



Bank with the Best

Third Quarterly Report
September 30, 2019



Meezan Bank
The Premier Islamic Bank



Winner
Pakistan Banking Awards 2018
Best Bank
MEEZAN BANK

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

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CORPORATE INFORMATION

Board of Directors	Riyadh S. A. A. Edrees Faisal A. A. A. Al-Nassar Bader H. A. M. A. Al-Rabiah Alaa A. Al-Sarawi Mubashar Maqbool Saad Fazil Abbasi Noorur Rahman Abid Mohamed Guerhazi Nausheen Ahmad Atif Azim Irfan Siddiqui	Chairman Vice Chairman President & CEO
Shariah Supervisory Board	Justice (Retd.) Muhammad Taqi Usmani Dr. Muhammad Imran Ashraf Usmani Sheikh Esam Mohamed Ishaq Mufti Muhammad Naveed Alam	Chairman Vice Chairman
Management	Irfan Siddiqui Ariful Islam	President & CEO Deputy CEO
Board Audit Committee	Noorur Rahman Abid Faisal A. A. A. Al-Nassar Alaa A. Al-Sarawi Bader H. A. M. A. Al-Rabiah	
Board Risk Management Committee	Faisal A. A. A. Al-Nassar Mubashar Maqbool Saad Fazil Abbasi Mohamed Guerhazi	
Board Human Resource & Remuneration Committee	Noorur Rahman Abid Riyadh S. A. A. Edrees Alaa A. Al-Sarawi Nausheen Ahmad	
Board Information Technology Committee	Mubashar Maqbool Atif Azim Irfan Siddiqui	
Resident Shariah Board Member	Mufti Muhammad Naveed Alam	
Company Secretary	Muhammad Sohail Khan	
Auditors	EY Ford Rhodes, Chartered Accountants	
Registered Office and Head Office	Meezan House C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (9221) 38103500, Fax: (9221) 36406049 24/7 Call Centre: 111-331-331 & 111-331-332	
E-mail	info@meezanbank.com	
Website	www.meezanbank.com www.meezanbank.pk	
Shares Registrar	THK Associates (Pvt.) Ltd 1st Floor, 40-C, Block 6, P.E.C.H.S., Karachi - 75400, Pakistan. Phone: (9221) 111-000-322, Fax: (9221) 34168271 Email: secretariat@thk.com.pk Website: www.thk.com.pk	

DIRECTORS' REVIEW

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the nine months period ended September 30, 2019. The financial highlights of Meezan Bank are given below:

Financial Highlights

Rupees in millions

Profit & Loss Account	Jan - Sep 2019	Jan - Sep 2018	Growth %
Net spread earned	33,161	19,020	74%
Fee and commission income	4,636	3,734	24%
Operating income	39,881	24,618	62%
Operating and other expenses	(18,380)	(14,128)	30%
Taxation	(8,058)	(4,074)	98%
Profit after tax	10,940	6,248	75%
Earnings per share - Rupees	8.51	4.86	75%
Number of branches	689	610	13%

Rupees in millions

Statement of Financial Position	September 30, 2019	December 31, 2018	Growth %
Investments	214,497	123,743	73%
Islamic financing and related assets - net	472,814	512,565	(8%)
Total Assets	1,003,999	937,915	7%
Deposits	838,926	785,477	7%
Equity	46,757	40,333	16%

By the Grace of Allah, Meezan Bank demonstrated an all-round performance and recorded excellent results. Profit after tax for the period ended September 30, 2019 crossed Rs 10.9 billion as compared to Rs 6.2 billion in the corresponding period last year - a robust growth of 75%. The Earnings per Share - on enhanced capital increased to Rs 8.51 per share from Rs 4.86 per share in September 2018.

We are pleased to inform you that the Board has approved 10% third quarterly interim cash dividend (Re 1.00 per share) for the quarter ended September 30, 2019, bringing the total payout for the nine months period to Rs 3.00 per share (30%) as Rupees 2.00 per share i.e. 20% interim cash dividend was paid alongwith issuance of 10% Bonus Shares during the first half of 2019. The Bank remains a well-capitalized institution with Capital Adequacy Ratio of 17.63%.

The growth in profitability from the corresponding period has been driven by steady rise in core banking income. The fees and commission income of the Bank increased to Rs 4.6 billion from Rs 3.7 billion - a rise of 24% with major contribution from trade finance related income, debit card and branch banking income.

DIRECTORS' REVIEW

Operating and other expenses increased to Rs 18,380 million from Rs 14,128 million primarily due to increase in network and costs associated with new branches - an investment for the future. However, the rise in expenses is sufficiently absorbed by the growth in the Bank's funded and non-funded income resulting in net improvement in income efficiency ratio by 11% from corresponding period last year.

The total assets of the Bank grew by 7% to close at Rs 1.004 trillion. The Investments portfolio of the Bank grew by 73% to Rs 215 billion compared to Rs 124 billion in December 2018 after Rs 85 billion investment in Pakistan's first ever government guaranteed and Statutory Liquidity Requirement (SLR) eligible Energy Sukuk, issued by the Power Holding Private Limited, a company wholly owned by the Government of Pakistan (GoP). We are hopeful that with the efforts of the Ministry of Finance, Ministry of Energy and SBP, there will be similar new Sukuk issues in the future.

The Bank's Islamic financings and related assets closed at Rs 473 billion with the Advances to deposits ratio of 56% as compared to Banking Industry average of 53%. The Bank's credit lending strategy is aligned with the current economic scenario while maintaining a high quality and diversified financing portfolio. The Bank's non-performing financing ratio of less than 2% versus industry average of 9% is a testament of its high asset quality. Recognizing stresses in certain sectors of the economy and in line with the prudent practices historically adopted by the Bank, an additional General Provision of Rs 525 million against any potential non-performing financings has been approved by the Board. The Bank maintains a comfortable level of provisions against its non-performing financings with the coverage ratio of 136% - one of the highest in the Banking industry.

Despite, the intense competition in the industry, the Bank was able to continuously grow its deposits to close at Rs 840 billion as compared to Rs 785 billion in December 2018 through strong relationship management and better customer experience. The Bank's average current account deposits grew by 14% from the corresponding period last year which contributed to higher net spread of the Bank.

The VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited), has reaffirmed the Bank's Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term with stable outlook. The VIS Credit Rating Company Limited has also reaffirmed the rating of Subordinated Tier II Sukuk and Additional Tier I Sukuk of the Bank at 'AA' (Double A) and 'AA-' (Double A Minus) respectively. These ratings indicate sound performance 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, the shareholders, holders of Additional Tier I Sukuk and Sub-

DIRECTORS' REVIEW

ordinated Tier II Sukuk for their continued support and to the staff for their continuous efforts to make Meezan Bank a success. Most importantly, we are thankful to Allah Almighty for His continued blessings on our Bank which has enabled us to achieve this incredible performance in a very short span of time and we pray that He gives us more strength and wisdom to further expand our vision of making Islamic banking as banking of first choice.

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Nathiagali, Abbottabad:
October 24, 2019

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 30 ستمبر، 2019 کو ختم ہونے والے نو ماہ کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔ میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

روپے (ملین میں)

اہم مالیاتی نکات

نفع و نقصان کھاتہ	جنوری تا ستمبر، 2019	جنوری تا ستمبر، 2018	اضافہ کی شرح %
آمدنی - خالص	33,161	19,020	74%
فیس اور کمیشن کی آمدنی	4,636	3,734	24%
کاروباری آمدنی	39,881	24,618	62%
انتظامی اور دیگر اخراجات	(18,380)	(14,128)	30%
ٹیکسیشن	(8,058)	(4,074)	98%
بعد از ٹیکس منافع	10,940	6,248	75%
منافع فی حصص (روپوں میں)	8.51	4.86	75%
شاخوں کی تعداد	689	610	13%
مالیاتی حیثیت کا جائزہ	30 ستمبر، 2019	31 دسمبر، 2018	اضافہ کی شرح %
سرمایہ کاری	214,497	123,743	73%
اسلامی فنڈنگ اور متعلقہ اثاثے - خالص	472,814	512,565	(8%)
کل اثاثے	1,003,999	937,915	7%
جمع شدہ قوم (Deposits)	838,926	785,477	7%
ایکویٹی	46,757	40,333	16%

الحمد للہ، میزان بینک نے ہر شعبے میں بہترین کارکردگی کا مظاہرہ کرتے ہوئے زبردست نتائج حاصل کئے ہیں۔ 30 ستمبر، 2019 کو ختم ہونے والے نو ماہ کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے مقابلے میں 10.9 ارب روپے سے تجاوز کر گیا اور 75 فیصد کا زبردست اضافہ ریکارڈ کیا گیا۔ اضافہ شدہ سرمائے پر فی حصص آمدنی ستمبر، 2018 کے 4.86 روپے فی حصص کے مقابلے میں بڑھ کر 8.51 روپے فی حصص ہو گئی ہے۔

ہم آپ کو یہ اطلاع دینے میں مسرت محسوس کرتے ہیں کہ بورڈ نے 30 ستمبر، 2019 کو ختم ہونے والی سال کی تیسری سہ ماہی کے لئے 10 فیصد عبوری نقد ڈیویڈنڈ (1 روپے فی حصص) کی منظوری دی ہے جس سے نو ماہ کا مجموعی ڈیویڈنڈ 3 روپے فی حصص (30 فیصد) ہو گیا ہے، کیونکہ سال 2019 کے پہلے نصف عرصے کے دوران 2 روپے فی حصص یعنی 20 فیصد عبوری نقد ڈیویڈنڈ اور 10 فیصد بونس حصص ادا کیا گیا تھا۔ بینک 17.63 فیصد کمپنڈڈ ایڈیوٹیسی ریشو (Capital Adequacy Ratio) کے ساتھ ایک well-capitalized ادارہ رہا ہے۔

