

Vision

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

Mission

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

Core Values

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

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

Corporate Profile

Board of Directors:

Mian Mohammad Mansha Mr. Muhammad Tariq Rafi Mian Umer Mansha Mrs. Iqraa Hassan Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Shahzad Hussain Mr. Masood Ahmed Puri Mr. Shariffuddin Bin Khalid Mr. Shoaib Mumtaz	Chairman Director Director Director Director Director Director Director Director Director Director Director President & CEO
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Audit Committee:

Mr. Shahzad Hussain Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Shariffuddin Bin Khalid	Chairman Member Member Member
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Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary (Acting):	Mr. Farid Ahmad
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan.
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, Pakistan. Branch Office: M/s. THK Associates (Pvt.) Limited Office No. 309, 3rd Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore, Pakistan.

Directors' Review - March 2023



On behalf of the Board of Directors, we are pleased to present the financial statements of MCB Bank Limited (MCB) for the three months period ended March 31, 2023.

Performance Review

On a standalone basis, the profit before and after taxation for the period ended March 31, 2023 together with appropriations is as under:

	Rs. in Million
Profit Before Taxation	23,016
Taxation	9,960
Profit After Taxation	13,056
Un-appropriated Profit Brought Forward	70,425
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	42
	70,467
Profit Available for Appropriation	83,523
Appropriations:	
Statutory Reserve	(1,306)
Final Cash Dividend at Rs. 6.0 per share - December 2022	(7,110)
Total Appropriations	(8,416)
Un-appropriated Profit Carried Forward	75,107

With strong build up in core earnings, MCB's Profit Before Tax (PBT) for the first quarter of 2023 increased to Rs 23.02 billion with an impressive growth of 54%. Profit After Tax (PAT) posted a growth of 46% to reach Rs. 13.06 billion; translating into Earning Per Share (EPS) of Rs. 11.02 compared to EPS of Rs. 7.52 reported in the corresponding period last year.

On the back of strong volumetric growth in current account and timely repositioning within the asset book, net interest income for 1Q'23 increased by 66% over corresponding period last year. YoY average current deposits of the Bank registered a remarkable growth of Rs. 178 billion (+31%).

Non-markup income increased to Rs. 5.9 billion (+3%) against Rs. 5.7 billion in the corresponding period last year with major contributions coming in from fee commission income. The Bank registered a growth of 27% in fee commission with income from trade and guarantee business up by 59%, cards related income up by 42% and income from home remittance up by 39%.

The Bank continues to manage an efficient operating expense base and manage costs prudently. Amidst an exceptionally persistent high-inflation, impact of sharp currency devaluation and rapidly escalating fuel and utility costs, the operating expenses of the Bank reported at Rs. 11.8 billion (+25%). The cost to income ratio of the Bank improved significantly to 32.77% from 39.65% reported in corresponding period last year.

Proactive monitoring and recovery efforts led to a net provision reversal of Rs. 293 million against non-performing loans (NPL's) for the period under review. Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk. The Non-performing loan (NPLs) base of the Bank was reported at Rs. 55.3 billion. The Bank has not taken FSV benefit in calculation of specific provision against its non-performing loans (NPL's) base. The coverage and infection ratios of the Bank were reported at 81.88% and 7.87%, respectively.



On the financial position side, the total asset base of the Bank grew by 1.39% and was reported at Rs. 2.11 trillion. Analysis of the assets mix highlights that net investments and gross advances have decreased by Rs. 33 billion (-3%) and Rs. 95 billion (-12%) over December 31, 2022 respectively whereas Lending to Financial Institutions increased by Rs. 71 billion (+140%).

The Bank continued its focus on building no cost deposits, leading to a robust growth of Rs. 178 billion (YoY: +31%) in average current deposits. The average current to total deposits ratio improved to 51.2% in Q1-2023 from 40.1% in Q1-2022. The domestic cost of deposits was 7.15% as compared to 4.91% in the corresponding period of last year despite the exceptional increase in interest rates during the period.

Return on Assets and Return on Equity significantly improved to 2.49% and 29.63% respectively, whereas the book value per share was reported at Rs. 153.29.

During the period under review, MCB attracted home remittance inflows of USD 786 million to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels; with market share improving to 12.3% compared to 11.4% in the corresponding period of last year.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 18.01% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.94% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.15% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 245.14% and Net Stable Funding Ratio (NSFR) of 138.35% against requirement of 100%.

The Board of Directors has declared the first interim cash dividend of Rs. 6.00 per share i.e. 60% for the first quarter ended March 31, 2023.

Ratings

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 23, 2022.

Economy Review

During the 1Q'2023, Pakistan's macroeconomic condition worsened further as the country went through fiscal and monetary tightening in hopes of unlocking the IMF funding. Soaring inflation, high interest rates, and persistent balance of payment pressures (leading to import rationing) continued to strain business development and dampened demand.

IMF team's visit to Pakistan, in January, saw the country committing significant reforms and correctives fiscal measures. In spite of the mini-budget of Rs.170 billion, increase in the GST from 17% to 18%, additional 8% tax on luxury products and increase in gas and electricity prices, there remains a standstill as IMF awaits external fund assurances from friendly countries.

The country's financial performance has been a mixed bag, as on the fiscal front, the FBR missed the tax collection target of Rs.5.433 trillion by Rs. 278 billion in the first nine months of the fiscal year despite the additional tax measures levied in March. A noticeable improvement was witnessed on the external side, with the current account deficit (CAD) recording a declining trend on import rationing.

From January-23 to March-23, PKR depreciated by 25% compared to a cumulative depreciation of 28% in 2022. During the said period, the foreign reserves plunged to below \$3 billion but then recovered slightly with new bilateral external funding to \$4.04 billion. At these levels, the funds are barely enough to cover one month of imports.

On the monetary side, SBP has increased the interest rate by a total of 500 bps, taking the policy rate to 21%, with the primary motive of reducing aggregate demand and inflation expectations. In March-23, inflation spiked to 35.4%, on the back of high fuel tariffs, shortage of commodities, removal of export-oriented subsidies and additional taxes.

Future Outlook

The country remains in the midst of an economic crisis. Inflation is expected to remain high on the back of second round effect of price hikes in energy and food prices. Temporary closure of industries due to the unavailability of raw materials and constrained demand will lead to a spike in unemployment. External financing remains vital for Pakistan, but the inflow of funds has been precariously low owing to the uncertainty around the IMF program.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,



Shoaib Mumtaz
President & CEO,
MCB Bank Limited
6 April 27, 2023



Mian Umer Mansha
Director
MCB Bank Limited

مالیاتی حوالے سے، اسٹیٹ بینک آف پاکستان نے مجموعی طلب اور متوقع افراط زر کو کم کرنے کے بنیادی مقصد کے تحت پالیسی ریٹ میں کل 500 بی پی ایس کا اضافہ کرتے ہوئے اس کی شرح کو 21 فیصد پر مقرر کیا ہے۔ مارچ 2023ء میں ایندھن کے نرخوں میں اضافے، اجناس کی قلت، برآمدات سے متعلق سب سڈیز کے خاتمے اور اضافی ٹیکسوں کی وجہ سے افراط زر 35.4 فیصد تک بڑھ گیا۔

مستقبل کی پیش بینی

ملک اب بھی ایک معاشی بھران میں گھرا ہوا ہے۔ ایندھن کی قیمتوں میں دوبارہ کیے گئے اضافے اور اشیاء خورد و نوش کی قیمتوں کے اثرات کے باعث، افراط زر کی شرح میں بلندی کا رجحان برقرار رہنے کی توقع ہے۔ خام مال کی عدم دستیابی کے باعث صنعتوں کی عارضی بندش اور طلب کی کمی کی بدولت بیروزگاری میں اضافہ ہوگا۔ بیرونی فنڈنگ پاکستان کے لیے ناگزیر ہے لیکن آئی ایم ایف کے پروگرام میں غیر یقینی صورتحال کے تناظر میں اختیار کیے گئے محتاط رویوں کی بدولت اس فنڈنگ کی ترسیل کافی کم ہے۔

تعمین و شکر

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کا اگلی جاری معاونت کے لیے، بینک کے ممبر ہولڈرز اور صارفین کا اگلے بھرپور اعتماد کے لیے اور اپنے ملازمین کا اگلی مسلسل لگن اور مخلصانہ خدمات پر شکریہ ادا کرتے ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

منجانب و برائے بورڈ آف ڈائریکٹرز

شعیب ممتاز

پریذیڈنٹ اور سی ای او
ایم سی بی بینک لمیٹڈ
27 اپریل 2023ء

میاں عمر منشاء

ڈائریکٹر
ایم سی بی بینک لمیٹڈ

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 31 مارچ 2023ء کو اختتام پذیر سرمایہ کے مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ :

31 مارچ 2023ء کو اختتام پذیر سرمایہ میں بینک کے انفرادی منافع قبل وبعد از ٹیکس اور تخصیص، مندرجہ ذیل ہے:

ملین روپے

23,016
9,960
13,056
70,425
42
70,467
83,523
(1,306)
(7,110)
(8,416)
75,107

منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

اقتصادی غیر تخصیص شدہ منافع

پائیدار اثاثوں کی از سر نو تجدید پر سربس سے اضافی فرسودگی

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

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتمی کیش ڈیویڈنڈ 6 روپے فی شیئر - برائے دسمبر 2022ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

اپنی خالص آمدنی کو مضبوط بناتے ہوئے، ایم سی بی کا منافع قبل از ٹیکس سال 2023ء کی پہلی سرمایہ کے دوران 54 فیصد کی قابل رجحان نمو کے ساتھ، 23.02 ملین روپے تک بڑھ گیا۔ منافع بعد از ٹیکس 46 فیصد کی نمو کے اندراج کے ساتھ 13.06 ملین روپے پر درج ہوا۔ جس کی بدولت فی حصص آمدنی (EPS) گزشتہ سال کے تقابلی عرصہ کی 7.52 روپے فی حصص آمدنی سے بڑھ کر 11.02 روپے فی حصص پر ریکارڈ ہوئی۔

کرنٹ اکاؤنٹ میں مضبوط مقدراری نمو اور اثاثہ جات کی بروقت منتقلی کی بدولت، سال 2023ء کی پہلی سرمایہ کے دوران خالص انٹرنسٹ آمدنی میں گزشتہ سال کی تقابلی مدت کی نسبت 66 فیصد کا اضافہ ہوا۔ سال بہ سال کی بنیاد پر، بینک کے اوسط کرنٹ ڈیپازٹس میں 178 ملین روپے (+ 31 فیصد) کی بڑھوتری دیکھی گئی۔

نان مارک اپ آمدنی، گزشتہ سال کی اسی تقابلی مدت کے 5.7 ملین روپے کے حجم سے بڑھ کر 5.9 ملین روپے (+ 3 فیصد) پر جا پہنچی۔ اس اضافے میں فیس و کمیشن کی آمدنی کی شمولیت نمایاں رہی۔ اس حوالے سے، فیس و کمیشن کی آمدنی میں 27 فیصد اضافہ ریکارڈ کیا گیا۔ جبکہ تجارتی و کاروباری سے متعلقہ آمدنی میں 59 فیصد، ڈیٹ کارڈ میں 42 فیصد اور انفرادی ترسیلات زر میں 39 فیصد کا اضافہ درج کیا گیا۔

بینک نے اپنے کاروباری اخراجات کے موزوں انتظام کو جاری رکھے ہوئے لاگت کو دانشمندی سے محدود رکھا۔ ایک انتہائی بلند ترین افراط زر کے ماحول، کرنسی کی فرسودگی کے اثرات اور ایندھن اور پمپنگ کی تیزی سے بڑھتی قیمتوں کے مابین، بینک کے کاروباری اخراجات 25 فیصد کی نمو کے ساتھ 11.8 ملین روپے پر ریکارڈ کیے گئے۔ بینک کی لاگت سے آمدنی کی شرح گزشتہ سال کے تقابلی عرصہ کی 39.65 فیصد کی سطح سے بہتری کے ساتھ 32.77 فیصد کی شرح پر درج کی گئی۔

پیش قدم گمرانی اور وصولیوں کی کوششوں کی بدولت اس زیر تجزیہ عرصہ کے دوران غیر فعال قرضوں کے لیے مختص خالص اخراجات (پروویژن) میں 293 ملین روپے کی کمی ہوئی۔ خدشات کے تدارک کے مضبوط فریم ورک جو کہ چارج کے حقیقی ماڈلز، قرض کی ادائیگی سے پہلے اس کی قدرتیائی کے موزوں طریقہ کار اور ادائیگی کے بعد گمرانی کے موثر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدشات کا، ارتقائی عمل سے دوچار میکرو اکنامک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقے سے انتظام کیا۔ بینک کے غیر فعال قرضہ جات 55.3 ملین روپے پر رپورٹ ہوئے۔ بینک نے اپنی مخصوص پروویژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا۔ بینک کی کوریج اور انٹیکسٹن کی شرحیں بالترتیب 81.88 فیصد اور 7.87 فیصد پر رپورٹ ہوئیں۔

مالیاتی صورتحال کی مدد میں، بینک کے کل اثاثہ جات 1.39 فیصد تک بڑھ کر 2.11 ٹریلین روپے پر رپورٹ کیے گئے۔ اثاثہ جات کی ترکیب کا جائزہ اس امر کو نمایاں کرتا ہے کہ خالص سرمایہ کاری اور کل قرضہ جات میں بالترتیب 33 ملین روپے (-3 فیصد) اور 95 ملین روپے (-12 فیصد) کی کمی واقع ہوئی۔ جبکہ مالیاتی اداروں کو فراہم کیے گئے قرضوں میں 71 ملین روپے (+140 فیصد) کا اضافہ ہوا۔

بینک نے بغیر لاگت کے ڈیپازٹس کے حصول پر مسلسل توجہ کے باعث اوسط کرنٹ ڈیپازٹس میں 178 ملین روپے (سال بہ سال کی بنیاد پر +31 فیصد) کی نمو حاصل ہوئی۔ اوسط کرنٹ ڈیپازٹس کی کل ڈیپازٹس سے شرح سال 2022ء کی پہلی سرمایہ کی 40.1 کی سطح سے سال 2023ء کی پہلی سرمایہ میں بہتری کے ساتھ 51.2 فیصد پر رپورٹ کی گئی۔ اس مدت کے دوران، انٹرنسٹ ریش میں غیر معمولی اضافے کے باوجود، ڈیپازٹس کی لاگت گزشتہ سال کی اسی تقابلی مدت کی 4.91 فیصد کی شرح کے مقابلے میں 7.15 فیصد پر درج کی گئی۔

اثاثہ جات کی آمدنی اور سرمائے (ایکویٹی) کی آمدنی کی شرحیں بہتری کے ساتھ بالترتیب 2.49 فیصد اور 29.63 فیصد کی سطح پر درج کی گئیں۔ جبکہ، بک ویلیو فی حصص 153.29 پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، ایم سی بی نے 786 ملین امریکی ڈالرز کی ترسیلات زر کو راغب کیا تاکہ ملک میں بینکنگ چینلوں کے ذریعے ترسیلات زر کے بہاؤ میں بہتری کے اسٹیٹ بینک آف پاکستان کے مقصد میں ایک فعال شراکت دار کے اپنے کردار کو مزید مضبوط بنایا جاسکے۔ ترسیلات زر کی مدد میں بینک کا مارکیٹ میں حصہ گزشتہ سال کے تقابلی عرصہ کی 11.4 فیصد کی شرح سے بہتری کے ساتھ 12.3 فیصد کی شرح پر درج کیا گیا۔

