



Bank for Life

# QUARTERLY REPORT

MARCH 31, 2019



# 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

# Corporate Profile

## Board of Directors

<b>Mian Mohammad Mansha</b>	<b>Chairman</b>
Mr. S.M. Muneer	Vice-Chairman
Mr. Muhammad Tariq Rafi	Director
Mian Umer Mansha	Director
Mrs. Iqraa Hassan Mansha	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh bin Abdullah	Director
Mr. Nor Hizam Bin Hashim	Director
Mr. Yahya Saleem	Director
Mr. Salman Khalid Butt	Director
Mr. Imran Maqbool	President & CEO

## Audit Committee

<b>Mr. Yahya Saleem</b>	<b>Chairman</b>
Mian Umer Mansha	Member
Mr. Muhammad Ali Zeb	Member
Mr. Nor Hizam Bin Hashim	Member

<b>Chief Financial Officer:</b>	Mr. Hammad Khalid
<b>Company Secretary:</b>	Mr. Fida Ali Mirza
<b>Auditors:</b>	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
<b>Legal Advisors:</b>	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
<b>Registered /Principal Office:</b>	MCB House, 15-Main Gulberg, Jail Road, Lahore Pakistan
<b>Registrar’s and Share Registration Office(s):</b>	<b>Head Office:</b> M/s. THK Associates (Pvt.) Limited 1 <sup>st</sup> Floor, 40-C, Block 6, P.E.C.H.S., Karachi Pakistan  <b>Branch Office:</b> M/s. THK Associates (Pvt.) Limited 1 <sup>st</sup> 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 unconsolidated condensed interim financial statements of MCB Bank Limited (MCB) for the three months period ended March 31, 2019;

	Rs. in Million
<b>Profit Before Taxation</b>	<b>9,079</b>
Taxation	3,999
<b>Profit After Taxation</b>	<b>5,080</b>
Un-appropriated Profit Brought Forward	53,532
Transferred from Surplus on Revaluation of Fixed Assets - net of tax	13
	<b>53,545</b>
<b>Profit Available for Appropriation</b>	<b>58,625</b>
<b>Appropriations:</b>	
Statutory Reserve	508
Final Cash Dividend - December 2018	4,740
<b>Total Appropriations</b>	<b>5,248</b>
<b>Un-appropriated Profit Carried Forward</b>	<b>53,377</b>

**Performance Review**

Profit before Tax (PBT) of the Bank for the three months period ended March 31, 2019 increased by 24% and was reported at Rs. 9.08 billion. The Bank recorded super tax for calendar year 2017 @ 4% in the first quarter, as enacted through Second Supplementary Finance, which resulted in the Profit after Tax growth of 6%.

The significant change in the macro-economic factors made the operating environment more challenging with discount rate registering an increase of 500 bps since January 2018. Based on the anticipated interest rate movement, the Bank strategically focused on asset base with shorter maturities, resulting in 22% increase in net interest income over corresponding period last year. On the gross markup income side, the Bank reported an increase of Rs. 9.2 billion over same period last year. Analysis of the interest earning assets highlights that income on advances increased by Rs. 4.7 billion, primarily on account of improved yield of 351bps coupled with increased average advances volume of Rs. 29 billion. On the investment side, gross markup income increased by Rs. 3.3 billion, due to increased yield of 251bps. On the interest bearing liabilities side, the cost of deposits increased by 229bps over corresponding period last year, corroborating with the increasing interest rates. The Bank increased its average deposits by Rs. 70 billion when compared with corresponding period last year.

The non-markup income block of the Bank was reported at Rs 3.5 billion with major contributions coming in from fee, commission income and income from dealing in foreign currencies. Fee income increased by 3.2% with contributions from card related fee, commission on guarantees and remittances. The subdued activity on the equity market front resulted in significant reduction in capital gains.

On the administrative expenses side excluding pension fund, despite the surge in inflationary pressures the Bank was able to contain the growth to 12%. The increase includes the premium cost amounting to Rs. 288 million on account of deposit protection premium, which was effective from July 01, 2018. Excluding the impact of deposit protection premium, the increase in operating cost was only 8.31%.

On the provision side, the bank reversed provision amounting to Rs. 405 million on advances whereas reversal of Rs. 26 million was recorded on equity portfolio in the first quarter of 2019.

On the financial position side, the total asset base of the Bank on an unconsolidated basis was reported at Rs. 1.36 trillion depicting a decrease of 9% over December 2018. Analysis of the assets mix highlights that net investments have decreased by Rs. 299 billion (-40%) with a corresponding increase in Lending to Financial Institutions by Rs.167 billion (+475%) to capitalize the anticipated interest rate hike in the month of March, 2019.

The asset quality of the Bank remained under check with no significant accretion in the classified advances base. The coverage and infection ratios of the Bank were reported at 86.83% and 9.09% respectively.

On the liabilities side, the deposit base of the Bank registered an increase of Rs. 17 billion (+2%) over December 2018 whereas, CASA to total deposits ratio was reported at 91.18%. Earnings per share (EPS) for the three months period ended March 31, 2019 was Rs. 4.29 as compared to Rs. 4.03 for the corresponding period last year.

The Board of Directors declared first interim cash dividend of Rs. 4.0 per share for the three months period ended March 31, 2019.

**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 27, 2018. Moreover, PACRA has maintained TFC rating of MCB Bank Limited at AAA, through its notification dated June 27, 2018.

**Economy Review**

During the first quarter of 2019, Pakistan's macroeconomic fundamentals showed some improvement after a turbulent 2018 as the authorities' measures on monetary and fiscal consolidation have started bearing fruit. However, despite encouraging signs, there are still some significant areas which would need careful attention going forward.

According to State Bank of Pakistan, Pakistan's current account deficit stood at \$9.6 billion during Jul – Mar FY19 from \$13.6 billion in the comparative period last year, thus, recording a sizeable improvement. While Pakistan's exports remained lower, in dollar terms, falling by 1.3% during Jul – Mar FY19, the improvement in the current account has largely come about due to lower imports from \$41 billion in Jul – Mar FY18 to \$39 billion in the current year, a reduction of 4.9% in dollar terms and through workers' remittances which stood at \$16.1 billion, posting a healthy increase of 9.0% from the previous fiscal year.

Pakistan's FX reserves have also improved during the quarter through bilateral support from Saudi Arabia, UAE and China. In particular, SBP reserves have risen from \$7.2 billion at the end of 2018 to reach \$10.5 billion by March 2019. Pakistan is also close to reaching a deal with the IMF on a bailout package and is in the process of floating a Panda bond in the international market. These official inflows have helped stem the tide on the external front as the Pakistani rupee depreciated by just 1.38% during the quarter, after a significant devaluation in 2018.

Pakistan's CPI inflation, meanwhile, began the quarter at 7.19% YoY in January 2019. However, most recently, inflation rose to 9.41% in March 2019 due to the lagged impact of PKR devaluation, adjustments in electricity and gas prices, rise in domestic petroleum prices and higher food inflation. Core inflation, however, fell from 8.7% YoY in January 2019 to 8.5% YoY in March 2019. The State Bank of Pakistan raised the policy rate by a cumulative 75 bps during the quarter from 10.00% to 10.75%. These measures will help contain inflationary pressures in the economy.

On the fiscal side, the government's budget deficit stood at 2.7% of GDP during H1 FY2019, and it is expected the full fiscal year's deficit will reach above 6% of GDP. Tax collection has been a major challenge with FBR considerably behind its annual target. The government has much to work on fiscal consolidation, both in terms of increasing tax revenues and reducing expenditures.

As regards Pakistani stock markets, the KSE-100 rose during the quarter owing to improvements in the economy particularly on the external front, beginning the quarter at 37,067 index points and ending it at 38,649 index points.

While GDP growth is expected to fall to 3.0% to 3.5% in the current fiscal year as the economy remains in transition, the government and central bank's policy measures will help correct the monetary and fiscal imbalances in the economy and put the country on a sustainable long-term path towards economic recovery. At the same time, however, the authorities will need to remain vigilant and respond appropriately to any downside risks emanating on both the domestic and external front.

#### Future Outlook

Pakistan is expected to achieve GDP growth of 3.0% to 3.5% in FY19, much lower than the growth exhibited in FY18 of 5.8%. Cumulative interest rate rises of 5.0% during the past fifteen months and considerable pressures on the external front have lowered economic growth. However, necessary steps have been taken by the authorities to ensure the long-term health of the economy. At the same time, it is imperative that the government going forward focuses on bringing structural changes that will help maintain fiscal discipline and keep government expenditures in check. Export competitiveness still remains a concern and requires special attention 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 and the receipt of official inflows, pressures emanating from the external side will have to be closely watched. Reduction in import bill will also be necessary to further 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 24, 2019



Muhammad Ali Zeb  
Director  
MCB Bank Limited

دریں اثناء پاکستان کے سی پی آئی (CPI) افراط زر نے اس سہ ماہی کا آغاز جنوری 2019 میں، سال بہ سال کی بنیاد پر 7.19 فیصد کی شرح سے کیا۔ تاہم ابھی حال ہی میں روپے کی قدر میں تنزلی، بجلی اور گیس قیمتوں میں ایڈجسٹمنٹ، تیل کی داخلی قیمتوں میں اضافہ اور خوراک کی قیمتوں میں افراط زر کی بدولت سی پی آئی افراط زر کی شرح مارچ 2019 تک بڑھتی ہوئی 9.41 فیصد تک جا پہنچی۔ خالص افراط زر بحرال حال جنوری 2019 کی سال بہ سال کی بنیاد پر 8.7 فیصد کی شرح سے گر کر مارچ 2019 تک سال بہ سال کی بنیاد پر 8.5 فیصد پر پہنچ گیا۔

اسٹیٹ بینک آف پاکستان کے اس سہ ماہی میں پالیسی ریٹ میں مجموعی طور پر 75 بی پی ایس کا اضافہ کیا جس کی شرح 10.00 فیصد سے 10.75 فیصد تک جا پہنچی۔ ان اقدامات سے معیشت پر افراط زر کے دباؤ کو کم کرنے میں مدد ملے گی۔

انضباطی حوالے سے حکومت کا بجٹ خسارہ مالی سال 2019 کے پہلے نصف عرصہ میں جی ڈی پی کا 2.7 فیصد رہا۔ اور اس مکمل مالی سال میں خسارہ کی یہ شرح جی ڈی پی کے 6 فیصد تک پہنچنے کی توقع ہے۔ ٹیکس کی وصولیاں ایف بی آر کیلئے ایک بڑے چیلنج کی حیثیت رکھتا ہے جو کہ اپنے سالانہ ہدف سے خاصی کم ہیں۔ حکومت کو مالیاتی استحکام کیلئے ٹیکس آمدنی میں اضافہ اور اخراجات میں کمی کے دونوں عوامل پر مزید کام کرنے کی ضرورت ہے۔

پاکستان سٹاک مارکیٹوں کے حوالے سے (KSE-100) کے ایس ای -100 انڈیکس اس سہ ماہی میں معاشی بہتری، خصوصاً بیرونی محاذ پر، کی وجہ سے بلندی کی طرف گامزن ہوا۔ جو کہ اس سہ ماہی کے آغاز میں 37,067 انڈیکس پوائنٹ سے اس کے اختتام تک 38,649 انڈیکس پوائنٹ پر بند ہوا۔

معیشت کی عبوری دور میں برقراریت کے باعث، اگرچہ اس مالی سال میں جی ڈی پی کی شرح نمو 3.0 فیصد کی سطح سے گر کر 3.5 فیصد تک پہنچ جانے کی توقع ہے، تاہم حکومت اور اسٹیٹ بینک آف پاکستان کی جانب سے لئے گئے اصولی و درست اقدامات سے معیشت کے مالی اور انضباطی عدم توازن کو بہتر بنایا جاسکے گا اور ملک کو پائیدار معاشی بحالی کے طویل المدت راستے پر گامزن کیا جاسکے گا۔ اسی دوران محاذ اداروں کو بحرال حال چوکنا رہنے کی ضرورت ہے اور اندرونی اور بیرونی دونوں حوالوں سے ظہور پذیر ہونے والے کسی بھی امکانی خدشہ کے فوری تدارک کی ضرورت ہے۔

#### مستقبل کی پیش بینی:

پاکستان متوقع طور پر مالی سال 2019 میں 3.0 فیصد سے 3.5 فیصد تک کی جی ڈی پی کی نمو حاصل کر سکے گا جو کہ مالی سال 2018 کی 5.8 فیصد کی شرح نمو سے نمایاں طور پر کمی کا مظہر ہے۔ انٹرسٹ ریٹ جس میں گزشتہ پندرہ ماہ کے دوران مجموعی طور پر 5.0 فیصد کا اضافہ ہوا اور بیرونی محاذ پر پیدا ہونے والے شدید دباؤ کے باعث معاشی ترقی کی شرح میں کمی واقع ہوئی۔ تاہم محاذ اداروں کی جانب سے معیشت کی دیر پا ترقی کیلئے تمام ضروری اقدامات اٹھائے گئے ہیں۔ اس کے ساتھ یہ امر بھی ناگزیر ہے کہ حکومت تعمیری اصلاحات کے فروغ پر اپنی بھرپور توجہ جاری رکھے جس سے ناصر مالیاتی نظم و ضبط کو برقرار رکھنے میں مدد حاصل ہوگی بلکہ حکومتی اخراجات پر بھی نظر رکھی جاسکے گی۔ برآمدات کی مسابقت ایک اہم اور توجہ طلب معاملہ رہا ہے اور اس امر کا متقاضی ہے کہ پیداوار میں اضافہ، لاگت میں کمی اور برآمدات کے شعبہ میں وسیع تنوع پر خصوصی توجہ دی جائے۔

ڈالر کے مقابلہ میں روپے کی قدر میں تنزلی اور مالی اعانت کی وصولیوں کے باوجود بیرونی حوالے سے نمودار ہونے والے دباؤ پر مسلسل نگاہ رکھنے کی ضرورت ہے۔ ملکی زرمبادلہ کے ذخائر کو مزید بہتر بنانے کیلئے درآمدات کے بل میں کمی بھی نہایت ضروری ہوگی۔

#### تعمین و تشکر:

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کی جاری معاونت کے لیے، بینک کے شہر ہولڈرز اور صارفین کا اٹکے اعتماد کے لیے، اور اپنے ملازمین کا اکی مسلسل لگن اور مخلصانہ خدمات پر شکر یا ادا کرتے ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

محمد علی زیب

ڈائریکٹر

ایم سی بی بینک لمیٹڈ

عمران معقول

پریزیڈنٹ اور سی ای او

ایم سی بی بینک لمیٹڈ

پرویشن کی مد میں بینک نے قرضہ جات کے اخراجات (پرویشن) میں 405 ملین روپے کی کٹوتی/ریورسل کی جبکہ ایکویٹی پورٹ فولیو میں سال 2019ء کی پہلی سہ ماہی کے دوران 26 ملین روپے کی ریورسل ریکارڈ کی گئی۔

مالیاتی حیثیت کے حوالہ سے بینک کے کل اثاثہ جات غیر مجموعی بنیاد پر 1.36 ٹریلین روپے پر درج ہوئے جو کہ دسمبر 2018 کی نسبت 9 فیصد کمی کو ظاہر کرتے ہیں۔ اثاثہ جات کی ترکیب کا تجزیہ اس امر کا مظہر ہے کہ خالص سرمایہ کاری میں 299 ملین روپے (40%) کی کمی ہوئی جبکہ اسی کے مقابلہ میں 2019 مارچ میں انٹرسٹ ریٹ میں متوقع بڑھوتی سے فائدہ اٹھاتے ہوئے، مالیاتی اداروں کو دیئے گئے قرضہ جات میں 167 ملین روپے (+475%) کا شاندار اضافہ ہوا۔

بینک کے اثاثہ جات کے معیار پر کڑی نگرانی کو برقرار رکھا گیا جس کے باعث کلاسیفائڈ قرضہ جات میں کوئی خاطر خواہ اضافہ نہ ہوسکا۔ کوریج اور نفلکشن کی شرح بالترتیب 86.83 فیصد اور 9.09 فیصد پر پورٹ ہوئیں۔

واجبات کی مد میں بینک کے ڈیپازٹس کے حجم میں دسمبر 2018 کی نسبت 17 ملین روپے (+2%) کا اضافہ ریکارڈ کیا گیا۔ جبکہ کاسا (CASA) کی کل ڈیپازٹس سے شرح 91.18 فیصد پر پورٹ ہوئی۔ 31 مارچ 2019 کو اختتام پذیر سہ ماہی میں فی حصص آمدنی (ای پی ایس) گزشتہ سال کے تقابلی مدت میں 4.03 روپے کی سطح کی نسبت 4.29 روپے فی حصص پر درج ہوئی۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2019 کو اختتام پذیر سہ ماہی میں 4.0 روپے فی حصص کے پہلے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔

### ریٹنگ:

بینک، پاکرا (PACRA) کے نوٹیفکیشن بتاریخ 27 جون 2018 کے مطابق طویل اور قلیل مدت کے لیے ٹریٹ اے (AAA) اور اے ون پلس (A1+) کی بلترتیب بلند ترین کریڈٹ ریٹنگ سے مسلسل مستفید ہو رہا ہے۔ مزید برآں، پاکرا نے ایم سی بی بینک لمیٹڈ کی ٹی ایف سی (TFC) کی ریٹنگ کو بھی اپنے نوٹیفکیشن بتاریخ 27 جون 2018 کے ذریعے ٹریٹ اے (AAA) کی سطح پر برقرار رکھا ہے۔

### معاشی جائزہ:

سال 2019ء کی پہلی سہ ماہی کے دوران متعلقہ اداروں کے مالیاتی اور انضباطی استحکام کے لئے اٹھائے گئے اقدامات کے ثمرات کی بدولت پاکستان کی میکرو اکنامک اساس میں سال 2018 کی متناظر صورتحال کے بعد اب قدرے بہتری کے آثار نمودار ہو رہے ہیں۔

تاہم ان امید افزاء علامات کے باوجود ایسے بہت سے عوامل موجود ہیں جن کے بارے میں آگے بڑھتے ہوئے نہایت باریک بینی سے توجہ کی ضرورت ہے۔

