



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**

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<b>Board of Directors</b>	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
<b>Shariah Supervisory Board</b>	Justice (Retd.) Muhammad Taqi Usmani Sheikh Essam M. Ishaq Dr. Muhammad Imran Ashraf Usmani	Chairman
<b>Audit Committee</b>	Mohammad Abdul Aleem Noorur Rahman Abid Alaa A. Al-Sarawi Muhammad Zarrug Rajab	
<b>Risk Management Committee</b>	Faisal A. A. A. Al-Nassar Syeda Azra Mujtaba Ariful Islam	
<b>Human Resource &amp; Remuneration Committee</b>	Riyadh S. A. A. Edrees Noorur Rahman Abid Irfan Siddiqui	
<b>Resident Shariah Board Member</b>	Dr. Muhammad Imran Ashraf Usmani	
<b>Company Secretary</b>	Tasnimul Haq Farooqui	
<b>Auditors</b>	A. F. Ferguson & Co.	
<b>Registered Office and Head Office</b>	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	
<b>E-mail</b>	info@meezanbank.com	
<b>Website</b>	www.meezanbank.com	
<b>Shares Registrar</b>	THK Associates (Pvt) Ltd State Life Building - 3 Dr. Ziauddin Ahmed Road Karachi - 75530, Pakistan Phone: (9221) 111-000-322, Fax: (9221) 35655595	

## **DIRECTORS' REVIEW**

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the nine months period ended September 30, 2016. The financial highlights of Meezan Bank are given below:

### **Financial Highlights**

#### **Rupees in millions**

<b>Statement of Financial Position</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>Growth %</b>
Investments/Placements under Bai Muajjal - Sovereign	201,859	198,431	2%
Investments/Placements under Bai Muajjal - Others	81,990	48,953	67%
Islamic financing and related assets - net	222,994	207,569	7%
Total Assets	595,020	531,850	12%
Deposits	500,939	471,821	6%
Sub-ordinated Sukuk (Tier II)	7,000	-	100%
Shareholders' Equity	26,663	25,557	4%

#### **Rupees in millions**

<b>Profit &amp; Loss Account</b>	<b>Jan - Sep 2016</b>	<b>Jan - Sep 2015</b>	<b>Growth %</b>
<b>Discount rate</b>	<b>6.5% → 6.25%</b>	<b>8.5% → 6.5%</b>	
Net spread earned after provisions	13,677	13,306	3%
Non funded income	4,314	3,436	26%
Operating income	17,991	16,742	7%
Administrative and other expenses	(11,358)	(9,930)	14%
Profit before tax	6,633	6,812	-3%
Profit after tax	4,114	3,950	4%
Earnings per share - Rupees	4.10	3.94	4%
Number of branches	551	494	12%

By the Grace of Allah, the Bank continued its growth momentum and maintained its position as the leading Islamic bank in Pakistan (amongst both Islamic as well as conventional banks) with branch network of 551 branches in 143 cities. The Bank recorded profit after tax of Rs 4,114 million as compared to Rs 3,950 million in the corresponding period last year.

A significant achievement during the quarter was the successful issue of Sub-ordinated Sukuk (Tier II) amounting to Rs 7 billion that has further strengthened the Bank's capital adequacy ratio and will support the future growth strategy of the Bank. The issue received an overwhelming response from investors as a result of which the Bank exercised its Green shoe option and accepted offers totaling Rs 7 billion sukuk, Rs 3 billion more than the initial issue target of Rs 4 billion. The Bank was able to issue the Sukuk at a very attractive pricing under Mudaraba arrangement and this is indicative of the strong brand value and standing of Meezan Bank. The Sukuk has been rated AA- (Double A-), by JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan. The Bank's CAR now stands at a comfortable level of 14.9% as compared to 11.0% in December 2015.

## **DIRECTORS' REVIEW**

The operating income grew by 7% (YoY) on account of high quality portfolio of earning assets notwithstanding the fact that return on assets has decreased due to lowering of discount rate. There was substantial growth in our fee, commission and brokerage income which increased by 28% with major contribution from trade finance income and income from alternative distribution channels. The trade business volume handled by the Bank grew by 10% to Rs 353 billion as against Rs 321 billion in the corresponding period of last year.

Despite the intense competition in the industry and in the backdrop of a lower discount rate, the Bank not only expanded its deposit base but also successfully re-aligned its deposit mix and achieved a lower cost of funds through strong relationship management and better customer experience. The deposits have increased by 6% closing at Rs 501 billion. The current account improved to 34% of the total deposits as compared to 32% in December 2015 while CASA mix of the Bank stood at 75% as compared to 71% in 2015. The Bank focused on shedding high cost fixed deposits during the period and on increasing low cost deposits.

Islamic financings and related assets grew by an impressive 43% over the corresponding period last year, closing at Rs 223 billion. The Bank actively pursued growth in financings especially in SME/Commercial and Consumer Financing (primarily Car Ijarah and Easy Home) that grew by 107% and 62% respectively over the corresponding period last year.

Very low portfolio infection ratio of 3% bears testimony to the fact that the Bank maintains a high quality financing portfolio and this is also significantly lower than the average portfolio infection ratio of 11% of the banking industry. In addition to this, the Bank maintains comfortable level of provisions against its non-performing financings with coverage ratio at 118%. The focus remains to build a high quality and diversified financing portfolio.

There have been only two new issues of the Government of Pakistan Ijarah Sukuks during the period. Moreover, the issue size was small as compared to the demand for such instrument leading to a price war and a lower cut-off price than the equivalent instrument available for the conventional banks. This has negatively impacted the Islamic banking industry. The bank was able to deploy Rs 55 billion in these sukuks at a cut off yield of 5.59%.

Administrative and operating expenses increased to Rs 11,358 million from Rs 9,930 million. The rise in expenses is primarily due to increase in staff expenses, rent and associated costs as a result of addition of 123 new branches during the last year - an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years.

The Bank disbursed 17.5% (Rs 1.75 per share) interim cash dividend to shareholders during the third quarter, which was approved in the last Board meeting held on August 23, 2016. The Bank has maintained unbroken payout record since the Bank's listing on Stock Exchange in the year 2000.