سرمائے کے ضوابط کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کپیشل ایڈیکوئیٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 18.01 فیصد پر رہی (جس میں 2020ء کے بی بی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو محفوظ رکھنے کے لیے 1.50 فیصد کی تحلیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اکتھار بینک کی کامن ایکویٹی راز - 1 CET1) Common Equity Tier (کے کل رسک ویٹڈ ایسٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.0 فیصد کی مطلوبہ حد کے مقابلہ 15.94 فیصد کی شرح پر درج کی گئی۔ بینک کی کپٹالائزیشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی مطلوبہ حد سے نمایاں اضافہ کے ساتھ 6.15 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریشو (Coverage Ratio LCR - Liquidity) کو 245.14 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 138.35 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2023ء کو اختتام پذیر سرمایہ کے لیے 6.00 روپے فی حصص کے پہلے عبوری کیش ڈیویڈنڈ یعنی 60 فیصد کا اعلان کیا ہے۔

ریٹنگ:

پاکرا (PACRA) کے نوٹیفکیشن بتاریخ 23 جون 2022ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور A1 کی بلند ترین کریڈٹ رینٹس سے مستفید ہو رہا ہے۔

معاشی تجزیہ

سال 2023 کی پہلی سرمایہ کے دوران، پاکستان کی کال معاشی صورتحال مزید تطہیر کا شکار رہی کیونکہ ملک آئی ایم ایف سے سرمائے کے حصول کی امید پر کیے گئے سخت مالیاتی اور انتظامی اقدامات سے متاثر رہا۔ بڑھتے افراط زر، بلند انٹرنسٹ ریش اور ادائیگیوں کے توازن پر مسلسل دباؤ (جس کی وجہ سے درآمدات کی راسخک کی گئی) نے ناصرف کاروبار کی ترقی کے عمل میں کمی کی بلکہ طلب کو بھی محدود کیا۔

جنوری میں آئی ایم ایف کی ٹیم کے پاکستان کے دورے کے دوران ملک نے کئی نمایاں اصلاحات اور درست مالیاتی اقدامات کے نفاذ کا اعادہ کیا۔ 170 ملین روپے کے منی بجٹ، جی ایس ٹی (GST) کی شرح میں 17 فیصد سے 18 فیصد تک کے اضافے، پرنٹس اشیاء پر 8 فیصد اضافی ٹیکس اور گیس و بجلی کی قیمتوں میں اضافے کے باوجود، آئی ایم ایف دوست ممالک سے ملنے والی ممکنہ مالی اعانت کی یقین دہانیوں کے انتظار میں اس معاہدے کو التوا میں رکھے ہوئے ہے۔

ملک کی معاشی کارکردگی میں ٹی جی کیفیت کا رجحان رہا۔ مالیاتی حوالے سے، ایف بی آر (FBR) نے مارچ کے دوران، اضافی ٹیکس کے نفاذ کے باوجود، مالی سال کے پہلے نو ماہ کے عرصہ کے دوران اپنی ٹیکس وصولیوں کے 5.433 ٹریلین روپے کے ہدف سے 278 ملین روپے کی کم وصولیاں کیں۔ بیرونی حوالے سے، درآمدات کی راسخک کی وجہ سے کرنٹ اکاؤنٹ کے خسارے میں ہونے والی کمی کے رجحان کی بدولت ایک قابل ذکر بہتری دیکھنے میں آئی۔

جنوری 2023ء سے مارچ 2023ء کے دوران روپے کی قدر میں سال 2022ء میں ہونے والی 28 فیصد کی فرسودگی کے مقابلے میں 25 فیصد کی مجموعی فرسودگی واقع ہوئی۔ اسی مدت کے دوران، غیر ملکی زرمبادلہ کے ذخائر 3 ملین امریکی ڈالرز سے بھی کم ہو گئے تاہم، بعد میں دو طرفہ بیرونی فنڈنگ کے باعث ان میں قدرے بہتری دیکھی گئی۔ اور یہ بڑھ کر 4.04 ملین تک جا پہنچے۔ زرمبادلہ کی اس سطح سے ایک ماہ کی درآمدات کو پورا کرنے میں بھی مشکل پیش آ سکتی ہے۔

Unconsolidated Condensed Interim Statement of Financial Position
As At March 31, 2023



Note Unaudited March 31, 2023 Audited December 31, 2022

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

ASSETS

Cash and balances with treasury banks	7	143,987,078	96,368,918
Balances with other banks	8	37,418,850	24,872,110
Lendings to financial institutions	9	121,101,540	50,415,768
Investments	10	945,988,411	978,731,140
Advances	11	657,255,205	753,399,576
Fixed assets	12	80,462,304	79,918,324
Intangible assets	13	789,486	801,117
Deferred tax assets	14	13,764,698	7,547,068
Other assets	15	113,642,366	93,301,143
		2,114,409,938	2,085,355,164

LIABILITIES

Bills payable	17	11,522,676	39,136,884
Borrowings	18	229,457,929	340,237,265
Deposits and other accounts	19	1,539,757,788	1,378,717,068
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	-
Other liabilities	20	141,512,141	137,769,297
		1,922,250,534	1,895,860,514
		192,159,404	189,494,650

NET ASSETS

REPRESENTED BY

Share capital		11,850,600	11,850,600
Reserves	21	94,704,165	88,578,024
Surplus on revaluation of assets - net	22	10,497,236	18,640,651
Unappropriated profit		75,107,403	70,425,375
		192,159,404	189,494,650

CONTINGENCIES AND COMMITMENTS

23

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

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Three Months Period Ended March 31, 2023



Note Three Months Ended January 01 to March 31, 2023 January 01 to March 31, 2022
-----Rupees in '000-----

Mark-up / return / interest earned	25	63,854,845	39,716,774
Mark-up / return / interest expensed	26	33,785,112	21,604,748
Net mark-up / interest income		30,069,733	18,112,026

NON MARK-UP / INTEREST INCOME

Fee and commission income	27	4,172,386	3,274,244
Dividend income		648,654	755,431
Foreign exchange income		982,687	1,211,275
Income from derivatives		12,056	2,439
Gain / (loss) on securities	28	51,885	414,729
Other Income	29	54,030	63,568
Total non-markup / interest Income		5,921,698	5,721,686
Total Income		35,991,431	23,833,712

NON MARK-UP / INTEREST EXPENSES

Operating expenses	30	11,792,822	9,449,313
Workers Welfare Fund		460,318	298,569
Other charges	31	98,162	20,922
Total non-markup / interest expenses		12,351,302	9,768,804

Profit before provisions

Provisions / (reversals) and write offs - net	32	624,254	(863,537)
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PROFIT BEFORE TAXATION

Taxation	33	9,960,162	6,014,059
		13,055,713	8,914,386

Basic and diluted earnings per share

	34	11.02	7.52
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The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Shoaib Mumtaz
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Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Three Months Period Ended March 31, 2023



Profit after taxation for the period

Other comprehensive income / (loss)

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

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

Total comprehensive income

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

Three Months Ended	
January 01 to March 31, 2023	January 01 to March 31, 2022
-----Rupees in '000-----	
13,055,713	8,914,386
4,820,570	(1,206,034)
(8,101,169)	(3,231,811)
(3,280,599)	(4,437,845)
9,775,114	4,476,541

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Three Months Period Ended March 31, 2023



	Share capital		Share premium		Capital reserve		Exchange translation reserve	Statutory reserve	Revenue reserve		Surplus/(deficit) on evaluation of Investments		Unappropriated profit	Total
	Share capital	Share premium	Non-distributable capital reserve	Capital reserve	General reserve	Ficed / non-banking assets								
Balance as at December 31, 2021 (Audited)	11,850,600	23,751,114	908,317	3,701,067				37,641,526	18,600,000		(4,738,725)	19,010,242	63,683,267	174,407,408
Total comprehensive income for the period ended March 31, 2022														
Profit after taxation for the period ended March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	(1,206,034)	(1,206,034)	-	-	-	-	(3,231,811)	-	8,914,386	8,914,386
Transfer to statutory reserve	-	-	-	-	-	-	-	881,439	-	-	-	-	(881,439)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	(20,341)	20,341	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	(8,686)	8,686	-
Transactions with owners, recorded directly in equity														
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Balance as at March 31, 2022 (Un-audited)	11,850,600	23,751,114	908,317	2,495,033				38,532,865	18,600,000		(7,970,036)	18,981,005	65,810,151	172,950,649
Change in equity for nine months period ended December 31, 2022														
Total comprehensive income for the nine months period ended December 31, 2022														
Profit after taxation for the nine months period ended December 31, 2022	-	-	-	-	1,907,940	1,907,940	-	-	-	-	(1,111,140)	18,805,972	301,720	23,826,548
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-	-	(1,111,140)	18,805,972	23,524,828	33,126,841
Transfer to statutory reserve	-	-	-	-	-	-	-	2,362,655	-	-	-	-	(2,362,655)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	(55,690)	55,690	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	(3,140)	3,140	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	(5,060)	5,060	-
Transactions with owners, recorded directly in equity														
Interim cash dividend at Rs. 5.0 per share - March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Interim cash dividend at Rs. 4.0 per share - June 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 5.0 per share - September 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Balance as at December 31, 2022 (Audited)	11,850,600	23,751,114	908,317	4,402,973				40,915,620	18,600,000		(19,082,376)	37,723,027	70,425,375	189,484,650
Total comprehensive income for the period ended March 31, 2023														
Profit after taxation for the period ended March 31, 2023	-	-	-	-	4,820,570	4,820,570	-	-	-	-	(8,101,169)	-	13,055,713	13,055,713
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-	-	(8,101,169)	-	13,055,713	9,775,114
Transfer to statutory reserve	-	-	-	-	-	-	-	1,305,571	-	-	-	-	(1,305,571)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	(42,246)	42,246	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity														
Final cash dividend at Rs. 6.0 per share - December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)
Balance as at March 31, 2023 (Un-audited)	11,850,600	23,751,114	908,317	9,223,543				42,221,191	18,600,000		(27,183,545)	37,680,761	75,077,403	182,159,404

For details of dividend declaration and appropriations, please refer note 39 to these unconsolidated condensed interim financial statements.
For details of reserves, please refer note 21 to these unconsolidated condensed interim financial statements.
The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

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Director

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Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Period Ended March 31, 2023



Note	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	23,015,875	14,928,445
Less: Dividend income	(648,654)	(755,431)
	22,367,221	14,173,014
Adjustments:		
Depreciation on fixed assets	30 654,433	554,970
Depreciation on right-of-use assets	30 339,047	306,216
Depreciation on non-banking assets acquired in satisfaction of claims	30 5,970	5,986
Amortization	30 83,873	78,497
Provisions / (reversals) and write offs - net	32 624,254	(863,537)
Gain on sale of fixed assets - net	29 (5,053)	(7,813)
Interest expensed on lease liability against right-of-use assets	26 271,941	237,781
Workers welfare fund	460,318	298,569
Charge for defined benefit plans - net	74,065	87,000
Gain on termination of lease liability against right-of-use assets	29 (9,733)	(33,911)
Unrealized gain on revaluation of investments - Held For Trading	28 (59)	(550)
	2,499,056	663,208
	24,866,277	14,836,222
Decrease / (increase) in operating assets		
Lendings to financial institutions	(70,685,772)	471,978
Held-for-trading securities	-	(8,710,950)
Advances	96,478,153	4,893,272
Others assets (excluding advance taxation)	(2,917,529)	(2,769,270)
	22,874,852	(6,114,970)
Increase / (decrease) in operating liabilities		
Bills Payable	(27,614,208)	(12,682,844)
Borrowings from financial institutions	(110,212,903)	51,867,600
Deposits	161,040,720	79,833,629
Other liabilities (excluding current taxation)	(14,188,543)	8,626,676
	9,025,066	127,645,061
Defined benefits paid	(55,789)	(68,615)
Income tax paid	(10,158,040)	(5,955,567)
Net cash flow from operating activities	46,552,366	130,342,131
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available-for-sale securities	18,290,695	(139,265,668)
Net (investment) / divestment in held-to-maturity securities	(698,939)	202,791
Dividends received	488,034	698,770
Investments in fixed assets	(1,092,446)	(869,913)
Proceeds from sale of fixed assets	6,934	12,756
Investments in Intangible assets	(71,170)	(26,730)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	-	87,800
Effect of translation of net investment in foreign branches	4,820,570	(1,206,034)
Net cash flow from / (used) in investing activities	21,743,678	(140,366,228)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(517,224)	(442,458)
Dividend paid	(7,047,487)	(5,550,787)
Net cash flow used in financing activities	(7,564,711)	(5,993,245)
Effects of exchange rate changes on cash and cash equivalents	10,636,374	(565,466)
Increase in cash and cash equivalents	71,367,707	(16,582,808)
Cash and cash equivalents at beginning of the period	109,790,967	182,348,837
Cash and cash equivalents at end of the period	181,158,674	165,766,029

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

Shoaib Mumtaz
President / CEO

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Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,436 branches (2022: 1,439 branches) within Pakistan and 09 branches (2022: 09 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

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

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

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

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

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

The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2022.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

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

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

Effective date (annual periods
beginning on or after)

Amendment to IFRS 16 - Leases on sale and leaseback
Classification of Liabilities as Current or Non-current – Amendments to IAS 1

January 1, 2024
January 1, 2024

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

As per the SBP's BPRD Circular Letter no. 07 dated April 13, 2023, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2024. Therefore, these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted. The impact of the application of IFRS 9 on Bank's financial statements is being assessed with respect to domestic operations.

There are other amendments and interpretations to existing standards that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2022.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2022.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2022. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



Unaudited
March 31, 2023
Audited
December 31,
2022
-----Rupees in '000-----

7. CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	38,196,365	29,535,358
Foreign currencies	8,450,579	7,366,137
	46,646,944	36,901,495
With State Bank of Pakistan in		
Local currency current accounts	58,673,383	51,724,040
Foreign currency current accounts	2,507,672	2,227,841
Foreign currency deposit accounts	12,774,091	-
	73,955,146	53,951,881
With other central banks in		
Foreign currency current accounts	7,819,992	5,208,115
With National Bank of Pakistan in		
Local currency current accounts	15,380,690	142,820
Prize bonds	184,306	164,607
	143,987,078	96,368,918

8. BALANCES WITH OTHER BANKS

Outside Pakistan		
In current accounts	17,637,875	17,700,810
In deposit accounts	19,780,975	7,171,300
	37,418,850	24,872,110

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	33,169,680	23,736,012
Repurchase agreement lendings (Reverse Repo)	87,931,860	26,679,756
	121,101,540	50,415,768

10. INVESTMENTS

10.1 Investments by type:

Held-for-trading securities	Cost / Amortised cost	Unaudited March 31, 2023	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Audited December 31, 2022	Surplus / (Deficit)	Carrying Value
		Provision for diminution				Provision for diminution		
Shares	-	-	59	59	-	-	-	-
Available-for-sale securities								
	912,633,691	(423,768)	(47,035,238)	865,174,685	946,651,272	(134,427)	(32,744,038)	913,772,807
	28,983,397	(10,040,462)	(715,102)	18,227,833	28,270,391	(9,618,325)	(723,632)	17,928,434
	2,953,840	-	12,276	2,966,116	2,953,840	-	5,782	2,959,622
Non Government Debt Securities	19,231,548	(1,232)	47,633	19,277,949	4,134,862	(1,232)	(15,965)	4,177,685
Foreign Securities	963,802,476	(10,465,462)	(47,690,431)	905,646,583	982,010,385	(9,753,984)	(33,477,853)	938,778,548
Held-to-maturity securities								
	16,178,285	(408,226)	-	15,770,059	15,477,681	(98,464)	-	15,379,217
	118	(118)	-	-	118	(118)	-	-
	8,030,538	(477,541)	-	7,552,997	8,032,203	(477,541)	-	7,554,662
Provincial Government Securities	-	-	-	-	-	-	-	-
Non Government Debt Securities	-	-	-	-	-	-	-	-
Foreign Securities	24,208,941	(885,885)	-	23,323,056	23,510,002	(576,123)	-	22,933,879
Associates	700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries	16,318,312	-	-	16,318,312	16,318,312	-	-	16,318,312
Total Investments	1,005,030,130	(11,351,347)	(47,690,372)	945,988,411	1,022,539,100	(10,330,107)	(33,477,853)	978,731,140

10.4

10.1.1 Investments given as collateral

- Market Treasury Bills	
- Pakistan Investment Bonds	

10.2 Provision for diminution in value of investments

10.2.1 Opening balance

Exchange and other adjustments	
Charge / (reversals)	
Charge for the period / year	
Reversal on disposals	

Amounts written off	
Closing Balance	

10.2.2 Particulars of provision against debt securities

Category of classification

Domestic	
Loss	

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 831,994 million (December 31, 2022: Rs 232,891 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 19,466.325 million (December 31, 2022: Rs. 19,861,244 million).

