



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 Syeda Azra Mujtaba Muhammad Zarrug Rajab Mohammad Abdul Aleem Noorur Rahman Abid Talal S. A. Al-Shehab Irfan Siddiqui Ariful Islam	Chairman Vice Chairman President & CEO Deputy CEO & Executive Director
Shariah Supervisory Board	Justice (Retd.) Muhammad Taqi Usmani Sheikh Esam Mohamed Ishaq Dr. Muhammad Imran Ashraf Usmani	Chairman
Board Audit Committee	Mohammad Abdul Aleem Noorur Rahman Abid Alaa A. Al-Sarawi Muhammad Zarrug Rajab	
Board Risk Management Committee	Faisal A. A. A. Al-Nassar Syeda Azra Mujtaba Ariful Islam	
Board Human Resource & Remuneration Committee	Riyadh S. A. A. Edrees Noorur Rahman Abid Talal S. A. Al-Shehab	
Resident Shariah Board Member	Dr. Muhammad Imran Ashraf Usmani	
Company Secretary	Muhammad Sohail Khan	
Auditors	EY Ford Rhodes	
Registered Office and Head Office	Meezan House C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (9221) 38103500, Fax: (9221) 36406049 24/7 Call Centre: 111-331-331 & 111-331-332	
E-mail	info@meezanbank.com	
Website	www.meezanbank.com www.meezanbank.pk	
Shares Registrar	THK Associates (Pvt.) Ltd 1 st Floor, 40-C, Block 6, P.E.C.H.S., Karachi - 75400, Pakistan. Phone: (9221) 111-000-322, Fax: (9221) 34168271	

DIRECTORS' REVIEW

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the nine months period ended September 30, 2017. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in millions

Statement of Financial Position	September 30, 2017	December 31, 2016	Growth %
Islamic financing and related assets - net	358,021	311,530	15%
Investments / Placements under Bai Muajjal	262,982	259,271	1%
Total Assets	706,167	657,767	7%
Deposits	607,232	564,024	8%
Sub-ordinated Sukuk (Tier II)	7,000	7,000	0%
Advance against 6% Right Issue	2,842	-	100%
Shareholders' Equity	32,701	28,149	16%

Rupees in millions

Profit & Loss Account	Jan - Sep 2017	Jan - Sep 2016	Growth %
Net spread earned before provisions	15,700	13,365	17%
Fee and commission income	3,197	1,878	70%
Operating income	21,020	17,991	17%
Administrative and other expenses	(13,222)	(11,358)	16%
Profit before tax	7,798	6,633	18%
Profit after tax	4,717	4,114	15%
Earnings per share - Rupees	4.70	4.10	15%
Number of branches	571	551	4%

By the Grace of Allah, Meezan Bank has maintained its growth momentum and recorded good results for the nine months period ended September 30, 2017. Profit after tax increased to Rs 4,717 million from Rs 4,114 million in corresponding period last year reflecting a healthy growth of 15%.

On October 04, 2017 the Bank, Alhamdulillah, successfully completed the 6% Right Issue of shares to the existing shareholders at a price of Rs 50 per share (inclusive of Rs 40 as premium per share) approved by the Board in its last meeting held on July 26, 2017. The Bank's equity (including share premium) increased by Rs 3 billion after the Right Issue. This increase in equity will support the Bank's growth plan. The Bank's Capital Adequacy Ratio now stands at a comfortable level of 13.6%.

The Bank's net spread before provisions also increased by 17% primarily due to the Bank's continued focus to increase its financings portfolio and maintain a lower cost of funds. Fee and commission income maintained its strong momentum and grew by an impressive 70% over the corresponding period last year with major contribution from trade finance income and other banking channels.

DIRECTORS' REVIEW

You will be glad to note that the trade business volume handled by the Bank grew by 42% to half a trillion landmark as against Rs 353 billion in the corresponding period last year. The Bank considers trade finance as a core business activity as it not only brings trade related fees, forex and other ancillary income but also enhances our current account balances which contribute to the overall profitability of the Bank. The Bank caters to trade finance needs of all the customers throughout the country through its trade hubs.

Islamic financings and related assets grew by 15% from December 2016 to reach Rs 358 billion as of September 30, 2017. The Bank continued to enhance exposure in financings to all sectors while simultaneously maintaining quality of its portfolio and ensuring all the risk parameters are met. Notwithstanding this growth, it is commendable that the Bank has one of the lowest non-performing financings ratio in the banking industry of 2% as against an average of 9% for the industry as a whole which is a testimony of the stringent risk acceptance parameter of the Bank. The Bank maintains comfortable level of provisions against its non-performing financings with coverage ratio of 120%. The Bank's Advance to Deposit Ratio now stands at 59% as compared to 55% in December 2016. With a well-diversified product base, the Bank is well positioned to cater to all financing needs of our customers in a Shariah compliant manner.

The availability of Government of Pakistan (GoP) Ijarah Sukuk to deploy surplus liquidity continues to be a challenge for Islamic Banks. Only one auction of GoP Ijarah Sukuk was held during the nine months but unfortunately the issue size was small as compared to the demand for such instrument which led to a price war and the cut-off price was significantly lower than the equivalent instruments available for the conventional banks.

On the liability side, the deposits of the Bank crossed Rs 600 billion benchmark which is indicative of the strong brand value and standing of Meezan Bank. The deposits of the Bank closed at Rs 607 billion as of September 30, 2017 as compared to Rs 564 billion as on December 31, 2016. Despite the intense competition in the industry and in the back-drop of a lower discount rate, the Bank not only expanded its deposit base but also continued to maintain an optimal cost of funds through strong relationship management and better customer experience.

Administrative and operating expenses increased to Rs 13,222 million from Rs 11,358 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. The Bank maintained its position as the leading Islamic bank in Pakistan (amongst both Islamic as well as conventional banks) with a branch network of 571 branches in 146 cities.

The 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 JCR-VIS Credit Rating Company Limited has also reaffirmed Sub-ordinated (Tier II) sukuk rating at AA- (Double A minus). These ratings indicate sound performance of the Bank.

DIRECTORS' R E V I E W

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

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and our Shariah Supervisory Board for their continued guidance and support. We also take this opportunity to thank our valued customers for their patronage, the shareholders and holders of Sub-ordinated Sukuk (Tier II) for their continued support and to the staff for their continuous efforts to make Meezan Bank a success. May Allah Almighty give us the strength and wisdom to further expand our vision of making Islamic banking as banking of first choice.

