



# 3rd Quarterly REPORT 2017



### ***Our Vision***

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

### ***Our Mission***

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

### ***Our Values***

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

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

# MCB Bank Limited

## CORPORATE PROFILE

### Board of Directors:

Mian Mohammad Mansha	<b>Chairman</b>
Mr. S.M. Muneer	Vice-Chairman
Mr. Tariq Rafi	Director
Mr. Shahzad Saleem	Director
Mian Umer Mansha	Director
Mrs. Iqraa Hassan Mansha	Director
Mr. Samir Iqbal Saigol	Director
Mr. Ahmad Alman Aslam	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd. Suhail Amar Suresh	Director
Mr. Irfan Ahmed Hashmi	Director
Mr. Nor Hizam Bin Hashim	Director
Mr. Imran Maqbool	President & CEO

### Audit Committee:

<b>Mr. Ahmad Alman Aslam</b>	<b>Chairman</b>
Mr. Muhammad Ali Zeb	Member
Mr. Nor Hizam Bin Hashim	Member
Mr. Samir Iqbal Saigol	Member

<b>Chief Financial Officer:</b>	Mr. Salman Zafar Siddiqi
<b>Company Secretary:</b>	Mr. Fida Ali Mirza
<b>Auditors:</b>	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
<b>Legal Advisors:</b>	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
<b>Registered /Principal Office:</b>	MCB House, 15-Main Gulberg Jail Road, Lahore Pakistan
<b>Registrar’s and Share Registration Office(s):</b>	<div> <b>Head Office:</b>  M/s. THK Associates (Pvt.) Limited  1<sup>st</sup> Floor, 40-C, Block 6,  P.E.C.H.S., Karachi  Pakistan </div> <div> <b>Branch Office:</b>  M/s. THK Associates (Pvt.) Limited  1<sup>st</sup> Floor, DYL Motorcycles Limited Office,  147- Q Block, Behind Emporium Mall,  Johar Town, Lahore  Pakistan </div>



On behalf of the Board of Directors, I am pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the nine months period ended September 30, 2017;

**Profit Before Taxation**

Taxation

**Profit After Taxation**

Un-appropriated Profit Brought Forward

Remeasurement of Defined Benefit Plans - net of tax

Transferred from Surplus on Revaluation of Fixed Assets - net of tax

**Profit Available for Appropriation**

**Appropriations:**

Statutory Reserve

Final Cash Dividend - December 2016

Interim Cash Dividend - March 2017

Interim Cash Dividend - June 2017

**Total Appropriations**

**Un-appropriated Profit Carried Forward**

**Performance Review**

During the nine months period ended September 30, 2017, MCB Bank Limited posted Profit Before Tax of Rs. 26 billion and profit after tax of Rs. 19.14 billion. In comparison with the corresponding period last year, Profit Before Tax has decreased by 10.85% whereas Profit After Tax has increased by 9.83% on account of reversal of prior year tax charges. Net markup income of the Bank was reported at Rs. 31.46 billion, down by 6.7% over corresponding period last year, owing to the maturity of high yielding bonds and low-interest rate environment. To supplement its net interest margins, the Bank remained focused on increasing its low cost deposit base and invest in higher yielding assets.

On the non-markup income front, the Bank reported a base of Rs. 13.86 billion with incredible growth of 16.8% over corresponding period last year. Major contributions to non-markup income growth are fees & commissions (+25%), dividend income (+22%), and income from dealing in foreign currencies (+58%).

The administrative expense base (excluding pension fund reversal) recorded an increase of 21.72% over corresponding period last year, mainly on account of NIB Bank Limited (NIB) merger with and into MCB Bank Limited in the third quarter of 2017. On the provision front, the Bank continued with its recovery trajectory and posted a reversal in provision against advances of Rs. 2.5 billion, during the nine months period ended September 30, 2017.

The total asset base of the Bank was reported at Rs. 1,309.46 billion reflecting a healthy increase of 24.50% over December 2016. Analysis of the asset mix highlights that net investments have increased by Rs. 126.34 billion (+22.73%) with net advances increasing by Rs. 92.92 billion (+26.70%) over December 31, 2016. The coverage and infection ratios of the Bank were reported at 93.47% and 10.11%, respectively.

On the liabilities side, the deposit base of the Bank recorded an exceptional increase of Rs. 181.07 billion (+23.17%) over December 2016 primarily on account of synergies materializing on account of merger. MCB Bank Limited continued to enjoy one of the highest CASA mixes in the banking industry of 93.45% with strategic focus on current deposits (+23.66%) and savings deposits (+21.34%) over December 2016.

Earnings per share (EPS) for the period came to Rs. 16.86 as compared to Rs. 15.66 for the same period last year. Return on Assets and Return on Equity were reported at 2.16% and 19.93% respectively, whereas book value per share stood at Rs. 116.54.

The Board of Directors declared 3rd interim cash dividend of Rs. 4.0 per share for the nine months period ended September 30, 2017, which is in addition to Rs. 8.0 per share interim dividends already paid to shareholders.

**Amalgamation of NIB Bank Limited (NIB) with and into MCB**

During the third Quarter, the Bank has successfully completed the amalgamation of NIB Bank Limited (NIB) with and into MCB.

**Ratings**

PACRA has maintained MCB Bank's long term credit rating at AAA [triple A] and its short term credit rating at A1+ [A one plus], through its notification dated June 19, 2017. Moreover, TFC rating of MCB Bank Limited (Ex-NIB) has been upgraded from A+ to AAA, based on the notification from PACRA dated October 06, 2017.

Rs. in Million
25,999
6,861
19,138
53,469
(642)
40
52,867
72,005
1,914
4,452
4,452
4,740
15,558
56,447



**Economy Review**

During the third quarter of 2017, the majority of Pakistan's macroeconomic fundamentals remained fairly positive, which continued to contribute to economic growth and development. However, despite encouraging signs, there are some significant areas which would need careful attention by the authorities.

Pakistan's exports posted a marginal improvement, growing by 10.84% YoY, in dollar terms, during July – Sept FY18 to \$5.2 billion. At the same time, however, imports continue to rise, increasing by 22.19% YoY, in dollar terms to almost \$14.2 billion. Pakistan's import bill has risen owing to imports under the CPEC umbrella while oil imports have also increased. As a result, Pakistan's trade deficit widened to \$9 billion, as per the Pakistan Bureau of Statistics, up by around \$2 billion from the comparative period in the previous fiscal year. Meanwhile, workers' remittances stood at \$4.8 billion, only a marginal increase from the previous fiscal year. Pakistan's current account deficit increased to around 4.6% of GDP in Jul – Aug FY18, almost double than last year's deficit of 2.5%.

On the positive side, however, China-Pakistan Economic Corridor is beginning to show greater momentum with several energy and infrastructure projects in the pipeline, which will fuel growth in the medium term. Pakistan grew at 5.3% during FY17 according to the government's estimates. CPEC will also attract foreign investment to Pakistan and enhance its status as a regional manufacturing hub. During Jul – Sept FY18, net FDI stood at \$662 million, a considerable increase from Jul – Sep FY17 when net FDI stood at \$423 million.

Pakistan's CPI inflation began the quarter at 2.91% YoY in July. However, most recently, in September, CPI inflation was registered at 3.86% YoY on the back of higher oil and food inflation while core inflation came in at 5.4% YoY. The State Bank of Pakistan, however, decided to maintain its policy rate at 5.75% at its Monetary Policy Committee meeting in September.

On the foreign exchange market side, the Pakistani Rupee depreciated against the US dollar on 5th July by around 3.5% from 104.90 to 108.25. However, the parity later adjusted to 105.40 level and has since remained stable. Pakistan's FX reserves though have been on the decline, falling from \$21.4 billion at the beginning of the quarter to \$19.7 billion by 30 September due to external debt servicing and other official payments.

As regards Pakistani stock markets, the KSE-100 fell owing to political jitters, beginning the quarter at 46,565 index points and ending it at 42,409 index points.

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

**Future Outlook**

Pakistan achieved GDP growth of 5.3% in FY17, which is a ten year high. The government is targeting 6.0% growth in FY18, and while this target appears ambitious for this year, expected acceleration in projects under CPEC will become a significant contributor to greater GDP growth in the coming years. Improvements in energy supply are also a key objective for the government, and any managed load-shedding is likely to be eliminated by 2018. However, Pakistan will need to maintain fiscal discipline and keep government expenditures in check as it bids to spend on development projects. Despite an improvement in the country's exports in the current fiscal year, export competitiveness still remains a major concern and requires special attention from the government to boost productivity, reduce costs of production and embark on greater diversification in the export sector. Pressures emanating from the external side will also have to be closely watched and will largely depend on timely materialization of financial inflows to improve the country's foreign exchange reserves.

**Appreciation and Acknowledgements**

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

For and on behalf of the Board of Directors

*Mian Mohammad Mansha*  
Mian Mohammad Mansha  
Chairman

October 25, 2017



## معاشی جائزہ:

2017ء کی تیسری سہ ماہی کے دوران پاکستان کی منکرواد کنکریٹ اساس کے حوالہ کی اکثریت نے مثبت ردی اور انہوں نے معاشی نمو وترقی میں اپنا کردار اچاری رکھا۔ اہم حوصلہ افزاء افراد شاروں کے باوجود چند کارگر پر محاطات اب بھی اداروں کی توجہ کے طالب ہیں۔ پاکستان کی برآمدات، امریکی ڈالروں میں سال پر سال کی بنیاد پر 10.84 فیصد ہجڑی کے ساتھ سال 2017 جولائی تا ستمبر تک 5.2 بلین امریکی ڈالرز ہیں۔ جبکہ درآمدات کا حجم، امریکی ڈالروں میں سال پر سال کی بنیاد پر 22.19 فیصد اضافہ کے رجحان کو اپنائے ہوئے 14.2 بلین امریکی ڈالرز تک رہا۔ پاکستان کی درآمدات میں اضافی سیکے سے متعلق درآمدات کی بدولت رہا۔ علاوہ ازیں تیل کی درآمد میں بھی بدحوالی ہوئی۔ جس کے نتیجہ میں ملک کا تجارتی خسارہ، پاکستان کے ادارہ شماریات کے مطابق بحریدہ وضع ہوتے ہوئے 9 بلین امریکی ڈالرز تک پہنچ گیا۔ گزشتہ مالی سال کے تھالی عرصہ کی نسبت یہ اضافہ تقریباً 2 بلین امریکی ڈالرز زیادہ ہے۔ اس دوران انفرادی ترسیلات زر سال 2016 کی تھالی مدت میں نہایت معمولی اضافہ کے ساتھ 4.8 بلین امریکی ڈالرز کی سطح پر ہے۔ پاکستان کا کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 4.6 فیصد تک بڑھ گیا جو مالی سال 2017 جولائی تا اگست کے تھالی مدت میں 2.5 فیصد خسارے سے دوگنا سے بھی زیادہ ہے۔

قواتِ مجتہدہ نے اپنے آنے والے دو تہائی اور تعمیرات کے بہت سے منصوبوں کے ذریعہ اپنی طاقت و مرکزیت پر پوری کا اعتراف کرنا شروع کر دیا جو کہ دوسری سیدتی میں معاشی نمو کیلئے ایچمن کا کام کرے گی۔ حکومت کے تخمینہ کے مطابق اس سال میں پاکستان کی ترقی کی شرح 5.3 فیصد رہے گی۔ سی بی اے پاکستان میں غیر ملکی سرمایہ کاری کو بھی سہجہ کرے گا اور اس کے صنعتکار کے علاقہ کی مرکز کی حیثیت کے تاثر کو مزید فروغ حاصل ہوگا۔ مالی سال 2018 کی تیسری سرمایہ جولا کی تاخیر میں غیر ملکی براہ راست سرمایہ کاری (net FDI) کا تھین 662 ملین امریکی ڈالرز پر رہا جو کہ گزشتہ مالی سال کے جولا کی - جبر کے قہابی حرمہ کے 423 ملین کی نسبت قابل تحسین اضافہ ہے۔

پاکستان کی صارف قیموں کے انوکس (سی پی آئی) نے جولائی میں سالانہ بنیاد پر 2.91 فیصد کے افراط زر سے اس سہ ماہی کا آغاز کیا۔ جبکہ ابھی حال ہی میں، ستمبر 2017 میں، سی پی آئی کا افراط زر سالانہ بنیاد پر 3.86 فیصد ریکارڈ کیا گیا جس کی وجہ تیل کی قیموں میں اضافہ اور غذائی افراط زر ہے، جبکہ خالص افراط زر سالانہ بنیاد پر 5.4 فیصد رہی۔ تاہم، بیٹیک آف پاکستان نے اپنی مائیکرو پالیسی کٹی کے ستمبر کے اجلاس میں پالیسی ریٹ کو 5.75 فیصد کی سطح پر برقرار رکھا ہے۔

غیر ملکی زرمبادلہ کی منڈی کے تاثر میں پاکستانی روپیہ کی قدر امریکی ڈالر کی نسبت مزید کم ہو چکی ہے۔ جو 5 جولائی 3.5 کو فیصد کی ساتھ 104.90 روپے سے کم ہوتے ہوئے 108.25 روپے کی ڈالر پر پہنچ گیا۔ تاہم بعد میں اس کا تاثر 105.40 روپے کی ڈالر پر ایڈجسٹ کیا گیا جو ابھی تک موجود ہے۔ جبکہ پاکستان کی غیر ملکی زرمبادلہ کے ذخائر کو اب کے آغا ز میں ہر ذی خدمات کی اور آفیشل ادائیگیوں کی وجہ سے 21.4 بلین امریکی ڈالر کی قائم شدہ سطح سے کم ہو کر 30 ستمبر 2017 تک 19.7 بلین امریکی ڈالر تک آ گئے۔