10.4 The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 has approved an equity investment of PKR 649,925 million to acquire further 30.09% shareholding of "MCB Arif-Habib Savings and Investments Limited" (MCBAH), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBAH in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The financial impact of this acquisition will be reflected in MCB Bank's Financial Statements for half year ending June 30, 2023.



Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023

	Unaudited March 31, 2023		Audited December 31, 2022	
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000				
	-	-	59	59
	-	-	59	59
Held-for-trading securities				
	912,633,691	(423,768)	(47,035,238)	865,174,685
	28,983,397	(10,040,462)	(715,102)	18,227,833
	2,953,840	-	12,276	2,966,116
Non Government Debt Securities	19,231,548	(1,232)	47,633	19,277,949
Foreign Securities	963,802,476	(10,465,462)	(47,690,431)	905,646,583
Held-to-maturity securities				
	16,178,285	(408,226)	-	15,770,059
	118	(118)	-	-
	8,030,538	(477,541)	-	7,552,997
Provincial Government Securities	-	-	-	-
Non Government Debt Securities	-	-	-	-
Foreign Securities	24,208,941	(885,885)	-	23,323,056
Associates	700,401	-	-	700,401
Subsidiaries	16,318,312	-	-	16,318,312
Total Investments	1,005,030,130	(11,351,347)	(47,690,372)	945,988,411
10.4				
10.1.1 Investments given as collateral				
- Market Treasury Bills				
- Pakistan Investment Bonds				
10.2 Provision for diminution in value of investments				
10.2.1 Opening balance				
Exchange and other adjustments				
Charge / (reversals)				
Charge for the period / year				
Reversal on disposals				
Amounts written off				
Closing Balance				
10.2.2 Particulars of provision against debt securities				
Category of classification				
Domestic				
Loss				
10.2.3 In addition to the above, overseas branches hold a general provision of Rs 831,994 million (December 31, 2022: Rs 232,891 million) in accordance with the requirements of IFRS 9.				
10.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 19,466.325 million (December 31, 2022: Rs. 19,861,244 million).				
10.4 The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 has approved an equity investment of PKR 649,925 million to acquire further 30.09% shareholding of "MCB Arif-Habib Savings and Investments Limited" (MCBAH), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBAH in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The financial impact of this acquisition will be reflected in MCB Bank's Financial Statements for half year ending June 30, 2023.				

	Unaudited March 31, 2023		Audited December 31, 2022	
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000				
	-	-	59	59
	-	-	59	59
Held-for-trading securities				
	912,633,691	(423,768)	(47,035,238)	865,174,685
	28,983,397	(10,040,462)	(715,102)	18,227,833
	2,953,840	-	12,276	2,966,116
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Foreign Securities	963,802,476	(10,465,462)	(47,690,431)	905,646,583
Held-to-maturity securities				
	16,178,285	(408,226)	-	15,770,059
	118	(118)	-	-
	8,030,538	(477,541)	-	7,552,997
Provincial Government Securities	-	-	-	-
Non Government Debt Securities	-	-	-	-
Foreign Securities	24,208,941	(885,885)	-	23,323,056
Associates	700,401	-	-	700,401
Subsidiaries	16,318,312	-	-	16,318,312
Total Investments	1,005,030,130	(11,351,347)	(47,690,372)	945,988,411
10.4				
10.1.1 Investments given as collateral				
- Market Treasury Bills				
- Pakistan Investment Bonds				
10.2 Provision for diminution in value of investments				
10.2.1 Opening balance				
Exchange and other adjustments				
Charge / (reversals)				
Charge for the period / year				
Reversal on disposals				
Amounts written off				
Closing Balance				
10.2.2 Particulars of provision against debt securities				
Category of classification				
Domestic				
Loss				
10.2.3 In addition to the above, overseas branches hold a general provision of Rs 831,994 million (December 31, 2022: Rs 232,891 million) in accordance with the requirements of IFRS 9.				
10.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 19,466.325 million (December 31, 2022: Rs. 19,861,244 million).				
10.4 The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 has approved an equity investment of PKR 649,925 million to acquire further 30.09% shareholding of "MCB Arif-Habib Savings and Investments Limited" (MCBAH), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBAH in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The financial impact of this acquisition will be reflected in MCB Bank's Financial Statements for half year ending June 30, 2023.				

11. ADVANCES

Loans, cash credits, running finances, etc.	
Bills discounted and purchased	
Advances - gross	
Provision against advances	
- Specific	
- General	
Advances - net of provision	

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023

	Unaudited March 31, 2023		Audited December 31, 2022	
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000				
	-	-	59	59
	-	-	59	59
Held-for-trading securities				
	912,633,691	(423,768)	(47,035,238)	865,174,685
	28,983,397	(10,040,462)	(715,102)	18,227,833
	2,953,840	-	12,276	2,966,116
Non Government Debt Securities	19,231,548	(1,232)	47,633	19,277,949
Foreign Securities	963,802,476	(10,465,462)	(47,690,431)	905,646,583
Held-to-maturity securities				
	16,178,285	(408,226)	-	15,770,059
	118	(118)	-	-
	8,030,538	(477,541)	-	7,552,997
Provincial Government Securities	-	-	-	-
Non Government Debt Securities	-	-	-	-
Foreign Securities	24,208,941	(885,885)	-	23,323,056
Associates	700,401	-	-	700,401
Subsidiaries	16,318,312	-	-	16,318,312
Total Investments	1,005,030,130	(11,351,347)	(47,690,372)	945,988,411
10.4				
10.1.1 Investments given as collateral				
- Market Treasury Bills				
- Pakistan Investment Bonds				
10.2 Provision for diminution in value of investments				
10.2.1 Opening balance				
Exchange and other adjustments				
Charge / (reversals)				
Charge for the period / year				
Reversal on disposals				
Amounts written off				
Closing Balance				
10.2.2 Particulars of provision against debt securities				
Category of classification				
Domestic				
Loss				
10.2.3 In addition to the above, overseas branches hold a general provision of Rs 831,994 million (December 31, 2022: Rs 232,891 million) in accordance with the requirements of IFRS 9.				
10.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 19,466.325 million (December 31, 2022: Rs. 19,861,244 million).				
10.4 The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 has approved an equity investment of PKR 649,925 million to acquire further 30.09% shareholding of "MCB Arif-Habib Savings and Investments Limited" (MCBAH), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBAH in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The financial impact of this acquisition will be reflected in MCB Bank's Financial Statements for half year ending June 30, 2023.				

Performing		Non Performing			Total
Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----					
634,639,842	735,403,086	54,262,100	50,204,881	688,901,942	785,607,967
12,596,394	10,908,660	1,038,582	1,055,302	13,634,976	11,963,962
647,236,236	746,311,746	55,300,682	51,260,183	702,536,918	797,571,929
-----Rupees in '000-----					
-	-	(42,893,479)	(41,947,778)	(42,893,479)	(41,947,778)
(2,388,234)	(2,224,575)	-	-	(2,388,234)	(2,224,575)
(2,388,234)	(2,224,575)	(42,893,479)	(41,947,778)	(45,281,713)	(44,172,353)
644,848,002	744,087,171	12,407,203	9,312,405	657,255,205	753,399,576
-----Rupees in '000-----					
		Unaudited		Audited	
		March 31, 2023		December 31, 2022	
-----Rupees in '000-----					
		656,643,729		754,344,065	
		45,893,189		43,227,864	
		702,536,918		797,571,929	
-----Rupees in '000-----					
s. 51,260.183 million) which have been placed under the non-performing status as detailed below:					
Note		Unaudited March 31, 2023		Audited December 31, 2022	
		Non Performing Loans		Non Performing Loans	
		Provision		Provision	
		-----Rupees in '000-----		-----Rupees in '000-----	
11.2.1		1,489,594		1,465,073	
		1,690,814		112,715	
		107,570		133,474	
		37,028,769		37,693,228	
		40,316,747		39,404,490	
		-		-	
		16,300		434,904	
		69,579		16,035	
		2,418		134	
		14,895,638		11,404,620	
		14,983,935		11,855,693	
		55,300,682		51,260,183	
		42,893,479		41,947,778	
		5,840		218,623	
		18,584		4,573	
		1,209		67	
		5,801,849		4,375,086	
		5,827,482		4,598,349	
		42,893,479		41,947,778	

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2023



11.3 Particulars of provision against advances

Unaudited March 31, 2023				Audited December 31, 2022		
	Specific	General	Total	Specific	General	Total
-----Rupees in '000-----						
Opening balance	41,947,778	2,224,575	44,172,353	44,156,471	1,706,309	45,862,780
Exchange adjustments	1,168,536	233,849	1,402,385	711,262	(663)	710,599
Charge for the period / year	601,326	50,982	652,308	947,726	579,756	1,527,482
Reversals	(824,161)	(121,172)	(945,333)	(3,793,453)	(60,827)	(3,854,280)
	(222,835)	(70,190)	(293,025)	(2,845,727)	518,929	(2,326,798)
Amounts written off	-	-	-	(74,228)	-	(74,228)
Closing balance	42,893,479	2,388,234	45,281,713	41,947,778	2,224,575	44,172,353

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

11.3.2 The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Bank also maintains a general provision against gross advances on a prudent basis.

12. FIXED ASSETS

	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----			
Capital work-in-progress	12.1	1,504,402	1,064,714
Property and equipment		73,260,669	73,138,764
Right-of-use assets		5,697,233	5,714,846
		80,462,304	79,918,324

12.1 Capital work-in-progress

Civil works	1,056,080	805,081
Equipment	37,690	92,330
Advances to suppliers	328,725	163,858
Others	81,907	3,445
	1,504,402	1,064,714

12.2 Additions to fixed assets

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

Capital work-in-progress - net additions	439,688	284,876
Property and equipment		
Freehold land	-	84,984
Building on freehold land	30,725	22,889
Building on leasehold land	2,639	-
Electrical office and computer equipment	471,888	340,233
Furniture and fixture	54,569	55,428
Leasehold Improvements	60,805	61,904
Vehicles	32,132	19,599
	652,758	585,037
	1,092,446	869,913

12.3 Disposal of fixed assets

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

Vehicles	-	1,358
Furniture and fixture	161	2,117
Electrical office and computer equipment	1,720	1,433
Leasehold Improvements	-	35
	1,881	4,943

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2023



13. INTANGIBLE ASSETS

Capital work-in-progress
Computer software

Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----	
216,415	221,743
573,071	579,374
789,486	801,117

13.1 Additions to intangible assets

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

Computer software
Capital work-in-progress - net additions

Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----	
71,170	-
-	26,730
71,170	26,730

14. DEFERRED TAX ASSET / (LIABILITY) - NET

Deductible Temporary Differences on

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

Taxable Temporary Differences on

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

Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
	1,562,728	1,362,935
	20,506,886	14,395,477
	22,069,614	15,758,412
	(3,259,590)	(3,291,460)
	(375,669)	(375,669)
	(2,737,440)	(2,648,697)
	(1,226,999)	(1,190,300)
	(705,218)	(705,218)
	(8,304,916)	(8,211,344)
	13,764,698	7,547,068

15. OTHER ASSETS

Income/ Mark-up accrued in local currency
Income/ Mark-up accrued in foreign currencies
Advances, deposits, advance rent and other prepayments
Non-banking assets acquired in satisfaction of claims
Compensation for delayed income tax refunds
Branch adjustment account
Mark to market gain on forward foreign exchange contracts
Unrealized gain on derivative financial instruments
Acceptances
Receivable from the pension fund
Clearing and settlement accounts
Claims receivable against fraud and forgeries
Others

Less: Provision held against other assets

Other Assets (net of provision)

Surplus on revaluation of non-banking assets
acquired in satisfaction of claims

Other Assets - total

15.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims
Claims receivable against fraud and forgeries
Others

15.1.1 Movement in provision held against other assets

Opening balance
Charge for the period / year
Reversals

Amounts written off
Exchange and other adjustments
Closing balance

42,782,711	41,004,910
722,120	303,957
3,969,204	3,946,039
2,019,384	2,025,354
133,809	133,809
-	101,362
5,205,430	1,535,665
566,523	778,441
42,181,104	24,847,224
2,853,486	2,768,142
11,246,392	14,102,285
1,240,054	1,225,857
3,217,811	2,720,726
116,138,028	95,493,771
3,369,309	3,066,275
112,768,719	92,427,496
873,647	873,647
113,642,366	93,301,143
94,157	94,157
595,545	587,468
2,679,607	2,384,650
3,369,309	3,066,275
3,066,275	2,709,281
15,034	109,887
-	(1,755)
15,034	108,132
-	(1,193)
288,000	250,055
3,369,309	3,066,275

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2023 (2022: NIL).