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
October 25, 2017

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2017ء کو ختم ہونے والے نو ماہ کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

(روپے ملین میں)

اہم مالیاتی نکات

مالیاتی حیثیت کا جائزہ	30 ستمبر 2017	31 دسمبر 2016	اضافہ کی شرح %
اسلامی فنانسنگ اور متعلقہ اثاثے۔ خالص (تمام کٹوتیوں کے بعد)	358,021	311,530	15%
سرمایہ کاری/ بیع معجل کے تحت تعین	262,982	259,271	1%
کل اثاثے	706,167	657,767	7%
جمع شدہ قومی (Deposits)	607,232	564,024	8%
ثانوی (Sub-Ordinated) صکوک (Tier II)	7,000	7,000	0%
6% رائٹ ایٹھ سے متعلق زرعی بیٹنگی	2,842	-	100%
حصص یافتگان کی ایکویٹی	32,701	28,149	16%
نفع و نقصان کھاتہ	جنوری تا ستمبر 2017	جنوری تا ستمبر 2016	اضافہ کی شرح %
تموین سے قبل آمدنی۔ خالص	15,700	13,365	17%
فیس اور کمیشن کی آمدنی	3,197	1,878	70%
کاروباری آمدنی	21,020	17,991	17%
انتظامی اور دیگر اخراجات	(13,222)	(11,358)	16%
قبل از ٹیکس منافع	7,798	6,633	18%
بعد از ٹیکس منافع	4,717	4,114	15%
منافع فی حصص (روپوں میں)	4.70	4.10	15%
شاخوں کی تعداد	571	551	4%

الحمد للہ، میزان بینک نے ترقی کی رفتار کو برقرار رکھا ہے اور 30 ستمبر 2017ء کو ختم ہونے والے نو ماہ کے لئے بہتر نتائج حاصل کئے ہیں۔ بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 4,114 ملین روپے کے مقابلے میں بڑھ کر 4,717 ملین روپے ہو گیا ہے جو 15 فیصد اضافے کی عکاسی کرتا ہے۔

الحمد للہ، بینک نے 04 اکتوبر 2017ء کو اپنے موجودہ حصص یافتگان کو 50 روپے فی حصص (بشمول 40 روپے فی حصص بطور پریمیم) کی قیمت پر 6 فیصد رائٹ ایٹھ کا اجرا کامیابی سے مکمل کر لیا ہے جس کی منظوری بورڈ نے اپنے گزشتہ اجلاس منعقدہ، 26 جولائی 2017ء میں دی تھی۔ رائٹ ایٹھ کے بعد بینک کی ایکویٹی (بشمول شیئرز پریمیم) 3 ارب روپے سے بڑھ گئی ہے۔ ایکویٹی میں ہونے والا یہ اضافہ بینک کی ترقی کے پلان میں معاون ہوگا۔ بینک کا Capital Adequacy Ratio اب 13.6 فیصد کی تسلی بخش سطح پر ہے۔

بینک کی تموین (Provisions) سے قبل خالص آمدنی میں بھی 17 فیصد کا اضافہ ہوا جس کی بنیادی وجہ یہ تھی کہ بینک نے فنانسنگ پورٹ فولیو میں اضافہ اور فنڈز کی کم لاگت برقرار رکھنے پر مسلسل توجہ مرکوز رکھی۔ فیس اور کمیشن کی مد میں ہونے والی آمدنی کی مستحکم رفتار برقرار رہی اور گزشتہ سال کی متعلقہ مدت کے مقابلے میں اس میں 70 فیصد کا متاثر کن اضافہ ہوا جس میں بڑا حصہ تجارتی کاروبار اور دیگر بینکاری ذرائع سے حاصل ہونے والی آمدنی کا تھا۔

آپ کو یہ جان کر مسرت ہوگی کہ بینک کے تجارتی کاروبار کا حجم گزشتہ سال کی متعلقہ مدت کے 353 ارب روپے کے مقابلے میں 42 فیصد اضافے کے بعد 500 ارب روپے کا سنگ میل عبور کر چکا ہے۔ بینک تجارتی کاروبار کو مرکزی کاروباری سرگرمی تصور کرتا ہے کیونکہ یہ نہ صرف تجارت سے متعلق فیس، زرمبادلہ اور دیگر ذیلی آمدنی کا باعث ہے بلکہ اس سے ہمارے کرنٹ اکاؤنٹ بیلنس میں بھی اضافہ ہوتا ہے جو بینک کی مجموعی نفع رسانی میں معاون ہوتا ہے۔ بینک اپنے تجارتی مراکز کے ذریعے ملک بھر میں تمام صارفین کے تجارتی کاروبار کی ضروریات کی تکمیل کرتا ہے۔

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CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017

	Note	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS			
Rupees in '000			
Cash and balances with treasury banks	7	56,885,375	56,036,849
Balances with other banks	8	3,690,429	12,021,351
Due from financial institutions	9	147,013,686	129,115,165
Investments - net	10	115,968,318	130,156,297
Islamic financing and related assets - net	11	358,021,354	311,530,270
Operating fixed assets	12	11,678,541	8,924,328
Deferred tax assets		-	-
Other assets - net		12,909,229	9,982,837
		706,166,932	657,767,097
LIABILITIES			
Bills payable		10,037,831	9,130,998
Due to financial institutions		31,034,029	32,005,501
Deposits and other accounts	13	607,231,623	564,023,853
Sub-ordinated Sukuk	14	7,000,000	7,000,000
Deferred tax liabilities		176,858	1,362,909
Other liabilities		17,047,412	13,770,218
		672,527,753	627,293,479
NET ASSETS		33,639,179	30,473,618
REPRESENTED BY			
Share capital	15	10,027,379	10,027,379
Advance against right issue	16	2,842,395	-
Reserves		10,643,142	9,699,685
Unappropriated profit		9,187,624	8,422,009
		32,700,540	28,149,073
Surplus on revaluation of investments - net of tax	17	938,639	2,324,545
		33,639,179	30,473,618
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 28 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM UNCONSOLIDATED

