deposits	221,504,887	220,228,372
- Current accounts - non-remunerative	188,596,370	195,597,883
- Margin	2,283,146	2,118,269
	546,143,055	559,740,609
Financial institutions		
- Remunerative deposits	4,122,617	3,331,027
- Non-remunerative deposits	1,100,969	952,217
	5,223,586	4,283,244
	551,366,641	564,023,853
13.1 Particulars of deposits		
In		
- local currency	521,981,019	535,076,218
- foreign currencies	29,385,622	28,947,635
	551,366,641	564,023,853

14 SUB-ORDINATED SUKUK

In 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 120 of the Companies Ordinance, 1984. The brief description of sukuk is as follows:

Credit Rating	AA- (Double A minus) by JCR-VIS Credit Rating Company Limited.
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 6.77% 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 Issuer's minimum capital or capital adequacy ratio requirement.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

15 SHARE CAPITAL

15.1 Authorised capital

March 31, 2017	December 31, 2016		March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Number of Shares			Rupees in '000	
<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>20,000,000</u>	<u>20,000,000</u>

15.2 Issued, subscribed and paid-up capital

March 31, 2017	December 31, 2016			
Number of Shares				
		Ordinary Shares		
<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>209,015</u>	<u>209,015</u>
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16.2 Transaction related contingent liabilities

Guarantee favoring - Government	<u>11,277,491</u>	<u>10,925,552</u>
- Banks	<u>30,082</u>	<u>244,589</u>
- Others	<u>4,518,261</u>	<u>4,066,533</u>
	<u>15,825,834</u>	<u>15,236,674</u>

16.3 Trade related contingent liabilities

Import letters of credit	<u>54,140,431</u>	<u>51,612,802</u>
Acceptances	<u>7,148,785</u>	<u>4,323,808</u>
	<u>61,289,216</u>	<u>55,936,610</u>

- 16.4** The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2015. 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.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

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 unconsolidated condensed interim financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East - Pakistan Branches is Rs. 1,096 million and Rs. 706 million respectively.

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
16.5 Commitments in respect of forward exchange contracts		
Purchases	75,303,444	72,008,025
Sales	67,549,149	69,766,108
16.6 Commitments for the acquisition of operating fixed assets	135,949	129,320
16.7 Commitments in respect of Islamic financing and related assets	143,634,124	123,675,880
16.8 Other commitments		
Bills for collection (inland)	171,705	144,063
Bills for collection (foreign)	30,321,826	30,342,514
	30,493,531	30,486,577

	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
	Rupees in '000	
17 PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS		
On financings to:		
- Customers	4,561,747	3,460,983
On investments in		
- Available for sale securities	1,218,416	980,797
- Held for trading securities	-	5,547
- Held to maturity securities	385,940	12,865
On deposits with financial institutions	2,158,611	3,006,583
	8,324,714	7,466,775

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

	Note	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
18 RETURN ON DEPOSITS AND OTHER DUES EXPENSED		Rupees in '000	
Deposits and other accounts		3,070,798	3,109,121
Other Musharakahs / Mudarabas		506,622	116,056
		<u>3,577,420</u>	<u>3,225,177</u>
19 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the quarter		<u>1,511,753</u>	<u>1,336,695</u>
		Number	
Weighted average number of ordinary shares		<u>1,002,737,895</u>	<u>1,002,737,895</u>
		Rupees	
Basic earnings per share	19.1	<u>1.51</u>	<u>1.33</u>

19.1 There were no convertible dilutive potential ordinary shares outstanding on March 31, 2017 and March 31, 2016.

	Note	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
20 CASH AND CASH EQUIVALENTS		Rupees in '000	
Cash and balances with treasury banks	7	56,266,818	36,237,549
Balances with other banks	8	3,564,249	14,897,409
		<u>59,831,067</u>	<u>51,134,958</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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).