اسٹیٹ بینک آف پاکستان کے مطابق پاکستان کا تجارتی خسارہ گزشتہ سال کے تقابلی عرصہ میں 13.6 بلین امریکی ڈالرز کے حجم کی نسبت مالی سال 2019 کے جولائی تا مارچ کے دوران نمایاں بہتری کے ساتھ 9.6 بلین امریکی ڈالرز پر ریکارڈ ہو۔ پاکستان کی برآمدات میں تنزیل برقرار رہی اور یہ مالی سال 2019 کے جولائی تا مارچ عرصہ میں (ڈالروں میں) 1.3 فیصد کمی کا شکار رہیں۔ کرنٹ اکاؤنٹ میں بہتری کی بنیادی وجہ درآمدات میں کمی رہی جو کہ مالی سال 2018 کے جولائی تا مارچ کے 41 بلین ڈالرز کے حجم کی نسبت، رواں سال میں 39 بلین ڈالرز رہیں اور اس طرح (ڈالروں میں) 4.9 فیصد کمی کو درج کیا۔ افرادی ترسیلات کا حجم گزشتہ مالی سال کی نسبت 9 فیصد کمی ایک توانا بڑھوتی کے ساتھ 16.1 بلین ڈالرز پر رپورٹ کیا گیا۔

پاکستان کے زرمبادلہ کے ذخائر میں بھی اس سہ ماہی کے دوران سعودی عرب، متحدہ عرب امارات اور چین کے باہمی تعاون کے باعث بہتری آئی ہے۔ خصوصاً اسٹیٹ بینک آف پاکستان کے ذخائر، مارچ 2018 کی 7.2 بلین ڈالرز کی سطح سے بڑھتے ہوئے مارچ 2019 تک 10.5 بلین ڈالرز تک پہنچ گئے۔ پاکستان اور آئی ایم ایف (عالمی مالیاتی فنڈ) کے مابین تیل آڈٹ چیک کی ڈیل بھی تکمیل کے مراحل میں ہے اور پاکستان عالمی مارکیٹ میں پاؤڈر بانڈز کے اجراء کے مراحل کا آغاز کر چکا ہے۔ ان باقاعدہ وصولیوں سے بیرونی محاذ پر اچھی منہ زور لہروں پر بند باندھنے میں مدد ملے گی جیسا کہ پاکستانی روپیہ 2018 میں کی گئی قدر میں تنزیل کے بعد اس سہ ماہی میں محض 1.38 فیصد کمی کا شکار ہوا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ کے 31 مارچ 2019ء کو اختتام پذیر سہ ماہی کی غیر مجموعی عبوری مالیاتی سٹیٹمنٹس، آپ کے سامنے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

ملین روپے
9,079
3,999
5,080
53,532
13
53,545
58,625
508
4,740
5,248
53,377

### منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

افتتاحی غیر تخصیص شدہ منافع

پائیدار اثاثوں کی از سر نو تخمینہ پراسانی آمدن (خالص از ٹیکس)

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتی کیش ڈیویڈنڈ برائے دسمبر 2018

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

کارکردگی کا جائزہ:

31 مارچ 2019 کو اختتام پذیر تین ماہ کی مدت میں بینک کا منافع قبل از ٹیکس 24 فیصد کے اضافہ کے ساتھ 9.08 بلین پر درج کیا گیا۔ بینک نے دوسرے سلیپنٹری فنانس ایکٹ کے ذریعے نافذ العمل، سال 2017 سے متعلقہ، سپر ٹیکس کو 4 فیصد کی شرح سے پہلی سہ ماہی میں ریکارڈ کیا ہے جس کے نتیجے میں منافع بعد از ٹیکس میں 6 فیصد کی نمو حاصل ہوئی۔

میکرو اکنامک عوامل میں نمایاں تبدیلیوں نے کارکردگی کے ماحول کو مزید چیلنجنگ (مشکل) بنا دیا ہے جس کے ساتھ ڈسکانٹ ریٹ میں جنوری 2018 سے اب تک 500 بی پی ایس کا اضافہ رجسٹر کیا گیا ہے۔ انٹرسٹ ریٹ میں متوقع تغیر کے پیش نظر بینک نے مختصر مدت کے اثاثہ جات پر اپنی خصوصی توجہ رکھی، جس کے نتیجے میں خالص انٹرسٹ آمدنی میں گزشتہ سال کی تقابلی مدت کی نسبت 22 فیصد کا اضافہ ہوا۔ مارک اپ کی مجموعی آمدنی کی مد میں بینک نے گزشتہ سال کے اسی عرصہ کے مقابلہ میں 9.2 بلین روپے کا اضافہ درج کیا۔

پیداواری اثاثہ جات کا تجزیہ اس امر کا غماز ہے کہ قرضہ جات سے حاصل ہونے والی آمدنی میں 4.7 بلین روپے کا اضافہ ہوا۔ جس کی بنیادی وجہ 351 بی پی ایس سے بہتر ہوتی مارک اپ بیڈ (mark up yield) اور اس کے ساتھ قرضہ جات کے اوسط حجم میں 29 بلین روپے کی افزودگی رہی ہے۔ سرمایہ کاری کی مد میں 251 بی پی ایس کی اضافی آمدنی کی بدولت، کل مارک اپ آمدنی میں 3.3 بلین روپے کا اضافہ ہوا۔ انٹرسٹ کے حامل واجبات کے حوالہ سے ڈیپازٹس کی لاگت میں بڑھتے ہوئے انٹرسٹ ریٹس کے تناظر میں، گزشتہ سال کے تقابلی عرصہ میں 229 بی پی ایس کا اضافہ ہوا۔ بینک نے اپنے اوسط ڈیپازٹس میں پچھلے سال کے اسی عرصہ کی نسبت 70 بلین روپے کا اضافہ کیا۔

بینک کی نان مارک اپ آمدنی کا حجم 3.5 بلین روپے پر پورٹ ہوا۔ جس میں فیس، کمیشن کی آمدنی اور غیر ملکی کرنسیوں کی خرید و فروخت سے حاصل آمدنی کا اہم کردار رہا۔ فیس آمدنی میں کارڈ سے متعلقہ فیس، گارنٹیوں کے کمیشن اور ترسیلات کے باعث 3.2 فیصد کا اضافہ درج کیا گیا۔ کیپٹل مارکیٹ کے محاذ پر، مارکیٹ کی انحطاط پذیر کارکردگی کی بدولت کیپٹل گین (Capital Gain) میں نمایاں طور پر کمی ریکارڈ کی گئی۔

انتظامی اخراجات کی مد میں، مینٹننٹس کے علاوہ، بڑھتے ہوئے افراط زر کے دباؤ کے باوجود بینک نے اس کے فروغ کو 12 فیصد تک محدود رکھنے میں کامیاب رہا ہے۔ اس اضافہ میں ڈیپازٹ پروٹیکشن پرمیئم کے حوالہ سے 288 ملین روپے کی پرمیئم کی ادائیگی شامل ہے جس کا اطلاق یکم جولائی 2018 سے ہوا تھا۔ ڈیپازٹ پروٹیکشن پرمیئم کی لاگت سے قطع نظر انتظامی کارکردگی کی لاگت میں اضافہ محض 8.31 فیصد رہا۔

Unconsolidated Condensed Interim Statement of Financial Position  
As at March 31, 2019



	Note	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	107,291,270	103,174,597
Balances with other banks	8	11,889,025	11,878,975
Lendings to financial institutions	9	201,883,258	35,106,241
Investments	10	450,252,614	749,368,738
Advances	11	500,205,010	503,581,323
Fixed assets	12	42,101,433	41,069,761
Intangible assets	13	354,879	372,336
Deferred tax assets		-	-
Other assets	14	51,086,349	53,578,090
		<u>1,365,063,838</u>	<u>1,498,130,061</u>
<b>LIABILITIES</b>			
Bills payable	16	10,378,420	15,699,280
Borrowings	17	70,235,092	216,018,886
Deposits and other accounts	18	1,066,012,654	1,049,037,615
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	3,891,019	3,891,019
Deferred tax liabilities	20	2,203,182	1,532,177
Other liabilities	21	61,905,142	62,673,355
		<u>1,214,625,509</u>	<u>1,348,852,332</u>
<b>NET ASSETS</b>			
		<u>150,438,329</u>	<u>149,277,729</u>
<b>REPRESENTED BY</b>			
Share capital		11,850,600	11,850,600
Reserves	22	74,983,793	74,147,981
Surplus on revaluation of assets	23	10,226,909	9,747,104
Unappropriated profit		53,377,027	53,532,044
		<u>150,438,329</u>	<u>149,277,729</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool  
President / CEO

Hammad Khalid  
Chief Financial Officer

Muhammad Ali Zeb  
Director

Mian Umer Mansha  
Director

Salman Khalid Butt  
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)  
For the three months period ended March 31, 2019



	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----			
Mark-up / return / interest earned	26	27,381,919	18,214,047
Mark-up / return / interest expensed	27	13,903,165	7,182,157
Net mark-up / interest income		<u>13,478,754</u>	<u>11,031,890</u>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	28	2,814,218	2,727,668
Dividend income		189,382	163,811
Foreign exchange income		441,325	553,928
Income / (loss) from derivatives		15,730	(2,066)
Gain on securities	29	11,433	780,038
Other Income	30	42,367	155,255
Total non-markup / interest Income		<u>3,514,455</u>	<u>4,378,634</u>
Total Income		<u>16,993,209</u>	<u>15,410,524</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	31	8,170,226	9,400,022
Workers welfare fund		181,587	146,127
Other charges	32	46,195	38,832
Total non-markup / interest expenses		<u>8,398,008</u>	<u>9,584,981</u>
<b>Profit before provisions</b>		<u>8,595,201</u>	<u>5,825,543</u>
(Reversals) / provisions and write offs - net	33	(484,157)	(1,480,813)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>9,079,358</u>	<u>7,306,356</u>
Taxation	34	3,999,499	2,529,216
<b>PROFIT AFTER TAXATION</b>		<u>5,079,859</u>	<u>4,777,140</u>
Rupees			
<b>Basic and diluted earnings per share</b>	35	<u>4.29</u>	<u>4.03</u>

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

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Director

Salman Khalid Butt  
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the three months period ended March 31, 2019



	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----		
<b>Profit after taxation for the period</b>	5,079,859	4,777,140
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	327,826	286,938
Movement in surplus/ (deficit) on revaluation of investments - net of tax	493,155	(794,661)
	820,981	(507,723)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement loss on defined benefit obligations - net of tax	-	(133,763)
	-	(133,763)
<b>Total comprehensive income</b>	<b>5,900,840</b>	<b>4,135,654</b>

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)  
For the three months period ended March 31, 2019



	Capital reserve			Statutory reserve	Revenue reserve General reserve	Surplus/(deficit) on revaluation of		Unappropriated profit	Total	
	Share premium	Non-distributable capital reserve	Exchange translation reserve			Investments	Fixed / non-banking assets			
-----Rupees in '000-----										
Balance as at December 31, 2017	11,850,600	23,751,114	908,317	483,993	27,123,049	18,600,000	4,588,120	12,485,087	53,776,057	153,566,337
<b>Total comprehensive income for the period ended March 31, 2018</b>	-	-	-	-	-	-	-	-	4,777,140	4,777,140
Profit after taxation for the period ended March 31, 2018	-	-	-	-	-	-	-	-	(133,763)	(641,486)
Other comprehensive income - net of tax	-	-	-	286,938	-	-	(794,661)	-	4,643,377	4,135,654
Transfer to statutory reserve	-	-	-	-	477,714	-	-	-	(477,714)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(13,398)	13,398	-
<b>Transactions with owners, recorded directly in equity</b>										
Final cash dividend at Rs. 4.0 per share - December 31, 2017	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Balance as at March 31, 2018	11,850,600	23,751,114	908,317	770,931	27,600,763	18,600,000	3,793,459	12,471,689	53,214,878	152,961,751
<b>Change in equity for nine months period ended December 31, 2018</b>										
<b>Total comprehensive income for the nine months period ended December 31, 2018</b>	-	-	-	-	-	-	-	-	16,582,438	16,582,438
Profit after taxation for the nine months period ended December 31, 2018	-	-	-	858,612	-	-	(6,551,603)	172,774	(525,523)	(6,045,740)
Other comprehensive income - net of tax	-	-	-	858,612	-	-	(6,551,603)	172,774	16,056,915	10,536,696
Transfer to statutory reserve	-	-	-	-	1,658,244	-	-	-	(1,658,244)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(40,134)	40,134	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(99,081)	99,081	-
<b>Transactions with owners, recorded directly in equity</b>										
Interim cash dividend at Rs. 4.0 per share - March 31, 2018	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - June 30, 2018	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - September 30, 2018	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)
Balance as at December 31, 2018	11,850,600	23,751,114	908,317	1,629,543	29,259,007	18,600,000	(2,758,144)	12,505,248	53,532,044	149,277,729
<b>Total comprehensive income for the period ended March 31, 2019</b>										
Profit after taxation for the period ended March 31, 2019	-	-	-	-	-	-	-	-	5,079,859	5,079,859
Other comprehensive income - net of tax	-	-	-	327,826	-	-	493,155	-	820,981	820,981
	-	-	-	327,826	-	-	493,155	-	5,079,859	5,900,840
Transfer to statutory reserve	-	-	-	-	507,986	-	-	-	(507,986)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(13,350)	13,350	-
<b>Transactions with owners, recorded directly in equity</b>										
Final cash dividend at Rs. 4.0 per share - December 31, 2018	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Balance as at March 31, 2019	11,850,600	23,751,114	908,317	1,957,369	29,766,993	18,600,000	(2,264,989)	12,491,898	53,377,027	150,438,329

For details of dividend declaration and appropriations, please refer note 40 to these unconsolidated condensed interim financial statements.

For details of reserves, please refer note 22 to these unconsolidated condensed interim financial statements.

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

*Imran Maqbool*

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President / CEO

*Hammad Khalid*

Hammad Khalid  
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*Muhammad Ali Zeb*

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Salman Khalid Butt  
Director



**Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)**  
For the three months period ended March 31, 2019



	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		9,079,358	7,306,356
Less: Dividend income		(189,382)	(163,811)
		8,889,976	7,142,545
Adjustments:			
Depreciation on fixed assets	31	474,861	525,051
Depreciation on non-banking assets acquired in satisfaction of claims	31	12,062	12,219
Amortization	31	56,409	64,871
(Reversals) / provisions and write offs - net	33	(484,157)	(1,480,813)
Workers welfare fund		181,587	146,127
Gain on sale of fixed assets	30	(21,245)	(59,258)
Charge for defined benefit plans		42,000	2,154,258
Unrealized loss on revaluation of investments classified as held for trading	29	4,320	4,339
Gain on sale of shares in an associate		-	(247,677)
		265,837	1,119,117
		9,155,813	8,261,662
Increase in operating assets			
Lendings to financial institutions		(166,777,017)	(28,367,491)
Held-for-trading securities		8,156,215	(196,055)
Advances		3,829,183	1,161,263
Others assets (excluding advance taxation)		(1,045,139)	3,443,195
		(155,836,758)	(23,959,088)
Increase in operating liabilities			
Bills Payable		(5,320,860)	(10,343,438)
Borrowings from financial institutions		(144,806,507)	(59,764,654)
Deposits		16,975,039	36,544,238
Other liabilities (excluding current taxation)		(4,449,473)	(2,944,752)
		(137,601,801)	(36,508,606)
Defined benefits paid		(84,302)	(82,372)
Income tax paid		(1,130,889)	(467,618)
Net cash flow from operating activities		(285,497,937)	(52,756,022)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		291,504,392	52,570,727
Net investments in held-to-maturity securities		235,795	3,738,266
Investment in a subsidiary		-	(1,200,000)
Proceeds from divestment in an associate		-	295,448
Dividends received		92,893	336,671
Investments in fixed assets		(1,499,289)	(1,021,820)
Investments in Intangible assets		(37,753)	(64,185)
Proceeds from sale of fixed assets		24,338	67,629
Effect of translation of net investment in foreign branches		327,826	286,938
Net cash flow used in investing activities		290,648,202	55,009,674
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(46,257)	(1,290,148)
Net cash flow used in financing activities		(46,257)	(1,290,148)
<b>Increase in cash and cash equivalents</b>		5,104,008	963,504
Cash and cash equivalents at beginning of the period		113,181,408	109,542,725
Cash and cash equivalents at end of the period		118,285,416	110,506,229

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool

Imran Maqbool  
President / CEO

Hammad Khalid

Hammad Khalid  
Chief Financial Officer

Muhammad Ali Zeb

Muhammad Ali Zeb  
Director

Mian Umer Mansha

Mian Umer Mansha  
Director

Salman Khalid Butt

Salman Khalid Butt  
Director

**Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)**  
For the three months period ended March 31, 2019



**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 the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,374 branches (2018: 1,376 branches) within Pakistan and 11 branches (2018: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

**2. BASIS OF PREPARATION**

**2.1** These unconsolidated condensed interim financial statements represent separate financial statements of MCB Bank Limited. The consolidated condensed interim financial statements of the Group are being issued separately.

**2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan 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 these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

**2.3** The unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

**2.4** These unconsolidated condensed interim financial statements have 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.

**3. STATEMENT OF COMPLIANCE**

**3.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

**3.2** The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular 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 these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

**3.3** The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.



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

The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 has amended the format of interim financial statements of banks. All banks are directed to prepare their interim financial statements on the revised format effective from the accounting year starting from January 01, 2019. Accordingly, the Bank has prepared these unconsolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format introduced additional disclosure requirements and required certain reclassification of profit and loss comparative numbers. Under revised format, cost of foreign currency swaps (note 27) amounting to Rs 370.345 million (2018: Rs 130.937 million) which was previously shown as part of foreign exchange income has now been shown as part of mark-up / return / interest expense in the unconsolidated condensed interim statement of profit and loss account.

During the year, certain amendments to standards, interpretations and improvements to accounting standards became effective; however, except IFRS 16 - Leases, the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements.