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Note	Quarter ended September 30, 2017	Nine months period ended September 30, 2017	Quarter ended September 30, 2016	Nine months period ended September 30, 2016
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements	19	9,463,668	26,800,204	7,688,560	22,642,380
Return on deposits and other dues expensed	20	3,866,934	11,099,758	3,125,815	9,277,660
Net spread earned		5,596,734	15,700,446	4,562,745	13,364,720
(Reversal) / provision against non-performing islamic financing and related assets - net	11.8	(68,639)	(90,005)	353	(222,567)
Provision / (reversal of provision) against diminution in the value of investments	10.3	229,556	358,137	(13,308)	(89,884)
Bad debts written off directly		-	-	-	-
Net spread after provisions		160,917	268,132	(12,955)	(312,451)
		5,435,817	15,432,314	4,575,700	13,677,171
OTHER INCOME					
Fee, commission and brokerage income		1,064,234	3,196,863	571,100	1,878,436
Dividend income		41,855	585,766	322,435	602,035
Income from dealing in foreign currencies		369,904	815,715	282,509	926,183
Capital gain on sale of investments - net		32,219	739,279	279,881	750,908
Other income		80,147	250,563	51,025	156,542
Total other income		1,588,359	5,588,186	1,506,950	4,314,104
		7,024,176	21,020,500	6,082,650	17,991,275
OTHER EXPENSES					
Administrative expenses		4,541,853	13,015,218	3,831,520	11,216,853
Other provisions		19,708	11,385	2,965	3,346
Other charges		106	10,374	572	471
Workers Welfare Fund		72,786	185,377	47,817	137,419
Total other expenses		4,634,453	13,222,354	3,882,874	11,358,089
		2,389,723	7,798,146	2,199,776	6,633,186
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		2,389,723	7,798,146	2,199,776	6,633,186
Taxation - Current	21	964,153	3,176,639	848,773	2,268,063
- Prior years		-	344,016	-	175,280
- Deferred		(128,490)	(439,794)	(77,749)	75,463
PROFIT AFTER TAXATION		835,663	3,080,861	771,024	2,518,806
		1,554,060	4,717,285	1,428,752	4,114,380
Rupees					
Basic and diluted earnings per share	22	1.55	4.70	1.42	4.10

The annexed notes 1 to 28 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM UNCONSOLIDATED**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	Quarter ended September 30, 2017	Nine months period ended September 30, 2017	Quarter ended September 30, 2016	Nine months period ended September 30, 2016
	Rupees in '000			
Profit after taxation for the period	1,554,060	4,717,285	1,428,752	4,114,380
Other comprehensive income	-	-	-	-
Comprehensive income transferred to statement of changes in equity	1,554,060	4,717,285	1,428,752	4,114,380
Components of comprehensive income not transferred to equity				
<i>Items that may be reclassified to profit and loss account</i>				
(Deficit) / surplus on revaluation of investments	(1,057,491)	(2,132,163)	769,402	1,012,762
Deferred tax on revaluation of investments	370,122	746,257	(269,290)	(354,466)
Total comprehensive income for the period	866,691	3,331,379	1,928,864	4,772,676

The annexed notes 1 to 28 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

Note	Nine months period ended September 30, 2017	Nine months period ended September 30, 2016
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,798,146	6,633,186
Less: Dividend income	(585,766)	(602,035)
	7,212,380	6,031,151
Adjustments for non-cash charges		
Depreciation	1,090,093	1,009,482
Amortization	123,875	122,355
Reversal of provision against non-performing islamic financing and related assets - net	(90,005)	(222,567)
Provision / (reversal of provision) against diminution in the value of investments	358,137	(89,884)
Gain on sale of operating fixed assets	(58,796)	(43,583)
	1,423,304	775,803
	8,635,684	6,806,954
(Increase) / decrease in operating assets		
Due from financial institutions	(17,898,521)	14,397,455
Islamic financing and related assets - net	(46,401,079)	(15,202,750)
Other assets	(2,897,318)	1,768,800
	(67,196,918)	963,505
Increase / (decrease) in operating liabilities		
Bills payable	906,833	2,339,609
Due to financial institutions	(971,472)	22,480,130
Deposits and other accounts	43,207,770	29,117,643
Other liabilities	2,224,324	(1,061,716)
	45,367,455	52,875,666
	(13,193,779)	60,646,125
Income tax paid	(2,498,002)	(1,584,691)
Net cash (used in) / generated from operating activities	(15,691,781)	59,061,434
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	11,697,679	(49,759,144)
Dividends received	556,692	302,975
Investments in operating fixed assets	(4,009,309)	(2,069,645)
Proceeds from disposal of operating fixed assets	99,924	76,858
Net cashflow generated from / (used in) investing activities	8,344,986	(51,448,956)
CASH FLOW FROM FINANCING ACTIVITIES		
Advance received against right issue	2,842,395	-
Issuance of Sub-ordinated Sukuk	-	7,000,000
Dividends paid	(2,977,996)	(2,766,867)
Net cashflow (used in) / generated from financing activities	(135,601)	4,233,133
Net (decrease) / increase in cash and cash equivalents	(7,482,396)	11,845,611
Cash and cash equivalents at the beginning of the period	68,058,200	54,860,696
Cash and cash equivalents at the end of the period	60,575,804	66,706,307

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The annexed notes 1 to 28 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Share capital	Advance against right issue	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, 2016	10,027,379	-	5,403,050	3,117,547	66,766	25,556,784
Total comprehensive income for the period						
Profit after taxation for the nine months period ended September 30, 2016	-	-	-	-	-	4,114,380
Transactions with owners recognised directly in equity						
Final cash dividend for the year 2015	-	-	-	-	-	(1,253,422)
Interim cash dividend for the year 2016	-	-	-	-	-	(1,754,791)
Transfer to statutory reserve	-	-	822,876	-	-	(822,876)
Balance as at September 30, 2016	10,027,379	-	6,225,926	3,117,547	66,766	26,662,951
Total comprehensive income for the quarter						
Profit after taxation for the quarter ended December 31, 2016	-	-	-	-	-	1,447,231
Remeasurement gain on defined benefit plan - net of tax	-	-	-	-	-	38,891
Transactions with owners recognised directly in equity						
Transfer to statutory reserve	-	-	289,446	-	-	(289,446)
Balance as at December 31, 2016	10,027,039	-	6,515,372	3,117,547	66,766	28,149,073
Total comprehensive income for the period						
Profit after taxation for the nine months period ended September 30, 2017	-	-	-	-	-	4,717,285
Transactions with owners recognised directly in equity						
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)
Advance against right issue	-	2,842,395	-	-	-	2,842,395
Transfer to statutory reserve	-	-	943,457	-	-	(943,457)
Balance as at September 30, 2017	10,027,379	2,842,395	7,458,829	3,117,547	66,766	32,700,540

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

The annexed notes 1 to 28 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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies 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 five hundred and seventy one branches as at September 30, 2017 (December 31, 2016: five hundred and seventy 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 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 by SECP, provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962, and the directives issued by the SECP and SBP. Wherever the requirements of provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1), 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 Ordinance, 1984 (repealed - note 3.1.1) and the Banking Companies Ordinance, 1962, IFAS notified by the SECP and the directives issued by the SECP and the SBP shall prevail.
- 3.1.1** The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its circular dated October 04, 2017, this condensed interim unconsolidated financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

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, 2016.