بینک کے منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں اضافے کی وجہ بینک کی بنیادی آمدنی (Core Banking Income) میں ہونے والا اضافہ ہے۔ بینک کی فیس اور کمیشن کی آمدنی 24 فیصد اضافے کے ساتھ 3.7 ارب روپے سے بڑھ کر 4.6 ارب روپے ہو گئی ہے جس میں بنیادی حصہ تجارتی فنانس سے متعلقہ آمدنی، ڈیپٹ کارڈ اور برانچ بینکنگ سے ہونے والی آمدنی کا ہے۔

انتظامی اور دیگر اخراجات 14,128 ملین روپے سے بڑھ کر 18,380 ملین روپے ہو گئے جس کی بنیادی وجوہات میں نیٹ ورک میں اضافہ اور نئی برانچوں سے متعلقہ بڑھتے اخراجات ہیں، تاہم یہ مستقبل کے لئے ایک سرمایہ کاری ہے، تاہم اخراجات میں ہونے والے اس اضافے کو بینک کی فنڈ ڈ اور نان فنڈ ڈ آمدنی میں اضافے نے جذب کر لیا جس کے نتیجے میں بینک کی آمدنی کی شرح استعداد (Income Efficiency Ratio) میں گزشتہ سال کی اسی مدت کے مقابلے میں 11 فیصد بہتری آئی۔

بینک کے مجموعی اثاثے 7 فیصد اضافے کے بعد 1.004 کھرب روپے ہو گئے ہیں۔ بینک کا سرمایہ کاری پورٹ فولیو دسمبر 2018 کے 124 ارب روپے کے مقابلے میں 73 فیصد اضافہ کے بعد 215 ارب روپے ہو گیا ہے جب بینک نے پاکستان کے پہلے حکومتی ضمانت اور قانونی لکویڈیٹی ضروریات (SLR) کی اہلیت کے حامل صکوک میں 85 ارب روپے کی سرمایہ کاری کی۔ یہ صکوک حکومت پاکستان کی کل ملکیتی کمپنی پاور ہولڈنگ پرائیویٹ لمیٹڈ (Power Holding Pvt. Ltd.) نے جاری کئے تھے۔ ہمیں امید ہے کہ وزارت مالیات، وزارت توانائی اور اسٹیٹ بینک آف پاکستان کی کوششوں سے مستقبل میں اسی نوعیت کے نئے صکوک جاری کئے جائیں گے۔

بینک کے اسلامی فنانسنگز اور متعلقہ اثاثے 473 ارب روپے رہے اور اس کا ایڈوائسز ٹو ڈپازٹ ریٹو (ADR) بینکاری صنعت کی اوسط شرح 53 فیصد کے مقابلے میں 56 فیصد رہا۔ بینک کی قرضہ جات کی حکمت عملی ملک کی موجودہ معاشی صورتحال سے ہم آہنگ ہے جبکہ بینک نے اعلیٰ معیار کا متنوع فنانسنگ پورٹ فولیو قائم رکھا ہے۔ بینکاری صنعت کے 9 فیصد اوسط کے مقابلے میں بینک کی غیر فعال فنانسنگز کی 2 فیصد شرح اس کے اثاثوں کے اعلیٰ معیار کا ثبوت ہے۔ معیشت کے کچھ مخصوص شعبہ جات میں دباؤ کا ادراک کرتے ہوئے اور بینک کی جانب سے اختیار کئے جانے والے محتاط اقدامات کے پیش نظر بورڈ نے کسی بھی ممکنہ غیر فعال فنانسنگ کی مد میں 525 ملین روپے کی اضافی عمومی پروویژنز (General Provisions) کی منظوری دی ہے۔ بینک نے اپنی غیر فعال فنانسنگز کی مد میں 136 فیصد کوریج ریٹو کے ساتھ پروویژنز کی تسلی بخش شرح برقرار رکھی ہے جو بینکاری صنعت کی بلند ترین شرحوں میں سے ایک ہے۔

بینکاری صنعت میں مقابلے کے زبردست رجحان کے باوجود بینک نے بہتر تعلقاتی انتظام کاری اور صارفین کو بہتر خدمات کی فراہمی کے ذریعے اپنی جمع شدہ رقوم (Deposits) میں اضافہ کیا جو دسمبر 2018 کے 785 ارب روپے کے مقابلے میں بڑھ کر 840 ارب روپے ہو گئیں۔ بینک کی کرنٹ اکاؤنٹ کی اوسط جمع شدہ رقوم میں گزشتہ سال کی اسی مدت کے مقابلے میں 14 فیصد اضافہ ہوا جو بینک کی خالص آمدنی میں اضافہ میں معاون ثابت ہوئیں۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (سابقہ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ) نے بینک کو مستحکم آثار کے ساتھ AA+ (ڈبل اے پلس) طویل المیعاد ریٹنگ اور A1+ (اے ون پلس) قلیل المیعاد ریٹنگ دی ہے۔ VIS کریڈٹ ریٹنگ کمپنی نے بینک کے ثانوی صکوک Tier II اور ثانوی اضافی صکوک Tier I کو بالترتیب AA (ڈبل اے) اور AA- (ڈبل اے مائنس) ریٹنگ دی ہے۔ یہ ریٹنگز بینک کی مستحکم کارکردگی کی طرف اشارہ کرتی ہیں۔

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

(مختاب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض ایس۔ اے۔ اے اور ایس
چیئر مین

نتھیانگلی، ایبٹ آباد:
24 اکتوبر، 2019

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Rupees in '000			
Cash and balances with treasury banks	6	66,114,848	65,022,041
Balances with other banks	7	8,577,741	8,255,187
Due from financial institutions - net	8	181,185,196	184,814,600
Investments - net	9	214,497,284	123,742,867
Islamic financing and related assets - net	10	472,813,790	512,564,522
Fixed assets	11	20,103,366	13,129,126
Intangible assets	12	684,833	624,534
Deferred tax assets	13	1,885,507	982,936
Other assets - net	14	38,136,840	28,779,592
		1,003,999,405	937,915,405
LIABILITIES			
Bills payable	15	15,301,314	23,750,543
Due to financial institutions	16	41,229,305	36,407,811
Deposits and other accounts	17	838,926,355	785,476,944
Sub-ordinated Sukuk	18	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	19	47,785,084	37,947,052
		957,242,058	897,582,350
NET ASSETS			
		46,757,347	40,333,055
REPRESENTED BY			
Share capital		12,861,116	11,691,924
Reserves		17,349,259	15,161,249
Unappropriated profit		16,317,596	13,525,765
Surplus / (deficit) on revaluation of assets - net of tax	20	229,376	(45,883)
		46,757,347	40,333,055
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Note	Restated			
		Quarter ended September 30, 2019	Nine months period ended September 30, 2019	Quarter ended September 30, 2018	Nine months period ended September 30, 2018
	3.2.1				
		Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	22	25,915,603	65,922,619	11,930,025	33,053,666
Profit on deposits and other dues expensed	23	13,505,846	32,761,770	5,310,699	14,032,748
Net spread earned		12,409,757	33,160,849	6,619,326	19,020,918
OTHER INCOME					
Fee and commission income	24	1,442,664	4,636,455	1,190,703	3,733,594
Dividend income		57,683	165,876	56,653	424,901
Foreign exchange income		749,347	1,823,813	290,463	1,081,767
(Loss) / gain on securities - net	25	(98,439)	(239,128)	89,407	95,900
Other income	26	109,258	333,112	91,978	261,148
		2,260,513	6,720,128	1,719,204	5,597,310
Total income		14,670,270	39,880,977	8,338,530	24,618,228
OTHER EXPENSES					
Operating expenses	27	6,494,379	17,876,026	4,695,049	13,868,841
Workers' Welfare Fund		97,670	435,194	98,229	257,050
Other charges	28	66,959	69,114	1,556	2,361
Total other expenses		6,659,008	18,380,334	4,794,834	14,128,252
Profit before provisions		8,011,262	21,500,643	3,543,696	10,489,976
Provisions / (reversals) and write offs - net	29	1,450,253	2,502,490	62,207	168,041
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		6,561,009	18,998,153	3,481,489	10,321,935
Taxation	30	2,622,706	8,058,103	1,360,215	4,074,366
Profit after taxation		3,938,303	10,940,050	2,121,274	6,247,569
		Rupees			
				Restated	
Basic and diluted earnings per share	31	3.06	8.51	1.65	4.86

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Note	Restated			
	3.2.1	Quarter ended September 30, 2019	Nine months period ended September 30, 2019	Quarter ended September 30, 2018	Nine months period ended September 30, 2018
Rupees in '000					
Profit after taxation for the period		3,938,303	10,940,050	2,121,274	6,247,569
Other comprehensive income / (loss)					
Items that may be reclassified to profit and loss account in subsequent periods:					
Surplus / (deficit) on revaluation of investments	20	828,453	442,371	(881,611)	(1,484,218)
Deferred tax on revaluation of investments		(289,959)	(154,830)	308,564	519,476
		538,494	287,541	(573,047)	(964,742)
Deficit on revaluation of non - banking assets	20	-	(14,785)	-	-
Deferred tax on revaluation of non - banking assets		-	5,175	-	-
		-	(9,610)	-	-
Total Comprehensive Income for the period		4,476,797	11,217,981	1,548,227	5,282,827