IFRS 16 was effective for annual reporting periods beginning on or after January 01, 2019. It introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Bank through the Pakistan Banking Association approached SBP for the deferment of IFRS-16. As the matter remains under the review of SBP, the requirements of this standard have not been considered in the preparation of these unconsolidated condensed interim financial statements. Had the requirements of IFRS 16 been applied, the profit before tax (PBT) for the quarter ended March 31, 2019 would have been lower by Rs. 113.730 million, total assets and total liabilities would have been higher by Rs. 4,987.572 million.

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

There are new and amended standards and interpretations that are not yet effective. These new and amended standards and interpretations are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

**3.6** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2018.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2018.

**6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2018.



**7. CASH AND BALANCES WITH TREASURY BANKS**

	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----		
In hand		
Local currency	17,913,514	16,462,132
Foreign currencies	2,538,271	2,529,716
	20,451,785	18,991,848
With State Bank of Pakistan in		
Local currency current account	53,498,568	40,305,992
Foreign currency current account	389,912	279,023
Foreign currency deposit account	12,660,146	12,621,991
	66,548,626	53,207,006
With other central banks in		
Foreign currency current account	5,018,386	5,197,681
With National Bank of Pakistan in		
Local currency current account	15,183,588	25,657,815
Prize bonds	88,885	120,247
	107,291,270	103,174,597

**8. BALANCES WITH OTHER BANKS**

Outside Pakistan		
In current account	6,095,100	9,232,223
In deposit account	5,793,925	2,646,752
	11,889,025	11,878,975

**9. LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings	6,855,853	2,069,329
Repurchase agreement lendings (Reverse Repo)	195,027,405	33,036,912
	201,883,258	35,106,241

	Unaudited March 31, 2019			Audited December 31, 2018				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>10. INVESTMENTS</b>								
<b>10.1 Investments by type:</b>								
<b>Held-for-trading securities</b>								
Federal Government Securities	1,178,934	-	(680)	1,178,254	9,348,153	-	(2,599)	9,345,554
Shares	29,080	-	(3,640)	25,440	18,549	-	126	18,675
	1,208,014	-	(4,320)	1,203,694	9,366,702	-	(2,473)	9,364,229
<b>Available-for-sale securities</b>								
Federal Government Securities	381,894,352	(7,346,327)	(3,078,805)	378,815,547	674,920,983	(7,371,946)	(3,990,667)	670,930,316
Shares and units	26,693,563	-	(402,376)	18,944,860	26,096,138	-	(236,174)	18,490,018
Non Government Debt Securities	1,096,296	-	(4)	1,096,292	1,096,296	-	36	1,096,332
Foreign Securities	3,471,985	-	(3,414)	3,468,571	2,545,151	-	(16,492)	2,528,659
	413,156,196	(7,346,327)	(3,484,599)	402,325,270	704,660,568	(7,371,946)	(4,243,297)	693,045,325
<b>Held-to-maturity securities</b>								
Federal Government Securities	20,692,903	(1,414)	-	20,691,489	20,699,709	(1,675)	-	20,698,034
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	9,325,844	(490,924)	-	9,434,920	8,196,110	(490,924)	-	7,705,186
Foreign Securities	3,851,053	-	-	3,851,053	5,809,776	-	-	5,809,776
	34,469,918	(492,456)	-	33,977,462	34,705,713	(492,717)	-	34,212,996
<b>Associates</b>	700,401	-	-	700,401	700,401	-	-	700,401
<b>Subsidiaries</b>	12,046,512	(725)	-	12,045,787	12,046,512	(725)	-	12,045,787
<b>Total Investments</b>	461,581,041	(7,839,508)	(3,488,919)	450,252,614	781,479,896	(7,865,388)	(4,245,770)	749,368,738

**10.1.1 Investments given as collateral**

- Market Treasury Bills
- Pakistan Investment Bonds

**10.2 Provision for diminution in value of investments**

- 10.2.1** Opening balance  
Exchange adjustments  
Charge / (reversals)  
Reversals for the period / year  
Reversal on disposals

	Unaudited March 31, 2019	Audited December 31, 2018
	6,871,967	155,324,815
	7,394,867	10,489,134
	14,266,834	165,813,949
	7,865,388	5,985,708
	20	286
	(281)	2,790,754
	(25,619)	(4,620)
	(25,900)	(835,603)
	-	1,990,331
	7,839,508	(70,937)
	7,865,388	7,865,388

**10.2.2 Particulars of provision against debt securities**

**Category of classification**

	Unaudited March 31, 2019	Audited December 31, 2018
	NPI	NPI
	491,042	491,042
	491,042	491,042

**10.3** The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 32,902.711 million (December 31, 2018: Rs. 32,921.417 million).

**11. ADVANCES**

	Performing		Non Performing		Total	
	Unaudited March 31, 2019	Audited December 31, 2018	Unaudited March 31, 2019	Audited December 31, 2018	Unaudited March 31, 2019	Audited December 31, 2018
Loans, cash credits, running finances, etc.	477,686,238	479,948,340	48,558,886	47,976,277	526,245,124	527,924,617
Bills discounted and purchased	16,020,817	17,887,661	778,146	979,271	16,798,963	18,866,932
Advances - gross	493,707,055	497,836,001	49,337,032	48,955,548	543,044,087	546,791,549
Provision against advances	-	-	(41,532,284)	(41,943,509)	(41,532,284)	(41,943,509)
- Specific	(1,306,793)	(1,266,717)	-	-	(1,306,793)	(1,266,717)
- General	(1,306,793)	(1,266,717)	(41,532,284)	(41,943,509)	(42,839,077)	(43,210,226)
Advances - net of provision	492,400,262	496,569,284	7,804,748	7,012,039	500,205,010	503,581,323

**11.1 Particulars of advances (Gross)**

- In local currency
- In foreign currencies

	Unaudited March 31, 2019	Audited December 31, 2018
	485,782,913	502,170,129
	47,261,174	44,621,420
	543,044,087	546,791,549

**11.2** Advances include Rs. 49,337.032 million (2018: Rs. 48,955.548 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Unaudited March 31, 2019		Audited December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
<b>Domestic</b>				
Other Assets Especially Mentioned	92,961	3,140	49,212	2,591
Substandard	1,550,500	73,947	1,141,738	284,313
Doubtful	1,877,332	938,375	1,734,078	866,961
Loss	38,086,518	37,309,072	38,336,086	37,706,005
	41,607,311	38,324,534	41,261,114	38,859,870
<b>Overseas</b>				
Not past due but impaired	65,871	65,871	62,287	62,287
Overdue by:				
Upto 90 days	161,506	46,769	624,403	433,424
91 to 180 days	438,814	418,752	140,323	35,205
181 to 365 days	105,807	52,991	7,473	3,736
> 365 days	6,957,723	2,623,367	6,859,948	2,548,987
	7,729,721	3,207,750	7,694,434	3,083,639
Total	49,337,032	41,532,284	48,955,548	41,943,509

**11.2.1** This represents non-performing portfolio of agricultural and small enterprise financing classified as OaEM as per the requirements of the Prudential Regulation for Agricultural and Small Enterprise Financing issued by the State Bank of Pakistan.

**11.2.2** Exposure amounting to Rs. 1,226 million relating to Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan has not been classified as non performing, in accordance with relaxation given by the SBP. However, unrealized markup income has been suspended on this amount.

11.3 Particulars of provision against advances

Note	Unaudited March 31, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	41,943,509	1,266,717	43,210,226	44,586,915	1,115,091	45,702,006
Exchange adjustments	39,357	5,194	44,551	513,168	18,341	531,509
Charge for the period / year	1,095,341	49,417	1,144,758	1,613,562	133,330	1,746,892
Reversals	(1,535,021)	(14,535)	(1,549,556)	(4,618,549)	(45)	(4,618,594)
	(439,680)	34,882	(404,798)	(3,004,987)	133,285	(2,871,702)
Amounts written off	(10,902)	-	(10,902)	(151,587)	-	(151,587)
Closing balance	41,532,284	1,306,793	42,839,077	41,943,509	1,266,717	43,210,226

11.3.1 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.

11.3.3 In 2018, there was a reversal of provisions and reduction of non-performing loans amounting to Rs. 307 million as a result of settlement on debt asset swap arrangement with customers.

11.3.4 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 unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. 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. General provision against all other advances represents provision maintained at around 0.1% of gross advances.

12. FIXED ASSETS

Note	Unaudited	Audited
	March 31, 2019	December 31, 2018
	-----Rupees in '000-----	
Capital work-in-progress	1,949,755	1,497,227
Property and equipment	40,151,678	39,572,534
	42,101,433	41,069,761
12.1 Capital work-in-progress		
Civil works	946,686	622,609
Advances to suppliers	983,592	868,708
Others	19,477	5,910
	1,949,755	1,497,227

12.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	-----Rupees in '000-----	
Capital work-in-progress	452,528	268,405
<b>Property and equipment</b>		
Freehold land	398,701	240,855
Building on freehold land	324,666	30,953
Electrical office and computer equipment	191,864	385,990
Furniture and fixture	57,919	48,342
Leasehold Improvements	40,071	-
Vehicles	33,540	47,275
	1,046,761	753,415
<b>Total</b>	<b>1,499,289</b>	<b>1,021,820</b>

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

	Quarter ended March 31, 2019	Quarter ended March 31, 2018
Vehicles	2,984	7,513
Furniture and fixture	64	509
Electrical office and computer equipment	45	349
<b>Total</b>	<b>3,093</b>	<b>8,371</b>

13. INTANGIBLE ASSETS

Computer software

Note	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
13.1	354,879	372,336
	354,879	372,336

13.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	-----Rupees in '000-----	
Directly purchased	37,753	64,185
	37,753	64,185

14. OTHER ASSETS

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
Income/ mark-up accrued in local currency	12,583,543	11,232,274
Income/ mark-up accrued in foreign currencies	223,605	128,921
Advances, deposits, advance rent and other prepayments	3,110,909	2,340,059
Advance taxation (payments less provisions)	4,890,870	7,354,020
Compensation for delayed income tax refunds	133,809	133,809
Non-banking assets acquired in satisfaction of claims	3,641,778	3,653,840
Branch adjustment account	129,004	146,299
Mark to market gain on forward foreign exchange contracts	2,063,758	3,520,808
Unrealized gain on derivative financial instruments	770,039	852,465
Acceptances	14,590,445	15,847,453
Receivable from the pension fund	3,920,170	3,815,170
Others	7,095,386	6,622,685
	53,153,316	55,647,803
Less: Provision held against other assets	2,547,838	2,550,584
Other Assets (net of provision)	50,605,478	53,097,219
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	480,871	480,871
<b>Other Assets - total</b>	<b>51,086,349</b>	<b>53,578,090</b>

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
<b>14.1 Provision held against other assets</b>		
Non banking assets acquired in satisfaction of claims	99,597	99,597
Others	2,448,241	2,450,987
	<u>2,547,838</u>	<u>2,550,584</u>
<b>14.2.1 Movement in provision held against other assets</b>		
Opening balance	2,550,584	3,016,792
Charge for the period / year	612	112,529
Reversals	(12,377)	(721,119)
	(11,765)	(608,590)
Amount written off	(578)	(7,180)
Exchange and other adjustments	9,597	149,562
Closing balance	<u>2,547,838</u>	<u>2,550,584</u>

**15. CONTINGENT ASSETS**

There were no contingent assets of the Bank as at March 31, 2019 (2018: NIL).

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
<b>16. BILLS PAYABLE</b>		
In Pakistan	10,045,332	15,644,752
Outside Pakistan	333,088	54,528
	<u>10,378,420</u>	<u>15,699,280</u>

**17. BORROWINGS**

**Secured**

Borrowings from State Bank of Pakistan

Under export refinance scheme	28,858,801	27,443,517
Under long term financing facility	15,625,962	14,628,994
Under renewable energy performance platform	50,129	28,420
Under financing facility for storage of agricultural produce	132,748	165,267
	44,667,640	42,266,198
Repurchase agreement borrowings	14,867,879	165,703,249
<b>Total secured</b>	<u>59,535,519</u>	<u>207,969,447</u>

**Unsecured**

Borrowings from other financial institution

Call borrowings	9,074,475	5,458,050
Overdrawn nostro accounts	894,879	1,872,164
Others	162,286	162,286
<b>Total unsecured</b>	<u>10,699,573</u>	<u>8,049,439</u>
	<u>70,235,092</u>	<u>216,018,886</u>

**18. DEPOSITS AND OTHER ACCOUNTS**

	Unaudited March 31, 2019			Audited December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
<b>Customers</b>						
Current deposits	335,589,644	30,493,649	366,083,293	325,800,150	34,643,583	360,443,733
Savings deposits	515,915,524	40,567,204	556,482,728	502,660,835	39,470,374	542,131,209
Term deposits	70,469,499	15,481,774	85,951,273	73,140,915	13,877,453	87,018,368
Others	27,291,480	4,201,324	31,492,804	27,009,821	4,340,402	31,350,223
	949,266,147	90,743,951	1,040,010,098	928,611,721	92,331,812	1,020,943,533
<b>Financial Institutions</b>						
Current deposits	7,471,532	1,495,347	8,966,879	7,560,308	2,267,492	9,827,800
Savings deposits	8,598,751	18,263	8,617,014	10,762,643	20,548	10,783,191
Term deposits	600,000	7,511,273	8,111,273	661,580	6,544,203	7,205,783
Others	-	307,390	307,390	-	277,308	277,308
	16,670,283	9,332,273	26,002,556	18,984,531	9,109,551	28,094,082
	<u>965,936,430</u>	<u>100,076,224</u>	<u>1,066,012,654</u>	<u>947,596,252</u>	<u>101,441,363</u>	<u>1,049,037,615</u>

**18.1 Composition of deposits**

- Individuals	677,107,130	670,185,660
- Government (Federal and Provincial)	64,438,155	51,552,271
- Public Sector Entities	54,380,272	54,059,201
- Banking Companies	7,332,582	6,346,735
- Non-Banking Financial Institutions	18,669,972	21,747,347
- Private Sector	244,084,543	245,146,401
	<u>1,066,012,654</u>	<u>1,049,037,615</u>

19. SUBORDINATED DEBT

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
<b>Term Finance Certificates - Listed, Unsecured</b>	<b>3,891,019</b>	<b>3,891,019</b>

Issue amount	Rs. 4,198.035 million
Issue date	June 19, 2014
Maturity date	June 19, 2022
Rating	AAA (triple A)
Security	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits
Profit payment frequency	Semi-Annually
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.

**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"))

**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".

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	

20. DEFERRED TAX LIABILITIES

**Taxable Temporary Differences on**

- Surplus on revaluation of fixed assets
- Surplus on revaluation of Non-banking assets
- Accelerated tax depreciation
- Receivable from pension fund
- Business combination

	985,492	992,684
	168,305	168,305
	1,600,236	1,607,561
	1,372,059	1,335,309
	705,218	705,218
	<b>4,831,310</b>	<b>4,809,077</b>

**Deductible Temporary Differences on**

- Provision against advances
- Surplus/deficit on revaluation of investments

	(1,408,518)	(1,791,747)
	(1,219,610)	(1,485,153)
	(2,628,128)	(3,276,900)
	<b>2,203,182</b>	<b>1,532,177</b>

21. OTHER LIABILITIES

	Note	Unaudited March 31, 2019	Audited December 31, 2018
		-----Rupees in '000-----	
Mark-up/ return/ interest payable in local currency		10,190,453	12,775,306
Mark-up/ return/ interest payable in foreign currencies		465,371	468,339
Unearned commission and income on bills discounted		168,104	201,151
Accrued expenses		4,439,301	5,022,283
Workers' welfare fund	21.1	7,253,247	7,071,660
Acceptances	14	14,590,445	15,847,453
Unclaimed / dividends payable		6,164,389	1,470,406
Mark to market loss on forward foreign exchange contracts		2,079,683	3,495,971
Unrealised loss on derivative financial instruments		780,356	863,617
Staff welfare fund		6,388	5,490
Provision for employees' compensated absences		1,054,461	1,028,129
Provision for post retirement medical benefits		1,763,390	1,730,409
Provision for employees' contributory benevolent scheme		217,638	214,252
Retention money		20,657	20,657
Insurance payable against consumer assets		672,349	688,107
Unclaimed balances		982,817	1,133,843
Duties and taxes payable		574,727	577,222
Provision against off-balance sheet obligations		37,430	37,430
Security deposits against lease		475,524	479,428
Others		9,968,412	9,542,202
		<b>61,905,142</b>	<b>62,673,355</b>

21.1 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

22. RESERVES

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
Share premium	23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	908,317	908,317
Exchange translation reserve	1,957,369	1,629,543
Statutory reserve	29,766,993	29,259,007
General reserve	18,600,000	18,600,000
	<b>74,983,793</b>	<b>74,147,981</b>

Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not been taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Bank, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Bank or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

	Note	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----			
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(3,484,599)	(4,243,297)
- Fixed Assets		13,164,824	13,185,366
- Non-banking assets acquired in satisfaction of claims		480,871	480,871
		10,161,096	9,422,940
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(1,219,610)	(1,485,153)
- Fixed Assets		985,492	992,684
- Non-banking assets acquired in satisfaction of claims		168,305	168,305
		(65,813)	(324,164)
		10,226,909	9,747,104
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	24.1	168,300,559	170,138,859
-Commitments	24.2	382,081,648	397,683,110
-Other contingent liabilities	24.3	24,416,130	16,612,336
		574,798,337	584,434,305
<b>24.1 Guarantees:</b>			
Financial guarantees		137,795,930	140,350,012
Performance guarantees		29,859,605	29,003,435
Other guarantees		645,024	785,412
		168,300,559	170,138,859
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		142,774,997	132,940,176
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	218,669,364	216,768,127
- forward government securities transactions	24.2.2	-	27,935,661
- derivatives	24.2.3	11,920,804	11,285,103
- operating leases	24.2.4	7,691,483	7,223,152
Commitments for acquisition of:			
- operating fixed assets		922,763	1,420,585
- intangible assets		102,237	110,306
		382,081,648	397,683,110
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		127,429,365	125,528,129
Sale		91,239,999	91,239,998
		218,669,364	216,768,127
<b>24.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		-	13,660,947
Sale		-	14,274,714
		-	27,935,661

