

First Quarterly Report

March 31, 2018



Meezan Bank
The Premier Islamic Bank



In the name of Allah The Beneficent The Merciful

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CORPORATE INFORMATION

Board of Directors	Riyadh S. A. A. Edrees Faisal A. A. A. Al-Nassar Bader H. A. M. A. Al-Rabiah Mansur Khan Alaa A. Al-Sarawi Saad Fazil Abbasi Muhammad Zarrug Rajab Mohammad Abdul Aleem Noorur Rahman Abid Talal S. A. Al-Shehab Irfan Siddiqui Ariful Islam	Chairman Vice Chairman President & CEO Executive Director & Deputy CEO
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 Saad Fazil Abbasi Ariful Islam	
Board Human Resource & Remuneration Committee	Riyadh S. A. A. Edrees Noorur Rahman Abid Talal S. A. Al-Shehab	
Board Information Technology Committee	Mohammad Abdul Aleem Mansur Khan Ariful Islam	
Resident Shariah Board Member	Dr. Muhammad Imran Ashraf Usmani	
Company Secretary	Muhammad Sohail Khan	
Auditors	EY Ford Rhodes, Chartered Accountants	
Registered Office and Head Office	Meezan House C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (9221) 38103500, Fax: (9221) 36406049 24/7 Call Centre: 111-331-331 & 111-331-332	
E-mail	info@meezanbank.com	
Website	www.meezanbank.com www.meezanbank.pk	
Shares Registrar	THK Associates (Pvt.) Ltd 1st 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, 2018. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in millions

Statement of Financial Position	March 31, 2018	December 31, 2017	Growth %
Investments / Placements under Bai Muajjal	271,232	266,467	2%
Islamic financing and related assets - net	413,094	420,029	(2%)
Total Assets	769,485	781,699	(2%)
Deposits	669,559	673,188	(1%)
Shareholders' Equity	34,925	34,338	2%

Rupees in millions

Profit & Loss Account	Jan - Mar 2018	Jan - Mar 2017	Growth %
Net spread earned before provisions	5,845	4,555	28%
Fee and commission income	1,292	1,020	27%
Operating income	7,501	6,156	22%
Administrative and other expenses	(4,521)	(3,828)	18%
Profit after tax	1,915	1,512	27%
Earnings per share - Rupees	1.80	1.47	23%
Number of branches	601	571	5%

By the Grace of Allah, Meezan Bank has recorded excellent results for the first quarter ended March 31, 2018. Profit after tax increased by 27% to Rs 1,915 million from Rs 1,512 million in corresponding quarter last year.

You will be glad to learn that your Bank is now the 7th largest Bank (amongst both Islamic as well as Conventional Banks) in terms of deposits in Pakistan with a branch network of more than 600 branches in 159 cities. The CASA mix of the Bank now stands at 76% of total deposits as compared to 75% in December 2017.

Islamic Financings and related assets closed at Rs 413 billion which is slightly lower than Rs 420 billion as at December 31, 2017 mainly due to repayment of seasonal financing which is in line with our budget. The Bank maintained its financing exposure in all sectors and continued to actively pursue growth in Small and Medium Enterprise (SME) / Commercial and Consumer segment. The Advance to Deposit ratio stood at 62%. The Bank has one of the lowest non-performing financing ratios in the banking industry - less than 2% compared to an industry average of 8%. Provision against non-performing financing portfolio is also maintained at a very comfortable level with a coverage ratio of 132%.

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 June 2017 which has negatively impacted the Islamic banking industry in Pakistan. However, we are confident that the State Bank of Pakistan and the Ministry of Finance is addressing this as a matter of high priority and we expect a GoP Sukuk issue in the second or third quarter of this year.

The Bank's net spread before provision increased by 28% primarily due to Bank's continuous focus on increasing financing portfolio and maintaining an optimal cost of funds through strong relationship management and enhanced customer experience. The Bank's fee and commission income increased by 27% which was mainly supported by growth in trade business which grew by 39% from the corresponding quarter last year.

Administrative and operating expenses increased to Rs 4,521 million from Rs 3,828 million primarily due to increase in staff expenses, rent and costs associated with new branches - an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years. This rise in expenses is sufficiently absorbed by the growth in the Bank's funded and non-funded income resulting in improvement in income efficiency ratio from the corresponding quarter last year. The Bank maintained its position as the leading Islamic bank in Pakistan (amongst both Islamic as well as conventional banks).

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has reaffirmed the 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.

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, 2018

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انصافی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

اہم مالیاتی نکات (ملین میں)

مالیاتی حیثیت کا جائزہ	31 مارچ 2018	31 دسمبر 2017	اضافہ/کمی کی شرح %
سرمایہ کاری/ بیج مچل کے تحت تعین	271,232	266,467	2%
اسلامی فنانسنگ اور متعلقہ اثاثے۔ خالص (تمام کٹوتیوں کے بعد)	413,094	420,029	(2%)
کل اثاثے	769,485	781,699	(2%)
جمع شدہ رقوم (Deposits)	669,559	673,188	(1%)
حصص یافتگان کی ایکویٹی	34,925	34,338	2%

نفع و نقصان کھاتہ	جنوری تا مارچ 2018	جنوری تا مارچ 2017	اضافہ/کمی کی شرح %
تموین سے قبل آمدنی۔ خالص	5,845	4,555	28%
فیس اور کمیشن کی آمدنی	1,292	1,020	27%
کاروباری آمدنی	7,501	6,156	22%
انتظامی اور دیگر اخراجات	(4,521)	(3,828)	18%
بعد از ٹیکس منافع	1,915	1,512	27%
منافع فی حصص (روپوں میں)	1.80	1.47	23%
شناختوں کی تعداد	601	571	5%

الحمد للہ، میزان بینک نے 31 مارچ 2018 کو ختم ہونے والی پہلی سہ ماہی کے لئے زبردست نتائج حاصل کئے ہیں۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 1,512 ملین روپے کے مقابلے میں 27 فیصد اضافے کے ساتھ 1,915 ملین روپے ہو گیا ہے۔

آپ کو یہ جان کر خوشی ہوگی کہ آپ کا بینک 159 شہروں میں 600 سے زائد شناختوں کے نیٹ ورک کے ساتھ جمع شدہ رقوم کے اعتبار سے پاکستان بھر میں (اسلامی اور روایتی بینکوں کے درمیان) ساتواں سب سے بڑا بینک بن چکا ہے۔ بینک کے کرنٹ اکاؤنٹ اور سیونگز اکاؤنٹ کا مجموعی حصہ کل جمع شدہ رقوم کا 76 فیصد ہو گیا ہے جو دسمبر 2017 میں 75 فیصد تھا۔

