



Meezan Bank
The Premier Islamic Bank



FORM-8

October 21, 2020

CS/PSX-15/160/2020

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

TRANSMISSION OF QUARTERLY REPORT OF MEEZAN BANK LIMITED FOR THE PERIOD ENDED SEPTEMBER 30, 2020

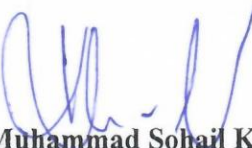
Dear Sir,

السَّلَامُ عَلَيْكُمْ

We have to inform you that the Quarterly Report of Meezan Bank for the period ended **September 30, 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.

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.

DARY: (00 04) 00100500 1111 1111 1111

Directors' Review

The Board of Directors is pleased to present the condensed interim unaudited financial statements of Meezan Bank Limited and consolidated financial statements for the nine months period ended September 30, 2020.

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

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

Regular Issuance of GoP Ijarah Sukuk

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

Economy

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

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

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

Financial Review and highlights

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

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

Rupees in Millions

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

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

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

The Bank's non-funded income also recorded good growth of 7% closing at Rs 7.17 billion as compared to Rs 6.72 billion in the corresponding period last year. This was primarily due to gain of Rs 935 million

on sale of securities. The Bank's fee and commission income remained lower than corresponding period last year due to lower transaction volume and waiver of certain fee on digital transactions. Operating income of the Bank, accordingly, grew by 43% - from Rs 39.9 billion in September 2019 to Rs 56.9 billion in September 2020.

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

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

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

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

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

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

Outlook

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

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

On behalf of the Board.

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

Karachi:
October 20, 2020

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

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	100,032,655	92,193,361
Balances with other banks	7	17,869,753	15,372,233
Due from financial institutions - net	8	282,652,839	223,689,325
Investments - net	9	362,456,496	225,646,162
Islamic financing and related assets - net	10	490,161,818	493,775,346
Fixed assets	11	23,688,310	23,284,415
Intangible assets	12	1,036,650	780,381
Deferred tax asset		-	-
Other assets - net	13	45,978,819	46,517,031
		1,323,877,340	1,121,258,254
LIABILITIES			
Bills payable	14	24,482,003	17,186,807
Due to financial institutions	15	61,596,449	42,047,390
Deposits and other accounts	16	1,090,544,718	932,579,114
Sub-ordinated Sukuk	17	18,000,000	14,000,000
Deferred tax liabilities	18	878,096	2,829,858
Other liabilities	19	56,881,639	53,599,673
		1,252,382,905	1,062,242,842
NET ASSETS		71,494,435	59,015,412
REPRESENTED BY			
Share capital		14,147,228	12,861,116
Reserves		20,015,540	18,207,664
Unappropriated profit		30,958,340	18,545,797
Surplus on revaluation of assets - net of tax	20	6,373,327	9,400,835
		71,494,435	59,015,412

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	Quarter ended September 30, 2020	Nine months period ended September 30, 2020	Quarter ended September 30, 2019	Nine months period ended September 30, 2019
------(Rupees in '000)-----					
Profit / return earned on Islamic financing and related assets, investments and placements	22	25,483,261	83,312,498	25,915,603	65,922,619
Profit on deposits and other dues expensed	23	8,082,761	33,556,956	13,505,846	32,761,770
Net spread earned		17,400,500	49,755,542	12,409,757	33,160,849
OTHER INCOME					
Fee and commission income	24	1,554,842	3,884,193	1,442,664	4,636,455
Dividend income		72,521	285,793	57,683	165,876
Foreign exchange income		304,149	1,602,262	749,347	1,823,813
(Loss) / gain on securities - net	25	(4,556)	934,663	(98,439)	(239,128)
Other income	26	212,058	457,777	109,258	333,112
		2,139,014	7,164,688	2,260,513	6,720,128
Total income		19,539,514	56,920,230	14,670,270	39,880,977
OTHER EXPENSES					
Operating expenses	27	7,540,586	21,889,756	6,494,379	17,876,026
Workers Welfare Fund		233,451	692,949	97,670	435,194
Other charges	28	867	84,553	66,959	69,114
Total other expenses		7,774,904	22,667,258	6,659,008	18,380,334
Profit before provisions		11,764,610	34,252,972	8,011,262	21,500,643
Provisions and write offs - net	29	1,091,069	4,188,165	1,450,253	2,502,490
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		10,673,541	30,064,807	6,561,009	18,998,153
Taxation	30	4,271,734	11,986,052	2,622,706	8,058,103
Profit after taxation		6,401,807	18,078,755	3,938,303	10,940,050
------(Rupees)-----					
Restated					
Basic and diluted earnings per share	31	4.53	12.78	2.78	7.73

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

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

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Share capital	Share premium	Capital reserves Statutory reserve*	Non Distributable Capital Reserve - Gain on Bargain Purchase	Revenue reserves General reserve	Unappropriated profit	Surplus / (deficit) on revaluation of investments	Non-banking Assets	Total
	------(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 nine months period ended September 30, 2019	-	-	-	-	-	10,940,050	-	-	10,940,050
Other Comprehensive income for the nine months period ended September 30, 2019 - net of tax	-	-	-	-	-	-	287,541	(9,610)	277,931
	-	-	-	-	-	10,940,050	287,541	(9,610)	11,217,981
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	79	-	(79)	-
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,593	-	(2,593)	-
Other appropriations									
Transfer to statutory reserve	-	-	2,188,010	-	-	(2,188,010)	-	-	-
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)	-	-	(2,338,385)
First interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	(1,169,192)
Second interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	(1,286,112)
	-	-	-	-	-	(4,793,689)	-	-	(4,793,689)
Balance as at September 30, 2019	12,861,116	2,406,571	11,758,375	3,117,547	66,766	16,317,596	219,506	9,870	46,757,347
Profit after taxation for the quarter ended December 31, 2019	-	-	-	-	-	4,292,024	-	-	4,292,024
Other Comprehensive income for the quarter ended December 31, 2019 - net of tax	-	-	-	-	-	80,694	9,168,209	3,250	9,252,153
	-	-	-	-	-	4,372,718	9,168,209	3,250	13,544,177
Other appropriations									
Transfer to statutory reserve	-	-	858,405	-	-	(858,405)	-	-	-
Transactions with owners recognised directly in equity									
Third interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	(1,286,112)
Balance as at December 31, 2019	12,861,116	2,406,571	12,616,780	3,117,547	66,766	18,545,797	9,387,715	13,120	59,015,412
Profit after taxation for the nine months period ended September 30, 2020	-	-	-	-	-	18,078,755	-	-	18,078,755
Other Comprehensive loss for the nine months period ended September 30, 2020 - net of tax	-	-	-	-	-	-	(3,027,508)	-	(3,027,508)
	-	-	-	-	-	18,078,755	(3,027,508)	-	15,051,247
Other appropriations									
Transfer to statutory reserve	-	-	1,807,876	-	-	(1,807,876)	-	-	-
Issue of bonus shares	1,286,112	-	-	-	-	(1,286,112)	-	-	-
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	(2,572,224)
Balance as at September 30, 2020	14,147,228	2,406,571	14,424,656	3,117,547	66,766	30,958,340	6,360,207	13,120	71,494,435

