



Bank for Life

FINANCIAL REPORT

2018





Our Vision

To be the leading financial services provider, partnering with our customers for a more prosperous and secure future

Our Mission

We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us

Our Values

The standards and principles which determine our behavior and how we interact with our customers and each other

***Credit Rating
Long - Term AAA (Triple A)
Short-Term A1+(A one plus)
By PACRA***

MCB Bank Limited

CORPORATE PROFILE

Board of Directors:

Mian Mohammad Mansha Mr. S.M. Muneer Mr. Muhammad Tariq Rafi Mian Umer Mansha Mrs. Iqraa Hassan Mansha Mr. Muhammad Ali Zeb Mr. Ahmad Alman Aslam Mr. Mohd Suhail Amar Suresh bin Abdullah Mr. Nor Hizam Bin Hashim Mr. Samir Iqbal Saigol Mr. Haroun Rashid Mr. Yahya Saleem Mr. Imran Maqbool	Chairman Vice-Chairman Director Director Director Director Director Director Director Director Director Director President & CEO
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Audit Committee:

Mr. Ahmad Alman Aslam Mr. Muhammad Ali Zeb Mr. Nor Hizam Bin Hashim Mr. Samir Iqbal Saigol	Chairman Member Member Member
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Chief Financial Officer:	Mr. Salman Zafar Siddiqi
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB House, 15-Main Gulberg Jail Road, Lahore Pakistan
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited 1 st Floor, 40-C, Block 6, P.E.C.H.S., Karachi Pakistan Branch Office: M/s. THK Associates (Pvt.) Limited 1 st Floor, DYL Motorcycles Limited Office, 147- Q Block, Behind Emporium Mall, Johar Town, Lahore Pakistan



On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the three months period ended March 31, 2018;

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward
Remeasurement of Defined Benefit Plans - net of tax
Transferred from Surplus on Revaluation of Fixed Assets - net of tax

Profit Available for Appropriation

Appropriations:

Statutory Reserve
Final Cash Dividend - December 2017

Total Appropriations

Un-appropriated Profit Carried Forward

Performance Review

During the three months period, MCB Bank Limited reported Profit Before Tax (PBT) of Rs. 7.31 billion and Profit After Tax (PAT) of Rs. 4.78 billion. In comparison with the corresponding period last year, Profit Before Tax has decreased by 22.9% whereas Profit After Tax has decreased by 22.3%, primarily on account of one off charge of pension related expense amounting to Rs. 2.03 billion, in compliance with the Honorable Supreme Court's order, raising minimum pension to Rs. 8,000/= per month.

Net markup income of the Bank was reported at Rs. 11.00 billion, with a significant increase of 12.97% over corresponding period last year. On the gross markup income side, the Bank reported an increase of Rs. 940 million (+5.44%) whereas on the interest expense side, the Bank registered a decrease of Rs. 323 million (-4.28%) in comparison with the same period last year. To supplement its net interest margins, the Bank remained focused on increasing its low cost deposit base and ventured in higher yielding assets.

On the non-markup income front, the Bank reported a base of Rs. 4.3 billion with a decrease of 17.09% over corresponding period last year. Major contributions to non-markup income were operational in nature with fees & commissions increasing by Rs. 425 Mln (+19.39%) and income from dealing in foreign currencies increasing by Rs. 138 Mln (+48.65%). Capital gains for the first quarter were reported at Rs. 780 Mln as compared to Rs. 2,243 Mln reported for corresponding period last year.

The administrative expense base recorded an increase of 16.78% over corresponding period last year on account of merger. On the provision against advances front, the Bank continued with its recovery trajectory and posted a reversal of Rs. 314 million, with Rs. 416 million reversals in provision against investments.

The total asset base of the Bank on a standalone basis was reported at Rs. 1.29 trillion reflecting a decrease of 2.55% over December 2017. Analysis of the assets mix highlights that net investments have decreased by Rs. 55.77 billion (-8.49%) with net advances decreasing by a nominal amount of Rs. 847 million (-0.18%) over December 31, 2017. The coverage and infection ratios of the Bank were reported at 93.72% and 9.41% respectively.

On the liabilities side, the deposit base of the Bank registered a significant increase of Rs. 36.54 billion (+3.77%) over December 2017. MCB Bank Limited continued to enjoy one of the highest CASA mixes in the banking industry of 92.68% with current deposits increasing by 5% and savings deposits by 3% over December 2017. The concentration level of the current accounts stands improved to 39% of the total deposit size as at March 31, 2018.

Earnings per share (EPS) for the quarter came to Rs. 4.03 as compared to Rs. 5.52 during the same period last year. Return on Assets and Return on Equity were reported at 1.46% and 13.99% respectively, whereas book value per share stood at Rs. 115.35.

The Board of Directors declared first interim cash dividend of Rs. 4.00 per share for the three months period ended March 31, 2018.

Demerger of 90 branches from MCB Bank Limited

The Board of Directors in their meeting held on October 25, 2017 had approved the "Scheme of Compromises, Arrangements and Reconstruction (the "Scheme") between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB)". The Scheme envisages transfer of banking business of ninety (90) branches of the Bank subject to the approval by the shareholders of the banks and sanction by the Honourable Lahore High Court where under the assets, rights, liabilities, operations, systems, staff, assets of back office functions and obligations of the Bank relating to banking business of these branches will be transferred to and vested in MIB. The banking business of these branches will also stand converted into Islamic banking business on the effective date pursuant to the compliance of applicable regulatory permissions.

Both the banks filed a petition before the Honourable Lahore High Court for sanction of, and for other orders facilitating implementation of the Scheme under Section 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017. The shareholders approved the Scheme in the Extra

	Rs. in Million
Profit Before Taxation	7,306
Taxation	2,529
Profit After Taxation	4,777
Un-appropriated Profit Brought Forward	53,776
Remeasurement of Defined Benefit Plans - net of tax	(133)
Transferred from Surplus on Revaluation of Fixed Assets - net of tax	13
	53,656
Profit Available for Appropriation	58,433
Appropriations:	
Statutory Reserve	478
Final Cash Dividend - December 2017	4,740
Total Appropriations	5,218
Un-appropriated Profit Carried Forward	53,215



Ordinary General Meeting (EOGM) held on February 10, 2018. The Honourable Lahore High Court has sanctioned the Scheme on April 20, 2018. The business of these 90 branches will be transferred to MIB with effect from the Effective date as defined in the Scheme.

Ratings

The Bank enjoys highest local credit ratings of AAA / A1+ categories for long term and short term respectively, based on PACRA notification dated June 19, 2017. Moreover, TFC rating of MCB Bank Limited (Ex-NIB) has been upgraded from A+ to AAA, based on the notification from PACRA dated October 06, 2017.

Economy Review

During the first quarter of 2018, the majority of Pakistan's macroeconomic fundamentals remained fairly positive, which continued to contribute to economic growth and development. However, despite encouraging signs, there are some significant areas which would need careful attention by the authorities.

Pakistan's exports posted a substantial improvement, growing by 13.14% YoY, in dollar terms, during Jul – Mar FY18 to \$17.1 billion. At the same time, however, imports continue to rise, increasing by 15.66% YoY, in dollar terms to almost \$44.4 billion. Pakistan's import bill has risen owing to imports under the CPEC umbrella while oil imports have also increased. As a result, Pakistan's trade deficit widened to \$27.3 billion, as per the Pakistan Bureau of Statistics, up by around \$4 billion from the comparative period in the previous fiscal year. Meanwhile, workers' remittances stood at \$14.6 billion, posting a healthy increase of 3.55% from the previous fiscal year. The positive improvements in exports and remittances, however, were not sufficient to contain pressures on the external front. Pakistan's current account deficit increased to around 4.8% of GDP in Jul – Feb FY18, more than last year's deficit of 3.6%.

Therefore, on the foreign exchange market side, the Pakistani Rupee depreciated against the US dollar towards the end of March by around 4.5% from 110.60 to 115.60. Pakistan's FX reserves have been on the decline, falling from \$20.1 billion at the beginning of the quarter to \$17.8 billion by 30 March due to external debt servicing and other official payments.

On the positive side, however, China-Pakistan Economic Corridor is beginning to show greater momentum with several energy and infrastructure projects in the pipeline, which will fuel growth in the medium term. Pakistan is expected to grow at 5.8% during FY18 according to the government's estimates, just short of the target of 6.0%. CPEC will also attract foreign investment to Pakistan and enhance its status as a regional manufacturing hub. During Jul – Feb FY18, net FDI stood at \$1.94 billion, a considerable increase from Jul – Feb FY17 when net FDI stood at \$1.68 billion.

Pakistan's CPI inflation began the quarter at 4.42% YoY in Jan. However, most recently, in March, CPI inflation was registered at 3.26% YoY on the back of contained food inflation. There was an upward movement in core inflation, however, which came in at 5.8% YoY from 5.2% YoY in January. The State Bank of Pakistan, owing to significant pressures from the external side decided to increase its policy rate by 25 bps at 6.00% at its Monetary Policy Committee meeting in January.

In summation, while it is expected that economic growth in Pakistan will continue to be strong, the effectiveness of policy measures and political stability will largely dictate whether the material benefits are realized to their inherent potential. At the same time, risks emanating from the external side will have to be closely watched.

Future Outlook

Pakistan is expected to achieve GDP growth of 5.8% in FY18, which is a ten year high. The government is targeting 6.2% growth in FY19, and while this target appears ambitious for this year, expected acceleration in projects under CPEC will become a significant contributor to greater GDP growth in the coming years. Improvements in energy supply are also a key objective for the government, and any managed load-shedding is likely to be eliminated in the near future. However, Pakistan will need to maintain fiscal discipline and keep government expenditures in check as it bids to spend on development projects. Export competitiveness still remains a concern and requires special attention from the government to boost productivity, reduce costs of production and embark on greater diversification in the export sector. Despite the devaluation of the rupee relative to the dollar, which will help address the external imbalances of the country to a certain extent, pressures emanating from the external side will still have to be closely watched and will largely depend on timely materialization of financial inflows and reduction in import bill to improve the country's foreign exchange reserves.

Appreciation and Acknowledgements

The Board of Directors of MCB Bank Limited would like to thank the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory bodies for their continued support, all shareholders and customers of the Bank for their trust, and our employees for their continuous dedication and commitment.