	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----		
<b>24.2.3 Commitments in respect of derivatives</b>		
FX options (notional)		
Purchase	468,564	1,378,370
Sale	468,564	1,378,370
	937,128	2,756,740
Cross Currency Swaps (notional)		
Purchase	5,254,297	4,026,814
Sale	5,412,879	4,185,049
	10,667,176	8,211,863
Interest Rate Swaps (notional)		
Purchase	316,500	316,500
	11,920,804	11,285,103
<b>24.2.4 Commitments in respect of operating leases</b>		
Not later than one year	1,305,546	1,211,422
Later than one year and not later than five years	3,545,064	3,754,916
Later than five years	2,840,873	2,256,814
	7,691,483	7,223,152

**24.2.5** 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.

	Note	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----			
<b>24.3 Other contingent liabilities</b>			
Claims against the Bank not acknowledged as debts	24.3.1	24,416,130	16,612,336

**24.3.1** 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.

**24.4 Taxation**

The Income Tax returns of the Bank have been filed up to the tax year 2019 (accounting year ended December 31, 2018) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for various tax years. 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. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

**25. DERIVATIVE INSTRUMENTS**

	Unaudited March 31, 2019					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----						
<b>Total</b>						
Hedging	5,254,297	638,431	316,500	13,489	468,564	6,514
Market Making	5,412,879	(662,237)	-	-	468,564	(6,514)
-----Rupees in '000-----						
Audited December 31, 2018						
-----Rupees in '000-----						
<b>Total</b>						
Hedging	4,026,814	725,117	316,500	14,771	1,378,370	48,090
Market Making	4,185,049	(751,040)	-	-	1,378,370	(48,090)

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----			
<b>26. MARK-UP/RETURN/INTEREST EARNED</b>			
Loans and advances		12,423,261	7,681,795
Investments		13,662,139	10,316,198
Lendings to financial institutions		1,182,657	176,995
Balances with banks		113,862	39,059
		<u>27,381,919</u>	<u>18,214,047</u>
<b>27. MARK-UP/RETURN/INTEREST EXPENSED</b>			
Deposits		12,577,344	6,210,587
Borrowings		843,476	769,991
Subordinated debt		112,000	70,642
Cost of foreign currency swaps against foreign currency deposits / borrowings		370,345	130,937
		<u>13,903,165</u>	<u>7,182,157</u>
<b>28. FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees		525,714	610,198
Consumer finance related fees		70,228	66,214
Card related fees (debit and credit cards)		723,916	635,116
Credit related fees		60,433	69,801
Investment banking fee		22,600	15,587
Commission on trade		340,447	387,931
Commission on guarantees		185,790	97,085
Commission on cash management		150,761	140,157
Commission on remittances including home remittances		258,122	226,149
Commission income - Bancassurance		333,012	347,535
Rent on lockers		64,118	65,678
Commission on utility bills		24,943	23,392
Commission on investments services		11,955	8,235
Other Commission		42,179	34,590
		<u>2,814,218</u>	<u>2,727,668</u>
<b>29. GAIN ON SECURITIES, NET</b>			
Realised	29.1	15,753	784,377
Unrealised - held for trading	10.1	(4,320)	(4,339)
		<u>11,433</u>	<u>780,038</u>
<b>29.1</b> Realised gain on:			
Federal Government Securities		10,797	3,413
Shares		4,956	780,964
		<u>15,753</u>	<u>784,377</u>
<b>30. OTHER INCOME</b>			
Rent on property		21,122	9,135
Gain on sale of fixed assets-net		21,245	59,258
Compensation on tax refunds		-	86,862
		<u>42,367</u>	<u>155,255</u>

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----			
<b>31. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	31.1	3,597,672	5,081,164
<b>Property expense</b>			
Rent and taxes		438,928	481,614
Insurance		5,295	6,764
Utilities cost		249,452	233,312
Fuel expense generators		119,421	113,643
Security (including guards)		401,951	389,494
Repair and maintenance (including janitorial charges)		255,732	230,325
Depreciation		135,578	108,627
		<u>1,606,357</u>	<u>1,563,779</u>
<b>Information technology expenses</b>			
Software maintenance		233,924	185,609
Hardware maintenance		98,478	91,870
Depreciation		105,406	149,987
Amortisation		56,409	64,871
Network charges		153,304	144,316
Insurance		788	1,148
		<u>648,309</u>	<u>637,801</u>
<b>Other operating expenses</b>			
Directors' fees and allowances		10,126	9,716
Legal and professional charges		100,158	78,487
Outsourced services costs		178,164	319,001
Travelling and conveyance		80,275	73,568
NIFT clearing charges		35,882	38,699
Depreciation		233,877	266,437
Depreciation on non-banking assets acquired in satisfaction of claims		12,062	12,219
Training and development		13,157	13,250
Postage and courier charges		59,337	63,503
Communication		90,641	90,359
Stationery and printing		182,614	190,978
Marketing, advertisement & publicity		175,000	175,001
Donations		-	696
Auditors' remuneration		10,047	9,001
Cash transportation charges		184,191	163,151
Repair and maintenance		202,100	168,157
Subscription		3,008	2,714
Entertainment		60,051	61,184
Remittance charges		39,908	40,051
Brokerage expenses		6,283	4,911
Card related expenses		185,723	172,990
CNIC verification charges		38,776	40,314
Insurance		354,541	64,623
Others		61,967	58,268
		<u>2,317,888</u>	<u>2,117,278</u>
		<u>8,170,226</u>	<u>9,400,022</u>

**31.1** Comparative numbers include pension cost amounting to Rs. 2,025.258 million on account of increase in pension by the Honourable Supreme Court.



Note  
Quarter ended March 31, 2019  
Quarter ended March 31, 2018  
-----Rupees in '000-----

**32. OTHER CHARGES**

Penalties of State Bank of Pakistan	789	4,179
VAT & National Building tax & Crop Insurance Levy	45,406	34,653
	<u>46,195</u>	<u>38,832</u>

**33. (REVERSALS) / PROVISIONS & WRITE OFFS - NET**

Provision against balance with Banks		6,378	8,325
Provisions / (reversals) for diminution in value of investments	10.2.1	(25,900)	(416,180)
Provisions / (reversals) against loans & advances	11.3	(404,798)	(313,899)
Provisions / (reversals) against other assets	14.2.1	(11,765)	(708,570)
Recovery of written off / charged off bad debts		(48,072)	(50,489)
		<u>(484,157)</u>	<u>(1,480,813)</u>

**34. TAXATION**

Current		3,143,600	2,591,668
Prior years		450,438	-
Deferred	20	405,461	(62,452)
		<u>3,999,499</u>	<u>2,529,216</u>

**35. BASIC AND DILUTED EARNINGS PER SHARE**

Profit after tax		5,079,859	4,777,140
		-----Number-----	
Weighted average number of ordinary shares		<u>1,185,060,006</u>	<u>1,185,060,006</u>
		-----Rupees-----	
Basic and diluted earnings per share		<u>4.29</u>	<u>4.03</u>

**36. FAIR VALUE MEASUREMENTS**

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 financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

**36.1 Fair value of financial assets**

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).

**Valuation techniques used in determination of fair valuation of financial instruments within level 2**

Item	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined using the PKRV rates.
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) & NBA	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.

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 Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For the three months period ended March 31, 2019



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.

	Unaudited March 31, 2019				Total
	Carrying value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	379,993,801	-	379,993,801	-	379,993,801
Shares	17,566,780	17,566,780	-	-	17,566,780
Non-Government Debt Securities	1,096,292	-	1,096,292	-	1,096,292
Foreign Securities	3,462,277	-	3,462,277	-	3,462,277
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments (HTM, unlisted ordinary shares, subsidiaries and associates)</b>					
	48,133,464	-	-	-	-
Cash and balances with treasury banks	107,291,270	-	-	-	-
Balances with other banks	11,889,025	-	-	-	-
Lendings to financial institutions	201,883,258	-	-	-	-
Advances	500,205,010	-	-	-	-
Other assets	16,307,411	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	34,343,987	-	34,343,987	-	34,343,987
Non-banking assets	4,122,649	-	4,122,649	-	4,122,649
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	127,429,365	-	2,021,950	-	2,021,950
Forward sale of foreign exchange	91,239,999	-	2,037,875	-	2,037,875
Derivatives purchase	6,039,361	-	658,434	-	658,434
Derivatives sale	5,881,443	-	668,751	-	668,751
Audited December 31, 2018					
	Carrying value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	680,275,870	-	680,275,870	-	680,275,870
Shares	17,105,168	17,105,168	-	-	17,105,168
Non-Government Debt Securities	1,096,332	-	1,096,332	-	1,096,332
Foreign Securities	2,522,454	-	2,522,454	-	2,522,454
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments (HTM, unlisted ordinary shares, subsidiaries and associates)</b>					
	48,368,914	-	-	-	-
Cash and balances with treasury banks	103,174,597	-	-	-	-
Balances with other banks	11,878,975	-	-	-	-
Lendings to financial institutions	35,106,241	-	-	-	-
Advances	503,581,323	-	-	-	-
Other assets	35,753,619	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	33,715,777	-	33,715,777	-	33,715,777
Non-banking assets	4,035,114	-	4,035,114	-	4,035,114
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	125,528,129	-	3,477,211	-	3,477,211
Forward sale of foreign exchange	91,239,998	-	3,452,374	-	3,452,374
Derivatives purchase	5,721,684	-	787,978	-	787,978
Derivatives sale	5,563,419	-	799,130	-	799,130

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For the three months period ended March 31, 2019



37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

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

	Quarter ended March 31, 2019						
	Retail Banking	Consumer banking	Corporate Banking	Treasury	others	Sub-total	Eliminations
-----Rupees in '000-----							
<b>Profit &amp; Loss</b>							
Net mark-up/return/profit	(9,324,648)	891,247	8,322,581	13,589,574	-	13,478,754	-
Inter segment revenue - net	19,489,256	(552,062)	(6,714,999)	(14,446,652)	2,244,457	-	-
Non mark-up / return / interest income	1,573,510	484,013	962,966	417,557	76,409	3,514,455	-
Total Income	11,718,118	823,198	2,570,548	(439,521)	2,320,866	16,993,209	-
Segment direct expenses	5,761,326	364,019	484,418	107,242	1,681,003	8,398,008	-
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	5,761,326	364,019	484,418	107,242	1,681,003	8,398,008	-
Provisions	12,804	(15,600)	(140,644)	(25,619)	(315,098)	(484,157)	-
Profit before tax	5,943,988	474,779	2,226,774	(521,144)	954,961	9,079,358	-
Unaudited March 31, 2019							
	Retail Banking	Consumer banking	Corporate Banking	Treasury	others	Sub-total	Eliminations
-----Rupees in '000-----							
<b>Balance Sheet</b>							
Cash & Bank balances	39,861,610	43,283	15,741,561	62,774,729	759,112	119,180,295	-
Investments	-	-	19,303,358	430,949,256	-	450,252,614	-
Net inter segment lending	866,931,687	-	-	-	137,948,448	1,004,880,135	(1,004,880,135)
Lendings to financial institutions	-	-	1,372,689	200,510,569	-	201,883,258	-
Advances - performing	114,631,464	25,053,193	352,715,605	-	-	492,400,262	-
- non performing	1,289,022	32,365	5,788,827	-	694,534	7,804,748	-
Others	32,878,845	1,937,260	20,515,933	5,182,414	33,028,209	93,542,661	-
<b>Total Assets</b>	1,055,592,628	27,066,101	415,437,973	699,416,968	172,430,303	2,369,943,973	(1,004,880,135)
Borrowings	38,337,115	-	11,217,741	20,680,236	-	70,235,092	-
Subordinated debt	-	-	-	-	3,891,019	3,891,019	-
Deposits & other accounts	980,785,251	29,875	84,486,460	-	711,068	1,066,012,654	-
Net inter segment borrowing	-	24,969,335	304,375,020	675,535,780	-	1,004,880,135	(1,004,880,135)
Others	36,470,262	2,066,891	15,358,752	3,200,952	17,389,887	74,486,744	-
<b>Total Liabilities</b>	1,055,592,628	27,066,101	415,437,973	699,416,968	21,991,974	2,219,505,644	(1,004,880,135)
Equity	-	-	-	-	150,438,329	150,438,329	-
<b>Total Equity &amp; Liabilities</b>	1,055,592,628	27,066,101	415,437,973	699,416,968	172,430,303	2,369,943,973	(1,004,880,135)
<b>Contingencies &amp; Commitments</b>	104,807,381	-	219,852,510	224,605,356	25,661,874	-	-
Audited December 31, 2018							
	Retail Banking	Consumer banking	Corporate Banking	Treasury	others	Sub-total	Eliminations
-----Rupees in '000-----							
<b>Profit &amp; Loss</b>							
Net mark-up/return/profit	(4,313,535)	518,442	5,047,615	9,779,368	-	11,031,890	-
Inter segment revenue - net	10,800,257	(128,585)	(3,928,465)	(8,305,490)	1,562,283	-	-
Non mark-up / return / interest income	1,599,601	472,557	1,043,930	1,190,513	72,033	4,378,634	-
Total Income	8,086,323	862,414	2,163,080	2,664,391	1,634,316	15,410,524	-
Segment direct expenses	5,538,650	368,252	527,704	106,588	3,043,787	9,584,981	-
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	5,538,650	368,252	527,704	106,588	3,043,787	9,584,981	-
Provisions	427,762	(24,663)	441,865	(416,783)	(1,908,994)	(1,480,813)	-
Profit before tax	2,119,911	518,825	1,193,511	2,974,586	499,523	7,306,356	-
Audited December 31, 2018							
	Retail Banking	Consumer banking	Corporate Banking	Treasury	others	Sub-total	Eliminations
-----Rupees in '000-----							
<b>Balance Sheet</b>							
Cash & Bank balances	49,001,673	33,515	17,486,827	46,395,674	2,135,883	115,053,572	-
Investments	-	-	18,505,331	730,863,407	-	749,368,738	-
Net inter segment lending	838,293,767	-	-	-	134,110,278	972,404,045	(972,404,045)
Lendings to financial institutions	-	-	1,502,544	33,603,697	-	35,106,241	-
Advances - performing	121,784,772	22,525,967	352,258,545	-	-	496,569,284	-
- non performing	1,214,697	39,757	5,728,381	-	29,204	7,012,039	-
Others	31,327,269	1,887,934	18,828,346	8,127,064	34,849,574	95,020,187	-
<b>Total Assets</b>	1,041,622,178	24,487,173	414,309,974	818,989,842	171,124,939	2,470,534,106	(972,404,045)
Borrowings	35,293,396	-	9,172,202	171,553,288	-	216,018,886	-
Subordinated debt	-	-	-	-	3,891,019	3,891,019	-
Deposits & other accounts	969,799,371	16,556	79,196,248	-	25,440	1,049,037,615	-
Net inter segment borrowing	-	22,478,042	307,402,415	642,523,588	-	972,404,045	(972,404,045)
Others	36,529,411	1,992,575	18,539,109	4,912,966	17,930,751	79,904,812	-
<b>Total Liabilities</b>	1,041,622,178	24,487,173	414,309,974	818,989,842	21,847,210	2,321,256,377	(972,404,045)
Equity	-	-	-	-	149,277,729	149,277,729	-
<b>Total Equity &amp; Liabilities</b>	1,041,622,178	24,487,173	414,309,974	818,989,842	171,124,939	2,470,534,106	(972,404,045)
<b>Contingencies &amp; Commitments</b>	114,095,804	-	204,311,803	247,754,264	18,272,434	584,434,305	-

37.2 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For the three months period ended March 31, 2019



38 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members. The detail of investments in subsidiary companies and associates are stated in note 10 to these unconsolidated condensed interim financial statements.