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

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

Note	Nine months period ended September 30, 2020	Nine months period ended September 30, 2019
	------(Rupees in '000)-----	

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	30,064,807	18,998,153
Less: Dividend income	(285,793)	(165,876)
	<u>29,779,014</u>	<u>18,832,277</u>

Adjustments for non-cash charges and other items:

Depreciation	1,548,031	1,248,317
Amortization	164,655	209,732
Non cash items related to right of use assets	2,477,154	2,068,610
Provisions and write offs - net	4,188,165	2,502,490
Gain on sale of fixed assets	(82,261)	(45,732)
	<u>8,295,744</u>	<u>5,983,417</u>
	<u>38,074,758</u>	<u>24,815,694</u>

Decrease / (increase) / in operating assets

Due from financial institutions	(58,963,514)	3,629,404
Islamic financings and related assets	(313,768)	38,582,392
Other assets	555,444	(10,026,064)
	<u>(58,721,838)</u>	<u>32,185,732</u>

(Decrease) / increase in operating liabilities

Bills payable	7,295,196	(8,449,229)
Due to financial institutions	19,549,059	4,821,494
Deposits and other accounts	157,965,604	53,449,411
Other liabilities	(293,392)	1,931,926
	<u>184,516,467</u>	<u>51,753,602</u>

Income tax paid

Net cash flow from operating activities

	<u>163,869,387</u>	<u>108,755,028</u>
	<u>(8,478,945)</u>	<u>(6,819,543)</u>
	<u>155,390,442</u>	<u>101,935,485</u>

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in securities	(141,735,097)	(91,604,098)
Dividends received	274,512	127,843
Investments in fixed assets	(2,703,930)	(3,708,083)
Investments in intangible assets	(420,924)	(270,031)
Proceeds from sale of fixed assets	116,004	76,983
Net cash used in investing activities	<u>(144,469,435)</u>	<u>(95,377,386)</u>

MEEZAN BANK LIMITED**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Note	Nine months period ended September 30, 2020	Nine months period ended September 30, 2019
------(Rupees in '000)-----			
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of Sub-ordinated Sukuk - Tier II		4,000,000	-
Payment of lease liability against right-of-use assets		(2,010,894)	(1,638,728)
Dividend paid		(2,573,299)	(3,504,010)
Net cash used in financing activities		(584,193)	(5,142,738)
Increase in cash and cash equivalents		10,336,814	1,415,361
Cash and cash equivalents at the beginning of the period	32	107,565,594	73,277,228
Cash and cash equivalents at the end of the period	32	117,902,408	74,692,589

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED

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

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

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

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

3. STATEMENT OF COMPLIANCE

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

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

3.2 Significant accounting policies and financial risk management

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

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

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

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

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

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

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

3.4 COVID - 19 outbreak and its impact

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

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

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

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

4. BASIS OF MEASUREMENT

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

4.2 Functional and presentation currency

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

4.3 Rounding off

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

8. DUE FROM FINANCIAL INSTITUTIONS - NET

Bai Muajjal:

With Scheduled Banks - Secured	8.1	270,038,797	208,096,873
With the State Bank of Pakistan		-	13,682,452
With other Financial Institution		15,500	15,500
		<u>270,054,297</u>	<u>221,794,825</u>

Musharakah	8.2	9,300,000	1,910,000
Wakalah	8.3	3,314,042	-
Commodity Murabaha		26,066	26,066
		<u>282,694,405</u>	<u>223,730,891</u>

Provision against non-performing amounts due from financial institutions	8.4	(41,566)	(41,566)
		<u>282,652,839</u>	<u>223,689,325</u>

8.1 The average return on this product is 7.92% (December 31, 2019: 13.05%) per annum. These balances have maturities ranging between October 2020 to July 2025 (December 31, 2019: January 2020 to October 2020).

8.2 The average return on this product is 6.74% (December 31, 2019: 11.25%) per annum. These balances are maturing latest by November 2020 (December 31, 2019: January 2020).

8.3 The return on this product is 0.04% (December 31, 2019: Nil) per annum. This balance is maturing latest by October 2020 (December 31, 2019: Nil).

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

9. INVESTMENTS - NET

9.1 Investments by types

Available for sale securities

Federal Government Securities

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

	September 30, 2020 (Unaudited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
94,093,182	-	(270,027)	93,823,155	13,006,137	-	(213,851)	12,792,286	
106,876,904	-	-	106,876,904	83,652,209	-	-	83,652,209	
Non Government Sukuk								
- Pakistan Energy Sukuk guaranteed by the Government of Pakistan	111,741,670	-	6,953,148	118,694,818	84,700,000	-	12,662,650	97,362,650
- Other Sukuk guaranteed by the Government of Pakistan	11,097,220	-	-	11,097,220	11,690,970	-	-	11,690,970
- Other Non Government Sukuk	4,360,129	84,532	-	4,275,597	5,036,393	162,883	-	4,873,510
Foreign Securities	8,312,221	-	544,747	8,856,968	7,774,672	-	318,883	8,093,555
Shares (including units of fund)	7,238,557	2,479,924	2,557,068	7,315,701	6,809,714	2,201,501	1,674,958	6,283,171
	343,719,883	2,564,456	9,784,936	350,940,363	212,670,095	2,364,384	14,442,640	224,748,351

Held to Maturity securities

Federal Government Securities

- Ijarah Sukuk

10,608,317	-	-	10,608,317	-	-	-	-
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In related parties

Subsidiary (unlisted)

- Shares

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

- Units of funds

844,766	-	-	844,766	834,761	-	-	834,761
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Total Investments

355,236,016	2,564,456	9,784,936	362,456,496	213,567,906	2,364,384	14,442,640	225,646,162
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9.2 Provision against diminution in value of investments

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

Opening balance	2,364,384	1,274,845
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Charge / (reversals) for the period / year

On available for sale securities

- charge for the period / year on equity investments
- reversals for the period / year on recovery of debt instruments
- reversals for the period / year on disposals of equity investments

