



1ST QUARTERLY REPORT 2017





Our Vision

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

Our Mission

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

Our Values

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

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



CORPORATE PROFILE

Board of Directors:

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

Audit Committee:

| | |
|------------------------------|-----------------|
| Mr. Ahmad Alman Aslam | Chairman |
| Mr. Muhammad Ali Zeb | Member |
| Mr. Nor Hizam Bin Hashim | Member |
| Mr. Samir Iqbal Saigol | Member |

| | |
|---|--|
| Chief Financial Officer: | Mr. Salman Zafar Siddiqi |
| Company Secretary: | Mr. Fida Ali Mirza |
| Auditors: | M/s. KPMG Taseer Hadi & Co. Chartered Accountants |
| Legal Advisors: | M/s. Khalid Anwer & Co. Advocates & Legal Consultants |
| Registered/Principal Office: | MCB House, 15-Main Gulberg Jail Road, Lahore Pakistan |
| Registrar’s and Share Registration Office (s): | Head Office: M/s. THK Associates (Pvt.) Limited 1 st Floor, 40-C, Block 6, P.E.C.H.S., Karachi Pakistan. Branch Office: M/s. THK Associates (Pvt.) Limited 2 nd Floor, DYL Motorcycles Ltd. Office Building Plot No. 346, Block No. G-III, Khokhar Chowk Main Boulevard, Johar Town, Lahore Pakistan. |



MCB Bank Limited

DIRECTORS' REPORT - MARCH 2017

On behalf of the Board of Directors, I am pleased to place before you, the financial statements of MCB Bank Limited for the quarter ended March 31, 2017;

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

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

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final Cash Dividend–December 2016

Total Appropriations

Un-appropriated Profit Carried Forward

| | |
|----------------|--|
| Rs. in Million | |
| 9,473 | |
| 3,326 | |
| 6,147 | |
| 53,469 | |
| 13 | |
| 53,482 | |
| 59,629 | |
| 615 | |
| 4,452 | |
| 5,067 | |
| 54,562 | |

Performance Review

During the first quarter of the year, MCB Bank posted profit before tax of Rs. 9.47 billion and profit after tax of Rs. 6.15 billion. In comparison with the corresponding period last year, profit before tax has increased by 4.39% which is mainly contributed by 75% increase in Non-markup income. Net markup income of the Bank was reported at Rs. 9.74 billion, down by 14.04% over corresponding period last year. On the gross markup income side, the Bank reported a decrease of Rs. 294 million whereas interest expense registered an increase of Rs. 1.296 billion over corresponding period last year, mainly on account of increase in repurchase agreement borrowings.

On the non-markup income front, the Bank reported a base of Rs. 5.18 billion with exceptional growth of 75% over corresponding period last year. Major contributions of non-markup income are fees & commissions, capital gains and dividend income.

The administrative expense base (excluding pension fund reversal) recorded an increase of 11% over corresponding period last year. On the provision front, the Bank continued with its recovery trajectory and posted a reversal in provision of Rs. 880 million in first quarter of 2017.

The total asset base of the Bank was reported at Rs 1,246.55 billion reflecting an increase of 18.51% over 2016. Analysis of the asset mix highlights that net investments have increased by Rs. 191.66 billion (+34.48%) with net advances increased by Rs. 5.53 billion (+1.59%) over December 31, 2016. The coverage and infection ratios of the Bank were reported at 89.46% and 5.68% respectively.

On the liabilities side, the deposit base of the Bank recorded an increase of Rs. 37.52 billion (+4.80%) over December 2016. MCB Bank Limited continued to enjoy one of the highest CASA mixes in the banking industry of 94.33% with current deposits increasing by 7% and savings deposits by 4% over December 2016. Strategic focus on current accounts resulted in increase in concentration level to 39% of the total deposit base.

Earnings per share (EPS) for the quarter came to Rs. 5.52 as compared to Rs. 5.41 during the same period last year. Return on Assets and Return on Equity were reported at 2.14% and 20.70% respectively, whereas book value per share stood at Rs.107.47

The Board of Directors declared a 1st interim cash dividend of Rs. 4.00 per share for the three month period ended March 31, 2017.

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

The Committee of the Board of Directors of MCB Bank Limited (MCB), in their meeting held on December 07,2016, approved and resolved to present the draft Scheme of Amalgamation of NIB Bank Limited (NIB) with and into MCB before the shareholders of MCB for their approval. The shareholders of MCB approved the Scheme of Amalgamation in the Extraordinary General Meeting (EOGM) held on January 23, 2017 as per the procedure provided in Section 48 of the Banking Companies Ordinance, 1962. Pursuant to the Amalgamation, 73,569,197 ordinary shares of MCB shall be issued in aggregate in favour of the shareholders of NIB on the basis of a swap ratio of 1 (one) ordinary share of MCB for every 140.043 ordinary shares of NIB Bank subject to obtaining all necessary regulatory approvals.

Ratings

PACRA has maintained MCB Bank's long term credit rating at AAA [triple A] and its short term credit rating at A1+ [A one plus], through its notification dated June 24, 2016.

MCB Bank Limited



Economy Review

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

Pakistan's exports shrank by 3% YoY, in dollar terms, during July – March FY17 to \$15 billion while imports have been on an uptrend, increasing by 19% YoY, in dollar terms to almost US\$39 billion. Exports have slowed down as global demand remains weak while non-oil imports such as machinery particularly under the umbrella of the China Pakistan Economic Corridor have been increasing. As a result, Pakistan's trade deficit widened to US\$24 billion, as per the Pakistan Bureau of Statistics, up by around US\$7 billion from the comparative period in the previous fiscal year. Meanwhile, workers' remittances have so far registered a decline of 2.30% YoY, falling to US\$14 billion in the first nine months. As a result, Pakistan's current account deficit has increased to around 2.6% of GDP, double than last year's deficit of 1.3%.

On the positive side, however, China-Pakistan Economic Corridor is beginning to show greater momentum with several energy and infrastructure projects in the pipeline, which will fuel growth in the medium term. Pakistan is expected to grow at 5.2% during the year according to World Bank estimates. CPEC will also attract foreign investment to Pakistan and enhance its status as a regional manufacturing hub. So far during the fiscal year, net FDI stood at US\$1.6 billion from Jul – Mar FY17, nearly 12% higher than the comparative period in the last fiscal year.

Pakistan's CPI inflation began the quarter at 3.66% YoY in January. However, most recently, in March, CPI inflation was registered at 4.94% YoY, highest for more than two years while core inflation came in at 5.3% YoY. The State Bank of Pakistan, however, decided to maintain its policy rate at 5.75% at its Monetary Policy Committee meetings in January and March.

On the foreign exchange market side, the Pakistani Rupee remained stable relative to the US dollar, starting the quarter at Rs. 104.84 and closing at the same level. However, Pakistan's FX reserves decreased from US\$23 billion at the beginning of the quarter to US\$21.5 billion by 31 March, mostly on account of external debt servicing. This decrease came about despite the receipt of US\$550 million in CSF inflows and US\$600 million in balance of payments support from China. However, it is expected that the foreign exchange reserves may reach US\$23 billion once again at the fiscal year-end.

As regards Pakistani stock markets, the KSE-100 remained relatively range-bound beginning the quarter at 47,469 index points and ending it at 48,156 index points.

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

Future Outlook

Pakistan achieved GDP growth of 4.7% in FY16 against a target of 5.5%. The government is targeting 5.7% growth in FY17, and while this target appears ambitious for this year, expected acceleration in projects under CPEC will become a significant contributor to greater GDP growth in the coming years. Improvements in energy supply are also a key objective for the government, and any managed load-shedding is likely to be eliminated by 2018. However, Pakistan will need to maintain fiscal discipline and keep government expenditures in check as it bids to spend on development projects. Export competitiveness also remains a major concern and requires special attention from the government to boost productivity, reduce costs of production and embark on greater diversification in the export sector.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors

Mian Mohammad Mansha
Chairman

April 26, 2017

ڈائریکٹرز رپورٹ - مارچ 2017

بورڈ آف ڈائریکٹرز کی جانب سے میں، ایم سی بی بینک لمیٹڈ کے 31 مارچ 2017ء کو اختتام پذیر سہ ماہی کے مالیاتی نتائج، آپ کے سامنے پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

مالیاتی جھلکیاں:

| | |
|--|--------|
| قبل از ٹیکس منافع | 9,473 |
| ٹیکس | 3,326 |
| بعد از ٹیکس منافع | 6,147 |
| اختصاصی غیر تخصیص شدہ منافع | 53,469 |
| پائیدار اثاثوں کی از سر نو تخمینے پر اضافی آمدن (خالص از ٹیکس) | 13 |
| تخصیص کیلئے دستیاب منافع | 53,482 |
| تخصیص: | 59,629 |
| قانونی ریزرو | 615 |
| حقوق کیش ڈیویڈنڈ 2016 | 4,452 |
| کل تخصیص | 5,067 |
| اختصاصی غیر تخصیص شدہ منافع | 54,562 |

کارکردگی کا تجزیہ:

سال کی پہلی سہ ماہی کے دوران ایم سی بی بینک کا منافع قبل از ٹیکس 9.47 بلین روپے جبکہ منافع بعد از ٹیکس 6.15 بلین روپے رہا۔ گزشتہ سال کے تقابلی عرصہ کی نسبت قبل از ٹیکس منافع میں 4.39 فیصد کا اضافہ درج کیا گیا جس میں نان مارک اپ آمدنی میں 75 فیصد کی شرح سے ہونے والے اضافہ کا اہم کردار ہے۔ بینک کی خالص مارک اپ آمدنی گزشتہ سال کے تقابلی عرصہ کی نسبت 14.04 فیصد کی کمی کے ساتھ 9.74 بلین روپے رپورٹ ہوئی۔ گراس مارک اپ آمدنی کی مد میں بینک نے 294 ملین روپے کی کمی رپورٹ کی جبکہ انٹرسٹ سے متعلق اخراجات کی مد میں بینک نے گزشتہ سال کی تقابلی مدت کی نسبت 1.296 بلین روپے کا اضافہ ریکارڈ کیا جو بنیادی طور پر قرضوں کی دوبارہ خریداری کے معاہدوں میں اضافے کی وجہ سے ہوا۔

نان مارک اپ آمدنی کی مد میں بینک نے 75 فیصد کی شرح کے غیر معمولی اضافہ کے ساتھ 5.18 بلین روپے کمائے جس میں نمایاں کردار فیس کمیشن، کمیشن گین اور ڈیویڈنڈ سے حاصل شدہ آمدنی کا ہے۔ انتظامی اخراجات کی مد میں (عیشن فنڈ کی رپورٹ کے علاوہ) گزشتہ سال کی تقابلی مدت کی نسبت 11 فیصد کا اضافہ درج کیا۔ پروویژن (Provision) کی مد میں بینک نے اپنے موخر وصولیوں کے عمل کو جاری رکھتے ہوئے 2017ء کی پہلی سہ ماہی میں 880 ملین روپے کی رپورٹس ریکارڈ کی۔ بینک کے کل اثاثات سال 2016 سے 18.51 فیصد کے اضافہ کے ساتھ 1,246.55 بلین روپے پر رپورٹ ہوئے۔ اثاثوں کی ترکیب کا جائزہ واضح کرتا ہے کہ دسمبر 2016 کی نسبت خالص سرمایہ کاری میں 191.66 بلین روپے (+34.48%) اور خالص قرضہ جات میں 5.53 بلین روپے (+1.59%) کا اضافہ ہوا۔ بینک کی کوریج اور انفلکشن کا تناسب بالترتیب 89.46 فیصد اور 5.68 فیصد رہا۔

واجبات کی مد میں بینک کے ڈیپازٹس میں دسمبر 2016 کی نسبت 37.52 بلین روپے (+4.80%) کا اضافہ ہوا ہے۔ ایم سی بی بینک نے بینکنگ انڈسٹری میں اپنے بلند ترین کرنٹ اکاؤنٹس سیونگ اکاؤنٹس (CASA) 94.33 فیصد کے تناسب کو خوش اسلوبی سے برقرار رکھا ہے۔ اور دسمبر 2016 کی نسبت کرنٹ اکاؤنٹس میں 7 فیصد اور سیونگ اکاؤنٹس میں 4 فیصد کا اضافہ ریکارڈ کیا ہے۔ کرنٹ اکاؤنٹس پر خصوصی توجہ کی وجہ سے کرنٹ اکاؤنٹس کا کل ڈیپازٹ میں ارتکاز 39 فیصد تک بڑھ گیا ہے۔

فی حصص آمدنی گزشتہ سال کی اس تقابلی مدت 5.41 روپے کی نسبت اس سہ ماہی میں 5.52 روپے رہی۔ اثاثہ جات اور ایکٹیوٹی پر ریٹرن بالترتیب 2.14 فیصد اور 20.70 فیصد ریکارڈ کیا گیا۔ جبکہ یک ویلیو فی حصص 107.47 روپے رہی۔ بورڈ آف ڈائریکٹرز نے 31 مارچ 2017ء کو اختتام پذیر سہ ماہی کے لئے 4 روپیہ فی حصص کی شرح سے پہلے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔

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

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز کی کمیٹی نے اپنے منعقد کردہ اجلاس بتاریخ 7 دسمبر 2016 میں قرارداد منظور کی جس کے تحت این آئی بی بینک لمیٹڈ (NIB) کے ایم سی بی بینک میں انضمام کی ڈرافٹ سکیم ایم سی بی کے شیئر ہولڈرز کے سامنے منظوری کے لئے پیش کی جائے گی۔ چنانچہ ایم سی بی کے شیئر ہولڈرز نے غیر معمولی عام اجلاس منعقدہ 23 جنوری 2016 کو بینکنگ کمبیز آرڈیننس 1962 کی شق 48 کے تحت اس انضمام کی سکیم کو منظور کیا۔ اس انضمام کے مطابق تبادلہ کے تناسب (SWAP RATIO) کی بنیاد پر جو کہ این آئی بی بینک (NIB) کے ہر 140.043 عام حصص کے بدلہ میں ایم سی بی بینک کا ایک عام حصص ہے، این آئی بی بینک (NIB) کے شیئر ہولڈرز کے حق میں ایم سی بی بینک کے مجموعی طور پر 73,569,197 عام حصص جاری کیے جائیں گے تاہم یہ تمام معاملات ضروری انتظامی منظوریوں کے حصول سے مشروط ہے۔

ریٹنگز:

پاکرا (PACRA) نے اپنے نوٹیفکیشن بتاریخ 24 جون 2016 کے ذریعہ ایم سی بی بینک کی طویل المدتی کریڈٹ ریٹنگ کو ٹریبل اے (AAA) اور قلیل المدتی کریڈٹ ریٹنگ کو اے ون پلس (A1+) کی سطح پر برقرار رکھا ہے۔

MCB Bank Limited

معاشی جائزہ:

2017ء کی پہلی سہ ماہی کے دوران پاکستان کی میکرو اکنامکس اساس کے عوامل کی اکثریت نسبتاً مثبت رہی اور معاشی نمو ترقی میں اپنے کردار جاری رکھا۔ اہم حوصلہ افزاء اشاروں کے باوجود چند اہم معاملات اب اداروں کی محتاط توجہ کے طالب ہیں۔ پاکستان کی برآمدات، امریکی ڈالروں میں سال بہ سال کی بنیاد پر 3 فیصد انحطاط پذیری کے ساتھ، جولائی تا مارچ 2017ء تک 15 بلین امریکی ڈالر رہی ہیں۔ جبکہ درآمدات کا حجم، امریکی ڈالروں میں سال بہ سال کی بنیاد پر 19 فیصد اضافہ کے رجحان کو اپناتے ہوئے 39 بلین امریکی ڈالر تک رہا۔ برآمدات کی تحلیل کی بڑی وجہ کمزور عالمی طلب رہی جبکہ تیل کے علاوہ کی درآمدات جیسا کہ مشینری، خاص طور پر پاک چین اقتصادی راہداری سے متعلقہ، میں اضافہ دیکھنے میں آیا۔ جس کے نتیجہ میں پاکستان کا تجارتی خسارہ، پاکستان کے ادارہ شماریات کے مطابق، مزید وسیع ہوتے ہوئے 24 بلین امریکی ڈالر تک پہنچ گیا۔ جو کہ گزشتہ مالی سال کے تقابلی عرصہ کی نسبت 7 بلین امریکی ڈالر زیادہ ہے۔ اس دوران افرادی ترسیلات زر میں بھی 2.30 فیصد کی سالانہ بنیاد پر کمی ریکارڈ کی گئی جس کا حجم پہلے 9 ماہ کے عرصہ میں 14 بلین امریکی ڈالر رہا۔ اس کی بدولت پاکستان کا کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.6 فیصد تک بڑھ گیا جو گزشتہ سال کے 1.3 فیصد خسارے سے دوگنا ہے۔

تاہم مثبت رخ کے طور پر پاک چین اقتصادی راہداری (سی پیک) نے اپنے آنے والے توانائی اور تعمیرات کے بہت سے منصوبوں کے ذریعہ اپنی طاقت و حرکت پذیری کا اظہار کرنا شروع کر دیا جو کہ درمیانی مدت میں معاشی نمو کیلئے ایدہ سن کا کام کرے گی۔ ورلڈ بینک کے تخمینہ کے مطابق اس سال میں پاکستان کی ترقی کی شرح 5.2 فیصد رہے گی۔ سی پیک نے پاکستان میں غیر ملکی سرمایہ کاری کو بھی متوجہ کیا ہے اور اس کے صنعتکاری کے علاقائی مرکزی حیثیت کے تاثر کو مزید فروغ حاصل ہوا ہے۔ اس مالی سال میں اب تک خالص غیر ملکی براہ راست سرمایہ کاری (net FDI) کا حجم جولائی تا مارچ 2017 کے عرصہ میں 1.6 بلین امریکی ڈالر رہا جو گزشتہ مالی سال کے اسی تقابلی عرصہ کی نسبت تقریباً 12 فیصد زیادہ ہے۔

پاکستان کی صاف رفتوں کے انڈکس (سی پی آئی) نے جنوری میں سالانہ بنیاد پر 3.66 فیصد کے افراط زر سے آغاز کیا۔ جبکہ ابھی حال ہی میں، مارچ 2017ء تک، سی پی آئی کا افراط زر سالانہ بنیاد پر 4.94 فیصد ریکارڈ کیا گیا جو دو سالوں میں بلند ترین ہے، جبکہ خالص افراط زر سالانہ بنیاد پر 5.3 فیصد رہی۔ تاہم، سٹیٹ بینک آف پاکستان نے اپنی مانیٹرنگ پالیسی کمیٹی کے جنوری اور مارچ کے اجلاسوں میں پالیسی ریٹ کو 5.75 فیصد کی سطح پر برقرار رکھا ہے۔

غیر ملکی زرمبادلہ کی منڈی کے تناظر میں پاکستانی روپیہ امریکی ڈالر کی نسبت قدرے استحکام کا مظاہرہ کرتا رہا۔ اس سہ ماہی کے آغاز میں تبادلہ کی شرح 104.84 روپے پر اور اختتام بھی اسی شرح پر رہا۔ جبکہ پاکستان کے زرمبادلہ کے ذخائر سہ ماہی کے آغاز میں 23 بلین امریکی ڈالر کی قائم شدہ سطح سے کم ہو کر سہ ماہی کے اختتام تک 21.5 بلین امریکی ڈالر تک آ گئے۔ جس کی بڑی وجہ غیر ملکی قرضوں کی ادائیگیوں کا دباؤ تھا۔ یہ کسی اس امر کے باوجود تھی کہ اس زیر نظر عرصہ میں امریکہ سے کولین سپورٹ فنڈ 550 ملین امریکی ڈالر اور چین سے ادائیگیوں کے توازن میں سپورٹ کی مد میں 600 ملین امریکی ڈالر بھی وصول کئے گئے۔ بحرحال اس بات کی توقع کی جاتی ہے کہ مالی سال کے اختتام تک غیر ملکی زرمبادلہ کے ذخائر دوبارہ 23 بلین امریکی ڈالر تک جا پہنچیں گے۔

جہاں تک پاکستان کی شاہکار مارکیٹ کا تعلق ہے تو اسے ایس ای-100 انڈیکس قدرے مخصوص ریٹج میں رہا جو اس سہ ماہی کے آغاز میں 47,469 انڈیکس پوائنٹس سے سہ ماہی کے اختتام تک 48,156 انڈیکس پوائنٹس پر بند ہوا۔

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

مستقبل کی پیش بینی:

پاکستان نے مالی سال 2016 میں جی ڈی پی ٹی گروتھ (GDP Growth) میں 5.5 فیصد ہدف کے مقابلے میں 4.7 فیصد کی شرح حاصل کی ہے۔ حکومت نے مالی سال 2017 کے لیے 5.7 فیصد ہدف مقرر کیا ہے۔ یہ ہدف بظاہر زیادہ بڑا نظر آتا ہے تاہم سی پیک (CPEC) کے منصوبوں میں متوقع تیزی آنے والے سالوں میں GDP میں نشوونما کے لیے نمایاں کردار ادا کرے گی۔ توانائی کی رسد میں بہتری بھی ایک کلیدی حیثیت کی حامل ہے۔ 2018 تک اعلان شدہ لوڈ شیڈنگ کا مکمل خاتمہ متوقع ہے۔ بحرحال پاکستان کو مالی نظم و ضبط کو برقرار رکھنے اور ترقیاتی منصوبوں پر خرچ کرتے ہوئے اپنے حکومتی اخراجات پر کڑی نگاہ رکھنے کی ضرورت ہے۔ برآمدات کی مسابقت بھی ایک اہم اور توجہ طلب مسئلہ ہے اور حکومت کی خصوصی توجہ کا مستحق ہے۔ تاکہ پیداوار میں اضافہ، لاگت میں کمی اور برآمدات کے شعبہ میں شروعاتی ترقی حاصل ہو سکے۔

حمینہ رفیق:

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کی جاری معاونت کے لیے، بینک کے شیئر ہولڈرز اور صارفین کا شکریہ ادا کرتے ہیں۔

برائے دُعا و تحنات بورڈ آف ڈائریکٹرز

Muhammad
میاں محمد منشاء
چیئر مین

26 اپریل 2017ء

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2017

| | Note | Unaudited March 31, 2017 | Audited December 31, 2016 |
|---|------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Assets | | | |
| Cash and balances with treasury banks | | 77,549,790 | 74,222,347 |
| Balances with other banks | | 4,240,674 | 4,343,841 |
| Lendings to financial institutions | 7 | 1,639,884 | 2,809,752 |
| Investments - net | 8 | 747,588,077 | 555,928,553 |
| Advances - net | 9 | 353,505,754 | 347,979,845 |
| Operating fixed assets | 10 | 33,336,438 | 32,752,672 |
| Deferred tax assets - net | | - | - |
| Other assets - net | | 28,690,237 | 33,776,671 |
| | | 1,246,550,854 | 1,051,813,681 |
| Liabilities | | | |
| Bills payable | | 13,720,942 | 12,843,552 |
| Borrowings | 11 | 227,516,257 | 74,515,383 |
| Deposits and other accounts | 12 | 818,950,311 | 781,429,823 |
| Sub-ordinated loan | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities - net | 13 | 11,079,582 | 11,260,215 |
| Other liabilities | | 32,315,962 | 30,138,083 |
| | | 1,103,583,054 | 910,187,056 |
| Net assets | | 142,967,800 | 141,626,625 |
| Represented by | | | |
| Share capital | | 11,130,307 | 11,130,307 |
| Reserves | | 53,929,156 | 53,346,861 |
| Unappropriated profit | | 54,562,337 | 53,469,072 |
| | | 119,621,800 | 117,946,240 |
| Surplus on revaluation of assets - net of tax | | 23,346,000 | 23,680,385 |
| | | 142,967,800 | 141,626,625 |

Contingencies and commitments

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


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

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

For the three months period ended March 31, 2017

| | Note | Quarter ended March 31, 2017 | Quarter ended March 31, 2016 Restated |
|---|------|------------------------------------|--|
| ----- (Rupees in '000) ----- | | | |
| Mark-up / return / interest earned | | 17,320,368 | 17,614,148 |
| Mark-up / return / interest expensed | | 7,585,450 | 6,288,956 |
| Net mark-up / interest income | | 9,734,918 | 11,325,192 |
| Provision / (reversal) against loans and advances - net | | (756,909) | (465,640) |
| Provision / (reversal) for diminution in the value of investments - net | | (123,010) | - |
| Bad debts written off directly | | 14 | 12 |
| | | (879,905) | (465,628) |
| Net mark-up / interest income after provisions | | 10,614,823 | 11,790,820 |
| Non mark-up / interest income | | | |
| Fee, commission and brokerage income | | 2,195,691 | 1,931,773 |
| Dividend income | | 354,333 | 450,190 |
| Income from dealing in foreign currencies | | 283,053 | 211,426 |
| Gain on sale of securities - net | 15 | 2,277,242 | 204,473 |
| Unrealized gain/(loss) on revaluation of investments classified as held for trading | | (33,877) | (1,432) |
| Other income | | 107,557 | 161,612 |
| Total non mark-up / interest income | | 5,183,999 | 2,958,042 |
| | | 15,798,822 | 14,748,862 |
| Non mark-up / interest expenses | | | |
| Administrative expenses | | 6,098,770 | 5,463,912 |
| Other provision - net | | 12,142 | 19,145 |
| Other charges | | 215,066 | 191,681 |
| Total non mark-up / interest expenses | | 6,325,978 | 5,674,738 |
| | | 9,472,844 | 9,074,124 |
| Extraordinary / unusual item | | - | - |
| Profit before taxation | | 9,472,844 | 9,074,124 |
| Taxation - current period | | 3,333,982 | 3,215,472 |
| - prior years | | - | - |
| - deferred | | (7,794) | (158,017) |
| | | 3,326,188 | 3,057,455 |
| Profit after taxation | | 6,146,656 | 6,016,669 |
| Earnings per share - basic and diluted | 16 | 5.52 | 5.41 |

