

بِيسُومُ اللّٰهُ الرَّحَمٰ الرَّحِيْمِ

In the name of Allah The Beneficent The Merciful

CONTENTS

Corporate Information	03
Directors' Review	04
Condensed Interim Unconsolidated Statement of Financial Position	11
Condensed Interim Unconsolidated Profit and Loss Account	12
Condensed Interim Unconsolidated Statement of Comprehensive Income	13
Condensed Interim Unconsolidated Statement of Changes in Equity	14
Condensed Interim Unconsolidated Cash Flow Statement	15
Notes to and Forming Part of the	
Condensed Interim Unconsolidated Financial Information	16
Condensed Interim Consolidated Statement of Financial Position	49
Condensed Interim Consolidated Profit and Loss Account	50
Condensed Interim Consolidated Statement of Comprehensive Income	51
Condensed Interim Consolidated Statement of Changes in Equity	52
Condensed Interim Consolidated Cash Flow Statement	53
Notes to and Forming Part of the	
Condensed Interim Consolidated Financial Information	54



CORPORATE INFORMATION

Board of Directors

Riyadh S. A. A. Edrees
Faisal A. A. A. AlNassar
Bader H. A. M. A. AlRabiah

Mubashar Maqbool Saad Fazil Abbasi Mohamed Guermazi Noorur Rahman Abid Nausheen Ahmad

Atif Azim Irfan Siddiqui

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani
Dr. Muhammad Imran Ashraf Usmani

Sheikh Esam Mohamed Ishaq Mufti Muhammad Naveed Alam

Management Irfan Siddiqui Ariful Islam

Board Audit Committee

Noorur Rahman Abid
Faisal A. A. A. AlNassar
Bader H. A. M. A. AlRabiah

Board Risk Faisal A. A. A. AlNassar

Management CommitteeMubashar MaqboolSaad Fazil AbbasiMohamed Guermazi

Board Human Resources &
Remuneration CommitteeNoorur Rahman Abid
Riyadh S. A. A. Edrees
Nausheen Ahmad

Board InformationMubashar MaqboolTechnology CommitteeRiyadh S. A. A. Edrees

Faisal A. A. A. AlNassar Atif Azim Irfan Siddiqui

Board IFRS 9 Implementation Oversight CommitteeRiyadh S. A. A. Edrees
Irfan Siddiqui

Resident Shariah Board Member Mufti Muhammad Naveed Alam

 Chief Financial Officer
 Shabbir Hamza Khandwala

 Company Secretary
 Muhammad Sohail Khan

Auditors EY Ford Rhodes, Chartered Accountants

Registered Office Meezan House

and Head Office C-25, Estate Avenue, SITE, Karachi - 75730, Pakistan Phone: (92-21) 38103500, Fax: (92-21) 36406049 24/7 Call Centre: 111-331-331 & 111-331-332

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: (92-21) 111-000-322, Fax: (92-21) 34168271

Email: secretariat@thk.com.pk Website: www.thk.com.pk Chairman Vice Chairman

President & CEO

Chairman Vice Chairman

President & CEO Deputy CEO

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, 2020.

Meezan Bank awarded 'Best Bank of the Year - Large Size Banks' by the CFA Society of Pakistan

You would be happy to learn that this year the CFA Society of Pakistan included Meezan Bank in the 'Large Size Banks' category for the first time and awarded Meezan 'Best Bank of the Year 2019 - Large Size Banks' award at its 17th Annual Excellence Awards ceremony held recently. In addition, Meezan Bank was also the recipient of 'Best Islamic Bank of the Year 2019' and 'Best Corporate Finance House of the Year 2019 (Fixed Income)' awards.

Regular Issuance of GoP Ijarah Sukuk

We wish to place on record our gratitude to the Government of Pakistan and the State Bank of Pakistan (SBP) for addressing the chronic liquidity management challenges historically faced by the Islamic Banking industry and issuing GoP Ijarah Sukuk at regular intervals. We are confident that these measures will help grow the Islamic Banking industry in Pakistan.

Economy

Pakistan's economy rebounded in the third quarter after encountering the full surge of the COVID-19 pandemic during the first half of 2020. Timely action by the Government of Pakistan, by way of a fiscal stimulus package of Rs 1.2 trillion and concrete steps to boost housing and construction activity in the country, helped in this recovery.

At the same time, the State Bank of Pakistan (SBP) also took a number of very effective and cogent measures to help companies survive the cashflow crisis that was a direct result of the 'lock-down' due to COVID-19. These initiatives of the SBP were well supported by the Banking industry, including, inter-alia the option to defer repayment of principal up to one-year, new concessional refinance facility for salary payments, for funding to hospitals and for setting up new industrial units. During the third quarter, the SBP kept the policy rate unchanged after a cumulative decline of 6.25% during the first half of 2020, in view of stabilized inflation and overall improved business confidence.

Meezan Bank is one of the eight banks, and the only full-fledged Islamic bank, that worked hand in hand with the State Bank of Pakistan to implement the end-to-end digital account for non-resident Pakistanis, 'Roshan Digital Account'. This innovative initiative, designed to attract investment into the country has been well received and initial reports are very encouraging. This account will provide innovative banking solutions for Non-Resident Pakistanis (NRPs) to undertake investment activities in Pakistan. You would be happy to know that Meezan Bank is among the few banks that have attracted a high number of applications for Roshan Digital Account.

Financial Review and highlights

By the Grace of Allah (SWT), the Bank continued its growth trajectory and recorded excellent results. Profit after tax of the Bank increased to Rs 18,079 million from Rs 10,940 million in the corresponding period last year - a growth of 65%. Earnings per Share on enhanced share capital increased to Rs 12.78 from Rs 7.73 in September 2019.

The Board has approved 40% (Rs 4 per share) interim cash dividend for the third quarter. This is in addition to 10% bonus shares announced in the last quarter. The Bank remains a well-capitalized institution with equity of Rs 71.5 billion and Capital Adequacy Ratio (CAR) of 23.14%, well above the minimum regulatory requirement of 11.50%. Financial highlights of the Bank are given below:

Rupees in millions

Profit & Loss Account	Jan - Sep 2020	Jan - Sep 2019	Growth %
Net spread earned	49,755	33,161	50%
Non - funded income	7,165	6,720	7%
Operating income	56,920	39,881	43%
Operating and other expenses	(22,667)	(18,380)	23%
Profit before tax	30,065	18,998	58%
Taxation	(11,986)	(8,058)	49%
Profit after tax	18,079	10,940	65%
Earnings per share - on enhanced capital - Rupees	12.78	7.73	65%
Number of branches	802	689	16%

Rupees in millions

Statement of Financial Position	September 30, 2020	December 31, 2019	Growth %
Investments / Placements under Bai Muajjal	645,109	449,335	44%
Islamic financing and related assets - net	490,162	493,775	(1%)
Total Assets	1,323,877	1,121,258	18%
Deposits	1,090,545	932,579	17%
Sub-ordinated Sukuk (Additional Tier I & Tier II)	18,000	14,000	29%
Equity	71,494	59,015	21%

The Bank's net spread grew by 50%, primarily due to its continuous focus on maintaining a high volume of earning assets portfolio and favorable time-lag in asset re-pricing, supported by an impressive build up in current account deposits that comprised 38% of total deposits, as compared to 34% in the corresponding period last year.

The Bank's non-funded income also recorded good growth of 7% closing at Rs 7.17 billion as compared to Rs 6.72 billion in the corresponding period last year. This was primarily due to gain of Rs 935 million on sale of securities. The Bank's fee and commission income remained lower than corresponding period last year due to lower transaction volume and waiver of certain fee on digital transactions. Operating income of the Bank, accordingly, grew by 43% - from Rs 39.9 billion in September 2019 to Rs 56.9 billion in September 2020.

The Bank's operating and other expenses also grew by 23% to Rs 22.7 billion from Rs 18.4 billion in the corresponding period last year, primarily due to opening of 113 new branches from the corresponding period - an investment in future. However, this rise in expenses is sufficiently absorbed by growth in the Bank's operating income, resulting in an improvement in income efficiency ratio which now stands at 40% as compared to 46% in September 2019.

The Bank continued to further expand its footprints and added 42 new branches to its network from December 31, 2019 bringing the total network size to 802 branches in more than 240 cities (December 2019: 760 Branches in 223 cities). The Bank is cognizant of the rapidly changing economic environment and customer behaviors, and continues to heavily invest in technology to instill operational efficiencies and ensure service excellence, especially across digital channels. Meezan Bank's Mobile Banking App has been consistently ranked as the No.1 Mobile Banking App in Pakistan by Google Play Store.

Alhamdulillah, deposits of the Bank continued to grow, closing at Rs 1,091 billion – 17% up from December 2019. The growth in deposits mainly comes from increase in current account and savings account deposits which contributed 95% to the total increase, a year on year growth of 22%, enhancing the Bank's CASA ratio to 77% compared to 74% in 2019. This has only been made possible by the Bank's relentless focus on delivering un-interrupted and absolute best in line customer service across all channels.

Investments portfolio of the Bank recorded a growth of 61%, closing at Rs 362 billion as compared to Rs 226 billion last year. During the period, the Bank invested Rs 104 billion and Rs 34 billion in GoP Ijarah Sukuk and Pakistan Energy Sukuk - II respectively. We wish to play our pioneering role in assisting the Government to shift towards Shariah-compliant finance.

Financing portfolio of the Bank closed at Rs 490 billion as at September 30, 2020. The financing portfolio is comprised of high-quality customers and is well diversified with representation in all sectors of the economy. This is reflected in the fact that only 6% of the Bank's financing portfolio opted for the deferment option that was allowed under one of SBP's relief measures. The Bank maintains a very comfortable level of provisions against its non-performing financings with a coverage ratio of 140% - well above the banking industry average of 82%. The Bank's non-performing financing ratio of 2% is also significantly better than the industry average of 10% and is testament to the excellent asset quality of the Bank's financing portfolio.

The VIS Credit Rating Company Limited has reaffirmed the Bank an Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term with stable outlook.

Outlook

We remain optimistic that Pakistan's economy will continue its strong revival as COVID-19 cases drop to levels lower than those of other countries around the world. One of the outcomes of the pandemic has been the strong shift in customer transaction behavior with digital transactions growing significantly faster than previous years. To ensure the best in class customer experience and to strengthen its IT infrastructure and security, the Bank has increased its investment in a number of very large technology projects.

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

On behalf of the Board.