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

## **DIRECTORS' REVIEW**

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Islamic Banking is growing at a rapid pace in Pakistan and we are thankful to the State Bank of Pakistan and the Ministry of Finance for the support given in developing the Islamic Banking industry. One of the issues being faced by the industry is the shortage of Sukuks available to Islamic Banks to deploy surplus liquidity. We are hopeful that with the efforts of the Ministry of Finance and SBP's Islamic Banking Department, 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 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

Dubai:  
October 27, 2016

## ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2016ء کو ختم ہونے والے نو ماہ 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	30 ستمبر 2016	31 دسمبر 2015	اضافہ کی شرح %
بیج معجل کے تحت سرمایہ کاری/انتظام۔ کلی اختیاری	201,859	198,431	2%
بیج معجل کے تحت سرمایہ کاری/انتظام۔ دیگر	81,990	48,953	67%
اسلامی فنانسنگ اور متعلقہ اثاثے۔ خالص (تمام کٹوتیوں کے بعد)	222,994	207,569	7%
کلی اثاثے	595,020	531,850	12%
بیج شدہ قروم (Deposits)	500,939	471,821	6%
ثانوی (Sub-Ordinated) صلوک (Tier II)	7,000	-	100%
حصص یافتگان کی ایکویٹی	26,663	25,557	4%

  

نفع نقصان کھاتہ	جنوری تا ستمبر 2016	جنوری تا ستمبر 2015	اضافہ کی شرح %
ڈسکاؤنٹ ریٹس	6.25% سے 6.5%	6.5% سے 8.5%	
تعمین کے بعد اضافہ خالص (تمام کٹوتیوں کے بعد)	13,677	13,306	3%
نان فنڈڈ آمدنی	4,314	3,436	26%
کاروباری آمدنی	17,991	16,742	7%
انتظامی اور دیگر اخراجات	(11,358)	(9,930)	14%
قبل از ٹیکس منافع	6,633	6,812	-3%
بعد از ٹیکس منافع	4,114	3,950	4%
منافع فی حصص (روپوں میں)	4.10	3.94	4%
شاخوں کی تعداد	551	494	12%

الحمد للہ، میزان بینک نے ترقی کی رفتار کو برقرار رکھتے ہوئے ملک بھر کے 143 شہروں میں 551 شاخوں کے وسیع نیٹ ورک کے ساتھ ملک بھر کے روایتی اور اسلامی بینکوں کے درمیان پاکستان کے سب سے بڑے اسلامی بینک ہونے کا اعزاز برقرار رکھا ہے۔ زیر جائزہ مدت میں گزشتہ سال کی اسی مدت کے 3,950 ملین روپے کے مقابلے میں میزان بینک کا بعد از ٹیکس منافع 4,114 ملین روپے ریکارڈ کیا گیا۔

اس سہ ماہی میں سات ارب روپے کے ثانوی صلوک (Tier II) کا اجراء ایک اہم کامیابی تھی جس سے بینک کے Capital Adequacy Ratio کو مزید استحکام حاصل ہوا، اور جو بینک کی مستقبل کی ترقی کی حکمت عملی میں بھی معاون ثابت ہوگا۔ اس اجراء پر سرمایہ کاروں کا زبردست مثبت رد عمل سامنے آیا جس کے نتیجے میں بینک نے اپنے گرین شو (Green Shoe) آپشن کا استعمال کرتے ہوئے 7 ارب صلوک کی پیشکش قبول کیں، جو اجراء کے ابتدائی ہدف 4 ارب سے 3 ارب زیادہ تھیں۔ بینک نے مضاربہ انتظام کے تحت انتہائی پرکشش قیمتوں پر صلوک جاری کئے جس سے میزان بینک کی مستحکم قدر اور مضبوط ساکھ کی نشاندہی ہوئی ہے۔ JCR-VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ نے، جو جو جاپان کی کرڈٹ ریٹنگ ایجنسی کی ملحقہ کمپنی ہے، صلوک کو AA- (ڈبل اے مائنس) کا درجہ دیا۔ بینک کا Capital Adequacy Ratio میں دسمبر 2015 کے 11.0 فیصد کے مقابلے میں 14.9 فیصد تک کا اضافہ ہوا ہے۔

بینک کے آمدنی والے اثاثوں (earning assets) کے ہائی کوالٹی پورٹ فولیو کے باعث بینک کی آپریٹنگ آمدنی میں 7 فیصد (سال بہ سال) اضافہ ہوا ہے جبکہ یہ حقیقت بھی پیش نظر رہے کہ ڈسکاؤنٹ ریٹس میں کمی کے باعث اثاثوں کے نفع (Returns) میں کمی واقع ہوئی ہے۔ ہماری اجرت، کمیشن اور بروکریج کی مدد سے ہونے والی آمدنی میں 28 فیصد تک اضافہ ہوا جس میں بڑا حصہ ٹریڈ فنانس اور تقسیم کے متبادل ذرائع سے حاصل ہونے والی آمدنی کا تھا۔ بینک کے تجارتی کاروبار کا حجم 10 فیصد اضافے کے ساتھ 353 ارب ہو گیا جو گزشتہ سال کی اسی مدت میں 321 ارب تھا۔

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**UNCONSOLIDATED CONDENSED INTERIM**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2016**

	Note	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks	8	49,125,074	43,685,636
Balances with other banks	9	17,581,233	11,175,060
Due from financial institutions	10	86,682,021	101,079,476
Investments - net	11	197,166,687	146,304,897
Islamic financing and related assets - net	12	222,994,140	207,568,823
Operating fixed assets	13	8,961,276	8,056,743
Deferred tax asset - net		-	-
Other assets		12,509,559	13,979,299
		595,019,990	531,849,934
<b>LIABILITIES</b>			
Bills payable		8,899,933	6,560,324
Due to financial institutions		36,089,681	13,609,551
Deposits and other accounts	14	500,938,602	471,820,959
Sub-ordinated Sukuk	15	7,000,000	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		823,050	393,121
Other liabilities		13,157,151	13,118,869
		566,908,417	505,502,824
<b>NET ASSETS</b>		<b>28,111,573</b>	<b>26,347,110</b>
<b>REPRESENTED BY</b>			
Share capital	16	10,027,379	10,027,379
Reserves		9,410,239	8,587,363
Unappropriated profit		7,225,333	6,942,042
		26,662,951	25,556,784
Surplus on revaluation of investments - net of tax		1,448,622	790,326
		28,111,573	26,347,110
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

**Chairman**

**President & Chief Executive**

**Director**

**Director**



## UNCONSOLIDATED CONDENSED INTERIM

### PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Note	Quarter ended September 30, 2016	Nine months period ended September 30, 2016	Quarter ended September 30, 2015	Nine months period ended September 30, 2015
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	18	7,688,560	22,642,380	7,980,134	25,276,146
Return on deposits and other dues expensed	19	3,125,815	9,277,660	3,662,013	11,443,646
Net spread earned		4,562,745	13,364,720	4,318,121	13,832,500
Provision/ (reversal of provision) against non-performing Islamic related assets - net	12.8	353	(222,567)	75,298	384,123
Reversal of provision against off-balance sheet obligations (Reversal of provision) / provision against diminution in the value of investments	11.3	(13,308)	(89,884)	54,788	(4,897)
Bad debts written off directly		-	-	-	147,075
		(12,955)	(312,451)	-	-
Net spread after provisions		4,575,700	13,677,171	130,086	526,301
<b>OTHER INCOME</b>					
Fee, commission and brokerage income		571,100	1,878,436	536,831	1,471,403
Dividend income		322,435	602,035	299,931	396,585
Income from dealing in foreign currencies		282,509	926,183	269,748	1,158,872
Capital gain on sale of investments - net		279,881	750,908	106,392	288,786
Other income		51,025	156,542	37,273	119,969
Total other income		1,506,950	4,314,104	1,250,175	3,435,615
		6,082,650	17,991,275	5,438,210	16,741,814
<b>OTHER EXPENSES</b>					
Administrative expenses		3,831,520	11,216,853	3,385,880	9,767,472
Other provisions		2,965	3,346	34,578	23,048
Other charges		572	471	3,060	3,507
Workers Welfare Fund		47,817	137,419	39,250	136,268
Total other expenses		3,882,874	11,358,089	3,462,768	9,930,295
		2,199,776	6,633,186	1,975,442	6,811,519
Extraordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		2,199,776	6,633,186	1,975,442	6,811,519
Taxation - Current	20	848,773	2,268,063	547,698	1,900,024
- Prior years		-	175,280	-	459,143
- Deferred		(77,749)	75,463	154,703	501,961
		771,024	2,518,806	702,401	2,861,128
<b>PROFIT AFTER TAXATION</b>		1,428,752	4,114,380	1,273,041	3,950,391
Rupees					
<b>Basic and diluted earnings per share</b>	21	1.42	4.10	1.27	3.94

