MCB
Bank for Life

First Quarterly Report

MARCH 31, 2021

Vision

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

Mission

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

Core Values

The standards and principles wich determine our behavior and how we interest 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. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan.
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, 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' Review – March 2021

On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the quarter ended March 31, 2021.

Introduction

During the three month period ended March 31, 2021, MCB continued with its strategic focus on generating sustainable stakeholder value, while proactively monitoring the resurgence in COVID-19 cases and its potential ramifications on the macroeconomic and operating environment.

Performance Review

	Rs. in Million
Profit Before Taxation	**11,276**
Taxation	4,486
Profit After Taxation	**6,790**
Un-appropriated Profit Brought Forward	69,835
Surplus realized on disposal of revalued fixed assets - net of tax	6
Surplus realized on disposal of non-banking assets - net of tax	70
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	22
	69,933
Profit Available for Appropriation	**76,723**
Appropriations:	
Statutory Reserve	679
Final Cash Dividend at Rs. 15.0 per share - December 2020	17,776
Total Appropriations	**18,455**
Un-appropriated Profit Carried Forward	**58,268**

MCB's unconsolidated Profit After Tax (PAT) for the three month period ended March 31, 2021 increased to Rs. 6.79 billion; translating into an Earning Per Share (EPS) of Rs. 5.73 against an EPS of Rs. 5.50 in corresponding period last year. Net Interest income was reported at Rs. 15.24 billion with a drop of 6.5% on account of decreased earning margins due to the expansionary monetary policy regime to combat the downside risks emanating from the pandemic.

Non-markup income block registered an increase of 22% to reach Rs. 4.75 billion as the improving transactional volumes amid economic recovery supplemented a growth of 17% in fee income while dividend income increased by 86% over corresponding period last year.

On the operating expenses side (excluding pension fund reversal), despite sustained inflationary pressures, expansion in branch outreach, continued investment in technological infrastructure and regular performance and merit adjustments of the Human Capital, the Bank's focus of balancing short term tactical cost reductions with long term cost initiatives assisted in containing the growth in administrative expenses to 5%.

On the provision front, the equity scrip disposals resulted in impairment reversal of Rs. 570 million for the first quarter 2021. Based on the objective and subjective downgrades, the Bank recorded net provision of Rs. 444 million in lieu of advances.

On the financial position side, the total asset base of the Bank on an unconsolidated basis was reported at Rs. 1.77 trillion. Analysis of the asset mix highlights that the net investments increased by Rs. 75 billion (7.4%) whereas the gross advances decreased by Rs. 33 billion (-6.5%) over December 2020. However, consumer lending book grew by Rs. 2.2 billion (+8%) on account of significant activity on the construction and auto segment.

Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk. The non-performing loan (NPLs) base of the Bank hence recorded a marginal increase of 1.2% over December 2020 to report at Rs. 51.8 billion. The Bank has not taken FSV benefit in calculation of specific provision and carries un-encumbered general provision reserve of Rs. 4.06 billion. The coverage and infection ratios of the Bank were reported at 98.1% and 10.8% respectively.

On the liabilities side, achieving growth in no-cost current account base remained a key strategic objective for the Bank. Thereby, non-remunerative deposits grew by 7% to close at Rs. 521.76 billion; improving their mix in the total deposits to 40% as at March 31, 2021 compared to 38% as at December 31, 2020. CASA mix improved to 93.1% whereas the total deposits of the Bank grew by 2% against a subdued industry growth of 0.17% to close the period at Rs. 1.31 trillion.

Return on Assets and Return on Equity reported at 1.54% and 17.35% respectively, whereas the book value per share was reported at Rs. 127.16.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 20.11% against the requirement of 11.5% (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 16.56% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.4% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 249.67% and Net Stable Funding Ratio (NSFR) of 188.19% against requirement of 100%.

The Board of Directors has declared first interim cash dividend of Rs. 4.5 per share for the first quarter ended March 31, 2021.

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 26, 2020.

Economy Review

During the first quarter of 2021, Pakistan's macroeconomic fundamentals showed slight improvement as the businesses resumed operations after the second wave of the COVID-19 pandemic. However, the over-all situation remained challenging as the fear of the third wave continued to loom over the economy.

On the external front, Pakistan reported a current account surplus of USD 881 million during the first eight months of FY21 as compared to a deficit of USD 2.7 billion reported in the same period last year. The main reason for this positive development was the significant growth recorded in remittances that continued into 2021. Hence, despite the fact that the last few months witnessed a slight current account deficit, the overall situation remained well under control.

Due to the improvement in the current account balance and the foreign inflows received by the State bank, the foreign exchange reserves of SBP continued to provide a 3 month import cover. Moreover, the initiative of Roshan Digital Account taken by the SBP in September, 2020 gained pace during the first quarter of 2021 which further lent support to the external sector. In addition, Pakistan and IMF managed to find a common ground which led to the resumption of the USD 6 billion of Extended Fund Facility Programme.

As a result of improved situation on the external front, the USD/PKR parity appreciated during the first three months of the current calendar year. Starting the quarter at PKR 159.8344 and after touching a high of PKR 160.7957 in January 2021, the rupee settled at PKR 152.7586 against USD at the quarter end. The total appreciation of rupee recorded during the quarter was 4.4%.

Meanwhile, Inflation picked up slightly during the first quarter of 2021 after touching a low of 5.7% (for the fiscal year) in January, 2021. The uptick in inflation was mainly observed due to an increase in the electricity base tariff. However, average inflation for the quarter was 7.8% as compared to 12.4% during the same period last year. To stimulate the growth in the economy in the after-math of the pandemic, the State Bank of Pakistan kept the policy rate unchanged at 7% in its two monetary policy meetings held during the quarter.

As regards to Pakistani stock markets, the KSE-100 showed largely positive performance during the first two months of 2021 as different businesses across the economy resumed their operations. However, during March, the political uncertainty overtook the market and the index closed the quarter at 44,587 points, up by merely 1.9% during the three month period.

On the fiscal side, the finance ministry released the official numbers for the first half of FY21 which showed that the budget deficit clocked in at 2.5% of GDP as compared to 2.3% of GDP during the same period last year. However, the primary balance remained in surplus and stood at 0.7% of GDP. FBR tax revenue collection stood at PKR 2.21 trillion during the first six months of the current fiscal year as compared to PKR 2.25 trillion during the same period last year.

Future Outlook

Pakistan is currently going through the third wave of the COVID-19 pandemic which has slowed down the economic activity. For FY21, IMF is eyeing a GDP growth of 1.5% while SBP expects the GDP to grow by approximately 3% on the basis of improved business sentiment. However, moving forward, the government will have to remain vigilant to control further spread of the virus and increase the pace of its vaccination drive to fasten the recovery process.

On the positive side, the government of Pakistan and IMF were able to reach a consensus during the quarter which lifted the business sentiment in the economy. The need of the hour is that the government takes the necessary policy measures and fiscal reforms under the IMF programme to bring the economy back on track after a very challenging year laden with a public health crisis.

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 20, 2021

Mian Umer Mansha
Director
MCB Bank Limited

بیرونی محاذ پر بہتری کی اس صورتحال کی بدولت روپے اور امریکی ڈالر کی شرح تبادلہ میں رواں سال کے پہلے تین ماہ کے عرصے میں افزودگی ہوئی ہے۔ 159.8344 روپے فی ڈالر سے سہ ماہی کے آغاز اور جنوری 2021ء میں 160.7957 روپے فی ڈالر کی ایک بلند سطح کو چھونے کے بعد، پاکستانی روپیہ امریکی ڈالر کے مقابلہ میں اس سہ ماہی کے اختتام تک 152.7586 روپے فی ڈالر پر ریکارڈ ہوا۔ اس سہ ماہی میں روپے کی افزودگی کی شرح 4.4 فیصد پر درج ہوئی۔

دریں اثناء، جنوری 2021ء میں 5.7 فیصد کی ایک کم سطح کو چھونے کے بعد سال 2021ء کی پہلی سہ ماہی میں افراط زر میں قدرے اضافہ دیکھا گیا۔ افراط زر میں اس بڑھوتی کی اہم وجہ توانائی کی قیمتوں میں بنیادی اضافہ ہے۔ تاہم، اس سہ ماہی میں اوسط افراط زر کو گزشتہ سال کے مماثلی عرصہ کی 12.4 فیصد کی شرح کی نسبت 7.8 فیصد پر درج کیا گیا۔ اس عالمگیر وباء کے مہیب اثرات کے تناظر میں معیشت میں نمو کو متحرک رکھنے کے لیے اسٹیٹ بینک آف پاکستان نے اس سہ ماہی کے دوران منعقد کی گئی مانیٹری پالیسی کی دو میٹنگز کے دوران پالیسی ریٹ کو 7 فیصد کی شرح پر برقرار رکھا ہے۔

ملکی معیشت کے طول وعرض میں مختلف کاروباری سرگرمیوں کی بحالی کے باعث پاکستانی اسٹاک مارکیٹوں نے سال 2021ء کے پہلے دو ماہ کے دوران مجموعی طور پر مثبت کارکردگی کا مظاہرہ کیا ہے۔ تاہم، مارچ کے دوران سیاسی غیر یقینی مارکیٹ پر اثر انداز ہوئی اور تین ماہ کی مدت کے دوران محض 1.9 فیصد کے اضافے سے سہ ماہی کے اختتام تک انڈیکس 44,587 پوائنٹس پر بند ہوا۔

مالیاتی حوالے سے وزارت خزانہ نے مالی سال 2021ء کی پہلی ششماہی کے سرکاری اعداد و شمار کی اشاعت کی ہے جس کے تحت بجٹ کا خسارہ گزشتہ سال کے مماثلی عرصہ کی جی ڈی پی کی 2.3 فیصد کی شرح کے مقابلے میں بڑھتا ہوا جی ڈی پی کی 2.5 فیصد کی شرح پر جا پہنچا۔ تاہم، بنیادی توازن میں سرپلس برقرار ہے اور یہ جی ڈی پی کا 0.7 فیصد کی شرح پر موجود ہے۔

ایف بی آر کی آمدنی کی وصولیاں رواں سال کے پہلے چھ ماہ کے عرصہ میں گزشتہ سال کے اس عرصہ کے 2.25 ٹریلین روپے کے حجم کے مقابلہ میں 2.21 ٹریلین روپے پر درج ہوئیں۔

مستقبل کی پیش بینی :

پاکستان، فی الحال کووڈ-19 کی عالمگیر وباء کی تیسری لہر سے گزر رہا ہے، جس کے باعث معاشی سرگرمی سست روی کا شکار ہے۔ مالی سال 2021ء کے لیے آئی ایم ایف کو جی ڈی پی کی نمو کی شرح 1.5 فیصد پر رہنے کی توقع ہے۔ جبکہ اسٹیٹ بینک آف پاکستان کو بہتر ہوتے کاروباری ماحول کی بناء پر نمو کی شرح جی ڈی پی کا 3 فیصد رہنے کی توقع ہے۔ تاہم، مستقبل میں حکومت کو بحالی کے عمل کو مضبوط بنانے کے لیے وائرس کے مزید پھیلاؤ پر قابو پانے اور ویکسینیشن کی رفتار میں اضافہ کے لیے اپنی مستعدی برقرار رکھنے کی ضرورت ہے۔

مثبت حوالے سے، حکومت پاکستان اور آئی ایم ایف اس سہ ماہی کے دوران باہمی اتفاق پر پہنچ گئے جس سے معیشت میں کاروباری رجحان اور جذبات کو فروغ حاصل ہوا۔ یہ امر وقت کی اہم ضرورت ہے کہ حکومت معیشت کو صحت عامہ کے بحران کے بوجھ تلے دبے ایک مشکل سال کے بعد بحالی کی راہ پر گامزن کرنے کے لیے تمام ضروری پالیسی اقدامات اور مالیاتی اصلاحات کا نفاذ کرے۔

تحسین وتشکر

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

منجانب وبرائے بورڈ آف ڈائریکٹرز

عمران مقبول
پریذیڈینٹ اور سی ای او
ایم سی بی بینک لمیٹڈ
20 اپریل 2021ء

میاں عمر منشاء
ڈائیریکٹر
ایم سی بی بینک لمیٹڈ

مالیاتی پوزیشن کی مد میں بینک کے کل اثاثہ جات کی اساس، غیر مجموعی بنیاد پر، 1.77 ٹریلین روپے پر ریکارڈ ہوئی۔ اثاثہ جات کی ترکیب کا جائزہ سے امر واضح ہوتا ہے کہ خالص سرمایہ کاری میں 75 بلین روپے (7.4 %) کا اضافہ ہوا جبکہ کل قرضہ جات میں دسمبر 2020 کے مقابلہ میں 33 بلین روپے (6.5 %-) کی کمی درج ہوئی۔ تاہم، سال 2021ء کی پہلی سہ ماہی میں کنزیومر لینڈنگ میں 2.2 بلین روپے کا اضافہ ہوا۔

خدشات کے تدارک کے مضبوط فریم ورک جو کہ جانچ کے حقیقی ماڈلز، قرض کی ادائیگی سے پہلے اسکی قدر پیمائی کے موزوں طریقہ کار اور ادائیگی کے بعد نگرانی کے موثر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھتے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدشات کا احسن طریقے سے انتظام کیا۔ چنانچہ، بینک کے غیر فعال قرضہ جات میں دسمبر 2020ء سے محض 1.2 فیصد کے اضافہ کے ساتھ ان کا حجم 51.8 بلین روپے پر درج ہوا۔ بینک نے اپنی مخصوص پرووِیژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا اور 4.06 بلین روپے کی بلا کفالت عام پرووِیژن کا اندراج کیا۔ بینک کی کوریج اور انفیکشن کی شرحیں بالترتیب 98.1 فیصد اور 10.8 فیصد پر رپورٹ ہوئیں۔

واجبات کے حوالے سے، بغیر لاگت کے ڈیپازٹس کے حصول میں اضافہ، بینک کی حکمت عملی کے طور پر برقرار ہے۔ لہذا، غیر پیداواری ڈیپازٹس 7 فیصد کے اضافے کے ساتھ 521.76 بلین روپے پر بند ہوئے اور کل ڈیپازٹس کی ترکیب میں اپنے حصے کو 31 دسمبر 2020ء کی 38 فیصد کی سطح کی نسبت 40 فیصد تک کی شرح پر پہنچ گئے۔ کاسا (CASA) کی ترکیب بہتر ہوتے ہوئے 93.1 فیصد پر رہی۔ جبکہ صنعت میں 0.17 فیصد کی معمولی نمو کے مقابلے میں بینک کے کل ڈیپازٹس، رواں مدت کے اختتام تک 2 فیصد کے اضافے کے ساتھ 1.31 ٹریلین تک پہنچ گئے۔

اثاثہ جات کی آمدنی اور سرمائے کی آمدنی کی شرح بہتر ہوتے ہوئے بالترتیب 1.54 فیصد اور 17.35 فیصد پر درج ہوئیں جبکہ بک ویلیو 127.16 روپے فی شیئر پر رپورٹ ہوئی۔

سرمائے کے ضوابطی مطلوبات کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکویسی) 11.50 فیصد کی مطلوبہ شرح کی نسبت 20.11 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 ایکیوٹی ٹائر 1 (CET1) - Common Equity Tier - 1 سے کل رسک ویٹیڈ ایسٹس (Assets Risk Weighted) کی شرح سے ہوتا جو کہ 6.00 فیصد کی مطلوبہ حد کے مقابلہ 16.56 فیصد کی شرح پر درج کی گئی۔ بینک کی کیپٹلائزیشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابطی حد سے نمایاں اضافہ کے ساتھ 6.4 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریشو (LCR - Liquidity Coverage Ratio) کو 249.67 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 188.19 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2021ء کو اختتام پذیر سہ ماہی کے لیے 4.5 روپے فی شیئر کے پہلے عبوری کیش ڈیویڈینڈ کا اعلان کیا ہے۔