جہاں تک پاکستان کی شاگ مارکیٹ کا تعلق ہے، کے ایس ای-100 (KSE-100) انڈیکس غیر یقینی سیاسی صورتحال کی وجہ سے گر گیا جو اس سہ ماہی کے آغاز میں 46,565 انڈیکس پوائنٹس سے نومبر کے اختتام تک 42,409 انڈیکس پوائنٹس پر بند ہوا۔

مختصر اجمالاً جہاں پاکستان کی معاشی ترقی کی رفتار میں مزید بہتری متوقع ہے وہاں معاشی پالیسیوں کی افادیت اور سیاسی استحکام اس امر کی گمان ہے کہ تمام مادی فوائد کو ان کی حقیقی صلاحیتوں سے مشروط کیا جاسکے۔ اسی کے ساتھ بیرونی خدشات پر مرکزی نظر رکھنے اور ان کے تدارک کی ضرورت ہے۔

## مستقبل کی پیش بینی:

پاکستان نے مالی سال 2017 میں جی ڈی پی کی گرتھ (GDP Growth) میں 5.3 فیصد کی شرح حاصل کی ہے۔ جو گذشتہ دس سالوں میں تیز ترین سطح ہے۔ حکومت نے مالی سال 2018 کے لیے 6 فیصد ہدف مقرر کیا ہے۔ یہ ہدف بظاہر زیادہ بڑا نظر آتا ہے تاہم یہ پیک (CPEC) کے منصوبوں میں متوقع تیزی آنے والے سالوں میں GDP میں نشوونما کے لیے نمایاں کردار ادا کرے گی۔ توانائی کی رسید میں بھی ایک کلیدی حیثیت کی حامل ہے۔ 2018 تک اعلان شدہ لوڈ شیڈنگ کا مکمل خاتمہ متوقع ہے۔ بحر حال پاکستان کو مالی نظم و ضبط کو برقرار رکھنے اور ترقیاتی منصوبوں پر خرچ کرتے ہوئے اپنے حکومتی اخراجات پر کڑی نگاہ رکھنے کی ضرورت ہے۔ مالی سال میں ہماری برآمدات میں قدرے بہتری آئی ہے تاہم برآمدات کی مسابقت بھی ایک اہم اور توجہ طلب مسئلہ ہے اور حکومت کی خصوصی توجہ کا مستحق ہے۔ تاکہ پیداوار میں اضافہ، لاگت میں کمی اور برآمدات کے شعبہ میں متوجہ اور توسیع ہو سکے۔ بیرونی اطراف سے پیدا ہونے والے دباؤ پر بھی کڑی نگاہ رکھنے کی ضرورت ہے اگرچہ یہ تمام مالی وصولیوں کی بروقت حصول کے مہموں منت ہے جس سے ملکی زرمبادلہ کے ذخائر میں بہتری ہوگی۔

### تحسین و تشکر:

ایم ای بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کی جاری معاونت کے لیے، بینک کے مدیر ہولڈرز اور صارفین کا نکلے اعتماد کے لیے، اور اپنے ملازمین کا انکی مسلسل لگن اور مخلصانہ خدمات پر شکریہ ادا کرتے ہیں۔

## منجانب و برائے بورڈ آف ڈائریکٹرز

Answer.

میاں محمد منشاء

## چیسر مین ایم سی بی بینک لمیٹڈ

25 اکتوبر 2017ء

## ڈائریکٹر ز رپورٹ - ستمبر 2017

بورڈ آف ڈائریکٹرز کی جانب سے ایس بی پی کے لیے 30 ستمبر 2017ء کو اختتام پذیر نو ماہ کے مالیاتی نتائج، آپ کے سامنے پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

ملین روپے

## منافع قبل از ٹیکس

تجربیں

### منافع بعد از ٹیکس

افتتاحی غیر تخصیص شدہ منافع

ایمپلائز پیفٹس پلان کی دوبارہ پیمائش (خالص از فیٹس)

پائیدار امانتوں کی از سر نو تخمینہ پر اضافی آمدن (خالص از ٹیکس)

## تخصیص کیلئے دستیاب منافع

### تخصیص:

## قانونی ریزو

## حتمی کیش ڈیوڈینڈ برائے دسمبر 2016

عبوری کیش ڈیوڈینڈ برائے مارچ 2017

عبوری لکس ڈیوڈینڈ برائے جون 2017

## گل حصیر

### اختتامی غیر تخصیص شده منافع

## کارکردگی کا تجزیہ:

سال کے لوہاء، پختہ 30 جنوری 2017ء، کے دوران ایسی ہی بیک کا منافع قبل از ٹیکس 26 بلین روپے اور منافع بعد از ٹیکس 19.14 بلین روپے پر گزشتہ سال کے مقابلے میں صرف 6.7 فیصد میں 10.85 بلین کی ہوئی جبکہ بعد از ٹیکس منافع میں 9.83 فیصد کا اضافہ ہوا۔ جس کی بنیادی وجہ پچھلے سالوں کا ٹیکس ریوٹل ہے۔ بیک کی خالص مارک اپ آمدنی گزشتہ سال کے مقابلے میں صرف 6.7 فیصد کی کسی کے ساتھ 31.46 بلین روپے پر ٹورٹ ہوئی۔ جس کی وجہ زیادہ منافع کے حامل باؤنڈری ٹیچرز ہے۔ خالص انٹرسٹ مارجن کو تقویت دینے کیلئے بیک نے زیادہ توچر کم لاگت والے ڈیپازٹس اور زیادہ منافع کے حامل اثاثہ جات کے حصول پر مرکوز رہی ہے۔

نان مارک اپ آمدنی کی مد میں بینک نے 16.8 فیصد کی شرح کو غیر معمولی اضافہ کے ساتھ 13.86 بلین روپے کمائے جس میں نمایاں کردار فیس کمیشن (25+ فیصد)، ڈیپو بیڈ (22+ فیصد) اور قارئین کی (58+ فیصد) سے حاصل شدہ آمدنی کا ہے۔

2017ء کی تیسری سرمایہ شیئیں این آئی بی کی بیک لپٹ کے اندر ایس بی کے اخراجات کی مدد میں (مختص فنڈ کی رپورٹ کے علاوہ) گزیر خیال کی قابل مدت کی نسبت 21.72 فیصد کا اضافہ درج کیا۔ قرضوں کی پروویژن (Provision) کی مدد میں بینک نے اپنے منجور وصولیوں کے عمل کو جاری رکھتے ہوئے 2017ء کی نوامبر کے اختتام 30 ستمبر 2017 میں 2.5 بلین روپے کی رپورٹ ریکارڈ کی۔ بینک کے کل اثاثہ جات دسمبر 2016 سے 24.50 فیصد کے اضافہ کے ساتھ 1,309.46 بلین روپے پر رپورٹ ہوئے۔ اثاثوں کی ترکیب کا جائزہ واضح کرتا ہے کہ دسمبر 2016 کی نسبت خالص سرمایہ کاری میں 126.34 بلین روپے (22.73 فیصد) اور خالص قرضہ جات میں 92.92 بلین روپے (26.70 فیصد) کا اضافہ ہوا۔ بینک کی کرنجین اور اثاثوں کا تناسب بالترتیب 93.47 فیصد اور 10.11 فیصد رہا۔

واجبات کی مد میں بینک کے ڈیپازٹ میں دسمبر 2016 کی نسبت 181.07 بلین روپے (23.17 فیصد) کا غیر معمولی اضافہ ہوا ہے جس کی وجہ اہم مارجن کے ساتھ صنعت کے فروغ میں اضافہ ہے۔ ایم سی بی بینک نے بینکنگ انٹرنیٹ میں اپنے بلند ترین کرنٹ اکاؤنٹس سیویج اکاؤنٹس (CASA) 93.45 فیصد کے تناسب کا خوش اسلوبی سے برقرار رکھا ہے۔ اور دسمبر 2016 کی نسبت کرنٹ اکاؤنٹس میں (23.66+ فیصد) اور سیویج اکاؤنٹس میں (21.34- فیصد) کا اضافہ ریکارڈ کیا ہے۔

فیصد آمدنی گزشتہ سال کی تقابلی مدت میں 15.66 روپے کی نسبت اس عرصہ میں 16.86 روپے رہی۔ اعلیٰ جات اور ایکٹوٹی پر بیڑن بااثر تیب 2.16 فیصد اور 19.93 فیصد ریکارڈ کیا گیا۔ جبکہ بک ویلیو فی حصص 116.54 روپے رہی۔ بورڈ آف ڈائریکٹرز نے 30 ستمبر 2017ء کو انکوائٹڈ پمپ پروگرامی کے لئے 4 روپے فی حصص کے تیسرے عبوری پیش ڈیویڈنڈ کا اعلان کیا ہے جو پہلے سے ادا شدہ 8 روپے فی حصص کے عبوری ڈیویڈنڈ کے علاوہ ہے۔

این آئی بی بینک کا ایم سی بی بینک میں انضمام:

تیسرے سہ ماہی کے دوران بینک نے کامیابی سے این آئی بی کے ساتھ انضمام کا عمل مکمل کر لیا ہے۔

رینگر:

پاکرا (PACRA) نے اپنے نوٹیفکیشن بتاریخ 19 جون 2017 کو ذریعہ ایم سی بی بینک کی طویل المدتی کریڈٹ ریٹنگ کو فریل اے (AAA) اور قلیل المدتی کریڈٹ ریٹنگ کو اے پلس (A1+) کی سطح پر برقرار رکھا ہے۔ مزید مہاں پاکستان نے نوٹیفکیشن بتاریخ 16 اکتوبر 2017 کو ذریعہ ایم سی بی بینک (سابقہ این آئی بی) کے ٹی ایف سی کی ریٹنگ کو A+ سے AAA تک محدود کیا ہے۔

**Unconsolidated Condensed Interim Statement of Financial Position**  
As at September 30, 2017

	Note	Unaudited September 30, 2017	Audited December 31, 2016
----- (Rupees in '000) -----			
<b>Assets</b>			
Cash and balances with treasury banks		95,764,547	74,222,347
Balances with other banks		7,466,123	4,343,841
Lendings to financial institutions	7	8,403,006	2,809,752
Investments - net	8	682,268,327	555,928,553
Advances - net	9	440,904,256	347,979,845
Operating fixed assets	10	36,560,235	32,752,672
Deferred tax assets - net	14	1,526,334	-
Other assets - net		36,564,965	33,776,671
		<b>1,309,457,793</b>	<b>1,051,813,681</b>
<b>Liabilities</b>			
Bills payable		15,052,114	12,843,552
Borrowings	11	136,512,305	74,515,383
Deposits and other accounts	12	962,500,257	781,429,823
Sub-ordinated loan	13	3,893,357	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	14	-	11,260,215
Other liabilities		35,010,596	30,138,083
		<b>1,152,968,629</b>	<b>910,187,056</b>
<b>Net assets</b>			
		<b>156,489,164</b>	<b>141,626,625</b>
<b>Represented by</b>			
Share capital		11,850,600	11,130,307
Reserves		69,808,118	53,346,861
Unappropriated profit		56,446,968	53,469,072
		<b>138,105,686</b>	<b>117,946,240</b>
Surplus on revaluation of assets - net of tax		18,383,478	23,680,385
		<b>156,489,164</b>	<b>141,626,625</b>

**Contingencies and commitments**

15

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.

*Imran Maqbool*

Imran Maqbool  
President / CEO

*Samir Iqbal Saigol*

Samir Iqbal Saigol  
Director

*Muhammad Ali Zeb*

Muhammad Ali Zeb  
Director

*Irfan Ahmed Hashmi*

Irfan Ahmed Hashmi  
Director

**Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)**  
For the nine months period ended September 30, 2017

	Note	Quarter ended September 30, 2017	Nine months ended September 30, 2017	Quarter ended September 30, 2016	Nine months ended September 30, 2016
----- (Rupees in '000) -----					
Mark-up / return / interest earned		19,536,532	55,620,211	15,623,584	52,012,146
Mark-up / return / interest expensed		8,130,796	24,164,043	5,304,551	18,296,551
Net mark-up / interest income		11,405,736	31,456,168	10,319,033	33,715,595
Provision / (reversal) against loans and advances - net		(524,910)	(2,471,918)	234,761	(390,087)
Provision / (reversal) for diminution in the value of investments - net		(11,703)	575,404	(470,569)	(466,090)
Bad debts written off directly		-	14	-	18
		(536,613)	(1,896,500)	(235,808)	(856,159)
<b>Net mark-up / interest income after provisions</b>		<b>11,942,349</b>	<b>33,352,668</b>	<b>10,554,841</b>	<b>34,571,754</b>
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		2,387,489	7,025,417	1,738,911	5,621,211
Dividend income		375,083	1,175,466	230,178	967,036
Income from dealing in foreign currencies		398,622	1,093,418	200,103	693,087
Gain on sale of securities - net		874,016	4,157,635	3,542,523	4,210,825
Unrealized gain/(loss) on revaluation of investments classified as held for trading	16	32,179	(11,023)	(8,836)	(9,048)
Other income		110,683	415,244	97,521	375,359
Total non mark-up / interest income		4,178,072	13,856,157	5,800,400	11,858,470
		<b>16,120,421</b>	<b>47,208,825</b>	<b>16,355,241</b>	<b>46,430,224</b>
<b>Non mark-up / interest expenses</b>					
Administrative expenses		7,638,657	20,023,619	5,694,235	16,413,416
Other provision - net		(4,909)	555,078	158,057	189,898
Other charges		213,273	631,147	242,388	662,671
Total non mark-up / interest expenses		7,847,021	21,209,844	6,094,680	17,265,985
		<b>8,273,400</b>	<b>25,998,981</b>	<b>10,260,561</b>	<b>29,164,239</b>
Extraordinary / unusual item		-	-	-	-
<b>Profit before taxation</b>		<b>8,273,400</b>	<b>25,998,981</b>	<b>10,260,561</b>	<b>29,164,239</b>
Taxation - current period		(349,823)	5,796,444	3,675,764	10,313,198
- prior years		-	(2,175,828)	-	1,693,330
- deferred		3,174,068	3,239,874	(130,519)	(268,590)
		<b>2,824,245</b>	<b>6,860,490</b>	<b>3,545,245</b>	<b>11,737,938</b>
<b>Profit after taxation</b>		<b>5,449,155</b>	<b>19,138,491</b>	<b>6,715,316</b>	<b>17,426,301</b>
----- (In Rupees) -----					
Earnings per share - basic and diluted	17	4.62	16.86	6.03	15.66

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.

