



## HALF YEARLY REPORT JUNE 30, 2020



**Meezan Bank**  
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

## CONTENTS

<b>Corporate Information</b>	<b>03</b>
<b>Directors' Review</b>	<b>04</b>
<b>Auditors' Review Report</b>	<b>11</b>
<b>Condensed Interim Unconsolidated Statement of Financial Position</b>	<b>12</b>
<b>Condensed Interim Unconsolidated Profit and Loss Account</b>	<b>13</b>
<b>Condensed Interim Unconsolidated Statement of Comprehensive Income</b>	<b>14</b>
<b>Condensed Interim Unconsolidated Statement of Changes in Equity</b>	<b>15</b>
<b>Condensed Interim Unconsolidated Cash Flow Statement</b>	<b>16</b>
<b>Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Information</b>	<b>17</b>
<b>Condensed Interim Consolidated Statement of Financial Position</b>	<b>50</b>
<b>Condensed Interim Consolidated Profit and Loss Account</b>	<b>51</b>
<b>Condensed Interim Consolidated Statement of Comprehensive Income</b>	<b>52</b>
<b>Condensed Interim Consolidated Statement of Changes in Equity</b>	<b>53</b>
<b>Condensed Interim Consolidated Cash Flow Statement</b>	<b>54</b>
<b>Notes to and Forming Part of the Condensed Interim Consolidated Financial Information</b>	<b>55</b>





## CORPORATE INFORMATION

<b>Board of Directors</b>	Riyadh S. A. A. Edrees Faisal A. A. A. AlNassar Bader H. A. M. A. AlRabiah Mubashar Maqbool Basil Y. A. Y. R. AlBader Saad Fazil Abbasi Mohamed Guermazi Noorur Rahman Abid Nausheen Ahmad Atif Azim Irfan Siddiqui	Chairman Vice Chairman         President & CEO
<b>Shariah Supervisory Board</b>	Justice (Retd.) Muhammad Taqi Usmani Dr. Muhammad Imran Ashraf Usmani Sheikh Esam Mohamed Ishaq Mufti Muhammad Naveed Alam	Chairman Vice Chairman
<b>Management</b>	Irfan Siddiqui Ariful Islam	President & CEO Deputy CEO
<b>Board Audit Committee</b>	Noorur Rahman Abid Faisal A. A. A. AlNassar Bader H. A. M. A. AlRabiah Basil Y. A. Y. R. AlBader	
<b>Board Risk Management Committee</b>	Faisal A. A. A. AlNassar Mubashar Maqbool Saad Fazil Abbasi Mohamed Guermazi	
<b>Board Human Resources &amp; Remuneration Committee</b>	Noorur Rahman Abid Riyadh S. A. A. Edrees Nausheen Ahmad	
<b>Board Information Technology Committee</b>	Mubashar Maqbool Riyadh S. A. A. Edrees Faisal A. A. A. AlNassar Atif Azim Irfan Siddiqui	
<b>Board IFRS 9 Implementation Oversight Committee</b>	Riyadh S. A. A. Edrees Basil Y. A. Y. R. AlBader Irfan Siddiqui	
<b>Resident Shariah Board Member</b>	Mufti Muhammad Naveed Alam	
<b>Chief Financial Officer</b>	Shabbir Hamza Khandwala	
<b>Company Secretary</b>	Muhammad Sohail Khan	
<b>Auditors</b>	EY Ford Rhodes, Chartered Accountants	
<b>Registered Office and Head Office</b>	Meezan House C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (92-21) 38103500, Fax: (92-21) 36406049 24/7 Call Centre: 111-331-331 & 111-331-332	
<b>E-mail</b>	info@meezanbank.com	
<b>Website</b>	www.meezanbank.com www.meezanbank.pk	
<b>Shares Registrar</b>	THK Associates (Pvt.) Ltd 1st Floor, 40-C, Block 6, P.E.C.H.S., Karachi - 75400, Pakistan Phone: (92-21) 111-000-322, Fax: (92-21) 34168271 Email: secretariat@thk.com.pk Website: www.thk.com.pk	

## **DIRECTORS' REVIEW**

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The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the half year ended June 30, 2020.

### **A Watershed Milestone**

We are delighted to inform you that the deposits of the Bank crossed a trillion-rupee benchmark in June 2020 and closed at Rs 1,045 billion as compared to Rs 933 billion in December 2019 - a growth of 12%. This is indeed a watershed milestone in the history of Meezan and we thank Almighty Allah for His blessings and all the stakeholders especially our valued customers for their patronage and continued trust that has helped us take Meezan Bank into the league of big banks in Pakistan.

### **Economy**

The full brunt of the COVID-19 pandemic was felt this quarter and had a significant impact on the economy and all spheres of life. Business activity came to a virtual standstill due to the lock-down that was imposed in Pakistan on March 23<sup>rd</sup>, 2020. The Government of Pakistan stepped forward and introduced fiscal stimulus package of Rs 1.2 trillion to support the export sector and lower income groups. The Government has also announced incentive package and concessions for the construction industry to generate employment and support housing related industries.

The State Bank of Pakistan (SBP) also took several measures to support industry during this challenging time. The benchmark interest rate (also referred to as the Policy Rate) was reduced from 13.25% at the start of the year 2020 to 7.00% in June 2020. In addition, the SBP also took other policy measures including giving all companies the option to defer the repayment of principal upto one-year, new concessional refinance facility for salary payments, for funding to hospitals and for setting up new industrial units.

We acknowledge the timely actions taken by the SBP that have provided much needed relief to industries and given them fiscal space to survive the downturn. Thankfully, as recently markets have opened up internationally, we find that most sectors of the economy are showing very encouraging signs of revival.

### **Financial Review and Highlights**

By the Grace of Allah (SWT), the Bank has maintained its growth momentum, and, even in these challenging times, recorded outstanding results for the half year ended June 30, 2020. The Bank's profit after tax increased to Rs 11,677 million from Rs 7,002 million in corresponding period last year - a growth of 67%. Earnings per Share increased to Rs 9.08 per share from Rs 5.44 per share in June 2019.

We are pleased to inform you that the Board has approved 10.00% bonus shares for the half year ended June 30, 2020. The financial highlights of the Bank are given below:

## DIRECTORS' REVIEW

### Financial Highlights

Rupees in millions

Profit & Loss Account	Jan - June 2020	Jan - June 2019	Growth %
Net spread earned	32,355	20,751	56%
Non - funded income	5,025	4,459	13%
Operating income	37,380	25,210	48%
Operating and other expenses	(14,892)	(11,721)	27%
Taxation	(7,714)	(5,435)	42%
Profit after tax	11,677	7,002	67%
Earnings per share - Rupees	9.08	5.44	67%
Number of branches	798	678	18%

Rupees in millions

Statement of Financial Position	June 30, 2020	December 31, 2019	Growth %
Investments / Placements under Bai Muajjal	580,867	449,335	29%
Islamic financing and related assets - net	478,442	493,775	(3%)
Total Assets	1,260,599	1,121,258	12%
Deposits	1,045,420	932,579	12%
Sub-ordinated Sukuk (Additional Tier I & Tier II)	18,000	14,000	29%
Equity	63,509	59,015	8%

The Bank's net spread grew by 56% primarily due to the Bank's continuous focus on maintaining higher volume of earning assets portfolio and higher underlying rates during the period. The Bank's non-funded income grew to Rs 5.0 billion from Rs 4.5 billion in the corresponding period last year - a growth of 13%. The operating income of the Bank, accordingly, grew by 48% from Rs 25,210 million in June 2019 to Rs 37,380 million in June 2020.

The Bank's operating and other expenses increased to Rs 14,892 million from Rs 11,721 million in corresponding period last year primarily due to increase in cost associated with opening of 120 new branches from June 2019 - an investment in future. However, this rise in expenses is sufficiently absorbed by the growth in the Bank's funded and non-funded income resulting in improvement in income efficiency ratio. The Bank's income efficiency ratio now stands at 40% as compared to 46% in June 2019. The Bank continued to further expand its footprints and added 38 new branches to its network during the half year, bringing the total network size to 798 branches in more than 240 cities (December 2019: 760 Branches in 223 cities).

During the half year, the Bank invested Rs 51 billion and Rs 34 billion in GoP Ijarah Sukuk and Pakistan Energy Sukuk-II respectively. You will be pleased to learn that the Bank played a leading role in the successful issuance of Pakistan Energy Sukuk (PES) II of Rs 200 billion,

## **DIRECTORS' REVIEW**

by Power Holding Limited, a company fully owned by Ministry of Energy and Government of Pakistan to help the Government in addressing the challenges for resolving circular debt. However, both Sukuk issues were heavily oversubscribed and were issued at a discount to comparable yields of conventional instruments. We believe this overwhelming response is a strong indicator of the potential of Islamic Banking Industry and we wish to play our pioneering role in assisting Government to shift towards Shariah-compliant finance.

In keeping with the Bank's cautious financing policies and also as a result of the overall slowdown in the economy, financing remained slightly lower relative to December 2019 and closed at Rs 478 billion. The Bank's financing portfolio is well diversified and is comprised of Corporate, Commercial, mid-tier Small and Medium Enterprise (SME) and Consumer segments. The Bank maintains a very comfortable level of provisions against its non-performing financings with a coverage ratio of 129% - well above banking industry average of 84%. The Bank's non-performing financing ratio of 2.35% is also significantly better than the industry average of 9% and is testament of the excellent asset quality of the Bank's financing portfolio.

### **CAR and Credit Rating**

The Bank remains a well-capitalized institution with equity of Rs 63.5 billion and Capital Adequacy Ratio (CAR) of 20.89% over and above the minimum regulatory requirement of 11.50%. The VIS Credit Rating Company Limited, has reaffirmed the Bank an Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term with stable outlook. The Subordinated Tier II Sukuk and Additional Tier I Sukuk of the Bank has been assigned a credit rating of 'AA' (Double A) and 'AA-' (Double A Minus) respectively. These ratings were assigned in 2020 and represent sound performance indicators of the Bank.

### **Outlook**

Notwithstanding the encouraging signs of an early revival of economic activity in the country, COVID-19 will undoubtedly take its toll and impact the performance of banks in the country. Anticipating this situation, SBP has barred all banks from paying a cash dividend for the first two quarters of 2020. However, Meezan Bank will Insha'Allah resume its unblemished dividend track record as soon as this embargo is lifted.

One positive impact of the lockdown has been the substantial increase in digital banking transactions and we expect this change in customer behavior to continue in future. As a result, the Bank has recently increased its investment in a number of very large technology projects to strengthen IT infrastructure and is working to improve all digital channels. Meezan Bank's Mobile Banking App has been consistently ranked as the No.1 Mobile Banking App in Pakistan by Google Playstore.

Alhamdulillah! Pakistan is now among a few countries where cases of COVID-19 have dropped considerably, and things are beginning to trend towards a 'new normal'. However, the Bank will continue with its safety measures to counter the spread of disease while ensuring continuous delivery of all banking services for our customers through both physical and alternate delivery channels. We continue to pray that may Allah (SWT) keep all of us safe from this calamity and disease.

## **DIRECTORS' REVIEW**

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and our Shariah Supervisory Board for their continued guidance and support. We also take this opportunity to thank our valued customers for their patronage; as well as our shareholders, holders of the Additional Tier I Sukuk and the Sub-ordinated Tier II Sukuk for their continued support; and to the staff for their continuous efforts to make Meezan Bank an extraordinary success. Most importantly, we are thankful to Allah Almighty for His continued blessings on our institution, which has enabled us to achieve this incredible performance in a very short span of time. We pray that He gives us the strength and wisdom to further expand our Vision to 'Establish Islamic banking as banking of first choice...'; here in Pakistan, and indeed, for the world.

On behalf of the Board.