March 31, 2017 (Unaudited)				
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<i>Financial Assets</i>				
<i>Available for sale securities</i>				
Ordinary shares - listed	5,382,412	-	-	5,382,412
Units of open end fund	51,789	-	-	51,789
GOP Sukuk	-	65,603,392	-	65,603,392
WAPDA Sukuk	-	144,888	-	144,888
PIA Sukuk	-	1,515,000	-	1,515,000
Global Sukuk Bonds	6,387,940	-	-	6,387,940
Forward purchase of foreign exchange contracts	-	75,749,828	-	75,749,828
Forward sale of foreign exchange contracts	-	67,904,833	-	67,904,833

December 31, 2016 (Audited)				
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<i>Financial Assets</i>				
<i>Available for sale securities</i>				
Ordinary shares - listed	5,368,668	-	-	5,368,668
Units of open end fund	51,150	-	-	51,150
GOP Sukuk	-	70,512,182	-	70,512,182
WAPDA Sukuk	-	289,775	-	289,775
PIA Sukuk	-	1,515,000	-	1,515,000
Global Sukuk Bonds	7,514,305	-	-	7,514,305
Forward purchase of foreign exchange contracts	-	72,555,307	-	72,555,307
Forward sale of foreign exchange contracts	-	70,252,958	-	70,252,958

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuk WAPDA Sukuk PIA Sukuk	The fair value of GoP Ijarah Sukuk, WAPDA 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.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

22 SEGMENT DETAILS

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

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000							
March 31, 2017 (Unaudited)							
Total income	334,001	4,185,974	2,527,127	2,981,705	-	3,556	10,032,363
Total expenses	(266,813)	(3,629,045)	(2,059,736)	(2,563,771)	-	(1,245)	(8,520,610)
Net income	67,188	556,929	467,391	417,934	-	2,311	1,511,753
Segment assets	15,880,170	316,723,894	91,872,925	232,755,512	-	-	657,232,501
Segment non performing assets	181,683	998,227	1,735,604	5,342,204	-	-	8,257,718
Segment provision held*	181,683	235,128	1,963,369	6,230,960	-	-	8,611,140
Segment liabilities	813,498	5,690,587	574,269,230	46,278,002	-	-	627,051,317
Segment return on assets (ROA) (%)	1.71%	0.71%	2.15%	0.72%	-	-	-
Segment cost of funds (%)	2.47%	2.47%	2.47%	2.47%	-	-	-

March 31, 2016 (Unaudited)

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	12,618,606	315,115,047	50,306,062	163,284,179	-	-	541,323,894
Segment non performing assets	203,427	691,691	1,930,479	5,284,457	-	-	8,110,054
Segment provision held*	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%	-	-	-

*Includes general provision

23 RELATED PARTY TRANSACTIONS

23.1 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.

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

23.3 Subsidiary company:

- Al Meezan Investment Management Limited

23.4 Key management personnel:

- President and Chief Executive Officer
- Deputy Chief Executive Officer

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

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

	Total		Subsidiary		Associates		Key management Personnel/Directors		Other related parties	
	Mar 31, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Mar 31, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Mar 31, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Mar 31, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Mar 31, 2017 (Unaudited)	Dec 31, 2016 (Audited)
	Rupees in '000									
Islamic financing and related assets	2,339,107	2,484,365	-	-	2,339,107	2,484,365	-	-	-	-
Deposits	4,943,182	3,678,711	8,467	24,001	2,171,004	1,300,974	407,746	402,039	2,355,965	1,951,697
Investment	2,879,680	3,022,967	63,050	63,050	2,816,630	2,959,917	-	-	-	-
Other Balances										
Profit receivable on Islamic financing	59,262	26,418	-	-	59,262	26,418	-	-	-	-
Dividend receivable	16,893	4,286	-	-	16,893	4,286	-	-	-	-
Fee receivable	35,432	27,984	20,268	19,989	15,164	7,995	-	-	-	-
Payable to defined benefit plan	308,883	370,282	-	-	-	-	255,591	246,926	53,292	123,356
Advance against future Diminishing Musharakah	28,214	52,994	-	-	28,214	52,994	-	-	-	-
Accrued expenses	4,869	46,129	4,869	46,129	-	-	-	-	-	-
Letters of guarantee (unfunded)	1,203,143	1,201,101	100	100	1,203,043	1,201,001	-	-	-	-
Letters of Credit (unfunded)	915,289	938,923	-	-	915,289	938,923	-	-	-	-

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 UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

Total		Subsidiary		Associates		Key management Personnel/Directors		Other related parties	
Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
(Unaudited)									
Rupees in '000									