*Imran Maqbool*

Imran Maqbool  
President / CEO

*Samir Iqbal Saigol*

Samir Iqbal Saigol  
Director

*Muhammad Ali Zeb*

Muhammad Ali Zeb  
Director

*Irfan Ahmed Hashmi*

Irfan Ahmed Hashmi  
Director

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the nine months period ended September 30, 2017

	Quarter ended September 30, 2017	Nine months ended September 30, 2017	Quarter ended September 30, 2016	Nine months ended September 30, 2016
	----- (Rupees in '000) -----			
<b>Profit after tax for the period</b>	<b>5,449,155</b>	<b>19,138,491</b>	6,715,316	17,426,301
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss account</b>				
Remeasurement of defined benefit plans - net of tax	-	(642,454)	-	(81,063)
<b>Items that may be reclassified to profit and loss account</b>				
Effect of translation of net investment in foreign branches	45,884	(21,460)	(51,478)	(84,738)
<b>Comprehensive income transferred to equity</b>	<b>5,495,039</b>	<b>18,474,577</b>	6,663,838	17,260,500
<b>Components of comprehensive income not reflected in equity</b>				
Net change in fair value of available for sale securities	(5,147,020)	(8,087,254)	(5,234,024)	(2,607,234)
Deferred tax	1,801,459	2,830,540	1,831,908	909,495
	(3,345,561)	(5,256,714)	(3,402,116)	(1,697,739)
<b>Total comprehensive income for the period</b>	<b>2,149,478</b>	<b>13,217,863</b>	3,261,722	15,562,761

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.



Imran Maqbool  
President / CEO



Samir Iqbal Saigol  
Director



Muhammad Ali Zeb  
Director



Irfan Ahmed Hashmi  
Director

# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For the nine months period ended September 30, 2017

## Cash flows from operating activities

Profit before taxation  
Less: Dividend income

## Adjustments for:

Depreciation  
Amortization  
Bad debts written off directly  
Provision / (reversal) against loans and advances - net  
Provision / (reversal) for diminution in the value of investments - net  
Other provision - net  
Provision for Workers' Welfare Fund  
Charge / (reversal) for defined benefit plans  
Unrealized loss on revaluation of investments classified as held for trading  
Gain on sale of shares in associate  
Gain on disposal of fixed assets - net

## (Increase) / decrease in operating assets

Lendings to financial institutions  
Net investment in held for trading securities  
Advances - net  
Other assets - net

## Increase / (decrease) in operating liabilities

Bills payable  
Borrowings  
Deposits and other accounts  
Other liabilities

Defined benefits paid  
Income tax paid

## Net cash flows from operating activities

## Cash flows from investing activities

Net investments in available-for-sale securities  
Net investments in held-to-maturity securities  
Dividend income received  
Net cash inflow on amalgamation  
Proceeds from demerger scheme  
Proceeds from divestment in associate  
Sale proceeds of property and equipment disposed off  
Investment in operating fixed assets

## Net cash flows from investing activities

## Cash flows from financing activities

Dividend paid

## Net cash flows from financing activities

Exchange difference on translation of net investment in foreign branches

## Increase in cash and cash equivalents

Cash and cash equivalents at January 1

## Cash and cash equivalents at September 30

	September 30, 2017	September 30, 2016
	----- (Rupees in '000) -----	
<b>Profit before taxation</b>	<b>25,998,981</b>	29,164,239
<b>Less: Dividend income</b>	<b>(1,175,466)</b>	(967,036)
	<b>24,823,515</b>	28,197,203
<b>Adjustments for:</b>		
Depreciation	1,256,573	1,182,072
Amortization	182,309	284,689
Bad debts written off directly	14	18
Provision / (reversal) against loans and advances - net	(2,471,918)	(390,087)
Provision / (reversal) for diminution in the value of investments - net	575,404	(466,090)
Other provision - net	555,078	189,898
Provision for Workers' Welfare Fund	519,980	583,285
Charge / (reversal) for defined benefit plans	32	(55,245)
Unrealized loss on revaluation of investments classified as held for trading	11,023	9,048
Gain on sale of shares in associate	(685,593)	(374,503)
Gain on disposal of fixed assets - net	(13,276)	(40,010)
	(70,374)	923,075
	<b>24,753,141</b>	29,120,278
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(5,593,254)	2,211,642
Net investment in held for trading securities	(60,635,027)	(1,278,179)
Advances - net	(21,180,706)	(29,899,034)
Other assets - net	4,647,591	8,570,617
	(82,761,396)	(20,394,954)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(729,628)	(2,045,364)
Borrowings	37,097,940	(84,508,937)
Deposits and other accounts	99,329,590	58,080,175
Other liabilities	(1,506,414)	(3,847,096)
	134,191,488	(32,321,222)
	<b>76,183,233</b>	(23,595,898)
	(238,413)	(259,274)
	(5,264,509)	(11,361,962)
	<b>70,680,311</b>	(35,217,134)
<b>Cash flows from investing activities</b>		
Net investments in available-for-sale securities	(53,245,224)	72,742,918
Net investments in held-to-maturity securities	6,405,830	(5,160,155)
Dividend income received	920,723	786,156
Net cash inflow on amalgamation	14,268,116	-
Proceeds from demerger scheme	-	5,901,988
Proceeds from divestment in associate	782,817	453,947
Sale proceeds of property and equipment disposed off	22,988	741,585
Investment in operating fixed assets	(3,118,135)	(2,224,537)
	(33,962,885)	73,241,902
<b>Cash flows from financing activities</b>		
Dividend paid	(12,651,817)	(12,483,000)
	(12,651,817)	(12,483,000)
<b>Net cash flows from financing activities</b>		
Exchange difference on translation of net investment in foreign branches	(21,460)	(84,738)
	<b>24,044,149</b>	25,457,030
<b>Increase in cash and cash equivalents</b>	<b>78,406,662</b>	63,682,342
<b>Cash and cash equivalents at September 30</b>	<b>102,450,811</b>	89,139,372

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.



Imran Maqbool  
President / CEO



Samir Iqbal Saigol  
Director



Muhammad Ali Zeb  
Director



Irfan Ahmed Hashmi  
Director



# Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended September 30, 2017

	Capital Reserves				Revenue Reserves		Total
	Share capital	Share premium	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit
	(Rupees in '000)						
Balance as at December 31, 2015	11,130,307	9,702,528	-	318,484	22,688,069	18,600,000	50,746,685
Change in equity for nine months ended September 30, 2016							
Total comprehensive income for the nine months ended September 30, 2016							
Profit after taxation for nine months period ended September 30, 2016	-	-	-	-	-	-	17,426,301
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(81,063)
Exchange differences on translation of net investment in foreign branches	-	-	-	(84,738)	-	-	-
	-	-	-	(84,738)	-	-	17,345,238
Transactions with owners recognized directly in equity							
Final cash dividend at Rs. 4.0 per share - December 31, 2015	-	-	-	-	-	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - March 31, 2016	-	-	-	-	-	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2016	-	-	-	-	-	-	(4,452,123)
	-	-	-	-	-	-	(13,356,369)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	36,468
Transferred to statutory reserve	-	-	-	-	1,742,630	-	(1,742,630)
Balance as at September 30, 2016	11,130,307	9,702,528	-	233,746	24,430,699	18,600,000	53,029,392
Change in equity for three months ended December 31, 2016							
Total comprehensive income for the three months ended December 31, 2016							
Profit after taxation for three months period ended December 31, 2016	-	-	-	-	-	-	4,464,595
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	861,500
Exchange differences on translation of net investment in foreign branches	-	-	-	(66,572)	-	-	-
	-	-	-	(66,572)	-	-	5,326,095
Transactions with owners recognized directly in equity							
Interim cash dividend at Rs. 4.0 per share - September 30, 2016	-	-	-	-	-	-	(4,452,123)
	-	-	-	-	-	-	(4,452,123)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	12,168
Transferred to statutory reserve	-	-	-	-	446,460	-	(446,460)
Balance as at December 31, 2016	11,130,307	9,702,528	-	167,174	24,877,159	18,600,000	53,469,072
Change in equity for nine months ended September 30, 2017							
Total comprehensive income for the nine months ended September 30, 2017							
Profit after taxation for nine months period ended September 30, 2017	-	-	-	-	-	-	19,138,491
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(642,454)
Exchange differences on translation of net investment in foreign branches	-	-	-	(21,460)	-	-	-
	-	-	-	(21,460)	-	-	18,496,037
Transactions with owners recognized directly in equity							
Final cash dividend at Rs. 4.0 per share - December 31, 2016	-	-	-	-	-	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - March 31, 2017	-	-	-	-	-	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2017	-	-	-	-	-	-	(4,740,240)
	-	-	-	-	-	-	(13,644,486)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	40,194
Transferred to statutory reserve	-	-	-	-	1,913,849	-	(1,913,849)
Shares issued under amalgamation scheme (note 1.1)	720,293	14,048,586	-	-	-	-	-
Gain on bargain purchase arising on amalgamation of NIB Bank Limited (note 1.1)	-	-	520,282	-	-	-	-
Balance as at September 30, 2017	11,850,600	23,751,114	520,282	145,714	26,791,008	18,600,000	56,446,968

The annexed notes 1 to 24 form an integral part of this unconsolidated condensed interim financial information.



Imran Maqbool  
President / CEO



Samir Iqbal Saigol  
Director



Muhammad Ali Zeb  
Director



Irfan Ahmed Hashmi  
Director

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

For the nine months period ended September 30, 2017

## 1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,405 branches (December 31, 2016: 1,227 branches) within Pakistan and 11 branches (December 31, 2016: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

### 1.1 Merger of NIB Bank Limited

The State Bank of Pakistan, through its letter BPRD (R&P-02)/2017/14329 dated June 13, 2017, has approved the scheme of amalgamation and granted sanction order for the amalgamation of NIB Bank Limited with and into the Bank. This is effective from the close of business on July 07, 2017 (the effective date). The Committee of the Board of Directors of MCB Bank Limited (MCB), in their meeting held on December 07, 2016, approved and resolved to present the draft Scheme of Amalgamation of NIB Bank Limited (NIB) with and into MCB before the shareholders of MCB for their approval. The shareholders of MCB approved the Scheme of Amalgamation in the Extraordinary General Meeting (EOGM) held on January 23, 2017 as per the procedure provided in Section 48 of the Banking Companies Ordinance, 1962. The Bank has issued 72,029,258 ordinary shares of MCB in aggregate in favour of the shareholders of NIB on the basis of a swap ratio of 1 (one) ordinary share of MCB for every 140.043 ordinary shares of NIB Bank.

Subsequent to the merger, the Bank has incorporated the balances relating to NIB Bank Limited at their carrying values as appearing in the audited financial statements of NIB Bank Limited as at the close of business on July 07, 2017. These balances are detailed below:

	Audited July 07, 2017 (Rupees in '000)
<b>Assets</b>	
Cash and balances with treasury banks	12,823,492
Balances with other banks	1,444,624
Investments - net	27,935,898
Advances - net	69,271,801
Operating fixed assets	2,125,300
Deferred tax assets - net	12,936,916
Other assets - net	6,397,184
	<b>132,935,215</b>
<b>Liabilities</b>	
Bills payable	2,938,190
Borrowings	24,278,649
Deposits and other accounts	81,740,844
Sub-ordinated loan	4,192,997
Other liabilities	4,495,374
	<b>117,646,054</b>
<b>Net assets</b>	<b>15,289,161</b>

International Financial Reporting Standard (IFRS) 3, Business Combinations, requires that all identified assets (including intangible assets) and liabilities acquired in a business combination should be carried at their fair values on the acquirer's balance sheet and any intangible assets acquired in the business combination should be separately recognized and carried at their fair values. IFRS - 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the determination of the fair values of the assets and liabilities and to determine the value of any intangibles separately identified. The fair valuation exercise of the recorded assets and liabilities will be completed within the period specified under IFRS - 3.

Details of carrying values of the net assets acquired, purchase consideration and gain on bargain purchase are as follows:

Carrying value of net assets acquired of NIB	15,289,161
Purchase consideration (fair value of MCB shares issued)*	14,768,879
Gain on bargain purchase	<b>520,282</b>

\*The fair value of the shares issued to the shareholders of the NIB Bank Limited is based on the published quoted price of the shares of the MCB Bank as at July 07, 2017.

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 has not been taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 has 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 the SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.



## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

### 2 BASIS OF PRESENTATION

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

2.2 The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2016.

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

2.4 For the purpose of translation, rates of Rs. 105.4094 per US Dollar (December 31, 2016: Rs.104.5985).

### 3 STATEMENT OF COMPLIANCE

3.1 This unconsolidated condensed interim financial information of the Bank has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

3.2 The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 23 dated October 04, 2017, this unconsolidated condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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

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

### 4 BASIS OF MEASUREMENT

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

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

### 5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2016.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2016.

