



Bank for Life

THIRD QUARTERLY REPORT

2 0 1 9

Registered Office
MCB House, 15-Main Gulberg, Lahore
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Tel: +92 42 36041998-9
www.mcb.com.pk

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 Mr. S.M. Muneer Mr. Muhammad Tariq Rafi Mian Umer Mansha Mrs. Iqraa Hassan Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Masood Ahmed Puri Mr. Shahzad Hussain Mr. Shariffuddin Bin Khalid Mr. Imran Maqbool	Chairman Vice-Chairman Director Director Director Director Director Director Director Director Director Director President & CEO
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Audit Committee

Mr. Shahzad Hussain Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Shariffuddin Bin Khalid	Chairman Member Member Member
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Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB House, 15-Main Gulberg, Jail Road, Lahore Pakistan
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited 1 st Floor, 40-C, Block 6, P.E.C.H.S., Karachi Pakistan Branch Office: M/s. THK Associates (Pvt.) Limited 1 st Floor, DYL Motorcycles Limited Office, 147- Q Block, Behind Emporium Mall, Johar Town, Lahore Pakistan



On behalf of the Board of Directors, we are pleased to place before you, the unconsolidated condensed interim financial statements of MCB Bank Limited (MCB) for the nine months period ended September 30, 2019;

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

Re-measurement loss on defined benefit obligations - net of tax

Surplus realised on disposal of revalued fixed assets – net of tax

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

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final cash dividend at Rs. 4.0 per share - December 2018

Interim cash dividend at Rs. 4.0 per share - March 2019

Interim cash dividend at Rs. 4.0 per share - June 2019

Total Appropriations

Un-appropriated Profit Carried Forward

Rs. in Million

27,506
11,219
16,287
53,532
(534)
10
40
53,048
69,335
1,629
4,740
4,740
4,740
15,849
53,486

Performance Review

MCB reported profit before tax of Rs 27.51 billion which is 18% higher than the corresponding last period and translated into earnings per share of Rs 13.74 (2018: Rs 12.08). The key highlights of the performance were impressive increase in net interest margins through gradual shift in the maturity profiling of investment base supported by an efficient cost base. Profit after tax (PAT) of the Bank increased by 14% to Rs. 16.29 billion as the bank recorded additional super tax @ 4% for the tax year 2018, as enacted through the Second Supplementary Finance Act, 2019. Effective tax rate for the nine months ended September 30, 2019 came to 41% which is 2% higher than the corresponding period, last year.

Net interest income increased to Rs 42.99 billion, 27% higher than corresponding period of 2018. Volumetric growth in average earning assets, particularly investments, along with effective mix of shorter maturity profiling in a rising interest rate scenario enabled the Bank to post growth in gross mark-up income of Rs. 39.52 billion, up 67% over corresponding last period. The Bank has been riding the yield curve over the last few years, taking the benefit of the significant interest rate hike despite the fact that interests on deposits are repriced earlier than the earning assets.

The non-markup income block of the Bank was reported at Rs 11.45 billion with major contributions coming in from fee commission and foreign exchange income. Fees and commissions generated from core banking businesses increased by 5% to Rs 8.32 billion. Foreign exchange income increased by an impressive 26% to Rs 2.19 billion as a result of better leveraging of market opportunities.



Despite the inflationary surge during the period and growth in the operational network and infrastructure, operating expenses recorded were contained at 6% growth over corresponding last period excluding pension fund cost. The coverage and gross NPLs to advances ratios are 83.65% and 9.66% respectively.

Total asset base of the Bank on unconsolidated basis was reported at Rs. 1.58 trillion showing an increase of 6% over December 2018. Analysis of the assets mix highlights that net investments have increased by Rs. 115.1 billion (+15%) whereas net advances have decreased by Rs. 13.3 billion over December 31, 2018.

The deposit base of the Bank has registered a healthy increase of Rs. 96.1 billion and stood at Rs. 1,145.14 billion, a growth of 9% over December 2018. Focusing on its low cost deposit base, the Bank was able to increase current deposits at the rate of 4% over December 2018, with overall CASA base of 90% which reflects the customer confidence and the inherent value of a strong brand name.

The Board of Directors has declared 3rd interim cash dividend of Rs 4.00 per share i.e. 40% bringing the total cash dividend for the year ending 2019 to 120%.

Ratings

The Bank enjoys highest local credit ratings of AAA / A1+ categories for long term and short term respectively, based on PACRA notification dated June 27, 2019.

Economy Review

The tough economic measures taken by the government since the commencement of its tenure in 2018 have started showing positive results. However, despite some encouraging signs, the macroeconomic variables showed mixed performance during the third quarter of 2019.

On the external front, Pakistan's current account deficit contracted by 55% to \$1.2bn during the first two months of the current fiscal year as compared to the same period last year, largely owing to a decline in import bill. On a year-on-year basis, imports decreased by 23% during July-Aug FY20 while exports inched upward by 1%. Moreover, monthly deferred oil payments worth \$275mn from Saudi Arabia which started from July, 2019 also provided some support to the current account.

Pakistan's FX reserves showed slight improvement in the third quarter of 2019. SBP reserves increased from \$7.3bn at the end of June 2019 to \$7.7bn at September end. Overall, the country's reserves increased by \$527mn from \$14.5bn to \$15.0bn in the three month period. During the quarter, Pakistan received its first tranche of \$988mn from IMF as part of the 6 billion USD bailout package. The country also received inflows from Qatar and ADB, worth \$500mn each, which lent some support to the country's declining reserves. However, in spite of the inflows, SBP reserves increased merely by \$461mn due to external debt repayments.

Meanwhile, the USD/PKR parity remained largely stable in September, 2019. The Rupee started the quarter against the dollar at PKR 160.052. However, it appreciated by 2.3% during the three month period before closing at PKR 156.3654.

Apart from this, PBS rebased the inflation from year 2007-2008 to 2015-2016 in August and divided the National CPI index into Rural and Urban indices to incorporate the changing consumption patterns of the

population. According to the rebased CPI, Inflation clocked-in at 11.37% in September, 2019 after touching 8.40% and 10.5% in July and August respectively. The average inflation recorded for the third quarter of 2019 stood at 10.09% as compared to 8.23% in the second quarter. For the three month period, the inflation showed a rising trend. Meanwhile, the State Bank of Pakistan raised the policy rate by 100 bps during the quarter from 12.25% to 13.25%. The decision was taken by SBP to combat the inflationary pressures.

As regards to Pakistani stock markets, the KSE-100 fell by 5.38% during the quarter owing to muted business sentiment in the market. The index began the quarter at 33,902 points and stood at 32,079 points at quarter end.

On the fiscal side, the government's budget deficit clocked-in at 8.9% of GDP during Jul-Jun FY2019, 2.1% higher than the IMF's projection of 6.8%. However, the situation has improved slightly since the start of FY20 and the government hopes to collect higher revenues during FY20 as compared to last year.

Future Outlook

The GDP growth rate in Pakistan is expected to slow down in FY20, after clocking in at 3.29% in FY2019. Hence, in spite of improvement in some of the macroeconomic numbers as compared to the last quarter, the country is still operating in a tough environment. Towards the fiscal side, with the first quarterly review of IMF to be held in late October, the challenge for the government remains to increase revenues to meet the quarterly targets set by the IMF.

Moreover, for sustained improvement in current account, Pakistan will have to increase its exports by bringing in structural reforms in the export sector instead of relying on reduction in import bill to reduce the deficit. Pressures arising from the external side will also have to be closely watched to avoid any critical situation along with timely materialization of financial inflows to improve the country's foreign exchange reserves.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,



Imran Maqbool
President & CEO,
MCB Bank Limited
October 17, 2019



Mian Umer Mansha
Director
MCB Bank Limited

کے ایس ای - 100 مارکیٹ میں کاروباری حدود کے باعث 5.38 فیصد تک گر گئی۔ انڈیکس نے سرمایہ کا آغاز 33,902 پوائنٹس سے کیا جبکہ سرمایہ کے اختتام تک اس کا حجم 32,079 پوائنٹس رہا۔ مالی حوالہ سے، حکومت کا بجٹ خسارہ مالی سال 2019 کے جولائی تا جون کے دوران جی ڈی پی کا 8.9 فیصد رہا جو کہ آئی ایم ایف کی 6.8 فیصد کی متوقع شرح سے 2.1 فیصد زیادہ تھا۔ تاہم اس صورتحال میں مالی سال 2020 کے آغاز سے قدرے بہتری آئی ہے اور حکومت کو توقع ہے کہ پچھلے سال کی نسبت مالی سال 2020 میں وہ زیادہ آمدنی حاصل کر سکے گی۔

مستقبل کی پیش بینی:

پاکستان کی جی ڈی پی کی نمو کی شرح مالی سال 2019 میں 3.29 فیصد تک رہنے کے بعد مالی سال 2020 میں مزید کم ہونے کی توقع ہے۔ لہذا گچھلی سرمایہ کی نسبت چند میکرو اکنامک اعداد میں تمام تر بہتری کے باوجود ملک ایک مشکل اور نازک صورتحال سے دوچار ہے۔ مالی حوالہ سے، آئی ایم ایف کی جانب سے پہلے سرمایہ تجزیہ، جو کہ اکتوبر کے آخر میں کیا جائے گا، کے تناظر میں حکومت کے لیے یہ چیلنج برقرار ہے کہ اپنی آمدنی کو آئی ایم ایف کے مقرر کردہ سرمایہ کے ہدف کے مطابق حاصل کر سکے۔

علاوہ ازیں کرنٹ اکاؤنٹ میں پائیدار ترقی کے لیے پاکستان کو درآمدات کے بل میں کٹوتی کے ذریعہ خسارے کو کم کرنے کی بجائے برآمدات کے شعبہ میں تعمیری اصلاحات کے ذریعہ اپنی برآمدات کو فروغ دینا پڑے گا۔ بیرونی ذرائع سے ابھرنے والے دباؤ پر بھی کڑی نگاہ رکھنے کی ضرورت ہے تاکہ کسی بھی نازک صورتحال کا تدارک ہو سکے اور اس کے ساتھ ساتھ تمام مالی وصولیوں کی بروقت تعمیل بھی ضروری ہے تاکہ ملک کے زرمبادلہ کے ذخائر بہتر ہو سکیں۔

تحمین و تشکر:

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

مخانب و برائے بورڈ آف ڈائریکٹرز

میاں عمر منشاء

ڈائریکٹر
ایم سی بی بینک لمیٹڈ

عمران مقبول

پریذیڈنٹ اور سی ای او
ایم سی بی بینک لمیٹڈ

17 اکتوبر 2019

بورڈ آف ڈائریکٹرز کی جانب سے ہم ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 30 ستمبر 2019 ء کو اختتام پذیر نو ماہ کے غیر مجموعی مالیاتی گوشواروں کا خلاصہ آپ کے سامنے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

منافع قبل از ٹیکس	27,506
ٹیکس	11,219
منافع بعد از ٹیکس	16,287
اختتامی غیر تخصیص شدہ منافع	53,532
ایسیلاز بینیفٹس پلان کی دوبارہ پیکائش سے نقصان (خالص از ٹیکس)	(534)
پائیدار اثاثوں کے سربلس پر فروخت سے حاصل آمدن (خالص از ٹیکس)	10
پائیدار اثاثوں کی از سر نو تخمینہ پر اضافی آمدن	40
کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)	53,048
تخصیص کیلئے دستیاب منافع	69,335
تخصیص:	
قانونی ریزرو	1,629
حتی کیش ڈیویڈنڈ 4 روپے فی شیئر - برائے دسمبر 2018	4,740
عبوری کیش ڈیویڈنڈ 4 روپے فی شیئر - برائے مارچ 2019	4,740
عبوری کیش ڈیویڈنڈ 4 روپے فی شیئر - برائے جون 2019	4,740
کل تخصیص	15,849
اختتامی غیر تخصیص شدہ منافع	53,486

کارکردگی کا جائزہ :

ایم سی بی نے 27.51 بلین روپے کا منافع قبل از ٹیکس رپورٹ کیا جو کہ گزشتہ تقابلی عرصہ سے 18 فیصد زائد ہے۔ جس کے باعث 13.74 روپے (2018: 12.08 روپے) کی فی شیئر آمدنی درج کی گئی۔ اس کارکردگی کے اہم عوامل میں موثر لاگت کی بنیاد کے ساتھ ساتھ خالص انٹرنسٹ مارجنز میں قابل رشک اضافہ تھا جو کہ سرمایہ کاری کی میچورٹی (بالیدگی) کے خد وخال کی بتدریج تبدیلی کے ذریعہ حاصل ہوا۔

ٹیکس سال 2018 کے لیے 4 فیصد کے اضافی سپرنٹیکس کے اندراج کے بعد، جس کا اطلاق دوسرے مہینے فنانس ایکٹ 2019 کے ذریعہ ہوا تھا، بینک کا منافع بعد از ٹیکس 14 فیصد کے اضافہ کے ساتھ 16.29 بلین روپے پر درج کیا گیا۔ 30 ستمبر 2019 کو اختتام پذیر نو ماہ کی مدت کے لیے بینک کا حقیقی ٹیکس ریٹ 41 فیصد تک پہنچ گیا جو کہ گزشتہ تقابلی عرصہ سے 2 فیصد زیادہ ہے۔

خالص انٹرنسٹ آمدنی 42.99 بلین روپے تک بڑھ گئی جو گزشتہ تقابلی مدت سے 27 فیصد زیادہ ہے۔ اوسط پیداواری اثاثہ جات کے حجم میں ترقی خصوصاً سرمایہ کاری میں اور اس کے ساتھ ساتھ بڑھتے ہوئے اخسٹ ریٹ کی صورت حال میں مختصر میچورٹی رکھنے والے پیداواری اثاثہ جات کی موثر ترکیب کی بدولت بینک 39.52 بلین روپے کی کل مارک اپ آمدنی حاصل کرنے میں کامیاب رہا جو گزشتہ تقابلی مدت سے 67 فیصد زیادہ ہے۔

اس امر کے باوجود کہ ڈیپازٹس پر قابل ادا انٹرنسٹ کی قیمتوں کا دوبارہ تعین، پیداواری اثاثہ جات سے پہلے لاگو ہو جاتا ہے، بینک نے گزشتہ کئی سالوں سے انٹرنسٹ ریٹ کی نمایاں بڑھوتی کا فائدہ اٹھاتے ہوئے اپنی آمدنی کے خط پر اپنی سبقت برقرار رکھی ہے۔

بینک کی نان مارک اپ آمدنی 11.45 بلین روپے پر رپورٹ ہوئی جس میں فیس کمیشن اور فارن ایکسچینج آمدنی کا اہم کردار تھا۔ خالص بینکنگ کے کاروبار سے حاصل شدہ فیس اور کمیشن کی آمدنی 5 فیصد کے اضافہ کے ساتھ 8.32 بلین روپے رہی۔ فارن ایکسچینج کی آمدنی مارکیٹ میں موجود بہتر مواقع کے باعث 26 فیصد کے اضافہ کے ساتھ 2.19 بلین روپے پر درج کی گئی۔

رواں مدت میں افراط زر کی لہر اور اپنے کاروباری نیٹ ورک اور انتظامی ڈھانچے میں فروغ کے باوجود کاروباری اخراجات میں، بینشن فنڈ کے اخراجات کے علاوہ، 6 فیصد کا معمولی اضافہ ریکارڈ کیا گیا۔ کوریج اور کل غیر فعال قرضوں کی مجموعی قرضہ جات سے شرح بالترتیب 83.65 فیصد اور 9.66 فیصد رہی۔

بینک کے کل اثاثہ جات، غیر مجموعی بنیاد پر، 1.58 ٹریلین روپے پر درج ہوئے جو کہ دسمبر 2018 کی سطح سے 6 فیصد کے اضافہ کو ظاہر کرتے ہیں۔ اثاثہ جات کی ترکیب کا جائزہ اس امر کو واضح کرتا ہے کہ خالص سرمایہ کاری میں 115.1 بلین روپے (%15+) کا اضافہ ہوا ہے جبکہ خالص قرضہ جات میں 31 دسمبر 2018 سے 13.3 بلین روپے کی کمی ہوئی ہے۔

بینک کے ڈیپازٹس 96.1 بلین روپے کے نمایاں اضافے کے ساتھ 1,145.14 بلین روپے پر جا پہنچے جو کہ دسمبر 2018 سے 9 فیصد کی ترقی کا مظہر ہیں۔ کم لاگت کے ڈیپازٹس کے حصول پر خصوصی توجہ کے باعث بینک اپنے کرنٹ ڈیپازٹس میں دسمبر 2018 کی نسبت 4 فیصد کا اضافہ کرنے میں کامیاب رہا۔ جس میں مجموعی کاسا (CASA) کی شرح 90 فیصد پر رہی جو صارفین کے اعتماد اور ایک مضبوط شہرت کے حامل ادارے کی فطری قدر افزائی کا ثبوت ہے۔

بورڈ آف ڈائریکٹرز نے 4 روپے فی شیئر (%40) کے تیسرے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے جس سے 2019 میں اختتام پذیر سال کے لیے کل کیش ڈیویڈنڈ کی شرح 120 فیصد تک پہنچ گئی ہے۔

ریٹنگز:

پاکرا (PACRA) کے نوٹیفکیشن بتاریخ 27 جون 2019 کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور A1+ کی بلند ترین کریڈٹ ریٹنگز کے مستفید ہو رہا ہے۔

معاشی جائزہ :