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Capital reserves					Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Total
	Share capital	Share premium	Reserve for issuance of Bonus shares	Statutory reserve *	Non- Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non- banking Assets	
Rupees in '000										
Balance as at January 01, 2018 - Restated (Note 3.2.1)	10,629,022	2,406,571	-	7,777,925	3,117,547	66,766	10,340,589	738,973	-	35,077,393
Profit after taxation for the nine months period ended September 30, 2018	-	-	-	-	-	-	6,247,569	-	-	6,247,569
Other Comprehensive loss for the nine months period ended September 30, 2018 - net of tax	-	-	-	-	-	-	-	(964,742)	-	(964,742)
Other appropriations							6,247,569	(964,742)	-	5,282,827
Transfer to statutory reserve	-	-	-	1,249,514	-	-	(1,249,514)	-	-	-
Transfer to reserve for issue of bonus shares	-	-	1,062,902	-	-	-	(1,062,902)	-	-	-
Final cash dividend for the year 2017	-	-	-	-	-	-	(1,328,628)	-	-	(1,328,628)
Interim cash dividend for the year 2018	-	-	-	-	-	-	(1,594,353)	-	-	(1,594,353)
Balance as at September 30, 2018 - Restated	10,629,022	2,406,571	1,062,902	9,027,439	3,117,547	66,766	11,352,761	(225,769)	-	37,437,239
Profit after taxation for the quarter ended December 31, 2018	-	-	-	-	-	-	2,714,631	-	-	2,714,631
Other Comprehensive income for the quarter ended December 31, 2018 - net of tax	-	-	-	-	-	-	1,299	157,734	22,152	181,185
Other appropriations							2,715,930	157,734	22,152	2,895,816
Transfer to statutory reserve	-	-	-	542,926	-	-	(542,926)	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,062,902	-	(1,062,902)	-	-	-	-	-	-	-
Balance as at December 31, 2018	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 nine months period ended September 30, 2019	-	-	-	-	-	-	10,940,050	-	-	10,940,050
Other Comprehensive income for the nine months period ended September 30, 2019 - net of tax	-	-	-	-	-	-	-	287,541	(9,610)	277,931
	-	-	-	-	-	-	10,940,050	287,541	(9,610)	11,217,981
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	79	-	(79)	-
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	2,593	-	(2,593)	-
Other appropriations							(2,188,010)	-	-	-
Transfer to statutory reserve	-	-	-	2,188,010	-	-	(2,188,010)	-	-	-
Issue of bonus shares	1,169,192	-	-	-	-	-	(1,169,192)	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	-	(2,338,385)	-	-	(2,338,385)
First interim cash dividend for the year 2019	-	-	-	-	-	-	(1,169,192)	-	-	(1,169,192)
Second interim cash dividend for the year 2019	-	-	-	-	-	-	(1,286,112)	-	-	(1,286,112)
Balance as at September 30, 2019	12,861,116	2,406,571	-	11,758,375	3,117,547	66,766	16,317,596	219,506	9,870	46,757,347

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

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Note 3.2.1	Restated
	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	18,998,153	10,321,935
Less: Dividend income	(165,876)	(424,901)
	18,832,277	9,897,034
Adjustments for non-cash charges and other items:		
Depreciation	1,248,317	1,125,261
Amortization	209,732	164,268
Non cash item related to rental properties	2,068,610	-
Provisions and write offs - net	2,502,490	168,041
Gain on sale of fixed assets	(45,732)	(55,576)
	5,983,417	1,401,994
	24,815,694	11,299,028
Decrease / (increase) in operating assets		
Due from financial institutions	3,629,404	(38,866,611)
Islamic financings and related assets	38,582,392	(21,078,220)
Other assets	(10,026,064)	(9,589,236)
	32,185,732	(69,534,067)
(Decrease) / increase in operating liabilities		
Bills payable	(8,449,229)	867,946
Due to financial institutions	4,821,494	5,085,142
Deposits and other accounts	53,449,411	38,049,533
Other liabilities	1,931,926	10,779,315
	51,753,602	54,781,936
Income tax paid	108,755,028	(3,453,103)
Net cash flow from / (used in) operating activities	(6,819,543)	(3,349,870)
	101,935,485	(6,802,973)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investments) / redemption in securities	(91,604,098)	(3,780,553)
Dividends received	127,843	393,694
Investments in fixed assets	(3,708,083)	(2,261,422)
Investments in intangible assets	(270,031)	(257,455)
Proceeds from sale of fixed assets	76,983	96,746
Net cash used in investing activities	(95,377,386)	(5,808,990)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of Sub-ordinated Additional Tier I Sukuk	-	7,000,000
Payment of lease liability against right-of-use assets	(1,638,728)	-
Dividend paid	(3,504,010)	(1,321,926)
Net cash (used in) / flow from financing activities	(5,142,738)	5,678,074
Increase / (decrease) in cash and cash equivalents	1,415,361	(6,933,889)
Cash and cash equivalents at the beginning of the period	73,277,228	69,451,986
Cash and cash equivalents at the end of the period	32 74,692,589	62,518,097

The annexed notes 1 to 40 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

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 six hundred and eighty nine branches as at September 30, 2019 (December 31, 2018: six 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 (formerly JCR-VIS Credit Rating Company Limited) has reaffirmed the Bank's long-term rating as 'AA+' and the short-term rating as 'A1+' with stable outlook.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, 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;

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

- 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

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, 2018 other than as described below.

3.2.1 Adoption of new forms for the preparation of condensed interim financial information

During the period, the SBP, vide its BPRD Circular No. 05 dated March 22, 2019, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2019. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial information.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current period's presentation. Such reclassifications / re-arrangements are disclosed in note 38 to the condensed interim financial information.

3.2.2 Adoption of IFRS 16 "Leases"

During the period, 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 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee) and accordingly, the Bank has adopted the standard. The IFAS 2 - Ijarah would continue to be applicable on all the Ijarah contracts where the Islamic Banks acts as Mujir (lessor).

The Bank has lease contracts in the capacity of lessee for various properties used by the Bank's branches. The Bank has adopted modified retrospective approach for transition to IFRS 16. The standard also provides practical expedients, which has been applied by the Bank. The Bank has recognised right-of-use assets and lease liabilities for those leases which were previously accounted for under IFAS-2 Ijarah and recognised / classified as rent expense. Lease liabilities were discounted using the incremental borrowing rate at the date of initial application. Right of use asset is depreciated over lease term and classified as depreciation expense.

The overall impact of the initial application of IFRS 16 on this condensed interim financial information is summarised below:

- Right of Use (RoU) assets recognised as Fixed assets - increased by Rs 4,463 million.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

- Ijarah (lease) liabilities recognised as Other liabilities - increased by Rs 4,332 million.
- Profit after tax for the nine months period ended September 30, 2019 decreased by Rs 256 million.

3.2.3 Amendments to approved accounting standards that are effective in the current period

There are certain other new and amended standards that became effective during the period (enumerated in note 3.6.1 to the annual financial statement of the Bank for the year 2018). However, such standards did not have any significant effect on this condensed interim unconsolidated financial information except IFRS 16 "Leases" as described above.

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

There are certain amendments to the financial reporting standards which would become effective from the next financial year (enumerated in note 3.6.1 to the annual financial statements of the Bank for the year 2018), however such amendments are not expected to have a material effect on this condensed interim unconsolidated financial information. With regard to IFRS 9 implementation, the SBP vide its BPRD Circular No. 04 of 2019 dated October 23, 2019 has notified January 1, 2021 as the effective date.

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, 2018.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		14,026,702	10,754,777
- foreign currencies		2,285,959	2,122,435
With the State Bank of Pakistan in			
- local currency current accounts	6.1	27,900,748	25,130,062
- foreign currency current accounts	6.1	6,865,963	5,305,332
With National Bank of Pakistan in			
- local currency current accounts		14,556,796	21,709,435
National Prize Bonds	6.2	478,680	-
		66,114,848	65,022,041

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	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		6,054,097	5,858,646
- in deposit accounts	7.1	412,000	-
Outside Pakistan			
- in current accounts		1,231,025	2,089,540
- in deposit accounts	7.2	880,619	307,001
		8,577,741	8,255,187

7.1 The return on these balances is around 5.60% (December 31, 2018: Nil) per annum.

7.2 The return on these balances is around 1.60% (December 31, 2018: 0.85%) per annum.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
8 DUE FROM FINANCIAL INSTITUTIONS - NET			
Bai Muajjal:			
With the State Bank of Pakistan	8.1	13,682,452	-
With Scheduled Banks - Secured	8.2	167,002,744	184,814,600
With other Financial Institution		15,500	15,500
		180,700,696	184,830,100
Musharakah	8.3	500,000	-
Commodity Murabaha		26,066	26,066
		181,226,762	184,856,166
Provision against non-performing amounts due from financial institutions	8.4	(41,566)	(41,566)
		181,185,196	184,814,600

8.1 During the period, the SBP conducted its Open Market Operation (OMO) using Bai Muajjal Structure to manage the liquidity of Islamic Banks. The average return on these Bai Muajjal is 10.55% (December 31, 2018: Nil) per annum. These balances are maturing latest by February 2020 (December 31, 2018: Nil).

8.2 The average return on this product is 13.16% (December 31, 2018: 7.87%) per annum. These balances have maturities ranging between October 2019 to September 2020 (December 31, 2018: January 2019 to April 2019).

8.3 The average return on this product is 12.50% (December 31, 2018: Nil) per annum. These balances are maturing latest by October 2019 (December 31, 2018: Nil).