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President & Chief Executive

Director

Director

**UNCONSOLIDATED CONDENSED INTERIM****STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

	Quarter ended September 30, 2016	Nine months period ended September 30, 2016	Quarter ended September 30, 2015	Nine months period ended September 30, 2015
	Rupees in '000			
<b>Profit after taxation for the period</b>	<b>1,428,752</b>	<b>4,114,380</b>	1,273,041	3,950,391
<b>Other Comprehensive income</b>	-	-	-	-
<b>Comprehensive income transferred to statement of changes in equity</b>	<b>1,428,752</b>	<b>4,114,380</b>	1,273,041	3,950,391
<i>Items that may be reclassified to profit and loss account</i>				
<b>Components of comprehensive income not reflected in equity</b>				
Surplus on revaluation of investments	<b>769,402</b>	<b>1,012,762</b>	(323,774)	(28,580)
Deferred tax on revaluation of investments	<b>(269,290)</b>	<b>(354,466)</b>	113,321	(39,748)
<b>Total comprehensive income for the period</b>	<b>1,928,864</b>	<b>4,772,676</b>	1,062,588	3,882,063

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

**Chairman****President & Chief Executive****Director****Director**

# UNCONSOLIDATED CONDENSED INTERIM

## CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016	September 30, 2015
Rupees in '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		6,633,186	6,811,519
Less: Dividend income		(602,035)	(396,585)
		<b>6,031,151</b>	<b>6,414,934</b>
<b>Adjustments for non-cash charges</b>			
Depreciation		1,009,482	706,365
Amortization		122,355	109,027
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net		(222,567)	384,123
(Reversal of provision) / provision against diminution in value of investments		(89,884)	147,075
Reversal of provision against off balance sheet obligations		-	(4,897)
Gain on sale of operating fixed assets		(43,583)	(36,010)
		<b>775,803</b>	<b>1,305,683</b>
		<b>6,806,954</b>	<b>7,720,617</b>
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		14,397,455	(75,377,471)
Islamic financing and related assets		(15,202,750)	19,531,341
Other assets		1,768,800	357,770
		<b>963,505</b>	<b>(55,488,360)</b>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		2,339,609	1,537,182
Due to financial institutions		22,480,130	(4,979,316)
Deposits and other accounts		29,117,643	57,857,350
Other liabilities		(1,061,716)	(2,593,070)
		<b>52,875,666</b>	<b>51,822,146</b>
		<b>60,646,125</b>	<b>4,054,403</b>
Income tax paid		(1,584,691)	(1,519,245)
<b>Net cash generated from operating activities</b>		<b>59,061,434</b>	<b>2,535,158</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment in securities		(49,759,144)	8,881,294
Dividends received		302,975	335,973
Investments in operating fixed assets		(2,069,645)	(2,217,441)
Proceeds from disposal of operating fixed assets		76,858	59,772
<b>Net cash flow from investing activities</b>		<b>(51,448,956)</b>	<b>7,059,598</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of Sub-ordinated Sukuk		7,000,000	-
Dividend paid		(2,766,867)	(3,008,123)
<b>Net cash flow generated from / (used in) financing activities</b>		<b>4,233,133</b>	<b>(3,008,123)</b>
<b>Net Increase in cash and cash equivalents</b>		<b>11,845,611</b>	<b>6,586,633</b>
Cash and cash equivalents at the beginning of the period		54,860,696	35,229,841
<b>Cash and cash equivalents at the end of the period</b>	22	<b>66,706,307</b>	<b>41,816,474</b>

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President & Chief Executive

Director

Director

## UNCONSOLIDATED CONDENSED INTERIM

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Share capital	Capital reserves	Revenue reserve			
		Statutory reserve *	Non-Distributable Capital Reserve	General reserve	Unappropriated profit	Total
	Rupees in '000					
Balance as at January 1, 2015	10,027,379	4,398,548	2,823,440	66,766	5,958,587	23,274,720
<b>Total comprehensive income for the period</b>						
Profit after taxation for the nine months period ended September 30, 2015	-	-	-	-	3,950,391	3,950,391
<b>Transactions with owners recognised directly in equity</b>						
Final cash dividend for the year 2014	-	-	-	-	(1,253,422)	(1,253,422)
Interim cash dividend for the year 2015	-	-	-	-	(1,754,791)	(1,754,791)
Transfer to statutory reserve	-	790,078	-	-	(790,078)	-
<b>Balance as at September 30, 2015</b>	<b>10,027,379</b>	<b>5,188,626</b>	<b>2,823,440</b>	<b>66,766</b>	<b>6,110,687</b>	<b>24,216,898</b>
<b>Total comprehensive income for the period</b>						
Profit after taxation for the quarter ended December 31, 2015	-	-	-	-	1,072,118	1,072,118
Remeasurement loss on defined benefit plan - net of tax	-	-	-	-	(26,339)	(26,339)
<b>Transactions with owners recognised directly in equity</b>						
Gain on bargain purchase (note 4)	-	-	294,107	-	-	294,107
Transfer to statutory reserve	-	214,424	-	-	(214,424)	-
<b>Balance as at December 31, 2015</b>	<b>10,027,379</b>	<b>5,403,050</b>	<b>3,117,547</b>	<b>66,766</b>	<b>6,942,042</b>	<b>25,556,784</b>
<b>Total comprehensive income for the period</b>						
Profit after taxation for the nine months period ended September 30, 2016	-	-	-	-	4,114,380	4,114,380
<b>Transactions with owners recognised directly in equity</b>						
Final cash dividend for the year 2015	-	-	-	-	(1,253,422)	(1,253,422)
Interim cash dividend for the year 2016	-	-	-	-	(1,754,791)	(1,754,791)
Transfer to statutory reserve	-	822,876	-	-	(822,876)	-
<b>Balance as at September 30, 2016</b>	<b>10,027,379</b>	<b>6,225,926</b>	<b>3,117,547</b>	<b>66,766</b>	<b>7,225,333</b>	<b>26,662,951</b>

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

The annexed notes 1 to 27 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President & Chief Executive

Director

Director

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Ordinance, 1984, and its shares are quoted on the Karachi Stock Exchange (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. The Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through five hundred and fifty one branches as at September 30, 2016 (December 31, 2015: five hundred and fifty one branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 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 and 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

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**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 unconsolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2015.