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


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2017

| | Quarter ended March 31, 2017 | Quarter ended March 31, 2016 Restated ----- (Rupees in '000) ----- |
|---|------------------------------------|--|
| Profit after tax for the period | 6,146,656 | 6,016,669 |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account | | |
| Effect of translation of net investment in foreign branches | (32,371) | (73,700) |
| Comprehensive income transferred to equity | 6,114,285 | 5,942,969 |
| Components of comprehensive income not reflected in equity | | |
| Net change in fair value of available for sale securities | (493,825) | 1,480,903 |
| Deferred tax | 172,839 | (518,315) |
| | (320,986) | 962,588 |
| Total comprehensive income for the period | 5,793,299 | 6,905,557 |

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


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2017

| | March 31, 2017 | March 31, 2016 Restated ----- (Rupees in '000) ----- |
|--|----------------------|---|
| Cash flows from operating activities | | |
| Profit before taxation | 9,472,844 | 9,074,124 |
| Less: Dividend income | (354,333) | (450,190) |
| | 9,118,511 | 8,623,934 |
| Adjustments for: | | |
| Depreciation | 389,838 | 403,298 |
| Amortization | 72,642 | 87,473 |
| Bad debts written off directly | 14 | 12 |
| Provision / (reversal) against loans and advances - net | (756,909) | (465,640) |
| Provision / (reversal) for diminution in the value of investments - net | (123,010) | - |
| Other provision - net | 12,142 | 19,145 |
| Provision for Workers' Welfare Fund | 189,457 | 181,559 |
| Charge / (reversal) for defined benefit plans | 39,000 | 39,000 |
| Unrealized loss on revaluation of investments classified as held for trading | 33,877 | 1,432 |
| Gain on sale of shares in associate | (631,794) | (98,538) |
| Gain on disposal of fixed assets - net | (4,630) | (25,912) |
| | (779,373) | 141,829 |
| | 8,339,138 | 8,765,763 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | 1,169,868 | 1,607,813 |
| Net investment in held for trading securities | (75,129,446) | (727,893) |
| Advances - net | (4,769,014) | 3,403,222 |
| Other assets - net | 4,838,729 | 7,362,304 |
| | (73,889,863) | 11,645,446 |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 877,390 | (3,567,926) |
| Borrowings | 152,178,739 | 16,872,195 |
| Deposits and other accounts | 37,520,488 | 25,124,965 |
| Other liabilities | (2,091,160) | (3,024,396) |
| | 188,485,457 | 35,404,838 |
| | 122,934,732 | 55,816,047 |
| Defined benefits paid | (77,465) | (91,156) |
| Income tax paid | (2,880,166) | (2,974,147) |
| Net cash flows from operating activities | 119,977,101 | 52,750,744 |
| Cash flows from investing activities | | |
| Net investments in available-for-sale securities | (120,563,532) | (49,168,964) |
| Net investments in held-to-maturity securities | 3,538,392 | (5,771,974) |
| Dividend income received | 207,344 | 169,477 |
| Proceeds from divestment in associate | 722,164 | 118,280 |
| Sale proceeds of property and equipment disposed off | 7,996 | 41,189 |
| Investment in operating fixed assets | (1,045,877) | (548,222) |
| Net cash flows from investing activities | (117,133,513) | (55,160,214) |
| Cash flows from financing activities | | |
| Dividend paid | (409,076) | (489,715) |
| Net cash flows from financing activities | (409,076) | (489,715) |
| Exchange difference on translation of net investment in foreign branches | (32,371) | (73,700) |
| Increase in cash and cash equivalents | 2,402,141 | (2,972,885) |
| Cash and cash equivalents at January 1 | 78,406,662 | 63,682,342 |
| Cash and cash equivalents at March 31 | 80,808,803 | 60,709,457 |

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


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2017

| | Capital Reserves | | | Revenue Reserves | | | Total |
|---|------------------|---------------|------------------------------|-------------------|-----------------|-----------------------|--------------|
| | Share capital | Share premium | Exchange translation reserve | Statutory reserve | General reserve | Unappropriated profit | |
| | (Rupees in'000) | | | | | | |
| Balance as at December 31, 2015 | 11,130,307 | 9,702,528 | 318,484 | 22,688,069 | 18,600,000 | 50,746,685 | 113,186,073 |
| Change in equity for three months ended March 31, 2016 | | | | | | | |
| Total comprehensive income for the three months ended March 31, 2016 | | | | | | | |
| Profit after taxation for three months period ended March 31, 2016 - restated | - | - | - | - | - | 6,016,669 | 6,016,669 |
| Exchange differences on translation of net investment in foreign branches | - | - | (73,700) | - | - | - | (73,700) |
| | - | - | (73,700) | - | - | 6,016,669 | 5,942,969 |
| Transactions with owners recognized directly in equity | | | | | | | |
| Final cash dividend at Rs. 4.0 per share - December 31, 2015 | - | - | - | - | - | (4,452,123) | (4,452,123) |
| | - | - | - | - | - | (4,452,123) | (4,452,123) |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | 12,219 | 12,219 |
| Transferred to statutory reserve | - | - | - | 602,055 | - | (602,055) | - |
| Balance as at March 31, 2016 - restated | 11,130,307 | 9,702,528 | 244,784 | 23,290,124 | 18,600,000 | 51,721,395 | 114,689,138 |
| Change in equity for nine months ended December 31, 2016 | | | | | | | |
| Total comprehensive income for the nine months ended December 31, 2016 | | | | | | | |
| Profit after taxation for nine months period ended December 31, 2016 | - | - | - | - | - | 15,874,227 | 15,874,227 |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | 780,437 | 780,437 |
| Exchange differences on translation of net investment in foreign branches | - | - | (77,610) | - | - | - | (77,610) |
| | - | - | (77,610) | - | - | 16,654,664 | 16,577,054 |
| Transactions with owners recognized directly in equity | | | | | | | |
| Interim cash dividend at Rs. 4.0 per share - March 31, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) |
| Interim cash dividend at Rs. 4.0 per share - June 30, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) |
| Interim cash dividend at Rs. 4.0 per share - September 30, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) |
| | - | - | - | - | - | (13,356,369) | (13,356,369) |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | 36,417 | 36,417 |
| Transferred to statutory reserve | - | - | - | 1,587,035 | - | (1,587,035) | - |
| Balance as at December 31, 2016 | 11,130,307 | 9,702,528 | 167,174 | 24,877,159 | 18,600,000 | 53,469,072 | 117,946,240 |
| Change in equity for three months ended March 31, 2017 | | | | | | | |
| Total comprehensive income for the three months ended March 31, 2017 | | | | | | | |
| Profit after taxation for three months period ended March 31, 2017 | - | - | - | - | - | 6,146,656 | 6,146,656 |
| Exchange differences on translation of net investment in foreign branches | - | - | (32,371) | - | - | - | (32,371) |
| | - | - | (32,371) | - | - | 6,146,656 | 6,114,285 |
| Transactions with owners recognized directly in equity | | | | | | | |
| Final cash dividend at Rs. 4.0 per share - December 31, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) |
| | - | - | - | - | - | (4,452,123) | (4,452,123) |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | 13,398 | 13,398 |
| Transferred to statutory reserve | - | - | - | 614,666 | - | (614,666) | - |
| Balance as at March 31, 2017 | 11,130,307 | 9,702,528 | 134,803 | 25,491,825 | 18,600,000 | 54,562,337 | 119,621,800 |


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

- 1 STATUS AND NATURE OF BUSINESS**
- MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange whereas its Global Depositary Receipts (GDRs) (each 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 1,230 branches (December 31, 2016: 1,227 branches) within Pakistan and 11 branches (December 31, 2016: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).
- 1.1** The Committee of the Board of Directors of MCB Bank Limited (MCB), in their meeting held on December 07, 2016, approved and resolved to present the draft Scheme of Amalgamation of NIB Bank Limited (NIB) with and into MCB before the shareholders of MCB for their approval. The shareholders of MCB approved the Scheme of Amalgamation in the Extraordinary General Meeting (EOGM) held on January 23, 2017 as per the procedure provided in Section 48 of the Banking Companies Ordinance, 1962. Pursuant to the Amalgamation, 73,569,197 ordinary shares of MCB shall be issued in aggregate in favour of the shareholders of NIB on the basis of a swap ratio of 1 (one) ordinary share of MCB for every 140.043 ordinary shares of NIB Bank subject to obtaining all necessary regulatory approvals.
- 2 BASIS OF PRESENTATION**
- 2.1** This financial information represents unconsolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is being issued separately.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in the financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.3** For the purpose of translation, rates of Rs. 104.8458 per US Dollar (December 31, 2016: Rs.104.5985).
- 3 STATEMENT OF COMPLIANCE**
- 3.1** The unconsolidated condensed interim financial information of the Bank has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2015.
- 3.4** IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of this standard have not been applied in the preparation of this unconsolidated condensed interim financial information to the extent of their applicability to these mutual funds.
- 4 BASIS OF MEASUREMENT**
- 4.1** These unconsolidated financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.
- 4.2** This unconsolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2017

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

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

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

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

7. LENDINGS TO FINANCIAL INSTITUTIONS

| | March 31, 2017 | December 31, 2016 |
|-------------------------------|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Call money lendings | 1,427,210 | 558,800 |
| Repurchase agreement lendings | 212,674 | 2,250,952 |
| | 1,639,884 | 2,809,752 |

8. INVESTMENTS - NET

8.1 Investments by types

| | Note | Held by bank | Given as collateral | Total |
|---|------|----------------------------|------------------------|--------------------|
| | | ----- Rupees in '000 ----- | | |
| Held-for-trading securities | 8.2 | 45,121,839 | 30,154,891 | 75,276,730 |
| Available-for-sale securities | | 469,889,524 | 158,197,685 | 628,087,209 |
| Held-to-maturity securities | | 17,729,192 | 46,954 | 17,776,146 |
| | | 532,740,555 | 188,399,530 | 721,140,085 |
| Associates | 8.3 | 755,026 | - | 755,026 |
| Subsidiaries | | 10,845,787 | - | 10,845,787 |
| | | 11,600,813 | - | 11,600,813 |
| Investments at cost | | 544,341,368 | 188,399,530 | 732,740,898 |
| Less: Provision for diminution in the value of investments | | (1,763,811) | - | (1,763,811) |
| Investments (net of provisions) | | 542,577,557 | 188,399,530 | 730,977,087 |
| Surplus / (deficit) on revaluation of available for sale securities - net | | 16,704,180 | (59,313) | 16,644,867 |
| Surplus / (deficit) on revaluation of held-for-trading securities - net | | (27,796) | (6,081) | (33,877) |
| Investments at revalued amounts - net of provisions | | 559,253,941 | 188,334,136 | 747,588,077 |

| | Note | Held by bank | Given as collateral | Total |
|---|------|----------------------------|---------------------|--------------------|
| | | ----- Rupees in '000 ----- | | |
| Held-for-trading securities | 8.2 | 145,662 | - | 145,662 |
| Available-for-sale securities | | 468,571,422 | 38,952,255 | 507,523,677 |
| Held-to-maturity securities | | 21,267,040 | 47,498 | 21,314,538 |
| | | 489,984,124 | 38,999,753 | 528,983,877 |
| Associates | 8.3 | 845,396 | - | 845,396 |
| Subsidiaries | | 10,845,787 | - | 10,845,787 |
| | | 11,691,183 | - | 11,691,183 |
| Investments at cost | | 501,675,307 | 38,999,753 | 540,675,060 |
| Less: Provision for diminution in the value of investments | | (1,886,821) | - | (1,886,821) |
| Investments (net of provisions) | | 499,788,486 | 38,999,753 | 538,788,239 |
| Surplus / (deficit) on revaluation of available for sale securities - net | | 17,147,233 | (8,541) | 17,138,692 |
| Surplus / (deficit) on revaluation of held-for-trading securities - net | | 1,622 | - | 1,622 |
| Investments at revalued amounts - net of provisions | | 516,937,341 | 38,991,212 | 555,928,553 |

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

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 702.505 million (December 31, 2016: Rs. 792.875 million) as at March 31, 2017 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2017 amounted to Rs. 5,740.463 million (December 31, 2016: Rs. 6,351.272 million).