ریٹنگز

پاکرا (PACRA) کے نوٹیفکیشن بتاریخ 26 جون 2020ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور A1+ کی بلند ترین کریڈٹ ریٹنگز سے مستفید ہو رہا ہے۔

معاشی جائزہ

سال 2021 کی پہلی سہ ماہی کے دوران کووڈ - 19 کی عالمگیر وباء کی دوسری لہر کے بعد کاروباری سرگرمیاں بحال ہونے کے باعث پاکستان کے میکرو اکنامک عوامل میں قدرے بہتری کے آثار ہیں۔ تاہم، معیشت پر تیسری لہر کے پھیلاؤ کے جاری خدشات کی وجہ سے مجموعی صورتحال میں مشکلات برقرار ہیں۔

بیرونی محاذ پر پاکستان نے کرنٹ اکاؤنٹ میں گزشتہ سال کی تقابلی مدت کے 2.7 بلین امریکی ڈالرز کے خسارے کی نسبت مالی سال 2021ء کے پہلے آٹھ ماہ میں 881 ملین امریکی ڈالرز کے سرپلس کو رپورٹ کیا۔ اس مثبت پیش رفت کی بنیادی وجہ ترسیلات زر میں درج ہونے والی نمایاں بہتری رہی جو کہ سال 2021ء میں بھی جاری ہے۔ لہذا، اس امر سے قطع نظر کہ گزشتہ چند ماہ میں کرنٹ اکاؤنٹ میں معمولی خسارہ دیکھا گیا، مجموعی صورتحال مکمل کنٹرول میں ہے۔

کرنٹ اکاؤنٹ بیلنس اور اسٹیٹ بینک آف پاکستان کی جانب سے وصول کی گئی غیر ملکی ترسیلات میں بہتری کے نتیجے میں اسٹیٹ بینک آف پاکستان کے غیر ملکی زر مبادلہ کے ذخائر تین ماہ کی درآمدات کو پورا رکھنے کی اہلیت کو جاری رکھے ہوئے ہیں۔ مزید براں، اسٹیٹ بینک آف پاکستان کی جانب سے ستمبر 2020ء میں اجراء کئے گئے روشن ڈیجیٹل اکاؤنٹ کے اقدام میں سال 2021ء کی پہلی سہ ماہی کے دوران مزید تیزی آئی ہے۔ جس سے بیرونی شعبے کو بھی کچھ تقویت حاصل ہوئی ہے۔ اس کے علاوہ پاکستان اور آئی ایم ایف کے مابین اتفاق کے باعث 6 بلین امریکی ڈالرز کی ایکسٹینڈڈ فنڈ فیسلیٹی پروگرام کی بحالی بھی ممکن ہوئی۔

ڈائریکٹرز کا تجزیہ مارچ 2021ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 31 مارچ 2021ء کو اختتام پذیر سہ ماہی کے مالیاتی گوشواروں کو آپکے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

ابتدائیہ

31 مارچ 2021ء کو اختتام پذیر سہ ماہی کے دوران ایم سی بی نے کووڈ- 19 کے دوبارہ پھیلاؤ اور میکرو اکنامک و کاروباری صورتحال پر اس کے متوقع مضر اثرات کی پیش قدمی کے ساتھ نگرانی کرتے ہوئے، اپنے اسٹیک ہولڈرز کے لیے پائیدار نمو کے حصول کی حکمت عملی پر توجہ کو مرکوز کیے رکھا۔

کارکردگی کا جائزہ

	ملین روپے
منافع قبل از ٹیکس	11,276
ٹیکس	4,486
منافع بعد از ٹیکس	6,790
افتتاحی غیر تخصیص شدہ منافع	69,835
ریولیوڈ معینہ اثاثہ جات کی فروخت پر سرپلس (خالص از ٹیکس)	6
غیر بینکنگ اثاثہ جات کی فروخت پر سرپلس (خالص از ٹیکس)	70
پائیدار اثاثوں کی از سر نو تخمینہ پر سرپلس سے اضافی فرسودگی کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)	22
	69,933
تخصیص کیلئے دستیاب منافع	76,723
تخصیص:	
قانونی ریزرو	679
حتمی کیش ڈیویڈینڈ 15 روپے فی شیئر۔ برائے دسمبر 2020ء	17,776
کل تخصیص	18,455
اختتامی غیر تخصیص شدہ منافع	58,268

31 مارچ 2021ء کو اختتام پذیر سہ ماہی کے لیے ایم سی بی کا غیر مجموعی منافع بعد از ٹیکس بڑھتے ہوئے 6.79 بلین روپے تک پہنچ گیا۔ جس کے باعث فی حصص آمدنی گزشتہ سال کے تقابلی عرصہ کی 5.50 روپے فی حصص کی نسبت 5.73 روپے فی حصص پر درج ہوئی۔ اسٹیٹ بینک آف پاکستان کی جانب سے کووڈ - 19 کے پھیلاؤ سے پیدا ہونے والے تطہیر کے خدشات سے نبرد آزما ہونے کے لیے اختیار کیے گئے وسیع مانیٹری پالیسی بیانیہ کی بدولت آمدنی کے مارجنز کی تنزلی کی وجہ سے خالص انٹرسٹ آمدنی 6.5 فیصد کی کمی کے ساتھ 15.24 بلین روپے پر رپورٹ ہوئی۔

لین دین کی مقدار میں بہتری اور ابھرتی ہوئی کاروباری سرگرمیوں کی بدولت فیس کی آمدنی میں 17 فیصد کے اضافے کے اندراج کے باعث نان مارک اپ 22 فیصد کی بڑھوتی سے 4.75 بلین روپے پر جا پہنچی۔ جبکہ ڈیویڈینڈ آمدنی میں گزشتہ سال کے تقابلی عرصہ کی نسبت 86 فیصد کا اضافہ ہوا۔

کاروباری اخراجات کی مد میں (ماسوائے پینشن فنڈ کی کٹوتی کے) افراط زر کے مسلسل دباؤ کے باوجود برانچوں کی توسیع میں اضافہ اور ٹیکنالوجی کے ڈھانچے میں جاری سرمایہ کاری اور اس کے ساتھ باقاعدہ کارکردگی اور افرادی سرمائے کے لیے میرٹ پر مطابقت، اور بینک کی جانب سے قلیل مدت میں لاگت میں موقع کی مناسبت سے کمی اور طویل مدت لاگت کو محدود کرنے کی حکمت عملی پر ارتکاز نے انتظامی اخراجات میں اضافے کو 5 فیصد تک محدود رکھنے میں مدد فراہم کی۔

پرووِیژن کے حوالے سے، بینک نے ایکویٹی سکرِپس (Scrips) کی فروخت کے نتیجے میں سال 2021ء کی پہلی سہ ماہی میں 570 ملین روپے کی امپیئرمینٹ کی مد میں خالص کٹوتی درج کی۔ موضوعی اور معروضی تطہیر کے تناظر میں قرضہ جات کی مد میں 444 ملین روپے کی خالص پرووِیژن کا اندراج کیا گیا۔

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position
As at March 31, 2021

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	111,837,988	122,180,839
Balances with other banks	8	20,894,633	24,030,328
Lendings to financial institutions	9	17,238,199	17,139,453
Investments	10	1,090,917,379	1,015,869,448
Advances	11	429,356,741	462,941,787
Fixed assets	12	57,657,994	58,027,904
Intangible assets	13	999,737	938,458
Deferred tax assets		-	-
Other assets	14	48,059,040	56,334,253
		1,776,961,711	1,757,462,470
LIABILITIES			
Bills payable	16	11,284,888	23,980,692
Borrowings	17	190,057,921	164,001,533
Deposits and other accounts	18	1,313,701,932	1,289,502,304
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	5,002,980	6,975,158
Other liabilities	20	82,190,405	82,900,828
		1,602,238,126	1,567,360,515
NET ASSETS		174,723,585	190,101,955
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	80,577,302	80,696,335
Surplus on revaluation of assets	22	24,027,515	27,720,418
Unappropriated profit		58,268,168	69,834,602
		174,723,585	190,101,955
CONTINGENCIES AND COMMITMENTS	23		

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	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

MCB Bank Limited

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Three Months Period Ended March 31, 2021

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		---------Rupees in '000---------	
Mark-up / return / interest earned	25	28,347,462	39,099,628
Mark-up / return / interest expensed	26	13,107,117	22,791,928
Net mark-up / interest income		15,240,345	16,307,700
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	3,335,544	2,845,649
Dividend income		416,246	223,600
Foreign exchange income		624,450	725,167
Income/ (loss) from derivatives		9,194	(10,405)
Gain/ (loss) on securities	28	349,753	71,139
Other Income	29	13,749	32,535
Total non-markup / interest Income		4,748,936	3,887,685
Total Income		19,989,281	20,195,385
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	8,635,952	8,161,432
Workers welfare fund		225,521	217,299
Other charges	31	29,217	209,255
Total non-markup / interest expenses		8,890,690	8,587,986
Profit before provisions		11,098,591	11,607,399
Provisions / (reversals) and write offs - net	32	(177,465)	742,462
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		11,276,056	10,864,937
Taxation	33	4,485,982	4,345,911
PROFIT AFTER TAXATION		6,790,074	6,519,026
Basic and diluted earnings per share	34	5.73	5.50

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	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Three Months Period Ended March 31, 2021

	Three months ended March 31, 2021	Three months ended March 31, 2020
	---------Rupees in '000---------	
Profit after taxation for the period	6,790,074	6,519,026
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	(798,040)	599,828
Movement in surplus on revaluation of investments - net of tax	(3,594,504)	8,537,459
	(4,392,544)	9,137,287
Total comprehensive income	2,397,530	15,656,313

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

S. M. Muneer
Director

Mian Umer Mahsha
Director

Shahzad Hussain
Director

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Three Months Period Ended March 31, 2021

	Share capital	Capital reserve			Revenue reserve		Surplus/(deficit) on revaluation of		Unappropriated profit	Total
		Share premium	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	General reserve	Investments	Fixed / non-banking assets		
	---------Rupees in '000---------									
Balance as at December 31, 2019	11,850,600	23,751,114	908,317	2,675,131	31,656,691	18,600,000	4,217,747	19,477,694	55,777,489	168,914,783
Total comprehensive income for the period ended March 31, 2020										
Profit after taxation for the period ended March 31, 2020	-	-	-	-	-	-	-	-	6,519,026	6,519,026
Other comprehensive income - net of tax	-	-	-	599,828	-	-	8,537,459	-	-	9,137,287
	-	-	-	599,828	-	-	8,537,459	-	6,519,026	15,656,313
Transfer to statutory reserve	-	-	-	-	651,903	-	-	-	(651,903)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(22,354)	22,354	-
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 5.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Balance as at March 31, 2020	11,850,600	23,751,114	908,317	3,274,959	32,308,594	18,600,000	12,755,206	19,455,340	55,741,666	178,645,796
Change in equity for nine months period ended December 31, 2020										
Total comprehensive income for the nine months period ended December 31, 2020										
Profit after taxation for the nine months period ended December 31, 2020	-	-	-	-	-	-	-	-	22,518,275	22,518,275
Other comprehensive income - net of tax	-	-	-	(398,476)	-	-	(4,515,573)	119,544	(342,311)	(5,136,816)
	-	-	-	(398,476)	-	-	(4,515,573)	119,544	22,175,964	17,381,459
Transfer to statutory reserve	-	-	-	-	2,251,827	-	-	-	(2,251,827)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(66,781)	66,781	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(22,544)	22,544	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(4,774)	4,774	-
Transactions with owners, recorded directly in equity										
Interim cash dividend at Rs. 5.0 per share - March 31, 2020	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Balance as at December 31, 2020	11,850,600	23,751,114	908,317	2,876,483	34,560,421	18,600,000	8,239,633	19,480,785	69,834,602	190,101,955
Total comprehensive income for the period ended March 31, 2021										
Profit after taxation for the period ended March 31, 2021	-	-	-	-	-	-	-	-	6,790,074	6,790,074
Other comprehensive income - net of tax	-	-	-	(798,040)	-	-	(3,594,504)	-	-	(4,392,544)
	-	-	-	(798,040)	-	-	(3,594,504)	-	6,790,074	2,397,530
Transfer to statutory reserve	-	-	-	-	679,007	-	-	-	(679,007)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(21,912)	21,912	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(6,585)	6,585	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(69,902)	69,902	-
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)
	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)
Balance as at March 31, 2021	11,850,600	23,751,114	908,317	2,078,443	35,239,428	18,600,000	4,645,129	19,382,386	58,288,168	174,723,585

For details of dividend declaration and appropriations, please refer note 39 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

S. M. Muneer
Director

Mian Umer Mahsha
Director

Shahzad Hussain
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Period Ended March 31, 2021

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		11,276,056	10,864,937
Less: Dividend income		(416,246)	(223,600)
		10,859,810	10,641,337
Adjustments:			
Depreciation on fixed assets	30	519,342	492,818
Depreciation on right of use assets	30	304,065	301,049
Depreciation on non-banking assets acquired in satisfaction of claims	30	9,360	8,074
Amortization	30	74,647	76,553
Provisions / (reversals) and write offs - net	32	(177,465)	742,462
Workers welfare fund		225,521	217,299
Loss / (gain) on sale of fixed assets and non-banking assets acquired-net	29	36,509	(17,360)
Charge / (reversal) for defined benefit plans		87,000	57,000
Interest expensed on lease liability against right-of-use assets		264,097	276,782
Gain on termination of lease liability against right of use assets	29	(19,853)	-
Unrealized (gain)/loss on revaluation of investments classified as held for trading	28	1,302	(692)
		1,324,525	2,153,985
Decrease / (increase) in operating assets			
Lendings to financial institutions		(98,746)	(8,486,446)
Held-for-trading securities		(6,320,013)	(5,430,713)
Advances		33,665,489	15,747,700
Others assets (excluding advance taxation)		5,258,094	4,104,608
		32,504,824	5,935,149
Increase / (decrease) in operating liabilities			
Bills Payable		(12,695,804)	(3,849,493)
Borrowings from financial institutions		25,640,745	(2,562,249)
Deposits		24,199,628	39,375,624
Other liabilities (excluding current taxation)		556,922	(10,069,437)
		37,701,491	22,894,445
Defined benefits paid		(65,768)	(82,171)
Income tax paid		(3,579,595)	(3,062,100)
Net cash flow from operating activities		78,745,287	38,480,645
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(78,357,443)	(82,284,093)
Net investments in held-to-maturity securities		4,668,670	12,202,230
Dividends received		312,514	124,297
Investments in fixed assets		(503,691)	(494,111)
Investments in Intangible assets		(138,562)	(61,707)
Proceeds from sale of fixed assets		16,070	25,356
Effect of translation of net investment in foreign branches		(798,040)	599,828
Net cash flow used in investing activities		(74,800,482)	(69,888,200)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated debt		-	-
Payment of lease liability against right-of-use-assets		(421,866)	(382,191)
Dividend paid		(17,417,128)	(5,866,348)
Net cash flow used in financing activities		(17,838,994)	(6,248,539)
Effects of exchange rate changes on cash and cash equivalents		(1,931,902)	3,188,843
Increase in cash and cash equivalents		(15,826,091)	(34,467,251)
Cash and cash equivalents at beginning of the period		147,745,756	140,708,746
Cash and cash equivalents at end of the period		131,919,665	106,241,495

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	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2021

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 1418 branches (2020: 1418 branches) within Pakistan and 11 branches (2020: 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 Financial Reporting Standard 9, 'Financial Instruments' through BPRD Circular No. 04 of 2019 dated October 23, 2019 and International Accounting Standards 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. These unconsolidated 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, 2020.

