MCB
Bank for Life

First Quarterly Report

MARCH 31, 2022

MCB
Bank for Life

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 our customers. In doing so, we ensure that our shareholders can invest with confidence in us.

Core Values

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

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

Corporate Profile

Board of Directors:

Mian Mohammad Mansha	**Chairman**
Mr. S.M. Muneer	Vice-Chairman
Mr. Muhammad Tariq Rafi	Director
Mian Umer Mansha	Director
Mrs. Iqraa Hassan Mansha	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh bin Abdullah	Director
Mr. Yahya Saleem	Director
Mr. Salman Khalid Butt	Director
Mr. Masood Ahmed Puri	Director
Mr. Shahzad Hussain	Director
Mr. Shariffuddin Bin Khalid	Director
Mr. Shoaib Mumtaz	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 (Acting) :	Mr. Farid Ahmad
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 2022

On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the three months period ended March 31, 2022.

Performance Review

	Rs. in Million
Profit Before Taxation	14,928
Taxation	6,014
Profit After Taxation	**8,914**
Un-appropriated Profit Brought Forward	63,683
Surplus realized on disposal of non-banking assets -net of tax	9
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	20
	63,712
Profit Available for Appropriation	**72,626**
Appropriations:	
Statutory Reserve	(891)
Final Cash Dividend at Rs. 5.0 per share -December 2021	(5,925)
Total Appropriations	**(6,816)**
Un-appropriated Profit Carried Forward	**65,810**

With strong build up in core earnings, MCB's Profit Before Tax (PBT) for the first quarter of 2022 rose to Rs 14.9 billion with impressive growth of 32%. Profit After Tax (PAT) posted a growth of 31% to reach Rs. 8.9 billion; translating into Earning Per Share (EPS) of Rs. 7.52 compared to EPS of Rs. 5.73 reported in corresponding period last year.

On the back of strong volumetric growth in current account, net interest income for 1Q'22 increased by 19% over corresponding period last year. Working on a well-defined strategy, the average current deposits of the Bank registered a growth of Rs 71.3 billion (+14%), when mapped against corresponding period last year

Non-markup income registered a growth of 20% and aggregated to Rs. 5.72 billion against Rs. 4.75 billion in the corresponding period last year. The growth is mainly attributable to rise in foreign exchange and dividend income by 94% and 81% respectively; on the back of prudent positioning of foreign exchange assets and liabilities amidst comparatively favorable swap curves and resurging economic activity within the country.

The Bank continues to prudently manage its operating expenses with a moderate increase of 9%, despite sustained inflationary pressures amid currency devaluation and rising commodity prices, higher compliance related regulatory charges, expansion in branch outreach and regular performance and merit adjustments of the Human Capital. Thus the cost to income ratio of the Bank significantly improved to 39.90% from 43.50% reported in same period last year.

On the provision front, disposal of equity scrips resulted in a net reversal of Rs. 187 million recognized during the period under review while proactive monitoring and recovery efforts led to a reversal of Rs. 616 million in provision against advances.

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 was reported at Rs. 51.34 billion. The Bank has not taken FSV benefit in calculation of specific provision against its non-performing loans (NPL's) base. The coverage and infection ratios of the Bank were reported at 87.91% and 8.14% respectively.

On the financial position side, the total asset base of the Bank grew by 6% to cross the "Two Trillion" landmark and was reported at Rs. 2,095 billion; the major contribution coming from the investment book which increased by Rs. 143 billion (+14%). While the gross advances registered a slight decline of Rs. 5 billion (-1%), the consumer lending book grew by leveraging significant activity in the construction and auto segment and consequently added Rs. 2.8 billion in the first quarter (+7%).

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 14% to close at Rs. 640 billion; improving their mix in the total deposits to 43% in absolute terms as at March 31, 2022. CASA mix was reported at an industry leading level of 92.87% which in turn is a reflection of customer loyalty earned by the Bank over a rich history of 75 years through sustained provision of quality services. The total deposits of the Bank grew by 5.65% as compared to an industry decline of 2.37% (domestic deposits) to close the period at Rs. 1,492 billion.

Return on Assets and Return on Equity improved to 1.75% and 22.14% respectively, whereas the book value per share was reported at Rs. 136.66.

During the period under review, MCB attracted home remittance inflows of USD 823 million to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels. The inflow by MCB till March 31, 2022 under the Roshan Digital Account (RDA) initiative has stood at USD 282 million. Under "Mera Pakistan Mera Ghar" initiative, till March 31, 2022, the Bank has disbursed 841 loans of Rs. 3.4 billion.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 16.35% 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 14.92% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.05% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 236.59% and Net Stable Funding Ratio (NSFR) of 154.24% against requirement of 100%.

The Board of Directors has declared the first interim cash dividend of Rs. 5.0 per share i.e. 50% for the first quarter ended March 31, 2022.

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 23, 2021.

Economy Review

During the first quarter of the calendar year 2022, Pakistan's economy faced several challenges including global commodity prices and high inflation. Domestic energy and metal prices rose significantly in line with the global trends. This caused domestic inflation to increase to a multi-year high in the first quarter. Some moderation in domestic aggregate demand is expected as a result of policy rate hikes by the State Bank of Pakistan. However, the global geopolitical complexity and recent political uncertainty at home is expected to add to the exchange rate depreciation and price pressures in the coming months.

The headline annual inflation rate in Pakistan rose to 12.7% in Mar-22 from 12.28% inflation in Dec-21. Despite the recent fuel and electricity subsidies, the annual inflation remained well above 12% in the first three months. The increase in monthly inflation indicates strong momentum of price hikes in the economy. The average annual inflation for this fiscal year (Jul-21 to Mar-22) increased to 10.77%. Consistent rise in international commodity prices, pre-Ramadan food price hikes, and rising input costs of manufacturers contributed to the strong domestic inflation.

On the external front, pressures started to build on the country's exchange rate and external account due to expensive energy and commodity imports. Pakistan recorded the highest-ever current account deficit of USD 2.531 billion in Jan-22. The current account deficit reached USD 12.09 billion for the first eight months of this fiscal year as compared to a deficit of USD 1.916 billion in the fiscal year 2021.

Higher volumes and rising prices of imported goods and services caused the import bill to expand at a much faster pace than exports in this fiscal year. As a result, the USD/PKR exchange rate also depreciated by 3.94% from 176.5135 to 183.4782 in the first quarter. Current account deficit and external debt repayments caused Pakistan's foreign exchange reserves to decrease by around 27% from USD 23.88 billion to USD 17.47 billion during the first quarter. To support the Balance of Payments, Pakistan issued USD 1 billion of international Sukuk in Feb-22. Moreover, the country received USD 1 billion loan from the International Monetary Fund (IMF) in the same month.

The State Bank of Pakistan raised the policy rate cumulatively by 2.75% to 9.75% by the end of the last year to achieve sustainable economic growth and moderate inflation in the economy. The State Bank of Pakistan, in its emergency meeting held on April 07, 2022 raised the policy rate by 2.50% to 12.25%. Average inflation forecasts have been revised upwards to slightly above 11% in FY22 before moderating in FY23.

On the fiscal side, the government raised its tax revenue target from Rs 5.83 trillion to Rs 6.1 trillion to meet the IMF conditions. From Jul-21 to Mar-22, the Federal Board of Revenue has collected net tax revenue of Rs 4.382 trillion, representing a growth of about 29% as compared to the same period a year ago. The government has lowered the budgeted number of Public Sector Development Program (PSDP) spending from Rs 900 billion to Rs 700 billion for the current fiscal year.

Future Outlook

Pakistan continues to face macroeconomic challenges mainly due to expensive commodity imports and domestic political uncertainty. These challenges will likely continue to add to inflation and the external account problems in the economy. High inflation, policy rate hikes by SBP, and lower PSDP spending will likely moderate growth in domestic aggregate demand. However, inflation is unlikely to come down in the near term as global commodity prices are expected to remain elevated for a longer time. The IMF and the Pakistani authorities have initiated talks for the seventh review of EFF, which will result in the disbursement of around USD 960 million to Pakistan.

Appreciation and Acknowledgements

The Board of Directors of MCB Bank Limited would like extend their sincere gratitude towards the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory bodies for their continued support and guidance, 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,

Shoaib Mumtaz
President & CEO,
MCB Bank Limited
April 27, 2022

Mian Umer Mansha
Director
MCB Bank Limited

توازن میں مدد کی غرض سے پاکستان نے فروری 2022ء میں 1 بلین امریکی ڈالرز کے بین الاقوامی سکوک بانڈز کا اجراء کیا۔ مزید براں، ملک نے اسی ماہ کے دوران عالمی مالیاتی فنڈ (آئی ایم ایف) سے 1 بلین امریکی ڈالرز کا قرض بھی حاصل کیا۔

اسٹیٹ بینک آف پاکستان نے پائیدار معاشی نمو کے حصول اور معیشت میں افراط زر پر قابو پانے کے لیے گزشتہ سال کے آخر میں پالیسی ریٹ میں مجموعی طور پر 2.75 فیصد کا اضافہ کر کے اس کی شرح 9.75 فیصد پر مقرر کی۔ اسٹیٹ بینک آف پاکستان نے اپنے 7 اپریل 2022ء کو منعقد شدہ ہنگامی اجلاس میں پالیسی ریٹ میں 2.50 فیصد کا اضافہ کر کے اس کی شرح کو 12.25 فیصد پر مقرر کیا ہے۔ اوسط افراط زر کی نظر ثانی شدہ پیش بینی مالی سال 2023ء کے لیے نسبتاً معتدل ہونے سے پہلے مالی سال 2022ء میں 11 فیصد کی شرح سے قدرے بلند رہنے کی توقع ہے۔

مالیاتی حوالے سے حکومت نے اپنی ٹیکس کی آمدنی کے ہدف کو آئی ایم ایف کی شرائط کی تکمیل کے لیے 5.83 ٹریلین روپے سے 6.1 ٹریلین روپے تک بڑھا دیا ہے۔ جولائی 2021ء سے مارچ 2022ء تک فیڈرل بورڈ آف ریونیو نے 4.382 ٹریلین روپے کی خالص ٹیکس آمدنی کو وصول کیا۔ جو کہ گزشتہ سال کے مماثلی عرصہ سے 29 فیصد کے اضافے کا مظہر ہے۔ ترقیاتی اخراجات (پبلک سیکٹر ڈیویلپمنٹ پروگرام۔ پی ایس ڈی پی) میں کمی کرتے ہوئے اس کا حجم 900 بلین روپے سے کم کر کے 700 بلین روپے پر مقرر کیا۔

مستقبل کی پیش بینی :

پاکستان، اشیاء کی مہنگی درآمدات اور داخلی سیاسی غیر یقینی کی صورتحال کی اہم وجوہ کے باعث مسلسل میکرو اکنامک چیلنجز کا سامنا کر رہا ہے۔ یہ چیلنجز متوقع طور پر، معیشت میں افراط زر اور بیرونی اکاؤنٹ کے مسائل میں اضافے کے رجحان کے جاری رہنے کا اعث ہوں گے۔ افراط زر کی بلند شرح، اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافہ اور پی ایس ڈی پی (PSDP) میں کمی کی وجہ سے مجموعی داخلی طلب میں اضافے کی رفتار کے معتدل رہنے کا امکان ہے۔ تاہم، اشیاء کی عالمی قیمتوں کے طویل مدت میں بلند شرح پر برقرار رہنے کی توقع کے تناظر میں، مستقبل قریب میں افراط زر کی شرح میں کمی کا امکان معدوم ہے۔ آئی ایم ایف اور پاکستان کے مجاز اداروں کے مابین ایکسٹینڈڈ فنڈ فیسلیٹی کے ساتویں تجزیے پر مذاکرات کا آغاز ہو گیا ہے۔ جس کے نتیجے میں پاکستان کو 960 ملین امریکی ڈالرز وصول ہونے کی توقع کی جا رہی ہے۔

تحسین و تشکر

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 و برائے بورڈ آف ڈائریکٹرز

شعیب ممتاز
پریذیڈینٹ اور سی ای او
ایم سی بی بینک لمیٹڈ

میاں عمر منشاء
ڈائیریکٹر
ایم سی بی بینک لمیٹڈ

27 اپریل 2022ء

مالیاتی صورتحال کے حوالے سے بینک کے کل اثاثہ جات کی اساس 6 فیصد کے اضافے سے 2 ٹریلین کے سنگ میل کو عبور کرتے ہوئے 2,095 بلین روپے پر رپورٹ ہوئی۔ اس اضافے میں سرمایہ کاری کا نمایاں کردار رہا جس میں 143 بلین روپے، یعنی 14 فیصد، کی بڑھوتی ریکارڈ کی گئی۔ اگرچہ، کل قرضہ جات میں 5 بلین روپے (% 1 -) کی معمولی کمی رجسٹر کی گئی، تاہم، صارفین کے قرضہ جات میں گزشتہ سال سے جاری تعمیرات اور آٹو کے شعبوں کی نمایاں سرگرمیوں کی بنیاد پر مزید بہتری اور مضبوطی کا رجحان رہا جس کے باعث اس کے حجم میں، پہلی سہ ماہی کے دوران، 2.8 بلین روپے (% 7+) کا اضافہ ریکارڈ کیا گیا۔

واجبات کے حوالے سے، بغیر لاگت کے ڈیپازٹس کے حصول میں اضافہ، اب بھی بینک کا ایک کلیدی مقصد ہے۔ لہذا، غیر پیداواری ڈیپازٹس 14 فیصد کے اضافے کے ساتھ 640 بلین روپے پر بند ہوئے اور 31 مارچ 2022ء تک کے کل ڈیپازٹس کی ترکیب میں، اپنے حصے کو 43 فیصد کی حتمی شرح پر درج کیا۔ کاسا (CASA) کی ترکیب 92.87 فیصد پر رہی جو کہ اعلیٰ ترین معیار کی خدمات کی فراہمی کی گزشتہ 75 سالوں پر محیط شاندار تاریخ کے ذریعے حاصل کیے گئے صارفین کے اعتماد کا منہ بولتا ثبوت ہے۔ جبکہ بینک کے کل ڈیپازٹس، رواں مدت کے اختتام تک، 2.37 فیصد (داخلی ڈیپازٹس) کی صنعت کی کمی کے تناسب میں 5.65 فیصد کے اضافے کے ساتھ 1,492 بلین روپے تک پہنچ گئے۔

اثاثہ جات کی آمدنی اور سرمائے کی آمدنی کی شرح بہتر ہوتے ہوئے بالترتیب 1.75 فیصد اور 22.14 فیصد پر درج ہوئیں جبکہ بک ویلیو 136.66 روپے فی شیئر پر رپورٹ ہوئی۔