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2023



17. BILLS PAYABLE

	Unaudited March 31, 2023	Audited December 31, 2022
In Pakistan	11,021,541	39,079,047
Outside Pakistan	501,135	57,837
	<u>11,522,676</u>	<u>39,136,884</u>

18. BORROWINGS

Secured

Borrowings from State Bank of Pakistan		
Under export refinance scheme	36,659,184	45,834,001
Under long term financing facility	22,282,379	23,123,421
Under renewable energy performance platform	2,254,622	2,177,355
Under Refinance Scheme for Payment of Wages & Salaries	44,599	667,152
Under temporary economic refinance facility	40,092,064	39,628,326
Under refinance facility for combating COVID-19	12,905	14,195
Under financing facility for storage of agricultural produce	169,637	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	6,388	4,082
	<u>101,521,778</u>	<u>111,560,394</u>
Bai Muajjal	-	-
Repurchase agreement borrowings	126,872,328	227,700,898
Total secured	<u>228,394,106</u>	<u>339,261,292</u>

Unsecured

Borrowings from other financial institution	-	-
Call borrowings	654,283	-
Overdrawn nostro accounts	247,254	813,687
Others	162,286	162,286
Total unsecured	<u>1,063,823</u>	<u>975,973</u>
	<u>229,457,929</u>	<u>340,237,265</u>

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2023			Audited December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	638,665,295	107,746,319	746,411,614	549,697,362	70,653,195	620,350,557
Savings deposits	610,179,329	44,555,013	654,734,342	594,764,760	38,603,905	633,368,665
Term deposits	26,110,340	17,697,600	43,807,940	40,850,001	12,423,072	53,273,073
Others	53,243,818	7,474,777	60,718,595	31,207,083	5,827,480	37,034,563
	<u>1,328,198,782</u>	<u>177,473,709</u>	<u>1,505,672,491</u>	<u>1,216,519,206</u>	<u>127,507,652</u>	<u>1,344,026,858</u>
Financial Institutions						
Current deposits	16,318,724	1,039,011	17,357,735	19,747,897	1,036,116	20,784,013
Savings deposits	10,722,731	163,617	10,886,348	8,973,107	94,720	9,067,827
Term deposits	482,968	2,922,733	3,405,701	595,968	2,299,049	2,895,017
Others	-	2,435,513	2,435,513	-	1,943,353	1,943,353
	<u>27,524,423</u>	<u>6,560,874</u>	<u>34,085,297</u>	<u>29,316,972</u>	<u>5,373,238</u>	<u>34,690,210</u>
	<u>1,355,723,205</u>	<u>184,034,583</u>	<u>1,539,757,788</u>	<u>1,245,836,178</u>	<u>132,880,890</u>	<u>1,378,717,068</u>

MCB Bank Limited

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20. OTHER LIABILITIES

	Note	Unaudited March 31, 2023	Audited December 31, 2022
		-----Rupees in '000-----	
Mark-up/ return/ interest payable in local currency		20,758,157	32,720,479
Mark-up/ return/ interest payable in foreign currencies		373,399	200,553
Unearned commission and income on bills discounted		1,524,586	1,227,553
Accrued expenses		5,541,337	6,911,941
Current taxation (provisions less payments)		17,558,725	17,650,382
Workers' welfare fund	20.1	11,766,091	11,305,773
Acceptances	15	42,181,104	24,847,224
Unclaimed / dividends payable		2,794,329	2,731,456
Mark to market loss on forward foreign exchange contracts		3,275,888	1,013,853
Unrealised loss on derivative financial instruments		566,337	778,137
Branch adjustment account		113,650	-
Provision for employees' compensated absences		1,218,052	1,179,992
Provision for post retirement medical benefits		2,282,604	2,219,281
Provision for employees' contributory benevolent scheme		167,663	165,426
Insurance payable against consumer assets		840,651	828,882
Unclaimed balances		654,519	642,169
Duties and taxes payable		2,392,399	1,435,225
Provision against off-balance sheet obligations		47,885	48,403
Security deposits against lease		1,470,154	1,317,668
Lease liability against right of use assets		8,010,011	7,943,593
Clearing and settlement accounts		9,605,163	15,210,786
Others		8,369,437	7,390,521
		<u>141,512,141</u>	<u>137,769,297</u>

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

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

21. RESERVES

	Note	Unaudited March 31, 2023	Audited December 31, 2022
		-----Rupees in '000-----	
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		9,223,543	4,402,973
Statutory reserve	21.2	42,221,191	40,915,620
General reserve		18,600,000	18,600,000
		<u>94,704,165</u>	<u>88,578,024</u>

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

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



	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----			
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(47,690,431)	(33,477,853)
- Fixed Assets		40,442,393	40,516,509
- Non-banking assets acquired in satisfaction of claims	15	873,647	873,647
		(6,374,391)	7,912,303
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	20,506,886	14,395,477
- Fixed Assets	14	(3,259,590)	(3,291,460)
- Non-banking assets acquired in satisfaction of claims	14	(375,669)	(375,669)
		16,871,627	10,728,348
		10,497,236	18,640,651
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	329,765,967	271,137,800
-Commitments	23.2	414,973,096	366,568,874
-Other contingent liabilities	23.3	29,398,481	27,947,886
		774,137,544	665,654,560
23.1 Guarantees:			
Financial guarantees		278,534,236	224,226,300
Performance guarantees		51,142,655	43,947,906
Other guarantees		89,076	2,963,594
		329,765,967	271,137,800
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		254,975,250	200,919,363
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	127,985,786	131,535,057
- forward government securities transactions	23.2.2	20,005,000	13,797,435
- derivatives	23.2.3	9,588,958	18,241,918
Commitments for acquisition of:			
- operating fixed assets		2,140,833	1,860,344
- intangible assets		277,269	214,757
		414,973,096	366,568,874
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		80,862,803	75,618,221
Sale		47,122,983	55,916,836
		127,985,786	131,535,057
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		20,005,000	12,328,130
Sale		-	1,469,305
		20,005,000	13,797,435
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		4,551,316	8,817,006
Sale		4,551,316	8,817,006
		9,102,632	17,634,012
Cross Currency Swaps			
Purchase		243,163	303,953
Sale		243,163	303,953
		486,326	607,906
		9,588,958	18,241,918



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

	Note	Unaudited March 31, 2023	Audited December 31, 2022
		-----Rupees in '000-----	
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	23.3.1	29,398,481	27,947,886

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

23.4 Taxation

For assessment year 1999-2000 through tax year 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 844 million (2022: Rs. 844 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

24. DERIVATIVE INSTRUMENTS

Unaudited March 31, 2023					
Cross Currency Swaps		Interest Rate Swaps		FX Options	
Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----					
Total					
Hedging	243,163	249,320	-	4,551,316	317,203
Market Making	243,163	(249,134)	-	4,551,316	(317,203)
Audited December 31, 2022					
-----Rupees in '000-----					
Total					
Hedging	303,953	185,139	-	8,817,006	593,302
Market Making	303,953	(184,835)	-	8,817,006	(593,302)

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2023



Note	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
	-----Rupees in '000-----	
25. MARK-UP/RETURN/INTEREST EARNED		
Loans and advances	25,994,974	12,408,516
Investments	35,595,220	26,866,477
Lendings to financial institutions	1,906,370	381,216
Balances with banks	358,281	60,565
	63,854,845	39,716,774
26. MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	24,899,248	16,862,402
Borrowings	8,168,491	3,803,761
Cost of foreign currency swaps against foreign currency deposits / borrowings	445,432	700,804
Finance charges on lease liability against right-of-use assets	271,941	237,781
	33,785,112	21,604,748
27. FEE & COMMISSION INCOME		
Branch banking customer fees	845,039	762,470
Consumer finance related fees	185,665	143,522
Card related fees (debit and credit cards)	1,251,707	881,763
Credit related fees	115,806	101,250
Investment banking fee	11,100	36,884
Commission on trade	585,141	352,195
Commission on guarantees	178,780	127,628
Commission on cash management	210,323	209,561
Commission on remittances including home remittances	375,389	260,875
Commission on bancassurance	265,051	280,176
Rent on lockers	60,841	63,448
Commission on utility bills	19,333	19,193
Commission on investments services	32,541	14,041
Others	35,670	21,238
	4,172,386	3,274,244
28. GAIN / (LOSS) ON SECURITIES		
Realised	28.1 51,826	414,179
Unrealised - Held For Trading	10.1 59	550
	51,885	414,729
28.1 Realised gain / (loss) on:		
Federal Government Securities	36,408	26,347
Shares	15,418	387,832
	51,826	414,179
29. OTHER INCOME		
Rent on property	39,244	21,844
Gain on termination of lease liability against right of use assets	9,733	33,911
Gain on sale of fixed assets - net	5,053	7,813
	54,030	63,568

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2023



	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
	-----Rupees in '000-----	
30. OPERATING EXPENSES		
Total compensation expense	5,473,797	4,652,615
Property expense		
Rent and taxes	75,075	29,008
Insurance	6,084	5,012
Utilities cost	504,060	310,797
Fuel expense generators	309,836	138,240
Security (including guards)	438,423	362,818
Repair and maintenance (including janitorial charges)	255,439	216,752
Depreciation on right-of-use assets	339,047	306,216
Depreciation	214,066	185,671
	2,142,030	1,554,514
Information technology expenses		
Software maintenance	384,468	283,549
Hardware maintenance	78,720	56,739
Depreciation	175,910	138,416
Amortization	83,873	78,497
Network charges	153,419	144,336
Insurance	985	733
	877,375	702,270
Other operating expenses		
Directors' fees and allowances	9,160	9,960
Legal and professional charges	101,407	98,708
Outsourced services costs	219,279	195,011
Travelling and conveyance	90,151	85,157
NIFT clearing charges	52,772	44,428
Depreciation	264,457	230,883
Depreciation on non-banking assets acquired in satisfaction of claims	5,970	5,986
Training and development	14,597	11,908
Postage and courier charges	61,066	57,416
Communication	228,567	96,198
Stationery and printing	244,303	164,975
Marketing, advertisement & publicity	209,351	191,172
Auditors' remuneration	15,118	11,744
Cash transportation charges	254,514	218,629
Repair and maintenance	151,960	108,850
Subscription	2,929	4,255
Entertainment	93,100	68,543
Remittance charges	58,445	53,533
Brokerage expenses	10,166	7,505
Card related expenses	563,897	267,197
CNIC verification charges	71,366	92,591
Insurance	484,663	453,522
Others	92,382	61,743
	3,299,620	2,539,914
	11,792,822	9,449,313



Note	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----		
31. OTHER CHARGES		
Penalties of State Bank of Pakistan	13,421	360
VAT & National Building tax & Crop Insurance Levy	77,741	20,562
Education cess	7,000	-
	<u>98,162</u>	<u>20,922</u>
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
Provision / (reversal) against balance with Banks	8,613	(36)
Provision / (reversal) for diminution in value of investments	938,454	(187,462)
(Reversal) / provision against loans and advances	(293,025)	(616,330)
(Reversal) / provision against off balance sheet items	(4,065)	(9)
(Reversal) / provision against other assets	15,034	(7,853)
Recovery of written off / charged off bad debts	(40,757)	(51,847)
	<u>624,254</u>	<u>(863,537)</u>
33. TAXATION		
Current	10,066,383	5,846,983
Deferred	(106,221)	167,076
	<u>9,960,162</u>	<u>6,014,059</u>
34. BASIC AND DILUTED EARNINGS PER SHARE		
-----Rupees in '000-----		
Profit after tax	<u>13,055,713</u>	<u>8,914,386</u>
-----Number-----		
Weighted average number of ordinary shares	<u>1,185,060,006</u>	<u>1,185,060,006</u>
-----Rupees-----		
Basic and diluted earnings per share	<u>11.02</u>	<u>7.52</u>



35. FAIR VALUE MEASUREMENTS	
The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. Quoted securities classified as held to maturity are carried at amortised cost. Fair value of unquoted equity investments other than investments in associates and subsidiaries is determined on the basis of break up value of these investments as per the latest available financial statements.	
Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.	
In the opinion of the management, the fair value of the financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.	
35.1 Fair value of financial assets	
The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:	
Level 1:	Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).
Valuation techniques used in determination of fair valuation of financial instruments within level 2	
Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Term Finance Certificates 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 mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.
The 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.	
(b) Financial instruments in level 2	
Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.	
(c) Financial instruments in level 3	
Currently, no financial instruments are classified in level 3.	

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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 & non-banking assets acquired in satisfaction of claims.

Unaudited March 31, 2023					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	865,174,685	-	865,174,685	-	865,174,685
Shares	16,779,991	16,779,991	-	-	16,779,991
Non-Government Debt Securities	2,966,116	-	2,966,116	-	2,966,116
Foreign Securities	19,277,949	-	19,277,949	-	19,277,949
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	41,789,670	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	65,273,882	-	65,273,882	-	65,273,882
Non-banking assets	2,798,874	-	2,798,874	-	2,798,874
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	80,862,803	-	5,092,687	-	5,092,687
Forward sale of foreign exchange	47,122,983	-	3,163,145	-	3,163,145
Derivatives purchase	4,794,479	-	566,523	-	566,523
Derivatives sale	4,794,479	-	566,337	-	566,337
Audited December 31, 2022					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	913,772,807	-	913,772,807	-	913,772,807
Shares	16,486,590	16,423,058	63,532	-	16,486,590
Non-Government Debt Securities	2,959,622	-	2,959,622	-	2,959,622
Foreign Securities	4,112,387	-	4,112,387	-	4,112,387
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	41,399,734	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	65,348,646	-	65,348,646	-	65,348,646
Non-banking assets	2,804,844	-	2,804,844	-	2,804,844
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	75,618,221	-	266,932	-	266,932
Forward sale of foreign exchange	55,916,836	-	254,880	-	254,880
Derivatives purchase	9,120,959	-	778,441	-	778,441
Derivatives sale	9,120,959	-	778,137	-	778,137

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Unaudited Three months ended March 31, 2023										
										Total
										Eliminations
										Sub-total
										Others
										International Banking
										Treasury
										Corporate Banking
										Consumer banking
										Retail Banking
-----Rupees in '000-----										
Profit & Loss										
Net mark-up/return/profit	30,069,733	-	-	-	-	-	-	-	-	181,405,928
Inter segment revenue - net	-	-	-	-	-	-	-	-	-	945,988,411
Non mark-up / return / interest income	5,921,698	-	-	-	-	-	-	-	-	121,101,540
Total Income	35,991,431	-	-	-	-	-	-	-	-	644,848,002
Segment direct expenses	12,351,302	-	-	-	-	-	-	-	-	12,407,203
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	208,658,854
Total expenses	12,351,302	-	-	-	-	-	-	-	-	2,114,409,938
Provisions	624,254	-	-	-	-	-	-	-	-	229,457,929
Profit before tax	23,015,875	-	-	-	-	-	-	-	-	1,539,757,788
Balance Sheet										
Cash & Bank balances	181,405,928	-	-	-	-	-	-	-	-	153,034,817
Investments	945,988,411	-	-	-	-	-	-	-	-	1,922,250,534
Net inter segment lending	1,333,818,192	-	-	-	-	-	-	-	-	192,159,404
Lendings to financial institutions	121,101,540	-	-	-	-	-	-	-	-	2,114,409,938
Advances - performing	644,848,002	-	-	-	-	-	-	-	-	774,137,544
- non performing	12,407,203	-	-	-	-	-	-	-	-	
Others	208,658,854	-	-	-	-	-	-	-	-	
Total Assets	3,448,228,130	-	-	-	-	-	-	-	-	
Borrowings	229,457,929	-	-	-	-	-	-	-	-	
Deposits & other accounts	1,539,757,788	-	-	-	-	-	-	-	-	
Net inter segment borrowing	1,333,818,192	-	-	-	-	-	-	-	-	
Others	153,034,817	-	-	-	-	-	-	-	-	
Total liabilities	3,256,068,726	-	-	-	-	-	-	-	-	
Equity	192,159,404	-	-	-	-	-	-	-	-	
Total Equity & liabilities	3,448,228,130	-	-	-	-	-	-	-	-	
Contingencies & Commitments	774,137,544	-	-	-	-	-	-	-	-	

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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



Un audited Three months ended March 31, 2022							Rupees in '000	
Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
Profit & Loss								
Net mark-up/return/profit	873,204	7,880,016	22,730,702	389,069	-	18,112,026	-	18,112,026
Inter segment revenue - net	(330,547)	(6,856,297)	(23,105,397)	(41,232)	3,039,366	-	-	-
Non mark-up / return / interest income	569,102	1,048,251	1,735,006	239,624	(157,828)	5,721,686	-	5,721,686
Total Income	1,111,759	2,071,970	1,360,311	587,461	2,881,538	23,833,712	-	23,833,712
Segment direct expenses								
Inter segment expense allocation	515,028	234,934	154,246	346,565	1,744,866	9,768,804	-	9,768,804
Total expenses	515,028	234,934	154,246	346,565	1,744,866	9,768,804	-	9,768,804
Provisions	2,703	(24,000)	(193,867)	(3,920)	(479,480)	(863,537)	-	(863,537)
Profit before tax	594,028	1,861,036	1,399,932	244,816	1,616,152	14,928,445	-	14,928,445
Balance Sheet								
Audited December 31, 2022								
Cash & Bank balances	622,340	242,694	60,644,247	23,563,344	1,683,327	121,241,028	-	121,241,028
Investments	-	10,517,351	958,937,705	9,276,084	-	978,731,140	-	978,731,140
Net inter segment lending	-	-	-	-	190,628,927	1,305,191,986	(1,305,191,986)	-
Lendings to financial institutions	-	-	26,679,756	23,736,012	-	50,415,768	-	50,415,768
Advances - performing	41,235,105	589,623,635	-	16,255,805	-	744,087,171	-	744,087,171
- non performing	156,088	1,380,470	-	7,257,344	430,794	9,312,405	-	9,312,405
Others	50,005,640	37,780,657	26,778,287	1,687,282	62,936,751	181,567,652	-	181,567,652
Total Assets	1,296,182,489	44,344,189	639,544,807	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Liabilities								
Borrowings	13,558,449	-	98,051,501	813,687	-	340,237,265	-	340,237,265
Deposits & other accounts	1,209,548,280	20,379,488	87,712,328	61,067,142	9,830	1,378,717,068	-	1,378,717,068
Net inter segment borrowing	-	18,909,590	428,058,745	16,359,144	-	1,305,191,986	(1,305,191,986)	-
Others	73,075,760	5,055,111	25,722,233	3,361,860	66,175,319	176,906,181	-	176,906,181
Total Liabilities	1,296,182,489	44,344,189	639,544,807	81,755,871	66,185,149	3,201,052,500	(1,305,191,986)	1,895,860,514
Equity	-	-	-	-	189,494,650	189,494,650	-	189,494,650
Total Equity & Liabilities	1,296,182,489	44,344,189	639,544,807	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Contingencies & Commitments								
	76,591,298	-	376,393,133	163,574,410	18,749,788	665,654,560	-	665,654,560

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

37 RELATED PARTY TRANSACTIONS



The Bank has related party relationship with its subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members. The Bank's related parties include subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members. The Bank's related parties include subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members. The Bank's related parties include subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members.