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2017

| | Note | March 31, 2017 | December 31, 2016 |
|---|------|------------------------------|----------------------|
| | | ----- (Rupees in '000) ----- | |
| 9. ADVANCES - NET | | | |
| Loans, cash credits, running finances, etc | | | |
| - In Pakistan | | 339,148,069 | 336,403,574 |
| - Outside Pakistan | | 19,837,234 | 18,186,103 |
| | | 358,985,303 | 354,589,677 |
| Net Investment in finance lease | | | |
| - In Pakistan | | 2,191,486 | 1,812,760 |
| - Outside Pakistan | | 81,541 | 80,328 |
| | | 2,273,027 | 1,893,088 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| - Payable in Pakistan | | 4,431,825 | 5,768,909 |
| - Payable outside Pakistan | | 6,746,054 | 5,426,101 |
| | | 11,177,879 | 11,195,010 |
| | | 372,436,209 | 367,677,775 |
| Advances - gross | | | |
| Less: Provision against loans and advances | | | |
| - Specific provision | 9.1 | (18,161,345) | (18,938,091) |
| - General provision | 9.2 | (372,439) | (367,681) |
| - General provision against consumer loans & small enterprise loans | 9.3 | (342,800) | (345,791) |
| - General provision by overseas operations | 9.4 | (53,871) | (46,367) |
| | | (18,930,455) | (19,697,930) |
| | | 353,505,754 | 347,979,845 |

9.1 Advances include Rs. 21,161.505 million (December 31, 2016: Rs. 21,688.250 million) which have been placed under non-performing status as detailed below:

| | Note | March 31, 2017 | | | Specific Provision Required | Specific Provision Held |
|---|-------|------------------------------|------------------|-------------------|-----------------------------------|-------------------------------|
| Category of Classification | | Domestic | Overseas | Total | | |
| | | ----- (Rupees in '000) ----- | | | | |
| Other Assets Especially Mentioned (OAEM) | 9.1.1 | 197,403 | - | 197,403 | 11,602 | 11,602 |
| Substandard | | 198,739 | 124,304 | 323,043 | 80,490 | 80,490 |
| Doubtful | | 150,479 | 23,454 | 173,933 | 86,966 | 86,966 |
| Loss | | 15,128,517 | 5,338,609 | 20,467,126 | 17,982,287 | 17,982,287 |
| | | 15,675,138 | 5,486,367 | 21,161,505 | 18,161,345 | 18,161,345 |
| | | ----- (Rupees in '000) ----- | | | | |
| | | December 31, 2016 | | | Specific Provision Required | Specific Provision Held |
| Category of Classification | | Domestic | Overseas | Total | | |
| | | ----- (Rupees in '000) ----- | | | | |
| Other Assets Especially Mentioned (OAEM) | 9.1.1 | 31,918 | - | 31,918 | 1,617 | 1,617 |
| Substandard | | 72,424 | 2,487 | 74,911 | 18,520 | 18,520 |
| Doubtful | | 307,754 | 55,532 | 363,286 | 181,643 | 181,643 |
| Loss | | 15,926,350 | 5,291,785 | 21,218,135 | 18,736,311 | 18,736,311 |
| | | 16,338,446 | 5,349,804 | 21,688,250 | 18,938,091 | 18,938,091 |

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

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

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | March 31, 2017 | December 31, 2016 |
|--|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 10. OPERATING FIXED ASSETS | | |
| Capital work-in-progress | 892,865 | 938,075 |
| Property and equipment | 32,115,931 | 31,471,310 |
| Intangible asset | 327,642 | 343,287 |
| | <u>33,336,438</u> | <u>32,752,672</u> |
| 10.1. Additions and disposals during the period amounted to Rs. 1,045.877 million (March 31, 2016: Rs. 548.222 million) and Rs. 3.366 million (March 31, 2016: Rs. 15.277 million), respectively. | | |
| | March 31, 2017 | December 31, 2016 |
| | ----- (Rupees in '000) ----- | |
| 11. BORROWINGS | | |
| In Pakistan | 221,791,641 | 70,180,289 |
| Outside Pakistan | 5,724,616 | 4,335,094 |
| | <u>227,516,257</u> | <u>74,515,383</u> |
| 11.1. Details of borrowings (secured / unsecured) | | |
| Secured | | |
| Borrowings from State Bank of Pakistan | 13,184,615 | 12,535,416 |
| Export refinance scheme | 6,543,368 | 5,841,088 |
| Long term financing facility | 295,637 | 318,490 |
| Financing facility for storage of agricultural produce | 20,023,620 | 18,694,994 |
| | <u>188,328,390</u> | <u>38,984,230</u> |
| Repurchase agreement borrowings | 208,352,010 | 57,679,224 |
| | <u>1,361,905</u> | <u>1,188,851</u> |
| Unsecured | | |
| Borrowings from other financial institutions | 16,820,681 | 15,487,782 |
| Call borrowings | 981,661 | 159,526 |
| Overdrawn nostro accounts | 19,164,247 | 16,836,159 |
| | <u>227,516,257</u> | <u>74,515,383</u> |
| 12. DEPOSITS AND OTHER ACCOUNTS | | |
| Customers | | |
| Fixed deposits | 45,907,328 | 45,340,915 |
| Savings deposits | 444,251,019 | 427,583,023 |
| Current accounts | 300,540,965 | 284,065,590 |
| Margin accounts | 10,137,375 | 6,904,119 |
| | <u>800,836,687</u> | <u>763,893,647</u> |
| Financial institutions | | |
| Remunerative deposits | 10,659,598 | 10,474,158 |
| Non-remunerative deposits | 7,454,026 | 7,062,018 |
| | <u>18,113,624</u> | <u>17,536,176</u> |
| | <u>818,950,311</u> | <u>781,429,823</u> |
| 13. DEFERRED TAX LIABILITY / (ASSET) - NET | | |
| The details of the tax effect of taxable and deductible temporary differences are as follows: | | |
| Taxable temporary differences on: | | |
| Surplus on revaluation of operating fixed assets | 1,046,877 | 1,054,091 |
| Surplus on revaluation of Non-banking assets | 76,111 | 76,111 |
| Accelerated tax depreciation | 1,416,154 | 1,425,265 |
| Receivable from pension fund | 2,746,969 | 2,720,719 |
| Surplus / (deficit) on revaluation of securities | 5,825,703 | 5,998,542 |
| | <u>11,111,814</u> | <u>11,274,728</u> |
| Deductible temporary differences on: | | |
| Provision for bad debts | (32,232) | (7,048) |
| Provision for post retirement benefits | - | (7,465) |
| | <u>(32,232)</u> | <u>(14,513)</u> |
| | <u>11,079,582</u> | <u>11,260,215</u> |

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | March 31, 2017 | December 31, 2016 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 14. CONTINGENCIES AND COMMITMENTS | | |
| 14.1 Direct credit substitutes | | |
| Contingent liabilities in respect of guarantees given favouring | | |
| - Government | 29,098,258 | 28,098,810 |
| - Banks and financial institutions | 3,242,898 | 3,848,002 |
| - Others | 1,663,212 | 2,010,891 |
| | <u>34,004,368</u> | <u>33,957,703</u> |
| 14.2 Transaction-related contingent liabilities | | |
| Guarantees in favour of: | | |
| - Government | 17,389,943 | 15,482,837 |
| - Banks and financial institutions | 44,862 | 60,034 |
| - Others | 11,944,772 | 12,512,412 |
| - Suppliers credit / payee guarantee | 1,958,434 | 1,930,979 |
| | <u>31,338,011</u> | <u>29,986,262</u> |
| 14.3 Trade-related contingent liabilities | | |
| 14.4 Other contingencies | | |
| Claims against the Bank not acknowledged as debts | 125,974,647 | 129,124,790 |
| | <u>7,294,808</u> | <u>7,345,639</u> |
| These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this unconsolidated interim financial information. | | |
| 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, 2017 | December 31, 2016 |
| | ----- (Rupees in '000) ----- | |
| 14.6 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 61,011,960 | 49,411,339 |
| Sale | 64,500,910 | 49,341,990 |
| | <u>242,749</u> | <u>503,809</u> |
| 14.7 Commitments for the acquisition of fixed assets | | |
| 14.8 Other commitments | | |
| FX options (notional amount) | | |
| Purchase | 1,570,890 | 1,034,994 |
| Sale | 1,570,890 | 1,034,994 |
| | <u>2,388,164</u> | <u>1,350,386</u> |
| Cross Currency Swaps (Notional) | | |
| Forward repurchase agreement borrowings | - | 1,000,000 |
| Forward call borrowings | - | 400,000 |
| Outright purchase of Government Securities | 300,000 | 200,850 |
| | <u>300,000</u> | <u>200,850</u> |
| 14.9 Taxation | | |
| For assessment year 1988-89 through tax year 2015, 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. 2,873 million (2016: Rs. 2,873 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source. | | |
| The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities. | | |



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2017

15. GAIN ON SALE OF SECURITIES - NET

Federal Government Securities
-Market Treasury Bills
-Pakistan Investment Bonds

Listed Shares

| Three months ended | |
|----------------------------|-------------------|
| March 31, 2017 | March 31, 2016 |
| ---- (Rupees in '000) ---- | |
| 1,545 | 525 |
| 9,635 | 53,640 |
| 2,266,062 | 150,308 |
| 2,277,242 | 204,473 |

16. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit after taxation

Weighted average number of shares outstanding during the period

Basic and diluted Earnings per share - after tax

| Three months ended | |
|----------------------------|-------------------|
| March 31, 2017 | March 31, 2016 |
| ---- (Rupees in '000) ---- | |
| 6,146,656 | 6,016,669 |
| (Number of shares) | |
| 1,113,030,748 | 1,113,030,748 |
| (Rupees) | |
| 5.52 | 5.41 |

17. CREDIT RATING

PACRA through its notification dated June 24, 2016, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2017

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| Three months ended March 31, 2017 | | | | | |
|-----------------------------------|-------------------|---------------------------|--------------------|---------------------------|---------------|
| Corporate Finance | Trading and Sales | Retail & Consumer Banking | Commercial Banking | Inter segment elimination | Total |
| ----- (Rupees in '000) ----- | | | | | |
| 39,786 | 5,485,695 | 8,396,781 | 996,655 | - | 14,918,917 |
| (11,766) | (520,445) | (4,762,023) | (151,839) | - | (5,446,073) |
| - | - | - | - | - | (3,326,188) |
| 28,020 | 4,965,250 | 3,634,758 | 844,816 | - | 6,146,656 |
| 476,133 | 857,082,067 | 892,118,812 | 283,085,169 | (773,749,586) | 1,259,012,595 |
| - | - | - | - | - | 5,699,604 |
| 476,133 | 857,082,067 | 892,118,812 | 283,085,169 | (773,749,586) | 1,264,712,199 |
| - | - | 7,052,615 | 14,108,890 | - | 21,161,505 |
| - | - | 6,861,525 | 11,299,820 | - | 18,161,345 |
| 83,801 | 770,903,993 | 834,666,218 | 260,599,046 | (773,749,586) | 1,092,503,472 |
| - | - | - | - | - | 11,079,582 |
| 83,801 | 770,903,993 | 834,666,218 | 260,599,046 | (773,749,586) | 1,103,583,054 |
| 33.42% | 2.56% | 3.79% | 1.47% | - | - |
| - | 5.89% | 3.30% | 5.65% | - | - |

| Three months ended March 31, 2016 | | | | | |
|-----------------------------------|-------------|-------------|-------------|---------------|---------------|
| ----- (Rupees in '000) ----- | | | | | |
| 62,425 | 5,517,451 | 7,504,378 | 1,198,980 | - | 14,283,234 |
| (19,282) | (614,118) | (4,281,864) | (293,846) | - | (5,209,110) |
| - | - | - | - | - | (3,057,455) |
| 43,143 | 4,903,333 | 3,222,514 | 905,134 | - | 6,016,669 |
| 693,617 | 722,152,195 | 784,601,044 | 240,004,440 | (690,714,374) | 1,056,736,922 |
| - | - | - | - | - | 2,554,222 |
| 693,617 | 722,152,195 | 784,601,044 | 240,004,440 | (690,714,374) | 1,059,291,144 |
| - | - | 7,212,087 | 13,561,574 | - | 20,773,661 |
| - | - | 7,211,664 | 10,188,573 | - | 17,400,237 |
| 91,243 | 632,620,855 | 731,681,244 | 221,598,190 | (690,714,374) | 895,277,158 |
| - | - | - | - | - | 11,728,269 |
| 91,243 | 632,620,855 | 731,681,244 | 221,598,190 | (690,714,374) | 907,005,427 |
| 36.00% | 3.06% | 3.86% | 2.09% | - | - |
| - | 6.22% | 3.48% | 5.87% | - | - |

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

19 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associates, subsidiaries, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in subsidiary companies and associates are given in note 8 of this unconsolidated condensed interim financial information for the three months period ended March 31, 2017.