446,700	1,385,492
(11,364)	(7,752)
(168,277)	(288,201)
267,059	1,089,539

Amount written off	(66,987)	-
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Closing balance	2,564,456	2,364,384
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9.3 Particulars of provision against Sukuk

Category of classification

Loss	84,532	84,532	162,883	162,883
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		Note	September 30, 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		6,346,664	8,633,318
- Advances against Murabaha			2,427,380	4,902,247
- Murabaha inventory			1,117,124	2,095,550
- Financing under Islamic Export Refinance - Murabaha	10.2		501,888	369,441
- Advance against Islamic Export Refinance - Murabaha			1,013,197	540,715
			11,406,253	16,541,271
Running Musharakah financing				
- Running Musharakah financing			110,045,290	129,472,197
- Financing under Islamic Export Refinance - Running Musharakah			32,083,402	24,671,638
			142,128,692	154,143,835
Istisna financing and related assets				
- Istisna financing			4,268,102	4,684,962
- Advances against Istisna			28,183,732	34,435,537
- Istisna inventory			7,422,823	11,117,387
- Financing under Islamic Export Refinance - Istisna			388,356	189,215
- Advances under Islamic Export Refinance - Istisna			5,646,414	6,967,796
- Inventory under Islamic Export Refinance - Istisna			1,137,166	975,428
			47,046,593	58,370,325
Tijarah financing and related assets				
- Tijarah financing			899,318	561,345
- Tijarah inventory			5,243,489	11,032,825
- Financing under Islamic Export Refinance - Tijarah			679,009	1,070,970
- Inventory under Islamic Export Refinance - Tijarah			643,419	353,531
			7,465,235	13,018,671
Musawammah financing and related assets				
- Musawammah financing	10.3		9,289,948	11,009,024
- Musawammah Inventory			11,445,528	5,759,913
- Advances against Musawammah			7,732,209	9,618,012
- Financing under Islamic Export Refinance - Musawammah	10.4		364,727	886,944
- Inventory under Islamic Export Refinance - Musawammah			998,106	45,000
- Advances under Islamic Export Refinance - Musawammah			266,900	123,500
			30,097,418	27,442,393
Salam Financing and related assets				
- Salam financing			1,133,372	811,378
- Salam Inventory			116,781	2,710,138
- Advances against Salam			5,036,961	6,947,051
			6,287,114	10,468,567
Financing against bills				
- Financing against bills - Salam			2,475,589	7,461,667
- Advances against bills - Salam			1,738	1,738
			2,477,327	7,463,405
- Bai Muajjal financing	10.5		21,759,238	1,474,998

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
-----Rupees in '000-----			
Ijarah financing and related assets			
- Net investment in Ijarah		101,494	113,501
- Net book value of assets/investment in Ijarah under IFAS 2		42,853,556	48,493,395
- Net book value of assets/investment in Ijarah under IFAS 2 under SBP's ILTFF		43,072	58,118
		42,998,122	48,665,014
- Advances against Ijarah		4,801,549	3,727,830
- Advances against Ijarah under SBP's ILTFF		118,905	118,905
		47,918,576	52,511,749
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - housing		11,750,923	13,232,142
- Diminishing Musharakah financing - others		90,964,760	79,167,336
- Diminishing Musharakah financing - SBP's ILTFF		4,474,225	1,955,071
- Diminishing Musharakah financing - SBP's IRSPWS		3,524,517	-
- Advances against Diminishing Musharakah		11,808,525	14,645,228
- Advances against Diminishing Musharakah under SBP's ILTFF		7,308,809	5,378,299
- Advances against Diminishing Musharakah under SBP's IFRE		4,947,941	-
- Advances against Diminishing Musharakah under SBP's ITERF		300,000	-
		135,079,700	114,378,076
- Musharakah financing		165,920	248,880
- Wakalah Tul Istithmar financing		28,075,200	-
- Advance against Wakalah Tul Istithmar financing		12,750,000	40,825,200
- Wakalah financing		75,000	250,000
- Advance against Service Ijarah		4,758,103	2,765,026
- Qard financing under SBP's IRFCC		339,456	-
- Labbaik (Qard for Hajj and Umrah)		2,034	4,672
- Staff financing		4,626,394	4,228,869
- Other financing		2,301,422	2,376,639
Gross Islamic financing and related assets		504,759,675	506,512,576
Less: Provision against non-performing Islamic financing and related assets - Specific	10.8	(9,145,146)	(8,284,519)
Less: Provision against non-performing Islamic financing and related assets - General	10.8	(5,452,711)	(4,452,711)
Islamic financing and related assets - net of provision		490,161,818	493,775,346
10.1 Murabaha receivable - gross	10.1.1	6,643,969	9,171,941
Less: Deferred murabaha income	10.1.3	(97,592)	(198,327)
Profit receivable shown in other assets		(199,713)	(340,296)
Murabaha financing		6,346,664	8,633,318
10.1.1 Murabaha Sale Price		6,643,969	9,171,941
Murabaha Purchase Price		(6,346,664)	(8,633,318)
		297,305	538,623

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
10.1.2 The movement in Murabaha financing during the period / year is as follows:		
Opening balance	8,633,318	8,021,609
Sales during the period / year	24,828,745	47,186,165
Adjusted during the period / year	(27,115,399)	(46,574,456)
Closing balance	<u>6,346,664</u>	<u>8,633,318</u>
10.1.3 Deferred murabaha income		
Opening balance	198,327	142,250
Deferred during the period / year	761,316	1,800,684
Recognised during the period / year	(862,051)	(1,744,607)
Closing balance	<u>97,592</u>	<u>198,327</u>
10.2 Financing under Islamic Export Refinance - Murabaha - gross	518,177	382,945
Less: Deferred income	(2,462)	(836)
Profit receivable shown in other assets	(13,827)	(12,668)
Financing under Islamic Export Refinance - Murabaha	<u>501,888</u>	<u>369,441</u>
10.2.1 The movement in Islamic Export Refinance Murabaha financing during the period / year is as follows:		
Opening balance	369,441	344,573
Sales during the period / year	2,067,610	1,459,464
Adjusted during the period / year	(1,935,163)	(1,434,596)
Closing balance	<u>501,888</u>	<u>369,441</u>
10.2.2 Deferred Islamic Export Refinance Murabaha Income		
Opening balance	836	1,725
Deferred during the period / year	27,223	17,106
Recognised during the period / year	(25,597)	(17,995)
Closing balance	<u>2,462</u>	<u>836</u>
10.3 Musawammah financing - gross	9,626,380	11,610,569
Less: Deferred income	(157,495)	(292,915)
Profit receivable shown in other assets	(178,937)	(308,630)
Musawammah financing	<u>9,289,948</u>	<u>11,009,024</u>
10.4 Financing under Islamic Export Refinance - Musawammah - gross	370,415	899,031
Less: Deferred income	(5,007)	(7,015)
Profit receivable shown in other assets	(681)	(5,072)
Financing under Islamic Export Refinance - Musawammah	<u>364,727</u>	<u>886,944</u>
10.5 Bai Muajjal financing - gross	22,952,461	1,701,154
Less: Deferred income	(547,244)	(146,846)
Profit receivable shown in other assets	(645,979)	(79,310)
Bai Muajjal financing	<u>21,759,238</u>	<u>1,474,998</u>
10.6 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 39,307 million (December 31, 2019: Rs 35,439 million).		
10.7 Islamic financing and related assets include Rs. 10,415 million (December 31, 2019: Rs. 8,996 million) which have been placed under non-performing status as detailed below:		