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, 2021. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated 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
IAS 16, Property, plant and equipment (Amendments)	January 1, 2022
IAS 37, Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022

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.

IFRS 9 is effective from January 01, 2021 as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP. However, Implementation guidelines from SBP for consistent application of IFRS 9 across the banking industry are awaited. Therefore these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime. However, the requirements of this standard are incorporated in these unconsolidated financial statements for the jurisdictions where IFRS 9 has been adopted.

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 condensed interim 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, 2020.

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, 2020.

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, 2020. 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.

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	20,999,923	22,094,317
Foreign currencies	6,784,025	6,183,785
	27,783,948	28,278,102
With State Bank of Pakistan in		
Local currency current accounts	48,337,737	47,257,342
Foreign currency current accounts	942,695	1,966,635
Foreign currency deposit accounts	9,428,750	10,215,984
	58,709,182	59,439,961
With other central banks in		
Foreign currency current accounts	7,551,713	11,851,311
With National Bank of Pakistan in		
Local currency current accounts	17,320,668	21,673,576
Prize bonds	472,477	937,889
	111,837,988	122,180,839
8. BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts	17,722,859	21,798,363
In deposit accounts	3,171,774	2,231,965
	20,894,633	24,030,328
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	17,180,368	11,002,195
Repurchase agreement lendings (Reverse Repo)	57,831	6,137,258
	17,238,199	17,139,453

10. INVESTMENTS

10.1 Investments by type:

	Unaudited March 31, 2021				Audited December 31, 2020			
	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	7,628,905	-	(1,302)	7,627,603	1,309,116	-	(224)	1,308,892
Shares	-	-	-	-	-	-	-	-
	7,628,905	-	(1,302)	7,627,603	1,309,116	-	(224)	1,308,892
Available-for-sale securities								
Federal Government Securities	1,024,555,624	(3,970)	4,821,945	1,029,373,599	946,641,148	(4,719)	9,537,433	956,173,862
Shares and units	27,706,815	(9,551,049)	2,314,855	20,470,621	26,582,088	(10,116,283)	3,119,160	19,584,965
Non Government Debt Securities	1,797,840	-	12,105	1,809,945	1,797,840	-	2,252	1,800,092
Foreign Securities	6,778,806	(1,714)	(2,553)	6,774,539	7,463,939	(1,714)	17,509	7,479,734
	1,060,839,085	(9,556,733)	7,146,352	1,058,428,704	982,485,015	(10,122,716)	12,676,354	985,038,653
Held-to-maturity securities								
Federal Government Securities	4,527,538	(10,743)	-	4,516,795	4,612,390	(11,542)	-	4,600,848
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	6,675,812	(490,341)	-	6,185,471	9,270,317	(490,341)	-	8,779,976
Foreign Securities	1,161,149	(21,056)	-	1,140,093	3,149,647	(27,281)	-	3,122,366
	12,364,617	(522,258)	-	11,842,359	17,032,472	(529,282)	-	16,503,190
Associates	700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries	12,319,037	(725)	-	12,318,312	12,319,037	(725)	-	12,318,312
Total Investments	1,093,852,045	(10,079,716)	7,145,050	1,090,917,379	1,013,846,041	(10,652,723)	12,676,130	1,015,869,448

10.1.1 Investments given as collateral

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
- Market Treasury Bills	110,787,178	91,279,273
- Pakistan Investment Bonds	5,835,790	1,000,283
	116,622,968	92,279,556

10.2 Provision for diminution in value of investments

10.2.1 Opening balance	10,652,723	10,689,171
Adjustments	(3,373)	13,474
Charge / (reversals)		
Charge for the period / year	260,856	1,956,360
Reversals for the period / year	-	(1,529)
Reversal on disposals	(831,305)	(2,004,753)
	(570,449)	(49,922)
Amounts written off	815	-
Closing Balance	10,079,716	10,652,723

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2021		Audited December 31, 2020	
	NPI	Provision	NPI	Provision
	----------Rupees in '000--------			
Domestic				
Doubtful	-	-	-	-
Loss	490,459	490,459	490,459	490,459
	490,459	490,459	490,459	490,459

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 35.770 million (December 31, 2020: Rs 43.542 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, 2021 amounted to Rs. 11,920.679 million (December 31, 2020: Rs. 17,002.908 million).

11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited March 31, 2021	Audited December 31, 2020	Unaudited March 31, 2021	Audited December 31, 2020	Unaudited March 31, 2021	Audited December 31, 2020
	----------Ru pees in '000----------					
Loans, cash credits, running finances, etc.	412,998,520	444,168,998	50,735,154	50,524,753	463,733,674	494,693,751
Bills discounted and purchased	15,390,013	18,192,157	1,065,441	664,294	16,455,454	18,856,451
Advances - gross	428,388,533	462,361,155	51,800,595	51,189,047	480,189,128	513,550,202
Provision against advances						
- Specific	-	-	(45,888,974)	(45,142,956)	(45,888,974)	(45,142,956)
- General	(4,943,413)	(5,465,459)	-	-	(4,943,413)	(5,465,459)
	(4,943,413)	(5,465,459)	(45,888,974)	(45,142,956)	(50,832,387)	(50,608,415)
Advances - net of provision	423,445,120	456,895,696	5,911,621	6,046,091	429,356,741	462,941,787

11.1 Particulars of advances (Gross)

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
In local currency	439,463,016	469,211,685
In foreign currencies	40,726,112	44,338,517
	480,189,128	513,550,202

11.2 Advances include Rs. 51,800.595 million (2020: Rs.51,189.047 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited March 31, 2021		Audited December 31, 2020	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----------Ru pees in '000----------			
Domestic					
Other Assets Especially Mentioned	11.2.1	119,008	4,182	43,508	1,983
Substandard		229,186	56,682	211,900	52,156
Doubtful		248,327	124,163	264,759	132,380
Loss		43,179,522	42,429,525	42,224,438	41,485,949
		43,776,043	42,614,552	42,744,605	41,672,468
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		626	156	5,321	4,913
91 to 180 days		3,906	987	2,020	505
181 to 365 days		8,719	4,360	19,961	9,981
> 365 days		8,011,301	3,268,919	8,417,140	3,455,089
		8,024,552	3,274,422	8,444,442	3,470,488
Total		51,800,595	45,888,974	51,189,047	45,142,956

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

11.3 Particulars of provision against advances

	Unaudited March 31, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----------Rupees in '000----------					
Opening balance	45,142,956	5,465,459	50,608,415	41,934,421	1,423,921	43,358,342
Exchange adjustments	(164,907)	(21,067)	(185,974)	50,555	7,065	57,620
Charge for the period / year	1,695,190	7,400	1,702,590	5,703,057	4,097,524	9,800,581
Reversals	(750,553)	(508,379)	(1,258,932)	(2,215,829)	(63,051)	(2,278,880)
	944,637	(500,979)	443,658	3,487,228	4,034,473	7,521,701
Amounts written off	(33,712)	-	(33,712)	(329,248)	-	(329,248)
Closing balance	45,888,974	4,943,413	50,832,387	45,142,956	5,465,459	50,608,415

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.

11.3.3 In addition, the Bank has also maintained an un-encumbered general provision of Rs 4,064 million (December 31, 2020: Rs 4,564 million) against financing made on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
12. FIXED ASSETS			
Capital work-in-progress	12.1	1,017,675	802,966
Property and equipment		50,130,549	50,467,607
Right-of-use assets		6,509,770	6,757,331
		57,657,994	58,027,904

12.1 Capital work-in-progress

Civil works	583,145	418,187
Equipment	125,664	98,383
Advances to suppliers	302,158	283,029
Others	6,708	3,367
	1,017,675	802,966

12.2 Additions to fixed assets

	Unaudited Three Months ended March 31, 2021	Unaudited Three Months ended March 31, 2020
	----------Rupees in '000--------	
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	249,016	183,966
Property and equipment		
Freehold land	520	5,488
Building on freehold land	64,562	9,585
Building on leasehold land	3,615	-
Electrical office and computer equipment	104,643	166,324
Furniture and fixture	39,750	64,191
Leasehold Improvements	28,641	23,975
Vehicles	12,944	40,582
	254,675	310,145
Total	503,691	494,111

12.3 Disposal of fixed assets

	Note	Unaudited Three Months ended March 31, 2021	Unaudited Three Months ended March 31, 2020
		----------Rupees in '000--------	
The net book value of fixed assets disposed off during the period is as follows:			
Freehold land		-	-
Vehicles		1,311	5,404
Furniture and fixture		992	130
Electrical office and computer equipment		1,775	2,462
Building on freehold land		43,149	-
Total		47,227	7,996

	Unaudited March 31, 2021	Audited December 31, 2020
13. INTANGIBLE ASSETS	----------Rupees in '000--------	
Capital work-in-progress	465,540	394,643
Computer software	534,197	543,815
	999,737	938,458

13.1 Additions to intangible assets

	Unaudited Three Months ended March 31, 2021	Unaudited Three Months ended March 31, 2020
	----------Rupees in '000--------	
The following additions have been made to intangible assets during the period:		
Capital work-in-progress	70,897	57,417
Directly purchased	67,665	4,290
	138,562	61,707

	Note	Unaudited March 31, 2021	Audited December 31, 2020
14. OTHER ASSETS		----------Rupees in '000--------	
Income/ mark-up accrued in local currency		11,480,596	17,085,615
Income/ mark-up accrued in foreign currencies		209,043	305,759
Advances, deposits, advance rent and other prepayments		2,538,238	2,249,497
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims		2,891,392	3,277,778
Branch adjustment account		66,874	276,102
Mark to market gain on forward foreign exchange contracts		4,428,998	4,854,527
Unrealized gain on derivative financial instruments		324,321	517,033
Acceptances	20	17,275,935	20,030,754
Receivable from the pension fund		3,430,179	3,370,179
Others		7,083,588	5,961,655
		49,862,973	58,062,708
Less: Provision held against other assets	14.1	2,550,624	2,582,686
Other Assets (net of provision)		47,312,349	55,480,022
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		746,691	854,231
Other Assets - total		48,059,040	56,334,253

14.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims	89,745	95,095
Others	2,460,879	2,487,591
	2,550,624	2,582,686

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
14.1.1 Movement in provision held against other assets		
Opening balance	2,582,686	2,604,137
Charge for the period / year	13,161	54,269
Reversals	(19,039)	(77,917)
	(5,878)	(23,648)
Amounts written off	13,228	(16,591)
Exchange and other adjustments	(39,412)	18,788
Closing balance	2,550,624	2,582,686

15. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2021 (2020: NIL).

16. BILLS PAYABLE

In Pakistan	11,156,897	23,912,803
Outside Pakistan	127,991	67,889
	11,284,888	23,980,692

17. BORROWINGS

Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	33,771,079	34,998,802
Under long term financing facility	22,166,563	22,150,335
Under renewable energy performance platform	217,994	74,760
Under payment of Wages & Salaries	9,503,304	10,074,011
Under temporary economic refinance facility	5,725,128	1,694,659
Under financing facility for storage of agricultural produce	189,031	191,254
	71,573,099	69,183,821
Repurchase agreement borrowings	117,343,778	92,225,530
Total secured	188,916,877	161,409,351
Unsecured		
Borrowings from other financial institution	89,042	1,712,914
Call borrowings	76,760	319,669
Overdrawn nostro accounts	812,956	397,313
Others	162,286	162,286
Total unsecured	1,141,044	2,592,182
	190,057,921	164,001,533

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2021			Audited December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in '000----------					
Customers						
Current deposits	424,899,543	53,117,251	478,016,794	397,258,854	53,823,514	451,082,368
Savings deposits	645,477,698	42,562,919	688,040,617	649,410,009	45,805,328	695,215,337
Term deposits	74,421,101	12,527,840	86,948,941	71,492,234	14,103,734	85,595,968
Others	30,077,586	2,852,823	32,930,409	23,319,545	3,218,232	26,537,777
	1,174,875,928	111,060,833	1,285,936,761	1,141,480,642	116,950,808	1,258,431,450
Financial Institutions						
Current deposits	9,924,423	708,188	10,632,611	10,885,621	659,092	11,544,713
Savings deposits	13,351,658	309,529	13,661,187	14,068,212	115,935	14,184,147
Term deposits	916,968	2,377,934	3,294,902	1,030,968	4,090,613	5,121,581
Others	-	176,471	176,471	-	220,413	220,413
	24,193,049	3,572,122	27,765,171	25,984,801	5,086,053	31,070,854
	1,199,068,977	114,632,955	1,313,701,932	1,167,465,443	122,036,861	1,289,502,304

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
19. DEFERRED TAX LIABILITIES			
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		1,271,070	1,286,416
- Surplus on revaluation of non-banking assets		261,343	298,982
- Accelerated tax depreciation		1,806,553	1,850,789
- Receivable from pension fund		1,200,562	1,179,562
- Business combination		705,218	705,218
- Surplus/deficit on revaluation of investments		2,501,223	4,436,721
		7,745,969	9,757,688
Deductible Temporary Differences on			
- Provision against advances		(2,742,989)	(2,782,530)
		(2,742,989)	(2,782,530)
		5,002,980	6,975,158
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		6,907,870	2,272,650
Mark-up/ return/ interest payable in foreign currencies		185,418	247,926
Unearned commission and income on bills discounted		271,200	212,337
Accrued expenses		4,731,852	5,898,224
Provision for taxation (provisions less payments)		11,128,442	10,185,375
Workers' welfare fund	20.1	9,064,205	8,838,684
Acceptances	14	17,275,935	20,030,754
Unclaimed / dividends payable		2,051,714	1,692,942
Mark to market loss on forward foreign exchange contracts		3,953,504	4,485,302
Unrealised loss on derivative financial instruments		316,111	513,343
Staff welfare fund		5,527	5,598
Provision for employees' compensated absences		956,456	919,407
Provision for post retirement medical benefits		2,043,834	2,004,122
Provision for employees' contributory benevolent scheme		226,555	222,084
Retention money		12,473	20,657
Insurance payable against consumer assets		774,099	698,949
Unclaimed balances		768,748	877,552
Duties and taxes payable		1,322,502	1,846,580
Provision against off-balance sheet obligations		45,275	46,189
Security deposits against lease		492,143	499,089
Lease liability against right of use assets		7,913,930	8,035,048
Others		11,742,612	13,348,016
		82,190,405	82,900,828

20.1 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.
Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
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		2,078,443	2,876,483
Statutory reserve	21.2	35,239,428	34,560,421
General reserve		18,600,000	18,600,000
		80,577,302	80,696,335

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.

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	7,146,352	12,676,354
- Fixed Assets		20,168,109	20,211,952
- Non-banking assets acquired in satisfaction of claims		746,690	854,231
		28,061,151	33,742,537
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		2,501,223	4,436,721
- Fixed Assets		1,271,070	1,286,416
- Non-banking assets acquired in satisfaction of claims		261,343	298,982
		4,033,636	6,022,119
		24,027,515	27,720,418
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	173,706,692	178,571,960
-Commitments	23.2	418,426,188	507,506,107
-Other contingent liabilities	23.3	27,922,874	27,960,316
		620,055,754	714,038,383
23.1 Guarantees:			
Financial guarantees		148,198,527	149,925,920
Performance guarantees		23,304,292	25,900,273
Other guarantees		2,203,873	2,745,767
		173,706,692	178,571,960
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		167,595,089	172,617,563
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	196,531,773	318,420,575
- forward government securities transactions	23.2.2	46,807,440	11,089,775
- derivatives	23.2.3	6,468,607	4,471,383
Commitments for acquisition of:			
- operating fixed assets		848,622	710,570
- intangible assets		174,657	196,241
		418,426,188	507,506,107
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		104,112,958	168,432,858
Sale		92,418,815	149,987,717
		196,531,773	318,420,575
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		23,307,440	11,089,775
Sale		23,500,000	-
		46,807,440	11,089,775
23.2.3 Commitments in respect of derivatives			
FX options (notional)			
Purchase		1,735,958	182,800
Sale		1,735,958	182,800
		3,471,916	365,600
Cross Currency Swaps (notional)			
Purchase		1,440,224	1,975,311
Sale		1,556,467	2,130,472
		2,996,691	4,105,783
		6,468,607	4,471,383

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.