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

	Unaudited March 31, 2023				Audited December 31, 2022			
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries
Lendings to Financial Institutions								
Opening balance	-	-	-	-	-	-	-	3,500,000
Addition during the period / year	-	-	42,900,000	-	-	-	-	118,446,765
Repaid during the period / year	-	-	(42,900,000)	-	-	-	-	(121,946,765)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	16,318,312	700,401	249,253	-	-	12,319,037
Investment made during the period / year	-	-	-	-	-	-	-	4,000,000
Investment disposed off during the period / year	-	-	-	-	-	-	-	(725)
Closing balance	-	-	16,318,312	700,401	249,253	-	-	16,318,312
Provision for diminution in value of investments								
Opening balance	-	-	-	-	-	-	-	-
Provision held against advances	-	-	-	-	-	-	-	-
Advances								
Opening balance	1,543	281,237	1,039,898	-	4,445,292	109	147,331	940,062
Addition / exchange adjustment during the period / year	2,411	45,198	114,722	-	765,092	23,615	93,306	99,836
Repaid / exchange adjustment during the period / year	(1,607)	(45,302)	-	-	(3,499,467)	(22,181)	(69,178)	-
Transfer in / (out)	-	-	-	-	-	-	109,778	-
Closing balance	2,347	281,133	1,154,620	-	1,710,917	1,543	281,237	1,039,898
Provision held against advances	-	-	-	-	-	-	-	-
Fixed Assets								
Purchase of fixed assets	-	-	-	301	5,925	-	-	200,000
	-	-	-	301	5,925	-	-	6,157



Unaudited March 31, 2023					Audited December 31, 2022					
Directors		Key Management Personnel		Subsidiaries	Associates	Other Related Parties				
						Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties

(Rupees in '000)

Other Assets

Markup receivable
Advances, deposits, advance rent and other prepayments
Receivable from Pension Fund
Unrealized gain on forward foreign exchange contracts - outstanding

-	3,511	3,967	-	15,396	-	3,208	5,942	-	64,384
-	-	12,026	435,778	25,660	-	-	11,500	288,433	25,594
-	-	-	-	2,853,468	-	-	-	-	2,768,142
-	-	1	-	-	-	-	3	-	-
-	3,511	15,994	435,778	2,894,542	-	3,208	17,445	288,433	2,858,120

Borrowings

Opening balance
Borrowings / exchange adjustment during the period / year
Settled during the period / year
Transfer in / (out) - net
Closing balance

-	-	5,146	-	-	-	-	19,134	-	103,120
-	-	338,278	-	-	-	-	1,570,501	-	-
-	-	(304,598)	-	-	-	-	(1,584,489)	-	(103,120)
-	-	-	-	-	-	-	-	-	-
-	-	38,826	-	-	-	-	5,146	-	-

Deposits and other accounts

Opening balance
Received during the period / year
Withdrawn during the period / year
Transfer in / (out) - net
Closing balance

193,547	184,112	187,369	5,623,897	5,594,903	700,547	196,067	51,961	3,827,846	8,285,021
416,025	556,800	1,105,351	23,449,252	18,471,321	7,966,971	1,508,191	5,793,034	59,131,008	109,663,854
(638,355)	(523,900)	(1,224,394)	(20,485,869)	(14,947,881)	(8,473,340)	(1,534,378)	(5,657,626)	(57,334,957)	(112,340,190)
-	-	-	-	-	(631)	14,232	-	-	(13,782)
71,217	217,012	68,326	8,587,280	9,118,343	193,547	184,112	187,369	5,623,897	5,594,903

Other Liabilities

Markup payable
Accrued expenses and other payable
Payable to MCB Employee Security Services
Advance received against sale of property

982	2,241	753	752,15	56,441	4,804	1,171	883	59,052	46,907
-	-	35,134	106,160	273	-	-	29,100	81,476	1,571
-	-	-	-	-	-	-	-	-	14,314
-	-	20,000	-	-	-	-	20,000	-	-
982	2,241	55,887	181,375	56,714	4,804	1,171	49,983	140,528	62,792

Contingencies and Commitments

Letter of Credit
Forward foreign exchange contracts (Notional)
Bank guarantee

-	-	-	-	7,435,506	-	-	-	-	6,638,499
-	-	77,189	-	-	-	-	86,341	-	-
-	-	70,905	8,899,885	1,281,079	-	-	70,227	7,102,828	1,053,845
-	-	148,094	8,899,885	8,716,585	-	-	156,568	7,102,828	7,692,344



Unaudited March 31, 2023					Unaudited March 31, 2022				
Directors		Key Management Personnel		Subsidiaries	Associates	Other Related Parties			
Directors		Key Management Personnel		Subsidiaries	Associates	Other Related Parties			

(Rupees in '000)

Income
Markup / return / interest earned
Fee and commission income
Dividend income
Gain / (loss) on forward foreign exchange contracts matured during the period
Net gain / (loss) on sale of securities
Gain on sale of fixed assets
Rent income
Expense
Markup / return / interest expensed
Other Operating expenses
Clearing expenses paid to NIFT
Contribution to provident fund
Rent expenses
Cash sorting expenses
Stationery expenses
Security guards expenses
Remuneration to key executives and non-executive directors fee
Outsourcing service expenses
Donation during the year
E-dividend processing fee and CDC charges
Travelling Expenses
Hotel stay expenses
Repair & Maintenance Charges
Advertisement Expenses
Utility expenses
Miscellaneous expenses and payments
Insurance premium-net of refund
Insurance claim settled
Other Transactions
Proceeds from sale of fixed assets
Sale of foreign currency
Purchase of foreign currency
Payments against home rent/leases
Reimbursement of other expenses
Sale of government securities
Purchase of government securities
Forward exchange contracts matured during the period

13	6,826	48,732	-	31,673	-	5,937	150,509	21,695	13,778
-	-	34,037	175,206	2,616	-	-	15,408	180,924	2,303
-	-	-	9,704	42,236	-	-	73,914	-	33,750
-	-	-	-	-	-	-	-	-	11
-	-	-	31	176	-	6	-	183	14,531
-	10	-	-	-	-	30	-	-	102
-	-	16,410	2,582	960	-	-	13,556	3,350	980
3,834	2,018	1,503	125,856	138,389	8,218	986	585	60,456	194,344
-	-	-	-	52,772	-	-	-	-	44,428
-	-	-	-	134,351	-	-	-	-	121,279
-	-	-	18,780	13,554	-	-	3,162	17,128	12,350
-	-	-	34,135	-	-	-	-	-	28,364
-	-	-	90,031	-	-	-	-	-	72,977
-	-	-	37,010	-	-	-	-	-	84,688
74,234	404,063	-	-	-	59,420	269,526	-	-	-
-	-	-	36,351	-	-	-	-	23,114	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,391	-	-	-	-	1,523
-	-	-	-	2,762	-	-	-	-	10,844
-	-	-	-	888	-	-	-	-	1,772
-	-	-	-	1,077	-	-	-	-	565
-	-	-	-	143	-	-	-	-	3,132
-	-	-	-	251	-	-	-	-	3,661
-	-	-	312,237	-	-	-	-	389,540	-
-	-	-	4,955	-	-	-	-	14,844	-
-	10	-	-	-	-	31	-	-	1,417
-	-	4,044,515	-	-	-	-	3,626,136	-	-
-	-	5,678,433	-	-	-	-	1,672,206	-	-
-	-	1,417,656	-	-	-	-	997,547	-	-
-	-	15,814	-	-	-	-	10,798	-	-
12,964	25,250	-	4,274,423	5,176,076	-	40,979	-	3,946,198	13,663,816
-	42,596	-	2,257,926	22,603,871	-	-	-	3,767,405	5,955,798
-	-	-	-	36,000	-	-	-	-	10,000

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



	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
38.1 Capital Adequacy		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,850,600	11,850,600
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	166,202,119	160,614,100
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	166,202,119	160,614,100
Eligible Tier 2 Capital	21,611,035	24,770,221
Total Eligible Capital (Tier 1 + Tier 2)	187,813,154	185,384,321
Risk Weighted Assets (RWAs):		
Credit Risk	805,207,170	738,811,439
Market Risk	60,640,001	68,557,601
Operational Risk	176,709,846	176,709,846
Total	1,042,557,017	984,078,886
Common Equity Tier 1 Capital Adequacy ratio	15.94%	16.32%
Tier 1 Capital Adequacy Ratio	15.94%	16.32%
Total Capital Adequacy Ratio	18.01%	18.84%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	166,202,119	160,614,100
Total Exposures	2,701,178,999	2,623,267,930
Leverage Ratio	6.15%	6.12%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	911,214,709	750,264,991
Total Net Cash Outflow	371,704,600	367,492,625
Liquidity Coverage Ratio	245.14%	204.16%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,328,653,742	1,251,409,014
Total Required Stable Funding	960,322,420	906,145,461
Net Stable Funding Ratio	138.35%	138.10%



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 27, 2023 has announced an interim cash dividend in respect of quarter ended March 31, 2023 of Rs. 6.00 per share (March 31, 2022: Rs. 5.00 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

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

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

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 27, 2023.

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director



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MCB BANK LIMITED
Consolidated Condensed Interim Financial Statements for the Three Months Period Ended March 31, 2023

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Financial Position As At March 31, 2023



	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	157,308,119	110,275,163
Balances with other banks	8	44,600,736	26,162,849
Lendings to financial institutions	9	126,016,279	56,585,768
Investments	10	1,008,242,204	1,040,889,059
Advances	11	752,749,051	844,985,763
Fixed assets	12	85,503,856	85,021,165
Intangible assets	13	1,653,133	1,682,671
Deferred tax assets	14	11,736,492	5,439,278
Other assets	15	126,746,083	103,291,437
		2,314,555,953	2,274,333,153
LIABILITIES			
Bills payable	17	14,475,414	42,874,366
Borrowings	18	247,407,216	356,016,610
Deposits and other accounts	19	1,702,739,734	1,532,695,961
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	-
Other liabilities	20	151,604,607	148,268,469
		2,116,226,971	2,079,855,406
		198,328,982	194,477,747
NET ASSETS			
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	96,124,097	89,640,476
Surplus on revaluation of assets - net	22	11,387,731	19,458,482
Unappropriated profit		78,182,720	72,795,700
		197,545,148	193,745,258
Non-controlling interest		783,834	732,489
		198,328,982	194,477,747

CONTINGENCIES AND COMMITMENTS

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

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit & Loss Account (Un-audited) For The Three Months Period Ended March 31, 2023



	Note	Three Months Ended	
		January 01 to March 31, 2023	January 01 to March 31, 2022
-----Rupees in '000-----			
Mark-up / return / interest earned	25	70,233,790	42,688,643
Mark-up / return / interest expensed	26	37,191,367	23,330,894
Net mark-up / interest income		33,042,423	19,357,749
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	4,648,625	3,548,604
Dividend income		654,182	698,762
Foreign exchange income		1,036,088	1,285,844
Income from derivatives		12,056	2,439
Gain / (loss) on securities	28	84,343	290,411
Other Income	29	51,901	49,491
Total non-markup / interest Income		6,487,195	5,875,551
Total Income		39,529,618	25,233,300
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	13,558,076	10,754,408
Workers Welfare Fund		496,158	306,068
Other charges	31	98,167	22,502
Total non-markup / interest expenses		14,152,401	11,082,978
Share of profit of associates		3,757	204,471
Profit before provisions		25,380,974	14,354,793
Provisions / (reversals) and write offs - net	32	739,955	(992,388)
PROFIT BEFORE TAXATION		24,641,019	15,347,181
Taxation	33	10,661,773	6,241,532
PROFIT AFTER TAXATION		13,979,246	9,105,649
Loss / (profit) attributable to non-controlling interest		(51,226)	(22,760)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		13,928,020	9,082,889
Basic and diluted earnings per share	34	11.75	7.66

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Three Months Period Ended March 31, 2023



	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----	
Profit after taxation for the period	13,979,246	9,105,649
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the bank	5,020,416	(1,184,606)
- Non-controlling interest	119	13
	5,020,535	(1,184,593)
Share of exchange translation reserve of associate	(10,302)	14,187
Movement in surplus / (deficit) on revaluation of investments - net of tax		
- Equity shareholders of the bank	(8,234,151)	(3,191,903)
Movement in surplus on associated undertaking - net of tax	206,267	(21,031)
	(8,027,884)	(3,212,934)
	(3,017,651)	(4,383,340)
Total comprehensive income	10,961,595	4,722,309
Attributable to:		
- Equity shareholders of the bank	10,910,250	4,699,536
- Non-controlling interest	51,345	22,773
Total comprehensive income	10,961,595	4,722,309

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

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited) For The Three Months Period Ended March 31, 2023