اس زیرِ تجزیہ عرصہ کے دوران، ایم سی بی نے اسٹیٹ بینک آف پاکستان کے بینکنگ چینلز کے ذریعے غیر ملکی ترسیلات میں اضافے کے مقصد کے ساتھ اپنی سرگرم شراکت داری کو مزید تقویت فراہم کرتے ہوئے 823 ملین امریکی ڈالرز کی ترسیلات زر کو وصول کیا۔ 31 مارچ 2022ء تک ایم سی بی نے روشن ڈیجیٹل اکاؤنٹ کے تحت 282 ملین امریکی ڈالرز کی ترسیلات وصول کیں۔ " میرا پاکستان میرا گھر" کی سکیم کے تحت بینک نے، 31 مارچ 2022ء تک، 3.4 بلین روپے کے 841 قرضوں کا اجراء کیا۔

سرمائے کے ضوابطگی مطلوبات کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکویسی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 16.35 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 - Common - Equity Tier - 1 (CET1) سے کل رسک ویٹیڈ ایسٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.00 فیصد کی مطلوبہ حد کے مقابلہ 14.92 فیصد کی شرح پر درج کی گئی۔ بینک کی کیپٹلائزیشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابطگی حد سے نمایاں اضافہ کے ساتھ 6.05 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریشو (Liquidity Coverage Ratio) - LCR کو 236.59 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 154.24 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2022ء کو اختتام پذیر سہ ماہی کے لیے 5.0 روپے فی شیئر (یعنی 50%) کے پہلے عبوری کیش ڈیویڈینڈ کا اعلان کیا ہے

ریٹنگز

پاکرا (PACRA) کے نوٹیفیکیشن بتاریخ 23 جون 2021ء 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 2022ء کی پہلی سہ ماہی کے دوران پاکستان کی معیشت کو کثیر الجہت خدشات کا سامنا رہا جس میں اشیاء کی عالمی قیمتوں میں اضافہ، اور افراطِ زر کی بلند شرح شامل ہے۔ عالمی رجحان کی مطابقت میں داخلی توانائی اور دھاتوں کی قیمت میں نمایاں اضافہ دیکھا گیا۔ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں کیے گئے اضافے کے نتیجے میں مجموعی داخلی طلب میں قدرے کمی آنے کا امکان ہے۔ تاہم، آنے والے مہینوں میں عالمی جغرافیائی و سیاسی مشکلات اور ملک میں جاری حالیہ سیاسی غیر یقینی کی صورتحال کے باعث شرح تبادلہ میں فرسودگی اور قیمتوں میں مزید اضافہ ہونے کی توقع ہے۔

پاکستان میں افراطِ زر کی سالانہ شرح دسمبر 2021ء کی 12.28 فیصد کی سطح سے بڑھتے ہوئے مارچ 2022ء تک 12.7 فیصد پر پہنچ گئی۔ تیل اور بجلی کی مد میں دی گئی حالیہ سبسیڈیز (امداد) کے باوجود، سال کے پہلے تین مہینوں کے دوران سالانہ افراطِ زر 12 فیصد کی شرح سے خاصا بلند رہا۔ ماہانہ افراطِ زر میں اضافہ اس امر کا غماز ہے کہ معیشت میں اشیاء کی قیمتوں کے بڑھنے کا رجحان بہت زیادہ ہے۔ مالی سال 22 - 2021 کے جولائی تا مارچ کی مدت کے لیے اوسط سالانہ افراطِ زر 10.77 فیصد تک بڑھ گیا۔ اشیاء کی عالمی قیمتوں میں مسلسل اضافے، رمضان کی آمد سے پہلے اشیاء خورد و نوش کی بڑھتی قیمتوں اور صنعت سازی کی بڑھتی لاگت نے داخلی افراطِ زر میں بڑھوتی کے عمل کو تیز کرنے میں اہم کردار ادا کیا۔

بیرونی محاذ پر، توانائی اور اشیاء کی مہنگی درآمدات کی وجہ سے ملک کی کرنسی کی شرح تبادلہ اور بیرونی اکاؤنٹ پر دباؤ آنا شروع ہو چکا ہے۔ جنوری 2022ء میں پاکستان نے 2.531 بلین امریکی ڈالرز کا اپنی تاریخ کا ابتک، سب سے زیادہ کرنٹ اکاؤنٹ خسارہ ریکارڈ کیا۔ اس مالی سال کے پہلے آٹھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ مالی سال 2021ء کے 1.916 بلین امریکی ڈالرز کے خسارے کی نسبت میں 12.09 بلین امریکی ڈالرز پر پہنچ گیا۔

درآمدتی اشیاء اور خدمات کی بڑھتی قیمتیں اور بلند ہوتی مقدار کے باعث اس مالی سال میں درآمدات کے بل میں برآمدات کے مقابلے میں زیادہ تیزی سے اضافہ دیکھا گیا۔ جس کے نتیجے میں پہلی سہ ماہی کے دوران ڈالر کے مقابلے میں پاکستانی روپے کی شرح تبادلہ بھی 3.94 فیصد کی فرسودگی کے ساتھ 176.5135 روپے فی ڈالر سے 183.4782 روپے فی ڈالر پر درج ہوئی۔ کرنٹ اکاؤنٹ کے خسارے اور بیرونی قرضوں کی ادائیگیوں کے باعث پاکستان کے زرمبادلہ کے ذخائر، اس سہ ماہی کے دوران، 23.88 بلین ڈالرز سے 27 فیصد کی تنزلی کے ساتھ 17.47 بلین امریکی ڈالرز پر درج ہوئے۔ ادائیگیوں کے

Bank for Life

ڈائریکٹرز کا تجزیہ۔ مارچ 2022ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 31 مارچ 2022ء کو اختتام پذیر سہ ماہی کے مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ

	ملین روپے
منافع قبل از ٹیکس	14,928
ٹیکس	6,014
منافع بعد از ٹیکس	8,914
افتتاحی غیر تخصیص شدہ منافع	63,683
غیر بینکنگ اثاثہ جات کی فروخت پر سرپلس (خالص از ٹیکس)	9
پائیدار اثاثوں کی از سر نو تخمینہ پر سرپلس سے اضافی فرسودگی کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)	20
	63,712
تخصیص کیلئے دستیاب منافع	72,626
تخصیص:	
قانونی ریزرو	(891)
حتمی کیش ڈیویڈینڈ 5 روپے فی شیئر۔ برائے دسمبر 2021ء	(5,925)
کل تخصیص	(6,816)
اختتامی غیر تخصیص شدہ منافع	65,810

اپنی خالص آمدنی میں مضبوطی کے حصول کے ساتھ، سال 2022ء کی پہلی سہ ماہی کے لیے، ایم سی بی کا منافع قبل از ٹیکس، 32 فیصد کی شاندار نمو کا اندراج کرتے ہوئے 14.9 بلین روپے تک جا پہنچا۔ جبکہ منافع بعد از ٹیکس 31 فیصد کے قابلِ ذکر اضافے کے ساتھ 8.9 بلین روپے پر رپورٹ کیا گیا۔ فی حصص آمدنی گزشتہ سال کے تقابلی عرصہ کے دوران کی 5.73 روپے فی شیئر کی سطح کے تناسب میں 7.52 روپے فی شیئر پر درج کی گئی۔

کرنٹ اکاؤنٹ میں مضبوط مقداری نمو کی بنیاد پر سال 2022ء کی پہلی سہ ماہی میں خالص انٹرسٹ گزشتہ سال کے تقابلی عرصہ سے 19 فیصد زیادہ رہی۔ پہلے سے طے شدہ کامیاب حکمتِ عملی پر کاربند رہتے ہوئے بینک کے اوسط کرنٹ ڈیپازٹس میں پچھلے سال کی نسبت 71.3 بلین روپے (14%) کی نمو دیکھی گئی۔

بینک کی نان مارک اپ آمدنی گزشتہ سال کے تقابلی عرصہ میں رپورٹ کیے گئے 4.75 بلین روپے کے حجم سے 20 فیصد کی نمو کے ساتھ 5.72 بلین روپے تک پہنچ گئی۔ اس اضافے میں، ملک میں بہتر ہوتی معاشی سرگرمیوں اور مثبت سواپ کروز (Swap Curves) کی بناء پر غیر ملکی کرنسیوں پر مشتمل واجبات اور اثاثہ جات کی دانشمندانہ موزونیت سے غیر ملکی کرنسیوں کے تبادلہ اور ڈیویڈینڈ آمدنی کی بڑھوتی کا بنیادی کردار رہا جو کہ بالترتیب 94 فیصد اور 81 فیصد پر درج کی گئیں۔

بینک، روپے کی قدر میں فرسودگی اور اشیاء کی بڑھتی قیمتوں سے ابھرتے افراطِ زر کے مسلسل دباؤ، تعمیلات سے متعلقہ انضباتی اخراجات میں اضافہ، برانچوں کے پھیلاؤ میں وسعت اور اپنے افرادی سرمائے کی میرٹ اور کارکردگی کی باقاعدہ مطابقت کے باوجود اپنے کاروباری اخراجات میں 9 فیصد کے معتدل اضافے کے ساتھ، انکا بہترین انتظام برقرار رکھے ہوئے ہے۔ لہذا، لاگت کی آمدنی سے شرحِ تناسب گزشتہ سال کے مماثلی عرصے میں رپورٹ کی گئی 43.50 فیصد کی شرح سے نمایاں بہتری کے ساتھ 39.90 فیصد پر شمار ہوئی۔

پروویژن کے محاذ پر، ایکویٹی سکرپس (equity scrips) کی فروخت سے اس زیرِ تجزیہ عرصہ میں 187 ملین کی خالص کٹوتی (ریورسل) حاصل ہوئی جبکہ نگرانی اور وصولیوں کے پیش قدم اقدامات کی بدولت قرضہ جات کے لیے پروویژن کی مد میں 616 ملین روپے کی ریورسل حاصل کی گئی۔

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، ارتقائی عمل سے دوچار میکرو اکنامک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقے سے انتظام کیا۔ بینک کے غیر فعال قرضہ جات 51.34 بلین روپے پر رپورٹ ہوئے۔ بینک نے اپنی مخصوص پروویژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا۔ بینک کی کوریج اور انفیکشن کی شرحیں بالترتیب 87.91 فیصد اور 8.14 فیصد پر رپورٹ ہوئیں۔

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position
As at March 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	143,307,030	164,613,179
Balances with other banks	8	23,366,550	18,830,310
Lendings to financial institutions	9	41,995,132	42,467,110
Investments	10	1,178,249,285	1,035,585,496
Advances	11	585,485,996	589,711,091
Fixed assets	12	57,398,209	57,327,871
Intangible assets	13	919,789	978,785
Deferred tax assets	14	1,169,739	-
Other assets	15	63,438,775	60,954,606
		2,095,330,505	1,970,468,448
LIABILITIES			
Bills payable	17	11,906,800	24,589,644
Borrowings	18	320,640,589	269,525,556
Deposits and other accounts	19	1,491,685,156	1,411,851,527
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	729,424
Other liabilities	20	98,139,311	89,364,889
		1,922,371,856	1,796,061,040
NET ASSETS		172,958,649	174,407,408
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	84,287,429	84,602,024
Surplus on revaluation of assets - net	22	11,010,469	14,271,517
Unappropriated profit		65,810,151	63,683,267
		172,958,649	174,407,408
CONTINGENCIES AND COMMITMENTS	23		

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

MCB Bank Limited

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Three Months Period Ended March 31, 2022

	Note	Three Months Ended: January 01 to March 31, 2022	Three Months Ended: January 01 to March 31, 2021
		---------Rupees in '000---------	
Mark-up / return / interest earned	25	39,716,774	28,347,462
Mark-up / return / interest expensed	26	21,604,748	13,107,117
Net mark-up / interest income		18,112,026	15,240,345
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	3,274,244	3,335,544
Dividend income		755,431	416,246
Foreign exchange income		1,211,275	624,450
Income from derivatives		2,439	9,194
Gain / (loss) on securities	28	414,729	349,753
Other Income	29	63,568	13,749
Total non-markup / interest Income		5,721,686	4,748,936
Total Income		23,833,712	19,989,281
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	9,449,313	8,635,952
Workers Welfare Fund		298,569	225,521
Other charges	31	20,922	29,217
Total non-markup / interest expenses		9,768,804	8,890,690
Profit before provisions		14,064,908	11,098,591
(Reversals) / provisions and write offs - net	32	(863,537)	(177,465)
PROFIT BEFORE TAXATION		14,928,445	11,276,056
Taxation	33	6,014,059	4,485,982
PROFIT AFTER TAXATION		8,914,386	6,790,074
Basic and diluted earnings per share	34	7.52	5.73

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Three Months Period Ended March 31, 2022

	Three Months Ended	
	January 01 to March 31, 2022	January 01 to March 31, 2021
	---------Rupees in '000---------	
Profit after taxation for the period	8,914,386	6,790,074
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	(1,206,034)	(798,040)
Movement in surplus on revaluation of investments - net of tax	(3,231,811)	(3,594,504)
	(4,437,845)	(4,392,544)
Total comprehensive income	4,476,541	2,397,530

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Three Months Period Ended March 31, 2022

	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, 2020 (Audited)	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 loss - 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 (Un-audited)	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
Change in equity for nine months period endod December 31, 2021										
Total comprehensive income for the nine months period ended December 31, 2021										
Profit after taxation for the nine months period endod December 31, 2021	-	-	-	-	-	-	-	-	24,020,973	24,020,973
Other comprehensive loss - net of tax	-	-	-	1,622,624	-	-	(9,383,854)	(23,002)	37,922	(7,746,310)
	-	-	-	1,622,624	-	-	(9,383,854)	(23,002)	24,058,895	16,274,663
Transfer to statutory reserve	-	-	-	-	2,402,098	-	-	-	(2,402,098)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(60,155)	60,155	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(108,678)	108,678	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(180,309)	180,309	-
Transactions with owners, recorded directly in equity										
Interim cash dividend at Rs. 4.5 per share - March 31, 2021	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)
Interim cash dividend at Rs. 5.0 per share - June 30, 2021	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Interim cash dividend at Rs. 4.5 per share - September 30, 2021	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)
	-	-	-	-	-	-	-	-	(16,590,840)	(16,590,840)
Balance as at December 31, 2021 (Audited)	11,850,600	23,751,114	908,317	3,701,067	37,641,526	18,600,000	(4,738,725)	19,010,242	63,683,267	174,407,408
Total comprehensive income for the period ended March 31, 2022										
Profit after taxation for the period ended March 31, 2022	-	-	-	-	-	-	-	-	8,914,386	8,914,386
Other comprehensive loss - net of tax	-	-	-	(1,206,034)	-	-	(3,231,811)	-	-	(4,437,845)
	-	-	-	(1,206,034)	-	-	(3,231,811)	-	8,914,386	4,476,541
Transfer to statutory reserve	-	-	-	-	891,439	-	-	-	(891,439)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(20,341)	20,341	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(8,896)	8,896	-
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Balance as at March 31, 2022 (Un-audited)	11,850,600	23,751,114	908,317	2,495,033	38,532,965	18,600,000	(7,970,536)	18,981,005	65,810,151	172,958,649

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.