### 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2016.

## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2017	December 31, 2016
	----- (Rupees in '000) -----	
Call money lendings	2,246,452	558,800
Repurchase agreement lendings	6,156,554	2,250,952
	<b>8,403,006</b>	<b>2,809,752</b>

		September 30, 2017		
		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
8. INVESTMENTS - NET	8.1 Investments by types			
	Held-for-trading securities	60,782,311	-	60,782,311
	Available-for-sale securities	485,910,271	95,922,744	581,833,015
	Held-to-maturity securities	22,008,812	-	22,008,812
		<b>568,701,394</b>	<b>95,922,744</b>	<b>664,624,138</b>
	Associates	748,172	-	748,172
	Subsidiaries	10,846,512	-	10,846,512
		<b>11,594,684</b>	<b>-</b>	<b>11,594,684</b>
	Investments at cost	580,296,078	95,922,744	676,218,822
	Less: Provision for diminution in the value of investments	(2,990,910)	-	(2,990,910)
	Investments (net of provisions)	577,305,168	95,922,744	673,227,912
	Surplus / (deficit) on revaluation of available for sale securities - net	9,067,705	(16,267)	9,051,438
	Surplus / (deficit) on revaluation of held-for-trading securities - net	(11,023)	-	(11,023)
	Investments at revalued amounts - net of provisions	<b>586,361,850</b>	<b>95,906,477</b>	<b>682,268,327</b>

		December 31, 2016		
		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
8.2	Held-for-trading securities	145,662	-	145,662
	Available-for-sale securities	468,571,422	38,952,255	507,523,677
	Held-to-maturity securities	21,267,040	47,498	21,314,538
		<b>489,984,124</b>	<b>38,999,753</b>	<b>528,983,877</b>
	Associates	845,396	-	845,396
	Subsidiaries	10,845,787	-	10,845,787
		<b>11,691,183</b>	<b>-</b>	<b>11,691,183</b>
	Investments at cost	501,675,307	38,999,753	540,675,060
	Less: Provision for diminution in the value of investments	(1,886,821)	-	(1,886,821)
	Investments (net of provisions)	499,788,486	38,999,753	538,788,239
	Surplus / (deficit) on revaluation of available for sale securities - net	17,147,233	(8,541)	17,138,692
	Surplus / (deficit) on revaluation of held-for-trading securities - net	1,622	-	1,622
	Investments at revalued amounts - net of provisions	<b>516,937,341</b>	<b>38,991,212</b>	<b>555,928,553</b>

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 72.9 million (December 31, 2016: Rs. 67.9 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5.0 million (December 31, 2016: Rs. 5.0 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 695.651 million (December 31, 2016: Rs. 792.875 million) as at September 30, 2017 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2017 amounted to Rs. 4,735.170 million (December 31, 2016: Rs. 6,351.272 million).

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

	Note	September 30, 2017 ----- (Rupees in '000) -----	December 31, 2016
<b>9. ADVANCES - NET</b>			
Loans, cash credits, running finances, etc			
- In Pakistan		444,617,364	336,403,574
- Outside Pakistan		22,466,816	18,186,103
		467,084,180	354,589,677
Net Investment in finance lease			
- In Pakistan		4,042,010	1,812,760
- Outside Pakistan		93,576	80,328
		4,135,586	1,893,088
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		5,925,232	5,768,909
- Payable outside Pakistan		9,792,287	5,426,101
		15,717,519	11,195,010
<b>Advances - gross</b>		486,937,285	367,677,775
Less: Provision against loans and advances			
- Specific provision	9.1	(44,920,387)	(18,938,091)
- General provision	9.2	(486,950)	(367,681)
- General provision against consumer loans & small enterprise loans	9.3	(556,410)	(345,791)
- General provision by overseas operations	9.4	(69,282)	(46,367)
		(46,033,029)	(19,697,930)
		440,904,256	347,979,845

**Advances - net of provision**

**9.1** Advances include Rs. 49,250.504 million (December 31, 2016: Rs. 21,688.250 million) which have been placed under non-performing status as detailed below:

status as detailed below.		Note	September 30, 2017				
Category of Classification			Classified Advances			Specific Provision Required	Specific Provision Held
			Domestic	Overseas	Total		
----- ( Rupees in '000 ) -----							
Other Assets Especially Mentioned (OAEM)	9.1.1		206,445	-	206,445	15,175	15,175
Substandard			352,395	576,681	929,076	231,733	231,733
Doubtful			180,231	16,620	196,851	98,426	98,426
Loss			42,551,783	5,366,349	47,918,132	44,575,053	44,575,053
	9.1.2		43,290,854	5,959,650	49,250,504	44,920,387	44,920,387
----- ( Rupees in '000 ) -----							
December 31, 2016							
Category of Classification			Classified Advances			Specific Provision Required	Specific Provision Held
			Domestic	Overseas	Total		
----- ( Rupees in '000 ) -----							
Other Assets Especially Mentioned (OAEM)	9.1.1		31,918	-	31,918	1,617	1,617
Substandard			72,424	2,487	74,911	18,520	18,520
Doubtful			307,754	55,532	363,286	181,643	181,643
Loss			15,926,350	5,291,785	21,218,135	18,736,311	18,736,311
			16,338,446	5,349,804	21,688,250	18,938,091	18,938,091

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

**9.1.2** Classified Advances amounting to Rs. 29,649.756 million have been transferred from NIB Bank Limited under merger scheme.

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

**9.3** General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

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

**9.5** Exposure amounting to Rs. 5,452 million relating to Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan has not been classified as non performing, in accordance with a relaxation given by the SBP. However, unrealized markup income has been suspended on this amount.

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

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

	September 30, 2017 ----- (Rupees in '000) -----	December 31, 2016
<b>10. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	1,699,994	938,075
Property and equipment	34,585,966	31,471,310
Intangible asset	274,275	343,287
	36,560,235	32,752,672

**10.1.** Additions and disposals during the period amounted to Rs.3,118.135 million (September 30, 2016: Rs. 2,224.537 million) and Rs. 9.712 million (September 30, 2016: Rs. 701.575 million), respectively.

	September 30, 2017 ----- (Rupees in '000) -----	December 31, 2016
<b>11. BORROWINGS</b>		

In Pakistan	131,350,248	70,180,289
Outside Pakistan	5,162,057	4,335,094
	136,512,305	74,515,383

**11.1. Details of borrowings (secured / unsecured)**

<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Export refinance scheme	18,098,849	12,535,416
Long term financing facility	12,076,144	5,841,088
Financing facility for storage of agricultural produce	234,226	318,490
	30,409,219	18,694,994
Repurchase agreement borrowings	95,900,952	38,984,230
	126,310,171	57,679,224
<b>Unsecured</b>		
Borrowings from other financial institutions	1,456,601	1,188,851
Call borrowings	7,803,388	15,487,782
Foreign borrowings payable in local currency	162,286	-
Overdrawn nostro accounts	779,859	159,526
	10,202,134	16,836,159
	136,512,305	74,515,383

**12. DEPOSITS AND OTHER ACCOUNTS**

<b>Customers</b>		
Fixed deposits	62,175,052	45,340,915
Savings deposits	519,590,329	427,583,023
Current accounts	349,208,059	284,065,590
Margin accounts	9,296,911	6,904,119
Others	24,953	-
	940,295,304	763,893,647
<b>Financial institutions</b>		
Remunerative deposits	12,181,710	10,474,158
Non-remunerative deposits	10,023,243	7,062,018
	22,204,953	17,536,176
	962,500,257	781,429,823

**13. SUB-ORDINATED LOANS**

**Term Finance Certificates - Listed, Unsecured**

<b>Mark-up</b>	Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR")).
<b>Security</b>	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits.
<b>Issue Date</b>	June 19, 2014
<b>Issue Amount</b>	Rs. 4,198.035 million
<b>Rating</b>	AAA (triple A)
<b>Tenor</b>	8 years from the Issue Date

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

<b>Redemption</b>	Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.
<b>Maturity</b>	June 19, 2022
<b>Call Option</b>	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.
<b>Lock-in- Clause</b>	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR.
<b>Loss Absorbency Clause</b>	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

September 30,      December 31,  
2017                      2016  
----- (Rupees in '000) -----

**14. DEFERRED TAX LIABILITY / (ASSET) - NET**

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

**Taxable temporary differences on:**

Surplus on revaluation of operating fixed assets	1,032,448	1,054,091
Surplus on revaluation of Non-banking assets	76,111	76,111
Accelerated tax depreciation	1,402,282	1,425,265
Receivable from pension fund	2,588,032	2,720,719
Surplus / deficit on revaluation of securities	3,168,002	5,998,542
	<b>8,266,875</b>	<b>11,274,728</b>

**Deductible temporary differences on:**

Provision for bad debts	(6,197,681)	(7,048)
Unused tax losses	(2,598,534)	-
Provision for post retirement benefits	-	(7,465)
Others	(996,994)	-
	<b>(9,793,209)</b>	<b>(14,513)</b>
	<b>(1,526,334)</b>	<b>11,260,215</b>

**15. CONTINGENCIES AND COMMITMENTS**

**15.1 Direct credit substitutes**

Contingent liabilities in respect of guarantees given favouring

- Government	46,303,187	28,098,810
- Banks and financial institutions	5,270,879	3,848,002
- Others	4,156,249	2,010,891
	<b>55,730,315</b>	<b>33,957,703</b>

**15.2 Transaction-related contingent liabilities**

Guarantees in favour of:

- Government	49,828,981	15,482,837
- Banks and financial institutions	4,384,823	60,034
- Others	28,593,666	12,512,412
- Suppliers credit / payee guarantee	1,992,913	1,930,979
	<b>84,800,383</b>	<b>29,986,262</b>

**15.3 Trade-related contingent liabilities**

**15.4 Other contingencies**

Claims against the Bank not acknowledged as debts

5,569,850	7,345,639
-----------	-----------

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

**15.5 Commitments to extend credit**

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

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

**15.6 Commitments in respect of forward foreign exchange contracts**

Purchase	91,084,207	49,411,339
Sale	76,155,789	49,341,990

**15.7 Commitments for the acquisition of fixed assets**

323,062	503,809
---------	---------

**15.8 Other commitments**

FX options (notional amount)		
Purchase	1,103,317	1,034,994
Sale	1,103,317	1,034,994

Cross Currency Swaps (Notional)	2,599,144	1,350,386
Forward repurchase agreement borrowings	-	1,000,000
Forward call borrowings	-	400,000
Outright purchase of Government Securities	2,000,000	200,850
Outright sale of Government Securities	2,000,000	-

**15.9 Taxation**

For assessment year 1988-89 through tax year 2016, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 5,618 million (2016: Rs. 2,873 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

The income tax returns of NIB Bank Limited have been filed up to and including tax year 2016 relevant to the financial year ended December 31, 2015. The tax authorities have made certain disallowances pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited. Furthermore, tax authorities have also made certain disallowances in respect of tax years 2009, 2010, 2011 which are pending at various appellate forums.

Nine months ended  
September 30,      September 30,  
2017                      2016  
---- (Rupees in '000) ----

**16. GAIN ON SALE OF SECURITIES - NET**

Federal Government Securities		
-Market Treasury Bills	4,476	3,510
-Pakistan Investment Bonds	862,879	2,742,302
Other securities	25,575	-
Listed Shares	3,264,705	1,465,013
	<b>4,157,635</b>	<b>4,210,825</b>

**17. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX**

Profit after taxation	19,138,491	17,426,301
	<b>(Number of shares)</b>	
Weighted average number of shares outstanding during the period	1,135,457,440	1,113,030,748
	<b>(Rupees)</b>	
Basic and diluted Earnings per share - after tax	16.86	15.66

**18. CREDIT RATING**

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

## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

### 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short term in nature or, in the case of customer loans and deposits, are frequently repriced.

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

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

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

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

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

	Fair Value							
	September 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
<b>On balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
<b>Held for trading securities</b>								
- Shares in listed companies	33,090	-	-	33,090	147,284	-	-	147,284
- Market Treasury Bills	-	60,738,198	-	60,738,198	-	-	-	-
- Pakistan Investment Bonds	-	-	-	-	-	-	-	-
	<b>33,090</b>	<b>60,738,198</b>	<b>-</b>	<b>60,771,288</b>	<b>147,284</b>	<b>-</b>	<b>-</b>	<b>147,284</b>
<b>Available-for-sale securities</b>								
- Market Treasury Bills	-	355,240,352	-	355,240,352	-	296,507,499	-	296,507,499
- Pakistan Investment Bonds	-	207,733,381	-	207,733,381	-	204,586,538	-	204,586,538
- Shares in listed companies & REIT	22,816,266	-	-	22,816,266	21,328,447	-	-	21,328,447
- NIT units	8,442	-	-	8,442	9,682	-	-	9,682
- Units in open end mutual funds	815,246	-	-	815,246	-	-	-	-
- Sukuks	-	701,137	-	701,137	-	-	-	-
- Term Finance Certificates (TFCs)	-	858,923	-	858,923	-	335,958	-	335,958
	<b>23,639,954</b>	<b>564,533,793</b>	<b>-</b>	<b>588,173,747</b>	<b>21,338,129</b>	<b>501,429,995</b>	<b>-</b>	<b>522,768,124</b>
<b>Non - Financial Assets measured at fair value</b>								
Operating fixed assets (land and buildings)	-	29,653,677	-	29,653,677	-	27,046,090	-	27,046,090
Non-banking assets	-	4,534,320	-	4,534,320	-	1,203,360	-	1,203,360
<b>Off balance sheet financial instruments</b>								
FX options purchase	-	1,117,094	-	1,117,094	-	1,037,011	-	1,037,011
FX options sale	-	1,089,540	-	1,089,540	-	1,032,977	-	1,032,977
Cross currency swaps - long position	-	1,464,591	-	1,464,591	-	706,075	-	706,075
Cross currency swaps - short position	-	1,152,958	-	1,152,958	-	652,594	-	652,594
Foreign exchange contracts purchase	-	90,884,694	-	90,884,694	-	49,155,812	-	49,155,812
Foreign exchange contracts sale	-	76,273,286	-	76,273,286	-	49,689,153	-	49,689,153

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

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

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

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

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

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

Currently, no financial instruments are classified in level 3.