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	23.3.1	27,922,874	27,960,316

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.5,986 million (2020: Rs. 6,033 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 these unconsolidated condensed interim 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, 2021					
	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	1,440,224	319,856	-	-	1,735,958	4,465
Market Making	1,556,467	(311,646)	-	-	1,735,958	(4,465)

	Audited December 31, 2020					
	----------Rupees in '000----------					
Total						
Hedging	1,975,311	512,508	-	-	182,800	4,525
Market Making	2,130,472	(508,818)	-	-	182,800	(4,525)

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		7,590,617	14,220,965
Investments		20,621,411	24,598,226
Lendings to financial institutions		116,238	197,272
Balances with banks		19,196	83,165
		28,347,462	39,099,628
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		10,473,321	19,669,296
Borrowings		2,025,788	2,169,783
Cost of foreign currency swaps against foreign currency deposits / borrowings		343,911	676,067
Unwinding cost of liability against right-of-use assets		264,097	276,782
		13,107,117	22,791,928
27. FEE & COMMISSION INCOME			
Branch banking customer fees		663,970	485,807
Consumer finance related fees		130,505	92,753
Card related fees (debit and credit cards)		1,005,517	819,150
Credit related fees		88,425	5,660
Investment banking fee		30,022	34,156
Commission on trade		340,576	347,234
Commission on guarantees		173,811	137,052
Commission on cash management		161,892	158,317
Commission on remittances including home remittances		244,858	282,078
Commission income - Bancassurance		379,144	365,261
Rent on lockers		64,241	56,393
Commission on utility bills		18,188	20,416
Commission on investments services		9,647	7,040
Other Commission		24,748	34,332
		3,335,544	2,845,649
28. GAIN ON SECURITIES, NET			
Realised	28.1	351,055	70,447
Unrealised - held for trading	10.1	(1,302)	692
		349,753	71,139
28.1 Realised gain / (loss) on:			
Federal Government Securities		328,232	75,320
Shares		22,783	(11,295)
Others		40	6,422
		351,055	70,447
29. OTHER INCOME			
Rent on property		30,405	15,175
Gain on termination of lease liability against right of use assets		19,853	-
(Loss) / Gain on sale of fixed assets and non banking assets -net		(36,509)	17,360
		13,749	32,535

	Three months ended March 31, 2021	Three months ended March 31, 2020
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	4,284,327	3,987,600
Property expense		
Rent and taxes	45,348	37,868
Insurance	5,429	5,662
Utilities cost	307,152	239,266
Fuel expense generators	93,953	100,692
Security (including guards)	332,043	311,229
Repair and maintenance (including janitorial charges)	164,072	161,379
Depreciation on right-of-use assets	304,065	301,049
Depreciation	177,393	151,165
	1,429,455	1,308,310
Information technology expenses		
Software maintenance	278,175	285,593
Hardware maintenance	41,568	66,640
Depreciation	142,618	132,801
Amortisation	74,647	76,553
Network charges	138,864	151,658
Insurance	886	908
	676,758	714,153
Other operating expenses		
Directors' fees and allowances	10,260	12,004
Legal and professional charges	84,662	86,032
Outsourced services costs	175,060	167,502
Travelling and conveyance	49,562	69,082
NIFT clearing charges	38,853	46,278
Depreciation	199,331	208,852
Depreciation on non-banking assets acquired in satisfaction of claims	9,360	8,074
Training and development	6,160	7,961
Postage and courier charges	57,825	65,057
Communication	85,609	82,150
Stationery and printing	147,795	147,968
Marketing, advertisement & publicity	197,702	160,266
Donations	-	5,000
Auditors' remuneration	10,736	8,493
Cash transportation charges	199,560	183,901
Repair and maintenance	102,688	81,241
Subscription	3,168	8,476
Entertainment	51,514	52,553
Remittance charges	43,439	48,527
Brokerage expenses	8,368	10,454
Card related expenses	246,708	225,705
CNIC verification charges	44,952	34,725
Insurance	419,544	369,876
Others	52,556	61,192
	2,245,412	2,151,369
	8,635,952	8,161,432

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		----------Rupees in '000--------	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		10,421	182,818
VAT & National Building tax & Crop Insurance Levy		18,796	26,437
		29,217	209,255
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversal) / provision against balance with Banks		89	(2,160)
(Reversal) / provision for diminution in value of investments	10.2.1	(570,449)	752,718
Provision / (reversal) against loans and advances	11.3	443,658	47,278
Reversal against other assets	14.1.1	(5,878)	(14,120)
Recovery of written off / charged off bad debts		(44,885)	(41,254)
		(177,465)	742,462
33. TAXATION			
Current		4,522,661	4,368,632
Prior years		-	-
Deferred		(36,679)	(22,721)
		4,485,982	4,345,911
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax		6,790,074	6,519,026
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		5.73	5.50

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 period.

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the 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, 2021				
	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	1,037,001,202	-	1,037,001,202	-	1,037,001,202
Shares	19,054,086	19,054,086	-	-	19,054,086
Non-Government Debt Securities	1,809,945		1,809,945	-	1,809,945
Foreign Securities	6,774,539	-	6,774,539	-	6,774,539
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	26,277,607	-	-	-	-
Cash and balances with treasury banks	111,837,988	-	-	-	-
Balances with other banks	20,894,633	-	-	-	-
Lendings to financial institutions	17,238,199	-	-	-	-
Advances	429,356,741	-	-	-	-
Other assets	-	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,152,335	-	44,152,335	-	44,152,335
Non-banking assets	3,548,338	-	3,548,338	-	3,548,338
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	104,112,958	-	4,428,998	-	4,428,998
Forward sale of foreign exchange	92,418,815	-	3,953,504	-	3,953,504
Derivatives purchase	3,176,182	-	324,321	-	324,321
Derivatives sale	3,292,425	-	316,111	-	316,111

	Audited December 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	957,482,754	-	957,482,754	-	957,482,754
Shares	18,171,840	18,171,840	-	-	18,171,840
Non-Government Debt Securities	1,800,092	-	1,800,092	-	1,800,092
Foreign Securities	7,474,188	-	7,474,188	-	7,474,188
					-
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	30,940,574	-	-	-	-
Cash and balances with treasury banks	122,180,839	-	-	-	-
Balances with other banks	24,030,328	-	-	-	-
Lendings to financial institutions	17,139,453	-	-	-	-
Advances	462,941,787	-	-	-	-
Other assets	46,267,752	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,275,487	-	44,275,487	-	44,275,487
Non-banking assets	4,036,914	-	4,036,914	-	4,036,914
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	168,432,858	-	3,902,198	-	3,902,198
Forward sale of foreign exchange	149,987,717	-	4,271,423	-	4,271,423
Derivatives purchase	2,158,111	-	517,033	-	517,033
Derivatives sale	2,313,272	-	513,343	-	513,343

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

	Un audited Three months ended March 31, 2021								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	---Rupees in '000---								
Profit & Loss									
Net mark-up/return/profit	(8,631,596)	642,426	4,572,163	18,344,940	312,412	-	15,240,345	-	15,240,345
Inter segment revenue - net	17,553,451	(122,641)	(3,618,428)	(15,728,980)	(30,229)	1,946,827	-	-	-
Non mark-up / return / interest income	1,929,916	624,942	818,808	1,105,010	231,245	39,015	4,748,936	-	4,748,936
Total Income	10,851,771	1,144,727	1,772,543	3,720,970	513,428	1,985,842	19,989,281	-	19,989,281
Segment direct expenses	6,120,228	477,628	169,663	139,087	314,172	1,669,912	8,890,690	-	8,890,690
Inter segment expense allocation							-	-	-
Total expenses	6,120,228	477,628	169,663	139,087	314,172	1,669,912	8,890,690	-	8,890,690
Provisions	1,241,852	(976)	(50,349)	(565,234)	30,327	(833,085)	(177,465)	-	(177,465)
Profit before tax	3,489,691	668,075	1,653,229	4,147,117	168,929	1,149,015	11,276,056	-	11,276,056
Balance Sheet									
Cash & Bank balances	48,944,129	304,222	638,748	65,544,663	15,545,829	1,755,030	132,732,621	-	132,732,621
Investments	-	-	7,958,398	1,071,246,853	11,712,128	-	1,090,917,379	-	1,090,917,379
Net inter segment lending	1,097,959,484	-	-	-	-	189,965,253	1,287,924,737	(1,287,924,737)	-
Lendings to financial institutions	-	-	-	157,831	17,080,368	-	17,238,199	-	17,238,199
Advances - performing	89,593,980	29,238,891	285,921,501	-	18,690,748	-	423,445,120	-	423,445,120
- non performing	355,366	110,786	-	-	4,750,130	695,339	5,911,621	-	5,911,621
Others	35,293,799	2,125,606	19,839,735	11,043,390	4,406,661	34,007,580	106,716,771	-	106,716,771
Total Assets	1,272,146,758	31,779,505	314,358,382	1,147,992,737	72,185,864	226,423,202	3,064,886,448	(1,287,924,737)	1,776,961,711
Borrowings	60,843,133	-	10,862,472	117,014,280	1,338,036	-	190,057,921	-	190,057,921
Deposits & other accounts	1,192,911,471	19,903,335	48,796,718	-	51,459,981	630,427	1,313,701,932	-	1,313,701,932
Net inter segment borrowing	-	7,830,735	239,803,050	1,026,383,514	13,907,438	-	1,287,924,737	(1,287,924,737)	-
Others	18,392,154	4,045,435	14,896,142	4,594,943	5,480,409	51,069,190	98,478,273	-	98,478,273
Total liabilities	1,272,146,758	31,779,505	314,358,382	1,147,992,737	72,185,864	51,699,617	2,890,162,863	(1,287,924,737)	1,602,238,126
Equity	-	-	-	-	-	174,723,585	174,723,585	-	174,723,585
Total Equity & liabilities	1,272,146,758	31,779,505	314,358,382	1,147,992,737	72,185,864	226,423,202	3,064,886,448	(1,287,924,737)	1,776,961,711
Contingencies & Commitments	84,737,850	-	251,737,365	245,026,194	9,378,844	29,175,501	620,055,754	-	620,055,754

	Un audited Three months ended March 31, 2020								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	---Rupees in '000---								
Profit & Loss									
Net mark-up/return/profit	(16,090,155)	691,123	9,577,037	21,762,473	367,222	-	16,307,700	-	16,307,700
Inter segment revenue - net	28,833,802	(215,624)	(8,422,244)	(22,976,757)	(37,747)	2,818,570	-	-	-
Non mark-up / return / interest income	1,589,015	559,212	732,565	670,873	196,501	139,519	3,887,685	-	3,887,685
Total Income	14,332,662	1,034,711	1,887,358	(543,411)	525,976	2,958,089	20,195,385	-	20,195,385
Segment direct expenses	5,844,524	448,880	183,979	136,199	352,900	1,621,504	8,587,986	-	8,587,986
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	5,844,524	448,880	183,979	136,199	352,900	1,621,504	8,587,986	-	8,587,986
Provisions	(57,077)	(11,743)	100,000	748,442	32,036	(69,196)	742,462	-	742,462
Profit before tax	8,545,215	597,574	1,603,379	(1,428,052)	141,040	1,405,781	10,864,937	-	10,864,937
Balance Sheet	Audited December 31, 2020								
Cash & Bank balances	58,362,119	317,242	394,030	64,577,425	21,166,578	1,393,773	146,211,167	-	146,211,167
Investments	-	-	10,578,310	990,720,067	14,571,071	-	1,015,869,448	-	1,015,869,448
Net inter segment lending	1,050,376,236	-	-	-		201,834,399	1,252,210,635	(1,252,210,635)	-
Lendings to financial institutions	-	-	-	6,137,258	11,002,195	-	17,139,453	-	17,139,453
Advances - performing	94,735,206	26,845,772	313,633,477	-	21,681,241	-	456,895,696	-	456,895,696
- non performing	171,804	177,613	2,382	-	4,973,954	720,338	6,046,091	-	6,046,091
Others	35,621,546	2,370,726	22,789,948	12,206,991	4,580,374	37,731,030	115,300,615		115,300,615
Total Assets	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	241,679,540	3,009,673,105	(1,252,210,635)	1,757,462,470
Borrowings	58,910,004	-	10,372,566	91,069,170	3,649,793	-	164,001,533		164,001,533
Deposits & other accounts	1,147,268,725	21,263,015	65,961,390	-	55,009,174	-	1,289,502,304		1,289,502,304
Net inter segment borrowing	-	4,816,853	252,358,835	981,733,802	13,301,145	-	1,252,210,635	(1,252,210,635)	-
Others	33,088,182	3,631,485	18,705,356	838,769	6,015,301	51,577,585	113,856,678		113,856,678
Total liabilities	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	51,577,585	2,819,571,150	(1,252,210,635)	1,567,360,515
Equity	-	-	-	-	-	190,101,955	190,101,955	-	190,101,955
Total Equity & liabilities	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	241,679,540	3,009,673,105	(1,252,210,635)	1,757,462,470
Contingencies & Commitments	55,974,597	-	288,001,956	320,068,131	20,930,195	29,063,504	714,038,383	-	714,038,383

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.