	September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
Rupees in '000				
8.4 Category of classification				
Loss	41,566	41,566	41,566	41,566

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

9 INVESTMENTS - NET	Note	September 30, 2019 (Unaudited)				December 31, 2018 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		Rupees in '000							
9.1 Investments by types									
Available for sale securities									
Federal Government Securities									
- Ijarah Sukuk		13,098,747	-	(474,282)	12,624,465	18,986,693	-	(271,470)	18,715,223
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		83,652,209	-	-	83,652,209	42,433,712	-	-	42,433,712
Non Government Sukuk									
- Pakistan Energy Sukuk-I guaranteed by the Government of Pakistan	9.1.1	85,000,000	-	-	85,000,000	-	-	-	-
- Other Sukuk guaranteed by the Government of Pakistan		13,784,720	-	-	13,784,720	14,128,470	-	-	14,128,470
- Other Non Government Sukuk		5,765,529	165,362	-	5,600,167	7,118,262	170,635	-	6,947,627
Foreign Securities		7,895,625	-	316,427	8,212,052	7,576,263	-	(110,446)	7,465,817
Shares (including units of fund)		6,631,836	2,401,535	495,559	4,725,860	5,981,168	1,104,210	277,249	5,154,207
		215,828,666	2,566,897	337,704	213,599,473	96,224,568	1,274,845	(104,667)	94,845,056
Held to maturity securities									
Federal Government Securities									
- Ijarah Sukuk		-	-	-	-	28,000,000	-	-	28,000,000
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		216,726,477	2,566,897	337,704	214,497,284	125,122,379	1,274,845	(104,667)	123,742,867

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

9.1.1 During the period, the Bank invested Rs 85 billion in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments.

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
9.2 Provision against diminution in value of investments		
Opening balance	1,274,845	967,444
Charge / (reversals) for the period / year		
On available for sale securities		
- charge for the period / year	1,434,020	505,484
- reversals for the period / year on recovery of debt instruments	(5,273)	(11,047)
- reversals for the period / year on disposals	(136,695)	(187,036)
	1,292,052	307,401
Closing balance	2,566,897	1,274,845

	September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
9.3 Particulars of provision against Sukuk				
Category of classification				
Loss	165,362	165,362	170,635	170,635

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
10 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	10.1	7,107,231	8,021,609
- Advances against Murabaha		5,665,634	7,657,780
- Murabaha inventory		1,834,923	3,818,550
- Financing under Islamic Export Refinance - Murabaha	10.2	409,280	344,573
- Advances against Islamic Export Refinance - Murabaha		65,313	130,491
		15,082,381	19,973,003
Running Musharakah financing			
- Running Musharakah financing		132,549,870	142,433,085
- Financing under Islamic Export Refinance - Running Musharakah		21,754,700	16,430,165
		154,304,570	158,863,250
Istisna financing and related assets			
- Istisna financing		4,175,307	3,440,669
- Advances against Istisna		31,447,705	56,972,563
- Istisna inventory		5,722,624	8,069,320
- Financing under Islamic Export Refinance - Istisna		49,073	74,732
- Advances under Islamic Export Refinance - Istisna		4,769,783	4,388,971
- Inventory under Islamic Export Refinance - Istisna		1,173,721	508,535
		47,338,213	73,454,790
Tijarah financing and related assets			
- Tijarah financing		607,241	394,041
- Tijarah inventory		7,159,349	12,371,614
- Financing under Islamic Export Refinance - Tijarah		827,349	364,949
- Inventory under Islamic Export Refinance - Tijarah		264,168	271,085
		8,858,107	13,401,689
Musawammah financing and related assets			
- Musawammah financing	10.3	8,331,025	12,450,345
- Musawammah Inventory		11,325,976	9,890,657
- Advances against Musawammah		6,299,168	16,505,491
- Financing under Islamic Export Refinance - Musawammah	10.4	475,773	875,001
- Advances under Islamic Export Refinance - Musawammah		255,554	124,950
		26,687,496	39,846,444
Salam Financing and related assets			
- Salam Financing		499,167	590,001
- Salam Inventory		148,246	1,659,072
- Advances against Salam		9,725,816	7,281,394
		10,373,229	9,530,467
Financing against bills			
- Financing against bills - Salam		6,030,747	5,725,100
- Advances against bills - Salam		65,752	1,738
		6,096,499	5,726,838
Bai Muajjal financing			
	10.5	1,474,998	569,632
Ijarah financing and related assets			
- Net investment in Ijarah		113,590	116,259
- Net book value of assets / investment in Ijarah under IFAS 2		50,138,531	46,836,155
- Net book value of assets / investment in Ijarah under IFAS 2 (SBP's ILTF)		31,082	-
		50,283,203	46,952,414
- Advances against Ijarah		3,317,630	6,253,140
- Advances against Ijarah under SBP's ILTF		63,121	-
		53,663,954	53,205,554

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	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - housing		13,512,139	14,150,878
- Diminishing Musharakah financing - others		78,131,871	74,800,828
- Advances against Diminishing Musharakah		11,052,579	8,490,933
- Diminishing Musharakah financing - SBP's ILTF		410,977	-
- Advances against Diminishing Musharakah under SBP's ILTF		5,489,906	490,628
		108,597,472	97,933,267
- Musharakah financing		331,840	414,800
- Wakalah Tul Istithmar financing		40,825,200	40,825,200
- Wakalah financing		325,000	475,000
- Advance against Service Ijarah		3,265,026	2,000,000
- Labbaik (Qard for Hajj and Umrah)		3,081	5,153
- Staff financing		4,120,905	3,712,540
- Other financing		2,311,347	2,326,136
Gross Islamic financing and related assets		483,659,318	522,263,763
Less: Provision against non-performing Islamic financing and related assets - Specific	10.8	(7,392,817)	(6,771,530)
Less: Provision against non-performing Islamic financing and related assets - General	10.8	(3,452,711)	(2,927,711)
Islamic financing and related assets - net of provision		472,813,790	512,564,522

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	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
———— Rupees in '000 ————			
10.1 Murabaha receivable - gross	10.1.1	7,584,863	8,434,743
Less: Deferred murabaha income	10.1.3	(151,953)	(142,250)
Profit receivable shown in other assets		(325,679)	(270,884)
Murabaha financing		7,107,231	8,021,609
10.1.1 Murabaha Sale Price		7,584,863	8,434,743
Murabaha Purchase Price		(7,107,231)	(8,021,609)
		477,632	413,134
10.1.2 The movement in Murabaha financing during the period / year is as follows:			
Opening balance		8,021,609	7,854,995
Sales during the period / year		34,098,757	47,580,002
Adjusted during the period / year		(35,013,135)	(47,413,388)
Closing balance		7,107,231	8,021,609
10.1.3 Deferred Murabaha Income:			
Opening balance		142,250	110,813
Deferred during the period / year		1,210,401	1,218,659
Recognised during the period / year		(1,200,698)	(1,187,222)
Closing balance		151,953	142,250
10.2 Financing under Islamic Export Refinance - Murabaha - gross		419,619	353,984
Less: Deferred income		(1,013)	(1,725)
Profit receivable shown in other assets		(9,326)	(7,686)
Financing under Islamic Export Refinance - Murabaha		409,280	344,573
10.2.1 The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:			
Opening balance		344,573	599,862
Sales during the period / year		916,414	684,949
Adjusted during the period / year		(851,707)	(940,238)
Closing balance		409,280	344,573
10.2.2 Deferred Islamic Export Refinance Murabaha Income:			
Opening balance		1,725	1,848
Deferred during the period / year		10,093	9,507
Recognised during the period / year		(10,805)	(9,630)
Closing balance		1,013	1,725
10.3 Musawammah financing - gross		8,777,317	12,998,576
Less: Deferred income		(227,341)	(298,927)
Profit receivable shown in other assets		(218,951)	(249,304)
Musawammah financing		8,331,025	12,450,345

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	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
10.4 Financing under Islamic Export Refinance - Musawammah - gross	482,535	885,568
Less: Deferred income	(6,069)	(4,387)
Profit receivable shown in other assets	(693)	(6,180)
Financing under Islamic Export Refinance - Musawammah	475,773	875,001
10.5 Bai Muajjal financing - gross	1,701,154	615,345
Less: Deferred income	(202,877)	(26,426)
Profit receivable shown in other assets	(23,279)	(19,287)
Bai Muajjal financing	1,474,998	569,632
10.6 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 33,638 million (December 31, 2018: Rs 25,267 million).		
10.7 Islamic financing and related assets include Rs. 7,990 million (December 31, 2018: Rs. 6,985 million) which have been placed under non-performing status as detailed below:		

	September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Non-performing amount	Provision held	Non-performing amount	Provision held
Category of classification	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	18,569	1,027	28,157	-
Substandard	450,888	105,097	137,429	30,927
Doubtful	369,174	167,780	49,514	8,523
Loss	7,150,886	7,118,913	6,770,142	6,732,080
	7,989,517	7,392,817	6,985,242	6,771,530

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

	September 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	6,771,530	2,927,711	9,699,241	6,426,731	2,377,711	8,804,442
Charge for the period / year	975,563	525,000	1,500,563	552,977	550,000	1,102,977
Less: Reversals	(319,494)	-	(319,494)	(208,111)	-	(208,111)
	656,069	525,000	1,181,069	344,866	550,000	894,866
Amount written off	(34,782)	-	(34,782)	(67)	-	(67)
Closing balance	<u>7,392,817</u>	<u>3,452,711</u>	<u>10,845,528</u>	<u>6,771,530</u>	<u>2,927,711</u>	<u>9,699,241</u>

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

In addition, the Bank has also maintained a general provision of Rs 3,050 million (December 31, 2018: Rs 2,525 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 September 30, 2019 amounts to Rs 26.5 million (December 31, 2018: Rs 17.9 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 17.2 million as at September 30, 2019 (December 31, 2018: Rs 11.6 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

