



QUARTERLY REPORT

MARCH 31, 2020



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

Mian Mohammad Mansha	Chairman
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. Yahya Saleem	Director
Mr. Salman Khalid Butt	Director
Mr. Masood Ahmed Puri	Director
Mr. Shahzad Hussain	Director
Mr. Shariffuddin bin Khalid	Director
Mr. Imran Maqbool	President & CEO

Audit Committee

Mr. Shahzad Hussain	Chairman
Mian Umer Mansha	Member
Mr. Muhammad Ali Zeb	Member
Mr. Shariffuddin bin Khalid	Member

Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB House, 15-Main Gulberg, Jail Road, Lahore Pakistan
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited 1 st Floor, 40-C, Block 6, P.E.C.H.S., Karachi Pakistan Branch Office: M/s. THK Associates (Pvt.) Limited Siddique Trade Centre, Office No. PL-29, PL Floor, 72 Main Boulevard Gulberg -2, Lahore, Pakistan.

Directors' Report - March 2020



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, 2020.

Introduction

The COVID - 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020. Moreover, few schemes covering principal deferments, loan restructuring and salary re-financing have been announced to provide overall relief to borrowers in these testing times.

The Bank is closely monitoring the situation and has invoked required actions to ensure the safety and security of Bank staff while uninterrupted service to its large customer base. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. The risks and related measures adopted by the Bank to mitigate the impact associated with the outbreak of COVID-19 are detailed in note 6 of the unconsolidated financial statements.

Performance Review

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final Cash Dividend at Rs. 5.0 per share - December 2019

Total Appropriations

Un-appropriated Profit Carried Forward

Rs. in Million

Profit Before Taxation	10,865
Taxation	4,346
Profit After Taxation	6,519
Un-appropriated Profit Brought Forward	55,778
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	22
Profit Available for Appropriation	55,800
Appropriations:	62,319
Statutory Reserve	652
Final Cash Dividend at Rs. 5.0 per share - December 2019	5,925
Total Appropriations	6,557
Un-appropriated Profit Carried Forward	55,742

MCB's Profit After Tax (PAT) for the three months period ended March 31, 2020 increased by 28% to Rs. 6.519 billion. The strategic maturity profiling of the investments based on the anticipated interest rate calls resulted in a gradual shift from shorter to longer term investments over the last 12 months period, thereby capitalizing on the significant opportunity available. Net interest income rose to Rs. 16.31 billion, 21% higher than the corresponding last period. Analysis of the interest earning assets highlights that income on advances increased by Rs. 1.8 billion, primarily on account of increase in yield of 176bps. On the investment side, gross markup income increased by Rs. 10.94 billion, due to increased average volume by Rs. 207 billion and improved yield of 312bps. On the interest bearing liabilities side, the cost of deposits increased by 197bps as compared to corresponding last period.

On the operating expenses side excluding pension fund, despite the surge in inflationary pressures, the Bank was able to contain the growth in administrative expenses and reported a net decrease of Rs. 24 million as compared to corresponding last period. The control in administrative expense base is resultant of the expense management drive undertaken by the Bank in 2019. The stock market has responded to the COVID-19 pandemic with worrying volatility; resultantly, Bank has recorded a charge of Rs. 765 million against equity investment portfolio. The quality of the loan book is duly reflected in a muted net charge of Rs. 47.3 million for the first quarter 2020.

On the financial position side, the total asset base of the Bank on an unconsolidated basis was reported at Rs. 1.56 trillion depicting an increase of 3% over December 2019. Analysis of the asset mix highlights that net investments increased by Rs. 88



billion (12%) whereas gross advances decreased by Rs 15.5 billion (-3%) over December 2019.

The Non-performing loan (NPLs) base of the Bank recorded a marginal increase of Rs. 511 million and was reported at Rs. 49.93 billion. The Increase was primarily on account of currency devaluation impact of foreign currency denominated NPLs with no significant accretion in the number of cases. The Bank has not taken FSV benefit in calculation of specific provision. The coverage and infection ratios of the Bank were reported at 87.30% and 9.52% respectively.

On the liabilities side, the deposit base of the Bank registered an increase of Rs. 39.38 billion (+3.44%) over December 2019 whereas CASA base increase by 5.35%.

Return on Assets and Return on Equity improved to 1.70% and 17.88% respectively, whereas book value per share was reported at Rs. 123.57.

While complying with the regulatory capital requirements, The Bank's total Capital Adequacy Ratio is 19.51% against the requirement of 11.50% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.38% against the requirement of 6.00%. Bank's capitalization also resulted in a leverage ratio of 6.94% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 218.11% and Net Stable Funding Ratio (NSFR) of 157.55% against requirement of 100.

The Board of Directors has declared interim cash dividend of Rs 5 per share. Earnings per share (EPS) for the period ended March 31, 2020 was Rs. 5.50 per share as compared to Rs. 4.29 for comparative period.

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, 2019.

Economy Review

The first quarter of 2020 proved to be challenging for the government due to the outbreak of Novel Coronavirus in Pakistan and the subsequent lock down in the country. The macro-economic variables took a hit in the last month of the quarter despite continued efforts of the government and central bank to combat issues on both, domestic and external fronts.

On the external front, during the first two months of 2020, exports declined by 2.5% while imports contracted by 5%. Workers' remittances, on the other hand, showed a significant growth of 15%, consequently, the current account deficit dropped by 35%. During the first eight months of FY20, current account deficit declined by 71%. In spite of the consistent improvement in the current account, the pressure on the foreign exchange reserves increased towards the end of the quarter because of uncertainty surrounding the impact of coronavirus on the economy. Out of the total investment of USD 3.49bn in government debt during the current fiscal year, foreign investors divested USD 1.8bn in March, 2020. On account of the portfolio outflows and external debt repayments, total foreign exchange reserves of the country declined by USD 1.5bn, while the reserves of SBP decreased by USD 1.6bn in March.

As a result, PKR depreciated by 8.1% against the US Dollar during March, 2020 and stood at PKR 166.7037 at the end of the quarter. During the three month period, PKR recorded a total depreciation of 7.6%. On a fiscal year to date basis, PKR depreciated by 4.2%.

On the domestic front, the government imposed a partial lockdown in the country in March to contain the spread of coronavirus. Consequently, FBR tax collection during the month fell short of its target by Rs261 billion. Moreover, government announced an Economic Relief Package worth PKR 1.2 trillion to combat the impact of the virus on the economy.

Meanwhile, Headline Inflation (Base Year 2015-2016) touched a peak of 14.6% in January, 2020 before dropping to 10.2% in March, 2020. On average, National CPI stood at 12.4% in Q1 of 2020. Declining inflationary trend in the economy due to constrained demand coupled with the need to support the ailing economy under lockdown, the SBP cut its policy rate by a cumulative 225 basis points during the month of March and again by 200 basis points on April 16, 2020. The current policy rate now stands at 9%.

Future Outlook

Despite improvement appearing on the macroeconomic front during the first two months of 2020, the remaining year may pose new challenges for the economy of Pakistan as a result of Novel Coronavirus. The main issues that the government has to tackle are the containment of the disease in the country and minimization of economic losses owing to the shutdown of the businesses in the country. The persisting lockdown in Pakistan and major economies across the world is expected to have a negative impact on the projected GDP growth of Pakistan. Other contributors of downward growth projections include decline in imports and exports, reduction in remittances, loss in FBR's revenue, and disruption in food supplies.

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
President & CEO,
MCB Bank Limited
April 22, 2020



Mian Umer Mansha
Director
MCB Bank Limited

اس کے نتیجے میں پاکستانی روپیہ میں مارچ 2020ء کے دوران امریکی ڈالر کے مقابلہ میں 8.1 فیصد کی شرح سے فرسودگی ہوئی۔ جو کہ سہ ماہی کے اختتام تک 166.7037 روپے فی ڈالر پر جا پہنچا۔ تین ماہ کے عرصہ کے دوران پاکستانی روپے میں کل 7.6 فیصد کی فرسودگی ہوئی۔ مالی سال میں موجودہ تاریخ تک پاکستانی روپے میں 4.2 فیصد کی فرسودگی ہوئی ہے۔ داخلی محاذ پر حکومت نے مارچ میں کرونا وائرس کے پھیلاؤ کو روکنے کے لیے پورے ملک میں لاک ڈاؤن کا نفاذ کیا گیا، جس کے باعث ایف بی آر (FBR) کی ٹیکس وصولیاں، اس ماہ کے دوران، اپنے ہدف سے 261 بلین روپے کم رہیں۔ علاوہ ازیں، حکومت نے اس وائرس کے معیشت پر اثرات کے تدارک کے لیے 1.2 ٹریلین روپے کے معاشی ریلیف پیکیج کا بھی اعلان کیا ہے۔

دریں اثناء نمایاں افراط زر (برائے بنیادی سال 2016 - 2015)، جنوری 2020ء میں 14 فیصد کی بلند ترین سطح کو چھو کر مارچ 2020ء میں کم ہوتے ہوئے 10.2 فیصد کی شرح پر درج ہوا۔ اوسطاً، قومی سی پی آئی (CPI) سال 2020ء کی پہلی سہ ماہی میں 12.4 فیصد پر رہا۔ محدود طلب کے باعث معیشت میں افراط زر کے گرتے ہوئے رجحان اور اس کے ساتھ جڑی لاک ڈاؤن میں گہری بیمار معیشت کو تقویت پہنچانے کے لیے اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں مارچ کے مہینے کے دوران 225 پوائنٹس کی کمی کی ہے۔ موجودہ پالیسی ریٹ اب اس وقت 9 فیصد کی شرح پر ہے۔

مستقبل کی پیش بینی

سال 2020ء کے پہلے دو ماہ کے عرصہ کے دوران میکرو اکنامک محاذ پر بہتری اور مثبت پیش رفت کے باوجود پاکستان کی معیشت، سال کے باقی حصہ میں نو دل کرنا وائرس کے پھیلاؤ کے باعث نئے خدشات کا شکار ہے۔ حکومت کو جن اہم امور کا سامنا ہے ان میں ملک میں اس بیماری کے پھیلاؤ کو روکنا اور ملک میں کاروبار کے شٹ ڈاؤن کی وجہ سے ہونے والے معاشی نقصانات کو اکی کم ترین سطح پر رکھنا شامل ہیں۔ پاکستان اور دنیا بھر میں تمام اہم معیشتوں میں جاری لاک ڈاؤن کی وجہ سے پاکستان کی متوقع جی ڈی پی کی نمو میں منفی اثرات آنے کی توقع ہے۔ نمو اس متوقع تطہیر کے دیگر عوامل میں درآمدات و برآمدات میں کمی، ترسیلات زر کا گرنا، ایف بی آر کی آمدنی کا نقصان اور اشیاء خورد و نوش کی رسد میں رکاوٹیں شامل ہیں۔ آخر میں حکومت کو اس مشکل دور میں کثیر الاطراف ایجنسیوں اور دو طرفہ ذرائع سے زیادہ سے زیادہ مالی سہولت کے حصول کی لازمی کوشش کرنی چاہیے تاکہ کرونا وائرس کی اس وبا سے داخلی محاذ پر درپیش مشکلات سے نبٹا جاسکے۔

تحصین و فکر

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

مخانب و برائے بورڈ آف ڈائریکٹرز

میاں عمر منشا

ڈائریکٹر

ایم سی بی بینک لمیٹڈ

عمران مقبول

پریذیڈنٹ اور سی ای او

ایم سی بی بینک لمیٹڈ

22 اپریل 2020ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 31 مارچ 2020ء کو اختتام پذیر سہ ماہی کے غیر مجموعی مختصر و عبوری مالیاتی گوشواروں کا خلاصہ آپ کے سامنے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

ابتدائی:

کوڈ - 19 کی عالمگیر وباء نے تمام معیشتوں پر اپنے خنجر گاڑ دیئے ہیں اور پوری دنیا بشمول پاکستان پر ایک متحدہ خدشے کے طور پر نمودار ہوئی ہے۔ کاروبار اور معیشتوں پر عمومی طور پر اس کے اثرات کو کم کرنے کے لیے پوری دنیا کی انتظامیہ حکومتوں نے ضوابطی اور معاشی دونوں محاذوں پر کئی اقدامات اٹھائے ہیں۔ اسٹیٹ بینک آف پاکستان نے بھی اس بحران کے جواب میں مارچ 2020 میں پالیسی ریٹ میں 225 بیسز پوائنٹس کی کٹوتی کے ساتھ 11 فیصد کی شرح اور پھر 16 اپریل 2020ء کو مزید 200 بیسز پوائنٹس کی کمی کے ساتھ اس کی شرح 9 فیصد پر متعین کی ہے۔ علاوہ ازیں، چند اور سیکسز اور سہولتیں بھی متعارف کروائی ہیں جن میں قرض کی اصل رقم کو مؤخر کرنے، قرضوں کی تھکیل نوآواز اور تنخواہوں کی ادائیگی کے لیے قرض کی فراہمی کا بھی اعلان شامل ہے تاکہ اس مشکل گھڑی میں قرض خواہوں کو مجموعی طور پر آسانی فراہم کی جاسکے۔

بینک اس صورتحال کا بغور جائزہ لے رہا ہے اور اپنے صارفین کی وسیع اساس تک تمام سہولتوں کی بلا تھقل فراہمی کو یقینی بناتے ہوئے اپنے ملازمین کی حفاظت اور سکیورٹی کے لیے تمام ناگزیر اقدامات اٹھا رہا ہے۔ بینک کی اعلیٰ انتظامیہ صورتحال سے مکمل ادراک رکھتے ہوئے بروقت فیصلے کر رہی ہے تاکہ ہر قسم کے مسئلے کا حل نکالا جاسکے۔ کوڈ 19 کے پھیلاؤ سے جڑے خدشات سے بچنے کے لیے بینک نے جن اقدامات اور سرکھو کو اختیار کیا ہے انکی تفصیل غیر مجموعی مالیاتی اسٹیٹمنٹوں کے نوٹ نمبر 6 میں درج کی گئی ہے۔

کارکردگی کا جائزہ

ملین روپے

10,865
4,346
6,519
55,778
22
55,800
62,319
652
5,925
6,557
55,742

منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

افتتاحی غیر تخصیص شدہ منافع

پائیدار اثاثوں کی از سر نو تخمینہ پر اضافی آمدن

کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتمی کیش ڈیپازٹ 5 روپے فی شیئر - برائے دسمبر 2019

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

31 مارچ 2020 کو اختتام پذیر سہ ماہی کے لیے ایم سی بی کا منافع بعد از ٹیکس 28 فیصد کے اضافے کے 6,519 ملین روپے پر درج ہوا۔ انٹرسٹ ریٹ کے متوقع اتار و چڑھاؤ کی بنیاد پر سرمایہ کی دانشمندانہ مچھوڑی پروفائٹنگ کے باعث ان میں گزشتہ 12 ماہ کے دوران قلیل سے طویل مدت کی سرمایہ کاری میں بتدریج منتقلی کی بدولت دستیاب مواقع سے بھرپور استفادہ حاصل کیا گیا۔ خالص انٹرسٹ آمدنی گزشتہ تقابلی مدت سے 21 فیصد کی بڑھوتی کو ظاہر کرتے ہوئے 16,31 ملین روپے پر درج ہوئی۔ پیداواری اثاثہ جات کا تجزیہ اس امر کا غماز ہے کہ قرضہ جات سے حاصل ہونے والی آمدنی میں 1.8 ملین روپے کا اضافہ ہوا جس کی بنیاد وجہ ریٹ میں 176 بی پی ایس کا اضافہ ہے۔ سرمایہ کاری کے حوالہ سے، اوسط حجم میں 207 ملین روپے کے اضافے اور آمدنی کی شرح میں مجموعی طور پر 312 بی پی ایس کی بہتری کی بدولت کل مارک اپ آمدنی 10.94 ملین روپے تک بڑھ گئی۔ انٹرسٹ کے حامل واجبات کی مد میں ڈیپازٹس کی لاگت میں گزشتہ تقابلی مدت کی نسبت 197 بی پی ایس کا اضافہ ہوا۔

کاروباری اخراجات کی مد میں (ماسوائے بینٹن فنڈ کے) افراط زر میں اضافہ کے دباؤ کے باوجود بینک اپنے انتظامی اخراجات میں بڑھوتی کو محدود رکھنے میں کامیاب رہا اور گزشتہ سال کے تقابلی عرصہ کے موازنے میں 24 ملین روپے کی خالص کمی کو رپورٹ کیا۔ انتظامی اخراجات میں اس کنٹرول اور کمی کی وجہ سال 2019 میں بینک کی جانب سے اخراجات میں کمی کی مہم کا آغاز تھا۔ اسٹاک مارکیٹ نے کوڈ - 19 (Covid - 19) کی عالمگیر وباء پر طیران پذیری اور تشویش کے طے خجلے رد عمل کا اظہار کیا۔ جس کے باعث بینک کو اپنی سرمایہ کاری کے پورٹ فولیو کے لیے 765 ملین روپے کے اخراجات کا تعین کرنا پڑا۔ قرضوں کی معیاری مطابقت میں سال 2020 کی پہلی سہ ماہی کے لیے 47.3 ملین روپے کے خالص اخراجات کے اندراج کی خاموش جھلک نمایاں ہے۔

