



Bank for Life

MCB Bank Limited

☎ UAN: 111-000-622 🌐 www.mcb.com.pk

A close-up photograph of a bee on a yellow flower. The bee is positioned on the center of the flower's head, which is covered in small, yellow, textured florets. The petals of the flower are bright yellow and slightly blurred in the background. The overall image has a warm, golden-yellow color palette.

**A LIFETIME OF
DEDICATION**

Third Quarter Report 2015



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. Shahzad Saleem	Director
Mr. Sarmad Amin	Director
Mr. Aftab Ahmad Khan	Director
Mian Raza Mansha	Director
Mian Umer Mansha	Director
Dato' Seri Ismail Shahudin	Director
Mr. Ahmad Alman Aslam	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh	Director
Mr. Imran Maqbool	President / CEO

AUDIT COMMITTEE:

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

Chief Financial Officer:	Mr. Salman Zafar Siddiqi
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Principal/Registered Office:	MCB, 15-Main Gulberg Jail Road, Lahore Pakistan
Registrar's and Share Registration Office (s):	Head Office: M/s. THK Associates (Pvt.) Ltd 2nd Floor, State Life Building No.3 Dr. Ziauddin Ahmed Road, Karachi, Pakistan. Branch Office: M/s. THK Associates (Pvt.) Ltd 2nd 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 - SEPTEMBER 2015

I am pleased to place before you, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the nine months ended September 30, 2015;

Financial Highlights

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

Remeasurement of defined benefit plans - net of tax

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

Profit Available for Appropriation

Appropriations:

Transfer to Statutory Reserve

Final Cash Dividend - December 2014

Interim Cash Dividend - March 2015

Interim Cash Dividend - June 2015

Total Appropriations

Un-appropriated Profit Carried Forward

Performance Review

In the third quarter of the year, MCB Bank continued with its strong performance on account of low cost deposit base, improved quality of advances and significant contribution from non-markup income. Controlled operating expenses and recoveries against provisions remained the hallmark for the period under review. The Bank posted a healthy increase of 24% in profit before tax (PBT) which stood at Rs. 34.1 billion and an increase of 12% in profit after tax reported at Rs. 20.2 billion. The increase in PBT was mainly contributed by a healthy increase in non-markup income (+41%) and net markup income (15%) over corresponding period last year. This increase to the non-markup income block was mainly driven by Rs 3.1 billion in capital gains and Rs. 1.2 billion in fee & commission income.

On the gross markup income side, the Bank recorded an increase of Rs. 4.8 billion with major contribution from investments income. Growth in investments income was achieved through prudent placements and timely shift in concentration levels of investments.

On the interest expense side, the Bank registered a decrease of Rs. 84 million over corresponding period last year on account of decreasing interest rate. The Bank also managed to strategically taper off its high cost deposits during the period under review.

The administrative expense base (excluding pension fund reversal) recorded an increase of 11% on account of increased operational and infra structural outreach. Effective risk management framework helped in avoiding non-performing loan accretion in the books of the Bank. Resultantly, the Bank continued with its provision reversal during the third quarter of 2015.

Total asset base of MCB Bank Limited grew by 11% over December 2014 to Rs. 1.04 trillion. Increase in asset base was mainly contributed by 20% increase in investments and 1% increase in gross advances portfolio. The quality of asset base registered continuous improvement as NPLs of the Bank decreased by Rs. 1.1 billion during the nine month period and closed at Rs. 20.8 billion. Coverage ratio of the Bank was reported at 85.16% with infection ratio improving to 6.40% as compared to 6.80% as at December 2014. On the liabilities side, the Bank's deposits increased by 3% to Rs. 712.2 billion from Rs. 688.3 billion as of December 31, 2014. On the deposit mix front, current deposits increased by 10% to Rs. 260.3 billion improving the CASA ratio to an all-time high of 93.35%.

Third quarter of the calendar year remained challenging for the banking industry in terms of deposits. The tax introduced on transactions for non-filers had an impact on the deposit growth rate registered in the preceding quarters. However, overall deposit growth remained satisfactory despite the reduction in high cost deposits.

Earnings per share (EPS) for the period came to Rs. 18.16 as compared to Rs. 16.28 during the same period last year. Return on Assets and Return on Equity were reported at 2.74% and 24.55% respectively whereas Book value per share stood at Rs. 101.20.

MCB Bank Limited



The Board of Directors declared the 3rd interim cash dividend of Rs. 4.0 per share in addition to Rs. 8.0 per share interim dividends already paid to the shareholders.

Ratings

PACRA has maintained the 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, 2015.

Economy Review

During the third quarter of 2015, majority of Pakistan's macroeconomic fundamentals remained fairly positive, which continued to contribute towards its economic growth and development. However, despite encouraging signs, downside risks persist and would need to be addressed through prudent policies.

Growth in Large Scale Manufacturing (LSM) picked up to 4.67% in July 2015 on a year-on-year basis. Meanwhile, export growth remained weak, amounting to \$3,462 million in July and August 2015 combined, 10.27% lower than comparative period last year. Imports also fell to \$7,194 million, a decline of 9.29% from July-Aug 2014, mostly on account of lower international oil prices.

Pakistan's CPI inflation remained subdued, reaching a 12-year low of 1.32% in September on year-on-year basis while core inflation eased to 3.40%, also at multi-year lows. On account of declining trend in inflation, the State Bank of Pakistan in September slashed the policy rate by 50 bps to 6% in an attempt to renew consumer and producer confidence. Total cut in interest rate by SBP touched 350 bps in 2015.

August also saw Pak Rupee come under pressure after devaluation of the Chinese Yuan sent regional currencies on a downward trajectory. As a result, the PKR depreciated by almost 2.5%. However, Pakistan's foreign exchange reserves grew from \$18.202 billion at the beginning of the period to a record high of \$20.05 billion on account of inflows from the IMF, issuance of a 10-year Eurobond, Coalition Support Fund and syndicate financing for the Government of Pakistan. This increase in foreign exchange reserves helped improve sentiment while the PKR stabilized around 104.50 relative to the USD. Pakistan also successfully completed its 8th review under the Extended Fund Facility (EFF) and the IMF expressed confidence that economic growth in Pakistan was picking up pace while vulnerabilities were gradually receding. However, the Fund stressed that further structural reforms aimed at securing a reliable supply of electricity and gas, acceleration of privatization, restructuring of public enterprises and regulatory reforms would further improve the business climate.

Meanwhile, KSE-100 remained volatile mostly tracking uncertainties in the global economic climate, rallying at first to reach a yearly high of 36,200 points before closing the quarter at 32,287 points.

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

Future Outlook

Pakistan's economic growth remains on track with several energy sector projects in the pipeline under CPEC, which appears to be a real harbinger of greater growth and stability while the law and order situation in the country has also improved. At the same time, tax reforms under the Federal Budget for Fiscal year 2015-16 do not appear to have borne fruit yet, with tax revenue showing only minimal improvements. Nevertheless, we remain confident that the pace of structural improvements will continue with the timely and effective execution of reforms from the Government of Pakistan and that the country remains on an overall upward economic trajectory.

Acknowledgement

In the end, the Board of Directors of MCB Bank Limited would like to take this opportunity to thank all the shareholders and customers of the Bank for their trust, our employees for their continuous dedication and commitment, the Government and the State Bank of Pakistan for their support.

On behalf of Directors


Mian Mohammad Mansha
Chairman

October 20, 2015

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2015

	Note	Unaudited September 30, 2015	Audited December 31, 2014
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		53,594,378	46,753,804
Balances with other banks		1,640,042	3,015,624
Lendings to financial institutions	7	733,324	1,418,181
Investments - net	8	615,499,932	511,137,192
Advances - net	9	307,557,200	303,559,480
Operating fixed assets		32,151,672	31,192,588
Deferred tax assets - net		-	-
Other assets - net		24,906,290	37,554,615
		1,036,082,838	934,631,484
Liabilities			
Bills payable		9,286,270	16,627,700
Borrowings	10	138,712,075	59,542,861
Deposits and other accounts	11	712,196,629	688,329,520
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	12,089,901	10,397,100
Other liabilities		25,098,559	29,630,241
		897,383,434	804,527,422
Net assets		138,699,404	130,104,062
Represented by			
Share capital		11,130,307	11,130,307
Reserves		50,820,567	48,830,005
Unappropriated profit		50,692,094	46,947,863
		112,642,968	106,908,175
Surplus on revaluation of assets - net of tax		26,056,436	23,195,887
		138,699,404	130,104,062