اسلامی فنانسنگز اور متعلقہ اثاثے 413 ارب روپے رہے، جن میں 31 دسمبر 2017 کے 420 ارب روپے کے مقابلے میں معمولی کمی دیکھنے میں آئی، اور اس کی بنیادی وجہ سیزنل فنانسنگ کی ادائیگی (Repayment) تھی جو ہمارے بجٹ کے مطابق تھی۔ بینک نے تمام شعبہ جات میں فنانسنگ پر توجہ مرکوز رکھی اور چھوٹے اور درمیانے درجے کے کاروبار (SME) / کمرشل اور کنزیومر شعبے میں اضافے کے لئے فعال کوششیں جاری رکھیں۔ ایڈوانس ٹوڈا پازٹ ریٹشو (Advance Deposit Ratio) 62 فیصد پر برقرار ہے۔ بینک کی غیر فعال فنانسنگز کی شرح 2 فیصد ہے جو کہ بینکاری صنعت کی کم ترین شرحوں میں سے ایک ہے، بینکاری صنعت میں یہ شرح اوسطاً 8 فیصد ہے۔ بینک نے غیر فعال فنانسنگز پورٹ فولیو کی مد میں 132 فیصد کورنٹ ریٹشو کے ساتھ پروویڈنٹ کی تسلی بخش شرح برقرار رکھی ہے۔

اضافی لیکویڈیٹی کی تقسیم کے لئے حکومت پاکستان کے اجارہ صلوک کی دستیابی اسلامی بینکوں کے لئے بدستور ایک چیلنج ہے۔ جون 2017 کے بعد سے حکومت پاکستان کے اجارہ صلوک کا کوئی نیا اجراء سامنے نہیں آیا جس نے پاکستان میں اسلامی بینکاری کی صنعت پر منفی اثرات مرتب کئے ہیں۔ تاہم ہمیں یقین ہے کہ اسٹیٹ بینک آف پاکستان اور وزارت خزانہ اس مسئلے کے حل کو اولین ترجیح دے رہے ہیں اور رواں سال کی دوسری یا تیسری سہ ماہی میں حکومت پاکستان کے صلوک کا اجراء متوقع ہے۔

بینک کی تموین (Provisions) سے قبل خالص آمدنی میں 28 فیصد اضافہ دیکھنے میں آیا ہے جس کی بنیادی وجہ یہ تھی کہ بینک نے مستحکم تعلقاتی انتظام کاری اور صارفین کو بہتر خدمات کی فراہمی کے ذریعے فنانسنگ پورٹ فولیو میں اضافے اور فنڈز کی کم لاگت برقرار رکھنے پر مسلسل توجہ دی۔ فیس اور کمیشن کی آمدنی میں 27 فیصد اضافہ بنیادی طور پر تجارتی کاروبار میں اضافے کی وجہ سے تھا، جس میں گزشتہ سال کی اسی مدت کے مقابلے میں 39 فیصد اضافہ ریکارڈ کیا گیا۔

انتظامی اور عمل آوری کے اخراجات 3,828 ملین روپے سے بڑھ کر 4,521 ملین روپے ہو گئے۔ اخراجات میں اضافہ بنیادی طور پر عملے پر ہونے والے اخراجات، کرائے اور نئی شاخوں سے متعلق اخراجات کی وجہ سے ہے، تاہم یہ ایک سرمایہ کاری ہے جو بینک کے لئے شمر آور ثابت ہوئی ہے جیسا کہ گزشتہ برسوں میں جمع شدہ رقوم اور منافع میں ہونے والے اضافے سے اس بات کی توثیق ہوتی ہے۔ اخراجات میں ہونے والے اس اضافے کو بینک کی فنڈڈ (Funded) اور نان-فنڈڈ (Non-Funded) آمدنی میں اضافے نے مکمل طور پر پورا کیا ہے جسے اکم انیشیاتی ریشو (Income Efficiency Ratio) میں بہتری کی صورت میں دیکھا جاسکتا ہے۔ بینک نے (اسلامی اور روایتی بینکوں کے درمیان) پاکستان کے سب سے بڑے اسلامی بینک ہونے کا اعزاز بھی برقرار رکھا ہے۔

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے، جو جاپان کریڈٹ ریٹنگ ایجنسی سے الحاق شدہ ہے، بینک کی طویل المیعاد ریٹنگ AA (ڈبل اے) اور قلیل المیعاد ریٹنگ A+1 (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ تصدیق کی ہے۔ قلیل المیعاد ریٹنگ میں A+1 ریٹنگ سب سے اعلیٰ درجہ ہے۔ یہ ریٹنگ بینک کی مستحکم کارکردگی کے اشاروں کی تصدیق کرتی ہے۔

پاکستان میں اسلامی بینکاری تیز رفتاری سے ترقی کی راہ پر گامزن ہے اور ہم اسٹیٹ بینک آف پاکستان اور وزارت خزانہ کے مشکور ہیں جنہوں نے اسلامی بینکاری کی صنعت کی ترقی میں مدد کی۔

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 لئے تہہ دل سے مشکور ہے۔ اس موقع پر ہم اپنے معزز صارفین کے مسلسل اعتماد اور سرپرستی، اپنے شیئرز ہولڈرز اور ثانوی صکوک (Tier II) ہولڈرز کے مسلسل تعاون اور اپنے ملازمین کی مسلسل جدوجہد کے لئے ان کا شکریہ ادا کرتے ہیں جنہوں نے میزان بینک کو کامیابی کی ان بلندیوں سے ہمکنار کیا۔ اللہ تعالیٰ ہمیں حوصلہ و دانائی عطا کرے تاکہ ہم اسلامی بینکاری کو پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی نئی بلندیوں تک لے جاسکیں۔

(منجانب بورڈ)

ریاض المس اے. اے. اور لیس
چیئرمین

عرفان صدیقی
صدر اور CEO

کراچی:

19 اپریل، 2018

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018**

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS			
Rupees in '000			
Cash and balances with treasury banks	7	54,540,570	64,556,170
Balances with other banks	8	4,133,433	4,895,816
Due from financial institutions - net	9	153,510,499	147,229,221
Investments - net	10	117,721,527	119,238,246
Islamic financing and related assets - net	11	413,093,893	420,029,088
Operating fixed assets	12	12,619,316	11,875,358
Deferred tax assets		208,679	-
Other assets - net		13,657,002	13,875,297
		769,484,919	781,699,196
LIABILITIES			
Bills payable		12,472,963	11,168,093
Due to financial institutions		23,321,249	36,813,295
Deposits and other accounts	13	669,558,737	673,187,807
Sub-ordinated Sukuk	14	7,000,000	7,000,000
Deferred tax liabilities		-	8,182
Other liabilities		21,680,796	18,444,426
		734,033,745	746,621,803
NET ASSETS			
		35,451,174	35,077,393
REPRESENTED BY			
Share capital	15	10,629,022	10,629,022
Reserves		13,751,797	13,368,809
Unappropriated profit		10,543,912	10,340,589
		34,924,731	34,338,420
Surplus on revaluation of investments - net of tax	16	526,443	738,973
		35,451,174	35,077,393
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 26 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	18	9,988,809	8,132,544
Profit on deposits and other dues expensed	19	4,143,638	3,577,420
Net spread earned		5,845,171	4,555,124
Provision against non-performing Islamic financing and related assets - net (Reversal) / provision against diminution in the value of investments	11.8 10.3	170,325 (49,719)	22,181 36,097
Provision against off-balance sheet obligations		1,820	-
Bad debts written off directly		-	-
		122,426	58,278
Net spread after provisions		5,722,745	4,496,846
OTHER INCOME			
Fee, commission and brokerage income		1,291,937	1,019,733
Dividend income		48,629	38,540
Income from dealing in foreign currencies		337,346	162,945
Capital gain on sale of investments - net		41,580	371,384
Other income		58,480	66,620
Total other income		1,777,972	1,659,222
		7,500,717	6,156,068
OTHER EXPENSES			
Administrative expenses		4,447,138	3,787,380
Other provisions / (reversals)		12,791	(5,072)
Other charges		751	480
Workers Welfare Fund		60,001	45,001
Total other expenses		4,520,681	3,827,789
		2,980,036	2,328,279
Extraordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,980,036	2,328,279
Taxation - Current		1,167,518	982,766
- Deferred		(102,421)	(166,240)
		1,065,097	816,526
PROFIT AFTER TAXATION		1,914,939	1,511,753
		Rupees	
		Restated	
Basic and diluted earnings per share	20	1.80	1.47

The annexed notes 1 to 26 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
		Rupees in '000	
Profit after taxation for the quarter		1,914,939	1,511,753
Other comprehensive income		-	-
Comprehensive income transferred to statement of changes in equity		1,914,939	1,511,753
<i>Components of comprehensive income not reflected in equity</i>			
Items that may be reclassified to profit and loss account			
Deficit on revaluation of investments	16	(326,970)	(847,331)
Deferred tax on revaluation of investments	16	114,440	296,566
		(212,530)	(550,765)

The annexed notes 1 to 26 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2018

	Share capital	Share premium	Capital reserves		Revenue reserve	Unappropriated profit	Total
			Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		
	Rupees in '000						
Balance as at January 1, 2017	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)
Other appropriations							
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
Total comprehensive income for the period							
Profit after taxation for the nine months period ended December 31, 2017	-	-	-	-	-	4,801,014	4,801,014
Remeasurement on defined benefit plan - net of tax	-	-	-	-	-	(123,421)	(123,421)
Transactions with owners recognised directly in equity							
Issue of right shares	601,643	2,406,571	-	-	-	-	3,008,214
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	(1,754,791)
Other appropriations							
Transfer to statutory reserve	-	-	960,202	-	-	(960,202)	-
Balance as at December 31, 2017	10,629,022	2,406,571	7,777,925	3,117,547	66,766	10,340,589	34,338,420
Total comprehensive income for the quarter							
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	1,914,939	1,914,939
Transactions with owners recognised directly in equity							
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	(1,328,628)
Other appropriations							
Transfer to statutory reserve	-	-	382,988	-	-	(382,988)	-
Balance as at March 31, 2018	10,629,022	2,406,571	8,160,913	3,117,547	66,766	10,543,912	34,924,731

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

The annexed notes 1 to 26 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,980,036	2,328,279
Less: Dividend income	(48,629)	(38,540)
	2,931,407	2,289,739
Adjustments for non-cash charges		
Depreciation	360,865	355,687
Amortization	55,299	40,262
Provision against non-performing islamic financing and related assets - net	170,325	22,181
(Reversal) / provision against diminution in the value of investments	(49,719)	36,097
Provision against off-balance sheet obligations	1,820	-
Gain on sale of operating fixed assets	(11,833)	(21,712)
	526,757	432,515
	3,458,164	2,722,254
(Increase) / decrease in operating assets		
Due from financial institutions	(6,281,278)	(13,172,892)
Islamic financing and related assets	6,764,870	(1,316,540)
Other assets - net	231,662	491,071
	715,254	(13,998,361)
Increase / (decrease) in operating liabilities		
Bills payable	1,304,870	2,114,313
Due to financial institutions	(13,492,046)	9,421,690
Deposits and other accounts	(3,629,070)	(12,657,212)
Other liabilities	1,606,473	866,864
	(14,209,773)	(254,345)
	(10,036,355)	(11,530,452)
Income tax paid	(867,984)	(748,206)
Net cash used in operating activities	(10,904,339)	(12,278,658)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	1,239,468	5,525,380
Dividends received	35,262	25,517
Investments in operating fixed assets	(1,169,490)	(529,265)
Proceeds from disposal of operating fixed assets	21,201	42,886
Net cashflow generated from investing activities	126,441	5,064,518
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(85)	(1,012,993)
Net cashflow used in financing activities	(85)	(1,012,993)
Net decrease in cash and cash equivalents	(10,777,983)	(8,227,133)
Cash and cash equivalents at the beginning of the quarter	69,451,986	68,058,200
Cash and cash equivalents at the end of the quarter	58,674,003	59,831,067

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The annexed notes 1 to 26 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. 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 six hundred and one branches as at March 31, 2018 (December 31, 2017: six hundred and 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, 2016, 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, Wakalah Tul Istithmar, Export Refinance under Islamic Export Refinance Scheme and Service Ijarah.

