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### CORPORATE

### INFORMATION

Board of DirectorsRiyadh S. A. A. EdreesChairmanFaisal A. A. A. AlNassarVice ChairmanBader H. A. M. A. AlRabiah

Bader H. A. M. A. AlRabia Mubashar Maqbool Basil Y. A. Y. R. AlBader Saad Fazil Abbasi Noorur Rahman Abid Mohamed Guermazi Nausheen Ahmad

Atif Azim Irfan Siddiqui

ariah Supervisory Board Justice (Retd.) Muhammad Tagi Usmani Chairman

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani
Dr. Muhammad Imran Ashraf Usmani
Sheikh Esam Mohamed Ishaq
Mufti Muhammad Naveed Alam

ManagementIrfan SiddiquiPresident & CEOAriful IslamDeputy CEO

**Board Audit Committee**Noorur Rahman Abid
Faisal A. A. A. AlNassar

Bader H. A. M. A. AlRabiah

Board Risk Faisal A. A. A. AlNassar Mubashar Maqbool Saad Fazil Abbasi

Board Human Resources & Noorur Rahman Abid Remuneration Committee Riyadh S. A. A. Edrees

Nausheen Ahmad

Board Information

Mubashar Maqbool

**Technology Committee**Riyadh S. A. A. Edrees
Faisal A. A. A. AlNassar
Atif Azim
Irfan Siddigui

Board IFRS 9 Implementation Riyadh S. A. A. Edrees Oversight Committee Irfan Siddigui

**Resident Shariah Board Member** Mufti Muhammad Naveed Alam

**Company Secretary** Muhammad Sohail Khan

**Auditors** EY Ford Rhodes, Chartered Accountants

Registered Office
and Head Office

C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan
Phone: (92-21) 38103500, Fax: (92-21) 36406049

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**E-mail** info@meezanbank.com

Website www.meezanbank.com www.meezanbank.pk

Shares Registrar THK Associates (Pvt.) Ltd

1<sup>st</sup> 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 President & CFO

Vice Chairman

### DIRECTORS' REVIEW

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the quarter ended March 31, 2020. While traditionally we start our review with a commentary on the financial results, this quarter we want to focus on the Coronavirus epidemic that has brought the world to a standstill; and how Meezan Bank has been dealing with this unprecedented crisis.

We start with the du'aa of our Prophet (s): "O Allah, save from us this calamity and this disease!" Ameen.

Meezan Bank remains fully committed to supporting our communities in helping them cope with this malaise. Be rest assured that we are taking every possible step to safeguard the health of our around 12,000 strong staff and at the same time, as an 'essential service', ensure that we are able to service all customers with their banking needs without any interruption. For this purpose, we have activated our BCP (Business Continuity Plans) for which we had earlier invested heavily both in infrastructure, technology (hardware and software) and training. This investment has paid off, and we have successfully deployed almost 70% staff to work from alternate sites, or from the safety of their homes, so as to minimize the risk of exposure to the disease and also to ensure 'social distancing'.

You may take comfort from the fact that through our twenty-two year history, the Banking sector has faced many challenges, and Alhamdullilah, throughout this period, we have been able to overcome these challenges and protect the interest of our stakeholders and shareholders. You will be happy to learn that, we have never missed a dividend payout. We are confident that InshAllah, we will be able to maintain this unblemished track record: although the State Bank of Pakistan has currently barred all banks from paying a dividend for the first two quarters of 2020, we will continue to pay dividends as soon as this restriction is lifted.

The State Bank of Pakistan (SBP) has announced a number of relief packages to help customers deal with liquidity problems, and we are fully committed to support these measures. In fact, we have gone a step further, and in the case of one relief package announced by SBP, concessional financing to hospitals to help them procure equipment to cope with Covid-19, we have provided financing to hospitals without charging any profit at 0%, even though the SBP Relief Scheme allows us to charge up to 3%. Further, the SBP, in March 2020 and then in April 2020, revised its Policy Rate downwards by a cumulative 425 basis points bringing the Policy Rate from 13.25% to 9.00% in order to provide an economic stimulus.

You will be happy to see from our 1st Quarter results that the Bank remains very strong and profitable and we are confident that Insha'Allah that we will be able to meet any of the challenges arising due to Covid-19. We need your support and prayers in this endeavor.

### DIRECTORS' REVIEW

### **Financial Highlights**

#### **Rupees in millions**

Profit & Loss Account	Jan - Mar 2020	Jan - Mar 2019	Growth %
Net spread earned	14,718	8,853	66%
Non - funded income	3,191	1,949	64%
Operating income	17,909	10,802	66%
Operating and other expenses	(7,111)	(5,451)	30%
Taxation	(3,655)	(2,652)	38%
Profit after tax	5,505	2,800	97%
Earnings per share - Rupees	4.28	2.18	97%
Number of branches	774	676	14%

#### **Rupees in millions**

Statement of Financial Position	March 31, 2020	December 31, 2019	Growth %
Investments / Placements under Bai Muajjal	493,550	449,335	10%
Islamic financing and related assets - net	472,940	493,775	(4%)
Total Assets	1,138,312	1,121,258	2%
Deposits	928,389	932,579	(0%)
Sub-ordinated Sukuk (Additional Tier I & Tier II)	18,000	14,000	29%
Equity	59,373	59,015	1%

By the grace of Allah, Meezan Bank continued to perform well during the first quarter ended March 31, 2020 and recorded profit after tax of Rs 5,505 million from Rs 2,800 million in corresponding period last year - a growth of 97%. The Earnings per Share - on enhanced capital increased to Rs 4.28 per share from Rs 2.18 per share in March 2019.

The Bank's net spread grew by 66% primarily due to Bank's continuous focus on maintaining higher volume of earning assets portfolio and higher underlying Policy Rate which on average remained at 13.04% during the quarter as compared to 10.16% in corresponding period last year. The Bank's non-funded income grew to Rs 3.2 billion from Rs 1.9 billion in the corresponding period last year - a growth of 64% primarily due to higher foreign exchange income and gain on sale of securities of Rs 680 million.

The Bank's operating and other expenses increased to Rs 7,111 million from Rs 5,451 million in corresponding period last year primarily due to increase in cost associated with opening of 98 new branches from March 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 51% in March 2019.

### DIRECTORS' REVIEW

The Board has approved an additional General Provision of Rs 1 billion against any potential non-performing financings and stress on the borrowers in view of economic challenges arising due to COVID -19 outbreak. The Bank maintains a comfortable level of provisions against its non-performing financings with a coverage ratio of 147% - one of the highest in the Banking industry. The Bank's non-performing financing ratio stood at 1.9% - compared to an industry average of 9%.

The total assets of the Bank stood slightly higher at Rs 1,138 billion as compared to Rs 1,121 billion in December 2019. The Bank's financing decreased slightly from Rs 494 billion in December 2019 mainly due to repayment of seasonal financing and overall slowdown in economic activity. The Bank's financing portfolio is well diversified among top notch Corporate, Commercial, mid-tier Small and Medium Enterprise (SME) and Consumer segments. The focus remains to build a high quality and diversified financing portfolio.

The Bank was able maintain its deposits at Rs 928 billion as compared to Rs 933 billion in December 2019. The Bank's average current account deposits grew by 18% from corresponding period last year which also contributed to higher net spread. The Bank continued to further expand its foot prints and added 14 new branches to its network, bringing the total number of branches to 774 in 231 cities (December 2019: 760 Branches in 223 cities). The Bank's CAR as March 31, 2020 is at a comfortable level of 18.02% which is over and above the minimum regulatory requirement of 11.50%.

The VIS Credit Rating Company Limited, has assigned 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 2019 and represent sound performance indicators of the Bank.

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 of making 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: May 05, 2020

# ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائر کیٹرزمسرت کے ساتھ 31 مارچ 2020 کوختم ہونے والی سہ ماہی کے لئے میزان بینک کمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اورانضا می مالیاتی حسابات پیش کرتا ہے۔اگر چہ عام طور پر ہم اپنے تجزیہ کا آغاز مالیاتی نتائج کی وضاحت ہے کرتے ہیں، تا ہم اس سہ ماہی ہیں ہماری توجدا کی تو کورونا وائرس کی عالمی و با پر مرکوز ہے جس نے دنیا بھر میں کا روبا رحیات کو مجمد کر کے رکھ دیا ہے اور دوسرا رہے کمیزان بینک اس بے مثال بحران سے کیسے نبر د آز ماہے۔

ہم رسول الله عليه كاس دعائة غازكرتے بين كه:

## "ا الله بهمين اس آفت اوراس مرض مع محفوظ فرما-" (آمين)

میزان بینک اس بیاری کا مقابلہ کرنے کے لئے اپنے معاشرتی طبقات سے تعاون کے لئے پر عزم ہے۔ اس بات کا یقین رکھئے کہ ہم اپنے تقریباً 112,000 افراد پر مشتل مضبوط عملے کی صحت کی حفاظت کے لئے ہم مکن اقدامات کررہے ہیں اوراسی دوران ، ایک''لازی خدمت' (Essential Service) کے طور پراس بات کو بیٹی کی ہم اپنے تمام صارفین کو بلاکس رکاوٹ کے بینکاری خدمات فراہم کرتے رہیں۔ اس مقصد کے لئے ہم نے اپنے کاروباری شلسل کے منصوبوں کو بیٹی بنارہ ہیں کہ ہم اپنے کاروباری شلسل کے منصوبوں کے بنایا ہے جس کے لئے ہم نے قبل ازیں انفرااسٹر بچر ، نیکنالوجی (بارڈ ویئر اور سافٹ ویئر) اورٹریننگ کے شعبہ جات میں بھاری سرمایہ کاری کر کھی تھی۔ اس سرمایہ کاری کے خطرات کو ہم کیا جا سکے اور اس کے ساتھ ساتھ '' ماجی فاصلہ'' کو بھی بیٹنی بنایا جا سکے۔ سے محفوظ انداز میں کام کرنے کو بیٹی بنایا جا سکے۔

آپ کو بیجان کراطمینان ہوگا کہ ہماری بائیس سالہ تاریخ میں بینکاری صنعت کو متعدد چیلنجز کا سامنار ہا ہے اور الجمد للہ ، اس تمام عرصے میں ہم ان چیلنجز سے نمٹنے اور اپنے متعلقین اور صص یافتگان کے مفادات کا تحفظ کرنے میں کامیاب رہے ہیں۔ آپ کو بیجان کرخوشی ہوگی کہ ہم نے بھی بھی ڈیویڈنڈکی ادائیگی ترک نہیں کی۔ ہمیں یقین ہے کہ انشاء اللہ ہم اپنا بیے داغ ریکارڈ قائم رکھنے میں کامیاب رہیں گے۔ اگر چہ اسٹیٹ بینک آف پاکستان نے حال ہی میں تمام بینکوں کو 2020 کی پہلی دو سما ہیوں کے لئے ڈیویڈنڈکی ادائیگی سے روک دیا ہے، تا ہم جیسے ہی یہ یابندی ختم ہوگی ، ہم ڈیویڈنڈکی ادائیگی کا سلسلہ شروع کر دیں گے۔