Riyadh S.A.A. Edrees Chairman **Irfan Siddiqui** President & CEO

Karachi: October 20, 2020

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائر کیٹرزمسرت کے ساتھ 30 سمبر،2020 کوختم ہونے والے نو ماہ کے لئے میزان بینک کمیٹٹر کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضامی امالیاتی حسابات پیش کرتا ہے۔

CFA سوسائی آف پاکستان کی جانب سے میزان بینک کے لئے" بیٹ بینک آف دی ایئر -لارج سائز بینکس" کاایوارڈ

آپ کو پیجان کرخوثی ہوگی کہ اسسال CFA سوسائٹی پاکستان نے میزان بینک کو پہلی بار' لارج سائز بینکس'' کی کیگری میں شامل کیا اورا پنی حال ہی میں منعقدہ 17 ویں سالا نہ اعزازی ایوارڈ کی تقریب میں میزان بینک کو'' بیٹ بینک آف دی ایئر 2019 لارج سائز بینکس'' کے ایوارڈ بھی اپنے نام کئے۔ نے'' بیسٹ اسلامک بینک آف دی ایئر 2019''اور'' بیٹ کارپوریٹ فنانس ہاؤس آف دی ایئر 2019 (فکسڈ اکم)'' کے ایوارڈ بھی اپنے نام کئے۔

حکومت یا کستان کے اجارہ صکوک کا با قاعد گی سے اجراء

ہم حکومت پاکستان اوراسٹیٹ بینک آف پاکستان سےاظہار تشکر کرتے ہیں جنہوں نے اسلامی بینکاری کی صنعت کو تاریخی طور پر دربیش لکویڈیٹی مینجنٹ کے چیلنجز کے حل کی جانب توجہ دی اور با قاعدہ وقفوں سے حکومت پاکستان کے اجارہ صکوک کا اجراء کیا۔ جمیس یقین ہے کہ میا قدر امات پاکستان میں اسلامی بینکاری کی صنعت کے فروغ میں معاون ثابت ہوں گے۔

معيشت

سال 2020 کے پہلے نصف عرصے میں 19-COVID کی عالمی وہا کی شدیداہر سے مقابلہ کے بعد تیسر کی سہ ماہی میں پاکستان کی معیشت کی بحالی کا آغاز ہوا۔
حکومت پاکستان کی جانب سے 1.2 کھر بروپے کے رعایتی مالیاتی چکج اور ملک میں ہاؤسنگ اور تغییراتی سرگرمیوں میں اضافہ جیسے ٹھوں اور بروقت اقدامات نے معاثی بحالی میں بدد دی۔اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان نے بھی کمپنیوں کوکیش فلو کے بحران سے نکالے کے لئے متعدد مؤثر اور ٹھوں اقدامات کے ، جو کے دور کا اور کی سنعت نے بھی بھر پور
کہ والے لاک ڈاؤن کا براہ راست نتیجہ تھا۔اسٹیٹ بینک آف پاکستان کے ان اقدامات میں بینکاری کی صنعت نے بھی بھر پور
ساتھ دیا اور ایک سال کے لئے قرض کی بنیا دی رقم کی اوا نیکی مؤثر کرنے ، تنخوا ہوں کی اوا نیکی ، اسپتالوں کوفٹر نگ اور ضنعتی نوٹس کے قیام کے لئے نئی رعایتی ری فٹانس
فیسلٹی متعارف کروانے جیسے متعدد اقدامات کئے۔اسٹیٹ بینک آف پاکستان نے متحکم افراطِ زر راور مجموعی طور پرکاروباری اعتاد میں بہتری کے پیش نظر پالیسی شرح
میں سال 2020 کے بہلے نصف عرصے میں 25. فیصد کی مجموع کم کی کے بعداس سہ ماہی میں برقر ار رکھی۔

میزان بینک ان آٹھ بینکوں میں سے ایک اور پہلامکمل اسلامی بینک ہے جس نے بیرونِ ملک مقیم پاکستانیوں (Non-resident Pakistanis) کے لئے ''روش ڈیجیٹل اکاؤنٹ' کے نام سے ایک کمل ڈیجیٹل اکاؤنٹ کی تکمیل میں اسٹیٹ بینک آف پاکستان کے شانہ بشانہ کام کیا۔ ملک میں سرمایہ کاری لانے کے لئے تیار کردہ جدت سے بھر پوراس اقدام کوزبروست پذیرائی ملی اور ابتدائی نتائج انتہائی حوصلہ افز اہیں۔ بیا کاؤنٹ پاکستان میں سرمایہ کاری کی سرگرمیوں کے لئے بیرونِ ملک مقیم پاکستانیوں (NRPs) کوجدید بینکاری حل فراہم کرےگا۔ آپ کو یہ جان کرمسرت ہوگی کہ میزان بینک ان چند بینکوں میں شامل ہے جن کو ہڑی تعداد میں روش ڈیجیٹل اکاؤنٹ کے لئے درخواستیں موصول ہوئی ہیں۔

مالياتي جائزه اوراجم نكات

اللہ ﷺ کی رحمت سے بینک نے اپنی ترقی کی رفتار جاری رکھی ہے اور شاندار نتائج حاصل کئے ہیں۔ بینک کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 10,940 ملین روپے ہو گیا ہے۔ اضافہ شدہ سرمائے پرفی حصص آمدنی تتمبر 2019 کے 7.73 روپے کے مقابلے میں بڑھ کھی 12.78 روپے ہوگیا ہے۔ اضافہ شدہ سرمائے پرفی حصص آمدنی تتمبر 2019 کے 7.73 روپے کے مقابلے میں بڑھ کھی 12.78 روپے ہوگئی ہے۔

بورڈ نے تیسری سہ ماہی کے لئے 40 فیصد (4.00 و پ فی تھ مص) عبوری نفتد ڈیویڈنڈ کی منظوری دی ہے جبکہ گزشتہ سہ ماہی میں 10 فیصد بونس تھ ص کا بھی اعلان کیا گیا تھا۔ بینک 71.5 ارب روپ ایکویٹی اور 23.14 فیصد کیپٹل ایڈ یکولیں ریثو (CAR) کے ساتھ ایک Well-Capitalised ادارہ ہے۔ بینک کا ایم مالیاتی نکات درج ذیل ہیں:

اضافه کی شرح%	جنوری تا تتمبر، 2019	جنوری تا ستمبر، 2020	نفع ونقصان کھا تہ
50%	33,161	49,755	آ مدنی۔خالص
7%	6,720	7,165	نان_فنڈ ڈ آ مدنی
43%	39,881	56,920	کاروباری آمدنی
23%	(18,380)	(22,667)	انتظامی اور دیگراخراجات
58%	18,998	30,065	قبل ازئیکس منافع
49%	(8,058)	(11,986)	^ط یکسیدش
65%	10,940	18,079	بعداز نیکس منافع
65%	7.73	12.78	منافع فی حصص (روپے میں) (اضافہ شدہ)
16%	689	802	شاخوں کی تعداد

اضافه/ کمی کی شرح%	31ۇتىبر،2019	30 ئىبر، 2020	مالياتى حثيت كاجائزه
44%	449,335	645,109	سر ماریکاری <i>اینه</i> معجّل کے تحت تعیناتی
(1%)	493,775	490,162	اسلامی فنانسنگ اور متعلقه اثاثے ۔خالص
18%	1,121,258	1,323,877	كل ا ثاث
17%	932,579	1,090,545	جع شده رقوم (Deposits)
29%	14,000	18,000	ثانوی صکوک (اضافی Tier ۱۱ اور Tier ۱۱)
21%	59,015	71,494	ا يکو پڻي

بینک کی خالص آمدنی میں 50 فیصداضا فیہ ہواجس کی بنیادی وجہ آمدنی والےا ثاثوں کے پورٹ فولیو کا زیادہ قجم برقرار رکھنا اورا ثاثوں کی رکی پرائسنگ میں ساز گاروتفہ خصیں، اور کرنٹ اکاؤنٹ ڈپازٹس میں مؤثر اضافہ نے بھی اس میں مدد کی جو کہ گزشتہ سال کی اسی مدت میں کل ڈپازٹس کے 34 فیصد سے بڑھ کرکل ڈپازٹس کا 386 فیصد ہوگئے۔

بینک کی نان فنڈ ڈ آمدنی میں بھی 7 فیصد کا نمایاں اضافہ در کیھنے میں آیا جوگز شتہ سال کی اسی مدت کے 6.72 ارب روپ ریکارڈ کی گئی۔ اس کی بنیادی وجہ سکیو رشیز کی فروخت سے ہونے والی 935 ملین روپ کا منافع تھا۔ بینک کی فیس اور کمیشن کی آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں کم رہی جس کی وجہ ٹرانز بکشنز کا کم جمم اورڈ بحییٹل ٹرانز بکشنز پر مخصوص فیس کی چھوٹ تھی۔ اس کے نتیجہ میں بینک کی کاروباری آمدنی میں 43 فیصد کا اضافہ ہوا جو تمبر 2019 کے 139.9 ارب روپے کے مقابلے میں بڑھ کر تمبر 2020 میں 6.65 ارب روپے ہوگئی۔

بینک کے انتظامی اور دیگر اخراجات میں 23 فیصد اضافہ ہوا جوگز شتہ سال کی اس مدت کے 18.4 ارب روپ کے مقابلے میں بڑھ کر 22.7 ارب روپ ہوگئے۔ اس اضافہ کی بنیادی وجہ بیتھی کہ گزشتہ مدت سے اب تک 113 نئی برانچیں کھولی گئیں، جو کہ متقبل کے لئے سرمایہ کاری سے ۔ تاہم اس اضافہ کو بینک کی کاروباری آمدنی میں اضافے نے جذب کرلیا اور اس کا نتیجہ آئم ایفشنسی ریثو (Income Efficiency Ratio) میں بہتری کی صورت برآمد ہوا، جو تمبر 2019 کے 46 فیصد کے مقابلہ میں اب 40 فیصد ہوگیا ہے۔

بینک نے اپنی وسعت میں مزید اضافے کا سلسلہ جاری رکھا اور 31 دیمبر، 2019 کے بعد سے اپنے نیٹ ورک میں 42 ٹی برانچوں کا اضافہ کیا جس سے اس کی برانچوں کا اضافہ کیا جس سے اس کی برانچوں کی تعداد بڑھ کر 240 سے زا کد شہر وں میں 802 ہوگئی (ویمبر 2019 23: 220 شہر وال میں 760 برانچیں)۔ بینک تیزی سے تبدیل ہوتی ہوئی معاشی صورت مال اور صارفین کے رویوں کا بخو بی اور اک رکھتا ہے اور اس نے ٹیکنالو بی میں بھاری سرمایہ کاری کا سلسلہ جاری رکھا ہے تا کہ بالخصوص ڈ بجیٹل چینلو میں انتظامی استعداد کو بتدرتج بڑھایا جائے اور خدمات کے معیار کو بیٹی بنایا جائے۔ میزان بینک کی موبائل بینکنگ ایپ کو گوگل پلے اسٹور (Google Play Store) کی جانب سے مسلسل پاکستان کی نمبر 1 موبائل بینکنگ ایپ قرار دیا جارہا ہے۔

الحمد لله، بینک کے ڈپازٹس میں اضافے کا سلسلہ جاری رہا جو دیمبر 2019 سے 17 فیصد اضافے کے بعد 1,091 ارب روپے پر بند ہوئے ہیں۔ ڈپازٹس میں اضافہ کی بنیادی وجہ کرنٹ اکا وُنٹ اور سیونگزا کا وُنٹ کے ڈپازٹس میں اضافہ ہے، اور کل اضافہ میں ان کا حصہ 95 فیصد ہے، سال برسال 22 فیصد کے اس اضافے نے بینک کے محتاب کے 2019 کی شرح و 2019 کے 74 فیصد کے مقابلہ میں بڑھا کر 77 فیصد کر دیا ہے۔ بیصرف تمام چینلو پر بدانقطل اور بہترین کشمر سروس کی فراہمی پر بینک کی مجر پورتوجہ اور انتقاب محت کے باعث ممکن ہوا ہے۔

بینک کے سرمایہ کاری پورٹ فولیومیں 61 فیصد کا اضافہ د کھنے میں آیا اور گزشتہ سال کے 226 ارب روپے کے مقابلے میں بڑھ کر 362 ارب روپے پر بند ہوا۔ دوران مدت بینک نے حکومت پاکستان کے اجارہ صکوک اور پاکستان انر جی صکوک 11 میں بالتر تیب104 ارب روپے اور 344 ارب روپے کی سرمایہ کاری کی۔ ہماری خواہش ہے کہ ہم شریعیہ کم بلا نئٹ فنانس پر نتقلی کے لئے حکومت کی اعازت میں قائمہ ان کر دارا داکر نے کا سلسلہ جاری رکھیں۔

