



Meezan Bank
The Premier Islamic Bank



FORM-8

May 20, 2020

CS/PSX-15/087/2020

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Transmission of Quarterly Report for the Period Ended March 31, 2020

Dear Sir,

السَّلَامُ عَلَيْكُمْ

We have to inform you that the Quarterly Report of the Bank for the period ended **March 31, 2020** have been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Muhammad Sohail Khan
Company Secretary

Encl: As above.



FIRST QUARTERLY REPORT
MARCH 31, 2020



Meezan Bank
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah The Beneficent The Merciful

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DIRECTORS' REVIEW

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

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

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

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

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

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

DIRECTORS' REVIEW

Financial Highlights

Rupees in millions

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

Rupees in millions

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

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

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

The Bank's operating and other expenses increased to Rs 7,111 million from Rs 5,451 million in corresponding period last year primarily due to increase in cost associated with opening of 98 new branches from March 2019 - an investment in future. However, this rise in expenses is sufficiently absorbed by the growth in the Bank's funded and non-funded income resulting in improvement in income efficiency ratio. The Bank's income efficiency ratio now stands at 40% as compared to 51% in March 2019.

DIRECTORS' REVIEW

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

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

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

The VIS Credit Rating Company Limited, has assigned the Bank an Entity Rating of 'AA+' (Double A Plus) for the Long Term and 'A1+' (A-One Plus) for the Short Term with stable outlook. The Subordinated Tier II Sukuk and Additional Tier I Sukuk of the Bank has been assigned a credit rating of 'AA' (Double A) and 'AA-' (Double A Minus) respectively. These ratings were assigned in 2019 and represent sound performance indicators of the Bank.

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

On behalf of the Board

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
May 05, 2020

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2020 کو ختم ہونے والی سہ ماہی کے لئے میزان بینک لمیٹڈ کے مختصر عبوری غیر جانچ شدہ مالیاتی حسابات اور انضمامی مالیاتی حسابات پیش کرتا ہے۔ اگرچہ عام طور پر ہم اپنے تجزیہ کا آغاز مالیاتی نتائج کی وضاحت سے کرتے ہیں، تاہم اس سہ ماہی میں ہماری توجہ ایک تو کورونا وائرس کی عالمی وبا پر مرکوز ہے جس نے دنیا بھر میں کاروبار حیات کو منجمد کر کے رکھ دیا ہے اور دوسرا یہ کہ میزان بینک اس بے مثال بحران سے کیسے نبرد آزما ہے۔

ہم رسول اللہ ﷺ کی اس دعا سے آغاز کرتے ہیں کہ:

”اے اللہ، ہمیں اس آفت اور اس مرض سے محفوظ فرما۔“ (آمین)

میزان بینک اس بیماری کا مقابلہ کرنے کے لئے اپنے معاشرتی طبقات سے تعاون کے لئے پرعزم ہے۔ اس بات کا یقین رکھتے ہیں کہ ہم اپنے تقریباً 12,000 افراد پر مشتمل مضبوط عملیاتی صحت کی حفاظت کے لئے ہر ممکن اقدامات کر رہے ہیں اور اسی دوران، ایک ”لازمی خدمت“ (Essential Service) کے طور پر اس بات کو یقینی بنانا ہے کہ ہم اپنے تمام صارفین کو بلا کسی رکاوٹ کے بینکاری خدمات فراہم کرتے رہیں۔ اس مقصد کے لئے ہم نے اپنے کاروباری تسلسل کے منصوبوں (Business Continuity Plans) کو فعال و متحرک بنایا ہے جس کے لئے ہم نے قبل ازیں انفراسٹرکچر، ٹیکنالوجی (ہارڈ ویئر اور سافٹ ویئر) اور ٹریننگ کے شعبہ جات میں بھاری سرمایہ کاری کر رکھی تھی۔ اس سرمایہ کاری کے ثمرات ظاہر ہوئے اور ہم نے تقریباً 70 فیصد عملے کو کامیابی سے متبادل مقامات، یا اپنے گھروں سے محفوظ انداز میں کام کرنے کو یقینی بنایا تاکہ بیماری لگنے اور پھیلنے کے خطرات کو کم کیا جاسکے اور اس کے ساتھ ساتھ ”سماجی فاصلہ“ کو بھی یقینی بنایا جاسکے۔

آپ کو یہ جان کر اطمینان ہوگا کہ ہماری بائیس سالہ تاریخ میں بینکاری صنعت کو متعدد چیلنجز کا سامنا رہا ہے اور الحمد للہ، اس تمام عرصے میں ہم ان چیلنجز سے نمٹنے اور اپنے متعلقین اور حصص یافتگان کے مفادات کا تحفظ کرنے میں کامیاب رہے ہیں۔ آپ کو یہ جان کر خوشی ہوگی کہ ہم نے کبھی بھی ڈیویڈنڈ کی ادائیگی ترک نہیں کی۔ ہمیں یقین ہے کہ انشاء اللہ ہم اپنا یہ بے داغ ریکارڈ قائم رکھنے میں کامیاب رہیں گے۔ اگرچہ اسٹیٹ بینک آف پاکستان نے حال ہی میں تمام بینکوں کو 2020 کی پہلی دو سہ ماہیوں کے لئے ڈیویڈنڈ کی ادائیگی سے روک دیا ہے، تاہم جیسے ہی یہ پابندی ختم ہوگی، ہم ڈیویڈنڈ کی ادائیگی کا سلسلہ شروع کر دیں گے۔

اسٹیٹ بینک آف پاکستان (SBP) نے صارفین کے لکویڈیٹی کے مسائل کے حل کے لئے متعدد ریلیف پیکیجز کا اعلان کیا ہے اور ہم ان اقدامات میں مکمل تعاون کے لئے پرعزم ہیں۔ درحقیقت ہم ایک قدم آگے رہے ہیں، اسٹیٹ بینک آف پاکستان کے اعلان کردہ ایک ریلیف پیکیج میں اسپتالوں کو COVID-19 سے نمٹنے کے لئے آلات کے حصول میں مدد کے لئے رعایتی فنانسنگ فراہم کی جا رہی ہے، جس کے تحت ہم نے اسپتالوں کو بلا منافع یعنی 0% پرفنانسنگ فراہم کی ہے، اگرچہ اسٹیٹ بینک آف پاکستان نے بینکوں کو 3% منافع کے حصول کی اجازت دی ہے۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے مارچ، 2020 اور بعد ازاں اپریل، 2020 میں پالیسی شرح پر نظر ثانی کرتے ہوئے مجموعی طور پر 425 پیسے پوائنٹس کی کمی کی اور پالیسی ریٹ کو 13.25% سے 9.00% تک کم کر دیا تاکہ معاشی سرگرمیوں کو تحریک دی جاسکے۔