Contingencies and commitments

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

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

For the nine months period ended September 30, 2015

	Note	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
----- (Rupees in '000) -----					
Mark-up / return / interest earned		20,089,047	61,571,753	19,212,031	56,785,409
Mark-up / return / interest expensed		8,080,435	24,686,943	8,634,755	24,771,279
Net mark-up / interest income		12,008,612	36,884,810	10,577,276	32,014,130
Reversal against loans and advances - net		(330,578)	(1,070,118)	(393,138)	(1,332,339)
Reversal for diminution in the value of investments - net		1,310	(14,690)	(37,261)	(78,010)
Bad debts written off directly		-	67	-	20
		(329,268)	(1,084,741)	(430,399)	(1,410,329)
Net mark-up / interest income after provisions		12,337,880	37,969,551	11,007,675	33,424,459
Non mark-up / interest income					
Fee, commission and brokerage income		1,969,378	6,322,591	1,708,383	5,110,659
Dividend income		182,402	797,455	230,416	679,192
Income from dealing in foreign currencies		252,553	733,080	306,169	1,056,440
Gain on sale of securities - net	14	1,518,303	4,434,410	644,918	1,273,415
Unrealized gain/(loss) on revaluation of investments classified as held for trading		(20,322)	(20,481)	(5,133)	(5,133)
Other income	15	131,420	1,211,058	1,209,117	1,435,005
Total non mark-up / interest income		4,033,734	13,478,113	4,093,870	9,549,578
		16,371,614	51,447,664	15,101,545	42,974,037
Non-mark-up / interest expenses					
Administrative expenses		5,731,188	16,510,249	5,184,604	14,755,275
Other provisions - net		144,980	148,905	226	115,479
Other charges		217,531	720,477	209,379	596,161
Total non mark-up / interest expenses		6,093,699	17,379,631	5,394,209	15,466,915
		10,277,915	34,068,033	9,707,336	27,507,122
Extraordinary / unusual item		-	-	-	-
Profit before taxation		10,277,915	34,068,033	9,707,336	27,507,122
Taxation - current period		3,523,093	11,739,870	3,239,227	9,150,116
- prior years	13.10.1	-	1,906,156	-	-
- deferred		80,315	206,553	70,368	233,059
		3,603,408	13,852,579	3,309,595	9,383,175
Profit after taxation		6,674,507	20,215,454	6,397,741	18,123,947
Earnings per share - basic and diluted - Rupees	16	6.00	18.16	5.75	16.28

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2015

	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	----- (Rupees in '000) -----			
Profit after tax for the period	6,674,507	20,215,454	6,397,741	18,123,947
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Remeasurement of defined benefit plans - net of tax	-	(1,129,965)	-	164,050
Items that may be reclassified to profit and loss account				
Effect of translation of net investment in foreign branches	(14,952)	(30,983)	162,689	(97,806)
Comprehensive income transferred to equity	6,659,555	19,054,506	6,560,430	18,190,191
Components of comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	(629,144)	5,084,204	(786,594)	(1,805,698)
Deferred tax	220,201	(2,098,303)	57,198	582,388
	(408,943)	2,985,901	(729,396)	(1,223,310)
Total comprehensive income for the period	6,250,612	22,040,407	5,831,034	16,966,881

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2015

	September 30, 2015	September 30, 2014
	----- (Rupees in '000) -----	
Cash flows from operating activities	34,068,033	27,507,122
Profit before taxation	(797,455)	(679,192)
Less: Dividend income	33,270,578	26,827,930
Adjustments for:		
Depreciation	1,538,872	966,087
Amortization	279,801	221,626
Bad debts written off directly	67	20
Reversal against loans and advances - net	(1,070,118)	(1,332,339)
Reversal for diminution in the value of investments - net	(14,690)	(78,010)
Other provisions - net	148,905	115,479
Provision for Workers' Welfare Fund	681,361	551,809
Charge / (reversal) for defined benefit plans	(185,235)	(180,827)
Unrealized loss on revaluation of investments classified as held for trading	20,481	5,133
Gain on disposal of fixed assets	(129,894)	(14,429)
	1,269,550	254,549
	34,540,128	27,082,479
(Increase) / decrease in operating assets		
Lendings to financial institutions	684,857	(2,465,036)
Net investment in held for trading securities	(7,632,584)	(218,016)
Advances - net	(2,927,669)	(39,982,764)
Other assets - net	9,899,943	(3,673,739)
	24,547	(46,339,555)
Increase / (decrease) in operating liabilities		
Bills payable	(7,341,430)	(1,368,153)
Borrowings	78,873,110	10,999,643
Deposits and other accounts	23,867,109	34,013,830
Other liabilities	(6,690,144)	3,280,869
	88,708,645	46,926,189
	123,273,320	27,669,113
Defined benefits paid	(285,422)	(506,741)
Income tax paid	(12,036,097)	(6,374,489)
Net cash flows from operating activities	110,951,801	20,787,883
Cash flows from investing activities		
Net investments in available-for-sale securities	(79,098,508)	(11,226,326)
Net investments in held-to-maturity securities	(2,341,723)	(946,917)
Dividend income received	664,210	510,819
Investment in subsidiary company	(10,261,375)	-
Divestment in subsidiary company	77	-
Divestment in associate	49,785	-
Sale proceeds of property and equipment disposed off	239,889	49,551
Investment in operating fixed assets	(2,980,057)	(2,900,233)
Net cash flows from investing activities	(93,727,702)	(14,513,106)
Cash flows from financing activities		
Dividend paid	(12,024,228)	(10,556,920)
Net cash flows from financing activities	(12,024,228)	(10,556,920)
Exchange difference on translation of net investment in foreign branches	(30,983)	(97,806)
Increase in cash and cash equivalents	5,168,888	(4,379,949)
Cash and cash equivalents at January 1	49,427,335	60,857,124
Cash and cash equivalents at September 30	54,596,223	56,477,175

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2015

	Capital Reserves				Revenue Reserves		Total	
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve		Unappropriated profit
(Rupees in '000)								
Balance as at December 31, 2013	10,118,461	-	9,702,528	598,192	17,700,494	18,600,000	40,552,043	97,271,718
Change in equity for nine months ended September 30, 2014								
Profit after taxation for nine months period ended September 30, 2014	-	-	-	-	-	-	18,123,947	18,123,947
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	164,050	164,050
Exchange differences on translation of net investment in foreign branches	-	-	-	(97,806)	-	-	-	(97,806)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	35,721	35,721
Transferred to statutory reserve	-	-	-	-	1,812,395	-	(1,812,395)	-
Transfer to reserve for issue of bonus shares	-	1,011,846	-	-	-	-	(1,011,846)	-
Issue of bonus shares - December 31, 2013	1,011,846	(1,011,846)	-	-	-	-	-	-
Final cash dividend - December 31, 2013	-	-	-	-	-	-	(3,541,461)	(3,541,461)
Interim cash dividend - March 31, 2014	-	-	-	-	-	-	(3,339,092)	(3,339,092)
Interim cash dividend - June 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)
Balance as at September 30, 2014	11,130,307	-	9,702,528	500,386	19,512,889	18,600,000	45,275,359	104,721,469
Change in equity for three months ended December 31, 2014								
Profit after taxation for three months ended December 31, 2014	-	-	-	-	-	-	6,200,809	6,200,809
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(24,524)	(24,524)
Exchange differences on translation of net investment in foreign branches	-	-	-	(105,879)	-	-	-	(105,879)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,908	11,908
Transferred to statutory reserve	-	-	-	-	620,081	-	(620,081)	-
Interim cash dividend - September 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)
Balance as at December 31, 2014	11,130,307	-	9,702,528	394,507	20,132,970	18,600,000	46,947,863	106,908,175
Change in equity for nine months ended September 30, 2015								
Profit after taxation for nine months period ended September 30, 2015	-	-	-	-	-	-	20,215,454	20,215,454
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(1,129,965)	(1,129,965)
Exchange differences on translation of net investment in foreign branches	-	-	-	(30,983)	-	-	-	(30,983)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	36,656	36,656
Transferred to statutory reserve	-	-	-	-	2,021,545	-	(2,021,545)	-
Final cash dividend - December 31, 2014	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend - March 31, 2015	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend - June 30, 2015	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Balance as at September 30, 2015	11,130,307	-	9,702,528	363,524	22,154,515	18,600,000	50,692,094	112,642,968

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (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 1,236 branches including 34 Islamic banking branches (December 31, 2014: 1,222 branches including 27 Islamic banking branches) within Pakistan and 11 (December 31, 2014: 10) branches outside the country (including the Karachi Export Processing Zone Branch).

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 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 Islamic banking branches have been included in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 20 to this unconsolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 104.5117 per US Dollar (December 31, 2014: Rs.100.4831) and Rs. 0.7396 per LKR (December 31, 2014: Rs 0.7659) have been used.

3 STATEMENT OF COMPLIANCE

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

3.2 The 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 financial statements of the Bank for the year ended December 31, 2014.

3.4 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 2015 vide SECP circular 633(1)/2014. SECP has granted exemption to the Bank from application of the requirements of this standard with respect to the investment in mutual funds managed by MCB - Arif Habib Savings and Investments Limited. Accordingly, the requirements of this standard have not been applied in the preparation of this unconsolidated condensed interim financial information to the extent of their applicability to these mutual funds.