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

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

## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

### 20 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2017					Total
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination	
	(Rupees in '000)					
Total income	164,109	13,101,449	26,495,467	5,551,300	-	45,312,325
Total expenses	(43,609)	(3,015,627)	(15,710,036)	(544,072)	-	(19,313,344)
Income tax expense	-	-	-	-	-	(6,860,490)
<b>Net income</b>	<b>120,500</b>	<b>10,085,822</b>	<b>10,785,431</b>	<b>5,007,228</b>	<b>-</b>	<b>19,138,491</b>
Segment assets - (Gross of NPLs Provisions)	720,259	767,370,471	996,789,552	390,002,823	(811,085,468)	1,343,797,637
Advance taxation (payment less provision)	-	-	-	-	-	9,054,209
Deferred tax assets - net	-	-	-	-	-	1,526,334
<b>Total assets</b>	<b>720,259</b>	<b>767,370,471</b>	<b>996,789,552</b>	<b>390,002,823</b>	<b>(811,085,468)</b>	<b>1,354,378,180</b>
Segment non performing loans	-	-	14,389,980	34,860,524	-	49,250,504
Segment specific provision required	-	-	13,613,212	31,307,175	-	44,920,387
Segment liabilities	80,137	704,752,409	976,571,395	282,650,156	(811,085,468)	1,152,968,629
<b>Total liabilities - net</b>	<b>80,137</b>	<b>704,752,409</b>	<b>976,571,395</b>	<b>282,650,156</b>	<b>(811,085,468)</b>	<b>1,152,968,629</b>
Segment return on assets (ROA) (%)	30.38%	2.27%	3.59%	2.06%	-	-
Segment cost of fund (%)	-	5.89%	3.27%	5.60%	-	-

	Nine months ended September 30, 2016					Total
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination	
	(Rupees in '000)					
Total income	114,110	18,440,231	22,581,637	4,438,087	-	45,574,065
Total expenses	(35,695)	(1,406,286)	(12,820,711)	(2,147,134)	-	(16,409,826)
Income tax expense	-	-	-	-	-	(11,737,938)
<b>Net income</b>	<b>78,415</b>	<b>17,033,945</b>	<b>9,760,926</b>	<b>2,290,953</b>	<b>-</b>	<b>17,426,301</b>
Segment assets - (Gross of NPLs provision)	391,412	600,865,447	812,703,079	274,377,642	(698,726,485)	989,611,095
Advance taxation (payment less provision)	-	-	-	-	-	2,150,981
<b>Total assets</b>	<b>391,412</b>	<b>600,865,447</b>	<b>812,703,079</b>	<b>274,377,642</b>	<b>(698,726,485)</b>	<b>991,762,076</b>
Segment non performing loans	-	-	7,457,698	14,548,504	-	22,006,202
Segment specific provision required	-	-	7,440,070	9,829,958	-	17,270,028
Segment liabilities	44,549	506,893,762	761,869,467	254,235,288	(698,726,485)	824,316,581
Deferred tax liabilities - net	-	-	-	-	-	10,175,259
<b>Total liabilities - net</b>	<b>44,549</b>	<b>506,893,762</b>	<b>761,869,467</b>	<b>254,235,288</b>	<b>(698,726,485)</b>	<b>834,491,840</b>
Segment return on assets (ROA) (%)	38.87%	4.09%	3.74%	2.24%	-	-
Segment cost of fund (%)	-	6.07%	3.36%	4.37%	-	-

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

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

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



The Bank has related party relationship with its associates, subsidiaries, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in subsidiary companies and associates are given in note 8 of this unconsolidated condensed interim financial information for the nine month ended September 30, 2017.

The Bank enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Nine months ended September 30, 2017	Year ended Dec 31, 2016	Nine months ended September 30, 2017	Year ended Dec 31, 2016	Nine months ended September 30, 2017	Year ended Dec 31, 2016	Nine months ended September 30, 2017	Year ended Dec 31, 2016	Nine months ended September 30, 2017	Year ended Dec 31, 2016
(Rupees in '000)										
<b>A. Balances</b>										
<b>Deposits</b>										
Opening balance	2,542,067	1,719,008	2,568,584	2,859,600	38,868	12,836	5,852,008	6,649,313	105,761	139,106
Received during the period / year	1,710,564	4,109,808	24,098,303	23,764,390	7,233,682	1,931,975	42,636,408	59,484,882	640,142	501,750
Withdrawn during the period / year	(1,690,223)	(3,286,749)	(24,365,656)	(24,055,406)	(7,236,873)	(1,905,943)	(42,945,039)	(60,282,187)	(593,689)	(535,095)
Closing balance	2,562,308	2,542,067	2,301,231	2,568,584	35,677	38,868	5,543,377	5,852,008	152,214	105,761
<b>Advances</b>										
Opening balance	195	886	-	-	276,349	276,726	262,113	-	84,787	68,520
Additions / adjustments during the period / year	-	-	-	-	2,142	-	7,070,443	2,398,324	17,609	33,519
Repaid / adjustments during the period / year	(195)	(691)	-	-	-	(377)	(4,938,225)	(2,136,211)	(9,872)	(17,252)
Closing balance	-	195	-	-	278,491	276,349	2,394,331	262,113	92,524	84,787
<b>Lendings to Financial Institutions</b>										
Opening balance	-	-	-	-	-	211,820	-	-	-	-
Additions / adjustments during the period / year	-	-	-	-	20,387,308	1,922,779	-	-	-	-
Repaid / adjustments during the period / year	-	-	-	-	(19,862,718)	(2,134,599)	-	-	-	-
Closing balance	-	-	-	-	524,590	-	-	-	-	-
<b>Other Balances</b>										
Outstanding balance of credit cards	257	731	-	-	-	-	69	225	2,816	2,537
Receivable from Pension Fund	-	-	-	-	-	-	7,394,376	7,773,482	-	-
Commitments and contingent liabilities - outstanding	-	-	9,772	10,361	-	-	697,163	373,856	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	-	-	2,689,724	3,241,054	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	-	-	(458)	17,286	-	-
Borrowings outstanding	-	-	-	-	-	-	527,047	936,788	-	-
Overdrawn nostro balance	-	-	-	-	6,901	1,683	-	-	-	-
Trade payable	-	-	79,099	30,601	-	-	-	-	-	-
Markup payable	8,238	7,266	5,820	7,985	77	76	11,399	19,968	44	449
Other payable	3,032	4,226	949	788	18,435	15,501	33,885	68,295	-	-
Other advances	-	-	506	2,999	-	-	28,189	51,492	-	-
Markup receivable	-	-	-	-	7,099	2,629	33,663	3,163	1,563	1,152
Other receivable	-	-	278	810	27,311	7,354	810	1	-	-
Commission receivable	-	-	14,712	114,557	11,507	32,052	0	-	-	-
Advance received against sale of property	-	-	-	-	20,000	20,000	-	-	-	-

B. Transactions during the period

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
(Rupees in '000)										
Received against scheme of demerger	-	-	-	-	-	5,901,988	-	-	-	-
Received against staff finances	-	-	-	-	-	113,434	-	-	-	-
Insurance premium-net of refund	-	536,424	-	350,067	-	-	-	-	-	-
Insurance claim settled	-	10,777	-	7,533	-	-	-	-	-	-
Markup income on advances and lendings	2	-	-	-	64,256	16,827	51,439	4,895	5,089	3,255
Forward exchange contracts matured during the period	-	-	-	-	-	-	39,909,556	35,376,859	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	214,254	(13,231)	-	-
Dividend income	-	-	189,755	141,658	55,435	55,435	16,320	-	-	-
Commission income	-	-	704,676	638,489	116,470	89,290	7,993	7,945	-	-
Rent income and reimbursement of other expenses	-	-	2,506	2,278	8,806	8,332	2,430	2,430	-	-
Outsourcing service expenses	-	-	130,287	188,020	-	-	-	-	-	-
Sale of foreign currency	-	-	-	-	6,973,788	2,867,844	-	-	-	-
Purchase of foreign currency	-	-	-	-	2,775,076	562,844	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	27	39
Cash sorting expenses	-	-	-	-	-	-	-	-	27	39
Stationary expenses	-	-	-	-	-	-	56,771	41,505	-	-
Security guards expenses	-	-	-	-	-	-	132,112	142,295	-	-
Remuneration and non-executive directors fee	-	-	-	-	-	-	292,429	292,802	-	-
Mark-up expense	106,711	98,437	-	-	-	-	-	-	368,239	336,293
Clearing expenses paid to NIFT	74,902	56,502	52,349	39,624	508	373	118,207	200,286	1,100	911
Contribution to provident fund	-	-	-	-	-	-	95,163	96,722	-	-
Rent and other expenses	-	-	1,448	5,117	5,891	7,140	218,657	184,060	-	-
Call borrowing deals entered and matured during the period	-	-	-	-	-	-	40,020	8,495	-	-
Sale of government securities	-	-	5,489,632	2,116,289	-	-	1,200,000	1,685,000	-	-
Purchase of government securities	-	-	3,923,498	4,844,963	-	-	10,226,740	6,710,800	-	-
Gain / (loss) on sale of government securities	-	-	47	(44)	-	-	9,295,593	6,777,081	-	-
Miscellaneous expenses and payments	-	-	-	-	-	-	197	3,244	-	-
	-	-	-	-	-	-	59,291	27,529	-	-

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



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)  
For the nine months period ended September 30, 2017

22 GENERAL

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

23 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 25, 2017 has announced cash dividend in respect of the nine months period ended September 30, 2017 of Rs. 4.00 per share (September 30, 2016: Rs. 4.00 per share). This unconsolidated condensed interim financial information for the nine months period ended September 30, 2017 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

24 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on October 25, 2017.

This page is intentionally left blank

Imran Maqbool  
President / CEO

Samir Iqbal Saigol  
Director

Muhammad Ali Zeb  
Director

Irfan Ahmed Hashmi  
Director



## MCB BANK LIMITED

(Consolidated Condensed Interim Financial Information for the nine months period ended September 30, 2017)



## Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2017

	Note	Unaudited September 30, 2017	Audited December 31, 2016
		----- (Rupees in '000) -----	
<b>Assets</b>			
Cash and balances with treasury banks		98,744,432	75,732,185
Balances with other banks		9,813,385	7,201,459
Lendings to financial institutions	7	9,478,416	2,809,752
Investments - net	8	685,800,766	556,770,384
Advances - net	9	465,887,974	364,333,516
Operating fixed assets	10	39,442,269	35,225,865
Deferred tax assets - net	14	330,103	-
Other assets - net		37,833,498	34,617,075
		<b>1,347,330,843</b>	<b>1,076,690,236</b>
<b>Liabilities</b>			
Bills payable		15,335,304	13,291,328
Borrowings	11	142,157,275	77,438,993
Deposits and other accounts	12	989,373,455	795,689,546
Sub-ordinated loan	13	3,893,357	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	14	-	12,889,649
Other liabilities		36,527,513	31,420,650
		<b>1,187,286,904</b>	<b>930,730,166</b>
<b>Net assets</b>			
		<b>160,043,939</b>	<b>145,960,070</b>
<b>Represented by</b>			
Share capital		11,850,600	11,130,307
Reserves		69,960,505	53,512,633
Unappropriated profit		58,396,099	55,509,013
Total equity attributable to the equity holders of the bank		140,207,204	120,151,953
Non-Controlling Interest		533,330	509,331
		<b>140,740,534</b>	<b>120,661,284</b>
Surplus on revaluation of assets - net of tax		19,303,405	25,298,786
		<b>160,043,939</b>	<b>145,960,070</b>

## Contingencies and commitments

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

  
Imran Maqbool  
President / CEO

  
Samir Iqbal Saigol  
Director

  
Muhammad Ali Zeb  
Director

  
Irfan Ahmed Hashmi  
Director

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

For the nine months period ended September 30, 2017

Note	Quarter ended September 30, 2017	Nine months ended September 30, 2017	Quarter ended September 30, 2016	Nine months ended September 30, 2016
----- (Rupees in '000) -----				
Mark-up / return / interest earned	20,161,604	57,076,723	15,981,371	53,285,603
Mark-up / return / interest expensed	8,408,146	24,790,242	5,447,574	18,722,086
Net mark-up / interest income	11,753,458	32,286,481	10,533,797	34,563,517
Provision / (reversal) against loans and advances - net	(528,740)	(2,469,249)	232,484	(336,350)
Provision / (reversal) for diminution in the value of investments - net	(11,703)	575,404	(470,569)	(466,090)
Bad debts written off directly	-	14	-	18
	(540,443)	(1,893,831)	(238,085)	(802,422)
<b>Net mark-up / interest income after provisions</b>	<b>12,293,901</b>	<b>34,180,312</b>	<b>10,771,882</b>	<b>35,365,939</b>
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	2,579,534	7,533,178	1,889,492	6,096,285
Dividend income	388,600	1,003,452	247,485	812,187
Income from dealing in foreign currencies	410,069	1,129,443	191,721	697,344
Gain on sale of securities - net	858,812	4,105,789	3,378,829	4,060,512
Unrealized gain/(loss) on revaluation of investments classified as held for trading	36,647	(5,973)	(3,569)	(2,418)
Other income	121,565	449,747	115,624	416,157
Total non mark-up / interest income	4,395,227	14,215,636	5,819,582	12,080,067
	16,689,128	48,395,948	16,591,464	47,446,006
<b>Non mark-up / interest expenses</b>				
Administrative expenses	8,222,640	21,623,621	6,088,074	17,443,988
Other provision - net	(4,909)	555,078	158,057	189,898
Other charges	213,563	635,891	242,247	680,518
Total non mark-up / interest expenses	8,431,294	22,814,590	6,488,378	18,314,404
	8,257,834	25,581,358	10,103,086	29,131,602
Share of profit of associates	139,665	494,867	469,084	975,743
Extraordinary / unusual item	-	-	-	-
<b>Profit before taxation</b>	<b>8,397,499</b>	<b>26,076,225</b>	<b>10,572,170</b>	<b>30,107,345</b>
Taxation - current period	(328,127)	5,881,013	3,683,944	10,458,861
- prior years	-	(2,175,828)	-	1,693,330
- deferred	3,177,732	3,144,515	(66,251)	(94,621)
Share of tax of associates	36,543	103,671	63,810	151,354
	2,886,148	6,953,371	3,681,503	12,208,924
<b>Profit after taxation</b>	<b>5,511,351</b>	<b>19,122,854</b>	<b>6,890,667</b>	<b>17,898,421</b>
Profit attributable to Non-controlling interest	(19,880)	(76,148)	(17,263)	(78,287)
<b>Profit attributable to ordinary share holders</b>	<b>5,491,471</b>	<b>19,046,706</b>	<b>6,873,404</b>	<b>17,820,134</b>
----- (In Rupees) -----				
Earnings per share - basic and diluted	4.66	16.77	6.18	16.01

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.