For and on behalf of the Board of Directors

Imran Maqbool

Imran Maqbool
President & CEO
MCB Bank Limited

April 25, 2018

Umer Mansha

Mian Umer Mansha
Director
MCB Bank Limited

ڈائریکٹرز رپورٹ - مارچ 2018

بورڈ آف ڈائریکٹرز کی جانب سے، ایم سی بی بینک لمیٹڈ کے 31 مارچ 2018 کو اختتام پزیر سرمایہ کی مالیاتی نتائج، آپ کے سامنے پیش کرتے ہوئے سرٹ محسوس کرتا ہوں۔

مبلغ	ملین روپے
منافع قبل از ٹیکس	7,306
ٹیکس	2,529
منافع بعد از ٹیکس	4,777
انتظامی غیر تنصیف شدہ منافع	53,776
ایپلائنگ پیفمنٹس پلان کی دوبارہ پیشکش (خالص از ٹیکس)	(133)
پائیدار اثاثوں کی از سر تنقیمت پر اضافی آمدن (خالص از ٹیکس)	13
منافع کے لیے دستیاب منافع	53,656
تخصیص:	58,433
تعاونی ریزرو	478
حتی کیش ڈیویڈنڈ برائے دسمبر 2017	4,740
کل تخصیص	5,218
انتظامی غیر تنصیف شدہ منافع	53,215

کارکردگی کا جائزہ:

سال کے پہلے تین ماہ کے دوران ایم سی بی بینک ڈائریکٹرز نے منافع قبل از ٹیکس 7,306 ملین روپے اور منافع بعد از ٹیکس 4,777 ملین روپے رپورٹ کیا۔ گزشتہ سال کے مقابلے میں منافع قبل از ٹیکس منافع میں 22.9 فیصد کی کمی ہوئی جبکہ بعد از ٹیکس منافع میں 22.3 فیصد کی کمی ہوئی۔ جس کی بنیادی وجہ معزز سرمایہ گروٹ کے حکم کے مطابق کم از کم پیفمنٹس کا 8,000 روپے ماہانہ تک اضافہ کرنے کے باعث پیفمنٹس کی ادائیگی کی مدت میں 2.03 ملین روپے کی یکبارہ اخراجات کا تاخیر ہونا تھا۔

بینک کی خالص مارک اپ آمدنی گزشتہ سال کے مقابلے میں منافع قبل از ٹیکس 12.97 فیصد کی قابل قدر ترقی کے ساتھ 11.00 ملین روپے رپورٹ ہوئی۔

گراس مارک اپ آمدنی کی مدت میں چیک نے گزشتہ سال کے مقابلے میں منافع قبل از ٹیکس 940 ملین روپے (+5.44%) کا اضافہ جبکہ انٹرنسٹ اخراجات کی مدت میں چیک نے 323 ملین روپے (-4.28%) کی کمی ریکارڈ کی۔ اپنے خالص انٹرنسٹ مارجن میں بہتری کے لیے بینک اپنے ڈیپازٹس کی لاگت میں کمی اور پیدوار داری اثاثوں میں بڑھوتی کے اقدامات پر اپنی توجہ مرکوز کیے ہوئے ہے۔

نان مارک اپ آمدنی کی مدت میں چیک نے گزشتہ سال کے مقابلے میں منافع قبل از ٹیکس 17.09 فیصد کی کمی کے ساتھ 4.3 ملین روپے کمائے۔ نان مارک اپ آمدنی میں نمایاں کردار زیادہ تر آپریٹل نوٹس کا ہے جس میں فیس، کمیشن کی مدت میں 425 ملین روپے (+19.39%) تک کا اضافہ اور غیر منگنی کرنسیوں کے لین دین سے حاصل شدہ آمدنی میں 138 ملین روپے (+48.65%) تک کی افزائش ہوئی ہے۔ اس سرمایہ کا دوران 780 ملین روپے کا کھپاؤ گن ریکارڈ کیا گیا جبکہ گزشتہ سال کے اس مقابلے میں اس کا شمار 2,243 ملین روپے پر تھا۔

انتظامی اخراجات کی مدت میں گزشتہ سال کے مقابلے میں منافع قبل از ٹیکس 16.78 فیصد کا اضافہ درج کیا۔ قرضوں کی پروویژن (Provision) کی مدت میں چیک نے اپنے موخر وصولیوں کے عمل کو جاری رکھتے ہوئے 314 ملین روپے اور سرمایہ کاری کی پروویژن کی مدت میں 416 ملین روپے کی رپورٹس ریکارڈ کی۔

بینک کے کل اثاثہ جات انفرادی طور پر 1.29 ٹریلین روپے پر رپورٹ ہوئے جو دسمبر 2017 کی نسبت 2.55 فیصد کی ترقی کا حکار ہے۔ اثاثوں کی ترکیب کا جائزہ واضح کرتا ہے کہ دسمبر 2017 کی نسبت خالص سرمایہ کاری میں 55.77 ملین روپے (-8.49%) تک کمی ہوئی جبکہ اس کے ساتھ خالص قرضہ جات میں دسمبر 2017 کی نسبت 847 ملین روپے (-0.18%) تک کمی معمولی کی ریکارڈ کی گئی۔ بینک کی کوریج اور لیکویڈسٹی کا تناسب بالترتیب 93.72 فیصد اور 9.41 فیصد رہا۔

واجبات کی مدت میں چیک کے ڈیپازٹس میں دسمبر 2017 کی نسبت 36.54 ملین روپے (+3.77%) کا نمایاں اضافہ ہوا ہے۔ ایم سی بی بینک نے بینکنگ انٹرنیٹ میں اپنے بلند ترین کرنٹ اکاؤنٹس سٹیٹنگ اکاؤنٹس (CASA) 92.68 فیصد کے تناسب کو خوش اسلوبی سے برقرار رکھا ہے۔ اور دسمبر 2017 کی نسبت کرنٹ اکاؤنٹس میں 5 فیصد اور سٹیٹنگ اکاؤنٹس میں 3 فیصد کا اضافہ ریکارڈ کیا ہے۔ 31 مارچ 2018 تک مجموعی ڈیپازٹس حجم میں کرنٹ اکاؤنٹس کا اضافی شرح کے ساتھ 39 فیصد رہا۔ فی حصص آمدنی گزشتہ سال کے مقابلے میں 5.52 روپے کی نسبت اس عرصہ میں 4.03 روپے رہی۔ اثاثہ جات اور ایکٹیوٹی پر ڈیٹن بالترتیب 1.46 فیصد اور 13.99 فیصد ریکارڈ کیا گیا۔ جبکہ بک ویلجیٹی حصص 115.35 روپے رہی۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2018 کو اختتام پزیر سرمایہ کے لئے 4 روپے فی حصص کے پے بل پوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔

90 برانچوں کی ایم سی بی بینک لمیٹڈ سے علیحدگی (ڈی مرجز):

بورڈ آف ڈائریکٹرز نے اپنی ہیڈنگ تاریخ 25 اکتوبر 2017 میں بینک اور اس کے مکمل ملکیتی ادارے ایم سی بی اسلامک بینک لمیٹڈ (MIB) کے مابین طے پانے والی معاہدہ، اختتام اور ترقی دہی کی سیم کی منظوری دی۔ اس سیم میں بیشتر ہولڈرز کی توثیق اور معزز لاہور ہائیڈرو پاور پراجیکٹ کی اجازت سے مشروط بینک کی بینکاری کے کاروبار سے متعلق 90 برانچوں کو منتقل کیا جائے گا، جس کے تحت بینک کی ان برانچوں کے کاروبار سے متعلقہ املاک، حقوق، واجبات، آپریشنز، سسٹمز، سٹاف، ایک آفس کنٹینر کے اثاثے اور ذمہ داریوں کو منتقل اور ایم آئی بی (MIB) سے واپس لیا جائے گا۔ ان برانچوں کی بینکاری کا کاروبار بھی اسلامی بینکاری کے کاروبار میں اس تاریخ سے تبدیل تصور ہوگا جس کا تعین تمام لاگو ضوابطی اجازتوں کے حصول کے بعد کیا جائے گا۔ دونوں بینکوں نے لاہور ہائیڈرو پاور پراجیکٹ کی معزز عدالت میں اس کی منظوری اور سیکشن 279 سے 283 اور 285 جو کنٹینر لکٹ 2017 کی مختلف مشنوں کے ساتھ پڑھے جائیں گے، کے تحت دیگر حکاموں جو اس سیم کی عملداری میں سہولت کا باعث بن سکیں، کے لیے پیشکش دیا کرتے رہے۔ بیشتر ہولڈرز نے 10 فروری 2018 کو منصفہ ایک غیر معمولی عام اجلاس (EOGM) میں اس سیم کی منظوری دے دی ہے۔ معزز لاہور ہائیڈرو پاور پراجیکٹ نے 20 اپریل 2018 کو اس سیم کی توثیق کی ہے۔ ان 90 برانچوں کا کاروبار ایم آئی بی (MIB) کو اس سیم میں ڈکوریٹڈ عمل تاریخ پر منتقل کر دیا جائے گا۔

مختصر:

پاکرا (PACRA) کے نوٹیفکیشن تاریخ 19 جون 2017 کے مطابق بینک طویل اور قلیل المدت میں ملترتیب فرہل اے 1 اے دن پلس کی بلند ترین کریڈٹ ریٹنگ سے مستفید ہو رہا ہے۔ علاوہ ازیں پاکرا (PACRA) کے نوٹیفکیشن تاریخ 06 اکتوبر 2017 کے تحت ایم سی بی بینک لمیٹڈ (سابقہ - این آئی بی) کی ٹی ایف سی ریٹنگ کا پلس سے ترقی دے کر فرہل اے پر مقرر کیا گیا ہے۔

معاشی جائزہ:

2018ء کی پہلی سرمایہ کے دوران پاکستان کی میکرو اکنامکس اساس کے حوالہ کی آکریٹ نسبتاً مثبت رہی اور انہوں نے معاشی نمو ترقی میں اپنا کردار جاری رکھا۔ تاہم حوصلہ افزاء اشاروں کے باوجود چھٹا گزر معاملات اب بھی اداروں کی توجہ کے طالب ہیں۔

پاکستان کی برآمدات، امریکی ڈالروں میں سال پر سال کی بنیاد پر 13.14 فیصد بہتری کے ساتھ، جولائی تا مارچ 2018 تک 17.1 بلین امریکی ڈالرز رہیں۔ جبکہ درآمدات کا حجم، امریکی ڈالروں میں سال پر سال کی بنیاد پر 15.66 فیصد اضافہ کے رجحان کو اپناتے ہوئے 44.4 بلین امریکی ڈالرز تک رہا۔ پاکستان کی درآمدات میں اضافی بیک سے متعلقہ درآمدات کی بدولت رہا۔ علاوہ ازیں تیل کی درآمد میں بھی بڑھوتی ہوئی۔ جس کے نتیجے میں ملک کا تجارتی خسارہ، پاکستان کے ادارہ شماریات کے مطابق، مزید وسیع ہوتے ہوئے 27.3 بلین امریکی ڈالرز تک پہنچ گیا۔ گزشتہ مالی سال کے مقابلے میں منافع قبل از ٹیکس تقریباً 4 بلین امریکی ڈالرز زیادہ ہے۔ اس دوران انفرادی ترسیلات زر گزشتہ سال کی مقابلے میں 3.55 فیصد کی مثبت شرح کے ساتھ 14.6 بلین امریکی ڈالرز کی سطح پر رہیں۔ برآمدات اور ترسیلات میں مثبت ترقی معاشی دباؤ کو کم کرنے کے لیے ناکافی ہے۔ مالی سال 2018 جولائی تا فروری تک پاکستان کا کرنٹ اکاؤنٹ خسارہ ہی ڈی بی کے تقریباً 4.8 فیصد تک بڑھ گیا جو گزشتہ سال کے 3.6 فیصد خسارے سے زیادہ ہے۔

چنانچہ غیر ملکی مارکیٹ کے تناظر میں پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں مارچ کے اختتام تقریباً 4.5 فیصد کی ترقی ہوئی جو 110.60 روپے فی ڈالر سے 115.60 روپے فی ڈالر تک پہنچ گئی۔ پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں کمی کا رجحان برقرار رہا۔ جو کہ اس سرمایہ کے آغاز پر 20.1 بلین ڈالرز سے کم ہوتے ہوئے 30 مارچ تک بیرونی قرضوں اور دیگر سرکاری ادائیگیوں کے باعث 17.8 بلین ڈالرز تک پہنچ گئے۔