آپ کو ہماری پہلی سہ ماہی کے نتائج دیکھ کر خوشی ہوگی کہ بینک اسی مدت میں انتہائی مستحکم اور فائدہ مند رہا اور ہمیں یقین ہے کہ انشاء اللہ ہم COVID-19 سے پیدا ہونے والے ہر قسم کے چیلنجز سے نبرد آزما ہو سکیں گے۔ اس کوشش میں ہمیں آپ کے تعاون اور دعاؤں کی ضرورت ہے۔

میزان بینک کے اہم مالیاتی نکات درج ذیل ہیں:

اہم مالیاتی نکات

روپے (ملین میں)

نفع و نقصان کھاتہ	جنوری تا مارچ، 2020	جنوری تا مارچ، 2019	اضافہ کی شرح %
آمدنی۔ خالص	14,718	8,853	66%
غیر مالیاتی آمدنی	3,191	1,949	64%
کل آمدنی	17,909	10,802	66%
انتظامی اور دیگر اخراجات	(7,111)	(5,451)	30%
ٹیکسیشن	(3,655)	(2,652)	38%
بعد از ٹیکس منافع	5,505	2,800	97%
منافع فی حصص (روپے میں)	4.28	2.18	97%
شاخوں کی تعداد	774	676	14%

مالیاتی حیثیت کا جائزہ	31 مارچ، 2020	31 دسمبر، 2019	اضافہ کی شرح %
سرمایہ کاری / بیج مچل کے تحت تعیناتی	493,550	449,335	10%
اسلامی فنانسنگ اور متعلقہ اثاثے۔ خالص	472,940	493,775	(4%)
کل اثاثے	1,138,312	1,121,258	2%
جمع شدہ قیوم (Deposits)	928,389	932,579	(0%)
ثانوی صکوک (اضافی Tier I اور Tier II)	18,000	14,000	29%
ایکویٹی	59,373	59,015	1%

الحمد للہ، میزان بینک نے 31 مارچ، 2020 کو ختم ہونے والی پہلی سہ ماہی میں بہترین کارکردگی کا مظاہرہ جاری رکھا ہے اور گزشتہ سال کی اسی مدت کے 2,800 ملین روپے کے مقابلے میں 5,505 ملین روپے کا بعد از ٹیکس منافع ظاہر کیا ہے، جو کہ 97 فیصد اضافہ ہے۔ اضافہ شدہ سرمائے پر فی حصص آمدنی مارچ، 2019 کے 2.18 روپے فی حصص کے مقابلے میں بڑھ کر 4.28 روپے فی حصص ہو گئی۔

بینک کے اصل منافع میں 66 فیصد کا اضافہ ہوا جس کی بنیادی وجہ آمدنی والے اثاثوں کے پورٹ فولیو کا زیادہ حجم برقرار رکھنا اور زیادہ بنیادی پالیسی شرح تھی جو دوران سہ ماہی اوسطاً 13.04 فیصد رہی، جبکہ گزشتہ سال کی اسی مدت میں یہ شرح اوسطاً 10.16 فیصد رہی تھی۔ بینک کی نان فنڈڈ آمدنی گزشتہ سال کی اسی مدت کے 1.9 ارب روپے کے مقابلے میں بڑھ کر 3.2 ارب روپے ہو گئی، اس 64 فیصد اضافے کی بنیادی وجوہات میں غیر ملکی زرمبادلہ کی زیادہ آمدنی اور 680 ملین روپے کی سیکورٹیز کی فروخت سے ہونے والا منافع شامل تھا۔

بینک کے انتظامی اور دیگر اخراجات گزشتہ سال کی اسی مدت کے 5,451 ملین روپے کے مقابلے میں بڑھ کر 7,111 ملین روپے ہو گئے، جس کی بنیادی وجہ وہ اخراجات تھے جو مارچ، 2019 کے بعد سے 98 نئی برانچیں کھولنے پر ہوئے، جو کہ مستقبل کے لئے سرمایہ کاری ہے۔ تاہم اخراجات میں اس اضافے کو بینک کی فنڈڈ اور نان فنڈڈ آمدنی میں اضافے نے کافی حد تک جذب کر لیا اور جس کا نتیجہ آمدنی کی شرح استعداد (Income Efficiency Ratio) میں بہتری کی صورت میں برآمد ہوا۔ بینک کا اگم انفیٹیشن ریٹو مارچ، 2019 کے 51 فیصد کے مقابلے میں 40 فیصد پر برقرار ہے۔

بورڈ نے COVID-19 کے پھیلاؤ کے باعث درپیش معاشی چیلنجز کے پیش نظر مکنہ غیر فعال فنانسنگ اور فنانسنگ حصول کنندگان پر دباؤ کی وجہ سے 1 ارب روپے کی اضافی عمومی پروویڈنڈ کی منظوری دی ہے۔ بینک نے اپنی غیر فعال فنانسنگز کی مد میں 147 فیصد کو ریٹو کے ساتھ پروویڈنڈ کی تسلی بخش شرح برقرار رکھی ہے جو بینکاری صنعت کی بلند ترین شرحوں میں سے ایک ہے۔ بینک کی غیر فعال فنانسنگز کی شرح بینکاری صنعت کی 9 فیصد شرح کے مقابلے میں 1.9 فیصد پر برقرار ہے۔

بینک کے مجموعی اثاثے دسمبر، 2019 کے 1,121 ارب روپے کے مقابلے میں قدرے اضافے کے ساتھ 1,138 ارب روپے رہے۔ بینک کی فنانسنگ میں دسمبر، 2019 کے 494 ارب روپے کے مقابلے میں کمی واقع ہوئی جس کی بنیادی وجہ مخصوص مدت کی فنانسنگ (Seasonal Financing) کی ادائیگی اور معاشی سرگرمیوں کی سست رفتار تھی۔ بینک کا متنوع فنانسنگ پورٹ فولیو اعلیٰ درجہ کے کارپوریٹ، کمرشل، اوسط درجہ کے چھوٹے اور درمیانے کاروبار (SME) اور کنزیومر شعبہ جات پر مشتمل ہے۔ بینک کی توجہ اعلیٰ معیار کا متنوع فنانسنگ پورٹ فولیو قائم کرنے پر مرکوز ہے۔