مالیاتی پوزیشن کی مد میں بینک کے کل اثاثہ جات کی اساس، غیر مجموعی بنیاد پر، دسمبر 2019 سے 3 فیصد کے اضافہ کے ساتھ 1.56 ٹریلین روپے پر ریکارڈ ہوئی۔ اثاثہ جات کی ترکیب کا جائزہ سے امر واضح ہوتا ہے کہ خالص سرمایہ کاری میں 88 ملین روپے (12%) کا اضافہ ہوا جبکہ کل قرضہ جات میں دسمبر 2019 کے مقابلہ میں 15.5 بلین روپے (3%) کی کمی درج ہوئی۔

بینک کے غیر فعال قرضہ جات 511 ملین روپے کے معمولی اضافہ کے ساتھ 49.93 بلین روپے پر رپورٹ کئے گئے۔ اس اضافہ کے بنیادی عوامل میں غیر ملکی کرنسی سے متعلقہ غیر فعال قرضوں پر پاکستانی روپے کی قدر میں کمی کے اثرات تھے جبکہ کھاتوں کی جملہ تعداد میں کوئی قابل ذکر اضافہ نہیں دیکھا گیا۔ بینک نے مخصوص اخراجات (پروویژن) کا شمار کرتے ہوئے جبری فروخت (FSV) کے دستیاب فوائد کو شامل نہیں کیا۔ بینک کی کوریج (Coverage) اور انفیکشن (Infection) کی شرح بالترتیب 87.30 فیصد اور 9.52 فیصد پر رپورٹ ہوئیں۔

واجبات کے حوالہ سے، بینک کے ڈیپازٹس کی اساس میں دسمبر 2019 کی نسبت 39.38 ملین روپے (3.44%+) کا اضافہ درج کیا گیا جبکہ کاسا (CASA) کی اساس میں 5.35 فیصد کی بڑھوتی ہوئی۔

اثاثہ جات کی آمدنی اور سرمائے کی آمدنی کی شرح بہتر ہوتے ہوئے بالترتیب 1.70 فیصد اور 17.88 فیصد پر درج ہوئیں جبکہ بلیو 123.57 روپے فی شیئر پر رپورٹ ہوئی۔ سرمائے کے ضوابط کی مطلوبہ کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکوئیسی) 11.50 فیصد کی مطلوبہ شرح کی نسبت 19.51 فیصد پر رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو تحفظ دینے کے لیے 1.50 فیصد کی تحلیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایکویٹی ٹائر - I - CETI - Common Equity Tier - I سے کل رسک ویٹڈ اسٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.00 فیصد کی مطلوبہ حد کے مقابلہ 15.38 فیصد کی شرح پر درج کی گئی۔ بینک کی کیپٹل ایزیشن کے نتیجے میں لیورج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کی حد سے نمایاں اضافہ کے ساتھ 6.94 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریشو (LCR - Liquidity Coverage Ratio) کو 218.11 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 کی مطلوبہ شرح کی نسبت 157.55 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 5 روپے فی شیئر کے عبوری کیش ڈیپازٹ کا اعلان کیا ہے۔

31 مارچ 2020ء کے اختتام پر بینک کی فی شیئر آمدنی اپنے تقابلی عرصہ کی 4.29 روپے فی شیئر کی سطح کی نسبت 5.50 روپے فی شیئر پر درج کی گئی۔

ریٹنگز:

پاکرا (PACRA) کے نوٹیفیکیشن بتاریخ 27 جون 2019 کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور A1+ کی بلند ترین کریڈٹ ریٹنگز کے مستفید ہو رہا ہے۔

معاشی جائزہ:

سال 2020 کی پہلی سہ ماہی پاکستان میں نودل کرونا وائرس کے پھیلاؤ اور اس کے نتیجے میں ملک میں ہونے والے لاک ڈاؤن کے باعث حکومت کے لیے مشکلات کا سبب رہی حکومت اور اسٹیٹ بینک کی جانب سے داخلی اور بیرونی دونوں محاذوں سے نبرد آزما ہونے کے لیے جاری اقدامات کے باوجود سہ ماہی کے آخری مہینے میں میکرو اکنامک تغیرات پر کاری ضرب پڑی۔

بیرونی محاذ پر سال 2020ء کے پہلے دو ماہ کے دوران برآمدات میں 2.5 فیصد کی کمی ہوئی جبکہ درآمدات 5 فیصد تک سکڑ گئیں۔ دوسری طرف افرادی تر سیلات زرمیں 15 فیصد کی نمایاں افزائش ہوئی جس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ میں 35 فیصد کی کمی کا اندراج ہوا۔ مالی سال 2020ء کے آٹھ ماہ کے عرصہ کے دوران کرنٹ اکاؤنٹ خسارے میں مجموعی طور پر 71 فیصد کی کمی ہوئی۔ کرنٹ اکاؤنٹ میں اس مسلسل بہتری کے باوجود اس سہ ماہی کے اختتام تک، معیشت پر کرونا وائرس کے اثرات کی غیر یقینی کی صورتحال کے باعث، غیر ملکی زرمبادلہ کے ذخائر پر دباؤ میں اضافہ ہوا۔ رواں مالی سال کے دوران حکومتی تسکات کی 3.49 بلین امریکی ڈالرز کی کل سرمایہ کاری میں سے غیر ملکی سرمایہ کاروں نے مارچ 2020ء میں 1.8 بلین امریکی ڈالرز واپس نکلا لیے۔ پورٹ فولیو آؤٹ فلو (Out Flows) اور بیرونی قرضوں کی ادائیگیوں کے حوالہ سے ملک کے مجموعی زرمبادلہ کے ذخائر میں 1.5 بلین امریکی ڈالرز کی کمی ہوئی جبکہ اسٹیٹ بینک آف پاکستان کے ذخائر میں مارچ کے دوران 1.6 بلین امریکی ڈالرز کی کمی ریکارڈ ہوئی۔

Unconsolidated Condensed Interim Statement of Financial Position
As at March 31, 2020



	Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	94,129,555	132,704,797
Balances with other banks	8	15,169,519	12,542,239
Lendings to financial institutions	9	9,576,504	1,090,058
Investments	10	836,659,605	748,764,502
Advances	11	480,925,150	496,678,874
Fixed assets	12	58,019,668	58,271,245
Intangible assets	13	941,079	957,552
Deferred tax assets		-	-
Other assets	14	59,794,559	64,142,748
		1,555,215,639	1,515,152,015
LIABILITIES			
Bills payable	16	7,972,205	11,821,698
Borrowings	17	88,651,775	89,505,892
Deposits and other accounts	18	1,184,138,883	1,144,763,259
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	10,425,017	5,850,645
Other liabilities	20	85,381,963	94,295,738
		1,376,569,843	1,346,237,232
NET ASSETS		178,645,796	168,914,783
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	78,842,984	77,591,253
Surplus on revaluation of assets	22	32,210,546	23,695,441
Unappropriated profit		55,741,666	55,777,489
		178,645,796	168,914,783

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool

Imran Maqbool
President / CEO

Hammad Khalid

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha

Mian Umer Mansha
Director

Salman Khalid Butt

Salman Khalid Butt
Director

Masood Ahmed Puri

Masood Ahmed Puri
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the three months period ended March 31, 2020



	Note	Three months ended March 31, 2020	Three months ended March 31, 2019
-----Rupees in '000-----			
Mark-up / return / interest earned	25	39,099,628	27,381,919
Mark-up / return / interest expensed	26	22,791,928	13,903,165
Net mark-up / interest income		16,307,700	13,478,754
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	2,845,649	2,814,218
Dividend income		223,600	189,382
Foreign exchange income		725,167	441,325
(Loss) / income from derivatives		(10,405)	15,730
Gain on securities	28	71,139	11,433
Other Income	29	32,535	42,367
Total non-markup / interest Income		3,887,685	3,514,455
Total Income		20,195,385	16,993,209
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	8,161,432	8,170,226
Workers welfare fund		217,299	181,587
Other charges	31	209,255	46,195
Total non-markup / interest expenses		8,587,986	8,398,008
Profit before provisions		11,607,399	8,595,201
Provisions / (reversals) and write offs - net	32	742,462	(484,157)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		10,864,937	9,079,358
Taxation	33	4,345,911	3,999,499
PROFIT AFTER TAXATION		6,519,026	5,079,859
		Rupees	
Basic and diluted earnings per share	34	5.50	4.29

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool

Imran Maqbool
President / CEO

Hammad Khalid

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha

Mian Umer Mansha
Director

Salman Khalid Butt

Salman Khalid Butt
Director

Masood Ahmed Puri

Masood Ahmed Puri
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2020



Profit after taxation for the period

Other comprehensive income

Items that may be reclassified to profit and loss account in subsequent periods:

Effect of translation of net investment in foreign branches
Movement in surplus on revaluation of investments - net of tax

Total comprehensive income

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

	Three months ended March 31, 2020	Three months ended March 31, 2019
-----Rupees in '000-----		
Profit after taxation for the period	6,519,026	5,079,859
Other comprehensive income		
Effect of translation of net investment in foreign branches	599,828	327,826
Movement in surplus on revaluation of investments - net of tax	8,537,459	493,155
	9,137,287	820,981
Total comprehensive income	15,656,313	5,900,840

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2020



Share capital	Share premium	Capital reserve		Exchange translation reserve	Statutory reserve	Revenue reserve		Surplus/(deficit) on revaluation of investments	Fixed / non- banking assets	Unappropriated profit	Total
		Non-distributable capital reserve				General reserve					
11,850,600	23,751,114	903,317	1,629,543		29,259,007	18,600,000		(2,798,144)	12,505,248	59,532,044	148,277,729
-	-	-	-	-	-	-	-	-	-	5,079,859	5,079,859
-	-	-	327,626	327,626	-	-	-	493,155	-	820,981	820,981
-	-	-	-	-	507,986	-	-	-	-	(507,986)	-
-	-	-	-	-	-	-	-	-	(13,350)	13,350	-
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)
11,850,600	23,751,114	903,317	1,629,543		29,259,007	18,600,000		(2,798,144)	12,505,248	59,532,044	148,277,729
-	-	-	-	-	-	-	-	-	-	5,079,859	5,079,859
-	-	-	327,626	327,626	-	-	-	493,155	-	820,981	820,981
-	-	-	-	-	507,986	-	-	-	-	(507,986)	-
-	-	-	-	-	-	-	-	-	(13,350)	13,350	-
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)
11,850,600	23,751,114	903,317	1,629,543		29,259,007	18,600,000		(2,798,144)	12,505,248	59,532,044	148,277,729
-	-	-	-	-	-	-	-	-	-	5,079,859	5,079,859
-	-	-	327,626	327,626	-	-	-	493,155	-	820,981	820,981
-	-	-	-	-	507,986	-	-	-	-	(507,986)	-
-	-	-	-	-	-	-	-	-	(13,350)	13,350	-
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)
11,850,600	23,751,114	903,317	1,629,543		29,259,007	18,600,000		(2,798,144)	12,505,248	59,532,044	148,277,729
-	-	-	-	-	-	-	-	-	-	5,079,859	5,079,859
-	-	-	327,626	327,626	-	-	-	493,155	-	820,981	820,981
-	-	-	-	-	507,986	-	-	-	-	(507,986)	-
-	-	-	-	-	-	-	-	-	(13,350)	13,350	-
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)
11,850,600	23,751,114	903,317	1,629,543		29,259,007	18,600,000		(2,798,144)	12,505,248	59,532,044	148,277,729
-	-	-	-	-	-	-	-	-	-	5,079,859	5,079,859
-	-	-	327,626	327,626	-	-	-	493,155	-	820,981	820,981
-	-	-	-	-	507,986	-	-	-	-	(507,986)	-
-	-	-	-	-	-	-	-	-	(13,350)	13,350	-
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)
11,850,600	23,751,114	903,317	1,629,543		29,259,007	18,600,000		(2,798,144)	12,505,248	59,532,044	148,277,729
-	-	-	-	-	-	-	-	-	-	5,079,859	5,079,859
-	-	-	327,626	327,626	-	-	-	493,155	-	820,981	820,981
-	-	-	-	-	507,986	-	-	-	-	(507,986)	-
-	-	-	-	-	-	-	-	-	(13,350)	13,350	-
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(14,220,720)	(14,220,720)
11,850,600	23,751,114	903,317	1,629,543		29,259,007	18,600,000		(2,798,144)	12,505,248	59,532,044	148,277,729
-	-	-	-	-	-	-	-	-	-	5,079,859	5,079,859
-	-	-	327,626	327,626	-	-	-	493,155	-	820,981	820,981
-	-	-	-	-	507,986	-	-	-	-	(507,986)	-
-	-	-	-	-	-	-	-	-	(13,350)	13,350	-
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
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-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
-	-	-	-	-	-	-					

Balance as at December 31, 2018

Total comprehensive income for the period ended March 31, 2019

Profit after taxation for the period ended March 31, 2019

Other comprehensive income - net of tax

Transfer to statutory reserve

Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax

Transactions with owners, recorded directly in equity

Final cash dividend at Rs. 4.0 per share - December 31, 2018

Balance as at March 31, 2019

Change in equity for nine months period ended December 31, 2019

Total comprehensive income for the nine months period ended December 31, 2019

Profit after taxation for the nine months period ended December 31, 2019

Other comprehensive income - net of tax

Transfer to statutory reserve

Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax

Surplus realized on disposal of revalued fixed assets - net of tax

Surplus realized on disposal of non-banking assets - net of tax

Transactions with owners, recorded directly in equity

Interim cash dividend at Rs. 4.0 per share - March 31, 2019

Interim cash dividend at Rs. 4.0 per share - June 30, 2019

Interim cash dividend at Rs. 4.0 per share - September 30, 2019

Balance as at December 31, 2019

Total comprehensive income for the period ended March 31, 2020

Profit after taxation for the period ended March 31, 2020

Other comprehensive income - net of tax

Transfer to statutory reserve

Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax

Transactions with owners, recorded directly in equity

Final cash dividend at Rs. 5.0 per share - December 31, 2019

Balance as at March 31, 2020

For details of dividend declaration and appropriations, please refer note 29 to these unconsolidated condensed interim financial statements.

For details of reserves, please refer note 21 to these unconsolidated condensed interim financial statements.

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2020



Note	Three months ended March 31, 2020	Three months ended March 31, 2019
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,864,937	9,079,358
Less: Dividend income	(223,600)	(189,382)
	10,641,337	8,889,976
Adjustments:		
Depreciation on fixed assets	30 492,818	474,861
Depreciation on right of use assets	30 301,049	-
Depreciation on non-banking assets acquired in satisfaction of claims	30 8,074	12,062
Amortization	30 76,553	56,409
Provisions / (reversals) and write offs - net	32 742,462	(484,157)
Workers welfare fund	217,299	181,587
Gain on sale of fixed assets and non-banking assets acquired-net	29 (17,360)	(21,245)
Charge for defined benefit plans	57,000	42,000
Interest expensed on lease liability against right-of-use assets	276,782	-
Unrealized (gain)/loss on revaluation of investments classified as held for trading	28 (692)	4,320
	2,153,985	265,837
	12,795,322	9,155,813
Decrease / (increase) in operating assets		
Lendings to financial institutions	(8,486,446)	(166,777,017)
Held-for-trading securities	(5,430,713)	8,156,215
Advances	15,747,700	3,829,183
Others assets (excluding advance taxation)	4,104,608	(1,045,139)
	5,935,149	(155,836,758)
Increase / (decrease) in operating liabilities		
Bills Payable	(3,849,493)	(5,320,860)
Borrowings from financial institutions	(2,562,249)	(144,806,507)
Deposits	39,375,624	16,975,039
Other liabilities (excluding current taxation)	(10,069,437)	(4,449,473)
	22,894,445	(137,601,801)
Defined benefits paid	(82,171)	(84,302)
Income tax paid	(3,062,100)	(1,130,889)
Net cash flow from operating activities	38,480,645	(285,497,937)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(82,284,093)	291,504,392
Net investments in held-to-maturity securities	12,202,230	235,795
Dividends received	124,297	92,893
Investments in fixed assets	(494,111)	(1,499,289)
Investments in Intangible assets	(61,707)	(37,753)
Proceeds from sale of fixed assets	25,356	24,338
Effect of translation of net investment in foreign branches	599,828	327,826
Net cash flow used in investing activities	(69,888,200)	290,648,202
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(382,191)	-
Dividend paid	(5,866,348)	(46,257)
Net cash flow used in financing activities	(6,248,539)	(46,257)
	(37,656,094)	5,104,008
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	143,897,589	113,181,408
Cash and cash equivalents at end of the period	106,241,495	118,285,416

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



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 1,399 branches (2019: 1,399 branches) within Pakistan and 11 branches (2019: 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 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 unconsolidated financial statements for the financial year ended December 31, 2019.