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

**Irfan Siddiqui**  
President & CEO

Karachi:  
August 17, 2020



## ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 جون، 2020 کو ختم ہونے والے نصف سال کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔

### ایک تاریخی سنگ میل

ہم آپ کو یہ اطلاع دینے میں مسرت محسوس کرتے ہیں کہ بینک کی جمع شدہ رقوم نے جون، 2020 میں ایک کھرب روپے کا سنگ میل عبور کر لیا اور دسمبر، 2019 کے 933 ارب روپے کے مقابلے میں 12 فیصد اضافہ کے ساتھ 1,045 ارب روپے تک پہنچ گئیں۔ درحقیقت یہ میزان بینک کی تاریخ میں ایک اہم اور تاریخی سنگ میل ہے۔ ہم اللہ ﷻ کی رحمت کے لئے اس کے انتہائی شکر گزار ہیں، اور اپنے تمام حصہ داران بالخصوص اپنے معزز صارفین کا بھی شکریہ ادا کرنا چاہتے ہیں جن کی مسلسل سرپرستی اور اعتماد کی بدولت میزان بینک پاکستان کے بڑے بینکوں کی صف میں شامل ہوا۔

### معیشت

COVID-19 کی عالمی وبا کے بدترین اثرات رواں سہ ماہی میں محسوس کئے گئے اور ان کا معیشت اور زندگی کے تمام شعبوں پر اثر ہوا۔ 23 مارچ، 2020 کو پاکستان میں عائد کئے جانے والے لاک ڈاؤن کے باعث کاروباری سرگرمیاں سخت جمود کا شکار ہو گئیں۔ اس صورتحال میں حکومت پاکستان آگے بڑھی اور برآمدی شعبہ اور کم آمدنی کے حامل طبقات کے لئے 1.2 کھرب روپے کا مالیاتی چیک متعارف کروایا۔ حکومت نے تعمیراتی صنعت کے لئے رعایتی چیک اور مراعات کا بھی اعلان کیا ہے تاکہ روزگار کے مواقع پیدا کئے جاسکیں اور رہائشی منصوبوں سے متعلقہ صنعت کی مدد کی جاسکے۔

اسٹیٹ بینک آف پاکستان (SBP) نے بھی اس آزمائشی وقت میں صنعت کی مدد کے لئے متعدد اقدامات کئے ہیں۔ نچ مارک شرح سود (جسے پالیسی شرح بھی کہا جاتا ہے) سال 2020 کے آغاز میں 13.25 فیصد تھی جو جون، 2020 تک کم ہو کر 7 فیصد ہو گئی۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے دیگر پالیسی اقدامات بھی کئے ہیں جن میں کمپنیوں کو قرضہ جات کی ادائیگی میں ایک سال کے لئے مؤخر کرنے کا اختیار دینے، تنخواہوں کی ادائیگی، اسپتالوں کی فنڈنگ اور نئے صنعتی یونٹس کے قیام کے لئے نئی رعایتی ری فنانس فیسلٹی کی سہولت جیسے اقدامات شامل ہیں۔

ہم اسٹیٹ بینک آف پاکستان کی جانب سے کئے جانے والے اقدامات کے معترف ہیں جن سے صنعت کو انتہائی ضروری ریلیف حاصل ہوا اور انہیں گراؤٹ کے رجحان سے نمٹنے کے لئے مالی اعانت حاصل ہوئی۔ بصد شکر کہ حال ہی میں بین الاقوامی سطح پر مارکیٹیں کھلنے کے بعد معیشت کی بحالی کی حوصلہ افزاء علامات ظاہر ہو رہی ہیں۔

### مالیاتی جائزہ اور اہم نکات

اللہ ﷻ کی رحمت سے بینک نے اپنی ترقی کی رفتار جاری رکھی ہے اور ان آزمائشی حالات کے باوجود 30 جون، 2020 کو ختم ہونے والے نصف سال کے لئے شاندار نتائج حاصل کئے ہیں۔ بینک کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 7,002 ملین روپے کے مقابلے میں بڑھ کر 11,677 ملین روپے ہو گیا ہے جو 67 فیصد اضافہ ہے۔ فی حصص آمدنی جون، 2019 کے 5.44 روپے فی حصص کے مقابلے میں بڑھ کر 9.08 روپے فی حصص ہو گئی ہے۔

ہم آپ کو یہ اطلاع دینے میں مسرت محسوس کرتے ہیں کہ بورڈ نے 30 جون، 2020 کو ختم ہونے والے نصف سال کے لئے 10 فیصد بونس حصص کی منظوری دی ہے۔ بینک کے اہم مالیاتی نکات درج ذیل ہیں:

## اہم مالیاتی نکات

روپے (ملین میں)

نفع و نقصان کھاتہ	جنوری تا جون، 2020	جنوری تا جون، 2019	اضافہ کی شرح %
آمدنی - خالص	32,355	20,751	56%
نان - فنڈڈ آمدنی	5,025	4,459	13%
کاروباری آمدنی	37,380	25,210	48%
انتظامی اور دیگر اخراجات	(14,892)	(11,721)	27%
ٹیکسیشن	(7,714)	(5,435)	42%
بعد از ٹیکس منافع	11,677	7,002	67%
منافع فی حصص (روپے میں)	9.08	5.44	67%
شاخوں کی تعداد	798	678	18%

مالیاتی حیثیت کا جائزہ	30 جون، 2020	31 دسمبر، 2019	اضافہ / کمی کی شرح %
سرمایہ کاری / بیع محفل کے تحت تعیناتی	580,867	449,335	29%
اسلامی فنانسنگ اور متعلقہ اثاثے - خالص	478,442	493,775	(3%)
کل اثاثے	1,260,599	1,121,258	12%
جمع شدہ رقوم (Deposits)	1,045,420	932,579	12%
ثانوی صکوک (اضافی Tier I اور Tier II)	18,000	14,000	29%
ایکویٹی	63,509	59,015	8%

بینک کے اصل منافع میں 56 فیصد کا اضافہ ہوا جس کی بنیادی وجہ آمدنی والے اثاثوں کے پورٹ فولیو کا زیادہ حجم برقرار رکھنا اور دوران مدت زیادہ پالیسی شرح تھی۔ بینک کی نان - فنڈڈ آمدنی گزشتہ سال کی اسی مدت کے 4.5 ارب روپے کے مقابلہ میں 13 فیصد اضافہ کے بعد 5.0 ارب روپے ہو گئی۔ تینتہا بینک کی انتظامی آمدنی 48 فیصد اضافہ کے بعد جون، 2019 کے 25,210 ملین روپے کے مقابلہ میں جون، 2020 میں 37,380 ملین روپے ہو گئی۔

بینک کے انتظامی اور دیگر اخراجات گزشتہ سال کی اسی مدت کے 11,721 ملین روپے کے مقابلہ میں بڑھ کر 14,892 ملین روپے ہو گئے، اس اضافہ کی بنیادی وجہ وہ اخراجات تھے جو جون، 2019 کے بعد سے 120 نئی برانچیں کھولنے پر ہوئے، جو کہ مستقبل کے لئے ایک سرمایہ کاری ہے۔ تاہم اس اضافہ کو بینک کی فنڈڈ اور نان - فنڈڈ آمدنی میں اضافہ نے کافی حد تک جذب کر لیا اور اس کا نتیجہ آمدنی کی شرح استعداد (Income efficiency ratio) میں بہتری کی صورت میں برآمد ہوا۔ بینک آمدنی کی شرح استعداد جون، 2019 کے 46 فیصد کے مقابلہ میں اب 40 فیصد پر برقرار ہے۔ بینک نے اپنی وسعت میں مزید اضافہ کا سلسلہ جاری رکھا اور نصف سال کے دوران اپنے نیٹ ورک میں 38 نئی برانچوں کا اضافہ کی، جس سے اس کی برانچوں کے نیٹ ورک کا حجم بڑھ کر 240 سے زائد شہروں میں 798 برانچوں تک ہو گیا (دسمبر، 2019: 223 شہروں میں 760 برانچیں)۔

نصف سال کے دوران بینک نے حکومت پاکستان کے اجارہ صکوک اور پاکستان انرجی صکوک - II میں بالترتیب 51 ارب روپے اور 34 ارب روپے کی سرمایہ کاری کی۔ آپ کو یہ جان کر مسرت ہوگی کہ بینک نے گردش قرضوں کے چینلجز سے نمٹنے میں حکومت کی مدد کے لئے 200 ارب روپے کے پاکستان انرجی صکوک II (PES) کے اجراء میں نمایاں کردار ادا کیا، جو وزارت توانائی اور حکومت پاکستان کی کل ملکیتی کمپنی پاور ہولڈنگ لمیٹڈ نے جاری کئے تھے۔ تاہم دونوں صکوک کی بھاری پیمانے پر خریداری کی گئی اور انہیں روایتی انسٹرومنٹس کے منافع جات کے مقابلہ میں ڈسکاؤنٹ پر جاری کیا گیا۔ ہمیں یقین ہے کہ صکوک کی خریداری کے لئے بھرپور رد عمل اسلامی بینکاری صنعت کی استعداد کا ایک مستحکم اشارہ ہے اور ہم اس بات کے خواہشمند ہیں کہ شریعہ کمپلائنس فنانس پر منتقلی کے لئے حکومت کی اعانت میں قائدانہ کردار ادا کریں۔

بینک کی محتاط مالیاتی پالیسیوں سے مطابقت اور اس کے ساتھ ساتھ معیشت کی سست روی کے باعث بینک کی فنانسنگ دسمبر، 2019 کے مقابلہ میں نسبتاً کم رہی اور 1478 ارب روپے پر بند ہوئی۔ بینک کا فنانسنگ پورٹ فولیو متنوع ہے اور کارپوریٹ، کمرشل، اوسط درجہ کے چھوٹے اور درمیانے کاروبار (SME) اور کٹریز پر مشتمل ہے۔ بینک نے اپنی غیر فعال فنانسنگز کی مد میں 129 فیصد کو رج ریشو کے ساتھ پروویڈنٹ کی تسلی بخش شرح برقرار رکھی ہے، جو بینکاری صنعت کی اوسط شرح 84 فیصد سے کافی زیادہ ہے۔ بینک کی غیر فعال فنانسنگز کی شرح 2.35 فیصد ہے جو بینکاری صنعت کی 9 فیصد اوسط شرح کے مقابلہ میں نمایاں حد تک بہتر ہے، اور یہ بینک کے فنانسنگ پورٹ فولیو کے اثاثہ جات کے اعلیٰ معیار کا ثبوت ہے۔

### کمپیٹل ایڈیکولیسی ریشو (CAR) اور کریڈٹ رینٹنگ

بینک 63.5 ارب روپے ایکویٹی اور 20.89 فیصد کمپیٹل ایڈیکولیسی ریشو کے ساتھ ایک Well-capitalized ادارہ ہے۔ بینک کا کمپیٹل ایڈیکولیسی ریشو 11.50 فیصد کی کم از کم ریگیولیٹری ضرورت سے کافی زیادہ ہے۔ VIS کریڈٹ رینٹنگ کمپنی لمیٹڈ نے بینک کی AA+ (ڈبل اے پلس) طویل المیعاد رینٹنگ اور A1+ (اے ون پلس) قلیل المیعاد رینٹنگ کی مستحکم آثار کے ساتھ دوبارہ توثیق کی ہے۔ VIS کریڈٹ رینٹنگ کمپنی نے بینک کے ثانوی صکوک Tier II اور اضافی صکوک Tier I کو بالترتیب AA (ڈبل اے) اور AA- (ڈبل اے مائنس) رینٹنگ دی ہے۔ یہ رینٹنگز سال 2020 میں دی گئیں جو بینک کی مستحکم کارکردگی کے اشاروں کی توثیق کرتی ہیں۔

### مستقبل کے امکانات

ملک میں معاشی سرگرمیوں کی جلد بحالی کے حوصلہ افزا آثار کے باوجود COVID-19 کے منفی اثرات یقینی طور پر ظاہر ہوں گے اور ملک میں بینکوں کی کارکردگی متاثر ہوگی۔ اس صورتحال کے پیش نظر اسٹیٹ بینک آف پاکستان نے تمام بینکوں کے لئے سال 2020 کی پہلی دوسہ ماہیوں کے لئے نقد ڈیویڈنڈ کی ادائیگی پر پابندی لگادی ہے۔ تاہم جیسے ہی یہ پابندی ختم ہوگی، میزان بینک انشاء اللہ ڈیویڈنڈ کی ادائیگیوں کا اپنا بے داغ ریکارڈ دوبارہ قائم کر لے گا۔

لاک ڈاؤن کا ایک مثبت اثر یہ ہوا کہ ڈیجیٹل بینکاری ٹرانزیکشنز میں نمایاں اضافہ دیکھنے میں آیا، اور ہم توقع کرتے ہیں کہ صارفین کے طرز عمل میں یہ تبدیلی مستقبل میں بھی جاری و ساری رہے گی۔ اس کے نتیجے میں بینک نے حال ہی میں اپنے آئی ٹی انفراسٹرکچر کے استحکام کے لئے متعدد بڑے ٹیکنالوجی منصوبوں میں اپنی سرمایہ کاری میں اضافہ کیا ہے اور اپنے تمام ڈیجیٹل ذرائع کی بہتری کے لئے کام کر رہا ہے۔ میزان بینک کی موبائل بینکنگ ایپ کو گوگل پلے اسٹور کی جانب سے مسلسل پاکستان کی نمبر 1 موبائل بینکنگ ایپ قرار دیا گیا ہے۔