30 ستمبر 2020 تک بینک کا فنانسنگ پورٹ فولیو 490 ارب روپے رہا۔ بینک کا فنانسنگ پورٹ فولیواعلی معیار کے صارفین پر شتمل اور متنوع ہے اور اس میں معیشت کے تمام شعبہ جات کی نمائندگی شامل ہے۔ اس بات کا ثبوت ہیہ کہ بینک کے فنانسنگ پورٹ فولیو کے صرف 6 فیصد جھے نے مؤخرادائیگی کے آپشن کا امتخاب کیا جو اسٹیٹ بینک آف پاکستان کے ریلیف کے اقد امات میں سے ایک تھا۔ بینک نے اپنی غیر فعال فنانسنگر کی مد میں 140 فیصد کے ریشو کے ساتھ پروویژنز کی تسلی بخش شرح برقر ارزکھی ہے، جو کہ بینکاری صنعت کی اوسط شرح 82 فیصد سے کافی زیادہ ہے۔ بینک کی غیر فعال فنانسنگر کی شرح 2 فیصد ہے جو بینکاری صنعت کی اوسط 10 فیصد ہے۔

VIS کریڈٹ ریٹنگ کمپنی کمیٹڈ نے بینک کی +AA (ڈبل اے پلس) طویل المیعا دریٹنگ اور +A1 (اےون پلس) قلیل المیعا دریٹنگ کی مشحکم آثار کے ساتھ دوبارہ توشِق کی ہے۔

مستقتل کے امکانات

جیسا کہ COVID-19کے کیسز دنیا بھر کے مقابلہ میں پاکستان میں کم ہورہے ہیں، ہم پڑ اُمید ہیں کہ پاکستانی معیشت کی متحکم انداز میں بحالی کا سلسلہ جاری رہے گا۔ عالمی وہا کا ایک نتیجہ یہ نظا کہ ڈیجیٹل ٹرانز یکشنز میں پڑی حد تک اضافہ ہوا۔صارفین کو بہتر خدمات کی فراہمی بقینی بنانے اوراپنے آئی ٹی انفرااسٹر کچراورسکیورٹی کو مضبوط بنانے کے لئے بینک نے متعدد بڑے ٹیکنالوجی منصوبوں میں این سرما میکاری میں اضافہ کیا۔

میزان بینک کابورڈ اپنے شریعہ سپروائزری بورڈ کاان کی مسلسل معاونت اور رہنمائی کے لئے تہددل ہے مشکور ہے۔اس موقع پرہم اپنے معزز صارفین کی سر پرتی ،اپنے شیئر ہولڈرز ، اضافی Tier I صکوک اور ثانوی Tier II صکوک ہولڈرز کے مسلسل تعاون اور اپنے ملاز مین کی مسلسل جدو جہد کے لئے ان کا شکر میادا کرتے ہیں جنہوں نے میزان بینک کوکا میابی کی ان بلندیوں سے ہمکنار کیا۔سب سے بڑھ کرہم اللہ کے بے حد شکر گزار ہیں جس کی رحمت کے باعث ہمارے اوارے نے نہایت مختصر عصصی میں اتنی شاندار ترتی کی۔ہم اسلامی بینکاری کو نہصر ف پاکستان ، بلکہ پوری دنیا کے لئے بینکاری کا پہلاا انتخاب بنانے کے اپنے خواب تو تعبیر کی ٹی بلندیوں سے ہمکنار کرسکیں۔

(منجانب بورڈ)

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

کراچی:

20 اکتوبر،2020

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

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		Rupees	s in '000 ———
Cash and balances with treasury banks Balances with other banks Due from financial institutions - net Investments - net Islamic financing and related assets - net Fixed assets Intangible assets Deferred tax assets Other assets - net	6 7 8 9 10 11 12	100,032,655 17,869,753 282,652,839 362,456,496 490,161,818 23,688,310 1,036,650 45,978,819 1,323,877,340	92,193,361 15,372,233 223,689,325 225,646,162 493,775,346 23,284,415 780,381 - 46,517,031 1,121,258,254
LIABILITIES			
Bills payable Due to financial institutions Deposits and other accounts Sub-ordinated Sukuk Deferred tax liabilities Other liabilities NET ASSETS	14 15 16 17 18 19	24,482,003 61,596,449 1,090,544,718 18,000,000 878,096 56,881,639 1,252,382,905 71,494,435	17,186,807 42,047,390 932,579,114 14,000,000 2,829,858 53,599,673 1,062,242,842 59,015,412
REPRESENTED BY			
Share capital Reserves Unappropriated profit Surplus on revaluation of assets - net of tax	20	14,147,228 20,015,540 30,958,340 6,373,327 71,494,435	12,861,116 18,207,664 18,545,797 9,400,835 59,015,412
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 38 form an integral part of this condensed interim unconsolidated financial information.

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	Quarter ended September 30, 2020	Nine months period ended September 30, 2020	Quarter ended September 30, 2019	Nine months period ended September 30, 2019			
			Rupees	in '000 ———				
Profit / return earned on Islamic financing and	22	25 402 264	02 242 400	25.045.602	65.022.610			
related assets, investments and placements Profit on deposits and other dues expensed	22 23	25,483,261	83,312,498	25,915,603	65,922,619			
Net spread earned	23	8,082,761 17,400,500	33,556,956 49,755,542	13,505,846	32,761,770			
Net spread earned		17,400,300	49,733,342	12,409,737	33,100,049			
OTHER INCOME			1	1				
Fee and commission income	24	1,554,842	3,884,193	1,442,664	4,636,455			
Dividend income		72,521	285,793	57,683	165,876			
Foreign exchange income		304,149	1,602,262	749,347	1,823,813			
(Loss) / gain on securities - net	25	(4,556)	934,663	(98,439)	(239,128)			
Other income	26	212,058	457,777	109,258	333,112			
Tatalinaana		2,139,014	7,164,688	2,260,513	6,720,128			
Total income		19,539,514	56,920,230	14,670,270	39,880,977			
OTHER EXPENSES								
Operating expenses	27	7,540,586	21,889,756	6,494,379	17,876,026			
Workers Welfare Fund		233,451	692,949	97,670	435,194			
Other charges	28	867	84,553	66,959	69,114			
Total other expenses		7,774,904	22,667,258	6,659,008	18,380,334			
Profit before provisions		11,764,610	34,252,972	8,011,262	21,500,643			
Provisions and write offs - net	29	1,091,069	4,188,165	1,450,253	2,502,490			
Extra ordinary / unusual items		-	-	-	-			
Profit before taxation		10,673,541	30,064,807	6,561,009	18,998,153			
Taxation	30	4,271,734	11,986,052	2,622,706	8,058,103			
Profit after taxation		6,401,807	18,078,755	3,938,303	10,940,050			
			Rup	ees —				
			Restated					
Basic and diluted earnings per share	31	4.53	12.78	2.78	7.73			
5 -				-				

The annexed notes 1 to 38 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees
Chairman
Chairma

Shabbir Hamza Khandwala

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	Quarter ended September 30, 2020	Nine months period ended September 30, 2020	Quarter ended September 30, 2019	Nine months period ended September 30, 2019
			Rupees	in '000 ———	
Profit after taxation for the period		6,401,807	18,078,755	3,938,303	10,940,050
Other comprehensive income / (loss)					
Items that may be reclassified to					
profit and loss account in subsequent periods:					
Surplus / (deficit) on revaluation of investments	20	2,437,094	(4,657,704)	828,453	442,371
Deferred tax on revaluation of investments		(852,983)	1,630,196	(289,959)	(154,830)
		1,584,111	(3,027,508)	538,494	287,541
Deficit on revaluation of non - banking assets	20	-	-	-	(14,785)
Deferred tax on revaluation of non - banking assets		-	-	-	5,175
		-	-	-	(9,610)
Other Comprehensive Income / (loss) for the period		1,584,111	(3,027,508)	538,494	277,931
Total Comprehensive Income for the period		7,985,918	15,051,247	4,476,797	11,217,981

The annexed notes 1 to 38 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees Chairman **Irfan Siddiqui** President & Chief Executive

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

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		Ca	pital reserv	res	Revenue reserve	Unappro-	Surplus / (o		Total
	Share capital	Share premium	Statutory reserve *	Non - Distributable Capital Reserve Gain on Bargain Purchase	General reserve	priated profit	Investments	Non- banking Assets	Total
				—— Ru	pees in '0	00 —			
Balance as at January 01, 2019	11,691,924	2,406,571	9,570,365	3,117,547	66,766	13,525,765	(68,035)	22,152	40,333,055
Profit after taxation for the 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						10,940,050	287,541 287,541	(9,610) (9,610)	277,931 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 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	(4,793,689) 16,317,596	219,506	9,870	(4,793,689) 46,757,347
Profit after taxation for the guarter ended December 31, 2019	-	-	-	-	-	4,292,024	-	-	4,292,024
Other Comprehensive income for the quarter ended December 31, 2019 - net of tax	-	-	-	-	-	80,694	9,168,209	3,250	9,252,153
Other appropriations	-	-	-	-	-	4,372,718	9,168,209	3,250	13,544,177
Transfer to statutory reserve	-	-	858,405	-	-	(858,405)	-	-	-
Transactions with owners recognised directly in equity									
Third interim cash dividend for the year 2019						(1,286,112)			(1,286,112)
Balance as at December 31, 2019	12,861,116	2,406,571	12,616,780	3,117,547	66,766	18,545,797	9,387,715	13,120	59,015,412
Profit after taxation for the nine months period ended September 30, 2020	-	-	-	-	-	18,078,755	-	-	18,078,755
Other Comprehensive loss for the nine months period ended September 30, 2020 - net of tax	-	-	-	-	-	18,078,755	(3,027,508)	_	(3,027,508)
Other appropriations Transfer to statutory reserve	-	-	1,807,876	-	-	(1,807,876)	(3,027,308)	-	15,051,247
Issue of bonus shares	1,286,112	-	-	-	-	(1,286,112)	-	-	-
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	(2,572,224)
Balance as at September 30, 2020	14,147,228	2,406,571	14,424,656	3,117,547	66,766	30,958,340	6,360,207	13,120	71,494,435

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

The annexed notes 1 to 38 form an integral part of this condensed interim unconsolidated financial information.