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, 2021					Audited December 31, 2020				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Ru pees in '000)									
Lendings to Financial Institutions										
Opening balance	-	-	-	-	-	-	-	880,853	-	-
Addition during the period / year	-	-	19,800,000	-	-	-	-	23,703,928	-	-
Repaid during the period / year	-	-	(19,800,000)	-	-	-	-	(24,584,781)	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	12,319,037	700,401	254,253	-	-	12,346,537	700,401	254,253
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	(27,500)	-	-
Adjustment under amalgamation scheme	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	12,319,037	700,401	254,253	-	-	12,319,037	700,401	254,253
Provision for diminution in value of investments	-	-	725	-	5,000	-	-	725	-	5,000
Advances										
Opening balance	1,042	166,757	856,704	356,898	152,147	1,722	129,048	889,811	-	339,520
Addition / exchange adjustment during the period / year	3,957	15,299	-	-	304,591	18,202	60,257	-	356,898	336,695
Repaid / exchange adjustment during the period / year	(3,913)	(24,251)	(49,152)	(44,612)	(375,489)	(18,882)	(21,947)	(33,107)	-	(303,183)
Transfer in / (out)	-	(24,568)	-	-	-	-	(601)	-	-	(220,885)
Closing balance	1,086	133,237	807,552	312,286	81,249	1,042	166,757	856,704	356,898	152,147
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Markup receivable	-	2,205	2,126	797	2,262	-	3,149	2,338	895	2,382
Advances, deposits, advance rent and other prepayments	-	-	24,444	250,068	28,416	-	-	12,715	310,504	27,835
Receivable from Pension Fund	-	-	-	-	3,430,179	-	-	-	-	3,370,179
Unrealized (loss)/ gain on forward foreign exchange contracts - outstanding	-	-	61	-	-	-	-	39,415	-	-
Provision held against other assets	-	-	-	-	-	-	-	-	-	-

	Unaudited March 31, 2021					Audited December 31, 2020				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Ru pees in '000)									
Borrowings										
Opening balance	-	-	25,356	-	77,139	-	-	3,902	-	69,166
Borrowings / exchange adjustment during the period / year	-	-	180,221	-	11,135	-	-	482,356	-	7,973
Settled during the period / year	-	-	(175,368)	-	-	-	-	(460,902)	-	-
Closing balance	-	-	30,209	-	88,274	-	-	25,356	-	77,139
Deposits and other accounts										
Opening balance	302,130	138,566	53,878	4,815,780	4,869,941	602,381	140,761	54,482	3,657,552	4,179,849
Received during the period / year	1,697,986	368,801	818,250	19,611,785	34,338,634	669,282	1,189,437	2,349,111	44,628,206	76,375,987
Withdrawn during the period / year	(1,029,514)	(364,476)	(822,374)	(20,094,723)	(28,581,838)	(969,533)	(1,163,832)	(2,346,830)	(43,469,978)	(75,154,115)
Transfer in / (out) - net	-	(1,668)	-	-	27	-	(27,800)	(2,885)	-	(531,780)
Closing balance	970,602	141,223	49,754	4,332,842	10,626,764	302,130	138,566	53,878	4,815,780	4,869,941
Other Liabilities										
Markup payable	116	70	1	24,695	7,870	50	100	-	42,549	10,654
Accrued expenses and other payable	-	-	33,493	75,693	20	-	-	22,850	62,624	32
Payable to MCB Employee Security Services	-	-	-	-	26,368	-	-	-	-	27,031
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Contingencies and Commitments										
Commitments and contingent liabilities - outstanding	-	-	-	10,416	3,832,939	-	-	-	10,512	1,756,270
Forward foreign exchange contracts (Notional) - outstanding	-	-	293,450	-	-	-	-	1,342,106	-	-
Bank guarantee	-	-	101,574	-	-	-	-	102,038	-	-

RELATED PARTY TRANSACTIONS

(Rupees in '000)

	Unaudited March 31, 2021					Unaudited March 31, 2020				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Income										
Markup / return / interest earned	23	5,196	22,711	797	2,271	-	4,487	42,996	-	8,419
Fee and commission income	-	-	9,676	57,656	464	-	-	7,070	324,743	248
Dividend income	-	-	83,153	-	-	-	-	36,957	-	7,933
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	-	-	-	(14,882)
Net gain / (loss) on sale of securities	3	-	-	(4)	78	72	33	-	235	322
Gain on sale of fixed assets	-	76	-	-	-	-	5	-	-	-
Rent income and reimbursement of other expenses	-	-	17,872	3,920	570	-	-	9,788	2,285	570
Expense										
Markup / return / interest expensed	3,174	372	278	33,524	85,781	15,223	516	886	94,870	68,188
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	38,853	-	-	-	-	46,278
Contribution to provident fund	-	-	-	-	108,976	-	-	-	-	99,858
Rent expenses	-	-	2,875	10,881	11,620	-	-	2,613	11,396	10,745
Cash sorting expenses	-	-	-	-	28,855	-	-	-	-	33,481
Stationery expenses	-	-	-	-	63,693	-	-	-	-	69,084
Security guards expenses	-	-	-	-	85,225	-	-	-	-	82,640
Remuneration to key executives and non-executive directors fee	85,266	240,215	-	-	-	80,299	238,710	-	-	-
Outsourcing service expenses	-	-	-	54,252	-	-	-	-	67,735	-
Donation during the year	-	-	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	-	1,610	-	-	-	-	702
Travelling Expenses	-	-	-	-	4,242	-	-	-	-	11,214
Hotel stay expenses	-	-	-	-	63	-	-	-	-	889
Repair & Maintenance Charges	-	-	-	-	531	-	-	-	-	445
Advertisement Expenses	-	-	-	-	-	-	-	-	-	3,132
Miscellaneous expenses and payments	-	-	-	-	596	-	-	-	-	561
Insurance premium-net of refund	-	-	-	236,937	-	-	-	-	266,437	-
Insurance claim settled	-	-	-	7,764	-	-	-	-	16,991	-
Other Transactions										
Proceeds from sale of fixed assets	-	76	-	-	-	-	5	-	-	-
Purchase of fixed assets	-	-	-	14,624	7,098	-	-	1,550	3,277	5,712
Sale of foreign currency	-	-	5,980,789	-	-	-	-	12,356,436	-	-
Purchase of foreign currency	-	-	4,162,916	-	-	-	-	9,550,835	-	-
Payments against home remittances	-	-	1,036,163	-	-	-	-	690,618	-	-
Sale of government securities	191,370	4,131	-	1,464,717	813,789	79,760	34,838	-	1,791,479	770,297
Purchase of government securities	-	-	-	5,326,465	2,463,278	19,827	-	-	631,712	440,478
Forward exchange contracts matured during the period	-	-	-	-	-	-	-	-	-	4,766,949

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

	Unaudited March 31, 2021	Audited December 31, 2020
	----------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	142,486,355	152,901,428
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	142,486,355	152,901,428
Eligible Tier 2 Capital	30,564,024	35,507,111
Total Eligible Capital (Tier 1 + Tier 2)	173,050,379	188,408,539
Risk Weighted Assets (RWAs):		
Credit Risk	594,080,199	635,599,185
Market Risk	126,723,096	122,603,850
Operational Risk	139,735,092	139,735,092
Total	860,538,387	897,938,127
Common Equity Tier 1 Capital Adequacy ratio	16.56%	17.03%
Tier 1 Capital Adequacy Ratio	16.56%	17.03%
Total Capital Adequacy Ratio	20.11%	20.98%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	142,486,355	152,901,428
Total Exposures	2,225,235,623	2,174,932,446
Leverage Ratio	6.40%	7.03%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,037,524,360	934,508,535
Total Net Cash Outflow	415,558,406	393,109,786
Liquidity Coverage Ratio	249.67%	237.72%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,135,866,530	1,130,301,361
Total Required Stable Funding	603,569,011	646,417,507
Net Stable Funding Ratio	188.19%	174.86%

39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 20, 2021 has announced a cash dividend in respect of three months period ended March 31, 2021 of Rs. 4.50 per share (March 31, 2020: Rs. 5.00 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2021 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 20, 2021.

Imran Maqbool President / CEO	Hammad Khalid Chief Financial Officer	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

MCB BANK LIMITED

Consolidated Condensed Interim Financial Statements for the Three Months Period Ended March 31, 2021

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2021

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	120,428,027	132,053,041
Balances with other banks	8	24,630,472	29,011,521
Lendings to financial institutions	9	21,788,199	17,968,243
Investments	10	1,111,322,424	1,036,217,535
Advances	11	513,874,632	547,685,708
Fixed assets	12	63,159,768	63,679,312
Intangible assets	13	1,894,903	1,867,244
Deferred tax assets		-	-
Other assets	14	54,286,071	62,793,791
		1,911,384,496	1,891,276,395
LIABILITIES			
Bills payable	16	13,711,537	26,451,513
Borrowings	17	209,800,705	184,577,340
Deposits and other accounts	18	1,414,518,735	1,388,737,961
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	5,587,450	7,491,040
Other liabilities	20	90,052,700	91,027,158
		1,733,671,127	1,698,285,012
NET ASSETS		177,713,369	192,991,383
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	80,911,156	81,060,051
Surplus on revaluation of assets	22	25,070,555	28,803,351
Unappropriated profit		59,143,691	70,498,820
		176,976,002	192,212,822
Non-controlling interest		737,367	778,561
		177,713,369	192,991,383
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	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Three Months Period Ended March 31, 2021

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		---------Rupees in '000---------	
Mark-up / return / interest earned	25	30,601,487	41,656,568
Mark-up / return / interest expensed	26	14,303,321	24,370,786
Net mark-up / interest income		16,298,166	17,285,782
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	3,636,522	3,125,528
Dividend income		347,940	200,326
Foreign exchange income		605,814	834,559
Income/ (loss) from derivatives		9,194	(10,405)
Gain/ (loss) on securities	28	366,710	(6,254)
Other Income	29	8,361	23,646
Total non-markup / interest Income		4,974,541	4,167,400
Total Income		21,272,707	21,453,182
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	9,829,367	9,391,696
Workers welfare fund		230,258	217,299
Other charges	31	29,217	209,313
Total non-markup / interest expenses		10,088,842	9,818,308
Share of profit of associates		276,544	260,896
Profit before provisions		11,460,409	11,895,770
Provisions / (reversals) and write offs - net	32	(213,343)	779,656
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		11,673,752	11,116,114
Taxation	33	4,624,167	4,505,932
PROFIT AFTER TAXATION		7,049,585	6,610,182
Loss / (profit) attributable to non-controlling interest		(37,665)	13,732
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		7,011,920	6,623,914
Basic and diluted earnings per share	34	5.92	5.59

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	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

MCB Bank Limited & Subsidiary Companies

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

For The Three Months Period Ended March 31, 2021

	Three months ended March 31, 2021	Three months ended March 31, 2020
	---------Rupees in '000---------	
Profit after taxation for the period	7,049,585	6,610,182
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	(817,083)	628,075
- Non-controlling interest	(11)	16
	(817,094)	628,091
Share of exchange translation reserve of associate	(21,773)	(15,154)
Movement in surplus/ (deficit) on revaluation of investments - net of tax		
- Equity shareholders of the bank	(3,660,287)	8,338,878
Movement in surplus on associated undertaking - net of tax	26,303	(389,292)
	(3,633,984)	7,949,586
	(4,472,851)	8,562,523
Total comprehensive income	2,576,734	15,172,705
Attributable to:		
- Equity shareholders of the bank	2,539,080	15,186,421
- Non-controlling interest	37,654	(13,716)
Total comprehensive income	2,576,734	15,172,705

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

S. M. Muneer
Director

Mian Umer Mahsha
Director

Shahzad Hussain
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)

For The Three Months Period Ended March 31, 2021

	Share capital	Capital reserve: Share premium	Capital reserve: Non-distributable capital reserve	Capital reserve: Exchange translation reserve	Statutory reserve	Revenue reserve: General reserve	Surplus/(deficit) on revaluation of: Investments	Surplus/(deficit) on revaluation of: Associate	Surplus/(deficit) on revaluation of: Fixed / non-banking assets	Unappropriated profit	Total	Non controlling interest	Grand Total
	---------Rupees in '000---------												
Balance as at December 31, 2019	11,850,600	23,973,024	908,317	2,730,354	31,683,134	18,600,000	4,326,251	344,762	20,081,193	56,108,779	170,606,414	740,403	171,346,817
Total comprehensive income for the period ended March 31, 2020													
Profit after taxation for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-	6,623,914	6,623,914	(13,732)	6,610,182
Other comprehensive income - net of tax	-	-	-	612,921	-	-	8,338,878	(389,292)	-	-	8,562,507	16	8,562,523
	-	-	-	612,921	-	-	8,338,878	(389,292)	-	6,623,914	15,186,421	(13,716)	15,172,705
Transfer to statutory reserve	-	-	-	-	651,903	-	-	-	-	(651,903)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(22,769)	22,769	-	-	-
Transactions with owners, recorded directly in equity													
Final cash dividend at Rs. 5.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(35,043)	(35,043)
Balance as at March 31, 2020	11,850,600	23,973,024	908,317	3,343,275	32,335,037	18,600,000	12,665,129	(44,530)	20,058,424	56,178,259	179,867,535	691,644	180,559,179
Change in equity for nine months period ended December 31, 2020													
Total comprehensive income for the nine months period ended December 31, 2020													
Profit after taxation for the nine months period ended December 31, 2020	-	-	-	-	-	-	-	-	-	22,786,313	22,786,313	165,774	22,952,087
Other comprehensive income - net of tax	-	-	-	(393,092)	-	-	(4,264,336)	364,469	119,544	(343,311)	(4,516,726)	(9)	(4,516,735)
	-	-	-	(393,092)	-	-	(4,264,336)	364,469	119,544	22,444,002	18,270,587	165,765	18,436,352
Transfer to statutory reserve	-	-	-	-	2,293,490	-	-	-	-	(2,293,490)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(68,031)	68,031	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(22,544)	22,544	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(4,774)	4,774	-	-	-
Transactions with owners, recorded directly in equity													
Interim cash dividend at Rs. 5.0 per share - March 31, 2020	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(78,848)	(78,848)
Balance as at December 31, 2020	11,850,600	23,973,024	908,317	2,950,183	34,628,527	18,600,000	8,400,793	319,939	20,082,619	70,498,820	192,212,822	778,561	192,991,383
Total comprehensive income for the period ended March 31, 2021													
Profit after taxation for the period ended March 31, 2021	-	-	-	-	-	-	-	-	-	7,011,920	7,011,920	37,665	7,049,585
Other comprehensive income - net of tax	-	-	-	(838,856)	-	-	(3,660,287)	26,303	-	-	(4,472,840)	(11)	(4,472,851)
	-	-	-	(838,856)	-	-	(3,660,287)	26,303	-	7,011,920	2,539,080	37,654	2,576,734
Transfer to statutory reserve	-	-	-	-	688,961	-	-	-	-	(688,961)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(22,325)	22,325	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(6,585)	6,585	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(69,902)	69,902	-	-	-
Transactions with owners, recorded directly in equity													
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)	-	(17,775,900)
	-	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)	-	(17,775,900)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(78,848)	(78,848)
Balance as at March 31, 2021	11,850,600	23,973,024	908,317	2,111,327	35,318,488	18,600,000	4,740,506	346,242	19,983,607	59,143,691	176,976,002	737,367	177,713,369

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

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

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

S. M. Muneer
Director

Mian Umer Mahsha
Director

Shahzad Hussain
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For The Three Months Period Ended March 31, 2021

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		11,673,752	11,116,114
Less: Dividend income and share of profit of associates		(624,484)	(461,222)
		11,049,268	10,654,892
Adjustments:			
Depreciation on fixed assets	30	613,317	583,177
Depreciation on right of use assets	30	408,609	422,219
Depreciation on non-banking assets acquired in satisfaction of claims	30	9,360	8,074
Amortization	30	119,432	109,581
Provisions / (reversals) and write offs - net	32	(213,343)	779,656
Workers welfare fund		230,258	217,299
Loss / (gain) on sale of fixed assets and non-banking assets acquired-net	29	31,550	(17,386)
Charge for defined benefit plans		87,000	57,000
Interest expensed on lease liability against right-of-use assets		359,708	375,369
Gain on termination of lease liability against right of use assets	29	(19,853)	-
Unrealized (gain)/loss on revaluation of investments classified as held for trading	28	(107,067)	(3,514)
		1,518,971	2,531,475
		12,568,239	13,186,367
Decrease / (increase) in operating assets			
Lendings to financial institutions		(3,819,956)	(4,061,675)
Held-for-trading securities		(6,141,200)	(5,395,951)
Advances		33,849,476	7,148,673
Others assets (excluding advance taxation)		5,382,122	4,120,539
		29,270,442	1,811,586
Increase / (decrease) in operating liabilities			
Bills Payable		(12,739,976)	(3,826,537)
Borrowings from financial institutions		24,812,440	(666,437)
Deposits		25,780,774	45,357,158
Other liabilities (excluding current taxation)		450,037	(10,100,686)
		38,303,275	30,763,498
Defined benefits paid		(65,768)	(82,171)
Income tax paid		(3,620,061)	(3,125,477)
Net cash flow from operating activities		76,456,127	42,553,803
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(78,252,501)	(81,461,963)
Net investments in held-to-maturity securities		4,726,170	12,259,730
Dividends received		244,208	101,023
Investments in fixed assets		(575,566)	(557,401)
Investments in Intangible assets		(144,091)	(68,504)
Proceeds from sale of fixed assets		22,862	27,190
Effect of translation of net investment in foreign branches & subsidiaries		(817,094)	612,921
Net cash flow used in investing activities		(74,796,012)	(69,087,004)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use-assets		(581,361)	(527,673)
Dividend paid		(17,495,742)	(5,829,391)
Net cash flow used in financing activities		(18,077,103)	(6,357,064)
Effects of exchange rate changes on cash and cash equivalents		(1,931,902)	3,188,843
Increase in cash and cash equivalents		(18,348,890)	(29,701,422)
Cash and cash equivalents at beginning of the period		162,627,544	159,797,665
Cash and cash equivalents at end of the period		144,278,654	130,096,243

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	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Three Months Period Ended March 31, 2021

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies	"Percentage holding of MCB Bank Limited"
- 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 1418 branches (2020: 1418 branches) within Pakistan and 11 branches (2020: 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.