Share capital	Capital reserve		Exchange transition reserve	Statutory reserve	Revenue reserve		Surplus (deficit) on revaluation of			Unappropriated profit	Total	Non controlling interest	Grand Total
	Share premium	Non-distributable capital reserve			General reserve	Investments	Associate	Fixed / non-banking assets					
Basis in '000													
11,850,600	23,973,024	908,317	3,832,533	37,729,718	18,600,000	(4,796,032)	416,128	19,855,533	64,697,360	176,817,241	751,419	177,568,660	
-	-	-	-	-	-	-	-	-	9,082,889	9,082,889	22,760	9,105,649	
-	-	-	(1,170,419)	-	-	(3,191,903)	(21,031)	-	(4,383,353)	(4,383,353)	13	(4,383,340)	
-	-	-	(1,170,419)	-	-	(3,191,903)	(21,031)	-	9,082,889	4,999,536	22,773	4,722,309	
-	-	-	-	916,552	-	-	-	-	(916,552)	-	-	-	
-	-	-	-	-	-	-	-	-	20,732	20,732	-	-	
-	-	-	-	-	-	-	-	(8,886)	8,886	-	-	-	
-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)	
-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)	
11,850,600	23,973,024	908,317	2,652,114	38,546,670	18,600,000	(7,987,935)	395,097	19,975,965	66,967,625	175,591,477	704,105	176,295,582	
-	-	-	-	-	-	-	-	-	25,282,172	25,282,172	63,343	25,345,515	
-	-	-	2,183,383	-	-	(11,174,389)	(267,776)	19,022,731	9,462,449	83	9,462,532		
-	-	-	2,183,383	-	-	(11,174,389)	(267,776)	19,022,731	24,980,452	34,744,621	63,426	34,808,047	
-	-	-	-	2,666,768	-	-	-	-	(2,666,768)	-	-	-	
-	-	-	-	-	-	-	-	(56,891)	56,891	-	-	-	
-	-	-	-	-	-	-	-	(4,480)	4,480	-	-	-	
-	-	-	-	-	-	-	-	(5,160)	5,160	-	-	-	
-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)	
-	-	-	-	-	-	-	-	-	(16,590,840)	(16,590,840)	-	(16,590,840)	
-	-	-	-	-	-	-	-	-	(35,042)	(35,042)	-	(35,042)	
11,850,600	23,973,024	908,317	4,845,667	41,315,438	18,600,000	(7,982,394)	127,321	38,488,465	72,795,700	193,745,258	732,489	194,477,747	
-	-	-	-	-	-	-	-	-	13,926,020	13,926,020	51,226	13,977,246	
-	-	-	5,010,114	-	-	(8,324,151)	208,267	-	(3,017,770)	(3,017,770)	119	(3,017,651)	
-	-	-	5,010,114	-	-	(8,324,151)	208,267	-	13,926,020	10,910,250	51,345	10,961,595	
-	-	-	-	1,473,507	-	-	-	-	(1,473,507)	-	-	-	
-	-	-	-	-	-	-	-	-	42,867	42,867	-	-	
-	-	-	-	-	-	-	-	(42,867)	-	-	-	-	
-	-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	-	(7,110,360)	
-	-	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)	-	(7,110,360)	
-	-	-	-	-	-	-	-	-	78,824	78,824	-	-	
11,850,600	23,973,024	908,317	9,855,811	42,786,945	18,600,000	(27,965,455)	333,598	38,488,465	78,824	197,945,146	788,824	198,733,969	

Balance as at December 31, 2021 (Audited)

Profit after taxation for the period ended March 31, 2022

Other comprehensive loss - net of tax

Transfer to statutory reserve

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

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

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

Transactions with owners, recorded directly

Final cash dividend at Rs. 5.0 per share - December 31, 2021

Share of dividend attributable to Non-controlling interest

Balance as at March 31, 2022 (Un-audited)

Change in equity for nine months period ended December 31, 2022

Profit after taxation for the nine months period ended December 31, 2022

Other comprehensive loss - net of tax

Transfer to statutory reserve

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

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

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

Transactions with owners, recorded directly

Interim cash dividend at Rs. 5.0 per share - March 31, 2022

Interim cash dividend at Rs. 4.0 per share - June 30, 2022

Interim cash dividend at Rs. 5.0 per share - September 30, 2022

Share of dividend attributable to Non-controlling interest

Balance as at December 31, 2022 (Audited)

Profit after taxation for the period ended March 31, 2023

Other comprehensive loss - net of tax

Transfer to statutory reserve

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

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

Transactions with owners, recorded directly

Final cash dividend at Rs. 6.0 per share - December 31, 2022

Share of dividend attributable to Non-controlling interest

Balance as at March 31, 2023 (Un-audited)

For details of dividend declaration and appropriations, please refer note 39 to these consolidated condensed interim financial statements.

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

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

Quinn

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Unk mark

Mian Umer Mansha
Director

Handwritten signature: *[Signature]*

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Quenda

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Unk mark

Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Three Months Period Ended March 31, 2023



Note	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
-----Rupees in '000-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	24,641,019	15,347,181
Less: Dividend income and share of profit of associates	(657,939)	(903,233)
	23,983,080	14,443,948
Adjustments:		
Depreciation on fixed assets	30 770,627	655,047
Depreciation on right-of-use assets	30 466,482	370,120
Depreciation on non-banking assets acquired in satisfaction of claims	30 5,970	5,986
Amortization	30 133,959	122,429
Provisions / (reversals) and write offs - net	32 739,955	(992,388)
(Gain) / Loss on sale of fixed assets - net	(5,235)	(7,970)
Gain on conversion of Ijarah agreements	29 (5,785)	(3,478)
Interest expensed on lease liability against right-of-use assets	26 347,268	319,645
Workers welfare fund	496,158	306,068
Charge for defined benefit plans - net	74,065	87,000
Gain on termination of lease liability against right-of-use assets	29 (10,248)	(33,911)
Unrealized gain on revaluation of investments - Held For Trading	28 (40,795)	163
	2,972,421	828,711
Decrease / (increase) in operating assets	26,955,501	15,272,659
Lendings to financial institutions	(69,430,511)	(28,022)
Held-for-trading securities	(11,816)	(8,624,166)
Advances	92,454,921	3,702,089
Others assets (excluding advance taxation)	(6,792,982)	(2,847,646)
	16,219,612	(7,797,745)
Increase / (decrease) in operating liabilities		
Bills Payable	(28,398,952)	(12,576,898)
Borrowings from financial institutions	(108,014,675)	49,974,554
Deposits	170,043,773	81,990,595
Other liabilities (excluding current taxation)	(13,930,151)	8,830,720
	19,699,995	128,218,971
Defined benefits paid	(55,789)	(68,615)
Income tax paid	(10,754,247)	(6,049,943)
Net cash flow from operating activities	52,065,072	129,575,327
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available-for-sale securities	18,294,586	(138,993,039)
Net (investment) / divestment in held-to-maturity securities	(701,301)	1,801,182
Dividends received	493,562	642,101
Investments in fixed assets	(1,239,253)	(971,587)
Proceeds from sale of fixed assets	8,337	14,788
Investments in Intangible assets	(103,299)	(71,320)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	-	87,800
Effect of translation of net investment in foreign branches & subsidiaries	5,010,114	(1,170,419)
Net cash flow from / (used) in investing activities	21,762,746	(138,660,494)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(714,769)	(607,002)
Dividend paid	(7,047,487)	(5,620,419)
Net cash flow used in financing activities	(7,762,256)	(6,227,421)
Effects of exchange rate changes on cash and cash equivalents	10,636,374	(565,466)
Increase in cash and cash equivalents	76,701,936	(15,878,054)
Cash and cash equivalents at beginning of the period	124,994,173	197,359,601
Cash and cash equivalents at end of the period	201,696,109	181,481,547

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,436 branches (2022: 1,439 branches) within Pakistan and 09 branches (2022: 09 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies

"Percentage holding of
MCB Bank Limited"

- MCB - Arif Habib Savings and Investments Limited
- MCB Non-Bank Credit Organization Closed Joint Stock Company
- MCB Islamic Bank Limited

51.33%
99.94%
100%

The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 has approved an equity investment of PKR 649.925 million to acquire further 30.09% shareholding of "MCB Arif-Habib Savings and Investments Limited" (MCBAH), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBAH in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The financial impact of this acquisition will be reflected in MCB Bank's Financial Statements for half year ending June 30, 2023.

2. BASIS OF PREPARATION

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

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based in the financial statements for the three months period ended March 31, 2023 and the carrying value of investments held by the parent is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the three months period ended March 31, 2023.

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

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

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

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

2.4 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



3. STATEMENT OF COMPLIANCE

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

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

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

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2022.

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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.

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

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

Effective date (annual periods
beginning on or after)

Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024

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

As per the SBP's BPRD Circular Letter no. 07 dated April 13, 2023, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2024. Therefore, these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted. The impact of the application of IFRS 9 on Group's financial statements is being assessed with respect to domestic operations.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



There are other amendments and interpretations to existing standards that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Group for the year ended December 31, 2022.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

7. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency	42,347,525	33,233,850
Foreign currencies	9,196,012	8,010,501
	51,543,537	41,244,351

With State Bank of Pakistan in

Local currency current accounts	65,777,784	60,486,793
Foreign currency current accounts	3,421,191	2,963,386
Foreign currency deposit accounts	12,774,091	-
	81,973,066	63,450,179

With other central banks in

Foreign currency current accounts	7,819,992	5,208,116
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With National Bank of Pakistan in

Local currency current accounts	15,786,813	207,220
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Prize bonds

	184,711	165,297
	157,308,119	110,275,163

8. BALANCES WITH OTHER BANKS

In Pakistan

In current account	29,955	29,428
In deposit account	6,707	7,383
	36,662	36,811

Outside Pakistan

In current accounts	24,783,089	18,954,730
In deposit accounts	19,780,985	7,171,308
	44,564,074	26,126,038
	44,600,736	26,162,849

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	33,169,680	23,736,012
Repurchase agreement lendings (Reverse Repo)	87,931,860	26,679,756
Musharaka arrangements	4,914,739	6,170,000
	126,016,279	56,585,768



INVESTMENTS	Unaudited March 31, 2023				Audited December 31, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Held-for-trading securities								
Shares	1,117,312	-	40,795	1,158,107	1,085,433	-	20,063	1,105,496
Available-for-sale securities								
Federal Government Securities	967,418,685	(423,768)	(47,406,218)	919,588,699	1,001,440,422	(134,427)	(32,886,502)	968,419,493
Shares and units	29,041,014	(10,040,462)	(706,718)	18,293,834	28,327,743	(9,618,325)	(721,393)	17,988,025
Non Government Debt Securities	3,723,840	-	1,345	3,725,185	3,723,840	-	5,782	3,729,622
Foreign Securities	19,231,548	(1,232)	47,633	19,277,949	4,134,882	(1,232)	(15,965)	4,117,685
Held-to-maturity securities	1,019,415,087	(10,465,462)	(48,063,958)	960,885,667	1,037,626,887	(9,753,984)	(33,618,078)	994,254,825
Federal Government Securities	33,373,027	(408,226)	-	32,964,801	32,670,061	(98,464)	-	32,571,597
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,030,538	(477,541)	-	7,552,997	8,032,203	(477,541)	-	7,554,662
Foreign Securities	41,403,683	-	-	40,517,798	40,702,382	(576,123)	-	40,126,259
Associates	5,680,632	-	-	5,680,632	5,402,479	-	-	5,402,479
Total Investments	1,067,616,714	(11,351,347)	(48,023,163)	1,008,242,204	1,084,817,181	(10,330,107)	(33,598,015)	1,040,889,059
Rupees in '000								
10.1.1 Investments given as collateral								
- Market Treasury Bills								
- Pakistan Investment Bonds								
10.2 Provision for diminution in value of investments								
10.2.1 Opening balance								
Exchange and other adjustments								
Charge / (reversals)								
Charge for the period / year								
Reversal on disposals								
Closing Balance								
Rupees in '000								
Unaudited March 31, 2023								
Audited December 31, 2022								
	124,606,608				124,606,608			
	10,330,107				10,330,107			
	82,786				82,786			
	938,454				938,454			
	938,454				938,454			
	11,351,347				11,351,347			



10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2023		Audited December 31, 2022	
	NPI	Provision	NPI	Provision
Domestic	-----Rupees in '000-----			
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 831.994 million (December 31, 2022: Rs 232.891 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 19,483.349 million (December 31, 2022: Rs. 19,878.357 million).

10.4 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2023 amounted to Rs. 1,852.200 million. (2022: Rs. 1,971.900 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2022: 20.00%)

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
Opening balance	5,393,123	5,240,911
Share of profit for the period / year before tax	(5,148)	700,164
Dividend from associate	-	(210,000)
Share of tax	(61,494)	(163,131)
	(66,642)	327,033
Share of other comprehensive income	343,799	(174,821)
Closing balance	5,670,280	5,393,123
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	354,101	(325,822)
Share of exchange translation reserve of associate	(10,302)	151,001
	343,799	(174,821)

10.5 Investment of the Group in Euronet Pakistan Private Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

Investment in Euronet Pakistan Private Limited under equity method - holding 30% (2022: 30.00%)

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
Opening balance	9,356	42,371
Share of profit for the period / year before tax	8,905	(28,933)
Share of tax	(7,909)	(4,082)
Closing balance	996	(33,015)
	10,352	9,356



	Performing		Non Performing		Total	
	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022
Rupees in '000-----						
Loans, cash credits, running finances, etc.	636,419,486	736,691,310	54,262,100	50,204,881	690,681,586	786,896,191
Islamic financing and related assets	92,746,711	89,208,021	1,672,554	1,678,791	94,419,265	90,886,812
Bills discounted and purchased	12,596,394	10,908,660	1,038,582	1,055,302	13,634,976	11,963,962
Advances - gross	741,762,591	836,807,991	56,973,236	52,938,974	798,735,827	889,746,965
Provision against advances						
- Specific	(2,775,805)	(2,638,230)	(43,210,971)	(42,122,972)	(43,210,971)	(42,122,972)
- General	(2,775,805)	(2,638,230)	(43,210,971)	(42,122,972)	(2,775,805)	(2,638,230)
Advances - net of provision	738,986,786	834,169,761	13,762,265	10,816,002	752,749,051	844,985,763

11.1 Particulars of advances (Gross)

In local currency
In foreign currencies

11.2 Advances include Rs. 56,973,236 million (2022: Rs.52,938,974 million) which have been placed under the non-performing status as detailed below:

Category of Classification

	Note		Non Performing Loans		Provision	
	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022
Rupees in '000-----						
Domestic						
Other Assets Especially Mentioned						
Substandard			1,489,594	1,134	1,465,104	1,535
Doubtful			1,725,021	422,478	1,326,934	172,053
Loss			1,319,767	342,507	139,735	69,867
			37,454,919	36,617,370	38,151,508	37,281,168
Overseas			41,989,301	37,383,489	41,083,281	37,524,623
Not past due but impaired			-	-	-	-
Overdue by:						
Upto 90 days			16,300	5,840	434,904	218,623
91 to 180 days			69,579	18,584	16,035	4,573
181 to 365 days			2,418	1,209	134	67
365 days			14,895,638	5,801,849	11,404,620	4,375,086
Total			14,983,935	5,827,482	11,855,693	4,598,349
			56,973,236	43,210,971	52,938,974	42,122,972

11.2.1 This includes non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as "Other Assets Especially Mentioned" as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.



11.3 Particulars of provision against advances							
		Unaudited March 31, 2023			Audited December 31, 2022		
	Note	Specific	General	Total	Specific	General	Total
		Rupees in '000-----					
Opening balance		42,122,972	2,638,230	44,761,202	44,281,189	1,771,000	46,052,189
Exchange adjustments		1,168,536	234,870	1,403,406	711,262	144	711,406
Charge for the period / year		744,005	23,877	767,882	1,108,144	928,004	2,036,148
Reversals	11.3.2	(824,161)	(121,172)	(945,333)	(3,898,555)	(60,918)	(3,959,473)
		(80,156)	(97,295)	(177,451)	(2,790,411)	867,086	(1,923,325)
Amounts written off		(381)	-	(381)	(79,068)	-	(79,068)
Closing balance		43,210,971	2,775,805	45,986,776	42,122,972	2,638,230	44,761,202

11.3.1 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 689,554 million (December 31, 2022: Rs. 555.936 million) in determining the provisioning against non-performing Islamic financing and related assets as at March 31, 2023. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 393.046 million as at March 31, 2023 (December 31, 2022: Rs. 283.527 million) is not available for payment of cash or stock dividends to shareholders.

11.3.2 The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Group also maintains a general provision against gross advances on a prudent basis.