تاہم مثبت شرح کے طور پر پاک پیمنٹ اقتصادی راہداری (سی پی ای) نے اپنے آنے والے توانائی اور تعمیرات کے بہت سے منصوبوں کے ذریعہ اپنی طاقت ور حرکت پذیری کا اظہار کرنا شروع کر دیا جو کہ درمیانی مدت میں معاشی نمو کیلئے اہم کام کرے گی۔ حکومت کے نتیجے میں مطابق مالی سال 2018 میں پاکستان کی ترقی کی شرح 5.8 فیصد ہے گی جو کہ 6 فیصد کے ہدف سے معمولی طور پر کم ہے۔ سی پی ای پاکستان میں غیر ملکی سرمایہ کاری کو بھی حوصلہ دے گا اور اس کے منحنی کے علاقائی مرکز کی حیثیت کے تاثر کو مزید فروغ حاصل ہوگا۔ مالی سال 2018 کی جولائی تا فروری کی مدت میں غیر ملکی براہ راست سرمایہ کاری (net FDI) کا تخمینہ 1.94 بلین امریکی ڈالرز پر رہا جو کہ گزشتہ مالی سال 2017 کے جولائی تا فروری کے مقابلے میں 1.68 بلین امریکی ڈالرز کی نسبت قابل تحسین اضافہ ہے۔

پاکستان کی صارفین کی تعداد (سی پی ای) جنوری میں سالانہ بنیاد پر 4.42 فیصد کے افراط زر کے ساتھ اس سرمایہ کا آغاز کیا۔ جبکہ ابھی حال ہی میں، مارچ 2018 میں، سی پی ای کا افراط زر سالانہ بنیاد پر 3.26 فیصد ریکارڈ کیا گیا جو غذائی افراط زر پر مشتمل ہے، جبکہ خالص افراط زر سالانہ بنیاد پر جنوری کی 5.2 فیصد کی شرح سے بڑھتے ہوئے 5.8 فیصد تک پہنچ گیا۔ ٹیٹ بینک آف پاکستان نے غیر معمولی بیرونی دباؤ کے باعث جنوری میں اپنی مانیٹرنگ پالیسی کھینچنے کے اجلاس میں پالیسی ریٹ میں 25 پی پی ایس کے اضافے کے بعد اس کی شرح کو 6 فیصد کی سطح پر مین کر دیا ہے۔

مختصر اجلاس پاکستان کی معاشی ترقی کی رفتار میں مزید بہتری متوقع ہے وہاں معاشی پالیسیوں کی افادیت اور سیاسی استحکام اس امر کی غماز ہے کہ تمام مادی فوائد کو ان کی حقیقی صلاحیتوں سے مشروط کیا جائے۔ اسی کے ساتھ بیرونی خدشات پر کڑی نظر رکھتے اور ان کے تدارک کی ضرورت ہے۔

مستقبل کی پیش بینی:

پاکستان میں مالی سال 2018 کے دوران جی ڈی پی کی گروتھ (GDP Growth) میں 5.8 فیصد کی شرح کا حصول متوقع ہے۔ جو گزشتہ دو سالوں میں بلند ترین سطح ہے۔ حکومت نے مالی سال 2019 کے لیے 6.2 فیصد کا ہدف مقرر کیا ہے۔ یہ ہدف بظاہر زیادہ بڑھتا ہے تاہم سی پی ای (CPEC) کے منصوبوں میں متوقع ترقی آنے والے سالوں میں GDP میں نمو کے لیے نمایاں کردار ادا کرے گی۔ توانائی کی رسد میں بہتری بھی ایک کلیدی حیثیت کی حامل ہے۔ مستقبل قریب میں اعلیٰ ڈیویڈنڈ تک حاصل کا متوقع ہے۔ بحال حال پاکستان کو مالی قہم و خیز کو برقرار رکھنے اور ترقیاتی منصوبوں پر خرچ کرنے کے لیے حکومتی اخراجات پر کڑی نگاہ رکھنے کی ضرورت ہے۔ تاہم برآمدات کی سہولت بھی ایک اہم اور توجہ طلب مسئلہ اور حکومت کی خصوصی توجہ کا مستحق ہے۔ تاکہ پیدوار میں اضافہ، لاگت میں کمی اور برآمدات کے شعبہ میں فروغ اور توسیع ہو سکے۔ اگرچہ ڈالر کے مقابلے میں روپے کی قدر میں تخفیف سے ملک کے بیرونی عدم توازن کو کسی حد تک بہتر بنانے میں مدد ملے گی تاہم، بیرونی اطراف سے پیدا ہونے والے دباؤ بھی کڑی نگاہ رکھنے کی ضرورت ہے۔ جو کہ تمام مالی وصولیوں کی بروقت حصول اور درآمدات کے بل میں کمی پر منحصر ہے جس سے ملنے والے زرمبادلہ کے ذخائر میں بہتری لائی جاسکے گی۔

تعمیر و ترقی:

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکریٹری ایڈمنسٹریشن اینڈ پیمنٹس آف پاکستان اور دیگر انتظامی اداروں کی جاری معاونت کے لیے، بینک کے مشیر ہولڈرز اور صارفین کا اگلے اتحاد کے لیے، اور اپنے ملازمین کا اگلی سلسلہ گن اور ٹھکانہ خدمات پر مبنی اقدامات کرتے ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

میاں عمر منشاء
ڈائریکٹر
ایم سی بی بینک لمیٹڈ

عمران مقبول
پریزیڈنٹ اور سی ای او
ایم سی بی بینک لمیٹڈ

25 اپریل 2018

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2018

	Note	Unaudited March 31, 2018	Audited December 31, 2017
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		105,031,527	106,072,084
Balances with other banks		6,772,793	4,579,275
Lendings to financial institutions	7	32,765,605	4,398,114
Investments - net	8	601,192,206	656,963,632
Advances - net	9	468,508,485	469,355,849
Operating fixed assets	10	40,061,643	39,573,932
Deferred tax assets - net		-	-
Other assets - net		39,135,517	46,368,154
		1,293,467,776	1,327,311,040
Liabilities			
Bills payable		12,337,229	22,680,667
Borrowings	11	73,494,359	133,069,556
Deposits and other accounts	12	1,005,026,873	968,482,635
Sub-ordinated loan	13	3,892,578	3,892,578
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	14	4,062,659	4,625,035
Other liabilities		41,692,327	40,994,232
		1,140,506,025	1,173,744,703
		152,961,751	153,566,337
Net assets			
Represented by			
Share capital		11,850,600	11,850,600
Reserves		71,631,125	70,866,473
Unappropriated profit		53,214,878	53,776,057
		136,696,603	136,493,130
Surplus on revaluation of assets - net of tax		16,265,148	17,073,207
		152,961,751	153,566,337

Contingencies and commitments

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The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2018

	Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
----- (Rupees in '000) -----			
Mark-up / return / interest earned		18,214,047	17,273,967
Mark-up / return / interest expensed		7,216,422	7,539,163
Net mark-up / interest income		10,997,625	9,734,804
Provision / (reversal) against loans and advances - net		(313,899)	(756,909)
Provision / (reversal) for diminution in the value of investments - net		(416,180)	(123,010)
Bad debts written off directly		-	14
		(730,079)	(879,905)
Net mark-up / interest income after provisions		11,727,704	10,614,709
Non mark-up / interest income			
Fee, commission and brokerage income		2,621,360	2,195,691
Dividend income		163,811	354,333
Income from dealing in foreign currencies		420,924	283,167
Gain on sale of securities - net	17	784,377	2,277,242
Unrealized gain/(loss) on revaluation of investments classified as held for trading		(4,339)	(33,877)
Other income		312,052	107,557
Total non mark-up / interest income		4,298,185	5,184,113
		16,025,889	15,798,822
Non mark-up / interest expenses			
Administrative expenses		7,209,562	6,098,770
Other provision - net		(708,570)	12,142
Other charges		193,283	215,066
Total non mark-up / interest expenses		6,694,275	6,325,978
Profit before extra ordinary / unusual item and taxation		9,331,614	9,472,844
Extraordinary / unusual item (pension cost)	18	(2,025,258)	-
		7,306,356	9,472,844
Profit before taxation			
Taxation - current period		2,591,668	3,333,982
- prior years		-	-
- deferred		(62,452)	(7,794)
		2,529,216	3,326,188
		4,777,140	6,146,656
----- (In Rupees) -----			
Earnings per share - basic and diluted	19	4.03	5.52

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	----- (Rupees in '000) -----	
Profit after tax for the period	4,777,140	6,146,656
Other comprehensive income		
Items that will not be reclassified to profit and loss account		
Remeasurement of defined benefit plans - net of tax	(133,763)	-
Items that may be reclassified to profit and loss account		
Effect of translation of net investment in foreign branches	286,938	(32,371)
Comprehensive income transferred to equity	4,930,315	6,114,285
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	(1,222,558)	(493,825)
Deferred tax	427,895	172,839
	(794,663)	(320,986)
Total comprehensive income for the period	4,135,652	5,793,299

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2018

	March 31, 2018	March 31, 2017
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	7,306,356	9,472,844
Less: Dividend income	(163,811)	(354,333)
	7,142,545	9,118,511
Adjustments for:		
Depreciation	537,270	389,838
Amortization	64,871	72,642
Bad debts written off directly	-	14
Provision / (reversal) against loans and advances - net	(313,899)	(756,909)
Provision / (reversal) for diminution in the value of investments - net	(416,180)	(123,010)
Other provision - net	(708,570)	12,142
Provision for Workers' Welfare Fund	146,127	189,457
Charge / (reversal) for defined benefit plans	2,154,258	39,000
Unrealized loss on revaluation of investments classified as held for trading	4,339	33,877
Gain on sale of shares in associate	(247,677)	(631,794)
Gain on disposal of fixed assets - net	(59,258)	(4,630)
	1,161,281	(779,373)
	8,303,826	8,339,138
(Increase) / decrease in operating assets		
Lendings to financial institutions	(28,367,491)	1,169,868
Net investment in held for trading securities	(196,055)	(75,129,446)
Advances - net	1,161,263	(4,769,014)
Other assets - net	3,401,031	4,838,729
	(24,001,252)	(73,889,863)
Increase / (decrease) in operating liabilities		
Bills payable	(10,343,438)	877,390
Borrowings	(59,764,654)	152,178,739
Deposits and other accounts	36,544,238	37,520,488
Other liabilities	(2,740,135)	(2,091,160)
	(36,303,989)	188,485,457
	(52,001,415)	122,934,732
Defined benefits paid	(286,989)	(77,465)
Income tax paid	(467,618)	(2,880,166)
Net cash flows from operating activities	(52,756,022)	119,977,101
Cash flows from investing activities		
Net investments in available-for-sale securities	52,570,727	(120,563,532)
Net investments in held-to-maturity securities	3,738,266	3,538,392
Dividend income received	336,671	207,344
Investment in subsidiary company	(1,200,000)	-
Proceeds from divestment in associate	295,448	722,164
Sale proceeds of property and equipment disposed off	67,629	7,996
Investment in operating fixed assets	(1,086,005)	(1,045,877)
Net cash flows from investing activities	54,722,736	(117,133,513)
Cash flows from financing activities		
Dividend paid	(1,290,148)	(409,076)
Net cash flows from financing activities	(1,290,148)	(409,076)
Exchange difference on translation of net investment in foreign branches	286,938	(32,371)
Increase in cash and cash equivalents	963,504	2,402,141
Cash and cash equivalents at January 1	109,542,725	78,406,662
Cash and cash equivalents at March 31	110,506,229	80,808,803