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Period Ended March 31, 2022

	Note	Three Months Ended January 01 to March 31, 2022	Three Months Ended January 01 to March 31, 2021
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,928,445	11,276,056
Less: Dividend income		(755,431)	(416,246)
		14,173,014	10,859,810
Adjustments:			
Depreciation on fixed assets	30	554,970	519,342
Depreciation on right-of-use assets	30	306,216	304,065
Depreciation on non-banking assets acquired in satisfaction of claims	30	5,986	9,360
Amortization	30	78,497	74,647
(Reversals) / provisions and write offs - net	32	(863,537)	(177,465)
(Gain) / Loss on sale of fixed assets - net	29	(7,813)	31,158
(Gain) / Loss on sale of non-banking assets acquired in satisfaction of claims - net	29	-	5,351
Interest expensed on lease liability against right-of-use assets	26	237,781	264,097
Workers Welfare Fund		298,569	225,521
Charge for defined benefit plans - net		87,000	87,000
Gain on termination of lease liability against right of use assets	29	(33,911)	(19,853)
Unrealized (gain) / loss on revaluation of investments - Held For Trading	28	(550)	1,302
		663,208	1,324,525
		14,836,222	12,184,335
Decrease / (increase) in operating assets			
Lendings to financial institutions		471,978	(98,746)
Held-for-trading securities		(8,710,950)	(6,320,013)
Advances		4,893,272	33,665,489
Others assets (excluding advance taxation)		(2,769,270)	5,258,094
		(6,114,970)	32,504,824
Increase / (decrease) in operating liabilities			
Bills Payable		(12,682,844)	(12,695,804)
Borrowings from financial institutions		51,867,600	25,640,745
Deposits		79,833,629	24,199,628
Other liabilities (excluding current taxation)		8,626,676	556,922
		127,645,061	37,701,491
Defined benefits paid		(68,615)	(65,768)
Income tax paid		(5,955,567)	(3,579,595)
Net cash flow from operating activities		130,342,131	78,745,287
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(139,265,668)	(78,357,443)
Net investments in held-to-maturity securities		202,791	4,668,670
Dividends received		698,770	312,514
Investments in operating fixed assets		(869,913)	(503,691)
Proceeds from sale of operating fixed assets		12,756	16,070
Investments in Intangible assets		(26,730)	(138,562)
Proceeds from sale of non-banking assets acquired in satisfaction of claims		87,800	-
Effect of translation of net investment in foreign branches		(1,206,034)	(798,040)
Net cash flow used in investing activities		(140,366,228)	(74,800,482)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use-assets		(442,458)	(421,866)
Dividend paid		(5,550,787)	(17,417,128)
Net cash flow used in financing activities		(5,993,245)	(17,838,994)
Effects of exchange rate changes on cash and cash equivalents		(565,466)	(1,931,902)
Increase in cash and cash equivalents		(16,582,808)	(15,826,091)
Cash and cash equivalents at beginning of the period		182,348,837	147,745,756
Cash and cash equivalents at end of the period		165,766,029	131,919,665

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

Shoaib Mumtaz President / CEO	Hammad Khalid Chief Financial Officer	Mian Umer Mansha Director	Shahzad Hussain Director	Muhammad Ali Zeb Director

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2022

1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,426 branches (2021: 1,426 branches) within Pakistan and 10 branches (2021: 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 of its primary economic environment. The amounts are rounded off to the nearest thousand.

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

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

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting 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, 2021.

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, 2022. 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)
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
Amended Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 1, 2023

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, 2022 as per BPRD Circular letter No. 24 of 2021 dated July 05, 2021 of SBP. However, final 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, 2022 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, 2021.

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, 2021.

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, 2021. 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, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	25,705,903	22,275,982
Foreign currencies	8,240,111	6,201,240
	33,946,014	28,477,222
With State Bank of Pakistan in		
Local currency current accounts	66,850,742	81,786,372
Local currency special account	979,736	979,736
Foreign currency current accounts	2,537,027	2,315,211
Foreign currency deposit accounts	10,879,065	10,550,168
	81,246,570	95,631,487
With other central banks in		
Foreign currency current accounts	5,400,516	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	22,561,772	33,521,087
Prize bonds	152,158	255,248
	143,307,030	164,613,179
8. BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts	12,371,107	8,494,144
In deposit accounts	10,995,443	10,336,166
	23,366,550	18,830,310
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	41,038,095	27,571,021
Repurchase agreement lendings (Reverse Repo)	957,037	14,896,089
	41,995,132	42,467,110

10. INVESTMENTS

10.1 Investments by type:

	Unaudited March 31, 2022				Audited December 31, 2021			
	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	8,687,118	-	(1,477)	8,685,641	12,467	-	(12)	12,455
Shares	36,287	-	2,027	38,314	-	-	-	-
	8,723,405	-	550	8,723,955	12,467	-	(12)	12,455
Available-for-sale securities								
Federal Government Securities	1,118,118,630	(24,070)	(14,002,099)	1,104,092,461	977,660,377	(22,288)	(9,111,067)	968,527,022
Shares and units	32,105,347	(9,902,622)	939,010	23,141,735	31,011,555	(10,096,489)	1,342,189	22,257,255
Non Government Debt Securities	1,443,840	-	8,850	1,452,690	1,443,840	-	5,900	1,449,740
Foreign Securities	5,271,866	(1,748)	(12,213)	5,257,905	7,557,240	(1,748)	(5,424)	7,550,068
	1,156,939,683	(9,928,440)	(13,066,452)	1,133,944,791	1,017,673,012	(10,120,525)	(7,768,402)	999,784,085
Held-to-maturity securities								
Federal Government Securities	14,950,937	(66,895)	-	14,884,042	14,360,970	(52,637)	-	14,308,333
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,155,325	(477,541)	-	7,677,784	8,155,476	(477,541)	-	7,677,935
Foreign Securities	-	-	-	-	792,607	(8,632)	-	783,975
	23,106,380	(544,554)	-	22,561,826	23,309,171	(538,928)	-	22,770,243
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	1,201,788,906	(10,473,719)	(13,065,902)	1,178,249,285	1,054,014,088	(10,660,178)	(7,768,414)	1,035,585,496

10.1.1 Investments given as collateral

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
- Market Treasury Bills	163,009,307	107,136,184
- Pakistan Investment Bonds	46,555,053	53,303,403
	209,564,360	160,439,587

10.2 Provision for diminution in value of investments

10.2.1 Opening balance	10,660,178	10,652,723
Exchange and other adjustments	1,003	570
Charge / (reversals)		
Charge for the period / year	145,703	935,164
Reversals for the period / year	-	(18,390)
Reversal on disposals	(333,165)	(909,889)
	(187,462)	6,885
Closing Balance	10,473,719	10,660,178

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2022		Audited December 31, 2021	
	NPI	Provision	NPI	Provision
	----------Rupees in '000--------			
Domestic				
Loss	477,659	477,659	477,659	477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 90.965 million (December 31, 2021: Rs 83.557 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, 2022 amounted to Rs. 21,428.739 million (December 31, 2021: Rs. 22,217.535 million).

11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited March 31, 2022	Audited December 31, 2021	Unaudited March 31, 2022	Audited December 31, 2021	Unaudited March 31, 2022	Audited December 31, 2021
	----------Ru pees in '000----------					
Loans, cash credits, running finances, etc.	559,171,987	565,230,252	50,284,331	49,404,885	609,456,318	614,635,137
Bills discounted and purchased	20,108,626	19,852,814	1,059,696	1,085,920	21,168,322	20,938,734
Advances - gross	579,280,613	585,083,066	51,344,027	50,490,805	630,624,640	635,573,871
Provision against advances						
- Specific	-	-	(43,503,306)	(44,156,471)	(43,503,306)	(44,156,471)
- General	(1,635,338)	(1,706,309)	-	-	(1,635,338)	(1,706,309)
	(1,635,338)	(1,706,309)	(43,503,306)	(44,156,471)	(45,138,644)	(45,862,780)
Advances - net of provision	577,645,275	583,376,757	7,840,721	6,334,334	585,485,996	589,711,091

11.1 Particulars of advances (Gross)

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
In local currency	586,069,775	587,623,982
In foreign currencies	44,554,865	47,949,889
	630,624,640	635,573,871

11.2 Advances include Rs. 51,344.027 million (2021: Rs.50,490.805 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited March 31, 2022		Audited December 31, 2021	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----------Ru pees in '000----------			
Domestic					
Other Assets Especially Mentioned	11.2.1	1,505,662	1,894	49,319	1,340
Substandard		182,239	44,539	264,462	65,075
Doubtful		136,886	68,443	118,054	59,027
Loss		40,050,152	39,617,154	40,666,099	40,203,253
		41,874,939	39,732,030	41,097,934	40,328,695
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		6,356	4,964	38,999	14,993
91 to 180 days		77	19	12,212	5,750
181 to 365 days		591	298	109,551	54,776
> 365 days		9,462,064	3,765,995	9,232,109	3,752,257
		9,469,088	3,771,276	9,392,871	3,827,776
Total		51,344,027	43,503,306	50,490,805	44,156,471

11.2.1 This includes non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as "Other Assets Especially Mentioned" 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, 2022			Audited December 31, 2021		
		Specific	General	Total	Specific	General	Total
		----------Rupees in '000----------					
Opening balance		44,156,471	1,706,309	45,862,780	45,142,956	5,465,459	50,608,415
Exchange adjustments		(61,580)	(46,226)	(107,806)	319,945	18,623	338,568
Charge for the period / year	11.3.2 & 11.3.3	330,343	33,514	363,857	2,340,739	179,944	2,520,683
Reversals		(921,928)	(58,259)	(980,187)	(3,250,860)	(3,957,717)	(7,208,577)
		(591,585)	(24,745)	(616,330)	(910,121)	(3,777,773)	(4,687,894)
Amounts written off		-	-	-	(396,309)	-	(396,309)
Closing balance		43,503,306	1,635,338	45,138,644	44,156,471	1,706,309	45,862,780

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 Non Performing Loans (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 This includes reversal of provisions and reduction of non-performing loans amounting to Rs. Nil (2021: Nil) as a result of settlement on debt asset swap arrangement with customers.

11.3.3 The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing 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. In addition, the Bank also maintains a general provision against gross advances on a prudent basis.

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
12. FIXED ASSETS			
Capital work-in-progress	12.1	1,142,612	857,736
Property and equipment		50,706,033	50,723,894
Right-of-use assets		5,549,564	5,746,241
		57,398,209	57,327,871
12.1 Capital work-in-progress			
Civil works		615,461	431,382
Equipment		303,980	1,922
Advances to suppliers		173,198	417,309
Others		49,973	7,123
		1,142,612	857,736

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	----------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 - net additions	284,876	249,016
Property and equipment		
Freehold land	84,984	520
Building on freehold land	22,889	64,562
Building on leasehold land	-	3,615
Electrical office and computer equipment	340,233	104,643
Furniture and fixture	55,428	39,750
Leasehold Improvements	61,904	28,641
Vehicles	19,599	12,944
	585,037	254,675
	869,913	503,691
12.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Vehicles	1,358	1,311
Furniture and fixture	2,117	992
Electrical office and computer equipment	1,433	1,775
Leasehold Improvements	35	-
Building on freehold land	-	43,149
	4,943	47,227

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
13. INTANGIBLE ASSETS		
Computer software	463,606	549,332
Capital work-in-progress	456,183	429,453
	919,789	978,785

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	----------Rupees in '000--------	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	-	67,665
Capital work-in-progress - net additions	26,730	70,897
	26,730	138,562

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
14. DEFERRED TAX (ASSET) / LIABILITY - NET			
Deductible Temporary Differences on			
- Provision against advances		(1,774,819)	(1,966,314)
- Surplus/deficit on revaluation of investments		(5,095,916)	(3,029,677)
		(6,870,735)	(4,995,991)
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		1,353,239	1,366,245
- Surplus on revaluation of non-banking assets		268,626	274,315
- Accelerated tax depreciation		2,095,327	2,124,452
- Receivable from pension fund		1,278,586	1,255,185
- Business combination		705,218	705,218
		5,700,996	5,725,415
		(1,169,739)	729,424
15. OTHER ASSETS			
Income/ Mark-up accrued in local currency		21,834,152	21,654,370
Income/ Mark-up accrued in foreign currencies		407,104	304,911
Advances, deposits, advance rent and other prepayments		2,483,595	1,897,020
Non-banking assets acquired in satisfaction of claims		2,091,737	2,170,938
Compensation for delayed income tax refunds		133,809	133,809
Branch adjustment account		251,361	-
Mark to market gain on forward foreign exchange contracts		4,174,521	4,319,018
Unrealized gain on derivative financial instruments		335,782	304,893
Acceptances	20	20,588,308	20,941,457
Receivable from the pension fund		3,278,426	3,218,426
Clearing and settlement accounts		6,060,091	4,794,316
Claims receivable against fraud and forgeries		1,121,592	1,117,067
Others		2,725,540	2,104,292
		65,486,018	62,960,517
Less: Provision held against other assets	15.1	2,736,028	2,709,281
Other Assets (net of provision)		62,749,990	60,251,236
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	688,785	703,370
Other Assets - total		63,438,775	60,954,606

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
15.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	484,459	486,976
Others	2,162,796	2,133,532
	2,736,028	2,709,281
15.1.1 Movement in provision held against other assets		
Opening balance	2,709,281	2,582,686
Charge for the period / year	970	56,128
Reversals	(8,823)	(25,036)
	(7,853)	31,092
Amounts written off	(226)	(991)
Exchange and other adjustments	34,826	96,494
Closing balance	2,736,028	2,709,281

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2022 (2021: NIL).