سال 2018 میں اپنے دور کے آغاز کے ساتھ ہی حکومت کی جانب سے اٹھائے گئے کڑے معاشی اقدامات کے مثبت ثمرات آنا شروع ہو گئے ہیں۔ تاہم چند حوصلہ افزاء اشاروں کے باوجود، میکرو اکنامک تغیرات نے سال 2019 کی تیسری سہ ماہی کے دوران ملی تلی کارکردگی دکھائی ہے۔

بیرونی محاذ پر، درآمدات کے بل میں نمایاں کمی کے باعث پاکستان کے کرنٹ اکاؤنٹ خسارہ میں رواں مالی سال کے پہلے دو ماہ کے دوران گزشتہ سال کے مماثلتی عرصہ کے مقابلہ میں 55 فیصد سے 1.2 بلین امریکی ڈالر تک کی کمی ہوئی ہے۔ سال بہ سال کی بنیاد پر، مالی سال 2020 (جولائی تا اگست) کے دوران درآمدات میں 23 فیصد کی کمی ہوئی جبکہ برآمدات میں محض 1 فیصد کا اضافہ ہوا۔ مزید برآں، سعودی عرب سے ماہانہ موٹر ادا ٹیکسوں پر 275 بلین امریکی ڈالر کی مالیت کے تیل کی سہولت، جس کا آغاز جولائی 2019 سے ہو چکا ہے، کے باعث بھی کرنٹ اکاؤنٹ کو کچھ تقویت ملی ہے۔

پاکستان کے زرمبادلہ کے ذخائر میں 2019 کی تیسری سہ ماہی میں قدرے بہتری آئی ہے۔ اسٹیٹ بینک آف پاکستان کے ذخائر جون 2019 کے اختتام تک کے 7.3 بلین امریکی ڈالر کے حجم سے بڑھ کر 30 ستمبر 2019 تک 7.7 بلین امریکی ڈالر تک پہنچ گئے۔ تین ماہ کے عرصہ میں ملک کے ذخائر مجموعی طور پر 14.5 بلین امریکی ڈالر سے 527 بلین امریکی ڈالر کے اضافہ کے ساتھ 15 بلین امریکی ڈالر پر ریکارڈ ہوئے۔ اس سہ ماہی کے دوران پاکستان کو آئی ایم ایف سے 988 بلین امریکی ڈالر کی پہلی قسط بھی وصول ہوئی جو کہ 6 بلین امریکی ڈالر کے تیل آؤٹ چیک کا حصہ ہے۔ ملک کو قطر اور ایشین ڈیولپمنٹ فنڈ سے الگ الگ 500 ملین امریکی ڈالر بھی وصول ہوئے جس سے ملک کے گرتے ہوئے ذخائر کو کچھ سہارا ملا۔ تاہم ان وصولیوں کے باوجود اسٹیٹ بینک آف پاکستان کے ذخائر میں بیرونی قرضوں کی ادائیگیوں کی وجہ سے محض 461 ملین امریکی ڈالر کا اضافہ ہوا۔

دریں اثناء امریکی ڈالر اور پاکستانی روپے کے مابین شرح تبادلہ ستمبر 2019 میں زیادہ تر مستحکم رہی۔ سرمایہ کے آغاز پر ڈالر کے مقابلہ میں روپے کی شرح 160.052 روپے فی ڈالر پر رہی۔ جو کہ تین ماہ کے عرصہ میں 2.3 فیصد کے اضافہ کے ساتھ اس کی شرح 156.3654 روپے فی ڈالر پر بند ہوئی۔

اس سے قطع نظر بی بی ایس (PBS) نے اگست میں سال 2008 - 2007 سے 2016 - 2015 تک افراط زر کی نئی بنیاد اختیاری اور نیشنل سی پی آئی انڈیکس کو دیہی اور شہری انڈیکسوں میں تقسیم کر دیا تاکہ آبادی کے بدلتے مصارف کے رجحان کا درست اندراج کیا جاسکے۔ سی پی آئی کے اس نئے معیار کے مطابق افراط زر جولائی اور اگست میں بالترتیب 8.40 فیصد اور 10.5 فیصد کی شرح کو چھو کر ستمبر 2019 میں 11.37 فیصد پر درج کیا گیا۔ سال 2019 کی تیسری سہ ماہی میں اوسط افراط زر دوسری سہ ماہی کی 8.23 فیصد کی سطح کی نسبت 10.09 فیصد پر ریکارڈ کیا گیا۔ تین ماہ کے عرصہ میں افراط زر میں بلندی کا رجحان دیکھا گیا۔ دریں اثناء اسٹیٹ بینک آف پاکستان نے اس سہ ماہی کے دوران پالیسی ریٹ میں 100 بی بی پی ایس کا اضافہ کیا جو 12.25 فیصد سے بڑھ کر 13.25 فیصد تک پہنچ گیا۔ اسٹیٹ بینک آف پاکستان نے یہ فیصلہ افراط زر کے دباؤ کو قابو کرنے کے لیے کیا تھا۔

Unconsolidated Condensed Interim Statement of Financial Position
As at September 30, 2019



	Note	Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	106,038,714	103,174,597
Balances with other banks	8	13,881,871	11,878,975
Lendings to financial institutions	9	6,102,040	35,106,241
Investments	10	864,429,529	749,368,738
Advances	11	490,255,316	503,581,323
Fixed assets	12	47,614,080	40,811,956
Intangible assets	13	912,328	630,141
Deferred tax assets		-	-
Other assets	14	52,259,359	53,578,090
		1,581,493,237	1,498,130,061
LIABILITIES			
Bills payable	16	9,314,759	15,699,280
Borrowings	17	200,398,197	216,018,886
Deposits and other accounts	18	1,145,139,650	1,049,037,615
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	-	3,891,019
Deferred tax liabilities	20	2,327,358	1,532,177
Other liabilities	21	70,626,867	62,673,355
		1,427,806,831	1,348,852,332
		153,686,406	149,277,729
NET ASSETS			
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	22	76,968,110	74,147,981
Surplus on revaluation of assets	23	11,382,016	9,747,104
Unappropriated profit		53,485,680	53,532,044
		153,686,406	149,277,729

CONTINGENCIES AND COMMITMENTS

24

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool

Imran Maqbool
President / CEO

Hammad Khalid

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha

Mian Umer Mansha
Director

Salman Khalid Butt

Salman Khalid Butt
Director

Masood Ahmed Puri

Masood Ahmed Puri
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the nine months period ended September 30, 2019



	Note	Quarter ended September 30, 2019	Nine months ended September 30, 2019	Quarter ended September 30, 2018	Nine months ended September 30, 2018
-----Rupees in '000-----					
Mark-up / return / interest earned	26	39,317,000	98,449,742	21,210,970	58,925,849
Mark-up / return / interest expensed	27	24,122,769	55,455,751	9,903,226	24,999,654
Net mark-up / interest income		15,194,231	42,993,991	11,307,744	33,926,195
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	2,756,642	8,323,084	2,590,101	7,939,829
Dividend income		157,003	867,264	242,767	800,760
Foreign exchange income		465,272	2,192,969	566,680	1,740,503
Income from derivatives		6,981	3,045	10,296	43,784
Gain / (loss) on securities	29	51,433	(66,352)	3,162	1,144,815
Other Income	30	55,980	132,645	265,814	439,185
Total non-markup / interest Income		3,493,311	11,452,655	3,678,820	12,108,876
Total Income		18,687,542	54,446,646	14,986,564	46,035,071
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	31	8,347,765	24,626,804	8,052,510	25,168,671
Workers welfare fund		185,147	550,118	146,309	466,305
Other charges	32	40,886	147,741	29,109	103,846
Total non-markup / interest expenses		8,573,798	25,324,663	8,227,928	25,738,822
Profit before provisions		10,113,744	29,121,983	6,758,636	20,296,249
Provisions / (reversals) and write offs - net	33	856,442	1,616,106	(556,836)	(3,019,005)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		9,257,302	27,505,877	7,315,472	23,315,254
Taxation	34	3,645,587	11,219,168	2,767,598	9,004,264
PROFIT AFTER TAXATION		5,611,715	16,286,709	4,547,874	14,310,990
Rupees					
Basic and diluted earnings per share	35	4.74	13.74	3.84	12.08

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool

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President / CEO

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Hammad Khalid
Chief Financial Officer

Mian Umer Mansha

Mian Umer Mansha
Director

Salman Khalid Butt

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Director

Masood Ahmed Puri

Masood Ahmed Puri
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2019



	Quarter ended September 30, 2019	Nine months ended September 30, 2019	Quarter ended September 30, 2018	Nine months ended September 30, 2018
-----Rupees in '000-----				
Profit after taxation for the period	5,611,715	16,286,709	4,547,874	14,310,990
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	(425,949)	1,191,458	(103,697)	525,680
Movement in surplus/ (deficit) on revaluation of investments - net of tax	2,861,012	1,685,424	(1,762,451)	(4,860,469)
	2,435,063	2,876,882	(1,866,148)	(4,334,789)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	(534,194)	-	(679,241)
	-	(534,194)	-	(679,241)
Total comprehensive income	8,046,778	18,629,397	2,681,726	9,296,960

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.


Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


Mian Umer Mansha
Director


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Masood Ahmed Puri
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2019



	Share capital	Share premium	Capital reserve	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	Revenue reserve	General reserve	Surplus/(deficit) on revaluation of investments	Fixed / non-banking assets	Unappropriated profit	Total
Balance as at December 31, 2017	11,850,000	23,751,114	908,317	908,317	483,993	27,123,049	18,600,000	4,588,120	12,485,087	53,776,057	153,866,337	
Total comprehensive income for the nine months period ended September 30, 2018	-	-	-	-	-	-	-	-	-	-	14,310,990	14,310,990
Profit after taxation for the nine months period ended September 30, 2018	-	-	-	-	525,680	-	-	(4,860,469)	-	-	(679,241)	(5,014,030)
Other comprehensive income - net of tax	-	-	-	-	525,680	-	-	(4,860,469)	-	-	(1,431,099)	-
Transfer to statutory reserve	-	-	-	-	-	1,431,099	-	-	-	-	40,148	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	(99,031)	99,031	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 4.0 per share - December 31, 2017	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - March 31, 2018	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - June 30, 2018	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Balance as at September 30, 2018	11,850,000	23,751,114	908,317	908,317	1,009,673	28,554,148	18,600,000	(272,349)	12,346,868	51,895,216	148,642,577	
Change in equity for three months period ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months period ended December 31, 2018	-	-	-	-	619,570	-	-	(2,485,795)	172,774	7,048,598	7,048,598	7,048,598
Profit after taxation for the three months period ended December 31, 2018	-	-	-	-	619,570	-	-	(2,485,795)	172,774	19,955	(1,673,196)	(1,673,196)
Other comprehensive income - net of tax	-	-	-	-	619,570	-	-	(2,485,795)	172,774	7,068,543	5,375,392	5,375,392
Transfer to statutory reserve	-	-	-	-	-	704,859	-	-	-	-	(704,859)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	(13,384)	13,384	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - September 30, 2018	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Balance as at December 31, 2018	11,850,000	23,751,114	908,317	908,317	1,629,243	29,259,007	18,600,000	(2,758,144)	12,509,248	53,932,044	149,277,729	
Total comprehensive income for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	-	-	-	16,598,709	16,598,709
Profit after taxation for the nine months period ended September 30, 2019	-	-	-	-	1,191,458	-	-	1,885,424	-	-	(534,194)	2,542,688
Other comprehensive income - net of tax	-	-	-	-	1,191,458	-	-	1,885,424	-	-	15,752,515	18,029,397
Transfer to statutory reserve	-	-	-	-	-	1,629,671	-	-	-	-	(1,629,671)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	(39,949)	39,949	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	(10,563)	10,563	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 4.0 per share - December 31, 2018	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - March 31, 2019	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - June 30, 2019	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Balance as at September 30, 2019	11,850,000	23,751,114	908,317	908,317	2,821,601	30,887,678	18,600,000	(1,072,720)	12,454,736	55,455,680	153,866,400	

For details of dividend declaration and appropriations, please refer note 40 to these unconsolidated condensed interim financial statements.

For details of reserves, please refer note 22 to these unconsolidated condensed interim financial statements.

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.


Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


Mian Umer Mansha
Director


Salman Khalid Butt
Director


Masood Ahmed Puri
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2019



Note	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	27,505,877	23,315,254
Less: Dividend income	(867,264)	(800,760)
	26,638,613	22,514,494
Adjustments:		
Depreciation on fixed assets	1,406,333	1,491,163
Depreciation on right of use assets	900,212	-
Depreciation on non-banking assets acquired in satisfaction of claims	34,815	37,258
Amortization	200,823	192,317
Provisions / (reversals) and write offs - net	1,616,106	(3,019,005)
Workers welfare fund	550,118	466,305
Gain on sale of fixed assets and non-banking assets acquired-net	(76,785)	(317,445)
Charge for defined benefit plans	9,825	2,082,336
Unrealized loss on revaluation of investments classified as held for trading	2,545	8,012
Loss on amalgamation of a subsidiary	7,512	-
Gain on sale of shares in an associate	-	(247,677)
	4,651,504	693,264
	31,290,117	23,207,758
Decrease / (increase) in operating assets		
Lendings to financial institutions	29,004,201	(137,755,042)
Held-for-trading securities	4,082,940	(2,004,919)
Advances	13,909,008	(16,059,964)
Others assets (excluding advance taxation)	(8,389,479)	1,840,758
	38,606,670	(153,979,167)
Increase / (decrease) in operating liabilities		
Bills Payable	(6,384,521)	(9,192,992)
Borrowings from financial institutions	(14,219,016)	(77,330,249)
Deposits	96,102,035	86,084,989
Other liabilities (excluding current taxation)	2,542,605	427,972
	78,041,103	(10,280)
Defined benefits paid	(238,381)	(251,803)
Income tax paid	(2,177,752)	(1,497,465)
Net cash flow from operating activities	145,521,757	(132,530,957)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(119,868,887)	195,089,469
Net investments in held-to-maturity securities	1,038,783	3,574,959
Dividends received	774,508	942,563
Investments in fixed assets	(3,606,208)	(2,879,087)
Investments in Intangible assets	(475,010)	(236,147)
Proceeds from sale of fixed assets	140,819	555,380
Proceeds from sale of non-banking assets acquired in satisfaction of claims	40,000	682,410
Investments in non-banking assets acquired in satisfaction of claims	(64,445)	(307,500)
Investment in a subsidiary	-	(1,200,000)
Proceeds from amalgamation of a subsidiary	40,968	-
Proceeds from divestment in an associate	-	295,448
Net cash outflow on demerger	-	(22,214,180)
Effect of translation of net investment in foreign branches	1,191,458	525,680
Net cash flow used in investing activities	(120,788,014)	174,828,995
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of subordinated debt	(3,891,019)	(780)
Payment of lease liability against right-of-use-assets	(465,355)	-
Dividend paid	(14,108,685)	(15,445,121)
Net cash flow used in financing activities	(18,465,059)	(15,445,901)
Effects of exchange rate changes on cash and cash equivalents	3,835,293	2,695,627
Cash and cash equivalents transferred to MIB under the scheme of demerger	-	(722,679)
	10,103,977	28,825,085
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	109,346,115	106,847,098
Cash and cash equivalents at end of the period	119,450,092	135,672,183

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,382 branches (2018: 1,376 branches) within Pakistan and 11 branches (2018: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

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

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2018.

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

The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 has amended the format of condensed interim financial statements of banks. All banks are directed to prepare their condensed interim financial statements on the revised format effective from the accounting year starting from January 01, 2019. Accordingly, the Bank has prepared these unconsolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format introduced additional disclosure requirements and required certain reclassification of profit and loss comparative numbers. Under revised format, cost of foreign currency swaps (note 27) amounting to Rs 2,069.364 million (2018: Rs 523.382 million) which was previously shown as part of foreign exchange income has now been shown as part of mark-up / return / interest expense in the unconsolidated condensed interim statement of profit and loss account.

The Bank has adopted "IFRS 15 Revenue from Contracts with Customers" and "IFRS 16 Leases" effective 01 January 2019. IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Bank has adopted IFRS 15 from 01 January 2019. The timing or amount of income from contracts with customers was not impacted by the adoption of IFRS 15, accordingly, the adoption of this standard has no material impact in these unconsolidated condensed interim financial statements. The impact of adoption of IFRS 16 on the Bank's unconsolidated condensed interim financial statements is disclosed in note 4.1.1.

In addition, there are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

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

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

Effective date (annual periods beginning on or after)

IFRS 3, Business Combinations - (Amendments)	January 1, 2020
IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these unconsolidated condensed interim financial statements.

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

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2018 except for the followings:

4.1.1 Change in accounting policies

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the Standard.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were measured as the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate of 12.49% as of January 1, 2019. The associated right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the unconsolidated statement of financial position immediately before the date of initial application.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The right of- use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The change in accounting policy affected the following items in the statement of financial position as on January 01, 2019:

- Right-of-Use (RoU) assets recognized as Fixed assets – increased by Rs 5,500.910 million which includes prepayments of Rs. 188.598 million; previously, included in advances, deposits, advance rent and other prepayments at December 31, 2018.
- Lease liabilities recognized as Other liabilities – increased by Rs 5,312.312 million
- The impact on profit and loss account for the period January 1, 2019 to September 30, 2019 was a decrease in profit after tax by Rs. 355.240 million and earning per share by Rs. 0.30.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2018.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2018.