Riyadh S. A. A. Edrees

Irfan Siddiqui President & Chief Executive Chairman

Faisal A. A. A. AlNassar Director

Mubashar Maqbool Director

Shabbir Hamza Khandwala **Chief Financial Officer**

CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	Nine months period ended September 30, 2020	Nine months period ended September 30, 2019
		Rupees	in '000 ———
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation Less: Dividend income		30,064,807 (285,793) 29,779,014	18,998,153 (165,876) 18,832,277
Adjustments for non-cash charges and other items: Depreciation Amortization Non cash items related to right of use assets Provisions and write offs - net Gain on sale of fixed assets		1,548,031 164,655 2,477,154 4,188,165 (82,261) 8,295,744 38,074,758	1,248,317 209,732 2,068,610 2,502,490 (45,732) 5,983,417 24,815,694
Decrease / (increase) in operating assets Due from financial institutions Islamic financings and related assets Other assets		(58,963,514) (313,768) 555,444 (58,721,838)	3,629,404 38,582,392 (10,026,064) 32,185,732
(Decrease) / increase in operating liabilities Bills payable Due to financial institutions Deposits and other accounts Other liabilities		7,295,196 19,549,059 157,965,604 (293,392) 184,516,467 163,869,387	(8,449,229) 4,821,494 53,449,411 1,931,926 51,753,602 108,755,028 (6,819,543)
Income tax paid Net cash flow from operating activities		<u>(8,478,945)</u> 155,390,442	101,935,485
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Net cash used in investing activities		(141,735,097) 274,512 (2,703,930) (420,924) 116,004 (144,469,435)	(91,604,098) 127,843 (3,708,083) (270,031) 76,983 (95,377,386)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of Sub-ordinated Sukuk - Tier II Payment of lease liability against right-of-use assets Dividend paid Net cash used in financing activities		4,000,000 (2,010,894) (2,573,299) (584,193)	(1,638,728) (3,504,010) (5,142,738)
Increase in cash and cash equivalents		10,336,814	1,415,361
Cash and cash equivalents at the beginning of the period	32	107,565,594	73,277,228
Cash and cash equivalents at the end of the period	32	117,902,408	74,692,589

The annexed notes 1 to 38 form an integral part of this condensed interim unconsolidated financial information.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- **1.3** The Bank was operating through eight hundred and two branches as at September 30, 2020 (December 31, 2019: seven hundred and sixty branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- **1.4** Based on the financial statements of the Bank for the year ended December 31, 2019, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term as 'AA+' and the short-term rating as "A1+" with stable outlook.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah and Wakalah Tul Istithmar. The Bank also provides refinance facilities under various refinance schemes of the State Bank of Pakistan including export refinance.

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

3 STATEMENT OF COMPLIANCE

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

FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

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

3.2 Significant accounting policies and financial risk management

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

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

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

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

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

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

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

3.4 COVID - 19 outbreak and its impact

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

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

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

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

4 BASIS OF MEASUREMENT

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

4.2 Functional and presentation currency

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

4.3 Rounding off

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

6	CASH AND BALANCES WITH TREASURY BANKS	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
			Rupees	in '000 ———
	In hand - local currency - foreign currencies		24,952,848 4,991,699	14,487,106 1,854,081
	With the State Bank of Pakistan in - local currency current accounts - foreign currency current accounts	6.1 6.1	42,837,972 7,807,805	33,981,833 6,609,487
	With National Bank of Pakistan in - local currency current accounts		19,429,691	35,077,734
	National Prize Bonds	6.2	12,640 100,032,655	183,120 92,193,361

- **6.1** These include local and foreign currency amounts required to be maintained by the Bank with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.
- **6.2** The bank, as a matter of Shariah principle, does not deal in prize bonds. These represent the national prize bonds received from customers for onward surrendering to SBP.

		Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
7	BALANCES WITH OTHER BANKS		Rupees	in '000 ——
	In Pakistan - in current accounts - in deposit accounts		10,645,018 -	7,723,912 3,750,000
	Outside Pakistan - in current accounts - in deposit accounts	7.1	2,887,329 4,337,406 17,869,753	1,876,378 2,021,943 15,372,233

7.1 The return on these balances is 0.05% (December 31, 2019: 1.56%) per annum.

		Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
8	DUE FROM FINANCIAL INSTITUTIONS - NET		Rupees	in '000 ———
	Bai Muajjal:			
	With Scheduled Banks - Secured	8.1	270,038,797	208,096,873
	With the State Bank of Pakistan		-	13,682,452
	With other Financial Institution		15,500	15,500
			270,054,297	221,794,825
	Musharakah	8.2	9,300,000	1,910,000
	Wakalah	8.3	3,314,042	-
	Commodity Murabaha		26,066	26,066
			282,694,405	223,730,891
	Provision against non-performing amounts due			
	from financial institutions	8.4	(41,566)	(41,566)
			282,652,839	223,689,325
			282,652,839	223,689,325

- **8.1** The average return on this product is 7.92% (December 31, 2019: 13.05%) per annum. These balances have maturities ranging between October 2020 to July 2025 (December 31, 2019: January 2020 to October 2020).
- **8.2** The average return on this product is 6.74% (December 31, 2019: 11.25%) per annum. These balances are maturing latest by November 2020 (December 31, 2019: January 2020).
- **8.3** The return on this product is 0.04% (December 31, 2019: Nil) per annum. This balance is maturing latest by October 2020 (December 31, 2019: Nil).

		September 30, 20	020 (Unaudited)	December 31, 2	2019 (Audited)
		Non- performing due from financial institutions	Provision held	Non- performing due from financial institutions	Provision held
8.4	Category of classification		Rupees	in '000 ———	
	Loss	41,566	41,566	41,566	41,566

9	INVESTMENTS - NET	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)					
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1	Investments by types				Rupees	in '000 –			
	Available for sale securities								
	Federal Government Securities - Ijarah Sukuk - Bai Muajjal with Government of Pakistan (through State Bank	94,093,182	-	(270,027)	93,823,155	13,006,137	-	(213,851)	12,792,286
	of Pakistan)	106,876,904	-	-	106,876,904	83,652,209	-	-	83,652,209
	Non Government Sukuk - Pakistan Energy Sukuk guaranteed by the Government of Pakistan	111,741,670	_	6 953 148	118,694,818	84,700,000	_	12,662,650	97,362,650
	- Other Sukuk guaranteed by the Government of Pakistan - Other Non Government Sukuk	11,097,220 4,360,129	- 84,532	-	11,097,220 4,275,597	11,690,970 5,036,393	- 162,883	-	11,690,970 4,873,510
	Foreign Securities	8,312,221	-	544,747	8,856,968	7,774,672	-	318,883	8,093,555
	Shares (including units of fund)	7,238,557 343,719,883	2,479,924 2,564,456	2,557,068 9,784,936	7,315,701 350,940,363	6,809,714	2,201,501 2,364,384	1,674,958 14,442,640	6,283,171
	Held to Maturity securities								
	Federal Government Securities - Ijarah Sukuk	10,608,317	-	-	10,608,317	-	-	-	-
	In related parties								
	Subsidiary (unlisted) - Shares	63,050	-		63,050	63,050	-	-	63,050
	Associates (listed) - Units of funds	844,766			844,766	834,761	-	-	834,761
	Total Investments	355,236,016	2,564,456	9,784,936	362,456,496	213,567,906	2,364,384	14,442,640	225,646,162

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED

FINANCIAL INFORMATION (UNAUDITED)

				September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
9.2	Provision against diminution in value of inve	estments		——— Rupees	in '000 ———
	Opening balance			2,364,384	1,274,845
	Charge / (reversals) for the period / year				
	On available for sale securities				
	- charge for the period / year on equity instrum - reversals for the period / year on recovery of d - reversals for the period / year on disposals of e	lebt instruments	ı	446,700 (11,364) (168,277) 267,059	1,385,492 (7,752) (288,201) 1,089,539
	Amount written off			(66,987)	-
	Closing balance			2,564,456	2,364,384
		September 30, 20	20 (Unaudited)	December 31, 2	2019 (Audited)
		Non- performing investment	Provision held	Non- performing investment	Provision held
9.3	Particulars of provision against Sukuk		Rupees	in '000 ———	
	Category of classification Loss	84,532	84,532	162,883	162,883

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED

FINANCIAL INFORMATION (UNAUDITED)

		Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
10 ISLAMIC FINANCING AND RELATE	ED ASSETS		Rupees	in '000
In Pakistan			nupces	
Murabaha financing and related a	assets			
- Murabaha financing		10.1	6,346,664	8,633,318
- Advances against Murabaha			2,427,380	4,902,247
- Murabaha inventory	-6: Mll	10.2	1,117,124	2,095,550
- Financing under Islamic Export Re		10.2	501,888	369,441
- Advance against Islamic Export Re	ennance - Murabana		1,013,197 11,406,253	540,715 16,541,271
Running Musharakah financing			,,	. 0,0 ,=
- Running Musharakah financing			110,045,290	129,472,197
- Financing under Islamic Export Re	efinance - Running Musharakah		32,083,402	24,671,638
letions financian and valeted acco	4-		142,128,692	154,143,835
Istisna financing and related asse - Istisna financing	ets		4,268,102	4,684,962
- Advances against Istisna			28,183,732	34,435,537
- Istisna inventory			7,422,823	11,117,387
- Financing under Islamic Export Re	efinance - Istisna		388,356	189,215
- Advances under Islamic Export Re			5,646,414	6,967,796
- Inventory under Islamic Export Re			1,137,166	975,428
T''			47,046,593	58,370,325
Tijarah financing and related asse	ets		900 219	E61 24E
- Tijarah financing - Tijarah inventory			899,318 5,243,489	561,345 11,032,825
- Financing under Islamic Export Re	efinance - Tijarah		679,009	1,070,970
- Inventory under Islamic Export Re			643,419	353,531
inventory under islamic Export ne	ariec rijarari		7,465,235	13,018,671
Musawammah financing and rela	ited assets			
- Musawammah financing		10.3	9,289,948	11,009,024
- Musawammah Inventory			11,445,528	5,759,913
- Advances against Musawammah	ofinanca Musawammah	10.4	7,732,209 364,727	9,618,012
 Financing under Islamic Export Re Inventory under Islamic Export Re 		10.4	998,106	886,944 45,000
- Advances under Islamic Export Re			266,900	123,500
Navarices under islamic Export ne	indirec Masawaninan		30,097,418	27,442,393
Salam Financing and related asse	ets			
- Salam Financing			1,133,372	811,378
- Salam Inventory			116,781	2,710,138
- Advances against Salam			5,036,961	6,947,051
Financing against bills			6,287,114	10,468,567
- Financing against bills - Salam			2,475,589	7,461,667
- Advances against bills - Salam			1,738	1,738
3			2,477,327	7,463,405
Bai Muajjal financing		10.5	21,759,238	1,474,998
Ijarah financing and related asset	te			
- Net investment in Ijarah	.5		101,494	113,501
- Net book value of assets/investme	ent in liarah under IFAS 2		42,853,556	48,493,395
- Net book value of assets/investment i			43,072	58,118
			42,998,122	48,665,014
- Advances against Ijarah			4,801,549	3,727,830
- Advances against ijarah - Advances against Ijarah under SBI	P's II TFF		118,905	118,905
Advances against garan ander 301	. 3.2.11		. 10,703	110,505
			47,918,576	52,511,749

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees	in '000 ———
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - housing		11,750,923	13,232,142
- Diminishing Musharakah financing - others		90,964,760	79,167,336
- Diminishing Musharakah financing - SBP's ILTFF		4,474,225	1,955,071
- Diminishing Musharakah financing - SBP's IRSPWS		3,524,517	-
- Advances against Diminishing Musharakah		11,808,525	14,645,228
- Advances against Diminishing Musharakah under SBP's ILTFF		7,308,809	5,378,299
- Advances against Diminishing Musharakah under SBP's IFRE		4,947,941	-
- Advances against Diminishing Musharakah under SBP's ITERF		300,000	-
		135,079,700	114,378,076
- Musharakah financing		165,920	248,880
- Wakalah Tul Istithmar financing		28,075,200	-
- Advance against Wakalah Tul Istithmar financing		12,750,000	40,825,200
- Wakalah financing		75,000	250,000
- Advance against Service Ijarah		4,758,103	2,765,026
- Qard financing under SBP's IRFCC		339,456	-
- Labbaik (Qard for Hajj and Umrah)		2,034	4,672
- Staff financing		4,626,394	4,228,869
- Other financing		2,301,422	2,376,639
Gross Islamic financing and related assets		504,759,675	506,512,576
Less: Provision against non-performing Islamic financing and related assets - Specific	10.8	(9,145,146)	(8,284,519)
Less: Provision against non-performing Islamic financing	100	(F 4F2 744)	(4.452.744)
and related assets - General	10.8	(5,452,711)	(4,452,711)
Islamic financing and related assets - net of provision		490,161,818	493,775,346