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

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this 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 and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP. In addition, obligation in respect of staff retirement benefit is carried at present value.

4.2 Functional and presentation currency

This 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, 2016.

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, 2016.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
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	Note	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
7 CASH AND BALANCES WITH TREASURY BANKS		Rupees in '000	
In hand			
- local currency		16,506,092	14,725,026
- foreign currencies		2,334,004	2,159,517
With the State Bank of Pakistan in			
- local currency current accounts	7.1	27,582,630	20,323,435
- foreign currency current accounts	7.1	3,533,482	3,138,134
With National Bank of Pakistan in			
- local currency current accounts		6,929,167	15,690,737
		<u>56,885,375</u>	<u>56,036,849</u>

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

	Note	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
8 BALANCES WITH OTHER BANKS		Rupees in '000	
In Pakistan			
- in current accounts		2,741,616	2,000,041
- in deposit accounts / term deposit receipts		-	9,000,000
Outside Pakistan			
- in current accounts		730,786	814,335
- in deposit accounts	8.1	218,027	206,975
		<u>3,690,429</u>	<u>12,021,351</u>

- 8.1** The return on these balances is around 0.85% (December 31, 2016: 0.28%) per annum.

	Note	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
9 DUE FROM FINANCIAL INSTITUTIONS		Rupees in '000	
Bai Muajjal:			
With Scheduled banks / other			
financial institutions - Secured	9.1	147,013,686	77,829,747
With State Bank of Pakistan		-	31,413,175
With Scheduled banks / other financial institutions		15,500	19,887,743
		147,029,186	129,130,665
Commodity Murabaha		26,066	26,066
		147,055,252	129,156,731
Provision against non-performing amounts due			
from financial institutions		(41,566)	(41,566)
		<u>147,013,686</u>	<u>129,115,165</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

9.1 These carry average return of 5.80% per annum (December 31, 2016: 5.75% per annum) and are due to mature on various dates ranging between October 2017 to September 2018 (December 31, 2016: January 2017 to December 2017).

10 INVESTMENTS - NET

	Note	September 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
		Held by the bank	Given as collateral	Total	Held by the bank	Given as collateral	Total
Rupees in '000							
10.1 Investments by types							
Available for sale securities		85,366,003	-	85,366,003	96,995,615	-	96,995,615
Held to maturity securities		28,000,000	-	28,000,000	28,000,000	-	28,000,000
In related parties							
Subsidiary (unlisted)		63,050	-	63,050	63,050	-	63,050
Associates (listed)		1,834,053	-	1,834,053	1,902,120	-	1,902,120
Total investments at cost / carrying value		115,263,106	-	115,263,106	126,960,785	-	126,960,785
Less: Provision against diminution							
in value of investments	10.3	(738,849)	-	(738,849)	(380,712)	-	(380,712)
Investments (net of provision)		114,524,257	-	114,524,257	126,580,073	-	126,580,073
Surplus on revaluation of							
available for sale securities		1,444,061	-	1,444,061	3,576,224	-	3,576,224
Total investments		115,968,318	-	115,968,318	130,156,297	-	130,156,297

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	Note	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Rupees in '000			
10.2 Investments by segments			
Federal Government Securities			
GOP Ijarah Sukuk		80,971,582	96,937,287
Sukuk certificates / bonds			
Sukuk Certificates		21,262,952	16,090,897
Global Sukuk Bonds		5,860,255	7,543,519
Fully paid up ordinary shares			
Listed companies		4,367,090	3,519,788
Unlisted companies			
- subsidiary		63,050	63,050
- others		854,124	854,124
Units of open end funds			
- associates		1,834,053	1,902,120
- others		50,000	50,000
Total investment at cost / carrying value		115,263,106	126,960,785
Less: Provision against diminution in the value of investments	10.3	(738,849)	(380,712)
Investments (net of provision)		114,524,257	126,580,073
Surplus on revaluation of available for sale securities		1,444,061	3,576,224
Total investments		115,968,318	130,156,297

10.3 Provision against diminution in value of investments

	September 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Associates	Others	Total	Associates	Others	Total
Rupees in '000						
Opening balance	-	380,712	380,712	24,514	420,871	445,385
Charge / (reversal) for the period / year						
- on associates (unlisted)	-	-	-	3,611	-	3,611
On available for sale securities						
- charge for the period / year	-	376,839	376,839	-	33,840	33,840
- reversals for the period / year	-	(18,702)	(18,702)	-	(102,124)	(102,124)
	-	358,137	358,137	3,611	(68,284)	(64,673)
Transfers	-	-	-	(28,125)	28,125	-
Closing balance	-	738,849	738,849	-	380,712	380,712