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

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	Unaudited March 31, 2019				Audited December 31, 2018					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
<b>Balances with other banks</b>										
In current accounts	-	-	-	-	17,703	-	-	-	-	-
<b>Lendings to Financial Institutions</b>										
Opening balance	-	-	631,351	-	-	-	-	524,590	-	-
Addition during the period/ year	-	-	21,474,496	-	-	-	-	40,942,611	-	-
Repaid during the period/ year	-	-	(15,939,878)	-	-	-	-	(40,835,850)	-	-
Closing balance	-	-	6,165,969	-	-	-	-	631,351	-	-
<b>Investments</b>										
Opening balance	-	-	12,046,512	700,401	254,253	-	-	10,846,512	748,172	254,253
Investment made during the period/ year	-	-	-	-	-	-	-	1,200,000	-	-
Investment disposed off during the period/ year	-	-	-	-	-	-	-	-	(47,771)	-
Closing balance	-	-	12,046,512	700,401	254,253	-	-	12,046,512	700,401	254,253
Provision for diminution in value of investments	-	-	725	-	5,000	-	-	725	-	5,000
<b>Advances</b>										
Opening balance	658	141,390	366,872	-	1,050,277	946	84,167	293,837	-	2,324,608
Addition / exchange adjustment during the period/ year	11,360	6,802	573,894	-	1,452,715	14,723	73,571	73,035	-	6,640,565
Repaid during the period/ year	(11,770)	(18,911)	-	-	(1,531,686)	(15,011)	(39,288)	-	-	(7,357,817)
Transfer in / (out)	-	(5,210)	-	-	(620,158)	-	22,940	-	-	(557,079)
Closing balance	248	124,071	940,766	-	351,149	658	141,390	366,872	-	1,050,277
Provision held against advances	-	-	-	-	-	-	-	-	-	-

(Rupees in '000)

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For the three months period ended March 31, 2019



Other Assets

	Unaudited March 31, 2019				Audited December 31, 2018					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Markup receivable	-	3,368	22,657	-	5,873	-	3,101	16,725	-	25,538
Advances, deposits, advance rent and other prepayments	-	-	7,516	55,425	31,434	-	-	8,820	86,579	30,620
Acceptances	-	-	-	-	945	-	-	-	-	25,387
Receivable from Pension Fund	-	-	-	-	3,920,170	-	-	-	-	3,815,170
Provision held against other assets	-	-	-	-	-	-	-	-	-	-
<b>Borrowings</b>										
Opening balance	-	-	19,146	-	-	-	-	39,993	-	993,755
Borrowings / exchange adjustment during the period/ year	-	-	131,461	-	65,067	-	-	92,529	-	-
Settled during the period/ year	-	-	(140,200)	-	-	-	-	(113,377)	-	(993,755)
Closing balance	-	-	10,406	-	65,067	-	-	19,146	-	-

(Rupees in '000)

Deposits and other accounts

Opening balance	3,745,457	168,528	65,933	3,339,847	3,212,620
Received during the period/ year	1,362,025	240,836	503,380	2,854,645	23,238,958
Withdrawn during the period/ year	(4,164,099)	(178,564)	(519,799)	(3,527,724)	(22,444,231)
Transfer in / (out) - net	(7,280)	(72,135)	-	-	(21,590)
Closing balance	946,103	158,665	49,514	2,666,768	3,985,757
<b>Other Liabilities</b>					
Markup payable	14,612	146	104	16,809	35,268
Accrued expenses and other payable	3,378	-	9,673	108,664	30,265
Advance received against sale of property	-	-	20,000	-	-
Unrealized loss on forward foreign exchange contracts - outstanding	-	-	17,966	-	-
<b>Contingencies and Commitments</b>					
Commitments and contingent liabilities - outstanding	-	-	-	10,423	4,043,823
Forward foreign exchange contracts (Notional) - outstanding	-	-	2,196,911	-	-

	Quarter ended March 31, 2019				Quarter ended March 31, 2018					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
<b>RELATED PARTY TRANSACTIONS</b>	(Rupees in '000)									
<b>Income</b>	-	4,891	69,180	-	5,875	38	2,629	26,247	-	28,645
Markup / return / interest earned	-	-	11,986	298,655	2,401	-	8,595	341,189	-	1,981
Fee and commission income	-	-	-	-	-	-	-	-	-	6,800
Dividend income	-	-	-	-	5,522	-	-	-	-	339,409
Foreign exchange income	-	-	-	-	2,446	-	-	-	38	7,668
Net gain on sale of securities	-	36	9,909	965	1,013	-	18	-	-	-
Gain on sale of fixed assets	-	-	-	-	-	-	-	-	-	810
Rent income and reimbursement of other expenses	-	-	-	-	-	-	-	5,611	940	-
<b>Expense</b>	68,654	178	359	38,872	78,782	40,082	294	358	16,684	39,904
Markup / return / interest expensed	-	-	-	-	-	-	-	-	-	38,699
<b>Other Operating expenses</b>	-	-	-	-	35,882	-	-	-	-	90,479
Cleaning expenses paid to NIFT	-	-	-	-	92,517	-	-	-	-	13,466
Contribution to provident fund	-	-	-	-	9,364	-	-	2,160	-	38,843
Rent expenses	-	-	2,376	-	38,527	-	-	-	-	57,110
Cash sorting expenses	-	-	-	-	60,455	-	-	-	-	96,241
Stationary expenses	-	-	-	-	96,944	-	-	-	-	-
Security guards expenses	-	-	-	-	-	65,028	218,876	-	-	-
Remuneration to key executives and non-executive directors fee	66,786	205,961	-	-	-	-	-	-	50,537	-
Outsourcing service expenses	-	-	-	64,575	-	-	-	6,421	-	-
Commission expenses	-	-	-	-	-	-	-	-	-	756
E-dividend processing fee and CDC charges	-	-	-	-	703	-	-	-	-	5,720
Travelling Expenses	-	-	-	-	7,257	-	-	-	-	8,709
Hotel stay expenses	-	-	-	-	-	-	-	-	-	788
Repair & Maintenance Charges	-	-	-	-	335	-	-	-	-	3,970
Miscellaneous expenses and payments	-	-	-	-	369,359	-	-	-	-	348,894
Insurance premium-net of refund	-	-	-	24,462	-	-	-	-	-	75,404
Insurance claim settled	-	-	-	-	-	-	-	-	-	-
<b>Other Transactions</b>	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	36	-	-	-	-	1,581	-	-	-
Purchase of vehicle	-	-	-	-	16,000	-	-	-	-	-
Sale of foreign currency	-	-	5,228,391	-	-	-	-	2,890,998	-	-
Purchase of foreign currency	-	-	3,236,059	-	-	-	-	1,553,855	-	-
Payments against home remittances	-	-	646,749	-	-	-	-	169,677	-	-
Sale of government securities	-	30,528	-	1,139,930	29,803,833	-	-	-	704,356	50,592,206
Purchase of government securities	-	12,491	-	1,990,297	39,307,724	-	-	-	-	48,198,660
Forward exchange contracts matured during the period	-	-	-	-	5,077,573	-	-	-	-	39,528,624

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.

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>39.1 Capital Adequacy</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,850,600	11,850,600
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	129,815,462	128,999,274
Eligible Additional Tier 1 (ADT 1) Capital	-	-
<b>Total Eligible Tier 1 Capital</b>	129,815,462	128,999,274
Eligible Tier 2 Capital	17,342,529	16,987,978
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	147,157,991	145,987,252
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	653,437,824	637,480,582
Market Risk	59,437,528	54,814,473
Operational Risk	112,882,444	112,882,444
<b>Total</b>	825,757,796	805,177,499
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	15.72%	16.02%
<b>Tier 1 Capital Adequacy Ratio</b>	15.72%	16.02%
<b>Total Capital Adequacy Ratio</b>	17.82%	18.13%
<b>39.2 Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	129,815,462	128,999,274
Total Exposures	1,783,865,800	1,820,404,530
<b>Leverage Ratio</b>	7.28%	7.09%
<b>39.3 Liquidity Requirements</b>		
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	671,165,452	609,585,939
Total Net Cash Outflow	342,493,562	341,044,576
<b>Liquidity Coverage Ratio</b>	195.96%	178.74%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	911,588,909	895,570,558
Total Required Stable Funding	689,556,057	685,678,115
<b>Net Stable Funding Ratio</b>	132.20%	130.61%



**40 EVENTS AFTER THE REPORTING DATE**

The Board of Directors in its meeting held on April 24, 2019 has announced a cash dividend in respect of three months period ended March 31, 2019 of Rs.4.00 per share (March 31, 2018: Rs. 4.00 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**41 GENERAL**

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

**42 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on April 24, 2019.



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Imran Maqbool  
President / CEO

Hammad Khalid  
Chief Financial Officer

Muhammad Ali Zeb  
Director

Mian Umer Mansha  
Director

Salman Khalid Butt  
Director



**MCB BANK LIMITED**

*(Consolidated Condensed Interim Financial Statements for the three months period ended March 31, 2019)*



**Consolidated Condensed Interim Statement of Financial Position**  
As at March 31, 2019

	Note	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	116,101,565	110,165,006
Balances with other banks	8	12,763,695	13,338,117
Lendings to financial institutions	9	202,337,519	39,149,890
Investments	10	462,081,671	754,385,775
Advances	11	562,740,994	566,792,265
Fixed assets	12	44,984,603	43,789,201
Intangible assets	13	1,235,956	1,194,657
Deferred tax assets		-	-
Other assets	14	53,905,079	56,395,096
		<b>1,456,151,082</b>	<b>1,585,210,007</b>
<b>LIABILITIES</b>			
Bills payable	16	11,444,907	17,003,272
Borrowings	17	76,820,508	223,216,115
Deposits and other accounts	18	1,143,970,748	1,122,306,535
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	3,891,019	3,891,019
Deferred tax liabilities	20	2,678,904	1,983,145
Other liabilities	21	64,784,996	65,487,042
		<b>1,303,591,082</b>	<b>1,433,887,128</b>
<b>NET ASSETS</b>			
		<b>152,560,000</b>	<b>151,322,879</b>
<b>REPRESENTED BY</b>			
Share capital		11,850,600	11,850,600
Reserves	22	75,230,314	74,374,573
Surplus on revaluation of assets	23	11,023,696	10,417,875
Unappropriated profit		53,722,547	53,971,079
		<b>151,827,157</b>	<b>150,614,127</b>
Non-controlling interest		732,843	708,752
		<b>152,560,000</b>	<b>151,322,879</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

  
Imran Maqbool  
President / CEO

  
Hammad Khalid  
Chief Financial Officer

  
Muhammad Ali Zeb  
Director

  
Mian Umer Mansha  
Director

  
Salman Khalid Butt  
Director

**Consolidated Condensed Interim Profit & Loss Account (Un-audited)**  
For the three months period ended March 31, 2019



Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----		
Mark-up / return / interest earned	26 29,336,108	18,946,833
Mark-up / return / interest expensed	27 14,997,416	7,572,827
Net mark-up / interest income	14,338,692	11,374,006
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee and commission income	28 3,063,815	2,961,534
Dividend income	202,341	176,437
Foreign exchange income	461,665	585,184
Income / (Loss) from derivatives	15,730	(2,066)
Gain on securities	29 14,628	591,174
Other Income	30 32,698	155,630
Total non-markup / interest Income	3,790,877	4,467,893
Total Income	18,129,569	15,841,899
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Operating expenses	31 9,461,219	10,041,233
Workers welfare fund	182,997	146,127
Other charges	32 46,272	38,832
Total non-markup / interest expenses	9,690,488	10,226,192
Share of profit of associates	157,543	199,678
<b>Profit before provisions</b>	8,596,624	5,815,385
(Reversals) / provisions and write offs - net	33 (448,170)	(1,480,189)
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	9,044,794	7,295,574
Taxation	34 4,034,572	2,584,156
<b>PROFIT AFTER TAXATION</b>	5,010,222	4,711,418
Profit attributable to non-controlling interest	(24,089)	(10,659)
<b>PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK</b>	4,986,133	4,700,759
Rupees		
<b>Basic and diluted earnings per share</b>	35 4.21	3.97

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

  
 Imran Maqbool  
 President / CEO

  
 Hammad Khalid  
 Chief Financial Officer

  
 Muhammad Ali Zeb  
 Director

  
 Mian Umer Mansha  
 Director

  
 Salman Khalid Butt  
 Director

**Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)**  
For the three months period ended March 31, 2019



	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----		
<b>Profit after taxation for the period</b>	5,010,222	4,711,418
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the bank	331,713	296,340
- Non-controlling interest	2	25
- Share of exchange translation reserve of associate	16,042	(2,905)
	347,757	293,460
Movement in surplus/ (deficit) on revaluation of investments - net of tax		
- Equity shareholders of the bank	516,530	(691,271)
Movement in surplus on associated undertaking - net of tax	102,852	55,995
	619,382	(635,276)
	967,139	(341,816)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement loss on defined benefit obligations - net of tax	-	(133,763)
	-	(133,763)
<b>Total comprehensive income</b>	5,977,361	4,235,839
<b>Attributable to:</b>		
- Equity shareholders of the bank	5,953,270	4,225,155
- Non-controlling interest	24,091	10,684
	5,977,361	4,235,839

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

  
 Imran Maqbool  
 President / CEO

  
 Hammad Khalid  
 Chief Financial Officer

  
 Muhammad Ali Zeb  
 Director

  
 Mian Umer Mansha  
 Director

  
 Salman Khalid Butt  
 Director

**Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)**  
For the three months period ended March 31, 2019

	Capital reserve			Statutory reserve	Revenue reserve General reserve	Surplus/(deficit) on revaluation of			Unappropriated profit	Total	Non controlling interest	Total	
	Share premium	Non-distributable capital reserve	Exchange translation reserve			Investments	Associate	Fixed / non-banking assets					
Rupees in '000													
Balance as at December 31, 2017	11,850,600	23,973,024	908,317	397,079	27,149,492	18,600,000	4,332,604	443,561	12,959,928	55,221,069	155,835,674	707,407	156,543,081
<b>Total comprehensive income for the period ended March 31, 2018</b>													
Profit after taxation for the period ended March 31, 2018	-	-	-	-	-	-	-	-	-	4,700,759	4,700,759	10,659	4,711,418
Other comprehensive income - net of tax	-	-	-	293,435	-	(681,271)	55,995	-	(133,763)	(475,604)	25	(475,579)	
Transfer to statutory reserve	-	-	-	293,435	-	(681,271)	55,995	-	4,566,996	4,225,155	10,684	4,235,839	
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	477,714	-	-	-	(477,714)	-	-	-	
<b>Transactions with owners, recorded directly in equity</b>													
Final cash dividend at Rs. 4.0 per share - December 31, 2017	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-	(4,740,240)
Balance as at March 31, 2018	11,850,600	23,973,024	908,317	890,514	27,627,206	18,600,000	3,641,333	499,556	12,946,319	54,983,720	155,320,589	718,091	156,038,880
<b>Change in equity for nine months period ended December 31, 2018</b>													
<b>Total comprehensive income for the nine months period ended December 31, 2018</b>													
Profit after taxation for the nine months period ended December 31, 2018	-	-	-	-	-	-	-	-	-	15,651,997	15,651,997	51,869	15,703,866
Other comprehensive income - net of tax	-	-	-	917,268	-	(6,453,948)	(248,310)	172,774	(325,523)	(6,137,739)	118	(6,137,621)	
Transfer to statutory reserve	-	-	-	917,268	-	(6,453,948)	(248,310)	172,774	15,126,474	9,514,258	51,867	9,566,245	
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	1,658,244	-	-	-	(1,658,244)	-	-	-	
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(99,081)	99,081	-	-	
<b>Transactions with owners, recorded directly in equity</b>													
Interim cash dividend at Rs. 4.0 per share - March 31, 2018	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - June 30, 2018	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - September 30, 2018	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-	(4,740,240)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)	(61,326)	(14,282,046)
Balance as at December 31, 2018	11,850,600	23,973,024	908,317	1,607,782	29,285,450	18,600,000	(2,812,615)	251,246	12,979,244	53,971,079	150,614,127	708,752	151,322,879
<b>Total comprehensive income for the period ended March 31, 2019</b>													
Profit after taxation for the period ended March 31, 2019	-	-	-	-	-	-	-	-	-	4,986,133	4,986,133	24,089	5,010,222
Other comprehensive income - net of tax	-	-	-	347,755	-	516,530	102,852	-	-	967,137	2	967,139	
Transfer to statutory reserve	-	-	-	347,755	-	516,530	102,852	-	4,986,133	5,983,270	24,091	5,977,361	
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	507,986	-	-	-	(507,986)	-	-	-	
<b>Transactions with owners, recorded directly in equity</b>													
Final cash dividend at Rs. 4.0 per share - December 31, 2018	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-	(4,740,240)
Balance as at March 31, 2019	11,850,600	23,973,024	908,317	1,955,537	29,793,436	18,600,000	(2,296,065)	354,098	12,965,683	53,722,547	151,827,157	732,843	152,560,000

For details of dividend declaration and appropriations, please refer note 41 to these consolidated condensed interim financial statements.

For details of reserves, please refer note 22 to these consolidated condensed interim financial statements.


The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

  
Imran Maqbool  
President / CEO

  
Hammad Khalid  
Chief Financial Officer

  
Muhammad Ali Zeb  
Director

  
Mian Umer Mansha  
Director

  
Salman Khalid Butt  
Director

**Consolidated Condensed Interim Cash Flow Statement (Un-audited)**  
For the three months period ended March 31, 2019

Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	9,044,794	7,295,574
Profit before taxation		
Less: Dividend income & share of profit of associates	(359,884)	(376,115)
	8,684,910	6,919,459
<b>Adjustments:</b>		
Depreciation on fixed assets	31 546,044	574,798
Depreciation on non-banking assets acquired in satisfaction of claims	31 12,062	12,219
Amortization	31 86,441	86,876
(Reversals) / provisions and write offs - net	33 (448,170)	(1,480,189)
Workers welfare fund	182,997	146,127
Gain on sale of fixed assets	30 (21,247)	(59,258)
Charge for defined benefit plans	42,000	2,154,258
Unrealized loss/(gain) on revaluation of investments classified as held for trading	29 19,691	(6,268)
Gain on sale of shares in associate	-	(51,360)
	419,818	1,377,203
	9,104,728	8,296,662
<b>Increase in operating assets</b>		
Lendings to financial institutions	(163,187,629)	(25,420,010)
Held-for-trading securities	8,108,313	(236,940)
Advances	4,431,305	(6,293,565)
Others assets (excluding advance taxation)	(1,433,636)	3,124,130
	(152,081,647)	(28,826,385)
<b>Increase in operating liabilities</b>		
Bills Payable	(5,558,365)	(10,196,440)
Borrowings from financial institutions	(145,663,225)	(55,716,495)
Deposits	21,664,213	38,563,669
Other liabilities (excluding current taxation)	(3,951,815)	(2,801,829)
	(133,509,192)	(30,151,095)
Defined benefits paid	(84,302)	(82,372)
Income tax paid	(1,218,549)	(472,648)
Net cash flow used in operating activities	(277,788,962)	(51,235,838)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	286,578,698	49,513,123
Net investments in held-to-maturity securities	(1,247,596)	3,795,766
Proceeds from divestment in an associate	-	295,448
Dividends received	105,852	400,266
Investments in fixed assets	(1,737,240)	(1,200,562)
Investments in Intangible assets	(126,597)	(86,664)
Proceeds from sale of fixed assets	25,082	67,629
Effect of translation of net investment in foreign branches and subsidiaries	331,715	296,365
Net cash flow from investing activities	283,929,914	53,081,371
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(46,327)	(1,290,148)
Net cash flow used in financing activities	(46,327)	(1,290,148)
<b>Increase in cash and cash equivalents</b>	6,094,625	555,385
Cash and cash equivalents at beginning of the period	121,557,017	115,745,241
Cash and cash equivalents at end of the period	127,651,642	116,300,626

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

  
Imran Maqbool  
President / CEO

  
Hammad Khalid  
Chief Financial Officer

  
Muhammad Ali Zeb  
Director

  
Mian Umer Mansha  
Director

  
Salman Khalid Butt  
Director





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"

100%
100%
51.33%
99.94%
100%
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 the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,374 branches (2018: 1,376 branches) within Pakistan and 11 branches (2018: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

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 in the financial statements for the period ended March 31, 2019 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. 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 statements for the period ended March 31, 2019.
- 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 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan 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 these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.3 The financial results of the Group's Islamic Banking business have been consolidated in these financial statements for reporting purposes, after eliminating material inter-group transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 40 to these consolidated condensed interim financial statements.