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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



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

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
IAS 1, Presentation of Financial Statements (Amendments)	JANUARY 1, 2022
IFRS 17, Insurance Contracts	JANUARY 1, 2021

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but 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 financial statements.

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 unconsolidated financial statements of the Bank for the year ended December 31, 2019.

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, 2019.

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, 2019. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The COVID - 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year; and
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.

COVID 19 has impacted the banks in Pakistan from various facets which include muted credit risk increase reduced fee income due to slowdown in economic activity, branch closures and cyber security threat management.

6.1 Credit Risk Management

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its risk appetite and related credit review procedures in the light of COVID-19, which would insulate the Bank from any unforeseen shock.

6.2 Liquidity Risk Management

The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to address any requirement, as reflected by the cushion in liquidity ratios above the statutory requirement.

6.3 Equity Risk Management

During the current quarter the Pakistan Stock Exchange fell by 28%, triggering an impairment of Rs 3,053.209 million. The Bank has only recorded an impairment of Rs 765.363 million in the first quarter and has deferred the recognition of the remaining impairment to the remainder part of the calendar year 2020 as allowed State Bank of Pakistan.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



6.4 Operational Risk Management

The Bank is closely monitoring the situation and has invoked required actions to ensure the safety and security of Bank staff while ensuring uninterrupted service to customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and duly tested. The Bank has significantly enhanced monitoring of cyber security risk during these times. The remote work capabilities were enabled for staff, where required and related risk and control measures were assessed to ensure that the Bank's assets are protected from emerging cyber threats and comply with the regulatory protocols. The Bank is communicating with its customers for their financial transactions to be conducted through digital channel offerings. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored to meet customer requirements and expectations.

6.5 Capital Adequacy Ratio (CAR)

In order to encourage Banks to continue lending, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

7. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

With State Bank of Pakistan in

Local currency current accounts
Foreign currency current accounts
Foreign currency deposit accounts

With other central banks in

Foreign currency current accounts

With National Bank of Pakistan in

Local currency current accounts

Prize bonds

8. BALANCES WITH OTHER BANKS

Outside Pakistan

In current accounts
In deposit accounts

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings

Repurchase agreement lendings (Reverse Repo)

	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees in '000-----	
In hand		
Local currency	25,095,237	18,738,087
Foreign currencies	2,776,291	2,201,941
	27,871,528	20,940,028
With State Bank of Pakistan in		
Local currency current accounts	35,899,653	56,533,231
Foreign currency current accounts	338,366	277,126
Foreign currency deposit accounts	14,393,364	14,023,401
	50,631,383	70,833,758
With other central banks in		
Foreign currency current accounts	4,719,906	16,220,148
With National Bank of Pakistan in		
Local currency current accounts	10,770,080	24,390,028
Prize bonds	136,658	320,835
	94,129,555	132,704,797
BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts	9,553,641	8,396,527
In deposit accounts	5,615,878	4,145,712
	15,169,519	12,542,239
LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	9,558,886	880,853
Repurchase agreement lendings (Reverse Repo)	17,618	209,205
	9,576,504	1,090,058

10. INVESTMENTS**10.1 Investments by type:****Held-for-trading securities**Federal Government Securities
Shares**Available-for-sale securities**Federal Government Securities
Shares and units
Non Government Debt Securities
Foreign Securities**Held-to-maturity securities**Federal Government Securities
Provincial Government Securities
Non Government Debt Securities
Foreign Securities**Associates****Subsidiaries****Total Investments**

	Unaudited March 31, 2020			Audited December 31, 2019		
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Provision for diminution	Surplus / (Deficit)
Rupees in '000						
Held-for-trading securities						
Federal Government Securities	14,887,370	-	8,346	14,895,716	9,479,849	(4,128)
Shares	32,174	-	(7,654)	24,520	13,158	(48)
	14,919,544	-	692	14,920,236	9,493,007	(4,176)
Available-for-sale securities						
Federal Government Securities	745,721,051	-	21,913,849	767,634,900	666,128,289	4,981,349
Shares and units	26,305,588	(10,892,426)	(2,310,694)	13,102,448	24,938,090	1,497,556
Non Government Debt Securities	1,899,773	-	5,306	1,905,079	1,309,773	(3,359)
Foreign Securities	4,397,151	-	14,833	4,412,084	3,657,020	13,295
	778,323,543	(10,892,426)	19,623,394	787,054,511	696,033,172	6,488,841
Held-to-maturity securities						
Federal Government Securities	6,653,329	(3,512)	-	6,649,817	16,207,249	(2,211)
Provincial Government Securities	118	(118)	-	-	118	(118)
Non Government Debt Securities	10,467,308	(533,788)	-	9,933,520	9,867,925	(533,788)
Foreign Securities	5,072,906	(17,598)	5,055,308	5,055,308	8,320,599	(3,569)
	22,193,661	(555,016)	-	21,638,645	34,395,991	(539,686)
Associates	700,401	-	-	700,401	700,401	-
Subsidiaries	12,346,537	(725)	-	12,345,812	12,346,537	(725)
Total Investments	828,483,686	(11,448,167)	19,624,086	836,659,605	752,969,008	(10,889,171)

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 Adjustments**Charge / (reversals)
Change for the period / year
Reversals for the period / year
Reversal on disposalsAmounts written off
Closing Balance**10.2.2 Particulars of provision against debt securities****Category of classification**

	Unaudited March 31, 2020		Audited December 31, 2019	
	NPI	Provision	NPI	Provision
Rupees in '000				
Domestic	145,666	72,828	145,656	72,828
Doubtful	461,078	461,078	461,078	461,078
Loss	606,734	533,968	606,734	533,968

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 21,110 million (December 31, 2019: Rs 5,780 million) in accordance with the requirements of IFRS 9.**10.3** The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 21,336,219 million (December 31, 2019: Rs. 33,464,168 million).**10.4** The Bank is in the process of disposal of its wholly owned subsidiary "MCB Financial Services Limited" subject to all regulatory and shareholders approvals.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the three months period ended March 31, 2020

11. ADVANCES

Loans, cash credits, running finances, etc.

Bills discounted and purchased

Advances - gross

Provision against advances

- Specific

- General

Advances - net of provision

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the three months period ended March 31, 2020

Performing		Non Performing		Total	
Unaudited March 31, 2020	Audited December 31, 2019	Unaudited March 31, 2020	Audited December 31, 2019	Unaudited March 31, 2020	Audited December 31, 2019
Rupees in '000-----					
454,174,309	471,126,199	49,269,812	48,759,157	503,444,121	519,885,356
20,406,678	19,486,758	665,102	665,102	21,071,780	20,151,860
474,580,987	490,612,957	49,934,914	49,424,259	524,515,901	540,037,216

-	-	(41,887,679)	(41,934,421)	(41,887,679)	(41,934,421)
(1,703,072)	(1,423,921)	-	-	(1,703,072)	(1,423,921)
(1,703,072)	(1,423,921)	(41,887,679)	(41,934,421)	(43,590,751)	(43,358,342)
472,877,915	489,189,036	8,047,235	7,489,838	480,925,150	496,678,874

Unaudited March 31, 2020				Audited December 31, 2019	
-----Rupees in '000-----					
				466,197,451	481,408,603
				58,318,450	58,628,613
				524,515,901	540,037,216

11.1 Particulars of advances (Gross)

In local currency

In foreign currencies

11.2 Advances include Rs. 49,934,914 million (2019: Rs. 49,424,259 million) which have been placed under the non-performing status as detailed below:**Category of Classification****Domestic**

Other Assets Especially Mentioned

Substandard

Doubtful

Loss

Overseas

Not past due but impaired

Overdue by:

Up to 90 days

91 to 180 days

181 to 365 days

> 365 days

Total

	Unaudited March 31, 2020		Audited December 31, 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000				
Domestic				
Other Assets Especially Mentioned	195,032	8,601	123,678	3,529
Substandard	609,637	151,852	584,129	145,075
Doubtful	2,859,276	1,429,638	2,690,841	1,345,421
Loss	37,484,866	36,715,700	37,835,619	37,087,269
Overseas				
Not past due but impaired	41,148,811	38,305,791	41,234,267	38,581,294
Overdue by:				
Up to 90 days	5,721	3,550	10,688	7,400
91 to 180 days	16,938	8,103	118,182	95,452
181 to 365 days	118,148	100,206	141,231	137,601
> 365 days	8,645,296	3,470,029	7,919,891	3,112,674
Total	8,766,103	3,581,888	8,189,992	3,353,121
	49,934,914	41,887,679	49,424,259	41,934,421

11.2.1 This represents non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as OAE as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



11.3 Particulars of provision against advances

	Unaudited March 31, 2020			Audited December 31, 2019		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	41,934,421	1,423,921	43,358,342	41,943,509	1,266,717	43,210,226
Exchange adjustments	251,323	19,803	271,126	302,297	21,237	323,534
Charge for the period / year	306,098	259,348	565,446	3,356,159	155,449	3,511,608
Reversals	(518,168)	-	(518,168)	(3,649,742)	(19,482)	(3,669,224)
	(212,070)	259,348	47,278	(293,583)	135,967	(157,616)
Amounts written off	(85,995)	-	(85,995)	(17,802)	-	(17,802)
Closing balance	41,887,679	1,703,072	43,590,751	41,934,421	1,423,921	43,358,342

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.

11.3.2 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 March 31, 2020	Audited December 31, 2019
		-----Rupees in '000-----	
Capital work-in-progress	12.1	1,159,532	975,566
Property and equipment		49,441,534	49,620,934
Right-of-use assets		7,418,602	7,674,745
		58,019,668	58,271,245
12.1 Capital work-in-progress			
Civil works		680,717	451,189
Equipment		34,424	90,946
Advances to suppliers		416,569	428,617
Others		27,822	4,814
		1,159,532	975,566

12.2 Additions to fixed assets

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

Capital work-in-progress	183,966	452,528
Property and equipment		
Freehold land	5,488	398,701
Building on freehold land	9,585	324,666
Electrical office and computer equipment	166,324	191,864
Furniture and fixture	64,191	57,919
Leasehold Improvements	23,975	40,071
Vehicles	40,582	33,540
	310,145	1,046,761
Total	494,111	1,499,289

12.3 Disposal of fixed assets

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

Vehicles	5,404	2,984
Furniture and fixture	130	64
Electrical office and computer equipment	2,462	45
Total	7,996	3,093

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



13. INTANGIBLE ASSETS

Note	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees in '000-----	
Capital work-in-progress	374,159	316,742
Computer software	566,920	640,810
	941,079	957,552

13.1 Additions to intangible assets

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

Capital work-in-progress	57,417	-
Directly purchased	4,290	37,753
	61,707	37,753

14. OTHER ASSETS

Income/ mark-up accrued in local currency	16,224,287	22,099,766
Income/ mark-up accrued in foreign currencies	623,867	558,407
Advances, deposits, advance rent and other prepayments	3,632,841	3,720,012
Compensation for delayed income tax refunds	133,809	133,809
Non-banking assets acquired in satisfaction of claims	3,243,433	3,251,508
Branch adjustment account	117,547	37,075
Mark to market gain on forward foreign exchange contracts	7,938,382	3,875,681
Unrealized gain on derivative financial instruments	1,290,482	1,236,517
Acceptances	17,720,585	18,152,032
Receivable from the pension fund	3,695,121	3,605,121
Others	7,135,299	9,399,297
	61,755,653	66,069,225
Less: Provision held against other assets	2,638,754	2,604,137
Other Assets (net of provision)	59,116,899	63,465,088
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	677,660	677,660
Other Assets - total	59,794,559	64,142,748

14.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims	90,938	90,938
Others	2,547,816	2,513,199
	2,638,754	2,604,137

14.1.1 Movement in provision held against other assets

Opening balance	2,604,137	2,550,584
Charge for the period / year	4,108	12,587
Reversals	(18,228)	(36,023)
	(14,120)	(23,436)
Amounts written off	(3,932)	(3,638)
Exchange and other adjustments	52,669	80,627
Closing balance	2,638,754	2,604,137

15. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2020 (2019: NIL).

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees in '000-----	
16. BILLS PAYABLE		
In Pakistan	7,901,629	11,786,207
Outside Pakistan	70,576	35,491
	<u>7,972,205</u>	<u>11,821,698</u>
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	36,346,705	33,862,262
Under long term financing facility	19,007,285	18,138,200
Under renewable energy performance platform	80,886	85,062
Under financing facility for storage of agricultural produce	231,747	188,809
	<u>55,666,623</u>	<u>52,274,333</u>
Repurchase agreement borrowings	20,047,226	28,099,229
Total secured	<u>75,713,849</u>	<u>80,373,562</u>
Unsecured		
Borrowings from other financial institution	1,882,487	774,914
Call borrowings	7,835,574	6,845,683
Overdrawn nostro accounts	3,057,579	1,349,447
Others	162,286	162,286
Total unsecured	<u>12,937,926</u>	<u>9,132,330</u>
	<u>88,651,775</u>	<u>89,505,892</u>

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2020			Audited December 31, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	359,829,682	38,795,446	398,625,128	336,833,189	51,619,020	388,452,209
Savings deposits	595,867,830	48,845,781	644,713,611	552,121,108	45,357,701	597,478,809
Term deposits	71,702,870	14,288,448	85,991,318	85,296,905	15,518,802	100,815,707
Others	20,681,684	3,802,944	24,484,628	21,537,429	2,854,010	24,391,439
	<u>1,048,082,066</u>	<u>105,732,619</u>	<u>1,153,814,685</u>	<u>995,788,631</u>	<u>115,349,533</u>	<u>1,111,138,164</u>
Financial Institutions						
Current deposits	8,288,310	2,363,210	10,651,520	9,421,664	2,093,098	11,514,762
Savings deposits	11,626,155	144,304	11,770,459	13,005,530	26,432	13,031,962
Term deposits	1,020,968	6,675,551	7,696,519	1,143,468	7,741,444	8,884,912
Others	-	205,700	205,700	-	193,459	193,459
	<u>20,935,433</u>	<u>9,388,765</u>	<u>30,324,198</u>	<u>23,570,662</u>	<u>10,054,433</u>	<u>33,625,095</u>
	<u>1,069,017,499</u>	<u>115,121,384</u>	<u>1,184,138,883</u>	<u>1,019,359,293</u>	<u>125,403,966</u>	<u>1,144,763,259</u>

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Note	Unaudited March 31, 2020	Audited December 31, 2019
		-----Rupees in '000-----	
19. DEFERRED TAX LIABILITIES			
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		1,334,514	1,346,550
- Surplus on revaluation of Non-banking assets		237,181	237,181
- Accelerated tax depreciation		1,748,802	1,754,097
- Receivable from pension fund		1,293,292	1,261,793
- Business combination		705,218	705,218
- Surplus/deficit on revaluation of investments		6,868,188	2,271,094
		<u>12,187,195</u>	<u>7,575,933</u>
Deductible Temporary Differences on			
- Provision against advances		(1,762,178)	(1,725,288)
		<u>(1,762,178)</u>	<u>(1,725,288)</u>
		<u>10,425,017</u>	<u>5,850,645</u>
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		15,279,804	22,831,727
Mark-up/ return/ interest payable in foreign currencies		487,321	649,536
Unearned commission and income on bills discounted		213,278	181,751
Accrued expenses		4,521,885	5,397,614
Provision for taxation (provisions less payments)		7,437,378	6,130,846
Workers' welfare fund		8,091,005	7,873,706
Acceptances	14	17,720,585	18,152,032
Unclaimed / dividends payable		1,651,931	1,592,979
Mark to market loss on forward foreign exchange contracts		6,692,449	4,642,692
Unrealised loss on derivative financial instruments		1,307,556	1,232,806
Staff welfare fund		4,772	5,727
Provision for employees' compensated absences		967,195	939,495
Provision for post retirement medical benefits		1,955,709	1,921,348
Provision for employees' contributory benevolent scheme		223,961	221,193
Retention money		20,657	20,657
Insurance payable against consumer assets		702,083	655,146
Unclaimed balances		879,833	993,105
Duties and taxes payable		718,198	753,674
Provision against off-balance sheet obligations		46,342	46,581
Security deposits against lease		506,316	491,366
Lease liability against right of use assets		8,235,361	8,295,864
Others		7,718,344	11,265,893
		<u>85,381,963</u>	<u>94,295,738</u>
21. RESERVES			
Share premium		23,751,114	23,751,114
Non-distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		3,274,959	2,675,131
Statutory reserve	21.2	32,308,594	31,656,691
General reserve		18,600,000	18,600,000
		<u>78,842,984</u>	<u>77,591,253</u>

21.1 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.

