

Convenience
in every form!





Our Vision

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

Our Mission

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

Our Values

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

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

MCB Bank Limited

CORPORATE PROFILE

BOARD OF DIRECTORS:

Mian Mohammad Mansha	Chairman
S. M. Muneer	Vice Chairman
Tariq Rafi	Director
Shahzad Saleem	Director
Sarmad Amin	Director
Mian Raza Mansha	Director
Aftab Ahmad Khan	Director
Mian Umer Mansha	Director
Manzar Mushtaq	Director
Dato' Seri Ismail Shahudin	Director
Datuk Abdul Farid Bin Alias	Director
Ahmad Alman Aslam	Director
Imran Maqbool	President / CEO

AUDIT COMMITTEE:

Tariq Rafi	Chairman
Aftab Ahmad Khan	Member
Dato' Seri Ismail Shahudin	Member
Ahmad Alman Aslam	Member

Chief Financial Officer:	Salman Zafar Siddiqi
Company Secretary:	Abdus S. Sami
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Principal/Registered Office:	MCB, 15-Main Gulberg Jail Road, Lahore Pakistan
Registrar's and Share Registration Office:	M/s. THK Associates (Pvt.) Ltd State Life Building No.3 Dr. Ziauddin Ahmed Road Karachi, Pakistan

DIRECTORS' REPORT - MARCH 2013

I am pleased to place before you, on behalf of the Board of Directors, the quarterly financial statements of the Bank for the period ended March 31, 2013;

Financial Highlights

	Rs. in Million
Profit Before Taxation	8,677
Taxation	2,909
Profit After Taxation	5,768
Un-appropriated Profit Brought Forward	35,425
Remeasurement of defined benefit plans - net of tax	70
Transfer from Surplus on Revaluation of Fixed Assets (net of tax)	9
	35,504
Profit Available for Appropriation	41,272
Appropriations:	
Statutory Reserve	577
Final Cash Dividend – December 2012	2,760
Issue of Bonus Shares – December 2012	920
	4,257
Un-appropriated Profit Carried Forward	37,015

Performance Review

The Bank registered remarkable performance in the first quarter as profit before and after tax increased to Rs. 8.677 billion and Rs. 5.768 billion respectively, increasing by 2% and 4% over the corresponding quarter of 2012. Owing to the decreasing interest rate scenario coupled with increase in floor rate offered on saving and term deposit base, the net markup income of the Bank decreased by 9% over March 2012 to Rs. 9.723 billion. On the non-markup income side, the fee, commission and brokerage block registered an increase of 1%, whereas decrease of 45% was reported for income from dealing in foreign currencies. The administrative expenses (excluding impact of pension fund reversal) decreased by 2% over March 2012, primarily on account of cost control measures adopted by the Bank. A reversal in provision charge of Rs. 840 million was reported for the current as compared to Rs. 75 million charge reported for corresponding period last year.

The asset base of the Bank was reported at Rs. 759.116 billion as of March 31, 2013 with net advances growing by Rs. 801 million over December 31, 2012. The quality of advances registered considerable improvement with non-performing loans decreasing by Rs. 861 million over December 31, 2012. The decrease in NPL base improved the infection ratio to 9.41% from 9.74% as of December 31, 2012. The net investment base of the Bank registered an increase of Rs. 664 million over December 2012 to Rs. 402.733 billion. The deposit base of the Bank increased by 4% over December 2012 with saving and current deposits increasing by 5% each and fixed deposit decreasing by 4% over December, 2012. The shift in the concentration levels of the deposit resulted in the CASA base being reported at 86%.

Earnings per share (EPS) for the quarter was reported at Rs. 5.70 compared to Rs. 5.51 for the corresponding quarter last year. Return on assets improved to 3.02% (2012: 2.95%) and return on equity improved to 25.51% (2012: 25.07%).

Ratings

PACRA has upgraded the long term credit rating of the Bank to AAA [triple A] and maintained the short term credit rating of A1+ [A one plus], through its notification on February 4, 2013 (Previous: Long term: AA+ [double Aplus] and Short term: A1+ [A one plus]).

Economy Review

With the caretaker government taking charge during the quarter, the country is passing through a transitional phase with all eyes set on the elections scheduled in the second quarter of 2013. During the first quarter, inflationary pressures saw relief; however the deteriorating foreign exchange reserves made a case for maintaining the discount rate at current level. A nascent recovery has been registered by private sector credit demand and the current discount rate levels should bode well for the private sector.

The concerns over balance of payments with decreasing capital and financial inflows remained high during the first quarter, however, the equity markets reached new levels, through local and foreign investor participation. The financial results of the banking industry are expected to come under pressure on the back of reduction in discount rates, increase in floor rate offered on saving and fixed deposits and payout on monthly average balance. However, the banking channels are expected to resort to different non-markup revenue generating avenues for off-setting the significant compression on net interest margins.

Future Outlook

With the transitional phase ending in the second quarter, efforts will have to be made to eliminate untargeted subsidies and structural tax reforms to ease out the pressure on the fiscal front. Moreover, addressing the current energy crisis will be pivotal in paving out the way for economic development. Such practical measures will result in reposing the foreign investor confidence and increase in FDI, which seems challenging in the current circumstances.

MCB Bank Limited will continue to remain committed in providing the most optimal banking services and expand its customer base. Despite the challenges posed, the Bank remains focused on capitalizing on its strengths and every possible opportunity falling within the risk appetite defined by the entity.

Acknowledgement

In the end, the Board would like to thank all the shareholders of the Bank and its customers for their trust, our staff for their continuous dedication and the Government and the State Bank of Pakistan for their patronage and support.

April, 29, 2013

on behalf of Directors



Mian Mohammad Mansha
Chairman

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2013

	Note	Unaudited March 31, 2013	Audited December 31, 2012 Restated
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		49,532,155	57,420,129
Balances with other banks		2,820,034	1,191,974
Lendings to financial institutions	7	374,554	1,551,472
Investments - net	8	402,732,670	402,068,916
Advances - net	9	240,384,086	239,583,320
Operating fixed assets		24,126,423	23,738,454
Deferred tax assets - net		-	-
Other assets - net		39,145,790	41,520,432
		759,115,712	767,074,697
Liabilities			
Bills payable		9,422,158	9,896,284
Borrowings	10	49,503,901	78,951,103
Deposits and other accounts	11	565,798,530	545,060,728
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	9,045,133	9,529,727
Other liabilities		21,025,861	21,166,166
		654,795,583	664,604,008
		104,320,129	102,470,689
Net assets			
Represented by:			
Share capital	13	10,118,461	9,198,601
Reserves		44,889,892	44,253,270
Un-appropriated profit		37,015,202	35,424,921
		92,023,555	88,876,792
Surplus on revaluation of assets - net of tax		12,296,574	13,593,897
		104,320,129	102,470,689

Contingencies and commitments

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The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool
President / CEO

S.M. Muneer
Director

Mian Umer Mansha
Director

Shahzad Saleem
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2013

	Note	Quarter ended March 31, 2013	Quarter ended March 31, 2012 Restated
----- (Rupees in '000) -----			
Mark-up / return / interest earned		16,715,285	17,545,206
Mark-up / return / interest expensed		6,992,597	6,846,822
Net mark-up / interest income		9,722,688	10,698,384
Provision / (reversal) against loans and advances - net		(810,931)	74,532
Provision / (reversal) for diminution in the value of investments - net		(29,477)	591
Bad debts written off directly		-	120
		(840,408)	75,243
Net mark-up / interest income after provisions		10,563,096	10,623,141
Non mark-up / interest income			
Fee, commission and brokerage income		1,527,347	1,511,054
Dividend income		377,690	505,117
Income from dealing in foreign currencies		140,566	255,268
Gain on sale of securities - net		205,648	55,436
Unrealized loss on revaluation of investments classified as held for trading		(932)	(1,486)
Other income		100,084	88,110
Total non mark-up / interest income		2,350,403	2,413,499
		12,913,499	13,036,640
Non-mark-up / interest expenses			
Administrative expenses		4,038,115	4,236,665
Other provisions		10,180	15,775
Other charges		187,944	241,136
Total non mark-up / interest expenses		4,236,239	4,493,576
		8,677,260	8,543,064
Extra ordinary / unusual item		-	-
		8,677,260	8,543,064
Profit before taxation			
Taxation - current period		2,860,776	2,769,475
- prior years		-	-
- deferred		48,533	203,008
		2,909,309	2,972,483
		5,767,951	5,570,581
Earnings per share - basic and diluted - Rupees	15	5.70	5.51