12. FIXED ASSETS

	Note	Unaudited March 31, 2023	Audited December 31, 2022
		Rupees in '000-----	
Capital work-in-progress	12.1	1,737,783	1,296,860
Property and equipment		76,086,549	75,935,987
Right-of-use assets		7,679,524	7,788,318
		85,503,856	85,021,165
Capital work-in-progress			
Civil works		1,232,852	929,384
Equipment		37,690	152,024
Advances to suppliers		325,205	212,007
Others		142,036	3,445
		1,737,783	1,296,860

12.2 Additions to fixed assets

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

Property and equipment

Freehold land	-	84,984
Building on freehold land	30,988	23,145
Building on leasehold land	2,639	-
Electrical office and computer equipment	591,845	399,982
Furniture and fixture	69,436	63,472
Leasehold Improvements	71,290	67,291
Vehicles	32,132	36,973
	798,330	675,847
	1,239,253	971,587

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:
Vehicles
Furniture and fixture
Electrical office and computer equipment
Leasehold Improvements

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
Rupees in '000-----		
	440,923	295,740
	-	84,984
	30,988	23,145
	2,639	-
	591,845	399,982
	69,436	63,472
	71,290	67,291
	32,132	36,973
	798,330	675,847
	1,239,253	971,587
	482	1,358
	184	2,601
	1,886	1,524
	-	1,335
	2,552	6,818

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



13. INTANGIBLE ASSETS

Capital work-in-progress
Goodwill
Management rights
Computer software

Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----	
289,614	276,070
82,127	82,127
192,000	192,000
1,089,392	1,132,474
1,653,133	1,682,671

13.1 Additions to intangible assets

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

Computer software
Capital work-in-progress - net additions

Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----	
103,299	40,793
-	30,527
103,299	71,320

Note

Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----	
1,687,362	1,426,401
20,667,503	14,455,774
56,099	41,945
22,410,964	15,924,120

14. DEFERRED TAX ASSET / (LIABILITY) - NET

Deductible Temporary Differences on

- Provision against advances
- Surplus/deficit on revaluation of investments
- Minimum Tax and WWF

Taxable Temporary Differences on

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

1,687,362	1,426,401
20,667,503	14,455,774
56,099	41,945
22,410,964	15,924,120
(3,345,003)	(3,377,341)
(375,669)	(375,669)
(2,861,952)	(2,795,861)
(1,226,999)	(1,190,300)
(705,218)	(705,218)
(2,159,631)	(2,040,453)
(10,674,472)	(10,484,842)
11,736,492	5,439,278

15. OTHER ASSETS

Income/ Mark-up accrued in local currency
Income/ Mark-up accrued in foreign currencies
Advances, deposits, advance rent and other prepayments
Non-banking assets acquired in satisfaction of claims
Compensation for delayed income tax refunds
Branch adjustment account
Mark to market gain on forward foreign exchange contracts
Unrealized gain on derivative financial instruments
Acceptances
Receivable from the pension fund
Clearing and settlement accounts
Claims receivable against fraud and forgeries
Others

20

15.1

22

Less: Provision held against other assets

Other Assets (net of provision)

Surplus on revaluation of non-banking assets
acquired in satisfaction of claims

Other Assets - total

15.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims
Claims receivable against fraud and forgeries
Others

15.1.1 Movement in provision held against other assets

Opening balance
Charge for the period / year
Reversals

Amounts written off
Exchange and other adjustments
Closing balance

51,159,870	46,063,081
731,524	322,475
4,743,645	4,596,339
2,019,384	2,025,354
133,809	133,809
252,028	114,461
5,205,430	1,639,308
566,523	778,441
44,528,266	27,938,800
2,853,486	2,768,142
11,794,190	14,417,909
1,240,054	1,225,857
4,013,536	3,460,089
129,241,745	105,484,065
3,369,309	3,066,275
125,872,436	102,417,790
873,647	873,647
126,746,083	103,291,437
94,157	94,157
595,545	587,468
2,679,607	2,384,650
3,369,309	3,066,275
3,066,275	2,709,281
15,034	109,887
-	(1,755)
15,034	108,132
-	(1,193)
288,000	250,055
3,369,309	3,066,275

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at March 31, 2023 (2022: NIL).

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



17. BILLS PAYABLE

In Pakistan
Outside Pakistan

Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----	
13,974,279	42,816,529
501,135	57,837
14,475,414	42,874,366

18. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

Under export refinance scheme
Under long term financing facility
Under renewable energy performance platform
Under Refinance Scheme for Payment of Wages & Salaries
Under temporary economic refinance facility
Under refinance facility for combating COVID-19
Under financing facility for storage of agricultural produce
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs

40,500,295	49,551,963
24,252,416	25,102,717
2,637,725	2,568,874
64,248	790,403
44,527,258	44,107,566
29,721	32,540
169,637	111,862
6,388	4,082
112,187,688	122,270,007

Bai Muajjal

Repurchase agreement borrowings

-	-
126,872,328	227,700,898
239,060,016	349,970,905

Total secured

Unsecured

Borrowings from other financial institution

Call borrowings

Overdrawn nostro accounts

Musharaka Arrangements

Others

1,406,215	1,114,808
654,283	-
212,746	807,465
5,911,670	3,961,146
162,286	162,286
8,347,200	6,045,705
247,407,216	356,016,610

Total unsecured

19. DEPOSITS AND OTHER ACCOUNTS

Unaudited March 31, 2023			Audited December 31, 2022		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----					
686,324,620	110,935,019	797,259,639	589,526,117	73,439,252	662,965,369
663,728,092	46,225,912	709,954,004	647,540,901	40,288,897	687,829,798
60,069,328	19,386,476	79,455,804	78,969,210	13,097,592	92,066,802
62,897,657	7,474,777	70,372,434	38,584,482	5,827,480	44,411,962
1,473,019,697	184,022,184	1,657,041,881	1,354,620,710	132,653,221	1,487,273,931
16,545,822	1,039,215	17,585,037	19,798,048	1,036,279	20,834,327
18,506,182	163,420	18,669,602	16,052,784	94,549	16,147,333
4,084,968	2,922,733	7,007,701	4,197,968	2,299,049	6,497,017
-	2,435,513	2,435,513	-	1,943,353	1,943,353
39,136,972	6,560,881	45,697,853	40,048,800	5,373,230	45,422,030
1,512,156,669	190,583,065	1,702,739,734	1,394,669,510	138,026,451	1,532,695,961

Customers

Current deposits

Savings deposits

Term deposits

Others

Financial Institutions

Current deposits

Savings deposits

Term deposits

Others

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



	Note	Unaudited March 31, 2023	Audited December 31, 2022
		-----Rupees in '000-----	
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		22,804,083	34,829,337
Mark-up/ return/ interest payable in foreign currencies		394,992	214,329
Unearned commission and income on bills discounted		1,606,638	1,313,520
Accrued expenses		6,347,633	7,840,303
Current taxation (provisions less payments)		18,226,243	18,155,030
Workers' welfare fund	20.1	11,828,860	11,365,617
Acceptances	15	44,528,266	27,938,800
Unclaimed / dividends payable		2,799,625	2,736,752
Mark to market loss on forward foreign exchange contracts		3,693,054	1,047,154
Unrealised loss on derivative financial instruments		566,337	778,137
Provision for employees' compensated absences		1,218,052	1,179,992
Provision for post retirement medical benefits		2,282,604	2,219,281
Provision for employees' contributory benevolent scheme		167,663	165,426
Insurance payable against consumer assets		840,651	828,882
Unclaimed balances		654,519	642,169
Duties and taxes payable		2,898,304	1,939,694
Charity fund balance		15,115	12,119
Provision against off-balance sheet obligations		47,885	48,403
Security deposits against lease		2,268,887	2,104,713
Lease liability against right of use assets		10,540,550	10,560,611
Clearing and settlement accounts		9,605,163	15,210,786
Others		8,269,483	7,137,414
		151,604,607	148,268,469

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

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

	Note	Unaudited March 31, 2023	Audited December 31, 2022
		-----Rupees in '000-----	
21. RESERVES			
Share premium		23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		9,855,811	4,845,697
Statutory reserve	21.2	42,786,945	41,313,438
General reserve		18,600,000	18,600,000
		<u>96,124,097</u>	<u>89,640,476</u>

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

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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----			
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(48,063,958)	(33,618,078)
- Fixed Assets		41,297,623	41,372,828
- Non-banking assets acquired in satisfaction of claims	15	873,647	873,647
- Associated undertaking		816,453	462,352
		(5,076,235)	9,090,749
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	20,667,503	14,455,774
- Fixed Assets	14	(3,345,003)	(3,377,341)
- Non-banking assets acquired in satisfaction of claims	14	(375,669)	(375,669)
- Associated undertaking		(482,865)	(335,031)
		16,463,966	10,367,733
		11,387,731	19,458,482
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	342,200,093	284,145,632
-Commitments	23.2	452,824,165	393,253,385
-Other contingent liabilities	23.3	30,454,528	29,051,044
		825,478,786	706,450,061
23.1 Guarantees:			
Financial guarantees		278,464,400	224,156,073
Performance guarantees		57,094,380	49,704,896
Other guarantees		6,641,313	10,284,663
		342,200,093	284,145,632
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		273,476,910	219,119,699
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	146,117,368	138,880,321
- forward government securities transactions	23.2.2	20,005,000	13,797,435
- derivatives	23.2.3	9,588,958	18,241,918
- commitments to extent credit		1,041,972	921,578
Commitments for acquisition of:			
- operating fixed assets		2,196,091	1,976,122
- intangible assets		397,866	316,312
		452,824,165	393,253,385
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		89,090,525	80,282,447
Sale		57,026,843	58,597,874
		146,117,368	138,880,321
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		20,005,000	12,328,130
Sale		-	1,469,305
		20,005,000	13,797,435
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		4,551,316	8,817,006
Sale		4,551,316	8,817,006
		9,102,632	17,634,012
Cross Currency Swaps			
Purchase		243,163	303,953
Sale		243,163	303,953
		486,326	607,906
		9,588,958	18,241,918

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



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

	Note	Unaudited March 31, 2023	Audited December 31, 2022
		-----Rupees in '000-----	

23.3 Other contingent liabilities

Claims against the Bank not acknowledged as debts	23.3.1	30,454,528	29,051,044
---	--------	------------	------------

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

23.4 Taxation

For assessment year 1999-2000 through tax year 2021, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 844 million (2022: Rs. 844 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

24. DERIVATIVE INSTRUMENTS

	Unaudited March 31, 2023					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	-----Rupees in '000-----					
Total						
Hedging	243,163	249,320	-	-	4,551,316	317,203
Market Making	243,163	(249,134)	-	-	4,551,316	(317,203)
	-----Rupees in '000-----					
Total						
Hedging	303,953	185,139	-	-	8,817,006	593,302
Market Making	303,953	(184,835)	-	-	8,817,006	(593,302)

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Three Months Period Ended March 31, 2023



	Note	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
		-----Rupees in '000-----	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		29,431,663	14,721,503
Investments		38,497,870	27,635,837
Lendings to financial institutions		1,947,694	271,025
Balances with banks		356,563	60,278
		70,233,790	42,688,643
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		27,812,928	18,264,233
Borrowings		8,585,739	4,046,212
Cost of foreign currency swaps against foreign currency deposits / borrowings		445,432	700,804
Finance charges on lease liability against right-of-use assets		347,268	319,645
		37,191,367	23,330,894
27. FEE & COMMISSION INCOME			
Branch banking customer fees		849,558	766,350
Consumer finance related fees		188,450	148,944
Card related fees (debit and credit cards)		1,295,290	911,118
Credit related fees		120,036	108,681
Investment banking fee		11,100	36,884
Commission on trade		633,605	380,889
Commission on guarantees		196,673	138,137
Commission on cash management		228,752	210,167
Commission on remittances including home remittances		385,363	264,827
Commission on bancassurance		271,477	292,437
Rent on lockers		65,263	67,376
Commission on utility bills		19,333	19,193
Commission on investments services		295,064	156,842
Others		88,661	46,759
		4,648,625	3,548,604
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	43,548	290,574
Unrealised - Held For Trading	10.1	40,795	(163)
		84,343	290,411
28.1 Realised gain / (loss) on:			
Federal Government Securities		36,362	26,347
Shares		7,186	264,227
		43,548	290,574
29. OTHER INCOME			
Rent on property		30,633	4,132
Gain on termination of lease liability against right of use assets		10,248	33,911
Gain on sale of fixed assets - net		5,235	7,970
Gain on conversion of Ijarah agreements		5,785	3,478
		51,901	49,491

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2023



	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----		
30. OPERATING EXPENSES		
Total compensation expense	6,439,033	5,310,650
Property expense		
Rent and taxes	101,665	18,739
Insurance	14,961	11,896
Utilities cost	543,143	343,166
Fuel expense generators	326,840	138,240
Security (including guards)	510,830	428,364
Repair and maintenance (including janitorial charges)	291,228	244,836
Depreciation on right-of-use assets	466,482	370,120
Depreciation	282,739	250,821
	2,537,888	1,806,182
Information technology expenses		
Software maintenance	445,342	343,009
Hardware maintenance	83,463	88,247
Depreciation	204,694	160,975
Amortization	133,959	122,429
Network charges	181,377	177,317
Insurance	1,561	1,167
	1,050,396	893,144
Other operating expenses		
Directors' fees and allowances	9,160	9,960
Fees and allowances to Sharia Board members	4,166	2,687
Legal and professional charges	114,103	113,346
Outsourced services costs	256,103	222,111
Travelling and conveyance	101,346	103,400
NIFT clearing charges	60,322	50,023
Depreciation	283,194	243,251
Depreciation on non-banking assets acquired in satisfaction of claims	5,970	5,986
Training and development	15,717	13,845
Postage and courier charges	70,065	67,916
Communication	240,547	104,830
Stationery and printing	267,726	183,845
Marketing, advertisement & publicity	210,025	199,515
Auditors' remuneration	19,238	15,436
Cash transportation charges	254,514	218,629
Repair and maintenance	154,432	109,091
Subscription	12,571	10,080
Entertainment	110,170	82,105
Remittance charges	58,445	53,533
Brokerage expenses	21,000	16,563
Card related expenses	563,897	267,197
CNIC verification charges	71,366	92,591
Insurance	514,585	480,449
Others	112,097	78,043
	3,530,759	2,744,432
	13,558,076	10,754,408

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2023



	Note	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----			
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		13,426	1,940
VAT & National Building tax & Crop Insurance Levy		77,741	20,562
Education cess		7,000	-
		98,167	22,502
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision / (reversal) against balance with Banks		8,741	(4)
Provision / (reversal) for diminution in value of investments	10.2.1	938,454	(322,472)
(Reversal) / provision against loans and advances	11.3	(177,451)	(610,203)
(Reversal) / provision against off balance sheet items		(4,065)	(9)
(Reversal) / provision against other assets	15.1.1	15,034	(7,853)
Recovery of written off / charged off bad debts		(40,758)	(51,847)
		739,955	(992,388)
33. TAXATION			
Current		10,825,460	5,929,690
Prior years		-	925
Deferred		(233,090)	234,085
Share of tax of associates		69,403	76,832
		10,661,773	6,241,532
34. BASIC AND DILUTED EARNINGS PER SHARE			
-----Rupees in '000-----			
Profit after tax attributable to Equity Shareholders of the Bank		13,928,020	9,082,889
-----Number-----			
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
-----Rupees-----			
Basic and diluted earnings per share		11.75	7.66

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35. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy.