17. BILLS PAYABLE		
In Pakistan	11,859,129	24,541,023
Outside Pakistan	47,671	48,621
	11,906,800	24,589,644
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	49,868,182	44,958,974
Under long term financing facility	22,726,873	22,532,703
Under renewable energy performance platform	1,772,402	1,443,069
Under payment of Wages & Salaries	4,429,163	5,683,739
Under temporary economic refinance facility	28,954,781	24,881,195
Under refinance facility for combating COVID-19	18,067	18,357
Under financing facility for storage of agricultural produce	140,233	147,260
	107,909,701	99,665,297
Bai Muajjal	44,809,236	44,809,236
Repurchase agreement borrowings	166,604,634	116,920,102
Total secured	319,323,571	261,394,635
Unsecured		
Borrowings from other financial institution	29,446	41,365
Call borrowings	217,735	6,267,152
Overdrawn nostro accounts	907,551	1,660,118
Others	162,286	162,286
Total unsecured	1,317,018	8,130,921
	320,640,589	269,525,556

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2022			Audited December 31, 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in '000----------					
Customers						
Current deposits	502,360,670	75,952,513	578,313,183	454,999,719	68,396,660	523,396,379
Savings deposits	689,268,381	43,522,286	732,790,667	692,860,151	44,991,159	737,851,310
Term deposits	86,381,036	13,656,674	100,037,710	80,826,341	12,107,066	92,933,407
Others	45,830,333	2,348,639	48,178,972	25,795,729	3,062,911	28,858,640
	1,323,840,420	135,480,112	1,459,320,532	1,254,481,940	128,557,796	1,383,039,736
Financial Institutions						
Current deposits	9,714,325	1,875,572	11,589,897	9,064,099	1,472,720	10,536,819
Savings deposits	12,285,470	173,414	12,458,884	10,894,817	117,898	11,012,715
Term deposits	604,968	5,716,350	6,321,318	539,968	6,319,339	6,859,307
Others	-	1,994,525	1,994,525	-	402,950	402,950
	22,604,763	9,759,861	32,364,624	20,498,884	8,312,907	28,811,791
	1,346,445,183	145,239,973	1,491,685,156	1,274,980,824	136,870,703	1,411,851,527

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		13,236,950	5,303,967
Mark-up/ return/ interest payable in foreign currencies		178,664	171,780
Unearned commission income		1,087,264	807,468
Accrued expenses		4,778,836	6,420,208
Current taxation (provisions less payments)		8,533,205	8,641,789
Workers' welfare fund	20.1	10,177,039	9,878,470
Acceptances	15	20,588,308	20,941,457
Unclaimed / dividends payable		2,397,338	2,022,825
Mark to market loss on forward foreign exchange contracts		3,936,117	4,388,436
Unrealised loss on derivative financial instruments		334,121	302,365
Branch adjustment account		-	78,348
Staff welfare fund		4,135	4,755
Provision for employees' compensated absences		1,132,334	1,100,865
Provision for post retirement medical benefits		2,023,968	1,982,169
Provision for employees' contributory benevolent scheme		202,829	197,712
Insurance payable against consumer assets		816,201	736,768
Unclaimed balances		617,761	755,141
Duties and taxes payable		1,810,125	3,868,463
Provision against off-balance sheet obligations		42,363	46,319
Security deposits against lease		909,582	799,331
Lease liability against right of use assets		7,257,942	7,399,921
Clearing and settlement accounts		9,692,764	6,234,150
Others		8,381,465	7,282,182
		98,139,311	89,364,889

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, 2022	Audited December 31, 2021
		----------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		2,495,033	3,701,067
Statutory reserve	21.2	38,532,965	37,641,526
General reserve		18,600,000	18,600,000
		84,287,429	84,602,024

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, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(13,066,452)	(7,768,402)
- Fixed Assets		19,914,085	19,947,432
- Non-banking assets acquired in satisfaction of claims	15	688,785	703,370
		7,536,418	12,882,400
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	(5,095,916)	(3,029,677)
- Fixed Assets	14	1,353,239	1,366,245
- Non-banking assets acquired in satisfaction of claims	14	268,626	274,315
		(3,474,051)	(1,389,117)
		11,010,469	14,271,517
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	220,403,705	186,607,084
-Commitments	23.2	405,203,421	406,841,074
-Other contingent liabilities	23.3	28,724,763	25,738,784
		654,331,889	619,186,942
23.1 Guarantees:			
Financial guarantees		184,865,925	158,802,090
Performance guarantees		33,044,775	25,596,864
Other guarantees		2,493,005	2,208,130
		220,403,705	186,607,084
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		198,965,454	178,952,056
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	190,693,416	217,379,046
- forward government securities transactions	23.2.2	7,505,440	5,098,200
- derivatives	23.2.3	7,384,922	4,434,780
Commitments for acquisition of:			
- operating fixed assets		500,689	806,239
- intangible assets		153,500	170,753
		405,203,421	406,841,074
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		104,599,822	119,831,839
Sale		86,093,594	97,547,207
		190,693,416	217,379,046
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		5,005,440	5,098,200
Sale		2,500,000	-
		7,505,440	5,098,200
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		2,968,640	1,432,779
Sale		2,968,640	1,432,779
		5,937,280	2,865,558
Cross Currency Swaps			
Purchase		723,821	784,611
Sale		723,821	784,611
		1,447,642	1,569,222
		7,384,922	4,434,780

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, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	23.3.1	28,724,763	25,738,784

23.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

23.4 Taxation

For assessment year 1999-2000 through tax year 2021, 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. 3,857 million (2021: Rs. 1,497 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.

23.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortization for few years has been assessed in Bank's favour at appellate forums during the year, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

24. DERIVATIVE INSTRUMENTS

	Unaudited March 31, 2022					
	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	723,821	303,266	-	-	2,968,640	32,516
Market Making	723,821	(301,605)	-	-	2,968,640	(32,516)
	Audited December 31, 2021					
	----------Rupees in '000----------					
Total						
Hedging	784,611	298,956	-	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	-	1,432,779	(5,937)

	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		12,408,516	7,590,617
Investments		26,866,477	20,621,411
Lendings to financial institutions		381,216	116,238
Balances with banks		60,565	19,196
		39,716,774	28,347,462
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		16,862,402	10,473,321
Borrowings		3,803,761	2,025,788
Cost of foreign currency swaps against foreign currency deposits / borrowings		700,804	343,911
Finance charges on lease liability against right-of-use assets		237,781	264,097
		21,604,748	13,107,117
27. FEE & COMMISSION INCOME			
Branch banking customer fees		762,470	663,970
Consumer finance related fees		143,522	130,505
Card related fees (debit and credit cards)		881,763	1,005,517
Credit related fees		101,250	88,425
Investment banking fee		36,884	30,022
Commission on trade		352,195	340,576
Commission on guarantees		127,628	173,811
Commission on cash management		209,561	161,892
Commission on remittances including home remittances		260,875	244,858
Commission on bancassurance		280,176	379,144
Rent on lockers		63,448	64,241
Commission on utility bills		19,193	18,188
Commission on investments services		14,041	9,647
Others		21,238	24,748
		3,274,244	3,335,544
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	414,179	351,055
Unrealised - Held For Trading	10.1	550	(1,302)
		414,729	349,753
28.1 Realised gain / (loss) on:			
Federal Government Securities		26,347	328,232
Shares		387,832	22,783
Others		-	40
		414,179	351,055
29. OTHER INCOME			
Rent on property		21,844	30,405
Gain on termination of lease liability against right of use assets		33,911	19,853
Gain / (Loss) on sale of fixed assets - net		7,813	(31,158)
Gain / (Loss) on sale of non-banking assets acquired in satisfaction of claims - net		-	(5,351)
		63,568	13,749

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	4,652,615	4,284,327
Property expense		
Rent and taxes	29,008	45,348
Insurance	5,012	5,429
Utilities cost	310,797	307,152
Fuel expense generators	138,240	93,953
Security (including guards)	362,818	332,043
Repair and maintenance (including janitorial charges)	216,752	164,072
Depreciation on right-of-use assets	306,216	304,065
Depreciation	185,671	177,393
	1,554,514	1,429,455
Information technology expenses		
Software maintenance	283,549	278,175
Hardware maintenance	56,739	41,568
Depreciation	138,416	142,618
Amortization	78,497	74,647
Network charges	144,336	138,864
Insurance	733	886
	702,270	676,758
Other operating expenses		
Directors' fees and allowances	9,960	10,260
Legal and professional charges	98,708	84,662
Outsourced services costs	195,011	175,060
Travelling and conveyance	85,157	49,562
NIFT clearing charges	44,428	38,853
Depreciation	230,883	199,331
Depreciation on non-banking assets acquired in satisfaction of claims	5,986	9,360
Training and development	11,908	6,160
Postage and courier charges	57,416	57,825
Communication	96,198	85,609
Stationery and printing	164,975	147,795
Marketing, advertisement & publicity	191,172	197,702
Auditors' remuneration	11,744	10,736
Cash transportation charges	218,629	199,560
Repair and maintenance	108,850	102,688
Subscription	4,255	3,168
Entertainment	68,543	51,514
Remittance charges	53,533	43,439
Brokerage expenses	7,505	8,368
Card related expenses	267,197	246,708
CNIC verification charges	92,591	44,952
Insurance	453,522	419,544
Others	61,743	52,556
	2,539,914	2,245,412
	9,449,313	8,635,952

	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
		----------Rupees in '000--------	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		360	10,421
VAT & National Building tax & Crop Insurance Levy		20,562	18,796
		20,922	29,217
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversal) / provision against balance with Banks		(36)	89
(Reversal) / provision for diminution in value of investments	10.2.1	(187,462)	(570,449)
(Reversal) / provision against loans and advances	11.3	(616,330)	443,658
(Reversal) / provision against off balance sheet items		(9)	-
(Reversal) / provision against other assets	15.1.1	(7,853)	(5,878)
Recovery of written off / charged off bad debts		(51,847)	(44,885)
		(863,537)	(177,465)
33. TAXATION			
Current		5,846,983	4,522,661
Deferred		167,076	(36,679)
		6,014,059	4,485,982
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax		8,914,386	6,790,074
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		7.52	5.73

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. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

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 Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV 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.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP)
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

	Unaudited March 31, 2022				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---Rupees in '000---				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,112,778,102	-	1,112,778,102	-	1,112,778,102
Shares	21,718,769	21,718,769	-	-	21,718,769
Non-Government Debt Securities	1,452,690		1,452,690	-	1,452,690
Foreign Securities	5,257,905	-	5,257,905	-	5,257,905
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	37,041,819	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,289,842	-	44,289,842	-	44,289,842
Non-banking assets	2,691,749	-	2,691,749	-	2,691,749
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	104,599,822	-	4,168,868	-	4,168,868
Forward sale of foreign exchange	86,093,594	-	3,930,464	-	3,930,464
Derivatives purchase	3,692,461	-	335,782	-	335,782
Derivatives sale	3,692,461	-	334,121	-	334,121

	Audited December 31, 2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---Rupees in '000---				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	968,539,477	-	968,539,477	-	968,539,477
Shares	20,800,775	20,800,775	-	-	20,800,775
Non-Government Debt Securities	1,449,740	-	1,449,740	-	1,449,740
Foreign Securities	7,544,505	-	7,544,505	-	7,544,505
Financial assets - disclosed but not measured at fair value					-
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	37,250,999	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,349,165	-	44,349,165	-	44,349,165
Non-banking assets	2,785,535	-	2,785,535	-	2,785,535
Off-balance sheet financial instruments - measured at fair value					-
Forward purchase of foreign exchange	119,831,839	-	3,767,037	-	3,767,037
Forward sale of foreign exchange	97,547,207	-	3,836,455	-	3,836,455
Derivatives purchase	2,217,390	-	304,893	-	304,893
Derivatives sale	2,217,390	-	302,365	-	302,365

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, 2022

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	---Rupees in '000---								
Profit & Loss									
Net mark-up/return/profit	(13,760,965)	873,204	7,880,016	22,730,702	389,069	-	18,112,026	-	18,112,026
Inter segment revenue - net	27,294,107	(330,547)	(6,856,297)	(23,105,397)	(41,232)	3,039,366	-	-	-
Non mark-up / return / interest income	2,287,531	569,102	1,048,251	1,735,006	239,624	(157,828)	5,721,686	-	5,721,686
Total Income	15,820,673	1,111,759	2,071,970	1,360,311	587,461	2,881,538	23,833,712	-	23,833,712
Segment direct expenses	6,773,165	515,028	234,934	154,246	346,565	1,744,866	9,768,804	-	9,768,804
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	6,773,165	515,028	234,934	154,246	346,565	1,744,866	9,768,804	-	9,768,804
Provisions	(164,973)	2,703	(24,000)	(193,867)	(3,920)	(479,480)	(863,537)	-	(863,537)
Profit before tax	9,212,481	594,028	1,861,036	1,399,932	244,816	1,616,152	14,928,445	-	14,928,445
Balance Sheet									
Cash & Bank balances	52,845,516	529,147	254,848	87,414,473	23,223,837	2,405,759	166,673,580	-	166,673,580
Investments	-	-	9,128,366	1,158,100,652	11,020,267	-	1,178,249,285	-	1,178,249,285
Net inter segment lending	1,173,430,388	-	-	-	32,838,095	189,503,254	1,362,933,642	(1,362,933,642)	-
Lendings to financial institutions	-	-	-	9,157,037	17,577,171	-	41,995,132	-	41,995,132
Advances - performing	97,195,020	39,504,552	423,368,532	-	5,697,813	423,794	577,645,275	-	577,645,275
- non performing	208,546	79,979	1,430,589	-	1,528,652	39,693,468	7,840,721	-	7,840,721
Others	37,964,187	1,996,576	27,744,517	13,999,112	91,885,835	232,026,275	122,926,512	-	122,926,512
Total Assets	1,361,643,657	42,110,254	461,926,852	1,268,671,274	91,885,835	232,026,275	3,458,264,147	(1,362,933,642)	2,095,330,505
Borrowings	15,859,409	-	91,222,493	211,582,357	1,976,330	-	320,640,589	-	320,640,589
Deposits & other accounts	1,326,609,871	24,508,871	67,973,321	-	72,517,950	75,143	1,491,685,156	-	1,491,685,156
Net inter segment borrowing	-	12,994,783	282,512,948	1,052,824,106	14,601,805	-	1,362,933,642	(1,362,933,642)	-
Others	19,174,377	4,606,600	20,218,090	4,264,811	2,789,750	58,992,483	110,046,111	-	110,046,111
Total liabilities	1,361,643,657	42,110,254	461,926,852	1,268,671,274	91,885,835	59,067,626	3,285,305,498	(1,362,933,642)	1,922,371,856
Equity	-	-	-	-	-	172,958,649	172,958,649	-	172,958,649
Total Equity & liabilities	1,361,643,657	42,110,254	461,926,852	1,268,671,274	91,885,835	232,026,275	3,458,264,147	(1,362,933,642)	2,095,330,505
Contingencies & Commitments	66,803,035	-	344,645,719	205,583,778	7,638,449	29,660,908	654,331,889	-	654,331,889