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2018

	Capital Reserves				Statutory reserve	Revenue Reserves		Total
	Share capital	Share premium	Non-distributable capital reserve	Exchange translation reserve		General reserve	Unappropriated profit	
	(Rupees in '000)							
Balance as at December 31, 2016	11,130,307	9,702,528	-	167,174	24,877,159	18,600,000	53,469,072	117,946,240
Change in equity for three months ended March 31, 2017								
Total comprehensive income for the three months ended March 31, 2017								
Profit after taxation for three months period ended March 31, 2017	-	-	-	-	-	-	6,146,656	6,146,656
Exchange differences on translation of net investment in foreign branches	-	-	-	(32,371)	-	-	-	(32,371)
	-	-	-	(32,371)	-	-	6,146,656	6,114,285
Transactions with owners recognized directly in equity								
Final cash dividend at Rs. 4.0 per share - December 31, 2016	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	13,398	13,398
Transferred to statutory reserve	-	-	-	-	614,666	-	(614,666)	-
Balance as at March 31, 2017	11,130,307	9,702,528	-	134,803	25,491,825	18,600,000	54,562,337	119,621,800
Change in equity for nine months ended December 31, 2017								
Total comprehensive income for the nine months ended December 31, 2017								
Profit after taxation for nine months period ended December 31, 2017	-	-	-	-	-	-	16,312,245	16,312,245
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(1,574,891)	(1,574,891)
Exchange differences on translation of net investment in foreign branches	-	-	-	349,190	-	-	-	349,190
	-	-	-	349,190	-	-	14,737,354	15,086,544
Transactions with owners recognized directly in equity								
Interim cash dividend at Rs. 4.0 per share - March 31, 2017	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2017	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - September 30, 2017	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(13,932,603)	(13,932,603)
Transferred to statutory reserve	-	-	-	-	-	-	40,193	40,193
Shares issued under amalgamation scheme	720,293	14,048,586	-	-	1,631,224	-	(1,631,224)	-
Gain on bargain purchase arising on amalgamation of NIB Bank Limited	-	-	908,317	-	-	-	-	908,317
Balance as at December 31, 2017	11,850,600	23,751,114	908,317	483,993	27,123,049	18,600,000	53,776,057	136,493,130
Change in equity for three months ended March 31, 2018								
Total comprehensive income for the three months ended March 31, 2018								
Profit after taxation for three months period ended March 31, 2018	-	-	-	-	-	-	4,777,140	4,777,140
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(133,763)	(133,763)
Exchange differences on translation of net investment in foreign branches	-	-	-	286,938	-	-	-	286,938
	-	-	-	286,938	-	-	4,643,377	4,930,315
Transactions with owners recognized directly in equity								
Final cash dividend at Rs. 4.0 per share - December 31, 2017	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	13,398	13,398
Transferred to statutory reserve	-	-	-	-	477,714	-	(477,714)	-
Balance as at March 31, 2018	11,850,600	23,751,114	908,317	770,931	27,600,763	18,600,000	53,214,878	136,696,603

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ("the Bank") is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,435 branches (December 31, 2017: 1,433 branches) within Pakistan and 11 branches (December 31, 2017: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

1.1 Merger of NIB Bank Limited

Last year, the Bank completed the amalgamation of NIB Bank Limited with and into the Bank. This has been accounted for as disclosed in note 1.1 of the unconsolidated financial statements for the year ended December 31, 2017.

1.2 Demerger of 90 branches from MCB Bank Limited

The Board of Directors in their meeting held on October 25, 2017 had approved the "Scheme of Compromises, Arrangements and Reconstruction (the "Scheme") between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB)". The Scheme envisages transfer of banking business of ninety (90) branches of the Bank subject to the approval by the shareholders of the banks and sanction by the Honourable Lahore High Court where under the assets, rights, liabilities, operations, systems, staff, assets of back office functions and obligations of the Bank relating to banking business of these branches will be transferred to and vested in MIB. The banking business of these branches will also stand converted into Islamic banking business on the effective date pursuant to the compliance of applicable regulatory permissions.

Both the banks filed a petition before the Honourable Lahore High Court for sanction of, and for other orders facilitating implementation of the Scheme under Section 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017. The shareholders approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on February 10, 2018. The Honourable Lahore High Court has sanctioned the Scheme on April 20, 2018. The business of these 90 branches will be transferred to MIB with effect from the Effective date as defined in the Scheme.

2 BASIS OF PRESENTATION

2.1 This financial information represents unconsolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is being issued separately.

2.2 The disclosures made in this unconsolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

2.3 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this unconsolidated condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.4 For the purpose of translation, rate of Rs. 115.4999 per US Dollar (December 31, 2017: Rs.110.4172) has been used.

3 STATEMENT OF COMPLIANCE

3.1 This unconsolidated condensed interim financial information of the Bank has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and 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, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars. Further, segment information is being disclosed in accordance with SBP's prescribed formats per BSD circular 4 dated February 17, 2006 which prevails over the requirements specified in IFRS 8.

3.3 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of this standard have not been applied in the preparation of this unconsolidated condensed interim financial information to the extent of their applicability to these mutual funds.

4 BASIS OF MEASUREMENT

4.1 This unconsolidated condensed interim financial information has been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

4.2 This unconsolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2017 except for the following:

Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018 the Bank has revised its accounting policy in respect of measurement of 'surplus / (deficit) on revaluation of fixed assets' which are now accounted for in accordance with Companies Act, 2017. The management of the Bank believes that the impact of change in policy is not material, therefore no adjustments are being made in this unconsolidated financial information.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
Call money lendings	5,981,421	3,779,086
Repurchase agreement lendings	26,784,184	619,028
	32,765,605	4,398,114

8. INVESTMENTS - NET

8.1 Investments by types

Note	March 31, 2018		
	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----		
	224,774	-	224,774
8.2	530,694,971	27,675,881	558,370,852
	29,516,533	-	29,516,533
	560,436,278	27,675,881	588,112,159
8.3	700,401	-	700,401
	12,046,512	-	12,046,512
	12,746,913	-	12,746,913
	573,183,191	27,675,881	600,859,072
	(5,498,615)	-	(5,498,615)
	567,684,576	27,675,881	595,360,457
	5,843,420	(7,332)	5,836,088
	(4,339)	-	(4,339)
	573,523,657	27,668,549	601,192,206

Note	December 31, 2017		
	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----		
	34,371	-	34,371
8.2	522,021,853	88,919,726	610,941,579
	33,325,712	-	33,325,712
	555,381,936	88,919,726	644,301,662
8.3	748,172	-	748,172
	10,846,512	-	10,846,512
	11,594,684	-	11,594,684
	566,976,620	88,919,726	655,896,346
	(5,985,708)	-	(5,985,708)
	560,990,912	88,919,726	649,910,638
	7,083,091	(24,445)	7,058,646
	(5,652)	-	(5,652)
	568,068,351	88,895,281	656,963,632

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 67.9 million (December 31, 2017: Rs. 67.9 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5.0 million (December 31, 2017: Rs. 5.0 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 647.880 million (December 31, 2017: Rs. 695.651 million) as at March 31, 2018 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2018 amounted to Rs. 4,060.00 million (December 31, 2017: Rs. 3,906.139 million).

Note	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
9. ADVANCES - NET		
Loans, cash credits, running finances, etc		
- In Pakistan	461,633,610	463,689,530
- Outside Pakistan	25,209,329	24,828,547
	486,842,939	488,518,077
Net Investment in finance lease		
- In Pakistan	4,735,930	4,176,737
- Outside Pakistan	87,261	94,544
	4,823,191	4,271,281
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	7,211,549	7,197,552
- Payable outside Pakistan	14,969,492	15,070,945
	22,181,041	22,268,497
	513,847,171	515,057,855
Advances - gross		
Less: Provision against loans and advances		
- Specific provision	9.1 (44,208,517)	(44,586,915)
- General provision	9.2 (513,847)	(503,682)
- General provision against consumer loans & small enterprise loans	9.3 (532,887)	(533,795)
- General provision by overseas operations	9.4 (83,435)	(77,614)
	(45,338,686)	(45,702,006)
	468,508,485	469,355,849

9.1 Advances include Rs. 48,376.929 million (December 31, 2017: Rs. 48,752.620 million) which have been placed under non-performing status as detailed below:

Note	March 31, 2018				
	Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAEM)	181,553	-	181,553	9,701	9,701
Substandard	322,462	58,289	380,751	93,500	93,500
Doubtful	254,711	441,555	696,266	347,670	347,670
Loss	41,264,651	5,853,708	47,118,359	43,757,646	43,757,646
	42,023,377	6,353,552	48,376,929	44,208,517	44,208,517
	December 31, 2017				
Category of Classification	Domestic	Overseas	Total	Specific Provision Required	Specific Provision Held
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAEM)	171,209	-	171,209	9,934	9,934
Substandard	396,984	154,987	551,971	137,222	137,222
Doubtful	218,714	344,151	562,865	281,432	281,432
Loss	41,869,272	5,597,303	47,466,575	44,158,327	44,158,327
	42,656,179	6,096,441	48,752,620	44,586,915	44,586,915

9.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

9.2 General provision against advances represents provision maintained at around 0.1% of gross advances.

9.3 General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

9.4 General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

9.5 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of forced sale value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. However, management has not taken the FSV benefit in calculation of specific provision.

10. OPERATING FIXED ASSETS

	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
Capital work-in-progress	1,197,494	935,158
Property and equipment	38,459,562	38,234,448
Intangible asset	404,587	404,326
	<u>40,061,643</u>	<u>39,573,932</u>

10.1. Additions and disposals during the period amounted to Rs.1,086.005 million (March 31, 2018: Rs. 1,045.877 million) and Rs. 8.371 million (March 31, 2017: Rs. 3.366 million), respectively.

11. BORROWINGS

	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
In Pakistan	65,873,161	126,988,022
Outside Pakistan	7,621,198	6,081,534
	<u>73,494,359</u>	<u>133,069,556</u>

11.1. Details of borrowings (secured / unsecured)
Secured

	March 31, 2018	December 31, 2017
Borrowings from State Bank of Pakistan		
Export refinance scheme	23,881,454	24,676,099
Long term financing facility	13,459,918	12,797,076
Refinance Facility for modernization of SME	87,316	100,866
Renewable energy performance platform	30,848	3,680
Financing facility for storage of agricultural produce	171,428	254,045
	<u>37,630,964</u>	<u>37,831,766</u>
Repurchase agreement borrowings	27,899,170	88,849,251
	<u>65,530,134</u>	<u>126,681,017</u>

Unsecured

	March 31, 2018	December 31, 2017
Borrowings from other financial institutions	1,449,518	1,831,801
Call borrowings	5,054,330	3,285,818
Foreign borrowings payable in local currency	162,286	162,286
Overdrawn nostro accounts	1,298,091	1,108,634
	<u>7,964,225</u>	<u>6,388,539</u>
	<u>73,494,359</u>	<u>133,069,556</u>

12. DEPOSITS AND OTHER ACCOUNTS

Customers

	March 31, 2018	December 31, 2017
Fixed deposits	73,211,037	66,914,022
Savings deposits	527,885,810	513,309,328
Current accounts	378,428,829	356,577,624
Margin accounts	8,300,770	9,970,532
	<u>987,826,446</u>	<u>946,771,506</u>

Financial institutions

	March 31, 2018	December 31, 2017
Remunerative deposits	8,584,260	11,175,786
Non-remunerative deposits	8,616,167	10,535,343
	<u>17,200,427</u>	<u>21,711,129</u>
	<u>1,005,026,873</u>	<u>968,482,635</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

13. SUB-ORDINATED LOANS

Term Finance Certificates - Listed, Unsecured

March 31, 2018: 3,892,578 (Rupees in '000)
December 31, 2017: 3,892,578

Mark-up Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR")).