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Non Performing financing	Provision Held	Non Performing financing	Provision Held
Category of classification	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	91,584	1,674	22,534	-
Substandard	580,180	92,518	557,679	132,042
Doubtful	1,139,709	511,124	446,866	212,837
Loss	8,603,403	8,539,830	7,968,640	7,939,640
	<u>10,414,876</u>	<u>9,145,146</u>	<u>8,995,719</u>	<u>8,284,519</u>

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

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

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

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

10.8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at September 30, 2020 amounts to Rs 83.3 million (December 31, 2019: Rs 33.4 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 50.8 million as at September 30, 2020 (December 31, 2019: Rs 21.7 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

11. FIXED ASSETS

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		------(Rupees in '000)-----	
Capital work-in-progress	11.1	3,845,931	3,185,241
Property and equipment		13,630,200	13,168,734
Right-of-use assets		6,212,179	6,930,440
		<u>23,688,310</u>	<u>23,284,415</u>

11.1 Capital work-in-progress

Advances to suppliers and contractors for:

- civil works	2,579,708	2,171,210
- computer hardware	370,765	271,621
- purchase of vehicles	201,716	126,203
- office machines	549,477	552,430
- furniture and fixtures	144,265	63,777
	<u>3,845,931</u>	<u>3,185,241</u>

	Note	September 30, 2020 (Unaudited) ------(Rupees in '000)-----	September 30, 2019 (Unaudited) ------(Rupees in '000)-----
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net		660,690	1,459,944
Property and equipment			
Leasehold land		79,787	-
Buidling on leasehold land		501	233,357
Leasehold improvements		646,896	399,339
Furniture and fixture		86,503	59,957
Electrical, office and computer equipment		746,846	964,681
Vehicles		482,707	590,805
		2,043,240	2,248,139
Right-of-use assets		1,012,104	362,271
Total		3,716,034	4,070,354
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold improvements		178	21
Furniture and fixture		22	125
Electrical, office and computer equipment		785	482
Vehicles		32,758	30,623
		33,743	31,251
12. INTANGIBLE ASSETS			
		September 30, 2020 (Unaudited) ------(Rupees in '000)-----	December 31, 2019 (Audited) ------(Rupees in '000)-----
Computer Software		763,643	614,572
Advance against computer software		273,007	165,809
	12.1	1,036,650	780,381
		September 30, 2020 (Unaudited) ------(Rupees in '000)-----	September 30, 2019 (Unaudited) ------(Rupees in '000)-----
12.1 Additions to intangible assets		420,924	270,031

13. OTHER ASSETS	Note	September 30, 2020 (Unaudited) ------(Rupees in '000)-----	December 31, 2019 (Audited)
Profit / return accrued in local currency - net of provisions		36,684,045	34,765,016
Profit / return accrued in foreign currencies - net of provisions		63,622	76,791
Acceptances		6,722,359	9,033,110
Advances, deposits, advance rent and other prepayments		1,715,698	1,904,437
Non-banking assets acquired in satisfaction of claims		116,076	145,503
Dividends receivable		11,281	-
Stamps		17,722	12,963
Security deposits		200,852	172,596
Advance for Investments		32,801	55,542
Other		457,453	405,575
		<u>46,021,909</u>	<u>46,571,533</u>
Provision against other assets	13.1	<u>(63,274)</u>	<u>(74,686)</u>
Other Assets (Net of Provision)		<u>45,958,635</u>	<u>46,496,847</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	<u>20,184</u>	<u>20,184</u>
Other Assets - total		<u><u>45,978,819</u></u>	<u><u>46,517,031</u></u>
13.1 Provision held against other assets			
Non banking assets acquired in satisfaction of claims		-	10,000
Acceptances		41,371	41,132
Others		21,903	23,554
		<u>63,274</u>	<u>74,686</u>
13.1.1 Movement in provision held against other assets			
Opening balance		74,686	71,302
Charge for the period / year		2,402	49,999
Reversals during the period / year		(8,353)	(4,174)
Amount adjusted / written off during the period / year		<u>(5,461)</u>	<u>(42,441)</u>
Closing balance		<u>63,274</u>	<u>74,686</u>
14. BILLS PAYABLE			
In Pakistan		24,482,003	17,186,807
Outside Pakistan		-	-
		<u>24,482,003</u>	<u>17,186,807</u>
15. DUE TO FINANCIAL INSTITUTIONS			
In Pakistan		61,596,449	42,047,390
Outside Pakistan		-	-
		<u>61,596,449</u>	<u>42,047,390</u>

		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		------(Rupees in '000)-----	
15.1 Details of due to financial institutions secured / unsecured			
Secured			
Musharakah from the SBP under Islamic Export Refinance Scheme		41,604,943	33,861,385
Investment from the SBP under Islamic Long Term Financing Facility		11,795,163	7,268,122
Investment from the SBP under Islamic Refinance Facility for Combating COVID-19		300,393	-
Investment from the SBP under Islamic Financing for Renewal Energy		4,639,098	-
Investment from the SBP under Islamic Temporary Economic Refinance Facility for Plant and Machinery		300,000	-
Investment from the SBP under Islamic Refinance Scheme for Payment of Wages & Salaries		2,296,999	-
Other financial institution		589,053	909,114
Unsecured			
Overdrawn nostro accounts		70,800	8,769
		61,596,449	42,047,390