	Un audited Three months ended March 31, 2021								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	---Ru pees 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	Audited December 31, 2021								
Cash & Bank balances	59,335,963	487,065	263,447	97,130,099	23,726,201	2,500,714	183,443,489	-	183,443,489
Investments	-	-	9,125,927	1,012,813,179	13,646,390	-	1,035,585,496	-	1,035,585,496
Net inter segment lending	1,109,475,892	-	-	-	-	187,691,251	1,297,167,143	(1,297,167,143)	-
Lendings to financial institutions	-	-	-	18,396,089	24,071,021	-	42,467,110	-	42,467,110
Advances - performing	100,287,979	36,615,372	427,159,422	-	19,313,984	-	583,376,757	-	583,376,757
- non performing	223,751	92,152	26,224	-	5,565,096	427,111	6,334,334	-	6,334,334
Others	38,048,057	1,846,406	25,494,493	15,021,037	1,897,356	36,953,913	119,261,262	-	119,261,262
Total Assets	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591	(1,297,167,143)	1,970,468,448
Borrowings	15,037,907	-	84,434,986	167,180,272	2,872,391	-	269,525,556	-	269,525,556
Deposits & other accounts	1,260,878,141	24,186,891	59,464,220	-	67,311,591	10,684	1,411,851,527	-	1,411,851,527
Net inter segment borrowing	-	10,396,935	298,741,975	973,411,802	14,616,431	-	1,297,167,143	(1,297,167,143)	-
Others	31,455,594	4,457,169	19,428,332	2,768,330	3,419,635	53,154,897	114,683,957	-	114,683,957
Total liabilities	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	53,165,581	3,093,228,183	(1,297,167,143)	1,796,061,040
Equity	-	-	-	-	-	174,407,408	174,407,408	-	174,407,408
Total Equity & liabilities	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591	(1,297,167,143)	1,970,468,448
Contingencies & Commitments	64,622,665	-	298,150,190	226,912,026	2,506,084	26,995,977	619,186,942	-	619,186,942

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, 2022					Audited December 31, 2021				
	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	-	-	3,500,000	-	-	-	-	-	-	-
Addition during the period / year	-	-	56,000,000	-	-	-	-	103,400,000	-	-
Repaid during the period / year	-	-	(52,300,000)	-	-	-	-	(99,900,000)	-	-
Closing balance	-	-	7,200,000	-	-	-	-	3,500,000	-	-
Investments										
Opening balance	-	-	12,319,037	700,401	254,253	-	-	12,319,037	700,401	254,253
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
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	109	147,331	940,062	1,018,449	3,084,862	1,042	166,757	856,704	356,898	152,147
Addition / exchange adjustment during the period / year	2,519	23,753	13,930	-	587,069	16,460	48,891	83,358	1,390,000	3,103,637
Repaid / exchange adjustment during the period / year	(2,260)	(28,839)	-	(144,612)	(6,607)	(16,576)	(53,410)	-	(728,449)	(170,922)
Transfer in / (out)	-	92,708	-	-	-	(817)	(14,907)	-	-	-
Closing balance	368	234,953	953,992	873,837	3,665,324	109	147,331	940,062	1,018,449	3,084,862
Provision held against advances	-	-	-	-	-	-	-	-	-	-

	Unaudited March 31, 2022					Audited December 31, 2021				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Other Assets										
Markup receivable	-	2,613	70,411	19,564	57,455	-	2,436	20,398	17,154	16,572
Advances, deposits, advance rent and other prepayments	-	-	11,666	382,645	39,830	-	-	7,040	182,467	44,060
Receivable from Pension Fund	-	-	-	-	3,278,426	-	-	-	-	3,218,426
Closing balance	-	2,613	82,077	402,209	3,375,711	-	2,436	27,438	199,621	3,279,058
Borrowings										
Opening balance	-	-	19,134	-	103,120	-	-	25,356	-	77,139
Borrowings / exchange adjustment during the period / year	-	-	321,307	-	(27,224)	-	-	598,267	-	25,981
Settled during the period / year	-	-	(315,254)	-	-	-	-	(604,489)	-	-
Closing balance	-	-	25,187	-	75,896	-	-	19,134	-	103,120
Deposits and other accounts										
Opening balance	700,547	196,067	51,961	3,827,846	8,285,021	302,130	138,566	53,877	4,815,780	4,869,941
Received during the period / year	260,785	486,673	2,152,467	13,333,685	20,788,547	2,874,441	1,315,435	3,162,263	49,364,225	86,845,287
Withdrawn during the period / year	(535,772)	(440,258)	(2,154,424)	(10,818,994)	(18,600,490)	(2,468,887)	(1,256,285)	(3,164,179)	(50,352,159)	(83,429,013)
Transfer in / (out) - net	-	(7,775)	-	-	(527)	(7,137)	(1,649)	-	-	(1,194)
Closing balance	425,560	234,707	50,004	6,342,537	10,472,551	700,547	196,067	51,961	3,827,846	8,285,021
Other Liabilities										
Markup payable	177	576	151	26,595	16,780	1,475	-	2	18,219	16,792
Accrued expenses and other payable	-	-	29,799	90,419	20	100,100	3,500	23,556	66,889	2,893
Payable to MCB Employee Security Services	-	-	-	-	24,300	-	-	-	-	55,567
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Closing balance	177	576	49,950	117,014	41,100	101,575	3,500	43,558	85,108	75,252
Contingencies and Commitments										
Letter of Credit	-	-	-	-	5,679,737	-	-	-	-	5,207,768
Bank guarantees	-	-	22,526	2,508,464	621,687	-	-	35,276	10,739	666,342
Closing balance	-	-	22,526	2,508,464	6,301,424	-	-	35,276	10,739	5,874,110

	Unaudited March 31, 2022					Unaudited March 31, 2021				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Income										
Markup / return / interest earned	-	5,937	150,509	21,695	13,778	23	5,196	22,711	797	2,271
Fee and commission income	-	-	15,408	180,924	2,303	-	-	9,676	57,656	464
Dividend income	-	-	73,914	-	33,750	-	-	83,153	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	11	-	-	-	-	-
Net gain / (loss) on sale of securities	-	6	-	183	14,531	3	-	-	(4)	78
Gain on sale of fixed assets	-	30	-	-	102	-	76	-	-	-
Rent income	-	-	13,556	3,350	960	-	-	12,249	3,920	570
Expense										
Markup / return / interest expensed	8,218	986	585	60,456	194,344	3,174	372	278	33,524	85,781
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	44,428	-	-	-	-	38,853
Contribution to provident fund	-	-	-	-	121,279	-	-	-	-	108,976
Rent expenses	-	-	3,162	17,128	12,350	-	-	2,875	10,881	11,620
Cash sorting expenses	-	-	-	-	28,364	-	-	-	-	28,855
Stationery expenses	-	-	-	-	72,977	-	-	-	-	63,693
Security guards expenses	-	-	-	-	84,688	-	-	-	-	85,225
Remuneration to key executives and non-executive directors fee	59,420	269,526	-	-	-	85,266	240,215	-	-	-
Outsourcing service expenses	-	-	-	23,114	-	-	-	-	54,252	-
Donation during the year	-	-	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	-	1,523	-	-	-	-	1,610
Travelling Expenses	-	-	-	-	10,844	-	-	-	-	4,242
Hotel stay expenses	-	-	-	-	1,772	-	-	-	-	63
Repair & Maintenance Charges	-	-	-	-	565	-	-	-	-	531
Advertisement Expenses	-	-	-	-	3,132	-	-	-	-	-
Miscellaneous expenses and payments	-	-	-	-	3,661	-	-	-	-	596
Insurance premium-net of refund	-	-	-	389,540	-	-	-	-	234,866	-
Insurance claim settled	-	-	-	14,844	-	-	-	-	7,764	-
Other Transactions										
Proceeds from sale of fixed assets	-	31	-	-	1,417	-	76	-	-	-
Purchase of fixed assets	-	-	-	300	12,799	-	-	-	14,624	7,098
Sale of foreign currency	-	-	3,626,136	-	-	-	-	5,980,789	-	-
Purchase of foreign currency	-	-	1,672,206	-	-	-	-	4,162,916	-	-
Payments against home remittances	-	-	997,547	-	-	-	-	1,036,163	-	-
Reimbursement of other expenses	-	-	10,798	-	-	-	-	5,622	-	-
Sale of government securities	-	40,979	-	3,946,198	13,663,816	191,370	4,131	-	1,464,717	813,789
Purchase of government securities	-	-	-	3,767,405	5,956,758	-	-	-	5,326,465	2,463,278
Forward exchange contracts matured during the period	-	-	-	-	10,000	-	-	-	-	-

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.

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Unaudited March 31, 2022	Audited December 31, 2021
	----------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	153,139,082	150,353,964
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	153,139,082	150,353,964
Eligible Tier 2 Capital	14,720,681	19,249,838
Total Eligible Capital (Tier 1 + Tier 2)	167,859,763	169,603,802
Risk Weighted Assets (RWAs):		
Credit Risk	739,002,106	711,304,243
Market Risk	134,639,517	132,894,633
Operational Risk	153,080,409	153,080,409
Total	1,026,722,032	997,279,285
Common Equity Tier 1 Capital Adequacy ratio	14.92%	15.08%
Tier 1 Capital Adequacy Ratio	14.92%	15.08%
Total Capital Adequacy Ratio	16.35%	17.01%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	153,139,082	150,353,964
Total Exposures	2,533,315,029	2,451,779,962
Leverage Ratio	6.05%	6.13%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,096,481,140	1,109,267,469
Total Net Cash Outflow	463,448,095	450,352,949
Liquidity Coverage Ratio	236.59%	246.31%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,228,613,588	1,213,585,786
Total Required Stable Funding	796,561,815	782,982,025
Net Stable Funding Ratio	154.24%	155.00%

39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 27, 2022 has announced an interim cash dividend in respect of quarter ended March 31, 2022 of Rs. 5.00 per share (March 31, 2021: Rs. 4.50 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative information has been rearranged wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the period.

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 April 27, 2022.

Shoaib Mumtaz President / CEO	Hammad Khalid Chief Financial Officer	Mian Umer Mansha Director	Shahzad Hussain Director	Muhammad Ali Zeb Director

MCB BANK LIMITED

Consolidated Condensed Interim Financial Statements for the Three Months Period Ended March 31, 2022

Consolidated Condensed Interim Statement of Financial Position
As At March 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	153,255,626	175,922,469
Balances with other banks	8	29,106,601	22,554,329
Lendings to financial institutions	9	40,645,132	40,617,110
Investments	10	1,203,590,635	1,062,568,511
Advances	11	683,348,613	686,388,652
Fixed assets	12	62,354,094	62,351,545
Intangible assets	13	1,776,011	1,838,136
Deferred tax assets	14	220,087	-
Other assets	15	71,004,446	69,880,727
		2,245,301,245	2,122,121,479
LIABILITIES			
Bills payable	17	13,909,547	26,486,445
Borrowings	18	332,071,453	282,898,882
Deposits and other accounts	19	1,616,577,266	1,534,586,671
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	1,578,782
Other liabilities	20	106,447,397	99,002,039
		2,069,005,663	1,944,552,819
NET ASSETS		176,295,582	177,568,660
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	84,790,125	85,043,592
Surplus on revaluation of assets - net	22	11,983,127	15,225,689
Unappropriated profit		66,967,625	64,697,360
		175,591,477	176,817,241
Non-controlling interest		704,105	751,419
		176,295,582	177,568,660
CONTINGENCIES AND COMMITMENTS	23		

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

Shoaib Mumtaz President / CEO	Hammad Khalid Chief Financial Officer	Mian Umer Mansha Director	Shahzad Hussain Director	Muhammad Ali Zeb Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Three Months Period Ended March 31, 2022

	Note	Three Months Ended	
		January 01 to March 31, 2022	January 01 to March 31, 2021
		---------Rupees in '000---------	
Mark-up / return / interest earned	25	42,688,643	30,601,487
Mark-up / return / interest expensed	26	23,330,894	14,303,321
Net mark-up / interest income		19,357,749	16,298,166
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	3,548,604	3,636,522
Dividend income		698,762	347,940
Foreign exchange income		1,285,844	605,814
Income from derivatives		2,439	9,194
Gain / (loss) on securities	28	290,411	366,710
Other Income	29	49,491	8,361
Total non-markup / interest Income		5,875,551	4,974,541
Total Income		25,233,300	21,272,707
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	10,754,408	9,829,367
Workers Welfare Fund		306,068	230,258
Other charges	31	22,502	29,217
Total non-markup / interest expenses		11,082,978	10,088,842
Share of profit of associates		204,471	276,544
Profit before provisions		14,354,793	11,460,409
(Reversals) / provisions and write offs - net	32	(992,388)	(213,343)
PROFIT BEFORE TAXATION		15,347,181	11,673,752
Taxation	33	6,241,532	4,624,167
PROFIT AFTER TAXATION		9,105,649	7,049,585
Loss / (profit) attributable to non-controlling interest		(22,760)	(37,665)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		9,082,889	7,011,920
Basic and diluted earnings per share	34	7.66	5.92

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

Shoaib Mumtaz, President / CEO | Hammad Khalid, Chief Financial Officer | Mian Umer Mansha, Director | Shahzad Hussain, Director | Muhammad Ali Zeb, Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Three Months Period Ended March 31, 2022

	Three Months Ended	
	January 01 to March 31, 2022	January 01 to March 31, 2021
	---------Rupees in '000---------	
Profit after taxation for the period	9,105,649	7,049,585
Other comprehensive income / (loss)		
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	(1,184,606)	(817,083)
- Non-controlling interest	13	(11)
	(1,184,593)	(817,094)
Share of exchange translation reserve of associate	14,187	(21,773)
Movement in surplus / (deficit) on revaluation of investments - net of tax		
- Equity shareholders of the bank	(3,191,903)	(3,660,287)
Movement in surplus on associated undertaking - net of tax	(21,031)	26,303
	(3,212,934)	(3,633,984)
	(4,383,340)	(4,472,851)
Total comprehensive income	4,722,309	2,576,734
Attributable to:		
- Equity shareholders of the bank	4,699,536	2,539,080
- Non-controlling interest	22,773	37,654
Total comprehensive income	4,722,309	2,576,734

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

Shoaib Mumtaz, President / CEO | Hammad Khalid, Chief Financial Officer | Mian Umer Mansha, Director | Shahzad Hussain, Director | Muhammad Ali Zeb, Director

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Three Months Period Ended March 31, 2022