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

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

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

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

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

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

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

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

**5 BASIS OF MEASUREMENT**

**5.1** 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.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**5.2 Functional and presentation currency**

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

**5.3 Rounding off**

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

**6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this 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, 2015 except for the following:

- Non Banking assets acquired in the satisfaction of claims

Effective January 1, 2016, the Bank has changed its accounting policy for recording of non banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property is required to be credited to the 'surplus on revaluation of assets' account which is required to be shown in the Statement of Financial Position below equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

The above change in accounting policy does not have any impact on this unconsolidated condensed interim financial information.

	Note	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>		<b>Rupees in '000</b>	
In hand			
- local currency		12,571,581	10,796,938
- foreign currencies		2,127,330	1,706,594
With the State Bank of Pakistan in			
- local currency current accounts	8.1	23,641,056	15,508,004
- foreign currency current accounts	8.1	3,104,507	3,038,669
With National Bank of Pakistan in			
- local currency current accounts		7,680,600	12,635,431
		<u>49,125,074</u>	<u>43,685,636</u>

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

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
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	Note	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>9 BALANCES WITH OTHER BANKS</b>			
In Pakistan		Rupees in '000	
- in current accounts		1,792,380	1,978,004
- in deposit accounts / term deposit receipts	9.1	13,000,000	4,000,000
Outside Pakistan			
- in current accounts		925,596	2,089,623
- in deposit accounts	9.2	1,863,257	3,107,433
		<u>17,581,233</u>	<u>11,175,060</u>

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

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

**10 DUE FROM FINANCIAL INSTITUTIONS**

Bai Muajjal:			
With other banks		23,791,085	21,885,385
With State Bank of Pakistan		31,413,175	78,334,591
With other banks - Secured		24,493,261	-
		79,697,521	100,219,976
Musharakah - Unsecured		-	875,000
Musharakah - Secured		7,000,000	-
Commodity Murabaha		26,066	26,066
		86,723,587	101,121,042
Provision against non-performing amounts due from financial institutions		(41,566)	(41,566)
		<u>86,682,021</u>	<u>101,079,476</u>

**10.1** These carry return ranging from 5.65% to 6.07% per annum (December 31, 2015: 5.75% to 8.34%) and are due to mature on various dates from October 2016 to September 2017.

<b>11 INVESTMENTS - NET</b>	Note	<b>September 30, 2016 (Unaudited)</b>			<b>December 31, 2015 (Audited)</b>		
		Held by the bank	Given as collateral	Total	Held by the bank	Given as collateral	Total
<b>11.1 Investments by types</b>		Rupees in '000					
<b>Available for sale securities *</b>		165,308,720	-	165,308,720	143,607,874	-	143,607,874
<b>Held to maturity securities</b>		28,000,000	-	28,000,000	-	-	-
<b>In related parties</b>							
Subsidiary (unlisted)		63,050	-	63,050	63,050	-	63,050
Associates (listed)		1,893,644	-	1,893,644	1,835,346	-	1,835,346
Associate (unlisted)		28,125	-	28,125	28,125	-	28,125
<b>Investments at cost / carrying value</b>		195,293,539	-	195,293,539	145,534,395	-	145,534,395
Less: Provision for diminution in the value of investments	11.3	(355,501)	-	(355,501)	(445,385)	-	(445,385)
<b>Investments - net of provision</b>		194,938,038	-	194,938,038	145,089,010	-	145,089,010
Surplus on revaluation of available for sale securities		2,228,649	-	2,228,649	1,215,887	-	1,215,887
<b>Total investments</b>		197,166,687	-	197,166,687	146,304,897	-	146,304,897

\* These include investment in sukuks of Pakistan International Airline (PIA) amounting to Rs 1.5 billion in respect of which no provision has been recognised as the SBP has allowed exemption from Regulation (R-8) of the Prudential Regulations for Corporate / Commercial Banking upto December 31, 2016. The said PIA sukuks have been restructured during the period.



**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
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	Note	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>Rupees in '000</b>			
<b>11.2 Investments by segments</b>			
<b>Federal Government Securities</b>			
GOP Ijarah Sukuk		<b>96,969,118</b>	48,183,702
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		<b>69,394,946</b>	69,394,946
<b>Sukuk certificates / bonds</b>			
Sukuk Certificates		<b>15,053,181</b>	14,515,543
Global Sukuk Bonds		<b>7,551,411</b>	7,492,187
<b>Fully paid up ordinary shares</b>			
Listed companies		<b>3,717,305</b>	3,432,671
Unlisted companies			
- subsidiary		<b>63,050</b>	63,050
- associates		<b>28,125</b>	28,125
- others		<b>572,759</b>	513,825
<b>Units of open end funds</b>			
- associates		<b>1,893,644</b>	1,835,346
- others		<b>50,000</b>	75,000
<b>Total investment at cost / carrying value</b>		<b>195,293,539</b>	145,534,395
Less: Provision for diminution in the value of investments	11.3	<b>(355,501)</b>	(445,385)
<b>Investments - (net of provision)</b>		<b>194,938,038</b>	145,089,010
Surplus on revaluation of available for sale securities		<b>2,228,649</b>	1,215,887
<b>Total investments</b>		<b>197,166,687</b>	146,304,897

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

	September 30, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Associates	Others	Total	Associates	Others	Total
<b>Rupees in '000</b>						
Opening balance	<b>24,514</b>	<b>420,871</b>	<b>445,385</b>	13,186	311,106	324,292
Charge / (reversal) for the period / year						
- on associates (unlisted)	<b>1,928</b>	-	<b>1,928</b>	11,328	-	11,328
On available for sale securities						
- charge for the period / year	-	<b>12,817</b>	<b>12,817</b>	-	163,280	163,280
- reversals for the period / year	-	<b>(104,629)</b>	<b>(104,629)</b>	-	(53,515)	(53,515)
	<b>1,928</b>	<b>(91,812)</b>	<b>(89,884)</b>	11,328	109,765	121,093
Closing balance	<b>26,442</b>	<b>329,059</b>	<b>355,501</b>	24,514	420,871	445,385