7. CASH AND BALANCES WITH TREASURY BANKS

	Unaudited September 30, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
In hand		
Local currency	22,550,370	16,462,132
Foreign currencies	2,329,261	2,529,716
	24,879,631	18,991,848
With State Bank of Pakistan in		
Local currency current accounts	34,550,637	40,305,992
Foreign currency current accounts	311,629	279,023
Foreign currency deposit accounts	14,408,509	12,621,991
	49,270,775	53,207,006
With other central banks in		
Foreign currency current accounts	9,928,815	5,197,681
With National Bank of Pakistan in		
Local currency current accounts	21,271,136	25,657,815
Prize bonds	688,357	120,247
	106,038,714	103,174,597

8. BALANCES WITH OTHER BANKS

Outside Pakistan		
In current accounts	6,980,704	9,232,223
In deposit accounts	6,901,167	2,646,752
	13,881,871	11,878,975

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	1,880,852	2,069,329
Repurchase agreement lendings (Reverse Repo)	4,221,188	33,036,912
	6,102,040	35,106,241

[illegible]

11. ADVANCES

Loans, cash credits, running finances, etc.
Bills discounted and purchased
Advances - gross

Provision against advances
- Specific
- General

Advances - net of provision

11.1 Particulars of advances (Gross)
In local currency
In foreign currencies

11.2 Advances include Rs. 51,505,594 million (2018: Rs. 48,955,548 million) which have been placed under the non-performing status as detailed below:

Category of Classification

Domestic
Other Assets Especially Mentioned
Substandard
Doubtful
Loss

Overseas
Not past due but impaired
Overdue by:
Upto 90 days
91 to 180 days
181 to 365 days
> 365 days

Total

11.2.1

This represents non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as OAEM as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
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11.3 Particulars of provision against advances

	Unaudited September 30, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	41,943,509	1,266,717	43,210,226	44,586,915	1,115,091	45,702,006
Exchange adjustments	323,591	22,967	346,558	513,168	18,341	531,509
Charge for the period / year	2,472,583	62,746	2,535,329	1,613,562	133,330	1,746,892
Reversals	(2,971,234)	(24,490)	(2,995,724)	(4,618,549)	(45)	(4,618,594)
	(498,651)	38,256	(460,395)	(3,004,987)	133,285	(2,871,702)
Amounts written off	(10,902)	-	(10,902)	(151,587)	-	(151,587)
Closing balance	41,757,547	1,327,940	43,085,487	41,943,509	1,266,717	43,210,226

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

11.3.2 General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. General provision against all other advances represents provision maintained at around 0.1% of gross advances.

12. FIXED ASSETS

	Note	Unaudited September 30, 2019	Audited December 31, 2018
		-----Rupees in '000-----	
Capital work-in-progress	12.1	1,426,768	1,239,422
Property and equipment	12.2	46,187,312	39,572,534
		47,614,080	40,811,956
12.1 Capital work-in-progress			
Civil works		1,057,498	622,609
Equipment		110,601	295,662
Advances to suppliers		253,031	315,241
Others		5,638	5,910
		1,426,768	1,239,422

12.2 This includes right-of-use assets amounting to Rs.4,809.430 million due to adoption of IFRS 16 as detailed in note 4.1.1.

12.3 Additions to fixed assets

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

	Unaudited September 30, 2019	Unaudited September 30, 2018
	-----Rupees in '000-----	
Capital work-in-progress	187,346	496,303
Property and equipment		
Freehold land	821,201	786,979
Building on freehold land	1,177,011	248,140
Electrical office and computer equipment	723,361	1,002,776
Furniture and fixture	144,361	144,647
Leasehold Improvements	264,542	127,392
Vehicles	79,654	72,850
Right-of-use assets	208,732	-
	3,418,862	2,382,784
Total	3,606,208	2,879,087

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



12.4 Disposal of fixed assets

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

	Unaudited September 30, 2019	Unaudited September 30, 2018
	-----Rupees in '000-----	
Freehold land	21,000	253,112
Building on freehold land	-	52,728
Vehicles	38,762	13,269
Furniture and fixture	738	27,654
Electrical office and computer equipment	3,251	149,334
Leasehold Improvements	283	-
Total	64,034	496,097

13. INTANGIBLE ASSETS

	Note	Unaudited September 30, 2019	Audited December 31, 2018
		-----Rupees in '000-----	
Capital work-in-progress	13.1	382,302	257,805
Computer software	13.1	530,026	372,336
		912,328	630,141

13.1 Additions to intangible assets

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

	Unaudited September 30, 2019	Unaudited September 30, 2018
	-----Rupees in '000-----	
Capital work-in-progress	124,497	-
Directly purchased	350,513	236,147
	475,010	236,147
	Unaudited September 30, 2019	Audited December 31, 2018
	-----Rupees in '000-----	

14. OTHER ASSETS

		Unaudited September 30, 2019	Unaudited September 30, 2018
		-----Rupees in '000-----	
Income/ mark-up accrued in local currency		17,312,651	11,232,274
Income/ mark-up accrued in foreign currencies		153,940	128,921
Advances, deposits, advance rent and other prepayments		3,363,464	2,340,059
Advance taxation (payments less provisions)		-	7,354,020
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims		3,591,950	3,653,840
Branch adjustment account		268,828	146,299
Mark to market gain on forward foreign exchange contracts		3,751,115	3,520,808
Unrealized gain on derivative financial instruments		1,433,793	852,465
Acceptances	21	14,202,455	15,847,453
Receivable from the pension fund		3,256,571	3,815,170
Others		6,916,519	6,622,685
		54,385,095	55,647,803
Less: Provision held against other assets	14.1	2,606,607	2,550,584
Other Assets (net of provision)		51,778,488	53,097,219
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		480,871	480,871
Other Assets - total		52,259,359	53,578,090

14.1 Provision held against other assets

	Unaudited September 30, 2019	Unaudited September 30, 2018
	-----Rupees in '000-----	
Non banking assets acquired in satisfaction of claims	99,597	99,597
Others	2,507,010	2,450,987
	2,606,607	2,550,584

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



	Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----		
14.2.1 Movement in provision held against other assets		
Opening balance	2,550,584	3,016,792
Charge for the period / year	1,494	112,529
Reversals	(29,409)	(721,119)
	(27,915)	(608,590)
Amounts written off	(3,615)	(7,180)
Exchange and other adjustments	87,553	149,562
Closing balance	2,606,607	2,550,584

15. CONTINGENT ASSETS

There were no contingent assets of the Bank as at September 30, 2019 (2018: NIL).

16. BILLS PAYABLE

In Pakistan	9,224,698	15,644,752
Outside Pakistan	90,061	54,528
	9,314,759	15,699,280

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan		
Under export refinance scheme	28,080,331	27,443,517
Under long term financing facility	17,666,827	14,628,994
Under renewable energy performance platform	88,114	28,420
Under financing facility for storage of agricultural produce	158,471	165,267
	45,993,743	42,266,198
Repurchase agreement borrowings	147,597,735	165,703,249
Total secured	193,591,478	207,969,447

Unsecured

Borrowings from other financial institution	782,392	556,939
Call borrowings	5,391,547	5,458,050
Overdrawn nostro accounts	470,494	1,872,164
Others	162,286	162,286
Total unsecured	6,806,719	8,049,439
	200,398,197	216,018,886

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited September 30, 2019			Audited December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	340,050,780	39,961,773	380,012,553	325,800,150	34,643,583	360,443,733
Savings deposits	558,762,413	47,448,354	606,210,767	502,660,835	39,470,374	542,131,209
Term deposits	90,609,431	14,162,638	104,772,069	73,140,915	13,877,453	87,018,368
Others	23,611,069	2,922,389	26,533,458	27,009,821	4,340,402	31,350,223
	1,013,033,693	104,495,154	1,117,528,847	928,611,721	92,331,812	1,020,943,533
Financial Institutions						
Current deposits	8,166,360	1,992,744	10,159,104	7,560,308	2,267,492	9,827,800
Savings deposits	9,248,658	12,717	9,261,375	10,762,643	20,548	10,783,191
Term deposits	750,600	7,222,504	7,973,104	661,580	6,544,203	7,205,783
Others	-	217,220	217,220	-	277,308	277,308
	18,165,618	9,445,185	27,610,803	18,984,531	9,109,551	28,094,082
	1,031,199,311	113,940,339	1,145,139,650	947,596,252	101,441,363	1,049,037,615

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



	Note	Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----			
19. SUBORDINATED DEBT			
Term Finance Certificates - Listed, Unsecured	19.1	-	3,891,019

Issue amount	Rs. 4,198.035 million
Issue date	June 19, 2014
Maturity date	June 19, 2022
Rating	AAA (triple A)
Security	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits
Profit payment frequency	Semi-Annually
Redemption	Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.
Mark-up	Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR"))
Call option	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.
Lock-in-clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR. In case the lock-in clause goes into effect, the Bank will be required to comply with the SBP instructions prevalent or issued at the time.
Loss absorbency clause	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

19.1 During the year, the Bank has exercised the call option under the terms of issuance of TFCs after completing the required regulatory requirements. Accordingly, the outstanding balance of the said TFCs have been redeemed on June 19, 2019, being the option exercise date.

	Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----		

20. DEFERRED TAX LIABILITIES

Taxable Temporary Differences on

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

Deductible Temporary Differences on

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

	971,080	992,684
	168,305	168,305
	1,668,823	1,607,561
	1,139,806	1,335,309
	705,218	705,218
	4,653,232	4,809,077
	(1,748,257)	(1,791,747)
	(577,617)	(1,485,153)
	(2,325,874)	(3,276,900)
	2,327,358	1,532,177

	Note	Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----			
21. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		14,393,762	12,775,306
Mark-up/ return/ interest payable in foreign currencies		370,354	468,339
Unearned commission and income on bills discounted		213,221	201,151
Accrued expenses		5,240,017	5,022,283
Provision for taxation (provisions less payments)		1,512,113	-
Workers' welfare fund		7,621,778	7,071,660
Acceptances	14	14,202,455	15,847,453
Unclaimed / dividends payable		1,582,441	1,470,406
Mark to market loss on forward foreign exchange contracts		3,492,682	3,495,971
Unrealised loss on derivative financial instruments		1,455,524	863,617
Staff welfare fund		5,631	5,490
Provision for employees' compensated absences		1,025,598	1,028,129
Provision for post retirement medical benefits		1,780,254	1,730,409
Provision for employees' contributory benevolent scheme		201,620	214,252
Retention money		20,657	20,657
Insurance payable against consumer assets		725,796	688,107
Unclaimed balances		1,002,847	1,133,843
Duties and taxes payable		725,857	577,222
Provision against off-balance sheet obligations		37,430	37,430
Security deposits against lease		485,734	479,428
Lease liability against right of use assets		4,952,004	-
Others		9,579,092	9,542,202
		<u>70,626,867</u>	<u>62,673,355</u>
22. RESERVES			
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	22.1	908,317	908,317
Exchange translation reserve		2,821,001	1,629,543
Statutory reserve	22.2	30,887,678	29,259,007
General reserve		18,600,000	18,600,000
		<u>76,968,110</u>	<u>74,147,981</u>

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

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

	Note	Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----			
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(1,650,337)	(4,243,297)
- Fixed Assets		13,113,250	13,185,366
- Non-banking assets acquired in satisfaction of claims		480,871	480,871
		<u>11,943,784</u>	<u>9,422,940</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(577,617)	(1,485,153)
- Fixed Assets		971,080	992,684
- Non-banking assets acquired in satisfaction of claims		168,305	168,305
		<u>561,768</u>	<u>(324,164)</u>
		<u>11,382,016</u>	<u>9,747,104</u>
24. CONTINGENCIES AND COMMITMENTS			
-Guarantees	24.1	172,138,458	170,138,859
-Commitments	24.2	529,339,350	397,683,110
-Other contingent liabilities	24.3	22,358,324	16,612,336
		<u>723,836,132</u>	<u>584,434,305</u>
24.1 Guarantees:			
Financial guarantees		142,642,746	140,350,012
Performance guarantees		28,844,673	29,003,435
Other guarantees		651,039	785,412
		<u>172,138,458</u>	<u>170,138,859</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		145,942,342	132,940,176
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	367,631,226	216,768,127
- forward government securities transactions	24.2.2	3,218,929	27,935,661
- derivatives	24.2.3	11,209,931	11,285,103
- operating leases	24.2.4	-	7,223,152
Commitments for acquisition of:			
- operating fixed assets		1,235,649	1,420,585
- intangible assets		101,273	110,306
		<u>529,339,350</u>	<u>397,683,110</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		200,225,532	125,528,129
Sale		167,405,694	91,239,998
		<u>367,631,226</u>	<u>216,768,127</u>
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		3,216,623	13,660,947
Sale		2,306	14,274,714
		<u>3,218,929</u>	<u>27,935,661</u>
24.2.3 Commitments in respect of derivatives			
FX options (notional)			
Purchase		675,887	1,378,370
Sale		675,887	1,378,370
Cross Currency Swaps (notional)		1,351,774	2,756,740
Purchase		4,717,910	4,026,814
Sale		4,823,747	4,185,049
		<u>9,541,657</u>	<u>8,211,863</u>
Interest Rate Swaps (notional)			
Purchase		316,500	316,500
		<u>11,209,931</u>	<u>11,285,103</u>

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	Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018 -----Rupees in '000-----
24.2.4 Commitments in respect of operating leases		
Not later than one year	-	1,211,422
Later than one year and not later than five years	-	3,754,916
Later than five years	-	2,256,814
	-	7,223,152

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

	Note	Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018 -----Rupees in '000-----
24.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	24.3.1	22,358,324	16,612,336

24.3.1 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.

24.4 Taxation

For assessment year 1988-89 through tax year 2018, 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. 1,549 million (2018: Rs. 1,399 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in 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.

25. DERIVATIVE INSTRUMENTS

Unaudited September 30, 2019					
Cross Currency Swaps		Interest Rate Swaps		FX Options	
Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----					
Total					
Hedging	4,717,910	1,409,892	316,500	675,887	7,902
Market Making	4,823,747	(1,447,622)	-	675,887	(7,902)
Audited December 31, 2018					
-----Rupees in '000-----					
Total					
Hedging	4,026,814	725,117	316,500	1,378,370	48,090
Market Making	4,185,049	(751,040)	-	1,378,370	(48,090)

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For the nine months period ended September 30, 2019



	Note	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
		-----Rupees in '000-----	
26. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		41,471,940	26,154,747
Investments		52,811,604	31,856,317
Lendings to financial institutions		3,772,749	754,656
Balances with banks		393,449	160,129
		<u>98,449,742</u>	<u>58,925,849</u>
27. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		45,490,778	21,121,441
Borrowings		7,225,415	3,131,694
Subordinated debt		213,604	223,137
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,069,364	523,382
Unwinding cost of liability against right-of-use assets		456,590	-
		<u>55,455,751</u>	<u>24,999,654</u>
28. FEE & COMMISSION INCOME			
Branch banking customer fees		1,363,391	1,840,184
Consumer finance related fees		240,669	193,576
Card related fees (debit and credit cards)		2,209,876	1,903,069
Credit related fees		166,728	135,137
Investment banking fee		113,080	40,651
Commission on trade		1,068,702	1,077,544
Commission on guarantees		459,303	315,158
Commission on cash management		455,214	446,576
Commission on remittances including home remittances		863,115	730,152
Commission income - Bancassurance		1,000,046	831,655
Rent on lockers		179,794	176,302
Commission on utility bills		75,544	78,519
Commission on investments services		40,314	36,682
Other Commission		87,308	134,624
		<u>8,323,084</u>	<u>7,939,829</u>
29. GAIN ON SECURITIES NET			
Realised	29.1	(63,807)	1,152,827
Unrealised - held for trading	10.1	(2,545)	(8,012)
		<u>(66,352)</u>	<u>1,144,815</u>
29.1 Realised (loss) / gain on:			
Federal Government Securities		66,330	122,242
Subsidiary	29.2	(7,512)	-
Shares		(122,625)	1,030,585
		<u>(63,807)</u>	<u>1,152,827</u>

This represents the loss recorded against the amalgamation of a subsidiary into and with the Bank. Pursuant to the scheme of arrangement duly approved by the Board of Directors of Mnet Services (Private) Limited (Transferor Company) and MCB Bank Limited (Transferee Company), as required under section 284(2) of the Companies Act, 2017 for the amalgamation of Transferor Company with and into Transferee Company, the Transferor Company stands merged into Transferee Company with effect from April 30, 2019.

	Note	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
		-----Rupees in '000-----	
30. OTHER INCOME			
Rent on property		55,860	34,878
Gain on sale of fixed assets and non-banking assets acquired-net		76,785	317,445
Compensation on delayed tax refunds		-	86,862
		<u>132,645</u>	<u>439,185</u>
31. OPERATING EXPENSES			
Total compensation expense	31.1	10,996,098	11,842,625
Property expense			
Rent and taxes		272,176	1,512,177
Insurance		15,885	19,460
Utilities cost		849,366	808,461
Fuel expense generators		391,316	376,164
Security (including guards)		1,072,785	1,192,898
Repair and maintenance (including janitorial charges)		683,066	649,843
Depreciation on right-of-use assets		900,212	-
Depreciation		355,674	331,173
		<u>4,540,480</u>	<u>4,890,176</u>
Information technology expenses			
Software maintenance		935,498	771,934
Hardware maintenance		259,612	281,547
Depreciation		453,751	550,766
Amortisation		200,823	192,317
Network charges		438,826	432,034
Insurance		2,347	3,315
		<u>2,290,857</u>	<u>2,231,913</u>
Other operating expenses			
Directors' fees and allowances		37,531	26,919
Legal and professional charges		239,929	235,338
Outsourced services costs		509,219	897,624
Travelling and conveyance		234,056	239,562
NIFT clearing charges		109,623	111,119
Depreciation		596,908	609,224
Depreciation on non-banking assets acquired in satisfaction of claims		34,815	37,258
Training and development		31,469	37,597
Postage and courier charges		211,745	208,120
Communication		295,788	257,050
Stationery and printing		512,946	510,359
Marketing, advertisement & publicity		599,717	466,719
Donations		100	696
Auditors' remuneration		23,546	27,000
Cash transportation charges		566,184	555,827
Repair and maintenance		271,826	334,913
Subscription		11,839	14,429
Entertainment		167,876	174,075
Remittance charges		182,462	139,537
Brokerage expenses		22,923	17,291
Card related expenses		694,580	537,876
CNIC verification charges		168,755	96,806
Insurance		1,077,618	474,912
Others		197,914	193,706
		<u>6,799,369</u>	<u>6,203,957</u>
		<u>24,626,804</u>	<u>25,168,671</u>

31.1 Comparative numbers include pension cost amounting to Rs. 1,903.117 million on account of increase in pension by the Honourable Supreme Court.