	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, 2020 (Audited)	11,850,600	23,973,024	908,317	2,950,183	34,628,527	18,600,000	8,400,793	319,939	20,082,819	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	37,865	7,049,785
Other comprehensive loss - 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	37,854	2,576,734
Transfer to statutory reserve	-	-	-	-	689,961	-	-	-	-	(689,961)	-	-	-
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 (Unaudited)	11,850,600	23,973,024	908,317	2,111,327	35,318,488	18,600,000	4,740,506	346,242	19,983,807	59,143,691	176,976,002	737,867	177,713,869
Change in equity for nine months period ended December 31, 2021													
Total comprehensive income for the nine months period ended December 31, 2021													
Profit after taxation for the nine months period ended December 31, 2021	-	-	-	-	-	-	-	-	-	24,167,788	24,167,788	110,381	24,278,169
Other comprehensive loss - net of tax	-	-	-	1,721,206	-	-	(9,536,538)	69,886	(28,185)	37,922	(7,735,709)	40	(7,735,669)
	-	-	-	1,721,206	-	-	(9,536,538)	69,886	(28,185)	24,205,710	16,432,079	110,421	16,542,500
Transfer to statutory reserve	-	-	-	-	2,411,230	-	-	-	-	(2,411,230)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(61,045)	61,045	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(108,675)	108,675	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(180,309)	180,309	-	-	-
Transactions with owners, recorded directly in equity													
Interim cash dividend at Rs. 4.5 per share - March 31, 2021	-	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)	-	(5,332,770)
Interim cash dividend at Rs. 5.0 per share - June 30, 2021	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
Interim cash dividend at Rs. 4.5 per share - September 30, 2021	-	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)	-	(5,332,770)
	-	-	-	-	-	-	-	-	-	(16,590,840)	(16,590,840)	-	(16,590,840)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(96,359)	(96,359)
Balance as at December 31, 2021 (Audited)	11,850,600	23,973,024	908,317	3,832,533	37,729,718	18,600,000	(4,796,032)	416,128	19,695,593	64,697,360	176,817,241	751,419	177,568,660
Total comprehensive income for the period ended March 31, 2022													
Profit after taxation for the period ended March 31, 2022	-	-	-	-	-	-	-	-	-	9,092,889	9,092,889	22,760	9,105,649
Other comprehensive loss - net of tax	-	-	-	(1,170,419)	-	-	(3,191,903)	(21,031)	-	-	(4,383,353)	13	(4,383,340)
Transfer to statutory reserve	-	-	-	(1,170,419)	96,952	-	(3,191,903)	(21,031)	-	9,092,889	4,699,536	22,773	4,722,309
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	(916,952)	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(20,732)	20,732	-	-	-
	-	-	-	-	-	-	-	-	(8,896)	8,896	-	-	-
Transactions with owners, recorded directly in equity													
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	-	-	-	(70,087)	(70,087)
Balance as at March 31, 2022 (Unaudited)	11,850,600	23,973,024	908,317	2,662,114	38,646,670	18,600,000	(7,987,935)	395,097	19,576,965	66,967,625	175,591,477	704,105	176,295,582

For details of dividend declaration and appropriations, please refer note 39 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 41 form an integral part of these consolidated condensed interim financial statements.

Shoaib Mumtaz	Hammad Khalid	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
President / CEO	Chief Financial Officer	Director	Director	Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Period Ended March 31, 2022

	Note	Three Months Ended: January 01 to March 31, 2022	Three Months Ended: January 01 to March 31, 2021
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		15,347,181	11,673,752
Less: Dividend income and share of profit of associates		(903,233)	(624,484)
		14,443,948	11,049,268
Adjustments:			
Depreciation on fixed assets	30	655,047	613,317
Depreciation on right-of-use assets	30	370,120	408,609
Depreciation on non-banking assets acquired in satisfaction of claims	30	5,986	9,360
Amortization	30	122,429	119,432
(Reversals) / provisions and write offs - net	32	(992,388)	(213,343)
(Gain) / Loss on sale of fixed assets - net	29	(7,970)	26,199
(Gain) / Loss on sale of non-banking assets acquired in satisfaction of claims - net	29	-	5,351
(Gain) / Loss on conversion of Ijarah agreements	29	(3,478)	-
Interest expensed on lease liability against right-of-use assets	26	319,645	359,708
Workers Welfare Fund		306,068	230,258
Charge for defined benefit plans - net		87,000	87,000
Gain on termination of lease liability against right of use assets	29	(33,911)	(19,853)
Unrealized (gain) / loss on revaluation of investments - Held For Trading	28	163	(107,067)
		828,711	1,518,971
		15,272,659	12,568,239
Decrease / (increase) in operating assets			
Lendings to financial institutions		(28,022)	(3,819,956)
Held-for-trading securities		(8,624,166)	(6,141,200)
Advances		3,702,089	33,849,476
Others assets (excluding advance taxation)		(2,847,646)	5,382,122
		(7,797,745)	29,270,442
Increase / (decrease) in operating liabilities			
Bills Payable		(12,576,898)	(12,739,976)
Borrowings from financial institutions		49,974,554	24,812,440
Deposits		81,990,595	25,780,774
Other liabilities (excluding current taxation)		8,830,720	450,037
		128,218,971	38,303,275
Defined benefits paid		(68,615)	(65,768)
Income tax paid		(6,049,943)	(3,620,061)
Net cash flow from operating activities		129,575,327	76,456,127
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(138,993,039)	(78,252,501)
Net investments in held-to-maturity securities		1,801,182	4,726,170
Dividends received		642,101	244,208
Investments in operating fixed assets		(971,587)	(575,566)
Proceeds from sale of operating fixed assets		14,788	22,862
Investments in Intangible assets		(71,320)	(144,091)
Proceeds from sale of non-banking assets acquired in satisfaction of claims		87,800	-
Effect of translation of net investment in foreign branches & subsidiaries		(1,170,419)	(817,094)
Net cash flow used in investing activities		(138,660,494)	(74,796,012)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use-assets		(607,002)	(581,361)
Dividend paid		(5,620,419)	(17,495,742)
Net cash flow used in financing activities		(6,227,421)	(18,077,103)
Effects of exchange rate changes on cash and cash equivalents		(565,466)	(1,931,902)
Increase in cash and cash equivalents		(15,878,054)	(18,348,890)
Cash and cash equivalents at beginning of the period		197,359,601	162,627,544
Cash and cash equivalents at end of the period		181,481,547	144,278,654

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

Shoaib Mumtaz	Hammad Khalid	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
President / CEO	Chief Financial Officer	Director	Director	Director

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 1,426 branches (2021: 1,426 branches) within Pakistan and 10 branches (2021: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the "Group").

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, 2022 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, 2022.

c. Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

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

The financial results of the Group's Islamic Banking business have been consolidated in these financial statements for reporting purposes, after eliminating material inter-group transactions / balances.

2.3 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency of its primary economic environment. 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 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, 2021.

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, 2022. 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)
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
Amended Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 1, 2023

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, 2022 as per BPRD Circular letter No. 24 of 2021 dated July 05, 2021 of SBP. However, final 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, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.

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, 2021.

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, 2021. 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.

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	28,286,047	24,962,316
Foreign currencies	8,934,442	6,622,320
	37,220,489	31,584,636
With State Bank of Pakistan in		
Local currency current accounts	72,475,318	88,832,014
Local currency special account	979,736	979,736
Foreign currency current accounts	3,239,516	2,937,151
Foreign currency deposit accounts	10,879,065	10,550,168
	87,573,635	103,299,069
With other central banks in		
Foreign currency current accounts	5,400,516	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	22,884,270	34,016,028
Prize bonds	176,716	294,601
	153,255,626	175,922,469
8. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	24,671	27,123
In deposit accounts	995,717	71,563
	1,020,388	98,686
Outside Pakistan		
In current accounts	17,090,764	12,119,471
In deposit accounts	10,995,449	10,336,172
	28,086,213	22,455,643
	29,106,601	22,554,329
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	33,838,095	24,071,021
Repurchase agreement lendings (Reverse Repo)	957,037	14,896,089
Musharaka arrangements	5,850,000	1,650,000
	40,645,132	40,617,110

	Unaudited March 31, 2022				Audited December 31, 2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----------Rupees in '000----------							
10. INVESTMENTS								
10.1 Investments by type:								
Held-for-trading securities								
Federal Government Securities	8,687,118	-	(1,477)	8,685,641	12,467	-	(12)	12,455
Shares	1,192,133	-	1,314	1,193,447	1,249,644	-	(7,014)	1,242,630
	9,879,251	-	(163)	9,879,088	1,262,111	-	(7,026)	1,255,085
Available-for-sale securities								
Federal Government Securities	1,148,757,319	(24,070)	(14,074,053)	1,134,659,196	1,008,297,650	(22,288)	(9,216,775)	999,058,587
Shares and units	32,471,094	(10,029,806)	968,961	23,410,249	31,651,347	(10,358,683)	1,342,018	22,634,682
Non Government Debt Securities	2,342,840	-	22,330	2,365,170	2,342,840	-	17,833	2,360,673
Foreign Securities	5,271,866	(1,748)	(12,213)	5,257,905	7,557,240	(1,748)	(5,424)	7,550,068
	1,188,843,119	(10,055,624)	(13,094,975)	1,165,692,520	1,049,849,077	(10,382,719)	(7,862,348)	1,031,604,010
Held-to-maturity securities								
Federal Government Securities	14,950,937	(66,895)	-	14,884,042	15,901,861	(52,637)	-	15,849,224
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,212,825	(477,541)	-	7,735,284	8,270,476	(477,541)	-	7,792,935
Foreign Securities	-	-	-	-	792,607	(8,632)	-	783,975
	23,163,880	(544,554)	-	22,619,326	24,965,062	(538,928)	-	24,426,134
Associates	5,399,701	-	-	5,399,701	5,283,282	-	-	5,283,282
Total Investments	1,227,285,951	(10,600,178)	(13,095,138)	1,203,590,635	1,081,359,532	(10,921,647)	(7,869,374)	1,062,568,511

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000----------	
10.1.1 Investments given as collateral		
- Market Treasury Bills	163,009,307	107,136,184
- Pakistan Investment Bonds	46,555,053	53,303,403
	209,564,360	160,439,587
10.2 Provision for diminution in value of investments		
10.2.1 Opening balance	10,921,647	11,691,434
Exchange and other adjustments	1,003	570
Charge / (reversals)		
Charge for the period / year	145,703	985,236
Reversals for the period / year	-	(18,390)
Reversal on disposals	(468,175)	(1,737,203)
	(322,472)	(770,357)
Closing Balance	10,600,178	10,921,647

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2022		Audited December 31, 2021	
	NPI	Provision	NPI	Provision
Domestic	----------Rupees in '000--------			
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 90.965 million (December 31, 2021: Rs 83.557 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, 2022 amounted to Rs. 21,486.480 million (December 31, 2021: Rs. 22,233.571 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, 2022 amounted to Rs. 2,343.600 million. (2021: Rs. 2,800.000 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2021: 20.00%)

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
Opening balance	5,240,911	4,435,075
Share of profit for the period / year before tax	197,949	934,170
Dividend from associate	-	(192,500)
Share of tax	(79,828)	(155,337)
	118,121	586,333
Share of other comprehensive income	(11,220)	219,503
Closing balance	5,347,812	5,240,911
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(25,407)	211,175
Share of exchange translation reserve of associate	14,187	8,328
	(11,220)	219,503

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% (2021: 30.00%)

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
Opening balance	42,371	44,285
Share of profit for the period / year before tax	6,522	9,417
Share of tax	2,996	(11,331)
Closing balance	9,518	(1,914)
	51,889	42,371

11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited March 31, 2022	Audited December 31, 2021	Unaudited March 31, 2022	Audited December 31, 2021	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000----------					
Loans, cash credits, running finances, etc.	559,642,138	565,602,060	50,284,331	49,404,885	609,926,469	615,006,945
Islamic financing and related assets	96,879,352	95,793,392	707,452	701,770	97,586,804	96,495,162
Bills discounted and purchased	20,108,626	19,852,814	1,059,696	1,085,920	21,168,322	20,938,734
Advances - gross	676,630,116	681,248,266	52,051,479	51,192,575	728,681,595	732,440,841
Provision against advances						
- Specific	-	-	(43,629,719)	(44,281,189)	(43,629,719)	(44,281,189)
- General	(1,703,263)	(1,771,000)	-	-	(1,703,263)	(1,771,000)
	(1,703,263)	(1,771,000)	(43,629,719)	(44,281,189)	(45,332,982)	(46,052,189)
Advances - net of provision	674,926,853	679,477,266	8,421,760	6,911,386	683,348,613	686,388,652

11.1 Particulars of advances (Gross)

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000----------	
In local currency	683,113,619	683,535,698
In foreign currencies	45,567,976	48,905,143
	728,681,595	732,440,841

11.2 Advances include Rs. 52,051.479 million (2021: Rs.51,192.575 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited March 31, 2022		Audited December 31, 2021	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----------Rupees in '000----------			
Domestic					
Other Assets Especially Mentioned	11.2.1	1,899	1,899	1,340	1,340
Substandard		47,687	47,687	67,795	67,795
Doubtful		178,073	178,073	169,179	169,179
Loss		39,630,784	39,630,784	40,215,099	40,215,099
		39,858,443	39,858,443	40,453,413	40,453,413
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		4,964	4,964	14,993	14,993
91 to 180 days		19	19	5,750	5,750
181 to 365 days		298	298	54,776	54,776
> 365 days		3,765,995	3,765,995	3,752,257	3,752,257
		3,771,276	3,771,276	3,827,776	3,827,776
Total		43,629,719	43,629,719	44,281,189	44,281,189

11.2.1 This includes non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as "Other Assets Especially Mentioned" 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, 2022			Audited December 31, 2021		
		Specific	General	Total	Specific	General	Total
		----------Rupees in '000----------					
Opening balance		44,281,189	1,771,000	46,052,189	45,168,351	5,511,716	50,680,067
Exchange adjustments		(61,580)	(46,118)	(107,698)	319,945	18,951	338,896
Charge for the period / year		335,889	37,986	373,875	2,457,017	230,979	2,687,996
Reversals	11.3.2 & 11.3.3	(924,473)	(59,605)	(984,078)	(3,258,052)	(3,990,646)	(7,248,698)
		(588,584)	(21,619)	(610,203)	(801,035)	(3,759,667)	(4,560,702)
Amounts written off		(1,306)	-	(1,306)	(406,072)	-	(406,072)
Closing balance		43,629,719	1,703,263	45,332,982	44,281,189	1,771,000	46,052,189

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 Non Performing Loans (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. 240.560 million (December 31, 2021: Rs. 249.750 million) in determining the provisioning against non-performing Islamic financing and related assets as at March 31, 2021. The additional benefit on the Bank's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs. 146.742 million as at March 31, 2022 (December 31, 2021: Rs. 152.378 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 This includes reversal of provisions and reduction of non-performing loans amounting to Rs. Nil (2021: Nil) as a result of settlement on debt asset swap arrangement with customers.

11.3.3 The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing 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. In addition, the Group also maintains a general provision against gross advances on a prudent basis.