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

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

| | Directors | | Associates | | Subsidiary Companies | | Other Related Parties | | Key Management | |
|--|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Three months ended March 31, 2017 | Year ended Dec 31, 2016 | Three months ended March 31, 2017 | Year ended Dec 31, 2016 | Three months ended March 31, 2017 | Year ended Dec 31, 2016 | Three months ended March 31, 2017 | Year ended Dec 31, 2016 | Three months ended March 31, 2017 | Year ended Dec 31, 2016 |
| A. Balances | | | | | | | | | | |
| Deposits | | | | | | | | | | |
| Opening balance | 2,542,067 | 1,719,008 | 2,568,584 | 2,859,600 | 38,868 | 12,636 | 5,852,009 | 6,649,313 | 105,761 | 139,106 |
| Received during the period / year | 115,183 | 4,109,808 | 9,167,867 | 23,764,390 | 2,710,500 | 1,931,975 | 13,822,438 | 59,464,882 | 290,255 | 501,750 |
| Withdrawn during the period / year | (669,802) | (3,286,749) | (9,049,966) | (24,055,406) | (2,727,059) | (1,905,943) | (15,748,076) | (60,262,187) | (189,346) | (535,095) |
| Closing balance | 1,987,448 | 2,542,067 | 2,686,485 | 2,568,584 | 22,309 | 38,868 | 3,926,369 | 5,852,009 | 206,670 | 105,761 |
| Advances | | | | | | | | | | |
| Opening balance | 195 | 886 | - | - | 276,349 | 276,726 | 262,113 | - | 84,787 | 68,520 |
| Additions / adjustments during the period / year | - | - | - | - | - | - | 1,098,364 | 2,398,324 | 7,056 | 33,519 |
| Repaid / adjustments during the period / year | (141) | (691) | - | - | 653 | (377) | (1,024,217) | (2,136,211) | (17,410) | (17,252) |
| Closing balance | 54 | 195 | - | - | 277,002 | 276,349 | 336,260 | 262,113 | 74,433 | 84,787 |
| Lendings to Financial Institutions | | | | | | | | | | |
| Opening balance | - | - | - | - | - | 211,820 | - | - | - | - |
| Additions / adjustments during the period / year | - | - | - | - | 5,700,000 | 1,922,779 | - | - | - | - |
| Repaid / adjustments during the period / year | - | - | - | - | (5,700,000) | (2,134,599) | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | - | - | - |
| Other Balances | | | | | | | | | | |
| Outstanding balance of credit cards | 910 | 731 | - | - | - | - | 748 | 225 | 2,545 | 2,537 |
| Receivable from Pension Fund | - | - | - | - | - | - | 7,848,482 | 7,773,482 | - | - |
| Commitments and contingent liabilities - outstanding | - | - | 9,764 | 10,361 | - | - | 448,428 | 373,656 | - | - |
| Forward foreign exchange contracts (Notional) - outstanding | - | - | - | - | 11,176 | - | 3,218,870 | 3,241,054 | - | - |
| Unrealized gain / (loss) on forward foreign exchange contracts - outstanding | - | - | - | - | (4) | - | 12,050 | 17,286 | - | - |
| Borrowings outstanding | - | - | - | - | - | - | 471,806 | 936,788 | - | - |
| Overdrawn nostro balance | - | - | - | - | 1,527 | 1,683 | - | - | - | - |
| Trade payable | - | - | 316,629 | 30,601 | - | - | - | - | - | - |
| Markup payable | 6,822 | 7,266 | 6,200 | 7,985 | 34 | 76 | 14,541 | 19,968 | 285 | 449 |
| Other payable | 2,463 | 4,226 | 812 | 788 | 24,669 | 15,501 | 38,742 | 68,295 | - | - |
| Other advances | - | - | 821 | 2,999 | - | - | 53,623 | 51,492 | - | - |
| Markup receivable | - | - | - | - | 2,588 | 2,629 | 4,794 | 3,163 | 1,043 | 1,152 |
| Other receivable | - | - | 278 | 810 | 9,303 | 7,354 | 810 | - | - | - |
| Commission receivable | - | - | 29,916 | 114,557 | 7,958 | 32,052 | 1 | 1 | - | - |
| Advance received against sale of property | - | - | - | - | 20,000 | 20,000 | - | - | - | - |



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

B. Transactions during the period

| | Directors | | Associates | | Subsidiary Companies | | Other Related Parties | | Key Management | |
|---|----------------|----------------|----------------|----------------|----------------------|----------------|-----------------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| Transactions during the period | | | | | | | | | | |
| Insurance premium-net of refund | - | - | 83,456 | 289,829 | - | - | - | - | - | - |
| Insurance claim settled | - | - | 681 | 2,995 | - | - | - | - | - | - |
| Markup income on advances and lendings | 1 | 10 | - | - | 8,692 | 3,709 | 8,727 | 426 | 935 | 1,562 |
| Forward exchange contracts matured during the period | - | - | - | - | - | - | 11,850,576 | 17,281,866 | - | - |
| Gain / (loss) on forward foreign exchange contracts matured during the period | - | - | - | - | - | - | 29,148 | (19,518) | - | - |
| Investment made during the period | - | - | - | - | - | - | - | - | - | - |
| Dividend income | - | - | - | - | 55,435 | 55,435 | 16,320 | - | - | - |
| Commission income | - | - | 161,556 | 239,804 | 42,855 | 31,085 | 2,831 | 4,021 | - | - |
| Rent income and reimbursement of other expenses | - | - | 835 | - | 2,772 | 2,127 | 810 | 540 | - | - |
| Outsourcing service expenses | - | - | 42,605 | 38,772 | - | - | - | - | - | - |
| Sale of foreign currency | - | - | - | - | 1,884,057 | 421,894 | - | - | - | - |
| Purchase of foreign currency | - | - | - | - | 678,305 | 55,334 | - | - | - | - |
| Proceeds from sale of fixed assets | - | - | - | - | - | - | - | - | - | 19 |
| Gain / (loss) on sale of fixed assets | - | - | - | - | - | - | - | - | - | 19 |
| Cash sorting expenses | - | - | - | - | - | - | - | - | - | - |
| Stationery expenses | - | - | - | - | - | - | 13,061 | 13,968 | - | - |
| Security guards expenses | - | - | - | - | - | - | 44,352 | 35,672 | - | - |
| Remuneration and non-executive directors fee | - | - | - | - | - | - | 98,047 | 96,313 | - | - |
| Mark-up expense | 58,446 | 56,686 | - | - | 197 | 19,355 | 36,306 | 97,111 | 201,297 | 200,148 |
| Clearing expenses paid to NIFT | 21,258 | 20,724 | 18,175 | 12,501 | - | - | 30,782 | 32,896 | 368 | 274 |
| Contribution to provident fund | - | - | - | - | - | - | 67,187 | 62,927 | - | - |
| Gas charges | - | - | - | - | - | - | - | 1,920 | - | - |
| Rent and other expenses | - | - | 907 | 1,778 | - | - | 13,387 | 214 | - | - |
| Call borrowing deals entered and matured during the period | - | - | - | - | 1,785 | - | 495,000 | - | - | - |
| Sale of government securities | - | - | 3,619,381 | 539,621 | - | - | 3,819,729 | 1,983,846 | - | - |
| Purchase of government securities | - | - | 2,817,486 | 1,791,172 | - | - | 1,366,857 | 5,003,377 | - | - |
| Gain / (loss) on sale of government securities | - | - | 6 | 19 | - | - | 39 | 760 | - | - |
| Miscellaneous expenses and payments | - | - | - | - | - | - | 7,153 | 13,755 | - | - |

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



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

20 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- The corresponding figures have been restated in this unconsolidated condensed interim financial information due to demerger of Islamic operations. Profit before tax of Rs. 3.878 million related to demerged branches of Islamic operations of the Bank for the period from January 01, 2016 to March 31, 2016 has been transferred to MCB Islamic Bank Limited under scheme of demerger.

21 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 26, 2017 has announced cash dividend in respect of the three months period ended March 31, 2017 of Rs. 4.00 per share (March 31, 2016: Rs. 4.00 per share). This unconsolidated condensed interim financial information for the three months period ended March 31, 2017 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

22 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 26, 2017.



(Consolidated Condensed Interim Financial Information for the three months period ended March 31, 2017)


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2017

| | Note | Unaudited March 31, 2017 | Audited December 31, 2016 |
|---|------|--------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Assets | | | |
| Cash and balances with treasury banks | | 79,433,793 | 75,732,185 |
| Balances with other banks | | 5,901,442 | 7,201,459 |
| Lendings to financial institutions | 7 | 2,539,884 | 2,809,752 |
| Investments - net | 8 | 749,632,046 | 556,770,384 |
| Advances - net | 9 | 373,818,829 | 364,333,516 |
| Operating fixed assets | 10 | 35,946,372 | 35,225,865 |
| Deferred tax assets - net | | - | - |
| Other assets - net | | 29,638,732 | 34,617,075 |
| | | 1,276,911,098 | 1,076,690,236 |
| Liabilities | | | |
| Bills payable | | 13,854,662 | 13,291,328 |
| Borrowings | 11 | 232,897,623 | 77,438,993 |
| Deposits and other accounts | 12 | 836,603,416 | 795,689,546 |
| Sub-ordinated loan | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities - net | 13 | 12,785,399 | 12,889,649 |
| Other liabilities | | 33,736,783 | 31,420,650 |
| | | 1,129,877,883 | 930,730,166 |
| Net assets | | 147,033,215 | 145,960,070 |
| Represented by | | | |
| Share capital | | 11,130,307 | 11,130,307 |
| Reserves | | 54,078,411 | 53,512,633 |
| Unappropriated profit | | 56,353,488 | 55,509,013 |
| Total equity attributable to the equity holders of the Bank | | 121,562,206 | 120,151,953 |
| Non-controlling interest | | 489,483 | 509,331 |
| | | 122,051,689 | 120,661,284 |
| Surplus on revaluation of assets - net of tax | | 24,981,526 | 25,298,786 |
| | | 147,033,215 | 145,960,070 |

Contingencies and commitments

14

The annexed notes 1 to 23 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

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

For the three months period ended March 31, 2017

| | Note | Quarter ended March 31, 2017 | Quarter ended March 31, 2016 |
|---|------|------------------------------------|------------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Mark-up / return / interest earned | | 17,716,114 | 18,015,114 |
| Mark-up / return / interest expensed | | 7,735,906 | 6,410,886 |
| Net mark-up / interest income | | 9,980,208 | 11,604,228 |
| Provision / (reversal) against loans and advances - net | | (755,000) | (430,658) |
| Provision / (reversal) for diminution in the value of investments - net | | (123,010) | - |
| Bad debts written off directly | | 14 | 12 |
| | | (877,996) | (430,646) |
| Net mark-up / interest income after provisions | | 10,858,204 | 12,034,874 |
| Non mark-up / interest income | | | |
| Fee, commission and brokerage income | | 2,355,935 | 2,095,292 |
| Dividend income | | 310,095 | 410,365 |
| Income from dealing in foreign currencies | | 297,546 | 217,874 |
| Gain on sale of securities - net | | 2,087,512 | 162,236 |
| Unrealized gain/(loss) on revaluation of investments classified as held for trading | 15 | (23,683) | 5,240 |
| Other income | | 121,539 | 163,732 |
| Total non mark-up / interest income | | 5,148,344 | 3,054,739 |
| | | 16,007,148 | 15,089,613 |
| Non mark-up / interest expenses | | | |
| Administrative expenses | | 6,620,503 | 5,773,240 |
| Other provision - net | | 12,142 | 19,145 |
| Other charges | | 217,413 | 204,999 |
| Total non mark-up / interest expenses | | 6,850,058 | 5,997,384 |
| | | 9,157,090 | 9,092,229 |
| Share of profit of associates | | 193,866 | 227,552 |
| Extraordinary / unusual item | | - | - |
| | | 9,350,956 | 9,319,781 |
| Profit before taxation | | | |
| Taxation - current period | | 3,360,088 | 3,258,497 |
| - prior years | | - | - |
| - deferred | | 52,254 | (103,018) |
| Share of tax of associates | | 8,922 | 15,826 |
| | | 3,421,264 | 3,171,305 |
| | | 5,929,692 | 6,148,476 |
| Profit after taxation | | (32,317) | (29,950) |
| Profit attributable to non-controlling interest | | | |
| | | 5,897,375 | 6,118,526 |
| Profit attributable to equity share holders of the Bank | | | |

Basic and diluted earnings - after tax Rs. per share

16 **5.30** 5.50

The annexed notes 1 to 23 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director



Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the three months period ended March 31, 2017

| | Quarter ended March 31, 2017 | Quarter ended March 31, 2016 |
|--|------------------------------------|------------------------------------|
| ----- (Rupees in '000) ----- | | |
| Profit after tax for the period | 5,929,692 | 6,148,476 |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account | | |
| Effect of translation of net investment in foreign branches and subsidiaries | | |
| - Equity shareholders of the bank | (30,484) | (71,836) |
| - Non-controlling interest | 400 | 1 |
| | (30,084) | (71,835) |
| Share of exchange translation reserve of associate | (20,335) | (2,459) |
| | | |
| Comprehensive income transferred to equity | 5,879,273 | 6,074,182 |
| Components of comprehensive income not reflected in equity | | |
| Net change in fair value of available for sale securities | (520,094) | 1,424,519 |
| Deferred tax | 180,153 | (497,492) |
| | (339,941) | 927,027 |
| | | |
| Total comprehensive income for the period | 5,539,332 | 7,001,209 |

The annexed notes 1 to 23 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director