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES AND 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 annual financial statements of the Bank for the year ended December 31, 2014.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2014.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

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 annual financial statements of the Bank for the year ended December 31, 2014.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Call money lendings	626,822	382,950
Repurchase agreement lendings	106,502	1,035,231
	<u>733,324</u>	<u>1,418,181</u>

8 INVESTMENTS - NET

8.1 Investments by types

		September 30, 2015	December 31, 2014
		----- (Rupees in '000) -----	
		Held by bank	Given as collateral
		----- (Rupees in '000) -----	
			Total
Held-for-trading securities		7,682,641	7,682,641
Available-for-sale securities	8.2	463,623,582	564,188,097
Held-to-maturity securities		10,162,686	10,226,155
		<u>481,468,909</u>	<u>582,096,893</u>

Associates	8.3	946,336	946,336
Subsidiaries	8.4 / 8.5	10,837,805	10,837,805
		<u>11,784,141</u>	<u>11,784,141</u>

Investments at cost		<u>493,253,050</u>	<u>593,881,034</u>
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Less: Provision for diminution in the value of investments		(1,347,436)	(1,347,436)
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Investments (net of provisions)		<u>491,905,614</u>	<u>592,533,598</u>
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Surplus on revaluation of available for sale securities - net		22,905,941	22,986,815
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Deficit on revaluation of held-for-trading securities - net		(20,481)	(20,481)
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Investments at revalued amounts - net of provisions		<u>514,791,074</u>	<u>615,499,932</u>
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December 31, 2014

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		52,330	-	52,330
Available-for-sale securities	8.2	459,521,532	25,908,740	485,430,272
Held-to-maturity securities		7,825,991	58,441	7,884,432
		<u>467,399,853</u>	<u>25,967,181</u>	<u>493,367,034</u>

Associates	8.3	996,121	996,121
Subsidiaries		576,507	576,507
		<u>1,572,628</u>	<u>1,572,628</u>

Investments at cost		<u>468,972,481</u>	<u>494,939,662</u>
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Less: Provision for diminution in the value of investments		(1,702,808)	(1,702,808)
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Investments (net of provisions)		<u>467,269,673</u>	<u>493,236,854</u>
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Surplus / (deficit) on revaluation of available for sale securities - net		17,915,048	17,902,611
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Deficit on revaluation of held-for-trading securities - net		(2,273)	(2,273)
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Investments at revalued amounts - net of provisions		<u>485,182,448</u>	<u>511,137,192</u>
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8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2014: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2014: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 893.815 million (December 31, 2014: Rs. 943.600 million) as at September 30, 2015 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2015 amounted to Rs. 5,028.500 million (December 31, 2014: Rs. 5,042.493 million).

8.4 During the year, MCB Bank has made further capital injection of Rs. 261.375 million in its subsidiary company, MCB Leasing "Closed Joint Stock Company". The Bank has wound up its wholly owned subsidiary i.e. MCB Trade Services in 2015.

8.5 The Bank incorporated MCB Islamic Bank Limited, a wholly owned subsidiary, with an authorized share capital of Rs. 15 billion in 2014. During the year 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary. MCB Islamic Bank Limited has obtained "Certificate of commencement of Banking Business" from SBP. Subject to regulatory approvals, the operations of Islamic Banking Division of MCB Bank Limited referred in Note 20 will be transferred to the said subsidiary.

9 ADVANCES - NET

		September 30, 2015	December 31, 2014
		----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc			
- In Pakistan		284,350,121	280,297,779
- Outside Pakistan		16,827,205	13,976,672
		<u>301,177,326</u>	<u>294,274,451</u>
Islamic Financing and related assets	20.1	12,575,635	13,885,804
Net Investment in finance lease			
- In Pakistan		2,114,964	2,101,598
- Outside Pakistan		78,612	92,758
		<u>2,193,576</u>	<u>2,194,356</u>
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		5,687,649	4,406,599
- Payable outside Pakistan		3,648,759	7,556,783
		<u>9,336,408</u>	<u>11,963,382</u>
Advances - gross		<u>325,282,945</u>	<u>322,317,993</u>
Less: Provision against loans and advances			
- Specific provision	9.1	(17,099,850)	(18,149,201)
- General provision		(325,272)	(322,307)
- General provision against consumer loans & small enterprise loans		(265,913)	(254,595)
- General provision by Sri Lanka operations		(34,710)	(32,410)
		<u>(17,725,745)</u>	<u>(18,758,513)</u>
Advances - net of provision		<u>307,557,200</u>	<u>303,559,480</u>

9.1 Advances include Rs. 20,813.656 million (December 31, 2014: Rs. 21,907.791 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2015				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- (Rupees in '000) -----					
Other Assets Especially					
Mentioned (OAEM)	9.1.1	51,819	-	51,819	2,476
Substandard		202,962	51,338	254,300	63,401
Doubtful		677,853	-	677,853	338,840
Loss		14,785,375	5,044,309	19,829,684	16,695,133
		<u>15,718,009</u>	<u>5,095,647</u>	<u>20,813,656</u>	<u>17,099,850</u>
Category of Classification	December 31, 2014				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- (Rupees in '000) -----					
Other Assets Especially					
Mentioned (OAEM)	9.1.1	50,405	-	50,405	3,477
Substandard		234,172	-	234,172	58,352
Doubtful		873,888	-	873,888	436,526
Loss		15,896,249	4,853,077	20,749,326	17,650,846
		<u>17,054,714</u>	<u>4,853,077</u>	<u>21,907,791</u>	<u>18,149,201</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

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.

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
10 BORROWINGS		
In Pakistan	134,123,796	52,126,784
Outside Pakistan	4,588,279	7,416,077
	138,712,075	59,542,861
10.1 Details of borrowings (secured / unsecured)		
Secured		
Borrowings from State Bank of Pakistan		
Export refinance scheme	9,124,073	10,604,033
Long term financing facility	4,145,853	4,828,527
Long term financing - export oriented projects scheme	16,244	60,365
Financing Facility for Storage of Agricultural Produce	506,980	509,061
	13,793,150	16,001,986
Repurchase agreement borrowings	100,701,398	25,952,261
	114,494,548	41,954,247
Unsecured		
Borrowings from other financial institutions	1,378,332	4,463,273
Call borrowings	22,200,998	12,783,248
Overdrawn nostro accounts	638,197	342,093
	24,217,527	17,588,614
	138,712,075	59,542,861
11 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	47,134,874	62,126,560
Savings deposits	390,627,572	382,582,290
Current accounts	249,290,783	227,132,866
Margin accounts	5,652,151	4,207,605
	692,705,380	676,049,321
Financial institutions		
Remunerative deposits	14,139,754	7,193,847
Non-remunerative deposits	5,351,495	5,086,352
	19,491,249	12,280,199
	712,196,629	688,329,520
12 DEFERRED TAX LIABILITY / (ASSET) - NET		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	908,498	931,846
Accelerated tax depreciation	1,420,070	1,391,924
Receivable from pension fund	2,149,162	2,542,139
Surplus / deficit on revaluation of securities	8,045,385	5,947,082
	12,523,115	10,812,991
Deductible temporary differences on:		
Provision for bad debts	(23,057)	(21,640)
Provision for post retirement benefits	(410,157)	(394,251)
	(433,214)	(415,891)
	12,089,901	10,397,100
13 CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring		
- Government	19,589,537	15,307,109
- Banks and financial institutions	2,471,959	3,895,904
- Others	9,864,115	15,334,608
	31,925,611	34,537,621
13.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Banks and financial institutions	-	-
- Others	1,899,894	2,026,346
- Suppliers credit / payee guarantee	2,235,176	2,235,176
	4,135,069	4,261,522

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

September 30, 2015
December 31, 2014
----- (Rupees in '000) -----

13.3 Trade-related contingent liabilities	117,731,447	86,547,085
13.4 Other contingencies		
Claims against the Bank not acknowledged as debts	3,746,166	3,393,783

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 interim financial information.

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

September 30, 2015
December 31, 2014
----- (Rupees in '000) -----

13.6 Commitments in respect of forward foreign exchange contracts		
Purchase	47,177,232	47,859,438
Sale	45,108,212	49,478,965
	328,736	125,438
13.7 Commitments for the acquisition of fixed assets		
13.8 Forward outright of Government Securities		
Purchase	35,500,000	100,000
Sale	800,000	250,000
13.9 Other commitments		
FX options (notional amount)		
Purchase	898,919	-
Sale	898,919	-

13.10 Taxation
For assessment year 1988-89 through tax year 2014, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs.3,818 million (2014: Rs.3,818 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.

13.10.1 The Finance Act 2015 has introduced certain amendments relating to taxation of banking companies. As per these amendments, bank's income from dividend and capital gains are now taxed at the normal tax rates instead of previously applicable reduced rates. In addition, one-time super tax at the rate of 4 percent of the taxable income has also been levied. These amendments apply retrospectively for the tax year 2015, i.e. year ended December 31, 2014. The effects of above amendments have been incorporated in this condensed interim financial information and an amount of Rs.1,906 million (September 30, 2014: Nil) has been recognised as prior year tax charge.

	Nine months ended	
	September 30, 2015	September 30, 2014
	---- (Rupees in '000) ----	
14 GAIN ON SALE OF SECURITIES - NET		
Federal Government Securities		
-Market Treasury Bills	47,630	(35,871)
-Pakistan Investment Bonds	2,069,310	67,248
Listed Shares	2,317,470	1,242,038
	4,434,410	1,273,415

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015**

15 OTHER INCOME

Other income includes compensation on delayed refunds amounting to Rs. 699.093 million (September 30, 2014 : Rs. 1,127.996) under section 171 of the Income Tax Ordinance 2001.