اسٹیٹ بینک آف پاکتان (SBP) نے صارفین کے لکویڈ بڑے مسائل کے لئے متعدد ریلیف پیکی کا علان کیا ہے اور ہم ان اقد امات بیں مکمل تعاون کے لئے متعدد ریلیف پیکی بین اسپتالوں و SBP) نے صارفین کے راعز م ہیں۔ در هقیقت ہم ایک قدم آگے رہے ہیں، اسٹیٹ بینک آف پاکتان کے اعلان کردہ ایک ریلیف پیکی بین اسپتالوں کو والہ مان کے دعایتی فراہم کی جارہی ہے، جس کے تحت ہم نے اسپتالوں کو بلامنا فع یعنی 00 پر فنانسگ فراہم کی ہے، اگر چیاسٹیٹ بینک آف پاکتان نے مارچ ، 2020 اور بعد از اں اپریل، بینک آف پاکتان نے مارچ ، 2020 اور بعد از اں اپریل، بینک آف پاکستان نے مارچ ، 2000 ور بعد از اں اپریل، 2020 میں پالیسی شرح پرنظر تانی کرتے ہوئے مجوی طور پر 425 ہیسس پوائنٹ کی کی اور پالیسی ریٹ کو % 13.25 سے % 9.00 تک کم کردیا تا کہ معاثی مرگرمیوں کو تک کی دی جا سکے۔

آپ کو ہماری پہلی سماہی کے نتائج دیکھ کرخوشی ہوگی کہ بینک اس مدت میں انتہائی متحکم اور فائدہ مندر ہااور ہمیں یقین ہے کہ انشاء اللہ ہم 19-COVID سے پیدا ہونے والے ہوتم کے چیلنجز سے نبرد آزماہو کیل گے۔اس کوشش میں ہمیں آپ کے تعاون اور دعاؤں کی ضرورت ہے۔

اضافه کی شرح%	جنوري تامارچ، 19 20	جنوری تامارچ، 2020	نفع ونقصان کھاتہ
66%	8,853	14,718	آ مدنی۔خالص
64%	1,949	3,191	غيرمالياتي آيدني
66%	10,802	17,909	كلآمدنى
30%	(5,451)	(7,111)	انظامی اور دیگراخراجات
38%	(2,652)	(3,655)	<sup>ف</sup> ىكسىيشن
97%	2,800	5,505	بعداز تبكس منافع
97%	2.18	4.28	منافع فی حصص (روپے میں )
14%	676	774	شاخوں کی تعداد

مالياتی حيثيت كاجائزه	3020، ق. 2020	31ونجبر، 2019	اضافه اکمی کی شرح%
سرمایہ کاری <i>ایج</i> معجل کے تحت تعیناتی	493,550	449,335	10%
اسلامي فنانسنگ اور متعلقه اثاثے۔خالص	472,940	493,775	(4%)
كلااثاثي	1,138,312	1,121,258	2%
جع شده رقوم (Deposits)	928,389	932,579	(0%)
ثانوی صکوک (اضافی ا Tier اور Tier II)	18,000	14,000	29%
ا يكويني	59,373	59,015	1%

الحدیلہ، میزان بینک نے 31 مارچ، 2020 کوختم ہونے والی پہلی سہ ماہی میں بہترین کارکردگی کامظاہرہ جاری رکھا ہے اورگزشتہ سال کی اس سے 2010 ملین روپ کے مقابلے میں 5,505 ملین روپے کا بعد از ٹیکس منافع ظاہر کیا ہے، جو کہ 97 فیصد اضافہ ہے۔ اضافہ شدہ سرمائے پر فی حصص آمدنی مارچ، 2019 کے 2018 کے 2018 میں بڑھ کر 20.28 دوپے فی حصص ہوگئی۔ 2.18 دوپے فی حصص کے مقابلے میں بڑھ کر 2.48 دوپے فی حصص ہوگئی۔

بینک کے اصل منافع میں 66 فیصد کا اضافہ ہوا جس کی بنیادی وجہ آ مدنی والے اٹا ٹوں کے پورٹ نولیوکا زیادہ تجم برقر اررکھنا اورزیادہ بنیادی پالیسی شرح تھی جودورانِ سمائی اوسطاً 13.04 فیصد رہی تھی۔ بینک کی نان فنڈ ڈی آ مدنی گزشتہ سال کی اس مدت کے 19.1 ارب روپے مقابلے میں بڑھ کر 3.2 ارب روپے ہوگئ، اس 64 فیصد اضافے کی بنیادی وجو ہات میں غیر مکلی زیرمبادلہ کی زیادہ آ مدنی اور 680 ملین روپ کے سکی زیرمبادلہ کی زیادہ آ مدنی اور 680 ملین روپے کے سکی وخت سے ہوئے والامنافع شامل تھا۔

بینک کے انتظامی اور دیگر اخراجات گزشتہ سال کی اس مدت کے 5,451 ملین روپے کے مقابلے میں بڑھ کر 7,111,7 ملین روپے ہوگئے، جس کی بنیادی وجہ وہ اخراجات میں اس اضافے کو بینک کی فٹرڈ اخراجات میں اس اضافے کو بینک کی فٹرڈ اور اجات سے 98 میں ہم کی مورت اور نان ۔ فٹرڈ ڈ آمدنی میں اضافے نے کافی حد تک جذب کرلیا اور جس کا نتیجہ آمدنی کی شرح استعداد (Income Efficiency Ratio) میں بہتری کی صورت میں برآمدہوا۔ بینک کا آئم ایفیشنسی ریشو مارچ، 2019 کے 51 فیصد کے مقابلے میں 40 فیصد پر برقر ارہے۔

بورڈ نے COVID-2 کے پھیلاؤ کے باعث درپیش معاثی چیلنجز کے پیش نظر مکہ غیر فعال فنانسگر اور فنانسگ حصول کنندگان پر دباؤ کی وجہ ہے۔ 1 ارب روپے کی اضافی عمومی پروویژنز کی منظوری دی ہے۔ بینک نے اپنی غیر فعال فنانسنگز کی مدیس 147 فیصد کورت کے ریثو کے ساتھ پروویژنز کی تسلی بخش شرح برقر اررکھی ہے جو بینکاری صنعت کی بلندترین شرحوں میں سے ایک ہے۔ بینک کی غیر فعال فنانسنگز کی شرح بینکا کی صنعت کی 9 فیصد شرح کے مقابلے میں 1.9 فیصد پر برقر ارہے۔ بینک کے مجموع اٹا ثے وتمبر،2019 کے 121, 1 ارب روپے کے مقابلے میں قدر سے اضافے کے ساتھ 1,138 ارب روپے رہے۔ بینک کی فٹانسنگ میں وتمبر، 2019 کے 494 ارب روپے کے مقابلے میں کمی واقع ہوئی جس کی بنیادی وجہ تخصوص مدت کی فٹانسنگ (Seasonal Financing) کی اوائیگی اور معاشی مرگرمیوں کی ست رفتارتھی۔ بینک کا متنوع فٹانسنگ پورٹ فولیواعلی درجہ کے کارپوریٹ، کمرشل، اوسط درجہ کے چھوٹے اور درمیانے کاروبار (SME) اور کنزیوم شعبہ جات پر شمتل ہے۔ بینک کی توجہ علی معیار کا متنوع فٹانسنگ پورٹ فولیوقائم کرنے پر مرکوز ہے۔

بینک نے اپنی جمع شدہ رقوم (Deposits) دیمبر،2019 کے933 ارب روپے کے مقابلے میں 928 ارب روپے پر برقر اررکھیں۔ بینک کی کرنٹ اکاؤنٹ کی اوسط جمع شدہ رقوم میں گزشتہ سال کی اس مدت کے مقابلے میں 18 فیصد کا اضافہ ہوا ، جو بینک کی خالص آمد نی میں اضافہ میں معاون ثابت ہوا۔ بینک نے اپنی وسعت کا سلسلہ جاری رکھا اور اپنے نیٹ ورک میں 14 نئی برانچوں کا اضافہ کیا ، جس سے اس کی برانچوں کی تعداد 231 شہروں میں 774 ہوگئی (دیمبر، 2019 تا وی کی سالہ جاری برقر ارد ہاہے جو 11.50 فیصد کی کم از کم قانونی ضرورت سے کافی زیادہ ہے۔

VIS کریڈٹ ریٹنگ کمپنی نے بینک کو متحکم آٹار کے ساتھ + AA (ڈبل اے پلس) طویل المیعادریٹنگ اور + A1 (اےون پلس) قلیل المیعادریٹنگ دی ہے۔ VIS کریڈٹ ریٹنگ کمپنی نے بینک کے ٹانوی Tier II صکوک اوراضا فی Tier I صکوک کو بالتر تیب AA (ڈبل اے) اور -AA (ڈبل اے مائنس) ریٹنگ دی ہے۔ پیریٹنگر 2019 میں تفویض کی گئیں جو بینک کی متحکم کارکردگی کے اشاروں کی نشاندہی کرتی ہیں۔

میزان بینک کابورڈ اسٹیٹ بینک آف پاکستان، سیورٹیز اینڈ ایجینی کمیشن آف پاکستان اور ہمارے شریعہ سپر وائزری بورڈ کاان کی مسلسل معاونت اور ہمائی کے لئے تہددل سے مشکور ہے۔ اس موقع پہم اسپنے معزز صارفین کی سر پرتی، اپنے شیئر ہولڈرز، اضافی Tier I صکوک اور ٹانوی است صکوک ہولڈرز کے مسلسل تعاون اور این مسلسل جدو جہد کے لئے ان کاشکر میادا کرتے ہیں جنہوں نے میزان بینک کو کامیابی کی ان بلندیوں سے ہمکنار کیا۔ سب سے بڑھ کر ہم اللہ بھا کے بے حد شکر گزار ہیں جس کی رحمت کے باعث بینک نے نہایت مختر عرصے میں آئی شاندار ترقی کی اور ہم دعا گو ہیں کہ اللہ بھی ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو بینکاری کو بینکاری کا پیمیا استخاب بنانے کے اینے خواب کو تعبیر کی نئی بلندیوں سے ہمکنار کرسکیں ، نیصرف یا کستان بلکہ یوری دنیا میں۔

(منجانب بورڈ)

عرفان صديق صدر اور CEO ریاض ایس.اب.اب.ادریس چیئر مین

> گراچی: 05مئی،2020

## STATEMENT OF FINANCIAL POSITION **AS AT MARCH 31, 2020**

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		Rupee	s in '000 ———
Cash and balances with treasury banks Balances with other banks	6 7	90,180,562 3,991,340	92,193,361 15,372,233
Due from financial institutions - net Investments - net	8 9	278,651,275 214,898,504	223,689,325 225,646,162
Islamic financing and related assets - net Fixed assets	10 11	472,939,810 23,939,951	493,775,346 23,284,415
Intangible assets Deferred tax assets	12	911,558	780,381
Other assets - net	13	52,798,954 1,138,311,954	46,517,031 1,121,258,254
LIABILITIES			
Bills payable	14	17,154,216	17,186,807
Due to financial institutions Deposits and other accounts	15 16	50,317,477 928,389,326	42,047,390 932,579,114
Sub-ordinated Sukuk Deferred tax liabilities	17 18	18,000,000 1,036,366	14,000,000 2,829,858
Other liabilities	19	64,041,345 1,078,938,730	53,599,673 1,062,242,842
NET ASSETS		59,373,224	59,015,412
REPRESENTED BY			
Share capital Reserves Unappropriated profit		12,861,116 18,758,210 20,928,483	12,861,116 18,207,664 18,545,797
Surplus on revaluation of assets - net of tax	20	6,825,415 59,373,224	9,400,835 59,015,412
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 37 form an integral part of this condensed interim unconsolidated financial information.