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	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
————— Rupees in '000 —————			
11 FIXED ASSETS			
Capital work-in-progress	11.1	3,104,380	1,644,436
Property and equipment		12,536,475	11,484,690
Right-of-use assets	3.2.2	4,462,511	-
		<u>20,103,366</u>	<u>13,129,126</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		2,041,823	1,009,074
- computer hardware		293,307	174,250
- purchase of vehicles		184,688	152,864
- office machines		484,073	263,986
- furniture and fixtures		100,489	44,262
		<u>3,104,380</u>	<u>1,644,436</u>
		September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
		————— Rupees in '000 —————	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		1,459,944	865,355
Property and equipment			
Buidling on leasehold land		233,357	146,742
Leasehold improvements		399,339	184,369
Furniture and fixture		59,957	41,324
Electrical, office and computer equipment		964,681	621,218
Vehicles		590,805	402,414
		<u>2,248,139</u>	1,396,067
		<u>3,708,083</u>	2,261,422
Right -of-use assets		362,271	-
		<u>4,070,354</u>	<u>2,261,422</u>

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	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
	Rupees in '000	
11.3 Transfer to fixed assets from Non-banking assets acquired in satisfaction of claims		
Buidling on leasehold land	<u>83,215</u>	<u>-</u>
11.4 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Leasehold improvements	21	45
Furniture and fixture	125	187
Electrical, office and computer equipment	482	3,378
Vehicles	<u>30,623</u>	<u>37,560</u>
	<u>31,251</u>	<u>41,170</u>
	Note	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
12 INTANGIBLE ASSETS		
Computer Software	515,482	552,130
Advance against computer software	<u>169,351</u>	<u>72,404</u>
	<u>684,833</u>	<u>624,534</u>
	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
	Rupees in '000	
12.1 Additions to intangible assets	<u>270,031</u>	<u>257,455</u>

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	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
————— Rupees in '000 —————			
13 DEFERRED TAX ASSETS			
Taxable temporary differences due to:			
Excess of accounting book values over tax written down values of owned assets		(360,791)	(411,918)
Surplus on revaluation of available for sale investments		(118,198)	-
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims		(5,314)	(11,928)
		(484,303)	(423,846)
Deductible temporary differences due to:			
Provision for diminution / impairment in value of investments		948,500	470,528
Deficit on revaluation of available for sale investments		-	36,632
Income not accrued due to non-culmination of financing		1,238,058	812,904
Provision against non-performing Islamic financing and related assets		81,801	-
Provision against non-banking assets acquired in satisfaction of claims and other assets		101,451	86,718
		2,369,810	1,406,782
		1,885,507	982,936
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		26,763,278	13,851,168
Profit / return accrued in foreign currencies - net of provisions		57,776	63,744
Acceptances		7,555,409	10,634,901
Advances, deposits, advance rent and other prepayments		1,848,977	2,269,774
Non-banking assets acquired in satisfaction of claims		145,503	240,607
Unrealised gain on forward foreign exchange contracts - net		1,207,721	1,335,392
Receivables on account of sale of securities		23,945	-
Dividends receivable		38,295	262
Stamps		15,870	13,037
Security deposits		160,752	119,510
Other		384,437	288,419
		38,201,963	28,816,814
Provision against other assets	14.1	(80,307)	(71,302)
Other Assets (Net of Provision)		38,121,656	28,745,512
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	15,184	34,080
Other Assets - total		38,136,840	28,779,592

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	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
14.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	10,000	10,000
Acceptances	41,413	35,451
Others	28,894	25,851
	80,307	71,302
14.1.1 Movement in provision held against other assets		
Opening balance	71,302	96,234
Charge for the period / year	9,389	2,417
Reversals during the period / year	(384)	(27,349)
Amount adjusted / written off	-	-
Closing balance	80,307	71,302
15 BILLS PAYABLE		
In Pakistan	15,301,314	23,750,543
Outside Pakistan	-	-
	15,301,314	23,750,543
16 DUE TO FINANCIAL INSTITUTIONS		
In Pakistan	41,229,305	36,407,811
Outside Pakistan	-	-
	41,229,305	36,407,811
16.1 Details of due to financial institutions secured / unsecured		
Secured		
Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	29,150,368	22,737,094
Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility	5,738,487	433,990
Other financial institution	768,232	627,075
Unsecured		
Overdrawn nostro accounts	1,372,218	409,652
Other Musharakah	4,200,000	12,200,000
	41,229,305	36,407,811

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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17 DEPOSITS AND OTHER ACCOUNTS

September 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total

Rupees in '000

Customers

- Current accounts - non-remunerative	260,938,045	20,236,559	281,174,604	267,855,629	15,590,028	283,445,657
- Savings deposits	281,245,608	27,808,003	309,053,611	255,706,358	23,494,221	279,200,579
- Fixed deposits	218,479,926	14,218,934	232,698,860	197,008,707	10,109,048	207,117,755
- Margin	4,064,961	9,980	4,074,941	5,335,289	41,896	5,377,185
	764,728,540	62,273,476	827,002,016	725,905,983	49,235,193	775,141,176

Financial institutions

- Current accounts - non-remunerative	955,087	-	955,087	597,730	-	597,730
- Savings deposits	2,686,215	-	2,686,215	4,607,308	-	4,607,308
- Fixed deposits	8,283,037	-	8,283,037	5,130,730	-	5,130,730
	11,924,339	-	11,924,339	10,335,768	-	10,335,768
	776,652,879	62,273,476	838,926,355	736,241,751	49,235,193	785,476,944

Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
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Rupees in '000

18 SUB-ORDINATED SUKUK

Additional Tier I Sukuk	18.1	7,000,000	7,000,000
Tier II Sukuk	18.2	7,000,000	7,000,000
		14,000,000	14,000,000

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18.1 In August 2018, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs. 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA- (Double A minus) by VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 15.93% 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, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

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

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited.
Issue Date	September 22, 2016
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 14.62% per annum.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and / or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

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	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
19 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		5,497,350	3,388,288
- payable in foreign currencies		104,913	75,272
Unearned income		41,387	32,521
Accrued expenses		5,312,666	3,721,994
Current taxation (provision less payments)		5,272,682	2,981,896
Acceptances		7,555,409	10,634,901
Dividends payable		1,306,709	17,030
Payable to defined benefit plan		552,277	624,077
Charity payable		3,584	942
Provision against off-balance sheet obligations	19.1	29,058	35,020
Security deposits against Ijarah		14,335,209	13,623,020
Payable on account of credit murabaha / ijarah		20,719	75,439
Security deposits against lockers		112,915	100,532
Retention Money		65,687	60,688
Rentals received against Diminishing Musharakah - Advance		67,807	-
Withholding taxes payable		178,661	123,762
Lease liability against right-of-use assets	3.2.2	4,331,603	-
Workers' Welfare Fund payable		1,723,106	1,287,912
Others		1,273,342	1,163,758
		47,785,084	37,947,052

19.1 Provision against off-balance sheet obligations

Opening balance	35,020	33,200
(Reversal) / Charge for the period / year	(5,962)	1,820
Closing balance	29,058	35,020

20 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

Available for sale securities			
- Quoted shares / units of mutual fund		495,559	277,249
- Sukuk		(157,855)	(381,916)
		337,704	(104,667)
Non-banking assets acquired in satisfaction of claims		15,184	34,080
		352,888	(70,587)
Less: Deferred tax (liability) / asset on			
- Available for sale securities		(118,198)	36,632
- Non-banking assets acquired in satisfaction of claims		(5,314)	(11,928)
		(123,512)	24,704
		229,376	(45,883)

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	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Rupees in '000			
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	32,279,637	31,724,600
- Commitments	21.2	577,822,137	429,428,900
- Other contingent liabilities	21.3	1,802,000	1,802,000
		611,903,774	462,955,500
21.1 Guarantees:			
Financial guarantees		8,601,004	7,561,791
Performance guarantees		13,893,622	12,533,871
Other guarantees		9,785,011	11,628,938
		32,279,637	31,724,600
21.2 Commitments:			
Documentary letters of credit		86,287,920	92,343,175
Commitments in respect of: - forward foreign exchange contracts	21.2.1	166,430,152	118,865,324
Commitments for acquisition of: - operating fixed assets - intangible assets		506,961 168,869	313,580 87,475
Other commitments	21.2.2	324,428,235	217,819,346
		577,822,137	429,428,900
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		104,008,309	74,321,214
Sale		62,421,843	44,544,110
		166,430,152	118,865,324
21.2.2 Other Commitments			
Commitments in respect of financing		324,428,235	217,819,346

21.3 Other contingencies

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2018. 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.

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	Note	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Rupees in '000			
22 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS			
On financing	22.1	39,440,173	19,879,501
On investments in			
- Available for sale securities		15,391,354	3,703,656
- Held to maturity securities		145,799	1,170,684
On deposits / placements with financial institutions		<u>10,945,293</u>	<u>8,299,825</u>
		<u>65,922,619</u>	<u>33,053,666</u>
22.1 The income on Ijarah under IFAS 2 is net off takaful of Rs 1,346 million (September 30, 2018: Rs 967 million) recovered from customers.			
	Note	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Rupees in '000			
23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts	23.1	30,148,453	12,478,610
Sub-ordinated Sukuk		1,244,996	500,747
Other Musharakahs / Modarabas / Murabaha		886,847	1,053,391
Amortisation of lease liability against right-of-use assets		481,474	-
		<u>32,761,770</u>	<u>14,032,748</u>
23.1 This includes conversion cost of Rs. 1,250 million (September 30, 2018: Rs. 414 million) against foreign currency deposits.			
	Note	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Rupees in '000			
24 FEE AND COMMISSION INCOME			
Trade related fees and commissions		1,857,031	1,265,807
Commission on guarantees		71,681	60,807
Branch banking customer fees		1,070,585	1,002,438
Credit processing related fees		78,855	83,372
Debit card related fees		1,139,860	875,964
Investment banking related fees		141,686	159,732
Cash management fees		47,097	31,282
Home remittance related fees		115,686	102,777
Others		113,974	151,415
		<u>4,636,455</u>	<u>3,733,594</u>
25 (LOSS) / GAIN ON SECURITIES - NET			
Realised	25.1	<u>(239,128)</u>	<u>95,900</u>
25.1 Realised (loss) / gain on:			
Listed Shares / Units of fund		(155,162)	94,151
Federal Government Securities		(82,830)	(833)
Non Government Debt Securities		(1,136)	-
Associates		-	2,582
		<u>(239,128)</u>	<u>95,900</u>