Imran Maqbool  
President / CEO



Samir Iqbal Saigol  
Director



Muhammad Ali Zeb  
Director



Irfan Ahmed Hashmi  
Director

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

For the nine months period ended September 30, 2017

	Quarter ended September 30, 2017	Nine months ended September 30, 2017	Quarter ended September 30, 2016	Nine months ended September 30, 2016
----- (Rupees in '000) -----				
<b>Profit after tax for the period</b>	<b>5,511,351</b>	<b>19,122,854</b>	<b>6,890,667</b>	<b>17,898,421</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss account</b>				
Remeasurement of defined benefit plans - net of tax	-	(642,454)	-	(81,063)
<b>Items that may be reclassified to profit and loss account</b>				
Effect of translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the Bank	46,961	(14,538)	(60,219)	(91,193)
- Non-controlling interest	3	416	(5)	(4)
	46,964	(14,122)	(60,224)	(91,197)
Share of exchange translation reserve of associates	874	(20,307)	(7,745)	(10,198)
<b>Comprehensive income transferred to equity</b>	<b>5,559,189</b>	<b>18,445,971</b>	<b>6,822,698</b>	<b>17,715,963</b>
<b>Components of comprehensive income not reflected in equity</b>				
Net change in fair value of available for sale securities	(6,443,041)	(8,588,756)	(5,221,007)	(2,580,035)
Deferred tax	1,886,005	2,976,613	1,838,255	926,280
	(4,557,036)	(5,612,143)	(3,382,752)	(1,653,755)
<b>Total comprehensive income for the period</b>	<b>1,002,153</b>	<b>12,833,828</b>	<b>3,439,946</b>	<b>16,062,208</b>

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.



Imran Maqbool  
President / CEO



Samir Iqbal Saigol  
Director



Muhammad Ali Zeb  
Director



Irfan Ahmed Hashmi  
Director



## Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2017

### Cash flows from operating activities

Profit before taxation  
Less: Dividend income & share of profit of associates

### Adjustments for:

Depreciation  
Amortization  
Bad debts written off directly  
Provision / (reversal) against loans and advances - net  
Provision / (reversal) for diminution in the value of investments - net  
Other provision - net  
Provision for Workers' Welfare Fund  
Charge / (reversal) for defined benefit plans  
Unrealized loss on revaluation of investments classified as held for trading  
Gain on sale of shares in associate  
Gain on disposal of fixed assets - net

### (Increase) / decrease in operating assets

Lendings to financial institutions  
Net investment in held for trading securities  
Advances - net  
Other assets - net

### Increase / (decrease) in operating liabilities

Bills payable  
Borrowings  
Deposits and other accounts  
Other liabilities

Defined benefits paid  
Income tax paid

### Net cash flows from operating activities

### Cash flows from investing activities

Net investments in available-for-sale securities  
Net investments in held-to-maturity securities  
Dividend income received  
Net cash inflow on amalgamation  
Proceeds from divestment in associate  
Sale proceeds of property and equipment disposed off  
Investment in operating fixed assets

### Net cash flows from investing activities

### Cash flows from financing activities

Dividend paid

### Net cash flows from financing activities

Exchange difference on translation of net investment in foreign branches & subsidiaries

### Increase in cash and cash equivalents

Cash and cash equivalents at January 1

### Cash and cash equivalents at September 30

The annexed notes 1 to 25 form an integral part of this consolidated condensed interim financial information.

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

For the nine months period ended September 30, 2017

	Capital Reserves				Revenue Reserves			Non Controlling Interest	Total
	Share capital	Share premium	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit		
	(Rupees in '000)								
Balance as at December 31, 2015	11,130,307	9,924,438	-	269,360	22,697,586	18,600,000	52,631,368	115,253,059	512,076
Change in equity for nine months ended September 30, 2016									
Total comprehensive income for the nine months ended September 30, 2016									
Profit after taxation for nine months period ended September 30, 2016	-	-	-	-	-	-	17,820,134	17,820,134	78,287
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(81,063)	(81,063)	-
Exchange differences on translation of net investment in foreign branches & subsidiaries	-	-	-	(91,193)	-	-	-	(91,193)	(4)
Share of exchange translation reserve of associate	-	-	-	(10,198)	-	-	-	(10,198)	(10,198)
Transactions with owners recognized directly in equity	-	-	-	(101,391)	-	-	17,739,071	17,637,680	78,283
Final cash dividend at Rs. 4.0 per share - December 31, 2015	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-
Interim cash dividend at Rs. 4.0 per share - March 31, 2016	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-
Interim cash dividend at Rs. 4.0 per share - June 30, 2016	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	44,891	44,891	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	(52,565)
Transferred to statutory reserve	-	-	-	-	1,760,395	-	(1,760,395)	-	-
Balance as at September 30, 2016	11,130,307	9,924,438	-	167,969	24,457,981	18,600,000	55,298,566	119,579,261	537,794
Change in equity for three months ended December 31, 2016									
Total comprehensive income for the three months ended December 31, 2016									
Profit after taxation for three months period ended December 31, 2016	-	-	-	-	-	-	4,242,854	4,242,854	32,870
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	861,592	861,592	-
Exchange differences on translation of net investment in foreign branches & subsidiaries	-	-	-	(79,924)	-	-	-	(79,924)	(7)
Share of exchange translation reserve of associate	-	-	-	(3,452)	-	-	-	(3,452)	(3,452)
Transactions with owners recognized directly in equity	-	-	-	(83,376)	-	-	5,104,446	5,021,070	32,863
Interim cash dividend at Rs. 4.0 per share - September 30, 2016	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	3,745	3,745	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	(61,326)
Transferred to statutory reserve	-	-	-	-	445,621	-	(445,621)	-	-
Balance as at December 31, 2016	11,130,307	9,924,438	-	84,593	24,903,602	18,600,000	55,509,013	120,151,953	509,331
Change in equity for nine months ended September 30, 2017									
Total comprehensive income for the nine months ended September 30, 2017									
Profit after taxation for nine months period ended September 30, 2017	-	-	-	-	-	-	19,046,706	19,046,706	76,148
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(642,454)	(642,454)	-
Exchange differences on translation of net investment in foreign branches & subsidiaries	-	-	-	(14,538)	-	-	-	(14,538)	416
Share of exchange translation reserve of associate	-	-	-	(20,307)	-	-	-	(20,307)	(20,307)
Transactions with owners recognized directly in equity	-	-	-	(34,845)	-	-	18,404,252	18,369,407	76,564
Final cash dividend at Rs. 4.0 per share - December 31, 2016	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-
Interim cash dividend at Rs. 4.0 per share - March 31, 2017	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-
Interim cash dividend at Rs. 4.0 per share - June 30, 2017	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(13,644,486)	(13,644,486)	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	41,169	41,169	-
Transferred to statutory reserve	-	-	-	-	-	-	-	-	(52,565)
Shares issued under amalgamation scheme (note 1.1)	720,293	14,048,586	-	-	1,913,849	-	(1,913,849)	-	-
Gain on bargain purchase arising on amalgamation of NIB Bank Limited (note 1.1)	-	-	520,282	-	-	-	-	520,282	-
Balance as at September 30, 2017	11,850,600	23,973,024	520,282	49,748	26,817,451	18,600,000	58,396,099	140,207,204	533,330

  
Imran Maqbool  
President / CEO

  
Samir Iqbal Saigol  
Director

  
Muhammad Ali Zeb  
Director

  
Irfan Ahmed Hashmi  
Director

  
Imran Maqbool  
President / CEO

  
Samir Iqbal Saigol  
Director

  
Muhammad Ali Zeb  
Director

  
Irfan Ahmed Hashmi  
Director

## Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

### 1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company  
- MCB Bank Limited

Subsidiary Companies

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

"Percentage holding of  
MCB Bank Limited"

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

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB - 15 Main Gulberg, Lahore. The Bank operates 1,405 branches (December 31, 2016: 1,227 branches) within Pakistan and 11 branches (December 31, 2016: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

#### 1.1 Merger of NIB Bank Limited

The State Bank of Pakistan, through its letter BPRD (R&P-02)/2017/14329 dated June 13, 2017, has approved the scheme of amalgamation and granted sanction order for the amalgamation of NIB Bank Limited with and into the Bank. This is effective from the close of business on July 07, 2017 (the effective date). The Committee of the Board of Directors of MCB Bank Limited (MCB), in their meeting held on December 07, 2016, approved and resolved to present the draft Scheme of Amalgamation of NIB Bank Limited (NIB) with and into MCB before the shareholders of MCB for their approval. The shareholders of MCB approved the Scheme of Amalgamation in the Extraordinary General Meeting (EOGM) held on January 23, 2017 as per the procedure provided in Section 48 of the Banking Companies Ordinance, 1962. The Bank has issued 72,029,258 ordinary shares of MCB in aggregate in favour of the shareholders of NIB on the basis of a swap ratio of 1 (one) ordinary share of MCB for every 140.043 ordinary shares of NIB Bank.

Subsequent to the merger, the Bank has incorporated the balances relating to NIB Bank Limited at their carrying values as appearing in the audited financial statements of NIB Bank Limited as at the close of business on July 07, 2017. These balances are detailed below:

	Audited July 07, 2017 (Rupees in '000)
<b>Assets</b>	
Cash and balances with treasury banks	12,823,492
Balances with other banks	1,444,624
Investments - net	27,935,898
Advances - net	69,271,801
Operating fixed assets	2,125,300
Deferred tax assets - net	12,936,916
Other assets - net	6,397,184
	<b>132,935,215</b>
<b>Liabilities</b>	
Bills payable	2,938,190
Borrowings	24,278,649
Deposits and other accounts	81,740,844
Sub-ordinated loan	4,192,997
Other liabilities	4,495,374
	<b>117,646,054</b>
<b>Net assets</b>	<b>15,289,161</b>

International Financial Reporting Standard (IFRS) 3, Business Combinations, requires that all identified assets (including intangible assets) and liabilities acquired in a business combination should be carried at their fair values on the acquirer's balance sheet and any intangible assets acquired in the business combination should be separately recognized and carried at their fair values. IFRS - 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the determination of the fair values of the assets and liabilities and to determine the value of any intangibles separately identified. The fair valuation exercise of the recorded assets and liabilities will be completed within the period specified under IFRS - 3.

Details of carrying values of the net assets acquired, purchase consideration and gain on bargain purchase are as follows:

Carrying value of net assets acquired of NIB	15,289,161
Purchase consideration (fair value of MCB shares issued)*	14,768,879
Gain on bargain purchase	<b>520,282</b>

\*The fair value of the shares issued to the shareholders of the NIB Bank Limited is based on the published quoted price of the shares of the MCB Bank as at July 07, 2017.

## Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

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 has not been taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 has 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 the SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

### 2 BASIS OF PRESENTATION

2.1 This consolidated condensed interim financial information include the financial information of MCB Bank Limited and its subsidiary companies and associates.

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial information for the period ended September 30, 2017 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial information for the period ended September 30, 2017.

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

2.2 The disclosures made in this consolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2016.

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

2.4 The financial results of the Group's Islamic Banking business have been consolidated in this financial information for reporting purposes, after eliminating material inter-group transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 20 to this consolidated condensed interim financial information.