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	Note	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
		Rupees in '000	
11 ISLAMIC FINANCING AND RELATED ASSETS - NET			
In Pakistan			
- Murabaha financing	11.1	6,919,023	7,786,937
- Advances against Murabaha		3,153,792	3,993,151
- Murabaha inventory		9,044,315	4,967,432
- Financing under Islamic Export Refinance - Murabaha	11.2	224,500	723,956
- Advances against Islamic Export Refinance - Murabaha		72,100	122,221
- Net investment in Ijarah		131,685	149,054
- Net book value of assets / investment in Ijarah under IFAS-2	11.3	27,582,009	20,671,262
		27,713,694	20,820,316
- Advances against Ijarah		6,416,302	3,906,242
- Diminishing Musharakah financing - Housing		11,107,346	9,374,585
- Diminishing Musharakah financing - Others		62,014,878	79,478,870
- Advances against Diminishing Musharakah		11,382,157	12,971,982
- Running Musharakah financing		117,355,859	70,517,803
- Financing under Islamic Export Refinance - Running Musharakah		10,310,000	7,784,000
- Musharakah financing		663,680	746,640
- Wakalah Tul Istithmar		31,250,000	12,750,000
- Istisna financing		2,021,418	3,155,616
- Advances against Istisna		16,511,134	28,112,137
- Istisna inventory		2,543,957	1,876,007
- Financing under Islamic Export Refinance - Istisna		13,221	128,743
- Advances against Islamic Export Refinance - Istisna		2,864,026	7,261,153
- Financing under Islamic Export Refinance - Istisna - Inventory		898,353	828,634
- Tijarah financing		395,856	337,506
- Tijarah inventory		5,707,742	5,182,105
- Financing under Islamic Export Refinance - Tijarah		371,252	244,051
- Financing under Islamic Export Refinance - Tijarah - Inventory		247,295	227,584
- Musawammah financing	11.4	4,042,144	7,159,774
- Musawammah Inventory		3,066,829	2,590,940
- Advances against Musawammah		8,138,627	4,908,188
- Financing under Islamic Export Refinance - Musawammah	11.5	127,215	325,512
- Advances against Islamic Export Refinance - Musawammah		79,350	100,000
- Islamic Export Refinance - Musawammah - Inventory		-	110,000
- Bai Muajjal financing	11.6	635,231	101,496
- Advances against Service Ijarah		3,062,500	718,750
- Labbaik (Qard for Hajj and Umrah)		4,773	5,871
- Financing against bills - Salam		9,454,029	13,183,818
- Financing against bills - Murabaha - Advance		1,738	1,738
- Advances against Salam financing		2,699,444	2,000,000
- Salam Financings - Inventory		50,460	-
- Staff financing		3,080,673	2,739,104
- Other financing		2,370,846	2,374,002
Gross Islamic financing and related assets		366,015,759	319,616,864
Less: Provision against non-performing Islamic financing and related assets	11.8	(7,994,405)	(8,086,594)
Islamic financing and related assets - net of provisions		358,021,354	311,530,270

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
11.1 Murabaha receivable - gross	7,261,332	8,134,131
Less: Deferred murabaha income	(109,299)	(119,342)
Profit receivable shown in other assets	(233,010)	(227,852)
Murabaha financing	6,919,023	7,786,937
11.2 Financing under Islamic Export Refinance - Murabaha - gross	234,490	741,100
Less: Deferred income	(930)	(4,616)
Profit receivable shown in other assets	(9,060)	(12,528)
Financing under Islamic Export Refinance - Murabaha	224,500	723,956
11.3 Net book value of assets / investments in Ijarah under IFAS 2 is net of accumulated depreciation of Rs 14,665 million (Dec 31, 2016: Rs 10,951 million).		
	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
11.4 Musawammah financing - gross	4,183,867	7,340,823
Less: Deferred income	(65,826)	(107,675)
Profit receivable shown in other assets	(75,897)	(73,374)
Musawammah financing	4,042,144	7,159,774
11.5 Financing under Islamic Export Refinance - Musawammah	129,052	329,995
Less: Deferred income	(931)	(2,973)
Profit receivable shown in other assets	(906)	(1,510)
Financing under Islamic Export Refinance - Musawammah	127,215	325,512
11.6 Bai Muajjal financing - gross	700,445	133,325
Less: Deferred income	(40,184)	(10,835)
Profit receivable shown in other assets	(25,030)	(20,994)
Bai Muajjal financing	635,231	101,496

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

11.7 Islamic financing and related assets include Rs 6,635 million (December 31, 2016: Rs 6,847 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2017 (Unaudited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	23,606	-	23,606	30	30
Substandard	155,398	-	155,398	34,495	34,495
Doubtful	15,530	-	15,530	4,299	4,299
Loss	6,440,681	-	6,440,681	6,412,428	6,412,428
	<u>6,635,215</u>	<u>-</u>	<u>6,635,215</u>	<u>6,451,252</u>	<u>6,451,252</u>

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

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

	September 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,592,203	1,494,391	8,086,594	6,840,068	1,366,772	8,206,840
Charge for the period / year	43,694	48,762	92,456	235,753	127,619	363,372
Less: Reversals	(182,461)	-	(182,461)	(483,618)	-	(483,618)
	(138,767)	48,762	(90,005)	(247,865)	127,619	(120,246)
Amount written off	(2,184)	-	(2,184)	-	-	-
Closing balance	<u>6,451,252</u>	<u>1,543,453</u>	<u>7,994,405</u>	<u>6,592,203</u>	<u>1,494,391</u>	<u>8,086,594</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

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

In addition, the Bank has also maintained a general provision of Rs 1,125 million (December 31, 2016: Rs 1,125 million) against financing made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

- 11.10** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the State Bank of Pakistan, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at September 30, 2017 amounts to Rs 5.8 million (December 31, 2016: Rs 10.2 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 3.8 million as at September 30, 2017. The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

12 OPERATING FIXED ASSETS

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	———— Rupees in '000 ————	
Capital work-in-progress	924,337	314,408
Property and equipment	10,374,607	8,193,642
	11,298,944	8,508,050
Intangible assets	379,597	416,278
	11,678,541	8,924,328

	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
	———— Rupees in '000 ————	
Additions to fixed assets - at cost	4,009,309	2,069,645
Disposals of fixed assets - at cost	270,640	149,570

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
13 DEPOSITS AND OTHER ACCOUNTS		
Customers		
- Fixed deposits	153,013,136	141,796,085
- Savings deposits	242,216,730	220,228,372
- Current accounts - non-remunerative	205,632,246	195,597,883
- Margin	2,558,320	2,118,269
	603,420,432	559,740,609
Financial institutions		
- Remunerative deposits	3,451,970	3,331,027
- Non-remunerative deposits	359,221	952,217
	3,811,191	4,283,244
	607,231,623	564,023,853
13.1 Particulars of deposits		
In		
- local currency	575,203,451	535,076,218
- foreign currencies	32,028,172	28,947,635
	607,231,623	564,023,853

14 SUB-ORDINATED SUKUK

In 2016, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 7,000 million as instrument of redeemable capital under section 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 6.76% 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.