الحمد للہ پاکستان ان چند ممالک میں شامل ہے جہاں COVID-19 کے کیسز میں بڑی حد تک کمی آئی ہے اور زندگی ایک نئے معمول (New normal) کے ساتھ معمول پر آ رہی ہے۔ تاہم بینک اپنے صارفین کی تمام بینکاری خدمات کی انفرادی اور متبادل ترسیلی ذرائع سے فراہمی کو یقینی بناتے ہوئے حفاظتی اقدامات کے ساتھ جاری رکھے گا تاکہ بیماری کے پھیلاؤ سے بچا جاسکے۔ ہم دعا گو ہیں کہ اللہ سبحانہ تعالیٰ ہم سب کو اس آفت اور بیماری سے محفوظ رکھے۔

میزان بینک کا بورڈ اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور ہمارے شریعہ سپروائزرزری بورڈ کا ان کی مسلسل معاونت اور رہنمائی کے لئے تہہ دل سے مشکور ہے۔ اس موقع پر ہم اپنے معزز صارفین کی سرپرستی، اپنے شیئر ہولڈرز، اضافی Tier I صکوک اور ثانوی Tier II صکوک ہولڈرز کے مسلسل تعاون اور اپنے ملازمین کی مسلسل جدوجہد کے لئے ان کا شکریہ ادا کرتے ہیں جنہوں نے میزان بینک کو کامیابی کی ان بلندیوں سے ہمکنار کیا۔ سب سے بڑھ کر ہم اللہ ﷻ کے بے حد شکر گزار ہیں جس کی رحمت کے باعث ہمارے ادارے نے نہایت مختصر عرصے میں اتنی شاندار ترقی کی۔ ہم دعا گو ہیں کہ اللہ ﷻ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو نہ صرف پاکستان، بلکہ پوری دنیا کے لئے بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی نئی بلندیوں سے ہمکنار کر سکیں۔

(منجانب بورڈ)

عرفان صدیقی  
صدر اور CEO

ریاض ایس۔ اے۔ اے۔ اور لیس  
چیئرمین

کراچی:

17 اگست، 2020

## **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF MEEZAN BANK LIMITED**

### **Report on Review of Unconsolidated Condensed Interim Financial Information**

#### **Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Meezan Bank Limited (the Bank) as at 30 June 2020, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, and notes to the financial information for the six-months period then ended (herein-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2020 and 30 June 2019 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2020.

#### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Arslan Khalid.

#### **EY FORD RHODES**

Chartered Accountants

Date: 24 August 2020

Karachi

**CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>			
<b>Rupees in '000</b>			
Cash and balances with treasury banks	6	<b>102,494,479</b>	92,193,361
Balances with other banks	7	<b>19,187,780</b>	15,372,233
Due from financial institutions - net	8	<b>274,356,891</b>	223,689,325
Investments - net	9	<b>306,510,362</b>	225,646,162
Islamic financing and related assets - net	10	<b>478,441,624</b>	493,775,346
Fixed assets	11	<b>23,784,150</b>	23,284,415
Intangible assets	12	<b>944,156</b>	780,381
Deferred tax assets	13	<b>404,119</b>	-
Other assets - net	14	<b>54,474,916</b>	46,517,031
		<b>1,260,598,477</b>	1,121,258,254
<b>LIABILITIES</b>			
Bills payable	15	<b>23,405,775</b>	17,186,807
Due to financial institutions	16	<b>54,146,443</b>	42,047,390
Deposits and other accounts	17	<b>1,045,419,553</b>	932,579,114
Sub-ordinated Sukuk	18	<b>18,000,000</b>	14,000,000
Deferred tax liabilities	13	-	2,829,858
Other liabilities	19	<b>56,118,189</b>	53,599,673
		<b>1,197,089,960</b>	1,062,242,842
<b>NET ASSETS</b>		<b>63,508,517</b>	59,015,412
<b>REPRESENTED BY</b>			
Share capital		<b>12,861,116</b>	12,861,116
Reserves		<b>19,375,359</b>	18,207,664
Unappropriated profit		<b>26,482,826</b>	18,545,797
Surplus on revaluation of assets - net of tax	20	<b>4,789,216</b>	9,400,835
		<b>63,508,517</b>	59,015,412
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes 1 to 37 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. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer



**CONDENSED INTERIM UNCONSOLIDATED  
PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note			Restated	
	3.2.1				
		Quarter ended June 30, 2020	Half year ended June 30, 2020	Quarter ended June 30, 2019	Half year ended June 30, 2019
		Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	22	27,995,495	57,829,237	21,800,617	40,007,016
Profit on deposits and other dues expensed	23	10,358,893	25,474,195	9,902,716	19,255,924
Net spread earned		17,636,602	32,355,042	11,897,901	20,751,092
<b>OTHER INCOME</b>					
Fee and commission income	24	1,041,034	2,329,351	1,675,017	3,193,791
Dividend income		88,695	213,272	75,067	108,193
Foreign exchange income		334,985	1,298,113	657,366	1,074,466
Gain / (loss) on securities - net	25	258,758	939,219	(15,961)	(140,689)
Other income	26	111,265	245,719	119,080	223,854
		1,834,737	5,025,674	2,510,569	4,459,615
Total income		19,471,339	37,380,716	14,408,470	25,210,707
<b>OTHER EXPENSES</b>					
Operating expenses	27	7,542,572	14,349,170	6,058,750	11,381,647
Workers Welfare Fund		238,549	459,498	211,102	337,524
Other charges	28	507	83,686	787	2,155
Total other expenses		7,781,628	14,892,354	6,270,639	11,721,326
<b>Profit before provisions</b>		11,689,711	22,488,362	8,137,831	13,489,381
Provisions and write offs - net	29	1,459,365	3,097,096	1,152,184	1,052,237
Extra ordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		10,230,346	19,391,266	6,985,647	12,437,144
Taxation	30	4,058,854	7,714,318	2,783,831	5,435,397
<b>Profit after taxation</b>		6,171,492	11,676,948	4,201,816	7,001,747
		Rupees			
		Restated			
<b>Basic and diluted earnings per share</b>	31	4.80	9.08	3.27	5.44

The annexed notes 1 to 37 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. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

## CONDENSED INTERIM UNCONSOLIDATED

### STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note 3.2.1			Restated	
		Quarter ended June 30, 2020	Half year ended June 30, 2020	Quarter ended June 30, 2019	Half year ended June 30, 2019
		Rupees in '000			
Profit after taxation for the period		6,171,492	11,676,948	4,201,816	7,001,747
Other comprehensive income / (loss)					
Items that may be reclassified to profit and loss account in subsequent periods:					
Deficit on revaluation of investments	20	(3,132,614)	(7,094,798)	(589,171)	(386,082)
Deferred tax on revaluation of investments		1,096,415	2,483,179	206,210	135,129
		(2,036,199)	(4,611,619)	(382,961)	(250,953)
Deficit on revaluation of non - banking assets	20	-	-	-	(14,785)
Deferred tax on revaluation of non - banking assets		-	-	-	5,175
		-	-	-	(9,610)
Other Comprehensive Loss for the period		(2,036,199)	(4,611,619)	(382,961)	(260,563)
Total Comprehensive Income for the period		4,135,293	7,065,329	3,818,855	6,741,184

The annexed notes 1 to 37 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. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Capital reserves				Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Total
	Share capital	Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non-banking Assets	
<b>Rupees in '000</b>									
<b>Balance as at January 01, 2019</b>	<b>11,691,924</b>	<b>2,406,571</b>	<b>9,570,365</b>	<b>3,117,547</b>	<b>66,766</b>	<b>13,525,765</b>	<b>(68,035)</b>	<b>22,152</b>	<b>40,333,055</b>
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	7,001,747	-	-	7,001,747
Other Comprehensive income for the half year ended June 30, 2019 - net of tax	-	-	-	-	-	-	(250,953)	(9,610)	(260,563)
	-	-	-	-	-	7,001,747	(250,953)	(9,610)	6,741,184
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	79	-	(79)	-
<b>Other appropriations</b>									
Transfer to statutory reserve	-	-	1,400,349	-	-	(1,400,349)	-	-	-
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	(2,338,385)
First interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	(1,169,192)
	-	-	-	-	-	(3,507,577)	-	-	(3,507,577)
<b>Balance as at June 30, 2019</b>	<b>12,861,116</b>	<b>2,406,571</b>	<b>10,970,714</b>	<b>3,117,547</b>	<b>66,766</b>	<b>14,450,473</b>	<b>(318,988)</b>	<b>12,463</b>	<b>43,566,662</b>
Profit after taxation for the half year ended December 31, 2019	-	-	-	-	-	8,230,327	-	-	8,230,327
Other Comprehensive income for the half year ended December 31, 2019 - net of tax	-	-	-	-	-	80,694	9,706,703	3,250	9,790,647
	-	-	-	-	-	8,311,021	9,706,703	3,250	18,020,974
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,593	-	(2,593)	-
<b>Other appropriations</b>									
Transfer to statutory reserve	-	-	1,646,066	-	-	(1,646,066)	-	-	-
<b>Transactions with owners recognised directly in equity</b>									
Second interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	(1,286,112)
Third interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	(1,286,112)
	-	-	-	-	-	(2,572,224)	-	-	(2,572,224)
<b>Balance as at December 31, 2019</b>	<b>12,861,116</b>	<b>2,406,571</b>	<b>12,616,780</b>	<b>3,117,547</b>	<b>66,766</b>	<b>18,545,797</b>	<b>9,387,715</b>	<b>13,120</b>	<b>59,015,412</b>
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	-	11,676,948	-	-	11,676,948
Other Comprehensive loss for the half year ended June 30, 2020 - net of tax	-	-	-	-	-	-	(4,611,619)	-	(4,611,619)
	-	-	-	-	-	11,676,948	(4,611,619)	-	7,065,329
<b>Other appropriations</b>									
Transfer to statutory reserve	-	-	1,167,695	-	-	(1,167,695)	-	-	-
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	(2,572,224)
<b>Balance as at June 30, 2020</b>	<b>12,861,116</b>	<b>2,406,571</b>	<b>13,784,475</b>	<b>3,117,547</b>	<b>66,766</b>	<b>26,482,826</b>	<b>4,776,096</b>	<b>13,120</b>	<b>63,508,517</b>

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

The annexed notes 1 to 37 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. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED

## CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note	Half year ended June 30, 2020	Half year ended June 30, 2019
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		19,391,266	12,437,144
Less: Dividend income		(213,272)	(108,193)
		<u>19,177,994</u>	<u>12,328,951</u>
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		1,024,238	805,923
Amortization		108,254	168,319
Non cash items related to right of use assets		1,685,832	1,368,576
Provisions and write offs - net		3,097,096	1,052,237
Gain on sale of fixed assets		(58,503)	(39,607)
		<u>5,856,917</u>	<u>3,355,448</u>
		<u>25,034,911</u>	<u>15,684,399</u>
<b>Decrease / (increase) in operating assets</b>			
Due from financial institutions		(50,667,566)	53,560,368
Islamic financings and related assets		12,817,752	28,095,893
Other assets		(7,899,860)	(11,950,593)
		<u>(45,749,674)</u>	<u>69,705,668</u>
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		6,218,968	(4,181,844)
Due to financial institutions		12,099,053	(3,148,228)
Deposits and other accounts		112,840,439	56,324,361
Other liabilities		(281,837)	6,192,537
		<u>130,876,623</u>	<u>55,186,826</u>
		<u>110,161,860</u>	<u>140,576,893</u>
Income tax paid		(5,711,774)	(4,526,923)
<b>Net cash flow from operating activities</b>		<u>104,450,086</u>	<u>136,049,970</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in securities		(88,551,245)	(94,254,999)
Dividends received		166,180	101,138
Investments in fixed assets		(1,903,033)	(2,432,268)
Investments in intangible assets		(272,029)	(175,562)
Proceeds from sale of fixed assets		84,200	64,635
<b>Net cash used in investing activities</b>		<u>(90,475,927)</u>	<u>(96,697,056)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issuance of Sub-ordinated Sukuk - Tier II		4,000,000	-
Payment of lease liability against right-of-use assets		(1,285,393)	(1,033,119)
Dividend paid		(2,572,101)	(2,052,306)
<b>Net cash flow from / (used in) financing activities</b>		<u>142,506</u>	<u>(3,085,425)</u>
		<u>14,116,665</u>	<u>36,267,489</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	32	107,565,594	73,277,228
Cash and cash equivalents at the end of the period	32	<u>121,682,259</u>	<u>109,544,717</u>

The annexed notes 1 to 37 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. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020**

### **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. A '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 (the 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 seven hundred and ninety eight branches as at June 30, 2020 (December 31, 2019: seven hundred and sixty 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, 2019, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term 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, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah and Wakalah Tul Istithmar. The Bank also provides refinance facilities under various refinance schemes of the State Bank of Pakistan including export refinance.