بینک نے اپنی جمع شدہ رقوم (Deposits) دسمبر، 2019 کے 933 ارب روپے کے مقابلے میں 928 ارب روپے پر برقرار رکھیں۔ بینک کی کرنٹ اکاؤنٹ کی اوسط جمع شدہ رقوم میں گزشتہ سال کی اسی مدت کے مقابلے میں 18 فیصد کا اضافہ ہوا، جو بینک کی خالص آمدنی میں اضافہ میں معاون ثابت ہوا۔ بینک نے اپنی وسعت کا سلسلہ جاری رکھا اور اپنے نیٹ ورک میں 14 نئی برانچوں کا اضافہ کیا، جس سے اس کی برانچوں کی تعداد 231 شہروں میں 774 ہو گئی (دسمبر، 2019: 223 شہروں میں 760 برانچیں)۔ بینک کا کینیڈا ایڈیٹوریٹس ریٹریٹ 31 مارچ، 2020 تک 18.02 فیصد کی تسلی بخش شرح پر برقرار رہا ہے جو 11.50 فیصد کی کم از کم قانونی ضرورت سے کافی زیادہ ہے۔

VIS کریڈٹ ریٹنگ کمپنی نے بینک کو مستحکم آثار کے ساتھ AA+ (ڈبل اے پلس) طویل المیعاد ریٹنگ اور A1+ (اے ون پلس) قلیل المیعاد ریٹنگ دی ہے۔ VIS کریڈٹ ریٹنگ کمپنی نے بینک کے ثانوی Tier II صکوک اور اضافی Tier I صکوک کو بالترتیب AA (ڈبل اے) اور AA- (ڈبل اے مائنس) ریٹنگ دی ہے۔ یہ ریٹنگز 2019 میں تفویض کی گئیں جو بینک کی مستحکم کارکردگی کے اشاروں کی نشاندہی کرتی ہیں۔

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

(منجانب بورڈ)

عرفان صدیقی
صدر اور CEO

ریاض امین، اے۔ اے۔ اور لیس
چیئرمین

کراچی:

05 مئی، 2020

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020**

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	Note 3.2.1	Quarter ended March 31, 2020	Restated Quarter ended March 31, 2019
		———— Rupees in '000 ————	
Profit after taxation for the quarter		5,505,456	2,799,931
Other comprehensive income			
Items that may be reclassified to			
profit and loss account in subsequent periods:			
(Deficit) / surplus on revaluation of investments	20	(3,962,184)	203,089
Deferred tax on revaluation of investments		1,386,764	(71,081)
		(2,575,420)	132,008
Deficit on revaluation of non - banking assets	20	-	(14,785)
Deferred tax on revaluation of non - banking assets		-	5,175
		-	(9,610)
Other Comprehensive (Loss) / Income for the quarter		(2,575,420)	122,398
Total Comprehensive Income for the quarter		2,930,036	2,922,329

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020**

	Capital reserves			Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Total	
	Share capital	Share premium	Statutory reserve *	Non-Distributable Capital Reserve Gain on Bargain Purchase		General reserve	Investments		Non-banking Assets
Rupees in '000									
Balance as at January 01, 2019	11,691,924	2,406,571	9,570,365	3,117,547	66,766	13,525,765	(68,035)	22,152	40,333,055
Profit after taxation for the quarter ended March 31, 2019 - Restated (Note 3.2.1)	-	-	-	-	-	2,799,931	-	-	2,799,931
Other Comprehensive income for the quarter ended March 31, 2019 - net of tax	-	-	-	-	-	-	132,008	(9,610)	122,398
	-	-	-	-	-	2,799,931	132,008	(9,610)	2,922,329
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	39	-	(39)	-
Other appropriations									
Transfer to statutory reserve - Restated (Note 3.2.1)	-	-	279,993	-	-	(279,993)	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	-
Balance as at March 31, 2019 - Restated	11,691,924	2,406,571	9,850,358	3,117,547	66,766	13,707,357	63,973	12,503	40,916,999
Profit after taxation for the nine months period ended December 31, 2019	-	-	-	-	-	12,432,143	-	-	12,432,143
Other Comprehensive income for the nine months period ended December 31, 2019 - net of tax	-	-	-	-	-	80,694	9,323,742	3,250	9,407,686
	-	-	-	-	-	12,512,837	9,323,742	3,250	21,839,829
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	40	-	(40)	-
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,593	-	(2,593)	-
Other appropriations									
Transfer to statutory reserve	-	-	2,766,422	-	-	(2,766,422)	-	-	-
Transactions with owners recognised directly in equity									
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-
First interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	(1,169,192)
Second interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	(1,286,112)
Third interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	(1,286,112)
	-	-	-	-	-	(3,741,416)	-	-	(3,741,416)
Balance as at December 31, 2019	12,861,116	2,406,571	12,616,780	3,117,547	66,766	18,545,797	9,387,715	13,120	59,015,412
Profit after taxation for the quarter ended March 31, 2020	-	-	-	-	-	5,505,456	-	-	5,505,456
Other Comprehensive loss for the quarter ended March 31, 2020 - net of tax	-	-	-	-	-	-	(2,575,420)	-	(2,575,420)
	-	-	-	-	-	5,505,456	(2,575,420)	-	2,930,036
Other appropriations									
Transfer to statutory reserve	-	-	550,546	-	-	(550,546)	-	-	-
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	(2,572,224)
Balance as at March 31, 2020	12,861,116	2,406,571	12,861,116	3,117,547	66,766	20,928,483	6,812,295	13,120	59,373,224

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020**

	Note 3.2.1	Restated
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,160,920	5,451,497
Less: Dividend income	<u>(124,577)</u>	<u>(33,126)</u>
	9,036,343	5,418,371
Adjustments for non-cash charges and other items:		
Depreciation	478,644	399,722
Amortization	56,706	56,333
Non cash item related to rental properties	823,858	751,444
Provisions / (reversals) and write offs - net	1,637,731	(99,947)
Gain on sale of fixed assets	<u>(23,567)</u>	<u>(6,556)</u>
	2,973,372	1,100,996
	12,009,715	6,519,367
Decrease / (increase) in operating assets		
Due from financial institutions	<u>(54,961,950)</u>	96,567,672
Islamic financings and related assets	19,779,201	18,624,872
Other assets	<u>(6,218,832)</u>	<u>(4,421,721)</u>
	(41,401,581)	110,770,823
(Decrease) / increase in operating liabilities		
Bills payable	<u>(32,591)</u>	(4,480,226)
Due to financial institutions	8,270,087	(3,862,695)
Deposits and other accounts	<u>(4,189,788)</u>	(15,994,984)
Other liabilities	7,150,051	9,749,668
	11,197,759	(14,588,237)
Income tax paid	<u>(18,194,107)</u>	102,701,953
Net cash flow from / (used in) operating activities	(21,652,484)	100,401,139
CASH FLOW FROM INVESTING ACTIVITIES		
Net redemption / (investments) in securities	6,193,239	(94,664,146)
Dividends received	71,932	5,044
Investments in fixed assets	<u>(1,197,161)</u>	(929,219)
Investments in intangible assets	<u>(187,883)</u>	(50,386)
Proceeds from sale of fixed assets	30,700	11,031
Net cash flow from / (used in) investing activities	4,910,827	(95,627,676)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of Sub-ordinated Sukuk - Tier II	4,000,000	-
Payment of lease liability against right-of-use assets	<u>(650,944)</u>	(567,164)
Dividend paid	<u>(1,091)</u>	(5,929)
Net cash flow from / (used in) financing activities	3,347,965	(573,093)
(Decrease) / increase in cash and cash equivalents	<u>(13,393,692)</u>	4,200,370
Cash and cash equivalents at the beginning of the quarter	32 107,565,594	73,277,228
Cash and cash equivalents at the end of the quarter	32 94,171,902	77,477,598