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

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



Note	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees in '000-----	
22. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	19,623,394	6,488,841
- Fixed Assets	20,349,375	20,383,765
- Non-banking assets acquired in satisfaction of claims	677,660	677,660
	40,650,429	27,550,266
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	6,868,188	2,271,094
- Fixed Assets	1,334,514	1,346,550
- Non-banking assets acquired in satisfaction of claims	237,181	237,181
	8,439,883	3,854,825
	32,210,546	23,695,441
23. CONTINGENCIES AND COMMITMENTS		
-Guarantees	181,027,971	173,535,128
-Commitments	465,485,966	649,690,990
-Other contingent liabilities	29,636,109	27,920,652
	676,150,046	851,146,770
23.1 Guarantees:		
Financial guarantees	148,895,852	141,181,839
Performance guarantees	30,676,988	30,401,373
Other guarantees	1,455,131	1,951,916
	181,027,971	173,535,128
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	149,918,005	145,217,983
Commitments in respect of:		
- forward foreign exchange contracts	296,346,966	405,615,318
- forward government securities transactions	8,740,729	87,696,638
- derivatives	9,545,292	10,244,806
Commitments for acquisition of:		
- operating fixed assets	900,182	859,953
- intangible assets	34,792	56,292
	465,485,966	649,690,990
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	161,094,140	217,809,539
Sale	135,252,826	187,805,779
	296,346,966	405,615,318
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	8,740,729	82,284,304
Sale	-	5,412,334
	8,740,729	87,696,638
23.2.3 Commitments in respect of derivatives		
FX options (notional)		
Purchase	751,950	431,449
Sale	751,950	431,449
	1,503,900	862,898
Cross Currency Swaps (notional)		
Purchase	3,758,405	4,428,663
Sale	3,966,487	4,636,745
	7,724,892	9,065,408
Interest Rate Swaps (notional)		
Purchase	316,500	316,500
	9,545,292	10,244,806

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



23.2.4 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.

23.3 Other contingent liabilities

Claims against the Bank not acknowledged as debts

Note	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees in '000-----	
23.3.1	29,636,109	27,920,652

23.3.1 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.

23.4 Taxation

For assessment year 1988-89 through tax year 2018, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,487 million (2019: Rs. 1,487 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

24. DERIVATIVE INSTRUMENTS

Unaudited March 31, 2020						
	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-----					
Total						
Hedging	3,758,405	1,260,702	316,500	6,536	751,950	23,244
Market Making	3,966,487	(1,284,312)	-	-	751,950	(23,244)
Audited December 31, 2019						
	-----Rupees in '000-----					
Total						
Hedging	4,428,663	1,218,634	316,500	11,510	431,449	2,683
Market Making	4,636,745	(1,226,433)	-	-	431,449	(2,683)

25. MARK-UP/RETURN/INTEREST EARNED

Loans and advances

Investments

Lendings to financial institutions

Balances with banks

	Three months ended March 31, 2020	Three months ended March 31, 2019
	-----Rupees in '000-----	
	14,220,965	12,423,261
	24,598,226	13,662,139
	197,272	1,182,657
	83,165	113,862
	39,099,628	27,381,919

26. MARK-UP/RETURN/INTEREST EXPENSED

Deposits

Borrowings

Subordinated debt

Cost of foreign currency swaps against foreign currency deposits / borrowings

Unwinding cost of liability against right-of-use assets

	Three months ended March 31, 2020	Three months ended March 31, 2019
	19,669,296	12,577,344
	2,169,783	843,476
	-	112,000
	676,067	370,345
	276,782	-
	22,791,928	13,903,165

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



		Three months ended March 31, 2020	Three months ended March 31, 2019
		-----Rupees in '000-----	
27. FEE & COMMISSION INCOME			
Branch banking customer fees		485,807	525,714
Consumer finance related fees		92,753	70,228
Card related fees (debit and credit cards)		819,150	723,916
Credit related fees		5,660	60,433
Investment banking fee		34,156	22,600
Commission on trade		347,234	340,447
Commission on guarantees		137,052	185,790
Commission on cash management		158,317	150,761
Commission on remittances including home remittances		282,078	258,122
Commission income - Bancassurance		365,261	333,012
Rent on lockers		56,393	64,118
Commission on utility bills		20,416	24,943
Commission on investments services		7,040	11,955
Other Commission		34,332	42,179
		<u>2,845,649</u>	<u>2,814,218</u>
28. GAIN ON SECURITIES, NET			
Realised	28.1	70,447	15,753
Unrealised - held for trading	10.1	692	(4,320)
		<u>71,139</u>	<u>11,433</u>
28.1 Realised gain / (loss) on:			
Federal Government Securities		75,320	10,797
Shares		(11,295)	4,956
Others		6,422	-
		<u>70,447</u>	<u>15,753</u>
29. OTHER INCOME			
Rent on property		15,175	21,122
Gain on sale of fixed assets and non-banking assets acquired-net		17,360	21,245
		<u>32,535</u>	<u>42,367</u>
30. OPERATING EXPENSES			
Total compensation expense		3,987,600	3,597,672
Property expense			
Rent and taxes		37,868	438,928
Insurance		5,662	5,295
Utilities cost		239,266	249,452
Fuel expense generators		100,692	119,421
Security (including guards)		311,229	401,951
Repair and maintenance (including janitorial charges)		161,379	255,732
Depreciation on right-of-use assets		301,049	-
Depreciation		151,165	135,578
		<u>1,308,310</u>	<u>1,606,357</u>
Information technology expenses			
Software maintenance		285,593	345,912
Hardware maintenance		66,640	98,478
Depreciation		132,801	143,849
Amortisation		76,553	56,409
Network charges		151,658	153,304
Insurance		908	788
		<u>714,153</u>	<u>798,740</u>

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



Note	Three months ended March 31, 2020	Three months ended March 31, 2019
	-----Rupees in '000-----	
Other operating expenses		
Directors' fees and allowances	12,004	10,126
Legal and professional charges	86,032	100,158
Outsourced services costs	167,502	178,164
Travelling and conveyance	69,082	80,275
NIFT clearing charges	46,278	35,882
Depreciation	208,852	195,433
Depreciation on non-banking assets acquired in satisfaction of claims	8,074	12,062
Training and development	7,961	13,157
Postage and courier charges	65,057	59,337
Communication	82,150	90,641
Stationery and printing	147,968	182,614
Marketing, advertisement & publicity	160,266	175,000
Donations	5,000	-
Auditors' remuneration	8,493	10,047
Cash transportation charges	183,901	184,191
Repair and maintenance	81,241	90,112
Subscription	8,476	3,008
Entertainment	52,553	60,051
Remittance charges	48,527	39,908
Brokerage expenses	10,454	6,283
Card related expenses	225,705	185,723
CNIC verification charges	34,725	38,776
Insurance	369,876	354,541
Others	61,192	61,968
	<u>2,151,369</u>	<u>2,167,457</u>
	<u>8,161,432</u>	<u>8,170,226</u>
31. OTHER CHARGES		
Penalties of State Bank of Pakistan	182,818	789
VAT & National Building tax & Crop Insurance Levy	26,437	45,406
	<u>209,255</u>	<u>46,195</u>
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
(Reversals) / provisions against balance with Banks	(2,160)	6,378
Provisions / (reversals) for diminution in value of investments	752,718	(25,900)
Reversals against loans & advances	47,278	(404,798)
Reversals against other assets	(14,120)	(11,765)
Recovery of written off / charged off bad debts	(41,254)	(48,072)
	<u>742,462</u>	<u>(484,157)</u>
33. TAXATION		
Current	4,368,632	3,143,600
Prior years	-	450,438
Deferred	(22,721)	405,461
	<u>4,345,911</u>	<u>3,999,499</u>
34. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after tax	6,519,026	5,079,859
	-----Number-----	
Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
	-----Rupees-----	
Basic and diluted earnings per share	5.50	4.29



35. 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.

35.1 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.



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, 2020				
	Carrying value	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	782,530,616	-	782,530,616	-	782,530,616
Shares	11,739,718	11,739,718	-	-	11,739,718
Non-Government Debt Securities	1,553,146	-	1,553,146	-	1,553,146
Foreign Securities	4,412,084	-	4,412,084	-	4,412,084
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	36,424,041	-	-	-	-
Cash and balances with treasury banks	94,129,555	-	-	-	-
Balances with other banks	15,169,519	-	-	-	-
Lendings to financial institutions	9,576,504	-	-	-	-
Advances	480,925,150	-	-	-	-
Other assets	48,385,086	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	43,430,687	-	43,430,687	-	43,430,687
Non-banking assets	3,921,093	-	3,921,093	-	3,921,093
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	161,094,140	-	7,915,363	-	7,915,363
Forward sale of foreign exchange	135,252,826	-	6,669,430	-	6,669,430
Derivatives purchase	4,826,855	-	1,290,482	-	1,290,482
Derivatives sale	4,718,437	-	1,307,556	-	1,307,556
Audited December 31, 2019					
	Carrying value	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	680,585,359	-	680,585,359	-	680,585,359
Shares	14,912,747	14,912,747	-	-	14,912,747
Non-Government Debt Securities	1,306,414	-	1,306,414	-	1,306,414
Foreign Securities	3,663,065	-	3,663,065	-	3,663,065
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	48,296,917	-	-	-	-
Cash and balances with treasury banks	132,704,797	-	-	-	-
Balances with other banks	12,542,239	-	-	-	-
Lendings to financial institutions	1,090,058	-	-	-	-
Advances	496,678,874	-	-	-	-
Other assets	52,808,501	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	43,552,234	-	43,552,234	-	43,552,234
Non-banking assets	3,838,230	-	3,838,230	-	3,838,230
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	217,809,539	-	4,146,908	-	4,146,908
Forward sale of foreign exchange	187,805,779	-	3,379,897	-	3,379,897
Derivatives purchase	5,176,612	-	1,232,827	-	1,232,827
Derivatives sale	5,068,194	-	1,229,116	-	1,229,116

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

Profit & Loss

Un audited three months period ended March 31, 2020								
Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	others	Sub-total	Eliminations	Total
-----Ru pees in '000-----								
Net mark-up/return/profit	(16,090,155)	691,123	9,577,037	21,762,473	367,222	-	-	16,307,700
Inter segment revenue - net	28,833,802	(215,624)	(8,422,244)	(22,976,757)	(37,747)	-	-	-
Non mark-up / return / interest income	1,589,015	559,212	732,565	670,873	196,501	3,887,685	-	3,887,685
Total Income	14,332,662	1,034,711	1,887,358	(543,411)	525,976	20,195,385	-	20,195,385
Segment direct expenses	5,844,524	448,880	183,979	136,199	352,900	8,587,986	-	8,587,986
Inter segment expense allocation	-	-	-	-	-	-	-	-
Total expenses	5,844,524	448,880	183,979	136,199	352,900	8,587,986	-	8,587,986
Provisions	(57,077)	(11,743)	100,000	748,442	32,036	(69,196)	-	742,462
Profit before tax	8,545,215	597,574	1,603,379	(1,428,052)	141,040	10,864,937	-	10,864,937

Balance Sheet

Unaudited ended March 31, 2020								
Cash & Bank balances	45,954,279	134,183	1,709,324	42,909,247	18,342,531	249,510	-	109,299,074
Investments	-	-	11,841,294	813,921,055	10,897,256	-	-	836,659,605
Net inter segment lending	973,715,395	-	-	-	-	189,188,395	(1,162,914,390)	-
Lendings to financial institutions	-	-	-	5,882,750	3,693,754	-	-	9,576,504
Advances - performing	91,965,327	24,366,165	331,790,172	-	24,766,251	-	-	472,877,915
- non performing	1,123,365	116,689	1,355,036	-	5,204,215	247,830	-	8,047,235
Others	36,618,340	2,150,167	27,208,255	8,370,852	1,953,723	42,453,969	-	118,755,306
Total Assets	1,149,377,306	26,757,204	373,904,081	871,083,904	64,857,730	232,149,804	(1,162,914,390)	1,555,215,639
Borrowings	48,747,208	-	7,081,704	27,333,956	5,488,907	-	-	88,651,775
Deposits & other accounts	1,075,145,917	17,737,881	47,134,981	-	43,109,132	1,010,972	-	1,184,138,883
Net inter segment borrowing	-	6,507,215	301,477,153	841,977,925	12,952,097	-	(1,162,914,390)	-
Others	25,484,181	2,512,108	18,210,243	1,772,023	3,307,594	52,493,036	-	103,779,185
Total liabilities	1,149,377,306	26,757,204	373,904,081	871,083,904	64,857,730	232,149,804	(1,162,914,390)	1,376,569,843
Equity	-	-	-	-	-	178,645,796	-	178,645,796
Total Equity & liabilities	1,149,377,306	26,757,204	373,904,081	871,083,904	64,857,730	232,149,804	(1,162,914,390)	1,555,215,639
Contingencies & Commitments	59,448,350	-	263,334,673	307,333,679	15,150,586	30,882,758	-	676,150,046

Profit & Loss

Un audited three months period ended March 31, 2019								
Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	others	Sub-total	Eliminations	Total
-----Ru pees in '000-----								
Net mark-up/return/profit	(9,324,648)	891,247	7,902,589	13,589,574	419,992	-	-	13,478,754
Inter segment revenue - net	19,469,256	(552,062)	(6,704,419)	(14,446,652)	(10,580)	2,244,457	-	-
Non mark-up / return / interest income	1,573,510	484,013	755,418	417,557	207,546	3,514,455	-	3,514,455
Total Income	11,718,118	823,196	1,953,588	(439,521)	616,958	2,320,868	-	16,993,209
Segment direct expenses	5,761,326	364,019	213,232	107,242	271,186	8,398,008	-	8,398,008
Inter segment expense allocation	-	-	-	-	-	-	-	-
Total expenses	5,761,326	364,019	213,232	107,242	271,186	8,398,008	-	8,398,008
Provisions	12,804	(15,600)	(173,488)	(25,619)	32,844	(315,098)	-	(484,157)
Profit before tax	5,943,988	474,779	1,913,844	(521,144)	312,928	9,079,358	-	9,079,358

Balance Sheet

Audited December 31, 2019								
Cash & Bank balances	50,154,942	21,483	676,139	65,572,277	28,149,362	672,833	-	145,247,036
Investments	-	-	10,638,292	723,114,519	15,011,691	-	-	748,764,502
Net inter segment lending	940,015,024	-	-	-	-	1,104,307,651	(1,104,307,651)	-
Lendings to financial institutions	-	-	-	880,853	209,205	-	-	1,090,058
Advances - performing	98,464,054	24,342,756	341,191,287	-	25,190,939	-	-	489,189,036
- non performing	1,074,787	113,148	1,237,494	-	4,836,865	227,544	-	7,489,838
Others	34,759,963	1,882,259	25,393,004	13,804,786	2,368,790	45,162,743	-	123,371,545
Total Assets	1,124,468,770	26,359,646	379,136,216	803,372,435	75,766,852	210,355,747	(1,104,307,651)	1,515,152,015
Borrowings	45,355,965	-	7,057,504	33,572,200	3,520,223	-	-	89,505,892
Deposits & other accounts	1,033,804,761	-	55,425,048	-	55,523,627	9,823	-	1,144,763,259
Net inter segment borrowing	-	24,124,908	299,650,838	768,067,183	12,464,722	-	(1,104,307,651)	-
Others	45,308,044	2,234,738	17,002,826	1,733,052	4,258,280	41,431,141	-	111,968,081
Total liabilities	1,124,468,770	26,359,646	379,136,216	803,372,435	75,766,852	41,440,964	(1,104,307,651)	1,346,237,232
Equity	-	-	-	-	-	168,914,783	-	168,914,783
Total Equity & liabilities	1,124,468,770	26,359,646	379,136,216	803,372,435	75,766,852	210,355,747	(1,104,307,651)	1,515,152,015
Contingencies & Commitments	48,973,361	-	262,455,692	496,556,621	14,015,586	29,145,510	-	851,146,770

36.2 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.