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

35.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Term Finance Certificates 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 mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

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

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

Unaudited March 31, 2023					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	919,588,699	-	919,588,699	-	919,588,699
Shares	18,004,040	18,004,040	-	-	18,004,040
Non-Government Debt Securities	3,725,185	-	3,725,185	-	3,725,185
Foreign Securities	19,277,949	-	19,277,949	-	19,277,949
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	47,646,331	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	65,273,882	-	65,273,882	-	65,273,882
Non-banking assets	2,798,874	-	2,798,874	-	2,798,874
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	89,090,525	-	5,205,430	-	5,205,430
Forward sale of foreign exchange	57,026,843	-	3,693,054	-	3,693,054
Derivatives purchase	4,794,479	-	566,523	-	566,523
Derivatives sale	4,794,479	-	566,337	-	566,337
Audited December 31, 2022					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	968,419,493	-	968,419,493	-	968,419,493
Shares	17,651,677	16,482,650	1,169,027	-	17,651,677
Non-Government Debt Securities	3,729,622	-	3,729,622	-	3,729,622
Foreign Securities	4,112,387	-	4,112,387	-	4,112,387
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	46,975,880	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	66,744,753	-	66,744,753	-	66,744,753
Non-banking assets	2,804,844	-	2,804,844	-	2,804,844
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	80,282,447	-	5,036,921	-	5,036,921
Forward sale of foreign exchange	58,597,874	-	2,971,339	-	2,971,339
Derivatives purchase	9,120,959	-	778,441	-	778,441
Derivatives sale	9,120,959	-	778,137	-	778,137



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

	Un audited Three months ended March 31, 2023								Rupees in '000			
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total	
Profit & Loss												
Net mark-up/return/profit	(19,167,127)	1,181,182	17,670,204	28,929,300	1,456,174	2,917,426	(2,917)	58,181	33,042,423	-	33,042,423	
Inter segment revenue - net	46,362,766	(618,049)	(15,024,016)	(34,165,416)	(74,775)	-	-	3,519,470	-	-	-	
Non mark-up / return / interest income	2,717,898	671,508	1,719,390	(48,356)	532,760	238,447	317,113	342,192	6,490,952	-	6,490,952	
Total Income	29,913,557	1,234,641	4,385,578	(5,284,472)	1,914,159	3,155,873	314,196	3,919,843	39,533,375	-	39,533,375	
Segment direct expenses	8,310,065	681,800	320,313	196,198	602,880	1,590,196	170,978	2,279,971	14,152,401	-	14,152,401	
Total expenses	8,310,065	681,800	320,313	196,198	602,880	1,590,196	170,978	2,279,971	14,152,401	-	14,152,401	
Provisions	(9,586)	16,917	(26,618)	422,136	723,323	115,609	-	(501,826)	739,955	-	739,955	
Profit before tax	21,613,078	535,924	4,071,883	(5,902,806)	587,956	1,450,068	143,218	2,141,888	24,641,019	-	24,641,019	
Balance Sheet												
Cash & Bank balances	57,164,148	750,038	281,954	81,352,396	36,883,383	20,496,793	60,233	5,119,910	201,908,855	-	201,908,855	
Investments	-	-	10,515,686	894,414,640	24,739,772	72,433,561	1,158,314	4,980,231	1,008,242,204	-	1,008,242,204	
Net inter segment lending	1,136,867,783	-	-	-	-	-	-	200,106,713	1,336,774,496	(1,336,774,496)	-	
Lendings to financial institutions	-	-	-	88,031,860	33,069,680	4,914,739	-	-	126,016,279	-	126,016,279	
Advances - performing	103,847,552	40,310,168	480,481,484	-	19,054,177	92,363,872	8,286	2,921,247	738,986,786	-	738,986,786	
- non performing	1,211,191	92,659	1,516,106	-	9,156,452	1,355,062	-	430,795	13,762,265	-	13,762,265	
Others	61,026,924	4,581,676	59,033,003	27,784,627	3,244,613	18,016,774	1,154,772	50,797,175	225,639,564	-	225,639,564	
Total Assets	1,359,917,598	45,734,541	551,828,233	1,091,583,523	125,948,077	209,580,801	2,381,605	284,356,071	3,651,330,449	(1,336,774,496)	2,314,555,953	
Borrowings	11,998,320	-	89,685,743	125,402,419	1,759,646	16,587,289	-	1,973,799	247,407,216	-	247,407,216	
Deposits & other accounts	1,315,651,374	22,299,999	103,778,674	-	97,963,573	163,007,139	-	38,975	1,702,739,734	-	1,702,739,734	
Net inter segment borrowing	-	18,930,269	314,229,477	964,354,777	20,597,157	17,053,580	1,609,236	-	1,336,774,496	(1,336,774,496)	-	
Others	32,267,904	4,504,273	44,134,339	1,826,327	5,627,701	12,932,793	772,369	64,014,315	166,080,021	-	166,080,021	
Total Liabilities	1,359,917,598	45,734,541	551,828,233	1,091,583,523	125,948,077	209,580,801	2,381,605	66,027,089	3,453,001,467	(1,336,774,496)	2,116,226,971	
Equity	-	-	-	-	-	-	-	198,328,982	198,328,982	-	198,328,982	
Total Equity & liabilities	1,359,917,598	45,734,541	551,828,233	1,091,583,523	125,948,077	209,580,801	2,381,605	284,356,071	3,651,330,449	(1,336,774,496)	2,314,555,953	
Contingencies & Commitments	64,163,973	-	495,913,003	157,509,908	24,339,028	51,411,078	-	32,141,796	825,478,786	-	825,478,786	



Un audited Three months ended March 31, 2022

	Un audited Three months ended March 31, 2022								Rupees in '000			
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total	
Profit & Loss												
Net mark-up/return/profit	(13,760,964)	873,204	7,880,016	22,730,702	389,089	1,211,343	(960)	35,339	19,357,749	-	19,357,749	
Inter segment revenue - net	27,294,107	(330,547)	(6,856,297)	(23,105,397)	(41,232)	-	-	3,039,966	-	-	-	
Non mark-up / return / interest income	2,287,532	569,102	1,048,251	1,661,092	239,624	76,241	175,647	22,533	6,080,022	-	6,080,022	
Total Income	15,820,675	1,111,759	2,071,970	1,286,397	587,461	1,287,584	174,687	3,097,238	25,437,771	-	25,437,771	
Segment direct expenses	6,773,165	515,028	234,934	154,246	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978	
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-	
Total expenses	6,773,165	515,028	234,934	154,246	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978	
Provisions	(164,973)	2,703	(24,000)	(193,867)	(3,920)	(128,781)	-	(479,550)	(992,388)	-	(992,388)	
Profit before tax	9,212,483	594,028	1,861,036	1,326,018	244,816	223,910	77,067	1,807,823	15,347,181	-	15,347,181	
Balance Sheet												
Cash & Bank balances	34,485,076	622,340	242,694	60,644,247	23,563,344	15,144,558	57,106	1,678,647	136,438,012	-	136,438,012	
Investments	-	-	10,517,351	942,409,392	9,276,084	72,688,657	1,105,497	4,912,078	1,040,889,059	-	1,040,889,059	
Net inter segment lending	1,114,563,069	-	-	-	-	-	-	192,410,586	1,306,973,645	(1,306,973,645)	-	
Lendings to financial institutions	-	-	-	26,679,756	23,736,012	6,170,000	-	-	56,585,768	-	56,585,768	
Advances - performing	96,972,626	41,235,105	588,583,737	-	16,255,805	88,798,112	7,619	2,316,757	834,169,761	-	834,169,761	
- non performing	156,088	87,709	1,380,470	-	7,257,344	1,503,597	-	430,794	10,816,002	-	10,816,002	
Others	50,005,640	2,399,035	38,820,555	26,778,287	1,667,282	14,754,649	1,060,250	59,948,853	195,434,551	-	195,434,551	
Total Assets	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153	
Borrowings	13,559,449	-	98,051,501	227,354,544	813,687	14,670,759	-	1,567,670	356,016,610	-	356,016,610	
Deposits & other accounts	1,209,525,713	20,379,488	87,712,328	-	61,067,142	154,001,460	-	9,830	1,532,695,961	-	1,532,695,961	
Net inter segment borrowing	-	18,909,590	428,058,745	825,795,278	16,359,144	16,346,882	1,504,006	-	1,306,973,645	(1,306,973,645)	-	
Others	73,098,327	5,055,111	25,722,233	3,361,960	3,515,898	14,020,472	726,466	65,642,468	191,142,835	-	191,142,835	
Total Liabilities	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	67,219,968	3,386,829,051	(1,306,973,645)	2,079,855,406	
Equity	-	-	-	-	-	-	-	194,477,747	194,477,747	-	194,477,747	
Total Equity & liabilities	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153	
Contingencies & Commitments	76,591,298	-	376,393,133	163,418,191	18,749,788	40,951,720	-	30,345,931	706,450,061	-	706,450,061	

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

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

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

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

Unaudited March 31, 2023					Audited December 31, 2022				
Directors	Key Management Personnel	Associates	Other Related Parties		Directors	Key Management Personnel	Associates	Other Related Parties	
(Rupees in '000)									
Investments									
Opening balance	-	-	5,402,479	249,253	-	-	5,283,282	254,253	
Equity method adjustments	-	-	278,153	-	-	-	119,197	-	
Investment disposed off during the period / year	-	-	-	-	-	-	-	(5,000)	
Closing balance	-	-	5,680,632	249,253	-	-	5,402,479	249,253	
Provision for diminution in value of investments									
-	-	-	-	-	-	-	-	-	
Advances									
Opening balance	1,543	281,237	-	4,445,292	109	147,331	1,018,449	3,084,862	
Addition / exchange adjustment during the period / year	2,411	45,198	-	765,092	23,615	93,306	-	14,754,662	
Repaid / exchange adjustment during the period / year	(1,607)	(45,302)	-	(3,499,467)	(22,181)	(69,178)	(1,018,449)	(13,394,232)	
Transfer in / (out)	-	-	-	-	-	109,778	-	-	
Closing balance	2,347	281,133	-	1,710,917	1,543	281,237	-	4,445,292	
Provision held against advances									
-	-	-	-	-	-	-	-	-	
Fixed Assets									
Purchase of fixed assets	-	-	301	5,925	-	-	6,157	62,667	
Other Assets									
Markup receivable	-	3,511	-	15,396	-	3,208	-	64,384	
Advances, deposits, advance rent and other prepayments	-	-	435,778	25,660	-	-	288,433	25,594	
Receivable from Pension Fund	-	-	-	2,853,486	-	-	-	2,768,142	
-	-	3,511	435,778	2,894,542	-	3,208	288,433	2,858,120	

Borrowings

	2018	2017	2016	2015	2014	2013
Opening balance	-	-	-	-	-	103,120
Borrowings / exchange adjustment during the period / year	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	(103,120)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-

Deposits and other accounts

Opening balance	193,547	184,112	5,623,897	5,594,903	700,547	196,067	3,827,846	8,285,021
Received during the period / year	416,025	556,800	23,449,252	18,471,321	7,966,971	1,508,191	59,131,008	109,663,854
Withdrawn during the period / year	(538,355)	(523,900)	(20,485,869)	(14,947,881)	(8,473,340)	(1,534,378)	(57,334,957)	(112,340,190)
Transfer in / (out) - net	-	-	-	-	(631)	14,232	-	(13,782)
Closing balance	71,217	217,012	8,587,280	9,118,343	193,547	184,112	5,623,897	5,594,903

Other Liabilities

Markup payable	992	2,241	75,215	56,441	4,804	1,171	59,052	46,907
Accrued expenses and other payable	-	-	106,160	273	-	-	81,476	1,571
Payable to MCB Employee Security Services	-	-	-	-	-	-	-	14,314
	992	2,241	181,375	56,714	4,804	1,171	140,528	62,792

Contingencies and Commitments

Letter of Credit	-	-	-	7,435,506	-	-	6,638,499
Bank guarantee	-	-	-	8,899,885	-	-	1,053,845
	-	-	-	8,899,885	-	-	7,102,828
	-	-	-	8,899,885	-	-	7,102,828
	-	-	-	8,716,585	-	-	7,692,344

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	Unaudited March 31, 2023			Unaudited March 31, 2022		
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel
(Rupees in '000)						
Income						
Markup / return / interest earned	13	6,826	-	31,673	-	5,937
Fee and commission income	-	-	175,206	2,616	21,695	13,778
Dividend income	-	-	9,704	42,236	180,924	2,303
Gain on forward foreign exchange contracts matured during the period	-	-	-	-	-	33,750
Net gain / (loss) on sale of securities	-	-	31	176	-	11
Gain on sale of fixed assets	-	10	-	-	183	14,531
Rent income	-	-	2,582	960	-	102
					3,350	960
Expense						
Markup / return / interest expensed	3,834	2,018	125,856	138,389	8,218	194,344
Other Operating expenses						
Clearing expenses paid to NIFT	-	-	-	52,772	-	44,428
Contribution to provident fund	-	-	-	134,351	-	121,279
Rent expenses	-	-	18,780	13,554	17,128	12,350
Cash sorting expenses	-	-	-	34,135	-	28,364
Stationery expenses	-	-	-	90,031	-	72,977
Security guards expenses	-	-	-	37,010	-	84,688
Remuneration to key executives and non-executive directors fee	74,234	404,063	-	-	59,420	-
Outsourcing service expenses	-	-	36,351	-	269,526	-
E-dividend processing fee and CDC charges	-	-	-	1,391	23,114	-
Travelling Expenses	-	-	-	2,762	-	1,523
Hotel stay expenses	-	-	-	888	-	10,844
Repair & Maintenance Charges	-	-	-	1,077	-	1,772
Advertisement Expenses	-	-	-	143	-	565
Utility expenses	-	-	-	251	-	3,132
Miscellaneous expenses and payments	-	-	-	-	-	-
Insurance premium-net of refund	-	-	312,237	-	389,540	3,661
Insurance claim settled	-	-	4,955	-	14,844	-
Other Transactions						
Proceeds from sale of fixed assets	-	10	-	-	-	1,417
Sale of government securities	12,964	25,250	4,274,423	5,176,076	3,946,198	13,663,816
Purchase of government securities	-	42,596	2,257,926	22,603,871	3,767,405	5,956,758
Forward exchange contracts matured during the period	-	-	-	36,000	-	10,000

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

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	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
38.1 Capital Adequacy		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,850,600	11,850,600
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	165,075,651	158,467,591
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	165,075,651	158,467,591
Eligible Tier 2 Capital	23,521,369	26,444,431
Total Eligible Capital (Tier 1 + Tier 2)	188,597,020	184,912,022
Risk Weighted Assets (RWAs):		
Credit Risk	838,795,664	763,368,141
Market Risk	64,532,293	75,115,355
Operational Risk	190,227,624	190,227,624
Total	1,093,555,582	1,028,711,120
Common Equity Tier 1 Capital Adequacy ratio	15.10%	15.40%
Tier 1 Capital Adequacy Ratio	15.10%	15.40%
Total Capital Adequacy Ratio	17.25%	17.98%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	165,075,651	158,467,591
Total Exposures	2,949,401,870	2,846,612,866
Leverage Ratio	5.60%	5.57%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	978,330,238	803,179,881
Total Net Cash Outflow	422,243,616	404,125,964
Liquidity Coverage Ratio	231.70%	198.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,417,333,314	1,375,022,084
Total Required Stable Funding	1,043,507,564	987,602,872
Net Stable Funding Ratio	135.82%	139.23%



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 27, 2023 has announced an interim cash dividend in respect of quarter ended March 31, 2023 of Rs. 6.00 per share (March 31, 2022: Rs. 5.00 per share). These consolidated condensed interim financial statements for the period ended March 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

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

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

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 27, 2023.

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director