Security The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits.

Issue Date June 19, 2014

Issue Amount Rs. 4,198.035 million

Rating AAA (triple A)

Tenor 8 years from the Issue Date

Redemption Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.

Maturity June 19, 2022

Call Option The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.

Lock-in- Clause Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR. In case the lock-in clause goes into effect, the Bank will be required to comply with the SBP instructions prevalent or issued at the time.

Loss Absorbency Clause The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

14. DEFERRED TAX LIABILITY / (ASSET) - NET

The details of the tax effect of taxable and deductible temporary differences are as follows:

Taxable temporary differences on:

	March 31, 2018	December 31, 2017
Surplus on revaluation of operating fixed assets	1,018,020	1,025,234
Surplus on revaluation of Non-banking assets	75,273	75,273
Accelerated tax depreciation	1,478,646	1,534,613
Receivable from pension fund	1,315,821	2,096,688
Business combination	705,218	705,218
Surplus / deficit on revaluation of securities	2,042,631	2,470,526
	<u>6,635,609</u>	<u>7,907,552</u>

Deductible temporary differences on:

Provision for bad debts	(2,572,950)	(3,282,517)
	<u>4,062,659</u>	<u>4,625,035</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring

- Government	68,330,433	73,747,315
- Banks and financial institutions	6,877,606	5,345,816
- Others	7,380,665	6,226,506
	<u>82,588,704</u>	<u>85,319,637</u>

15.2 Transaction-related contingent liabilities

Guarantees in favour of:

- Government	29,062,162	28,536,667
- Banks and financial institutions	80,687	80,377
- Others	16,255,303	16,788,987
- Suppliers credit / payee guarantee	1,611,526	1,992,913
	<u>47,009,678</u>	<u>47,398,944</u>

15.3 Trade-related contingent liabilities

15.4 Other contingencies

Claims against the Bank not acknowledged as debts

	<u>5,338,900</u>	<u>5,938,071</u>
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These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this unconsolidated condensed interim financial information.

15.5 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
15.6 Commitments in respect of forward foreign exchange contracts		
Purchase	80,671,751	85,101,993
Sale	67,966,433	75,210,455
	187,758	96,399
15.7 Commitments for the acquisition of fixed assets		
15.8 Other commitments		
FX options (notional amount)		
Purchase	162,273	865,718
Sale	162,273	865,718
Cross Currency Swaps (Notional)	3,232,144	3,232,144
Interest Rate Swaps (Notional)	316,500	316,500
Outright purchase of Government Securities	11,865,000	7,000,000
Outright sale of Government Securities	580,000	-

15.9 Taxation

For assessment year 1988-89 through tax year 2016, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,952 million (2017: Rs. 3,656 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

The income tax returns of Ex-NIB Bank Limited have been filed up to and including tax year 2017 relevant to the financial year ended December 31, 2016. The tax authorities have made certain disallowances pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited. During the year ended 2013, a combined Appellate Order for Ex-PICIC pertaining to tax years 2003 through 2007 was issued by Commissioner Inland Revenue (Appeals) – CIR(A) in which the aforementioned expenses were allowed. However, the tax authorities have filed appeal with Income Tax Appellate Tribunal (ITAT) against above combined Appellate Order. Furthermore, tax authorities have also made certain disallowances in respect of tax years 2009, 2010, 2011, 2012, 2013, 2014, 2015 & 2016 which are pending at various appellate forums.

16. BASEL III LIQUIDITY REQUIREMENT

16.1. Liquidity Coverage Ratio

	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
High quality liquid assets	621,463,183	608,139,885
Net cash outflows	345,536,238	313,260,304
Liquidity Coverage ratio (%)	179.85%	194.13%

16.2. Net Stable Funding Ratio

Available stable funding	832,871,409	814,278,652
Required stable funding	669,920,026	632,207,998
Net Stable Funding Ratio (%)	124.32%	128.80%

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

	Three months ended	
	March 31, 2018	March 31, 2017
	---- (Rupees in '000) ----	
17. GAIN ON SALE OF SECURITIES - NET		
Federal Government Securities		
-Market Treasury Bills	9,841	1,545
-Pakistan Investment Bonds	(6,428)	9,635
Listed Shares	780,964	2,266,062
	784,377	2,277,242
18. EXTRAORDINARY / UNUSUAL ITEM (PENSION COST)		
The Bank has charged Rs. 2,025.258 million (one-off provision) based on actuarial valuation of pension cost payable as per Honorable Supreme Court's order.		
19. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX		
Profit after taxation	4,777,140	6,146,656
	(Number of shares)	
Weighted average number of shares outstanding during the period	1,185,060,006	1,113,030,748
	(Rupees)	
Basic and diluted Earnings per share - after tax	4.03	5.52
20. CREDIT RATING		
PACRA through its notification dated June 19, 2017, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].		

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. Quoted securities classified as held to maturity are carried at amortised cost. Fair value of unquoted equity investments other than investments in associates and subsidiaries is determined on the basis of break up value of these investments as per the latest available financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings 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. 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 are either short term in nature or, in the case of customer loans and deposits, are frequently repriced.

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

	Fair Value							
	March 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----							
On balance sheet financial instruments								
Financial assets measured at fair value								
Held for trading securities								
- Shares in listed companies	80,513	-	-	80,513	23,745	-	-	23,745
- Market Treasury Bills	-	139,922	-	139,922	-	4,974	-	4,974
	80,513	139,922	-	220,435	23,745	4,974	-	28,719
Available-for-sale securities								
- Market Treasury Bills	-	359,780,398	-	359,780,398	-	384,269,158	-	384,269,158
- Pakistan Investment Bonds	-	176,380,071	-	176,380,071	-	205,771,813	-	205,771,813
- Shares in listed companies & REIT	20,544,691	-	-	20,544,691	19,137,625	-	-	19,137,625
- NIT units	8,705	-	-	8,705	7,805	-	-	7,805
- Units in open end mutual funds	307,203	-	-	307,203	-	555,479	-	555,479
- Sukuks	-	719,190	-	719,190	-	743,043	-	743,043
- Term Finance Certificates (TFCs)	-	103,840	-	103,840	-	612,857	-	612,857
	20,860,599	536,983,499	-	557,844,098	19,145,430	591,952,350	-	611,097,780
Non - Financial Assets measured at fair value								
Operating fixed assets (land and buildings)	-	32,760,139	-	32,760,139	-	32,414,791	-	32,414,791
Non-banking assets	-	4,298,392	-	4,298,392	-	4,310,611	-	4,310,611
Off balance sheet financial instruments								
FX options purchase and sale	-	324,559	-	324,559	-	1,731,436	-	1,731,436
Cross currency swaps	-	3,233,784	-	3,233,784	-	3,247,345	-	3,247,345
Interest Rate Swaps	-	313,891	-	313,891	-	311,792	-	311,792
Foreign exchange contracts purchase and sale	-	148,937,035	-	148,937,035	-	160,838,104	-	160,838,104

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 year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options, Cross Currency Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values within level 2

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the business day.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Operating fixed assets (land and building), Non Banking Assets	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

22 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Three months ended March 31, 2018					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination	Total
	------(Rupees in '000)-----					
Total income	17,191	3,118,447	9,231,277	2,928,895	-	15,295,810
Total expenses	(9,064)	301,150	(5,847,169)	(409,113)	-	(5,964,196)
Income tax expense	-	-	-	-	-	(3,326,188)
Net income	8,127	3,419,597	3,384,108	2,519,782	-	6,005,426
Segment assets - (Gross of NPLs Provisions)	154,635	741,192,853	1,052,440,765	488,740,298	(956,362,016)	1,326,166,535
Advance taxation (payment less provision)	-	-	-	-	-	11,509,758
Total assets	154,635	741,192,853	1,052,440,765	488,740,298	(956,362,016)	1,337,676,293
Segment non performing loans	-	-	13,186,403	35,190,526	-	48,376,929
Segment specific provision required	-	-	12,434,973	31,773,544	-	44,208,517
Segment liabilities	42,688	688,164,129	1,023,044,356	381,554,209	(956,362,016)	1,136,443,366
Deferred tax liabilities - net	-	-	-	-	-	4,062,659
Total liabilities - net	42,688	688,164,129	1,023,044,356	381,554,209	(956,362,016)	1,140,506,025
Segment return on assets (ROA) (%)	44.47%	1.68%	3.55%	2.56%	-	-
Segment cost of fund (%)	-	6.02%	3.73%	5.77%	-	-

	Three months ended March 31, 2017					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination	Total
	------(Rupees in '000)-----					
Total income	39,786	5,485,695	8,396,781	996,655	-	14,918,917
Total expenses	(11,766)	(520,445)	(4,762,023)	(151,839)	-	(5,446,073)
Income tax expense	-	-	-	-	-	(3,326,188)
Net income	28,020	4,965,250	3,634,758	844,816	-	6,146,656
Segment assets - (Gross of NPLs provision)	476,133	857,082,067	892,118,812	283,085,169	(773,749,586)	1,259,012,595
Advance taxation (payment less provision)	-	-	-	-	-	5,699,604
Total assets	476,133	857,082,067	892,118,812	283,085,169	(773,749,586)	1,264,712,199
Segment non performing loans	-	-	7,052,615	14,108,890	-	21,161,505
Segment specific provision required	-	-	6,861,525	11,299,820	-	18,161,345
Segment liabilities	83,801	770,903,993	834,666,218	260,599,046	(773,749,586)	1,092,503,472
Deferred tax liabilities - net	-	-	-	-	-	11,079,582
Total liabilities - net	83,801	770,903,993	834,666,218	260,599,046	(773,749,586)	1,103,583,054
Segment return on assets (ROA) (%)	33.42%	2.56%	3.79%	1.47%	-	-
Segment cost of fund (%)	-	5.89%	3.30%	5.65%	-	-

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

Segment cost of funds have been computed based on the average balances.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

23 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associates, subsidiaries, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in subsidiary companies and associates are given in note 8 to this unconsolidated condensed interim financial information for the three months period ended March 31, 2018.