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED

FINANCIAL INFORMATION (UNAUDITED)

		Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
			Rupees	s in '000 ———
10.1	Murabaha receivable - gross	10.1.1	6,643,969	9,171,941
	Less: Deferred murabaha income	10.1.3	(97,592)	(198,327)
	Profit receivable shown in other assets		(199,713)	(340,296)
	Murabaha financing		6,346,664	8,633,318
10.1.1	Murabaha Sale Price		6,643,969	9,171,941
	Murabaha Purchase Price		(6,346,664)	(8,633,318)
			297,305	538,623
10.1.2	The movement in Murabaha financing during the period / year is as follows: Opening balance		8,633,318	8,021,609
	Sales during the period / year		24,828,745	47,186,165
	Adjusted during the period / year		(27,115,399)	(46,574,456)
	Closing balance		6,346,664	8,633,318
	closing balance			
10.1.3	Deferred Murabaha Income:			
	Opening balance		198,327	142,250
	Deferred during the period / year		761,316	1,800,684
	Recognised during the period / year		(862,051)	(1,744,607)
	Closing balance		97,592	198,327
10.2	Financing under Islamic Export Refinance - Murabaha - gross		518,177	382,945
	Less: Deferred income		(2,462)	(836)
	Profit receivable shown in other assets		(13,827)	(12,668)
	Financing under Islamic Export Refinance - Murabaha		501,888	369,441
10 2 1	The movement in Islamic Expert Polinance			
10.2.1	The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:			
	Opening balance		369,441	344,573
	Sales during the period / year		2,067,610	1,459,464
	Adjusted during the period / year		(1,935,163)	(1,434,596)
	Closing balance		501,888	369,441
10.0.0				
10.2.2	Deferred Islamic Export Refinance Murabaha Income: Opening balance		836	1,725
	Deferred during the period / year		27,223	17,106
	Recognised during the period / year		(25,597)	(17,995)
	Closing balance		2,462	836
44.5				
10.3	Musawammah financing - gross		9,626,380	11,610,569
	Less: Deferred income		(157,495)	(292,915)
	Profit receivable shown in other assets		(178,937)	(308,630)
	Musawammah financing		9,289,948	11,009,024

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED

FINANCIAL INFORMATION (UNAUDITED)

		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		——— Rupees	in '000 ———
10.4	Financing under Islamic Export Refinance - Musawammah - gross	370,415	899,031
	Less: Deferred income Profit receivable shown in other assets	(5,007)	(7,015)
	Financing under Islamic Export Refinance - Musawammah	(681) 364,727	(5,072) 886,944
10.5	Bai Muajjal financing - gross	22,952,461	1,701,154
	Less: Deferred income	(547,244)	(146,846)
	Profit receivable shown in other assets	(645,979)	(79,310)
	Bai Muajjal financing	21,759,238	1,474,998

- **10.6** Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 39,307 million (December 31, 2019: Rs 35,439 million).
- 10.7 Islamic financing and related assets include Rs. 10,415 million (December 31, 2019: Rs. 8,996 million) which have been placed under non-performing status as detailed below:

September 30, 20)20 (Unaudited)	December 31, 2	019 (Audited)
Non- performing financing	Provision held	Non- performing financing	Provision held
	Rupees	in '000 ———	
91,584	1,674	22,534	-
580,180	92,518	557,679	132,042
1,139,709	511,124	446,866	212,837
8,603,403	8,539,830	7,968,640	7,939,640
10,414,876	9,145,146	8,995,719	8,284,519
	Non- performing financing 91,584 580,180 1,139,709 8,603,403	Provision held financing Rupees 91,584 580,180 92,518 1,139,709 1,139,709 8,603,403 8,539,830	Non-performing financing Provision held performing financing Rupees in '000 91,584 1,674 22,534 580,180 92,518 557,679 1,139,709 511,124 446,866 8,603,403 8,539,830 7,968,640

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

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

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Specific	General	Total	Specific	General	Total
			— Rupees	in '000 —		
Opening balance	8,284,519	4,452,711	12,737,230	6,771,530	2,927,711	9,699,241
Charge for the period / year	3,199,203	1,000,000	4,199,203	1,905,342	1,525,000	3,430,342
Less: Reversals	(265,681)	-	(265,681)	(357,571)	-	(357,571)
	2,933,522	1,000,000	3,933,522	1,547,771	1,525,000	3,072,771
Amount written off	(2,072,895)	-	(2,072,895)	(34,782)	-	(34,782)
Closing balance	9,145,146	5,452,711	14,597,857	8,284,519	4,452,711	12,737,230

- **10.8.1** The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.
 - In addition, the Bank has also maintained a general provision of Rs 5,050 million (December 31, 2019: Rs 4,050 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.
- 10.8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at September 30, 2020 amounts to Rs 83.3 million (December 31, 2019: Rs 33.4 million). The additional profit arising from availing the FSV benefit net of tax amounts to Rs 50.8 million as at September 30, 2020 (December 31, 2019: Rs 21.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

11	FIXED ASSETS	Note	September 30, 2020 (Unaudited) ——— Rupees	December 31, 2019 (Audited) in '000 ———
	Capital work-in-progress	11.1	3,845,931	3,185,241
	Property and equipment		13,630,200	13,168,734
	Right-of-use assets		6,212,179 23,688,310	6,930,440 23,284,415
11.	Capital work-in-progress Advances to suppliers and contractors for:			
	civil workscomputer hardwarepurchase of vehiclesoffice machinesfurniture and fixtures		2,579,708 370,765 201,716 549,477 144,265 3,845,931	2,171,210 271,621 126,203 552,430 63,777 3,185,241
			September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
11.2	2 Additions to fixed assets		2020	2019 (Unaudited)
11.2	2 Additions to fixed assets The following additions have been made to fixed assets during the period:		2020 (Unaudited)	2019 (Unaudited)
11.2	The following additions have been made		2020 (Unaudited)	2019 (Unaudited)
11.2	The following additions have been made to fixed assets during the period:		2020 (Unaudited) ———— Rupees	2019 (Unaudited) in '000 ———
11.3	The following additions have been made to fixed assets during the period: Capital work-in-progress - net		2020 (Unaudited) ———— Rupees	2019 (Unaudited) in '000 ———
11.3	The following additions have been made to fixed assets during the period: Capital work-in-progress - net Property and equipment Leasehold land Buidling on leasehold land Leasehold improvements Furniture and fixture Electrical, office and computer equipment		2020 (Unaudited) Rupees 660,690 79,787 501 646,896 86,503 746,846 482,707	2019 (Unaudited) (in '000 —————————————————————————————————

11.3	Disposal of fixed assets		September 30, 2020 (Unaudited) ——— Rupees	2019 (Unaudited)
	The net book value of fixed assets disposed off during the period is as follows:			
	Leasehold improvements Furniture and fixture Electrical, office and computer equipment Vehicles		178 22 785 32,758 33,743	21 125 482 30,623 31,251
12	INTANGIBLE ASSETS	Note	September 30, 2020 (Unaudited) ——— Rupees	2019 (Audited)
	Computer Software Advance against computer software	12.1	763,643 273,007 1,036,650	614,572 165,809 780,381
			September 30, 2020 (Unaudited) ——— Rupees	September 30, 2019 (Unaudited) in '000 ———
12.1	Additions to intangible assets		420,924	270,031

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
13 OTHER ASSETS		——— Rupees	in '000 ———
Profit / return accrued in local currency - net of provisions		36,684,045	34,765,016
Profit / return accrued in foreign currencies - net of provisions		63,622	76,791
Acceptances		6,722,359	9,033,110
Advances, deposits, advance rent and other prepayments		1,715,698	1,904,437
Non-banking assets acquired in satisfaction of claims		116,076	145,503
Dividends receivable		11,281	-
Stamps		17,722	12,963
Security deposits		200,852	172,596
Advance for Investments		32,801	55,542
Other		457,453	405,575
		46,021,909	46,571,533
Provision against other assets	13.1	(63,274)	(74,686)
Other Assets (Net of Provision)		45,958,635	46,496,847
Surplus on revaluation of non-banking assets			
acquired in satisfaction of claims	20	20,184	20,184
Other Assets - total		45,978,819	46,517,031
13.1 Provision held against other assets			
Non banking assets acquired in satisfaction of claims		-	10,000
Acceptances		41,371	41,132
Others		21,903	23,554
		63,274	74,686

		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
			in '000 ———
13.1.1	Movement in provision held against other assets	•	
	Opening balance	74,686	71,302
	Charge for the period / year	2,402	49,999
	Reversals during the period / year	(8,353)	(4,174)
	Amount adjusted / written off during the period / year	(5,461)	(42,441)
	Closing balance	63,274	74,686
14	BILLS PAYABLE		
	In Pakistan	24,482,003	17,186,807
	Outside Pakistan	-	-
		24,482,003	17,186,807
15	DUE TO FINANCIAL INSTITUTIONS		
	In Pakistan Outside Pakistan	61,596,449	42,047,390
	outside Funstain	61,596,449	42,047,390
15.1	Details of due to financial institutions secured / unsecu	red	
	Secured		
	Musharakah from the SBP under Islamic Export Refinance Scheme	41,604,943	33,861,385
	Investment from the SBP under Islamic Long	T1,007,973	33,001,303
	Term Financing Facility	11,795,163	7,268,122
	Investment from the SBP under Islamic Refinance	11,770,100	,,_00,
	Facility for Combating COVID-19	300,393	-
	Investment from the SBP under Islamic Financing		
	for Renewal Energy	4,639,098	-
	Investment from the SBP under Islamic Temporary		
	Economic Refinance Facility for Plant and Machinery	300,000	-
	Investment from the SBP under Islamic Refinance		
	Scheme for Payment of Wages & Salaries	2,296,999	-
	Other financial institution	589,053	909,114
	Unsecured		0 =
	Overdrawn nostro accounts	70,800	8,769
		61,596,449	42,047,390

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

16 DEPOSITS AND OTHER ACCOUNTS

17

	DEPOSITS AND OTHER ACCOUNTS						
		September 30, 2020 (Unaudited) December 31, 2019 (Audited					Audited)
		In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
				Rupees	s in '000 —		
	Customers						
	- Current accounts - non-remunerative	380,163,041	23,764,761	403,927,802	312,409,384	20,464,919	332,874,303
	- Savings deposits	387,927,841	33,958,245	421,886,086	318,577,677	26,796,248	345,373,925
	- Fixed deposits	235,853,956	14,888,263	250,742,219	228,503,227	13,342,660	241,845,887
	- Margin	7,855,875	6,164	7,862,039	4,949,165	8,692	4,957,857
		1,011,800,713	72,617,433	1,084,418,146	864,439,453	60,612,519	925,051,972
	Financial institutions						
	- Current accounts - non-remunerative	756,372	-	756,372	1,208,228	-	1,208,228
	- Savings deposits	3,959,300	-	3,959,300	3,799,833	-	3,799,833
	- Fixed deposits	1,410,900	-	1,410,900	2,519,081	-	2,519,081
		6,126,572	-	6,126,572	7,527,142	-	7,527,142
		1,017,927,285	72,617,433	1,090,544,718	871,966,595	60,612,519	932,579,114
				Note	Septeml 202	0	cember 31, 2019
					(Unaud	lited) Rupees in '0	Audited) 00 ———
,	SUB-ORDINATED SUKUK						
	Additional Tier I Sukuk			17.1	7,00	00,000	7,000,000
	Tier II Sukuk			17.2	11,00	00,000	7,000,000
					18,00	00,000	14,000,000