The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Resident Shariah Board Member (RSBM) of the Bank.

### **3 STATEMENT OF COMPLIANCE**

- 3.1** This condensed interim financial information (here-in-after referred to as "financial information") has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
  - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).



## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020**

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

### **3.2 Significant accounting policies and financial risk management**

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2019.

- 3.2.1** In June 2019, the Bank adopted IFRS16 'Leases' with effect from January 01, 2019 for all Ijarah (lease) contracts where the Bank acts in capacity of Mustajir (lessee) as directed by the SBP vide its BPRD Circular Letter No.8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019. Accordingly, the financial information for the quarter ended March 31, 2019 was restated to account for this change in accounting policy as reported in the audited annual financial statements of the Bank for the year ended December 31, 2019. There is no impact on profit after tax for the half year ended on June 30, 2019.

#### **3.2.2 Amendments to approved accounting standards that are effective in the current period**

There are certain new and amended standards that became effective during the period (enumerated in note 3.5 to the 2019 annual financial statement of the Bank). However, such standards did not have any significant effect on this condensed interim unconsolidated financial information.

- 3.2.3** The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019.

### **3.3 Standards, interpretations of and amendments to approved accounting standards that are not yet effective**

As referred to in note 3.5 to the 2019 annual financial statements of the Bank, there are certain amendments to the financial reporting standards which would become effective from the next financial year, however such amendments are not expected to have a material effect on the Bank's financial statements of the period of initial application.

With regard to IFRS 9, the SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The SBP has directed the Bank to conduct an impact assessment as at December 31, 2019 and the Bank is in the process of complying with the requirements.

### **3.4 COVID - 19 outbreak and it's impact**

During the half year ended June 30, 2020, the global economic environment including Pakistan has been severely affected by the COVID -19 outbreak. To reduce the impact on businesses and economy in general, the SBP has provided relief through reduction in SBP Policy Rate by 625 basis points. Other relief measures include the deferment of the repayment of principal amount of financing facility by one year, on case to case basis; reduction in the capital conservation buffer by 100 basis points to 1.5%; Islamic refinancing schemes for payment of wages and salaries; etc.

## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020**

Further, with a view to conserve the capital of banking institutions, the SBP has also advised banks to suspend dividend distributions for the quarter ended 31 March 2020 and half-year ended 30 June 2020.

COVID-19 has impacted banks in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, challenges to continuity of business operations and managing cybersecurity threat. The Bank's management and Board is fully cognisant of the business challenges posed by the COVID-19 outbreak and lock down imposed by the Government of Pakistan. The Bank continues its operations to serve customers through its branch network across Pakistan and the digital channels by observing the Government instructions and adopting all possible precautionary measures.

In addition to the above operational changes, the Bank is also monitoring its credit risk exposure through its risk management function and assessment of the credit portfolio to identify customers or portfolios that may require additional risk management considerations, subsequent to the emergence of the COVID - 19 situation and in line with the SBP's directives, the Bank has restructured / rescheduled a number of financing facilities after review of the restructured / rescheduled proposals as per the established policies of the Bank. The impact of such restructuring / rescheduling has also been assessed on credit risk and liquidity / maturity profile of the Bank and the Bank considers that the liquidity buffer is sufficiently managed at this stage.

In view of the business challenges posed by the COVID-19 outbreak, the management has exercised prudence and booked General Provision of Rs 1 billion during the half-year ended June 30, 2020. The aggregate general provision maintained by the Bank as of June 30, 2020 amounts to Rs. 5,050 million (December 31, 2019: Rs 4,050 million) which is in addition to the requirements of Prudential Regulations. Further, the management of the Bank believes that its current policies for managing credit, liquidity and market risk are adequate in response to the current situation.

### **4 BASIS OF MEASUREMENT**

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

### **4.2 Functional and presentation currency**

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

### **4.3 Rounding off**

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

### **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2019.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>		<b>Rupees in '000</b>	
In hand			
- local currency		20,143,958	14,487,106
- foreign currencies		2,596,767	1,854,081
With the State Bank of Pakistan in			
- local currency current accounts	6.1	51,309,697	33,981,833
- foreign currency current accounts	6.1	7,355,538	6,609,487
With National Bank of Pakistan in			
- local currency current accounts		21,065,639	35,077,734
National Prize Bonds	6.2	22,880	183,120
		<u>102,494,479</u>	<u>92,193,361</u>

**6.1** These include 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.

**6.2** The bank, as a matter of Shariah principle, does not deal in prize bonds. These represent the national prize bonds received from customers for onward surrendering to SBP.

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>7 BALANCES WITH OTHER BANKS</b>		<b>Rupees in '000</b>	
In Pakistan			
- in current accounts		11,475,276	7,723,912
- in deposit accounts	7.1	2,275,000	3,750,000
Outside Pakistan			
- in current accounts		2,797,214	1,876,378
- in deposit accounts	7.2	2,640,290	2,021,943
		<u>19,187,780</u>	<u>15,372,233</u>

**7.1** The return on these balances is around 7.14% (December 31, 2019: 10.16%) per annum.

**7.2** The return on these balances is 0.17% (December 31, 2019: 1.56%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>8 DUE FROM FINANCIAL INSTITUTIONS - NET</b>		<b>Rupees in '000</b>	
Bai Muajjal:			
With Scheduled Banks - Secured	8.1	266,856,891	208,096,873
With the State Bank of Pakistan		-	13,682,452
With other Financial Institution		15,500	15,500
		<b>266,872,391</b>	221,794,825
Musharakah	8.2	7,500,000	1,910,000
Commodity Murabaha		26,066	26,066
		<b>274,398,457</b>	223,730,891
Provision against non-performing amounts due from financial institutions	8.3	(41,566)	(41,566)
		<b>274,356,891</b>	223,689,325

**8.1** The average return on this product is 9.17% (December 31, 2019: 13.05%) per annum. These balances have maturities ranging between July 2020 to June 2021 (December 31, 2019: January 2020 to October 2020).

**8.2** The average return on this product is 8.12% (December 31, 2019: 11.25%) per annum. These balances are maturing latest by July 2020 (December 31, 2019: January 2020).

	June 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
	Rupees in '000			
8.3 Category of classification				
Loss	41,566	41,566	41,566	41,566

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**9 INVESTMENTS - NET**

	June 30, 2020 (Unaudited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
<b>9.1 Investments by types</b>								
<b>Available for sale securities</b>								
<b>Federal Government Securities</b>								
- Ijarah Sukuk	51,215,259	-	27,992	51,243,251	13,006,137	-	(213,851)	12,792,286
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	106,876,904	-	-	106,876,904	83,652,209	-	-	83,652,209
<b>Non Government Sukuk</b>								
- Pakistan Energy Sukuk guaranteed by the Government of Pakistan	111,742,134	-	5,358,371	117,100,505	84,700,000	-	12,662,650	97,362,650
- Other Sukuk guaranteed by the Government of Pakistan	11,097,220	-	-	11,097,220	11,690,970	-	-	11,690,970
- Other Non Government Sukuk	4,509,383	89,500	-	4,419,883	5,036,393	162,883	-	4,873,510
<b>Foreign Securities</b>	8,432,150	-	468,237	8,900,387	7,774,672	-	318,883	8,093,555
<b>Shares (including units of fund)</b>	7,271,298	2,800,144	1,493,242	5,964,396	6,809,714	2,201,501	1,674,958	6,283,171
	301,144,348	2,889,644	7,347,842	305,602,546	212,670,095	2,364,384	14,442,640	224,748,351
<b>In related parties</b>								
<b>Subsidiary (unlisted)</b>								
- Shares	63,050	-	-	63,050	63,050	-	-	63,050
<b>Associates (listed)</b>								
- Units of funds	844,766	-	-	844,766	834,761	-	-	834,761
<b>Total Investments</b>	<b>302,052,164</b>	<b>2,889,644</b>	<b>7,347,842</b>	<b>306,510,362</b>	<b>213,567,906</b>	<b>2,364,384</b>	<b>14,442,640</b>	<b>225,646,162</b>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
<b>9.2 Provision against diminution in value of investments</b>		
Opening balance	2,364,384	1,274,845
<b>Charge / (reversals) for the period / year</b>		
<b>On available for sale securities</b>		
- charge for the period / year on equity instruments	671,150	1,385,492
- reversals for the period / year on recovery of debt instruments	(6,396)	(7,752)
- reversals for the period / year on disposals of equity instruments	(72,507)	(288,201)
	592,247	1,089,539
Amount written off	(66,987)	-
Closing balance	2,889,644	2,364,384

	June 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
<b>9.3 Particulars of provision against Sukuk</b>				
<b>Category of classification</b>				
Loss	89,500	89,500	162,883	162,883

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>10 ISLAMIC FINANCING AND RELATED ASSETS</b>			
<b>In Pakistan</b>			
<b>Murabaha financing and related assets</b>			
- Murabaha financing	10.1	6,656,306	8,633,318
- Advances against Murabaha		3,799,046	4,902,247
- Murabaha inventory		1,730,115	2,095,550
- Financing under Islamic Export Refinance - Murabaha	10.2	652,147	369,441
- Advance against Islamic Export Refinance - Murabaha		609,464	540,715
		13,447,078	16,541,271
<b>Running Musharakah financing</b>			
- Running Musharakah financing		89,017,591	129,472,197
- Financing under Islamic Export Refinance - Running Musharakah		32,904,515	24,671,638
		121,922,106	154,143,835
<b>Istisna financing and related assets</b>			
- Istisna financing		4,386,856	4,684,962
- Advances against Istisna		53,031,061	34,435,537
- Istisna inventory		8,590,638	11,117,387
- Financing under Islamic Export Refinance - Istisna		166,921	189,215
- Advances under Islamic Export Refinance - Istisna		6,677,113	6,967,796
- Inventory under Islamic Export Refinance - Istisna		1,856,007	975,428
		74,708,596	58,370,325
<b>Tijarah financing and related assets</b>			
- Tijarah financing		650,361	561,345
- Tijarah inventory		6,293,437	11,032,825
- Financing under Islamic Export Refinance - Tijarah		542,408	1,070,970
- Inventory under Islamic Export Refinance - Tijarah		300,717	353,531
		7,786,923	13,018,671
<b>Musawammah financing and related assets</b>			
- Musawammah financing	10.3	7,957,561	11,009,024
- Musawammah Inventory		7,093,487	5,759,913
- Advances against Musawammah		5,466,171	9,618,012
- Financing under Islamic Export Refinance - Musawammah	10.4	472,652	886,944
- Inventory under Islamic Export Refinance - Musawammah		85,582	45,000
- Advances under Islamic Export Refinance - Musawammah		521,418	123,500
		21,596,871	27,442,393
<b>Salam Financing and related assets</b>			
- Salam Financing		395,209	811,378
- Salam Inventory		709,212	2,710,138
- Advances against Salam		4,944,432	6,947,051
		6,048,853	10,468,567
<b>Financing against bills</b>			
- Financing against bills - Salam		1,867,502	7,461,667
- Advances against bills - Salam		1,738	1,738
		1,869,240	7,463,405
<b>Bai Muajjal financing</b>	10.5	22,011,371	1,474,998
<b>Ijarah financing and related assets</b>			
- Net investment in Ijarah		113,198	113,501
- Net book value of assets/investment in Ijarah under IFAS 2		43,932,943	48,493,395
- Net book value of assets/investment in Ijarah under IFAS 2 under SBP's ILTFF		44,974	58,118
		44,091,115	48,665,014
- Advances against Ijarah		2,734,341	3,727,830
- Advances against Ijarah under SBP's ILTFF		163,531	118,905
		46,988,987	52,511,749

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>Diminishing Musharakah financing and related assets</b>			
- Diminishing Musharakah financing - housing		11,976,932	13,232,142
- Diminishing Musharakah financing - others		89,082,107	79,167,336
- Diminishing Musharakah financing - SBP's ILTF		3,482,646	1,955,071
- Diminishing Musharakah financing - SBP's IRSPWS		1,203,985	-
- Advances against Diminishing Musharakah		12,121,725	14,645,228
- Advances against Diminishing Musharakah under SBP's ILTF		5,658,143	5,378,299
- Advances against Diminishing Musharakah under SBP's IRSPWS		214,662	-
		<b>123,740,200</b>	114,378,076
<b>- Musharakah financing</b>		<b>165,920</b>	248,880
<b>- Wakalah Tul Istithmar financing</b>		<b>22,325,200</b>	-
<b>- Advance against Wakalah Tul Istithmar financing</b>		<b>18,500,000</b>	40,825,200
<b>- Wakalah financing</b>		<b>100,000</b>	250,000
<b>- Advance against Service Ijarah</b>		<b>4,758,103</b>	2,765,026
<b>- Qard financing under SBP's IRFCC</b>		<b>239,405</b>	-
<b>- Labbaik (Qard for Hajj and Umrah)</b>		<b>3,534</b>	4,672
<b>- Staff financing</b>		<b>4,325,313</b>	4,228,869
<b>- Other financing</b>		<b>2,853,949</b>	2,376,639
<b>Gross Islamic financing and related assets</b>		<b>493,391,649</b>	506,512,576
Less: Provision against non-performing Islamic financing and related assets - Specific	10.8	<b>(9,497,314)</b>	(8,284,519)
Less: Provision against non-performing Islamic financing and related assets - General	10.8	<b>(5,452,711)</b>	(4,452,711)
<b>Islamic financing and related assets - net of provision</b>		<b>478,441,624</b>	493,775,346