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

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

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2** The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3** The Bank was operating through seven hundred and seventy four branches as at March 31, 2020 (December 31, 2019: seven hundred and sixty branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2018, the VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term as 'AA+' and the short-term rating as "A1+" with stable outlook.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar, and Export Refinance under Islamic Export Refinance Scheme and long term financing facility under Islamic Long Term Financing Facility of the State Bank of Pakistan respectively.

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

3 STATEMENT OF COMPLIANCE

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

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

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

3.2 Significant accounting policies and Financial Risk Management

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

3.2.1 In June 2019, the Bank adopted IFRS 16 'Leases' with effect from January 01, 2019 for all Ijarah (lease) contracts where the Bank acts in capacity of Mustajir (lessee) as directed by the SBP vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019. Accordingly, the financial information for the quarter ended on March 31, 2019 has been restated to account for this change in accounting policy as reported in the audited annual financial statements of the Bank for the year ended December 31, 2019. Consequently, profit after tax for the quarter ended March 31, 2019 decreased by Rs 51 million.

3.2.2 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019. During the quarter ended March 31, 2020 the global economic environment including Pakistan has been severely affected by the COVID-19 outbreak.

The SBP has taken various measures to provide relief to the businesses including reduction in SBP Policy Rate, facilitating rescheduling / restructuring of financing facilities on case to case basis etc. Further, with a view to conserve the capital of banking institutions, the SBP has also advised banks to suspend dividend distributions for the quarter ended 31 March 2020 and half-year ending 30 June 2020.

The Bank's management and Board is fully cognisant of the business challenges posed by the COVID-19 outbreak and lock down imposed by the Government of Pakistan. The Bank continues its operations to serve customers through its branch network across Pakistan and the digital channels by observing the Government instructions and adopting all possible precautionary measures. The Bank is closely monitoring the possible impacts on the Bank's financing portfolio, capital and liquidity positions.

In view of the business challenges posed by the COVID-19 outbreak and the lockdown, the management has exercised prudence and booked General Provision of Rs 1 billion during the quarter ended March 31, 2020. Further, the management of the Bank believes that its current policies for managing credit, liquidity and market risk are adequate in response to the current situation.

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

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

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

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

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

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

4 BASIS OF MEASUREMENT

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

4.2 Functional and presentation currency

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

4.3 Rounding off

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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FOR THE QUARTER ENDED MARCH 31, 2020**

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

8.1 The average return on this product is 12.67% (December 31, 2019: 13.05%) per annum. These balances have maturities ranging between April 2020 to January 2021 (December 31, 2019: January 2020 to October 2020).

8.2 The average return on this product is 11.60% (December 31, 2019: 11.25%) per annum. These balances are maturing latest by April 2020 (December 31, 2019: January 2020).

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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FOR THE QUARTER ENDED MARCH 31, 2020**

9 INVESTMENTS - NET

March 31, 2020 (Unaudited)				December 31, 2019 (Audited)			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

9.1 Investments by types

Rupees in '000

Available for sale securities

Federal Government Securities

- Ijarah Sukuk
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)

12,946,006	-	(83,502)	12,862,504	13,006,137	-	(213,851)	12,792,286
83,652,209	-	-	83,652,209	83,652,209	-	-	83,652,209

Non Government Sukuk

- Pakistan Energy Sukuk-I guaranteed by the Government of Pakistan
- Other Sukuk guaranteed by the Government of Pakistan
- Other Non Government Sukuk

78,118,484	-	10,141,292	88,259,776	84,700,000	-	12,662,650	97,362,650
11,690,970	-	-	11,690,970	11,690,970	-	-	11,690,970
4,889,085	159,861	-	4,729,224	5,036,393	162,883	-	4,873,510

Foreign Securities

8,366,898	-	49,478	8,416,376	7,774,672	-	318,883	8,093,555
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Shares (including units of fund)

6,813,204	2,796,758	373,188	4,389,634	6,809,714	2,201,501	1,674,958	6,283,171
206,476,856	2,956,619	10,480,456	214,000,693	212,670,095	2,364,384	14,442,640	224,748,351

In related parties

Subsidiary (unlisted)

- Shares

63,050	-	-	63,050	63,050	-	-	63,050
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Associates (listed)

- Units of funds

834,761	-	-	834,761	834,761	-	-	834,761
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Total Investments

207,374,667	2,956,619	10,480,456	214,898,504	213,567,906	2,364,384	14,442,640	225,646,162
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020**

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
9.2 Provision against diminution in value of investments		
Opening balance	2,364,384	1,274,845
Charge / (reversals) for the quarter / year		
On available for sale securities		
- charge for the quarter / year on equity instruments	667,764	1,385,492
- reversals for the quarter / year on recovery of debt instruments	(3,022)	(7,752)
- reversals for the quarter / year on disposals of equity instruments	(72,507)	(288,201)
	592,235	1,089,539
Closing balance	2,956,619	2,364,384

	March 31, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Non- performing investment	Provision held	Non- performing investment	Provision held
	Rupees in '000			
9.3 Particulars of provision against Sukuk				
Category of classification				
Loss	159,861	159,861	162,883	162,883