Nine months ended	
September 30, 2015	September 30, 2014
----- (Rupees in '000) -----	

16 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit after taxation

20,215,454	18,123,947
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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)	
18.16	16.28

17 CREDIT RATING

PACRA through its notification dated June 24, 2015, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015**

18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2015					Total
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination	
----- (Rupees in '000) -----						
Total income	201,247	18,126,198	25,523,848	6,511,630	-	50,362,923
Total expenses	(39,652)	(2,132,266)	(12,510,471)	(1,612,501)	-	(16,294,890)
Income tax expense	-	-	-	-	-	(13,852,579)
Net income	161,595	15,993,932	13,013,377	4,899,129	-	20,215,454
Segment assets - (Gross of NPLs Provisions)	656,535	677,719,956	765,100,679	244,511,873	(636,393,285)	1,051,595,758
Advance taxation (payment less provision)	-	-	-	-	-	1,586,930
Total assets	656,535	677,719,956	765,100,679	244,511,873	(636,393,285)	1,053,182,688
Segment non performing loans	-	-	7,676,871	13,136,785	-	20,813,656
Segment specific provision required	-	-	7,605,310	9,494,540	-	17,099,850
Segment liabilities	64,556	596,121,536	708,651,058	216,849,668	(636,393,285)	885,293,533
Deferred tax liabilities - net	-	-	-	-	-	12,089,901
Total liabilities - net	64,556	596,121,536	708,651,058	216,849,668	(636,393,285)	897,383,434
Segment return on assets (ROA) (%)	40.87%	3.57%	4.49%	3.69%	-	-
Segment cost of fund (%)	-	7.70%	4.60%	7.40%	-	-
----- (Rupees in '000) -----						
Nine months ended September 30, 2014						
Total income	140,855	7,710,776	27,581,664	6,130,413	-	41,563,708
Total expenses	(28,015)	(1,108,835)	(11,768,584)	(1,151,152)	-	(14,056,586)
Income tax expense	-	-	-	-	-	(9,383,175)
Net income	112,840	6,601,941	15,813,080	4,979,261	-	18,123,947
Segment assets - (Gross of NPLs provision)	533,322	514,000,056	747,338,105	241,504,126	(619,811,504)	883,564,105
Advance taxation (payment less provision)	-	-	-	-	-	3,305,894
Total assets	533,322	514,000,056	747,338,105	241,504,126	(619,811,504)	886,869,999
Segment non performing loans	-	-	8,674,892	13,250,289	-	21,925,181
Segment specific provision required	-	-	8,582,877	9,442,563	-	18,025,440
Segment liabilities	60,992	485,866,017	671,380,854	210,986,122	(619,811,504)	748,482,481
Deferred tax liabilities - net	-	-	-	-	-	3,940,378
Total liabilities - net	60,992	485,866,017	671,380,854	210,986,122	(619,811,504)	752,422,859
Segment return on assets (ROA) (%)	35.25%	2.00%	4.98%	3.52%	-	-
Segment cost of fund (%)	-	9.91%	6.13%	9.36%	-	-

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 Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

19 RELATED PARTY TRANSACTIONS AND BALANCES
The Bank has related party relationship with its associates, subsidiaries, employee benefit plans and its key management personnel (including their associates) and companies with common directors. 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	
	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015
A. Balances										
Deposits										
Opening balance	931,665	1,719,822	978,408	62,291	24,771	11,923,096	14,487,517	135,024	125,197	
Received during the period / year	2,484,928	35,609,077	9,719,217	18,254,817	181,926	67,986,801	53,502,747	606,509	1,131,625	
Withdrawn during the period / year	(4,608,955)	(34,335,388)	(8,977,803)	(13,142,841)	(144,406)	(71,872,898)	(56,067,168)	(605,484)	(1,121,798)	
Closing balance	1,262,193	3,386,220	1,719,822	5,174,267	62,291	8,236,999	11,923,096	136,049	135,024	
Advances (secured)										
Opening balance	1,549	2,185	-	502,416	526,623	21,918	116,584	68,672	67,765	
Additions / adjustments during the period / year	-	-	-	20,143	-	46,115	627,390	25,564	16,042	
Repaid / adjustments during the period / year	(461)	(636)	-	-	(24,208)	(21,918)	(722,056)	(10,269)	(15,135)	
Closing balance	1,088	1,549	-	522,559	502,416	46,115	21,918	83,967	68,672	
Outstanding balance of credit cards	273	709	-	-	-	101	78	1,330	1,631	
Receivable from Pension Fund	-	-	-	-	-	6,140,463	7,263,254	-	-	

B. Other transactions (including profit and loss related transactions)

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015
Outstanding commitments and contingent liabilities	-	108,937	11,405	-	-	1,089,994	656	-	-	
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	-	8,514,530	7,497,696	-	-	
Unrealized gain / (loss) on forward foreign exchange contracts Outstanding	-	-	-	-	-	(15,610)	(30,613)	-	-	
Borrowings	-	-	-	-	-	522,559	4,019,324	-	-	
Trade payable	-	9,938	9,757	1,632	6,541	-	5,663	-	-	
Capital Injection	-	-	-	10,261,375	-	-	-	-	-	
Divestment	-	-	-	77	-	-	-	-	-	
Retention money	-	49,785	-	-	-	6,525	6,525	-	-	
Markup payable	4,269	6,109	8,511	219	148	51,099	131,957	246	681	
Other payable	2,348	148	-	-	-	2,000	44,000	-	-	
Advance receivable	-	-	-	1,067	1,067	36,000	4,419	-	-	
Markup Receivable	-	1,303	-	5,374	8,820	634	419	609	-	
Other Receivable	-	-	-	44,293	41,778	-	-	-	-	
Commission Receivable	-	118,369	-	9,319	38,437	34	-	-	-	

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015
Insurance premium paid-net of refund	-	256,804	309,100	-	-	-	-	-	-	
Insurance claim settled	-	4,668	30,924	-	-	-	-	-	-	
Markup income on advances	49	-	-	19,473	20,041	1,455	2,995	3,228	3,852	
Forward contracts during the period	-	-	-	-	-	85,098,240	66,445,943	-	-	
Dividend Income	-	-	-	56,366	46,196	23,849	7,391	-	-	
Capital gain on sale of investments	-	150,558	101,951	-	-	-	-	-	-	
Commission & FX income	-	224,707	388,829	132,971	28,723	10,863	17,182	-	-	
Reimbursement of expenses	-	585,822	-	-	3,000	-	-	-	-	
Outsourcing service expenses	-	93,304	92,597	-	-	-	-	-	-	
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	27	
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	12	
Cash sorting expenses	-	-	-	-	-	-	-	-	-	
Stationery Expenses	-	-	-	-	-	40,589	42,265	-	-	
Security guard expenses	-	-	-	-	-	145,769	138,776	-	-	
Remuneration and non-executive directors fee	-	-	-	-	-	286,515	248,665	-	-	
Mark-up expense	96,273	85,203	-	-	-	-	-	341,408	354,167	
Clearing expenses paid to NIFT	92,096	36,473	57,750	1,266	1,445	475,824	664,290	1,264	2,572	
Contribution to provident fund	-	-	-	-	-	109,011	103,258	-	-	
Gas Charges	-	-	-	-	-	177,883	161,581	-	-	
Miscellaneous expenses and payments	-	-	4,455	-	-	11,054	7,791	-	-	
	-	5,491	-	39,514	-	29,652	-	-	-	

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

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

20 ISLAMIC BANKING BUSINESS

The Bank is operating 34 Islamic banking branches as at September 30, 2015 (2014: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at September 30, 2015 is as follows:

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Assets		
Cash and balances with treasury banks	723,307	611,058
Balances with other banks	38,900	-
Due from financial institutions	-	-
Investments - net	5,465,208	3,707,589
Islamic financing and related assets	20.1 12,442,176	13,768,034
Operating fixed assets	2,544,384	2,175,818
Deferred tax assets	-	-
Due from head office	-	-
Other assets	134,467	67,535
	21,348,442	20,330,034
Liabilities		
Bills payable	107,992	96,574
Due to financial institutions	650,000	515,200
Deposits and other accounts		
- Current accounts	1,541,449	1,127,464
- Saving accounts	2,897,218	1,978,248
- Term deposits	2,196,858	3,122,950
- Others	32,211	29,847
Deposits from financial institutions - remunerative	4,693,811	4,728,287
Deposits from financial institutions - non remunerative	639,273	12
Due to head office	5,740,106	6,427,402
Deferred tax liability	-	-
Other liabilities	521,535	541,245
	19,020,453	18,567,229
Net assets	2,327,989	1,762,805
Represented by		
Islamic Banking Fund	1,900,000	1,500,000
Unappropriated profit	362,044	243,462
	2,262,044	1,743,462
Surplus on revaluation of assets	65,945	19,343
	2,327,989	1,762,805

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

20.1 Islamic Financing and Related Assets

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Murabaha	20.1.1 9,061,109	12,097,673
Ijarah	20.1.2 100,812	108,984
Diminishing Musharakah	20.1.3 3,263,714	1,679,147
Istisna	20.1.4 150,000	-
Gross Advances	12,575,635	13,885,804
Provision held	(133,459)	(117,770)
Advance - net of provision	12,442,176	13,768,034
20.1.1 Murabaha		
Financing/Investments/Receivables	1,955,953	4,534,519
Advances	160,877	1,036,720
Assets/Inventories	6,944,279	6,526,434
	9,061,109	12,097,673
20.1.2 Ijarah		
Advances	100,812	108,984
	100,812	108,984
20.1.3 Diminishing Musharakah		
Financing/Investments/Receivables	1,808,515	1,554,785
Advances	1,455,199	124,362
	3,263,714	1,679,147
20.1.4 Istisna		
Advances	150,000	-
	150,000	-
CHARITY FUND		
Opening balance	19,681	2,877
Additions during the period		
Received from customers on delayed payments	2,652	20,919
Return on charity saving account	507	885
	3,159	21,804
Payments / utilization during the period		
Social Welfare	(4,200)	(2,000)
Health	(8,000)	(2,000)
Education	(8,400)	(1,000)
	(20,600)	(5,000)
Closing balance	2,240	19,681