The Bank enters into transactions with related parties in the normal course of business. 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 executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances with them as at the period-end were as follows:

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017
A. Balances										
Deposits										
Opening balance	3,953,730	2,542,067	2,744,432	2,589,584	51,048	38,868	3,800,959	5,952,008	148,080	105,761
Received during the period / year	165,455	3,686,510	5,864,276	37,478,917	323,808	1,632,422	18,579,770	60,757,429	306,063	751,440
Withdrawn during the period / year	(835,760)	(2,274,847)	(6,869,988)	(37,303,059)	(304,156)	(1,620,242)	(19,211,659)	(62,605,478)	(235,274)	(709,121)
Closing balance	3,283,425	3,953,730	1,738,720	2,744,432	70,700	51,048	3,169,070	3,800,959	197,869	148,080
Advances										
Opening balance	-	195	-	-	293,837	276,349	2,322,934	262,113	82,348	84,787
Additions / adjustments during the period / year	-	-	-	-	11,313	296,337	2,643,685	4,491,988	13,170	10,536
Repaid / adjustments during the period / year	-	(195)	-	-	(278,849)	(278,849)	(3,246,811)	(2,431,167)	(6,520)	(12,975)
Closing balance	-	-	-	-	305,150	293,837	1,719,808	2,322,934	89,988	82,348
Lendings to Financial Institutions										
Opening balance	-	-	-	-	524,590	-	-	-	-	-
Additions / adjustments during the period / year	-	-	-	-	5,761,260	21,687,308	-	-	-	-
Repaid / adjustments during the period / year	-	-	-	-	(1,813,719)	(21,627,718)	-	-	-	-
Closing balance	-	-	-	-	4,472,071	524,590	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	-	-	993,755	936,788	-	-
Additions / adjustments during the period / year	-	-	-	-	-	-	161,244	1,356,967	-	-
Repaid / adjustments during the period / year	-	-	-	-	-	-	-	(1,300,000)	-	-
Closing balance	-	-	-	-	-	-	1,154,999	993,755	-	-
Other Balances										
Outstanding balance of credit cards	805	946	-	-	-	-	1,125	1,674	2,526	1,819
Receivable from Pension Fund	-	-	-	-	-	-	-	-	-	-
Commitments and contingent liabilities - outstanding	-	-	8,337	9,840	-	-	3,759,489	5,990,537	-	-
Forward foreign exchange contracts (National) - outstanding	-	-	-	-	387,435	577,292	13,586,024	17,562,997	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	(15,741)	(6,072)	4,526	68,442	-	-
Overdraw nostro balance	-	-	-	-	7,598	39,993	-	-	-	-
Trade payable	-	-	69,837	39,730	-	-	-	-	-	-
Markup payable	12,972	12,586	8,669	8,063	141	144	13,584	22,553	213	113
Other payable	2,809	5,401	37	37	31,693	20,415	33,732	559	-	-
Other advances	-	-	4,316	3,199	-	-	27,929	27,929	-	-
Markup receivable	-	-	-	-	22,482	9,604	24,907	14,958	718	589
Other receivable	-	-	299	557	20,385	16,202	810	1,620	-	-
Commission receivable	-	-	74,744	48,253	4,929	2,565	-	-	-	-
Advance received against sale of property	-	-	-	-	20,000	20,000	-	-	-	-

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

23 RELATED PARTY TRANSACTIONS AND BALANCES

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017
B. Transactions during the period										
Investment made during the period	-	-	-	-	1,200,000	-	-	-	-	-
Insurance premium-net of refund	-	-	348,894	83,456	-	-	-	-	-	-
Insurance claim settled	-	-	75,404	681	-	-	-	-	-	-
Markup income on advances and lendings	38	1	-	-	26,247	8,692	28,645	8,727	2,629	935
Forward exchange contracts matured during the period	-	-	-	-	-	-	39,528,624	11,850,576	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	339,409	29,148	-	-
Dividend income	-	-	-	-	-	55,435	6,800	16,320	-	-
Commission income	-	-	341,189	161,556	8,595	42,855	1,981	2,831	-	-
Rent income and reimbursement of other expenses	-	-	940	835	5,611	2,772	810	810	-	-
Outsourcing service expenses	-	-	50,537	42,605	-	-	-	-	-	-
Sale of foreign currency	-	-	-	-	2,890,998	1,884,057	-	-	-	-
Purchase of foreign currency	-	-	-	-	1,553,855	676,305	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	1,581	-
Cash sorting expenses	-	-	-	-	-	-	-	-	18	-
Stationery expenses	-	-	-	-	-	-	38,843	13,061	-	-
Security guards expenses	-	-	-	-	-	-	57,110	44,352	-	-
Remuneration and non-executive directors fee	65,028	58,446	-	-	-	-	96,241	96,047	-	-
Mark-up expense	40,092	21,258	16,684	18,175	358	197	39,904	36,306	218,876	201,297
Clearing expenses paid to NIFT	-	-	-	-	-	-	38,699	30,782	294	368
Contribution to provident fund	-	-	-	-	-	-	90,479	67,187	-	-
Rent and other expenses	-	-	-	907	2,160	1,785	13,466	13,387	-	-
Sale of government securities	-	-	704,356	3,619,381	-	-	50,592,206	3,819,729	9,998	-
Purchase of government securities	-	-	-	2,817,486	-	-	48,198,660	1,366,857	-	-
Gain / (loss) on sale of government securities	-	-	38	6	-	-	7,668	39	-	-
Miscellaneous expenses and payments	-	-	-	-	176,088	6,144	19,943	7,153	-	-

The chairman has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

24 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- No significant reclassifications have been made in this unconsolidated condensed interim financial information.

25 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 25, 2018 has announced cash dividend in respect of the three months period ended March 31, 2018 of Rs. 4.00 per share (March 31, 2017: Rs. 4.00 per share). This unconsolidated condensed interim financial information for the three months period ended March 31, 2018 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

26 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 25, 2018.

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Imran Maqbool
President / CEO



Salman Zafar Siddiqi
Chief Financial Officer



S.M. Muneer
Director



Mian Umer Mansha
Director



Iqraa Hassan Mansha
Director



MCB BANK LIMITED

(Consolidated Condensed Interim Financial Information for the three months period ended March 31, 2018)

MCB Bank Limited & Subsidiary Companies



Consolidated Condensed Interim Statement of Financial Position As at March 31, 2018

	Note	Unaudited March 31, 2018	Audited December 31, 2017
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		108,033,406	109,462,902
Balances with other banks		9,557,713	7,348,882
Lendings to financial institutions	7	30,693,534	5,273,524
Investments - net	8	606,286,171	660,070,246
Advances - net	9	507,572,738	500,965,801
Operating fixed assets	10	43,182,628	42,565,448
Deferred tax assets - net		-	-
Other assets - net		40,709,742	47,743,647
		1,346,035,932	1,373,430,450
Liabilities			
Bills payable		12,798,437	22,994,877
Borrowings	11	84,969,593	140,462,138
Deposits and other accounts	12	1,039,709,831	1,001,146,162
Sub-ordinated loan	13	3,892,578	3,892,578
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	14	5,097,418	5,661,073
Other liabilities		43,529,395	42,730,541
		1,189,997,252	1,216,887,369
		156,038,680	156,543,081
Net assets			
Represented by			
Share capital		11,850,600	11,850,600
Reserves		71,799,061	71,027,912
Unappropriated profit		54,583,720	55,221,069
Total equity attributable to the equity holders of the Bank		138,233,381	138,099,581
Non-controlling interest		591,340	580,656
		138,824,721	138,680,237
Surplus on revaluation of assets - net of tax		17,213,959	17,862,844
		156,038,680	156,543,081

Contingencies and commitments

15

The annexed notes 1 to 26 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2018

Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	----- (Rupees in '000) -----	
Mark-up / return / interest earned	18,946,833	17,669,713
Mark-up / return / interest expensed	7,607,128	7,689,619
Net mark-up / interest income	11,339,705	9,980,094
Provision / (reversal) against loans and advances - net	(313,372)	(755,000)
Provision / (reversal) for diminution in the value of investments - net	(416,180)	(123,010)
Bad debts written off directly	-	14
	(729,552)	(877,996)
Net mark-up / interest income after provisions	12,069,257	10,858,090
Non mark-up / interest income		
Fee, commission and brokerage income	2,817,810	2,355,935
Dividend income	176,437	310,095
Income from dealing in foreign currencies	452,180	297,660
Gain on sale of securities - net	584,905	2,087,512
Unrealized gain/(loss) on revaluation of investments classified as held for trading	6,268	(23,683)
Other income	321,768	121,539
Total non mark-up / interest income	4,359,368	5,149,058
Non mark-up / interest expenses	16,428,625	16,007,148
Administrative expenses	7,821,811	6,620,503
Other provision - net	(708,473)	12,142
Other charges	194,133	217,413
Total non mark-up / interest expenses	7,307,471	6,850,058
	9,121,154	9,157,090
Share of profit of associates	199,678	193,866
Profit before extra ordinary / unusual item and taxation	9,320,832	9,350,956
Extraordinary / unusual item (pension cost)	(2,025,258)	-
Profit before taxation	7,295,574	9,350,956
Taxation - current period	2,622,965	3,360,088
- prior years	-	-
- deferred	(117,675)	52,254
Share of profit of associates	78,866	8,922
	2,584,156	3,421,264
Profit after taxation	4,711,418	5,929,692
Profit attributable to non-controlling interest	(10,659)	(32,317)
Profit attributable to equity shareholders of the Bank	4,700,759	5,897,375
	----- (In Rupees) -----	
Earnings per share - basic and diluted	3.97	5.30

The annexed notes 1 to 26 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Imran Maqbool
President / CEO

Salman Zafar Siddiqi
Chief Financial Officer

S.M. Muneer
Director

Mian Umer Mansha
Director

Iqraa Hassan Mansha
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three months period ended March 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	----- (Rupees in '000) -----	
Profit after tax for the period	4,711,418	5,929,692
Other comprehensive income		
Items that will not be reclassified to profit and loss account		
Remeasurement of defined benefit plans - net of tax	(133,763)	-
Items that may be reclassified to profit and loss account		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the bank	296,340	(30,484)
- Non-controlling interest	25	400
	296,365	(30,084)
Share of exchange translation reserve of associate	(2,905)	(20,335)
Comprehensive income transferred to equity	4,871,115	5,879,273
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	(1,090,544)	(520,094)
Deferred tax	399,273	180,153
	(691,271)	(339,941)
Total comprehensive income for the period	4,179,844	5,539,332

The annexed notes 1 to 26 form an integral part of this consolidated condensed interim financial information.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

1 STATUS AND NATURE OF BUSINESS

The Group consists of:
Holding Company
- MCB Bank Limited

Subsidiary Companies

- MCB Financial Services Limited
- MNET Services (Private) Limited
- MCB - Arif Habib Savings and Investments Limited
- "MCB Leasing" Closed Joint Stock Company
- MCB Islamic Bank Limited
- Financial Management Services (Private) Limited

"Percentage holding of
MCB Bank Limited"

99.99%
99.95%
51.329%
99.94%
100.00%
95.90%

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,435 branches (December 31, 2017: 1,433 branches) within Pakistan and 11 branches (December 31, 2017: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

1.1 Merger of NIB Bank Limited

Last year, the Bank completed the amalgamation of NIB Bank Limited with and into the Bank. This has been accounted for as disclosed in note 1.1 of the unconsolidated financial statements for the year ended December 31, 2017.

1.2 Demerger of 90 branches from MCB Bank Limited

The Board of Directors in their meeting held on October 25, 2017 had approved the "Scheme of Compromises, Arrangements and Reconstruction (the "Scheme") between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB)". The Scheme envisages transfer of banking business of ninety (90) branches of the Bank subject to the approval by the shareholders of the banks and sanction by the Honourable Lahore High Court where under the assets, rights, liabilities, operations, systems, staff, assets of back office functions and obligations of the Bank relating to banking business of these branches will be transferred to and vested in MIB. The banking business of these branches will also stand converted into Islamic banking business on the effective date pursuant to the compliance of applicable regulatory permissions.