	Note	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
		-----Rupees in '000-----	
32. OTHER CHARGES			
Penalties of State Bank of Pakistan		15,857	5,638
VAT & National Building tax & Crop Insurance Levy		131,884	98,208
		<u>147,741</u>	<u>103,846</u>
33. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversals) / provisions against balance with Banks		209	3,568
Provisions / (reversals) for diminution in value of investments	10.2.1	2,226,813	(219,698)
Reversals against loans & advances	11.3	(460,395)	(1,916,610)
Reversals against other assets	14.2.1	(27,915)	(714,601)
Recovery of written off / charged off bad debts		(122,606)	(171,694)
Bad debts written off directly		-	30
		<u>1,616,106</u>	<u>(3,019,005)</u>
34. TAXATION			
Current		10,571,020	8,435,920
Prior years		450,438	-
Deferred	20	197,710	568,344
		<u>11,219,168</u>	<u>9,004,264</u>
35. BASIC AND DILUTED EARNINGS PER SHARE			
		-----Rupees in '000-----	
Profit after tax		<u>16,286,709</u>	<u>14,310,990</u>
		-----Number-----	
Weighted average number of ordinary shares		<u>1,185,060,006</u>	<u>1,185,060,006</u>
		-----Rupees-----	
Basic and diluted earnings per share		<u>13.74</u>	<u>12.08</u>

36. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

36.1 Fair value of financial assets

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined using the PKRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Operating fixed assets (land and building) & NBA	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

Unaudited September 30, 2019					
Carrying value	Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	797,776,239	-	797,776,239	-	797,776,239
Shares	14,426,320	14,426,320	-	-	14,426,320
Non-Government Debt Securities	1,353,624	-	1,353,624	-	1,353,624
Foreign Securities	3,611,443	-	3,611,443	-	3,611,443
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	47,261,903	-	-	-	-
Cash and balances with treasury banks	106,038,714	-	-	-	-
Balances with other banks	13,881,871	-	-	-	-
Lendings to financial institutions	6,102,040	-	-	-	-
Advances	490,255,316	-	-	-	-
Other assets	41,263,463	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	35,500,939	-	35,500,939	-	35,500,939
Non-banking assets	4,072,821	-	4,072,821	-	4,072,821
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	200,225,532	-	442,996	-	442,996
Forward sale of foreign exchange	167,405,694	-	701,429	-	701,429
Derivatives purchase	5,710,297	-	1,433,793	-	1,433,793
Derivatives sale	5,499,634	-	1,455,524	-	1,455,524

Audited December 31, 2018					
Carrying value	Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	680,275,870	-	680,275,870	-	680,275,870
Shares	17,105,168	17,105,168	-	-	17,105,168
Non-Government Debt Securities	1,096,332	-	1,096,332	-	1,096,332
Foreign Securities	2,522,454	-	2,522,454	-	2,522,454
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	48,368,914	-	-	-	-
Cash and balances with treasury banks	103,174,597	-	-	-	-
Balances with other banks	11,878,975	-	-	-	-
Lendings to financial institutions	35,106,241	-	-	-	-
Advances	503,581,323	-	-	-	-
Other assets	35,753,619	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	33,715,777	-	33,715,777	-	33,715,777
Non-banking assets	4,035,114	-	4,035,114	-	4,035,114
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	125,528,129	-	3,477,211	-	3,477,211
Forward sale of foreign exchange	91,239,998	-	3,452,374	-	3,452,374
Derivatives purchase	5,721,684	-	787,978	-	787,978
Derivatives sale	5,563,419	-	799,130	-	799,130



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37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

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

Un audited nine months period ended September 30, 2019							
Retail Banking	Consumer banking	Corporate Banking	Treasury	others	Sub-total	Eliminations	Total
-----Rupees in '000-----							
Profit & Loss							
Net mark-up/return/profit	(34,490,737)	2,885,940	27,474,071	47,124,717	-	42,993,991	42,993,991
Inter segment revenue - net	69,577,999	(1,890,012)	(22,984,879)	(50,444,377)	5,741,269	-	-
Non mark-up / return / interest income	4,660,583	1,493,471	3,102,397	1,682,229	513,975	11,452,655	11,452,655
Total Income	39,747,845	2,489,399	7,591,589	(1,637,431)	6,255,244	54,446,646	54,446,646
Segment direct expenses	15,915,278	995,574	1,392,277	229,179	6,792,355	25,324,663	25,324,663
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	15,915,278	995,574	1,392,277	229,179	6,792,355	25,324,663	25,324,663
Provisions	(101,780)	(24,517)	511,130	2,219,990	(988,717)	1,616,106	1,616,106
Profit before tax	23,934,347	1,518,342	5,688,182	(4,086,600)	451,606	27,505,877	27,505,877
Balance Sheet							
Cash & Bank balances	51,191,029	36,138	22,119,861	45,406,858	1,166,699	119,920,585	119,920,585
Investments	-	-	19,600,841	844,828,688	-	864,429,529	864,429,529
Net inter segment lending	935,440,599	-	-	-	147,140,820	1,082,581,419	(1,082,581,419)
Lendings to financial institutions	-	-	236,308	5,865,732	-	6,102,040	6,102,040
Advances - performing	101,097,655	24,549,973	354,859,641	-	-	480,507,269	480,507,269
- non performing	1,307,200	56,284	8,136,521	-	248,042	9,748,047	9,748,047
Others	46,277,005	1,700,335	26,143,199	6,974,584	19,690,644	100,785,767	100,785,767
Total Assets	1,135,313,488	26,342,730	431,096,371	903,075,862	168,246,205	2,664,074,656	1,581,493,237
Borrowings	39,995,865	-	9,083,274	151,319,058	-	200,398,197	200,398,197
Subordinated debt	-	-	-	-	-	-	-
Deposits & other accounts	1,052,195,653	41,771	92,876,077	-	26,149	1,145,139,650	1,145,139,650
Net inter segment borrowing	-	24,084,747	308,949,322	749,547,350	-	1,082,581,419	(1,082,581,419)
Others	43,121,970	2,216,212	20,187,698	2,209,454	14,533,650	82,268,984	82,268,984
Total liabilities	1,135,313,488	26,342,730	431,096,371	903,075,862	14,559,799	2,510,388,250	1,427,806,831
Equity	-	-	-	-	153,686,406	153,686,406	153,686,406
Total Equity & liabilities	1,135,313,488	26,342,730	431,096,371	903,075,862	168,246,205	2,664,074,656	1,581,493,237
Contingencies & Commitments	102,948,379	-	221,298,382	375,022,434	24,659,250	723,926,445	723,926,445

Un audited nine months period ended September 30, 2018							
Retail Banking	Consumer banking	Corporate Banking	Treasury	others	Sub-total	Eliminations	Total
-----Rupees in '000-----							
Profit & Loss							
Net mark-up/return/profit	(12,617,572)	1,725,086	15,665,854	29,152,827	-	33,926,195	33,926,195
Inter segment revenue - net	34,441,515	(496,713)	(11,740,734)	(26,299,503)	4,095,435	-	-
Non mark-up / return / interest income	5,173,323	1,244,222	2,869,155	2,911,123	(88,947)	12,108,876	12,108,876
Total Income	26,997,266	2,472,595	6,794,275	5,764,447	4,006,488	46,035,071	46,035,071
Segment direct expenses	15,627,985	1,017,572	1,184,797	218,110	7,690,358	25,738,822	25,738,822
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	15,627,985	1,017,572	1,184,797	218,110	7,690,358	25,738,822	25,738,822
Provisions	(503,660)	(43,687)	(1,166,605)	(218,572)	(1,086,481)	(3,019,005)	(3,019,005)
Profit before tax	11,872,941	1,498,710	6,776,083	5,764,909	(2,597,389)	23,315,254	23,315,254
Balance Sheet							
Cash & Bank balances	49,001,673	33,515	17,486,827	46,395,674	2,135,883	115,053,572	115,053,572
Investments	-	-	18,505,331	730,863,407	-	749,368,738	749,368,738
Net inter segment lending	838,293,767	-	-	-	134,110,278	972,404,045	(972,404,045)
Lendings to financial institutions	-	-	1,502,544	33,603,697	-	35,106,241	35,106,241
Advances - performing	121,784,772	22,525,967	352,258,545	-	-	496,569,284	496,569,284
- non performing	1,214,697	39,757	5,728,381	-	29,204	7,012,039	7,012,039
Others	31,327,269	1,887,934	18,828,346	8,127,064	34,849,574	95,020,187	95,020,187
Total Assets	1,041,622,178	24,487,173	414,309,974	818,989,842	171,124,939	2,470,534,106	1,498,130,061
Borrowings	35,293,396	-	9,172,202	171,553,288	-	216,018,886	216,018,886
Subordinated debt	-	-	-	-	3,891,019	3,891,019	3,891,019
Deposits & other accounts	969,799,371	16,556	79,196,248	-	25,440	1,049,037,615	1,049,037,615
Net inter segment borrowing	-	22,478,042	307,402,415	642,523,588	-	972,404,045	(972,404,045)
Others	36,529,411	1,992,575	18,539,109	4,912,966	17,930,751	79,904,812	79,904,812
Total liabilities	1,041,622,178	24,487,173	414,309,974	818,989,842	21,847,210	2,321,256,377	1,348,852,332
Equity	-	-	-	-	149,277,729	149,277,729	149,277,729
Total Equity & liabilities	1,041,622,178	24,487,173	414,309,974	818,989,842	171,124,939	2,470,534,106	1,498,130,061
Contingencies & Commitments	114,095,804	-	204,311,803	247,754,264	18,272,434	584,434,305	584,434,305