16. DEPOSITS AND OTHER ACCOUNTS

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

		Note	September 30, 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

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

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

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

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

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
------(Rupees in '000)-----			
18. DEFERRED TAX LIABILITIES / (ASSET)			
Taxable temporary differences due to:			
Excess of accounting book values over tax written down values of owned assets		303,911	390,837
Surplus on revaluation of available for sale investments		3,424,729	5,054,925
Surplus on revaluation of Non-banking assets acquired in satisfaction of claims		7,064	7,064
		3,735,704	5,452,826
Deductible temporary differences due to:			
Provision for diminution / impairment in value of investments		(976,932)	(906,906)
Provision against non-performing Islamic financing and related assets		(283,117)	(109,358)
Income not accrued due to non-culmination of financing		(1,359,792)	(1,435,933)
Provision against non-banking assets acquired in satisfaction of claims and others		(237,767)	(170,771)
		(2,857,608)	(2,622,968)
		878,096	2,829,858
19. OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency		4,043,915	6,434,891
- payable in foreign currencies		89,399	112,161
Unearned income		665,158	56,738
Accrued expenses		9,590,968	6,840,577
Current taxation (provision less payments)		9,723,059	5,894,386
Acceptances		6,722,359	9,033,110
Dividends payable		15,139	16,214
Payable to defined benefit plan		585,124	561,242
Charity payable		20,069	995
Provision against off-balance sheet obligations	19.1	29,100	29,339
Security deposits against Ijarah		13,664,268	14,206,800
Payable on account of credit murabaha / ijarah		3,079	60,307
Security deposits against lockers		131,363	117,792
Retention Money		-	70,687
Unrealised loss on forward foreign exchange contracts - net		563,749	368,207
Advance against future Diminishing Musharakah		103,256	67,227
Withholding taxes payable		230,596	152,711
Lease liability against right-of-use assets		6,797,841	7,049,842
Workers Welfare Fund payable		2,590,385	1,897,436
Others		1,312,812	629,011
		56,881,639	53,599,673

		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		------(Rupees in '000)-----	
19.1	Provision against off-balance sheet obligations		
	Opening balance	29,339	35,020
	Charge for the period / year	(239)	(5,681)
	Closing balance	<u>29,100</u>	<u>29,339</u>
20.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
	Available for sale securities		
	- Listed shares / units of mutual fund	2,557,068	1,674,958
	- Sukuk	7,227,868	12,767,682
		<u>9,784,936</u>	<u>14,442,640</u>
	Non-banking assets acquired in satisfaction of claims	20,184	20,184
		<u>9,805,120</u>	<u>14,462,824</u>
	Less: Deferred tax liability on		
	- Available for sale securities	(3,424,729)	(5,054,925)
	- Non-banking assets acquired in satisfaction of claims	(7,064)	(7,064)
		<u>(3,431,793)</u>	<u>(5,061,989)</u>
		<u>6,373,327</u>	<u>9,400,835</u>
21.	CONTINGENCIES AND COMMITMENTS		
	-Guarantees	21.1 35,225,518	38,843,277
	-Commitments	21.2 677,395,914	711,444,851
	-Other contingent liabilities	21.3 1,802,000	1,802,000
		<u>714,423,432</u>	<u>752,090,128</u>
21.1	Guarantees:		
	Financial guarantees	1,641,733	8,598,348
	Performance guarantees	17,783,776	16,037,636
	Other guarantees	15,800,009	14,207,293
		<u>35,225,518</u>	<u>38,843,277</u>

21.2	Commitments:	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
------(Rupees in '000)-----				
	Documentary letters of credit		109,392,295	98,437,653
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	190,441,051	267,088,452
	Commitments for acquisition of:			
	- fixed assets		345,263	514,594
	- intangible assets		497,810	257,790
	Other commitments	21.2.2	376,719,495	345,146,362
			677,395,914	711,444,851

21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	113,403,820	151,033,720
Sale	77,037,231	116,054,732
	190,441,051	267,088,452

21.2.2 Other Commitments

Commitments in respect of financing	376,719,495	345,146,362
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21.3 Other contingencies

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

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

22. PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS

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

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

23.	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
			------(Rupees in '000)-----	
	Deposits and other accounts	23.1	30,065,692	30,148,453
	Sub-ordinated Sukuk		1,739,481	1,244,996
	Other Musharakahs / Mudarabas		1,004,994	886,847
	Amortisation of lease liability against right-of-use assets		746,789	481,474
			<u>33,556,956</u>	<u>32,761,770</u>
23.1	This includes conversion cost of Rs 1,594 million (September 30, 2019: Rs 1,250 million) against deposits.			
24.	FEE AND COMMISSION INCOME	Note	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
			------(Rupees in '000)-----	
	Trade related fees and commissions		1,765,998	1,857,031
	Commission on guarantees		108,148	71,681
	Branch banking customer fees		622,277	1,070,585
	Credit processing related fees		69,596	78,855
	Debit card related fees		795,905	1,139,860
	Investment banking related fees		164,801	141,686
	Cash management fees		65,014	47,097
	Home remittance related fees		168,417	115,686
	Others		124,037	113,974
			<u>3,884,193</u>	<u>4,636,455</u>
25.	GAIN / (LOSS) ON SECURITIES - NET			
	Realised	25.1	<u>934,663</u>	<u>(239,128)</u>
25.1	Realised (loss) / gain on:			
	Pakistan Energy Sukuk		1,064,963	-
	Listed Shares		(47,339)	(155,162)
	Unlisted Shares		(34,261)	-
	Federal Government Securities		(31,064)	(82,830)
	Other Securities		(17,636)	(1,136)
			<u>934,663</u>	<u>(239,128)</u>
26.	OTHER INCOME			
	Gain on termination of islamic financing		378,833	279,176
	Gain on sale of fixed assets		82,261	45,732
	Loss on disposal of Non-banking asset acquired in satisfaction of claim		(10,000)	(2,529)
	Rental income		4,334	8,783
	Others		2,349	1,950
			<u>457,777</u>	<u>333,112</u>

27. OPERATING EXPENSES

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
	------(Rupees in '000)-----	
Total compensation expense	12,279,332	9,243,363
Property expense		
Depreciation on right-of-use assets	1,730,365	1,587,136
Rent and taxes	86,689	158,186
Utilities cost (including electricity and diesel)	715,549	660,409
Security (including guards)	606,738	456,903
Repair and maintenance (including janitorial charges)	283,770	355,542
Depreciation	572,131	454,723
Others	56,410	31,867
	4,051,652	3,704,766
Information technology expenses		
Software maintenance	458,808	298,194
Hardware maintenance	206,646	246,782
Depreciation	287,766	230,661
Amortisation	164,655	209,732
Network charges	183,261	155,823
	1,301,136	1,141,192
Other operating expenses		
Stationery and printing (including debit card related costs)	619,602	620,539
Local transportation and car running	386,562	363,698
Depreciation on vehicles, equipment etc.	688,134	562,933
Legal and professional charges	93,097	92,589
NIFT and other clearing charges	138,836	120,039
Travelling and conveyance	52,860	87,575
Training and Development	25,359	54,464
Communication (including courier)	403,763	329,267
Marketing, advertisement and publicity	284,658	376,129
Donation	226,722	-
Fees, subscription and other charges	171,720	200,473
Brokerage and bank charges	175,126	131,558
Office supplies	183,856	189,392
Entertainment	38,988	65,081
Takaful expense	68,170	94,461
Repairs and maintenance	276,825	177,456
Security charges - cash transportation	309,947	237,193
Outsourced services costs	11,586	8,241
Auditors' Remuneration	12,756	10,505
Shariah Board fees	13,655	13,080
Non-executive Directors' fee	54,220	33,095
Others	21,194	18,937
	4,257,636	3,786,705
	21,889,756	17,876,026
28. OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	84,553	69,114