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



37 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 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, 2020				Audited December 31, 2019			
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries
-----Rupees in '000-----								
Balances with other banks	-	-	-	-	-	-	-	-
In current accounts	-	-	-	-	-	-	-	-
Lendings to Financial Institutions	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-
Repaid during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-	-	-
Adjustment under amalgamation scheme	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Provision for diminution in value of investments	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-
Addition / exchange adjustment during the period / year	-	-	-	-	-	-	-	-
Repaid during the period / year	-	-	-	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Provision held against advances	-	-	-	-	-	-	-	-



	Unaudited March 31, 2020					Audited December 31, 2019				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
Other Assets										
Markup receivable	-	2,610	31,464	-	6,692	-	3,202	31,552	-	5,191
Advances, deposits, advance rent and other prepayments	-	-	13,077	342,253	41,016	-	-	5,322	246,720	27,080
Receivable from Pension Fund	-	-	-	-	3,695,121	-	-	-	-	3,605,121
Unrealized gain on forward foreign exchange contracts - outstanding	-	-	975	-	76,097	-	-	27,493	-	-
Provision held against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	3,903	-	69,166	-	-	19,146	-	-
Borrowings / exchange adjustment during the period / year	-	-	116,761	-	11,277	-	-	386,228	-	144,166
Settled during the period / year	-	-	(114,429)	-	-	-	-	(401,471)	-	(75,000)
Closing balance	-	-	6,235	-	80,443	-	-	3,903	-	69,166
Deposits and other accounts										
Opening balance	602,381	140,761	54,482	3,657,552	4,179,849	3,745,457	188,528	65,933	3,339,847	3,212,620
Received during the period / year	189,691	363,326	4,184,087	24,735,193	40,945,756	9,889,584	866,766	4,513,372	22,234,251	62,263,273
Withdrawn during the period / year	(269,036)	(383,202)	(4,201,716)	(25,288,176)	(38,390,641)	(13,025,336)	(884,532)	(4,515,594)	(21,916,546)	(61,423,281)
Transfer in / (out) - net	-	(7,959)	-	-	299	(7,324)	(10,001)	(9,229)	-	127,237
Closing balance	523,036	112,926	36,853	3,104,569	6,735,263	602,381	140,761	54,482	3,657,552	4,179,849
Other Liabilities										
Markup payable	5,203	270	366	52,617	39,107	7,263	556	158	50,535	66,906
Accrued expenses and other payable	2,070	-	22,556	130,384	573	15,326	-	23,134	62,402	50
Payable to MCB Employee Security Services	-	-	-	-	24,440	-	-	-	-	24,565
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Contingencies and Commitments										
Commitments and contingent liabilities - outstanding	-	-	-	10,606	240,769	-	-	-	10,444	746,868
Forward foreign exchange contracts (Notional) - outstanding	-	-	2,140,987	-	4,771,124	-	-	2,044,093	-	-
Bank guarantee	-	-	100,558	-	-	-	-	26,711	-	-

RELATED PARTY TRANSACTIONS

	Unaudited three months ended March 31, 2020					Unaudited three months ended March 31, 2019				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
Income										
Markup / return / interest earned	-	4,487	42,996	-	8,419	-	4,891	69,180	-	5,875
Fee and commission income	-	-	7,070	324,743	248	-	-	11,986	298,655	2,401
Dividend income	-	-	36,957	-	7,933	-	-	-	-	-
(Loss) / Gain on forward foreign exchange contracts matured during the period / year	-	-	-	-	(14,882)	-	-	-	-	5,522
Net gain / (loss) on sale of securities	72	33	-	235	322	-	(0.5)	-	-	2,446
Gain on sale of fixed assets	-	5	-	-	-	-	36	-	-	-
Rent income and reimbursement of other expenses	-	-	9,788	2,285	570	-	-	10,808	965	1,013
Expense										
Markup / return / interest expensed	15,223	516	886	94,870	68,188	68,654	178	359	38,872	78,782
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	46,278	-	-	-	-	35,882
Contribution to provident fund	-	-	-	-	99,858	-	-	-	-	92,517
Rent expenses	-	-	2,613	11,396	10,745	-	-	2,376	-	9,364
Cash sorting expenses	-	-	-	-	33,481	-	-	-	-	38,527
Stationery expenses	-	-	-	-	69,094	-	-	-	-	60,455
Security guards expenses	-	-	-	-	82,640	-	-	-	-	96,944
Remuneration to key executives and non-executive directors fee	80,299	238,710	-	-	-	66,786	205,961	-	-	-
Outsourcing service expenses	-	-	-	67,735	-	-	-	-	64,575	-
E-dividend processing fee and CDC charges	-	-	-	-	702	-	-	-	-	703
Travelling Expenses	-	-	-	-	11,214	-	-	-	-	7,257
Hotel stay expenses	-	-	-	-	889	-	-	-	-	56
Repair & Maintenance Charges	-	-	-	-	445	-	-	-	-	-
Advertisement Expenses	-	-	-	-	3,132	-	-	-	-	-
Miscellaneous expenses and payments	-	-	-	-	561	-	-	-	-	335
Insurance premium-net of refund	-	-	-	266,437	-	-	-	-	369,359	-
Insurance claim settled	-	-	-	16,991	-	-	-	-	24,462	-
Other Transactions										
Proceeds from sale of fixed assets	-	5	-	-	-	-	36	-	-	-
Purchase of fixed assets	-	-	-	2,347	-	-	-	-	46,339	20,003
Sale of foreign currency	-	-	12,356,436	-	-	-	-	5,228,391	-	-
Purchase of foreign currency	-	-	9,550,835	-	-	-	-	3,236,059	-	-
Payments against home remittances	-	-	690,618	-	-	-	-	646,749	-	-
Sale of government securities	79,760	34,838	-	1,791,479	770,297	-	-	30,528	1,139,930	29,803,833
Purchase of government securities	19,827	-	-	631,712	440,478	-	-	12,491	1,990,297	39,307,724
Forward exchange contracts matured during the period	-	-	-	-	4,766,949	-	-	-	-	5,077,573

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.



MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



Unaudited
March 31, 2020

Audited
December 31,
2019

-----Rupees in '000-----

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

38.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,850,600	11,850,600
------------	------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

137,048,479	136,256,771
-------------	-------------

Eligible Additional Tier 1 (ADT 1) Capital

-	-
---	---

Total Eligible Tier 1 Capital

137,048,479	136,256,771
-------------	-------------

Eligible Tier 2 Capital

36,748,098	27,354,014
------------	------------

Total Eligible Capital (Tier 1 + Tier 2)

173,796,577	163,610,785
-------------	-------------

Risk Weighted Assets (RWAs):

Credit Risk

647,849,898	638,492,645
-------------	-------------

Market Risk

122,139,570	108,276,486
-------------	-------------

Operational Risk

120,887,137	120,887,137
-------------	-------------

Total

890,876,605	867,656,268
-------------	-------------

Common Equity Tier 1 Capital Adequacy ratio

15.38%	15.70%
--------	--------

Tier 1 Capital Adequacy Ratio

15.38%	15.70%
--------	--------

Total Capital Adequacy Ratio

19.51%	18.86%
--------	--------

38.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

137,048,479	136,256,771
-------------	-------------

Total Exposures

1,973,433,174	1,928,383,315
---------------	---------------

Leverage Ratio

6.94%	7.07%
-------	-------

38.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

837,023,551	713,965,089
-------------	-------------

Total Net Cash Outflow

383,766,497	362,188,259
-------------	-------------

Liquidity Coverage Ratio

218.11%	197.13%
---------	---------

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

1,044,731,925	983,364,374
---------------	-------------

Total Required Stable Funding

663,125,807	699,043,391
-------------	-------------

Net Stable Funding Ratio

157.55%	140.67%
---------	---------

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 22, 2020 has announced a cash dividend in respect of three months period ended March 31, 2020 of Rs.5.00 per share (March 31, 2019: Rs. 4.00 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2020 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

* 40 GENERAL

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

41 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 22, 2020.

Imran Maqbool

Imran Maqbool
President / CEO

Hammad Khalid

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha

Mian Umer Mansha
Director

Salman Khalid Butt

Salman Khalid Butt
Director

Masood Ahmed Puri

Masood Ahmed Puri
Director



MCB BANK LIMITED

(Consolidated Condensed Interim Financial Statements for the three months period ended March 31, 2020)

MCB Bank Limited & Subsidiary Companies



**Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2020**

	Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	112,366,406	142,957,358
Balances with other banks	8	20,779,308	21,371,753
Lendings to financial institutions	9	10,122,544	6,060,869
Investments	10	843,722,556	757,441,590
Advances	11	541,280,969	548,472,860
Fixed assets	12	63,986,871	64,201,807
Intangible assets	13	1,936,140	1,978,975
Deferred tax assets		-	-
Other assets	14	65,374,134	69,729,659
		1,659,568,928	1,612,214,871
LIABILITIES			
Bills payable	16	8,968,788	12,795,325
Borrowings	17	93,900,399	92,859,968
Deposits and other accounts	18	1,271,950,183	1,226,593,025
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	10,531,117	6,214,223
Other liabilities	20	93,659,262	102,405,513
		1,479,009,749	1,440,868,054
NET ASSETS		180,559,179	171,346,817
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	79,159,653	77,894,829
Surplus on revaluation of assets	22	32,679,023	24,752,206
Unappropriated profit		56,178,259	56,108,779
		179,867,535	170,606,414
Non-controlling interest		691,644	740,403
		180,559,179	171,346,817
CONTINGENCIES AND COMMITMENTS			
	23		

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


Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


Mian Umer Mansha
Director


Salman Khalid Butt
Director


Masood Ahmed Puri
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit & Loss Account (Un-audited) For the three months period ended March 31, 2020



	Note	Three months ended March 31, 2020	Three months ended March 31, 2019
-----Rupees in '000-----			
Mark-up / return / interest earned	25	41,656,568	29,336,108
Mark-up / return / interest expensed	26	24,370,786	14,997,416
Net mark-up / interest income		17,285,782	14,338,692
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	3,125,528	3,063,815
Dividend income		200,326	202,341
Foreign exchange income		834,559	461,665
(Loss) / income from derivatives		(10,405)	15,730
(Loss) / gain on securities	28	(6,254)	14,628
Other Income	29	23,646	32,698
Total non-markup / interest Income		4,167,400	3,790,877
Total Income		21,453,182	18,129,569
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	9,391,696	9,461,219
Workers welfare fund		217,299	182,997
Other charges	31	209,313	46,272
Total non-markup / interest expenses		9,818,308	9,690,488
Share of profit of associates		260,896	157,543
Profit before provisions		11,895,770	8,596,624
Provisions / (reversals) and write offs - net	32	779,656	(448,170)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		11,116,114	9,044,794
Taxation	33	4,505,932	4,034,572
PROFIT AFTER TAXATION		6,610,182	5,010,222
Loss / (profit) attributable to non-controlling interest		13,732	(24,089)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		6,623,914	4,986,133
Basic and diluted earnings per share	34	5.59	4.21

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


Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


Mian Umer Mansha
Director


Salman Khalid Butt
Director


Masood Ahmed Puri
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the three months period ended March 31, 2020



	Three months ended March 31, 2020	Three months ended March 31, 2019
-----Rupees in '000-----		
Profit after taxation for the period	6,610,182	5,010,222
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the bank	628,075	331,713
- Non-controlling interest	16	2
- Share of exchange translation reserve of associate	(15,154)	16,042
	612,937	347,757
Movement in surplus/ (deficit) on revaluation of investments - net of tax		
- Equity shareholders of the bank	8,338,878	516,530
Movement in surplus on associated undertaking - net of tax	(389,292)	102,852
	7,949,586	619,382
	8,562,523	967,139
Total comprehensive income	15,172,705	5,977,361
Attributable to:		
- Equity shareholders of the bank	15,186,421	5,953,270
- Non-controlling interest	(13,716)	24,091
Total comprehensive income	15,172,705	5,977,361

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


Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


Mian Umer Mansha
Director


Salman Khalid Butt
Director


Masood Ahmed Puri
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited) For the three months period ended March 31, 2020



	Share capital	Share premium	Capital reserve	Non-distributable capital reserve	Exchange transition reserve	Statutory reserve	General reserve	Revenue reserve	Surplus (deficit) on revaluation of investments	Fixed / non-banking assets	Unappropriated profit	Total	Net controlling interest	Grand Total
Balance as at December 31, 2019	11,850,000	23,973,024	908,317	1,607,782	20,252,450	18,600,000	251,246	12,973,244	53,971,079	150,614,127	708,732	151,322,879		
Total comprehensive income for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend of Rs. 4.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	11,850,000	23,973,024	908,317	1,607,782	20,252,450	18,600,000	251,246	12,973,244	53,971,079	150,614,127	708,732	151,322,879		
Change in equity for nine months period ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months period ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend of Rs. 4.0 per share - March 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend of Rs. 4.0 per share - June 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend of Rs. 4.0 per share - September 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	11,850,000	23,973,024	908,317	1,607,782	20,252,450	18,600,000	251,246	12,973,244	53,971,079	150,614,127	708,732	151,322,879		
Total comprehensive income for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend of Rs. 4.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	11,850,000	23,973,024	908,317	1,607,782	20,252,450	18,600,000	251,246	12,973,244	53,971,079	150,614,127	708,732	151,322,879		

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Cash Flow Statement (Un-audited) For the three months period ended March 31, 2020



CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	11,116,114	9,044,794
Less: Dividend income and share of profit of associates	(461,222)	(359,884)
	10,654,892	8,684,910
Adjustments:		
Depreciation on fixed assets	583,177	546,044
Depreciation on right of use assets	422,219	-
Depreciation on non-banking assets acquired in satisfaction of claims	8,074	12,062
Amortization	109,581	86,441
Provisions / (reversals) and write offs - net	779,656	(448,170)
Workers welfare fund	217,299	182,997
Gain on sale of fixed assets and non-banking assets acquired-net	(17,386)	(21,247)
Charge for defined benefit plans	57,000	42,000
Interest expensed on lease liability against right-of-use assets	375,369	-
Unrealized loss on revaluation of investments classified as held for trading	(3,514)	19,691
	2,531,475	419,818
	13,186,367	9,104,728

Decrease / (increase) in operating assets		
Lendings to financial institutions	(4,061,675)	(163,187,629)
Held-for-trading securities	(5,395,951)	8,108,313
Advances	7,148,673	4,431,305
Others assets (excluding advance taxation)	4,120,539	(1,433,636)
	1,811,586	(152,081,647)

Increase / (decrease) in operating liabilities		
Bills Payable	(3,826,537)	(5,558,365)
Borrowings from financial institutions	(666,437)	(145,663,225)
Deposits	45,357,158	21,664,213
Other liabilities (excluding current taxation)	(10,100,686)	(3,951,921)
	30,763,498	(133,509,298)

Defined benefits paid	(82,171)	(84,302)
Income tax paid	(3,125,477)	(1,218,549)
Net cash flow from operating activities	42,553,803	(277,789,068)

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities	(81,461,963)	286,578,698
Net investments in held-to-maturity securities	12,259,730	(1,247,596)
Dividends received	101,023	105,852
Investments in fixed assets	(557,401)	(1,737,240)
Investments in Intangible assets	(68,504)	(126,597)
Proceeds from sale of fixed assets	27,190	25,082
Effect of translation of net investment in foreign branches & subsidiaries	612,921	331,715
Net cash flow used in investing activities	(69,087,004)	283,929,914

CASH FLOW FROM FINANCING ACTIVITIES

Payment of lease liability against right-of-use-assets	(527,673)	-
Dividend paid	(5,829,391)	(46,327)
Net cash flow used in financing activities	(6,357,064)	(46,327)

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period	162,986,508	121,557,017
Cash and cash equivalents at end of the period	130,096,243	127,651,536

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

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



1. STATUS AND NATURE OF BUSINESS

The Group consists of:
- Holding Company - MCB Bank Limited

Subsidiary Companies	"Percentage holding of MCB Bank Limited"
- MCB Financial Services Limited	100%
- MCB - Arif Habib Savings and Investments Limited	51.33%
- MCB Non-Bank Credit Organization " Closed Joint Stock Company"	99.94%
- MCB Islamic Bank Limited	100%
- Financial Management Services (Private) Limited	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 1,399 branches (2019: 1,399 branches) within Pakistan and 11 branches (2019: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

- 1.1 The board of directors of the Bank has approved the winding up of Financial & Management Services (Private) Limited. The Bank holds 95.90% shareholding of the Company.
- 1.2 The Bank is in the process of disposal of its wholly owned subsidiary "MCB Financial Services Limited" subject to all regulatory and shareholders approvals.

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 three months ended March 31, 2020 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 three months ended March 31, 2020.
- 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.

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 39 to these consolidated condensed interim financial statements.