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15 SHARE CAPITAL

15.1 Authorised capital

September 30, 2017	December 31, 2016		September 30, 2017 (Unaudited)	December 31, 2016 (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

September 30, 2017	December 31, 2016			
Number of Shares				
456,353,635	456,353,635	Ordinary Shares	4,563,536	4,563,536
546,384,260	546,384,260	Fully paid in cash	5,463,843	5,463,843
1,002,737,895	1,002,737,895	Issued as bonus shares	10,027,379	10,027,379

16 ADVANCE AGAINST RIGHT ISSUE

The Board, in its meeting held on July 26, 2017 approved the issuance of 60,164,273 Right shares to existing shareholders in the ratio of 6 ordinary shares for every 100 existing ordinary shares held by them at issue price of Rs 50 per share including premium of Rs 40 per share. The Bank had received Rs 2.842 billion as advance against issue of right shares upto September 30, 2017. The right issue has been successfully completed on October 04, 2017, being the last date for payment of Right subscription amount.

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
Quoted shares/units of mutual fund	1,109,558	2,016,102
Other securities	334,503	1,560,122
	1,444,061	3,576,224
Less: Deferred tax liability	(505,422)	(1,251,679)
	938,639	2,324,545

17 SURPLUS ON REVALUATION OF INVESTMENTS

18 CONTINGENCIES AND COMMITMENTS

18.1 Direct credit substitutes

Guarantee favoring		
- Banks	349,211	209,015

18.2 Transaction related contingent liabilities

Guarantee favoring		
- Government	12,102,403	10,925,552
- Banks	664,458	244,589
- Others	6,107,375	4,066,533
	18,874,236	15,236,674

18.3 Trade related contingent liabilities

Import letters of credit	48,890,030	51,612,802
Acceptances	8,494,466	4,323,808
	57,384,496	55,936,610

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

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

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in this 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.

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	———— Rupees in '000 ————	
18.5 Commitments in respect of forward exchange contracts		
Purchases	<u>70,635,744</u>	72,008,025
Sales	<u>52,894,641</u>	69,766,108
18.6 Commitments for the acquisition of operating fixed assets	<u>110,163</u>	129,320
18.7 Commitments in respect of Islamic financing and related assets	<u>187,395,545</u>	123,675,880
18.8 Other commitments		
Bills for collection (inland)	146,304	144,063
Bills for collection (foreign)	<u>39,378,301</u>	30,342,514
	<u>39,524,605</u>	30,486,577
	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
	———— Rupees in '000 ————	
19 PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS		
On financings to:		
- Customers	15,947,606	10,779,757
On investments in		
- Available for sale securities	3,343,874	6,481,619
- Held for trading securities	-	5,547
- Held to maturity securities	1,170,684	797,609
On deposits with financial institutions	<u>6,338,040</u>	4,577,848
	<u>26,800,204</u>	22,642,380

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	Note	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
20 RETURN ON DEPOSITS AND OTHER DUES EXPENSED		Rupees in '000	
Deposits and other accounts		9,708,314	8,821,328
Other Musharakahs / Mudarabas		1,391,444	456,332
		<u>11,099,758</u>	<u>9,277,660</u>

21 TAXATION

The Finance Act 2017 has further extended the application of super tax brought into effect through Finance Act, 2015 for rehabilitation of temporary displaced persons. Accordingly, the Bank has recognized prior year tax charge of Rs. 344.016 million in the current period (2016: Rs 275.647 million) which is determined at the applicable tax rate of 4 percent on taxable income for the tax year 2017 (i.e. year ended December 31, 2016).

	Note	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
22 BASIC AND DILUTED EARNINGS PER SHARE		Rupees in '000	
Profit after taxation for the period		<u>4,717,285</u>	<u>4,114,380</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	22.1	<u>4.70</u>	<u>4.10</u>

22.1 There were no convertible dilutive potential ordinary shares outstanding on September 30, 2017 and September 30, 2016.

	Note	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
23 CASH AND CASH EQUIVALENTS		Rupees in '000	
Cash and balances with treasury banks	7	56,885,375	49,125,074
Balances with other banks	8	<u>3,690,429</u>	<u>17,581,233</u>
		<u>60,575,804</u>	<u>66,706,307</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

24 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, 2017 (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	4,995,162	-	-	4,995,162
Units of open end fund	50,298	-	-	50,298
GOP Sukuk	-	53,244,448	-	53,244,448
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,920,548	-	-	5,920,548
Forward purchase of foreign exchange contracts	-	71,040,357	-	71,040,357
Forward sale of foreign exchange contracts	-	53,216,219	-	53,216,219

December 31, 2016 (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	5,368,668	-	-	5,368,668
Units of open end fund	51,150	-	-	51,150
GOP Sukuk	-	70,512,182	-	70,512,182
WAPDA Sukuk	-	289,775	-	289,775
PIA Sukuk	-	1,515,000	-	1,515,000
Global Sukuk Bonds	7,514,305	-	-	7,514,305
Forward purchase of foreign exchange contracts	-	72,555,307	-	72,555,307
Forward sale of foreign exchange contracts	-	70,252,958	-	70,252,958

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

Valuation techniques used in determination of fair values within level 2

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

25 SEGMENT DETAILS

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

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000							
September 30, 2017 (Unaudited)							
Total income	1,277,865	12,338,999	7,227,051	11,533,515	-	10,960	32,388,390
Total expenses	(1,061,727)	(10,830,545)	(5,914,181)	(9,860,816)	-	(3,836)	(27,671,105)
Net income	216,138	1,508,454	1,312,870	1,672,699	-	7,124	4,717,285
Segment assets	21,535,856	311,293,270	92,939,410	280,398,396	-	-	706,166,932
Segment non performing assets	181,683	2,699,127	1,639,618	5,295,696	-	-	9,816,124
Segment provision held *	181,683	557,166	1,894,697	6,180,247	-	-	8,813,793
Segment liabilities	837,645	23,771,945	630,208,147	17,710,016	-	-	672,527,753
Segment return on assets (ROA) (%)	1.54%	0.64%	2.13%	0.84%	-	-	-
Segment cost of funds (%)	2.44%	2.44%	2.44%	2.44%	-	-	-

September 30, 2016 (Unaudited)

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%	-	-	-

* Includes general provision

26 RELATED PARTY TRANSACTIONS

26.1 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.