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

	Note	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
		Rupees in '000	
<b>12 ISLAMIC FINANCING AND RELATED ASSETS - NET</b>			
<b>In Pakistan</b>			
- Murabaha financings	12.1	5,712,765	12,197,556
- Advances against Murabaha		2,010,143	1,848,265
- Murabaha inventory		5,382,319	5,762,536
- Financing under Islamic Export Refinance - Murabaha	12.2	87,705	595,214
- Advances against future Islamic Export Refinance - Murabaha		68,650	232,432
- Net Investment in Ijarah		153,711	238,011
- Net book value of assets / Investment in Ijarah under IFAS-2	12.3	18,550,079	13,610,087
		18,703,790	13,848,098
- Advances against future Ijarah		3,403,642	1,773,507
- Istisna financings		833,538	777,841
- Advances against Istisna		16,062,602	19,316,205
- Istisna inventory		783,998	1,358,024
- Financing under Islamic Export Refinance - Istisna		110,576	387,235
- Financing under Islamic Export Refinance - Istisna - Inventory		100,104	818,114
- Advances against Islamic Export Refinance - Istisna		3,004,117	6,348,823
- Financing under Islamic Export Refinance - Musawammah	12.4	13,100	434,393
- Advances against Islamic Export Refinance - Musawammah		65,000	60,000
- Running Musharakah financings		30,307,170	42,315,235
- Financing under Islamic Export Refinance - Running Musharakah		4,773,700	6,030,000
- Diminishing Musharakah financings - Housing		8,822,981	6,918,394
- Diminishing Musharakah financings - Others		74,136,996	51,538,252
- Advances against Diminishing Musharakah		13,158,874	6,632,827
- Musharakah financings		829,600	-
- Wakalah Tul Istithmar financings		12,750,000	-
- Tijarah financings		501,521	278,911
- Tijarah inventory		2,519,128	4,237,102
- Financing under Islamic Export Refinance - Tijarah		81,300	129,600
- Financing under Islamic Export Refinance - Tijarah - Inventory		197,200	685,800
- Bai Muajjal financings	12.5	106,496	863,631
- Advances against Service Ijarah		825,426	770,456
- Musawammah financings	12.6	4,779,422	7,827,479
- Advance against Musawammah		3,267,953	2,396,596
- Musawammah inventory		2,286,326	1,666,407
- Labbaik (Qard for Hajj and Umrah)		6,949	4,725
- Financings against bills - Salam		9,749,775	7,343,900
- Financings against bills - Murabaha - Advance		1,738	1,738
- Salam financings - Advances		500,000	5,000,000
- Staff financings		2,614,930	2,183,244
- Other financings		2,418,879	3,193,123
<b>Gross Islamic financing and related assets</b>		<b>230,978,413</b>	215,775,663
Less: Provision against non-performing Islamic financings and related assets	12.8	(7,984,273)	(8,206,840)
<b>Islamic financing and related assets - net of provisions</b>		<b>222,994,140</b>	207,568,823

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
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	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>12.1</b>		
Murabaha receivable - gross	6,000,428	12,709,277
Less: Deferred murabaha income	(91,445)	(141,759)
Profit receivable shown in other assets	(196,218)	(369,962)
Murabaha Financings	<u>5,712,765</u>	<u>12,197,556</u>
<b>12.2</b>		
Financing under Islamic Export Refinance - Murabaha - gross	96,682	613,268
Less: Deferred income	(984)	(5,693)
Profit receivable shown in other assets	(7,993)	(12,361)
Financing under Islamic Export Refinance - Murabaha	<u>87,705</u>	<u>595,214</u>
<b>12.3</b>		
Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs 10,024 million (Dec 31, 2015: Rs 8,152 million).		
	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>12.4</b>		
Financing under Islamic Export Refinance - Musawammah	13,287	451,794
Less: Deferred income	(108)	(5,432)
Profit receivable shown in other assets	(79)	(11,969)
Financing under Islamic Export Refinance - Musawammah	<u>13,100</u>	<u>434,393</u>
<b>12.5</b>		
Bai Muajjal financings - gross	139,395	898,512
Less: Deferred income	(12,587)	(20,945)
Profit receivable shown in other assets	(20,312)	(13,936)
Bai Muajjal financings	<u>106,496</u>	<u>863,631</u>
<b>12.6</b>		
Musawammah financings - gross	4,917,095	8,100,048
Less: Deferred income	(89,639)	(180,515)
Profit receivable shown in other assets	(48,034)	(92,054)
Musawammah financings	<u>4,779,422</u>	<u>7,827,479</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
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FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**12.7** Islamic financings and related assets include Rs 6,778 million (Dec 31, 2015: Rs 7,064 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2016 (Unaudited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	15,218	-	15,218	1,320	1,320
Substandard	229,998	-	229,998	54,351	54,351
Doubtful	43,919	-	43,919	17,741	17,741
Loss	6,488,903	-	6,488,903	6,451,919	6,451,919
	<u>6,778,038</u>	<u>-</u>	<u>6,778,038</u>	<u>6,525,331</u>	<u>6,525,331</u>

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

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

	September 30, 2016 (Unaudited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,840,068	1,366,772	8,206,840	6,285,090	1,288,516	7,573,606
Charge for the period / year	60,998	92,170	153,168	604,014	78,256	682,270
Less: Reversals	(375,735)	-	(375,735)	(256,362)	-	(256,362)
	<u>(314,737)</u>	<u>92,170</u>	<u>(222,567)</u>	<u>347,652</u>	<u>78,256</u>	<u>425,908</u>
Transferred during the period / year	-	-	-	207,661	-	207,661
Amount written off	-	-	-	(335)	-	(335)
Closing balance	<u>6,525,331</u>	<u>1,458,942</u>	<u>7,984,273</u>	<u>6,840,068</u>	<u>1,366,772</u>	<u>8,206,840</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
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FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

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

In addition, the Bank has also maintained a general provision of Rs 1,125 million (Dec 31, 2015: Rs 1,125 million) against financings made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

- 12.10** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the State Bank of Pakistan, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The accumulated benefit availed as at September 30, 2016 amounts to Rs 11 million (Dec 31, 2015: Rs 25.3 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 7 million as at September 30, 2016. The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**13 OPERATING FIXED ASSETS**

Capital work-in-progress  
Property and equipment  
Intangible assets

September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Rupees in '000	
650,505	425,560
7,880,447	7,177,915
430,324	453,268
<u>8,961,276</u>	<u>8,056,743</u>

**Additions to fixed assets - at cost**

**Disposals of fixed assets - at cost**

September 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)
Rupees in '000	
<u>2,069,645</u>	<u>2,217,441</u>
<u>149,570</u>	<u>180,604</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>14 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
- Fixed deposits	125,360,945	131,769,647
- Savings deposits	203,636,338	184,622,913
- Current accounts - non-remunerative	167,390,760	148,226,202
- Margin	1,167,606	1,055,262
	<b>497,555,649</b>	465,674,024
<b>Financial institutions</b>		
- Remunerative deposits	2,488,961	5,672,624
- Non-remunerative deposits	893,992	474,311
	<b>3,382,953</b>	6,146,935
	<b>500,938,602</b>	471,820,959
<b>14.1 Particulars of deposits</b>		
In		
- local currency	473,233,428	445,247,970
- foreign currencies	27,705,174	26,572,989
	<b>500,938,602</b>	471,820,959

**15 SUB-ORDINATED SUKUK**

During the period, 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.
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 6.69% 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**16 SHARE CAPITAL**

**16.1 Authorised capital**

September 30, 2016	December 31, 2015		September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Number of Shares			Rupees in '000	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>