The purchases and sales arising under these arrangements are not reflected in this condensed interim unconsolidated 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 condensed interim unconsolidated financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting 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 by SECP, provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and SBP. Wherever the requirements of provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962, the IFAS issued by the SECP and directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of the Companies Act, 2017 and the Banking Companies Ordinance, 1962, IFAS notified by the SECP 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, 2018**

3.2 The disclosures made in this condensed interim unconsolidated 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, 2017.

3.3 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan 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, 2018 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 unconsolidated financial information.

4 BASIS OF MEASUREMENT

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

4.2 Functional and presentation currency

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

4.3 Rounding off

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017 except for change in useful lives of computer equipment as disclosed in note 12.1 to this condensed interim financial information.

6 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, 2017.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
7 CASH AND BALANCES WITH TREASURY BANKS		Rupees in '000	
In hand			
- local currency		13,224,757	16,244,335
- foreign currencies		2,018,524	2,515,745
With the State Bank of Pakistan in			
- local currency current accounts	7.1	26,013,691	25,011,106
- foreign currency current accounts	7.1	4,391,045	4,100,803
With National Bank of Pakistan in			
- local currency current accounts		8,892,553	16,684,181
		<u>54,540,570</u>	<u>64,556,170</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, 2018 (Unaudited)	December 31, 2017 (Audited)
8 BALANCES WITH OTHER BANKS		Rupees in '000	
In Pakistan			
- in current accounts		3,329,883	3,699,377
Outside Pakistan			
- in current accounts		733,007	1,084,534
- in deposit accounts	8.1	70,543	111,905
		<u>4,133,433</u>	<u>4,895,816</u>

8.1 The return on these balances is around 0.85% (December 31, 2017: 0.58%) per annum.

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
9 DUE FROM FINANCIAL INSTITUTIONS - NET		Rupees in '000	
Bai Muajjal:			
With Scheduled banks / other			
financial institutions - Secured	9.1	148,510,499	142,229,221
With Other Banks		15,500	15,500
		148,525,999	142,244,721
Musharakah - Secured	9.2	5,000,000	5,000,000
Commodity Murabaha		26,066	26,066
		153,552,065	147,270,787
Provision against non-performing amounts due from financial institutions		(41,566)	(41,566)
		<u>153,510,499</u>	<u>147,229,221</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

- 9.1** The average return on this product is 5.97% (December 31, 2017: 5.80%) per annum. The balances have maturities ranging between April 2018 to February 2019 (December 31, 2017: January 2018 to November 2018).
- 9.2** The average return on this product is 5.83% (December 31, 2017: 5.83%) per annum and are due to mature in November 2018 (December 31, 2017: November 2018).

10 INVESTMENTS - NET

	Note	March 31, 2018 (Unaudited)			December 31, 2017 (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		88,931,528	-	88,931,528	89,110,996	-	89,110,996
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)		834,761	-	834,761	1,894,761	-	1,894,761
Investments at cost / carrying value		117,829,339	-	117,829,339	119,068,807	-	119,068,807
Less: Provision against diminution							
in value of investments	10.3	(917,725)	-	(917,725)	(967,444)	-	(967,444)
Investments - net of provision		116,911,614	-	116,911,614	118,101,363	-	118,101,363
Surplus on revaluation of							
available for sale securities	16	809,913	-	809,913	1,136,883	-	1,136,883
Total Investments		117,721,527	-	117,721,527	119,238,246	-	119,238,246

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
10.2 Investments by segments		Rupees in '000	
Federal Government Securities			
GoP Ijarah Sukuk		84,879,326	84,895,331
Sukuk certificates / bonds			
Sukuk Certificates		21,021,494	21,911,179
Global Sukuk Bonds		5,840,754	5,033,346
Fully paid up ordinary shares			
Listed companies		4,285,830	4,367,016
Unlisted companies			
- subsidiary		63,050	63,050
- others		854,124	854,124
Units of open end funds			
- associates		834,761	1,894,761
- others		50,000	50,000
Investment at cost / carrying value		117,829,339	119,068,807
Less: Provision against diminution in the value of investments	10.3	(917,725)	(967,444)
Investments (net of provision)		116,911,614	118,101,363
Surplus on revaluation of available for sale securities	16	809,913	1,136,883
Total Investments		117,721,527	119,238,246

10.3 Provision against diminution in value of investments

Opening balance	967,444	380,712
On available for sale securities		
- charge for the quarter / year	6,993	605,434
- reversals for the quarter / year	(56,712)	(18,702)
	(49,719)	586,732
Closing balance	917,725	967,444

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
		Rupees in '000	
11 ISLAMIC FINANCING AND RELATED ASSETS - NET			
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	11.1	7,399,358	7,854,995
- Advances against Murabaha		4,327,103	6,487,946
- Murabaha inventory		2,363,020	4,573,868
- Financing under Islamic Export Refinance - Murabaha	11.2	681,298	599,862
- Advance against Islamic Export Refinance - Murabaha		10,520	236,121
		14,781,299	19,752,792
Running Musharakah financing			
- Running Musharakah financing		126,694,941	132,032,737
- Financing under Islamic Export Refinance - Running Musharakah		15,527,230	13,882,800
		142,222,171	145,915,537
Istisna financing and related assets			
- Istisna financing		3,181,067	2,432,621
- Advance against Istisna		38,756,926	44,548,652
- Istisna inventory		5,276,218	3,352,093
- Financing under Islamic Export Refinance - Istisna		99,698	170,111
- Advances under Islamic Export Refinance - Istisna		5,574,171	5,489,701
- Financing under Islamic Export Refinance - Istisna - inventory		805,395	1,076,361
		53,693,475	57,069,539
Tijarah financing and related assets			
- Tijarah financing		207,203	498,305
- Tijarah inventory		7,080,023	7,213,736
- Islamic Export Refinance - Tijarah - financing		210,100	254,802
- Islamic Export Refinance - Tijarah - inventory		267,900	217,500
		7,765,226	8,184,343
Musawammah financing and related assets			
- Musawammah financing	11.3	6,505,943	6,468,792
- Musawammah Inventory		4,495,540	5,272,054
- Advances against Musawammah		9,327,236	7,523,238
- Financing under Islamic Export Refinance - Musawammah - financing	11.4	195,172	95,308
- Advances under Islamic Export Refinance - Musawammah		42,900	111,350
		20,566,791	19,470,742
Ijarah financing and related assets			
- Net investment in Ijarah		118,908	124,058
- Net book value of assets/investment in Ijarah under IFAS 2	11.5	34,784,672	31,019,341
		34,903,580	31,143,399
- Advances against Ijarah		7,017,675	5,389,253
		41,921,255	36,532,652