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool
President / CEO

S.M. Muneer
Director

Mian Umer Mansha
Director

Shahzad Saleem
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2013

	Quarter ended March 31, 2013	Quarter ended March 31, 2012 Restated
	----- (Rupees in '000) -----	
Profit after tax for the period	5,767,951	5,570,581
Other comprehensive income		
Remeasurement of defined benefit plans	107,106	113,169
Deferred tax	(37,487)	(39,609)
	69,619	73,560
Effect of translation of net investment in foreign branches	59,827	(244,940)
Comprehensive income transferred to equity	5,897,397	5,399,201
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	(1,858,991)	738,786
Deferred tax	570,619	(985)
	(1,288,372)	737,801
Total comprehensive income for the period	4,609,025	6,137,002

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Mian Umer Mansha
Director


Shahzad Saleem
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2013

	March 31, 2013	March 31, 2012 Restated
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	8,677,260	8,543,064
Less: Dividend income	(377,690)	(505,117)
	8,299,570	8,037,947
Adjustments for:		
Depreciation	358,390	312,693
Amortization	67,759	62,391
Provision / (reversal) against loans and advances - net	(810,931)	74,532
Provision / (reversal) for diminution in the value of investments - net	(29,477)	591
Other provisions	10,180	15,775
Bad debts written off directly	-	120
Remeasurements of defined benefit plans	107,106	113,169
Unrealized loss on revaluation of investments classified as held for trading	932	1,486
Gain on disposal of fixed assets	(2,786)	(4,298)
	(298,827)	576,459
	8,000,743	8,614,406
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,176,918	(1,864,681)
Net investment in held for trading securities	(42,343)	(5,198,447)
Advances - net	10,165	(4,730,175)
Other assets - net	1,510,774	1,522,562
	2,655,514	(10,270,741)
Increase / (decrease) in operating liabilities		
Bills payable	(474,126)	(1,061,948)
Borrowings	(29,821,905)	(11,185,965)
Deposits and other accounts	20,737,802	20,878,351
Other liabilities	(2,071,861)	(1,895,995)
	(11,630,090)	6,734,443
	(973,833)	5,078,108
Income tax paid	(1,759,204)	(5,657,112)
Net cash flows from operating activities	(2,733,037)	(579,004)
Cash flows from investing activities		
Net investments in available-for-sale securities	(1,918,445)	(6,631,753)
Net investments in held-to-maturity securities	(533,412)	1,588,228
Dividend income received	129,807	267,203
Investment in operating fixed assets - net of disposals	(811,332)	(731,861)
Net cash flows from investing activities	(3,133,382)	(5,508,183)
Cash flows from financing activities		
Dividend paid	(828,025)	(334,156)
Net cash flows from financing activities	(828,025)	(334,156)
Exchange difference on translation of net investment in foreign branches	59,827	(244,940)
Increase in cash and cash equivalents	(6,634,617)	(6,666,283)
Cash and cash equivalents at January 1	57,783,180	55,293,253
Cash and cash equivalents at March 31	51,148,563	48,626,970

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Mian Umer Mansha
Director


Shahzad Saleem
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2013

	Capital Reserves				Revenue Reserves		Total	
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve		Unappropriated profit
	(Rupees in '000)							
Balance as at December 31, 2011	8,362,365	-	9,702,528	427,049	13,456,890	18,600,000	28,366,171	78,915,003
Effect of change in accounting policy - note 5.1	-	-	-	-	-	-	357,757	357,757
Balance as at December 31, 2011 -restated	8,362,365	-	9,702,528	427,049	13,456,890	18,600,000	28,723,928	79,272,760
Change in equity for three months ended March 31, 2012								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	8,947	8,947
Exchange differences on translation of net investment in foreign branches	-	-	-	(244,940)	-	-	-	(244,940)
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	73,560	73,560
Profit after taxation for three months period ended March 31, 2012 - restated	-	-	-	-	-	-	5,570,581	5,570,581
Total comprehensive income for the period ended March 31, 2012	-	-	-	(244,940)	-	-	5,644,141	5,399,201
Transferred to statutory reserve	-	-	-	-	564,414	-	(564,414)	-
Transfer to reserve for issue of bonus shares	-	836,236	-	-	-	-	(836,236)	-
Issue of bonus shares - December 31, 2011	836,236	(836,236)	-	-	-	-	-	-
Final cash dividend - December 31, 2011	-	-	-	-	-	-	(2,508,709)	(2,508,709)
Balance as at March 31, 2012 -restated	9,198,601	-	9,702,528	182,109	14,021,304	18,600,000	30,467,657	82,172,199
Change in equity for nine months ended December 31, 2012								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	26,842	26,842
Exchange differences on translation of net investment in foreign branches	-	-	-	217,673	-	-	-	217,673
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	556,260	556,260
Profit after taxation for nine months period ended December 31, 2012 - restated	-	-	-	-	-	-	15,102,421	15,102,421
Total comprehensive income for nine months ended December 31, 2012	-	-	-	217,673	-	-	15,658,881	15,876,354
Transferred to statutory reserve	-	-	-	-	1,529,656	-	(1,529,656)	-
Interim cash dividend - March 31, 2012	-	-	-	-	-	-	(2,759,581)	(2,759,581)
Interim cash dividend - June 30, 2012	-	-	-	-	-	-	(3,679,441)	(3,679,441)
Interim cash dividend - September 30, 2012	-	-	-	-	-	-	(2,759,581)	(2,759,581)
Balance as at December 31, 2012 - restated	9,198,601	-	9,702,528	399,782	15,550,960	18,600,000	35,424,921	88,876,792
Change in equity for three months ended March 31, 2013								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	8,947	8,947
Exchange differences on translation of net investment in foreign branches	-	-	-	59,827	-	-	-	59,827
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	69,619	69,619
Profit after taxation for three months period ended March 31, 2013	-	-	-	-	-	-	5,767,951	5,767,951
Total comprehensive income for the period ended March 31, 2013	-	-	-	59,827	-	-	5,837,570	5,897,397
Transferred to statutory reserve	-	-	-	-	576,795	-	(576,795)	-
Transfer to reserve for issue of bonus shares	-	919,860	-	-	-	-	(919,860)	-
Issue of bonus shares - December 31, 2012	919,860	(919,860)	-	-	-	-	-	-
Final cash dividend - December 31, 2012	-	-	-	-	-	-	(2,759,581)	(2,759,581)
Balance as at March 31, 2013	10,118,461	-	9,702,528	459,609	16,127,755	18,600,000	37,015,202	92,023,555

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool
President / CEO

S.M. Muneer
Director

Mian Umer Mansha
Director

Shahzad Saleem
Director

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

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 all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,180 branches including 27 Islamic banking branches (December 31, 2012: 1,179 branches including 27 Islamic banking branches) within Pakistan and 8 (December 31, 2012: 8) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

2.1 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 mark-up 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 mark-up thereon.

2.2 The financial results of the Islamic banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to these unconsolidated condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

3.1 These unconsolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.3 The disclosures made in these unconsolidated condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and these unconsolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2012.

4 BASIS OF MEASUREMENT

4.1 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

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

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2012 except for given below:

During the current year, the Bank has changed its accounting policy in respect of post retirement defined benefits plans as required under International Accounting Standard (IAS) 19, 'Employee Benefits'. According to new policy actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the current and prior period financial statements have been summarised below:

	March 31, 2013	December 31, 2012	December 31, 2011
	------(Rupees in '000)-----		
Impact on statement of financial position			
Increase in other assets	1,282,811	1,175,705	549,069
Increase / (decrease) in other liabilities	68,192	68,192	(1,327)
Increase in deferred tax liabilities	425,117	387,629	192,638
Increase in Un-appropriated profit	789,502	719,883	357,757

Impact on profit and loss account

	March 31, 2013	March 31, 2012
	------(Rupees in '000)-----	
Increase in administrative expenses		107,106
Decrease in profit before tax		107,106
Decrease in profit after tax		69,619
Decrease in earning per share	(Rupees)	0.069

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2012.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2012.