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

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

Credit Rating	AA- (Double A minus) by VIS Credit Rating Company Limited
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 8.92% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited
Issue Date	September 22, 2016 and January 09, 2020
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 7.77% and 8.31% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

September 30,	December 31,			
2020	2019			
(Unaudited)	(Audited)			
——— Rupees in '000 ———				

18 DEFERRED TAX ASSETS / (LIABILITIES)

Taxable temporary differences due to:

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

303,911	390,837
3,424,729	5,054,925
7,064	7,064
3,735,704	5,452,826

Deductible temporary differences due to:

Provision for diminution / impairment in value of investments

Provision against non-performing Islamic financing and related assets

Income not accrued due to non-culmination of financing Provision against non-banking assets acquired in satisfaction of claims and other assets

(976,932)	(906,906)		
(283,117)	(109,358)		
(1,359,792)	(1,435,933)		
(237,767)	(170,771)		
(2,857,608)	(2,622,968)		
878,096	2,829,858		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED

FINANCIAL INFORMATION (UNAUDITED)

		Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
			Rupees	in '000 ———
19	OTHER LIABILITIES			
	Return on deposits and other dues - payable in local currency - payable in foreign currencies Unearned income		4,043,915 89,399	6,434,891 112,161
	Accrued expenses Current taxation (provision less payments)		665,158 9,590,968 9,723,059	56,738 6,840,577 5,894,386
	Acceptances Dividends payable Payable to defined benefit plan		6,722,359 15,139 585,124	9,033,110 16,214 561,242
	Charity payable Provision against off-balance sheet obligations Security deposits against Ijarah	19.1	20,069 29,100 13,664,268	995 29,339 14,206,800
	Payable on account of credit murabaha / ijarah Security deposits against lockers Retention Money		3,079 131,363 -	60,307 117,792 70,687
	Unrealised loss on forward foreign exchange contracts - net Advance against future Diminishing Musharakah Withholding taxes payable		563,749 103,256 230,596	368,207 67,227 152,711
	Lease liability against right-of-use assets Workers Welfare Fund payable Others		6,797,841 2,590,385 1,312,812	7,049,842 1,897,436 629,011
			56,881,639	53,599,673
19.1	Provision against off-balance sheet obligations			
	Opening balance Charge for the period / year Closing balance		29,339 (239) 29,100	35,020 (5,681) 29,339
	closing balance		23,100	29,339
20	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Available for sale securities - Listed shares / units of mutual fund - Sukuk		2,557,068 7,227,868	1,674,958 12,767,682
			9,784,936	14,442,640
	Non-banking assets acquired in satisfaction of claims		20,184	20,184
	Less: Deferred tax liability on		9,805,120	14,462,824
	 Available for sale securities Non-banking assets acquired in satisfaction of claims 		(3,424,729) (7,064) (3,431,793)	(5,054,925) (7,064) (5,061,989)
			6,373,327	9,400,835

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
21	CONTINGENCIES AND COMMITMENTS		Rupees	in '000 ———
	- Guarantees	21.1	35,225,518	38,843,277
	- Commitments - Other contingent liabilities	21.2 21.3	677,395,914 1,802,000	711,444,851 1,802,000
	, and the second		714,423,432	752,090,128
21.1	Guarantees:			
	Financial guarantees		1,641,733	8,598,348
	Performance guarantees Other guarantees		17,783,776 15,800,009	16,037,636 14,207,293
			35,225,518	38,843,277
21.2	Commitments:			
	Documentary letters of credit		109,392,295	98,437,653
	Commitments in respect of: - forward foreign exchange contracts	21.2.1	190,441,051	267,088,452
	Commitments for acquisition of: - fixed assets		345,263	514,594
	- intangible assets		497,810	257,790
	Other commitments	21.2.2	376,719,495	345,146,362
			677,395,914	711,444,851
21.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		113,403,820	151,033,720
	Sale		77,037,231	116,054,732
			190,441,051	267,088,452
21.2.2	Other Commitments			
	Commitments in respect of financing		376,719,495	345,146,362

21.3 Other contingencies

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2019. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East - Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in this financial information with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

22	PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS	Note	September 30, 2020 (Unaudited) ———— Rupees	September 30, 2019 (Unaudited) in '000
	On financing	22.1	38,793,103	39,440,173
	On investments in - Available for sale securities - Held to maturity securities		20,870,796 98,309	15,391,354 145,799
	On deposits / placements with financial institutions		23,550,290 83,312,498	10,945,293 65,922,619

The income on Ijarah under IFAS 2 is net off takaful of Rs 1,258 million (September 30, 2019: Rs 1,346 million) recovered from customers. 22.1

		Note	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	
23	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		——— Rupees	in '000 ———	
	Deposits and other accounts Sub-ordinated Sukuk Other Musharakahs / Modarabas Amortisation of lease liability against right-of-use assets	23.1	30,065,692 1,739,481 1,004,994 746,789 33,556,956	30,148,453 1,244,996 886,847 481,474 32,761,770	

23.1 This includes conversion cost of Rs 1,594 million (September 30, 2019: Rs 1,250 million) against deposits.

		Note	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
24	FEE AND COMMISSION INCOME		Rupees	in '000 ———
	Trade related fees and commissions Commission on guarantees Branch banking customer fees Credit processing related fees Debit card related fees Investment banking related fees Cash management fees Home remittance related fees Others		1,765,998 108,148 622,277 69,596 795,905 164,801 65,014 168,417 124,037 3,884,193	1,857,031 71,681 1,070,585 78,855 1,139,860 141,686 47,097 115,686 113,974 4,636,455
25	GAIN / (LOSS) ON SECURITIES - NET			
	Realised	25.1	934,663	(239,128)
25.1	Realised (loss) / gain on:			
	Pakistan Energy Sukuk Listed Shares Unlisted Shares Federal Government Securities Other Securities		1,064,963 (47,339) (34,261) (31,064) (17,636) 934,663	(155,162)

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
		Rupees	in '000 ———
26	OTHER INCOME		
	Gain on termination of islamic financing Gain on sale of fixed assets Loss on disposal of Non-banking asset acquired in satisfaction of claim Rental income Others	378,833 82,261 (10,000) 4,334 2,349 457,777	279,176 45,732 (2,529) 8,783 1,950 333,112
27	OPERATING EXPENSES		
	Total compensation expense	12,279,332	9,243,363
	Property expense Depreciation on right-of-use assets Rent and taxes Utilities cost (including electricity and diesel) Security (including guards) Repair and maintenance (including janitorial charges) Depreciation Others	1,730,365 86,689 715,549 606,738 283,770 572,131 56,410 4,051,652	1,587,136 158,186 660,409 456,903 355,542 454,723 31,867 3,704,766
	Information technology expenses		
	Software maintenance Hardware maintenance Depreciation Amortisation Network charges	458,808 206,646 287,766 164,655 183,261 1,301,136	298,194 246,782 230,661 209,732 155,823 1,141,192
	Other operating expenses Stationery and printing (including debit card related costs) Local transportation and car running Depreciation on vehicles, equipment etc. Legal and professional charges NIFT and other clearing charges Travelling and conveyance Training and Development Communication (including courier) Marketing, advertisement and publicity Donation Fees, subscription and other charges Brokerage and bank charges Office supplies Entertainment Takaful expense Repairs and maintenance Security charges - cash transportation Outsourced services costs Auditors' Remuneration Shariah Board fees Non-executive Directors' fee Others	619,602 386,562 688,134 93,097 138,836 52,860 25,359 403,763 284,658 226,722 171,720 175,126 183,856 38,988 68,170 276,825 309,947 11,586 12,756 13,655 54,220 21,194	620,539 363,698 562,933 92,589 120,039 87,575 54,464 329,267 376,129 200,473 131,558 189,392 65,081 94,461 177,456 237,193 8,241 10,505 13,080 33,095 18,937 3,786,705
		21,889,756	17,876,026

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		Note	September 30, 2020 (Unaudited) ——— Rupees	September 30, 2019 (Unaudited) in '000
28	OTHER CHARGES Penalties imposed by the State Bank of Pakistan		84,553	69,114
29	PROVISIONS AND WRITE OFFS - NET			
	Provision against non-performing islamic financing related assets - net Provision against diminution in the value of investments Other (reversals) / provision Reversals against off-balance sheet obligations Recovery against written off financing	10.8 9.2	3,933,522 267,059 (5,951) (239) (6,226) 4,188,165	1,181,069 1,292,052 48,060 (5,962) (12,729) 2,502,490
30	TAXATION Current - for the year - for prior years Deferred - for the year	30.1	12,307,618 - 12,307,618 (321,566) 11,986,052	8,640,299 470,030 9,110,329 (1,052,226) 8,058,103
30.1	The Bank has recognized super tax charge of Rs 1,246 million current period which is determined at the applicable tax rate of	(Septem of 4 perce	ber 30, 2019: Rs 1,3 ent on taxable inco	354 million) in the me for the period.
		Note	September 30, 2020 (Unaudited) ——— Rupees	September 30, 2019 (Unaudited) in '000 ———
31	BASIC AND DILUTED EARNINGS PER SHARE			
	Profit for the period		18,078,755	10,940,050
			(Num	iber) ———
	Weighted average number of ordinary shares		1,414,722,784	1,414,722,784
			(Rup	ees) ———
	Basic and diluted earnings per share	31.1	12.78	Restated 7.73

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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		Note	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
			Rupees	in '000 ———
32	CASH AND CASH EQUIVALENTS			
	Cash and balances with treasury banks	6	100,032,655	66,114,848
	Balances with other banks	7	17,869,753	8,577,741
			117,902,408	74,692,589

33 FAIR VALUE OF FINANCIAL INSTRUMENT

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
GoP Sukuk	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by SBP.
Foreign Sukuk	The valuation has been determined through closing rates of Bloomberg.
Listed Securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
Mutual Funds	The valuation has been determined based on Net asset values declared by respective funds.

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

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

- **33.2** The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:
 - Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
 - Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

RECURRING FAIR VALUE MEASUREMENTS

INVESTMENTS - NET

Available for sale securities Ordinary shares - listed

Pakistan Energy Sukuk I & II - listed

Financial Assets

September 30, 2020 (Unaudited)								
Level 1	Level 2	Level 3	Total					
	— Rupees	s in '000 —						
6,795,538	-	-	6,795,538					
6,795,538 118,694,818	-	-	6,795, 118,694,					

December 31, 2019 (Audited)

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

Investment in associates (listed - mutual funds) have market value of Rs. 1,550 million (December 31, 2019: Rs 1,583 million) which is being valued under level 2. Investment in GoP Sukuk (classifed as Held to Maturity) have market value of Rs. 10,568 million (December 31, 2019: Nil) which is being valued under level 2. These investments are carried at cost in the financial statements in accordance with the Bank's accounting policy.