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

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Rupees in '000			
10 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	10.1	7,745,275	8,633,318
- Advances against Murabaha		2,588,188	4,902,247
- Murabaha inventory		1,198,960	2,095,550
- Financing under Islamic Export Refinance - Murabaha	10.2	881,225	369,441
- Advance against Islamic Export Refinance - Murabaha		436,155	540,715
		12,849,803	16,541,271
Running Musharakah financing			
- Running Musharakah financing		100,833,445	129,472,197
- Financing under Islamic Export Refinance - Running Musharakah		29,534,857	24,671,638
		130,368,302	154,143,835
Istisna financing and related assets			
- Istisna financing		6,020,308	4,684,962
- Advances against Istisna		45,862,451	34,435,537
- Istisna inventory		13,512,521	11,117,387
- Financing under Islamic Export Refinance - Istisna		103,444	189,215
- Advances under Islamic Export Refinance - Istisna		8,573,635	6,967,796
- Inventory under Islamic Export Refinance - Istisna		1,284,021	975,428
		75,356,380	58,370,325
Tijarah financing and related assets			
- Tijarah financing		6,070,744	561,345
- Tijarah inventory		8,009,117	11,032,825
- Financing under Islamic Export Refinance - Tijarah		767,093	1,070,970
- Inventory under Islamic Export Refinance - Tijarah		392,644	353,531
		15,239,598	13,018,671
Musawammah financing and related assets			
- Musawammah financing	10.3	8,696,230	11,009,024
- Musawammah Inventory		6,476,107	5,759,913
- Advances against Musawammah		4,779,402	9,618,012
- Financing under Islamic Export Refinance - Musawammah	10.4	687,030	886,944
- Inventory under Islamic Export Refinance - Musawammah		95,000	45,000
- Advances under Islamic Export Refinance - Musawammah		246,700	123,500
		20,980,469	27,442,393
Salam Financing and related assets			
- Salam Financing		179,722	811,378
- Salam Inventory		1,717,311	2,710,138
- Advances against Salam		4,266,043	6,947,051
		6,163,076	10,468,567
Financing against bills			
- Financing against bills - Salam		6,002,601	7,461,667
- Advances against bills - Salam		1,738	1,738
		6,004,339	7,463,405
Bai Muajjal financing			
	10.5	1,474,998	1,474,998
Ijarah financing and related assets			
- Net investment in Ijarah		113,198	113,501
- Net book value of assets/investment in Ijarah under IFAS 2		48,093,970	48,493,395
- Net book value of assets/investment in Ijarah under IFAS 2 under SBP's ILTF	10.7	50,680	58,118
		48,257,848	48,665,014
- Advances against Ijarah		3,445,213	3,727,830
- Advances against Ijarah under SBP's ILTF		163,531	118,905
		51,866,592	52,511,749

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
10.4 Financing under Islamic Export Refinance - Musawammah - gross	700,540	899,031
Less: Deferred income	(7,345)	(7,015)
Profit receivable shown in other assets	(6,165)	(5,072)
Financing under Islamic Export Refinance - Musawammah	687,030	886,944
10.5 Bai Muajjal financing - gross	1,701,154	1,701,154
Less: Deferred income	(90,462)	(146,846)
Profit receivable shown in other assets	(135,694)	(79,310)
Bai Muajjal financing	1,474,998	1,474,998
10.6 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 37,305 million (December 31, 2019: Rs 35,439 million).		
10.7 Islamic financing and related assets include Rs. 9,411 million (December 31, 2019: Rs. 8,996 million) which have been placed under non-performing status as detailed below:		

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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10.8 Particulars of provision against non-performing Islamic financing and related assets:

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

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

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

10.8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at March 31, 2020 amounts to Rs 39.1 million (December 31, 2019: Rs 33.4 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 25.4 million as at March 31, 2020 (December 31, 2019: Rs 21.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
	Rupees in '000	
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the quarter is as follows:		
Leasehold improvements	178	21
Furniture and fixture	-	48
Electrical, office and computer equipment	-	41
Vehicles	6,955	4,365
	7,133	4,475

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
		Rupees in '000	
12 INTANGIBLE ASSETS			
Computer Software		721,744	614,572
Advance against computer software		189,814	165,809
	12.1	911,558	780,381

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
	Rupees in '000	
12.1 Additions to intangible assets	187,883	50,386

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
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FOR THE QUARTER ENDED MARCH 31, 2020**

16 DEPOSITS AND OTHER ACCOUNTS

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

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Rupees in '000			
17 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	17.1	7,000,000	7,000,000
Tier II Sukuk	17.2	11,000,000	7,000,000
		18,000,000	14,000,000

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

Credit Rating	AA- (Double A minus) by VIS Credit Rating Company Limited
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 15.22% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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

Credit Rating	AA (Double A) by VIS Credit Rating Company Limited
Issue Date	September 22, 2016 and January 09, 2020
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk are 13.95% and 14.67% per annum respectively.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk upon directive of the SBP, if such payment will result in a shortfall in the Bank's minimum capital requirement, capital adequacy ratio requirement or leverage ratio requirement.

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	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Rupees in '000			
18 DEFERRED TAX ASSETS			
Taxable temporary differences due to:			
Excess of accounting book values over tax written down values of owned assets		359,934	390,837
Surplus on revaluation of available for sale investments		3,668,161	5,054,925
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims		7,064	7,064
		4,035,159	5,452,826
Deductible temporary differences due to:			
Provision for diminution / impairment in value of investments		(1,114,189)	(906,906)
Provision against non-performing Islamic financing and related assets		(133,182)	(109,358)
Income not accrued due to non-culmination of financing		(1,585,483)	(1,435,933)
Provision against non-banking assets acquired in satisfaction of claims and other assets		(165,939)	(170,771)
		(2,998,793)	(2,622,968)
		1,036,366	2,829,858
19 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		6,524,484	6,434,891
- payable in foreign currencies		107,006	112,161
Unearned income		363,920	56,738
Accrued expenses		8,629,563	6,840,577
Current taxation (provision less payments)		6,498,201	5,894,386
Acceptances		12,633,867	9,033,110
Dividends payable		2,587,347	16,214
Payable to defined benefit plan		650,214	561,242
Charity payable		6,619	995
Provision against off-balance sheet obligations	19.1	28,946	29,339
Security deposits against Ijarah		14,267,807	14,206,800
Payable on account of credit murabaha / ijarah		9,626	60,307
Security deposits against lockers		123,446	117,792
Retention Money		-	70,687
Unrealised loss on forward foreign exchange contracts - net		-	368,207
Advance against future Diminishing Musharakah		12,426	67,227
Withholding taxes payable		238,806	152,711
Lease liability against right-of-use assets		7,166,908	7,049,842
Workers Welfare Fund payable		2,118,385	1,897,436
Others		2,073,774	629,011
		64,041,345	53,599,673
19.1 Provision against off-balance sheet obligations			
Opening balance		29,339	35,020
Charge for the quarter / year		(393)	(5,681)
Closing balance		28,946	29,339
20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Available for sale securities			
- Listed shares / units of mutual fund		373,188	1,674,958
- Sukuk		10,107,268	12,767,682
		10,480,456	14,442,640
Non-banking assets acquired in satisfaction of claims		20,184	20,184
		10,500,640	14,462,824
Less: Deferred tax liability on			
- Available for sale securities		(3,668,161)	(5,054,925)
- Non-banking assets acquired in satisfaction of claims		(7,064)	(7,064)
		(3,675,225)	(5,061,989)
		6,825,415	9,400,835