2.5 For the purpose of translation, rates of Rs. 105.4094 per US Dollar (December 31, 2016: Rs.104.5985).

### 3 STATEMENT OF COMPLIANCE

3.1 This consolidated condensed interim financial information of the Group has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

3.2 The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 23 dated October 04, 2017, this consolidated condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

## Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

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

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

### 4 BASIS OF MEASUREMENT

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

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

### 5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

**5.1** The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2016.

**5.2** The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Bank for the year ended December 31, 2016.

### 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Bank for the year ended December 31, 2016.

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2017	December 31, 2016
	----- (Rupees in '000) -----	
Call money lendings	3,321,862	558,800
Repurchase agreement lendings	6,156,554	2,250,952
	<u>9,478,416</u>	<u>2,809,752</u>

Note	September 30, 2017		
	Held by bank	Given as collateral	Total
	----- Rupees in '000 -----		
<b>8. INVESTMENTS - NET</b>			
<b>8.1 Investments by types</b>			
Held-for-trading securities	61,246,620	-	61,246,620
Available-for-sale securities	495,015,593	95,922,744	590,938,337
Held-to-maturity securities	23,101,312	-	23,101,312
	<u>579,363,525</u>	<u>95,922,744</u>	<u>675,286,269</u>
<b>Associates</b>			
- Adamjee Insurance Company Limited	4,515,096	-	4,515,096
- Euronet Pakistan (Private) Limited	71,884	-	71,884
	<u>4,586,980</u>	<u>-</u>	<u>4,586,980</u>
<b>Investments at cost</b>	<u>583,950,505</u>	<u>95,922,744</u>	<u>679,873,249</u>
Less: Provision for diminution in the value of investments	(2,990,185)	-	(2,990,185)
<b>Investments (net of provisions)</b>	<u>580,960,320</u>	<u>95,922,744</u>	<u>676,883,064</u>
Surplus / (deficit) on revaluation of available for sale securities - net	8,939,942	(16,267)	8,923,675
Surplus / (deficit) on revaluation of held-for-trading securities - net	(5,973)	-	(5,973)
<b>Investments at revalued amounts - net of provisions</b>	<u>589,894,289</u>	<u>95,906,477</u>	<u>685,800,766</u>

## Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2017

Note	December 31, 2016		
	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----		
Held-for-trading securities	500,089	-	500,089
Available-for-sale securities	473,774,763	38,952,255	512,727,018
Held-to-maturity securities	22,417,040	47,498	22,464,538
	<u>496,691,892</u>	<u>38,999,753</u>	<u>535,691,645</u>
<b>Associates</b>			
- Adamjee Insurance Company Limited	5,375,158	-	5,375,158
- Euronet Pakistan (Private) Limited	72,357	-	72,357
	<u>5,447,515</u>	<u>-</u>	<u>5,447,515</u>
<b>Investments at cost</b>	<u>502,139,407</u>	<u>38,999,753</u>	<u>541,139,160</u>
Less: Provision for diminution in the value of investments	(1,886,821)	-	(1,886,821)
<b>Investments (net of provisions)</b>	<u>500,252,586</u>	<u>38,999,753</u>	<u>539,252,339</u>
Surplus / (deficit) on revaluation of available for sale securities - net	17,520,972	(8,541)	17,512,431
Surplus / (deficit) on revaluation of held-for-trading securities - net	5,614	-	5,614
<b>Investments at revalued amounts - net of provisions</b>	<u>517,779,172</u>	<u>38,991,212</u>	<u>556,770,384</u>

**8.2** Investments include Pakistan Investment Bonds amounting to Rs. 72.9 million (December 31, 2016: Rs. 67.9 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5.0 million (December 31, 2016: Rs. 5.0 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

**8.3** Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 695.651 million (December 31, 2016: Rs. 792.875 million) as at September 30, 2017 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2017 amounted to Rs. 4,735.170 million (December 31, 2016: Rs. 6,351.272 million).

### Investment in Adamjee Insurance Company Limited under equity method - holding 21.47% (2016: 24.48%)

Note	September 30, 2017	December 31, 2016
	----- (Rupees in '000) -----	
Opening Balance	5,375,158	5,456,165
Share of profit for the period / year before tax	489,379	927,454
Dividend from associate	(189,755)	(273,641)
Share of tax	(97,710)	(170,861)
	<u>201,914</u>	<u>482,952</u>
Share of other comprehensive income	(402,865)	52,213
Disposal during the period / year	(659,111)	(616,172)
<b>Closing Balance</b>	<u>4,515,096</u>	<u>5,375,158</u>
<b>8.3.1 Share of other comprehensive income</b>		
Share of unrealized surplus / (deficit) on assets -net of tax	(396,852)	51,160
Share of exchange translation reserve of associate	(6,013)	1,053
	<u>(402,865)</u>	<u>52,213</u>

**8.4** 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%

	September 30, 2017	December 31, 2016
	----- (Rupees in '000) -----	
Opening Balance	72,357	64,962
Share of profit for the period / year before tax	5,488	19,320
Share of tax	(5,961)	(11,925)
	<u>(473)</u>	<u>7,395</u>
<b>Closing Balance</b>	<u>71,884</u>	<u>72,357</u>



**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

Note	September 30, 2017	December 31, 2016
	----- (Rupees in '000) -----	
<b>9. ADVANCES - NET</b>		
Loans, cash credits, running finances, etc		
- In Pakistan	444,617,364	336,403,574
- Outside Pakistan	22,188,325	17,909,754
	466,805,689	354,313,328
Islamic Financing and related assets	24,828,363	16,174,001
Net Investment in finance lease		
- In Pakistan	4,042,010	1,812,760
- Outside Pakistan	531,492	537,731
	4,573,502	2,350,491
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	5,925,232	5,768,909
- Payable outside Pakistan	9,792,287	5,426,101
	15,717,519	11,195,010
<b>Advances - gross</b>	511,925,073	384,032,830
Less: Provision against loans and advances		
- Specific provision	9.1 (44,921,116)	(18,939,120)
- General provision	9.2 (487,158)	(367,926)
- General provision against consumer loans & small enterprise loans	9.3 (556,410)	(345,791)
- General provision by overseas operations	9.4 (72,415)	(46,477)
	(46,037,099)	(19,699,314)
<b>Advances - net of provision</b>	465,887,974	364,333,516

**9.1** Advances include Rs. 49,251.233 million (December 31, 2016: Rs. 21,689.279 million) which have been placed under non-performing status as detailed below:

Note	September 30, 2017				
Category of Classification	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
	----- ( Rupees in '000 ) -----				
Other Assets Especially Mentioned (OAEM)	9.1.1 206,445	-	206,445	15,175	15,175
Substandard	352,395	576,681	929,076	231,733	231,733
Doubtful	180,231	16,620	196,851	98,426	98,426
Loss	42,552,512	5,366,349	47,918,861	44,575,782	44,575,782
	9.1.2 43,291,583	5,959,650	49,251,233	44,921,116	44,921,116
	----- ( Rupees in '000 ) -----				
	December 31, 2016			Specific Provision Required	Specific Provision Held
Category of Classification	Domestic	Overseas	Total		
	----- ( Rupees in '000 ) -----				
Other Assets Especially Mentioned (OAEM)	9.1.1 31,918	-	31,918	1,617	1,617
Substandard	72,424	2,487	74,911	18,520	18,520
Doubtful	307,754	55,532	363,286	181,643	181,643
Loss	15,927,379	5,291,785	21,219,164	18,737,340	18,737,340
	16,339,475	5,349,804	21,689,279	18,939,120	18,939,120

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

**9.1.2** Classified Advances amounting to Rs. 29,649.756 million have been transferred from NIB Bank Limited under merger scheme.

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

**9.3** General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

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

**9.5** Exposure amounting to Rs. 5,452 million relating to Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan has not been classified as non performing, in accordance with a relaxation given by the SBP. However, unrealized markup income has been suspended on this amount.

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

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

	September 30, 2017	December 31, 2016
	----- (Rupees in '000) -----	
<b>10. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	2,470,882	1,744,090
Property and equipment	36,315,185	32,747,037
Intangible asset	656,202	734,738
	39,442,269	35,225,865

**10.1.** Additions and disposals during the period amounted to Rs.3,631.543 million (September 30, 2016: Rs. 2,721.038 million) and Rs. 9.712 million (September 30, 2016: Rs. 701.575 million) respectively.

	September 30, 2017	December 31, 2016
	----- (Rupees in '000) -----	
<b>11. BORROWINGS</b>		
In Pakistan	136,898,948	72,962,270
Outside Pakistan	5,258,327	4,476,723
	142,157,275	77,438,993

**11.1. Details of borrowings (secured / unsecured)**

<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Export refinance scheme	19,007,549	12,921,066
Long term financing facility	12,076,144	5,841,088
Financing facility for storage of agricultural produce	234,226	318,490
	31,317,919	19,080,644
Repurchase agreement borrowings	95,900,952	38,984,230
	127,218,871	58,064,874
<b>Unsecured</b>		
Borrowings from other financial institutions	6,199,772	3,730,480
Call borrowings	7,803,388	15,487,782
Foreign borrowings payable in local currency	162,286	-
Overdrawn nostro accounts	772,958	155,857
	14,938,404	19,374,119
	142,157,275	77,438,993

**12. DEPOSITS AND OTHER ACCOUNTS**

<b>Customers</b>		
Fixed deposits	66,944,097	49,292,487
Savings deposits	529,505,325	432,501,128
Current accounts	356,084,446	287,172,315
Margin accounts	9,476,937	7,003,787
Others	24,953	-
	962,035,758	775,969,717
<b>Financial institutions</b>		
Remunerative deposits	17,264,680	12,657,796
Non-remunerative deposits	10,073,017	7,062,033
	27,337,697	19,719,829
	989,373,455	795,689,546

**13. SUB-ORDINATED LOANS**

**Term Finance Certificates - Listed, Unsecured**

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

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

**Issue Date** June 19, 2014

**Issue Amount** Rs. 4,198.035 million



**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

<b>Rating</b>	AAA (triple A)
<b>Tenor</b>	8 years from the Issue Date
<b>Redemption</b>	Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.
<b>Maturity</b>	June 19, 2022
<b>Call Option</b>	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.
<b>Lock-in- Clause</b>	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR.
<b>Loss Absorbency Clause</b>	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

**14. DEFERRED TAX LIABILITY / (ASSET) - NET**

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

**Taxable temporary differences on:**

Surplus on revaluation of operating fixed assets	1,058,834	1,080,165
Surplus on revaluation of Non-banking assets	76,111	76,111
Accelerated tax depreciation	1,516,525	1,511,887
Receivable from pension fund	2,588,032	2,720,719
Investments in associated undertaking	1,303,116	1,563,003
Surplus / deficit on revaluation of securities	3,028,943	6,005,556
	<b>9,571,561</b>	<b>12,957,441</b>

**Deductible temporary differences on:**

Provision for bad debts	(6,197,681)	(7,048)
Unused tax losses	(2,667,636)	(34,142)
Provision for post retirement benefits	(488)	(7,945)
Others	(1,035,859)	(18,657)
	<b>(9,901,664)</b>	<b>(67,792)</b>
	<b>(330,103)</b>	<b>12,889,649</b>

**15. CONTINGENCIES AND COMMITMENTS**

**15.1 Direct credit substitutes**

Contingent liabilities in respect of guarantees given favouring

- Government	46,303,187	28,098,810
- Banks and financial institutions	5,270,879	3,848,002
- Others	4,156,249	2,010,891
	<b>55,730,315</b>	<b>33,957,703</b>

**15.2 Transaction-related contingent liabilities**

Guarantees in favour of:

- Government	50,906,912	16,486,907
- Banks and financial institutions	4,384,823	60,034
- Others	29,188,678	12,671,980
- Suppliers credit / payee guarantee	1,992,913	1,930,979
	<b>86,473,326</b>	<b>31,149,900</b>

**15.3 Trade-related contingent liabilities**

	<b>135,943,575</b>	<b>131,203,542</b>
--	--------------------	--------------------

**15.4 Other contingencies**

Claims against the Bank not acknowledged as debts

	<b>5,569,850</b>	<b>7,345,639</b>
--	------------------	------------------

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

**15.5 Commitments to extend credit**

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

September 30, 2017  
December 31, 2016  
----- (Rupees in '000) -----

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

**15.6 Commitments in respect of forward foreign exchange contracts**

Purchase	91,084,207	49,411,339
Sale	76,156,790	49,341,990

**15.7 Commitments for the acquisition of fixed assets**

	412,880	651,060
--	---------	---------

**15.8 Other commitments**

FX options (notional amount)		
Purchase	1,103,317	1,034,994
Sale	1,103,317	1,034,994
Cross Currency Swaps (Notional)	2,599,144	1,350,386
Forward repurchase agreement borrowings	-	1,000,000
Forward call borrowings	-	400,000
Outright purchase of Government Securities	2,000,000	200,850
Outright sale of Government Securities	2,000,000	-

**15.9 Taxation**

For assessment year 1988-89 through tax year 2016, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 5,618 million (2016: Rs. 2,873 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

The income tax returns of NIB Bank Limited have been filed up to and including tax year 2016 relevant to the financial year ended December 31, 2015. The tax authorities have made certain disallowances pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited. Furthermore, tax authorities have also made certain disallowances in respect of tax years 2009, 2010, 2011 which are pending at various appellate forums.

**16. GAIN ON SALE OF SECURITIES - NET**

Federal Government Securities		
-Market Treasury Bills	4,476	3,510
-Pakistan Investment Bonds	862,879	2,742,302
Other securities	25,575	-
Listed Shares / units	3,212,859	1,314,700
	<b>4,105,789</b>	<b>4,060,512</b>

**17. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX**

Profit attributable to ordinary share holders	19,046,706	17,820,134
	<b>(Number of shares)</b>	
Weighted average number of shares outstanding during the period	1,135,457,440	1,113,030,748
	<b>(Rupees)</b>	
Basic and diluted Earnings per share - after tax	16.77	16.01

**18. CREDIT RATING**

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



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)  
For the nine months period ended September 30, 2017

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short term in nature or, in the case of customer loans and deposits, are frequently repriced.

The 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).