33.3 Fair value of non-financial assets

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

		Carrying value			
33.4	Financial assets not measured at fair value	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)		
		——— Rupees in '000 ———			
	Cash and balances with treasury banks Balances with other banks Due from financial institutions - net Investments - net Islamic financings and related assets - net Other assets - net	100,032,655 17,869,753 282,652,839 134,296,406 490,161,818 44,172,413	92,193,361 15,372,233 223,689,325 101,863,234 493,775,346 44,508,630		

Carrying Value

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

September 30, 2020 (Unaudited)	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
Profit and Loss Account			Rupees	in '000 —		
External Revenue Inter segment revenue - net Total Income	36,245,577 - 36,245,577	6,949,358 61,115,978 68,065,336	46,007,950 - 46,007,950	1,274,301 90,149 1,364,450	(61,206,127)	90,477,186 - 90,477,186
Segment direct expenses Inter segment expense allocation Total expenses Provision / (reversals) and write offs - net Profit before tax	3,192,748 24,076,345 27,269,093 3,615,865 5,360,619	51,623,923 - 51,623,923 293,877 16,147,536	639,888 37,129,782 37,769,670 278,423 7,959,857	767,655 - 767,655 - 596,795	(61,206,127) (61,206,127)	56,224,214 - 56,224,214 4,188,165 30,064,807
Statement of Financial Position						
Cash & Bank balances Due from financial institutions - net Investments - net Net inter segment lending Islamic financings and related assets - net Others Total Assets	15,372,817 414,919,202 15,625,819 445,917,838	110,677,673 - 961,832,809 75,242,616 27,596,747 1,175,349,845	7,224,735 282,652,839 347,083,679 - - 27,481,213 664,442,466	319,246 - 319,246		117,902,408 282,652,839 362,456,496 - 490,161,818 70,703,779 1,323,877,340
Due to financial institutions Deposits & other accounts Subordinated Sukuk Net inter segment borrowing Others Total liabilities Equity Total Equity & liabilities	60,936,600 18,000,000 334,368,750 8,531,221 421,836,571 24,081,267 445,917,838	589,053 1,090,544,718 - 72,685,337 1,163,819,108 11,530,737 1,175,349,845	70,796 	319,246 319,246 319,246	(962,152,055)	61,596,449 1,090,544,718 18,000,000 82,241,738 1,252,382,905 71,494,435 1,323,877,340
Contingencies & Commitments	450,657,932	73,324,449	190,441,051	-		714,423,432
September 30, 2019 (Unaudited)						
Profit and Loss Account						
External Revenue Inter segment revenue - net Total Income	37,646,882 - 37,646,882	6,380,749 50,790,726 57,171,475	26,771,048 - 26,771,048	1,844,068 86,199 1,930,267	(50,876,925)	72,642,747 - 72,642,747
Segment direct expenses Inter segment expense allocation Total expenses Provisions and write offs - net Profit before tax	2,290,794 27,862,168 30,152,962 1,124,741 6,369,179	47,536,102 - 47,536,102 80,424 9,554,949	568,703 23,014,757 23,583,460 1,297,325 1,890,263	746,505 746,505 - 1,183,762	(50,876,925) (50,876,925)	51,142,104 - 51,142,104 2,502,490 18,998,153
Statement of Financial Position						
Cash & Bank balances Due from financial institutions - net Investments - net Net inter segment lending Islamic financings and related assets - net Others Total Assets	19,384,887 391,219,242 18,790,750 429,394,879	72,580,945 	2,111,644 181,185,196 195,112,397 - - - 13,559,800 391,969,037	442,599 570,017 1,012,616		74,692,589 181,185,196 214,497,284 - 472,813,790 60,810,546 1,003,999,405
Due to financial institutions Deposits & other accounts Subordinated Sukuk Net inter segment borrowing Others Total liabilities Equity Total Equity & liabilities Contingencies & Commitments	34,888,855 - 14,000,000 351,767,823 8,740,813 409,397,491 19,997,388 429,394,879 377,529,417	768,232 838,926,355 - 53,281,255 892,975,842 8,478,988 901,454,830 67,944,205	5,572,218 - 368,064,134 78,260 373,714,612 18,254,425 391,969,037 166,430,152	986,070 986,070 26,546 1,012,616	(719,831,957) -	41,229,305 838,926,355 14,000,000
commigencies a commitments	311,323,711	<u> </u>	100,730,132			011/203/174

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

35 RELATED PARTY TRANSACTIONS

- **35.1** Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.
- **35.2** The Banks enters into transacitons with related paties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the key management personnel is determined in accordance with the terms of their appointment.

35.3 Subsidiary company

- Al Meezan Investment Management Limited

35.4 Key management personnel

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

	Total		Subs	idiary	y Associates		ates Directors		Key management personnel		Other related parties	
	Sept 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)										
Islamic financing						Rupees	in '000 -					
and related assets At January 1, Addition during the period / year Deletion during the period / year At September 30 / December 31	569,248	437,528	-	-	569,248	437,528		-	-	-		-
	9,859,061	3,458,959	-	-	9,859,061	3,458,959	-	-	-	-		-
	(10,428,309)	(3,327,239)	-	-	(10,428,309)	(3,327,239)	-	-	-	-	-	-
	•	569,248	-	-	-	569,248	-	-	-	-	-	-
Investments At January 1, Addition during the	897,811	897,811	63,050	63,050	834,761	834,761		-	-	-	-	-
period / year Deletion during the	1,468,680	-	-	-	1,468,680	-	-	-	-	-	-	-
period / year At September 30 /	(1,418,747)	-	-	-	(1,418,747)	-	-	-	-	-	-	-
December 31	947,744	897,811	63,050	63,050	884,694	834,761	•	-	•	-	•	-
Due from financial institutions At January 1, Addition during the period / year Deletion during the period / year At September 30 / December 31	24,985,377	-		-	24,985,377	-		-		-		-
	47,583,691	24,985,377	-	-	47,583,691	24,985,377	-	-	-	-	-	-
	(40,311,847)	-	-	-	(40,311,847)	-	-	-	-	-	-	-
	32,257,221	24,985,377	-	-	32,257,221	24,985,377	•	-	-	-	•	-

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

FINANCIAL INFORMATION (UNAUDITED)

	To	otal	Subs	idiary	Asso	ciates	Direct	tors	Key mana perso			related ties
	Sept 30, 2020 (Unaudited)	Dec 31, 2019 (Audited)										
						Rupees	in '000 -					
Deposits	5,633,852	5,164,559	18,712	10,349	1,217,981	1,171,564	41,160	95,662	163,543	171,382	4,192,456	3,715,602
Provision held against												
investments	17,066	-	•	-	17,066	-	-	-	-	-	-	-
Other Assets Profit receivable on financing / investments /												
placements	617,994	710,269	-	-	617,994	710,269	-	-	-	-	-	-
Fee and Other Receivable	27,475	24,011	23,025	22,408	4,450	1,603	-	-		-	-	-
Sub-ordinated												
Sukuk (Tier II)	378,000	568,000		-	378,000	568,000	-	-	-	-		-
Other Liabilities Payable to defined												
benefit plan	585,124	561,242	-	-	-	-	-	-	342,641	317,180	242,483	244,062
Accrued Expenses	410,394	202,500	2,820	2,500	7,574	-	-	-	-	-	400,000	200,000
Unearned Income	2,084	-	-	-	2,084	-	-	-	-	-	•	-
Contingencies and Commitments Letters of Credit												
(unfunded) Letters of Guarantee	•	26,076	-	-	-	26,076	•	-	•	-	-	-
(unfunded)	416,100	100	100	100	416,000	-	-	-		-	-	-

FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	To	otal	Subs	sidiary	Asso	ciates	Direc	tors	Key mana			related rties
	Sept 30, 2020 (Unaudited)	Sept 30, 2019 (Unaudited)										
D. Character						Rupees	in '000					
Profit earned on financing / investments / placements	3,101,799	34,658			3,101,799	34,658		-		-		-
Fees and other income earned	131,823	92,450	85,071	80,310	46,723	12,140	-	-	8	-	21	-
Dividend income earned	122,457	-	65,000	-	57,457	-		-	-	-	-	-
Capital Gain	15,405	-	-	-	15,405	-	-	-	-	-	-	-
Return on deposits / borrowing expensed	476,553	420,041	2,210	1,582	186,605	105,359	988	1,065	5,370	25,145	281,380	286,890
Charge for defined benefit plan	242,483	210,128		-		-		-	-	-	242,483	210,128
Contribution to defined contribution plan	283,329	233,683		-		-		-	-	-	283,329	233,683
Contribution to staff benevolent fund	32,203	20,000		-		-	-	-	-	-	32,203	20,000
Fees and other administrative expenses	165,651	7,086	11,586	7,086	154,065	-		-	-	-		-
Provision against investments	24,019	-		-	24,019	-		-	-	-		-
Charity Paid	31,000	21,900	-	-	-	-	-	-	-	-	31,000	21,900
Donation	225,000	-	-	-	-	-	-	-	-	-	225,000	-
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	186,646	168,165	-	-	-	-	54,220	33,095	132,426	135,070	-	-
Proceeds from sale of fully depreciated fixed assets	3,616	-	-	-	-	-	-	-	3,616	-		-
Purchase of fixed assets	245,816	-	-	-	245,816	-	-	-		-	-	-

FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
36	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	——— Rupees	in '000 ———
	Minimum Capital Requirement Paid-up capital (net of losses)	14,147,228	12,861,116
	Capital Adequacy Ratio Eligible Common Equity Tier 1 Capital Eligible Additional Tier 1 Capital Total Eligible Tier 1 Capital	64,036,237 7,000,000 71,036,237	48,792,920 7,000,000 55,792,920
	Eligible Tier 2 Capital	21,196,417	15,831,790
	Total Eligible Capital (Tier 1 + Tier 2)	92,232,654	71,624,710
	Risk Weighted Assets Credit Risk Market Risk Operational Risk Total	307,322,074 16,693,146 74,650,912 398,666,132	342,265,372 14,948,695 74,650,912 431,864,979
	Common Equity Tier 1 Capital Adequacy ratio Tier 1 Capital Adequacy Ratio Total Capital Adequacy Ratio	16.06% 17.82% 23.14%	11.30% 12.92% 16.58%
	Leverage Ratio Tier-1 Capital Total Exposures Leverage Ratio	71,036,237 1,544,178,005 4.60%	55,792,920 1,306,069,711 4.27%
	Liquidity Coverage Ratio Total High Quality Liquid Assets Total Net Cash Outflow Liquidity Coverage Ratio	300,074,970 99,581,156 301%	173,028,388 90,017,680 192%
	Net Stable Funding Ratio Total Available Stable Funding Total Required Stable Funding Net Stable Funding Ratio	1,027,412,665 634,009,635 162%	874,633,651 536,584,783 163%

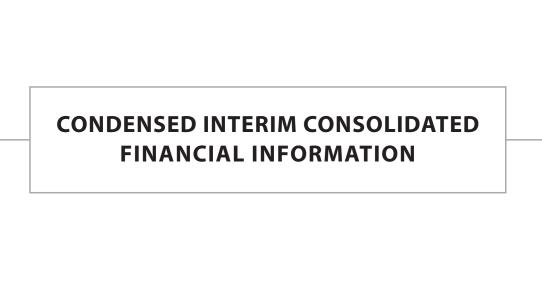
37 NON-ADJUSTING EVENT

The Board of Directors in their meeting held on October 20, 2020 has announced an interim cash dividend @ 40%. This condensed interim unconsolidated financial information does not include the effect of this appropriation which will be accounted for subsequent to the period end.