2.4 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

2.5 These consolidated financial statements have 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.



3. STATEMENT OF COMPLIANCE

3.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular 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 these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

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

The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 has amended the format of interim financial statements of banks. All banks are directed to prepare their interim financial statements on the revised format effective from the accounting year starting from January 01, 2019. Accordingly, the Group has prepared these consolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format introduced additional disclosure requirements and required certain reclassification of profit and loss comparative numbers. Under revised format, cost of foreign currency swaps (note 27) amounting to Rs 370.345 million (2018: Rs 130.937 million) which was previously shown as part of foreign exchange income has now been shown as part of mark-up / return / interest expense in the consolidated statement of profit and loss account.

During the year, certain amendments to standards, interpretations and improvements to accounting standards became effective; however, except IFRS 16 - Leases, the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these consolidated condensed interim financial statements.

IFRS 16 was effective for annual reporting periods beginning on or after January 01, 2019. It introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group through the Pakistan Banking Association approached SBP for the deferment of IFRS-16. As the matter remains under the review of SBP, the requirements of this standard have not been considered in the preparation of these consolidated condensed interim financial statements. Had the requirements of IFRS 16 been applied, the profit before tax (PBT) for the quarter ended March 31, 2019 would have been lower by Rs. 125.655 million, total assets and total liabilities would have been higher by Rs. 7,262.334 million.

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

There are new and amended standards and interpretations that are that are not yet effective. These new and amended standards and interpretations are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.



**3.6** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated audited annual financial statements of the Group for the year ended December 31, 2018.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

**6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2018.

**7. CASH AND BALANCES WITH TREASURY BANKS**

	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----		
In hand		
Local currency	20,011,613	18,425,271
Foreign currencies	3,069,806	3,091,560
	23,081,419	21,516,831
With State Bank of Pakistan in		
Local currency current account	58,898,353	43,735,552
Foreign currency current account	613,035	571,438
Foreign currency deposit account	12,878,919	12,841,393
	72,390,307	57,148,383
With other central banks in		
Foreign currency current account	5,018,386	5,197,681
With National Bank of Pakistan in		
Local currency current account	15,522,568	26,181,864
Prize bonds	88,885	120,247
	116,101,565	110,165,006

**8. BALANCES WITH OTHER BANKS**

In Pakistan		
In current account	10,078	3,812
In deposit account	42,268	1,011,404
	52,346	1,015,216
Outside Pakistan		
In current account	6,917,419	9,676,073
In deposit account	5,793,930	2,646,828
	12,711,349	12,322,901
	12,763,695	13,338,117

**9. LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings	689,884	1,437,978
Repurchase agreement lendings (Reverse Repo)	195,027,405	33,036,912
Musharaka arrangements	2,900,000	4,675,000
Bai Muajjal receivable - with State Bank of Pakistan	3,720,230	-
	202,337,519	39,149,890



	Unaudited March 31, 2019			Audited December 31, 2018		
	Cost / Amortised cost	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)
<b>10. INVESTMENTS</b>						
<b>10.1 Investments by type:</b>						
<b>Held-for-trading securities</b>						
Federal Government Securities	1,178,934	(680)	1,178,254	9,348,153	-	9,345,554
Shares	1,106,728	(19,011)	1,087,717	1,093,588	-	1,048,421
	2,285,662	(19,691)	2,265,971	10,441,741	-	10,393,975
<b>Available-for-sale securities</b>						
Federal Government Securities	395,152,785	(3,096,554)	392,056,231	683,373,062	-	(4,031,830)
Shares and units	28,702,816	(432,861)	20,078,979	27,929,718	(8,253,849)	(279,499)
Non Government Debt Securities	2,465,296	4,119	2,469,415	2,523,629	-	4,452
Foreign Securities	3,471,985	(3,414)	3,468,571	2,545,151	-	(16,492)
	429,792,882	(3,528,710)	418,073,196	716,371,560	(8,253,849)	(4,323,369)
<b>Held-to-maturity securities</b>						
Federal Government Securities	23,393,730	(1,414)	23,392,316	21,859,645	(1,675)	21,857,970
Provincial Government Securities	118	(118)	-	118	(118)	-
Non Government Debt Securities	10,673,344	(490,924)	10,182,420	9,001,110	(490,924)	8,510,186
Foreign Securities	3,851,053	-	3,851,053	5,809,776	-	5,809,776
	37,918,245	(492,456)	37,425,789	36,670,649	(492,717)	36,177,932
<b>Associates</b>	4,316,715	-	4,316,715	4,019,526	-	4,019,526
<b>Total Investments</b>	474,313,504	(3,548,401)	462,081,671	767,503,476	(8,746,566)	754,385,775
<b>10.1.1 Investments given as collateral</b>						
- Market Treasury Bills						
- Pakistan Investment Bonds						
	6,871,967		6,871,967	155,324,815		155,324,815
	7,394,867		7,394,867	10,489,134		10,489,134
	14,266,834		14,266,834	165,813,949		165,813,949
	8,746,566		8,746,566	5,984,983		5,984,983
	20		20	286		286
	-		-	3,700,485		3,700,485
	(281)		(281)	(4,620)		(4,620)
	(62,873)		(62,873)	(635,803)		(635,803)
	(63,154)		(63,154)	2,860,062		2,860,062
	-		-	(98,765)		(98,765)
	8,683,432		8,683,432	8,746,566		8,746,566
<b>10.2 Provision for diminution in value of investments</b>						
<b>10.2.1</b>						
Opening balance						
Exchange adjustments						
Charge / (reversals)						
Charge for the period / year						
Reversals for the period / year						
Reversal on disposals						
Amounts written off						
Closing Balance						
Unaudited March 31, 2019	6,871,967		6,871,967	155,324,815		155,324,815
	7,394,867		7,394,867	10,489,134		10,489,134
	14,266,834		14,266,834	165,813,949		165,813,949
	8,746,566		8,746,566	5,984,983		5,984,983
	20		20	286		286
	-		-	3,700,485		3,700,485
	(281)		(281)	(4,620)		(4,620)
	(62,873)		(62,873)	(635,803)		(635,803)
	(63,154)		(63,154)	2,860,062		2,860,062
	-		-	(98,765)		(98,765)
	8,683,432		8,683,432	8,746,566		8,746,566

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2019		Audited December 31, 2018	
	NPI	Provision	NPI	Provision
<b>Domestic</b>	-----Rupees in '000-----			
Loss	491,042	491,042	491,042	491,042

10.3 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 33,659.677 million (December 31, 2018: Rs. 34,895.775 million).

10.4 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, 2019 amounted to Rs. 2,803.500 million (2018: Rs. 2,941.400 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2018: 20.00%)

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
Opening balance	3,959,039	4,385,602
Share of profit for the period/ year before tax	155,754	446,121
Dividend from associate	-	(140,000)
Share of tax	(40,361)	(208,759)
	115,393	97,362
Share of other comprehensive income	182,913	(222,761)
Disposal during the period/ year	-	(301,164)
Closing balance	4,257,345	3,959,039
<b>Share of other comprehensive income</b>		
Share of unrealized surplus on assets -net of tax	166,871	(239,821)
Share of exchange translation reserve of associate	16,042	17,060
	182,913	(222,761)

10.5 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% (2018: 30.00%)

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
Opening balance	60,487	70,637
Share of profit for the period/ year before tax	1,789	136
Share of tax	(2,906)	(10,286)
Closing balance	(1,117)	(10,150)
	59,370	60,487

Category of Classification	Unaudited March 31, 2019		Audited December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
<b>Domestic</b>	-----Rupees in '000-----			
Other Assets Especially Mentioned	98,063	3,140	59,044	2,591
Substandard	1,557,242	75,632	1,141,973	284,372
Doubtful	1,877,373	938,396	1,734,078	866,961
Loss	38,087,167	37,309,721	38,336,785	37,706,704
<b>Overseas</b>	41,619,845	38,326,889	41,271,880	38,860,628
Not past due but impaired	65,871	65,871	62,287	62,287
Overdue by:				
Upto 90 days	161,506	46,769	624,403	433,424
91 to 180 days	438,814	418,752	140,323	35,205
181 to 365 days	105,807	52,991	7,473	3,736
> 365 days	6,957,723	2,623,367	6,859,948	2,548,987
	7,729,721	3,207,750	7,694,434	3,083,639
Total	49,349,566	41,534,639	48,966,314	41,944,267

11. ADVANCES

	Unaudited March 31, 2019		Audited December 31, 2018	
	Unaudited March 31, 2019	Audited December 31, 2018	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----			
<b>Performing</b>	477,971,804	480,263,372	47,976,277	47,976,277
Loans, cash credits, running finances, etc.	62,338,087	62,911,298	10,766	10,766
Islamic financing and related assets	16,020,817	17,887,661	979,271	979,271
Bills discounted and purchased	556,330,708	561,062,331	48,966,314	48,966,314
Advances - gross	(1,404,641)	(1,292,113)	(41,944,267)	(41,944,267)
Provision against advances	(1,404,641)	(1,292,113)	(41,944,267)	(41,944,267)
- Specific	554,926,067	559,770,218	7,022,047	7,022,047
- General				
Advances - net of provision	526,530,690	526,530,690	526,530,690	526,530,690
	62,350,621	62,350,621	62,350,621	62,350,621
	16,798,963	16,798,963	16,798,963	16,798,963
	605,680,274	605,680,274	605,680,274	605,680,274
<b>Non Performing</b>	(41,534,639)	(41,534,639)	(41,534,639)	(41,534,639)
	(41,534,639)	(41,534,639)	(41,534,639)	(41,534,639)
	562,740,994	562,740,994	562,740,994	562,740,994
Total	585,133,534	585,133,534	585,133,534	585,133,534
	47,546,740	47,546,740	47,546,740	47,546,740
	605,680,274	605,680,274	605,680,274	605,680,274

11.1 Particulars of advances (Gross)

In local currency  
In foreign currencies

11.2 Advances include Rs. 49,349,566 million (2018: Rs. 48,966,314 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Unaudited March 31, 2019		Audited December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
<b>Domestic</b>	-----Rupees in '000-----			
Other Assets Especially Mentioned	98,063	3,140	59,044	2,591
Substandard	1,557,242	75,632	1,141,973	284,372
Doubtful	1,877,373	938,396	1,734,078	866,961
Loss	38,087,167	37,309,721	38,336,785	37,706,704
<b>Overseas</b>	41,619,845	38,326,889	41,271,880	38,860,628
Not past due but impaired	65,871	65,871	62,287	62,287
Overdue by:				
Upto 90 days	161,506	46,769	624,403	433,424
91 to 180 days	438,814	418,752	140,323	35,205
181 to 365 days	105,807	52,991	7,473	3,736
> 365 days	6,957,723	2,623,367	6,859,948	2,548,987
	7,729,721	3,207,750	7,694,434	3,083,639
Total	49,349,566	41,534,639	48,966,314	41,944,267

11.2.1 This represents non-performing portfolio of agricultural and small enterprise financing classified as ODEM as per the requirements of the Prudential Regulation for Agricultural and Small Enterprise Financing issued by the State Bank of Pakistan.

11.2.2 Exposure amounting to Rs. 1,226 million relating to Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan had not been classified as non performing, in accordance with relaxation given by the SBP. However, unrealized markup income had been suspended on this amount.



11.3 Particulars of provision against advances

Note	Unaudited March 31, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	41,944,267	1,292,113	43,236,380	44,587,644	1,118,256	45,705,900
Exchange adjustments	39,357	6,407	45,764	513,168	19,014	532,182
Charge for the period / year	1,096,938	122,592	1,219,530	1,613,591	158,663	1,772,254
Reversals	(1,535,021)	(16,471)	(1,551,492)	(4,618,549)	(3,820)	(4,622,369)
	(438,083)	106,121	(331,962)	(3,004,958)	154,843	(2,850,115)
Amounts written off	(10,902)	-	(10,902)	(151,587)	-	(151,587)
Closing balance	41,534,639	1,404,641	42,939,280	41,944,267	1,292,113	43,236,380

11.3.1 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.

11.3.3 In 2018, there was a reversal of provisions and reduction of non-performing loans amounting to Rs. 307 million as a result of settlement on debt asset swap arrangement with customers.

11.3.4 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 unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. 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. General provision against all other advances represents provision maintained at around 0.1% of gross advances.

12. FIXED ASSETS

Note	Unaudited	Audited
	March 31, 2019	December 31, 2018
	-----Rupees in '000-----	
Capital work-in-progress	2,372,492	1,759,606
Property and equipment	42,612,111	42,029,595
	44,984,603	43,789,201
12.1 Capital work-in-progress		
Civil works	1,085,671	719,229
Advances to suppliers	1,133,765	1,005,655
Others	153,056	34,722
	2,372,492	1,759,606
	Quarter ended	Quarter ended
	March 31, 2019	March 31, 2018
	-----Rupees in '000-----	
12.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	612,886	365,981
Property and equipment		
Freehold land	403,179	240,855
Building on freehold land	324,666	30,953
Electrical office and computer equipment	238,423	425,105
Furniture and fixture	61,974	51,927
Leasehold Improvements	57,097	26,791
Vehicles	39,015	58,950
	1,124,354	834,581
Total	1,737,240	1,200,562
12.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Vehicles	2,984	7,513
Furniture and fixture	67	509
Electrical office and computer equipment	784	349
Total	3,835	8,371



13. INTANGIBLE ASSETS

Note	Unaudited	Audited
	March 31, 2019	December 31, 2018
	-----Rupees in '000-----	
Computer software	961,829	920,530
Goodwill	82,127	82,127
Management rights	192,000	192,000
	1,235,956	1,194,657

13.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

	Unaudited	Audited
	March 31, 2019	December 31, 2018
Directly purchased	126,597	86,664
	126,597	86,664

14. OTHER ASSETS

Note	Unaudited	Audited
	March 31, 2019	December 31, 2018
	-----Rupees in '000-----	
Income/ mark-up accrued in local currency	14,076,615	12,291,231
Income/ mark-up accrued in foreign currencies	261,747	134,709
Advances, deposits, advance rent and other prepayments	3,536,994	2,737,424
Advance taxation (payments less provisions)	5,045,927	7,464,966
Compensation for delayed income tax refunds	133,809	133,809
Non-banking assets acquired in satisfaction of claims	3,641,778	3,653,840
Branch adjustment account	129,004	-
Mark to market gain on forward foreign exchange contracts	2,065,780	3,690,505
Unrealized gain on derivative financial instruments	770,039	852,465
Acceptances	14,567,043	16,256,882
Receivable from the pension fund	3,920,170	3,815,170
Others	7,823,140	7,433,809
	55,972,046	58,464,810
Less: Provision held against other assets	2,547,838	2,550,585
Other Assets (net of provision)	53,424,208	55,914,225
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	480,871	480,871
Other Assets - total	53,905,079	56,395,096

14.1 Provision held against other assets

	Unaudited	Audited
	March 31, 2019	December 31, 2018
Non banking assets acquired in satisfaction of claims	99,597	99,597
Others	2,448,241	2,450,988
	2,547,838	2,550,585

14.2.1 Movement in provision held against other assets

	Unaudited	Audited
	March 31, 2019	December 31, 2018
Opening balance	2,550,585	3,016,793
Charge for the period / year	612	112,529
Reversals	(12,377)	(721,119)
	(11,765)	(608,590)
Amount written off	(578)	(7,180)
Exchange and other adjustments	9,596	149,562
Closing balance	2,547,838	2,550,585

15. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2019 (2018: NIL).

16. BILLS PAYABLE

	Unaudited	Audited
	March 31, 2019	December 31, 2018
In Pakistan	11,111,819	16,948,744
Outside Pakistan	333,088	54,528
	11,444,907	17,003,272



17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan  
Under export refinance scheme  
Under long term financing facility  
Under renewable energy performance platform  
Under financing facility for storage of agricultural produce

Repurchase agreement borrowings

Total secured

Unsecured

Borrowings from other financial institution  
Call borrowings  
Overdrawn nostro accounts  
Others

Total unsecured

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
	31,286,209	29,430,925
	15,625,962	14,628,994
	50,129	28,420
	132,748	165,267
	47,095,048	44,253,606
	14,867,879	165,703,249
	61,962,927	209,956,855
	10,573,065	6,324,169
	2,908,506	4,826,699
	1,213,724	1,946,106
	162,286	162,286
	14,857,581	13,259,260
	76,820,508	223,216,115

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2019			Audited December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
<b>Customers</b>						
Current deposits	356,073,954	32,120,131	388,194,085	346,298,054	36,242,971	382,541,025
Savings deposits	545,671,844	42,127,236	587,799,080	532,295,382	41,139,150	573,434,532
Term deposits	80,053,591	15,586,422	95,640,013	78,181,102	13,981,644	92,162,746
Others	29,404,240	4,201,324	33,605,564	30,699,847	4,340,402	35,040,249
	1,011,203,629	94,035,113	1,105,238,742	987,474,385	95,704,167	1,083,178,552
<b>Financial Institutions</b>						
Current deposits	7,450,572	1,495,469	8,946,041	7,633,474	2,268,698	9,902,172
Savings deposits	14,942,831	19,671	14,962,502	16,647,671	20,548	16,668,219
Term deposits	7,004,800	7,511,273	14,516,073	5,736,081	6,544,203	12,280,284
Others	-	307,390	307,390	-	277,308	277,308
	29,398,203	9,333,803	38,732,006	30,017,226	9,110,757	39,127,983
	1,040,601,832	103,368,916	1,143,970,748	1,017,491,611	104,814,924	1,122,306,535

18.1 Composition of deposits

- Individuals  
- Government (Federal and Provincial)  
- Public Sector Entities  
- Banking Companies  
- Non-Banking Financial Institutions  
- Private Sector

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
	709,506,453	700,871,292
	69,383,581	56,639,743
	55,826,866	54,340,556
	7,795,569	7,653,537
	31,004,703	31,437,255
	270,453,576	271,364,152
	1,143,970,748	1,122,306,535



19. SUBORDINATED DEBT

Term Finance Certificates - Listed, Unsecured

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
	3,891,019	3,891,019
Issue amount	Rs. 4,198.035 million	
Issue date	June 19, 2014	
Maturity date	June 19, 2022	
Rating	AAA (triple A)	
Security	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits.	
Profit payment frequency	Semi-Annually	
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.	
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"))	
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".	