Director

Riyadh S. A. A. Edrees

President & Chief Executive Chairman

Irfan Siddiqui

Director

Faisal A. A. A. AlNassar Mubashar Maqbool Shabbir Hamza Khandwala **Chief Financial Officer** 

# PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	Note		
	3.2.1		Restated
		Quarter ended March 31, 2020	Quarter ended March 31, 2019
		——— Rupees i	in '000 ———
Profit / return earned on Islamic financing and related assets, investments and placements Profit on deposits and other dues expensed Net spread earned	22 23	29,833,742 15,115,302 14,718,440	18,206,399 9,353,208 8,853,191
OTHER INCOME			
Fee and commission income Dividend income Foreign exchange income Gain / (loss) on securities - net	24 25	1,288,317 124,577 963,128 680,461	1,518,774 33,126 417,100 (124,728)
Other income	26	134,454	104,774
Total income		3,190,937 17,909,377	1,949,046 10,802,237
Total meditic		17/303/377	10,002,237
OTHER EXPENSES Operating expenses Workers' Welfare Fund Other charges Total other expenses Profit before provisions	27 28	6,806,598 220,949 83,179 7,110,726 10,798,651	5,322,897 126,422 1,368 5,450,687 5,351,550
Provisions / (reversals) and write offs - net	29	1,637,731	(99,947)
Extra ordinary / unusual items		-	-
Profit before taxation		9,160,920	5,451,497
Taxation	30	3,655,464	2,651,566
Profit after taxation		5,505,456	2,799,931
		Rupe	es ———
			Restated
Basic and diluted earnings per share	31	4.28	2.18
Dasic and unuted earnings per shale	31	4.20	2.10

Note

The annexed notes 1 to 37 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees Chairman President & Chief Executive President & Chief Executive Director Chairman President & Chief Executive Director Chief Financial Officer

## **STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)** FOR THE QUARTER ENDED MARCH 31, 2020

	Note		
	3.2.1		Restated
		Quarter ended March 31, 2020	Quarter ended March 31, 2019
		——— Rupees ii	n '000 ——
Profit after taxation for the quarter		5,505,456	2,799,931
Other comprehensive income			
Items that may be reclassified to			
profit and loss account in subsequent periods:			
(Deficit) / surplus on revaluation of investments	20	(3,962,184)	203,089
Deferred tax on revaluation of investments		1,386,764	(71,081)
		(2,575,420)	132,008
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) / Income for the quarter		(2,575,420)	122,398
Total Comprehensive Income for the quarter		2,930,036	2,922,329

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 Director

Director

Faisal A. A. A. AlNassar Mubashar Maqbool Shabbir Hamza Khandwala **Chief Financial Officer** 

# STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

		Capital reserves		Revenue reserve Unappro- priated		Surplus / (deficit) on revalution of		Total	
	Share capital	Share premium	Statutory reserve *	Non - Distributable Capital Reserve Gain on Bargain Purchase	General reserve	profit	Investments	Non- banking Assets	iotai
				—— Ru	pees in '0	00 —			
Balance as at January 01, 2019	11,691,924	2,406,571	9,570,365	3,117,547	66,766	13,525,765	(68,035)	22,152	40,333,055
Profit after taxation for the quarter ended March 31, 2019 - Restated (Note 3.2.1)	-	-	-	-	-	2,799,931	-	-	2,799,931
Other Comprehensive income for the quarter ended March 31, 2019 - net of tax	-	-	-		-	2,799,931	132,008 132,008	(9,610) (9,610)	122,398 2,922,329
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	39	-	(39)	-
Other appropriations Transfer to statutory reserve - Restated (Note 3.2.1)	-	-	279,993	-	-	(279,993)	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	-
Balance as at March 31, 2019 - Restated	11,691,924	2,406,571	9,850,358	3,117,547	66,766	13,707,357	63,973	12,503	40,916,999
Profit after taxation for the nine months period ended December 31, 2019	-	-	-	-	-	12,432,143	-	-	12,432,143
Other Comprehensive income for the nine months period ended December 31, 2019 - net of tax		-			-	80,694 12,512,837	9,323,742 9,323,742	3,250 3,250	9,407,686 21,839,829
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	40	-	(40)	-
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,593	-	(2,593)	-
Other appropriations Transfer to statutory reserve	-	-	2,766,422	-	-	(2,766,422)	-	-	-
Transactions with owners recognised directly in equity									
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-
First interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	(1,169,192)
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)	-	-	(3,741,416)
Balance as at December 31, 2019	12,861,116	2,406,571	12,616,780	3,117,547	66,766	18,545,797	9,387,715	13,120	59,015,412
Profit after taxation for the quarter ended March 31, 2020	-	-	-	-	-	5,505,456	-	-	5,505,456
Other Comprehensive loss for the quarter ended March 31, 2020 - net of tax	-	-	-	_	-		(2,575,420)	-	(2,575,420)
Other appropriations	-	-	-	-	-	5,505,456	(2,575,420)	-	2,930,036
Transfer to statutory reserve	-	-	550,546	-	-	(550,546)	-	-	-
Final cash dividend for the year 2019		-			-	(2,572,224)			(2,572,224)
Balance as at March 31, 2020	12,861,116	2,406,571	12,861,116	3,117,547	66,766	20,928,483	6,812,295	13,120	59,373,224

<sup>\*</sup>This represents reserve created under section 21(i)(a) 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. A. AlNassar Director Mubashar Maqbool Director **Shabbir Hamza Khandwala** Chief Financial Officer

## CASH FLOW STATEMENT (UNAUDITED)

## FOR THE QUARTER ENDED MARCH 31, 2020

Quarter ended March 31, 2020   CASH FLOW FROM OPERATING ACTIVITIES		3.2.1		Restated
Profit before taxation   1,460,920   5,451,497   (33,126)   (124,577)   (33,126)   (33			March 31,	March 31,
Profit before taxation   Less: Dividend income   S,451,497   C,4577   C,33,126   S,418,371   S,418,3			Rupees	in '000 ———
Case   Provision	CASH FLOW FROM OPERATING ACTIVITIES			
Pepreciation			(124,577)	(33,126)
Due from financial institutions   194,961,950   19779,201   18624,872   (6,218,832)   (4,421,721)   110,770,823   (6,218,832)   (4,417,70,823   (4,421,721)   (4,480,226)   (4,189,788)   (15,994,984)   (15,994,984)   (15,994,984)   (15,994,984)   (17,966)   (18,188,327)   (18,184,077,59)   (18,184,077,59)   (18,184,077	Depreciation Amortization Non cash item related to rental properties Provisions / (reversals) and write offs - net		56,706 823,858 1,637,731 (23,567) 2,973,372	56,333 751,444 (99,947) (6,556) 1,100,996
Salis payable	Due from financial institutions Islamic financings and related assets		19,779,201 (6,218,832)	18,624,872 (4,421,721)
CASH FLOW FROM INVESTING ACTIVITIES  Net redemption / (investments) in securities Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Net cash flow from / (used in) investing activities  CASH FLOW FROM FINANCING ACTIVITIES  Issuance of Sub-ordinated Sukuk - Tier II Payment of lease liability against right-of-use assets Dividend paid Net cash flow from / (used in) financing activities  (Decrease) / increase in cash and cash equivalents  (13,393,692)  (94,664,146) (92,9219) (92,9219) (11,031) (92,0219) (94,664,146) (92,0219) (92,0219) (92,0219) (94,664,146) (92,0219) (92,0219) (11,031) (95,027,676)  (95,627,676)  4,000,000 (650,944) (10,091) (5,929) (573,093) (10,091) (13,393,692) (13,393,692) (13,393,692) (13,393,692) (13,393,692) (13,277,228)	Bills payable Due to financial institutions Deposits and other accounts Other liabilities		8,270,087 (4,189,788) 7,150,051 11,197,759 (18,194,107)	(3,862,695) (15,994,984) 9,749,668 (14,588,237) 102,701,953
Net redemption / (investments) in securities Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Net cash flow from / (used in) investing activities  CASH FLOW FROM FINANCING ACTIVITIES  Issuance of Sub-ordinated Sukuk - Tier II Payment of lease liability against right-of-use assets Dividend paid Net cash flow from / (used in) financing activities  Cash and cash equivalents at the beginning of the quarter  6,193,239 71,932 5,044 (1,197,161) (187,883) 30,700 4,910,827 (95,627,676)  4,910,827 (95,627,676)  4,000,000 (650,944) (1,091) (5,929) (573,093)  (13,393,692) 4,200,370  73,277,228	Net cash flow from / (used in) operating activities		(21,652,484)	100,401,139
Dividends received Investments in fixed assets Investments in intangible assets Investments Investing activities Investments Investment Investments Investment Inve	CASH FLOW FROM INVESTING ACTIVITIES			
Issuance of Sub-ordinated Sukuk - Tier II Payment of lease liability against right-of-use assets Dividend paid Net cash flow from / (used in) financing activities (Decrease) / increase in cash and cash equivalents (Cash and cash equivalents at the beginning of the quarter 32 107,565,594 73,277,228	Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets		71,932 (1,197,161) (187,883) 30,700	5,044 (929,219) (50,386) 11,031
Payment of lease liability against right-of-use assets Dividend paid Net cash flow from / (used in) financing activities  (Decrease) / increase in cash and cash equivalents  (Decrease) / increase in cash and cash equivalents  (13,393,692)  (13,393,692)  (13,393,692)  (13,393,692)  (13,393,692)  (13,393,692)  (13,393,692)	CASH FLOW FROM FINANCING ACTIVITIES			
Cash and cash equivalents at the beginning of the quarter 32 107,565,594 73,277,228	Payment of lease liability against right-of-use assets Dividend paid		(650,944) (1,091)	(5,929)
	(Decrease) / increase in cash and cash equivalents		(13,393,692)	4,200,370
	Cash and cash equivalents at the beginning of the quarter	32	107,565,594	73,277,228
	Cash and cash equivalents at the end of the quarter	32	94,171,902	77,477,598

The annexed notes 1 to 37 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees	Irfan Siddiqui	Faisal A. A. A. AlNassar	Mubashar Maqbool	Shabbir Hamza Khandwala
Chairman	President & Chief Executive	Director	Director	Chief Financial Officer

#### 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 seventy four branches as at March 31, 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, 2018, 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, Wakalah Tul Istithmar, and Export Refinance under Islamic Export Refinance Scheme and long term financing facility under Islamic Long Term Financing Facility of the State Bank of Pakistan respectively.