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Note	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
		Rupees in '000	
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - Housing		12,059,936	11,991,953
- Diminishing Musharakah financing - Others		66,241,416	65,438,474
- Advances against Diminishing Musharakah		10,482,675	7,125,407
		88,784,027	84,555,834
Musharakah financing		580,720	580,720
Wakalah financing		400,000	-
Wakalah Tul Istithmar financing		31,250,000	31,250,000
Bai Muajjal financing	11.6	681,845	705,642
Advances against Service Ijarah		3,000,000	3,000,000
Labbaik (Qard for Hajj and Umrah)		4,542	3,382
Financing against bills			
- Financing against bills - Salam		7,393,182	11,834,926
- Financing against bills - Murabaha - Advance		1,738	1,738
		7,394,920	11,836,664
Salam Financing and related assets			
- Salam financing		180,204	464,337
- Salam financing - advances		90,391	77,200
- Salam financing - inventory		2,695,687	3,595,916
- Advances under Islamic Export Refinance - Salam		213,899	-
		3,180,181	4,137,453
Staff financing		3,361,510	3,226,026
Other financing		2,480,698	2,612,204
Gross Islamic financing and related assets		422,068,660	428,833,530
Less: Provision against non-performing Islamic financing and related assets	11.8	(8,974,767)	(8,804,442)
Islamic financing and related assets - net of provisions		413,093,893	420,029,088

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
11.1 Murabaha receivable - gross	7,729,659	8,222,190
Less: Deferred income	(95,058)	(110,813)
Profit receivable shown in other assets	(235,243)	(256,382)
Murabaha Financing	7,399,358	7,854,995
11.2 Financing under Islamic Export Refinance - Murabaha - gross	692,366	613,210
Less: Deferred income	(40)	(1,848)
Profit receivable shown in other assets	(11,028)	(11,500)
Financing under Islamic Export Refinance - Murabaha	681,298	599,862
11.3 Musawammah financing - gross	6,760,302	6,688,479
Less: Deferred income	(102,030)	(107,833)
Profit receivable shown in other assets	(152,329)	(111,854)
Musawammah financing	6,505,943	6,468,792
11.4 Financing under Islamic Export Refinance - Musawammah - gross	197,438	96,526
Less: Deferred income	(1,515)	(604)
Profit receivable shown in other assets	(751)	(614)
Financing under Islamic Export Refinance - Musawammah	195,172	95,308
11.5 Net book value of assets / investments in Ijarah under IFAS 2 is net of accumulated depreciation of Rs 18,069 million (December 31, 2017: Rs 16,118 million).		
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
11.6 Bai Muajjal financing - gross	746,670	773,092
Less: Deferred income	(23,888)	(33,689)
Profit receivable shown in other assets	(40,937)	(33,761)
Bai Muajjal financing	681,845	705,642

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

11.7 Islamic financing and related assets include Rs 6,794 million (December 31, 2017: Rs 6,606 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2018 (Unaudited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	24,654	-	24,654	-	-
Substandard	202,579	-	202,579	49,186	49,186
Doubtful	22,020	-	22,020	6,481	6,481
Loss	6,545,071	-	6,545,071	6,522,737	6,522,737
	<u>6,794,324</u>	<u>-</u>	<u>6,794,324</u>	<u>6,578,404</u>	<u>6,578,404</u>

Category of classification	December 31, 2017 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	10,845	-	10,845	-	-
Substandard	176,553	-	176,553	40,636	40,636
Doubtful	16,588	-	16,588	6,068	6,068
Loss	6,402,143	-	6,402,143	6,380,027	6,380,027
	<u>6,606,129</u>	<u>-</u>	<u>6,606,129</u>	<u>6,426,731</u>	<u>6,426,731</u>

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

	March 31, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,426,731	2,377,711	8,804,442	6,592,203	1,494,391	8,086,594
Charge for the quarter / year	208,928	18,652	227,580	116,422	883,320	999,742
Less: Reversals for the quarter / year	(57,255)	-	(57,255)	(279,553)	-	(279,553)
	151,673	18,652	170,325	(163,131)	883,320	720,189
Amount written off	-	-	-	(2,341)	-	(2,341)
Closing balance	<u>6,578,404</u>	<u>2,396,363</u>	<u>8,974,767</u>	<u>6,426,731</u>	<u>2,377,711</u>	<u>8,804,442</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

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

In addition, the Bank has also maintained a general provision of Rs 1,975 million (December 31, 2017: Rs 1,975 million) against financing, made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

- 11.10** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at March 31, 2018 amounts to Rs 8.8 million (December 31, 2017: Rs 8.3 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 5.7 million as at March 31, 2018 (December 31, 2017: Rs 5.4 million). 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, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
Capital work-in-progress	939,045	562,887
Property and equipment	11,110,398	10,832,759
	12,049,443	11,395,646
Intangible assets	569,873	479,712
	12,619,316	11,875,358

	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
	Rupees in '000	
Additions to fixed assets - at cost	1,169,490	529,265
Disposals of fixed assets - at cost	43,245	107,771

- 12.1** During the quarter ended March 31, 2018, the Bank has revised its estimate of the useful lives of "Computer Equipments". Previously, computer equipments were depreciated over period of 3 to 5 years and now these are being depreciated over 5 years. The revision takes into account the expected pattern of economic benefits associated with the use of computer equipments and has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of computer equipments not been made, the related depreciation expense for the quarter would have been higher by Rs. 32.067 million and consequently profit before tax would have been lower by the same amount.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
13 DEPOSITS AND OTHER ACCOUNTS		
Customers		
- Fixed deposits	162,716,857	167,981,117
- Savings deposits	257,678,768	258,421,153
- Current accounts - non-remunerative	241,750,741	236,032,293
- Margin	3,684,424	5,513,350
	665,830,790	667,947,913
Financial institutions		
- Remunerative deposits	3,380,623	4,870,558
- Non-remunerative deposits	347,324	369,336
	3,727,947	5,239,894
	669,558,737	673,187,807
13.1 Particulars of deposits		
In		
- local currency	629,498,998	635,551,382
- foreign currencies	40,059,739	37,636,425
	669,558,737	673,187,807