	Note	September 30, 2020 (Unaudited) ------(Rupees in '000)-----	September 30, 2019 (Unaudited) ------(Rupees in '000)-----
29. PROVISIONS AND WRITE OFFS - NET			
Provision against non-performing islamic financing related assets - net	10.8	3,933,522	1,181,069
Provision against diminution in the value of investments	9.2	267,059	1,292,052
Other (reversals) / provision		(5,951)	48,060
Reversal against off balance sheet obligations		(239)	(5,962)
Recovery against written off financing		(6,226)	(12,729)
		4,188,165	2,502,490
30. TAXATION			
Current			
- for the year		12,307,618	8,640,299
- for prior year		-	470,030
	30.1	12,307,618	9,110,329
Deferred			
- for the year		(321,566)	(1,052,226)
		11,986,052	8,058,103

30.1 The Bank has recognized super tax charge of Rs 1,246 million (September 30, 2019: Rs 1,354 million) in the current period which is determined at the applicable tax rate of 4 percent on taxable income for the period.

31. BASIC AND DILUTED EARNINGS PER SHARE		September 30, 2020 (Unaudited) ------(Rupees in '000)-----	September 30, 2019 (Unaudited) ------(Rupees in '000)-----
Profit for the period		18,078,755	10,940,050
		------(Number)-----	
Weighted average number of ordinary shares		1,414,722,784	1,414,722,784
		------(Rupees)-----	
			Restated
Basic and diluted earnings per share	31.1	12.78	7.73

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

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

33. FAIR VALUE OF FINANCIAL INSTRUMENT

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

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

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).

September 30, 2020 (Unaudited)				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
RECURRING FAIR VALUE MEASUREMENTS				
INVESTMENTS - NET				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	6,795,538	-	-	6,795,538
Pakistan Energy Sukuk I & II - listed	118,694,818	-	-	118,694,818
GOP Sukuk	-	93,823,155	-	93,823,155
Foreign Sukuk	8,846,579	-	-	8,846,579
Forward purchase of foreign exchange contracts	-	114,702,819	-	114,702,819
Forward sale of foreign exchange contracts	-	77,753,890	-	77,753,890

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

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

33.3 Fair value of non-financial assets

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

33.4 Financial assets not measured at fair value

	Carrying Value	
	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----		
Cash and balances with treasury banks	100,032,655	92,193,361
Balances with other banks	17,869,753	15,372,233
Due from financial institutions - net	282,652,839	223,689,325
Investments - net	134,296,406	101,863,234
Islamic financings and related assets - net	490,161,818	493,775,346
Other assets - net	44,172,413	44,508,630

34. SEGMENT ANALYSIS

34.1 Segment Details with respect to Business Activities

	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000)					
September 30, 2020 (Unaudited)						
Profit and Loss Account						
External Revenue	36,245,577	6,949,358	46,007,950	1,274,301	-	90,477,186
Inter segment revenue - net	-	61,115,978	-	90,149	(61,206,127)	-
Total Income	36,245,577	68,065,336	46,007,950	1,364,450	(61,206,127)	90,477,186
Segment direct expenses	3,192,748	51,623,923	639,888	767,655	-	56,224,214
Inter segment expense allocation	24,076,345	-	37,129,782	-	(61,206,127)	-
Total expenses	27,269,093	51,623,923	37,769,670	767,655	(61,206,127)	56,224,214
Provision / (reversals) and write offs - net	3,615,865	293,877	278,423	-	-	4,188,165
Profit before tax	5,360,619	16,147,536	7,959,857	596,795	-	30,064,807
Statement of Financial Position						
Cash and Bank balances	-	110,677,673	7,224,735	-	-	117,902,408
Due from financial institutions - net	-	-	282,652,839	-	-	282,652,839
Investments - net	15,372,817	-	347,083,679	-	-	362,456,496
Net inter segment lending	-	961,832,809	-	319,246	(962,152,055)	-
Islamic financings and related assets - net	414,919,202	75,242,616	-	-	-	490,161,818
Others	15,625,819	27,596,747	27,481,213	-	-	70,703,779
Total Assets	445,917,838	1,175,349,845	664,442,466	319,246	(962,152,055)	1,323,877,340
Due to financial institutions	60,936,600	589,053	70,796	-	-	61,596,449
Deposits and other accounts	-	1,090,544,718	-	-	-	1,090,544,718
Subordinated Sukuk	18,000,000	-	-	-	-	18,000,000
Net inter segment borrowing	334,368,750	-	627,783,305	-	(962,152,055)	-
Others	8,531,221	72,685,337	705,934	319,246	-	82,241,738
Total liabilities	421,836,571	1,163,819,108	628,560,035	319,246	(962,152,055)	1,252,382,905
Equity	24,081,267	11,530,737	35,882,431	-	-	71,494,435
Total Equity and liabilities	445,917,838	1,175,349,845	664,442,466	319,246	(962,152,055)	1,323,877,340
Contingencies and Commitments	450,657,932	73,324,449	190,441,051	-	-	714,423,432
September 30, 2019 (Unaudited)						
Profit and Loss Account						
External Revenue	37,646,882	6,380,749	26,771,048	1,844,068	-	72,642,747
Inter segment revenue - net	-	50,790,726	-	86,199	(50,876,925)	-
Total Income	37,646,882	57,171,475	26,771,048	1,930,267	(50,876,925)	72,642,747
Segment direct expenses	2,290,794	47,536,102	568,703	746,505	-	51,142,104
Inter segment expense allocation	27,862,168	-	23,014,757	-	(50,876,925)	-
Total expenses	30,152,962	47,536,102	23,583,460	746,505	(50,876,925)	51,142,104
Provisions and write offs - net	1,124,741	80,424	1,297,325	-	-	2,502,490
Profit before tax	6,369,179	9,554,949	1,890,263	1,183,762	-	18,998,153
Statement of Financial Position						
Cash and Bank balances	-	72,580,945	2,111,644	-	-	74,692,589
Due from financial institutions - net	-	-	181,185,196	-	-	181,185,196
Investments - net	19,384,887	-	195,112,397	-	-	214,497,284
Net inter segment lending	-	719,389,358	-	442,599	(719,831,957)	-
Islamic financings and related assets - net	391,219,242	81,594,548	-	-	-	472,813,790
Others	18,790,750	27,889,979	13,559,800	570,017	-	60,810,546
Total Assets	429,394,879	901,454,830	391,969,037	1,012,616	(719,831,957)	1,003,999,405
Due to financial institutions	34,888,855	768,232	5,572,218	-	-	41,229,305
Deposits and other accounts	-	838,926,355	-	-	-	838,926,355
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	351,767,823	-	368,064,134	-	(719,831,957)	-
Others	8,740,813	53,281,255	78,260	986,070	-	63,086,398
Total liabilities	409,397,491	892,975,842	373,714,612	986,070	(719,831,957)	957,242,058
Equity	19,997,388	8,478,988	18,254,425	26,546	-	46,757,347
Total Equity and liabilities	429,394,879	901,454,830	391,969,037	1,012,616	(719,831,957)	1,003,999,405
Contingencies and Commitments	377,529,417	67,944,205	166,430,152	-	-	611,903,774