Transactions, income and expenses

Profit earned on Investments /									
Islamic financing	97,423	20,494	-	-	97,423	20,494	-	-	-
Profit on deposits expensed	40,734	36,512	324	402	8,364	3,597	3,442	1,867	28,604
Dividend income earned	16,893	-	-	-	16,893	-	-	-	-
Investments made	125,000	27,553	-	-	125,000	27,553	-	-	-
Capital gain - net	29,013	5,699	-	-	29,013	5,699	-	-	-
Charge for defined benefit plan	53,292	52,726	-	-	-	-	-	-	53,292
Contribution to defined contribution plan	53,864	47,066	-	-	-	-	-	-	53,864
Contribution to staff benevolent fund	2,237	2,071	-	-	-	-	-	-	2,237
Fees expensed	4,870	3,250	4,870	3,250	-	-	-	-	-
Fees and commission earned	83,779	27,686	20,701	27,416	63,078	270	-	-	-
Remuneration to the directors and key management personnel including fees to non-executive directors	47,550	34,240	-	-	-	-	47,550	34,240	-

24 GENERAL

24.1 Comparative information has been re-classified, re-arranged or additionally incorporated in this financial information, wherever necessary to facilitate comparison and better presentation.

25 DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorised for issue on April 19, 2017 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

Mansur Khan
Director

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION**

CONSOLIDATED CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
	Rupees in '000	
Cash and balances with treasury banks	56,266,818	56,037,043
Balances with other banks	3,609,857	12,067,855
Due from financial institutions	142,288,057	129,115,165
Investments - net	129,264,958	134,796,574
Islamic financing and related assets - net	312,824,629	311,530,270
Operating fixed assets	9,136,052	9,031,686
Deferred tax asset	-	-
Other assets - net	9,780,002	10,689,082
	663,170,373	663,267,675
LIABILITIES		
Bills payable	11,245,311	9,130,998
Due to financial institutions	41,427,191	32,005,501
Deposits and other accounts	551,358,174	563,999,852
Sub-ordinated Sukuk	7,000,000	7,000,000
Deferred tax liabilities	1,497,711	1,955,203
Other liabilities	15,842,311	14,403,557
	628,370,698	628,495,111
NET ASSETS	34,799,675	34,772,564
REPRESENTED BY		
Share capital	10,027,379	10,027,379
Reserves	10,026,352	9,724,001
Unappropriated profit	11,508,241	11,340,678
	31,561,972	31,092,058
NON-CONTROLLING INTEREST	1,323,966	1,221,989
	32,885,938	32,314,047
Surplus on revaluation of investments (including amount relating to share of profit from associates) - net of tax	1,913,737	2,458,517
	34,799,675	34,772,564

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director

CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	8,324,756	7,466,719
Profit on deposits and other dues expensed	3,577,096	3,224,775
Net spread earned	4,747,660	4,241,944
Provision / (reversal of provision) against non-performing islamic financing and related assets - net	22,181	(132,251)
Provision / (reversal of provision) against diminution in the value of investments	36,097	(26,466)
Bad debts written off directly	-	-
Net spread after provisions	58,278	(158,717)
	4,689,382	4,400,661
OTHER INCOME		
Fee, commission and brokerage income	1,479,526	867,497
Dividend income	38,540	112,360
Income from dealing in foreign currencies	162,945	264,976
Capital gain on sale of investments - net	467,909	274,597
Other income	136,256	93,663
Total other income	2,285,176	1,613,093
	6,974,558	6,013,754
OTHER EXPENSES		
Administrative expenses	4,273,039	3,756,601
Other (reversal of provisions) / provisions	(5,072)	767
Other charges	480	65
Workers Welfare Fund	(52,470)	46,941
Total other expenses	4,215,977	3,804,374
	2,758,581	2,209,380
Share of results of associates before taxation	(10,556)	167,868
	2,748,025	2,377,248
Extraordinary / unusual items	-	-
PROFIT BEFORE TAXATION	2,748,025	2,377,248
Taxation - Current	1,086,415	584,035
- Deferred	(164,149)	252,826
	922,266	836,861
PROFIT AFTER TAXATION	1,825,759	1,540,387
Attributable to:		
Equity shareholders of the Bank	1,723,626	1,469,958
Non-controlling interest	102,133	70,429
	1,825,759	1,540,387
	Rupees	
Basic and diluted earnings per share	1.72	1.47