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	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
	Rupees in '000	
26 OTHER INCOME		
Gain on termination of islamic financing	279,176	194,699
Gain on sale of operating fixed assets	45,732	55,576
Loss on sale of Non-banking Assets	(2,529)	-
Rental income	8,783	5,989
Others	1,950	4,884
	<u>333,112</u>	<u>261,148</u>
27 OPERATING EXPENSES		
Total compensation expense	9,265,854	7,221,330
Property expense		
Depreciation on right-of-use assets	1,587,136	-
Rent and taxes	158,186	1,463,130
Utilities cost (including electricity and diesel)	660,409	551,398
Security (including guards)	456,903	386,612
Repair and maintenance (including janitorial charges)	355,542	215,563
Depreciation	454,723	448,063
Others	31,867	23,648
	<u>3,704,766</u>	<u>3,088,414</u>
Information technology expenses		
Software maintenance	298,194	148,922
Hardware maintenance	246,782	124,067
Depreciation	230,661	215,225
Amortisation	209,732	164,268
Network charges	155,823	135,729
	<u>1,141,192</u>	<u>788,211</u>
Other operating expenses		
Stationery and printing	620,539	356,620
Local transportation and car running	363,698	291,948
Depreciation on vehicles, equipments etc.	562,933	461,973
Legal and professional charges	93,339	53,944
NIFT and other clearing charges	120,039	114,754
Travelling and conveyance	87,575	70,186
Training and Development	54,464	30,728
Communication (including courier)	329,267	243,296
Marketing, advertisement and publicity	376,129	201,642
Donation	-	7,920
Fees, subscription and other charges	200,473	128,684
Brokerage and bank charges	131,558	135,276
Office supplies	189,392	158,719
Entertainment	65,081	51,386
Takaful expense	94,461	94,895
Repairs and maintenance	177,456	131,688
Security charges - cash transportation	227,032	168,107
Outsourced services costs	8,241	8,249
Auditors' Remuneration	10,505	15,854
Non-executive Directors' fee	33,095	33,382
Others	18,937	11,635
	<u>3,764,214</u>	<u>2,770,886</u>
	<u>17,876,026</u>	<u>13,868,841</u>

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	Note	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Rupees in '000			
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		<u>69,114</u>	<u>2,361</u>
29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Provision against non-performing islamic financing related assets - net	10.8	<u>1,181,069</u>	102,844
Provision against diminution in the value of investments	9.2	<u>1,292,052</u>	91,660
Other provision / (reversals)		<u>48,060</u>	(14,612)
Bad debts written off directly		-	464
(Reversals) / provision against off-balance sheet obligations		<u>(5,962)</u>	1,820
Recovery against written off financing		<u>(12,729)</u>	(14,135)
		<u>2,502,490</u>	<u>168,041</u>
30 TAXATION			
Current			
- for the year	30.1	<u>8,640,299</u>	4,460,790
- for prior years	30.1	<u>470,030</u>	-
		<u>9,110,329</u>	<u>4,460,790</u>
Deferred			
- for the year		<u>(1,052,226)</u>	(386,424)
		<u>8,058,103</u>	<u>4,074,366</u>

30.1 The Finance Supplementary (Second Amendment) Act 2019 has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3% and further levied an additional Super Tax charge at 4% for Tax Year 2018 (Accounting Year 2017), which was previously not chargeable resulting in additional Super Tax charge of Rs 470 million in the current period. The aggregate Super Tax charge for the period ended September 30, 2019 is Rs 1,354 million.

	Note	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Rupees in '000			
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		<u>10,940,050</u>	<u>6,247,569</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,286,111,622</u>	<u>1,286,111,622</u>
		(Rupees)	
			Restated
Basic and diluted earnings per share	31.1	<u>8.51</u>	<u>4.86</u>

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- 31.1** The Bank has issued bonus shares in the current period and accordingly the earnings per share for the comparative period has been restated.

	Note	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Rupees in '000			
32 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	66,114,848	57,839,425
Balances with other banks	7	8,577,741	4,678,672
		74,692,589	62,518,097

33 FAIR VALUE OF FINANCIAL INSTRUMENT

- 33.1** The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in subsidiaries and associates is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets (excluding non banking assets acquired in settlement of claims), 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.

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.

	September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Book value	Fair value	Book value	Fair value
Rupees in '000				
33.2 Off-balance sheet financial instruments				
Forward purchase of foreign exchange - net	105,453,481	105,953,988	72,163,082	74,597,244
Forward sale of foreign exchange - net	63,945,446	63,238,232	43,560,484	44,659,254

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33.3 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).

RECURRING FAIR VALUE MEASUREMENTS	September 30, 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
Financial Assets				
Available for sale securities				
Ordinary shares - listed	3,970,327	-	-	3,970,327
GOP Sukuks	-	12,624,465	-	12,624,465
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	8,201,663	-	-	8,201,663
Forward purchase of foreign exchange contracts	-	105,953,988	-	105,953,988
Forward sale of foreign exchange contracts	-	63,238,232	-	63,238,232

RECURRING FAIR VALUE MEASUREMENTS	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET	Rupees in '000			
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,347,184	-	-	4,347,184
Units of open end fund	51,483	-	-	51,483
GOP Sukuks	-	18,715,223	-	18,715,223
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	7,455,428	-	-	7,455,428
Forward purchase of foreign exchange contracts	-	74,597,244	-	74,597,244
Forward sale of foreign exchange contracts	-	44,659,254	-	44,659,254

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Investment in associates (listed - mutual funds) have market value of Rs. 1,271 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.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the period.

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques used in determination of fair values within level 2

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

33.4 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.

	Carrying Value	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
33.5 Financial assets not measured at fair value	Rupees in '000	
Cash and balances with treasury banks	66,114,848	65,022,041
Balances with other banks	8,577,741	8,255,187
Due from financial institutions - net	181,185,196	184,814,600
Investments - net	188,200,829	91,673,549
Islamic financings and related assets - net	472,813,790	512,564,522
Other assets (excluding non banking assets acquired in settlement of claims) - net	36,337,116	26,293,396

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34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

September 30, 2019 (Unaudited)	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
Profit and Loss Account						
External Revenue	37,646,882	6,380,749	26,771,048	1,844,068	-	72,642,747
Inter segment revenue - net	-	50,790,726	-	86,199	(50,876,925)	-
Total Income	37,646,882	57,171,475	26,771,048	1,930,267	(50,876,925)	72,642,747
Segment direct expenses	2,290,794	47,536,102	568,703	746,505	-	51,142,104
Inter segment expense allocation	27,862,168	-	23,014,757	-	(50,876,925)	-
Total expenses	30,152,962	47,536,102	23,583,460	746,505	(50,876,925)	51,142,104
Provision / (reversals) and write offs - net	1,124,741	80,424	1,297,325	-	-	2,502,490
Profit before tax	6,369,179	9,554,949	1,890,263	1,183,762	-	18,998,153
Statement of Financial Position						
Cash & Bank balances	-	72,580,945	2,111,644	-	-	74,692,589
Due from financial institutions - net	-	-	181,185,196	-	-	181,185,196
Investments - net	19,384,887	-	195,112,397	-	-	214,497,284
Net inter segment lending	-	719,389,358	-	442,599	(719,831,957)	-
Islamic financings and related assets - net	391,219,242	81,594,548	-	-	-	472,813,790
Others	18,790,750	27,889,979	13,559,800	570,017	-	60,810,546
Total Assets	429,394,879	901,454,830	391,969,037	1,012,616	(719,831,957)	1,003,999,405
Due to financial institutions	34,888,855	768,232	5,572,218	-	-	41,229,305
Deposits & other accounts	-	838,926,355	-	-	-	838,926,355
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	351,767,823	-	368,064,134	-	(719,831,957)	-
Others	8,740,813	53,281,255	78,260	986,070	-	63,086,398
Total liabilities	409,397,491	892,975,842	373,714,612	986,070	(719,831,957)	957,242,058
Equity	19,997,388	8,478,988	18,254,425	26,546	-	46,757,347
Total Equity & liabilities	429,394,879	901,454,830	391,969,037	1,012,616	(719,831,957)	1,003,999,405
Contingencies & Commitments	377,529,417	67,944,205	166,430,152	-	-	611,903,774
September 30, 2018 (Unaudited)						
Profit and Loss Account						
External Revenue	19,209,388	4,199,661	13,759,344	1,482,583	-	38,650,976
Inter segment revenue - net	-	25,177,100	-	33,918	(25,211,018)	-
Total Income	19,209,388	29,376,761	13,759,344	1,516,501	(25,211,018)	38,650,976
Segment direct expenses	1,234,428	25,519,947	966,074	440,551	-	28,161,000
Inter segment expense allocation	13,921,010	-	11,290,008	-	(25,211,018)	-
Total expenses	15,155,438	25,519,947	12,256,082	440,551	(25,211,018)	28,161,000
Provision / (reversals) and write offs - net	42,649	33,732	91,660	-	-	168,041
Profit before tax	4,011,301	3,823,082	1,411,602	1,075,950	-	10,321,935
Statement of Financial Position						
Cash & Bank balances	-	61,832,977	685,120	-	-	62,518,097
Due from financial institutions - net	-	-	186,095,832	-	-	186,095,832
Investments - net	21,159,792	-	100,283,129	-	-	121,442,921
Net inter segment lending	-	598,751,356	-	568,842	(599,320,198)	-
Islamic financings and related assets - net	365,892,986	75,125,149	-	-	-	441,018,135
Others	18,415,545	18,393,882	7,237,193	569,241	-	44,615,861
Total Assets	405,468,323	754,103,364	294,301,274	1,138,083	(599,320,198)	855,690,846
Due to financial institutions	18,981,822	616,369	22,300,246	-	-	41,898,437
Deposits & other accounts	-	699,414,633	-	-	-	699,414,633
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	340,495,408	-	258,824,790	-	(599,320,198)	-
Others	14,251,492	47,275,573	300,294	1,113,178	-	62,940,537
Total liabilities	387,728,722	747,306,575	281,425,330	1,113,178	(599,320,198)	818,253,607
Equity	17,739,601	6,796,789	12,875,944	24,905	-	37,437,239
Total Equity & liabilities	405,468,323	754,103,364	294,301,274	1,138,083	(599,320,198)	855,690,846
Contingencies & Commitments	252,910,701	42,643,394	98,608,010	-	-	394,162,105