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 period ended March 31, 2021 and the carrying value of investments held by the parent 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 period ended March 31, 2021.

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 unconsolidated 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.

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 Financial Reporting Standard 9, 'Financial Instruments' through BPRD Circular No. 04 of 2019 dated October 23, 2019 and International Accounting Standards 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. These 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, 2020.

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, 2021. 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
IAS 16, Property, plant and equipment (Amendments)	January 1, 2022
IAS 37, Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022

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.

IFRS 9 is effective from January 01, 2021 as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP. However, Implementation guidelines from SBP for consistent application of IFRS 9 across the banking industry are awaited. Therefore these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime. However, the requirements of this standard are incorporated in these consolidated financial statements for the jurisdictions where IFRS 9 has been adopted.

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 Bank's operations and are therefore not detailed in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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 consolidated financial statements of the Group for the year ended December 31, 2020.

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, 2020.

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, 2020. 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.

7. CASH AND BALANCES WITH TREASURY BANKS

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
In hand		
Local currency	23,604,121	25,039,386
Foreign currencies	7,478,356	7,088,257
	31,082,477	32,127,643
With State Bank of Pakistan in		
Local currency current accounts	52,498,256	51,920,851
Foreign currency current accounts	1,278,292	2,271,659
Foreign currency deposit accounts	9,755,959	10,532,776
	63,532,507	64,725,286
With other central banks in		
Foreign currency current accounts	7,551,713	11,851,311
With National Bank of Pakistan in		
Local currency current accounts	17,751,808	22,308,442
Prize bonds	509,522	1,040,359
	120,428,027	132,053,041

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
8. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	32,015	9,190
In deposit accounts	1,536	1,554
	33,551	10,744
Outside Pakistan		
In current accounts	21,425,147	26,768,812
In deposit accounts	3,171,774	2,231,965
	24,596,921	29,000,777
	24,630,472	29,011,521
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	17,180,368	11,002,195
Repurchase agreement lendings (Reverse Repo)	57,831	6,137,258
Musharaka arrangements	4,550,000	-
Bai Muajjal receivable - with State Bank of Pakistan	-	828,790
	21,788,199	17,968,243

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2021

10. INVESTMENTS

10.1 Investments by type:

	Unaudited March 31, 2021				Audited December 31, 2020			
	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	7,628,905	-	(1,302)	7,627,603	1,309,116	-	(224)	1,308,892
Shares	1,090,632	-	108,369	1,199,001	1,158,952	-	110,493	1,269,445
	8,719,537	-	107,067	8,826,604	2,468,068	-	110,269	2,578,337
Available-for-sale securities								
Federal Government Securities	1,047,060,351	(3,970)	4,797,844	1,051,854,225	969,144,840	(4,719)	9,477,853	978,617,974
Shares and units	29,416,815	(10,512,480)	2,464,922	21,369,257	28,398,065	(11,155,719)	3,412,147	20,654,493
Non Government Debt Securities	2,841,840	-	32,871	2,874,711	2,841,840	-	16,780	2,858,620
Foreign Securities	6,778,806	(1,714)	(2,553)	6,774,539	7,463,939	(1,714)	17,509	7,479,734
	1,086,097,812	(10,518,164)	7,293,084	1,082,872,732	1,007,848,684	(11,162,152)	12,924,289	1,009,610,821
Held-to-maturity securities								
Federal Government Securities	7,228,365	(10,743)	-	7,217,622	7,313,217	(11,542)	-	7,301,675
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	6,963,312	(490,341)	-	6,472,971	9,615,317	(490,341)	-	9,124,976
Foreign Securities	1,161,149	(21,056)	-	1,140,093	3,149,647	(27,281)	-	3,122,366
	15,352,944	(522,258)	-	14,830,686	20,078,299	(529,282)	-	19,549,017
Associates	4,792,402	-	-	4,792,402	4,479,360	-	-	4,479,360
Total Investments	1,114,962,695	(11,040,422)	7,400,151	1,111,322,424	1,034,874,411	(11,691,434)	13,034,558	1,036,217,535

10.1.1 Investments given as collateral

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000----------	
- Market Treasury Bills	110,787,178	91,279,273
- Pakistan Investment Bonds	5,835,790	1,000,283
	116,622,968	92,279,556

10.2 Provision for diminution in value of investments

10.2.1 Opening balance	11,691,434	11,747,618
Adjustments	(3,373)	13,474
Charge / (reversals)		
Charge for the period / year	260,856	1,993,335
Reversals for the period / year	-	(1,529)
Reversal on disposals	(909,310)	(2,061,464)
	(648,454)	(69,658)
Amounts written off	815	-
Closing Balance	11,040,422	11,691,434

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2021 NPI	Unaudited March 31, 2021 Provision	Audited December 31, 2020 NPI	Audited December 31, 2020 Provision
	----------Rupees in '000--------			
Domestic				
Doubtful	-	-	-	-
Loss	490,459	490,459	490,459	490,459
	490,459	490,459	490,459	490,459

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 35.770 million (December 31, 2020: Rs 43.542 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, 2021 amounted to Rs. 12,210.910 million (December 31, 2020: Rs. 17,531.392 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, 2021 amounted to Rs. 2,746.100 million (2020: Rs. 2,752.400 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2020: 20.00%)

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
Opening balance	4,435,075	4,211,707
Share of profit for the period / year before tax	261,656	585,968
Dividend from associate	-	(192,500)
Share of tax	36,877	(143,175)
	298,533	250,293
Share of other comprehensive income	6,970	(26,925)
Closing balance	4,740,578	4,435,075
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	28,743	(34,246)
Share of exchange translation reserve of associate	(21,773)	7,321
	6,970	(26,925)

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% (2020: 30.00%)

Opening balance	44,285	63,951
Share of profit for the period / year before tax	14,888	(12,890)
Share of tax	(7,349)	(6,776)
Closing balance	7,539	(19,666)
	51,824	44,285

11. ADVANCES

	Performing Unaudited March 31, 2021	Performing Audited December 31, 2020	Non Performing Unaudited March 31, 2021	Non Performing Audited December 31, 2020	Total Unaudited March 31, 2021	Total Audited December 31, 2020
	----------Rupees in '000----------					
Loans, cash credits, running finances, etc.	412,974,013	444,022,138	50,735,154	50,524,753	463,709,167	494,546,891
Islamic financing and related assets	84,534,694	84,205,962	120,492	756,471	84,655,186	84,962,433
Bills discounted and purchased	15,390,013	18,192,157	1,065,441	664,294	16,455,454	18,856,451
Advances - gross	512,898,720	546,420,257	51,921,087	51,945,518	564,819,807	598,365,775
Provision against advances						
- Specific	-	-	(45,918,440)	(45,168,351)	(45,918,440)	(45,168,351)
- General	(5,026,735)	(5,511,716)	-	-	(5,026,735)	(5,511,716)
	(5,026,735)	(5,511,716)	(45,918,440)	(45,168,351)	(50,945,175)	(50,680,067)
Advances - net of provision	507,871,985	540,908,541	6,002,647	6,777,167	513,874,632	547,685,708

11.1 Particulars of advances (Gross)

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000----------	
In local currency	524,131,306	554,179,378
In foreign currencies	40,688,501	44,186,397
	564,819,807	598,365,775

11.2 Advances include Rs. 51,921.087 million (2020: Rs.51,945.518 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited March 31, 2021 Non Performing Loans	Unaudited March 31, 2021 Provision	Audited December 31, 2020 Non Performing Loans	Audited December 31, 2020 Provision
		----------Rupees in '000----------			
Domestic					
Other Assets Especially Mentioned		139,817	4,182	61,612	1,983
Substandard	11.2.1	296,011	62,883	309,191	60,382
Doubtful		267,560	133,691	459,053	137,341
Loss		43,193,147	42,443,262	42,671,220	41,498,157
		43,896,535	42,644,018	43,501,076	41,697,863
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		626	156	5,321	4,913
91 to 180 days		3,906	987	2,020	505
181 to 365 days		8,719	4,360	19,961	9,981
> 365 days		8,011,301	3,268,919	8,417,140	3,455,089
		8,024,552	3,274,422	8,444,442	3,470,488
Total		51,921,087	45,918,440	51,945,518	45,168,351

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

11.3 Particulars of provision against advances

	Unaudited March 31, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----------Rupees in '000----------					
Opening balance	45,168,351	5,511,716	50,680,067	41,937,761	1,461,011	43,398,772
Exchange adjustments	(164,907)	(21,306)	(186,213)	50,555	7,162	57,717
Charge for the period / year	1,704,034	45,094	1,749,128	5,730,579	4,106,594	9,837,173
Reversals	(754,658)	(508,769)	(1,263,427)	(2,215,829)	(63,051)	(2,278,880)
	949,376	(463,675)	485,701	3,514,750	4,043,543	7,558,293
Amounts written off	(34,380)	-	(34,380)	(334,715)	-	(334,715)
Closing balance	45,918,440	5,026,735	50,945,175	45,168,351	5,511,716	50,680,067

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.11.058 million (December 31, 2020: Rs.543.151 million) in determining the provisioning against non-performing Islamic financing and related assets as at March 31, 2021. The additional benefit on the Group's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs 7.349 million as at March 31, 2021 (December 31, 2020: Rs 353.048 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.

11.3.3 In addition, the Group has also maintained a general provision of Rs 4,064 million (December 31, 2020: Rs 4,564 million) against financing made on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
12. FIXED ASSETS			
Capital work-in-progress	12.1	1,108,104	871,274
Property and equipment		52,796,668	53,190,768
Right-of-use assets		9,254,996	9,617,270
		63,159,768	63,679,312
12.1 Capital work-in-progress			
Civil works		654,270	472,314
Equipment		125,664	98,383
Advances to suppliers		320,914	296,456
Others		7,256	4,121
		1,108,104	871,274

	Unaudited March 31, 2021	Unaudited March 31, 2020
	----------Rupees in '000--------	
12.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	271,139	220,717
Property and equipment		
Freehold land	520	5,488
Building on freehold land	64,698	9,585
Building on leasehold land	3,615	-
Electrical office and computer equipment	130,062	184,027
Furniture and fixture	50,290	68,144
Leasehold Improvements	42,298	26,325
Vehicles	12,944	43,115
	304,427	336,684
Total	575,566	557,401

	Note	Unaudited March 31, 2021	Unaudited March 31, 2020
		----------Rupees in '000--------	
12.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Vehicles		1,311	5,404
Furniture and fixture		3,227	601
Electrical office and computer equipment		3,692	1,313
Leasehold Improvements		3,033	2,486
Building on freehold land		43,149	-
Total		54,412	9,804

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
13. INTANGIBLE ASSETS		
Capital work-in-progress	511,715	435,330
Goodwill	82,127	82,127
Management rights	192,000	192,000
Computer software	1,109,061	1,157,787
	1,894,903	1,867,244

	Unaudited March 31, 2021	Unaudited March 31, 2020
	----------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	70,897	57,795
Directly purchased	73,194	10,709
	144,091	68,504

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
14. OTHER ASSETS			
Income/ mark-up accrued in local currency		13,938,659	19,451,779
Income/ mark-up accrued in foreign currencies		234,333	311,024
Advances, deposits, advance rent and other prepayments		2,913,643	2,524,851
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims		2,891,392	3,277,778
Branch adjustment account		30,057	421,204
Mark to market gain on forward foreign exchange contracts		4,428,937	4,847,284
Unrealized gain on derivative financial instruments		324,321	517,033
Acceptances	20	19,883,336	22,747,369
Receivable from the pension fund		3,430,179	3,370,179
Others		7,881,338	6,919,936
		56,090,004	64,522,246
Less: Provision held against other assets	14.1	2,550,624	2,582,686
Other Assets (net of provision)		53,539,380	61,939,560
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		746,691	854,231
Other Assets - total		54,286,071	62,793,791
14.1 Provision held against other assets			
Non banking assets acquired in satisfaction of claims		89,745	95,095
Others		2,460,879	2,487,591
		2,550,624	2,582,686
14.1.1 Movement in provision held against other assets			
Opening balance		2,582,686	2,604,137
Charge for the period / year		13,161	54,269
Reversals		(19,039)	(77,917)
		(5,878)	(23,648)
Amounts written off		13,228	(16,591)
Exchange and other adjustments		(39,412)	18,788
Closing balance		2,550,624	2,582,686

15. CONTINGENT ASSETS

There were no contingent assets of the Group as at March 31, 2021 (2020: NIL).

	Unaudited March 31, 2021	Audited December 31, 2020
	---------Rupees in '000--------	
16. BILLS PAYABLE		
In Pakistan	13,583,546	26,383,624
Outside Pakistan	127,991	67,889
	13,711,537	26,451,513
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	36,078,860	37,844,720
Under long term financing facility	22,785,469	22,596,183
Under renewable energy performance platform	217,994	74,760
Under payment of Wages & Salaries	11,103,961	11,789,824
Under temporary economic refinance facility	7,553,053	2,878,487
Musharaka with the SBP under Islamic refinancing facility for combating COVID-19	27,518	-
Under financing facility for storage of agricultural produce	189,031	191,254
	77,955,886	75,375,228
Repurchase agreement borrowings	117,343,778	92,225,530
Total secured	195,299,664	167,600,758
Unsecured		
Borrowings from other financial institution	210,688	1,720,341
Call borrowings	76,760	319,669
Overdrawn nostro accounts	779,845	368,920
Musharaka arrangements	13,271,462	14,405,366
Others	162,286	162,286
Total unsecured	14,501,041	16,976,582
	209,800,705	184,577,340

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2021			Audited December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in '000----------					
Customers						
Current deposits	452,996,617	55,830,117	508,826,734	425,760,845	55,999,023	481,759,868
Savings deposits	685,685,124	44,423,853	730,108,977	689,241,146	47,759,213	737,000,359
Term deposits	93,305,989	12,537,306	105,843,295	89,353,999	14,182,837	103,536,836
Others	32,293,972	2,852,823	35,146,795	26,013,457	3,218,232	29,231,689
	1,264,281,702	115,644,099	1,379,925,801	1,230,369,447	121,159,305	1,351,528,752
Financial Institutions						
Current deposits	10,079,645	708,298	10,787,943	11,033,694	659,230	11,692,924
Savings deposits	15,818,021	311,097	16,129,118	16,530,222	117,569	16,647,791
Term deposits	5,121,468	2,377,934	7,499,402	4,557,468	4,090,613	8,648,081
Others	-	176,471	176,471	-	220,413	220,413
	31,019,134	3,573,800	34,592,934	32,121,384	5,087,825	37,209,209
	1,295,300,836	119,217,899	1,414,518,735	1,262,490,831	126,247,130	1,388,737,961

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
19. DEFERRED TAX LIABILITIES			
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		1,313,941	1,329,511
- Surplus on revaluation of non-banking assets		261,343	298,982
- Accelerated tax depreciation		1,996,310	2,054,509
- Receivable from pension fund		1,200,562	1,179,562
- Business combination		705,218	705,218
- Investments in associated undertaking		1,432,429	1,325,520
- Surplus/deficit on revaluation of investments		2,552,578	4,523,498
		9,462,381	11,416,800
Deductible Temporary Differences on			
- Tax losses carried forward		(723,815)	(772,357)
- Provision against advances		(2,748,439)	(2,786,856)
- Others		(402,677)	(366,547)
		(3,874,931)	(3,925,760)
		5,587,450	7,491,040
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		7,376,195	2,884,255
Mark-up/ return/ interest payable in foreign currencies		189,800	254,433
Unearned commission and income on bills discounted		314,230	252,312
Accrued expenses		5,769,504	6,888,435
Provision for taxation (provisions less payments)		11,099,179	10,130,229
Workers' welfare fund	20.1	9,064,205	8,838,684
Acceptances	14	19,883,336	22,747,369
Unclaimed / dividends payable		2,056,414	1,697,408
Mark to market loss on forward foreign exchange contracts		3,981,500	4,618,138
Unrealised loss on derivative financial instruments		316,111	513,343
Staff welfare fund		5,527	5,598
Provision for employees' compensated absences		956,456	919,407
Provision for post retirement medical benefits		2,043,834	2,004,122
Provision for employees' contributory benevolent scheme		226,555	222,084
Retention money		12,473	20,657
Insurance payable against consumer assets		774,099	698,949
Unclaimed balances		768,748	877,552
Duties and taxes payable		1,359,670	1,860,730
Charity fund balance		46,589	46,615
Provision against off-balance sheet obligations		45,275	46,188
Security deposits against lease		1,261,417	1,283,999
Lease liability against right of use assets		11,073,337	11,268,508
Others		11,428,246	12,948,143
		90,052,700	91,027,158

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

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

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
21. RESERVES			
Share premium		23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		2,111,327	2,950,183
Statutory reserve	21.2	35,318,488	34,628,527
General reserve		18,600,000	18,600,000
		80,911,156	81,060,051

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 Group, 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.