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).

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 IFRS 16 '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 on March 31, 2019 has been 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. Consequently, profit after tax for the quarter ended March 31, 2019 decreased by Rs 51 million.
- **3.2.2** 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. During the quarter ended March 31, 2020 the global economic environment including Pakistan has been severely affected by the COVID-19 outbreak.

The SBP has taken various measures to provide relief to the businesses including reduction in SBP Policy Rate, facilitating rescheduling / restructuring of financing facilities on case to case basis etc. 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 ending 30 June 2020.

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. The Bank is closely monitoring the possible impacts on the Bank's financing portfolio, capital and liquidity positions.

In view of the business challenges posed by the COVID-19 outbreak and the lockdown, the management has exercised prudence and booked General Provision of Rs 1 billion during the quarter ended March 31, 2020. 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.

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

#### 3.3 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.

# 3.4 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.

#### 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.

6	CASH AND BALANCES WITH TREASURY BANKS	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
			Rupees	in '000 ———
	In hand - local currency - foreign currencies		19,766,307 1,696,475	14,487,106 1,854,081
	With the State Bank of Pakistan in - local currency current accounts - foreign currency current accounts	6.1 6.1	57,405,814 6,960,206	33,981,833 6,609,487
	With National Bank of Pakistan in - local currency current accounts		4,291,200	35,077,734
	National Prize Bonds	6.2	60,560 90,180,562	183,120 92,193,361

- **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	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
7	BALANCES WITH OTHER BANKS		——— Rupees in '000 —	
	In Pakistan - in current accounts - in deposit accounts	7.1	2,725,112 20,000	7,723,912 3,750,000
	Outside Pakistan - in current accounts - in deposit accounts	7.2	1,043,435 202,793 3,991,340	1,876,378 2,021,943 15,372,233

- 7.1 The return on these balances is around 6.62% (December 31, 2019: 10.16%) per annum.
- 7.2 The return on these balances is Nil (December 31, 2019: 1.56%) per annum.

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
8 DUE FROM FINANCIAL INSTITUTIONS - NET	Г	Rupees	in '000 ———
Bai Muajjal:			
With the State Bank of Pakistan		-	13,682,452
With Scheduled Banks - Secured	8.1	277,401,275	208,096,873
With other Financial Institution		15,500	15,500
		277,416,775	221,794,825
Musharakah	8.2	1,250,000	1,910,000
Commodity Murabaha		26,066	26,066
		278,692,841	223,730,891
Provision against non-performing amounts d	ue		
from financial institutions	8.3	(41,566)	(41,566)
		278,651,275	223,689,325

- **8.1** The average return on this product is 12.67% (December 31, 2019: 13.05%) per annum. These balances have maturities ranging between April 2020 to January 2021 (December 31, 2019: January 2020 to October 2020).
- **8.2** The average return on this product is 11.60% (December 31, 2019: 11.25%) per annum. These balances are maturing latest by April 2020 (December 31, 2019: January 2020).

		March 31, 2020 (Unaudited)		December 31, 2019 (Audited)		
		Non- performing due from financial institutions	Provision held	Non- performing due from financial institutions	Provision held	
8.4	Category of classification	——————————————————————————————————————				
	Loss	41,566	41,566	41,566	41,566	

9	INVESTMENTS - NET	March 31, 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
9.1	Investments by types				– Rupees	in '000 –			
	Available for sale securities								
	Federal Government Securities - Ijarah Sukuk - Bai Muajjal with Government of Pakistan (through State Bank	12,946,006	-	(83,502)	12,862,504	13,006,137	-	(213,851)	12,792,286
	of Pakistan)	83,652,209	-	-	83,652,209	83,652,209	-	-	83,652,209
	Non Government Sukuk - Pakistan Energy Sukuk-I guaranteed by the Government of Pakistan - Other Sukuk guaranteed by the	78,118,484	-	10,141,292	88,259,776	84,700,000	-	12,662,650	97,362,650
	Government of Pakistan - Other Non Government Sukuk	11,690,970 4,889,085	- 159,861	-	11,690,970 4,729,224	11,690,970 5,036,393	162,883	-	11,690,970 4,873,510
	Foreign Securities	8,366,898	-	49,478	8,416,376	7,774,672	-	318,883	8,093,555
	Shares (including units of fund)	6,813,204 206,476,856	2,796,758 2,956,619	373,188 10,480,456	4,389,634 214,000,693	6,809,714 212,670,095	2,201,501 2,364,384	1,674,958 14,442,640	6,283,171
	In related parties								
	Subsidiary (unlisted)								
	- Shares	63,050		-	63,050	63,050	-	-	63,050
	Associates (listed) - Units of funds	834,761			834,761	834,761	-	-	834,761
	Total Investments	207,374,667	2,956,619	10,480,456	214,898,504	213,567,906	2,364,384	14,442,640	225,646,162

				March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
9.2	Provision against diminution in value of inve	estments		——— Rupees in '000 ———	
	Opening balance			2,364,384	1,274,845
	Charge / (reversals) for the quarter / year				
	On available for sale securities				
	<ul> <li>charge for the quarter / year on equity instruments</li> <li>reversals for the quarter / year on recovery of debt instruments</li> <li>reversals for the quarter / year on disposals of equity instruments</li> </ul> Closing balance			667,764 (3,022) (72,507) 592,235 2,956,619	1,385,492 (7,752) (288,201) 1,089,539 2,364,384
		Mayeb 21, 2020	) (Umaudited)	Docombox 21	2010 (Audited)
		March 31, 2020	(Onaudited)	December 31,	ZO 19 (Audited)
		Non- performing investment	Provision held	Non- performing investment	Provision held
9.3	Particulars of provision against Sukuk		Rupees	in '000 ———	
	Category of classification Loss	159,861	159,861	162,883	162,883

		Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
10	ISLAMIC FINANCING AND RELATED ASSETS		Rupees i	in '000 ———
	In Pakistan		.,	
	Murabaha financing and related assets - Murabaha financing - Advances against Murabaha - Murabaha inventory - Financing under Islamic Export Refinance - Murabaha	10.1	7,745,275 2,588,188 1,198,960 881,225	8,633,318 4,902,247 2,095,550 369,441
	- Advance against Islamic Export Refinance - Murabaha		436,155	540,715
	Running Musharakah financing - Running Musharakah financing - Financing under Islamic Export Refinance - Running Musharakah		12,849,803 100,833,445 29,534,857 130,368,302	16,541,271 129,472,197 24,671,638 154,143,835
	Istisna financing and related assets - Istisna financing - Advances against Istisna - Istisna inventory - Financing under Islamic Export Refinance - Istisna - Advances under Islamic Export Refinance - Istisna - Inventory under Islamic Export Refinance - Istisna		6,020,308 45,862,451 13,512,521 103,444 8,573,635 1,284,021 75,356,380	4,684,962 34,435,537 11,117,387 189,215 6,967,796 975,428 58,370,325
	Tijarah financing and related assets  - Tijarah financing  - Tijarah inventory  - Financing under Islamic Export Refinance - Tijarah  - Inventory under Islamic Export Refinance - Tijarah		6,070,744 8,009,117 767,093 392,644 15,239,598	561,345 11,032,825 1,070,970 353,531 13,018,671
	Musawammah financing and related assets  - Musawammah financing  - Musawammah Inventory  - Advances against Musawammah  - Financing under Islamic Export Refinance - Musawammah  - Inventory under Islamic Export Refinance - Musawammah  - Advances under Islamic Export Refinance - Musawammah	10.3	8,696,230 6,476,107 4,779,402 687,030 95,000 246,700 20,980,469	11,009,024 5,759,913 9,618,012 886,944 45,000 123,500 27,442,393
	Salam Financing and related assets - Salam Financing - Salam Inventory - Advances against Salam		179,722 1,717,311 4,266,043 6,163,076	811,378 2,710,138 6,947,051 10,468,567
	Financing against bills - Financing against bills - Salam - Advances against bills - Salam		6,002,601 1,738 6,004,339	7,461,667 1,738 7,463,405
	Bai Muajjal financing	10.5	1,474,998	1,474,998
	Ijarah financing and related assets - Net investment in Ijarah - Net book value of assets/investment in Ijarah under IFAS 2 - Net book value of assets/investment in Ijarah under IFAS 2 under SBP's ILTFF	10.7	113,198 48,093,970 50,680 48,257,848	113,501 48,493,395 58,118 48,665,014
	- Advances against Ijarah - Advances against Ijarah under SBP's ILTFF		3,445,213 163,531	3,727,830 118,905
			51,866,592	52,511,749

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
		——— Rupees	in '000 ———
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - housing		12,412,310	13,232,142
- Diminishing Musharakah financing - others		85,789,152	79,167,336
- Diminishing Musharakah financing - SBP's ILTFF		3,039,602	1,955,071
- Advances against Diminishing Musharakah		9,131,477	14,645,228
- Advances against Diminishing Musharakah under SBP's ILTFF		5,024,221	5,378,299
j j		115,396,762	114,378,076
- Musharakah financing		248,880	248,880
- Wakalah Tul Istithmar financing		28,075,200	-
- Advance against Wakalah Tul Istithmar financing		12,750,000	40,825,200
- Wakalah financing		175,000	250,000
- Advance against Service Ijarah		2,765,026	2,765,026
- Labbaik (Qard for Hajj and Umrah)		5,376	4,672
- Staff financing		4,316,414	4,228,869
- Other financing		2,700,131	2,376,639
Gross Islamic financing and related assets		486,736,346	506,512,576
Less: Provision against non-performing Islamic financing and related assets - Specific Less: Provision against non-performing Islamic financing	10.8	(8,343,825)	(8,284,519)
and related assets - General	10.8	(5,452,711)	(4,452,711)
Islamic financing and related assets - net of provision		472,939,810	493,775,346
-			

		Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
			——— Rupees in '000 ———	
10.1	Murabaha receivable - gross	10.1.1	8,256,867	9,171,941
	Less: Deferred murabaha income	10.1.3	(152,357)	(198,327)
	Profit receivable shown in other assets		(359,235)	(340,296)
	Murabaha financing		7,745,275	8,633,318
10.1.1	Murabaha Sale Price		8,256,867	9,171,941
	Murabaha Purchase Price		(7,745,275)	(8,633,318)
			511,592	538,623
10.1.2	The movement in Murabaha financing during the quarter / year is as follows	:	0.633.310	0.021.600
	Opening balance Sales during the quarter / year		8,633,318 7,324,864	8,021,609 47,186,165
	Adjusted during the quarter / year		(8,212,907)	(46,574,456)
	Closing balance		7,745,275	8,633,318
	closing balance			
10.1.3	Deferred Murabaha Income:			
	Opening balance		198,327	142,250
	Deferred during the quarter / year		344,933	1,800,684
	Recognised during the quarter / year		(390,903)	(1,744,607)
	Closing balance		152,357	198,327
10.2	Financing under Islamic Export Refinance - Murabaha - gross		902,953	382,945
	Less: Deferred income		(4,448)	(836)
	Profit receivable shown in other assets		(17,280)	(12,668)
	Financing under Islamic Export Refinance - Murabaha		881,225	369,441
10.2.1	The movement in Islamic Export Refinance			
10.2.1	Murabaha financing during the quarter / year is as follows:			
	Opening balance		369,441	344,573
	Sales during the period / year		646,745	1,459,464
	Adjusted during the period / year		(134,961)	(1,434,596)
	Closing balance		881,225	369,441
10 2 2	Deferred Islamic Export Refinance Murabaha Income:			
101212	Opening balance		836	1,725
	Deferred during the period / year		12,682	17,106
	Recognised during the period / year		(9,070)	(17,995)
	Closing balance		4,448	836
10.3	Musawammah financing - gross		9,217,982	11,610,569
10.5	Less: Deferred income		(242,924)	(292,915)
	Profit receivable shown in other assets		(278,828)	(308,630)
	Musawammah financing		8,696,230	11,009,024
	<b>.</b>			, ,

		March 31, 2020 (Unaudited)	December 31, 2019 (Audited)	
		——— Rupees in '000 ———		
10.4	Financing under Islamic Export Refinance - Musawammah - gross Less: Deferred income	700,540 (7,345)	899,031 (7,015)	
	Profit receivable shown in other assets	(6,165)	(5,072)	
	Financing under Islamic Export Refinance - Musawammah	687,030	886,944	
10.5	Bai Muajjal financing - gross Less: Deferred income	1,701,154 (90,462)	1,701,154 (146,846)	
	Profit receivable shown in other assets Bai Muajjal financing	<u>(135,694)</u> 1,474,998	<u>(79,310)</u> 1,474,998	
	<i>"</i>			

- **10.6** Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 37,305 million (December 31, 2019: Rs 35,439 million).
- 10.7 Islamic financing and related assets include Rs. 9,411 million (December 31, 2019: Rs. 8,996 million) which have been placed under non-performing status as detailed below:

	March 31, 2020	(Unaudited)	December 31, 2019 (Audited)		
	Non- performing financing	Provision held	Non- performing financing	Provision held	
Category of classification		——— Rupees	in '000 ———		
Domestic					
Other Assets Especially Mentioned	263,807	-	22,534	-	
Substandard	761,621	176,118	557,679	132,042	
Doubtful	457,697	292,416	446,866	212,837	
Loss	7,928,199	7,875,291	7,968,640	7,939,640	
	9,411,324	8,343,825	8,995,719	8,284,519	

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

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

	March 31, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	8,284,519	4,452,711	12,737,230	6,771,530	2,927,711	9,699,241
Charge for the quarter / year	165,192	1,000,000	1,165,192	1,905,342	1,525,000	3,430,342
Less: Reversals	(105,886)	-	(105,886)	(357,571)	-	(357,571)
	59,306	1,000,000	1,059,306	1,547,771	1,525,000	3,072,771
Amount written off	-	-	-	(34,782)	-	(34,782)
Closing balance	8,343,825	5,452,711	13,796,536	8,284,519	4,452,711	12,737,230

**10.8.1** The Bank maintains general reserve (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 March 31, 2020 amounts to Rs 39.1 million (December 31, 2019: Rs 33.4 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 25.4 million as at March 31, 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.

11	FIXED ASSETS	Note	March 31, 2020 (Unaudited) ——— Rupees	December 31, 2019 (Audited) in '000 ———
	Capital work-in-progress	11.1	3,813,287	3,185,241
	Property and equipment		13,252,072	13,168,734
	Right-of-use assets		6,874,592 23,939,951	6,930,440 23,284,415
11.1	Capital work-in-progress Advances to suppliers and contractors for:			
	<ul> <li>civil works</li> <li>computer hardware</li> <li>purchase of vehicles</li> <li>office machines</li> <li>furniture and fixtures</li> </ul>		2,644,823 207,619 166,494 699,382 94,969 3,813,287	2,171,210 271,621 126,203 552,430 63,777 3,185,241
			March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited) in '000
11.2	Additions to fixed assets		Mapees	000
	The following additions have been made to fixed assets during the quarter:			
	Capital work-in-progress		628,046	448,171
	Property and equipment			
	Buidling on leasehold land Leasehold improvements Furniture and fixture Electrical, office and computer equipment Vehicles		501 101,624 18,687 301,814 146,489 569,115	44,095 15,035 261,917 160,001 481,048
	Total		1,197,161	929,219

11.3	Disposal of fixed assets		March 31, 2020 (Unaudited) ——— Rupees	March 31, 2019 (Unaudited) in '000
	The net book value of fixed assets disposed off during the quarter is as follows:			
	Leasehold improvements Furniture and fixture Electrical, office and computer equipment Vehicles		178 - - 6,955 7,133	21 48 41 4,365 4,475
		Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
12	INTANGIBLE ASSETS		Rupees	in '000 ———
	Computer Software Advance against computer software	12.1	721,744 189,814 911,558	614,572 165,809 780,381
			March 31, 2020 (Unaudited) ——— Rupees	March 31, 2019 (Unaudited) in '000 ———
12.1	Additions to intangible assets		187,883	50,386

		Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
13	OTHER ASSETS		——— Rupees	in '000 ———
	Profit / return accrued in local currency - net of provisions		34,798,363	34,765,016
	Profit / return accrued in foreign currencies - net of provisions		62,048	76,791
	Acceptances		12,633,867	9,033,110
	Advances, deposits, advance rent and other prepayments		2,357,662	1,904,437
	Non-banking assets acquired in satisfaction of claims		64,816	145,503
	Unrealised gain on forward foreign exchange contracts - net	• •	2,157,371	-
	Dividends receivable		52,645	-
	Stamps		17,825	12,963
	Security deposits		213,978	172,596
	Advance for Investments		32,801	55,542
	Other		449,109	405,575
			52,840,485	46,571,533
	Provision against other assets	13.1	(61,715)	(74,686)
	Other Assets (Net of Provision)		52,778,770	46,496,847
	Surplus on revaluation of non-banking assets			
	acquired in satisfaction of claims	20	20,184	20,184
	Other Assets - total		52,798,954	46,517,031
13.1	Provision held against other assets			
	Non banking assets acquired in satisfaction of claims		-	10,000
	Acceptances		41,525	41,132
	Others		20,190	23,554
			61,715	74,686

		March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees	in '000 ———
13.1.1	Movement in provision held against other assets		
	Opening balance	74,686	71,302
	Charge for the quarter / year	394	49,999
	Reversals during the quarter / year	(10,840)	(4,174)
	Amount adjusted / written off during the quarter / year	(2,525)	(42,441)
	Closing balance	61,715	74,686
14	BILLS PAYABLE		
	In Pakistan Outside Pakistan	17,154,216 -	17,186,807
	outside Fullistan	17,154,216	17,186,807
15	DUE TO FINANCIAL INSTITUTIONS		
	In Pakistan	50,317,477	42,047,390
	Outside Pakistan		
		50,317,477	42,047,390
15.1	Details of due to financial institutions secured / unsecured Secured		
	Musharakah from the State Bank of Pakistan		
	under Islamic Export Refinance Scheme	41,054,013	33,861,385
	Investment from the State Bank of Pakistan		
	under Islamic Long Term Financing Facility	8,166,270	7,268,122
	Other financial institution	734,788	909,114
	Unsecured		
	Overdrawn nostro accounts	362,406	8,769
		50,317,477	42,047,390

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

### 16 DEPOSITS AND OTHER ACCOUNTS

17

•	DEPOSITS AND OTHER ACCOUNTS						
		March 3	1, 2020 (Una	audited)	Decemb	oer 31, 2019	(Audited)
		In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
				Rupees	s in '000 —		
	Customers						
	- Current accounts - non-remunerative	294,630,150	19,993,224	314,623,374	312,409,384	20,464,919	332,874,303
	- Savings deposits	315,990,635	30,479,773	346,470,408	318,577,677	26,796,248	345,373,925
	- Fixed deposits	239,096,864	14,221,244	253,318,108	228,503,227	13,342,660	241,845,887
	- Margin	5,480,427	6,183	5,486,610	4,949,165	8,692	4,957,857
		855,198,076	64,700,424	919,898,500	864,439,453	60,612,519	925,051,972
	Financial institutions						
	- Current accounts - non-remunerative	758,510	-	758,510	1,208,228	-	1,208,228
	- Savings deposits	6,252,235	-	6,252,235	3,799,833	-	3,799,833
	- Fixed deposits	1,480,081	-	1,480,081	2,519,081	-	2,519,081
		8,490,826	-	8,490,826	7,527,142	-	7,527,142
		863,688,902	64,700,424	928,389,326	871,966,595	60,612,519	932,579,114
				Note	March 202 (Unaud	20	ecember 31, 2019 (Audited)
,	SUB-ORDINATED SUKUK					nupees iii o	
	Additional Tier I Sukuk			17.1	7,00	00,000	7,000,000
	Tier II Sukuk			17.2	11,00	00,000	7,000,000
					18,00	00,000	14,000,000

**17.1** 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 15.22% 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.

17.2 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 13.95% and 14.67% 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.

		Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
18	DEFERRED TAX ASSETS		Rupees	in '000 ———
	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		359,934 3,668,161 7,064 4,035,159	390,837 5,054,925 7,064 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		(1,114,189) (133,182) (1,585,483) (165,939) (2,998,793)	(906,906) (109,358) (1,435,933) (170,771) (2,622,968)
			1,036,366	2,829,858
19	OTHER LIABILITIES			
	Return on deposits and other dues - payable in local currency - payable in foreign currencies Unearned income Accrued expenses Current taxation (provision less payments) Acceptances Dividends payable Payable to defined benefit plan Charity payable Provision against off-balance sheet obligations Security deposits against ljarah Payable on account of credit murabaha / ijarah Security deposits against lockers Retention Money Unrealised loss on forward foreign exchange contracts - net Advance against future Diminishing Musharakah Withholding taxes payable Lease liability against right-of-use assets Workers Welfare Fund payable Others	19.1	6,524,484 107,006 363,920 8,629,563 6,498,201 12,633,867 2,587,347 650,214 6,619 28,946 14,267,807 9,626 123,446 	6,434,891 1112,161 56,738 6,840,577 5,894,386 9,033,110 16,214 561,242 29,339 14,206,800 60,307 117,792 70,687 368,207 67,227 152,711 7,049,842 1,897,436 629,011 53,599,673
				30/372/013
19.1	Provision against off-balance sheet obligations			
	Opening balance Charge for the quarter / year Closing balance		29,339 (393) 28,946	35,020 (5,681) 29,339
20	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Available for sale securities - Listed shares / units of mutual fund - Sukuk		373,188 10,107,268 10,480,456	1,674,958 12,767,682 14,442,640
	Non-banking assets acquired in satisfaction of claims		20,184	20,184
			10,500,640	14,462,824
	Less: Deferred tax liability on - Available for sale securities - Non-banking assets acquired in satisfaction of claims		(3,668,161) (7,064) (3,675,225)	(5,054,925) (7,064) (5,061,989)
			6,825,415	9,400,835

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

		Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
21	CONTINGENCIES AND COMMITMENTS		Rupees	in '000 ———
	- Guarantees	21.1	37,733,515	38,843,277
	- Commitments - Other contingent liabilities	21.2 21.3	1,074,807,295 1,802,000	711,444,851 1,802,000
	- Other contingent habilities	21.5	1,114,342,810	752,090,128
21.1	Guarantees:			
	Financial guarantees		4,619,096	8,598,348
	Performance guarantees		17,264,056	16,037,636
	Other guarantees		15,850,363 37,733,515	14,207,293 38,843,277
21.2	Commitments:			30,013,277
	Documentary letters of credit		110,407,661	98,437,653
	Commitments in respect of: - forward foreign exchange contracts	21.2.1	305,556,549	267,088,452
	Commitments for acquisition of: - fixed assets - intangible assets		460,417 234,670	514,594 257,790
	Other commitments	21.2.2	658,147,998 1,074,807,295	345,146,362 711,444,851
21.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		172,678,842	151,033,720
	Sale		132,877,707 305,556,549	116,054,732 267,088,452
				207,000,432
21.2.2	Other Commitments Commitments in respect of financing		658,147,998	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.

22	PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS	Note	March 31, 2020 (Unaudited) ——— Rupees	March 31, 2019 (Unaudited) in '000 ———
	On financing	22.1	14,931,511	11,614,024
	On investments in - Available for sale securities - Held to maturity securities		6,336,822	3,657,808 145,799
	On deposits / placements with financial institutions		8,565,409 29,833,742	2,788,768 18,206,399

**22.1** The income on Ijarah under IFAS 2 is net off takaful of Rs 445 million (March 31, 2019: Rs 424 million) recovered from customers.

		Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
23	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		Rupees	in '000 ———
	Deposits and other accounts Sub-ordinated Sukuk Other Musharakahs / Modarabas Amortisation of lease liability against right-of-use assets	23.1	13,811,154 659,314 393,480 251,354 15,115,302	8,395,864 370,668 342,106 244,570 9,353,208

23.1 This includes conversion cost of Rs 814 million (March 31, 2019: Rs 98 million) against foreign currency deposits.

		Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
24	FEE AND COMMISSION INCOME		Rupees	in '000 ———
	Trade related fees and commissions Commission on guarantees Branch banking customer fees Credit processing related fees Debit card related fees Investment banking related fees Cash management fees Home remittance related fees Others		631,755 25,096 194,696 24,115 269,444 37,202 26,567 40,561 38,881 1,288,317	573,826 23,690 414,938 26,490 400,974 - 13,689 26,278 38,889 1,518,774
25	GAIN / (LOSS) ON SECURITIES - NET			
	Realised	25.1	680,461	(124,728)
25.1	Realised (loss) / gain on:			
	Listed Shares Federal Government Securities Pakistan Energy Sukuk		(72,873) - - 753,334	(41,898) (82,830)
			680,461	(124,728)

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

		March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
		——— Rupees	in '000 ———
26	OTHER INCOME		
	Gain on termination of islamic financing Gain on sale of fixed assets Loss on disposal of Non-banking asset acquired	118,472 23,567	93,827 6,556
	in satisfaction of claim Rental income	(10,000) 2,415	- 4,391
		134,454	104,774
27	OPERATING EXPENSES		
	Total compensation expense	3,837,251	2,825,617
	Property expense Depreciation on right-of-use assets Rent and taxes Utilities cost (including electricity and diesel) Security (including guards) Repair and maintenance (including janitorial charges) Depreciation Others	572,504 16,133 199,433 217,147 111,606 166,496 10,391 1,293,701	506,874 3,344 157,197 147,179 77,368 135,424 10,162 1,037,548
	Information technology expenses		
	Software maintenance Hardware maintenance Depreciation Amortisation Network charges	136,707 71,378 91,432 56,706 51,607 407,830	70,165 59,661 69,087 56,333 55,555 310,801
	Other operating expenses Stationery and printing (including debit card related costs) Repair and maintenance Local transportation and car running Depreciation on vehicles, equipment etc. Legal and professional charges NIFT and other clearing charges Travelling and conveyance Training and Development Communication (including courier) Marketing, advertisement and publicity Donation Fees, subscription and other charges Brokerage and bank charges Office supplies Entertainment Takaful expense Security charges - cash transportation Outsourced services costs Auditors' Remuneration Shariah Board fees Non-executive Directors' fee Others	186,621 50,573 118,994 220,716 24,988 49,833 33,229 6,438 119,297 96,352 5,487 72,917 56,101 69,202 17,477 18,873 89,971 3,734 2,752 3,351 16,060 4,841 1,267,807	177,894 68,444 126,243 195,211 22,181 23,715 34,969 9,789 87,948 88,628 - 60,464 53,565 60,104 21,583 27,587 65,263 1,256 5,502 3,651 12,894 2,040
		6,806,598	5,322,897
		<u> </u>	3,322,037

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

		Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
			——— Rupees	in '000 ———
28	OTHER CHARGES Penalties imposed by the State Bank of Pakistan		83,179	1,368
29	PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
	Provision against non-performing islamic financing related assets - net Provision / (reversal) of provision against diminution in the value of investments Other (reversals) / provision Reversals against off-balance sheet obligations Recovery against written off financing	10.8 9.2	1,059,306 592,235 (10,446) (393) (2,971) 1,637,731	7,872 (145,104) 41,513 - (4,228) (99,947)
30	TAXATION Current - for the year - for prior years  Deferred - for the year	30.1 30.1	4,062,192  4,062,192 (406,728) 3,655,464	2,563,014 470,030 3,033,044 (381,478) 2,651,566
30.1	The Finance Supplementary (Second Amendment) Act 2 rate of Super Tax for banking companies from 4% to 3%. A charge of Rs 417.430 million (March 31, 2019: Rs 660.333 mi at the applicable tax rate of 4 percent on taxable income in	Accordingly, llion) in the o	the Bank has reco current quarter whi	gnized super tax
		Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
31	BASIC AND DILUTED EARNINGS PER SHARE		——— Rupees	In '000 ———
	Profit for the quarter		5,505,456	2,799,931
			(Num	ber) ———
	Weighted average number of ordinary shares		1,286,111,622	1,286,111,622
			———— (Rupe	ees)
				Restated
	Basic and diluted earnings per share	31.1	4.28	2.18

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

**31.1** The Bank issued bonus shares last year and accordingly the earnings per share for the comparative quarter has been restated.

		Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)			
		——— Rupees in '000 —					
32	CASH AND CASH EQUIVALENTS						
	Cash and balances with treasury banks	6	90,180,562	69,084,885			
	Balances with other banks	7	3,991,340	8,392,713			
			94,171,902	77,477,598			

#### 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 quarter.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 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 predefined / 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).

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

March	31	2020	(Una	udited)

	march 51/2020 (ondudited)						
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total			
INVESTMENTS - NET		Rupees	in '000 —				
Financial Assets Available for sale securities Ordinary shares - listed Pakistan Energy Sukuk - listed GOP Sukuks Foreign Sukuk	3,869,247 88,259,780 - 8,405,987		:	3,869,247 88,259,780 12,862,504 8,405,987			
Forward purchase of foreign exchange contracts Forward sale of foreign exchange contracts	:	174,863,489 134,511,866		174,863,489 134,511,866			
	Dec	cember 31, 2	2019 (Audi	ited)			
RECURRING FAIR VALUE MEASUREMENTS	Level 1	Level 2	Level 3	Total			
INVESTMENTS - NET		— Rupees	in '000 —				
Financial Assets Available for sale securities Ordinary shares - listed Pakistan Energy Sukuk - listed GOP Sukuks Foreign Sukuk	5,544,826 97,362,650 - 8,083,166			5,544,826 97,362,650 12,792,286 8,083,166			
Forward purchase of foreign exchange contracts Forward sale of foreign exchange contracts	- -	154,054,304 118,014,717		154,054,304 118,014,717			

Investment in associates (listed - mutual funds) have market value of Rs. 1,176 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.