	Note	Unaudited March 31, 2022	Audited December 31, 2021
12. FIXED ASSETS		----------Rupees in '000--------	
Capital work-in-progress	12.1	1,224,285	928,545
Property and equipment		53,443,820	53,472,833
Right-of-use assets		7,685,989	7,950,167
		62,354,094	62,351,545

12.1 Capital work-in-progress

Civil works	681,124	483,986
Equipment	303,980	15,180
Advances to suppliers	186,652	422,256
Others	52,529	7,123
	1,224,285	928,545

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	----------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 - net additions	295,740	271,139
Property and equipment		
Freehold land	84,984	520
Building on freehold land	23,145	64,698
Building on leasehold land	-	3,615
Electrical office and computer equipment	399,982	130,062
Furniture and fixture	63,472	50,290
Leasehold Improvements	67,291	42,298
Vehicles	36,973	12,944
	675,847	304,427
	971,587	575,566

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	----------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	1,358	1,311
Furniture and fixture	2,601	3,227
Electrical office and computer equipment	1,524	3,692
Leasehold Improvements	1,335	3,033
Building on freehold land	-	43,149
	6,818	54,412

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
13. INTANGIBLE ASSETS		
Capital work-in-progress	499,206	468,679
Goodwill	82,127	82,127
Management rights	192,000	192,000
Computer software	1,002,678	1,095,330
	1,776,011	1,838,136

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	----------Rupees in '000--------	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	40,793	70,897
Capital work-in-progress - net additions	30,527	73,194
	71,320	144,091

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
14. DEFERRED TAX (ASSET) / LIABILITY - NET		
Deductible Temporary Differences on		
- Provision against advances	(1,817,087)	(2,008,135)
- Surplus/deficit on revaluation of investments	(5,107,040)	(3,066,316)
- Tax losses carried forward	(504,822)	(594,182)
- Minimum Tax and WWF	(531,407)	(489,240)
	(7,960,356)	(6,157,873)
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,400,010	1,413,266
- Surplus on revaluation of non-banking assets	268,626	274,315
- Accelerated tax depreciation	2,254,857	2,297,390
- Receivable from pension fund	1,278,586	1,255,185
- Business combination	705,218	705,218
- Investments in associated undertaking	1,832,972	1,791,281
	7,740,269	7,736,655
	(220,087)	1,578,782

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
15. OTHER ASSETS			
Income/ Mark-up accrued in local currency		24,583,628	24,316,843
Income/ Mark-up accrued in foreign currencies		411,528	313,062
Advances, deposits, advance rent and other prepayments		2,959,690	2,253,754
Non-banking assets acquired in satisfaction of claims		2,091,737	2,170,938
Compensation for delayed income tax refunds		133,809	133,809
Branch adjustment account		495,456	-
Mark to market gain on forward foreign exchange contracts		4,175,807	4,335,561
Unrealized gain on derivative financial instruments		335,782	304,893
Acceptances	20	23,639,863	25,430,129
Receivable from the pension fund		3,278,426	3,218,426
Clearing and settlement accounts		6,489,722	5,553,219
Claims receivable against fraud and forgeries		1,121,592	1,117,067
Others		3,334,649	2,738,937
		73,051,689	71,886,638
Less: Provision held against other assets	15.1	2,736,028	2,709,281
Other Assets (net of provision)		70,315,661	69,177,357
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	688,785	703,370
Other Assets - total		71,004,446	69,880,727

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
15.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	484,459	486,976
Others	2,162,796	2,133,532
	2,736,028	2,709,281
15.1.1 Movement in provision held against other assets		
Opening balance	2,709,281	2,582,686
Charge for the period / year	970	56,128
Reversals	(8,823)	(25,036)
	(7,853)	31,092
Amounts written off	(226)	(991)
Exchange and other adjustments	34,826	96,494
Closing balance	2,736,028	2,709,281

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at March 31, 2022 (2021: NIL).

	Unaudited March 31, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
17. BILLS PAYABLE		
In Pakistan	13,861,876	26,437,824
Outside Pakistan	47,671	48,621
	13,909,547	26,486,445
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	53,169,393	47,986,546
Under long term financing facility	23,923,638	23,577,802
Under renewable energy performance platform	1,880,050	1,536,207
Under payment of Wages & Salaries	5,190,990	6,660,043
Under temporary economic refinance facility	33,269,745	28,773,614
Under refinance facility for combating COVID-19	40,998	42,817
Under financing facility for storage of agricultural produce	140,233	147,260
	117,615,047	108,724,289
Bai Muajjal	44,809,236	44,809,236
Repurchase agreement borrowings	166,604,634	116,920,102
Total secured	329,028,917	270,453,627
Unsecured		
Borrowings from other financial institution	477,928	464,272
Call borrowings	217,735	2,767,152
Overdrawn nostro accounts	880,680	1,682,663
Musharaka Arrangements	1,303,907	7,368,882
Others	162,286	162,286
Total unsecured	3,042,536	12,445,255
	332,071,453	282,898,882

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2022			Audited December 31, 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in '000----------					
Customers						
Current deposits	541,522,806	78,478,066	620,000,872	489,666,685	71,126,591	560,793,276
Savings deposits	730,024,471	45,536,834	775,561,305	738,874,979	46,969,241	785,844,220
Term deposits	119,266,816	13,656,674	132,923,490	109,600,671	12,107,066	121,707,737
Others	50,192,909	2,348,639	52,541,548	30,673,250	3,062,911	33,736,161
	1,441,007,002	140,020,213	1,581,027,215	1,368,815,585	133,265,809	1,502,081,394
Financial Institutions						
Current deposits	9,839,274	1,875,704	11,714,978	9,317,311	1,472,847	10,790,158
Savings deposits	14,889,522	173,408	15,062,930	11,808,667	117,895	11,926,562
Term deposits	1,061,268	5,716,350	6,777,618	3,066,268	6,319,339	9,385,607
Others	-	1,994,525	1,994,525	-	402,950	402,950
	25,790,064	9,759,987	35,550,051	24,192,246	8,313,031	32,505,277
	1,466,797,066	149,780,200	1,616,577,266	1,393,007,831	141,578,840	1,534,586,671

		Unaudited March 31, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		14,288,751	6,100,587
Mark-up/ return/ interest payable in foreign currencies		182,484	178,437
Unearned commission income		1,136,931	862,173
Accrued expenses		5,434,567	6,905,279
Current taxation (provisions less payments)		8,506,777	8,627,030
Workers' welfare fund	20.1	10,231,208	9,931,139
Acceptances	15	23,639,863	25,430,129
Unclaimed / dividends payable		2,402,793	2,027,825
Mark to market loss on forward foreign exchange contracts		3,936,117	4,397,120
Unrealised loss on derivative financial instruments		334,121	302,365
Branch adjustment account		-	238,420
Staff welfare fund		4,135	4,755
Provision for employees' compensated absences		1,132,334	1,100,865
Provision for post retirement medical benefits		2,023,968	1,982,169
Provision for employees' contributory benevolent scheme		202,829	197,712
Insurance payable against consumer assets		816,201	736,768
Unclaimed balances		617,761	755,141
Duties and taxes payable		2,290,240	4,344,738
Charity fund balance		13,716	8,823
Provision against off-balance sheet obligations		42,363	46,319
Security deposits against lease		1,613,606	1,506,241
Lease liability against right of use assets		9,831,559	10,059,815
Clearing and settlement accounts		9,692,764	6,234,150
Others		8,072,309	7,024,039
		106,447,397	99,002,039

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, 2022	Audited December 31, 2021
		----------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		2,662,114	3,832,533
Statutory reserve	21.2	38,646,670	37,729,718
General reserve		18,600,000	18,600,000
		84,790,125	85,043,592

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, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(13,094,975)	(7,862,348)
- Fixed Assets		20,555,816	20,589,804
- Non-banking assets acquired in satisfaction of claims	15	688,785	703,370
- Associated undertaking		762,767	788,174
		8,912,393	14,219,000
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	(5,107,040)	(3,066,316)
- Fixed Assets	14	1,400,010	1,413,266
- Non-banking assets acquired in satisfaction of claims	14	268,626	274,315
- Associated undertaking		367,670	372,046
		(3,070,734)	(1,006,689)
		11,983,127	15,225,689
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	229,351,412	194,370,616
-Commitments	23.2	428,846,220	422,956,200
-Other contingent liabilities	23.3	29,175,521	26,189,566
		687,373,153	643,516,382
23.1 Guarantees:			
Financial guarantees		184,843,754	158,777,702
Performance guarantees		36,813,614	29,097,931
Other guarantees		7,694,044	6,494,983
		229,351,412	194,370,616
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		216,854,125	192,773,466
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	195,964,031	218,878,371
- forward government securities transactions	23.2.2	7,505,440	5,098,200
- derivatives	23.2.3	7,384,922	4,434,780
- commitments to extent credit		449,846	708,954
Commitments for acquisition of:			
- operating fixed assets		508,796	836,275
- intangible assets		179,060	225,794
		428,846,220	422,955,840
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		106,617,565	120,320,899
Sale		89,346,466	98,557,472
		195,964,031	218,878,371
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		5,005,440	5,098,200
Sale		2,500,000	-
		7,505,440	5,098,200
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		2,968,640	1,432,779
Sale		2,968,640	1,432,779
		5,937,280	2,865,558
Cross Currency Swaps			
Purchase		723,821	784,611
Sale		723,821	784,611
		1,447,642	1,569,222
		7,384,922	4,434,780

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, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	23.3.1	29,175,521	26,189,566

23.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

23.4 Taxation

For assessment year 1999-2000 through tax year 2021, 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.3,857 million (2021: Rs. 1,497 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 Group 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.

23.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortization for few years has been assessed in Holding company favour at appellate forums during the year, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

24. DERIVATIVE INSTRUMENTS

	Unaudited March 31, 2022					
	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	723,821	303,266	-	-	2,968,640	32,516
Market Making	723,821	(301,605)	-	-	2,968,640	(32,516)
	Audited December 31, 2021					
	----------Rupees in '000----------					
Total						
Hedging	784,611	298,956	-	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	-	1,432,779	(5,937)

	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		14,721,503	9,297,020
Investments		27,635,837	21,154,959
Lendings to financial institutions		271,025	115,840
Balances with banks		60,278	33,668
		42,688,643	30,601,487
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		18,264,233	11,337,897
Borrowings		4,046,212	2,261,805
Cost of foreign currency swaps against foreign currency deposits / borrowings		700,804	343,911
Finance charges on lease liability against right-of-use assets		319,645	359,708
		23,330,894	14,303,321
27. FEE & COMMISSION INCOME			
Branch banking customer fees		766,350	667,660
Consumer finance related fees		148,944	135,471
Card related fees (debit and credit cards)		911,118	1,025,783
Credit related fees		108,681	93,268
Investment banking fee		36,884	34,811
Commission on trade		380,889	360,787
Commission on guarantees		138,137	185,268
Commission on cash management		210,167	162,212
Commission on remittances including home remittances		264,827	245,872
Commission on bancassurance		292,437	396,317
Rent on lockers		67,376	68,032
Commission on utility bills		19,193	18,188
Commission on investments services		156,842	211,205
Others		46,759	31,648
		3,548,604	3,636,522
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	290,574	259,643
Unrealised - Held For Trading	10.1	(163)	107,067
		290,411	366,710
28.1 Realised gain / (loss) on:			
Federal Government Securities		26,347	217,738
Shares		264,227	41,865
Others		-	40
		290,574	259,643
29. OTHER INCOME			
Rent on property		4,132	20,058
Gain on termination of lease liability against right of use assets		33,911	19,853
Gain / (Loss) on sale of fixed assets - net		7,970	(26,199)
Gain / (Loss) on sale of non-banking assets acquired in satisfaction of claims - net		-	(5,351)
Gain on conversion of Ijarah agreements		3,478	-
		49,491	8,361

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	5,310,650	4,831,978
Property expense		
Rent and taxes	18,739	58,223
Insurance	11,896	16,416
Utilities cost	343,166	335,689
Fuel expense generators	138,240	93,953
Security (including guards)	428,364	377,883
Repair and maintenance (including janitorial charges)	244,836	189,389
Depreciation on right-of-use assets	370,120	408,609
Depreciation	250,821	230,628
	1,806,182	1,710,790
Information technology expenses		
Software maintenance	343,009	322,313
Hardware maintenance	88,247	50,139
Depreciation	160,975	175,558
Amortization	122,429	119,432
Network charges	177,317	166,091
Insurance	1,167	1,727
	893,144	835,260
Other operating expenses		
Directors' fees and allowances	9,960	12,085
Fees and allowances to Sharia Board members	2,687	2,169
Legal and professional charges	113,346	95,271
Outsourced services costs	222,111	231,709
Travelling and conveyance	103,400	60,576
NIFT clearing charges	50,023	43,831
Depreciation	243,251	207,131
Depreciation on non-banking assets acquired in satisfaction of claims	5,986	9,360
Training and development	13,845	7,961
Postage and courier charges	67,916	70,175
Communication	104,830	94,173
Stationery and printing	183,845	161,311
Marketing, advertisement & publicity	199,515	206,335
Auditors' remuneration	15,436	13,215
Cash transportation charges	218,629	199,560
Repair and maintenance	109,091	103,095
Subscription	10,080	7,610
Entertainment	82,105	61,881
Remittance charges	53,533	43,439
Brokerage expenses	16,563	15,151
Card related expenses	267,197	246,708
CNIC verification charges	92,591	44,952
Insurance	480,449	445,209
Others	78,043	68,432
	2,744,432	2,451,339
	10,754,408	9,829,367

	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
		----------Rupees in '000--------	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		1,940	10,421
VAT & National Building tax & Crop Insurance Levy		20,562	18,796
		22,502	29,217
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversal) / provision against balance with Banks		(4)	173
(Reversal) / provision for diminution in value of investments	10.2.1	(322,472)	(648,454)
(Reversal) / provision against loans and advances	11.3	(610,203)	485,701
(Reversal) / provision against off balance sheet items		(9)	-
(Reversal) / provision against other assets	15.1.1	(7,853)	(5,878)
Recovery of written off / charged off bad debts		(51,847)	(44,885)
		(992,388)	(213,343)
33. TAXATION			
Current		5,929,690	4,592,458
Prior years		925	(3,447)
Deferred		234,085	64,684
Share of tax of associates		76,832	(29,528)
		6,241,532	4,624,167
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax attributable to equity shareholders		9,082,889	7,011,920
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		7.66	5.92

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. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy.