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	7,293,084	12,924,291
- Fixed Assets		20,812,401	20,856,881
- Non-banking assets acquired in satisfaction of claims		746,690	854,231
- Associated undertaking		605,743	577,001
		29,457,918	35,212,404
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		2,552,578	4,523,498
- Fixed Assets		1,313,941	1,329,511
- Non-banking assets acquired in satisfaction of claims		261,343	298,982
- Associated undertaking		259,501	257,062
		4,387,363	6,409,053
		25,070,555	28,803,351
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	182,123,539	186,572,634
-Commitments	23.2	432,901,908	525,404,920
-Other contingent liabilities	23.3	28,373,637	28,397,749
		643,399,084	740,375,303
23.1 Guarantees:			
Financial guarantees		148,198,527	149,925,920
Performance guarantees		27,314,413	29,835,397
Other guarantees		6,610,599	6,811,317
		182,123,539	186,572,634
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		178,207,683	180,272,534
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	199,254,457	327,646,242
- forward government securities transactions	23.2.2	46,807,440	11,089,775
- derivatives	23.2.3	6,468,607	4,471,383
- commitments to extent credit		1,120,820	1,007,451
Commitments for acquisition of:			
- operating fixed assets		848,622	710,570
- intangible assets		194,279	206,965
		432,901,908	525,404,920

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	105,559,857	172,137,589
Sale	93,694,600	155,508,653
	199,254,457	327,646,242
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	23,307,440	11,089,775
Sale	23,500,000	-
	46,807,440	11,089,775
23.2.3 Commitments in respect of derivatives		
FX options (notional)		
Purchase	1,735,958	182,800
Sale	1,735,958	182,800
	3,471,916	365,600
Cross Currency Swaps (notional)		
Purchase	1,440,224	1,975,311
Sale	1,556,467	2,130,472
	2,996,691	4,105,783
	6,468,607	4,471,383

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.

	Note	Unaudited March 31, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	23.3.1	28,373,637	28,397,749

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 Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs.5,986 million (2020: Rs. 6,033 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 Group 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 these consolidated condensed interim 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 Group's favour as and when these are taken up by the Appellate Authorities.

24. DERIVATIVE INSTRUMENTS

	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
	Unaudited March 31, 2021					
	----------Rupees in '000----------					
Total						
Hedging	1,440,224	319,856	-	-	1,735,958	4,465
Market Making	1,556,467	(311,646)	-	-	1,735,958	(4,465)
	Audited December 31, 2020					
	----------Rupees in '000----------					
Total						
Hedging	1,975,311	512,508	-	-	182,800	4,525
Market Making	2,130,472	(508,818)	-	-	182,800	(4,525)

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		9,297,020	16,130,253
Investments		21,154,959	25,118,811
Lendings to financial institutions		115,840	257,059
Balances with banks		33,668	150,445
		30,601,487	41,656,568
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		11,337,897	21,069,430
Borrowings		2,261,805	2,249,920
Cost of foreign currency swaps against foreign currency deposits / borrowings		343,911	676,067
Unwinding cost of liability against right-of-use assets		359,708	375,369
		14,303,321	24,370,786
27. FEE & COMMISSION INCOME			
Branch banking customer fees		667,660	488,874
Consumer finance related fees		135,471	96,298
Card related fees (debit and credit cards)		1,025,783	834,841
Credit related fees		93,268	8,464
Investment banking fee		34,811	37,050
Commission on trade		360,787	363,622
Commission on guarantees		185,268	147,499
Commission on cash management		162,212	158,431
Commission on remittances including home remittances		245,872	284,664
Commission income - Bancassurance		396,317	378,226
Rent on lockers		68,032	58,812
Commission on utility bills		18,188	20,416
Commission on investments services		211,205	201,558
Other Commission		31,648	46,773
		3,636,522	3,125,528
28. GAIN ON SECURITIES, NET			
Realised	28.1	259,643	(9,768)
Unrealised - held for trading	10.1	107,067	3,514
		366,710	(6,254)
28.1 Realised gain / (loss) on:			
Federal Government Securities		217,738	75,684
Shares		41,865	(91,874)
Others		40	6,422
		259,643	(9,768)
29. OTHER INCOME			
Rent on property		20,058	6,260
Gain on termination of lease liability against right of use assets		19,853	-
(Loss) / Gain on sale of fixed assets and non banking assets -net		(31,550)	17,386
		8,361	23,646

	Three months ended March 31, 2021	Three months ended March 31, 2020
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	4,831,978	4,593,058
Property expense		
Rent and taxes	71,450	46,765
Insurance	16,416	13,665
Utilities cost	335,689	260,515
Fuel expense generators	93,953	100,692
Security (including guards)	377,883	357,732
Repair and maintenance (including janitorial charges)	189,389	187,997
Depreciation on right-of-use assets	408,609	422,219
Depreciation	230,628	199,871
	1,724,017	1,589,456
Information technology expenses		
Software maintenance	322,313	301,122
Hardware maintenance	50,139	105,167
Depreciation	175,558	161,881
Amortisation	119,432	109,581
Network charges	166,091	178,385
Insurance	1,727	1,505
	835,260	857,641
Other operating expenses		
Directors' fees and allowances	12,085	11,868
Fees and allowances to Sharia Board members	2,169	2,011
Legal and professional charges	95,271	99,839
Outsourced services costs	231,709	216,014
Travelling and conveyance	60,576	82,392
NIFT clearing charges	43,831	51,241
Depreciation	207,131	221,425
Depreciation on non-banking assets acquired in satisfaction of claims	9,360	8,074
Training and development	7,961	9,074
Postage and courier charges	70,175	74,219
Communication	94,173	85,265
Stationery and printing	161,311	161,217
Marketing, advertisement & publicity	206,335	166,065
Donations	-	5,000
Auditors' remuneration	13,215	10,287
Cash transportation charges	199,560	183,901
Repair and maintenance	103,095	100,635
Subscription	7,610	13,768
Entertainment	61,881	62,881
Remittance charges	43,439	48,527
Brokerage expenses	15,151	15,993
Card related expenses	246,708	225,705
CNIC verification charges	44,952	34,725
Insurance	445,209	387,365
Others	55,205	74,050
	2,438,112	2,351,541
	9,829,367	9,391,696

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		----------Rupees in '000--------	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		10,421	182,878
VAT & National Building tax & Crop Insurance Levy		18,796	26,435
		29,217	209,313
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversal) / provision against balance with Banks		173	(2,160)
(Reversal) / provision for diminution in value of investments	10.2.1	(648,454)	752,718
Provision / (reversal) against loans and advances	11.3	485,701	84,472
Reversal against other assets	14.1.1	(5,878)	(14,120)
Recovery of written off / charged off bad debts		(44,885)	(41,254)
		(213,343)	779,656
33. TAXATION			
Current		4,592,458	4,431,215
Prior years		(3,447)	-
Deferred		64,684	38,986
Share of tax of associates		(29,528)	35,731
		4,624,167	4,505,932
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax attributable to equity shareholders		7,011,920	6,623,914
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		5.92	5.59

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 other than investments in associates is determined on the basis of break up value of these investments as per the latest available financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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 period.

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

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

(c) Financial instruments in level 3
Currently, no financial instruments are classified in level 3.

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

	Unaudited March 31, 2021				
	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	1,059,481,828	-	1,059,481,828	-	1,059,481,828
Shares	21,151,723	21,151,723	-	-	21,151,723
Non-Government Debt Securities	2,874,711		2,874,711	-	2,874,711
Foreign Securities	6,774,539	-	6,774,539	-	6,774,539
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	21,039,623	-	-	-	-
Cash and balances with treasury banks	120,428,027	-	-	-	-
Balances with other banks	24,630,472	-	-	-	-
Lendings to financial institutions	21,788,199	-	-	-	-
Advances	513,874,632	-	-	-	-
Other assets	-	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,152,335	-	44,152,335	-	44,152,335
Non-banking assets	3,548,338	-	3,548,338	-	3,548,338
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	105,559,857	-	4,428,937	-	4,428,937
Forward sale of foreign exchange	93,694,600	-	3,981,500	-	3,981,500
Derivatives purchase	3,176,182	-	324,321	-	324,321
Derivatives sale	3,292,425	-	316,111	-	316,111

	Audited December 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	979,926,866	-	979,926,866	-	979,926,866
Shares	20,510,813	20,510,813	-	-	20,510,813
Non-Government Debt Securities	2,858,620	-	2,858,620	-	2,858,620
Foreign Securities	7,474,190	-	7,474,190	-	7,474,190
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	25,447,046	-	-	-	-
Cash and balances with treasury banks	132,053,041	-	-	-	-
Balances with other banks	29,011,521	-	-	-	-
Lendings to financial institutions	17,968,243	-	-	-	-
Advances	547,685,708	-	-	-	-
Other assets	52,518,097	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	45,595,081	-	45,595,081	-	45,595,081
Non-banking assets	4,036,914	-	4,036,914	-	4,036,914
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	172,137,589	-	4,011,602	-	4,011,602
Forward sale of foreign exchange	155,508,653	-	4,240,748	-	4,240,748
Derivatives purchase	2,158,111	-	517,033	-	517,033
Derivatives sale	2,313,272	-	513,343	-	513,343

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

Unaudited Three months ended March 31, 2021	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	---Rupees in '000---										
Profit & Loss											
Net mark-up/return/profit	(8,631,599)	642,426	4,572,163	18,344,940	312,412	1,035,230	(1,453)	24,047	16,298,166	-	16,298,166
Inter segment revenue - net	17,553,451	(122,641)	(3,618,428)	(15,728,980)	(30,229)	-	-	1,946,827	-	-	-
Non mark-up / return / interest income	1,929,919	624,942	818,808	1,105,010	231,245	98,214	219,533	223,414	5,251,085	-	5,251,085
Total Income	10,851,771	1,144,727	1,772,543	3,720,970	513,428	1,133,444	218,080	2,194,288	21,549,251	-	21,549,251
Segment direct expenses	6,120,228	477,628	169,663	139,087	314,172	1,077,397	116,451	1,674,216	10,088,842	-	10,088,842
Total expenses	6,120,228	477,628	169,663	139,087	314,172	1,077,397	116,451	1,674,216	10,088,842	-	10,088,842
Provisions	1,241,853	(976)	(50,349)	(565,234)	30,327	(35,562)	-	(833,402)	(213,343)	-	(213,343)
Profit before tax	3,489,690	668,075	1,653,229	4,147,117	168,929	91,609	101,629	1,353,474	11,673,752	-	11,673,752
Balance Sheet											
Cash & Bank balances	48,944,129	304,222	638,748	65,544,663	15,545,829	12,313,432	56,715	1,710,761	145,058,499	-	145,058,499
Investments	-	-	7,958,398	1,058,928,540	11,712,129	27,432,355	1,199,001	4,092,001	1,111,322,424	-	1,111,322,424
Net inter segment lending	1,097,959,484	-	-	-	-			190,216,816	1,288,176,300	(1,288,176,300)	-
Lendings to financial institutions	-	-	-	157,831	17,080,368	4,550,000	-	-	21,788,199	-	21,788,199
Advances - performing	89,593,980	29,238,891	286,921,501	-	18,690,748	84,456,153	13,104	(42,392)	507,871,985	-	507,871,985
- non performing	355,366	110,786	-	-	4,750,130	91,026	-	695,339	6,002,647	-	6,002,647
Others	35,293,799	2,125,606	19,839,735	11,043,390	4,406,660	11,641,809	992,589	33,997,154	119,340,742	-	119,340,742
Total Assets	1,272,146,758	31,779,505	314,358,382	1,135,674,424	72,185,864	140,484,775	2,261,409	230,669,679	3,199,560,796	(1,288,176,300)	1,911,384,496
Borrowings	60,843,133	-	10,862,472	116,675,652	1,338,036	19,654,249		427,163	209,800,705	-	209,800,705
Deposits & other accounts	1,192,886,413	19,903,335	48,796,718	-	51,459,981	100,841,861		630,427	1,414,518,735	-	1,414,518,735
Net inter segment borrowing	-	7,830,735	239,803,050	1,014,403,829	13,907,438	10,716,760	1,514,488	-	1,288,176,300	(1,288,176,300)	-
Others	18,417,212	4,045,435	14,896,142	4,594,943	5,480,409	9,271,905	746,921	51,898,720	109,351,687	-	109,351,687
Total liabilities	1,272,146,758	31,779,505	314,358,382	1,135,674,424	72,185,864	140,484,775	2,261,409	52,956,310	3,021,847,427	(1,288,176,300)	1,733,671,127
Equity	-	-	-	-	-	-	-	177,713,369	177,713,369	-	177,713,369
Total Equity & liabilities	1,272,146,758	31,779,505	314,358,382	1,135,674,424	72,185,864	140,484,775	2,261,409	230,669,679	3,199,560,796	(1,288,176,300)	1,911,384,496
Contingencies & Commitments	84,737,850	-	251,737,365	245,031,204	9,378,844	23,338,320	-	29,175,501	643,399,084	-	643,399,084

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	Unaudited Three months 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)	(8,408,561)	(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	4,428,296	-	4,428,296
Total Income	14,338,242	1,034,269	1,979,806	(1,084,962)	526,069	1,150,137	117,793	3,652,724	21,714,078	-	21,714,078
Segment direct expenses	5,949,896	428,235	283,402	136,026	356,507	1,093,159	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	1,093,159	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	7,968,620	592,188	1,445,237	(1,204,067)	137,526	22,554	(3,981)	2,158,037	11,116,114	-	11,116,114
Balance Sheet					Audited December 31, 2020						
Cash & Bank balances	58,362,119	317,242	394,030	64,577,425	21,166,578	14,868,799	25,853	1,352,516	161,064,562	-	161,064,562
Investments	-	-	10,578,310	978,209,256	14,571,071	27,617,997	1,269,444	3,971,457	1,036,217,535	-	1,036,217,535
Net inter segment lending	1,050,376,236	-	-	-	-	-	-	202,001,071	1,252,377,307	(1,252,377,307)	-
Lendings to financial institutions	-	-	-	6,137,258	11,002,195	828,790	-	-	17,968,243	-	17,968,243
Advances - performing	94,735,206	26,845,772	313,362,719	-	21,361,572	84,165,115	5,260	432,897	540,908,541	-	540,908,541
- non performing	171,804	177,613	2,382	-	4,973,954	731,076	-	720,338	6,777,167	-	6,777,167
Others	35,621,546	2,370,727	23,382,913	12,206,991	4,577,833	12,079,087	986,042	37,115,208	128,340,347		128,340,347
Total Assets	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,653,203	140,290,864	2,286,599	245,593,487	3,143,653,702	(1,252,377,307)	1,891,276,395
Borrowings	58,910,004	-	10,694,773	90,718,570	3,330,124	20,596,773	-	327,096	184,577,340		184,577,340
Deposits & other accounts	1,147,251,222	21,263,015	65,961,390	-	55,009,174	99,253,160	-	-	1,388,737,961		1,388,737,961
Net inter segment borrowing	-	4,816,853	252,358,835	969,573,590	13,301,145	10,727,772	1,599,112	-	1,252,377,307	(1,252,377,307)	-
Others	33,105,685	3,631,486	18,705,356	838,770	6,012,760	9,713,159	687,487	52,275,008	124,969,711		124,969,711
Total liabilities	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,653,203	140,290,864	2,286,599	52,602,104	2,950,662,319	(1,252,377,307)	1,698,285,012
Equity	-	-	-	-	-	-	-	192,991,383	192,991,383	-	192,991,383
Total Equity & liabilities	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,653,203	140,290,864	2,286,599	245,593,487	3,143,653,702	(1,252,377,307)	1,891,276,395
Contingencies & Commitments	55,974,597	-	288,001,956	320,068,131	20,930,195	29,021,132	-	26,379,292	740,375,303	-	740,375,303

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 Group level and are not allocated to operating segments.