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

September 30, 2016	December 31, 2015		September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Number of Shares			Rupees in '000	
		<b>Ordinary Shares</b>		
<u>456,353,635</u>	<u>456,353,635</u>	Fully paid in cash	<u>4,563,536</u>	<u>4,563,536</u>
<u>546,384,260</u>	<u>546,384,260</u>	Issued as bonus shares	<u>5,463,843</u>	<u>5,463,843</u>
<u>1,002,737,895</u>	<u>1,002,737,895</u>		<u>10,027,379</u>	<u>10,027,379</u>

**17 CONTINGENCIES AND COMMITMENTS**

**17.1 Direct credit substitutes**

Guarantee favoring		
- Banks	<u>209,015</u>	<u>-</u>

**17.2 Transaction related contingent liabilities**

Guarantee favoring		
- Government	<u>11,321,861</u>	<u>9,936,461</u>
- Banks	<u>226,701</u>	<u>227,332</u>
- Others	<u>3,574,061</u>	<u>2,436,550</u>
	<u>15,122,623</u>	<u>12,600,343</u>

**17.3 Trade related contingent liabilities**

Import letters of credit	<u>30,224,046</u>	<u>29,373,250</u>
Acceptances	<u>3,726,540</u>	<u>4,049,357</u>
	<u>33,950,586</u>	<u>33,422,607</u>

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

Purchases	<u>62,418,379</u>	<u>68,362,309</u>
Sales	<u>55,733,268</u>	<u>74,532,767</u>

<b>17.5 Commitments for the acquisition of operating fixed assets</b>	<u>118,043</u>	<u>294,082</u>
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**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	————— Rupees in '000 —————	
<b>17.6 Commitments in respect of Islamic financing and related assets</b>	<b>142,539,539</b>	106,606,261
<b>17.7 Other commitments</b>		
Bills for collection (inland)	98,041	151,175
Bills for collection (foreign)	36,587,607	30,956,046
	<b>36,685,648</b>	31,107,221
<b>18 PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS</b>	<b>September 30, 2016 (Unaudited)</b>	<b>September 30, 2015 (Unaudited)</b>
	————— Rupees in '000 —————	
On financings to:		
- Customers	10,779,757	10,518,341
On investments in		
- Available for sale securities	6,481,619	5,517,720
- Held for trading securities	5,547	485
- Held to maturity securities	797,609	-
On deposits with financial institutions	4,577,848	9,239,600
	<b>22,642,380</b>	25,276,146
<b>19 RETURN ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	8,821,328	11,036,003
Other short term Musharakahs / Mudarabas	456,332	407,643
	<b>9,277,660</b>	11,443,646

**20 TAXATION**

The Finance Act 2016 has extended the applicability of one time super tax imposed in the tax year 2015 for the tax year 2016 also. The rate of tax is 4% of the taxable income for the tax year 2016. The Bank has recognised Rs 275.647 million as the prior year tax charge pertaining to super tax in the current period.



**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

	Note	September 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)
		Rupees in '000	
<b>21 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation for the period		<u>4,114,380</u>	<u>3,950,391</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	21.1	<u>4.10</u>	<u>3.94</u>

**21.1** There were no convertible dilutive potential ordinary shares outstanding on September 30, 2016 and September 30, 2015.

	Note	September 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)
		Rupees in '000	
<b>22 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	8	<u>49,125,074</u>	39,407,312
Balances with other banks	9	<u>17,581,233</u>	2,409,162
		<u>66,706,307</u>	<u>41,816,474</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**23 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).

	September 30, 2016 (Unaudited)			
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<b>Financial Assets</b>				
<b>Available for sale securities</b>				
Ordinary shares - listed	4,829,255	-	-	4,829,255
Units of open end fund	50,261	-	-	50,261
GOP Sukuks	-	69,754,967	-	69,754,967
WAPDA Sukuks	-	289,775	-	289,775
PIA Sukuks	-	1,515,000	-	1,515,000
Global Sukuk Bonds	7,696,833	-	-	7,696,833
Forward purchase of foreign exchange contracts	-	63,061,352	-	63,061,352
Forward sale of foreign exchange contracts	-	56,226,007	-	56,226,007

	December 31, 2015 (Audited)			
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
<b>Financial Assets</b>				
<b>Available for sale securities</b>				
Ordinary shares - listed	4,112,074	-	-	4,112,074
Units of open end fund	75,528	-	-	75,528
GOP Sukuks	-	48,653,776	-	48,653,776
WAPDA Sukuks	-	579,550	-	579,550
Global Sukuk Bonds	7,365,343	-	-	7,365,343
<b>Forward purchase of foreign exchange contracts</b>	-	68,957,448	-	68,957,448
<b>Forward sale of foreign exchange contracts</b>	-	75,131,750	-	75,131,750

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**

<b>Item</b>	<b>Valuation approach and input used</b>
GOP Sukuks WAPDA Sukuks PIA Sukuks	The fair value of GoP Ijarah Sukuks, WAPDA Sukuks and PIA Sukuks 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**24 SEGMENT DETAILS**

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
<b>Rupees in '000</b>							
<b>September 30, 2016 (Unaudited)</b>							
Total income	892,438	13,661,799	5,088,785	7,301,511	-	11,951	26,956,484
Total expenses	(722,434)	(11,788,635)	(4,148,280)	(6,178,572)	-	(4,183)	(22,842,104)
Net income	170,004	1,873,164	940,505	1,122,939	-	7,768	4,114,380
Segment assets	15,069,162	345,963,120	66,275,671	167,712,037	-	-	595,019,990
Segment non performing assets	188,711	822,368	1,841,526	5,239,856	-	-	8,092,461
Segment Provision held*	156,602	198,898	1,936,662	6,221,850	-	-	8,514,012
Segment liabilities	816,957	6,545,526	519,087,548	40,458,386	-	-	566,908,417
Segment return on assets (ROA) (%)	1.54%	0.78%	2.25%	0.86%	-	-	-
Segment cost of funds (%)	2.51%	2.51%	2.51%	2.51%	-	-	-

**September 30, 2015 (Unaudited)**

Total income	1,036,444	16,021,580	2,890,148	8,755,375	-	8,214	28,711,761
Total expenses	(806,790)	(13,972,952)	(2,408,278)	(7,570,475)	-	(2,875)	(24,761,370)
Net income	229,654	2,048,628	481,870	1,184,900	-	5,339	3,950,391
Segment assets	14,297,476	304,849,067	28,306,862	143,314,219	-	-	490,767,624
Segment non performing assets	284,603	679,241	1,639,345	5,343,389	-	-	7,946,578
Segment Provision held*	256,806	214,561	1,007,183	7,125,816	-	-	8,604,366
Segment liabilities	267,706	1,692,603	451,410,144	12,645,554	-	-	466,016,007
Segment return on assets (ROA) (%)	2.39%	1.02%	2.33%	1.03%	-	-	-
Segment cost of funds (%)	3.67%	3.67%	3.67%	3.67%	-	-	-