7. LENDINGS TO FINANCIAL INSTITUTIONS

Note	March 31, 2013	December 31, 2012
	------(Rupees in '000)-----	
Call money lendings	300,000	-
Repurchase agreement lendings	74,554	1,551,472
	<u>374,554</u>	<u>1,551,472</u>

8 INVESTMENTS - NET

8.1 Investments by types

		Held by bank	Given as collateral	Total
		----- Rupees in 000 -----		
Held-for-trading securities		42,343	-	42,343
Available-for-sale securities	8.2	361,697,349	30,017,272	391,714,621
Held-to-maturity securities	8.2	8,163,027	65,141	8,228,168
		<u>369,902,719</u>	<u>30,082,413</u>	<u>399,985,132</u>
Associates	8.3	1,059,421	-	1,059,421
Subsidiaries		576,507	-	576,507
		<u>1,635,928</u>	<u>-</u>	<u>1,635,928</u>
Investments at cost		371,538,647	30,082,413	401,621,060
Less: Provision for diminution in the value of investments		(2,708,060)	-	(2,708,060)
Investments (net of provisions)		368,830,587	30,082,413	398,913,000
Surplus / (deficit) on revaluation of available for sale securities - net		3,842,213	(21,611)	3,820,602
Deficit on revaluation of held-for-trading securities - net		(932)	-	(932)
Investments at revalued amounts - net of provisions		372,671,868	30,060,802	402,732,670

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

	Note	December 31, 2012		
		Held by bank	Given as collateral	Total
		----- Rupees in 000 -----		
Investments by types				
Held-for-trading securities		-	-	-
Available-for-sale securities	8.2	326,741,740	63,100,246	389,841,986
Held-to-maturity securities	8.2	7,626,932	67,824	7,694,756
		<u>334,368,672</u>	<u>63,168,070</u>	<u>397,536,742</u>
Associates	8.3	1,059,421	-	1,059,421
Subsidiaries		576,507	-	576,507
		<u>1,635,928</u>	<u>-</u>	<u>1,635,928</u>
Investments at cost		336,004,600	63,168,070	399,172,670
Less: Provision for diminution in the value of investments		(2,783,347)	-	(2,783,347)
Investments (net of provisions)		333,221,253	63,168,070	396,389,323
Surplus on revaluation of available for sale securities - net		5,634,413	45,180	5,679,593
Investments at revalued amounts - net of provisions		<u>338,855,666</u>	<u>63,213,250</u>	<u>402,068,916</u>

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2012: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2012: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 943.600 million (December 31, 2012: Rs. 943.600 million) as at March 31, 2013 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2013 amounted to Rs.2,531.367 million (December 31, 2012: Rs. 2,455.336 million).

9 ADVANCES - NET

Note	March 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	227,051,762	227,634,242
- Outside Pakistan	13,449,824	12,659,510
	<u>240,501,586</u>	<u>240,293,752</u>
Islamic Financing and related assets	8,340,628	10,289,436
Net Investment in finance lease		
- In Pakistan	986,920	924,122
- Outside Pakistan	82,877	162,197
	<u>1,069,797</u>	<u>1,086,319</u>
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	1,271,112	830,471
- Payable outside Pakistan	11,176,510	9,892,365
	<u>12,447,622</u>	<u>10,722,836</u>
Advances - gross	262,359,633	262,392,343
Less: Provision against loans and advances		
- Specific provision	(21,544,749)	(22,380,087)
- General provision	(262,360)	(257,457)
- General provision against consumer loans	(140,840)	(145,568)
- General Provision for potential lease losses (in Sri Lanka operations)	(27,598)	(25,911)
	<u>(21,975,547)</u>	<u>(22,809,023)</u>
Advances - net of provision	240,384,086	239,583,320

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013**

9.1 Advances include Rs.24,701.138 million (December 31, 2012: Rs. 25,561.774 million) which have been placed under non-performing status as detailed below:

Note	March 31, 2013				
	Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	4,945	-	4,945	-	-
Substandard	332,999	-	332,999	82,436	82,436
Doubtful	815,115	-	815,115	405,917	405,917
Loss	18,888,566	4,659,513	23,548,079	21,056,396	21,056,396
	20,041,625	4,659,513	24,701,138	21,544,749	21,544,749

Category of Classification	December 31, 2012			Specific Provision Required	Specific Provision Held
	Classified Advances				
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	-	-	-	-	-
Substandard	285,883	-	285,883	36,090	36,090
Doubtful	845,875	4,024	849,899	423,853	423,853
Loss	19,829,029	4,596,963	24,425,992	21,920,144	21,920,144
	20,960,787	4,600,987	25,561,774	22,380,087	22,380,087

9.1.1 This represents non-performing portfolio of agricultural financing classified as OAEM as per the requirements of the Prudential Regulation for Agricultural Financing issued by the SBP.

10 BORROWINGS

	March 31, 2013	December 31, 2012
----- (Rupees in '000) -----		
In Pakistan	44,735,121	76,644,529
Outside Pakistan	4,768,780	2,306,574
	49,503,901	78,951,103

10.1 Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	9,459,703	8,780,720
Long term financing facility	3,728,286	3,448,638
Long term financing - export oriented projects scheme	481,084	555,277
Financing Facility for Storage of Agricultural Produce	788,370	768,806
	14,457,443	13,553,441
Borrowings from other financial institutions	592,468	292,605
Repurchase agreement borrowings	30,042,819	63,158,913
	30,635,287	63,451,518
	45,092,730	77,004,959

Unsecured

Call borrowings	3,207,545	1,117,221
Overdrawn nostro accounts	1,203,626	828,923
	4,411,171	1,946,144
	49,503,901	78,951,103

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013**

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
Savings deposits
Current accounts
Margin accounts

Financial institutions

Remunerative deposits
Non-remunerative deposits

	March 31, 2013	December 31, 2012
----- (Rupees in '000) -----		
Fixed deposits	77,164,135	80,649,846
Savings deposits	284,007,001	268,927,052
Current accounts	194,076,641	183,176,846
Margin accounts	3,372,324	3,520,404
	558,620,101	536,274,148
Remunerative deposits	4,931,956	6,090,878
Non-remunerative deposits	2,246,473	2,695,702
	7,178,429	8,786,580
	565,798,530	545,060,728

	March 31, 2013	December 31, 2012
----- (Rupees in '000) -----		
Surplus on revaluation of operating fixed assets	758,889	763,706
Accelerated tax depreciation	1,060,334	1,109,270
Receivable from pension fund	6,143,474	6,038,472
Remeasurement of defined benefit plans	425,117	387,629
Surplus on revaluation of securities	930,423	1,501,042
	9,318,237	9,800,119
Provision for bad debts	(28,853)	(12,632)
Provision for post retirement medical benefits	(244,251)	(257,760)
	(273,104)	(270,392)
	9,045,133	9,529,727

12 DEFERRED TAX LIABILITY / (ASSET) - NET

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

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets
Accelerated tax depreciation
Receivable from pension fund
Remeasurement of defined benefit plans
Surplus on revaluation of securities

Deductible temporary differences on:

Provision for bad debts
Provision for post retirement medical benefits

13 SHARE CAPITAL

The Bank has increased its Authorised Share Capital from Rs. 10,000 million to Rs. 15,000 million.

14 CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring

- Government
- Banks and financial institutions
- Others

14.2 Transaction-related contingent liabilities

Guarantees in favour of:

- Others
Suppliers credit / payee guarantee

14.3 Trade-related contingent liabilities

14.4 Other contingencies

Claims against the Bank not acknowledged as debts

These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

14.5 Commitments to extend credit

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

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

14.6 Commitments in respect of forward foreign exchange contracts

Purchase	41,819,808	25,546,035
Sale	36,478,750	21,697,634

14.7 Commitments for the acquisition of fixed assets

	393,328	555,398
--	---------	---------

14.8 Taxation

The income tax assessments of the Bank have been framed upto and including the Tax Year 2011. For the Assessment Year 1988-89 through Tax Year 2011, the department has amended the assessments on certain issues against the Bank. The Bank has filed appeals which are pending at various appellate forums. In addition, certain decision made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements as the management and the Bank's legal counsel are 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.