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35 RELATED PARTY TRANSACTIONS

35.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

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

35.3 Subsidiary company

- Al Meezan Investment Management Limited

35.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Rupees in '000												
Islamic financing and related assets												
At January 1,	437,528	776,443	-	99,939	437,528	676,504	-	-	-	-	-	-
Addition during the period / year	1,574,258	3,732,561	-	-	1,574,258	3,732,561	-	-	-	-	-	-
Deletion during the period / year	(2,011,786)	(4,071,476)	-	(99,939)	(2,011,786)	(3,971,537)	-	-	-	-	-	-
At September 30 / December 31	-	437,528	-	-	-	437,528	-	-	-	-	-	-
Investments												
At January 1,	897,811	1,957,811	63,050	63,050	834,761	1,894,761	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Deletion during the period / year	-	(1,060,000)	-	-	-	(1,060,000)	-	-	-	-	-	-
At September 30 / December 31	897,811	897,811	63,050	63,050	834,761	834,761	-	-	-	-	-	-
Due from financial institutions												
At January 1,	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	9,999,418	-	-	-	9,999,418	-	-	-	-	-	-	-
Deletion during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
At September 30 / December 31	9,999,418	-	-	-	9,999,418	-	-	-	-	-	-	-

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

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	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)	Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Rupees in '000												
Deposits	9,628,366	5,255,327	25,923	32,351	5,449,688	1,125,645	8,555	107,304	140,613	523,483	4,003,587	3,466,544
Other Assets												
Profit receivable on financing, investments and placements	12,452	12,820	-	-	12,452	12,820	-	-	-	-	-	-
Fee and Other Receivable	24,358	26,855	22,258	22,355	2,100	1,000	-	-	-	-	-	3,500
Sub-ordinated Sukuk (Tier II)	568,000	618,000	-	-	568,000	618,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	552,277	624,077	-	-	-	-	-	-	342,149	300,854	210,128	323,223
Accrued Expenses	3,766	2,921	3,766	2,921	-	-	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	5,789	27,572	-	-	5,789	27,572	-	-	-	-	-	-
Letters of Guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Sep 30, 2019 (Unaudited)	Sep 30, 2018 (Unaudited)	Sep 30, 2019 (Unaudited)	Sep 30, 2018 (Unaudited)	Sep 30, 2019 (Unaudited)	Sep 30, 2018 (Unaudited)	Sep 30, 2019 (Unaudited)	Sep 30, 2018 (Unaudited)	Sep 30, 2019 (Unaudited)	Sep 30, 2018 (Unaudited)	Sep 30, 2019 (Unaudited)	Sep 30, 2018 (Unaudited)
Rupees in '000												
Profit earned on financing, investments and deposits	34,658	36,215	-	2,378	34,658	33,837	-	-	-	-	-	-
Fees and other income earned	92,450	133,452	80,310	76,449	12,140	57,003	-	-	-	-	-	-
Return on deposits / borrowing expensed	420,041	183,471	1,582	942	105,359	36,164	1,065	1,029	25,145	9,504	286,890	135,832
Dividend income earned	-	260,000	-	260,000	-	-	-	-	-	-	-	-
Capital gain - net	-	2,582	-	-	-	2,582	-	-	-	-	-	-
Charge for defined benefit plan	210,128	205,985	-	-	-	-	-	-	-	-	210,128	205,985
Contribution to defined contribution plan	233,683	202,627	-	-	-	-	-	-	-	-	233,683	202,627
Contribution to staff benevolent fund	20,000	19,395	-	-	-	-	-	-	-	-	20,000	19,395
Fees expensed	7,086	8,250	7,086	8,250	-	-	-	-	-	-	-	-
Charity Paid	21,900	14,000	-	-	-	-	-	-	-	-	21,900	14,000
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	175,629	157,296	-	-	-	-	33,095	33,382	142,534	123,914	-	-
Proceeds from sale of fixed assets	-	1,984	-	-	-	-	-	-	-	1,984	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	Rupees in '000	
36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement		
Paid-up capital (net of losses)	12,861,116	11,691,924
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	45,816,280	39,591,737
Eligible Additional Tier 1 Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	52,816,280	46,591,737
Eligible Tier 2 Capital	10,661,316	9,916,173
Total Eligible Capital (Tier 1 + Tier 2)	63,477,596	56,507,910
Risk Weighted Assets		
Credit Risk	295,190,547	323,126,915
Market Risk	11,265,523	11,628,453
Operational Risk	53,645,290	53,645,290
Total	360,101,360	388,400,658
Common Equity Tier 1 Capital Adequacy ratio	12.72%	10.19%
Tier 1 Capital Adequacy Ratio	14.67%	12.00%
Total Capital Adequacy Ratio	17.63%	14.55%
Leverage Ratio		
Tier-1 Capital	52,816,280	46,591,737
Total Exposures	1,203,334,870	1,054,746,721
Leverage Ratio	4.39%	4.42%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	178,055,756	120,562,308
Total Net Cash Outflow	97,014,630	94,253,108
Liquidity Coverage Ratio	184%	147%
Net Stable Funding Ratio		
Total Available Stable Funding	774,971,466	716,111,391
Total Required Stable Funding	511,743,616	550,702,281
Net Stable Funding Ratio	151%	130%

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

37 FINANCIAL RISK MANAGEMENT

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, 2018.

38 RECLASSIFICATIONS

As a result of change in forms for the preparation of condensed interim financial information issued by SBP as referred in note 3.2.1 and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	(Rupees in '000)
Profit / return earned on Islamic financing and related assets, investments and and foreign exchange income	Profit on deposits and other dues expensed	<u>414,271</u>
Other income	Provisions / (reversals of provision) and write offs - net	<u>14,135</u>
Other reversals of provision	Provisions / (reversals of provision) and write offs - net	<u>14,612</u>

39 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on October 24, 2019 has announced an interim cash dividend @ 10%. This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the period end.

40 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 24, 2019 by the Board of Directors of the Bank.

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
-------------------------------------------	------------------------------------------------------	-------------------------------------------	---------------------------------------	-----------------------------------------------------------

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Rupees in '000		
Cash and balances with treasury banks	66,115,334	65,022,412
Balances with other banks	8,612,348	8,277,146
Due from financial institutions - net	181,185,196	184,814,600
Investments - net	217,779,148	127,115,376
Islamic financing and related assets - net	472,813,790	512,564,522
Fixed assets	20,219,240	13,228,398
Intangible assets	698,155	644,956
Deferred tax asset	1,850,242	868,024
Other assets - net	38,687,542	29,215,973
	1,007,960,995	941,751,407
LIABILITIES		
Bills payable	15,301,314	23,750,543
Due to financial institutions	41,229,305	36,407,811
Deposits and other accounts	838,900,432	785,444,592
Sub-ordinated Sukuk	14,000,000	14,000,000
Deferred tax liabilities	-	-
Other liabilities	48,567,166	38,571,522
	957,998,217	898,174,468
NET ASSETS	49,962,778	43,576,939
REPRESENTED BY		
Share capital	12,861,116	11,691,924
Reserves	17,373,575	15,185,565
Unappropriated profit	18,453,916	15,738,899
Surplus / (deficit) on revaluation of assets - net of tax	229,376	(45,883)
	48,917,983	42,570,505
NON-CONTROLLING INTEREST	1,044,795	1,006,434
	49,962,778	43,576,939

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. Al-Nassar Director	Noorur Rahman Abid Director	Shabbir Hamza Khandwala Chief Financial Officer
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CONDENSED INTERIM CONSOLIDATED

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Note 1.4	Restated			
		Quarter ended September 30, 2019	Nine months period ended September 30, 2019	Quarter ended September 30, 2018	Nine months period ended September 30, 2018
Rupees in '000					
Profit / return earned on Islamic financing and related assets, investments and placements		25,917,799	65,928,888	11,931,655	33,056,421
Profit on deposits and other dues expensed		13,505,175	32,760,188	5,310,343	14,029,428
Net spread earned		12,412,624	33,168,700	6,621,312	19,026,993
OTHER INCOME					
Fee and commission income		1,716,002	5,572,281	1,566,298	4,926,720
Dividend income		57,683	165,876	56,653	164,901
Foreign exchange income		749,347	1,823,813	290,463	1,081,767
(Loss) / gain on securities - net		(141,299)	(282,328)	80,897	37,119
Unrealised loss on held for trading investments		-	-	(756)	(1,530)
Other income		109,314	331,292	91,984	262,670
		2,491,047	7,610,934	2,085,539	6,471,647
Total income		14,903,671	40,779,634	8,706,851	25,498,640
OTHER EXPENSES					
Operating expenses		6,611,012	18,288,114	4,818,709	14,249,852
Workers' Welfare Fund		100,889	445,574	103,428	272,765
Other charges		66,959	69,114	1,556	2,361
Total other expenses		6,778,860	18,802,802	4,923,693	14,524,978
		8,124,811	21,976,832	3,783,158	10,973,662
Share of results of associates before taxation		(123,665)	(424,396)	(75,128)	71,085
Profit before provisions		8,001,146	21,552,436	3,708,030	11,044,747
Provisions and write offs - net		1,450,253	2,502,490	62,207	168,041
Extraordinary / unusual items		-	-	-	-
Profit before taxation		6,550,893	19,049,946	3,645,823	10,876,706
Taxation		2,662,388	8,157,434	1,332,251	4,274,471
Profit after taxation		3,888,505	10,892,512	2,313,572	6,602,235
Attributable to:					
Shareholders of the Holding company		3,892,778	10,857,332	2,269,549	6,416,059
Non-controlling interest		(4,273)	35,180	44,023	186,176
		3,888,505	10,892,512	2,313,572	6,602,235
Rupees					
Restated					
Basic and diluted earnings per share		3.03	8.44	1.76	4.99