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

The profit and loss account of the Bank's Islamic banking business for the nine months period ended September 30, 2015 is as follows:

	Nine months ended	
	September 30, 2015	September, 30 2014
	----- (Rupees in '000) -----	
Income / return / profit earned	1,120,080	908,896
Income / return / profit expensed	404,994	560,789
Net Income / Profit	715,086	348,107
Provision / (reversal) against loans and advances - net	15,690	2,712
Provision / (reversal) for diminution in the value of investments	9,310	(2,712)
Bad debts written off directly	-	-
	25,000	-
Net profit / income after provisions	690,086	348,107
Other income		
Fee, commission and brokerage income	438,544	373,812
Dividend income	-	-
Income from dealing in foreign currencies	10,012	10,840
Other Income	38,104	33,765
Total other income	486,660	418,417
	1,176,746	766,524
Other expenses		
Administrative expenses	814,591	556,401
Other provisions / write offs	-	-
Other charges	111	-
Total other expenses	814,702	556,401
Extra ordinary / unusual items	-	-
Profit for the period	362,044	210,123
Unappropriated profit brought forward	243,462	257,952
Transfer to head office	(243,462)	(257,952)
Unappropriated profit carry forward	362,044	210,123
Remuneration to Shariah Advisor / Board	3,595	1,599

21 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this unconsolidated condensed interim financial information.

22 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 20, 2015 has announced cash dividend in respect of the nine months period ended September 30, 2015 of Rs. 4.00 per share (September 30, 2014: Rs. 3.5 per share). This unconsolidated condensed interim financial information for the nine months period ended September 30, 2015 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

23 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on October 20, 2015.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director



MCB BANK LIMITED

(Consolidated Condensed Interim Financial Information of MCB Bank Limited and its Subsidiary Companies)

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2015

	Note	Unaudited September 30, 2015	Audited December 31, 2014
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		53,594,443	46,753,868
Balances with other banks		6,900,044	3,063,774
Lendings to financial institutions	7	733,324	1,418,181
Investments - net	8	610,570,752	516,898,299
Advances - net	9	307,753,678	304,000,563
Operating fixed assets		32,530,462	31,583,646
Deferred tax assets - net		-	-
Other assets - net		25,362,214	37,888,155
		1,037,444,917	941,606,486
Liabilities			
Bills payable		9,286,270	16,627,700
Borrowings	10	138,911,896	59,776,578
Deposits and other accounts	11	707,028,406	688,270,091
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	12,994,399	10,735,841
Other liabilities		25,504,581	29,927,070
		893,725,552	805,337,280
Net assets		143,719,365	136,269,206
Represented by			
Share capital		11,130,307	11,130,307
Reserves		51,128,052	49,200,045
Unappropriated profit		53,207,667	49,765,031
		115,466,026	110,095,383
Minority interest		545,847	511,960
		116,011,873	110,607,343
Surplus on revaluation of assets - net of tax		27,707,492	25,661,863
		143,719,365	136,269,206

Contingencies and commitments

13

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

Imran Maqbool
Imran Maqbool
President / CEO

S.M. Muneer
S.M. Muneer
Director

Tariq Rafi
Tariq Rafi
Director

Mian Umer Mansha
Mian Umer Mansha
Director

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

For the nine months period ended September 30, 2015

	Note	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
----- (Rupees in '000) -----					
Mark-up / return / interest earned		20,140,275	61,678,758	19,249,293	56,880,918
Mark-up / return / interest expensed		8,059,105	24,679,678	8,638,616	24,779,511
Net mark-up / interest income		12,081,170	36,999,080	10,610,677	32,101,407
Reversal against loans and advances - net		(330,715)	(1,070,240)	(395,822)	(1,327,978)
Reversal for diminution in the value of investments - net		1,310	(14,690)	(37,261)	(78,010)
Bad debts written off directly		-	67	-	20
		(329,405)	(1,084,863)	(433,083)	(1,405,968)
Net mark-up / interest income after provisions		12,410,575	38,083,943	11,043,760	33,507,375
Non mark-up / interest income					
Fee, commission and brokerage income		2,116,536	6,783,493	1,840,697	5,510,906
Dividend income		182,402	594,326	230,416	531,045
Income from dealing in foreign currencies		251,841	602,796	306,036	1,056,429
Gain on sale of securities - net	14	1,522,129	4,485,568	686,105	1,313,223
Unrealized gain/(loss) on revaluation of investments classified as held for trading		(20,173)	(20,307)	(32,736)	8,420
Other income	15	133,004	1,217,633	1,209,159	1,436,634
Total non mark-up / interest income		4,185,739	13,663,509	4,239,677	9,856,657
		16,596,314	51,747,452	15,283,437	43,364,032
Non-mark-up / interest expenses					
Administrative expenses		5,864,773	16,850,835	5,276,427	15,052,591
Other provisions - net		144,980	148,905	226	115,479
Other charges		217,617	720,669	209,476	596,258
Total non mark-up / interest expenses		6,227,370	17,720,409	5,486,129	15,764,328
		10,368,944	34,027,043	9,797,308	27,599,704
Share of profit of associates		183,537	685,298	167,676	425,114
Extraordinary / unusual item		-	-	-	-
Profit before taxation		10,552,481	34,712,341	9,964,984	28,024,818
Taxation - current period		3,572,258	11,824,940	3,262,326	9,206,509
- prior years	13.10.1	-	1,906,156	-	-
- deferred		329,643	772,308	25,268	271,384
Share of tax of associates		16,743	55,868	11,623	37,759
		3,918,644	14,559,272	3,299,217	9,515,652
Profit after taxation		6,633,837	20,153,069	6,665,767	18,509,166
Profit attributable to minority interest		(24,150)	(88,913)	(25,957)	(77,851)
Profit attributable to ordinary shareholders		6,609,687	20,064,156	6,639,810	18,431,315
Earnings per share - basic and diluted - Rupees	16	5.94	18.03	5.97	16.56

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

Imran Maqbool
Imran Maqbool
President / CEO

S.M. Muneer
S.M. Muneer
Director

Tariq Rafi
Tariq Rafi
Director

Mian Umer Mansha
Mian Umer Mansha
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2015

	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	----- (Rupees in '000) -----			
Profit after tax for the period	6,633,837	20,153,069	6,665,767	18,509,166
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Remeasurement of defined benefit plans - net of tax	-	(1,129,965)	-	164,050
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	(12,321)	(81,157)	170,400	(102,797)
- Minority interest	141	(2,659)	403	(260)
	(12,180)	(83,816)	170,803	(103,057)
Share of exchange translation reserve of associates	(2,258)	(12,381)	5,601	(38,036)
Comprehensive income transferred to equity	6,619,399	18,926,907	6,842,171	18,532,123
Components of comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	(601,923)	5,111,425	(778,447)	(1,765,803)
Deferred tax	220,201	(2,098,303)	57,198	582,388
	(381,722)	3,013,122	(721,249)	(1,183,415)
Total comprehensive income for the period	6,237,677	21,940,029	6,120,922	17,348,708

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2015

	September 30, 2015	September 30, 2014
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	34,712,341	28,024,818
Less: Dividend income & share of profit of associates	(1,279,624)	(956,159)
	33,432,717	27,068,659
Adjustments for:		
Depreciation	1,549,733	966,087
Amortization	283,458	221,626
Bad debts written off directly	67	20
Reversal against loans and advances - net	(1,070,240)	(1,327,978)
Reversal for diminution in the value of investments - net	(14,690)	(78,010)
Other provisions - net	148,905	115,479
Provision for Workers' Welfare Fund	681,361	551,809
Charge / (reversal) for defined benefit plans	(185,235)	(180,827)
Unrealized loss on revaluation of investments classified as held for trading	20,307	(8,420)
Gain on disposal of fixed assets	(129,894)	(14,429)
	1,283,772	245,357
	34,716,489	27,314,016
(Increase) / decrease in operating assets		
Lendings to financial institutions	684,857	(2,465,036)
Net investment in held for trading securities	(7,501,630)	(51,348)
Advances - net	(2,682,942)	(39,861,527)
Other assets - net	9,747,395	(3,795,868)
	247,680	(46,173,779)
Increase / (decrease) in operating liabilities		
Bills payable	(7,341,430)	(1,368,153)
Borrowings	78,839,214	11,040,528
Deposits and other accounts	18,758,315	34,017,153
Other liabilities	(6,580,951)	4,836,439
	83,675,148	48,525,967
	118,639,317	29,666,204
Defined benefits paid	(285,422)	(506,739)
Income tax paid	(12,091,000)	(6,405,207)
Net cash flows from operating activities	106,262,895	22,754,258
Cash flows from investing activities		
Net investments in available-for-sale securities	(79,298,828)	(11,664,504)
Net investments in held-to-maturity securities	(2,341,723)	(946,917)
Dividend income received	611,639	464,623
Divestment in associate	49,785	-
Sale proceeds of property and equipment disposed off	239,889	49,551
Investment in operating fixed assets	(2,982,307)	(2,886,945)
Net cash flows from investing activities	(83,721,545)	(14,984,192)
Cash flows from financing activities		
Dividend paid	(12,076,793)	(12,051,181)
Net cash flows from financing activities	(12,076,793)	(12,051,181)
Exchange difference on translation of net investment in foreign branches & subsidiaries	(83,816)	(103,057)
Increase in cash and cash equivalents	10,380,741	(4,384,172)
Cash and cash equivalents at January 1	49,475,549	60,914,906
Cash and cash equivalents at September 30	59,856,290	56,530,734