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>10.1</b> Murabaha receivable - gross	10.1.1	<b>7,055,466</b>	9,171,941
Less: Deferred murabaha income	10.1.3	<b>(107,630)</b>	(198,327)
Profit receivable shown in other assets		<b>(291,530)</b>	(340,296)
Murabaha financing		<b>6,656,306</b>	8,633,318
<b>10.1.1</b> Murabaha Sale Price		<b>7,055,466</b>	9,171,941
Murabaha Purchase Price		<b>(6,656,306)</b>	(8,633,318)
		<b>399,160</b>	538,623
<b>10.1.2</b> The movement in Murabaha financing during the period / year is as follows:			
Opening balance		<b>8,633,318</b>	8,021,609
Sales during the period / year		<b>16,484,258</b>	47,186,165
Adjusted during the period / year		<b>(18,461,270)</b>	(46,574,456)
Closing balance		<b>6,656,306</b>	8,633,318
<b>10.1.3</b> Deferred Murabaha Income:			
Opening balance		<b>198,327</b>	142,250
Deferred during the period / year		<b>565,020</b>	1,800,684
Recognised during the period / year		<b>(655,717)</b>	(1,744,607)
Closing balance		<b>107,630</b>	198,327
<b>10.2</b> Financing under Islamic Export Refinance - Murabaha - gross		<b>666,307</b>	382,945
Less: Deferred income		<b>(2,427)</b>	(836)
Profit receivable shown in other assets		<b>(11,733)</b>	(12,668)
Financing under Islamic Export Refinance - Murabaha		<b>652,147</b>	369,441
<b>10.2.1</b> The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:			
Opening balance		<b>369,441</b>	344,573
Sales during the period / year		<b>1,318,069</b>	1,459,464
Adjusted during the period / year		<b>(1,035,363)</b>	(1,434,596)
Closing balance		<b>652,147</b>	369,441
<b>10.2.2</b> Deferred Islamic Export Refinance Murabaha Income:			
Opening balance		<b>836</b>	1,725
Deferred during the period / year		<b>16,674</b>	17,106
Recognised during the period / year		<b>(15,083)</b>	(17,995)
Closing balance		<b>2,427</b>	836
<b>10.3</b> Musawammah financing - gross		<b>8,375,450</b>	11,610,569
Less: Deferred income		<b>(194,004)</b>	(292,915)
Profit receivable shown in other assets		<b>(223,885)</b>	(308,630)
Musawammah financing		<b>7,957,561</b>	11,009,024

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
<b>10.4</b> Financing under Islamic Export Refinance - Musawammah - gross	<b>479,824</b>	899,031
Less: Deferred income	<b>(4,460)</b>	(7,015)
Profit receivable shown in other assets	<b>(2,712)</b>	(5,072)
Financing under Islamic Export Refinance - Musawammah	<b>472,652</b>	886,944
<b>10.5</b> Bai Muajjal financing - gross	<b>23,194,286</b>	1,701,154
Less: Deferred income	<b>(968,075)</b>	(146,846)
Profit receivable shown in other assets	<b>(214,840)</b>	(79,310)
Bai Muajjal financing	<b>22,011,371</b>	1,474,998
<b>10.6</b> Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 38,591 million (December 31, 2019: Rs 35,439 million).		
<b>10.7</b> Islamic financing and related assets include Rs. 11,595 million (December 31, 2019: Rs. 8,996 million) which have been placed under non-performing status as detailed below:		

	June 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Non-performing financing	Provision held	Non-performing financing	Provision held
Category of classification	Rupees in '000			
<b>Domestic</b>				
Other Assets Especially Mentioned	484,143	-	22,534	-
Substandard	710,752	126,991	557,679	132,042
Doubtful	2,005,625	978,875	446,866	212,837
Loss	8,394,016	8,391,448	7,968,640	7,939,640
	<b>11,594,536</b>	<b>9,497,314</b>	<b>8,995,719</b>	<b>8,284,519</b>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**10.8 Particulars of provision against non-performing Islamic financing and related assets:**

	June 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	8,284,519	4,452,711	12,737,230	6,771,530	2,927,711	9,699,241
Charge for the period / year	1,645,856	1,000,000	2,645,856	1,905,342	1,525,000	3,430,342
Less: Reversals	(125,566)	-	(125,566)	(357,571)	-	(357,571)
	1,520,290	1,000,000	2,520,290	1,547,771	1,525,000	3,072,771
Amount written off	(307,495)	-	(307,495)	(34,782)	-	(34,782)
Closing balance	9,497,314	5,452,711	14,950,025	8,284,519	4,452,711	12,737,230

**10.8.1** The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 5,050 million (December 31, 2019: Rs 4,050 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

**10.8.2** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at June 30, 2020 amounts to Rs 23.8 million (December 31, 2019: Rs 33.4 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 15.5 million as at June 30, 2020 (December 31, 2019: Rs 21.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>11 FIXED ASSETS</b>			
Capital work-in-progress	11.1	3,745,963	3,185,241
Property and equipment		13,461,110	13,168,734
Right-of-use assets		<u>6,577,077</u>	<u>6,930,440</u>
		<u><b>23,784,150</b></u>	<u><b>23,284,415</b></u>
<b>11.1 Capital work-in-progress</b>			
Advances to suppliers and contractors for:			
- civil works		2,401,469	2,171,210
- computer hardware		423,792	271,621
- purchase of vehicles		206,601	126,203
- office machines		601,596	552,430
- furniture and fixtures		<u>112,505</u>	<u>63,777</u>
		<u><b>3,745,963</b></u>	<u><b>3,185,241</b></u>
		June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
		Rupees in '000	
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net		560,722	1,430,096
<b>Property and equipment</b>			
Leasehold land		79,787	-
Buidling on leasehold land		501	82,500
Leasehold improvements		467,489	159,833
Furniture and fixture		70,439	42,602
Electrical, office and computer equipment		497,963	548,325
Vehicles		<u>226,132</u>	<u>168,912</u>
		1,342,311	1,002,172
Right-of-use assets		814,218	187,522
<b>Total</b>		<u><b>2,717,251</b></u>	<u><b>2,619,790</b></u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
	Rupees in '000	
<b>11.3 Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is as follows:		
Leasehold improvements	178	21
Furniture and fixture	22	123
Electrical, office and computer equipment	34	90
Vehicles	25,463	24,794
	<u>25,697</u>	<u>25,028</u>

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>12 INTANGIBLE ASSETS</b>			
Computer Software		714,419	614,572
Advance against computer software		229,737	165,809
	12.1	<u>944,156</u>	<u>780,381</u>

	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
	Rupees in '000	
<b>12.1 Additions to intangible assets</b>	<u>272,029</u>	<u>175,562</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

<b>June 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Rupees in '000	

**13 DEFERRED TAX ASSETS / (LIABILITIES)**

**Taxable temporary differences due to:**

Excess of accounting book values over tax  
written down values of owned assets  
Surplus on revaluation of available for sale investments  
Surplus on revaluation of Non-banking assets acquired  
in satisfaction of claims

<b>(315,533)</b>	(390,837)
<b>(2,571,746)</b>	(5,054,925)
<b>(7,064)</b>	(7,064)
<b>(2,894,343)</b>	(5,452,826)

**Deductible temporary differences due to:**

Provision for diminution / impairment in value  
of investments  
Provision against non-performing Islamic financing  
and related assets  
Income not accrued due to non-culmination of financing  
Provision against non-banking assets acquired in  
satisfaction of claims and other assets

<b>1,090,747</b>	906,906
<b>457,093</b>	109,358
<b>1,513,740</b>	1,435,933
<b>236,882</b>	170,771
<b>3,298,462</b>	2,622,968
<b>404,119</b>	(2,829,858)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>14 OTHER ASSETS</b>			
Profit / return accrued in local currency - net of provisions		41,049,699	34,765,016
Profit / return accrued in foreign currencies - net of provisions		83,265	76,791
Acceptances		9,782,422	9,033,110
Advances, deposits, advance rent and other prepayments		1,859,592	1,904,437
Non-banking assets acquired in satisfaction of claims		116,731	145,503
Unrealised gain on forward foreign exchange contracts - net		1,018,052	-
Dividends receivable		47,092	-
Stamps		11,263	12,963
Security deposits		183,179	172,596
Advance for Investments		32,801	55,542
Other		332,059	405,575
		<u>54,516,155</u>	<u>46,571,533</u>
Provision against other assets	14.1	<u>(61,423)</u>	<u>(74,686)</u>
Other Assets (Net of Provision)		<u>54,454,732</u>	<u>46,496,847</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	<u>20,184</u>	<u>20,184</u>
Other Assets - total		<u><u>54,474,916</u></u>	<u><u>46,517,031</u></u>

**14.1 Provision held against other assets**

Non banking assets acquired in satisfaction of claims	-	10,000
Acceptances	41,320	41,132
Others	20,103	23,554
	<u>61,423</u>	<u>74,686</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	74,686	71,302
Charge for the period / year	188	49,999
Reversals during the period / year	(11,121)	(4,174)
Amount adjusted / written off during the period / year	(2,330)	(42,441)
Closing balance	<u>61,423</u>	<u>74,686</u>
<b>15 BILLS PAYABLE</b>		
In Pakistan	23,405,775	17,186,807
Outside Pakistan	-	-
	<u>23,405,775</u>	<u>17,186,807</u>
<b>16 DUE TO FINANCIAL INSTITUTIONS</b>		
In Pakistan	54,146,443	42,047,390
Outside Pakistan	-	-
	<u>54,146,443</u>	<u>42,047,390</u>
<b>16.1 Details of due to financial institutions secured / unsecured</b>		
<b>Secured</b>		
Musharakah from the SBP under Islamic Export Refinance Scheme	43,354,705	33,861,385
Investment from the SBP under Islamic Long Term Financing Facility	9,181,754	7,268,122
Investment from the SBP under Islamic Refinance Facility for Combating COVID-19	218,775	-
Investment from the SBP under Islamic Refinance Scheme for Payment of Wages & Salaries	530,220	-
Other financial institution	845,177	909,114
<b>Unsecured</b>		
Overdrawn nostro accounts	15,812	8,769
	<u>54,146,443</u>	<u>42,047,390</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**17 DEPOSITS AND OTHER ACCOUNTS**

June 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000					

**Customers**

- Current accounts - non-remunerative	368,287,184	21,373,911	389,661,095	312,409,384	20,464,919	332,874,303
- Savings deposits	355,397,976	31,111,292	386,509,268	318,577,677	26,796,248	345,373,925
- Fixed deposits	241,842,222	14,601,777	256,443,999	228,503,227	13,342,660	241,845,887
- Margin	6,164,497	6,233	6,170,730	4,949,165	8,692	4,957,857
	971,691,879	67,093,213	1,038,785,092	864,439,453	60,612,519	925,051,972

**Financial institutions**

- Current accounts - non-remunerative	944,474	-	944,474	1,208,228	-	1,208,228
- Savings deposits	4,208,187	-	4,208,187	3,799,833	-	3,799,833
- Fixed deposits	1,481,800	-	1,481,800	2,519,081	-	2,519,081
	6,634,461	-	6,634,461	7,527,142	-	7,527,142
	978,326,340	67,093,213	1,045,419,553	871,966,595	60,612,519	932,579,114

Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Rupees in '000		

**18 SUB-ORDINATED SUKUK**

Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	11,000,000	7,000,000
		<u>18,000,000</u>	<u>14,000,000</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**18.1** In August 2018, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier I 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 Additional Tier I sukuk is as follows:

Credit Rating	AA- (Double A minus) by VIS Credit Rating Company Limited
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
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 10.04% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I 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 Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