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director

CONSOLIDATED CONDENSED INTERIM**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	Rupees in '000	
Profit after tax for the quarter attributable to:		
Equity shareholders of the Bank	1,723,626	1,469,958
Non-controlling interest	102,133	70,429
	1,825,759	1,540,387
Other Comprehensive income		
Item that may not be reclassified to profit and loss account		
Remeasurement of defined benefit plan - net of tax	(290)	-
Non-controlling interest - net of tax	(156)	-
	(446)	-
Comprehensive income transferred to statement of changes in equity	1,825,313	1,540,387
Components of comprehensive income not transferred to equity		
Items that may be reclassified to profit and loss account		
Share in profits of associates relating to investment classified as 'available for sale'	9,208	-
Deferred tax on share of profit of associates	(3,223)	-
Deficit on revaluation of investments	(847,331)	(346,049)
Deferred tax on revaluation of investments	296,566	121,117
Total comprehensive income for the quarter	1,280,533	1,315,455

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director

CONSOLIDATED CONDENSED INTERIM

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2017

	Quarter Ended March 31, 2017	Quarter Ended March 31, 2016
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,748,025	2,377,248
Less: Dividend income	(38,540)	(112,360)
	2,709,485	2,264,888
Adjustments for non-cash charges and others items:		
Depreciation	366,567	331,061
Amortization	42,248	40,007
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	22,181	(132,251)
Provision / (reversal of provision) against diminution in value of investments	36,097	(26,466)
Gain on sale of operating fixed assets	(21,712)	(21,088)
Share of results of associates	10,556	(167,868)
	455,937	23,395
	3,165,422	2,288,283
(Increase) / decrease in operating assets		
Due from financial institutions	(13,172,892)	25,006,315
Islamic financing and related assets	(1,316,540)	6,454,157
Other assets	921,657	2,422,798
	(13,567,775)	33,883,270
Increase / (decrease) in operating liabilities		
Bills payable	2,114,313	2,215,383
Due to financial institutions	9,421,690	8,743,191
Deposits and other accounts	(12,641,678)	(2,899,618)
Other liabilities	959,590	1,393,880
	(146,085)	9,452,836
	(10,548,438)	45,624,389
Income tax paid	(847,680)	(673,457)
Net cash (used in) / generated from operating activities	(11,396,118)	44,950,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in securities	4,646,840	(47,383,377)
Dividends received	25,517	90,020
Investments in operating fixed assets	(534,355)	(394,453)
Proceeds from sale of fixed assets	42,886	35,595
Net cash generated from / (used in) investing activities	4,180,888	(47,652,215)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,012,993)	(1,007,176)
Net cash used in financing activities	(1,012,993)	(1,007,176)
Net decrease in cash and cash equivalents	(8,228,223)	(3,708,459)
Cash and cash equivalents at the beginning of the quarter	68,104,898	54,891,498
Cash and cash equivalents at the end of the quarter	59,876,675	51,183,039

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

CONSOLIDATED CONDENSED INTERIM

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2017

Share capital	Capital reserves		Revenue reserve	Unappropriated profit	Non controlling interest	Total
	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve			
Rupees in '000						
10,027,379	5,403,050	3,117,547	91,082	9,238,479	944,623	28,822,160
-	-	-	-	1,469,958	70,429	1,540,387
-	-	-	-	(1,253,422)	-	(1,253,422)
-	267,339	-	-	(267,339)	-	-
10,027,379	5,670,389	3,117,547	91,082	9,187,676	1,015,052	29,109,125
d						
-	-	-	-	4,711,943	350,093	5,062,036
-	-	-	-	40,833	1,044	41,877
-	-	-	-	-	(144,200)	(144,200)
-	-	-	-	(1,754,791)	-	(1,754,791)
-	844,983	-	-	(844,983)	-	-
10,027,379	6,515,372	3,117,547	91,082	11,340,678	1,221,989	32,314,047
-	-	-	-	1,723,626	102,133	1,825,759
-	-	-	-	(290)	(156)	(446)
-	-	-	-	(1,253,422)	-	(1,253,422)
-	302,351	-	-	(302,351)	-	-
10,027,379	6,817,723	3,117,547	91,082	11,508,241	1,323,966	32,885,938

* 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 this consolidated condensed interim financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

1 BASIS OF PRESENTATION

- 1.1** This consolidated condensed interim 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 Sovereign 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 and Meezan Energy Fund.
- 1.2** This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

This consolidated condensed interim financial information comprise of the statement of financial position as at March 31, 2017 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, 2017.

2 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2016.

3 DATE OF AUTHORISATION

This consolidated condensed interim financial information was authorised for issue on April 19, 2017 by the Board of Directors of the Holding company.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. A. Al-Nassar
Director

Mansur Khan
Director