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 66 of the Companies Act, 2017. 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 7.01% 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 CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

15 SHARE CAPITAL

15.1 Authorised capital

March 31, 2018	December 31, 2017		March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Number of Shares			Rupees in '000	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000

15.2 Issued, subscribed and paid-up capital

March 31, 2018	December 31, 2017			
Number of Shares				
516,517,908	516,517,908	Ordinary Shares	5,165,179	5,165,179
546,384,260	546,384,260	Fully paid in cash	5,463,843	5,463,843
		Issued as bonus shares		
1,062,902,168	1,062,902,168		10,629,022	10,629,022

16 SURPLUS ON REVALUATION OF INVESTMENTS

Quoted shares/units of mutual fund	1,213,618	858,330
Other securities	(403,705)	278,553
	809,913	1,136,883
Less: Deferred tax liability	(283,470)	(397,910)
	526,443	738,973

17 CONTINGENCIES AND COMMITMENTS

17.1 Direct credit substitutes

Guarantee favoring		
- Government	13,961	20,235
- Banks	349,211	349,211
- Others	10,800	-
	373,972	369,446

17.2 Transaction related contingent liabilities

Guarantee favoring		
- Government	14,616,045	12,306,548
- Banks	652,584	653,233
- Others	3,610,593	3,583,442
	18,879,222	16,543,223

17.3 Trade related contingent liabilities

Import letters of credit	68,149,069	66,003,500
Acceptances	12,833,471	7,144,255
	80,982,540	73,147,755

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

17.4 The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2017. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East - Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

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

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	———— Rupees in '000 ————	
17.5 Commitments in respect of forward exchange contracts		
Purchases	72,080,617	75,272,094
Sales	45,919,874	49,286,572
17.6 Commitments for the acquisition of operating fixed assets	212,912	202,293
17.7 Commitments in respect of Islamic financing and related assets	168,142,541	139,288,755
17.8 Other commitments		
Bills for collection (inland)	133,774	125,354
Bills for collection (foreign)	42,341,989	38,774,344
	42,475,763	38,899,698

	Note	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
		———— Rupees in '000 ————	
18 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS			
On financings to:			
- Customers	18.1	6,346,063	4,369,577
On investments in			
- Available for sale securities		1,018,804	1,218,416
- Held to maturity securities		385,940	385,940
On deposits with financial institutions		2,238,002	2,158,611
		9,988,809	8,132,544

18.1 This include income on Ijarah under IFAS II which is net off takaful expense of Rs 282 million (March 31, 2017: Rs 192 million) recovered from customers.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Note	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
19 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		Rupees in '000	
Deposits and other accounts		3,734,434	3,070,798
Other Musharakah / Modaraba / Murabaha		409,204	506,622
		<u>4,143,638</u>	<u>3,577,420</u>
20 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the quarter		<u>1,914,939</u>	<u>1,511,753</u>
		Number	
Weighted average number of ordinary shares		<u>1,062,902,168</u>	<u>1,029,187,450</u>
		Rupees	
			Restated
Basic earnings per share	20.1	<u>1.80</u>	<u>1.47</u>

20.1 There were no convertible dilutive potential ordinary shares outstanding on March 31, 2018 and March 31, 2017.

	Note	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
21 CASH AND CASH EQUIVALENTS		Rupees in '000	
Cash and balances with treasury banks	7	54,540,570	56,266,818
Balances with other banks	8	4,133,433	3,564,249
		<u>58,674,003</u>	<u>59,831,067</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The table below analyses 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, 2018 (Unaudited)				
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<i>Financial Assets</i>				
Available for sale securities				
Ordinary shares - listed	4,849,290	-	-	4,849,290
Units of open end fund	51,550	-	-	51,550
GOP Sukuks	-	56,535,292	-	56,535,292
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,774,751	-	-	5,774,751
Forward purchase of foreign exchange contracts	-	72,261,042	-	72,261,042
Forward sale of foreign exchange contracts	-	46,054,844	-	46,054,844

December 31, 2017 (Audited)				
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<i>Financial Assets</i>				
Available for sale securities				
Ordinary shares - listed	4,526,079	-	-	4,526,079
Units of open end fund	50,939	-	-	50,939
GOP Sukuks	-	57,151,526	-	57,151,526
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,055,704	-	-	5,055,704
Forward purchase of foreign exchange contracts	-	75,547,124	-	75,547,124
Forward sale of foreign exchange contracts	-	49,494,849	-	49,494,849

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 quarter.

Valuation techniques used in determination of fair values within level 2

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

23 SEGMENT DETAILS

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

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Agency Services	Total
Rupees in '000						
March 31, 2018 (Unaudited)						
Total income	425,193	3,842,930	2,790,896	4,702,656	5,106	11,766,781
Total expenses	(346,684)	(3,284,309)	(2,265,144)	(3,951,903)	(3,802)	(9,851,842)
Net income	78,509	558,621	525,752	750,753	1,304	1,914,939
Segment assets	21,310,253	317,135,051	121,863,807	309,175,808	-	769,484,919
Segment non performing assets	181,683	777,610	1,573,377	5,294,656	-	7,827,326
Segment provision held *	181,683	777,610	1,758,457	7,290,020	-	10,007,770
Segment liabilities	477,565	5,207,980	702,325,294	26,022,906	-	734,033,745
Segment return on assets (ROA) (%)	1.46%	0.72%	1.79%	0.98%	-	-
Segment cost of funds (%)	2.42%	2.42%	2.42%	2.42%	-	-

March 31, 2017 (Unaudited)

Total income	310,128	4,185,950	1,942,376	3,349,756	3,556	9,791,766
Total expenses	(256,940)	(3,598,302)	(1,585,331)	(2,836,757)	(2,683)	(8,280,013)
Net income	53,188	587,648	357,045	512,999	873	1,511,753
Segment assets	15,880,168	316,397,046	83,158,157	241,797,130	-	657,232,501
Segment non performing assets	181,683	276,694	1,752,316	5,113,013	-	7,323,706
Segment provision held *	181,683	276,694	1,953,040	6,242,885	-	8,654,302
Segment liabilities	327,580	28,845,890	577,813,591	20,064,256	-	627,051,317
Segment return on assets (ROA) (%)	1.36%	0.75%	1.77%	0.91%	-	-
Segment cost of funds (%)	2.48%	2.48%	2.48%	2.48%	-	-

* Includes general provision

24 RELATED PARTY TRANSACTIONS

24.1 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, retirement benefit funds, directors, and key management personnel and their close family members.