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

21.3 Other contingencies

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

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

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	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Rupees in '000			
22 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS			
On financing	22.1	14,931,511	11,614,024
On investments in			
- Available for sale securities		6,336,822	3,657,808
- Held to maturity securities		-	145,799
On deposits / placements with financial institutions		8,565,409	2,788,768
		<u>29,833,742</u>	<u>18,206,399</u>
22.1 The income on Ijarah under IFAS 2 is net off takaful of Rs 445 million (March 31, 2019: Rs 424 million) recovered from customers.			
	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Rupees in '000			
23 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts	23.1	13,811,154	8,395,864
Sub-ordinated Sukuk		659,314	370,668
Other Musharakahs / Modarabas		393,480	342,106
Amortisation of lease liability against right-of-use assets		251,354	244,570
		<u>15,115,302</u>	<u>9,353,208</u>
23.1 This includes conversion cost of Rs 814 million (March 31, 2019: Rs 98 million) against foreign currency deposits.			
	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Rupees in '000			
24 FEE AND COMMISSION INCOME			
Trade related fees and commissions		631,755	573,826
Commission on guarantees		25,096	23,690
Branch banking customer fees		194,696	414,938
Credit processing related fees		24,115	26,490
Debit card related fees		269,444	400,974
Investment banking related fees		37,202	-
Cash management fees		26,567	13,689
Home remittance related fees		40,561	26,278
Others		38,881	38,889
		<u>1,288,317</u>	<u>1,518,774</u>
25 GAIN / (LOSS) ON SECURITIES - NET			
Realised	25.1	680,461	(124,728)
25.1 Realised (loss) / gain on:			
Listed Shares		(72,873)	(41,898)
Federal Government Securities		-	(82,830)
Pakistan Energy Sukuk		753,334	-
		<u>680,461</u>	<u>(124,728)</u>

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		March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
		Rupees in '000	
26	OTHER INCOME		
	Gain on termination of islamic financing	118,472	93,827
	Gain on sale of fixed assets	23,567	6,556
	Loss on disposal of Non-banking asset acquired in satisfaction of claim	(10,000)	-
	Rental income	2,415	4,391
		134,454	104,774
27	OPERATING EXPENSES		
	Total compensation expense	3,837,251	2,825,617
	Property expense		
	Depreciation on right-of-use assets	572,504	506,874
	Rent and taxes	16,133	3,344
	Utilities cost (including electricity and diesel)	199,433	157,197
	Security (including guards)	217,147	147,179
	Repair and maintenance (including janitorial charges)	111,606	77,368
	Depreciation	166,496	135,424
	Others	10,391	10,162
		1,293,701	1,037,548
	Information technology expenses		
	Software maintenance	136,707	70,165
	Hardware maintenance	71,378	59,661
	Depreciation	91,432	69,087
	Amortisation	56,706	56,333
	Network charges	51,607	55,555
		407,830	310,801
	Other operating expenses		
	Stationery and printing (including debit card related costs)	186,621	177,894
	Repair and maintenance	50,573	68,444
	Local transportation and car running	118,994	126,243
	Depreciation on vehicles, equipment etc.	220,716	195,211
	Legal and professional charges	24,988	22,181
	NIFT and other clearing charges	49,833	23,715
	Travelling and conveyance	33,229	34,969
	Training and Development	6,438	9,789
	Communication (including courier)	119,297	87,948
	Marketing, advertisement and publicity	96,352	88,628
	Donation	5,487	-
	Fees, subscription and other charges	72,917	60,464
	Brokerage and bank charges	56,101	53,565
	Office supplies	69,202	60,104
	Entertainment	17,477	21,583
	Takaful expense	18,873	27,587
	Security charges - cash transportation	89,971	65,263
	Outsourced services costs	3,734	1,256
	Auditors' Remuneration	2,752	5,502
	Shariah Board fees	3,351	3,651
	Non-executive Directors' fee	16,060	12,894
	Others	4,841	2,040
		1,267,807	1,148,931
		6,806,598	5,322,897

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	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Rupees in '000			
28 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		83,179	1,368
29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET			
Provision against non-performing islamic financing related assets - net	10.8	1,059,306	7,872
Provision / (reversal) of provision against diminution in the value of investments	9.2	592,235	(145,104)
Other (reversals) / provision		(10,446)	41,513
Reversals against off-balance sheet obligations		(393)	-
Recovery against written off financing		(2,971)	(4,228)
		1,637,731	(99,947)
30 TAXATION			
Current			
- for the year	30.1	4,062,192	2,563,014
- for prior years	30.1	-	470,030
		4,062,192	3,033,044
Deferred			
- for the year		(406,728)	(381,478)
		3,655,464	2,651,566

30.1 The Finance Supplementary (Second Amendment) Act 2019 has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3%. Accordingly, the Bank has recognized super tax charge of Rs 417.430 million (March 31, 2019: Rs 660.333 million) in the current quarter which is determined at the applicable tax rate of 4 percent on taxable income for the quarter.

	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Rupees in '000			
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the quarter		5,505,456	2,799,931
		(Number)	
Weighted average number of ordinary shares		1,286,111,622	1,286,111,622
		(Rupees)	
			Restated
Basic and diluted earnings per share	31.1	4.28	2.18

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

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

33 FAIR VALUE OF FINANCIAL INSTRUMENT

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

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

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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).

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34 SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