\*Includes General Provision

**25 RELATED PARTY TRANSACTIONS**

**25.1** 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.

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

**25.3 Subsidiary company:**

- Al Meezan Investment Management Limited

**25.4 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**25.5** 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	
	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)
	Rupees in '000									
<b>Islamic financing and related assets</b>	<b>2,034,355</b>	<b>944,387</b>	-	-	<b>2,034,355</b>	<b>944,387</b>	-	-	-	-
<b>Deposits</b>	<b>2,999,393</b>	<b>3,439,189</b>	<b>30,975</b>	<b>21,486</b>	<b>757,360</b>	<b>1,561,102</b>	<b>294,187</b>	<b>160,650</b>	<b>1,916,871</b>	<b>1,695,951</b>
<b>Investment</b>	<b>3,043,979</b>	<b>2,636,264</b>	<b>63,050</b>	<b>63,050</b>	<b>2,980,929</b>	<b>2,573,214</b>	-	-	-	-
<b>Other Balances</b>										
Profit receivable on Islamic financings	17,472	38,684	-	-	17,472	38,684	-	-	-	-
Dividend receivable	283,761	3,079	267,800	-	15,961	3,079	-	-	-	-
Fee Receivable	15,218	7,767	15,218	7,767	-	-	-	-	-	-
Payable to defined benefit plan	396,293	438,444	-	-	-	-	238,126	211,964	158,167	226,480
Accrued Expenses	10,263	6,273	10,263	6,273	-	-	-	-	-	-
Letters of guarantee (unfunded)	1,201,290	337,300	100	100	1,201,190	337,200	-	-	-	-
Letters of Credit (unfunded)	654,647	735,909	-	-	654,647	735,909	-	-	-	-

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

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

Total		Subsidiary		Associates		Key management Personnel/Directors		Other related parties	
Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
(Unaudited)									
Rupees in '000									

**Transactions, income and expenses**

Profit earned on Islamic financings	56,035	366,047	-	-	56,035	366,047	-	-	-	-
Profit on deposits / borrowings expensed	118,768	109,045	917	1,109	23,543	19,410	4,356	2,686	89,952	85,840
Dividend income earned	413,428	254,539	267,800	-	145,628	254,539	-	-	-	-
Investments made	560,939	1,682,119	-	-	560,939	1,682,119	-	-	-	-
Capital gain - net	181,106	136,305	-	-	181,106	136,305	-	-	-	-
Charge for Provision for diminution in value of investments	8,131	-	-	-	8,131	-	-	-	-	-
Charge for defined benefit plan	158,167	116,712	-	-	-	-	-	-	158,167	116,712
Contribution to defined contribution plan	153,305	135,076	-	-	-	-	-	-	153,305	135,076
Contribution to staff benevolent fund	16,469	10,000	-	-	-	-	-	-	16,469	10,000
Fees expensed	9,636	11,469	9,636	11,469	-	-	-	-	-	-
Fees and commission earned	122,482	87,792	96,812	87,045	25,670	747	-	-	-	-
Takaful Premiums paid	7,577	12,314	-	-	7,577	12,314	-	-	-	-
Takaful Claims received	20,743	34,087	-	-	20,743	34,087	-	-	-	-
Remuneration to the directors and key management personnel including fees to non-executive directors	136,960	99,291	-	-	-	-	136,960	99,291	-	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

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**26 GENERAL**

- 26.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation.
- 26.2** The SBP vide its BPRD circular No.5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, the Bank has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial and Other Institutions" to "Investments".

**27 DATE OF AUTHORISATION**

This unconsolidated condensed interim financial information was authorised for issue on October 27, 2016 by the Board of Directors of the Bank.

**Chairman**

**President & Chief Executive**

**Director**

**Director**

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION**

**CONSOLIDATED CONDENSED INTERIM**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2016**

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	Rupees in '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	49,125,078	43,685,791
Balances with other banks	17,604,971	11,205,707
Due from financial institutions	86,682,021	101,079,476
Investments - net	202,164,701	150,137,212
Islamic financing and related assets - net	222,994,140	207,568,823
Operating fixed assets	9,052,411	8,161,435
Deferred tax asset - net	-	-
Other assets	12,670,310	14,111,489
	<b>600,293,632</b>	<b>535,949,933</b>
<b>LIABILITIES</b>		
Bills payable	8,899,933	6,560,324
Due to financial institutions	36,089,681	13,609,551
Deposits and other accounts	500,907,627	471,799,473
Sub-ordinated Sukuk	7,000,000	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	1,230,525	730,923
Other liabilities	14,253,493	13,569,243
	<b>568,381,259</b>	<b>506,269,514</b>
<b>NET ASSETS</b>	<b>31,912,373</b>	<b>29,680,419</b>
<b>REPRESENTED BY</b>		
Share capital	10,027,379	10,027,379
Reserves	9,434,555	8,611,679
Unappropriated profit	9,720,417	9,238,479
	<b>29,182,351</b>	<b>27,877,537</b>
<b>NON-CONTROLLING INTEREST</b>	<b>1,189,437</b>	<b>944,623</b>
	<b>30,371,788</b>	<b>28,822,160</b>
Surplus on revaluation of investments - net of tax	1,540,585	858,259
	<b>31,912,373</b>	<b>29,680,419</b>

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

**Chairman**

**President & Chief Executive**

**Director**

**Director**



## CONSOLIDATED CONDENSED INTERIM

### PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Nine months period ended September 30, 2016	Quarter ended September 30, 2015	Nine months period ended September 30, 2015
	Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	7,688,469	22,642,237	7,980,100	25,275,973
Return on deposits and other dues expensed	3,125,492	9,276,743	3,661,545	11,442,537
Net spread earned	4,562,977	13,365,494	4,318,555	13,833,436
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	353	(222,567)	75,298	384,123
(Reversal of provision) / provision against diminution in the value of investments	(13,308)	(89,884)	54,788	147,075
Reversal of provision against off balance sheet obligations	-	-	-	(4,897)
Bad debts written off directly	-	-	-	-
	(12,955)	(312,451)	130,086	526,301
Net spread after provisions	4,575,932	13,677,945	4,188,469	13,307,135
<b>OTHER INCOME</b>				
Fee, commission and brokerage income	867,391	2,677,909	741,344	2,131,151
Dividend income	6,147	211,709	50,590	147,244
Income from dealing in foreign currencies	282,509	926,183	269,748	1,158,872
Capital gain on sale of investments - net	299,068	798,863	106,603	428,341
Other income	80,275	248,436	76,490	230,577
Total other income	1,535,390	4,863,100	1,244,775	4,096,185
	6,111,322	18,541,045	5,433,244	17,403,320
<b>OTHER EXPENSES</b>				
Administrative expenses	3,962,926	11,675,289	3,442,555	10,129,048
Other provisions	3,447	3,346	22,601	23,048
Other charges	90	471	15,037	3,507
Workers Welfare Fund	54,777	157,744	44,616	148,385
Total other expenses	4,021,240	11,836,850	3,524,809	10,303,988
	2,090,082	6,704,195	1,908,435	7,099,332
Share of results of associates before taxation	135,178	648,261	(131,530)	112,485
	2,225,260	7,352,456	1,776,905	7,211,817
Extraordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	2,225,260	7,352,456	1,776,905	7,211,817
Taxation - Current	912,467	2,489,678	611,406	2,020,601
- Prior years	-	175,280	-	459,143
- Deferred	(91,116)	132,197	120,790	567,453
	821,351	2,797,155	732,196	3,047,197
<b>PROFIT AFTER TAXATION</b>	1,403,909	4,555,301	1,044,709	4,164,620
Share of profit attributable to non-controlling interest	(99,505)	(243,925)	(18,634)	(136,178)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	1,304,404	4,311,376	1,026,075	4,028,442
	Rupees			
Basic and diluted earnings per share	1.30	4.30	1.02	4.02