Consolidated Condensed Interim Cash Flow Statement (Un-audited) For the three months period ended March 31, 2017

| | March 31, 2017 | March 31, 2016 |
|--|----------------------|---------------------|
| ----- (Rupees in '000) ----- | | |
| Cash flows from operating activities | | |
| Profit before taxation | 9,350,956 | 9,319,781 |
| Less: Dividend income & share of profit of associates | (503,961) | (637,917) |
| | 8,846,995 | 8,681,864 |
| Adjustments for non cash items: | | |
| Depreciation | 411,889 | 422,079 |
| Amortization | 78,697 | 95,365 |
| Bad debts written off directly | 14 | 12 |
| Provision / (reversal) against loans and advances - net | (755,000) | (430,658) |
| Provision / (reversal) for diminution in the value of investments - net | (123,010) | - |
| Other provision - net | 12,142 | 19,145 |
| Provision for Workers' Welfare Fund | 189,457 | 181,559 |
| Charge / (reversal) for defined benefit plans | 39,000 | 39,000 |
| Unrealized loss / (gain) on revaluation of investments classified as held for trading | 23,683 | (5,240) |
| Gain on sale of shares in associate | (261,026) | (29,567) |
| Gain on disposal of fixed assets - net | (4,630) | (25,912) |
| | (388,784) | 265,783 |
| | 8,458,211 | 8,947,647 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | 269,868 | 1,395,993 |
| Net investment in held for trading securities | (75,327,508) | (737,226) |
| Advances - net | (8,730,327) | 1,739,067 |
| Other assets - net | 4,711,961 | 6,448,327 |
| | (79,076,006) | 8,846,161 |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 563,334 | (3,557,615) |
| Borrowings | 154,636,346 | 17,499,371 |
| Deposits and other accounts | 40,913,870 | 27,147,194 |
| Other liabilities | (1,952,906) | (2,753,252) |
| | 194,160,644 | 38,335,698 |
| | 123,542,849 | 56,129,506 |
| Defined benefits paid | (77,465) | (91,156) |
| Income tax paid | (2,888,308) | (2,977,875) |
| Net cash flows from operating activities | 120,577,076 | 53,060,475 |
| Cash flows from investing activities | | |
| Net investments in available-for-sale securities | (121,726,978) | (49,612,106) |
| Net investments in held-to-maturity securities | 3,538,392 | (5,768,355) |
| Dividend income received | 163,106 | 129,652 |
| Proceeds from divestment in associate | 722,164 | 118,280 |
| Sale proceeds of property and equipment disposed off | 7,996 | 41,189 |
| Investment in operating fixed assets | (1,210,724) | (707,827) |
| Net cash flows from investing activities | (118,506,044) | (55,799,167) |
| Cash flows from financing activities | | |
| Dividend paid | (461,641) | (542,280) |
| Net cash flows from financing activities | (461,641) | (542,280) |
| Exchange differences on translation of net investment in foreign branches & subsidiaries | (30,084) | (71,835) |
| Increase in cash and cash equivalents | 1,579,307 | (3,352,807) |
| Cash and cash equivalents at January 1 | 82,777,787 | 70,827,983 |
| Cash and cash equivalents at March 31 | 84,357,094 | 67,475,176 |

The annexed notes 1 to 23 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director



Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2017

| | Capital Reserves | | | Revenue Reserves | | | Sub Total | Non Controlling Interest | Total |
|---|------------------|---------------|------------------------------|-------------------|-----------------|-----------------------|--------------|--------------------------|--------------|
| | Share capital | Share premium | Exchange translation reserve | Statutory reserve | General reserve | Unappropriated profit | | | |
| | (Rupees in '000) | | | | | | | | |
| Balance as at December 31, 2015 | 11,130,307 | 9,924,438 | 269,360 | 22,697,586 | 18,600,000 | 52,631,368 | 115,253,059 | 512,076 | 115,765,135 |
| Change in equity for three months ended March 31, 2016 | | | | | | | | | |
| Total comprehensive income for the three months ended March 31, 2016 | | | | | | | | | |
| Profit after taxation for three months period ended March 31, 2016 | - | - | - | - | - | 6,118,526 | 6,118,526 | 29,950 | 6,148,476 |
| Exchange differences on translation of net investment in foreign branches & subsidiaries | - | - | (71,836) | - | - | - | (71,836) | 1 | (71,835) |
| Share of exchange translation reserve of associate | - | - | (2,459) | - | - | - | (2,459) | - | (2,459) |
| | - | - | (74,295) | - | - | 6,118,526 | 6,044,231 | 29,951 | 6,074,182 |
| Transactions with owners recognized directly in equity | | | | | | | | | |
| Final cash dividend at Rs. 4.0 per share - December 31, 2015 | - | - | - | - | - | (4,452,123) | (4,452,123) | - | (4,452,123) |
| | - | - | - | - | - | (4,452,123) | (4,452,123) | - | (4,452,123) |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | 12,219 | 12,219 | - | 12,219 |
| Share of dividend attributable to Non-controlling interest | - | - | - | - | - | - | - | (52,565) | (52,565) |
| Transferred to statutory reserve | - | - | - | 606,253 | - | (606,253) | - | - | - |
| Balance as at March 31, 2016 | 11,130,307 | 9,924,438 | 195,065 | 23,303,839 | 18,600,000 | 53,703,737 | 116,857,386 | 489,462 | 117,346,848 |
| Change in equity for nine months ended December 31, 2016 | | | | | | | | | |
| Total comprehensive income for the nine months ended December 31, 2016 | | | | | | | | | |
| Profit after taxation for nine months period ended December 31, 2016 | - | - | - | - | - | 15,944,462 | 15,944,462 | 81,207 | 16,025,669 |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | 780,529 | 780,529 | - | 780,529 |
| Exchange differences on translation of net investment in foreign branches & subsidiaries | - | - | (99,281) | - | - | - | (99,281) | (12) | (99,293) |
| Share of exchange translation reserve of associate | - | - | (11,191) | - | - | - | (11,191) | - | (11,191) |
| | - | - | (110,472) | - | - | 16,724,991 | 16,614,519 | 81,195 | 16,695,714 |
| Transactions with owners recognized directly in equity | | | | | | | | | |
| Interim cash dividend at Rs. 4.0 per share - March 31, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) | - | (4,452,123) |
| Interim cash dividend at Rs. 4.0 per share - June 30, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) | - | (4,452,123) |
| Interim cash dividend at Rs. 4.0 per share - September 30, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) | - | (4,452,123) |
| | - | - | - | - | - | (13,356,369) | (13,356,369) | - | (13,356,369) |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | 36,417 | 36,417 | - | 36,417 |
| Share of dividend attributable to Non-controlling interest | - | - | - | - | - | - | - | (61,326) | (61,326) |
| Transferred to statutory reserve | - | - | - | 1,599,763 | - | (1,599,763) | - | - | - |
| Balance as at December 31, 2016 | 11,130,307 | 9,924,438 | 84,593 | 24,903,602 | 18,600,000 | 55,509,013 | 120,151,953 | 509,331 | 120,661,284 |
| Change in equity for three months ended March 31, 2017 | | | | | | | | | |
| Total comprehensive income for the three months ended March 31, 2017 | | | | | | | | | |
| Profit after taxation for three months period ended March 31, 2017 | - | - | - | - | - | 5,897,375 | 5,897,375 | 32,317 | 5,929,692 |
| Exchange differences on translation of net investment in foreign branches & subsidiaries | - | - | (30,484) | - | - | - | (30,484) | 400 | (30,084) |
| Share of exchange translation reserve of associate | - | - | (20,335) | - | - | - | (20,335) | - | (20,335) |
| | - | - | (50,819) | - | - | 5,897,375 | 5,846,556 | 32,717 | 5,879,273 |
| Transactions with owners recognized directly in equity | | | | | | | | | |
| Final cash dividend at Rs. 4.0 per share - December 31, 2016 | - | - | - | - | - | (4,452,123) | (4,452,123) | - | (4,452,123) |
| | - | - | - | - | - | (4,452,123) | (4,452,123) | - | (4,452,123) |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | 15,820 | 15,820 | - | 15,820 |
| Share of dividend attributable to Non-controlling interest | - | - | - | - | - | - | - | (52,565) | (52,565) |
| Transferred to statutory reserve | - | - | - | 616,597 | - | (616,597) | - | - | - |
| Balance as at March 31, 2017 | 11,130,307 | 9,924,438 | 33,774 | 25,520,199 | 18,600,000 | 56,353,488 | 121,562,206 | 489,483 | 122,051,689 |

The annexed notes 1 to 23 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

"Percentage holding of
MCB Bank Limited"

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

99.99%
99.95%
51.329%
99.94%
100.00%

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 Pakistan Stock Exchange whereas its Global Depositary Receipts (GDRs) (each 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 1,230 branches (December 31, 2016: 1,227 branches) within Pakistan and 11 branches (December 31, 2016: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

1.1 The Committee of the Board of Directors of MCB Bank Limited (MCB), in their meeting held on December 07, 2016, approved and resolved to present the draft Scheme of Amalgamation of NIB Bank Limited (NIB) with and into MCB before the shareholders of MCB for their approval. The shareholders of MCB approved the Scheme of Amalgamation in the Extraordinary General Meeting (EOGM) held on January 23, 2017 as per the procedure provided in Section 48 of the Banking Companies Ordinance, 1962. Pursuant to the Amalgamation, 73,569,197 ordinary shares of MCB shall be issued in aggregate in favour of the shareholders of NIB on the basis of a swap ratio of 1 (one) ordinary share of MCB for every 140.043 ordinary shares of NIB Bank subject to obtaining all necessary regulatory approvals.

2 BASIS OF PRESENTATION

2.1 These consolidated 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 financial information for the period ended March 31, 2017 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial information for the period ended March 31, 2017.

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

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

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

2.4 For the purpose of translation, rates of Rs. 104.8458 per US Dollar (December 31, 2016: Rs.104.5985).

3 STATEMENT OF COMPLIANCE

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

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2017

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

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

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

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

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

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

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

7. LENDINGS TO FINANCIAL INSTITUTIONS

| Note | March 31, 2017 | December 31, 2016 |
|-------------------------------|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Call money lendings | 1,427,210 | 558,800 |
| Repurchase agreement lendings | 212,674 | 2,250,952 |
| Musharika | 900,000 | - |
| | 2,539,884 | 2,809,752 |

8. INVESTMENTS - NET

8.1 Investments by types

| | | March 31, 2017 | | |
|---|------|----------------------------|---------------------|--------------------|
| | Note | Held by bank | Given as collateral | Total |
| | | ----- Rupees in '000 ----- | | |
| Held-for-trading securities | 8.2 | 45,678,320 | 30,154,891 | 75,833,211 |
| Available-for-sale securities | | 476,256,311 | 158,197,685 | 634,453,996 |
| Held-to-maturity securities | | 18,879,192 | 46,954 | 18,926,146 |
| | | 540,813,823 | 188,399,530 | 729,213,353 |
| Associates | | | | |
| - Adamjee Insurance Company Limited | 8.3 | 5,139,071 | - | 5,139,071 |
| - Euronet Pakistan (Private) Limited | 8.4 | 74,779 | - | 74,779 |
| | | 5,213,850 | - | 5,213,850 |
| Investments at cost | | 546,027,673 | 188,399,530 | 734,427,203 |
| Less: Provision for diminution in the value of investments | | (1,763,811) | - | (1,763,811) |
| Investments (net of provisions) | | 544,263,862 | 188,399,530 | 732,663,392 |
| Surplus / (deficit) on revaluation of available for sale securities - net | | 17,051,650 | (59,313) | 16,992,337 |
| Surplus / (deficit) on revaluation of held-for-trading securities - net | | (17,602) | (6,081) | (23,683) |
| Investments at revalued amounts - net of provisions | | 561,297,910 | 188,334,136 | 749,632,046 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2017

| | | December 31, 2016 | | |
|---|------|----------------------------|---------------------|--------------------|
| | Note | Held by bank | Given as collateral | Total |
| | | ----- Rupees in '000 ----- | | |
| Held-for-trading securities | 8.2 | 500,089 | - | 500,089 |
| Available-for-sale securities | | 473,774,763 | 38,952,255 | 512,727,018 |
| Held-to-maturity securities | | 22,417,040 | 47,498 | 22,464,538 |
| | | 496,691,892 | 38,999,753 | 535,691,645 |
| Associates | | | | |
| - Adamjee Insurance Company Limited | 8.3 | 5,375,158 | - | 5,375,158 |
| - Euronet Pakistan (Private) Limited | 8.4 | 72,357 | - | 72,357 |
| | | 5,447,515 | - | 5,447,515 |
| Investments at cost | | 502,139,407 | 38,999,753 | 541,139,160 |
| Less: Provision for diminution in the value of investments | | (1,886,821) | - | (1,886,821) |
| Investments (net of provisions) | | 500,252,586 | 38,999,753 | 539,252,339 |
| Surplus / (deficit) on revaluation of available for sale securities - net | | 17,520,972 | (8,541) | 17,512,431 |
| Surplus / (deficit) on revaluation of held-for-trading securities - net | | 5,614 | - | 5,614 |
| | | 517,779,172 | 38,991,212 | 556,770,384 |