March 31, 2020 (Unaudited)	Corporate and Commercial banking	Retail Banking	Trading & Sales	Others	Inter-segment Eliminations	Total
Rupees in '000						
Profit and Loss Account						
External Revenue	13,915,340	2,600,123	16,106,813	402,403	-	33,024,679
Inter segment revenue - net	-	22,522,841	-	64,260	(22,587,101)	-
Total Income	13,915,340	25,122,964	16,106,813	466,663	(22,587,101)	33,024,679
Segment direct expenses	1,142,737	20,581,153	272,861	229,277	-	22,226,028
Inter segment expense allocation	9,128,316	-	13,458,785	-	(22,587,101)	-
Total expenses	10,271,053	20,581,153	13,731,646	229,277	(22,587,101)	22,226,028
Provision / (reversals) and write offs - net	1,046,435	(3,961)	595,257	-	-	1,637,731
Profit before tax	2,597,852	4,545,772	1,779,910	237,386	-	9,160,920
Statement of Financial Position						
Cash & Bank balances	-	92,925,674	1,246,228	-	-	94,171,902
Due from financial institutions - net	-	-	278,651,275	-	-	278,651,275
Investments - net	16,420,193	-	198,478,311	-	-	214,898,504
Net inter segment lending	-	802,310,315	-	742,963	(803,053,278)	-
Islamic financings and related assets - net	392,848,040	80,091,770	-	-	-	472,939,810
Others	23,944,433	30,725,814	22,980,216	-	-	77,650,463
Total Assets	433,212,666	1,006,053,573	501,356,030	742,963	(803,053,278)	1,138,311,954
Due to financial institutions	49,220,282	734,788	362,407	-	-	50,317,477
Deposits & other accounts	-	928,389,326	-	-	-	928,389,326
Subordinated Sukuk	18,000,000	-	-	-	-	18,000,000
Net inter segment borrowing	328,256,550	-	474,796,728	-	(803,053,278)	-
Others	15,139,891	66,302,412	46,661	742,963	-	82,231,927
Total liabilities	410,616,723	995,426,526	475,205,796	742,963	(803,053,278)	1,078,938,730
Equity	22,595,943	10,627,047	26,150,234	-	-	59,373,224
Total Equity & liabilities	433,212,666	1,006,053,573	501,356,030	742,963	(803,053,278)	1,138,311,954
Contingencies & Commitments	681,834,105	126,952,156	305,556,549	-	-	1,114,342,810
March 31, 2019 (Unaudited)						
Profit and Loss Account						
External Revenue	11,093,761	1,947,929	6,455,699	658,056	-	20,155,445
Inter segment revenue - net	-	14,086,484	-	17,794	(14,104,278)	-
Total Income	11,093,761	16,034,413	6,455,699	675,850	(14,104,278)	20,155,445
Segment direct expenses	683,128	13,656,341	255,736	208,690	-	14,803,895
Inter segment expense allocation	8,454,379	-	5,649,899	-	(14,104,278)	-
Total expenses	9,137,507	13,656,341	5,905,635	208,690	(14,104,278)	14,803,895
(Reversals) / provisions and write offs - net	(6,426)	51,583	(145,104)	-	-	(99,947)
Profit before tax	1,962,680	2,326,489	695,168	467,160	-	5,451,497
Statement of Financial Position						
Cash & Bank balances	-	75,012,279	2,465,319	-	-	77,477,598
Due from financial institutions - net	-	-	88,246,928	-	-	88,246,928
Investments - net	20,360,978	-	198,394,228	-	-	218,755,206
Net inter segment lending	-	651,996,513	-	467,056	(652,463,569)	-
Islamic financings and related assets - net	410,623,973	83,312,033	-	-	-	493,936,006
Others	22,518,766	27,732,934	4,914,165	569,544	-	55,735,409
Total Assets	453,503,717	838,053,759	294,020,640	1,036,600	(652,463,569)	934,151,147
Due to financial institutions	27,848,144	847,631	3,849,341	-	-	32,545,116
Deposits & other accounts	-	769,481,960	-	-	-	769,481,960
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	375,471,317	-	276,992,252	-	(652,463,569)	-
Others	16,145,293	59,863,184	187,161	1,011,434	-	77,207,072
Total liabilities	433,464,754	830,192,775	281,028,754	1,011,434	(652,463,569)	893,234,148
Equity	20,038,963	7,860,984	12,991,886	25,166	-	40,916,999
Total Equity & liabilities	453,503,717	838,053,759	294,020,640	1,036,600	(652,463,569)	934,151,147
Contingencies & Commitments	292,724,908	49,230,948	131,874,898	-	-	473,830,754

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FOR THE QUARTER ENDED MARCH 31, 2020**

35 RELATED PARTY TRANSACTIONS

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

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

35.3 Subsidiary company

- Al Meezan Investment Management Limited

35.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)
Rupees in '000												
Islamic financing and related assets												
At January 1,	569,248	437,528	-	-	569,248	437,528	-	-	-	-	-	-
Addition during the quarter / year	8,651,396	3,458,959	-	-	8,651,396	3,458,959	-	-	-	-	-	-
Deletion during the quarter / year	(628,604)	(3,327,239)	-	-	(628,604)	(3,327,239)	-	-	-	-	-	-
At March 31 / December 31	8,592,040	569,248	-	-	8,592,040	569,248	-	-	-	-	-	-
Investments												
At January 1,	897,811	897,811	63,050	63,050	834,761	834,761	-	-	-	-	-	-
Addition during the quarter / year	1,396,046	-	-	-	1,396,046	-	-	-	-	-	-	-
Deletion during the quarter / year	(183,058)	-	-	-	(183,058)	-	-	-	-	-	-	-
At March 31 / December 31	2,110,799	897,811	63,050	63,050	2,047,749	834,761	-	-	-	-	-	-
Due from financial institutions												
At January 1,	24,985,377	-	-	-	24,985,377	-	-	-	-	-	-	-
Addition during the quarter / year	4,764,404	24,985,377	-	-	4,764,404	24,985,377	-	-	-	-	-	-
Deletion during the quarter / year	-	-	-	-	-	-	-	-	-	-	-	-
At March 31 / December 31	29,749,781	24,985,377	-	-	29,749,781	24,985,377	-	-	-	-	-	-

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

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

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

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

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

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

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

37 DATE OF AUTHORISATION

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

Riyadh S. A. A. Edrees Chairman	Irfan Siddiqui President & Chief Executive	Faisal A. A. AlNassar Director	Mubashar Maqbool Director	Shabbir Hamza Khandwala Chief Financial Officer
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**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	90,180,562	92,193,877
Balances with other banks	4,021,717	15,414,833
Due from financial institutions - net	278,651,275	223,689,325
Investments - net	218,090,229	229,667,072
Islamic financing and related assets - net	472,939,810	493,775,346
Fixed assets	24,302,915	23,663,521
Intangible assets	928,530	800,532
Deferred tax asset	-	-
Other assets - net	53,187,326	46,910,457
	1,142,302,364	1,126,114,963
LIABILITIES		
Bills payable	17,154,216	17,186,807
Due to financial institutions	50,317,477	42,047,390
Deposits and other accounts	928,353,522	932,568,765
Sub-ordinated Sukuk	18,000,000	14,000,000
Deferred tax liabilities	1,034,194	3,008,451
Other liabilities	64,901,412	54,522,604
	1,079,760,821	1,063,334,017
NET ASSETS	62,541,543	62,780,946
REPRESENTED BY		
Share capital	12,861,116	12,861,116
Reserves	18,782,526	18,231,980
Unappropriated profit	23,018,769	21,117,202
Surplus on revaluation of assets - net of tax	6,825,415	9,400,835
	61,487,826	61,611,133
NON-CONTROLLING INTEREST	1,053,717	1,169,813
	62,541,543	62,780,946