Three months ended	
March 31, 2013	March 31, 2012
---- (Rupees in '000) ----	

15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit after taxation	5,767,951	5,570,581
-----------------------	-----------	-----------

Weighted average number of shares outstanding during the period

Number of shares	
1,011,846,135	1,011,846,135

Basic and diluted Earnings per share - after tax

Rupees	
5.70	5.51

16 CREDIT RATING

PACRA through its notification in February 04, 2013, has upgraded bank's long term credit rating from AA+ [double A plus] to AAA [Triple A] and maintained short-term credit rating of A1+ [A one plus].

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Three months ended March 31, 2013				
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Total
	(Rupees in '000)				
Total income	12,864	10,513,029	3,270,237	5,269,558	19,065,688
Total expenses	(3,468)	(1,038,520)	(8,186,825)	(1,159,615)	(10,388,428)
Income tax expense	-	-	-	-	(2,909,309)
Net income	9,396	9,474,509	(4,916,588)	4,109,943	5,767,951
Segment assets - (Gross of NPLs Provisions)	-	439,824,327	129,603,862	201,439,321	770,867,510
Advance taxation (payment less provision)	-	-	-	-	9,792,951
Total assets	-	439,824,327	129,603,862	201,439,321	780,660,461
Segment non performing loans	-	-	7,848,365	16,852,773	24,701,138
Segment specific provision required	-	-	6,845,476	14,699,273	21,544,749
Segment liabilities	-	40,238,210	572,809,222	32,703,018	645,750,450
Deferred tax liabilities - net	-	-	-	-	9,045,133
Total liabilities - net	-	40,238,210	572,809,222	32,703,018	654,795,583
Segment return on assets (ROA) (%)	-	9.56%	10.66%	11.29%	-
Segment cost of fund (%)	-	8.56%	3.95%	6.22%	-
	Three months ended March 31, 2012				
Total income	28,479	10,357,788	3,655,716	5,916,722	19,958,705
Total expenses	(5,935)	(1,773,834)	(8,655,927)	(979,945)	(11,415,641)
Income tax expense	-	-	-	-	(2,972,483)
Net income	22,544	8,583,954	(5,000,211)	4,936,777	5,570,581
Segment assets - (Gross of NPLs provision)	-	358,035,312	120,268,037	201,331,006	679,634,355
Advance taxation (payment less provision)	-	-	-	-	8,878,106
Total assets	-	358,035,312	120,268,037	201,331,006	688,512,461
Segment non performing loans	-	-	8,061,887	18,208,405	26,270,292
Segment specific provision required	-	-	6,711,023	15,157,372	21,868,395
Segment liabilities	-	21,189,519	515,896,953	30,588,334	567,674,806
Deferred tax assets	-	-	-	-	6,538,486
Total liabilities - net	-	21,189,519	515,896,953	30,588,334	574,213,292
Segment return on assets (ROA) (%)	-	11.57%	12.88%	12.71%	-
Segment cost of fund (%)	-	11.37%	4.44%	6.11%	-

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

	Note	March 31, 2013 ----- (Rupees in '000) -----	December 31, 2012
19.1 Islamic Financing and Related Assets			
Murabaha	19.1.1	6,068,514	8,540,479
Ijarah	19.1.2	131,637	109,330
Diminishing Musharaka	19.1.3	2,140,477	1,639,627
Gross Advances		8,340,628	10,289,436
Provision held		(85,341)	(77,144)
Advance - net of provision		8,255,287	10,212,292
19.1.1 Murabaha			
Financing/Investments/Receivables		4,480,137	3,826,171
Advances		300,447	1,394,444
Assets/Inventories		1,287,930	3,319,864
		6,068,514	8,540,479
19.1.2 Ijarah			
Financing/Investments/Receivables		79,821	83,551
Advances		51,816	25,779
		131,637	109,330
19.1.3 Diminishing Musharakah			
Financing/Investments/Receivables		1,609,252	1,443,949
Advances		531,225	195,678
		2,140,477	1,639,627
CHARITY FUND			
Opening balance		6,892	782
Additions during the year			
Received from customers on delayed payments		649	7,739
Return on charity saving account		91	296
		740	8,035
Payments / utilization during the year			
Social Welfare		(2,000)	(1,300)
Health		-	(625)
Education		-	-
Relief and disaster recovery		-	-
		(2,000)	(1,925)
Closing balance		5,632	6,892

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

The profit and loss account of the Bank's Islamic banking business for the three months period ended March 31, 2013 is as follows:

	Quarter ended March 31, 2013 ----- (Rupees in '000) -----	Quarter ended March 31, 2012
Income / return / profit earned	358,878	349,420
Income / return / profit expensed	253,642	278,248
Net Income / Profit	105,236	71,172
Provision / (reversal) against loans and advances - net	8,161	(130)
Provision for diminution in the value of investments	(7,045)	-
Bad debts written off directly	-	-
	1,116	(130)
Net profit / income after provisions	104,120	71,302
Other income		
Fees, commission and brokerage income	90,657	8,904
Dividend income	-	-
Income from dealing in foreign currencies	2,888	2,342
Other Income	1,584	30,406
Total other income	95,129	41,652
	199,249	112,954
Other expenses		
Administrative expenses	139,926	87,045
Other provisions / write offs	-	-
Other charges (Penalty paid to SBP)	331	344
Total other expenses	140,257	87,389
Extra ordinary / unusual items	-	-
Profit before taxation	58,992	25,565
Remuneration to Shariah Advisor / Board	486	486

20 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Comparative information has been reclassified and rearranged in these unconsolidated condensed interim financial statements for the purpose of comparison.

21 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 29, 2013 has announced cash dividend in respect of the three months period ended March 31, 2013 of Rs. 3.50 per share (March 31, 2012: Rs. 3.00 per share). These unconsolidated condensed interim financial statements for the three months period ended March 31, 2013 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

22 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on April 29, 2013 .


Imran Maqbool
President / CEO


S.M. Muneer
Director


Mian Umer Mansha
Director


Shahzad Saleem
Director



MCB BANK LIMITED

(Consolidated Financial Statements of MCB Bank Limited and its Subsidiary Companies)

Consolidated Condensed Interim Statement of Financial Position (Un-audited)

As at March 31, 2013

	Note	Unaudited March 31, 2013	Audited December 31, 2012 Restated
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		49,532,232	57,420,211
Balances with other banks		2,954,703	1,236,736
Lendings to financial institutions	7	374,554	1,551,472
Investments - net	8	406,329,975	405,601,313
Advances - net	9	240,555,234	239,788,511
Operating fixed assets		24,529,348	24,144,242
Deferred tax assets - net		-	-
Other assets - net		39,332,647	41,715,761
		763,608,693	771,458,246
Liabilities			
Bills payable		9,422,158	9,896,284
Borrowings	10	49,611,372	79,064,351
Deposits and other accounts	11	565,786,829	544,988,091
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	9,302,313	9,768,871
Other liabilities		21,138,117	21,265,639
		655,260,789	664,983,236
Net assets			
		108,347,904	106,475,010
Represented by:			
Share capital	13	10,118,461	9,198,601
Reserves		45,264,173	44,620,928
Un-appropriated profit		39,238,496	37,530,955
		94,621,130	91,350,484
Minority interest		466,548	501,256
		95,087,678	91,851,740
Surplus on revaluation of assets - net of tax		13,260,226	14,623,270
		108,347,904	106,475,010