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

26.3 Subsidiary company:

- Al Meezan Investment Management Limited

26.4 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

26.5 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, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Sep 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Sep 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Sep 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)	Sep 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)
	Rupees in '000									
Islamic financing and related assets	415,264	2,484,365	-	-	415,264	2,484,365	-	-	-	-
Deposits	3,888,629	3,678,711	20,882	24,001	997,835	1,300,974	348,369	402,039	2,521,543	1,951,697
Investments	1,897,102	3,022,967	63,050	63,050	1,834,052	2,959,917	-	-	-	-
Other Balances										
Profit receivable on Islamic financing	6,372	26,418	-	-	6,372	26,418	-	-	-	-
Dividend receivable	-	4,286	-	-	-	4,286	-	-	-	-
Fee receivable	36,559	27,984	22,859	19,989	13,700	7,995	-	-	-	-
Payable to defined benefit plan	432,798	370,282	-	-	-	-	272,922	246,926	159,876	123,356
Advance rental against Diminishing Musharakah	-	52,994	-	-	-	52,994	-	-	-	-
Accrued expenses	8,021	46,129	8,021	46,129	-	-	-	-	-	-
Letters of guarantee (unfunded)	100	1,201,101	100	100	-	1,201,001	-	-	-	-
Letters of credit (unfunded)	9,045	938,923	-	-	9,045	938,923	-	-	-	-

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

Total		Subsidiary		Associates		Key management personnel/Directors		Other related parties	
Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016
(Unaudited)									
Rupees in '000									

Transactions, income and expenses

Profit earned on Investments / Islamic financing	142,469	56,035	-	-	142,469	56,035	-	-	-	-
Profit on deposits expensed	141,925	118,768	818	917	27,052	23,543	9,012	4,356	105,043	89,952
Dividend income earned	472,612	413,428	260,000	267,800	212,612	145,628	-	-	-	-
Investments made	183,264	560,939	-	-	183,264	560,939	-	-	-	-
Capital gain - net	35,946	181,106	-	-	35,946	181,106	-	-	-	-
Charge for defined benefit plan	159,876	158,167	-	-	-	-	-	-	159,876	158,167
Contribution to defined contribution plan	178,337	153,305	-	-	-	-	-	-	178,337	153,305
Contribution to staff benevolent fund	18,133	16,469	-	-	-	-	-	-	18,133	16,469
Fees expensed	16,925	9,636	16,925	9,636	-	-	-	-	-	-
Fees and commission earned	230,768	122,482	85,935	96,812	144,833	25,670	-	-	-	-
Charity paid	5,000	-	-	-	-	-	-	-	5,000	-
Remuneration to the directors and key management personnel including fees to non-executive directors	145,597	136,960	-	-	-	-	145,597	136,960	-	-

27 GENERAL

27.1 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.

28 DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorised for issue on October 25, 2017 by the Board of Directors of the Bank.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Mansur Khan
Director

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017**

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	56,885,375	56,037,043
Balances with other banks	3,733,292	12,067,855
Due from financial institutions	147,013,686	129,115,165
Investments - net	120,755,047	134,796,574
Islamic financing and related assets - net	358,021,354	311,530,270
Operating fixed assets	11,793,562	9,031,686
Deferred tax asset	-	-
Other assets - net	13,112,080	10,689,082
	711,314,396	663,267,675
LIABILITIES		
Bills payable	10,037,831	9,130,998
Due to financial institutions	31,034,029	32,005,501
Deposits and other accounts	607,210,741	563,999,852
Sub-ordinated Sukuk	7,000,000	7,000,000
Deferred tax liabilities	517,142	1,955,203
Other liabilities	17,892,164	14,403,557
	673,691,907	628,495,111
NET ASSETS	37,622,489	34,772,564
REPRESENTED BY		
Share capital	10,027,379	10,027,379
Advance against right issue	2,842,395	-
Reserves	10,667,458	9,724,001
Unappropriated profit	11,861,248	11,340,678
	35,398,480	31,092,058
NON-CONTROLLING INTEREST	1,196,937	1,221,989
	36,595,417	32,314,047
Surplus on revaluation of investments (including amount relating to share of profit from associates) - net of tax	1,027,072	2,458,517
	37,622,489	34,772,564

The annexed notes from 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM CONSOLIDATED

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Quarter ended September 30, 2017	Nine months period ended September 30, 2017	Quarter ended September 30, 2016	Nine months period ended September 30, 2016
	Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	9,465,710	26,806,833	7,688,469	22,642,237
Profit on deposits and other dues expensed	3,866,642	11,098,940	3,125,492	9,276,743
Net spread earned	5,599,068	15,707,893	4,562,977	13,365,494
(Reversal) / provision against non-performing islamic financing and related assets - net	(68,639)	(90,005)	353	(222,567)
Provision / (reversal of provision) against diminution in the value of investments	229,556	358,137	(13,308)	(89,884)
Bad debts written off directly	-	-	-	-
Net spread after provisions	160,917	268,132	(12,955)	(312,451)
	5,438,151	15,439,761	4,575,932	13,677,945
OTHER INCOME				
Fee, commission and brokerage income	1,518,216	4,659,025	867,391	2,677,909
Dividend income	41,855	132,726	6,147	211,709
Income from dealing in foreign currencies	369,904	815,715	282,509	926,183
Capital gain on sale of investments - net	31,396	874,703	299,068	798,863
Other income	80,177	327,841	80,275	248,436
Total other income	2,041,548	6,810,010	1,535,390	4,863,100
	7,479,699	22,249,771	6,111,322	18,541,045
OTHER EXPENSES				
Administrative expenses	4,615,089	13,508,135	3,962,926	11,675,289
Other reversal of provisions	19,708	11,385	3,447	3,346
Other charges	106	10,374	90	471
Workers Welfare Fund	72,786	219,811	54,777	157,744
Total other expenses	4,707,689	13,749,705	4,021,240	11,836,850
	2,772,010	8,500,066	2,090,082	6,704,195
Share of results of associates before taxation	(443,998)	(650,885)	135,178	648,261
	2,328,012	7,849,181	2,225,260	7,352,456
Extraordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	2,328,012	7,849,181	2,225,260	7,352,456
Taxation - Current	1,116,353	3,552,834	912,467	2,489,678
- Prior years	(17,925)	373,600	-	175,280
- Deferred	(230,329)	(667,283)	(91,116)	132,197
	868,099	3,259,151	821,351	2,797,155
PROFIT AFTER TAXATION	1,459,913	4,590,030	1,403,909	4,555,301
Attributable to:				
Equity shareholders of the Bank	1,463,872	4,474,087	1,304,404	4,311,376
Non-controlling interest	(3,959)	115,943	99,505	243,925
	1,459,913	4,590,030	1,403,909	4,555,301
	Rupees			
Basic and diluted earnings per share	1.46	4.46	1.30	4.30