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Note	Restated			
	1.4	Quarter ended September 30, 2019	Nine months period ended September 30, 2019	Quarter ended September 30, 2018	Nine months period ended September 30, 2018
Rupees in '000					
Profit after taxation for the period attributable to:					
Shareholders of the Holding company		3,892,778	10,857,332	2,269,549	6,416,059
Non-controlling interest		(4,273)	35,180	44,023	186,176
		<u>3,888,505</u>	<u>10,892,512</u>	<u>2,313,572</u>	<u>6,602,235</u>
Other Comprehensive income					
Item that may be reclassified to profit and loss account in subsequent periods:					
Surplus / (deficit) on revaluation of investments		828,453	442,371	(881,611)	(1,484,218)
Deferred tax on revaluation of investments		(289,959)	(154,830)	308,564	519,476
Share in profits of associates relating to investment classified as 'available for sale'		-	-	(23,723)	(27,420)
Deferred tax on share of results of associates		-	-	(51,196)	(49,902)
		<u>538,494</u>	<u>287,541</u>	<u>(647,966)</u>	<u>(1,042,064)</u>
Deficit on revaluation of non - banking assets		-	(14,785)	-	-
Deferred tax on revaluation of non - banking assets		-	5,175	-	-
		<u>-</u>	<u>(9,610)</u>	<u>-</u>	<u>-</u>
		<u>538,494</u>	<u>277,931</u>	<u>(647,966)</u>	<u>(1,042,064)</u>
Item that will not be reclassified to profit and loss account in subsequent periods:					
Remeasurements of defined benefit plan - net of tax		-	9,085	-	(7,684)
		<u>538,494</u>	<u>287,016</u>	<u>(647,966)</u>	<u>(1,049,748)</u>
Total Comprehensive Income for the period		<u>4,426,999</u>	<u>11,179,528</u>	<u>1,665,606</u>	<u>5,552,487</u>
Attributable to:					
Shareholders of the Holding company		4,431,272	11,141,167	1,621,583	5,369,000
Non-controlling interest		(4,273)	38,361	44,023	183,487
		<u>4,426,999</u>	<u>11,179,528</u>	<u>1,665,606</u>	<u>5,552,487</u>

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Capital reserves					Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
	Share capital	Share premium	Statutory reserve *	Reserve for Issuance of Bonus share	Non-Distributable Capital Reserve Gain on Bargain Purchase	General reserve		Investments	Non-banking assets		
Rupees in '000											
Balance as at January 1, 2018 - Restated (Note 1.4)	10,629,022	2,406,571	7,777,925	-	3,117,547	91,082	12,563,156	816,295	-	1,007,975	38,409,573
Profit after taxation for the nine months period ended September 30, 2018	-	-	-	-	-	-	6,416,059	-	-	186,176	6,602,235
Other Comprehensive loss for the nine months period ended September 30, 2018 - net of tax	-	-	-	-	-	-	(4,995)	(1,042,064)	-	(2,689)	(1,049,748)
	-	-	-	-	-	-	6,411,064	(1,042,064)	-	183,487	5,552,487
Other appropriations											
Transfer to statutory reserve	-	-	1,249,514	-	-	-	(1,249,514)	-	-	-	-
Transactions with owners recognised directly in equity											
Final cash dividend for the year 2017	-	-	-	-	-	-	(1,328,628)	-	-	-	(1,328,628)
Interim cash dividend for the year 2018	-	-	-	-	-	-	(1,594,353)	-	-	-	(1,594,353)
Transfer to reserve for issue of bonus shares	-	-	-	1,062,902	-	-	(1,062,902)	-	-	-	-
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(140,000)	(140,000)
Balance as at September 30, 2018 - Restated	10,629,022	2,406,571	9,027,439	1,062,902	3,117,547	91,082	13,738,823	(225,769)	-	1,051,462	40,899,079
Profit after taxation for the quarter ended December 31, 2018	-	-	-	-	-	-	2,541,702	-	-	(10,028)	2,531,674
Other Comprehensive income for the quarter ended December 31, 2018 - net of tax	-	-	-	-	-	-	1,300	157,734	22,152	-	181,186
	-	-	-	-	-	-	2,543,002	157,734	22,152	(10,028)	2,712,860
Other appropriations											
Transfer to statutory reserve	-	-	542,926	-	-	-	(542,926)	-	-	-	-
Transactions with owners recognised directly in equity											
Issue of bonus shares	1,062,902	-	-	(1,062,902)	-	-	-	-	-	-	-
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	-	(35,000)	(35,000)
Balance as at December 31, 2018	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 nine months period ended September 30, 2019	-	-	-	-	-	-	10,857,332	-	-	35,180	10,892,512
Other Comprehensive income / (loss) for the nine months period ended September 30, 2019 - net of tax	-	-	-	-	-	-	5,904	287,541	(9,610)	3,181	287,016
	-	-	-	-	-	-	10,863,236	287,541	(9,610)	38,361	11,179,528
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	79	-	(79)	-	-
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	-	-	2,188,010	-	-	-	(2,188,010)	-	-	-	-
Transactions with owners recognised directly in equity											
Issue of bonus shares	1,169,192	-	-	-	-	-	(1,169,192)	-	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	-	(2,338,385)	-	-	-	(2,338,385)
First interim cash dividend for the year 2019	-	-	-	-	-	-	(1,169,192)	-	-	-	(1,169,192)
Second interim cash dividend for the year 2019	-	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
Balance as at September 30, 2019	12,861,116	2,406,571	11,758,375	-	3,117,547	91,082	18,453,916	219,506	9,870	1,044,795	49,962,778

* 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. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Note 1.4	Restated
	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,049,946	10,876,706
Less: Dividend income	(165,876)	(164,901)
	18,884,070	10,711,805
Adjustments for non-cash charges and other items:		
Depreciation	1,288,094	1,162,645
Non cash item related to rental properties	2,068,610	-
Amortization	218,470	171,259
Provisions and write offs - net	2,502,490	168,041
Unrealised loss on held for trading investments	-	1,530
Gain on sale of fixed assets	(47,552)	(57,085)
Share of results of associates	424,396	(71,085)
	6,454,508	1,375,305
	25,338,578	12,087,110
Decrease / (increase) in operating assets		
Due from financial institutions	3,629,404	(38,866,611)
Islamic financing and related assets	38,582,392	(21,178,159)
Other assets	(9,481,596)	(3,642,011)
	32,730,200	(63,686,781)
(Decrease) / increase in operating liabilities		
Bills payable	(8,449,229)	867,946
Due to financial institutions	4,821,494	5,085,142
Deposits and other accounts	53,455,840	38,049,528
Other liabilities	1,454,708	4,682,681
	51,282,813	48,685,297
	109,351,591	(2,914,374)
Income tax paid	(6,975,215)	(3,619,290)
Net cash flow from / (used in) operating activities	102,376,376	(6,533,664)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investments) / redemption in securities	(91,937,849)	(3,627,728)
Dividends received	127,843	133,694
Investments in fixed assets	(3,808,492)	(2,288,606)
Investments in intangible assets	(271,669)	(257,986)
Proceeds from sale of fixed assets	84,653	102,669
Net cash used in investing activities	(95,805,514)	(5,937,957)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,638,728)	-
Issuance of Sub-ordinated Additional Tier I Sukuk	-	7,000,000
Dividend paid	(3,504,010)	(1,321,926)
Dividend paid to non controlling interest	-	(140,000)
Net cash (used in) / flow from financing activities	(5,142,738)	5,538,074
Increase / (decrease) in cash and cash equivalents	1,428,124	(6,933,547)
Cash and cash equivalents at the beginning of the period	73,299,558	69,496,499
Cash and cash equivalents at the end of the period	74,727,682	62,562,952

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

Riyadh S. A. A. Edrees Chairman **Irfan Siddiqui** President & Chief Executive **Faisal A. A. Al-Nassar** Director **Noorur Rahman Abid** Director **Shabbir Hamza Khandwala** Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

1 BASIS OF PRESENTATION

1.1 This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund, Meezan Gold Fund, Meezan Energy Fund 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 September 30, 2019 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the nine months period ended September 30, 2019.

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

During the period, the SBP, vide its BPRD Circular No. 05 dated March 22, 2019, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after January 01, 2019. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim consolidated financial information.

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

1.5 Adoption of IFRS 16 "Leases"

During the period, 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 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where an Islamic Bank acts in capacity of Mustajir (lessee) and accordingly, the MBL has adopted the standard. The IFAS 2 - Ijarah would continue to be applicable on all the Ijarah contracts where the Islamic Banks acts as Mujir (lessor).

2 ACCOUNTING POLICIES

2.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the Group for the year ended December 31, 2018.

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on October 24, 2019 by the Board of Directors of the Holding company.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. Al-Nassar
Director

Noorur Rahman Abid
Director

Shabbir Hamza Khandwala
Chief Financial Officer



Meezan Bank

The Premier Islamic Bank

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