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

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 702.505 million (December 31, 2016: Rs. 792.875 million) as at March 31, 2017 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2017 amounted to Rs. 5,740.463 million (December 31, 2016: Rs. 6,351.272 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 21.69% (2016: 24.48%)

| | March 31, 2017 | December 31, 2016 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Opening Balance | 5,375,158 | 5,456,165 |
| Share of profit for the period / year before tax | 189,944 | 927,454 |
| Dividend from associate | - | (273,641) |
| Share of tax | (7,422) | (170,861) |
| | 182,522 | 482,952 |
| Share of other comprehensive income | 194,039 | 52,213 |
| Disposal during the period / year | (612,648) | (616,172) |
| Closing Balance | 5,139,071 | 5,375,158 |
| 8.3.1 Share of other comprehensive income | | |
| Share of unrealized surplus / (deficit) on assets -net of tax | 201,089 | 51,160 |
| Share of exchange translation reserve of associate | (7,050) | 1,053 |
| | 194,039 | 52,213 |

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, 2017 | December 31, 2016 |
|--|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Opening Balance | 72,357 | 64,962 |
| Share of profit for the period / year before tax | 3,922 | 19,320 |
| Share of tax | (1,500) | (11,925) |
| | 2,422 | 7,395 |
| Closing Balance | 74,779 | 72,357 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | Note | March 31, 2017 ----- (Rupees in '000) ----- | December 31, 2016 |
|---|------|---|----------------------|
| 9. ADVANCES - NET | | | |
| Loans, cash credits, running finances, etc | | | |
| - In Pakistan | | 339,148,069 | 336,403,574 |
| - Outside Pakistan | | 19,563,894 | 17,909,754 |
| | | 358,711,963 | 354,313,328 |
| Islamic Financing and related assets | | 20,115,649 | 16,174,001 |
| Net Investment in finance lease | | | |
| - In Pakistan | | 2,191,486 | 1,812,760 |
| - Outside Pakistan | | 555,602 | 537,731 |
| | | 2,747,088 | 2,350,491 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| - Payable in Pakistan | | 4,431,825 | 5,768,909 |
| - Payable outside Pakistan | | 6,746,054 | 5,426,101 |
| | | 11,177,879 | 11,195,010 |
| Advances - gross | | 392,752,579 | 384,032,830 |
| Less: Provision against loans and advances | | | |
| - Specific provision | 9.1 | (18,162,174) | (18,939,120) |
| - General provision | 9.2 | (372,668) | (367,926) |
| - General provision against consumer loans & small enterprise loans | 9.3 | (342,800) | (345,791) |
| - General provision by overseas operations | 9.4 | (56,108) | (46,477) |
| | | (18,933,750) | (19,699,314) |
| Advances - net of provision | | 373,818,829 | 364,333,516 |

9.1 Advances include Rs. 21,162.334 million (December 31, 2016: Rs. 21,689.279 million) which have been placed under non-performing status as detailed below:

status as detailed below.

| | | March 31, 2017 | | | | |
|--|-------|---------------------|-----------|------------|-----------------------------|-------------------------|
| Category of Classification | Note | Classified Advances | | | Specific Provision Required | Specific Provision Held |
| | | Domestic | Overseas | Total | | |
| ----- (Rupees in '000) ----- | | | | | | |
| Other Assets Especially Mentioned (OAEM) | 9.1.1 | 197,403 | - | 197,403 | 11,602 | 11,602 |
| Substandard | | 198,739 | 124,304 | 323,043 | 80,490 | 80,490 |
| Doubtful | | 150,479 | 23,454 | 173,933 | 86,966 | 86,966 |
| Loss | | 15,129,346 | 5,338,609 | 20,467,955 | 17,983,116 | 17,983,116 |
| | | 15,675,967 | 5,486,367 | 21,162,334 | 18,162,174 | 18,162,174 |
| December 31, 2016 | | | | | | |
| Category of Classification | | Classified Advances | | | Specific Provision Required | Specific Provision Held |
| | | Domestic | Overseas | Total | | |
| ----- (Rupees in '000) ----- | | | | | | |
| Other Assets Especially Mentioned (OAEM) | 9.1.1 | 31,918 | - | 31,918 | 1,617 | 1,617 |
| Substandard | | 72,424 | 2,487 | 74,911 | 18,520 | 18,520 |
| Doubtful | | 307,754 | 55,532 | 363,286 | 181,643 | 181,643 |
| Loss | | 15,927,379 | 5,291,785 | 21,219,164 | 18,737,340 | 18,737,340 |
| | | 16,339,475 | 5,349,804 | 21,689,279 | 18,939,120 | 18,939,120 |

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

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

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

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

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

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | March 31, 2017 ----- (Rupees in '000) ----- | December 31, 2016 |
|--|---|----------------------|
| 10. OPERATING FIXED ASSETS | | |
| Capital work-in-progress | 1,802,291 | 1,744,090 |
| Property and equipment | 33,429,082 | 32,747,037 |
| Intangible asset | 714,999 | 734,738 |
| | 35,946,372 | 35,225,865 |
| 10.1. Additions and disposals during the period amounted to Rs. 1,210.724 million (March 31, 2016: Rs. 707.827 million) and Rs. 3.366 million (March 31, 2016: Rs. 15.277 million), respectively. | | |
| ----- (Rupees in '000) ----- | | |
| 11. BORROWINGS | | |
| In Pakistan | 227,034,016 | 72,962,270 |
| Outside Pakistan | 5,863,607 | 4,476,723 |
| | 232,897,623 | 77,438,993 |
| 11.1. Details of borrowings (secured / unsecured) | | |
| Secured | | |
| Borrowings from State Bank of Pakistan | | |
| Export refinance scheme | 13,659,990 | 12,921,066 |
| Long term financing facility | 6,543,368 | 5,841,088 |
| Financing facility for storage of agricultural produce | 295,637 | 318,490 |
| | 20,498,995 | 19,080,644 |
| Repurchase agreement borrowings | 188,328,390 | 38,984,230 |
| | 208,827,385 | 58,064,874 |
| Unsecured | | |
| Borrowings from other financial institutions | 6,271,416 | 3,730,480 |
| Call borrowings | 16,820,681 | 15,487,782 |
| Overdrawn nostro accounts | 978,141 | 155,857 |
| | 24,070,238 | 19,374,119 |
| | 232,897,623 | 77,438,993 |
| 12. DEPOSITS AND OTHER ACCOUNTS | | |
| Customers | | |
| Fixed deposits | 51,427,577 | 49,292,487 |
| Savings deposits | 450,178,934 | 432,501,128 |
| Current accounts | 304,621,839 | 287,172,315 |
| Margin accounts | 10,291,573 | 7,003,787 |
| | 816,519,923 | 775,969,717 |
| Financial institutions | | |
| Remunerative deposits | 12,629,452 | 12,657,796 |
| Non-remunerative deposits | 7,454,041 | 7,062,033 |
| | 20,083,493 | 19,719,829 |
| | 836,603,416 | 795,689,546 |
| 13. DEFERRED TAX LIABILITY / (ASSET) - NET | | |
| The details of the tax effect of taxable and deductible temporary differences are as follows: | | |
| Taxable temporary differences on: | | |
| Surplus on revaluation of operating fixed assets | 1,071,647 | 1,080,165 |
| Surplus on revaluation of Non-banking assets | 76,111 | 76,111 |
| Accelerated tax depreciation | 1,505,593 | 1,511,887 |
| Receivable from pension fund | 2,746,969 | 2,720,719 |
| Investments in associated undertaking | 1,648,889 | 1,563,003 |
| Surplus / (deficit) on revaluation of securities | 5,825,403 | 6,005,556 |
| | 12,874,612 | 12,957,441 |
| Deductible temporary differences on: | | |
| Provision for bad debts | (32,232) | (7,048) |
| Taxable losses | (32,208) | (34,142) |
| Provision for post retirement benefits | (480) | (7,945) |
| Others | (24,293) | (18,657) |
| | (89,213) | (67,792) |
| | 12,785,399 | 12,889,649 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | March 31, 2017 | December 31, 2016 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 14. CONTINGENCIES AND COMMITMENTS | | |
| 14.1 Direct credit substitutes | | |
| Contingent liabilities in respect of guarantees given favouring | | |
| - Government | 29,098,258 | 28,098,810 |
| - Banks and financial institutions | 3,242,898 | 3,848,002 |
| - Others | 1,663,212 | 2,010,891 |
| | 34,004,368 | 33,957,703 |
| 14.2 Transaction-related contingent liabilities | | |
| Guarantees in favour of: | | |
| - Government | 18,391,264 | 16,486,907 |
| - Banks and financial institutions | 44,862 | 60,034 |
| - Others | 12,467,763 | 12,671,980 |
| - Suppliers credit / payee guarantee | 1,958,434 | 1,930,979 |
| | 32,862,323 | 31,149,900 |
| 14.3 Trade-related contingent liabilities | 130,030,789 | 131,203,542 |
| 14.4 Other contingencies | | |
| Claims against the Bank not acknowledged as debts | 7,294,808 | 7,345,639 |
| These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this consolidated interim financial information. | | |
| 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, 2017 | December 31, 2016 |
| | ----- (Rupees in '000) ----- | |
| 14.6 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 61,173,839 | 49,411,339 |
| Sale | 64,506,508 | 49,341,990 |
| 14.7 Commitments for the acquisition of fixed assets | 358,322 | 651,060 |
| 14.8 Other commitments | | |
| FX options (notional amount) | | |
| Purchase | 1,570,890 | 1,034,994 |
| Sale | 1,570,890 | 1,034,994 |
| Cross Currency Swaps (Notional) | 2,388,164 | 1,350,386 |
| Forward repurchase agreement borrowings | - | 1,000,000 |
| Forward call borrowings | - | 400,000 |
| Outright purchase of Government Securities | 300,000 | 200,850 |
| 14.9 Taxation | | |
| For assessment year 1988-89 through tax year 2015, 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. 2,873 million (2016: Rs. 2,873 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source. | | |
| The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities. | | |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | Three months ended March 31, 2017 | March 31, 2016 |
|---|---|-------------------|
| | ---- (Rupees in '000) ---- | |
| 15. GAIN ON SALE OF SECURITIES - NET | | |
| Federal Government Securities | | |
| -Market Treasury Bills | 1,545 | 525 |
| -Pakistan Investment Bonds | 9,635 | 53,640 |
| Listed Shares | 2,076,332 | 108,071 |
| | 2,087,512 | 162,236 |
| 16. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX | | |
| Profit after taxation | 5,897,375 | 6,118,526 |
| Weighted average number of shares outstanding during the period | (Number of shares) 1,113,030,748 | 1,113,030,748 |
| Basic and diluted Earnings per share - after tax | (Rupees) 5.30 | 5.50 |
| 17. CREDIT RATING | | |
| PACRA through its notification dated June 24, 2016, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus]. | | |



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | Three months ended March 31, 2017 | | | | | |
|---|-----------------------------------|-------------------|---------------------------|--------------------|------------------|---------------------------|
| | Corporate Finance | Trading and Sales | Retail & Consumer Banking | Commercial Banking | Asset Management | Inter segment elimination |
| | (Rupees in '000) | | | | | |
| Total income | 51,169 | 5,521,647 | 8,338,617 | 1,221,353 | 190,232 | - |
| Total expenses | (20,346) | (670,398) | (4,870,669) | (307,210) | (103,439) | - |
| Income tax expense | - | - | - | - | - | - |
| Net income | 30,823 | 4,851,249 | 3,467,948 | 914,143 | 86,793 | - |
| Segment assets - (Gross of NPLs Provisions) | 617,482 | 870,153,421 | 895,211,043 | 306,311,889 | 2,193,108 | (785,242,623) |
| Advance taxation (payment less provision) | - | - | - | - | - | - |
| Total assets | 617,482 | 870,153,421 | 895,211,043 | 306,311,889 | 2,193,108 | (785,242,623) |
| Segment non performing loans | - | - | 7,052,615 | 14,109,719 | - | - |
| Segment specific provision required | - | - | 6,861,525 | 11,300,649 | - | - |
| Segment liabilities | 133,136 | 781,762,033 | 856,932,061 | 262,882,352 | 625,525 | (785,242,623) |
| Deferred tax liabilities - net | - | - | - | - | - | - |
| Total liabilities - net | 133,136 | 781,762,033 | 856,932,061 | 262,882,352 | 625,525 | (785,242,623) |
| Segment return on assets (ROA) (%) | 33.15% | 2.54% | 3.75% | 1.66% | 34.70% | - |
| Segment cost of fund (%) | - | 5.89% | 3.30% | 5.65% | - | - |

| | Three months ended March 31, 2016 | | | | | |
|--|-----------------------------------|-------------------|---------------------------|--------------------|------------------|---------------------------|
| | Corporate Finance | Trading and Sales | Retail & Consumer Banking | Commercial Banking | Asset Management | Inter segment elimination |
| | (Rupees in '000) | | | | | |
| Total income | 73,054 | 5,640,611 | 7,567,679 | 1,450,260 | 154,915 | - |
| Total expenses | (26,443) | (696,412) | (4,287,719) | (490,377) | (65,787) | - |
| Income tax expense | - | - | - | - | - | - |
| Net income | 46,611 | 4,944,199 | 3,279,960 | 959,883 | 89,128 | - |
| Segment assets - (Gross of NPLs provision) | 824,307 | 733,382,570 | 786,548,481 | 260,510,291 | 2,126,263 | (701,897,031) |
| Advance taxation (payment less provision) | - | - | - | - | - | - |
| Total assets | 824,307 | 733,382,570 | 786,548,481 | 260,510,291 | 2,126,263 | (701,897,031) |
| Segment non performing loans | - | - | 7,212,087 | 13,561,574 | - | - |
| Segment specific provision required | - | - | 7,211,664 | 10,188,573 | - | - |
| Segment liabilities | 156,767 | 642,803,593 | 735,702,004 | 231,797,747 | 682,183 | (701,897,031) |
| Deferred tax liabilities - net | - | - | - | - | - | - |
| Total liabilities - net | 156,767 | 642,803,593 | 735,702,004 | 231,797,747 | 682,183 | (701,897,031) |
| Segment return on assets (ROA) (%) | 35.45% | 3.08% | 3.88% | 2.32% | 29.14% | - |
| Segment cost of fund (%) | - | 6.22% | 3.48% | 5.87% | - | - |

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



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

19 RELATED PARTY TRANSACTIONS AND BALANCES

The Group has related party relationship with its associates, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in associates are given in note 8 of this consolidated condensed interim financial information for the three months period ended March 31, 2017.