		Carryin	ig value
33.4	Financial assets not measured at fair value	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
		——— Rupees	s in '000 ———
	Cash and balances with treasury banks Balances with other banks Due from financial institutions - net Investments - net Islamic financings and related assets - net Other assets - net	90,180,562 3,991,340 278,651,275 101,500,986 472,939,810 50,400,182	92,193,361 15,372,233 223,689,325 101,863,234 493,775,346 44,508,630

Carrying Value

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

### 34 SEGMENT ANALYSIS

### 34.1 Segment Details with respect to Business Activities

March 31, 2020 (Unaudited)	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
Profit and Loss Account			— Rupees	in '000 —		
External Revenue Inter segment revenue - net <b>Total Income</b>	13,915,340 - 13,915,340	2,600,123 22,522,841 25,122,964	16,106,813 - 16,106,813	402,403 64,260 466,663	- (22,587,101) (22,587,101)	33,024,679 - 33,024,679
Segment direct expenses Inter segment expense allocation <b>Total expenses</b> Provision / (reversals) and write offs - net <b>Profit before tax</b>	1,142,737 9,128,316 10,271,053 1,046,435 2,597,852	20,581,153 - 20,581,153 (3,961) 4,545,772	272,861 13,458,785 13,731,646 595,257 1,779,910	229,277 229,277 237,386	(22,587,101) (22,587,101) 	22,226,028 22,226,028 1,637,731 9,160,920
Statement of Financial Position					· ———	
Cash & Bank balances Due from financial institutions - net Investments - net Net inter segment lending Islamic financings and related assets - net Others Total Assets	16,420,193 392,848,040 23,944,433 433,212.666	92,925,674 	1,246,228 278,651,275 198,478,311 - - 22,980,216 501,356,030	742,963 - 742,963	(803,053,278) - - - - - - - - - - - - - - - - - - -	94,171,902 278,651,275 214,898,504 472,939,810 77,650,463 1,138,311,954
Due to financial institutions Deposits & other accounts Subordinated Sukuk Net inter segment borrowing	49,220,282 - 18,000,000 328,256,550	734,788 928,389,326	362,407 - 474,796,728		(803,053,278)	50,317,477 928,389,326 18,000,000
Others Total liabilities Equity Total Equity & liabilities	15,139,891 410,616,723 22,595,943 433,212,666	66,302,412 995,426,526 10,627,047 1,006,053,573	475,205,796 475,205,796 26,150,234 501,356,030	742,963 742,963 - 742,963	(803,053,278) (803,053,278) (803,053,278)	82,231,927 1,078,938,730 59,373,224 1,138,311,954
Contingencies & Commitments	681,834,105	126,952,156	305,556,549			1,114,342,810
March 31, 2019 (Unaudited)						
Profit and Loss Account						
External Revenue Inter segment revenue - net <b>Total Income</b>	11,093,761 - 11,093,761	1,947,929 14,086,484 16,034,413	6,455,699 6,455,699	658,056 17,794 675,850	(14,104,278) (14,104,278)	20,155,445 - 20,155,445
Segment direct expenses Inter segment expense allocation <b>Total expenses</b> (Reversals) / provisions and write offs - net <b>Profit before tax</b>	683,128 8,454,379 9,137,507 (6,426) 1,962,680	13,656,341 - 13,656,341 51,583 2,326,489	255,736 5,649,899 5,905,635 (145,104) 695,168	208,690 208,690 - 467,160	(14,104,278) (14,104,278) 	14,803,895 - 14,803,895 (99,947) 5,451,497
Statement of Financial Position						
Cash & Bank balances Due from financial institutions - net Investments - net Net inter segment lending Islamic financings and related assets - net Others Total Assets	20,360,978 410,623,973 22,518,766 453,503,717	75,012,279 	2,465,319 88,246,928 198,394,228 - - - 4,914,165 294,020,640	- - - 467,056 - 569,544 1,036,600	(652,463,569) (652,463,569)	77,477,598 88,246,928 218,755,206 - 493,936,006 55,735,409 934,151,147
Due to financial institutions Deposits & other accounts Subordinated Sukuk Net inter segment borrowing Others Total liabilities Equity Total Equity & liabilities	27,848,144 - 14,000,000 375,471,317 16,145,293 433,464,754 20,038,963 453,503,717	847,631 769,481,960 - 59,863,184 830,192,775 7,860,984 838,053,759	3,849,341 - 276,992,252 187,161 281,028,754 12,991,886 294,020,640	1,011,434 1,011,434 25,166 1,036,600	(652,463,569)	32,545,116 769,481,960 14,000,000 - 77,207,072 893,234,148 40,916,999 934,151,147
Contingencies & Commitments	292,724,908	49,230,948	131,874,898			473,830,754

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 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 transacitons with related paties 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 quarter-end as are follows:

	To	otal	Subs	idiary	Asso	ciates	Direct	tors	Key mana persor			related ties
	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)										
Islamic financing						Rupees	in '000 -					
and related assets At January 1, Addition during the	569,248	437,528	-	-	569,248	437,528	-	-	-	-	-	-
quarter / year Deletion during the	8,651,396	3,458,959	-	-	8,651,396	3,458,959	-	-	-	-		-
quarter / year At March 31 /	(628,604)	(3,327,239)	-	-	(628,604)	(3,327,239)	-	-	-	-		-
December 31	8,592,040	569,248		-	8,592,040	569,248	-	-		-	•	-
<b>Investments</b> At January 1, Addition during the	897,811	897,811	63,050	63,050	834,761	834,761		-		-		-
quarter / year Deletion during the	1,396,046	-	-	-	1,396,046	-	-	-	-	-		-
quarter / year At March 31 /	(183,058)	-	-	-	(183,058)	-	-	-	-	-		-
December 31	2,110,799	897,811	63,050	63,050	2,047,749	834,761	•	-	•	-	•	-
Due from financial institutions												
At January 1,	24,985,377	-	-	-	24,985,377	-	-	-	-	-		-
Addition during the quarter / year	4,764,404	24,985,377	-	-	4,764,404	24,985,377		-		-		-
Deletion during the quarter / year At March 31 /		-	-	-	-	-	-	-	-	-		-
December 31	29,749,781	24,985,377	-	-	29,749,781	24,985,377	-	-	-	-	•	-

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

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	To	otal	Subs	idiary	ry Associat		Directors		Key management personnel		Other related parties	
	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)										
						Rupees	in '000 -					
Deposits	7,458,031	5,164,559	35,804	10,349	3,306,160	1,171,564	27,915	95,662	128,896	171,382	3,959,256	3,715,602
Provision held against												
investments	53,058	-	-	-	53,058	-	-	-	-	-	-	-
Other Assets Profit receivable on financing /												
investments Fee and Other	1,738,499	710,269	-	-	1,738,499	710,269	•	-	•	-	•	-
Receivable	47,292	24,011	39,958	22,408	7,334	1,603	-	-	-	-	-	-
Security Deposits	5,459	-	-	-	5,459	-	-	-	-	-	-	-
Sub-ordinated												
Sukuk (Tier II)	403,000	568,000	•	-	403,000	568,000	-	-	-	-	-	-
Other Liabilities Payable to defined												
benefit plan	650,214	561,242	-	-	-	-	-	-	325,666	317,180	324,548	244,062
Accrued Expenses	207,421	202,500	2,260	2,500	5,161	-	-	-	-	-	200,000	200,000
Security deposits against ljarah	91,833	-		-	91,833	-		-	-	-		-
Contingencies and Commitments												
Letters of Credit (unfunded)	15,541	26,076	-	-	15,541	26,076	-	-	-	-	-	-
Letters of Guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-	-	-

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Mar 31, 2020 (Unaudited)	Mar 31, 2019 (Unaudited)										
						Rupees	in '000					
Profit earned on financing / investments / placements	1,182,887	19,199		-	1,182,887	19,199		-		-	-	-
Fees and other income earned	30,136	32,888	22,227	27,580	7,909	5,308	-	-	-	-		-
Dividend income earned	65,000	-	65,000	-		-	-	-		-		
Return on deposits / borrowing expensed	191,177	80,457	732	490	74,221	38,298	581	274	2,135	3,354	113,508	38,041
Charge for defined benefit plan	80,486	70,042	-	-	-	-	-	-	-	-	80,486	70,042
Contribution to defined contribution plan	83,179	68,887	-	-	-	-	-	-	-	-	83,179	68,887
Contribution to staff benevolent fund	3,321	2,776		-	-	-	-	-		-	3,321	2,776
Fees expensed	42,397	1,257	3,734	1,257	38,663	-	-	-		-	-	-
Provision against investments	6,953	-	-	-	6,953	-	-	-	-	-		-
Donation	5,000	-		-		-	-	-		-	5,000	-
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	61,303	56,580	-	_	_	_	16,060	12,894	45,243	43,686	_	_

# FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

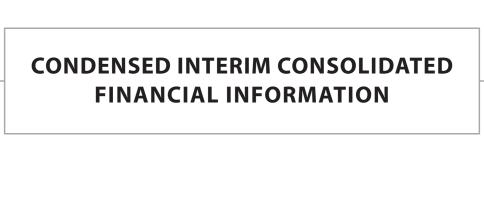
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	——— Rupees	in '000 ———
Minimum Capital Requirement Paid-up capital (net of losses)	12,861,116	12,861,116
Capital Adequacy Ratio Eligible Common Equity Tier 1 Capital Eligible Additional Tier 1 Capital Total Eligible Tier 1 Capital	51,600,582 7,000,000 58,600,582	48,792,920 7,000,000 55,792,920
Eligible Tier 2 Capital	18,815,779	15,831,790
Total Eligible Capital (Tier 1 + Tier 2)	77,416,361	71,624,710
Risk Weighted Assets Credit Risk Market Risk Operational Risk Total	343,767,534 11,095,758 74,650,912 429,514,204	342,265,372 14,948,695 74,650,912 431,864,979
Common Equity Tier 1 Capital Adequacy ratio Tier 1 Capital Adequacy Ratio Total Capital Adequacy Ratio	12.01% 13.64% 18.02%	11.30% 12.92% 16.58%
<b>Leverage Ratio</b> Tier-1 Capital Total Exposures Leverage Ratio	58,600,582 1,406,867,985 4.17%	55,792,920 1,306,069,711 4.27%
<b>Liquidity Coverage Ratio</b> Total High Quality Liquid Assets Total Net Cash Outflow Liquidity Coverage Ratio	196,391,789 101,882,758 193%	173,028,388 90,017,680 192%
Net Stable Funding Ratio Total Available Stable Funding Total Required Stable Funding Net Stable Funding Ratio	880,775,603 545,854,908 161%	874,633,651 536,584,783 163%

### 37 DATE OF AUTHORISATION

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This condensed interim financial information was authorised for issue on May 05, 2020 by the Board of Directors of the Bank.