**18.2** In September 2016 and January 2020, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 7,000 million and Rs 4,000 million respectively as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited
Issue Date	September 22, 2016 and January 09, 2020
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 are 14.08% and 14.57% per annum respectively.
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 upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>19 OTHER LIABILITIES</b>			
Return on deposits and other dues			
- payable in local currency		4,665,203	6,434,891
- payable in foreign currencies		135,777	112,161
Unearned income		584,816	56,738
Accrued expenses		7,940,898	6,840,577
Current taxation (provision less payments)		8,647,728	5,894,386
Acceptances		9,782,422	9,033,110
Dividends payable		16,337	16,214
Payable to defined benefit plan		495,124	561,242
Charity payable		6,732	995
Provision against off-balance sheet obligations	19.1	29,151	29,339
Security deposits against Ijarah		12,787,420	14,206,800
Payable on account of credit murabaha / ijarah		1,897	60,307
Security deposits against lockers		125,427	117,792
Retention Money		-	70,687
Unrealised loss on forward foreign exchange contracts - net		-	368,207
Advance against future Diminishing Musharakah		7,750	67,227
Withholding taxes payable		213,247	152,711
Lease liability against right-of-use assets		7,096,918	7,049,842
Workers Welfare Fund payable		2,356,934	1,897,436
Others		1,224,408	629,011
		<b>56,118,189</b>	<b>53,599,673</b>
<b>19.1 Provision against off-balance sheet obligations</b>			
Opening balance		29,339	35,020
Charge for the period / year		(188)	(5,681)
Closing balance		<b>29,151</b>	<b>29,339</b>
<b>20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Available for sale securities			
- Listed shares / units of mutual fund		1,493,242	1,674,958
- Sukuk		5,854,600	12,767,682
		<b>7,347,842</b>	14,442,640
Non-banking assets acquired in satisfaction of claims		20,184	20,184
		<b>7,368,026</b>	14,462,824
Less: Deferred tax liability on			
- Available for sale securities		(2,571,746)	(5,054,925)
- Non-banking assets acquired in satisfaction of claims		(7,064)	(7,064)
		<b>(2,578,810)</b>	(5,061,989)
		<b>4,789,216</b>	<b>9,400,835</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	21.1	<b>36,544,152</b>	38,843,277
- Commitments	21.2	<b>835,031,469</b>	711,444,851
- Other contingent liabilities	21.3	<b>1,802,000</b>	1,802,000
		<b>873,377,621</b>	752,090,128
<b>21.1 Guarantees:</b>			
Financial guarantees		<b>3,652,109</b>	8,598,348
Performance guarantees		<b>17,410,616</b>	16,037,636
Other guarantees		<b>15,481,427</b>	14,207,293
		<b>36,544,152</b>	38,843,277
<b>21.2 Commitments:</b>			
Documentary letters of credit		<b>91,877,352</b>	98,437,653
Commitments in respect of: - forward foreign exchange contracts	21.2.1	<b>231,621,782</b>	267,088,452
Commitments for acquisition of: - fixed assets		<b>412,620</b>	514,594
- intangible assets		<b>291,909</b>	257,790
Other commitments	21.2.2	<b>510,827,806</b>	345,146,362
		<b>835,031,469</b>	711,444,851
<b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>133,962,398</b>	151,033,720
Sale		<b>97,659,384</b>	116,054,732
		<b>231,621,782</b>	267,088,452
<b>21.2.2 Other Commitments</b>			
Commitments in respect of financing		<b>510,827,806</b>	345,146,362

**21.3 Other contingencies**

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2019. 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 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
		Rupees in '000	
<b>22 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS</b>			
On financing	22.1	27,807,537	24,416,181
On investments in			
- Available for sale securities		13,035,054	9,427,495
- Held to maturity securities		-	145,799
On deposits / placements with financial institutions		16,986,646	6,017,541
		<u>57,829,237</u>	<u>40,007,016</u>

**22.1** The income on Ijarah under IFAS 2 is net off takaful of Rs 860 million (June 30, 2019: Rs 874 million) recovered from customers.

	Note	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
		Rupees in '000	
<b>23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>			
Deposits and other accounts	23.1	22,991,376	17,472,189
Sub-ordinated Sukuk		1,254,856	788,689
Other Musharakahs / Modarabas		709,712	665,126
Amortisation of lease liability against right-of-use assets		518,251	329,920
		<u>25,474,195</u>	<u>19,255,924</u>

**23.1** This includes conversion cost of Rs 1,224 million (June 30, 2019: Rs 434 million) against deposits.

	Note	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
		Rupees in '000	
<b>24 FEE AND COMMISSION INCOME</b>			
Trade related fees and commissions		1,132,784	1,242,756
Commission on guarantees		65,420	52,885
Branch banking customer fees		349,757	788,908
Credit processing related fees		37,361	52,090
Debit card related fees		423,564	807,252
Investment banking related fees		84,486	72,672
Cash management fees		44,064	29,853
Home remittance related fees		103,097	75,220
Others		88,818	72,155
		<u>2,329,351</u>	<u>3,193,791</u>

**25 GAIN / (LOSS) ON SECURITIES - NET**

Realised	25.1	<u>939,219</u>	<u>(140,689)</u>
<b>25.1 Realised (loss) / gain on:</b>			
Listed Shares		(77,786)	(57,859)
Federal Government Securities		(31,064)	(82,830)
Non Government Securities		(16,518)	-
Pakistan Energy Sukuk		1,064,587	-
		<u>939,219</u>	<u>(140,689)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
	Rupees in '000	
<b>26 OTHER INCOME</b>		
Gain on termination of islamic financing	191,783	176,310
Gain on sale of fixed assets	58,503	39,607
Loss on disposal of Non-banking asset acquired in satisfaction of claim	(10,000)	-
Rental income	4,334	6,587
Others	1,099	1,350
	<u>245,719</u>	<u>223,854</u>
<b>27 OPERATING EXPENSES</b>		
Total compensation expense	8,045,776	6,025,203
<b>Property expense</b>		
Depreciation on right-of-use assets	1,167,581	1,038,656
Rent and taxes	58,755	58,914
Utilities cost (including electricity and diesel)	391,236	373,259
Security (including guards)	398,218	298,742
Repair and maintenance (including janitorial charges)	179,641	211,607
Depreciation	388,925	301,262
Others	33,675	21,555
	<u>2,618,031</u>	<u>2,303,995</u>
<b>Information technology expenses</b>		
Software maintenance	301,079	194,705
Hardware maintenance	136,443	124,255
Depreciation	188,339	140,485
Amortisation	108,254	168,319
Network charges	118,314	110,038
	<u>852,429</u>	<u>737,802</u>
<b>Other operating expenses</b>		
Stationery and printing (including debit card related costs)	405,449	342,333
Local transportation and car running	254,119	236,420
Depreciation on vehicles, equipment etc.	446,974	364,176
Legal and professional charges	47,644	71,125
NIFT and other clearing charges	82,299	83,903
Travelling and conveyance	45,660	60,269
Training and Development	10,606	24,209
Communication (including courier)	295,991	180,819
Marketing, advertisement and publicity	195,338	197,445
Donation	221,722	-
Fees, subscription and other charges	105,244	121,695
Brokerage and bank charges	94,597	88,224
Office supplies	139,896	119,480
Entertainment	24,519	43,311
Takaful expense	41,157	56,852
Repairs and maintenance	148,725	120,215
Security charges - cash transportation	207,882	146,371
Outsourced services costs	7,149	6,177
Auditors' Remuneration	5,504	8,003
Shariah Board fees	9,102	9,002
Non-executive Directors' fee	33,970	27,401
Others	9,387	7,217
	<u>2,832,934</u>	<u>2,314,647</u>
	<u>14,349,170</u>	<u>11,381,647</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
		Rupees in '000	
<b>28 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		<b>83,686</b>	2,155
<b>29 PROVISIONS AND WRITE OFFS - NET</b>			
Provision against non-performing islamic financing related assets - net	10.8	<b>2,520,290</b>	582,954
Provision against diminution in the value of investments	9.2	<b>592,247</b>	452,024
Other (reversals) / provision		<b>(10,933)</b>	31,888
Reversals against off-balance sheet obligations		<b>(188)</b>	(6,127)
Recovery against written off financing		<b>(4,320)</b>	(8,502)
		<b>3,097,096</b>	1,052,237
<b>30 TAXATION</b>			
Current			
- for the year		<b>8,465,116</b>	5,801,537
- for prior years		<b>-</b>	470,030
	30.1	<b>8,465,116</b>	6,271,567
Deferred			
- for the year		<b>(750,798)</b>	(836,170)
		<b>7,714,318</b>	5,435,397

**30.1** The Bank has recognized super tax charge of Rs 863 million (June 30, 2019: Rs 1,065 million) in the current period which is determined at the applicable tax rate of 4 percent on taxable income for the period.

	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
	Rupees in '000	
<b>31 BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the period	<b>11,676,948</b>	7,001,747
	(Number)	
Weighted average number of ordinary shares	<b>1,286,111,622</b>	1,286,111,622
	(Rupees)	
Basic and diluted earnings per share	<b>9.08</b>	5.44

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
		Rupees in '000	
<b>32 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	<b>102,494,479</b>	96,338,149
Balances with other banks	7	<b>19,187,780</b>	13,206,568
		<b><u>121,682,259</u></b>	<u>109,544,717</u>

**33 FAIR VALUE OF FINANCIAL INSTRUMENT**

**33.1** The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in listed ordinary shares, listed sukuk, units of open end mutual fund and foreign sukuk classified as available for sale.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of GoP Ijarah sukuk classified as available for sale.

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**Valuation techniques used in determination of fair values**

Item	Valuation approach and input used
GoP Sukuk	The fair value of GoP Ijarah 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 SBP.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

Fair value of Islamic financing and related assets, other assets, other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Bank's accounting policy as stated in note 6.3.2 to the 2019 annual financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

**33.2** 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).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

RECURRING FAIR VALUE MEASUREMENTS	June 30, 2020 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<b>INVESTMENTS - NET</b>	Rupees in '000			
<b>Financial Assets</b>				
<b>Available for sale securities</b>				
Ordinary shares - listed	5,444,009	-	-	5,444,009
Pakistan Energy Sukuk - listed	83,100,505	-	-	83,100,505
GOP Sukuks	-	51,243,251	-	51,243,251
Foreign Sukuk	8,889,998	-	-	8,889,998
<b>Forward purchase of foreign exchange contracts</b>	-	135,136,073	-	135,136,073
<b>Forward sale of foreign exchange contracts</b>	-	98,485,599	-	98,485,599

RECURRING FAIR VALUE MEASUREMENTS	December 31, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>INVESTMENTS - NET</b>	Rupees in '000			
<b>Financial Assets</b>				
<b>Available for sale securities</b>				
Ordinary shares - listed	5,544,826	-	-	5,544,826
Pakistan Energy Sukuk - listed	97,362,650	-	-	97,362,650
GOP Sukuks	-	12,792,286	-	12,792,286
Foreign Sukuk	8,083,166	-	-	8,083,166
<b>Forward purchase of foreign exchange contracts</b>	-	154,054,304	-	154,054,304
<b>Forward sale of foreign exchange contracts</b>	-	118,014,717	-	118,014,717

Investment in associates (listed - mutual funds) have market value of Rs. 1,353 million (December 31, 2019: Rs 1,583 million) which is being valued under level 2. These are carried at cost in the financial statements in accordance with the Bank's accounting policy.

### 33.3 Fair value of non-financial assets

Non-banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 14. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in this financial information.