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

24.3 Subsidiary company:

- Al Meezan Investment Management Limited

24.4 Key management personnel:

- President and Chief Executive Officer
- Deputy Chief Executive Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

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

	Total		Subsidiary		Associates		Key management personnel / Directors		Other related parties	
	Mar 31, 2018 (Unaudited)	Dec 31, 2017 (Audited)	Mar 31, 2018 (Unaudited)	Dec 31, 2017 (Audited)	Mar 31, 2018 (Unaudited)	Dec 31, 2017 (Audited)	Mar 31, 2018 (Unaudited)	Dec 31, 2017 (Audited)	Mar 31, 2018 (Unaudited)	Dec 31, 2017 (Audited)
	Rupees in '000									
Islamic financing and related assets	771,738	776,443	99,939	99,939	671,799	676,504	-	-	-	-
Deposits	4,787,581	4,389,308	20,364	7,497	1,044,223	1,248,619	463,220	429,167	3,259,774	2,704,025
Investments	897,811	1,957,811	63,050	63,050	834,761	1,894,761	-	-	-	-
Other Balances										
Profit receivable on Islamic financing	13,390	11,044	2,413	816	10,977	10,228	-	-	-	-
Fee receivable	26,637	24,907	22,937	23,407	3,700	1,500	-	-	-	-
Payable to defined benefit plan	353,228	715,883	-	-	-	-	284,566	274,758	68,662	441,125
Accrued expenses	3,600	3,135	3,600	3,135	-	-	-	-	-	-
Letters of guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-
Letters of Credit (unfunded)	12,260	29,851	-	-	12,260	29,851	-	-	-	-

Balances pertaining to parties that were related at the beginning of the quarter but ceased to be related during any part of the current quarter are not reflected as part of the closing balance. However, in case new related parties have been added during the quarter, 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, 2018**

Total		Subsidiary		Associates		Key management personnel / Directors		Other related parties	
Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
(Unaudited)									
Rupees in '000									

Transactions, income and expenses

Profit earned on Investments / Islamic financing	12,574	97,423	1,597	-	10,977	97,423	-	-	-	-
Profit on deposits / borrowings expensed	47,561	40,734	279	324	5,613	8,364	3,628	3,442	38,041	28,604
Dividend income earned	-	16,893	-	-	-	16,893	-	-	-	-
Investments made	-	125,000	-	-	-	125,000	-	-	-	-
Capital gain - net	2,582	29,013	-	-	2,582	29,013	-	-	-	-
Charge for defined benefit plan	68,662	53,292	-	-	-	-	-	-	68,662	53,292
Contribution to defined contribution plan	61,721	53,864	-	-	-	-	-	-	61,721	53,864
Contribution to staff benevolent fund	2,454	2,237	-	-	-	-	-	-	2,454	2,237
Fees expensed	3,600	4,870	3,600	4,870	-	-	-	-	-	-
Fees and commission earned	40,409	83,779	23,752	20,701	16,657	63,078	-	-	-	-
Charity paid	1,500	-	-	-	-	-	-	-	1,500	-
Remuneration to the directors and key management personnel including fees to non-executive directors	50,697	47,550	-	-	-	-	50,697	47,550	-	-

25 RISK MANAGEMENT

The Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis and Net Stable Funding Ratio (NSFR) on quarterly basis as per SBP Basel III Liquidity Standards issued under BPRD Circular No. 08 dated June 23, 2016. As of March 31, 2018, Bank's LCR stood at 116% (December 31, 2017: 126%) against the SBP's minimum requirement of 90% while the NSFR stood at 130% (December 31, 2017: 133%) against the SBP's minimum requirement of 100%.

26 DATE OF AUTHORISATION

- 26.1** This condensed interim unconsolidated financial information was authorised for issue on April 19, 2018 by the Board of Directors of the Bank.
- 26.2** Comparative information has been re-classified, re-arranged or additionally incorporated in this condensed interim unconsolidated financial information, wherever necessary to facilitate comparison and better presentation.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	54,540,570	64,556,409
Balances with other banks	4,177,264	4,940,090
Due from financial institutions - net	153,510,499	147,229,221
Investments - net	122,120,297	123,160,901
Islamic financing and related assets - net	412,993,954	419,929,149
Operating fixed assets	12,739,034	11,994,586
Deferred tax asset	-	-
Other assets - net	14,074,093	14,156,973
	774,155,711	785,967,329
LIABILITIES		
Bills payable	12,472,963	11,168,093
Due to financial institutions	23,321,249	36,813,295
Deposits and other accounts	669,538,373	673,180,310
Sub-ordinated sukuk	7,000,000	7,000,000
Deferred tax liabilities	114,107	230,787
Other liabilities	22,470,977	19,165,271
	734,917,669	747,557,756
NET ASSETS	39,238,042	38,409,573
REPRESENTED BY		
Share capital	10,629,022	10,629,022
Reserves	13,776,113	13,393,125
Unappropriated profit	13,071,567	12,563,156
	37,476,702	36,585,303
NON-CONTROLLING INTEREST	1,133,832	1,007,975
	38,610,534	37,593,278
Surplus on revaluation of investments (including amount relating to share of profit from associates) - net of tax	627,508	816,295
	39,238,042	38,409,573

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	9,988,925	8,132,586
Profit on deposits and other dues expensed	4,141,762	3,577,096
Net spread earned	5,847,163	4,555,490
Provision against non-performing Islamic financing and related assets - net (Reversal) / provision against diminution in the value of investments	170,325 (49,719)	22,181 36,097
Provision against off-balance sheet obligations	1,820	-
Bad debts written off directly	-	-
	122,426	58,278
Net spread after provisions	5,724,737	4,497,212
OTHER INCOME		
Fee, commission and brokerage income	1,693,016	1,450,394
Dividend income	48,629	38,540
Income from dealing in foreign currencies	337,346	162,945
Capital (loss) / gain on sale of investments - net	(15,395)	467,909
Unrealised loss on held for trading investments	(1,129)	-
Other income	58,480	116,961
Total other income	2,120,947	2,236,749
	7,845,684	6,733,961
OTHER EXPENSES		
Administrative expenses	4,633,976	4,032,442
Other provisions / (reversals)	12,791	(5,072)
Other charges	751	480
Workers Welfare Fund	64,120	(52,470)
Total other expenses	4,711,638	3,975,380
	3,134,046	2,758,581
Share of results of associates before taxation	430,449	(10,556)
	3,564,495	2,748,025
Extraordinary / unusual items	-	-
PROFIT BEFORE TAXATION	3,564,495	2,748,025
Taxation - Current	1,233,636	1,086,415
- Deferred	(15,025)	(164,149)
	1,218,611	922,266
PROFIT AFTER TAXATION	2,345,884	1,825,759
Attributable to:		
Shareholders of the Holding company	2,220,027	1,723,626
Non-controlling interest	125,857	102,133
	2,345,884	1,825,759