38 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 20, 2020 by the Board of Directors of the Bank.

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



STATEMENT OF FINANCIAL POSITION **AS AT SEPTEMBER 30, 2020**

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS	Rupee	s in '000 ———
Cash and balances with treasury banks Balances with other banks Due from financial institutions - net Investments - net Islamic financing and related assets - net Fixed assets Intangible assets Deferred tax asset Other assets - net	100,033,221 17,916,732 282,652,839 366,923,180 490,161,818 24,026,243 1,050,591 - 46,377,333	92,193,877 15,414,833 223,689,325 229,667,072 493,775,346 23,663,521 800,532
LIABILITIES	1,329,141,957	1,126,114,963
Bills payable Due to financial institutions Deposits and other accounts Sub-ordinated Sukuk Deferred tax liabilities Other liabilities	24,482,003 61,596,449 1,090,526,006 18,000,000 1,039,525 57,915,580 1,253,559,563	17,186,807 42,047,390 932,568,765 14,000,000 3,008,451 54,522,604 1,063,334,017
NET ASSETS	75,582,394	62,780,946
REPRESENTED BY		
Share capital Reserves Unappropriated profit Surplus on revaluation of assets - net of tax	14,147,228 20,039,856 33,729,736 6,373,327 74,290,147	12,861,116 18,231,980 21,117,202 9,400,835 61,611,133
NON-CONTROLLING INTEREST	1,292,247 75,582,394	1,169,813 62,780,946

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

Riyadh S. A. A. Edrees Chairman

Irfan Siddiqui President & Chief Executive

Faisal A. A. A. AlNassar Mubashar Maqbool Shabbir Hamza Khandwala Director

Director

Chief Financial Officer

PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Quarter ended September 30, 2020	Nine months period ended September 30, 2020	Quarter ended September 30, 2019	Nine months period ended September 30, 2019
		Rupees	s in '000 ———	
Profit / return earned on Islamic financing and		•		
related assets, investments and placements	25,484,091	83,316,762	25,917,799	65,928,888
Profit on deposits and other dues expensed	8,088,664	33,575,383	13,505,175	32,760,188
Net spread earned	17,395,427	49,741,379	12,412,624	33,168,700
OTHER INCOME .	4 004 700	4 0 4 0 0 0 0	1.716.000	5 572 204
Fee and commission income Dividend income	1,886,799 72,521	4,849,933 163,648	1,716,002	5,572,281
Foreign exchange income	304,149	1,602,262	57,683 749,347	165,876 1,823,813
Gain / (loss) on securities - net	38,988	1,002,202	(141,299)	(282,328)
Other income	212,088	457,822	109,314	331,292
other meanic	2,514,545	8,078,282	2,491,047	7,610,934
Total income	19,909,972	57,819,661	14,903,671	40,779,634
OTHER EXPENSES				
Operating expenses	7,694,735	22,279,032	6,611,012	18,288,114
Workers Welfare Fund	242,736	707,114	100,889	445,574
Other charges	867	84,553	66,959	69,114
Total other expenses	7,938,338	23,070,699	6,778,860	18,802,802
·	11,971,634	34,748,962	8,124,811	21,976,832
Share of results of associates before taxation	445,235	89,293	(123,665)	(424,396)
Profit before provisions	12,416,869	34,838,255	8,001,146	21,552,436
Provisions and write offs - net	1,091,069	4,188,165	1,450,253	2,502,490
Extraordinary / unusual items				
Profit before taxation	11,325,800	30,650,090	6,550,893	19,049,946
Taxation	4,448,670	12,189,870	2,662,388	8,157,434
Profit after taxation	6,877,130	18,460,220	3,888,505	10,892,512
Attributable to:				
Shareholders of the Holding company	6,755,802	18,294,372	3,892,778	10,857,332
Non-controlling interest	121,328	165,848	(4,273)	35,180
	6,877,130	18,460,220	3,888,505	10,892,512
		Rup	oees ————	
			Resta	ated
Basic and diluted earnings per share	4.78	12.93	2.75	7.67

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

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

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Quarter ended September 30, 2020	Nine months period ended September 30, 2020	Quarter ended September 30, 2019	Nine months period ended September 30, 2019
		Rupee	s in '000 ———	
Profit after taxation for the period attributable to: Shareholders of the Holding company Non-controlling interest	6,755,802 121,328 6,877,130	18,294,372 165,848 18,460,220	3,892,778 (4,273) 3,888,505	10,857,332
Other Comprehensive income	0,077,130	10,400,220	3,000,303	10,692,312
Item that may be reclassified to profit and loss account in subsequent periods:				
Surplus / (deficit) on revaluation of investments	2,437,094	(4,657,704)	828,453	442,371
Deferred tax on revaluation of investments	(852,983)	1,630,196	(289,959)	(154,830)
	1,584,111	(3,027,508)	538,494	287,541
Item that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurements of defined benefit plan	-	(33,859)	-	12,796
Tax on remeasurements of defined benefit plan		9,819	-	(3,711)
Deficit on revaluation of non - banking assets	-	-	-	(14,785)
Deferred tax on revaluation of non - banking assets	-	- (24.040)	-	5,175
Other comprehensive income / (loss) for the period	1,584,111	(24,040) (3,051,548)	538,494	(525) 287,016
Total comprehensive Income for the period	8,461,241	15,408,672	4,426,999	11,179,528
Attributable to: Shareholders of the Holding company Non-controlling interest	8,339,913 121,328 8,461,241	15,251,238 157,434 15,408,672	4,431,272 (4,273) 4,426,999	11,141,167 38,361 11,179,528

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

Riyadh S. A. A. Edrees Chairman

Irfan Siddiqui President & Chief Executive Faisal A. A. A. AlNassar Mubashar Maqbool Shabbir Hamza Khandwala Director

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Canital reserves			Revenue reserve	llnannro-	Surplus / (deficit) on revalution of		Non	Total	
	Share capital	Share premium	Statutory reserve *	Non - Distributable Capital Reserve Gain on Bargain Purchase	General reserve	profit	Invest- ments	Non- banking assets	interest	Total
					Rupees	in '000				
Balance as at January 1, 2019	11,691,924	2,406,571	9,570,365	3,117,547	91,082	15,738,899	(68,035)	22,152	1,006,434	43,576,939
Profit after taxation for the 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 surplys 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	4.440.400					(4.4.50.4.00)				
Issue of bonus shares Final cash dividend for the year 2018	1,169,192	-	-	-	-	(1,169,192)		_	-	(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) (4,793,689)	-	-	-	(1,286,112) (4,793,689)
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
Profit after taxation for the guarter ended ended becember 31, 2019	_	_	_	_	_	4,727,109	_	_	160,018	4,887,127
Other Comprehensive income for the quarter ended December 31, 2019 - net of tax	_	_	_	_	_	80,694	9,168,209	3,250	_	9,252,153
	-	-	-	-	-	4,807,803	9,168,209	3,250	160,018	14,139,280
Other appropriations Transfer to statutory reserve	-	-	858,405	-	-	(858,405)	-	-	-	-
Transactions with owners recognised directly in equity										
Third Interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
Dividend payout by Subsidiary Balance as at December 31, 2019	12,861,116	2,406,571	12,616,780	3,117,547	91,082	21,117,202	9,387,715	13,120	(35,000) 1,169,813	(35,000) 62,780,946
,										
Profit after taxation for the nine months period ended September 30, 2020	-	-	-	-	-	18,294,372	-	-	165,848	18,460,220
Other Comprehensive loss for the nine months period ended September 30, 2020 - net of tax		-	-	-		(15,626) 18,278,746	(3,027,508)	-	(8,414) 157,434	(3,051,548) 15,408,672
Other appropriations Transfer to statutory reserve	_		1,807,876			(1,807,876)	-		-	-
Transactions with owners recognised directly in equity			, ,			. , , /				
Issue of bonus shares	1,286,112	-	-	-	-	(1,286,112)	-	-	-	-
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	-	(2,572,224)
Dividend payout by Subsidiary	- 14 147 222	2 406 571	14 424 455	- 2 117 547	- 01 002	- 22 720 724		- 12 122	(35,000)	(35,000)
Balance as at September 30, 2020	14,147,228	2,406,5/1	14,424,656	3,117,547	91,082	33,729,736	6,360,207	13,120	1,292,24/	75,582,394

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

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

Riyadh S. A. A. Edrees Chairman

Irfan SiddiquiPresident & Chief Executive

Faisal A. A. A. AlNassar Director

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

CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Nine Months period ended September 30, 2020	Nine Months period ended September 30, 2019
	Rupees	in '000 ———
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation Less: Dividend income	30,650,090 (163,648)	19,049,946 (165,876)
Adjustments for non-cash charges and other items:	30,486,442	18,884,070
Depreciation	1,588,680	1,288,094
Amortization	173,865	218,470
Provisions and write offs - net	4,188,165	2,502,490
Non cash items related to right of use assets Gain on sale of fixed assets	2,547,438 (82,306)	2,068,610 (47,552)
Share of results of associates	(89,293)	424,396
Share of results of associates	8,326,549	6,454,508
	38,812,991	25,338,578
Decrease / (increase) in operating assets	(50.062.514)	2 620 404
Due from financial institutions Islamic financing and related assets	(58,963,514) (313,768)	3,629,404 38,582,392
Other assets	550,356	(9,481,596)
	(58,726,926)	32,730,200
(Decrease) / increase in operating liabilities		(2.112.222)
Bills payable	7,295,196	(8,449,229)
Due to financial institutions Deposits and other accounts	19,549,059 157,957,241	4,821,494 53,455,840
Other liabilities	(178,471)	1,454,708
	184,623,025	51,282,813
	164,709,090	109,351,591
Income tax paid	(8,691,549)	(6,975,215)
Net cash flow from operating activities	156,017,541	102,376,376
•		, ,
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(142,091,578)	(91,937,849)
Dividends received	152,367	127,843
Investments in fixed assets	(2,747,931)	(3,808,492)
Investments in intangible assets	(423,924)	(271,669)
Proceeds from sale of fixed assets Net cash used in investing activities	116,054 (144,995,012)	84,653 (95,805,514)
Net cash used in investing activities	(144,993,012)	(93,003,314)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of Sub-ordinated Sukuk - Tier II	4,000,000	- (4 620 720)
Payment of lease liability against right-of-use assets Dividend paid to equity shareholders of the Bank	(2,072,987)	(1,638,728) (3,504,010)
Dividend paid to equity shareholders of the bank Dividend paid to non controlling interest	(2,573,299) (35,000)	(3,304,010)
Net cash used in financing activities	(681,286)	(5,142,738)
Increase in cash and cash equivalents	10,341,243	1,428,124
Cash and cash equivalents at the beginning of the period	107,608,710	73,299,558
Cash and cash equivalents at the end of the period	117,949,953	74,727,682

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

1 BASIS OF PRESENTATION

- 1.1 This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Gold Fund, Meezan Energy Fund, Meezan Strategic Allocation Fund III and Meezan Rozana Amdani Fund.
- **1.2** This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- **1.3** This condensed interim consolidated financial information comprise of the statement of financial position as at September 30, 2020 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, 2020.

2 ACCOUNTING POLICIES

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

3 DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue on October 20, 2020 by the Board of Directors of the Holding company.







Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan. PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332 www.meezanbank.com