33.4 Financial assets not measured at fair value	Carrying Value	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
Cash and balances with treasury banks	102,494,479	92,193,361
Balances with other banks	19,187,780	15,372,233
Due from financial institutions - net	274,356,891	223,689,325
Investments - net	157,832,599	101,863,234
Islamic financings and related assets - net	478,441,624	493,775,346
Other assets - net	52,528,569	44,508,630

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**34 SEGMENT ANALYSIS**

**34.1 Segment Details with respect to Business Activities**

June 30, 2020 (Unaudited)	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
<b>Rupees in '000</b>						
<b>Profit and Loss Account</b>						
External Revenue	26,061,479	4,633,525	31,465,475	694,432	-	62,854,911
Inter segment revenue - net	-	40,811,368	-	63,954	(40,875,322)	-
<b>Total Income</b>	<b>26,061,479</b>	<b>45,444,893</b>	<b>31,465,475</b>	<b>758,386</b>	<b>(40,875,322)</b>	<b>62,854,911</b>
Segment direct expenses	2,275,378	37,073,249	485,219	532,703	-	40,366,549
Inter segment expense allocation	16,618,033	-	24,257,289	-	(40,875,322)	-
<b>Total expenses</b>	<b>18,893,411</b>	<b>37,073,249</b>	<b>24,742,508</b>	<b>532,703</b>	<b>(40,875,322)</b>	<b>40,366,549</b>
Provision and write offs - net	2,238,370	260,083	598,643	-	-	3,097,096
<b>Profit before tax</b>	<b>4,929,698</b>	<b>8,111,561</b>	<b>6,124,324</b>	<b>225,683</b>	<b>-</b>	<b>19,391,266</b>
<b>Statement of Financial Position</b>						
Cash & Bank balances	-	114,244,754	7,437,505	-	-	121,682,259
Due from financial institutions - net	-	-	274,356,891	-	-	274,356,891
Investments - net	15,517,103	-	290,993,259	-	-	306,510,362
Net inter segment lending	-	906,132,952	-	196,088	(906,329,040)	-
Islamic financings and related assets - net	403,789,672	74,651,952	-	-	-	478,441,624
Others	-	-	31,905,318	-	-	31,905,318
<b>Total Assets</b>	<b>436,651,358</b>	<b>1,125,387,098</b>	<b>604,692,973</b>	<b>196,088</b>	<b>(906,329,040)</b>	<b>1,260,598,477</b>
Due to financial institutions	53,285,454	845,177	15,812	-	-	54,146,443
Deposits & other accounts	-	1,045,419,553	-	-	-	1,045,419,553
Subordinated Sukuk	18,000,000	-	-	-	-	18,000,000
Net inter segment borrowing	332,185,222	-	574,143,818	-	(906,329,040)	-
Others	11,182,337	68,076,420	69,119	196,088	-	79,523,964
<b>Total liabilities</b>	<b>414,653,013</b>	<b>1,114,341,150</b>	<b>574,228,749</b>	<b>196,088</b>	<b>(906,329,040)</b>	<b>1,197,089,960</b>
<b>Equity</b>	<b>21,998,345</b>	<b>11,045,948</b>	<b>30,464,224</b>	<b>-</b>	<b>-</b>	<b>63,508,517</b>
<b>Total Equity &amp; liabilities</b>	<b>436,651,358</b>	<b>1,125,387,098</b>	<b>604,692,973</b>	<b>196,088</b>	<b>(906,329,040)</b>	<b>1,260,598,477</b>
<b>Contingencies &amp; Commitments</b>	<b>547,393,553</b>	<b>94,362,286</b>	<b>231,621,782</b>	<b>-</b>	<b>-</b>	<b>873,377,621</b>
<b>June 30, 2019 (Unaudited)</b>						
<b>Profit and Loss Account</b>						
External Revenue	23,382,248	4,157,822	15,647,998	1,278,563	-	44,466,631
Inter segment revenue - net	-	30,049,283	-	48,721	(30,098,004)	-
<b>Total Income</b>	<b>23,382,248</b>	<b>34,207,105</b>	<b>15,647,998</b>	<b>1,327,284</b>	<b>(30,098,004)</b>	<b>44,466,631</b>
Segment direct expenses	1,512,338	28,588,997	482,284	393,631	-	30,977,250
Inter segment expense allocation	17,216,318	-	12,881,686	-	(30,098,004)	-
<b>Total expenses</b>	<b>18,728,656</b>	<b>28,588,997</b>	<b>13,363,970</b>	<b>393,631</b>	<b>(30,098,004)</b>	<b>30,977,250</b>
Provisions and write offs - net	497,108	98,561	456,568	-	-	1,052,237
<b>Profit before tax</b>	<b>4,156,484</b>	<b>5,519,547</b>	<b>1,827,460</b>	<b>933,653</b>	<b>-</b>	<b>12,437,144</b>
<b>Statement of Financial Position</b>						
Cash & Bank balances	-	102,971,910	6,572,807	-	-	109,544,717
Due from financial institutions - net	-	-	131,254,232	-	-	131,254,232
Investments - net	19,165,720	-	197,994,040	-	-	217,159,760
Net inter segment lending	-	691,679,145	-	-	(691,679,145)	-
Islamic financings and related assets - net	399,635,086	84,259,091	-	-	-	483,894,177
Others	19,406,242	31,100,229	11,211,281	569,898	-	62,287,650
<b>Total Assets</b>	<b>438,207,048</b>	<b>910,010,375</b>	<b>347,032,360</b>	<b>569,898</b>	<b>(691,679,145)</b>	<b>1,004,140,536</b>
Due to financial institutions	31,962,941	596,786	699,856	-	-	33,259,583
Deposits & other accounts	-	841,801,305	-	-	-	841,801,305
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	360,064,352	-	331,175,651	439,142	(691,679,145)	-
Others	13,167,259	58,139,543	100,154	106,030	-	71,512,986
<b>Total liabilities</b>	<b>419,194,552</b>	<b>900,537,634</b>	<b>331,975,661</b>	<b>545,172</b>	<b>(691,679,145)</b>	<b>960,573,874</b>
<b>Equity</b>	<b>19,012,496</b>	<b>9,472,741</b>	<b>15,056,699</b>	<b>24,726</b>	<b>-</b>	<b>43,566,662</b>
<b>Total Equity &amp; liabilities</b>	<b>438,207,048</b>	<b>910,010,375</b>	<b>347,032,360</b>	<b>569,898</b>	<b>(691,679,145)</b>	<b>1,004,140,536</b>
<b>Contingencies &amp; Commitments</b>	<b>304,410,368</b>	<b>51,125,542</b>	<b>163,535,765</b>	<b>-</b>	<b>-</b>	<b>519,071,675</b>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**35 RELATED PARTY TRANSACTIONS**

**35.1** 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 includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

**35.2** The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the key management personnel is determined in accordance with the terms of their appointment.

**35.3 Subsidiary company**

- Al Meezan Investment Management Limited

**35.4 Key management personnel**

- President and Chief Executive Officer  
- Deputy Chief Executive Officer

**35.5** Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the period-end as are follows:

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)
<b>Rupees in '000</b>												
<b>Islamic financing and related assets</b>												
At January 1,	569,248	437,528	-	-	569,248	437,528	-	-	-	-	-	-
Addition during the period / year	9,451,895	3,458,959	-	-	9,451,895	3,458,959	-	-	-	-	-	-
Deletion during the period / year	(2,184,944)	(3,327,239)	-	-	(2,184,944)	(3,327,239)	-	-	-	-	-	-
At June 30 / December 31	7,836,199	569,248	-	-	7,836,199	569,248	-	-	-	-	-	-
<b>Investments</b>												
At January 1,	897,811	897,811	63,050	63,050	834,761	834,761	-	-	-	-	-	-
Addition during the period / year	1,468,680	-	-	-	1,468,680	-	-	-	-	-	-	-
Deletion during the period / year	(312,544)	-	-	-	(312,544)	-	-	-	-	-	-	-
At June 30 / December 31	2,053,947	897,811	63,050	63,050	1,990,897	834,761	-	-	-	-	-	-
<b>Due from financial institutions</b>												
At January 1,	24,985,377	-	-	-	24,985,377	-	-	-	-	-	-	-
Addition during the period / year	21,526,308	24,985,377	-	-	21,526,308	24,985,377	-	-	-	-	-	-
Deletion during the period / year	(14,985,958)	-	-	-	(14,985,958)	-	-	-	-	-	-	-
At June 30 / December 31	31,525,727	24,985,377	-	-	31,525,727	24,985,377	-	-	-	-	-	-

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



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)	June 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)
<b>Rupees in '000</b>												
<b>Deposits</b>	<b>5,546,936</b>	5,164,559	<b>139,733</b>	10,349	<b>1,235,518</b>	1,171,564	<b>52,223</b>	95,662	<b>175,206</b>	171,382	<b>3,944,256</b>	3,715,602
<b>Provision held against investments</b>	<b>70,124</b>	-	-	-	<b>70,124</b>	-	-	-	-	-	-	-
<b>Other Assets</b>												
Profit receivable on financing / investments / placements	<b>1,334,222</b>	710,269	-	-	<b>1,334,222</b>	710,269	-	-	-	-	-	-
Fee and Other Receivable	<b>51,871</b>	24,011	<b>45,450</b>	22,408	<b>6,421</b>	1,603	-	-	-	-	-	-
Dividend Receivable	<b>47,140</b>	-	-	-	<b>47,140</b>	-	-	-	-	-	-	-
Security Deposits	<b>5,459</b>	-	-	-	<b>5,459</b>	-	-	-	-	-	-	-
<b>Sub-ordinated Sukuk (Tier II)</b>	<b>378,000</b>	568,000	-	-	<b>378,000</b>	568,000	-	-	-	-	-	-
<b>Other Liabilities</b>												
Payable to defined benefit plan	<b>495,124</b>	561,242	-	-	-	-	-	-	<b>334,154</b>	317,180	<b>160,970</b>	244,062
Accrued Expenses	<b>413,659</b>	202,500	<b>2,571</b>	2,500	<b>11,088</b>	-	-	-	-	-	<b>400,000</b>	200,000
Security deposits against Ijarah	<b>86,228</b>	-	-	-	<b>86,228</b>	-	-	-	-	-	-	-
<b>Contingencies and Commitments</b>												
Letters of Credit (unfunded)	-	26,076	-	-	-	26,076	-	-	-	-	-	-
Letters of Guarantee (unfunded)	<b>100</b>	100	<b>100</b>	100	-	-	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
<b>Rupees in '000</b>												
Profit earned on financing / investments / placements	2,281,988	22,206	-	-	2,281,988	22,206	-	-	-	-	-	-
Fees and other income earned	69,429	61,567	53,692	53,107	15,737	8,460	-	-	-	-	-	-
Dividend income earned	122,145	-	65,000	-	57,145	-	-	-	-	-	-	-
Return on deposits / borrowing expensed	372,432	245,414	1,665	911	151,193	50,476	787	1,038	4,508	17,292	214,279	175,697
Charge for defined benefit plan	160,970	140,085	-	-	-	-	-	-	-	-	160,970	140,085
Contribution to defined contribution plan	186,687	155,818	-	-	-	-	-	-	-	-	186,687	155,818
Contribution to staff benevolent fund	28,513	20,000	-	-	-	-	-	-	-	-	28,513	20,000
Other administrative expenses	104,814	6,177	7,149	6,177	97,665	-	-	-	-	-	-	-
Provision against investments	24,019	-	-	-	24,019	-	-	-	-	-	-	-
Donation	220,000	-	-	-	-	-	-	-	-	-	220,000	-
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	124,191	117,668	-	-	-	-	33,970	27,401	90,221	90,267	-	-
Proceeds from sale of fully depreciated fixed assets	3,616	-	-	-	-	-	-	-	3,616	-	-	-
Purchase of fixed assets	99,717	-	-	-	99,717	-	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
<b>36 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement</b>		
Paid-up capital (net of losses)	<u>12,861,116</u>	<u>12,861,116</u>
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	<u>57,740,380</u>	48,792,920
Eligible Additional Tier 1 Capital	<u>7,000,000</u>	7,000,000
Total Eligible Tier 1 Capital	<u>64,740,380</u>	55,792,920
Eligible Tier 2 Capital	<u>19,710,825</u>	15,831,790
Total Eligible Capital (Tier 1 + Tier 2)	<u>84,451,205</u>	71,624,710
<b>Risk Weighted Assets</b>		
Credit Risk	<u>315,212,211</u>	342,265,372
Market Risk	<u>14,495,343</u>	14,948,695
Operational Risk	<u>74,650,912</u>	74,650,912
Total	<u>404,358,466</u>	431,864,979
Common Equity Tier 1 Capital Adequacy ratio	<u>14.28%</u>	11.30%
Tier 1 Capital Adequacy Ratio	<u>16.01%</u>	12.92%
Total Capital Adequacy Ratio	<u>20.89%</u>	16.58%
<b>Leverage Ratio</b>		
Tier-1 Capital	<u>64,740,380</u>	55,792,920
Total Exposures	<u>1,472,577,945</u>	1,306,069,711
Leverage Ratio	<u>4.40%</u>	4.27%
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	<u>243,026,575</u>	173,028,388
Total Net Cash Outflow	<u>82,233,490</u>	90,017,680
Liquidity Coverage Ratio	<u>296%</u>	192%
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	<u>983,154,214</u>	874,633,651
Total Required Stable Funding	<u>563,737,646</u>	536,584,783
Net Stable Funding Ratio	<u>174%</u>	163%

**37 GENERAL**

**37.1 NON-ADJUSTING EVENT**

The Board of Directors in their meeting held on August 17, 2020 has announced 10% bonus shares. This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the period end.

**37.2 DATE OF AUTHORISATION**

This condensed interim financial information was authorised for issue on August 17, 2020 by the Board of Directors of the Bank.