Contingencies and commitments

14

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

S.M. Muneer
Director

Mian Umer Mansha
Director

Shahzad Saleem
Director

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

For the three months period ended March 31, 2013

	Note	Quarter ended March 31, 2013	Quarter ended March 31, 2012 Restated
----- (Rupees in '000) -----			
Mark-up / return / interest earned		16,740,161	17,560,674
Mark-up / return / interest expensed		6,995,795	6,846,237
Net mark-up / interest income		9,744,366	10,714,437
Provision / (reversal) against loans and advances - net		(810,931)	74,532
Provision / (reversal) for diminution in the value of investments - net		(29,477)	591
Bad debts written off directly		-	120
		(840,408)	75,243
Net mark-up / interest income after provisions		10,584,774	10,639,194
Non mark-up / interest income			
Fee, commission and brokerage income		1,632,323	1,619,899
Dividend income		322,255	477,399
Income from dealing in foreign currencies		140,692	255,519
Gain on sale of securities - net		185,862	43,922
Unrealized gain on revaluation of investments classified as held for trading		33,919	23,473
Other income		101,798	88,831
Total non mark-up / interest income		2,416,849	2,509,043
		13,001,623	13,148,237
Non-mark-up / interest expenses			
Administrative expenses		4,120,157	4,318,298
Other provisions		10,180	15,775
Other charges		187,981	241,136
Total non mark-up/interest expenses		4,318,318	4,575,209
Share of profit of associates		185,031	130,309
Extra ordinary / unusual item		-	-
		8,868,336	8,703,337
Profit before taxation			
Taxation - current period		2,875,369	2,779,174
- prior years		-	-
- deferred		66,567	223,219
Share of tax of associates		23,565	6,880
		2,965,501	3,009,273
Profit after taxation			
		5,902,835	5,694,064
Profit attributable to minority interest		(17,688)	(19,709)
Profit attributable to ordinary shareholders			
		5,885,147	5,674,355
Earnings per share - basic and diluted - Rupees	15	5.82	5.61

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

S.M. Muneer
Director

Mian Umer Mansha
Director

Shahzad Saleem
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2013

	Quarter ended March 31, 2013	Quarter ended March 31, 2012 Restated
	----- (Rupees in '000) -----	
Profit after tax for the period	5,902,835	5,694,064
Other comprehensive income		
Remeasurement of defined benefit plans	107,106	113,169
Deferred tax	(37,487)	(39,609)
	69,619	73,560
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the bank	61,889	(244,609)
- Minority interest	108	17
	61,997	(244,592)
Share of exchange translation reserve of associate	4,561	-
Comprehensive income transferred to equity	6,039,012	5,523,032
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	(1,855,681)	738,786
Deferred tax	570,619	(985)
	(1,285,062)	737,801
Total comprehensive income for the period	4,753,950	6,260,833

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Mian Umer Mansha
Director


Shahzad Saleem
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2013

	March 31, 2013	March 31, 2012 Restated
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	8,868,336	8,703,337
Less: Dividend income and share of profit of associates	(507,286)	(607,708)
	8,361,050	8,095,629
Adjustments for:		
Depreciation	358,390	312,693
Amortization	67,759	62,391
Provision / (reversal) against loans and advances - net	(810,931)	74,532
Provision / (reversal) for diminution in the value of investments - net	(29,477)	591
Other provisions	10,180	15,775
Bad debts written off directly	-	120
Remeasurements of defined benefit plans	107,106	113,169
Unrealized loss on revaluation of investments classified as held for trading	(33,919)	(23,473)
Gain on disposal of fixed assets	(2,786)	(4,298)
	(333,678)	551,500
	8,027,372	8,647,129
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,176,918	(1,864,681)
Net investment in held for trading securities	10,960	(5,176,473)
Advances - net	44,208	(4,722,764)
Other assets - net	1,504,653	1,528,284
	2,736,739	(10,235,634)
Increase / (decrease) in operating liabilities		
Bills payable	(474,126)	(1,061,948)
Borrowings	(29,827,682)	(11,185,965)
Deposits and other accounts	20,798,738	20,880,819
Other liabilities	(2,059,088)	(1,902,119)
	(11,562,158)	6,730,787
	(798,047)	5,142,282
Income tax paid	(1,759,202)	(5,657,426)
Net cash flows from operating activities	(2,557,249)	(515,144)
Cash flows from investing activities		
Net investments in available-for-sale securities	(1,901,374)	(6,631,753)
Net investments in held-to-maturity securities	(533,412)	1,588,228
Dividend income received	74,372	239,485
Investment in operating fixed assets - net of disposals	(808,469)	(727,883)
Net cash flows from investing activities	(3,168,883)	(5,531,923)
Cash flows from financing activities		
Dividend paid	(880,580)	(360,438)
Net cash flows from financing activities	(880,580)	(360,438)
Exchange difference on translation of net investment in foreign branches and subsidiaries	61,997	(244,592)
Increase in cash and cash equivalents	(6,544,715)	(6,652,097)
Cash and cash equivalents at January 1	57,828,024	55,369,506
Cash and cash equivalents at March 31	51,283,309	48,717,409

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Mian Umer Mansha
Director


Shahzad Saleem
Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2013

	Capital Reserves			Revenue Reserves			Sub Total	Minority interest	Total	
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve				Unappropriated profit
(Rupees in '000)										
Balance as at December 31, 2011	8,362,365	-	9,924,438	431,260	13,456,890	18,600,000	30,259,449	81,034,402	492,497	81,526,899
Effect of change in accounting policy - note 5.1	-	-	-	-	-	-	357,757	357,757	-	357,757
Balance as at December 31, 2011 -restated	8,362,365	-	9,924,438	431,260	13,456,890	18,600,000	30,617,206	81,392,159	492,497	81,884,656
Change in equity for three months ended March 31, 2012										
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	73,560	73,560	-	73,560
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(244,609)	-	-	-	(244,609)	17	(244,592)
Profit after taxation for three months period ended March 31, 2012 - restated	-	-	-	-	-	-	5,694,064	5,694,064	-	5,694,064
Profit attributable to minority interest	-	-	-	-	-	-	(19,709)	(19,709)	19,709	-
Total comprehensive income for the period ended March 31, 2012	-	-	-	(244,609)	-	-	5,747,915	5,503,306	19,726	5,523,032
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	9,016	9,016	65	9,081
Transferred to statutory reserve	-	-	-	-	564,414	-	(564,414)	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(26,282)	(26,282)
Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	(836,236)	-	-	-
Issue of bonus shares - December 31, 2011	836,236	(836,236)	-	-	-	-	-	-	-	-
Final cash dividend - December 31, 2011	-	-	-	-	-	-	(2,508,709)	(2,508,709)	-	(2,508,709)
Balance as at March 31, 2012 -restated	9,198,601	-	9,924,438	186,651	14,021,304	18,600,000	32,464,778	84,395,772	486,006	84,881,778
Change in equity for nine months ended December 31, 2012										
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	556,260	556,260	-	556,260
Exchange differences on translation of net investment in foreign branches	-	-	-	223,979	-	-	-	223,979	322	224,301
Share of exchange translation reserve of associate	-	-	-	134,900	-	-	-	134,900	-	134,900
Profit after taxation for nine months period ended December 31, 2012 - restated	-	-	-	-	-	-	15,273,477	15,273,477	-	15,273,477
Profit attributable to minority interest	-	-	-	-	-	-	(62,341)	(62,341)	62,341	-
Total comprehensive income for nine months ended December 31, 2012	-	-	-	358,879	-	-	15,767,396	16,126,275	62,663	16,188,938
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	27,040	27,040	189	27,229
Transferred to statutory reserve	-	-	-	-	1,529,656	-	(1,529,656)	-	-	-
Proceeds from issue of shares to minority interest	-	-	-	-	-	-	-	-	4,963	4,963
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Interim cash dividend - March 31, 2012	-	-	-	-	-	-	(2,759,581)	(2,759,581)	-	(2,759,581)
Interim cash dividend - June 30, 2012	-	-	-	-	-	-	(3,679,441)	(3,679,441)	-	(3,679,441)
Interim cash dividend - September 30, 2012	-	-	-	-	-	-	(2,759,581)	(2,759,581)	-	(2,759,581)
Balance as at December 31, 2012 - restated	9,198,601	-	9,924,438	545,530	15,550,960	18,600,000	37,530,955	91,350,484	501,256	91,851,740
Change in equity for three months ended March 31, 2013										
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	69,619	69,619	-	69,619
Exchange differences on translation of net investment in foreign branches	-	-	-	61,889	-	-	-	61,889	108	61,997
Share of exchange translation reserve of associate	-	-	-	4,561	-	-	-	4,561	-	4,561
Profit after taxation for three months period ended March 31, 2013	-	-	-	-	-	-	5,902,835	5,902,835	-	5,902,835
Profit attributable to minority interest	-	-	-	-	-	-	(17,688)	(17,688)	17,688	-
Total comprehensive income for the period ended March 31, 2013	-	-	-	66,450	-	-	5,954,766	6,021,216	17,796	6,039,012
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	9,011	9,011	61	9,072
Transferred to statutory reserve	-	-	-	-	576,795	-	(576,795)	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	(919,860)	-	-	-
Issue of bonus shares - December 31, 2012	919,860	(919,860)	-	-	-	-	-	-	-	-
Final cash dividend - December 31, 2012	-	-	-	-	-	-	(2,759,581)	(2,759,581)	-	(2,759,581)
Balance as at March 31, 2013	10,118,461	-	9,924,438	611,980	16,127,755	18,600,000	39,238,496	94,621,130	466,548	95,087,678