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020**

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

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

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

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020**

	Capital reserves			Revenue reserve	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total	
	Share capital	Share premium	Statutory reserve *	General reserve		Investments	Non-banking assets			
			Non-Distributable Capital Reserve Gain on Bargain Purchase							
Rupees in '000										
Balance as at January 1, 2019	11,691,924	2,406,571	9,570,365	3,117,547	91,082	15,738,899	(68,035)	22,152	1,006,434	43,576,939
Profit after taxation for the quarter ended March 31, 2019 - restated (note 1.4)	-	-	-	-	-	2,973,246	-	-	75,770	3,049,016
Other Comprehensive income for the quarter ended March 31, 2019 - net of tax - restated (note 1.4)	-	-	-	-	-	-	132,008	(9,610)	-	122,398
						2,973,246	132,008	(9,610)	75,770	3,171,414
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	39	-	(39)	-	-
Other appropriations										
Transfer to statutory reserve - restated (note 1.4)	-	-	285,134	-	-	(285,134)	-	-	-	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	-	(2,338,385)
Balance as at March 31, 2019 - restated (note 1.4)	11,691,924	2,406,571	9,855,499	3,117,547	91,082	16,088,665	63,973	12,503	1,082,204	44,409,968
Profit after taxation for the nine months period ended December 31, 2019	-	-	-	-	-	12,611,195	-	-	119,428	12,730,623
Other Comprehensive income for the nine months period ended December 31, 2019 - net of tax	-	-	-	-	-	86,598	9,323,742	3,250	3,181	9,416,771
						12,697,793	9,323,742	3,250	122,609	22,147,394
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	40	-	(40)	-	-
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,593	-	(2,593)	-	-
Other appropriations										
Transfer to statutory reserve	-	-	2,761,281	-	-	(2,761,281)	-	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-	-
First Interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	-	(1,169,192)
Second Interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
Third Interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
						(3,741,416)	-	-	-	(3,741,416)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(35,000)	(35,000)
Balance as at December 31, 2019	12,861,116	2,406,571	12,616,780	3,117,547	91,082	21,117,202	9,387,715	13,120	1,169,813	62,780,946
Profit / (loss) after taxation for the quarter ended March 31, 2020	-	-	-	-	-	5,024,337	-	-	(81,096)	4,943,241
Other Comprehensive loss for the quarter ended March 31, 2020 - net of tax	-	-	-	-	-	-	(2,575,420)	-	-	(2,575,420)
						5,024,337	(2,575,420)	-	(81,096)	2,367,821
Other appropriations										
Transfer to statutory reserve	-	-	550,546	-	-	(550,546)	-	-	-	-
Transactions with owners recognised directly in equity										
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	-	(2,572,224)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(35,000)	(35,000)
Balance as at March 31, 2020	12,861,116	2,406,571	13,167,326	3,117,547	91,082	23,018,769	6,812,295	13,120	1,053,717	62,541,543

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

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020**

	Note 1.4	Restated
	Quarter ended March 31, 2020	Quarter ended March 31, 2019
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,502,077	5,790,648
Less: Dividend income	(59,577)	(44,318)
	8,442,500	5,746,330
Adjustments for non-cash charges and other items:		
Depreciation	491,258	411,922
Amortization	59,885	59,178
Provisions / (reversals) and write offs - net	1,637,731	(99,947)
Non cash items related to right of use assets	847,974	751,444
Gain on sale of fixed assets	(23,567)	(4,352)
Share of results of associates	907,151	(154,782)
	3,920,432	963,463
	12,362,932	6,709,793
Decrease / (increase) in operating assets		
Due from financial institutions	(54,961,950)	96,567,672
Islamic financing and related assets	19,779,201	18,624,872
Other assets	(6,213,778)	(4,458,145)
	(41,396,527)	110,734,399
(Decrease) / increase in operating liabilities		
Bills payable	(32,591)	(4,480,226)
Due to financial institutions	8,270,087	(3,862,695)
Deposits and other accounts	(4,215,243)	(15,979,469)
Other liabilities	7,071,858	9,814,584
	11,094,111	(14,507,806)
	(17,939,484)	102,936,386
Income tax paid	(3,521,994)	(2,365,027)
Net cash (used in) / flow from operating activities	(21,461,478)	100,571,359
CASH FLOW FROM INVESTING ACTIVITIES		
Net redemption / (investments) in securities	6,115,273	(94,788,899)
Dividends received	6,932	5,044
Investments in fixed assets	(1,210,916)	(957,074)
Investments in intangible assets	(187,883)	(50,386)
Proceeds from sale of fixed assets	30,700	17,031
Net cash flow from / (used in) investing activities	4,754,106	(95,774,284)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of Sub-ordinated Sukuk - Tier II	4,000,000	-
Payment of lease liability against right-of-use assets	(662,968)	(567,164)
Dividend paid to equity shareholders of the Bank	(1,091)	(5,929)
Dividend paid to non controlling interest	(35,000)	-
Net cash flow from / (used in) financing activities	3,300,941	(573,093)
(Decrease) / increase in cash and cash equivalents	(13,406,431)	4,223,982
Cash and cash equivalents at the beginning of the quarter	107,608,710	73,299,558
Cash and cash equivalents at the end of the quarter	94,202,279	77,523,540

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

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

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

1 BASIS OF PRESENTATION

1.1 This condensed interim consolidated financial information include the unaudited financial statements of Meezan Bank Limited (MBL) (the holding company) and Al-Meezan Investment Management Limited (AMIML) (the subsidiary) collectively referred as the 'Group' and associates namely, Al-Meezan Mutual Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, KSE Meezan Index Fund, Meezan Balanced Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund II, Meezan Gold Fund, Meezan Energy Fund, Meezan Strategic Allocation Fund III and Meezan Rozana Amdani Fund.

1.2 This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

1.3 This condensed interim consolidated financial information comprise of the statement of financial position as at March 31, 2020 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended March 31, 2020.

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

In June 2019, the Group adopted IFRS 16 'Leases' with effect from January 01, 2019 for all Ijarah (lease) contracts where the Bank acts in capacity of Mustajir (lessee) as directed by the SBP vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019. Accordingly, the financial information for the quarter ended on March 31, 2019 has been restated to account for this change in accounting policy as reported in the audited annual financial statements of the Group for the year ended December 31, 2019. Consequently, consolidated profit after tax for the quarter ended March 31, 2019 decreased by Rs 51 million.

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

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 May 05, 2020 by the Board of Directors of the Holding company.

Riyadh S. A. A. Edrees
Chairman

Irfan Siddiqui
President & Chief Executive

Faisal A. A. AlNassar
Director

Mubashar Maqbool
Director

Shabbir Hamza Khandwala
Chief Financial Officer



Meezan Bank

The Premier Islamic Bank

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