20. DEFERRED TAX LIABILITIES

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets  
- Surplus on revaluation of Non-banking assets  
- Accelerated tax depreciation  
- Receivable from pension fund  
- Business combination  
- Investments in associated undertaking

Deductible Temporary Differences on

- Provision against advances  
- Tax losses carried forward  
- Others  
- Surplus/deficit on revaluation of investments

	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
	1,011,196	1,018,502
	168,305	168,305
	1,800,652	1,810,834
	1,372,059	1,335,309
	705,218	705,218
	1,263,313	1,158,906
	6,320,743	6,197,074
	(1,409,108)	(1,791,768)
	(882,225)	(818,652)
	(115,457)	(92,755)
	(1,235,049)	(1,510,754)
	(3,641,839)	(4,213,929)
	2,678,904	1,983,145



Note	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
<b>21. OTHER LIABILITIES</b>		
Mark-up/ return/ interest payable in local currency	10,650,751	13,166,020
Mark-up/ return/ interest payable in foreign currencies	474,396	478,001
Unearned commission and income on bills discounted	548,669	231,516
Accrued expenses	4,758,491	5,415,975
Workers' welfare fund	21.1 7,282,083	7,099,086
Acceptances	14 14,567,043	16,256,882
Unclaimed / dividends payable	6,168,729	1,474,816
Mark to market loss on forward foreign exchange contracts	2,061,717	3,495,971
Unrealised loss on derivative financial instruments	780,355	863,617
Staff welfare fund	6,388	5,490
Branch adjustment account	-	44,770
Provision for employees' compensated absences	1,054,461	1,028,129
Provision for post retirement medical benefits	1,763,390	1,730,409
Provision for employees' contributory benevolent scheme	217,638	214,252
Provision for gratuity	718	719
Retention money	20,657	38,437
Insurance payable against consumer assets	672,349	688,107
Unclaimed balances	982,817	1,133,843
Duties and taxes payable	1,012,516	1,007,800
Charity fund balance	29,534	25,402
Provision against off-balance sheet obligations	37,430	37,430
Security deposits against lease	1,462,818	1,291,857
Others	10,232,046	9,758,513
	<u>64,784,996</u>	<u>65,487,042</u>

**21.1** Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

Note	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
<b>22. RESERVES</b>		
Share premium	23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	908,317	908,317
Exchange translation reserve	1,955,537	1,607,782
Statutory reserve	29,793,436	29,285,450
General reserve	18,600,000	18,600,000
	<u>75,230,314</u>	<u>74,374,573</u>

Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not been taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Group, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Group or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.



Note	Unaudited March 31, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus / (deficit) on revaluation of		
- Available for sale securities	10.1 (3,528,710)	(4,323,369)
- Fixed Assets	13,661,889	13,685,180
- Non-banking assets acquired in satisfaction of claims	480,871	480,871
- Associated undertaking	610,898	444,027
	<u>11,224,948</u>	<u>10,286,709</u>
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	(1,235,049)	(1,510,754)
- Fixed Assets	1,011,196	1,018,502
- Non-banking assets acquired in satisfaction of claims	168,305	168,305
- Associated undertaking	256,800	192,781
	<u>201,252</u>	<u>(131,166)</u>
	<u>11,023,696</u>	<u>10,417,875</u>
<b>24. CONTINGENCIES AND COMMITMENTS</b>		
-Guarantees	24.1 171,381,111	173,231,396
-Commitments	24.2 397,491,254	409,846,618
-Other contingent liabilities	24.3 24,841,950	17,038,156
	<u>593,714,315</u>	<u>600,116,170</u>
<b>24.1 Guarantees:</b>		
Financial guarantees	137,795,930	140,350,012
Performance guarantees	31,267,301	30,103,382
Other guarantees	2,317,880	2,778,002
	<u>171,381,111</u>	<u>173,231,396</u>
<b>24.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions		
- letters of credit	153,294,726	144,579,352
Commitments in respect of:		
- forward foreign exchange contracts	24.2.1 223,528,860	217,219,090
- forward government securities transactions	24.2.2 -	27,935,661
- derivatives	24.2.3 11,920,804	11,285,103
- operating leases	24.2.4 7,691,483	7,256,479
Commitments for acquisition of:		
- operating fixed assets	929,756	1,430,980
- intangible assets	125,625	139,953
	<u>397,491,254</u>	<u>409,846,618</u>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	131,026,747	126,872,293
Sale	92,502,113	90,346,797
	<u>223,528,860</u>	<u>217,219,090</u>
<b>24.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	-	13,660,947
Sale	-	14,274,714
	<u>-</u>	<u>27,935,661</u>
<b>24.2.3 Commitments in respect of derivatives</b>		
FX options (notional)		
Purchase	468,564	1,378,370
Sale	468,564	1,378,370
	<u>937,128</u>	<u>2,756,740</u>
Cross Currency Swaps (notional)		
Purchase	5,254,297	4,026,814
Sale	5,412,879	4,185,049
	<u>10,667,176</u>	<u>8,211,863</u>
Interest Rate Swaps (notional)		
Purchase	316,500	316,500
	<u>316,500</u>	<u>316,500</u>
	<u>11,920,804</u>	<u>11,285,103</u>



Unaudited March 31, 2019      Audited December 31, 2018  
-----Rupees in '000-----

**24.2.4 Commitments in respect of operating leases**

	Unaudited March 31, 2019	Audited December 31, 2018
Not later than one year	1,305,546	1,219,754
Later than one year and not later than five years	3,545,064	3,779,911
Later than five years	2,840,873	2,256,814
	<u>7,691,483</u>	<u>7,256,479</u>

**24.2.5** The Group 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.

Note      Unaudited March 31, 2019      Audited December 31, 2018  
-----Rupees in '000-----

**24.3 Other contingent liabilities**

	Note	Unaudited March 31, 2019	Audited December 31, 2018
Claims against the Bank not acknowledged as debts	24.3.1	<u>24,841,950</u>	<u>17,038,156</u>

**24.3.1** 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.

**24.4 Taxation**

The Income Tax returns of the Bank have been filed up to the tax year 2019 (accounting year ended December 31, 2018) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for various tax years. 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. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

**25. DERIVATIVE INSTRUMENTS**

	Unaudited March 31, 2019					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	-----Rupees in '000-----					
<b>Total</b>						
Hedging	5,254,297	638,431	316,500	13,489	468,564	6,514
Market Making	5,412,879	(662,237)	-	-	468,564	(6,514)
	-----Rupees in '000-----					
	Audited December 31, 2018					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	-----Rupees in '000-----					
<b>Total</b>						
Hedging	4,026,814	725,117	316,500	14,771	1,378,370	48,090
Market Making	4,185,049	(751,040)	-	-	1,378,370	(48,090)



Note      Quarter ended March 31, 2019      Quarter ended March 31, 2018  
-----Rupees in '000-----

**26. MARK-UP/RETURN/INTEREST EARNED**

Loans and advances	14,044,114	8,262,335
Investments	13,948,971	10,439,287
Lendings to financial institutions	1,217,265	189,295
Balances with banks	125,758	55,916
	<u>29,336,108</u>	<u>18,946,833</u>

**27. MARK-UP/RETURN/INTEREST EXPENSED**

Deposits	13,534,980	6,484,334
Borrowings	980,091	886,914
Subordinated debt	112,000	70,642
Cost of foreign currency swaps against foreign currency deposits / borrowings	370,345	130,937
	<u>14,997,416</u>	<u>7,572,827</u>

**28. FEE & COMMISSION INCOME**

Branch banking customer fees	528,879	611,467
Consumer finance related fees	75,240	66,629
Card related fees (debit and credit cards)	739,330	646,622
Credit related fees	60,433	69,801
Investment banking fee	206,447	207,250
Commission on trade	357,852	398,164
Commission on guarantees	190,016	100,775
Commission on cash management	150,761	140,157
Commission on remittances including home remittances	260,149	226,640
Commission income - Bancassurance	349,241	348,578
Rent on lockers	66,494	67,838
Commission on utility bills	24,943	23,392
Commission on investments services	11,955	8,235
Other Commission	42,075	45,986
	<u>3,063,815</u>	<u>2,961,534</u>

**29. GAIN ON SECURITIES, NET**

Realised	29.1	34,319	584,906
Unrealised - held for trading	10.1	(19,691)	6,268
		<u>14,628</u>	<u>591,174</u>

**29.1** Realised gain on:

Federal Government Securities	13,037	4,187
Shares	21,282	580,719
	<u>34,319</u>	<u>584,906</u>

**30. OTHER INCOME**

Rent on property	11,451	9,510
Gain on sale of fixed assets-net	21,247	59,258
Compensation on tax refunds	-	86,862
	<u>32,698</u>	<u>155,630</u>



	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----			
<b>31. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	31.1	4,239,093	5,352,682
<b>Property expense</b>			
Rent and taxes		600,701	557,219
Insurance		14,267	13,650
Utilities cost		295,936	243,332
Fuel expense generators		119,421	113,643
Security (including guards)		458,910	410,821
Repair and maintenance (including janitorial charges)		282,873	238,843
Depreciation		170,173	130,836
		1,942,281	1,708,344
<b>Information technology expenses</b>			
Software maintenance		246,489	195,529
Hardware maintenance		106,612	99,693
Depreciation		131,858	171,289
Amortisation		86,441	86,876
Network charges		188,158	166,991
Insurance		1,470	1,689
		761,028	722,067
<b>Other operating expenses</b>			
Directors' fees and allowances		10,126	13,187
Legal and professional charges		109,163	86,111
Outsourced services costs		225,387	346,043
Travelling and conveyance		101,952	83,462
NIFT clearing charges		41,222	47,451
Depreciation		244,013	272,673
Depreciation on non-banking assets acquired in satisfaction of claims		12,062	12,219
Training and development		16,929	13,794
Postage and courier charges		71,227	70,982
Communication		92,740	91,942
Stationery and printing		198,707	202,008
Marketing, advertisement & publicity		206,653	210,312
Donations		-	696
Auditors' remuneration		11,260	11,807
Cash transportation charges		184,791	164,545
Repair and maintenance		202,302	168,418
Subscription		2,846	3,913
Entertainment		75,958	70,682
Remittance charges		40,795	40,485
Brokerage expenses		13,784	5,880
Card related expenses		185,723	172,990
CNIC verification charges		38,776	40,314
Insurance		363,892	64,915
Others		68,509	63,311
		2,518,817	2,258,140
		9,461,219	10,041,233

31.1 Comparative numbers include pension cost amounting to Rs. 2,025.258 million on account of increase in pension by the Honourable Supreme Court.



	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----			
<b>32. OTHER CHARGES</b>			
Penalties of State Bank of Pakistan		814	4,179
VAT & National Building tax & Crop Insurance Levy		45,458	34,653
		46,272	38,832
<b>33. (REVERSALS) / PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision against balance with Banks		6,783	8,422
Provisions / (reversals) for diminution in value of investments	10.2.1	(63,154)	(416,180)
Provisions / (reversals) against loans & advances	11.3	(331,962)	(313,372)
Provisions / (reversals) against other assets	14.2.1	(11,765)	(708,570)
Recovery of written off / charged off bad debts		(48,072)	(50,489)
		(448,170)	(1,480,189)
<b>34. TAXATION</b>			
Current		3,186,920	2,622,965
Prior years		450,668	-
Deferred	20	353,717	(117,675)
Share of tax of associates		43,267	78,866
		4,034,572	2,584,156
<b>35. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after tax		4,986,133	4,700,759
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
Basic and diluted earnings per share		4.21	3.97



**36. FAIR VALUE MEASUREMENTS**

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Group 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 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. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 4 to these consolidated condensed interim financial statements.

In the opinion of the management, the fair value of the financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

**36.1 Fair value of financial assets**

The Group 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).

**Valuation techniques used in determination of fair valuation of financial instruments within level 2**

Item	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined using the PKRV rates.
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) & NBA	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.

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

**(a) Financial instruments in level 1**

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

**(b) Financial instruments in level 2**

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

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Group 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.

	Unaudited March 31, 2019				Total
	Carrying value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	393,234,485	-	393,234,485	-	393,234,485
Shares	19,769,465	19,769,465	-	-	19,769,465
Non-Government Debt Securities	2,469,415	-	2,469,415	-	2,469,415
Foreign Securities	3,462,277	-	3,462,277	-	3,462,277
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (HTM, unlisted ordinary shares and associates)	43,146,029	-	-	-	-
Cash and balances with treasury banks	116,101,565	-	-	-	-
Balances with other banks	12,763,695	-	-	-	-
Lendings to financial institutions	202,337,519	-	-	-	-
Advances	562,740,994	-	-	-	-
Other assets	16,888,553	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	35,355,325	-	35,355,325	-	35,355,325
Non-banking assets	4,122,649	-	4,122,649	-	4,122,649
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	131,026,747	-	2,021,950	-	2,021,950
Forward sale of foreign exchange	92,502,113	-	2,037,875	-	2,037,875
Derivatives purchase	6,039,361	-	658,434	-	658,434
Derivatives sale	5,881,443	-	668,751	-	668,751

	Audited December 31, 2018				Total
	Carrying value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	688,686,786	-	688,686,786	-	688,686,786
Shares	19,041,266	19,041,266	-	-	19,041,266
Non-Government Debt Securities	2,528,081	-	2,528,081	-	2,528,081
Foreign Securities	2,522,454	-	2,522,454	-	2,522,454
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (HTM, unlisted ordinary shares,	41,607,188	-	-	-	-
Cash and balances with treasury banks	110,165,006	-	-	-	-
Balances with other banks	13,338,117	-	-	-	-
Lendings to financial institutions	39,149,890	-	-	-	-
Advances	566,792,265	-	-	-	-
Other assets	38,208,613	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	34,894,351	-	34,894,351	-	34,894,351
Non-banking assets	4,035,114	-	4,035,114	-	4,035,114
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	126,872,293	-	3,477,211	-	3,477,211
Forward sale of foreign exchange	90,346,797	-	3,452,374	-	3,452,374
Derivatives purchase	5,721,684	-	787,978	-	787,978
Derivatives sale	5,563,419	-	799,130	-	799,130



37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

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

Quarter ended March 31, 2019									
Retail Banking	Consumer banking	Corporate Banking	Treasury	Islamic Banking	Asset Management	others	Sub-total	Eliminations	Total
Rupees in '000									
<b>Profit &amp; Loss</b>									
Net mark-up/return/profit	891,247	8,322,581	13,589,574	840,036	132	19,770	14,338,692	-	14,338,692
Inter segment revenue - net	(552,062)	(6,714,999)	(14,446,652)	-	-	2,244,457	-	-	-
Non mark-up / return / interest income	484,013	962,966	417,557	69,805	218,065	222,504	3,948,420	-	3,948,420
Total Income	823,198	2,570,548	(439,521)	909,841	218,197	2,486,731	18,287,112	-	18,287,112
Segment direct expenses	5,761,326	364,019	484,418	107,242	1,140,050	1,684,909	9,690,488	-	9,690,488
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	5,761,326	364,019	484,418	107,242	1,140,050	1,684,909	9,690,488	-	9,690,488
Provisions	12,804	(15,600)	(140,644)	(25,619)	37,497	(316,608)	(448,170)	-	(448,170)
Profit before tax	5,943,988	474,779	2,226,774	(521,144)	(267,706)	1,118,430	9,044,794	-	9,044,794
Unaudited March 31, 2019									
<b>Balance Sheet</b>									
Cash & Bank balances	43,283	15,741,561	62,774,729	9,592,893	32,413	818,771	128,865,260	-	128,865,260
Investments	-	19,303,358	422,591,669	19,196,253	990,391	-	462,081,671	-	462,081,671
Net inter segment lending	866,931,687	-	-	-	-	141,368,489	1,008,300,176	(1,008,300,176)	-
Lendings to financial institutions	-	-	1,372,689	194,344,600	6,620,230	-	202,337,519	-	202,337,519
Advances - performing	114,631,464	25,053,193	352,715,605	62,250,831	-	274,974	554,926,067	-	554,926,067
- non performing	1,289,022	32,365	5,788,827	-	10,179	694,534	7,814,927	-	7,814,927
Others	32,878,845	1,937,260	20,515,933	5,182,414	5,448,085	1,113,000	100,125,638	-	100,125,638
Total Assets	1,055,592,628	27,066,101	415,437,973	684,893,412	103,118,471	2,135,804	176,206,869	(1,008,300,176)	1,456,151,082
Borrowings	38,337,115	-	11,217,741	14,137,710	12,714,594	-	413,348	-	76,820,508
Subordinated debt	-	-	-	-	-	-	3,891,019	-	3,891,019
Deposits & other accounts	980,785,251	29,875	84,486,460	77,986,509	-	682,653	1,143,970,748	-	1,143,970,748
Net inter segment borrowing	-	24,969,335	304,375,020	667,554,750	9,895,764	-	1,008,300,176	(1,008,300,176)	-
Others	36,470,262	2,066,891	15,358,752	3,200,952	2,521,604	630,497	18,659,849	-	78,908,807
Total liabilities	1,055,592,628	27,066,101	415,437,973	684,893,412	103,118,471	2,135,804	176,206,869	(1,008,300,176)	1,303,591,082
Equity	-	-	-	-	-	-	152,560,000	-	152,560,000
Total Equity & liabilities	1,055,592,628	27,066,101	415,437,973	684,893,412	103,118,471	2,135,804	176,206,869	(1,008,300,176)	1,456,151,082
Contingencies & Commitments	104,807,381	-	219,852,510	224,605,356	20,159,229	-	25,661,874	-	595,086,350