Both the banks filed a petition before the Honourable Lahore High Court for sanction of, and for other orders facilitating implementation of the Scheme under Section 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017. The shareholders approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on February 10, 2018. The Honourable Lahore High Court has sanctioned the Scheme on April 20, 2018. The business of these 90 branches will be transferred to MIB with effect from the Effective date as defined in the Scheme.

2 BASIS OF PRESENTATION

2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies.

- a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial information for the period ended March 31, 2018 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.
- b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial information for the period ended March 31, 2018.
- c. Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

2.2 The disclosures made in this consolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
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2.3 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this consolidated condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.4 The financial results of the Group's Islamic Banking business have been consolidated in this financial information for reporting purposes, after eliminating material inter-group transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 23 to this consolidated condensed interim financial information.

2.5 For the purpose of translation, rate of Rs. 115.4999 per US Dollar (December 31, 2017: Rs.110.4172) has been used.

3 STATEMENT OF COMPLIANCE

3.1 This consolidated condensed interim financial information of the Group has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and 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, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars. Further, segment information is being disclosed in accordance with SBP's prescribed formats per BSD circular 4 dated February 17, 2006 which prevails over the requirements specified in IFRS 8.

3.3 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of this standard have not been applied in the preparation of this consolidated condensed interim financial information to the extent of their applicability to these mutual funds.

4 BASIS OF MEASUREMENT

4.1 This consolidated condensed interim financial information has been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

4.2 This consolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2017 except for the following:

Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets were being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018 the Bank has revised its accounting policy in respect of measurement of 'surplus / (deficit) on revaluation of fixed assets' which are now accounted for in accordance with Companies Act, 2017. The management of the Bank believes that the impact of change in policy is not material, therefore no adjustments are being made in this consolidated financial information.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2017.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2018	December 31, 2017
----- (Rupees in '000) -----		
Call money lendings	1,509,350	3,254,496
Repurchase agreement lendings	26,784,184	619,028
Other lendings to financial institutions	2,400,000	1,400,000
	<u>30,693,534</u>	<u>5,273,524</u>

8. INVESTMENTS - NET

8.1 Investments by types

Note	March 31, 2018		
	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----			
Held-for-trading securities	659,132	-	659,132
Available-for-sale securities	542,907,010	27,675,881	570,582,891
Held-to-maturity securities	30,494,033	-	30,494,033
	<u>574,060,175</u>	<u>27,675,881</u>	<u>601,736,056</u>

Associates

- Adamjee Insurance Company Limited	4,344,030	-	4,344,030
- Euronet Pakistan (Private) Limited	68,179	-	68,179
	<u>4,412,209</u>	<u>-</u>	<u>4,412,209</u>

Investments at cost

Less: Provision for diminution in the value of investments

Investments (net of provisions)

Surplus / (deficit) on revaluation of available for sale securities - net

Surplus / (deficit) on revaluation of held-for-trading securities - net

Investments at revalued amounts - net of provisions

December 31, 2017

Note	December 31, 2017		
	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----			
Held-for-trading securities	422,464	-	422,464
Available-for-sale securities	531,176,288	88,919,726	620,096,014
Held-to-maturity securities	34,360,712	-	34,360,712
	<u>565,959,464</u>	<u>88,919,726</u>	<u>654,879,190</u>

Associates

- Adamjee Insurance Company Limited	4,385,602	-	4,385,602
- Euronet Pakistan (Private) Limited	70,637	-	70,637
	<u>4,456,239</u>	<u>-</u>	<u>4,456,239</u>

Investments at cost

Less: Provision for diminution in the value of investments

Investments (net of provisions)

Surplus / (deficit) on revaluation of available for sale securities - net

Surplus / (deficit) on revaluation of held-for-trading securities - net

Investments at revalued amounts - net of provisions

Investments include Pakistan Investment Bonds amounting to Rs. 67.9 million (December 31, 2017: Rs. 67.9 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5.0 million (December 31, 2017: Rs. 5.0 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2018 amounted to Rs. 4,060.00 million (December 31, 2017: Rs. 3,906.139 million).

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (December 31, 2017: 21.47%)

	March 31, 2018	December 31, 2017
----- (Rupees in '000) -----		
Opening balance	4,385,602	5,375,158
Share of profit for the period / year before tax	198,779	426,892
Dividend from associate	-	(302,497)
Share of tax	(75,509)	(119,142)
	<u>123,270</u>	<u>5,253</u>
Share of other comprehensive income	136,322	(335,698)
Disposal during the period / year	(301,164)	(659,111)
Closing balance	<u>4,344,030</u>	<u>4,385,602</u>

8.3.1 Share of other comprehensive income

Share of unrealized surplus on assets - net of tax	132,612	(329,756)
Share of exchange translation reserve of associate	3,710	(5,942)
	<u>136,322</u>	<u>(335,698)</u>

Investment of the Group in Euronet Pakistan Private Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

Investment in Euronet Pakistan Private Limited under equity method - holding 30%

	March 31, 2018	December 31, 2017
----- (Rupees in '000) -----		
Opening balance	70,637	72,357
Share of profit for the period / year before tax	899	6,227
Share of tax	(3,357)	(7,947)
Closing balance	<u>(2,458)</u>	<u>(1,720)</u>
	<u>68,179</u>	<u>70,637</u>

9. ADVANCES - NET

Loans, cash credits, running finances, etc		
- In Pakistan	461,633,610	463,689,530
- Outside Pakistan	24,904,161	24,537,474
	<u>486,537,771</u>	<u>488,227,004</u>

Islamic Financing and related assets

Net Investment in finance lease

- In Pakistan

- Outside Pakistan

Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan

- Payable outside Pakistan

Advances - gross

Less: Provision against loans and advances

- Specific provision

- General provision

- General provision against consumer loans & small enterprise loans

- General provision by overseas operations

Advances - net of provision

Advances - gross

Less: Provision against loans and advances

- Specific provision

- General provision

- General provision against consumer loans & small enterprise loans

- General provision by overseas operations

Advances - net of provision

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018**

9.1 Advances include Rs. 48,377.658 million (December 31, 2017: Rs. 48,753.349 million) which have been placed under non-performing status as detailed below:

Note	March 31, 2018				
	Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification	Domestic	Overseas	Total		
----- (Rupees in '000) -----					
Other Assets Especially Mentioned (OAEM)	181,553	-	181,553	9,701	9,701
Substandard	322,462	58,289	380,751	93,500	93,500
Doubtful	254,711	441,555	696,266	347,670	347,670
Loss	41,265,380	5,853,708	47,119,088	43,758,375	43,758,375
	<u>42,024,106</u>	<u>6,353,552</u>	<u>48,377,658</u>	<u>44,209,246</u>	<u>44,209,246</u>
December 31, 2017					
Category of Classification	Domestic	Overseas	Total	Specific Provision Required	Specific Provision Held
----- (Rupees in '000) -----					
Other Assets Especially Mentioned (OAEM)	171,209	-	171,209	9,934	9,934
Substandard	396,984	154,987	551,971	137,222	137,222
Doubtful	218,714	344,151	562,865	281,432	281,432
Loss	41,870,001	5,597,303	47,467,304	44,159,056	44,159,056
	<u>42,656,908</u>	<u>6,096,441</u>	<u>48,753,349</u>	<u>44,587,644</u>	<u>44,587,644</u>

9.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

9.2 General provision against advances represents provision maintained at around 0.1% of gross advances.

9.3 General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

9.4 General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

9.5 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of forced sale value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. However, management has not taken the FSV benefit in calculation of specific provision.

10. OPERATING FIXED ASSETS

	March 31, 2018	December 31, 2017
----- (Rupees in '000) -----		
Capital work-in-progress	1,532,540	1,159,870
Property and equipment	40,456,438	40,232,017
Intangible asset	1,193,650	1,173,561
	<u>43,182,628</u>	<u>42,565,448</u>

10.1. Additions and disposals during the period amounted to Rs.1,287.226 million (March 31, 2018: Rs. 1,210.724 million) and Rs. 8.371 million (March 31, 2017: Rs. 3.366 million), respectively.

11. BORROWINGS

	March 31, 2018	December 31, 2017
----- (Rupees in '000) -----		
In Pakistan	77,348,394	134,348,131
Outside Pakistan	7,621,199	6,114,007
	<u>84,969,593</u>	<u>140,462,138</u>

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018**

11.1. Details of borrowings (secured / unsecured)

	March 31, 2018	December 31, 2017
----- (Rupees in '000) -----		
Secured		
Borrowings from State Bank of Pakistan		25,683,299
Export refinance scheme	24,890,354	
Long term financing facility	13,459,918	12,797,076
Refinance Facility for modernization of SME	87,316	100,866
Renewable energy performance platform	30,848	3,680
Financing facility for storage of agricultural produce	171,428	254,045
	<u>38,639,864</u>	<u>38,838,966</u>
Repurchase agreement borrowings	27,899,170	88,849,251
	<u>66,539,034</u>	<u>127,688,217</u>
Unsecured		
Borrowings from other financial institutions	11,923,450	8,259,274
Call borrowings	5,054,330	3,285,818
Foreign borrowings payable in local currency	162,286	162,286
Overdrawn nostro accounts	1,290,493	1,066,543
	<u>18,430,559</u>	<u>12,773,921</u>
	<u>84,969,593</u>	<u>140,462,138</u>

12. DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	75,338,341	71,555,175
Savings deposits	547,633,021	527,071,726
Current accounts	387,148,834	365,274,018
Margin accounts	8,427,288	10,115,015
	<u>1,018,547,484</u>	<u>974,015,934</u>
Financial institutions		
Remunerative deposits	12,485,317	16,534,020
Non-remunerative deposits	8,677,030	10,596,208
	<u>21,162,347</u>	<u>27,130,228</u>
	<u>1,039,709,831</u>	<u>1,001,146,162</u>

13. SUB-ORDINATED LOANS

Term Finance Certificates - Listed, Unsecured	<u>3,892,578</u>	<u>3,892,578</u>
Mark-up	Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR")).	
Security	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits.	
Issue Date	June 19, 2014	
Issue Amount	Rs. 4,198.035 million	
Rating	AAA (triple A)	
Tenor	8 years from the Issue Date	
Redemption	Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.	
Maturity	June 19, 2022	
Call Option	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.	
Lock-in- Clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR. In case the lock-in clause goes into effect, the Bank will be required to comply with the SBP instructions prevalent or issued at the time.	
Loss Absorbency Clause	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".	

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
14. DEFERRED TAX LIABILITY / (ASSET) - NET		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	1,044,179	1,051,507
Surplus on revaluation of Non-banking assets	75,273	75,273
Accelerated tax depreciation	1,648,240	1,704,905
Receivable from pension fund	1,315,821	2,096,688
Business combination	705,218	705,218
Investments in associated undertaking	1,293,652	1,291,483
Surplus / deficit on revaluation of securities	1,861,444	2,260,717
	7,943,827	9,185,791
Deductible temporary differences on:		
Provision for bad debts	(2,572,950)	(3,282,517)
Taxable losses	(231,292)	(209,657)
Provision for post retirement benefits	(201)	(201)
Others	(41,966)	(32,343)
	(2,846,409)	(3,524,718)
	5,097,418	5,661,073
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring		
- Government	68,330,433	75,282,524
- Banks and financial institutions	6,877,606	5,345,816
- Others	7,380,665	6,960,826
	82,588,704	87,589,166
15.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	31,170,516	28,536,667
- Banks and financial institutions	80,687	80,377
- Others	16,997,943	16,788,987
- Suppliers credit / payee guarantee	1,611,526	1,992,913
	49,860,672	47,398,944
15.3 Trade-related contingent liabilities	166,928,497	149,495,964
15.4 Other contingencies		
Claims against the Bank not acknowledged as debts	5,764,720	5,938,071

These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this consolidated condensed interim financial information.