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2015

	Capital Reserves				Revenue Reserves			Total	Minority interest	Total
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit			
(Rupees in '000)										
Balance as at December 31, 2013	10,118,461	-	9,924,438	784,004	17,700,494	18,600,000	43,038,094	100,165,491	489,671	100,655,162
Change in equity for nine months ended September 30, 2014										
Profit after taxation for nine months period ended September 30, 2014	-	-	-	-	-	-	18,509,166	18,509,166	-	18,509,166
Profit attributable to minority interest	-	-	-	-	-	-	(77,851)	(77,851)	77,851	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	18,431,315	18,431,315	77,851	18,509,166
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	164,050	164,050	-	164,050
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(102,797)	-	-	-	(102,797)	(280)	(103,057)
Share of exchange translation reserve of associates	-	-	-	(38,036)	-	-	-	(38,036)	-	(38,036)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	35,950	35,950	217	36,167
Transferred to statutory reserve	-	-	-	-	1,812,395	-	(1,812,395)	-	-	-
Transfer to reserve for issue of bonus shares	-	1,011,846	-	-	-	-	(1,011,846)	-	-	-
Issue of bonus shares - December 31, 2013	1,011,846	(1,011,846)	-	-	-	-	-	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(43,804)	(43,804)
Final cash dividend - December 31, 2013	-	-	-	-	-	-	(3,541,461)	(3,541,461)	-	(3,541,461)
Interim cash dividend - March 31, 2014	-	-	-	-	-	-	(3,339,092)	(3,339,092)	-	(3,339,092)
Interim cash dividend - June 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)	-	(3,895,608)
Balance as at September 30, 2014	11,130,307	-	9,924,438	643,171	19,512,889	18,600,000	48,069,007	107,879,812	523,675	108,403,487
Change in equity for three months ended December 31, 2014										
Profit after taxation for three months ended December 31, 2014	-	-	-	-	-	-	6,265,280	6,265,280	-	6,265,280
Profit attributable to minority interest	-	-	-	-	-	-	(41,008)	(41,008)	41,008	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	6,224,272	6,224,272	41,008	6,265,280
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(24,550)	(24,550)	-	(24,550)
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(110,415)	-	-	-	(110,415)	(238)	(110,653)
Share of exchange translation reserve of associates	-	-	-	9,881	-	-	-	9,881	-	9,881
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,991	11,991	80	12,071
Transferred to statutory reserve	-	-	-	-	620,081	-	(620,081)	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Interim cash dividend - September 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)	-	(3,895,608)
Balance as at December 31, 2014	11,130,307	-	9,924,438	542,637	20,132,970	18,600,000	49,765,031	110,095,383	511,960	110,607,343
Change in equity for nine months ended September 30, 2015										
Profit after taxation for nine months period ended September 30, 2015	-	-	-	-	-	-	20,153,069	20,153,069	-	20,153,069
Profit attributable to minority interest	-	-	-	-	-	-	(88,913)	(88,913)	88,913	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	20,064,156	20,064,156	88,913	20,153,069
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(1,129,965)	(1,129,965)	-	(1,129,965)
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(81,157)	-	-	-	(81,157)	(2,659)	(83,816)
Share of exchange translation reserve of associates	-	-	-	(12,381)	-	-	-	(12,381)	-	(12,381)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	36,865	36,865	198	37,063
Transferred to statutory reserve	-	-	-	-	2,021,545	-	(2,021,545)	-	-	-
Derecognition of retained earning on partial disposal in associate	-	-	-	-	-	-	(150,506)	(150,506)	-	(150,506)
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Final cash dividend - December 31, 2014	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend - March 31, 2015	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend - June 30, 2015	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Balance as at September 30, 2015	11,130,307	-	9,924,438	449,099	22,154,515	18,600,000	53,207,667	115,466,026	545,847	116,011,873

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

Imran Maqbool
President / CEO

S.M. Muneer
Director

Tariq Rafi
Director

Mian Umer Mansha
Director

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

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%
95.00%
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 all the stock exchanges in Pakistan whereas its Global Depository 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 1,236 branches including 34 Islamic banking branches (December 31, 2014: 1,222 branches including 27 Islamic banking branches) within Pakistan and 11 (December 31, 2014: 10) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

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

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial information for the period ended September 30, 2015 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.

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial information for the period ended September 30, 2015.

Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in 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 Islamic banking branches have been included in this consolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 20 to this consolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 104.5117 per US Dollar (December 31, 2014: Rs.100.4831) and Rs. 0.7396 per LKR (December 31, 2014: Rs 0.7659) have been used.

3 STATEMENT OF COMPLIANCE

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

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

For the nine months period ended September 30, 2015

- 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, 2014.
- 3.4** IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 2015 vide SECP circular 633(1)/2014. SECP has granted exemption to the Bank from application of the requirements of this standard with respect to the investment in mutual funds managed by MCB - Arif Habib Savings and Investments Limited. Accordingly, the requirements of this standard have not been applied in the preparation of this consolidated condensed interim financial information to the extent of their applicability to these mutual funds.
- 4 BASIS OF MEASUREMENT**
- 4.1** This consolidated condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.
- 4.2** This consolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.
- 5 SIGNIFICANT ACCOUNTING POLICIES AND 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 annual financial statements of the Group for the year ended December 31, 2014.
- 5.2** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2014.
- 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 annual financial statements of the Group for the year ended December 31, 2014.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Call money lendings	626,822	382,950
Repurchase agreement lendings	106,502	1,035,231
	733,324	1,418,181

8 INVESTMENTS - NET

8.1 Investments by types

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		8,085,986	-	8,085,986
Available-for-sale securities	8.2	464,174,631	100,564,515	564,739,146
Held-to-maturity securities		10,162,686	63,469	10,226,155
		482,423,303	100,627,984	583,051,287
Associates				
- Adamjee Insurance Company Limited	8.3	5,618,886	-	5,618,886
- Euronet Pakistan (Private) Limited	8.4	73,915	-	73,915
		5,692,801	-	5,692,801
Investments at cost		488,116,104	100,627,984	588,744,088
Less: Provision for diminution in the value of investments		(1,347,436)	-	(1,347,436)
Investments (net of provisions)		486,768,668	100,627,984	587,396,652
Surplus on revaluation of available for sale securities - net		23,113,533	80,874	23,194,407
Deficit on revaluation of held-for-trading securities - net		(20,307)	-	(20,307)
Investments at revalued amounts - net of provisions		509,861,894	100,708,858	610,570,752

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

For the nine months period ended September 30, 2015

		December 31, 2014		
		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		557,032	-	557,032
Available-for-sale securities	8.2	459,872,261	25,908,740	485,781,001
Held-to-maturity securities		7,825,991	58,441	7,884,432
		468,255,284	25,967,181	494,222,465
Associates				
- Adamjee Insurance Company Limited	8.3	6,203,825	-	6,203,825
- Euronet Pakistan (Private) Limited	8.4	64,511	-	64,511
		6,268,336	-	6,268,336
Investments at cost		474,523,620	25,967,181	500,490,801
Less: Provision for diminution in the value of investments		(1,702,808)	-	(1,702,808)
Investments (net of provisions)		472,820,812	25,967,181	498,787,993
Surplus / (deficit) on revaluation of available for sale securities - net		18,095,419	(12,437)	18,082,982
Deficit on revaluation of held-for-trading securities - net		27,324	-	27,324
Investments at revalued amounts - net of provisions		490,943,555	25,954,744	516,898,299

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2014: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2014: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2015 amounted to Rs. 5,028.500 million (December 31, 2014: Rs. 5,042.493 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 27.59% (2014 : 29.13%)

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Opening Balance	6,203,825	5,386,250
Share of profit for the period / year before tax	669,486	580,609
Share of tax	(55,161)	(47,461)
Dividend from associate	(144,858)	(229,390)
	469,467	303,758
Share of other comprehensive income	(727,088)	513,817
Disposal during the period	(327,318)	-
Closing Balance	5,618,886	6,203,825

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

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

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Opening Balance	64,511	63,426
Share of profit for the period / year before tax	15,811	1,162
Share of tax	(707)	(77)
Dividend from associate	(5,700)	-
Closing Balance	9,404	1,085
	73,915	64,511

8.5 During the year, MCB Bank has made further capital injection of Rs. 261.375 million in its subsidiary company, MCB Leasing "Closed Joint Stock Company". The Bank has wound up its wholly owned subsidiary i.e. MCB Trade Services in 2015.