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

S.M. Muneer
Director

Mian Umer Mansha
Director

Shahzad Saleem
Director

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

Subsidiary Companies
- MCB Financial Services Limited
- MNET Services (Private) Limited
- MCB Trade Services Limited
- Arif Habib Investments Limited
- "MCB Leasing" Closed Joint Stock Company

"Percentage holding of MCB Bank Limited"

99.99%
99.95%
100.00%
51.329%
95.00%

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 all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's registered office and principal office are situated at MCB 15-Main, Gulberg, Lahore. The Bank operates 1,180 branches including 27 Islamic banking branches (December 31, 2012: 1,179 branches including 27 Islamic banking branches) with in Pakistan and 8 (December 31, 2012: 8) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

2.1 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 mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

2.2 The financial results of the Islamic banking branches have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to these consolidated condensed interim financial statements.

2.3 The consolidated condensed financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and associates.

a) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the unaudited financial statements for the period ended March 31, 2013 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.

b) Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the period ended March 31, 2013.

c) Minority interest are 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.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

3 STATEMENT OF COMPLIANCE

3.1 These consolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.3 The disclosures made in these consolidated condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and these consolidated condensed interim financial statements should be read in conjunction with the financial statements of the Group for the year ended December 31, 2012.

4 BASIS OF MEASUREMENT

4.1 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

4.2 These consolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2012 except for given below:

During the current year, the Bank has changed its accounting policy in respect of post retirement defined benefits plans as required under International Accounting Standard (IAS) 19, 'Employee Benefits'. According to new policy actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the current and prior period financial statements have been summarised below:

	March 31, 2013	December 31, 2012	December 31, 2011
	----- (Rupees in '000) -----		
Impact on statement of financial position			
Increase in other assets	1,282,811	1,175,705	549,069
Increase / (decrease) in other liabilities	68,192	68,192	(1,327)
Increase in deferred tax liabilities	425,117	387,629	192,638
Increase in Un-appropriated profit	789,502	719,883	357,757

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

	March 31, 2013	March 31, 2012
	----- (Rupees in '000) -----	
Impact on profit and loss account		
Increase in administrative expenses	107,106	113,169
Decrease in profit before tax	107,106	113,169
Decrease in profit after tax	69,619	73,560
Decrease in Earning per share	(Rupees) 0.069	0.073

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2012.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2012.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
Call money lendings	300,000	-
Repurchase agreement lendings	74,554	1,551,472
	374,554	1,551,472

8 INVESTMENTS - NET

8.1 Investments by types

	March 31, 2013	December 31, 2012
Held-for-trading securities	562,621	-
Available-for-sale securities	361,922,211	30,017,272
Held-to-maturity securities	8,163,027	65,141
	370,647,859	30,082,413

Associates

Adamjee Insurance Company Limited	8.3	4,273,779	-	4,273,779
Euronet Pakistan (Private) Limited	8.4	55,497	-	55,497
First Women Bank Limited	8.5	63,300	-	63,300
		4,392,576	-	4,392,576

Investments at cost

Less: Provision for diminution in the value of investments

	375,040,435	30,082,413	405,122,848
	(2,708,060)	-	(2,708,060)

Investments (net of provisions)

Surplus / (deficit) on revaluation of available for sale securities - net	3,902,879	(21,611)	3,881,268
Surplus on revaluation of held-for-trading securities - net	33,919	-	33,919

Investments at revalued amounts - net of provisions

	376,269,173	30,060,802	406,329,975
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December 31, 2012

	Held by bank	Given as collateral	Total
	----- Rupees in 000 -----		

Investments by types

Held-for-trading securities	543,296	-	543,296
Available-for-sale securities	326,983,673	63,100,246	390,083,919
Held-to-maturity securities	7,626,932	67,824	7,694,756
	335,153,901	63,168,070	398,321,971

Associates

Adamjee Insurance Company Limited	8.3	4,176,476	-	4,176,476
Euronet Pakistan (Private) Limited	8.4	55,679	-	55,679
First Women Bank Limited	8.5	63,300	-	63,300
		4,295,455	-	4,295,455

Less: Provision for diminution in the value of investments

	339,449,356	63,168,070	402,617,426
	(2,783,347)	-	(2,783,347)

Investments (net of provisions)

Surplus on revaluation of available for sale securities - net	5,691,769	45,180	5,736,949
Surplus on revaluation of held-for-trading securities - net	30,285	-	30,285

Investments at revalued amounts - net of provisions

	342,388,063	63,213,250	405,601,313
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Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the three months period ended March 31, 2013

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2012: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2012: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 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, 2013 amounted to Rs.2,531.367 million (December 31, 2012: Rs. 2,455.336 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 29.13%

Note	March 31, 2013	December 31, 2012
	(Rupees in '000)	
Opening balance	4,176,476	3,101,352
Share of profit for the period / year before tax	185,134	293,349
Dividend from associate	-	(54,051)
Share of tax	(23,486)	(34,637)
	161,648	204,661
Share of other comprehensive income	(64,345)	870,463
Closing balance	4,273,779	4,176,476

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

Investment in Euronet Pakistan Private Limited under equity method - holding 30%

	March 31, 2013	December 31, 2012
	(Rupees in '000)	
Opening balance	55,679	53,917
Share of (loss) / profit for the period / year before tax	(103)	3,296
Share of tax	(79)	(1,534)
	(182)	1,762
Closing balance	55,497	55,679

8.5 The Group's investment in First Women Bank Limited is carried at cost and have not been accounted for under equity method of accounting as the Group does not have significant influence over the entity.

9 ADVANCES - NET

	March 31, 2013	December 31, 2012
	(Rupees in '000)	
Loans, cash credits, running finances, etc		
- In Pakistan	227,051,762	227,634,242
- Outside Pakistan	12,957,624	12,176,644
	240,009,386	239,810,886
Islamic Financing and related assets	8,340,628	10,289,436
Net Investment in finance lease		
- In Pakistan	986,920	924,122
- Outside Pakistan	746,225	850,254
	1,733,145	1,774,376
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	1,271,112	830,471
- Payable outside Pakistan	11,176,510	9,892,365
	12,447,622	10,722,836
Advances - gross	262,530,781	262,597,534
Less: Provision against loans and advances		
- Specific provision	(21,544,749)	(22,380,087)
- General provision	(262,360)	(257,457)
- General provision against consumer loans	(140,840)	(145,568)
- General Provision for potential lease losses (in Sri Lanka operations)	(27,598)	(25,911)
	(21,975,547)	(22,809,023)
Advances - net of provision	240,555,234	239,788,511

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

For the three months period ended March 31, 2013

9.1 Advances include Rs.24,701.138 million (December 31, 2012: Rs. 25,561.774 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2013			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned (OAEM)	4,945	-	4,945	-	-
Substandard	332,999	-	332,999	82,436	82,436
Doubtful	815,115	-	815,115	405,917	405,917
Loss	18,888,566	4,659,513	23,548,079	21,056,396	21,056,396
	20,041,625	4,659,513	24,701,138	21,544,749	21,544,749
	December 31, 2012				
	Rupees in '000				
Other Assets Especially Mentioned (OAEM)	-	-	-	-	-
Substandard	285,883	-	285,883	36,090	36,090
Doubtful	845,875	4,024	849,899	423,853	423,853
Loss	19,829,029	4,596,963	24,425,992	21,920,144	21,920,144
	20,960,787	4,600,987	25,561,774	22,380,087	22,380,087

9.1.1 This represents non-performing portfolio of agricultural financing classified as OAEM as per the requirements of the Prudential Regulation for Agricultural Financing issued by the SBP.