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	102,495,045	92,193,877
Balances with other banks	19,112,918	15,414,833
Due from financial institutions - net	274,356,891	223,689,325
Investments - net	310,407,965	229,667,072
Islamic financing and related assets - net	478,441,624	493,775,346
Fixed assets	24,151,613	23,663,521
Intangible assets	960,683	800,532
Deferred tax asset	324,843	-
Other assets - net	54,745,407	46,910,457
	<b>1,264,996,989</b>	<b>1,126,114,963</b>
<b>LIABILITIES</b>		
Bills payable	23,405,775	17,186,807
Due to financial institutions	54,146,443	42,047,390
Deposits and other accounts	1,045,279,820	932,568,765
Sub-ordinated Sukuk	18,000,000	14,000,000
Deferred tax liabilities	-	3,008,451
Other liabilities	57,043,798	54,522,604
	<b>1,197,875,836</b>	<b>1,063,334,017</b>
<b>NET ASSETS</b>	<b>67,121,153</b>	<b>62,780,946</b>
<b>REPRESENTED BY</b>		
Share capital	12,861,116	12,861,116
Reserves	19,399,675	18,231,980
Unappropriated profit	28,900,227	21,117,202
Surplus on revaluation of assets - net of tax	4,789,216	9,400,835
	<b>65,950,234</b>	<b>61,611,133</b>
<b>NON-CONTROLLING INTEREST</b>	<b>1,170,919</b>	<b>1,169,813</b>
	<b>67,121,153</b>	<b>62,780,946</b>

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. A. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Note		Restated	
	1.4			
	Quarter ended June 30, 2020	Half year ended June 30, 2020	Quarter ended June 30, 2019	Half year ended June 30, 2019
	Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	27,997,132	57,832,671	21,802,674	40,011,089
Profit on deposits and other dues expensed	10,363,981	25,486,719	9,902,295	19,255,013
Net spread earned	17,633,151	32,345,952	11,900,379	20,756,076
<b>OTHER INCOME</b>				
Fee and commission income	1,340,533	2,963,134	1,986,703	3,856,279
Dividend income	31,550	91,127	63,875	108,193
Foreign exchange income	334,985	1,298,113	657,366	1,074,466
Gain / (loss) on securities - net	242,791	965,629	1,923	(141,029)
Other income	111,280	245,734	119,408	221,978
	2,061,139	5,563,737	2,829,275	5,119,887
Total income	19,694,290	37,909,689	14,729,654	25,875,963
<b>OTHER EXPENSES</b>				
Operating expenses	7,719,985	14,584,297	6,198,517	11,677,102
Workers Welfare Fund	243,429	464,378	214,248	344,685
Other charges	507	83,686	787	2,155
Total other expenses	7,963,921	15,132,361	6,413,552	12,023,942
	11,730,369	22,777,328	8,316,102	13,852,021
Share of results of associates before taxation	551,209	(355,942)	(455,513)	(300,731)
<b>Profit before provisions</b>	12,281,578	22,421,386	7,860,589	13,551,290
Provisions and write offs - net	1,459,365	3,097,096	1,152,184	1,052,237
Extraordinary / unusual items	-	-	-	-
<b>Profit before taxation</b>	10,822,213	19,324,290	6,708,405	12,499,053
Taxation	4,182,364	7,741,200	2,753,414	5,495,046
<b>Profit after taxation</b>	6,639,849	11,583,090	3,954,991	7,004,007
<b>Attributable to:</b>				
Shareholders of the Holding company	6,514,233	11,538,570	3,991,308	6,964,554
Non-controlling interest	125,616	44,520	(36,317)	39,453
	6,639,849	11,583,090	3,954,991	7,004,007
	Rupees			
	Restated			
<b>Basic and diluted earnings per share</b>	5.07	8.97	3.10	5.42

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. A. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer



## CONDENSED INTERIM CONSOLIDATED

### STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note 1.4	Restated			
		Quarter ended June 30, 2020	Half year ended June 30, 2020	Quarter ended June 30, 2019	Half year ended June 30, 2019
		Rupees in '000			
<b>Profit after taxation for the period attributable to:</b>					
Shareholders of the Holding company		6,514,233	11,538,570	3,991,308	6,964,554
Non-controlling interest		125,616	44,520	(36,317)	39,453
		<u>6,639,849</u>	<u>11,583,090</u>	<u>3,954,991</u>	<u>7,004,007</u>
<b>Other Comprehensive income</b>					
<b>Item that may be reclassified to profit and loss account in subsequent periods:</b>					
Deficit on revaluation of investments		(3,132,614)	(7,094,798)	(589,171)	(386,082)
Deferred tax on revaluation of investments		1,096,415	2,483,179	206,210	135,129
		<u>(2,036,199)</u>	<u>(4,611,619)</u>	<u>(382,961)</u>	<u>(250,953)</u>
<b>Item that will not be reclassified to profit and loss account in subsequent periods:</b>					
Remeasurements of defined benefit plan - net of tax		(24,040)	(24,040)	9,085	9,085
Deficit on revaluation of non - banking assets		-	-	-	(14,785)
Deferred tax on revaluation of non - banking assets		-	-	-	5,175
		<u>(24,040)</u>	<u>(24,040)</u>	<u>9,085</u>	<u>(525)</u>
<b>Other comprehensive loss for the period</b>		<u>(2,060,239)</u>	<u>(4,635,659)</u>	<u>(373,876)</u>	<u>(251,478)</u>
<b>Total comprehensive Income for the period</b>		<u>4,579,610</u>	<u>6,947,431</u>	<u>3,581,115</u>	<u>6,752,529</u>
<b>Attributable to:</b>					
Shareholders of the Holding company		4,462,408	6,911,325	3,614,251	6,709,895
Non-controlling interest		117,202	36,106	(33,136)	42,634
		<u>4,579,610</u>	<u>6,947,431</u>	<u>3,581,115</u>	<u>6,752,529</u>

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

Riyadh S. A. A. Edrees  
Chairman

Irfan Siddiqui  
President & Chief Executive

Faisal A. A. A. AlNassar  
Director

Mubashar Maqbool  
Director

Shabbir Hamza Khandwala  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Capital reserves				Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
	Share capital	Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non-banking assets		
<b>Rupees in '000</b>										
<b>Balance as at January 1, 2019</b>	11,691,924	2,406,571	9,570,365	3,117,547	91,082	15,738,899	(68,035)	22,152	1,006,434	43,576,939
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	6,964,554	-	-	39,453	7,004,007
Other Comprehensive income / (loss) for the half year ended June 30, 2019 - net of tax	-	-	-	-	-	5,904	(250,953)	(9,610)	3,181	(251,478)
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	6,970,458	(250,953)	(9,610)	42,634	6,752,529
<b>Other appropriations</b>										
Transfer to statutory reserve	-	-	1,400,349	-	-	(1,400,349)	-	-	-	-
<b>Transactions with owners recognised directly in equity</b>										
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	-	(2,338,385)
Interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	-	(1,169,192)
	1,169,192	-	-	-	-	(4,676,769)	-	-	-	(3,507,577)
<b>Balance as at June 30, 2019</b>	<b>12,861,116</b>	<b>2,406,571</b>	<b>10,970,714</b>	<b>3,117,547</b>	<b>91,082</b>	<b>16,632,318</b>	<b>(318,988)</b>	<b>12,463</b>	<b>1,049,068</b>	<b>46,821,891</b>
Profit after taxation for the half year ended ended December 31, 2019	-	-	-	-	-	8,619,887	-	-	155,745	8,775,632
Other Comprehensive income for the half year ended ended December 31, 2019 - net of tax	-	-	-	-	-	80,694	9,706,703	3,250	-	9,790,647
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	8,700,581	9,706,703	3,250	155,745	18,566,279
<b>Other appropriations</b>										
Transfer to statutory reserve	-	-	1,646,066	-	-	(1,646,066)	-	-	-	-
<b>Transactions with owners recognised directly in equity</b>										
Second Interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
Third Interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
Dividend payout by Subsidiary	-	-	-	-	-	(2,572,224)	-	-	-	(2,572,224)
	-	-	-	-	-	-	-	-	(35,000)	(35,000)
<b>Balance as at December 31, 2019</b>	<b>12,861,116</b>	<b>2,406,571</b>	<b>12,616,780</b>	<b>3,117,547</b>	<b>91,082</b>	<b>21,117,202</b>	<b>9,387,715</b>	<b>13,120</b>	<b>1,169,813</b>	<b>62,780,946</b>
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	-	11,538,570	-	-	44,520	11,583,090
Other Comprehensive loss for the half year ended June 30, 2020 - net of tax	-	-	-	-	-	(15,626)	(4,611,619)	-	(8,414)	(4,635,659)
<b>Other appropriations</b>										
Transfer to statutory reserve	-	-	1,167,695	-	-	(1,167,695)	-	-	-	-
<b>Transactions with owners recognised directly in equity</b>										
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	-	(2,572,224)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(35,000)	(35,000)
<b>Balance as at June 30, 2020</b>	<b>12,861,116</b>	<b>2,406,571</b>	<b>13,784,475</b>	<b>3,117,547</b>	<b>91,082</b>	<b>28,900,227</b>	<b>4,776,096</b>	<b>13,120</b>	<b>1,170,919</b>	<b>67,121,153</b>

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

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. A. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED  
CASH FLOW STATEMENT (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Half year ended June 30, 2020	Half year ended June 30, 2019
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	19,324,290	12,499,053
Less: Dividend income	(91,127)	(108,193)
	<b>19,233,163</b>	<b>12,390,860</b>
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	1,050,794	831,872
Amortization	114,879	174,197
Provisions and write offs - net	3,097,096	1,052,237
Non cash items related to right of use assets	1,733,264	1,368,576
Gain on sale of fixed assets	(58,518)	(41,483)
Share of results of associates	355,942	300,731
	<b>6,293,457</b>	<b>3,686,130</b>
	<b>25,526,620</b>	<b>16,076,990</b>
<b>Decrease / (increase) in operating assets</b>		
Due from financial institutions	(50,667,566)	53,560,368
Islamic financing and related assets	12,817,752	28,095,893
Other assets	(7,776,925)	(11,286,008)
	<b>(45,626,739)</b>	<b>70,370,253</b>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	6,218,968	(4,181,844)
Due to financial institutions	12,099,053	(3,148,228)
Deposits and other accounts	112,711,055	56,324,656
Other liabilities	(279,962)	5,813,927
	<b>130,749,114</b>	<b>54,808,511</b>
	<b>110,648,995</b>	<b>141,255,754</b>
Income tax paid	(5,845,452)	(4,650,486)
<b>Net cash flow from operating activities</b>	<b>104,803,543</b>	<b>136,605,268</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(88,783,880)	(94,530,033)
Dividends received	44,035	101,138
Investments in fixed assets	(1,946,067)	(2,716,251)
Investments in intangible assets	(275,030)	(177,200)
Proceeds from sale of fixed assets	84,220	72,249
<b>Net cash used in investing activities</b>	<b>(90,876,722)</b>	<b>(97,250,097)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of Sub-ordinated Sukuk - Tier II	4,000,000	-
Payment of lease liability against right-of-use assets	(1,320,467)	(1,033,119)
Dividend paid to equity shareholders of the Bank	(2,572,101)	(2,052,306)
Dividend paid to non controlling interest	(35,000)	-
<b>Net cash flow from / (used in) financing activities</b>	<b>72,432</b>	<b>(3,085,425)</b>
Increase in cash and cash equivalents	<b>13,999,253</b>	<b>36,269,746</b>
Cash and cash equivalents at the beginning of the period	<b>107,608,710</b>	<b>73,299,558</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>121,607,963</b>	<b>109,569,304</b>

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

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer

## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020**

### **1 BASIS OF PRESENTATION**

- 1.1** This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund II, Meezan Gold Fund, Meezan Energy Fund, Meezan Strategic Allocation Fund III and Meezan Rozana Amdani Fund.
- 1.2** This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- 1.3** This condensed interim consolidated financial information comprise of the statement of financial position as at June 30, 2020 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the half year ended June 30, 2020.
- 1.4** In June 2019, the Group adopted IFRS16 'Leases' with effect from January 01, 2019 for all Ijarah (lease) contracts where the Bank acts in capacity of Mustajir (lessee) as directed by the SBP vide its BPRD Circular Letter No.8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019. Accordingly, the financial information for the quarter ended March 31, 2019 was restated to account for this change in accounting policy as reported in the audited consolidated annual financial statements of the Group for the year ended December 31, 2019. There is no impact on consolidated profit after tax for the half year ended on June 30, 2019.

### **2 ACCOUNTING POLICIES**

- 2.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2019.

### **3 DATE OF AUTHORISATION**

This condensed interim consolidated financial information was authorised for issue on August 17, 2020 by the Board of Directors of the Holding company.

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

**Irfan Siddiqui**  
President & Chief Executive

**Faisal A. A. A. AlNassar**  
Director

**Mubashar Maqbool**  
Director

**Shabbir Hamza Khandwala**  
Chief Financial Officer





**Meezan Bank**  
The Premier Islamic Bank

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