8.6 The Bank incorporated MCB Islamic Bank Limited, a wholly owned subsidiary, with an authorized share capital of Rs. 15 billion in 2014. During the year 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary. MCB Islamic Bank Limited has obtained "Certificate of commencement of Banking Business" from SBP. Subject to regulatory approvals, the operations of Islamic Banking Division of MCB Bank Limited referred in Note 20 will be transferred to the said subsidiary.

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

For the nine months period ended September 30, 2015

9 ADVANCES - NET

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	284,350,121	280,297,779
- Outside Pakistan	16,304,647	13,477,931
	300,654,768	293,775,710
Islamic Financing and related assets	20.1	13,885,804
Net Investment in finance lease		
- In Pakistan	2,114,964	2,101,598
- Outside Pakistan	797,648	1,032,743
	2,912,612	3,134,341
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	5,687,649	4,406,599
- Payable outside Pakistan	3,648,759	7,556,783
	9,336,408	11,963,382
Advances - gross	325,479,423	322,759,237
Less: Provision against loans and advances		
- Specific provision	9.1	(18,149,201)
- General provision	(325,272)	(322,307)
- General provision against consumer loans & small enterprise loans	(265,913)	(254,595)
- General provision by Sri Lanka operations	(34,710)	(32,571)
	(17,725,745)	(18,758,674)
Advances - net of provision	307,753,678	304,000,563

9.1 Advances include Rs. 20,813.656 million (December 31, 2014: Rs. 21,907.791 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2015					
	Classified Advances			Specific Provision Required	Specific Provision Held	
	Domestic	Overseas	Total			
	----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	9.1.1	51,819	-	51,819	2,476	2,476
Substandard		202,962	51,338	254,300	63,401	63,401
Doubtful		677,853	-	677,853	338,840	338,840
Loss		14,785,375	5,044,309	19,829,684	16,695,133	16,695,133
		15,718,009	5,095,647	20,813,656	17,099,850	17,099,850
		----- Rupees in '000 -----				
		December 31, 2014				
		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
		----- Rupees in '000 -----				
Other Assets Especially Mentioned (OAEM)	9.1.1	50,405	-	50,405	3,477	3,477
Substandard		234,172	-	234,172	58,352	58,352
Doubtful		873,888	-	873,888	436,526	436,526
Loss		15,896,249	4,853,077	20,749,326	17,650,846	17,650,846
		17,054,714	4,853,077	21,907,791	18,149,201	18,149,201

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.

10 BORROWINGS

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
In Pakistan	134,123,796	52,126,784
Outside Pakistan	4,788,100	7,649,794
	138,911,896	59,776,578

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

For the nine months period ended September 30, 2015

10.1 Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan
Export refinance scheme
Long term financing facility
Long term financing - export oriented projects scheme
Financing Facility for Storage of Agricultural Produce

Repurchase agreement borrowings

Unsecured

Borrowings from other financial institutions
Call borrowings
Overdrawn nostro accounts

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
Savings deposits
Current accounts
Margin accounts

Financial institutions

Remunerative deposits
Non-remunerative deposits

12 DEFERRED TAX LIABILITY / (ASSET) - NET

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

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets
Accelerated tax depreciation
Receivable from pension fund
Investments in associates
Surplus / deficit on revaluation of securities

Deductible temporary differences on:

Provision for bad debts
Taxable losses
Provision for post retirement benefits

13 CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring
- Government
- Banks and financial institutions
- Others

13.2 Transaction-related contingent liabilities

Guarantees in favour of:
- Banks and financial institutions
- Others
- Suppliers credit / payee guarantee

13.3 Trade-related contingent liabilities

13.4 Other contingencies

Claims against the Bank not acknowledged as debts

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

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
	9,124,073	10,604,033
	4,145,853	4,828,527
	16,244	60,365
	506,980	509,061
	13,793,150	16,001,986
	100,701,398	25,952,261
	114,494,548	41,954,247
	1,578,153	4,696,990
	22,200,998	12,783,248
	638,197	342,093
	24,417,348	17,822,331
	138,911,896	59,776,578
	47,134,874	62,126,560
	390,576,064	382,535,978
	249,277,452	227,119,749
	5,652,151	4,207,605
	692,640,541	675,989,892
	9,632,139	7,193,847
	4,755,726	5,086,352
	14,387,865	12,280,199
	707,028,406	688,270,091
	911,540	937,505
	1,473,923	1,440,377
	2,149,162	2,542,139
	872,186	285,262
	8,045,385	5,947,082
	13,452,196	11,152,365
	(23,057)	(21,640)
	(24,107)	(157)
	(410,633)	(394,727)
	(457,797)	(416,524)
	12,994,399	10,735,841
	19,589,537	15,307,109
	2,471,959	3,895,904
	9,864,115	15,334,608
	31,925,611	34,537,621
	-	-
	1,899,894	2,026,346
	2,235,176	2,235,176
	4,135,069	4,261,522
	117,731,447	86,547,085
	3,746,166	3,393,783

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

13.5 Commitments to extend credit

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

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	

13.6 Commitments in respect of forward foreign exchange contracts

Purchase	47,177,232	47,859,438
Sale	45,108,212	49,478,965

13.7 Commitments for the acquisition of fixed assets

	328,736	125,438
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13.8 Forward outright of Government Securities

Purchase	35,500,000	100,000
Sale	800,000	250,000

13.9 Other commitments

FX options (notional amount)		
Purchase	898,919	-
Sale	898,919	-

13.10 Taxation

For assessment year 1988-89 through tax year 2014, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs.3,818 million (2014: Rs.3,818 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.

13.10.1 The Finance Act 2015 has introduced certain amendments relating to taxation of banking companies. As per these amendments, bank's income from dividend and capital gains are now taxed at the normal tax rates instead of previously applicable reduced rates. In addition, one-time super tax at the rate of 4 percent of the taxable income has also been levied. These amendments apply retrospectively for the tax year 2015, i.e. year ended December 31, 2014. The effects of above amendments have been incorporated in this condensed interim financial information and an amount of Rs.1,906 million (September 30, 2014: Nil) has been recognised as prior year tax charge.

14 GAIN ON SALE OF SECURITIES - NET

	Nine months ended	
	September 30, 2015	September 30, 2014
	---- (Rupees in '000) ----	

Federal Government Securities		
-Market Treasury Bills	47,630	(35,871)
-Pakistan Investment Bonds	2,069,310	67,248
Listed Shares / Units	2,368,628	1,281,846
	4,485,568	1,313,223

15 OTHER INCOME

Other income includes compensation on delayed refunds amounting to Rs. 699.093 million (September 30, 2014 : Rs. 1,127.996) under section 171 of the Income Tax Ordinance 2001.

16 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit attributable to ordinary shareholders	20,064,156	18,431,315
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(Number of shares)

Weighted average number of shares outstanding during the period	1,113,030,748	1,113,030,748
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(Rupees)

Basic and diluted Earnings per share - after tax	18.03	16.56
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17 CREDIT RATING

PACRA through its notification dated June 24, 2015, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2015						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination	Total
	----- (Rupees in '000) -----						
Total income	204,263	18,223,942	25,785,683	6,635,340	498,659	-	51,347,887
Total expenses	(39,985)	(2,176,970)	(12,542,808)	(1,653,926)	(221,857)	-	(16,635,546)
Income tax expense	-	-	-	-	-	-	(14,559,272)
Net income	164,278	16,046,972	13,242,875	4,981,414	276,802	-	20,153,069
Segment assets - (Gross of NPLs Provisions)	687,545	683,218,140	767,703,025	252,468,493	2,027,828	(653,166,621)	1,052,938,410
Advance taxation (payment less provision)	-	-	-	-	-	-	1,606,357
Total assets	687,545	683,218,140	767,703,025	252,468,493	2,027,828	(653,166,621)	1,054,544,767
Segment non performing loans	-	-	7,676,871	13,136,785	-	-	20,813,656
Segment specific provision required	-	-	7,605,310	9,494,540	-	-	17,099,850
Segment liabilities	120,522	601,538,526	713,171,048	218,577,085	490,593	(653,166,621)	880,731,153
Deferred tax liabilities - net	-	-	-	-	-	-	12,994,399
Total liabilities - net	120,522	601,538,526	713,171,048	218,577,085	490,593	(653,166,621)	893,725,552
Segment return on assets (ROA) (%)	39.61%	3.56%	4.52%	3.64%	32.79%	-	-
Segment cost of fund (%)	-	7.70%	4.60%	7.40%	-	-	-