10 BORROWINGS

	March 31, 2013	December 31, 2012
	(Rupees in '000)	
In Pakistan	44,735,121	76,644,529
Outside Pakistan	4,876,251	2,419,822
	49,611,372	79,064,351

10.1 Details of borrowings (secured / unsecured)

	March 31, 2013	December 31, 2012
Secured		
Borrowings from State Bank of Pakistan		
Export refinance scheme	9,459,703	8,780,720
Long term financing facility	3,728,286	3,448,638
Long term financing - export oriented projects scheme	481,084	555,277
Financing Facility for Storage of Agricultural Produce	788,370	768,806
	14,457,443	13,553,441
Borrowings from other financial institutions	699,939	405,853
Repurchase agreement borrowings	30,042,819	63,158,913
	30,742,758	63,564,766
	45,200,201	77,118,207
Unsecured		
Call borrowings	3,207,545	1,117,221
Overdrawn nostro accounts	1,203,626	828,923
	4,411,171	1,946,144
	49,611,372	79,064,351

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

For the three months period ended March 31, 2013

	March 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
11 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	77,164,135	80,649,846
Savings deposits	284,002,117	268,923,547
Current accounts	194,069,824	183,107,714
Margin accounts	3,372,324	3,520,404
	558,608,400	536,201,511
Financial institutions		
Remunerative deposits	4,931,956	6,090,878
Non-remunerative deposits	2,246,473	2,695,702
	7,178,429	8,786,580
	565,786,829	544,988,091

	March 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
		Restated
12 DEFERRED TAX LIABILITY / (ASSET) - NET		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	763,959	768,800
Accelerated tax depreciation	1,095,685	1,142,867
Receivable from pension fund	6,143,474	6,038,472
Remeasurement of defined benefit plans	425,117	387,629
Investment in associates	229,769	213,604
Surplus on revaluation of securities	930,423	1,501,042
	9,588,427	10,052,414
Deductible temporary differences on:		
Provision for bad debts	(28,853)	(12,632)
Provision for post retirement medical benefits	(244,251)	(257,760)
Provision for gratuity	(1,378)	(1,519)
Taxable losses	(11,632)	(11,632)
	(286,114)	(283,543)
	9,302,313	9,768,871

12 DEFERRED TAX LIABILITY / (ASSET) - NET

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

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets	763,959	768,800
Accelerated tax depreciation	1,095,685	1,142,867
Receivable from pension fund	6,143,474	6,038,472
Remeasurement of defined benefit plans	425,117	387,629
Investment in associates	229,769	213,604
Surplus on revaluation of securities	930,423	1,501,042
	9,588,427	10,052,414

Deductible temporary differences on:

Provision for bad debts	(28,853)	(12,632)
Provision for post retirement medical benefits	(244,251)	(257,760)
Provision for gratuity	(1,378)	(1,519)
Taxable losses	(11,632)	(11,632)
	(286,114)	(283,543)
	9,302,313	9,768,871

13 SHARE CAPITAL

The Bank has increased its Authorised Share Capital from Rs. 10,000 million to Rs. 15,000 million.

14 CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring

- Government	5,599,786	5,129,432
- Banks and financial institutions	2,036,233	3,585,501
- Others	19,950,846	13,956,922
	27,586,865	22,671,855

14.2 Transaction-related contingent liabilities

Guarantees in favour of:

- Others	1,638,931	686,615
Suppliers credit / payee guarantee	2,551,153	2,600,833
	4,190,084	3,287,448

14.3 Trade-related contingent liabilities

	53,649,553	69,500,795
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14.4 Other contingencies

Claims against the Bank not acknowledged as debts	612,999	620,416
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These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

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

For the three months period ended March 31, 2013

14.5 Commitments to extend credit

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

	March 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
14.6 Commitments in respect of forward foreign exchange contracts		
Purchase	41,819,808	25,546,035
Sale	36,478,750	21,697,634
	393,328	555,398
14.7 Commitments for the acquisition of fixed assets		
14.8 Taxation		

The income tax assessments of the Bank have been framed upto and including the Tax Year 2011. For the Assessment Year 1988-89 through Tax Year 2011, the department has amended the assessments on certain issues against the Bank. The Bank has filed appeals which are pending at various appellate forums. In addition, certain decision made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements as the management and the Bank's legal counsel are 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.

15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

	Three months ended	
	March 31, 2013	March 31, 2012
	---- (Rupees in '000) ----	
Profit after taxation attributable to ordinary shareholders	5,885,147	5,674,355
		<i>Number of shares</i>
Weighted average number of shares outstanding during the period	1,011,846,135	1,011,846,135
		<i>Rupees</i>
Basic and diluted Earnings per share - after tax	5.82	5.61

16 CREDIT RATING

PACRA through its notification in February 04, 2013, has upgraded bank's long term credit rating from AA+ [double A plus] to AAA [Triple A] and maintained short-term credit rating of A1+ [A one plus].

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2013

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Three months ended March 31, 2013						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Elimination	Total
	(Rupees in '000)						
Total income	20,970	10,578,564	3,315,532	5,342,541	109,488	(25,054)	19,342,041
Total expenses	(8,859)	(1,055,726)	(8,197,796)	(1,177,294)	(59,084)	25,054	(10,473,705)
Income tax expense	-	-	-	-	-	-	(2,965,501)
Net income	12,111	9,522,838	(4,882,264)	4,165,247	50,404	-	5,902,835
Segment assets - (Gross of NPLs Provisions)	45,709	442,244,048	130,316,882	202,527,324	1,374,752	(1,133,631)	775,375,084
Advance taxation (payment less provision)	-	-	-	-	-	-	9,778,358
Total assets	45,709	442,244,048	130,316,882	202,527,324	1,374,752	(1,133,631)	785,153,442
Segment non performing loans	-	-	7,848,365	16,852,773	-	-	24,701,138
Segment specific provision required	-	-	6,845,476	14,699,273	-	-	21,544,749
Segment liabilities	2,359	40,922,858	573,006,375	33,003,485	157,030	(1,133,631)	645,958,476
Deferred tax liabilities - net	-	-	-	-	-	-	9,302,313
Total liabilities - net	2,359	40,922,858	573,006,375	33,003,485	157,030	(1,133,631)	655,260,789
Segment return on assets (ROA) (%)	-	9.57%	10.74%	11.38%	31.86%	-	-
Segment cost of fund (%)	-	8.56%	3.95%	6.22%	-	-	-

	Three months ended March 31, 2012						
	Directors	Associates	Other Related Parties	Key management personnel	Year ended Dec 31, 2012	Year ended Dec 31, 2012	
Total income	34,072	10,408,817	3,689,738	5,971,787	116,223	(20,611)	20,200,026
Total expenses	(10,812)	(1,783,236)	(8,666,958)	(997,798)	(58,496)	20,611	(11,496,689)
Income tax expense	-	-	-	-	-	-	(3,009,273)
Net income	23,260	8,625,581	(4,977,220)	4,973,989	57,727	-	5,694,064
Segment assets - (Gross of NPLs provision)	49,597	359,757,327	120,848,353	202,281,771	1,335,740	(1,011,946)	683,260,842
Advance taxation (payment less provision)	-	-	-	-	-	-	8,878,106
Total assets	49,597	359,757,327	120,848,353	202,281,771	1,335,740	(1,011,946)	692,138,948
Segment non performing loans	-	-	8,061,887	18,208,405	-	-	26,270,292
Segment specific provision required	-	-	6,711,023	15,157,372	-	-	21,868,395
Segment liabilities	4,631	21,695,261	516,028,135	30,858,885	99,840	(1,011,946)	567,674,806
Deferred tax assets	-	-	-	-	-	-	6,538,486
Total liabilities - net	4,631	21,695,261	516,028,135	30,858,885	99,840	(1,011,946)	574,213,292
Segment return on assets (ROA) (%)	-	11.57%	12.93%	12.77%	34.80%	-	-
Segment cost of fund (%)	-	11.37%	4.44%	6.11%	-	-	-

18 RELATED PARTY TRANSACTIONS AND BALANCES

The Group has related party relationship with its associates, employee benefit plans and its key management personnel (including their associates) and companies with common directors. The Group enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Details of transactions with related parties and balances with them as at the period-end were as follows:

	Directors		Associates		Other Related Parties		Key management personnel	
	Three months ended March 31, 2013	Year ended Dec 31, 2012	Three months ended March 31, 2013	Year ended Dec 31, 2012	Three months ended March 31, 2013	Year ended Dec 31, 2012	Three months ended March 31, 2013	Year ended Dec 31, 2012
Deposits	2,863,874	4,398,756	976,642	766,387	26,850,569	25,393,804	46,039	50,178
Opening balance	660,265	4,898,505	41,454,131	11,121,938	8,725,814	36,267,581	201,423	1,168,053
Received during the period / year	1,885,392	(6,423,387)	(41,873,203)	(10,911,683)	(8,765,075)	(36,610,826)	(202,736)	(1,172,192)
Withdrawn during the period / year	-	2,863,874	597,568	976,642	26,791,288	26,850,559	44,724	46,039
Closing balance	2,795	3,367	22,755	14,321	1,555,824	1,045,622	282	541
Advances (secured)	2,795	3,367	5,846	12,645	20,000	20,000	2,237	4,050,000
Opening balance	(181)	(572)	-	-	-	-	-	-
Added during the period / year	737	852	8,372	17,863	1,020	2,346	600	888
Repaid during the period / year	-	-	608	405	-	-	-	-
Closing balance	2,795	3,367	5,846	12,645	20,000	20,000	2,237	4,050,000
Outstanding Balance of credit card Receivable from Pension Fund	737	852	8,372	17,863	1,020	2,346	600	888
Outstanding commitments and contingent liabilities	-	-	-	-	-	-	-	-
Forward foreign exchange contracts (Notional)	-	-	1,501,092	819,873	-	-	-	-
Unrealized gain on forward foreign exchange contracts	-	-	4,618	-	-	-	-	-
Trade payable	-	-	8,016	7,019	-	-	-	-
Markup payable	237	504	1,555,824	1,045,622	-	-	-	-
Advance receivable	-	-	20,000	20,000	-	-	-	-
Markup Receivable	-	-	345	2,237	-	-	-	-
Outstanding investments in mutual funds	-	-	2,000,000	4,050,000	-	-	-	-
Insurance premium paid-net of refund	-	-	-	-	-	-	-	-
Insurance claim settled	-	-	-	-	-	-	-	-
Markup income on advances	-	-	1,020	2,346	-	-	-	-
Rent Income Received	-	-	125,288	216,893	-	-	-	-
Dividend Income	-	-	49	13	-	-	-	-
Commission income	-	-	42	166	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-	-	-
Brokerage expense	-	-	4,900	4,594	-	-	-	-
ATM Outsourcing Expense	-	-	11,497	8,966	-	-	-	-
Service expenses	-	-	49,229	40,095	-	-	-	-
Cash sorting expenses	-	-	69,815	63,507	-	-	-	-
Stationery Expenses	-	-	-	-	-	-	-	-
Security guard expenses	-	-	-	-	-	-	-	-
Remuneration and non-executive directors fee	29,438	16,134	-	-	-	-	-	-
Mark-up paid on deposits	41,235	89,899	442,882	995,318	602	-	-	-
Clearing expenses paid to NIFT	-	-	28,417	29,268	-	-	-	-
Contribution to provident fund	-	-	45,341	43,941	-	-	-	-
Gas Charges	-	-	2,690	3,115	-	-	-	-
Rent Paid	-	-	53	53	-	-	-	-
Other miscellaneous expenses	-	-	3,420	3,195	-	-	-	-
The Chairman has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.	-	-	-	-	-	-	-	-

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

For the three months period ended March 31, 2013

19 ISLAMIC BANKING BUSINESS

The Bank is operating 28 Islamic banking branches including 1 overseas branch (December 31, 2012: 28 branches including 1 overseas). The statement of financial position of the Bank's Islamic Banking Branches as at March 31, 2013 is as follows:

	Note	March 31, 2013 ----- (Rupees in '000) -----	December 31, 2012 ----- (Rupees in '000) -----
Assets			
Cash and balance with treasury banks		449,223	708,174
Balance with other banks		-	-
Due from Financial Institution		-	-
Investments - net		1,835,076	1,955,421
Islamic Financing & Related Assets	19.1	8,255,287	10,212,292
Operating fixed assets		1,368,579	1,308,436
Deferred Tax Assets		-	-
Other Assets		732,712	608,973
		12,640,877	14,793,296
Liabilities			
Bill payable		103,612	88,464
Due to Financial Institution		1,081,800	581,051
Deposits and other accounts			
- Current Accounts		1,776,243	1,557,227
- Saving Accounts		2,245,073	2,979,011
- Term Deposits		3,221,033	3,324,085
- Others		18,384	4,826
Deposits from Financial Institution - Remunerative		2,405,993	2,516,102
Deposits from Financial Institution - Non Remunerative		21	21
Due to head Office		-	1,889,975
Deferred tax liability		-	-
Other liabilities		431,086	499,071
		11,283,245	13,439,833
		1,357,632	1,353,463
Net assets			
Represented by:			
Islamic Banking Fund		1,300,000	1,300,000
Other Reserves		3	186
Unappropriated profit		58,992	44,371
		1,358,995	1,344,557
Surplus / (deficit) on revaluation of assets		(1,363)	8,906
		1,357,632	1,353,463

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

For the three months period ended March 31, 2013

	Note	March 31, 2013 ----- (Rupees in '000) -----	December 31, 2012 ----- (Rupees in '000) -----
19.1 Islamic Financing and Related Assets			
Murabaha	19.1.1	6,068,514	8,540,479
Ijarah	19.1.2	131,637	109,330
Diminishing Musharaka	19.1.3	2,140,477	1,639,627
Gross Advances		8,340,628	10,289,436
Provision held		(85,341)	(77,144)
Advance - net of provision		8,255,287	10,212,292
19.1.1 Murabaha			
Financing/Investments/Receivables		4,480,137	3,826,171
Advances		300,447	1,394,444
Assets/Inventories		1,287,930	3,319,864
		6,068,514	8,540,479
19.1.2 Ijarah			
Financing/Investments/Receivables		79,821	83,551
Advances		51,816	25,779
		131,637	109,330
19.1.3 Diminishing Musharakah			
Financing/Investments/Receivables		1,609,252	1,443,949
Advances		531,225	195,678
		2,140,477	1,639,627
CHARITY FUND			
Opening balance		6,892	782
Additions during the year			
Received from customers on delayed payments		649	7,739
Return on charity saving account		91	296
		740	8,035
Payments / utilization during the year			
Social Welfare		(2,000)	(1,300)
Health		-	(625)
Education		-	-
Relief and disaster recovery		-	-
		(2,000)	(1,925)
Closing balance		5,632	6,892

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

For the three months period ended March 31, 2013

The profit and loss account of the Bank's Islamic banking business for the three months period ended March 31, 2013 is as follows:

	Quarter ended March 31, 2013	Quarter ended March 31, 2012
----- (Rupees in '000) -----		
Income / return / profit earned	358,878	349,420
Income / return / profit expensed	253,642	278,248
Net Income / Profit	105,236	71,172
Provision against loans and advances - net	8,161	(130)
Provision / (reversals) for diminution in the value of investments	(7,045)	-
Bad debts written off directly	-	-
	1,116	(130)
Net profit / income after provisions	104,120	71,302
Other income		
Fees, commission and brokerage income	90,657	8,904
Dividend income	-	-
Income from dealing in foreign currencies	2,888	2,342
Other Income	1,584	30,406
Total other income	95,129	41,652
	199,249	112,954
Other expenses		
Administrative expenses	139,926	87,045
Other provisions / write offs	-	-
Other charges (Penalty paid to SBP)	331	344
Total other expenses	140,257	87,389
Extra ordinary / unusual items	-	-
Profit before taxation	58,992	25,565
Remuneration to Shariah Advisor / Board	486	486

20 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Comparative information has been reclassified and rearranged in these consolidated condensed interim financial statements for the purpose of comparison.

21 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 29, 2013 has announced cash dividend in respect of the three months period ended March 31, 2013 of Rs. 3.50 per share (March 31, 2012: Rs. 3.00 per share). These consolidated condensed interim financial statements for the three months period ended March 31, 2013 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

22 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on April 29, 2013 .



Imran Maqbool
President / CEO



S.M. Muneer
Director



Mian Umer Mansha
Director



Shahzad Saleem
Director