Riyadh S. A. A. Edrees	Irfan Siddiqui	Faisal A. A. A. AlNassar	Mubashar Maqbool	Shabbir Hamza Khandwala
Chairman	President & Chief Executive	Director	Director	Chief Financial Officer



# STATEMENT OF FINANCIAL POSITION **AS AT MARCH 31, 2020**

	2020	2019	
	(Unaudited)	(Audited)	
ASSETS	——— Rupees in '000 ———		
Cash and balances with treasury banks	90,180,562	92,193,877	
Balances with other banks	4,021,717	15,414,833	
Due from financial institutions - net	278,651,275	223,689,325	
Investments - net	218,090,229	229,667,072	
Islamic financing and related assets - net	472,939,810	493,775,346	
Fixed assets	24,302,915	23,663,521	
Intangible assets	928,530	800,532	
Deferred tax asset	-	-	
Other assets - net	53,187,326	46,910,457	
	1,142,302,364	1,126,114,963	
LIABILITIES			
Bills payable	17,154,216	17,186,807	
Due to financial institutions	50,317,477	42,047,390	
Deposits and other accounts	928,353,522	932,568,765	
Sub-ordinated Sukuk	18,000,000	14,000,000	
Deferred tax liabilities	1,034,194	3,008,451	
Other liabilities	64,901,412	54,522,604	
	1,079,760,821	1,063,334,017	
NET ASSETS	62,541,543	62,780,946	
REPRESENTED BY			
Share capital	12,861,116	12,861,116	
Reserves	18,782,526	18,231,980	
Unappropriated profit	23,018,769	21,117,202	
Surplus on revaluation of assets - net of tax	6,825,415	9,400,835	
	61,487,826	61,611,133	
NON CONTROLLING INTEREST	4 6-5	4 4 4 0 0 4 5	
NON-CONTROLLING INTEREST	1,053,717	1,169,813	
	62,541,543	62,780,946	

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 Director

Director

March 31,

December 31,

Faisal A. A. A. AlNassar Mubashar Maqbool Shabbir Hamza Khandwala **Chief Financial Officer** 

# PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	Note		
	1.4		Restated
		Quarter ended March 31, 2020	Quarter ended March 31, 2019
		Rupees	in '000 ———
Profit / return earned on Islamic financing and related assets, investments and placements Profit on deposits and other dues expensed Net spread earned		29,835,539 15,122,738 14,712,801	18,208,415 9,352,718 8,855,697
OTHER INCOME Fee and commission income Dividend income Foreign exchange income Gain / (loss) on securities - net Other income  Total income		1,622,601 59,577 963,128 722,838 134,454 3,502,598 18,215,399	1,869,576 44,318 417,100 (142,952) 102,570 2,290,612 11,146,309
OTHER EXPENSES Operating expenses Workers Welfare Fund Other charges Total other expenses		6,864,312 220,949 83,179 7,168,440	5,478,585 130,437 1,368 5,610,390
Share of results of associates before taxation  Profit before provisions		11,046,959 (907,151) 10,139,808	5,535,919 154,782 5,690,701
Provisions / (reversals) and write offs - net		1,637,731	(99,947)
Extraordinary / unusual items			-
Profit before taxation		8,502,077	5,790,648
Taxation		3,558,836	2,741,632
Profit after taxation		4,943,241	3,049,016
Attributable to: Shareholders of the Holding company Non-controlling interest		5,024,337 (81,096) 4,943,241	2,973,246 75,770 3,049,016
			Restated
Basic and diluted earnings per share		3.91	2.31

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

Director

Director

Faisal A. A. A. AlNassar Mubashar Maqbool Shabbir Hamza Khandwala **Chief Financial Officer** 

# **STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)** FOR THE QUARTER ENDED MARCH 31, 2020

	Note			
	1.4		Restated	
		Quarter ended arch 31, 2020	Quarter ended March 31, 2019	
		——— Rupees in '000 ———		
Profit after taxation for the quarter attributable to: Shareholders of the Holding company Non-controlling interest		5,024,337 (81,096) 4,943,241	2,973,246 75,770 3,049,016	
Other Comprehensive income		7,575,271	3,043,010	
Item that may be reclassified to profit and loss account in subsequent periods:				
(Deficit) / surplus on revaluation of investments	(3	3,962,184)	203,089	
Deferred tax on revaluation of investments		1,386,764	(71,081)	
	(2	2,575,420)	132,008	
Item that will not be reclassified to profit and loss account in subsequent periods:				
Deficit on revaluation of non - banking assets		-	(14,785)	
Deferred tax on revaluation of non - banking assets			5,175	
Other comprehensive (loss) / income for the quarter	(2	2,575,420)	(9,610) 122,398	
Total comprehensive Income for the quarter		2,367,821	3,171,414	
Attributable to: Shareholders of the Holding company Non-controlling interest		2,448,917 (81,096) 2,367,821	3,095,644 75,770 3,171,414	

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

# STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	Canital recerves		Revenue reserve Unappro-	Surplus / (deficit) on revalution of		Non	₩.c.I			
	Share capital	Share premium	Statutory reserve *	Non - Distributable Capital Reserve Gain on Bargain Purchase	General reserve	priated profit	Invest- ments	Non- banking assets	controlling interest	Total
					Rupees	in '000				
Balance as at January 1, 2019	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 quarter ended March 31, 2019 - restated (note 1.4) Other Comprehensive income for the quarter ended March 31, 2019 - net of tax - restated (note 1.4)	-	-	-	-	-	2,973,246	132,008	(9,610)	75,770	3,049,016 122,398
			_			2,973,246	132,000	(9,610)	75,770	3,171,414
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	39	-	(39)	-	-
Other appropriations Transfer to statutory reserve - restated (note 1.4) Transactions with owners recognised directly in equity	-	-	285,134	-	-	(285,134)	-	-	-	-
Final cash dividend for the year 2018		-	-	-	-	(2,338,385)	-	-	-	(2,338,385)
Balance as at March 31, 2019 - restated (note 1.4)	11,691,924	2,406,571	9,855,499	3,117,547	91,082	16,088,665	63,973	12,503	1,082,204	44,409,968
Profit after taxation for the nine months period ended December 31, 2019 Other Comprehensive income for the nine months period ended December 31, 2019 - net of tax	-	-	-	-	-	12,611,195 86,598	9,323,742	3,250	119,428 3,181	12,730,623 9,416,771
•						12,697,793	9,323,742	3,250	122,609	22,147,394
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	40	-	(40)		-
Transfer from surplus upon disposal of Non-banking assets to unapproprlated profit - net of tax	-	-	-	-	-	2,593	-	(2,593)	-	-
Other appropriations Transfer to statutory reserve Transactions with owners recognised directly in equity	-	-	2,761,281	-	-	(2,761,281)	-	-	-	-
Issue of bonus shares	1,169,192	-	-	-		(1,169,192)				-
First Interim cash dividend for the year 2019 Second Interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192) (1,286,112)	-	-	-	(1,169,192)
Third Interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112) (3,741,416)	-	-	-	(1,286,112) (3,741,416)
Dividend payout by Subsidiary	-	-	-	-	-	(5,741,410)	-	-	(35,000)	(35,000)
Balance as at December 31, 2019	12,861,116	2,406,571	12,616,780	3,117,547	91,082	21,117,202	9,387,715	13,120	1,169,813	62,780,946
Profit / (loss) after taxation for the quarter ended March 31, 2020	-	-	-	-	-	5,024,337	-	-	(81,096)	4,943,241
Other Comprehensive loss for the quarter ended March 31, 2020 - net of tax	-	-	-	-	-	5,024,337	(2,575,420) (2,575,420)		(81,096)	(2,575,420) 2,367,821
Other appropriations Transfer to statutory reserve Transactions with owners recognised directly in equity	-	-	550,546	-	-	(550,546)	-	-	-	-
Final cash dividend for the year 2019 Dividend payout by Subsidiary	-	-	-	-	-	(2,572,224)	-	-	(35,000)	(2,572,224) (35,000)
Balance as at March 31, 2020	12,861,116	2,406,571	13,167,326	3,117,547	91,082	23,018,769	6,812,295	13,120	1,053,717	62,541,543

<sup>\*</sup> This represents reserve created under section 21(i)(a) of the Banking Companies Ordinance, 1962. The annexed notes 1 to 3 form an integral part of this condensed interim consolidated financial information.

Riyadh S. A. A. Edrees Chairman

**Irfan Siddiqui**President & Chief Executive

Faisal A. A. A. AlNassar Director

Mubashar Maqbool Director **Shabbir Hamza Khandwala** Chief Financial Officer

# CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

Note
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1.		Restated
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	Rupee	s in '000 ———
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation Less: Dividend income	8,502,077 (59,577)	5,790,648 (44,318)
Adjustments for non-cash charges and other items: Depreciation Amortization Provisions / (reversals) and write offs - net Non cash items related to right of use assets Gain on sale of fixed assets Share of results of associates  Decrease / (increase) in operating assets Due from financial institutions Islamic financing and related assets Other assets  (Decrease) / increase in operating liabilities Bills payable Due to financial institutions Deposits and other accounts Other liabilities	8,442,500  491,258 59,885 1,637,731 847,974 (23,567) 907,151 3,920,432 12,362,932  (54,961,950) 19,779,201 (6,213,778) (41,396,527)  (32,591) 8,270,087 (4,215,243) 7,071,858 11,094,111	5,746,330  411,922 59,178 (99,947) 751,444 (4,352) (154,782) 963,463 6,709,793  96,567,672 18,624,872 (4,458,145) 110,734,399  (4,480,226) (3,862,695) (15,979,469) 9,814,584 (14,507,806)
Income tax paid Net cash (used in) / flow from operating activities	(17,939,484) (3,521,994) (21,461,478)	102,936,386 (2,365,027) 100,571,359
CASH FLOW FROM INVESTING ACTIVITIES		
Net redemption / (investments) in securities Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Net cash flow from / (used in) investing activities	6,115,273 6,932 (1,210,916) (187,883) 30,700 4,754,106	(94,788,899) 5,044 (957,074) (50,386) 17,031 (95,774,284)
CASH FLOW FROM FINANCING ACTIVITIES Issuance of Sub-ordinated Sukuk - Tier II Payment of lease liability against right-of-use assets Dividend paid to equity shareholders of the Bank Dividend paid to non controlling interest Net cash flow from / (used in) financing activities	4,000,000 (662,968) (1,091) (35,000) 3,300,941	(567,164) (5,929) - (573,093)
(Decrease) / increase in cash and cash equivalents	(13,406,431)	4,223,982
Cash and cash equivalents at the beginning of the quarter  Cash and cash equivalents at the end of the quarter	107,608,710 94,202,279	73,299,558 77,523,540

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

Riyadh S. A. A. Edrees Chairman President & Chief Executive President & Chief Executiv

### FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

#### **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 March 31, 2020 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended March 31, 2020.

#### 1.4 Adoption of new forms for the preparation of condensed interim financial information

In June 2019, the Group adopted IFRS 16 '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 on March 31, 2019 has been restated to account for this change in accounting policy as reported in the audited annual financial statements of the Group for the year ended December 31, 2019. Consequently, consolidated profit after tax for the quarter ended March 31, 2019 decreased by Rs 51 million.

The Group has adopted the above changes to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current year's presentation.

#### **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.

#### **DATE OF AUTHORISATION**

This condensed interim consolidated financial information was authorised for issue on May 05, 2020 by the Board of Directors of the Holding company.



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