15.5 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

	March 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
15.6 Commitments in respect of forward foreign exchange contracts		
Purchase	81,279,896	85,637,860
Sale	68,030,994	75,559,527
	235,501	150,868
15.7 Commitments for the acquisition of fixed assets		
15.8 Other commitments		
FX options (notional amount)		
Purchase	162,273	865,718
Sale	162,273	865,718
Cross Currency Swaps (Notional)	3,232,144	3,232,144
Interest Rate Swaps (Notional)	316,500	316,500
Outright purchase of Government Securities	11,865,000	7,000,000
Outright sale of Government Securities	580,000	-

15.9 Taxation

For assessment year 1988-89 through tax year 2016, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,952 million (2017: Rs. 3,656 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

The income tax returns of Ex-NIB Bank Limited have been filed up to and including tax year 2017 relevant to the financial year ended December 31, 2016. The tax authorities have made certain disallowances pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited. During the year ended 2013, a combined Appellate Order for Ex-PICIC pertaining to tax years 2003 through 2007 was issued by Commissioner Inland Revenue (Appeals) – CIR(A) in which the aforementioned expenses were allowed. However, the tax authorities have filed appeal with Income Tax Appellate Tribunal (ITAT) against above combined Appellate Order. Furthermore, tax authorities have also made certain disallowances in respect of tax years 2009, 2010, 2011, 2012, 2013, 2014, 2015 & 2016 which are pending at various appellate forums.

	Three months ended	
	March 31, 2018	March 31, 2017
	---- (Rupees in '000) ----	
16. GAIN ON SALE OF SECURITIES - NET		
Federal Government Securities		
-Market Treasury Bills	9,841	1,545
-Pakistan Investment Bonds	(6,428)	9,635
Listed Shares	581,492	2,076,332
	584,905	2,087,512
17. EXTRAORDINARY / UNUSUAL ITEM (PENSION COST)		
The Bank has charged Rs. 2,025.258 million (one-off provision) based on actuarial valuation of pension cost payable as per Honorable Supreme Court's Order.		
18. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX		
Profit after taxation	4,700,759	5,897,375
	(Number of shares)	
Weighted average number of shares outstanding during the period	1,185,060,006	1,113,030,748
	(Rupees)	
Basic and diluted Earnings per share - after tax	3.97	5.30

19. CREDIT RATING

PACRA through its notification dated June 19, 2017, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

22 RELATED PARTY TRANSACTIONS AND BALANCES
The Group has related party relationship with its associates, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in associates are given in note 8 to this consolidated condensed interim financial information for the three months period ended March 31, 2018.
The Group enters into transactions with related parties in the normal course of business. 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 executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances with them as at the period-end were as follows:

	Directors		Associates		Other Related Parties		Key Management	
	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017	Three months ended March 31, 2018	Year ended Dec 31, 2017
(Rupees in '000)								
A. Balances								
Deposits								
Opening balance	3,953,730	2,542,067	2,744,432	2,568,584	3,800,959	5,852,008	148,080	105,761
Received during the period / year	165,455	3,686,510	5,864,276	37,478,917	18,579,770	60,757,429	308,063	751,440
Withdrawn during the period / year	(935,760)	(2,274,847)	(6,869,988)	(37,303,069)	(19,211,659)	(62,808,478)	(258,274)	(709,121)
Closing balance	3,283,425	3,953,730	1,738,720	2,744,432	3,169,070	3,800,959	197,869	148,080
Advances								
Opening balance	-	195	-	-	2,322,934	262,113	82,348	84,787
Additions / adjustments during the period / year	-	-	-	-	2,643,685	4,491,988	13,170	10,536
Repaid / adjustments during the period / year	-	(195)	-	-	(3,246,811)	(2,431,167)	(5,520)	(12,975)
Closing balance	-	-	-	-	1,719,808	2,322,934	89,998	82,348
Borrowings								
Opening balance	-	-	-	-	993,755	936,788	-	-
Additions / adjustments during the period / year	-	-	-	-	161,244	1,356,967	-	-
Repaid / adjustments during the period / year	-	-	-	-	-	(1,300,000)	-	-
Closing balance	-	-	-	-	1,154,999	993,755	-	-
Other Balances								
Outstanding balance of credit cards	805	946	-	-	1,125	1,674	2,526	1,819
Receivable from Pension Fund	-	-	-	-	3,759,489	5,990,537	-	-
Commitments and contingent liabilities - outstanding	-	-	8,337	9,840	841,941	976,586	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	13,586,024	17,562,997	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	4,526	68,442	-	-
Trade payable	-	-	69,837	39,730	-	-	-	-
Markup payable	12,972	12,586	8,669	8,063	13,584	22,553	213	113
Other payable	2,809	5,401	37	37	33,732	59	-	-
Other advances	-	-	4,316	3,199	27,929	27,929	-	-
Markup receivable	-	-	-	-	24,907	14,958	718	589
Other receivable	-	-	299	557	810	1,620	-	-
Commission receivable	-	-	74,744	48,253	-	-	-	-

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

B. Transactions during the period

	Directors		Associates		Other Related Parties		Key Management	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Rupees in '000)								
Insurance premium-net of refund	-	-	348,894	83,456	-	-	-	-
Insurance claim settled	-	-	75,404	681	-	-	-	-
Markup income on advances and lendings	38	1	-	-	28,645	8,727	2,629	935
Forward exchange contracts matured during the period	-	-	-	-	39,528,624	11,850,576	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	339,409	29,148	-	-
Dividend income	-	-	-	-	6,800	16,320	-	-
Commission income	-	-	341,189	161,556	1,981	2,831	-	-
Rent income and reimbursement of other expenses	-	-	940	835	810	810	-	-
Outsourcing service expenses	1,999	-	50,537	42,605	-	-	1,581	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	18	-
Gain / (loss) on sale of fixed assets	-	-	-	-	38,843	13,061	-	-
Cash sorting expenses	-	-	-	-	57,110	44,352	-	-
Stationery expenses	-	-	-	-	96,241	98,047	-	-
Security guards expenses	-	-	-	-	-	-	-	-
Remuneration and non-executive directors fee	65,028	58,446	-	-	-	-	-	201,297
Mark-up expense	40,082	21,258	16,684	18,175	39,904	36,306	218,876	368
Clearing expenses paid to NIFT	-	-	-	-	38,699	30,782	294	-
Contribution to provident fund	-	-	-	-	90,479	67,187	-	-
Rent and other expenses	-	-	-	907	13,466	13,387	-	-
Sale of government securities	-	-	704,356	3,619,381	50,592,206	3,819,729	9,998	-
Purchase of government securities	-	-	-	2,817,486	48,198,660	1,366,857	-	-
Gain / (loss) on sale of government securities	-	-	38	6	7,668	39	-	-
Miscellaneous expenses and payments	-	-	-	-	19,943	7,153	-	-

The chairman has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the three months period ended March 31, 2018

23 ISLAMIC BANKING BUSINESS

The Group is operating 76 Islamic branches as at March 31, 2018 (December 31, 2017: 76). The statement of financial position of the Group's Islamic Banking Business as at March 31, 2018 is as follows:

Note	March 31, 2018	December 31, 2017
	---- (Rupees in '000) ----	
ASSETS		
Cash and balances with treasury banks	3,001,818	3,390,753
Balances with other banks	2,661,794	2,703,251
Due from financial institutions	2,400,000	1,400,000
Investments - net	12,256,014	9,186,213
Islamic financing and related assets - net	38,925,473	31,472,935
Operating fixed assets	2,733,654	2,622,993
Deferred tax assets - net	299,425	289,465
Other assets - net	917,856	705,156
	63,196,034	51,770,766
LIABILITIES		
Bills payable	461,208	314,210
Due to financial institutions	15,920,971	7,926,790
Deposits and other accounts	34,717,805	32,690,808
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	1,265,348	1,208,179
	52,365,332	42,139,987
	10,830,702	9,630,779
NET ASSETS		
REPRESENTED BY		
Share capital	11,200,000	10,000,000
Reserves	26,444	26,444
Accumulated loss	(239,235)	(194,065)
	10,987,209	9,832,379
Deficit on revaluation of assets - net of tax	(156,507)	(201,600)
	10,830,702	9,630,779
	March 31, 2018	December 31, 2017
	---- (Rupees in '000) ----	
23.1 ISLAMIC FINANCING AND RELATED ASSETS		
In Pakistan		
- Murabaha financing	7,160,030	5,078,311
- Inventory held under Murabaha	5,328,281	4,513,090
- Advances against Murabaha	224,063	421,318
- Murabaha under Islamic Export Refinance Scheme	144,739	101,575
- Advances against Murabaha under Islamic Export Refinance Scheme	96,000	-
- Diminishing Musharaka	11,004,823	8,903,262
- Advances against Diminishing Musharaka	1,376,701	1,248,246
- Running Musharaka financing	10,019,878	8,009,283
- Running Musharaka financing under Islamic Export Refinance Scheme	806,700	806,700
- Net book value of assets in Ijarah under IFAS 2	1,477,139	1,484,260
- Advances against Ijarah	397,711	139,249
- Advances against Istisna under Islamic Export Refinance Scheme	100,000	100,000
- Staff finance	791,068	668,860
Islamic financing and related assets - gross	38,927,133	31,474,154
Provision against non performing Islamic financing and related assets	(1,660)	(1,219)
Islamic financing and related assets - net of provision	38,925,473	31,472,935

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the three months period ended March 31, 2018

The profit and loss account of the Group's Islamic banking business for the three months ended March 31, 2018 is as follows:

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	---- (Rupees in '000) ----	
Profit / return earned	724,718	382,610
Profit / return expensed	399,032	151,245
Net spread earned	325,686	231,365
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	441	(216)
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
	441	(216)
Net spread after provisions	325,245	231,581
Other income		
Fee, commission and brokerage income	22,360	9,152
Dividend income	12,626	11,197
Income from dealing in foreign currencies	31,238	7,109
Gain on sale of securities - net	-	144,697
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net	-	-
Other income	2,592	2,868
Total other income	68,816	175,023
	394,061	406,604
Other expenses		
Administrative expenses	463,780	398,250
Other provision - net	97	-
Other charges	-	177
Total other expenses	463,877	398,427
Extra ordinary / unusual items	-	-
(Loss) / profit before taxation	(69,816)	8,177
Taxation		
- Current	(9,919)	(5,576)
- Prior periods	-	-
- Deferred	34,354	7,053
	24,435	1,477
(Loss) / profit after taxation	(45,381)	9,654
	Rupees	
Basic / diluted (loss) / earnings per share	(0.042)	0.010

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

24 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- No significant reclassifications have been made in this consolidated condensed interim financial information.

25 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 25, 2018 has announced cash dividend in respect of the three months period ended March 31, 2018 of Rs. 4.00 per share (March 31, 2017: Rs. 4.00 per share). This consolidated condensed interim financial information for the three months period ended March 31, 2018 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

26 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 25, 2018.



Imran Maqbool
President / CEO



Salman Zafar Siddiqi
Chief Financial Officer



S.M. Muneer
Director



Mian Umer Mansha
Director



Iqraa Hassan Mansha
Director

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