35. RELATED PARTY TRANSACTIONS

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

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

35.3 Subsidiary company

- Al Meezan Investment Management Limited

35.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

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

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

	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
(Rupees in '000)												
Deposits	5,633,852	5,164,559	18,712	10,349	1,217,981	1,171,564	41,160	95,662	163,543	171,382	4,192,456	3,715,602
Provision held against investments	17,066	-	-	-	17,066	-	-	-	-	-	-	-
Other Assets												
Profit receivable on financing / investments / placements	617,994	710,269	-	-	617,994	710,269	-	-	-	-	-	-
Fee and Other Receivable	27,475	24,011	23,025	22,408	4,450	1,603	-	-	-	-	-	-
Sub-ordinated Sukuk (Tier II)	378,000	568,000	-	-	378,000	568,000	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	585,124	561,242	-	-	-	-	-	-	342,641	317,180	242,483	244,062
Accrued Expenses	410,394	202,500	2,820	2,500	7,574	-	-	-	-	-	400,000	200,000
Unearned Income	2,084	-	-	-	2,084	-	-	-	-	-	-	-
Contingencies and Commitments												
Letters of Credit (unfunded)	-	26,076	-	-	-	26,076	-	-	-	-	-	-
Letters of Guarantee (unfunded)	416,100	100	100	100	416,000	-	-	-	-	-	-	-
	Total		Subsidiary		Associates		Directors		Key management personnel		Other related parties	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Rupees in '000)												
Profit earned on financing / investments / placements	3,101,799	34,658	-	-	3,101,799	34,658	-	-	-	-	-	-
Fees and other income earned	131,823	92,450	85,071	80,310	46,723	12,140	-	-	8	-	21	-
Dividend income earned	122,457	-	65,000	-	57,457	-	-	-	-	-	-	-
Capital Gain	15,405	-	-	-	15,405	-	-	-	-	-	-	-
Return on deposits / borrowing expensed	476,553	420,041	2,210	1,582	186,605	105,359	988	1,065	5,370	25,145	281,380	286,890
Charge for defined benefit plan	242,483	210,128	-	-	-	-	-	-	-	-	242,483	210,128
Contribution to defined contribution plan	283,329	233,683	-	-	-	-	-	-	-	-	283,329	233,683
Contribution to staff benevolent fund	32,203	20,000	-	-	-	-	-	-	-	-	32,203	20,000
Fees and other administrative expenses	165,651	7,086	11,586	7,086	154,065	-	-	-	-	-	-	-
Provision against investments	24,019	-	-	-	24,019	-	-	-	-	-	-	-
Charity Paid	31,000	21,900	-	-	-	-	-	-	-	-	31,000	21,900
Donation	225,000	-	-	-	-	-	-	-	-	-	225,000	-
Remuneration to the directors and key management personnel including fee to non-executive directors and end of service benefit charge for the founder President	186,646	168,165	-	-	-	-	54,220	33,095	132,426	135,070	-	-
Proceeds from sale of fully depreciated fixed assets	3,616	-	-	-	-	-	-	-	3,616	-	-	-
Purchase of fixed assets	245,816	-	-	-	245,816	-	-	-	-	-	-	-

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

37. DATE OF AUTHORISATION

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

38. DATE OF AUTHORISATION

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	-----Rupees in '000-----	
ASSETS		
Cash and balances with treasury banks	100,033,221	92,193,877
Balances with other banks	17,916,732	15,414,833
Due from financial institutions - net	282,652,839	223,689,325
Investments - net	366,923,180	229,667,072
Islamic financing and related assets - net	490,161,818	493,775,346
Fixed assets	24,026,243	23,663,521
Intangible assets	1,050,591	800,532
Deferred tax asset	-	-
Other assets - net	46,377,333	46,910,457
	1,329,141,957	1,126,114,963
LIABILITIES		
Bills payable	24,482,003	17,186,807
Due to financial institutions	61,596,449	42,047,390
Deposits and other accounts	1,090,526,006	932,568,765
Sub-ordinated Sukuk	18,000,000	14,000,000
Deferred tax liabilities	1,039,525	3,008,451
Other liabilities	57,915,580	54,522,604
	1,253,559,563	1,063,334,017
NET ASSETS	75,582,394	62,780,946
REPRESENTED BY		
Share capital	14,147,228	12,861,116
Reserves	20,039,856	18,231,980
Unappropriated profit	33,729,736	21,117,202
Surplus on revaluation of assets - net of tax	6,373,327	9,400,835
	74,290,147	61,611,133
NON-CONTROLLING INTEREST	1,292,247	1,169,813
	75,582,394	62,780,946