Rupees

Restated

Basic and diluted earnings per share

2.09

1.69

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	Rupees in '000	
Profit after tax for the quarter attributable to:		
Shareholders of the Holding company	2,220,027	1,723,626
Non-controlling interest	125,857	102,133
	<u>2,345,884</u>	<u>1,825,759</u>
Other Comprehensive income		
Item that may not be reclassified to profit and loss account		
Remeasurement on defined benefit plan - net of tax	-	(446)
Comprehensive income transferred to statement of changes in equity	<u>2,345,884</u>	<u>1,825,313</u>
Attributable to:		
Shareholders of the Holding company	2,220,027	1,723,336
Non-controlling interest	125,857	101,977
	<u>2,345,884</u>	<u>1,825,313</u>
Components of comprehensive income not reflected in equity		
Share in results of associates relating to investment classified as 'available for sale'	36,528	9,208
Deferred tax on share of results of associates	(12,785)	(3,223)
Deficit on revaluation of investments	(326,970)	(847,331)
Deferred tax on revaluation of investments	114,440	296,566
	<u>(188,787)</u>	<u>(544,780)</u>

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2018

	Share capital	Share Premium	Capital reserves	Revenue reserve				
			Statutory reserve *	Non Distributable Capital Reserve - Gain on Bargain Purchase	General reserve	Unappropriated profit	Non controlling interest	Total
	Rupees in '000							
Balance as at January 1, 2017	10,027,379	-	6,515,372	3,117,547	91,082	11,340,678	1,221,989	32,314,047
Total comprehensive income for the quarter								
Profit after taxation for the quarter ended March 31, 2017	-	-	-	-	-	1,723,626	102,133	1,825,759
Remeasurements of defined benefit plan - net of tax	-	-	-	-	-	(290)	(156)	(446)
Transactions with owners recognised directly in equity								
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)	-	(1,253,422)
Other appropriations								
Transfer to statutory reserve	-	-	302,351	-	-	(302,351)	-	-
Balance as at March 31, 2017	10,027,379	-	6,817,723	3,117,547	91,082	11,508,241	1,323,966	32,885,938
Total comprehensive income for the period								
Profit after taxation for the nine months period ended December 31, 2017	-	-	-	-	-	3,894,886	59,348	3,954,234
Remeasurement of defined benefit plan - net of tax	-	-	-	-	-	(124,978)	(839)	(125,817)
Transactions with owners recognised directly in equity								
Dividend payout by Subsidiary	-	-	-	-	-	-	(374,500)	(374,500)
Issue of right shares	601,643	2,406,571	-	-	-	-	-	3,008,214
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	-	(1,754,791)
Other appropriations								
Transfer to statutory reserve	-	-	960,202	-	-	(960,202)	-	-
Balance as at December 31, 2017	10,629,022	2,406,571	7,777,925	3,117,547	91,082	12,563,156	1,007,975	37,593,278
Total comprehensive income for the quarter								
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	2,220,027	125,857	2,345,884
Transactions with owners recognised directly in equity								
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	(1,328,628)
Other appropriations								
Transfer to statutory reserve	-	-	382,988	-	-	(382,988)	-	-
Balance as at March 31, 2018	10,629,022	2,406,571	8,160,913	3,117,547	91,082	13,071,567	1,133,832	38,610,534

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,564,495	2,748,025
Less: Dividend income	(48,629)	(38,540)
	3,515,866	2,709,485
Adjustments for non-cash charges and other items:		
Depreciation	373,519	366,567
Amortization	57,404	42,248
Provision against non-performing Islamic financing and related assets - net	170,325	22,181
(Reversal) / provision against diminution in value of investments	(49,719)	36,097
Provision against off-balance sheet obligations	1,820	-
Unrealised loss on held for trading investments	1,129	-
Gain on sale of operating fixed assets	(11,833)	(21,712)
Share of results of associates	(430,449)	10,556
	112,196	455,937
	3,628,062	3,165,422
(Increase) / decrease in operating assets		
Due from financial institutions	(6,281,278)	(13,172,892)
Islamic financing and related assets	6,764,870	(1,316,540)
Other assets	96,247	921,657
	579,839	(13,567,775)
Increase / (decrease) in operating liabilities		
Bills payable	1,304,870	2,114,313
Due to financial institutions	(13,492,046)	9,421,690
Deposits and other accounts	(3,641,937)	(12,641,678)
Other liabilities	1,695,795	959,590
	(14,133,318)	(146,085)
	(9,925,417)	(10,548,438)
Income tax paid	(954,088)	(847,680)
Net cash flow used in operating activities	(10,879,505)	(11,396,118)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	1,229,201	4,646,840
Dividends received	35,262	25,517
Investments in operating fixed assets	(1,184,739)	(534,355)
Proceeds from sale of fixed assets	21,201	42,886
Net cash flow generated from investing activities	100,925	4,180,888
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(85)	(1,012,993)
Net cash flow used in financing activities	(85)	(1,012,993)
Net decrease in cash and cash equivalents	(10,778,665)	(8,228,223)
Cash and cash equivalents at the beginning of the quarter	69,496,499	68,104,898
Cash and cash equivalents at the end of the quarter	58,717,834	59,876,675

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018**

1 BASIS OF PRESENTATION

- 1.1** This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund, Meezan Gold Fund and Meezan Energy Fund.
- 1.2** This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** This condensed interim consolidated financial information comprise of the statement of financial position as at March 31, 2018 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, 2018.

2 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements of the Group for the year ended December 31, 2017.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on April 19, 2018 by the Board of Directors of the Holding company.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza Khandwala
Chief Financial Officer



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