37 RELATED PARTY TRANSACTIONS

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

The 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 including loans provided to them 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, 2021				Audited December 31, 2020			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	----------(Rupees in '000)----------							
Investments								
Opening balance	-	-	4,479,360	254,253	-	-	4,275,658	254,253
Equity method adjustments	-	-	313,042	-	-	-	203,702	-
Closing balance	-	-	4,792,402	254,253	-	-	4,479,360	254,253
Provision for diminution in value of investments	-	-	-	5,000	-	-	-	5,000
Advances								
Opening balance	1,042	166,757	356,898	152,147	1,722	129,048	-	339,520
Addition / exchange adjustment during the period / year	3,957	15,299	-	304,591	18,202	60,257	356,898	336,695
Repaid / exchange adjustment during the period / year	(3,913)	(24,251)	(44,612)	(375,489)	(18,882)	(21,947)	-	(303,183)
Transfer in / (out)	-	(24,568)	-	-	-	(601)	-	(220,885)
Closing balance	1,086	133,237	312,286	81,249	1,042	166,757	356,898	152,147
Other Assets								
Provision held against advances	-	-	-	-	-	-	-	-
Markup receivable	-	2,205	797	2,262	-	3,149	895	2,382
Advances, deposits, advance rent and other prepayments	-	-	250,068	28,416	-	-	310,504	27,835
Receivable from Pension Fund	-	-	-	3,430,179	-	-	-	3,370,179
Unrealized gain on forward foreign exchange contracts - outstanding	-	-	-	-	-	-	-	-
Provision held against other assets	-	-	-	-	-	-	-	-
Borrowings								
Opening balance	-	-	-	77,139	-	-	-	69,166
Borrowings / exchange adjustment during the period / year	-	-	-	11,135	-	-	-	7,973
Closing balance	-	-	-	88,274	-	-	-	77,139
Deposits and other accounts								
Opening balance	302,130	138,566	4,815,780	4,869,941	602,381	140,761	3,657,552	4,179,849
Received during the period / year	1,697,986	368,801	19,611,785	34,338,634	669,282	1,189,437	44,628,206	76,375,987
Withdrawn during the period / year	(1,029,514)	(364,476)	(20,094,723)	(28,581,838)	(969,533)	(1,163,832)	(43,469,978)	(75,154,115)
Transfer in / (out) - net	-	(1,668)	-	27	-	(27,800)	-	(531,780)
Closing balance	970,602	141,223	4,332,842	10,626,764	302,130	138,566	4,815,780	4,869,941

	Unaudited March 31, 2021				Audited December 31, 2020			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Rupees in '000)				(Rupees in '000)			
Other Liabilities								
Markup payable	116	70	24,695	7,870	50	100	42,549	10,654
Accrued expenses and other payable	-	-	75,693	20	-	-	62,624	32
Payable to MCB Employee Security Services	-	-	-	26,368	-	-	-	27,031
Contingencies and Commitments								
Commitments and contingent liabilities - outstanding	-	-	-	-	-	-	-	-
RELATED PARTY TRANSACTIONS	-	-	10,416	3,832,939	-	-	10,512	1,756,270

	Unaudited March 31, 2021				Unaudited March 31, 2020			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Rupees in '000)				(Rupees in '000)			
Income								
Markup / return / interest earned	23	5,196	797	2,271	-	4,487	-	8,419
Fee and commission income	-	-	57,656	464	-	-	324,743	248
Dividend income	-	-	-	-	-	-	-	7,933
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	-	(14,882)
Net gain / (loss) on sale of securities	3	-	(4)	78	72	33	235	322
Gain on sale of fixed assets	-	76	-	-	-	5	-	-
Rent income and reimbursement of other expenses	-	-	3,920	570	-	-	2,285	570
Expense	-	-	-	-				
Markup / return / interest expensed	3,174	372	33,524	85,781	15,223	516	94,870	68,188
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	38,853	-	-	-	46,278
Contribution to provident fund	-	-	-	108,976	-	-	-	99,858
Rent expenses	-	-	10,881	11,620	-	-	11,396	10,745
Cash sorting expenses	-	-	-	28,855	-	-	-	33,481
Stationery expenses	-	-	-	63,693	-	-	-	69,084
Security guards expenses	-	-	-	85,225	-	-	-	82,640
Remuneration to key executives and non-executive directors fee	85,266	240,215	-	-	80,299	238,710	-	-
Outsourcing service expenses	-	-	54,252	-	-	-	67,735	-
Donation during the year	-	-	-	-	-	-	-	-
Commission expenses	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	1,610	-	-	-	702
Travelling Expenses	-	-	-	4,242	-	-	-	11,214
Hotel stay expenses	-	-	-	63	-	-	-	889
Repair & Maintenance Charges	-	-	-	531	-	-	-	445
Advertisement Expenses	-	-	-	-	-	-	-	3,132
Miscellaneous expenses and payments	-	-	-	596	-	-	-	561
Insurance premium-net of refund	-	-	236,937	-	-	-	266,437	-
Insurance claim settled	-	-	7,764	-	-	-	16,991	-
Other Transactions	-	-	-	-	-	5	-	-
Proceeds from sale of fixed assets	-	76	14,624	7,098	-	-	3,277	5,712
Purchase of fixed assets	-	-	1,464,717	813,789	79,760	34,838	1,791,479	770,297
Sale of government securities	191,370	4,131	5,326,465	2,463,278	19,827	-	631,712	440,478
Purchase of government securities	-	-	-	-	-	-	-	4,766,949
Forward exchange contracts matured during the period	-	-	-	-	-	-	-	-

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.

	Unaudited March 31, 2021	Audited December 31, 2020
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	----------Rupees in '000-------	
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	138,906,357	149,417,496
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	138,906,357	149,417,496
Eligible Tier 2 Capital	31,723,270	36,710,001
Total Eligible Capital (Tier 1 + Tier 2)	170,629,627	186,127,497
Risk Weighted Assets (RWAs):		
Credit Risk	626,212,386	668,413,516
Market Risk	131,594,660	128,392,302
Operational Risk	148,348,258	148,348,258
Total	906,155,304	945,154,076
Common Equity Tier 1 Capital Adequacy ratio	15.33%	15.81%
Tier 1 Capital Adequacy Ratio	15.33%	15.81%
Total Capital Adequacy Ratio	18.83%	19.69%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	138,906,357	149,417,496
Total Exposures	2,375,534,561	2,323,456,613
Leverage Ratio	5.85%	6.43%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,068,632,185	962,045,524
Total Net Cash Outflow	443,877,563	415,665,992
Liquidity Coverage Ratio	240.75%	231.45%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,217,052,347	1,212,910,470
Total Required Stable Funding	675,226,381	715,405,667
Net Stable Funding Ratio	180.24%	169.54%

39 ISLAMIC BANKING BUSINESS

The Group through a wholly owned subsidiary (MCB Islamic Bank Limited) is operating 183 branches in Pakistan (December 31, 2020: 187 branches). The statement of financial position of the Group's Islamic Banking Business as at March 31, 2021 is as follows:

	Note	Unaudited March 30, 2021	Audited December 31, 2020
		----------Rupees in '000-------	
ASSETS			
Cash and balances with treasury banks		8,590,039	9,872,197
Balances with other banks		3,723,393	4,996,602
Due from financial institutions	39.1	4,550,000	828,790
Investments - net	39.2	27,432,355	27,617,997
Islamic financing and related assets - net	39.3	84,547,179	84,896,191
Fixed assets		5,416,293	5,548,894
Intangible assets		607,746	639,428
Deferred tax assets - net		914,108	874,878
Other assets - net		5,654,587	5,895,909
Total Assets		141,435,700	141,170,886
LIABILITIES			
Bills payable		2,426,649	2,470,821
Due to financial institutions		19,654,249	20,596,773
Deposits and other accounts	39.4	100,841,861	99,253,161
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities - net		-	-
Other liabilities		7,796,181	8,122,359
		130,718,940	130,443,114
NET ASSETS		10,716,760	10,727,772
REPRESENTED BY			
Share capital		11,550,000	11,550,000
Reserves		79,061	68,107
Surplus on revaluation of assets - net of tax		407,118	473,316
Accumulated loss		(1,319,419)	(1,363,651)
		10,716,760	10,727,772
CONTINGENCIES AND COMMITMENTS	39.5		

The profit and loss account of the Group's Islamic banking branches for the three months period ended March 31, 2021 is as follows:

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
		----------Rupees in '000----------	
Profit / return earned	39.6	2,246,589	2,561,764
Profit / return expensed	39.7	1,211,359	1,604,867
Net Profit / return		1,035,230	956,897
OTHER INCOME			
Fee and commission income		88,775	70,505
Dividend income		12,415	7,766
Foreign exchange (loss) / income		(18,636)	109,299
Gain on securities		3,602	364
Other income		12,058	5,306
Total other income		98,214	193,240
Total Income		1,133,444	1,150,137
OTHER EXPENSES			
Operating expenses		1,074,660	1,091,428
Workers Welfare Fund		2,737	1,671
Other charges		-	60
Total other expenses		1,077,397	1,093,159
Profit/ (loss) before provisions		56,047	56,978
(Reversal of) / Provisions and write offs - net		(35,562)	34,424
Extra ordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		91,609	22,554
Taxation		36,839	16,532
PROFIT / (LOSS) AFTER TAXATION		54,770	6,022

39.1 DUE FROM FINANCIAL INSTITUTIONS

	Unaudited March 30, 2021	Audited December 31, 2020
	----------Rupees in '000----------	
Secured		
Bai Muajjal receivable - with State Bank of Pakistan	-	828,790
Unsecured		
Musharaka arrangements	4,550,000	-
	4,550,000	828,790

39.1.1 This represents Musharaka arrangements with banks carrying profit at expected rates ranging from 7.50% to 7.60% per annum (December 31,2020: 3.50% to 7.50% per annum) and having maturity till April 05, 2021.

39.2 Investments by type:

	Unaudited March 31, 2021				Audited December 31, 2020			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----------Rupees in '000----------							
Available-for-sale securities								
Federal Government securities	22,504,727	-	(24,101)	22,480,626	22,503,692	-	(59,578)	22,444,114
Shares	1,710,000	961,431	150,067	898,636	1,815,977	1,039,436	292,987	1,069,528
Non Government securities	1,044,000	-	20,766	1,064,766	1,044,000	-	14,528	1,058,528
	25,258,727	961,431	146,732	24,444,028	25,363,669	1,039,436	247,937	24,572,170
Held-to-maturity securities								
Federal Government securities	2,700,827	-	-	2,700,827	2,700,827	-	-	2,700,827
Non Government securities	287,500	-	-	287,500	345,000	-	-	345,000
	2,988,327	-	-	2,988,327	3,045,827	-	-	3,045,827
Total Investments	28,247,054	961,431	146,732	27,432,355	28,409,496	1,039,436	247,937	27,617,997

39.3 Islamic financing and related assets

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
Murabaha	12,157,467	12,055,820
Musawamah	-	-
Istisna	2,764,274	3,455,789
Salam	-	-
Ijarah	2,641,214	2,815,368
Running Musharaka	40,426,223	40,757,574
Diminishing Musharaka	25,471,464	24,693,571
Staff finance	1,194,544	1,184,311
Gross Islamic financing and related assets	84,655,186	84,962,433
Less: provision against Islamic financings		
- Specific	(29,466)	(25,395)
- General	(78,541)	(40,847)
	(108,007)	(66,242)
Islamic financing and related assets - net of provision	84,547,179	84,896,191

39.4 Deposits

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
Customers		
Current deposits	30,809,940	30,677,500
Savings deposits	42,068,719	41,802,208
Term deposits	18,894,354	17,940,868
Others	2,216,386	2,693,912
	93,989,399	93,114,488
Financial Institutions		
Current deposits	155,332	148,529
Savings deposits	2,492,630	2,463,644
Term deposits	4,204,500	3,526,500
	6,852,462	6,138,673
	100,841,861	99,253,161

39.5 Contingencies and Commitments

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
-Guarantees	8,416,847	8,000,674
-Commitments	14,764,160	20,583,025
-Other contingent liabilities	450,763	437,433
	23,631,770	29,021,132

39.6 Profit/Return Earned of Financing, Investments and Placement

	Three months ended March 31, 2021	Three months ended March 31, 2020
	----------Rupees in '000-------	
Profit earned on:		
Financing	1,681,055	1,879,764
Investments	533,548	520,585
Musharaka arrangements with financial institutions	17,832	95,140
Deposits with financial institutions	14,154	66,275
	2,246,589	2,561,764

39.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	865,401	1,400,134
Musharaka arrangements with the State Bank of Pakistan under IERS	19,320	13,687
Musharaka arrangements with other financial institutions	228,415	92,086
Musharaka arrangements with other institution	3,563	1,372
Unwinding of liability against ROU asset	94,660	97,588
	1,211,359	1,604,867

39.8 Islamic Banking Business Unappropriated Profit

	Unaudited March 31, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
Opening Balance	(1,363,651)	(1,531,969)
Movement during the period / year		
Islamic Banking loss for the period / year	91,609	393,079
Taxation	(36,839)	(184,763)
Other Adjustments	(10,538)	(39,998)
	44,232	168,318
Closing Balance	(1,319,419)	(1,363,651)

40 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 20, 2021 has announced a cash dividend in respect of three months period ended March 31, 2021 of Rs.4.50 per share (March 31, 2020: Rs. 5.00 per share). These consolidated condensed interim financial statements for the period ended March 31, 2021 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 Bank in their meeting held on April 20, 2021.

Imran Maqbool President / CEO	Hammad Khalid Chief Financial Officer	S. M. Muneer Director	Mian Umer Mahsha Director	Shahzad Hussain Director

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