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

	Fair Value							
	September 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
<b>On balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
<b>Held for trading securities</b>								
- Shares in listed companies		33,090	-	33,090		147,284	-	147,284
- Units in open ended mutual fund		469,359	-	469,359		358,419	-	358,419
- Market Treasury Bills		-	60,738,198	60,738,198		-	-	-
- Pakistan Investment Bonds		-	-	-		-	-	-
		<b>502,449</b>	<b>60,738,198</b>	<b>61,240,647</b>		<b>505,703</b>	-	<b>505,703</b>
<b>Available-for-sale securities</b>								
- Market Treasury Bills		-	355,240,352	355,240,352		-	296,652,703	296,652,703
- Pakistan Investment Bonds		-	207,733,381	207,733,381		-	204,586,538	204,586,538
- Shares in listed companies & REIT		24,267,029	-	24,267,029		22,391,711	-	22,391,711
- NIT units		8,442	-	8,442		9,682	-	9,682
- Units in open end mutual funds		1,491,502	-	1,491,502		812,201	-	812,201
- Sukuks		-	7,551,675	7,551,675		-	3,556,411	3,556,411
- Term Finance Certificates (TFCs)		-	858,923	858,923		-	335,958	335,958
		<b>25,766,973</b>	<b>571,384,331</b>	<b>597,151,304</b>		<b>23,213,594</b>	<b>505,131,610</b>	<b>528,345,204</b>
<b>Non - Financial Assets measured at fair value</b>								
Operating fixed assets (land and buildings)		-	30,847,822	30,847,822		-	27,957,849	27,957,849
Non-banking assets		-	4,534,320	4,534,320		-	1,203,360	1,203,360
<b>Off balance sheet financial instruments</b>								
FX options purchase		-	1,117,094	1,117,094		-	1,037,011	1,037,011
FX options sale		-	1,089,540	1,089,540		-	1,032,977	1,032,977
Cross currency swaps - long position		-	1,464,591	1,464,591		-	706,075	706,075
Cross currency swaps - short position		-	1,152,958	1,152,958		-	652,594	652,594
Foreign exchange contracts purchase		-	90,884,694	90,884,694		-	49,155,812	49,155,812
Foreign exchange contracts sale		-	76,275,282	76,275,282		-	49,689,153	49,689,153

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

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



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)  
For the nine months period ended September 30, 2017

20 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2017						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination	Total
	------(Rupees in '000)-----						
Total income	201,408	13,356,463	26,571,086	6,348,452	519,575	-	46,996,984
Total expenses	(72,070)	(3,437,640)	(16,051,779)	(1,062,419)	(296,851)	-	(20,920,759)
Income tax expense	-	-	-	-	-	-	(6,953,371)
Net income	129,338	9,918,823	10,519,307	5,286,033	222,724	-	19,122,854
Segment assets - (Gross of NPLs Provisions)	861,419	782,322,244	1,001,012,169	418,506,549	2,162,135	(822,121,010)	1,382,743,506
Advance taxation (payment less provision)	-	-	-	-	-	-	9,178,350
Deferred tax assets - net	-	-	-	-	-	-	330,103
Total assets	861,419	782,322,244	1,001,012,169	418,506,549	2,162,135	(822,121,010)	1,392,251,959
Segment non performing loans	-	-	14,389,980	34,861,253	-	-	49,251,233
Segment specific provision required	-	-	13,613,212	31,307,904	-	-	44,921,116
Segment liabilities	143,950	713,959,156	1,008,287,546	286,426,485	590,777	(822,121,010)	1,187,286,904
Total liabilities - net	143,950	713,959,156	1,008,287,546	286,426,485	590,777	(822,121,010)	1,187,286,904
Segment return on assets (ROA) (%)	31.17%	2.28%	3.59%	2.19%	32.04%	-	-
Segment cost of fund (%)	-	5.89%	3.27%	5.60%	-	-	-

	Nine months ended September 30, 2016						
	(Rupees in '000)						
Total income	145,877	18,973,045	22,846,108	5,177,960	476,337	-	47,619,327
Total expenses	(58,774)	(1,679,474)	(12,836,284)	(2,697,611)	(239,839)	-	(17,511,982)
Income tax expense	-	-	-	-	-	-	(12,208,924)
Net income	87,103	17,293,571	10,009,824	2,480,349	236,498	-	17,898,421
Segment assets - (Gross of NPLs provision)	499,092	613,479,757	814,570,570	295,207,946	2,258,597	(710,255,237)	1,015,760,725
Advance taxation (payment less provision)	-	-	-	-	-	-	2,301,630
Total assets	499,092	613,479,757	814,570,570	295,207,946	2,258,597	(710,255,237)	1,018,062,355
Segment non performing loans	-	-	7,458,726	14,548,505	-	-	22,007,231
Segment specific provision required	-	-	7,441,099	9,829,958	-	-	17,271,057
Segment liabilities	83,794	520,212,195	765,711,182	268,475,492	637,255	(710,255,237)	844,864,681
Deferred tax liabilities - net	-	-	-	-	-	-	11,427,069
Total liabilities - net	83,794	520,212,195	765,711,182	268,475,492	637,255	(710,255,237)	856,291,750
Segment return on assets (ROA) (%)	38.98%	4.12%	3.77%	2.42%	28.12%	-	-
Segment cost of fund (%)	-	6.07%	3.36%	4.37%	-	-	-

Total income = Net markup income + non-markup income  
Total expenses = Non Mark up expenses + Provisions  
Segment assets and liabilities include inter segment balances.  
Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.  
Segment cost of funds have been computed based on the average balances.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)  
For the nine months period ended September 30, 2017

**21 RELATED PARTY TRANSACTIONS AND BALANCES**

The Group has related party relationship with its associates, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in associates are given in note 8 of this consolidated condensed interim financial information for the nine months ended September 30, 2017.

The Group enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	Directors		Associates		Other Related Parties		Key Management	
	Nine months ended September 30, 2017	Year ended Dec 31, 2016	Nine months ended September 30, 2017	Year ended Dec 31, 2016	Nine months ended September 30, 2017	Year ended Dec 31, 2016	Nine months ended September 30, 2017	Year ended Dec 31, 2016
(Rupees in '000)								
<b>A. Balances</b>								
<b>Deposits</b>								
Opening balance	2,542,067	1,719,008	2,568,584	2,859,600	5,852,008	6,649,313	105,761	139,106
Received during the period / year	1,710,564	4,109,808	24,098,303	23,764,390	42,636,408	59,464,882	640,142	501,750
Withdrawn during the period / year	(1,690,323)	(3,286,749)	(24,365,656)	(24,055,406)	(42,945,039)	(60,262,187)	(593,689)	(535,095)
Closing balance	2,562,308	2,542,067	2,301,231	2,568,584	5,543,377	5,852,008	152,214	105,761
<b>Advances</b>								
Opening balance	195	886	-	-	262,113	-	84,787	68,520
Additions / adjustments during the period / year	-	-	-	-	7,070,443	2,398,324	17,609	33,519
Repaid / adjustments during the period / year	(195)	(691)	-	-	(4,938,225)	(2,136,211)	(9,872)	(17,252)
Closing balance	-	195	-	-	2,394,331	262,113	92,524	84,787
<b>Other Balances</b>								
Outstanding balance of credit cards	257	731	-	-	69	225	2,816	2,537
Receivable from Pension Fund	-	-	-	-	7,394,376	7,773,482	-	-
Commitments and contingent liabilities - outstanding	-	-	9,772	10,361	697,163	373,856	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	2,689,724	3,241,054	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	(458)	17,286	-	-
Borrowings outstanding	-	-	-	-	527,047	936,788	-	-
Trade payable	-	-	79,099	30,601	-	-	-	-
Markup payable	8,238	7,266	5,820	7,985	11,399	19,968	44	449
Other payable	3,032	4,226	949	788	33,885	68,295	-	-
Other advances	-	-	506	2,999	28,189	51,492	-	-
Markup receivable	-	-	-	-	33,663	3,163	1,563	1,152
Other receivable	-	-	278	810	810	-	-	-
Commission receivable	-	-	14,712	114,557	0	1	-	-

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)  
For the nine months period ended September 30, 2017

	Directors		Associates		Other Related Parties		Key Management	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
(Rupees in '000)								
<b>B. Transactions during the period</b>								
Insurance premium-net of refund	-	-	536,424	350,067	-	-	-	-
Insurance claim settled	-	-	10,777	7,533	-	-	-	-
Markup income on advances and lendings	2	24	-	-	51,439	4,895	5,089	3,255
Forward exchange contracts matured during the period	-	-	-	-	39,909,556	35,376,859	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	214,254	(13,231)	-	-
Dividend income	-	-	189,755	141,658	16,320	-	-	-
Commission income	-	-	704,676	638,489	7,993	7,945	-	-
Rent income and reimbursement of other expenses	-	-	2,506	2,278	2,430	2,430	-	-
Outsourcing service expenses	-	-	130,287	188,020	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	27	39
Cash sorting expenses	-	-	-	-	-	-	27	39
Stationery expenses	-	-	-	-	-	41,505	-	-
Security guards expenses	-	-	-	-	-	142,295	-	-
Remuneration and non-executive directors fee	-	-	-	-	292,429	292,802	-	-
Mark-up expense	106,711	98,437	52,349	39,624	118,207	200,286	368,239	336,293
Clearing expenses paid to NIFT	74,902	56,502	-	-	95,163	96,722	1,100	911
Contribution to provident fund	-	-	-	-	218,657	184,060	-	-
Rent and other expenses	-	-	1,448	5,117	40,020	8,495	-	-
Call borrowing deals entered and matured during the period	-	-	-	-	1,200,000	1,685,000	-	-
Sale of government securities	-	-	5,489,632	2,116,289	10,226,740	6,710,800	-	-
Purchase of government securities	-	-	3,923,498	4,844,963	9,295,593	6,777,081	-	-
Gain / (loss) on sale of government securities	-	-	47	(44)	197	3,244	-	-
Miscellaneous expenses and payments	-	-	-	-	59,291	27,529	-	-

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

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

**22 ISLAMIC BANKING BUSINESS**

The Group is operating 68 Islamic branches as at September 30, 2017 (December 31, 2016: 66). The statement of financial position of the Group's Islamic Banking Business as at September 30, 2017 is as follows:

	Note	September 30, 2017	December 31, 2016
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		2,979,813	1,509,804
Balances with other banks		2,197,774	2,750,998
Due from financial institutions		1,600,000	-
Investments - net		9,393,803	5,769,675
Islamic financing and related assets - net	22.1	24,827,426	16,172,727
Operating fixed assets		2,512,380	2,104,250
Deferred tax assets - net		134,737	-
Other assets - net		593,241	261,048
		44,239,174	28,568,502
<b>LIABILITIES</b>			
Bills payable		283,190	447,776
Due to financial institutions		6,073,290	2,785,650
Deposits and other accounts		26,897,245	14,279,436
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	40,524
Other liabilities		994,595	749,243
		34,248,320	18,302,629
		9,990,854	10,265,873
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Share capital		10,000,000	10,000,000
Reserves		26,444	26,444
Unappropriated profit		36,315	68,087
		10,062,759	10,094,531
Surplus on revaluation of assets - net of tax		(71,905)	171,342
		9,990,854	10,265,873
<b>Islamic financing and related assets - net</b>			
Murabaha financing		4,723,434	2,719,939
Inventory held under Murabaha		4,236,950	4,987,296
Advances against Murabaha		1,457,347	804,071
Murabaha under Islamic export refinance scheme		123,108	87,003
Advances against Murabaha under Islamic export refinance scheme		-	299,650
Diminishing Musharakah		6,912,340	4,392,900
Advances against Diminishing Musharakah		1,092,810	1,222,733
Musharakah financing		122,520	-
Running Musharakah financing		2,854,408	-
Advances against Running Musharakah under Islamic export refinance scheme		1,079,000	-
Net book value of assets in Ijarah under IFAS 2		1,416,753	1,243,897
Advances against Ijarah		234,578	42,508
Advances against Istisna under Islamic export refinance scheme		50,000	-
Staff finance		525,115	374,004
<b>Islamic financing and related assets - gross</b>		24,828,363	16,174,001
Provision against non performing Islamic financing and related assets		(937)	(1,274)
<b>Islamic financing and related assets - net of provision</b>		24,827,426	16,172,727

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the nine months period ended September 30, 2017

The profit and loss account of the Group's Islamic banking business for the nine months ended September 30, 2017 is as follows:

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	----- (Rupees in '000) -----	
Profit / return earned	1,441,897	1,203,369
Profit / return expensed	666,768	419,484
Net spread earned	775,129	783,885
Provision against non-performing Islamic financing and related assets - net	(337)	56,000
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
	(337)	56,000
Net spread after provisions	775,466	727,885
<b>Other income</b>		
Fee, commission and brokerage income	33,972	26,497
Dividend income	47,601	40,514
Income from dealing in foreign currencies	24,392	14,936
Gain on sale of securities - net	299,611	109,913
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net	-	-
Other income	7,873	18,860
Total other income	413,449	210,720
	1,188,915	938,605
<b>Other expenses</b>		
Administrative expenses	1,239,765	738,467
Provision against other assets - net	-	-
Other charges	8	13,732
Total other expenses	1,239,773	752,199
Extra ordinary / unusual items	-	-
<b>Profit before taxation</b>	<b>(50,858)</b>	<b>186,406</b>
Taxation		
- Current	20,209	61,226
- Prior periods	-	4,866
- Deferred	(38,320)	9,709
	(18,111)	75,801
<b>Profit / (loss) after taxation</b>	<b>(32,747)</b>	<b>110,605</b>





Notes to the Consolidated Condensed Interim Financial Information (Un-audited)  
For the nine months period ended September 30, 2017

23 GENERAL

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

24 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 25, 2017 has announced cash dividend in respect of the nine months period ended September 30, 2017 of Rs. 4.00 per share (September 30, 2016: Rs. 4.00 per share). This consolidated condensed interim financial information for the nine months period ended September 30, 2017 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

25 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on October 25, 2017.

  
Imran Maqbool  
President / CEO

  
Samir Iqbal Saigol  
Director

  
Muhammad Ali Zeb  
Director

  
Irfan Ahmed Hashmi  
Director