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

Chairman

President & Chief Executive

Director

Director

## CONSOLIDATED CONDENSED INTERIM

### STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Nine months period ended September 30, 2016	Quarter ended September 30, 2015	Nine months period ended September 30, 2015
	Rupees in '000			
<b>Profit after taxation for the period</b>	<b>1,304,404</b>	<b>4,311,376</b>	1,026,075	4,028,442
<b>Other Comprehensive income</b>	-	-	-	-
Remeasurement of post retirement benefits obligation - net of tax	<b>2,540</b>	<b>2,540</b>	(587)	(587)
<b>Comprehensive income transferred to statement of changes in equity</b>	<b>1,306,944</b>	<b>4,313,916</b>	1,025,488	4,027,855
<i>Items that may be reclassified to profit and loss account</i>				
<b>Components of comprehensive income not reflected in equity</b>				
Share in profits of associates relating to investment classified as 'available for sale'	<b>10,579</b>	<b>36,969</b>	-	-
Deferred tax on share of profit of associates	<b>(3,702)</b>	<b>(12,939)</b>	-	-
Surplus / (deficit) on revaluation of investments	<b>769,402</b>	<b>1,012,762</b>	(323,774)	(28,580)
Deferred tax on revaluation of investments	<b>(269,290)</b>	<b>(354,466)</b>	113,321	(39,748)
<b>Total comprehensive income for the period</b>	<b>1,813,933</b>	<b>4,996,242</b>	815,035	3,959,527

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

**Chairman**

**President & Chief Executive**

**Director**

**Director**

# CONSOLIDATED CONDENSED INTERIM

## CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Nine Months period ended September 30, 2016	Nine Months period ended September 30, 2015
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,352,456	7,211,817
Less: Dividend income	(211,709)	(147,244)
	7,140,747	7,064,573
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	1,027,379	728,007
Amortization	129,977	112,238
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	(222,567)	384,123
(Reversal of provision) / provision against diminution in value of investments	(89,884)	147,075
Reversal of provision against off balance sheet obligations	-	(4,897)
Remeasurement of defined benefit plan	2,540	-
Gain on sale of operating fixed assets	(45,406)	(36,109)
Share of results of associates	(648,261)	(112,485)
	153,778	1,217,952
	7,294,525	8,282,525
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	14,397,455	(75,377,471)
Islamic financing and related assets	(15,202,750)	19,531,341
Other assets	1,349,913	528,977
	544,618	(55,317,153)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,339,609	1,537,182
Due to financial institutions	22,480,130	(4,979,316)
Deposits and other accounts	29,108,154	57,846,180
Other liabilities	(497,453)	(2,650,433)
	53,430,440	51,753,613
	61,269,583	4,718,985
Income tax paid	(1,724,601)	(1,641,214)
<b>Net cash generated from operating activities</b>	59,544,982	3,077,771
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(50,239,613)	8,618,026
Dividends received	302,975	86,632
Investments in operating fixed assets	(2,080,255)	(2,259,772)
Proceeds from disposal of operating fixed assets	77,329	59,995
<b>Net cash (used in) / generated from investing activities</b>	(51,939,564)	6,504,881
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of sub-ordinated sukuk	7,000,000	-
Dividend paid	(2,766,867)	(3,008,123)
<b>Net cash generated from / (used in) financing activities</b>	4,233,133	(3,008,123)
<b>Net increase in cash and cash equivalents</b>	11,838,551	6,574,529
Cash and cash equivalents at the beginning of the period	54,891,498	35,280,507
<b>Cash and cash equivalents at the end of the period</b>	66,730,049	41,855,036

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

Chairman

President & Chief Executive

Director

Director

# CONSOLIDATED CONDENSED INTERIM

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

Share capital	Capital reserves		Revenue reserve	Unappropriated profit	Non controlling interest	Total
	Statutory reserve *	Non-Distributable Capital Reserve	General reserve			
Rupees in '000						
10,027,379	4,398,548	2,823,440	91,082	8,420,316	839,801	26,600,566
-	-	-	-	4,164,620	-	4,164,620
-	-	-	-	(136,178)	136,178	-
-	-	-	-	(1,253,422)	-	(1,253,422)
-	-	-	-	(1,754,791)	-	(1,754,791)
-	790,078	-	-	(790,078)	-	-
10,027,379	5,188,626	2,823,440	91,082	8,650,467	975,979	27,756,973
-	-	-	-	903,322	-	903,322
-	-	-	-	(26,926)	(316)	(27,242)
-	-	-	-	(73,960)	73,960	-
-	-	-	-	-	(105,000)	(105,000)
-	-	294,107	-	-	-	294,107
-	214,424	-	-	(214,424)	-	-
10,027,379	5,403,050	3,117,547	91,082	9,238,479	944,623	28,822,160
-	-	-	-	4,555,301	-	4,555,301
-	-	-	-	(243,925)	243,925	-
-	-	-	-	1,651	889	2,540
-	-	-	-	(1,253,422)	-	(1,253,422)
-	-	-	-	(1,754,791)	-	(1,754,791)
-	822,876	-	-	(822,876)	-	-
10,027,379	6,225,926	3,117,547	91,082	9,720,417	1,189,437	30,371,788

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

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

Chairman

President & Chief Executive

Director

Director

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

**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 Capital Preservation Fund II, Meezan Financial Planning Fund of Funds, Meezan Capital Preservation Plan I, Meezan Capital Preservation Plan II, Meezan Asset Allocation Plan II, Meezan Asset Allocation Plan III and Meezan Gold 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'.

**2 ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information is the same as those applied in the preparation of the Group for the year ended December 31, 2015 except for the following:

- Non Banking assets acquired in the satisfaction of claims

Effective January 1, 2016, MBL has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property is required to be credited to the 'surplus on revaluation of assets' account which is required to be shown in the Statement of Financial Position below equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

The above change in accounting policy does not have any impact in this consolidated condensed interim financial information.

**3 GENERAL**

- 3.1** Comparative information has been re-classified, re-arranged or additionally incorporated in this consolidated condensed interim financial information, wherever necessary to facilitate comparison and better presentation.
- 3.2** The SBP vide its BPRD circular No.5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, MBL has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial and Other Institutions" to "Investments".

**4 DATE OF AUTHORISATION**

This consolidated condensed interim financial information was authorised for issue on October 27, 2016 by the Board of Directors of the MBL.

**Chairman**

**President & Chief Executive**

**Director**

**Director**