	Nine months ended September 30, 2014						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination	Total
Total income	171,021	7,655,841	27,900,434	6,230,527	432,316	(6,961)	42,383,178
Total expenses	(48,094)	(1,111,767)	(11,823,678)	(1,168,023)	(213,759)	6,961	(14,358,360)
Income tax expense	-	-	-	-	-	-	(9,515,652)
Net income	122,927	6,544,074	16,076,756	5,062,504	218,557	-	18,509,166
Segment assets - (Gross of NPLs provision)	642,973	514,977,764	751,248,258	242,731,616	1,888,102	(621,217,549)	890,271,164
Advance taxation (payment less provision)	-	-	-	-	-	-	3,282,795
Total assets	642,973	514,977,764	751,248,258	242,731,616	1,888,102	(621,217,549)	893,553,959
Segment non performing loans	-	-	8,674,892	13,250,289	-	-	21,925,181
Segment specific provision required	-	-	8,582,877	9,442,563	-	-	18,025,440
Segment liabilities	72,054	486,135,434	672,174,495	211,235,579	470,988	(621,217,549)	748,871,001
Deferred tax liabilities - net	-	-	-	-	-	-	4,277,689
Total liabilities - net	72,054	486,135,434	672,174,495	211,235,579	470,988	(621,217,549)	753,148,690
Segment return on assets (ROA) (%)	35.46%	1.98%	5.01%	3.56%	30.53%	-	-
Segment cost of fund (%)	-	9.91%	6.13%	9.36%	-	-	-

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

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

	Directors		Associates		Other Related Parties		Key Management	
	Nine months ended September 30, 2015	Year ended Dec 31, 2014	Nine months ended September 30, 2015	Year ended Dec 31, 2014	Nine months ended September 30, 2015	Year ended Dec 31, 2014	Nine months ended September 30, 2015	Year ended Dec 31, 2014
(Rupees in '000)								
A. Balances								
Deposits								
Opening balance	3,386,220	931,665	1,719,822	978,408	11,923,096	14,487,517	135,024	125,197
Received during the period / year	2,484,928	5,719,181	35,609,077	9,719,217	67,986,801	53,502,747	606,509	1,131,625
Withdrawn during the period / year	(4,608,955)	(3,264,626)	(34,335,388)	(8,977,803)	(71,672,898)	(56,087,168)	(605,484)	(1,121,798)
Closing balance	1,262,193	3,386,220	2,993,511	1,719,822	8,236,999	11,923,096	136,049	135,024
Advances (secured)								
Opening balance	1,549	2,185	-	-	21,918	116,584	68,672	67,765
Additions / adjustments during the period / year	-	(636)	-	-	46,115	(722,056)	25,564	16,042
Repaid / adjustments during the period / year	(461)	-	-	-	(21,918)	(10,269)	(10,269)	(15,135)
Closing balance	1,088	1,549	-	-	46,115	21,918	83,967	68,672
Outstanding balance of credit cards	273	709	-	-	101	78	1,330	1,631
Receivable from Pension Fund	-	-	-	-	6,140,463	7,263,254	-	-
B. Other transactions (including profit and loss related transactions)								
(Rupees in '000)								
Outstanding commitments and contingent liabilities	-	-	108,937	11,405	1,089,994	656	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	8,514,530	7,487,696	-	-
Unrealized gain / (loss) on forward foreign exchange contracts Outstanding	-	-	-	-	(15,610)	(30,613)	-	-
Borrowings	-	-	-	-	522,559	4,019,324	-	-
Trade payable	-	-	9,938	9,757	-	5,653	-	-
Divestment	-	-	49,785	-	-	-	-	-
Retention money	-	-	-	-	6,525	6,525	-	-
Markup payable	4,269	14,407	6,109	8,511	51,099	131,957	246	681
Other payable	2,348	-	148	-	2,000	44,000	-	-
Advance receivable	-	-	1,303	-	36,000	-	-	-
Markup Receivable	-	-	-	-	634	419	609	-
Commission Receivable	-	-	118,369	-	34	-	-	-

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

	Directors		Associates		Other Related Parties		Key Management	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
(Rupees in '000)								
Insurance premium paid-net of refund	-	-	256,804	309,100	-	-	-	-
Insurance claim settled	-	-	4,668	30,924	-	-	-	-
Markup income on advances	49	73	-	-	1,455	2,985	3,228	3,852
Forward contracts during the period	-	-	-	-	85,098,240	66,445,943	-	-
Dividend income	-	-	150,558	101,951	23,849	7,391	-	-
Capital gain on sale of investments	-	-	224,707	-	-	-	-	-
Commission & FX income	-	-	585,822	388,829	10,863	17,182	-	-
Outsourcing service expenses	-	-	93,304	92,597	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	15	27
Cash sorting expenses	-	-	-	-	-	-	15	12
Stationery Expenses	-	-	-	-	40,589	42,265	-	-
Security guard expenses	-	-	-	-	145,769	138,776	-	-
Remuneration and non-executive directors fee	-	-	-	-	286,515	248,665	-	-
Mark-up expense	96,273	85,203	-	-	-	-	341,408	354,167
Clearing expenses paid to NIFT	92,096	36,473	53,873	57,750	475,824	664,290	1,264	2,572
Contribution to provident fund	-	-	-	-	109,011	103,258	-	-
Gas Charges	-	-	-	-	177,883	161,581	-	-
Miscellaneous expenses and payments	-	-	-	-	11,054	7,791	-	-
	-	-	5,491	4,455	39,514	29,852	-	-

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

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

For the nine months period ended September 30, 2015

20 ISLAMIC BANKING BUSINESS

The Bank is operating 34 Islamic banking branches as at September 30, 2015 (2014: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at September 30, 2015 is as follows:

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Assets		
Cash and balances with treasury banks	723,307	611,058
Balances with other banks	38,900	-
Due from financial institutions	-	-
Investments - net	5,465,208	3,707,589
Islamic financing and related assets	20.1 12,442,176	13,768,034
Operating fixed assets	2,544,384	2,175,818
Deferred tax assets	-	-
Due from head office	-	-
Other assets	134,467	67,535
	21,348,442	20,330,034
Liabilities		
Bills payable	107,992	96,574
Due to financial institutions	650,000	515,200
Deposits and other accounts		
- Current accounts	1,541,449	1,127,464
- Saving accounts	2,897,218	1,978,248
- Term deposits	2,196,858	3,122,950
- Others	32,211	29,847
Deposits from financial institutions - remunerative	4,693,811	4,728,287
Deposits from financial institutions - non remunerative	639,273	12
Due to head office	5,740,106	6,427,402
Deferred tax liability	-	-
Other liabilities	521,535	541,245
	19,020,453	18,567,229
Net assets	2,327,989	1,762,805
Represented by		
Islamic Banking Fund	1,900,000	1,500,000
Unappropriated profit	362,044	243,462
	2,262,044	1,743,462
Surplus on revaluation of assets	65,945	19,343
	2,327,989	1,762,805

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

For the nine months period ended September 30, 2015

	September 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
20.1 Islamic Financing and Related Assets		
Murabaha	20.1.1 9,061,109	12,097,673
Ijarah	20.1.2 100,812	108,984
Diminishing Musharakah	20.1.3 3,263,714	1,679,147
Istisna	20.1.4 150,000	-
Gross Advances	12,575,635	13,885,804
Provision held	(133,459)	(117,770)
Advance - net of provision	12,442,176	13,768,034
20.1.1 Murabaha		
Financing/Investments/Receivables	1,955,953	4,534,519
Advances	160,877	1,036,720
Assets/Inventories	6,944,279	6,526,434
	9,061,109	12,097,673
20.1.2 Ijarah		
Advances	100,812	108,984
	100,812	108,984
20.1.3 Diminishing Musharakah		
Financing/Investments/Receivables	1,808,515	1,554,785
Advances	1,455,199	124,362
	3,263,714	1,679,147
20.1.4 Istisna		
Advances	150,000	-
	150,000	-
CHARITY FUND		
Opening balance	19,681	2,877
Additions during the period		
Received from customers on delayed payments	2,652	20,919
Return on charity saving account	507	885
	3,159	21,804
Payments / utilization during the period		
Social Welfare	(4,200)	(2,000)
Health	(8,000)	(2,000)
Education	(8,400)	(1,000)
	(20,600)	(5,000)
Closing balance	2,240	19,681

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

For the nine months period ended September 30, 2015

The profit and loss account of the Bank's Islamic banking business for the nine months period ended September 30, 2015 is as follows:

	Nine months ended	
	September 30, 2015	September, 30 2014
	----- (Rupees in '000) -----	
Income / return / profit earned	1,120,080	908,896
Income / return / profit expensed	404,994	560,789
Net Income / Profit	715,086	348,107
Provision / (reversal) against loans and advances - net	15,690	2,712
Provision / (reversal) for diminution in the value of investments	9,310	(2,712)
Bad debts written off directly	-	-
	25,000	-
Net profit / income after provisions	690,086	348,107
Other income		
Fee, commission and brokerage income	438,544	373,812
Dividend income	-	-
Income from dealing in foreign currencies	10,012	10,840
Other Income	38,104	33,765
Total other income	486,660	418,417
	1,176,746	766,524
Other expenses		
Administrative expenses	814,591	556,401
Other provisions / write offs	-	-
Other charges	111	-
Total other expenses	814,702	556,401
Extra ordinary / unusual items	-	-
Profit for the period	362,044	210,123
Unappropriated profit brought forward	243,462	257,952
Transfer to head office	(243,462)	(257,952)
Unappropriated profit carry forward	362,044	210,123
Remuneration to Shariah Advisor / Board	3,595	1,599

21 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this consolidated condensed interim financial information.

22 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 20, 2015 has announced cash dividend in respect of the nine months period ended September 30, 2015 of Rs. 4.00 per share (September 30, 2014: Rs. 3.5 per share). This consolidated condensed interim financial information for the nine months period ended September 30, 2015 does not include the effect of these appropriations 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 October 20, 2015.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