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

2.4 These consolidated 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.

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



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 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 consolidated 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 consolidated financial statements for the financial year ended December 31, 2019.

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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.

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

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
IAS 1, Presentation of Financial Statements (Amendments)	JANUARY 1, 2022
IFRS 17, Insurance Contracts	JANUARY 1, 2021

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Group which are exposed to credit risk. The Group is in the process of assessing the full impact of this standard.

There are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but 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 financial statements.

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



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 audited annual consolidated financial statements of the Bank for the year ended December 31, 2019.

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, 2019.

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, 2019. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The COVID - 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year; and
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.

COVID 19 has impacted the banks in Pakistan from various facets which include muted credit risk increase reduced fee income due to slowdown in economic activity, branch closures and cyber security threat management.

6.1 Credit Risk Management

The Risk Management function of the Group is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Group has further strengthened its risk appetite and related credit review procedures in the light of COVID-19, which would insulate the Group from any unforeseen shock.

6.2 Liquidity Risk Management

The Asset and Liability Committee (ALCO) of the Group is continuously monitoring the liquidity position and the Group is confident that the liquidity buffer currently maintained is sufficient to address any requirement, as reflected by the cushion in liquidity ratios above the statutory requirement.

6.3 Equity Risk Management

During the current quarter the Pakistan Stock Exchange fell by 28%, triggering an impairment of Rs 3,053.209 million. The Group has only recorded an impairment of Rs 765.363 million in the first quarter and has deferred the recognition of the remaining impairment to the remainder part of the calendar year 2020 as allowed State Bank of Pakistan.

6.4 Operational Risk Management

The Group is closely monitoring the situation and has invoked required actions to ensure the safety and security of Group staff while ensuring uninterrupted service to customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and duly tested. The Group has significantly enhanced monitoring of cyber security risk during these times. The remote work capabilities were enabled for staff, where required and related risk and control measures were assessed to ensure that the Group's assets are protected from emerging cyber threats and comply with the regulatory protocols. The Group is communicating with its customers for their financial transactions to be conducted through digital channel offerings. The Group has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored to meet customer requirements and expectations.

6.5 Capital Adequacy Ratio (CAR)

In order to encourage Group to continue lending, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



Unaudited
March 31, 2020
Audited
December 31,
2019
-----Rupees in '000-----

7. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

27,663,433	20,833,520
3,542,220	2,802,190
31,205,653	23,635,710

With State Bank of Pakistan in

Local currency current accounts
Foreign currency current accounts
Foreign currency deposit accounts

49,844,485	62,180,493
613,683	599,384
14,681,428	14,320,863
65,139,596	77,100,740

With other central banks in

Foreign currency current accounts

4,719,906	16,220,148
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With National Bank of Pakistan in

Local currency current accounts

11,163,193	25,666,525
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Prize bonds

138,058	334,235
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112,366,406	142,957,358
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8. BALANCES WITH OTHER BANKS

In Pakistan

In current account
In deposit account

9,303	9,183
3,003,128	4,378,142
3,012,431	4,387,325

Outside Pakistan

In current accounts
In deposit accounts

12,159,102	12,845,556
5,607,775	4,138,872
17,766,877	16,984,428

20,779,308	21,371,753
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9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings

3,676,136	-
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Repurchase agreement lendings (Reverse Repo)

17,618	209,205
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Musharaka arrangements

5,600,000	2,480,000
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Bai Muajjal receivable - with State Bank of Pakistan

828,790	3,371,664
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10,122,544	6,060,869
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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



	Unaudited March 31, 2020				Audited December 31, 2019			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000-----								
Held-for-trading securities								
Federal Government Securities	14,887,370	-	8,346	14,895,716	9,479,849	-	(4,128)	9,475,721
Shares and units	1,135,255	-	(4,832)	1,130,423	1,062,839	-	88,114	1,150,953
	16,022,625	-	3,514	16,026,139	10,542,688	-	83,986	10,626,674
Available-for-sale securities								
Federal Government Securities	755,795,312	-	21,914,197	777,709,509	677,027,359	-	4,973,965	682,001,324
Shares and units	28,216,393	(11,951,598)	(2,459,142)	13,805,653	26,846,236	(11,207,932)	1,673,181	17,311,485
Non Government Debt Securities	3,018,773	-	14,826	3,033,599	2,428,773	-	(4,671)	2,424,102
Foreign Securities	4,397,151	-	14,933	4,412,084	3,657,020	-	13,295	3,670,315
	791,427,629	(11,951,598)	19,484,814	798,960,845	709,959,388	(11,207,932)	6,655,770	705,407,226
Held-to-maturity securities								
Federal Government Securities	9,354,156	(3,512)	-	9,350,644	18,908,076	(2,211)	-	18,905,865
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	10,984,808	(533,788)	-	10,451,020	10,442,925	(533,788)	-	9,909,137
Foreign Securities	5,072,906	(17,598)	-	5,055,308	8,320,599	(3,569)	-	8,317,030
	25,411,988	(555,016)	-	24,856,972	37,671,718	(539,686)	-	37,132,032
Associates	3,878,600	-	-	3,878,600	4,275,658	-	-	4,275,658
Total Investments	836,740,842	(12,506,614)	19,488,328	843,722,556	762,449,452	(11,747,618)	6,739,756	757,441,590

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 adjustments
Charge / (reversals)
Charge for the period / year
Reversals for the period / year
Reversal on disposals

Amounts written off
Closing Balance

	Unaudited March 31, 2020	Audited December 31, 2019
Rupees in '000-----		
	15,403,113	22,820,226
	4,794,516	5,316,208
	20,197,629	28,136,434
	11,747,618	8,746,566
	6,278	251
	774,415	3,452,808
	(21,697)	(29,964)
	752,718	(422,043)
		3,000,801
		-
	12,506,614	11,747,618

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2020		Audited December 31, 2019	
	NPI	Provision	NPI	Provision
Domestic				
-----Rupees in '000-----				
Doubtful	145,656	72,828	145,656	72,828
Loss	461,078	461,078	461,078	461,078
	606,734	533,906	606,734	533,906

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 21.110 million (December 31, 2019: Rs 5.780 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 21,852.827 million (December 31, 2019: Rs. 34,042.566 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, 2020 amounted to Rs. 1,864.100 million (2019: Rs. 2,946.300 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2019: 20.00%)

	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----		
Opening balance	4,211,707	3,959,039
Share of profit for the period / year before tax	265,944	326,755
Dividend from associate	-	(175,000)
Share of tax	(34,464)	(109,675)
	231,480	42,080
Share of other comprehensive income	(622,223)	210,588
Closing balance	3,820,964	4,211,707
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(607,069)	167,219
Share of exchange translation reserve of associate	(15,154)	43,369
	(622,223)	210,588

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% (2019: 30.00%)

	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----		
Opening balance	63,951	60,487
Share of profit for the period / year before tax	(5,048)	12,878
Share of tax	(1,267)	(9,414)
	(6,315)	3,464
Closing balance	57,636	63,951



	Performing		Non Performing		Total	
	Unaudited March 31, 2020	Audited December 31, 2019	Unaudited March 31, 2020	Audited December 31, 2019	Unaudited March 31, 2020	Audited December 31, 2019
Loans, cash credits, running finances, etc.	454,777,971	471,613,945	49,289,812	48,759,157	504,047,783	520,373,102
Islamic financing and related assets	59,357,971	50,965,243	471,450	381,427	59,829,421	51,346,670
Bills discounted and purchased	20,406,678	19,486,758	665,102	665,102	21,071,780	20,151,860
Advances - gross	534,542,620	542,065,946	50,406,364	49,805,686	584,948,984	591,871,632
Provision against advances						
- Specific	(1,770,503)	(1,461,011)	(41,897,512)	(41,937,761)	(41,897,512)	(41,937,761)
- General	(1,770,503)	(1,461,011)	(41,897,512)	(41,937,761)	(1,770,503)	(1,461,011)
Advances - net of provision	532,772,117	540,604,935	8,508,852	7,867,925	541,280,969	548,472,860

11.1 Particulars of advances (Gross)

In local currency
In foreign currencies

11.2 Advances include Rs. 50,406,364 million (2019: Rs. 49,805,686 million) which have been placed under the non-performing status as detailed below:

Category of Classification

	Domestic		Overseas		Total	
	Unaudited March 31, 2020	Audited December 31, 2019	Unaudited March 31, 2020	Audited December 31, 2019	Unaudited March 31, 2020	Audited December 31, 2019
Other Assets Especially Mentioned	201,967	8,601	138,432	3,529	339,399	11,130
Substandard	707,683	156,462	591,832	146,872	1,299,515	303,334
Doubtful	3,224,621	1,433,737	3,048,946	1,346,099	6,273,567	2,789,836
Loss	37,485,990	36,716,824	37,836,484	37,088,134	75,322,474	73,914,968
	41,620,261	38,315,624	41,615,694	38,884,634	83,235,955	77,200,268
Not past due but impaired						
Overdue by:						
Upto 90 days	5,721	3,550	10,688	7,400	16,409	10,800
91 to 180 days	16,938	8,103	118,182	95,452	135,120	103,555
181 to 365 days	118,148	100,206	141,231	137,601	259,379	247,807
> 365 days	8,645,296	3,470,029	7,919,891	3,112,674	16,565,187	6,525,351
Total	8,786,103	3,581,888	8,189,992	3,353,127	16,976,095	6,935,015
	50,406,364	41,897,512	49,805,686	41,937,761	100,212,050	83,835,317

11.2.1 This represents non-performing portfolio of agricultural, small enterprise and infrastructure Project Financing classified as OAEI as per the requirements of respective Regulations issued by the State Bank of Pakistan.



11.3 Particulars of provision against advances

	Unaudited March 31, 2020			Audited December 31, 2019		
	Specific	General	Total	Specific	General	Total
Opening balance	41,937,761	1,461,011	43,398,772	41,944,267	1,292,113	43,236,380
Exchange adjustments	251,323	20,244	271,567	302,297	23,426	325,723
Charge for the period / year	313,392	289,248	602,640	3,359,542	174,710	3,534,252
Reversals	(518,168)	-	(518,168)	(3,649,841)	(29,238)	(3,679,079)
Amounts written off	(204,776)	289,248	84,472	(290,299)	145,472	(144,827)
Closing balance	(86,796)	-	(86,796)	(18,504)	-	(18,504)
	41,897,512	1,770,503	43,668,015	41,937,761	1,461,011	43,398,772

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. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs.198.219 million (December 31, 2019: Rs.178.374 million) in determining the provisioning against non-performing Islamic financing and related assets as at March 31, 2020. The additional benefit on the Bank's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs 128.842 million as at March 31, 2020 (December 31, 2019: Rs 115.943 million). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

11.3.2 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 March 31, 2020	Audited December 31, 2019
Capital work-in-progress	12.1	1,289,146	1,068,429
Property and equipment		52,221,741	52,466,540
Right-of-use assets		10,475,984	10,666,838
		63,986,871	64,201,807
Capital work-in-progress			
Civil works		723,306	476,799
Equipment		34,424	90,946
Advances to suppliers		426,442	491,968
Others		104,974	8,716
		1,289,146	1,068,429

12.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:
Capital work-in-progress

		Unaudited March 31, 2020	Audited March 31, 2019
Property and equipment			
Freehold land		5,488	403,179
Building on freehold land		9,585	324,666
Electrical office and computer equipment		184,027	238,423
Furniture and fixture		68,144	61,974
Leasehold Improvements		26,325	57,097
Vehicles		43,115	39,015
		336,684	1,124,354
Total		557,401	1,737,240

12.3 Disposal of fixed assets

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

		Unaudited March 31, 2020	Audited March 31, 2019
Vehicles		5,404	2,984
Furniture and fixture		601	67
Electrical office and computer equipment		1,313	784
Leasehold Improvements		2,486	-
Total		9,804	3,835

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----			
13. INTANGIBLE ASSETS			
Capital work-in-progress	13.1	536,129	472,336
Goodwill		82,127	82,127
Management rights		192,000	192,000
Computer software	13.1	1,125,884	1,232,512
		<u>1,936,140</u>	<u>1,978,975</u>
Three months ended March 31, 2020 Three months ended March 31, 2019			
-----Rupees in '000-----			
13.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		57,795	-
Directly purchased		10,709	126,597
		<u>68,504</u>	<u>126,597</u>
14. OTHER ASSETS			
Income/ mark-up accrued in local currency		18,469,130	24,533,964
Income/ mark-up accrued in foreign currencies		645,176	564,667
Advances, deposits, advance rent and other prepayments		3,957,657	3,940,446
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims		3,243,433	3,251,508
Branch adjustment account		164,526	77,281
Mark to market gain on forward foreign exchange contracts		8,019,219	3,848,188
Unrealized gain on derivative financial instruments		1,290,482	1,236,517
Acceptances	20	19,902,760	20,346,205
Receivable from the pension fund		3,695,121	3,605,121
Others		7,813,915	10,118,430
		<u>67,335,228</u>	<u>71,656,136</u>
Less: Provision held against other assets	14.1	2,638,754	2,604,137
Other Assets (net of provision)		64,696,474	69,051,999
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		677,660	677,660
Other Assets - total		<u>65,374,134</u>	<u>69,729,659</u>
14.1 Provision held against other assets			
Non banking assets acquired in satisfaction of claims		90,938	90,938
Others		2,547,816	2,513,199
		<u>2,638,754</u>	<u>2,604,137</u>
14.1.1 Movement in provision held against other assets			
Opening balance		2,604,137	2,550,585
Charge for the period / year		4,108	12,587
Reversals		(18,228)	(36,023)
		<u>(14,120)</u>	<u>(23,436)</u>
Amounts written off		(3,932)	(3,638)
Exchange and other adjustments		52,669	80,626
Closing balance		<u>2,638,754</u>	<u>2,604,137</u>

15. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2020 (2019: NIL).

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----		
16. BILLS PAYABLE		
In Pakistan	8,898,212	12,759,834
Outside Pakistan	70,576	35,491
	<u>8,968,788</u>	<u>12,795,325</u>
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	39,414,102	36,513,083
Under long term financing facility	19,007,285	18,138,200
Under renewable energy performance platform	80,886	85,062
Under financing facility for storage of agricultural produce	231,747	188,809
	<u>58,734,020</u>	<u>54,925,154</u>
Repurchase agreement borrowings	20,047,226	28,099,229
Total secured	<u>78,781,246</u>	<u>83,024,383</u>
Unsecured		
Borrowings from other financial institution	2,121,971	889,161
Call borrowings	1,952,824	5,964,830
Overdrawn nostro accounts	3,049,471	1,342,603
Musharaka arrangements	7,832,601	1,476,705
Others	162,286	162,286
Total unsecured	<u>15,119,153</u>	<u>9,835,585</u>
	<u>93,900,399</u>	<u>92,859,968</u>

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2020			Audited December 31, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	378,810,837	40,855,405	419,666,242	357,303,848	53,340,189	410,644,037
Savings deposits	634,481,218	50,926,464	685,407,682	583,751,817	47,420,170	631,171,987
Term deposits	91,523,064	14,364,815	105,887,879	100,346,882	15,590,901	115,937,783
Others	22,256,162	3,802,944	26,059,106	26,456,179	2,854,010	29,310,189
	<u>1,127,071,281</u>	<u>109,949,628</u>	<u>1,237,020,909</u>	<u>1,067,858,726</u>	<u>119,205,270</u>	<u>1,187,063,996</u>
Financial Institutions						
Current deposits	8,390,364	2,363,354	10,753,718	9,520,075	2,094,703	11,614,778
Savings deposits	12,338,485	145,952	12,484,437	14,992,263	27,986	15,020,249
Term deposits	4,809,868	6,675,551	11,485,419	4,959,099	7,741,444	12,700,543
Others	-	205,700	205,700	-	193,459	193,459
	<u>25,538,717</u>	<u>9,390,557</u>	<u>34,929,274</u>	<u>29,471,437</u>	<u>10,057,592</u>	<u>39,529,029</u>
	<u>1,152,609,998</u>	<u>119,340,185</u>	<u>1,271,950,183</u>	<u>1,097,330,163</u>	<u>129,262,862</u>	<u>1,226,593,025</u>

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----		
19. DEFERRED TAX LIABILITIES		
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,378,282	1,390,542
- Surplus on revaluation of Non-banking assets	237,181	237,181
- Accelerated tax depreciation	1,956,060	1,961,113
- Receivable from pension fund	1,293,292	1,261,793
- Business combination	705,218	705,218
- Investments in associated undertaking	1,110,580	1,247,340
- Surplus on revaluation of investments	6,819,685	2,329,519
	13,500,298	9,132,706
Deductible Temporary Differences on		
- Tax losses carried forward	(919,516)	(949,800)
- Provision against advances	(1,765,223)	(1,726,151)
- Others	(284,442)	(242,532)
	(2,969,181)	(2,918,483)
	10,531,117	6,214,223
20. OTHER LIABILITIES		
Mark-up/ return/ interest payable in local currency	15,957,416	23,511,019
Mark-up/ return/ interest payable in foreign currencies	496,372	664,130
Unearned commission and income on bills discounted	295,282	252,842
Accrued expenses	5,028,156	6,310,392
Provision for taxation (provisions less payments)	7,351,687	6,045,948
Workers' welfare fund	8,091,005	7,873,706
Acceptances	19,902,760	20,346,205
Unclaimed / dividends payable	1,736,075	1,605,123
Mark to market loss on forward foreign exchange contracts	6,692,449	4,638,011
Unrealised loss on derivative financial instruments	1,307,556	1,232,806
Staff welfare fund	4,772	5,727
Provision for employees' compensated absences	967,195	939,495
Provision for post retirement medical benefits	1,955,709	1,921,348
Provision for employees' contributory benevolent scheme	223,961	221,193
Retention money	20,657	20,657
Insurance payable against consumer assets	702,083	655,146
Unclaimed balances	879,833	993,105
Duties and taxes payable	1,171,028	775,694
Charity fund balance	61,042	54,782
Provision against off-balance sheet obligations	46,342	46,581
Security deposits against lease	1,485,219	1,497,296
Lease liability against right of use assets	11,515,694	11,436,633
Others	7,766,969	11,357,674
	93,659,262	102,405,513
21. RESERVES		
Share premium	23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	908,317	908,317
Exchange translation reserve	3,343,275	2,730,354
Statutory reserve	32,335,037	31,683,134
General reserve	18,600,000	18,600,000
	79,159,653	77,894,829

21.1 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.