Quarter ended March 31, 2018									
Retail Banking	Consumer banking	Corporate Banking	Treasury	Islamic Banking	Asset Management	others	Sub-total	Eliminations	Total
Rupees in '000									
<b>Profit &amp; Loss</b>									
Net mark-up/return/profit	518,442	5,047,615	9,779,368	325,686	447	15,983	11,374,006	-	11,374,006
Inter segment revenue - net	(128,585)	(3,928,465)	(8,305,490)	-	-	1,562,283	-	-	-
Non mark-up / return / interest income	472,557	1,043,930	993,254	68,816	197,543	291,870	4,667,571	-	4,667,571
Total Income	862,414	2,163,080	2,467,132	394,502	197,990	1,870,136	16,041,577	-	16,041,577
Segment direct expenses	368,252	527,704	106,588	463,780	154,272	3,066,946	10,226,192	-	10,226,192
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	368,252	527,704	106,588	463,780	154,272	3,066,946	10,226,192	-	10,226,192
Provisions	427,762	(24,863)	441,885	(416,783)	538	(1,908,908)	(1,480,189)	-	(1,480,189)
Profit before tax	2,119,911	518,825	1,193,511	2,777,327	(69,816)	43,718	7,295,574	-	7,295,574
Audited December 31, 2018									
<b>Balance Sheet</b>									
Cash & Bank balances	33,515	17,486,827	46,395,674	8,413,070	28,204	2,144,160	123,503,123	-	123,503,123
Investments	-	18,505,331	722,207,238	12,713,954	959,252	-	754,385,775	-	754,385,775
Net inter segment lending	838,293,767	-	-	-	-	137,396,563	975,690,330	(975,690,330)	-
Lendings to financial institutions	-	-	1,502,544	32,972,346	4,675,000	-	39,149,890	-	39,149,890
Advances - performing	121,784,772	22,525,967	352,258,545	62,897,196	-	303,738	559,770,218	-	559,770,218
- non performing	1,214,697	39,757	5,728,381	-	10,179	29,033	7,022,047	-	7,022,047
Others	31,327,269	1,887,934	18,828,346	8,127,064	5,434,142	1,114,256	34,659,943	-	101,378,954
Total Assets	1,041,622,178	24,487,173	414,309,974	809,702,322	94,143,541	2,101,712	174,533,437	(975,690,330)	1,585,210,007
Borrowings	35,293,396	-	9,172,202	170,542,175	7,800,628	407,714	223,216,115	-	223,216,115
Subordinated debt	-	-	-	-	-	-	3,891,019	-	3,891,019
Deposits & other accounts	969,799,371	16,556	79,196,248	73,269,994	-	24,366	1,122,306,535	-	1,122,306,535
Net inter segment borrowing	-	22,478,042	307,402,415	634,247,181	10,106,876	-	975,690,330	(975,690,330)	-
Others	36,529,411	1,992,575	18,539,109	4,912,966	2,966,043	645,896	84,473,459	-	84,473,459
Total liabilities	1,041,622,178	24,487,173	414,309,974	809,702,322	94,143,541	2,101,712	174,533,437	(975,690,330)	1,433,887,128
Equity	-	-	-	-	-	-	151,322,879	-	151,322,879
Total Equity & liabilities	1,041,622,178	24,487,173	414,309,974	809,702,322	94,143,541	2,101,712	174,533,437	(975,690,330)	1,585,210,007
Contingencies & Commitments	111,974,609	-	204,311,803	247,754,264	17,535,062	-	18,540,432	-	600,116,170

37.2 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office.



38 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, employee benefit plans, its directors and key management personnel and their close family members. The detail of investments in associates are stated in note 10 to these consolidated condensed interim financial statements.

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

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	Quarter ended March 31, 2019			Audited December 31, 2018		
	Directors	Key Management Personnel	Other Related Parties	Directors	Key Management Personnel	Other Related Parties
<b>Balances with other banks</b>						
In current accounts	-	-	17,703	-	-	-
<b>Investments</b>						
Opening balance	-	-	17,703	-	-	-
Investment redeemed / disposed off during the period/ year	-	700,401	254,253	-	748,172	254,253
Closing balance	-	-	-	-	(47,771)	-
<b>Provision for diminution in value of investments</b>						
Provision held against advances	-	-	5,000	-	-	5,000
<b>Advances</b>						
Opening balance	658	141,390	1,050,277	946	84,167	2,324,608
Addition / exchange adjustment during the period/ year	11,360	6,802	1,452,715	14,723	73,571	6,640,565
Repaid during the period/ year	(11,770)	(18,911)	(1,531,686)	(15,011)	(39,288)	(7,357,817)
Transfer in / (out)	-	(5,210)	(620,158)	-	22,940	(557,079)
Closing balance	248	124,071	351,149	658	141,390	1,050,277
<b>Other Assets</b>						
Markup receivable	-	3,368	5,973	-	3,101	25,538
Advances, deposits, advance rent and other prepayments	-	-	31,434	-	-	30,620
Acceptances	-	-	55,425	-	-	86,579
Receivable from Pension Fund	-	-	945	-	-	25,387
Provision held against other assets	-	-	3,920,170	-	-	3,815,170

	Quarter ended March 31, 2019				Audited December 31, 2018			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
----- (Rupees in '000) -----								
<b>Borrowings</b>								
Opening balance	-	-	-	-	-	-	-	993,755
Borrowings / exchange adjustment during the period/ year	-	-	-	65,067	-	-	-	-
Settled during the period/ year	-	-	-	-	-	-	-	(993,755)
Closing balance	-	-	-	65,067	-	-	-	-
----- (Rupees in '000) -----								
<b>Deposits and other accounts</b>								
Opening balance	3,745,457	168,528	3,339,847	3,212,620	3,953,730	148,080	2,744,432	3,800,959
Received during the period/ year	1,362,025	240,836	2,854,645	23,238,958	4,259,454	849,270	17,580,902	55,702,326
Withdrawn during the period/ year	(4,154,099)	(178,564)	(3,527,724)	(22,444,231)	(4,457,255)	(851,481)	(16,985,487)	(56,301,430)
Transfer in / (out) - net	(7,280)	(72,135)	-	(21,590)	(10,472)	22,659	-	10,765
Closing balance	946,103	158,665	2,666,768	3,985,757	3,745,457	168,528	3,339,847	3,212,620
<b>Other Liabilities</b>								
Markup payable	14,612	146	16,809	35,268	32,342	282	15,968	36,943
Accrued expenses and other payable	3,378	-	108,664	30,265	7,299	-	78,922	884
<b>Contingencies and Commitments</b>								
Commitments and contingent liabilities - outstanding	-	-	10,423	4,043,823	-	-	10,227	4,374,481

**RELATED PARTY TRANSACTIONS**

	Quarter ended March 31, 2019				Quarter ended March 31, 2018			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
----- (Rupees in '000) -----								
<b>Income</b>								
Markup / return / interest earned	-	4,891	-	5,875	38	2,629	-	28,645
Fee and commission income	-	-	298,655	2,401	-	-	341,189	1,981
Dividend income	-	-	-	-	-	-	-	6,800
Foreign exchange income	-	-	-	5,522	-	-	-	339,409
Net gain on sale of securities	-	-	-	2,446	-	-	38	7,668
Gain on sale of fixed assets	-	36	-	-	-	18	-	-
Rent income and reimbursement of other expenses	-	-	965	1,013	-	-	940	810

	Quarter ended March 31, 2019				Quarter ended March 31, 2018			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
----- (Rupees in '000) -----								
<b>Expense</b>								
Markup / return / interest expensed	68,654	178	38,872	78,782	40,082	294	16,684	39,904
<b>Other Operating expenses</b>								
Cleaning expenses paid to NIFT	-	-	-	35,882	-	-	-	38,699
Contribution to provident fund	-	-	-	92,517	-	-	-	90,479
Rent expenses	-	-	-	9,364	-	-	-	13,466
Cash sorting expenses	-	-	-	38,527	-	-	-	38,843
Stationery expenses	-	-	-	60,455	-	-	-	57,110
Security guards expenses	-	-	-	96,944	-	-	-	96,241
Remuneration to key executives and non-executive directors fee	66,786	205,961	-	-	65,028	218,876	-	-
Outsourcing service expenses	-	-	64,575	-	-	-	50,537	-
E-dividend processing fee and CDC charges	-	-	-	703	-	-	-	756
Travelling Expenses	-	-	-	7,257	-	-	-	5,720
Hotel stay expenses	-	-	-	-	-	-	-	8,709
Repair & Maintenance Charges	-	-	-	-	-	-	-	788
Miscellaneous expenses and payments	-	-	-	335	-	-	-	3,970
Insurance premium-net of refund	-	-	369,359	-	-	-	348,894	-
Insurance claim settled	-	-	24,462	-	-	-	75,404	-
<b>Other Transactions</b>								
Proceeds from sale of fixed assets	-	36	-	-	-	1,581	-	-
Purchase of vehicle	-	-	-	16,000	-	-	-	-
Sale of government securities	-	30,528	1,139,930	29,803,833	-	9,998	704,356	50,592,206
Purchase of government securities	-	12,491	1,990,297	39,307,724	-	-	-	48,198,660
Forward exchange contracts matured during the period	-	-	-	5,077,573	-	-	-	39,528,624

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.



	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----		
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>39.1 Capital Adequacy</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,850,600	11,850,600
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	126,443,087	125,999,355
Eligible Additional Tier 1 (ADT 1) Capital	-	-
<b>Total Eligible Tier 1 Capital</b>	126,443,087	125,999,355
Eligible Tier 2 Capital	17,900,204	17,503,483
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	144,343,291	143,502,838
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	676,912,342	666,892,937
Market Risk	65,051,332	59,642,582
Operational Risk	116,673,450	116,673,450
<b>Total</b>	858,637,124	843,208,969
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	14.73%	14.94%
<b>Tier 1 Capital Adequacy Ratio</b>	14.73%	14.94%
<b>Total Capital Adequacy Ratio</b>	16.81%	17.02%
<b>39.2 Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	126,443,090	125,999,355
Total Exposures	1,910,884,421	1,927,024,025
Leverage Ratio	6.62%	6.54%
<b>39.3 Liquidity Requirements</b>		
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	688,638,254	625,831,686
Total Net Cash Outflow	358,140,008	355,738,136
Liquidity Coverage Ratio	192.28%	175.92%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	972,851,790	952,851,382
Total Required Stable Funding	734,464,998	730,504,652
Net Stable Funding Ratio	132.46%	130.44%



**40 ISLAMIC BANKING BUSINESS**

The Group through a wholly owned subsidiary (MCB Islamic Bank Limited ) is operating 176 branches in Pakistan (December 31, 2018: 176 branches). The statement of financial position of the Group's Islamic Banking Business as at March 31, 2019 is as follows:

	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----		
<b>ASSETS</b>		
Cash and balances with treasury banks	8,810,239	6,990,369
Balances with other banks	782,654	1,422,701
Due from financial institutions	40.1 6,620,230	4,675,000
Investments - net	40.2 19,196,253	12,713,954
Islamic financing and related assets - net	40.3 62,261,010	62,907,204
Fixed assets	2,754,531	2,619,980
Intangible assets	576,111	524,791
Deferred tax assets - net	834,869	751,065
Other assets - net	2,708,646	2,289,371
<b>Total Assets</b>	104,544,543	94,894,435
<b>LIABILITIES</b>		
Bills payable	1,066,487	1,303,992
Due to financial institutions	12,714,594	7,800,628
Deposits and other accounts	40.4 77,986,509	73,307,185
Liabilities against assets subject to finance lease	-	-
Sub-ordinated debts	-	-
Deferred tax liabilities - net	-	-
Other liabilities	2,881,189	2,413,116
	94,648,779	84,824,921
<b>NET ASSETS</b>	9,895,764	10,069,514
<b>REPRESENTED BY</b>		
Share capital	11,200,000	11,200,000
Reserves	26,444	26,444
Surplus on revaluation of assets - net of tax	155,436	132,272
Accumulated loss	(1,486,116)	(1,289,202)
	9,895,764	10,069,514
<b>CONTINGENCIES AND COMMITMENTS</b>	40.5	



The profit and loss account of the Group's Islamic banking branches for the quarter ended March 31, 2019 is as follows:

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
-----Rupees in '000-----			
Profit / return earned	40.6	1,994,892	724,718
Profit / return expensed	40.7	1,154,856	399,032
Net Profit / return		840,036	325,686
Other income			
Fee and Commission Income		65,608	22,360
Dividend Income		11,425	12,626
Foreign Exchange Income		20,515	31,238
Gain / (loss) on securities		(32,809)	-
Other Income		5,066	2,592
Total other income		69,805	68,816
Total Income		909,841	394,502
Other expenses			
Operating expenses		1,139,973	463,780
Workers Welfare Fund		-	-
Other charges		77	-
Total other expenses		1,140,050	463,780
Profit / (loss) before provisions		(230,209)	(69,278)
Provisions and write offs - net		37,497	538
Profit / (loss) before taxation		(267,706)	(69,816)
Taxation		(70,581)	(24,435)
Profit / (loss) after taxation		(197,125)	(45,381)

40.1 Due from Financial Institutions	Note	Unaudited March 31, 2019		Audited December 31, 2018	
		In Local Currency	Total	In Local Currency	Total
-----Rupees in '000-----					
Secured					
Bai Muajjal receivable					
- with State Bank of Pakistan	40.1.1	3,720,230	3,720,230	-	-
Unsecured					
Musharaka arrangements	40.1.2	2,900,000	2,900,000	4,675,000	4,675,000
		6,620,230	6,620,230	4,675,000	4,675,000

40.1.1 The includes average return of 10.34% per annum (December 31, 2018: Nil) having maturity at February 07, 2020 (December 31, 2018: Nil).

40.1.2 This represents Musharaka arrangements with banks carrying profit at expected rates ranging from 8.65% to 9.75% per annum (December 31, 2018: 9.25% to 9.55% per annum) and having maturity till April 05, 2019.



40.2 Investments by type:	Unaudited March 31, 2019				Audited December 31, 2018			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----								
<b>Available-for-sale securities</b>								
Federal Government securities	13,258,433	-	(17,749)	13,240,684	8,452,080	-	(41,163)	8,410,917
Shares	2,009,253	844,649	(30,485)	1,134,119	1,831,580	881,903	(43,325)	906,352
Non Government securities	1,369,000	-	4,123	1,373,123	1,427,333	-	4,416	1,431,749
	16,636,686	844,649	(44,111)	15,747,926	11,710,993	881,903	(80,072)	10,749,018
<b>Held-to-maturity securities</b>								
Federal Government securities	2,700,827	-	-	2,700,827	1,159,936	-	-	1,159,936
Non Government securities	747,500	-	-	747,500	805,000	-	-	805,000
	3,448,327	-	-	3,448,327	1,964,936	-	-	1,964,936
Total Investments	20,085,013	844,649	(44,111)	19,196,253	13,675,929	881,903	(80,072)	12,713,954

40.3 Islamic financing and related assets

	Unaudited March 31, 2019	Audited December 31, 2018
-----Rupees in '000-----		
Murabaha	17,616,707	17,097,127
Istisna	1,994,951	1,793,878
Salam	-	4,118
Ijarah	4,889,370	4,269,903
Running Musharaka	17,213,255	19,441,575
Diminishing Musharaka	19,326,922	19,057,417
Staff finance	1,309,416	1,258,046
Gross Islamic financing and related assets	62,350,621	62,922,064
Less: provision against Islamic financings		
- Specific	(2,355)	(758)
- General	(87,256)	(14,102)
	(89,611)	(14,860)
Islamic financing and related assets - net of provision	62,261,010	62,907,204

40.4 Deposits

Customers

Current deposits	22,110,792	22,098,366
Savings deposits	31,316,352	31,340,514
Term deposits	9,688,740	5,144,378
	2,112,760	3,690,026
	65,228,644	62,273,284

Financial Institutions

Current deposits	7,577	74,372
Savings deposits	6,345,488	5,885,028
Term deposits	6,404,800	5,074,501
	12,757,865	11,033,901
	77,986,509	73,307,185

40.5 Contingencies and Commitments

-Guarantees	3,080,552	3,092,537
-Commitments	14,128,629	16,137,900
-Other contingent liabilities	425,820	425,820
	17,635,001	19,656,257

40.6 Profit/Return Earned of Financing, Investments and Placement	Quarter ended	Quarter ended
	March 31, 2019	March 31, 2018
	-----Rupees in '000-----	
Profit earned on:		
Financing	1,600,682	563,621
Investments	286,832	123,089
Musharaka arrangements with financial institutions	96,157	21,641
Deposits with financial institutions	11,221	16,367
	<u>1,994,892</u>	<u>724,718</u>
<b>40.7 Profit on Deposits and other Dues Expensed</b>		
Deposits and other accounts	957,636	273,747
Musharaka arrangements with the State Bank of Pakistan under IERS	12,859	4,653
Musharaka arrangements with other financial institutions	184,308	120,632
Musharaka arrangements with other institution	53	-
	<u>1,154,856</u>	<u>399,032</u>
	Unaudited	Audited
	March 31, 2019	December 31, 2018
	-----Rupees in '000-----	
<b>40.8 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	(1,289,202)	(194,065)
Movement during the period / year		
Add: Islamic Banking profit/(loss) for the period / year	(267,706)	(1,680,213)
Less: Taxation	70,581	584,231
Less: Reserves	211	845
	<u>(196,914)</u>	<u>(1,095,137)</u>
Closing Balance	<u>(1,486,116)</u>	<u>(1,289,202)</u>

**41 EVENTS AFTER THE REPORTING DATE**

The Board of Directors in its meeting held on April 24, 2019 has announced a cash dividend in respect of three months period ended March 31, 2019 of Rs.4.00 per share (March 31, 2018: Rs. 4.00 per share). These consolidated condensed interim financial statements for the period ended March 31, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**42 GENERAL**

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

**43 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Group in their meeting held on April 24, 2019.



Imran Maqbool  
President / CEO



Hammad Khalid  
Chief Financial Officer



Muhammad Ali Zeb  
Director



Mian Umer Mansha  
Director



Salman Khalid Butt  
Director



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