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Quarter ended September 30, 2020	Nine months period ended September 30, 2020	Quarter ended September 30, 2019	Nine months period ended September 30, 2019
-----Rupees in '000-----				
Profit / return earned on Islamic financing and related assets, investments and placements	25,484,091	83,316,762	25,917,799	65,928,888
Profit on deposits and other dues expensed	8,088,664	33,575,383	13,505,175	32,760,188
Net spread earned	17,395,427	49,741,379	12,412,624	33,168,700
OTHER INCOME				
Fee and commission income	1,886,799	4,849,933	1,716,002	5,572,281
Dividend income	72,521	163,648	57,683	165,876
Foreign exchange income	304,149	1,602,262	749,347	1,823,813
Gain / (loss) on securities - net	38,988	1,004,617	(141,299)	(282,328)
Other income	212,088	457,822	109,314	331,292
	2,514,545	8,078,282	2,491,047	7,610,934
Total income	19,909,972	57,819,661	14,903,671	40,779,634
OTHER EXPENSES				
Operating expenses	7,694,735	22,279,032	6,611,012	18,288,114
Workers Welfare Fund	242,736	707,114	100,889	445,574
Other charges	867	84,553	66,959	69,114
Total other expenses	7,938,338	23,070,699	6,778,860	18,802,802
	11,971,634	34,748,962	8,124,811	21,976,832
Share of results of associates before taxation	445,235	89,293	(123,665)	(424,396)
Profit before provisions	12,416,869	34,838,255	8,001,146	21,552,436
Provisions and write offs - net	1,091,069	4,188,165	1,450,253	2,502,490
Extraordinary / unusual items	-	-	-	-
Profit before taxation	11,325,800	30,650,090	6,550,893	19,049,946
Taxation	4,448,670	12,189,870	2,662,388	8,157,434
Profit after taxation	6,877,130	18,460,220	3,888,505	10,892,512
Attributable to:				
Shareholders of the Holding company	6,755,802	18,294,372	3,892,778	10,857,332
Non-controlling interest	121,328	165,848	(4,273)	35,180
	6,877,130	18,460,220	3,888,505	10,892,512
------(Rupees)-----				
			Restated	
Basic and diluted earnings per share	4.78	12.93	2.75	7.67

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Quarter Ended September 30, 2020	Nine months period ended September 30, 2020	Quarter Ended September 30, 2019	Nine months period ended September 30, 2019
	-----Rupees in '000-----			
Profit after taxation for the period attributable to:				
Shareholders of the Holding company	6,755,802	18,294,372	3,892,778	10,857,332
Non-controlling interest	121,328	165,848	(4,273)	35,180
	<u>6,877,130</u>	<u>18,460,220</u>	<u>3,888,505</u>	<u>10,892,512</u>
Other Comprehensive income				
Item that may be reclassified to profit and loss account in subsequent periods:				
Surplus / (deficit) on revaluation of investments	2,437,094	(4,657,704)	828,453	442,371
Deferred tax on revaluation of investments	(852,983)	1,630,196	(289,959)	(154,830)
	<u>1,584,111</u>	<u>(3,027,508)</u>	<u>538,494</u>	<u>287,541</u>
Item that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurements of defined benefit plan	-	(33,859)	-	12,796
Tax on remeasurements of defined benefit plan		9,819	-	(3,711)
Deficit on revaluation of non - banking assets	-	-	-	(14,785)
Deferred tax on revaluation of non - banking assets	-	-	-	5,175
	<u>-</u>	<u>(24,040)</u>	<u>-</u>	<u>(525)</u>
Other comprehensive income / (loss) for the period	<u>1,584,111</u>	<u>(3,051,548)</u>	<u>538,494</u>	<u>287,016</u>
Total comprehensive Income for the period	<u><u>8,461,241</u></u>	<u><u>15,408,672</u></u>	<u><u>4,426,999</u></u>	<u><u>11,179,528</u></u>
Attributable to:				
Shareholders of the Holding company	8,339,913	15,251,238	4,431,272	11,141,167
Non-controlling interest	121,328	157,434	(4,273)	38,361
	<u><u>8,461,241</u></u>	<u><u>15,408,672</u></u>	<u><u>4,426,999</u></u>	<u><u>11,179,528</u></u>

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Share capital	Capital reserves			Revenue reserves	Unappropriated profit	Surplus / (deficit) on revaluation of		Non controlling interest	Total
		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 1, 2019	11,691,924	2,406,571	9,570,365	3,117,547	91,082	15,738,899	(68,035)	22,152	1,006,434	43,576,939
Profit after taxation for the nine months period ended September 30, 2019	-	-	-	-	-	10,857,332	-	-	35,180	10,892,512
Other Comprehensive income / (loss) for the nine months period ended September 30, 2019 - net of tax	-	-	-	-	-	5,904	287,541	(9,610)	3,181	287,016
	-	-	-	-	-	10,863,236	287,541	(9,610)	38,361	11,179,528
Transfer from surplus in respect of incremental depreciation of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	79	-	(79)	-	-
Transfer from surplus upon disposal of Non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,593	-	(2,593)	-	-
Other appropriations										
Transfer to statutory reserve	-	-	2,188,010	-	-	(2,188,010)	-	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,169,192	-	-	-	-	(1,169,192)	-	-	-	-
Final cash dividend for the year 2018	-	-	-	-	-	(2,338,385)			-	(2,338,385)
First interim cash dividend for the year 2019	-	-	-	-	-	(1,169,192)	-	-	-	(1,169,192)
Second interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
Balance as at September 30, 2019	12,861,116	2,406,571	11,758,375	3,117,547	91,082	18,453,916	219,506	9,870	1,044,795	49,962,778
Profit after taxation for the quarter ended ended December 31, 2019	-	-	-	-	-	4,727,109	-	-	160,018	4,887,127
Other Comprehensive income for the quarter ended ended December 31, 2019 - net of tax	-	-	-	-	-	80,694	9,168,209	3,250	-	9,252,153
	-	-	-	-	-	4,807,803	9,168,209	3,250	160,018	14,139,280
Other appropriations										
Transfer to statutory reserve	-	-	858,405	-	-	(858,405)	-	-	-	-
Transactions with owners recognised directly in equity										
Third Interim cash dividend for the year 2019	-	-	-	-	-	(1,286,112)	-	-	-	(1,286,112)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(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 after taxation for the nine months period ended September 30, 2020	-	-	-	-	-	18,294,372	-	-	165,848	18,460,220
Other Comprehensive loss for the nine months period ended September 30, 2020 - net of tax	-	-	-	-	-	(15,626)	(3,027,508)	-	(8,414)	(3,051,548)
	-	-	-	-	-	18,278,746	(3,027,508)	-	157,434	15,408,672
Other appropriations										
Transfer to statutory reserve	-	-	1,807,876	-	-	(1,807,876)	-	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,286,112	-	-	-	-	(1,286,112)	-	-	-	-
Final cash dividend for the year 2019	-	-	-	-	-	(2,572,224)	-	-	-	(2,572,224)
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(35,000)	(35,000)
Balance as at September 30, 2020	14,147,228	2,406,571	14,424,656	3,117,547	91,082	33,729,736	6,360,207	13,120	1,292,247	75,582,394

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

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

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

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer

MEEZAN BANK LIMITED**NOTES TO AND FORMING PART OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020****1 BASIS OF PRESENTATION**

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

2 ACCOUNTING POLICIES

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

3 DATE OF AUTHORISATION

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

Chairman

President and Chief Executive

Director

Director

Chief Financial Officer