The annexed notes from 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Quarter ended September 30, 2017	Nine months period ended September 30, 2017	Quarter ended September 30, 2016	Nine months period ended September 30, 2016
	Rupees in '000			
Profit after tax for the period attributable to:				
Equity shareholders of the Bank	1,463,872	4,474,087	1,304,404	4,311,376
Non-controlling interest	(3,959)	115,943	99,505	243,925
	1,459,913	4,590,030	1,403,909	4,555,301
Other Comprehensive income				
Item that may not be reclassified to profit and loss account				
Remeasurement of defined benefit plan - net of tax	-	(1,847)	1,651	1,651
Non-controlling interest - net of tax	-	(995)	889	889
	-	(2,842)	2,540	2,540
Comprehensive income transferred to statement of changes in equity	1,459,913	4,587,188	1,406,449	4,557,841
Components of comprehensive income not transferred to equity				
Items that may be reclassified to profit and loss account				
Share in results of associates relating to investment classified as 'available for sale'	(48,419)	(70,060)	10,579	36,969
Deferred tax on share of results of associates	16,947	24,521	(3,702)	(12,939)
(Deficit) / Surplus on revaluation of investments	(1,057,491)	(2,132,163)	769,402	1,012,762
Deferred tax on revaluation of investments	370,122	746,257	(269,290)	(354,466)
Total comprehensive income for the period	741,072	3,155,743	1,913,438	5,240,167

The annexed notes from 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM CONSOLIDATED

CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Nine months period ended September 30, 2017	Nine months period ended September 30, 2016
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,849,181	7,352,456
Less: Dividend income	(132,726)	(211,709)
	<u>7,716,455</u>	<u>7,140,747</u>
Adjustments for non-cash charges and other items:		
Depreciation	1,101,795	1,027,379
Amortization	125,554	129,977
Reversal of provision against non-performing Islamic financing and related assets - net	(90,005)	(222,567)
Provision / (reversal of provision) against diminution in value of investments	358,137	(89,884)
Remeasurement of defined benefit plan	(2,842)	2,540
Gain on sale of operating fixed assets	(58,796)	(45,406)
Share of results from associates	650,885	(648,261)
	<u>2,084,728</u>	<u>153,778</u>
	<u>9,801,183</u>	<u>7,294,525</u>
(Increase) / decrease in operating assets		
Due from financial institutions	(17,898,521)	14,397,455
Islamic financing and related assets	(46,401,079)	(15,202,750)
Other assets	(2,846,964)	1,349,913
	<u>(67,146,564)</u>	<u>544,618</u>
Increase / (decrease) in operating liabilities		
Bills payable	906,833	2,339,609
Due to financial institutions	(971,472)	22,480,130
Deposits and other accounts	43,210,889	29,108,154
Other liabilities	2,080,428	(497,453)
	<u>45,226,678</u>	<u>53,430,440</u>
	<u>(12,118,703)</u>	<u>61,269,583</u>
Income tax paid	(2,548,472)	(1,724,601)
Net cash (used in) / generated from operating activities	<u>(14,667,175)</u>	<u>59,544,982</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in securities	10,830,282	(50,239,613)
Dividends received	556,692	302,975
Investments in operating fixed assets	(4,030,353)	(2,080,255)
Proceeds from sale of fixed assets	99,924	77,329
Net cash generated from / (used in) investing activities	<u>7,456,545</u>	<u>(51,939,564)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advance received against right issue	2,842,395	-
Issuance of sub-ordinated sukuk	-	7,000,000
Dividend paid to equity shareholders of the Bank	(2,977,996)	(2,766,867)
Dividend paid to non controlling interest	(140,000)	-
Net cash (used in) / generated from financing activities	<u>(275,601)</u>	<u>4,233,133</u>
Net (decrease) / increase in cash and cash equivalents	<u>(7,486,231)</u>	<u>11,838,551</u>
Cash and cash equivalents at the beginning of the period	<u>68,104,898</u>	<u>54,891,498</u>
Cash and cash equivalents at the end of the period	<u>60,618,667</u>	<u>66,730,049</u>

The annexed notes from 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. A. Al-Nassar
Director

Mansur Khan
Director

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

Share capital	Advance against right issue	Capital reserves		Revenue reserve	Unappropriated profit	Non controlling interest	Total
		Statutory reserve *	Non -Distributable Capital Reserve Gain on Bargain Purchase	General reserve			
Rupees in '000							
10,027,379	-	5,403,050	3,117,547	91,082	9,238,479	944,623	28,822,160
-	-	-	-	-	4,311,376	243,925	4,555,301
-	-	-	-	-	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
-	-	-	-	-	1,870,525	176,597	2,047,122
-	-	-	-	-	39,182	155	39,337
-	-	-	-	-	-	(144,200)	(144,200)
-	-	289,446	-	-	(289,446)	-	-
10,027,379	-	6,515,372	3,117,547	91,082	11,340,678	1,221,989	32,314,047
-	-	-	-	-	4,474,087	115,943	4,590,030
-	-	-	-	-	(1,847)	(995)	(2,842)
-	-	-	-	-	-	(140,000)	(140,000)
-	-	-	-	-	(1,253,422)	-	(1,253,422)
-	-	-	-	-	(1,754,791)	-	(1,754,791)
-	2,842,395	-	-	-	-	-	2,842,395
-	-	943,457	-	-	(943,457)	-	-
10,027,379	2,842,395	7,458,829	3,117,547	91,082	11,861,248	1,196,937	36,595,417

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

The annexed notes from 1 to 3 form an integral part of this 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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

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 Sovereign Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund, Meezan Gold fund and Meezan Energy Fund.
- 1.2** This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

This condensed interim consolidated financial information comprise of the statement of financial position as at September 30, 2017 and the profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity for the nine months period ended September 30, 2017.

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, 2016.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on October 25, 2017 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