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

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----		
22. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	19,484,814	6,655,770
- Fixed Assets	20,996,230	21,031,256
- Non-banking assets acquired in satisfaction of claims	677,657	677,660
- Associated undertaking	4,177	611,247
	41,162,878	28,975,933
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	6,819,685	2,329,519
- Fixed Assets	1,378,282	1,390,542
- Non-banking assets acquired in satisfaction of claims	237,181	237,181
- Associated undertaking	48,707	266,485
	8,483,855	4,223,727
	32,679,023	24,752,206
23. CONTINGENCIES AND COMMITMENTS		
-Guarantees	188,318,894	180,002,174
-Commitments	479,400,188	657,101,777
-Other contingent liabilities	30,018,405	28,352,091
	697,737,487	865,456,042
23.1 Guarantees:		
Financial guarantees	148,895,852	141,181,839
Performance guarantees	34,876,628	33,833,099
Other guarantees	4,546,414	4,987,236
	188,318,894	180,002,174
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	157,708,336	153,036,304
Commitments in respect of:		
- forward foreign exchange contracts	302,069,299	404,891,089
- forward government securities transactions	8,740,729	87,696,638
- derivatives	9,545,292	10,244,806
- commitments to extent credit	382,296	307,755
Commitments for acquisition of:		
- operating fixed assets	900,182	859,953
- intangible assets	54,054	65,232
	479,400,188	657,101,777
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	163,575,051	216,647,656
Sale	138,494,248	188,243,433
	302,069,299	404,891,089
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	8,740,729	82,284,304
Sale	-	5,412,334
	8,740,729	87,696,638
23.2.3 Commitments in respect of derivatives		
FX options (notional)		
Purchase	751,950	431,449
Sale	751,950	431,449
	1,503,900	862,898
Cross Currency Swaps (notional)		
Purchase	3,758,405	4,428,663
Sale	3,966,487	4,636,745
	7,724,892	9,065,408
Interest Rate Swaps (notional)		
Purchase	316,500	316,500
	9,545,292	10,244,806

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



23.2.4 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.

23.3 Other contingent liabilities

	Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----			
Claims against the Bank not acknowledged as debts	23.3.1	30,018,405	28,352,091

23.3.1 These represent certain claims by third parties against the Group, 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.

23.4 Taxation

For assessment year 1988-89 through tax year 2018, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,487 million (2019: Rs. 1,487 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

24. DERIVATIVE INSTRUMENTS

Unaudited March 31, 2020					
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-----					
Total					
Hedging	3,758,405	1,260,702	316,500	6,536	23,244
Market Making	3,966,487	(1,284,312)	-	-	(23,244)
Audited December 31, 2019					
-----Rupees in '000-----					
Total					
Hedging	4,428,663	1,218,634	316,500	11,510	2,683
Market Making	4,636,745	(1,226,433)	-	-	(2,683)

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Note	Three months ended March 31, 2020	Three months ended March 31, 2019
-----Rupees in '000-----			
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		16,130,253	14,044,114
Investments		25,118,811	13,948,971
Lendings to financial institutions		257,059	1,217,265
Balances with banks		150,445	125,758
		41,656,568	29,336,108
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		21,069,430	13,534,980
Borrowings		2,249,920	980,091
Subordinated debt		-	112,000
Cost of foreign currency swaps against foreign currency deposits / borrowings		676,067	370,345
Unwinding cost of liability against right-of-use assets		375,369	-
		24,370,786	14,997,416
27. FEE & COMMISSION INCOME			
Branch banking customer fees		488,874	528,879
Consumer finance related fees		96,298	75,240
Card related fees (debit and credit cards)		834,841	739,330
Credit related fees		8,464	60,433
Investment banking fee		37,050	24,297
Commission on trade		363,622	357,852
Commission on guarantees		147,499	190,016
Commission on cash management		158,431	150,761
Commission on remittances including home remittances		284,664	260,149
Commission income - Bancassurance		378,226	349,241
Rent on lockers		58,812	66,494
Commission on utility bills		20,416	24,943
Commission on investments services		201,558	194,105
Other Commission		46,773	42,075
		3,125,528	3,063,815
28. GAIN ON SECURITIES, NET			
Realised	28.1	(9,768)	34,319
Unrealised - held for trading	10.1	3,514	(19,691)
		(6,254)	14,628
28.1 Realised (loss) / gain on:			
Federal Government Securities		75,684	13,037
Shares		(91,874)	21,282
Others		6,422	-
		(9,768)	34,319
29. OTHER INCOME			
Rent on property		6,260	11,451
Gain on sale of fixed assets and non-banking assets acquired-net		17,386	21,247
		23,646	32,698

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Three months ended March 31, 2020	Three months ended March 31, 2019
	-----Rupees in '000-----	
30. OPERATING EXPENSES		
Total compensation expense	4,593,058	4,239,093
Property expense		
Rent and taxes	46,765	600,701
Insurance	13,665	14,267
Utilities cost	260,515	295,936
Fuel expense generators	100,692	119,421
Security (including guards)	357,732	458,910
Repair and maintenance (including janitorial charges)	187,997	282,873
Depreciation on right-of-use assets	422,219	-
Depreciation	199,871	170,173
	1,589,456	1,942,281
Information technology expenses		
Software maintenance	301,122	246,489
Hardware maintenance	105,167	106,612
Depreciation	161,881	131,858
Amortisation	109,581	86,441
Network charges	178,385	188,158
Insurance	1,505	1,470
	857,641	761,028
Other operating expenses		
Directors' fees and allowances	13,879	10,126
Legal and professional charges	99,839	109,163
Outsourced services costs	216,014	225,387
Travelling and conveyance	82,392	101,952
NIFT clearing charges	51,241	41,222
Depreciation	221,425	244,013
Depreciation on non-banking assets acquired in satisfaction of claims	8,074	12,062
Training and development	9,074	16,929
Postage and courier charges	74,219	71,227
Communication	85,265	92,740
Stationery and printing	161,217	198,707
Marketing, advertisement & publicity	166,065	206,653
Donations	5,000	-
Auditors' remuneration	10,287	11,260
Cash transportation charges	183,901	184,791
Repair and maintenance	100,635	202,302
Subscription	13,768	2,846
Entertainment	62,881	75,958
Remittance charges	48,527	40,795
Brokerage expenses	15,993	13,784
Card related expenses	225,705	185,723
CNIC verification charges	34,725	38,776
Insurance	387,365	363,892
Others	74,050	68,509
	2,351,541	2,518,817
	9,391,696	9,461,219

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Note	Three months ended March 31, 2020	Three months ended March 31, 2019
		-----Rupees in '000-----	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		182,878	814
VAT & National Building tax & Crop Insurance Levy		26,435	45,458
		209,313	46,272
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversals) / provisions against balance with Banks		(2,160)	6,783
Provisions / (reversals) for diminution in value of investments	10.2.1	752,718	(63,154)
Reversals against loans & advances	11.3	84,472	(331,962)
Reversals against other assets	14.1.1	(14,120)	(11,765)
Recovery of written off / charged off bad debts		(41,254)	(48,072)
		779,656	(448,170)
33. TAXATION			
Current		4,431,215	3,186,920
Prior years		-	450,668
Deferred		38,986	353,717
Share of tax of associates		35,731	43,267
		4,505,932	4,034,572
34. BASIC AND DILUTED EARNINGS PER SHARE			
		-----Rupees in '000-----	
Profit after tax attributable to equity shareholders		6,623,914	4,986,133
		-----Number-----	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		-----Rupees-----	
Basic and diluted earnings per share		5.59	4.21

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



35. 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 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.

35.1 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 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 Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



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 Group has adopted revaluation model (as per IAS 16) in respect of land and building.

Unaudited March 31, 2020					
Carrying value	Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	792,605,225	-	792,605,225	-	792,605,225
Shares	13,548,826	13,548,826	-	-	13,548,826
Non-Government Debt Securities	2,681,666	-	2,681,666	-	2,681,666
Foreign Securities	4,412,084	-	4,412,084	-	4,412,084
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	30,474,755	-	-	-	-
Cash and balances with treasury banks	112,366,406	-	-	-	-
Balances with other banks	20,779,308	-	-	-	-
Lendings to financial institutions	10,122,544	-	-	-	-
Advances	541,280,969	-	-	-	-
Other assets	53,592,866	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	43,430,687	-	43,430,687	-	43,430,687
Non-banking assets	3,921,093	-	3,921,093	-	3,921,093
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	163,575,051	-	7,996,200	-	7,996,200
Forward sale of foreign exchange	138,494,248	-	6,669,430	-	6,669,430
Derivatives purchase	4,826,855	-	1,290,482	-	1,290,482
Derivatives sale	4,718,437	-	1,307,556	-	1,307,556

Audited December 31, 2019					
Carrying value	Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	691,477,045	-	691,477,045	-	691,477,045
Shares	17,075,189	17,075,189	-	-	17,075,189
Non-Government Debt Securities	2,424,102	-	2,424,102	-	2,424,102
Foreign Securities	3,663,065	-	3,663,065	-	3,663,065
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, and associates)	42,802,189	-	-	-	-
Cash and balances with treasury banks	142,957,358	-	-	-	-
Balances with other banks	21,371,753	-	-	-	-
Lendings to financial institutions	6,060,869	-	-	-	-
Advances	548,472,860	-	-	-	-
Other assets	58,219,618	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,882,204	-	44,882,204	-	44,882,204
Non-banking assets	3,838,230	-	3,838,230	-	3,838,230
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	216,647,656	-	4,142,227	-	4,142,227
Forward sale of foreign exchange	188,243,433	-	3,352,404	-	3,352,404
Derivatives purchase	5,176,612	-	1,232,827	-	1,232,827
Derivatives sale	5,068,194	-	1,229,116	-	1,229,116

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

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	others	Sub-total	Eliminations	Total
Un audited three months period ended March 31, 2020											
Rupees in '000											
Profit & Loss											
Net mark-up/return/profit	(16,090,155)	691,123	9,577,037	21,762,473	367,222	956,897	(2,522)	23,707	17,285,782	-	17,285,782
Inter segment revenue - net	28,854,219	(216,060)	(8,408,461)	(23,434,561)	(37,654)	-	-	3,242,617	-	-	-
Non mark-up / return / interest income	1,574,178	559,206	811,330	587,126	196,501	193,240	120,315	386,400	4,428,286	-	4,428,286
Total income	14,339,242	1,034,269	1,979,806	(1,084,962)	525,069	1,150,137	117,793	3,652,724	21,714,076	-	21,714,076
Segment direct expenses	5,949,896	428,235	283,402	136,026	356,507	1,083,159	121,774	1,449,309	9,818,308	-	9,818,308
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	5,949,896	428,235	283,402	136,026	356,507	1,083,159	121,774	1,449,309	9,818,308	-	9,818,308
Provisions	419,726	13,846	251,167	(16,921)	32,036	34,424	-	45,378	779,656	-	779,656
Profit before tax	7,969,620	592,188	1,445,237	(1,204,067)	137,526	22,554	(3,981)	2,158,037	11,116,114	-	11,116,114
Unaudited ended March 31, 2020											
Balance Sheet											
Cash & Bank balances	45,954,279	134,183	1,709,324	42,909,247	18,342,531	23,842,809	87,839	165,502	133,145,714	-	133,145,714
Investments	-	-	11,841,294	801,575,243	10,897,256	15,124,661	1,020,989	3,263,113	843,722,556	-	843,722,556
Net inter segment lending	973,715,995	-	-	-	-	-	-	188,883,912	1,162,599,907	(1,162,599,907)	-
Lendings to financial institutions	-	-	-	-	3,693,754	6,428,790	-	-	10,122,544	-	10,122,544
Advances - performing	91,965,327	24,356,165	331,790,172	-	24,766,251	59,297,478	-	596,724	532,772,117	-	532,772,117
- non performing	1,123,365	116,889	1,355,036	-	5,204,215	461,617	-	247,930	8,508,852	-	8,508,852
Others	36,616,340	2,150,167	27,208,255	8,370,852	1,953,723	11,489,209	1,052,593	42,454,006	131,297,145	-	131,297,145
Total Assets	1,149,377,306	26,757,204	373,904,081	852,855,342	64,857,730	116,644,564	2,161,421	235,611,187	2,822,168,835	(1,162,599,907)	1,659,568,928
Borrowings	48,747,208	-	7,081,704	21,109,891	5,489,907	10,899,994	-	572,895	93,900,399	-	93,900,399
Deposits & other accounts	1,075,145,917	17,737,881	47,134,981	-	43,109,132	87,889,956	-	932,316	1,271,950,183	-	1,271,950,183
Net inter segment borrowing	-	6,507,215	301,477,153	829,973,628	12,952,087	10,274,423	1,415,391	-	1,162,599,907	(1,162,599,907)	-
Others	25,484,181	2,512,108	19,210,243	1,772,023	3,307,594	7,980,191	746,030	53,546,797	113,159,167	-	113,159,167
Total liabilities	1,149,377,306	26,757,204	373,904,081	852,855,342	64,857,730	116,644,564	2,161,421	55,052,008	2,641,609,656	(1,162,599,907)	1,479,009,749
Equity	-	-	-	-	-	-	-	180,559,179	180,559,179	-	180,559,179
Total Equity & liabilities	1,149,377,306	26,757,204	373,904,081	852,855,342	64,857,730	116,644,564	2,161,421	235,611,187	2,822,168,835	(1,162,599,907)	1,659,568,928
Contingencies & Commitments	59,449,350	-	263,334,673	305,143,524	15,150,586	23,777,596	-	30,882,759	697,737,487	-	697,737,487



MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	others	Sub-total	Eliminations	Total
Un audited three months period ended March 31, 2019											
Rupees in '000											
Profit & Loss											
Net mark-up/return/profit	(9,324,648)	891,247	7,902,589	13,589,514	419,992	840,036	132	19,770	14,339,692	-	14,339,692
Inter segment revenue - net	19,469,256	(652,062)	(6,704,419)	(14,446,652)	(10,580)	-	-	2,244,457	-	-	-
Non mark-up / return / interest income	1,573,510	484,013	755,418	417,557	207,546	69,805	218,065	222,506	3,949,420	-	3,949,420
Total income	11,718,118	823,198	1,953,588	(439,521)	616,958	909,841	218,197	2,486,733	18,287,112	-	18,287,112
Segment direct expenses	5,761,126	364,019	213,232	107,242	271,186	1,140,050	148,524	1,694,909	9,690,488	-	9,690,488
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	5,761,126	364,019	213,232	107,242	271,186	1,140,050	148,524	1,694,909	9,690,488	-	9,690,488
Provisions	12,804	(15,600)	(173,488)	(25,619)	32,844	37,487	-	(316,608)	(448,170)	-	(448,170)
Profit before tax	5,943,988	474,779	1,813,844	(521,144)	312,928	(267,706)	69,673	1,118,432	9,044,794	-	9,044,794
Audited December 31, 2019											
Balance Sheet											
Cash & Bank balances	50,154,942	21,483	676,139	65,572,277	28,149,362	19,075,532	28,347	651,029	164,329,111	-	164,329,111
Investments	-	-	10,636,292	710,593,710	15,011,692	16,309,796	1,055,226	3,832,874	757,441,590	-	757,441,590
Net inter segment lending	940,015,023	-	-	-	-	-	-	164,190,279	1,104,195,302	(1,104,195,302)	-
Lendings to financial institutions	98,464,054	24,342,756	341,191,287	-	209,206	5,851,663	-	-	6,060,869	-	6,060,869
Advances - performing	1,074,787	113,148	1,231,494	-	25,190,939	50,931,890	5,169	478,850	540,604,935	-	540,604,935
- non performing	34,759,967	1,882,259	25,993,004	13,804,785	2,388,787	11,538,194	1,060,496	227,544	7,867,925	-	7,867,925
Others	1,124,488,773	26,359,646	379,136,216	789,970,772	75,766,851	104,085,142	2,149,238	45,102,959	135,910,441	-	135,910,441
Total Assets	1,124,488,773	26,359,646	379,136,216	789,970,772	75,766,851	104,085,142	2,149,238	214,473,335	2,716,410,173	(1,104,195,302)	1,612,214,871
Borrowings	45,355,966	-	7,057,504	32,270,471	3,520,222	4,127,525	-	528,280	92,859,968	-	92,859,968
Deposits & other accounts	1,033,790,638	-	55,425,048	-	55,523,628	81,863,511	-	-	1,226,593,025	-	1,226,593,025
Net inter segment borrowing	-	24,124,908	299,650,838	755,967,249	12,464,722	10,468,801	1,520,784	-	1,104,195,302	(1,104,195,302)	-
Others	45,321,969	2,234,738	17,002,826	1,733,052	4,258,279	7,637,305	628,654	42,598,338	121,415,061	-	121,415,061
Total liabilities	1,124,488,773	26,359,646	379,136,216	789,970,772	75,766,851	104,085,142	2,149,238	43,126,718	2,345,063,396	(1,104,195,302)	1,440,868,094
Equity	-	-	-	-	-	-	-	171,346,817	171,346,817	-	171,346,817
Total Equity & liabilities	1,124,488,773	26,359,646	379,136,216	789,970,772	75,766,851	104,085,142	2,149,238	214,473,335	2,716,410,173	(1,104,195,302)	1,612,214,871
Contingencies & Commitments	49,973,361	-	262,455,692	496,556,621	14,015,596	18,397,458	-	25,057,324	865,455,042	-	865,455,042

36.2 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 Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



The Group has related party relationship with its associates, employee benefit plans, its directors and key management personnel and their close family members. 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:

	Unaudited March 31, 2020			Audited December 31, 2019				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupees in '000)								
Balances with other banks								
In current accounts	-	-	-	-	-	-	-	14,389
	-	-	-	-	-	-	-	14,389
Investments								
Opening balance	-	-	4,275,658	254,253	-	-	4,019,526	254,253
Equity method adjustments	-	-	(397,058)	-	-	-	256,132	-
Closing balance	-	-	3,878,600	254,253	-	-	4,275,658	254,253
Provision for diminution in value of investments	-	-	-	5,000	-	-	-	5,000
Advances								
Opening balance	1,722	129,049	-	339,520	658	141,390	-	1,050,277
Addition / exchange adjustment during the period / year	4,761	6,301	-	305,340	29,148	62,216	-	1,642,434
Repaid during the period / year	(6,407)	(6,993)	-	(245,231)	(28,084)	(55,470)	-	(1,558,481)
Transfer in / (out)	-	469	-	-	-	(19,087)	-	(794,710)
Closing balance	76	128,826	-	399,629	1,722	129,049	-	339,520
Provision held against advances	-	-	-	-	-	-	-	-

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



	Unaudited March 31, 2020			Audited December 31, 2019				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupees in '000)								
Other Assets								
Markup receivable	-	2,610	-	6,692	-	3,202	-	5,191
Advances, deposits, advance rent and other prepayments	-	-	342,253	41,016	-	-	246,720	27,080
Receivable from Pension Fund	-	-	-	3,695,121	-	-	-	3,605,121
Unrealized gain on forward foreign exchange contracts - outstanding	-	-	-	76,097	-	-	-	-
Provision held against other assets	-	-	-	-	-	-	-	-
Borrowings								
Opening balance	-	-	-	69,166	-	-	-	-
Borrowings / exchange adjustment during the period / year	-	-	-	11,277	-	-	-	144,166
Settled during the period / year	-	-	-	-	-	-	-	(75,000)
Closing balance	-	-	-	80,443	-	-	-	69,166
Deposits and other accounts								
Opening balance	602,381	140,761	3,657,552	4,179,849	3,745,457	168,528	3,339,847	3,212,620
Received during the period / year	189,691	363,326	24,735,193	40,945,756	9,889,584	866,766	22,234,251	62,263,273
Withdrawn during the period / year	(269,036)	(383,202)	(25,288,176)	(38,390,641)	(13,025,336)	(884,532)	(21,916,546)	(61,423,281)
Transfer in / (out) - net	-	(7,959)	-	299	(7,324)	(10,001)	-	127,237
Closing balance	523,036	112,926	3,104,569	6,735,263	602,381	140,761	3,657,552	4,179,849
Other Liabilities								
Markup payable	5,203	270	52,617	39,107	7,263	556	50,535	66,906
Accrued expenses and other payable	2,070	-	130,384	573	15,326	-	62,402	50
Payable to MCB Employee Security Services	-	-	-	24,440	-	-	-	24,565
Contingencies and Commitments								
Commitments and contingent liabilities - outstanding	-	-	10,606	240,769	-	-	10,444	746,868
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	4,771,124	-	-	-	-

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



	Unaudited three months ended March 31, 2020				Unaudited three months ended March 31, 2019			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Income								
Markup / return / interest earned	-	4,487	-	8,419	-	4,891	-	5,875
Fee and commission income	-	-	324,743	248	-	-	298,655	2,401
Dividend income	-	-	-	7,933	-	-	-	-
(Loss) / Gain on forward foreign exchange contracts matured during the period / year	-	-	-	(14,882)	-	-	-	5,522
Net gain / (loss) on sale of securities	72	33	235	322	-	(0.5)	-	2,446
Gain on sale of fixed assets	-	5	-	-	-	36	-	-
Rent income and reimbursement of other expenses	-	-	2,285	570	-	-	965	1,013
Expense								
Markup / return / interest expensed	15,223	516	94,870	68,188	-	178	38,872	78,782
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	46,278	-	-	-	35,882
Contribution to provident fund	-	-	-	99,858	-	-	-	92,517
Rent expenses	-	-	11,396	10,745	-	-	-	9,364
Cash sorting expenses	-	-	-	33,481	-	-	-	38,527
Stationery expenses	-	-	-	69,084	-	-	-	60,455
Security guards expenses	-	-	-	82,640	-	-	-	96,944
Remuneration to key executives and non-executive directors fee	80,299	238,710	-	-	66,786	205,961	-	-
E-dividend processing fee and CDC charges	-	-	67,735	-	-	-	64,575	703
Outsourcing service expenses	-	-	-	702	-	-	-	7,257
Travelling Expenses	-	-	-	11,214	-	-	-	56
Hotel stay expenses	-	-	-	889	-	-	-	-
Repair & Maintenance Charges	-	-	-	445	-	-	-	-
Advertisement Expenses	-	-	-	3,132	-	-	-	335
Miscellaneous expenses and payments	-	-	-	561	-	-	-	-
Insurance premium-net of refund	-	-	266,437	-	-	-	369,359	-
Insurance claim settled	-	-	16,991	-	-	-	24,462	-
Other Transactions								
Proceeds from sale of fixed assets	-	5	-	-	-	36	-	-
Purchase of fixed assets	-	-	2,347	-	-	-	46,339	20,003
Sale of foreign currency	-	-	-	-	-	-	-	-
Purchase of foreign currency	-	-	-	-	-	-	-	-
Payments against home remittances	-	-	-	-	-	-	-	-
Sale of government securities	79,760	34,838	1,791,479	770,297	-	30,528	1,139,930	29,803,833
Purchase of government securities	19,827	-	631,712	440,478	-	12,491	1,990,297	39,307,724
Forward exchange contracts matured during the period	-	-	-	4,766,949	-	-	-	5,077,573

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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For the three months period ended March 31, 2020



38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

38.1 Capital Adequacy
Minimum Capital Requirement (MCR):
Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):
Eligible Common Equity Tier 1 (CET 1) Capital
Eligible Additional Tier 1 (ADT 1) Capital
Total Eligible Tier 1 Capital
Eligible Tier 2 Capital
Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):
Credit Risk
Market Risk
Operational Risk
Total

Common Equity Tier 1 Capital Adequacy ratio
Tier 1 Capital Adequacy Ratio
Total Capital Adequacy Ratio

38.2 Leverage Ratio (LR):
Eligible Tier-1 Capital
Total Exposures
Leverage Ratio

38.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets
Total Net Cash Outflow
Liquidity Coverage Ratio

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding
Total Required Stable Funding
Net Stable Funding Ratio

	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees in '000-----		
	11,850,600	11,850,600
	133,759,574	132,504,188
	-	-
	133,759,574	132,504,188
	37,352,322	28,503,091
	171,111,896	161,007,279
	675,851,728	662,366,497
	126,487,974	113,394,030
	126,966,330	126,966,330
	929,306,032	902,726,857
	14.39%	14.68%
	14.39%	14.68%
	18.41%	17.84%
	133,759,574	132,504,188
	2,090,947,791	2,037,241,480
	6.40%	6.50%
	858,550,627	734,587,045
	402,311,590	379,626,249
	213.40%	193.50%
	1,113,357,213	1,045,877,006
	712,341,783	745,689,676
	156.30%	140.26%

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



39 ISLAMIC BANKING BUSINESS

The Group through a wholly owned subsidiary (MCB Islamic Bank Limited) is operating 185 branches in Pakistan (December 31, 2019: 185 branches). The statement of financial position of the Group's Islamic Banking Business as at March 31, 2020 is as follows:

	Note	Unaudited March 30, 2020 -----Rupees in '000-----	Audited December 31, 2019 -----Rupees in '000-----
ASSETS			
Cash and balances with treasury banks		18,236,813	10,252,547
Balances with other banks		5,605,996	8,822,985
Due from financial institutions	39.1	6,428,790	5,851,664
Investments - net	39.2	15,124,661	16,309,800
Islamic financing and related assets - net	39.3	59,759,095	51,309,967
Fixed assets		5,814,233	5,779,772
Intangible assets		696,290	719,723
Deferred tax assets - net		1,052,918	921,017
Other assets - net		4,983,584	5,049,786
Total Assets		117,702,380	105,017,261
LIABILITIES			
Bills payable		996,583	973,627
Due to financial institutions		10,899,998	4,127,526
Deposits and other accounts	39.4	87,889,956	81,853,511
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities - net		-	-
Other liabilities		7,641,420	7,595,796
		107,427,957	94,550,460
		10,274,423	10,466,801
NET ASSETS			
REPRESENTED BY			
Share capital		11,550,000	11,550,000
Reserves		26,444	26,444
Surplus on revaluation of assets - net of tax		223,330	422,326
Accumulated loss		(1,525,351)	(1,531,969)
		10,274,423	10,466,801
CONTINGENCIES AND COMMITMENTS			
	39.5		

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



The profit and loss account of the Group's Islamic banking branches for the three months period ended March 31, 2020 is as follows:

	Note	Three months ended March 31, 2020 -----Rupees in '000-----	Three months ended March 31, 2019 -----Rupees in '000-----
Profit / return earned	39.6	2,561,764	1,994,892
Profit / return expensed	39.7	1,604,867	1,154,856
Net Profit / return		956,897	840,036
Other income			
Fee and Commission Income		70,505	65,608
Dividend Income		7,766	11,425
Foreign Exchange Income		109,299	20,515
(loss) / Gain on securities		364	(32,809)
Other Income		5,306	5,066
Total other income		193,240	69,805
Total Income		1,150,137	909,841
Other expenses			
Operating expenses		1,091,428	1,139,973
Workers Welfare Fund		1,671	-
Other charges		60	77
Total other expenses		1,093,159	1,140,050
Profit / (loss) before provisions		56,978	(230,209)
Provisions and write offs - net		34,424	37,497
Profit / (loss) before taxation		22,554	(267,706)
Taxation		16,352	(70,581)
Profit / (loss) after taxation		6,202	(197,125)

39.1 DUE FROM FINANCIAL INSTITUTIONS

Secured

Bai Muajjal receivable - with State Bank of Pakistan

828,790

Unsecured

Musharaka arrangements

5,600,000

6,428,790

39.1.1 This represents Bai Muajjal with State Bank of Pakistan carrying profit at average rate of 9.14% per annum (December 31, 2019: 10.34%) and having maturity till January 29, 2021.

39.1.2 This represents Musharaka arrangements with banks carrying profit at expected rates ranging from 3.50% to 7.50% per annum (December 31, 2019: 10.80% to 11.00% per annum) and having maturity till April 20, 2020.

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Unaudited March 31, 2020				Audited December 31, 2019			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
39.2 Investments by type:	Rupees in '000							
Available-for-sale securities								
Federal Government securities	10,074,261	-	348	10,074,609	10,899,070	-	(7,384)	10,891,686
Shares	1,910,825	1,059,172	(148,448)	703,205	1,908,146	1,059,172	175,625	1,024,599
Non Government securities	1,119,000	-	9,520	1,128,520	1,119,000	-	(1,312)	1,117,688
	13,104,086	1,059,172	(138,580)	11,906,334	13,926,216	1,059,172	166,929	13,033,973
Held-to-maturity securities								
Federal Government securities	2,700,827	-	-	2,700,827	2,700,827	-	-	2,700,827
Non Government securities	517,500	-	-	517,500	575,000	-	-	575,000
	3,218,327	-	-	3,218,327	3,275,827	-	-	3,275,827
Total Investments	16,322,413	1,059,172	(138,580)	15,124,661	17,202,043	1,059,172	166,929	16,309,800

39.3 Islamic financing and related assets

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees in '000-----	
Murabaha	11,521,449	7,609,830
Musawamah	-	2,000
Istisna	3,714,797	2,603,493
Salam	82,913	111,287
Ijarah	4,647,868	4,881,400
Running Musharaka	20,532,518	16,669,096
Diminishing Musharaka	18,069,868	18,176,482
Staff finance	1,260,008	1,293,082
Gross Islamic financing and related assets	59,829,421	51,346,670
Less: provision against Islamic financings		
- Specific	(9,833)	(3,340)
- General	(60,493)	(33,363)
	(70,326)	(36,703)
Islamic financing and related assets - net of provision	59,759,095	51,309,967
39.4 Deposits		
Customers		
Current deposits	21,041,114	22,191,828
Savings deposits	40,772,727	33,716,605
Term deposits	19,896,561	15,122,076
Others	1,574,478	4,918,750
	83,284,880	75,949,259
Financial Institutions		
Current deposits	102,198	100,334
Savings deposits	713,978	1,988,287
Term deposits	3,788,900	3,815,631
	4,605,076	5,904,252
	87,889,956	81,853,511

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 2020



	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees in '000-----	
39.5 Contingencies and Commitments		
-Guarantees	7,290,923	6,467,046
-Commitments	16,055,209	11,498,973
-Other contingent liabilities	431,464	431,439
	23,777,596	18,397,458

39.6 Profit/Return Earned of Financing, Investments and Placement

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees in '000-----	
Profit earned on:		
Financing	1,879,764	1,600,682
Investments	520,585	286,832
Musharaka arrangements with financial institutions	95,140	96,157
Deposits with financial institutions	66,275	11,221
	2,561,764	1,994,892
39.7 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	1,400,134	957,636
Musharaka arrangements with the State Bank of Pakistan under IERS	13,687	12,859
Musharaka arrangements with other financial institutions	92,086	184,308
Musharaka arrangements with other institution	1,372	53
Unwinding of liability against ROU asset	97,588	-
	1,604,867	1,154,856

39.8 Islamic Banking Business Unappropriated Profit

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees in '000-----	
Opening Balance	(1,531,969)	(1,289,202)
Movement during the period / year		
Add: Islamic Banking loss for the period / year	22,554	(243,612)
Less: Taxation	16,352	-
Add: Reserves	416	845
	6,618	(242,767)
Closing Balance	(1,525,351)	(1,531,969)

40 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 22, 2020 has announced a cash dividend in respect of three months period ended March 31, 2020 of Rs.5.00 per share (March 31, 2019: Rs. 4.00 per share). These consolidated condensed interim financial statements for the period ended March 31, 2020 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 consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Group in their meeting held on April 22, 2020.


Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director



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