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 Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV 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.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP)
Operating fixed assets and Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

	Unaudited March 31, 2022				
	Carrying / Notional 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	1,143,344,837	-	1,143,344,837	-	1,143,344,837
Shares	23,142,416	23,142,416	-	-	23,142,416
Non-Government Debt Securities	2,365,170		2,365,170	-	2,365,170
Foreign Securities	5,257,905	-	5,257,905	-	5,257,905
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	29,480,307	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,289,842	-	44,289,842	-	44,289,842
Non-banking assets	2,691,749	-	2,691,749	-	2,691,749
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	106,617,565	-	4,175,807	-	4,175,807
Forward sale of foreign exchange	89,346,466	-	3,936,117	-	3,936,117
Derivatives purchase	3,692,461	-	335,782	-	335,782
Derivatives sale	3,692,461	-	334,121	-	334,121

	Audited December 31, 2021				
	Carrying / Notional 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	999,071,042	-	999,071,042	-	999,071,042
Shares	22,420,832	22,420,832	-	-	22,420,832
Non-Government Debt Securities	2,360,673	-	2,360,673	-	2,360,673
Foreign Securities	7,544,503	-	7,544,503	-	7,544,503
Financial assets - disclosed but not measured at fair value					-
Investments (HTM, AFS, unlisted ordinary shares and associates)	31,171,461	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	45,663,822	-	45,663,822	-	45,663,822
Non-banking assets	2,785,535	-	2,785,535	-	2,785,535
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	120,320,899	-	4,272,640	-	4,272,640
Forward sale of foreign exchange	98,557,472	-	4,855,404	-	4,855,404
Derivatives purchase	2,217,390	-	304,893	-	304,893
Derivatives sale	2,217,390	-	302,365	-	302,365

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, 2022										
	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	(13,760,964)	873,204	7,880,016	22,730,702	389,069	1,211,343	(960)	35,339	19,357,749	-	19,357,749
Inter segment revenue - net	27,294,107	(330,547)	(6,856,297)	(23,105,397)	(41,232)	-	-	3,039,366	-	-	-
Non mark-up / return / interest income	2,287,532	569,102	1,048,251	1,661,092	239,624	76,241	175,647	22,533	6,080,022	-	6,080,022
Total Income	15,820,675	1,111,759	2,071,970	1,286,397	587,461	1,287,584	174,687	3,097,238	25,437,771	-	25,437,771
Segment direct expenses	6,773,165	515,028	234,934	154,246	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978
Total expenses	6,773,165	515,028	234,934	154,246	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978
Provisions	(164,973)	2,703	(24,000)	(193,867)	(3,920)	(128,781)	-	(479,550)	(992,388)	-	(992,388)
Profit before tax	9,212,483	594,028	1,861,036	1,326,018	244,816	223,910	77,067	1,807,823	15,347,181	-	15,347,181
Balance Sheet											
Cash & Bank balances	52,845,516	529,147	254,848	87,414,473	23,223,837	15,664,115	37,760	2,392,531	182,362,227	-	182,362,227
Investments	-	-	9,128,366	1,145,782,339	11,020,267	31,804,964	1,155,399	4,699,300	1,203,590,635	-	1,203,590,635
Net inter segment lending	1,173,430,388	-	-	-	-	-	-	189,796,754	1,363,227,142	(1,363,227,142)	-
Lendings to financial institutions	-	-	-	1,957,037	32,838,095	5,850,000	-	-	40,645,132	-	40,645,132
Advances - performing	97,195,020	39,504,552	422,414,539	-	17,577,171	96,814,242	44,076	1,377,253	674,926,853	-	674,926,853
- non performing	208,546	79,979	1,430,589	-	5,697,813	581,039	-	423,794	8,421,760	-	8,421,760
Others	37,964,187	1,996,576	28,698,512	13,999,112	1,528,652	12,454,961	940,767	37,771,871	135,354,638	-	135,354,638
Total Assets	1,361,643,657	42,110,254	461,926,854	1,249,152,961	91,885,835	163,169,321	2,178,002	236,461,503	3,608,528,387	(1,363,227,142)	2,245,301,245
Borrowings	15,859,409	-	91,222,493	203,988,529	1,976,330	18,209,253	-	815,439	332,071,453	-	332,071,453
Deposits & other accounts	1,326,601,682	24,508,871	67,973,323	-	72,517,950	124,900,299	-	75,141	1,616,577,266	-	1,616,577,266
Net inter segment borrowing	-	12,994,783	282,512,948	1,040,899,621	14,601,805	10,772,027	1,445,958	-	1,363,227,142	(1,363,227,142)	-
Others	19,182,566	4,606,600	20,218,090	4,264,811	2,789,750	9,287,742	732,044	59,275,341	120,356,944	-	120,356,944
Total liabilities	1,361,643,657	42,110,254	461,926,854	1,249,152,961	91,885,835	163,169,321	2,178,002	60,165,921	3,432,232,805	(1,363,227,142)	2,069,005,663
Equity	-	-	-	-	-	-	-	176,295,582	176,295,582	-	176,295,582
Total Equity & liabilities	1,361,643,657	42,110,254	461,926,854	1,249,152,961	91,885,835	163,169,321	2,178,002	236,461,503	3,608,528,387	(1,363,227,142)	2,245,301,245
Contingencies & Commitments	66,803,035	-	344,645,719	205,561,607	7,638,449	33,063,435	-	29,660,909	687,373,153	-	687,373,153

	Un audited 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	Audited December 31, 2021										
Cash & Bank balances	59,335,963	487,065	263,447	97,130,099	23,726,201	15,005,358	44,580	2,484,085	198,476,798	-	198,476,798
Investments	-	-	9,125,927	1,000,302,366	13,646,390	33,475,816	1,242,631	4,775,381	1,062,568,511	-	1,062,568,511
Net inter segment lending	1,109,475,894	-	-	-	-	-	-	187,703,715	1,297,179,609	(1,297,179,609)	-
Lendings to financial institutions	-	-	-	14,896,089	24,071,021	1,650,000	-	-	40,617,110	-	40,617,110
Advances - performing	100,287,979	36,615,373	426,219,357	-	19,313,984	95,731,510	8,483	1,300,580	679,477,266	-	679,477,266
- non performing	223,751	92,152	26,224	-	5,565,096	577,052	-	427,111	6,911,386	-	6,911,386
Others	38,048,057	1,846,406	26,434,560	15,021,037	1,897,356	13,820,699	970,718	36,031,575	134,070,408	-	134,070,408
Total Assets	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	2,266,412	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Borrowings	15,037,907	-	84,434,986	163,304,758	2,872,391	16,472,906	-	775,934	282,898,882	-	282,898,882
Deposits & other accounts	1,260,865,507	24,186,891	59,464,220	-	67,311,591	122,747,778	-	10,684	1,534,586,671	-	1,534,586,671
Net inter segment borrowing	-	10,396,935	298,741,978	961,276,503	14,616,431	10,604,555	1,543,207	-	1,297,179,609	(1,297,179,609)	-
Others	31,468,230	4,457,170	19,428,331	2,768,330	3,419,635	10,435,196	723,205	54,367,169	127,067,266	-	127,067,266
Total liabilities	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	2,266,412	55,153,787	3,241,732,428	(1,297,179,609)	1,944,552,819
Equity	-	-	-	-	-	-	-	177,568,660	177,568,660	-	177,568,660
Total Equity & liabilities	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	2,266,412	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Contingencies & Commitments	64,622,665	-	298,150,190	226,887,638	2,506,084	24,353,828	-	26,995,977	643,516,382	-	643,516,382

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

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

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

	Unaudited March 31, 2022				Audited December 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Ru pees in '000)							
Investments								
Opening balance	-	-	5,283,282	254,253	-	-	4,479,360	254,253
Equity method adjustments	-	-	116,419	-	-	-	803,922	-
Closing balance	-	-	5,399,701	254,253	-	-	5,283,282	254,253
Provision for diminution in value of investments	-	-	-	5,000	-	-	-	5,000
Advances								
Opening balance	109	147,331	1,018,449	3,084,862	1,042	166,757	356,898	152,147
Addition / exchange adjustment during the period / year	2,519	23,753	-	587,069	16,460	48,891	1,390,000	3,103,637
Repaid / exchange adjustment during the period / year	(2,260)	(28,839)	(144,612)	(6,607)	(16,576)	(53,410)	(728,449)	(170,922)
Transfer in / (out)	-	92,708	-	-	(817)	(14,907)	-	-
Closing balance	368	234,953	873,837	3,665,324	109	147,331	1,018,449	3,084,862
Provision held against advances	-	-	-	-	-	-	-	-
Other Assets								
Markup receivable	-	2,613	19,564	57,455	-	2,436	17,154	16,572
Advances, deposits, advance rent and other prepayments	-	-	382,645	39,830	-	-	182,467	44,060
Receivable from Pension Fund	-	-	-	3,278,426	-	-	-	3,218,426
Closing balance	-	2,613	402,209	3,375,711	-	2,436	199,621	3,279,058
Borrowings								
Opening balance	-	-	-	103,120	-	-	-	77,139
Borrowings / exchange adjustment during the period / year	-	-	-	(27,224)	-	-	-	25,981
Settled during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	75,896	-	-	-	103,120

	Unaudited March 31, 2022				Audited December 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Ru pees in '000)							
Deposits and other accounts								
Opening balance	700,547	196,067	3,827,846	8,285,021	302,130	138,566	4,815,780	4,869,941
Received during the period / year	260,785	486,673	13,333,685	20,788,547	2,874,441	1,315,435	49,364,225	86,845,287
Withdrawn during the period / year	(535,772)	(440,258)	(10,818,994)	(18,600,490)	(2,468,887)	(1,256,285)	(50,352,159)	(83,429,013)
Transfer in / (out) - net	-	(7,775)	-	(527)	(7,137)	(1,649)	-	(1,194)
Closing balance	425,560	234,707	6,342,537	10,472,551	700,547	196,067	3,827,846	8,285,021
Other Liabilities								
Markup payable	177	576	26,595	16,780	1,475	-	18,219	16,792
Accrued expenses and other payable	-	-	90,419	20	100,100	3,500	66,889	2,893
Payable to MCB Employee Security Services	-	-	-	24,300	-	-	-	55,567
Advance received against sale of property	-	-	-	-	-	-	-	-
Closing balance	177	576	117,014	41,100	101,575	3,500	85,108	75,252
Contingencies and Commitments								
Letter of Credit	-	-	-	5,679,737	-	-	-	5,207,768
Bank guarantees	-	-	2,508,464	621,687	-	-	10,739	666,342
Closing balance	-	-	2,508,464	6,301,424	-	-	10,739	5,874,110

	Unaudited March 31, 2022				Unaudited March 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Ru pees in '000)							
Income								
Markup / return / interest earned	-	5,937	21,695	13,778	23	5,196	797	2,271
Fee and commission income	-	-	180,924	2,303	-	-	57,656	464
Dividend income	-	-	-	33,750	-	-	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	11	-	-	-	-
Net gain / (loss) on sale of securities	-	6	183	14,531	3	-	(4)	78
Gain on sale of fixed assets	-	30	-	102	-	76	-	-
Rent income	-	-	3,350	960	-	-	3,920	570

	Unaudited March 31, 2022				Unaudited March 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	----------(Rupees in '000)----------							
Expense								
Markup / return / interest expensed	8,218	986	60,456	194,344	3,174	372	33,524	85,781
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	44,428	-	-	-	38,853
Contribution to provident fund	-	-	-	121,279	-	-	-	108,976
Rent expenses	-	-	17,128	12,350	-	-	10,881	11,620
Cash sorting expenses	-	-	-	28,364	-	-	-	28,855
Stationery expenses	-	-	-	72,977	-	-	-	63,693
Security guards expenses	-	-	-	84,688	-	-	-	85,225
Remuneration to key executives and non-executive directors fee	59,420	269,526	-	-	85,266	240,215	-	-
Outsourcing service expenses	-	-	23,114	-	-	-	54,252	-
Donation during the year	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	1,523	-	-	-	1,610
Travelling Expenses	-	-	-	10,844	-	-	-	4,242
Hotel stay expenses	-	-	-	1,772	-	-	-	63
Repair & Maintenance Charges	-	-	-	565	-	-	-	531
Advertisement Expenses	-	-	-	3,132	-	-	-	-
Miscellaneous expenses and payments	-	-	-	3,661	-	-	-	596
Insurance premium-net of refund	-	-	389,540	-	-	-	234,866	-
Insurance claim settled	-	-	14,844	-	-	-	7,764	-
Other Transactions								
Proceeds from sale of fixed assets	-	31	-	1,417	-	76	-	-
Purchase of fixed assets	-	-	300	12,799	-	-	14,624	7,098
Sale of foreign currency	-	-	-	-	-	-	-	-
Purchase of foreign currency	-	-	-	-	-	-	-	-
Payments against home remittances	-	-	-	-	-	-	-	-
Reimbursement of other expenses	-	-	-	-	-	-	-	-
Sale of government securities	-	40,979	3,946,198	13,663,816	191,370	4,131	1,464,717	813,789
Purchase of government securities	-	-	3,767,405	5,956,758	-	-	5,326,465	2,463,278
Forward exchange contracts matured during the period	-	-	-	10,000	-	-	-	-

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 Group's maintained cars and household equipment in accordance with the terms of their employment.

	Unaudited March 31, 2022	Audited December 31, 2021
	----------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	148,262,130	146,487,908
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	148,262,130	146,487,908
Eligible Tier 2 Capital	15,928,345	20,400,167
Total Eligible Capital (Tier 1 + Tier 2)	164,190,475	166,888,075
Risk Weighted Assets (RWAs):		
Credit Risk	776,148,996	743,393,585
Market Risk	138,104,992	137,136,055
Operational Risk	163,273,225	163,273,225
Total	1,077,527,213	1,043,802,865
Common Equity Tier 1 Capital Adequacy ratio	13.76%	14.03%
Tier 1 Capital Adequacy Ratio	13.76%	14.03%
Total Capital Adequacy Ratio	15.24%	15.99%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	148,262,130	146,487,908
Total Exposures	2,713,585,081	2,625,918,532
Leverage Ratio	5.46%	5.58%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,138,676,720	1,143,437,748
Total Net Cash Outflow	496,851,382	480,179,056
Liquidity Coverage Ratio	229.18%	238.13%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,327,785,084	1,312,628,842
Total Required Stable Funding	871,764,008	862,352,888
Net Stable Funding Ratio	152.31%	152.21%

39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 27, 2022 has announced an interim cash dividend in respect of quarter ended March 31, 2022 of Rs. 5.00 per share (March 31, 2021: Rs. 4.50 per share). These consolidated condensed interim financial statements for the period ended March 31, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative information has been rearranged wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the period.

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

41 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 April 27, 2022.

Shoaib Mumtaz President / CEO	Hammad Khalid Chief Financial Officer	Mian Umer Mansha Director	Shahzad Hussain Director	Muhammad Ali Zeb Director