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

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

| | Directors | | Associates | | Other Related Parties | | Key Management | |
|--|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Three months ended March 31, 2017 | Year ended Dec 31, 2016 | Three months ended March 31, 2017 | Year ended Dec 31, 2016 | Three months ended March 31, 2017 | Year ended Dec 31, 2016 | Three months ended March 31, 2017 | Year ended Dec 31, 2016 |
| | (Rupees in '000) | | | | | | | |
| A. Balances | | | | | | | | |
| Deposits | | | | | | | | |
| Opening balance | 2,542,067 | 1,719,008 | 2,568,584 | 2,859,600 | 5,852,009 | 6,649,313 | 105,761 | 139,106 |
| Received during the period / year | 115,183 | 4,109,808 | 9,167,867 | 23,764,390 | 13,822,438 | 59,464,882 | 290,255 | 501,750 |
| Withdrawn during the period / year | (669,802) | (3,286,749) | (9,049,966) | (24,055,406) | (15,748,078) | (60,262,187) | (189,346) | (535,095) |
| Closing balance | 1,987,448 | 2,542,067 | 2,686,485 | 2,568,584 | 3,926,369 | 5,852,009 | 206,670 | 105,761 |
| Advances | | | | | | | | |
| Opening balance | 195 | 886 | - | - | 262,113 | - | 84,787 | 68,520 |
| Additions / adjustments during the period / year | - | - | - | - | 1,098,364 | 2,398,324 | 7,056 | 33,519 |
| Repaid / adjustments during the period / year | (141) | (691) | - | - | (1,024,217) | (2,136,211) | (17,410) | (17,252) |
| Closing balance | 54 | 195 | - | - | 336,260 | 262,113 | 74,433 | 84,787 |
| Lendings to Financial Institutions | | | | | | | | |
| Opening balance | - | - | - | - | - | - | - | - |
| Additions / adjustments during the period / year | - | - | - | - | - | - | - | - |
| Repaid / adjustments during the period / year | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | - |
| Other Balances | | | | | | | | |
| Outstanding balance of credit cards | 910 | 731 | - | - | 748 | 225 | 2,545 | 2,537 |
| Receivable from Pension Fund | - | - | - | - | 7,848,482 | 7,773,482 | - | - |
| Commitments and contingent liabilities - outstanding | - | - | 9,764 | 10,361 | 448,428 | 373,856 | - | - |
| Forward foreign exchange contracts (Notional) - outstanding | - | - | - | - | 3,218,870 | 3,241,064 | - | - |
| Unrealized gain / (loss) on forward foreign exchange contracts - outstanding | - | - | - | - | 12,050 | 17,286 | - | - |
| Borrowings outstanding | - | - | - | - | 471,806 | 936,788 | - | - |
| Overdrawn nostro balance | - | - | - | - | - | - | - | - |
| Trade payable | - | - | 3,16,629 | 30,601 | - | - | - | - |
| Markup payable | 6,822 | 7,266 | 6,200 | 7,985 | 14,541 | 19,968 | 285 | 449 |
| Other payable | 2,463 | 4,226 | 812 | 788 | 38,742 | 68,295 | - | - |
| Other advances | - | - | 821 | 2,999 | 53,623 | 51,492 | - | - |
| Markup receivable | - | - | - | - | 4,794 | 3,163 | 1,043 | 1,152 |
| Other receivable | - | - | 278 | 810 | 810 | - | - | - |
| Commission receivable | - | - | 29,916 | 114,557 | 1 | 1 | - | - |
| Advance received against sale of property | - | - | - | - | - | - | - | - |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | Directors | | Associates | | Other Related Parties | | Key Management | |
|---|------------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| | (Rupees in '000) | | | | | | | |
| Insurance premium-net of refund | - | - | 83,456 | 289,829 | - | - | - | - |
| Insurance claim settled | - | - | 681 | 2,995 | - | - | - | - |
| Markup income on advances and lendings | 1 | 10 | - | - | 8,727 | 426 | 935 | 1,562 |
| Forward exchange contracts matured during the period | - | - | - | - | 11,850,576 | 17,281,866 | - | - |
| Gain / (loss) on forward foreign exchange contracts matured during the period | - | - | - | - | 29,148 | (19,518) | - | - |
| Investment made during the period | - | - | - | - | - | - | - | - |
| Dividend income | - | - | - | - | 16,320 | - | - | - |
| Commission income | - | - | 161,556 | 239,804 | 2,831 | 4,021 | - | - |
| Rent income and reimbursement of other expenses | - | - | 835 | - | 810 | 540 | - | - |
| Outsourcing service expenses | - | - | 42,605 | 38,772 | - | - | - | - |
| Sale of foreign currency | - | - | - | - | - | - | - | - |
| Purchase of foreign currency | - | - | - | - | - | - | - | - |
| Proceeds from sale of fixed assets | - | - | - | - | - | - | - | 19 |
| Gain / (loss) on sale of fixed assets | - | - | - | - | 13,061 | 13,968 | - | 19 |
| Cash sorting expenses | - | - | - | - | 44,352 | 35,672 | - | - |
| Stationery expenses | - | - | - | - | 98,047 | 96,313 | - | - |
| Security guards expenses | - | - | - | - | - | - | - | - |
| Remuneration and non-executive directors fee | 58,446 | 56,686 | - | - | - | - | 201,297 | 200,148 |
| Mark-up expense | 21,258 | 20,724 | 18,175 | 12,501 | 36,306 | 97,111 | 368 | 274 |
| Clearing expenses paid to NIFT | - | - | - | - | 30,782 | 32,896 | - | - |
| Contribution to provident fund | - | - | - | - | 67,187 | 62,927 | - | - |
| Gas charges | - | - | - | - | - | 1,920 | - | - |
| Rent and other expenses | - | - | 907 | 1,778 | 13,387 | 214 | - | - |
| Call borrowing deals entered and matured during the period | - | - | - | - | 495,000 | - | - | - |
| Sale of government securities | - | - | 3,619,381 | 539,621 | 3,819,729 | 1,983,846 | - | - |
| Purchase of government securities | - | - | 2,817,486 | 1,791,172 | 1,366,857 | 5,003,377 | - | - |
| Gain / (loss) on sale of government securities | - | - | 6 | 19 | 39 | 760 | - | - |
| Miscellaneous expenses and payments | - | - | - | - | 7,153 | 13,755 | - | - |

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, 2017

20 ISLAMIC BANKING BUSINESS

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

| | Note | March 31, 2017 | December 31, 2016 |
|---|------|-------------------|----------------------|
| ----- (Rupees in '000) ----- | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 1,883,960 | 1,509,804 |
| Balances with other banks | | 1,561,755 | 2,750,998 |
| Due from financial institutions | | 900,000 | - |
| Investments - net | | 7,174,302 | 5,769,675 |
| Islamic financing and related assets - net | 20.1 | 20,114,591 | 16,172,727 |
| Operating fixed assets | | 2,258,410 | 2,104,250 |
| Deferred tax assets - net | | - | - |
| Other assets - net | | 355,383 | 261,048 |
| | | 34,248,401 | 28,568,502 |
| LIABILITIES | | | |
| Bills payable | | 133,720 | 447,776 |
| Due to financial institutions | | 5,242,375 | 2,785,650 |
| Deposits and other accounts | | 17,664,356 | 14,279,436 |
| Sub-ordinated loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities - net | | 29,728 | 40,524 |
| Other liabilities | | 909,645 | 749,243 |
| | | 23,979,824 | 18,302,629 |
| NET ASSETS | | | |
| | | 10,268,577 | 10,265,873 |
| REPRESENTED BY | | | |
| Share capital | | 10,000,000 | 10,000,000 |
| Reserves | | 28,375 | 26,444 |
| Unappropriated profit / (accumulated loss) | | 78,232 | 68,087 |
| | | 10,106,607 | 10,094,531 |
| Deficit on revaluation of assets - net of tax | | 161,970 | 171,342 |
| | | 10,268,577 | 10,265,873 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

| | March 31, 2017 | December 31, 2016 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 20.1 Islamic financing and related assets - net | | |
| Murabaha financing | 6,537,711 | 2,719,939 |
| Inventory held under Murabaha | 5,669,729 | 4,987,296 |
| Advances against Murabaha | 81,728 | 804,071 |
| Murabaha under IERS | 87,029 | 87,003 |
| Advances against Murabaha under IERS | 102,375 | 299,650 |
| Diminishing Musharakah | 4,936,247 | 4,392,900 |
| Advances against Diminishing Musharakah | 779,806 | 1,222,733 |
| Advances against Running Musharakah under IERS | 187,000 | - |
| Net book value of assets in Ijarah under IFAS 2 | 1,179,080 | 1,243,897 |
| Advances against Ijarah | 62,615 | 42,508 |
| Advances against Istisna under IERS | 100,000 | - |
| Staff finance | 392,329 | 374,004 |
| Islamic financing and related assets - gross | 20,115,649 | 16,174,001 |
| Provision against non performing Islamic financing and related assets | (1,058) | (1,274) |
| Islamic financing and related assets - net of provision | 20,114,591 | 16,172,727 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

The profit and loss account of the Group's Islamic banking business for the three months ended March 31, 2017 is as follows:

| | Quarter ended March 31, 2017 | Quarter ended March 31, 2016 |
|---|---------------------------------|---------------------------------|
| | ----- (Rupees in '000) ----- | |
| Profit / return earned | 382,610 | 380,787 |
| Profit / return expensed | 151,245 | 120,332 |
| Net spread earned | 231,365 | 260,455 |
| Provision against non-performing Islamic financing and related assets - net | (216) | 35,000 |
| Provision for diminution in the value of investments - net | - | - |
| Bad debts written off directly | - | - |
| | (216) | 35,000 |
| Net spread after provisions | 231,581 | 225,455 |
| Other income | | |
| Fee, commission and brokerage income | 9,152 | 8,950 |
| Dividend income | 11,197 | 15,610 |
| Income from dealing in foreign currencies | 7,109 | 3,318 |
| Gain on sale of securities - net | 144,697 | 26,924 |
| Unrealized gain / (loss) on revaluation of investments classified as held for trading - net | - | - |
| Other income | 2,868 | 785 |
| Total other income | 175,023 | 55,587 |
| | 406,604 | 281,042 |
| Other expenses | | |
| Administrative expenses | 398,250 | 226,361 |
| Provision against other assets - net | - | - |
| Other charges | 177 | 1,974 |
| Total other expenses | 398,427 | 228,335 |
| Extra ordinary / unusual items | - | - |
| Profit before taxation | 8,177 | 52,707 |
| Taxation | | |
| - Current | 5,576 | 36,841 |
| - Prior periods | - | 4,866 |
| - Deferred | (7,053) | 33,451 |
| | (1,477) | 75,158 |
| Profit / (loss) after taxation | 9,654 | (22,451) |



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2017

21 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- No significant reclassification have been made.

22 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 26, 2017 has announced cash dividend in respect of the three months period ended March 31, 2017 of Rs.4.00 per share (March 31, 2016: Rs. 4.00 per share). This consolidated condensed interim financial information for the three months period ended March 31, 2017 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

23 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 26, 2017.


Imran Maqbool
President / CEO


Muhammad Ali Zeb
Director


Samir Iqbal Saigol
Director


Irfan Ahmed Hashmi
Director

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