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



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38 RELATED PARTY TRANSACTIONS
The Bank has related party relationship with its subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members.

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

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

	Unaudited September 30, 2019				Audited December 31, 2018			
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries
-----Rupees in '000-----								
Lendings to Financial Institutions								
Opening balance	-	-	631,351	-	-	-	-	524,590
Addition during the period/ year	-	-	22,355,349	-	-	-	-	40,942,611
Repaid during the period/ year	-	-	(22,105,847)	-	-	-	-	(40,835,850)
Closing balance	-	-	880,853	-	-	-	-	631,351
Investments								
Opening balance	-	-	12,046,512	700,401	254,253	-	-	10,846,512
Investment made during the period/ year	-	-	-	-	-	-	-	1,200,000
Investment disposed off during the period/ year	-	-	-	-	-	-	-	-
Adjustment under amalgamation scheme	-	-	(49,975)	-	-	-	-	(47,771)
Closing balance	-	-	11,996,537	700,401	254,253	-	-	12,046,512
Provision for diminution in value of investments	-	-	725	-	5,000	-	-	725
Advances								
Opening balance	658	141,390	366,872	-	1,050,277	946	84,167	293,837
Addition / exchange adjustment during the period/ year	24,251	71,010	633,281	-	1,633,281	14,723	73,571	73,035
Repaid during the period/ year	(22,545)	(38,359)	-	-	(1,606,267)	(15,011)	(39,286)	-
Transfer in / (out)	-	(5,689)	-	-	(794,802)	-	22,940	-
Closing balance	2,363	168,351	1,000,153	-	282,488	658	141,390	366,872
Provision held against advances	-	-	-	-	-	-	-	-

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



	Unaudited September 30, 2019					Audited December 31, 2018				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
Other Assets										
Markup receivable	-	3,852	11,888	-	5,049	-	3,101	16,725	-	25,538
Advances, deposits, advance rent and other prepayments	-	-	10,337	35,375	37,221	-	-	8,820	86,579	30,620
Acceptances	-	-	-	-	58,661	-	-	-	-	25,387
Receivable from Pension Fund	-	-	-	-	3,256,571	-	-	-	-	3,815,170
Provision held against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	19,146	-	-	-	-	39,993	-	993,755
Borrowings / exchange adjustment during the period/ year	-	-	310,966	-	69,603	-	-	92,529	-	-
Settled during the period/ year	-	-	(323,019)	-	-	-	-	(113,377)	-	(993,755)
Closing balance	-	-	7,092	-	69,603	-	-	19,146	-	-
Deposits and other accounts										
Opening balance	3,745,457	168,528	65,933	3,339,847	3,212,620	3,953,730	148,080	51,048	2,744,432	3,800,959
Received during the period/ year	6,405,442	820,537	2,823,679	10,095,154	76,576,088	4,259,454	849,270	1,917,297	17,580,902	55,702,326
Withdrawn during the period/ year	(9,573,179)	(755,759)	(2,785,997)	(10,576,376)	(76,955,192)	(4,457,255)	(851,481)	(1,902,412)	(16,985,487)	(56,301,430)
Transfer in / (out) - net	(7,324)	(53,324)	(9,229)	-	(21,385)	(10,472)	22,659	-	-	10,765
Closing balance	570,396	179,982	94,386	2,858,625	2,812,131	3,745,457	168,528	65,933	3,339,847	3,212,620
Other Liabilities										
Markup payable	10,225	396	457	35,593	44,864	32,342	282	134	15,968	36,943
Accrued expenses and other payable	6,765	-	13,107	61,565	30,170	7,299	-	17,966	78,922	884
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Unrealized (gain) / loss on forward foreign exchange contracts - outstanding	-	-	(16,264)	-	(1,783)	-	-	10,196	-	-
Contingencies and Commitments										
Commitments and contingent liabilities - outstanding	-	-	-	10,465	247,155	-	-	-	10,227	12,679,481
Forward foreign exchange contracts (Notional) - outstanding	-	-	1,997,818	-	3,842,252	-	-	2,121,196	-	-
Bank guarantees	-	-	26,973	-	-	-	-	-	-	-

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



	Un-audited nine months period ended September 30, 2019					Un-audited nine months period ended September 30, 2018				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Income										
Markup / return / interest earned	-	9,293	180,273	-	15,655	-	38	6,100	127,878	61,235
Fee and commission income	-	-	40,408	901,335	9,167	-	-	-	795,831	5,977
Dividend income	-	-	-	105,000	6,800	-	-	-	140,000	6,800
(Loss) / gain on forward foreign exchange contracts matured during the period	-	-	-	-	(75,278)	-	-	-	-	325,234
Net (loss) / gain on sale of securities	-	-	-	(57)	10,993	-	-	0	52	44,755
Gain on sale of fixed assets	-	141	-	-	-	-	-	71	-	-
Rent income and reimbursement of other expenses	-	-	30,197	6,646	3,038	-	-	-	2,736	2,430
Expense										
Markup / return / interest expensed	116,992	1,733	1,639	146,824	265,221	137,291	1,449	1,235	70,110	169,748
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	109,623	-	-	-	-	111,119
Contribution to provident fund	-	-	-	-	276,302	-	-	-	-	263,335
Rent expenses	-	-	7,128	-	29,385	-	-	6,480	-	38,212
Cash sorting expenses	-	-	-	-	115,291	-	-	-	-	116,867
Stationery expenses	-	-	-	-	179,654	-	-	-	-	163,951
Security guards expenses	-	-	-	-	275,539	-	-	-	-	301,542
Remuneration to key executives and non-executive directors fee	127,663	367,190	-	-	-	112,995	359,659	-	-	-
Outsourcing service expenses	-	-	-	150,885	-	-	-	-	154,142	-
Commission expenses	-	-	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	-	4,658	-	-	9,885	-	4,424
Travelling Expenses	-	-	-	-	25,160	-	-	-	-	30,952
Hotel stay expenses	-	-	-	-	1,170	-	-	-	-	13,882
Repair & Maintenance Charges	-	-	-	-	1,594	-	-	-	-	1,700
Advertisement Expenses	-	-	-	-	8,352	-	-	-	-	-
Miscellaneous expenses and payments	-	-	-	-	1,739	-	-	-	-	577
Insurance premium-net of refund	-	-	-	616,308	-	-	-	-	539,822	-
Insurance claim settled	-	-	-	53,178	-	-	-	-	199,920	-
Other Transactions										
Payment against scheme of demerger	-	-	-	-	-	-	-	22,214,180	-	-
Proceeds from sale of fixed assets	-	141	-	-	-	1,999	3,202	-	-	-
Purchase of fixed assets	-	-	-	26,373	20,003	-	-	-	9,687	-
Sale of foreign currency	-	-	21,674,079	-	-	-	-	13,130,782	-	-
Purchase of foreign currency	-	-	14,873,173	-	-	-	-	8,131,651	-	-
Payments against home remittances	-	-	2,245,910	-	-	-	-	1,086,675	-	-
Sale of government securities	72,522	72,777	-	4,603,481	21,693,423	-	20,876	-	3,418,206	213,941,809
Purchase of government securities	-	58,956	-	5,412,133	13,183,004	-	19,993	-	4,756,004	214,052,477
Forward exchange contracts matured during the period	-	-	-	-	19,827,851	-	-	-	-	81,111,610

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

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.



39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

39.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----	

11,850,600	11,850,600
------------	------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

132,582,071	128,999,274
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-	-
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132,582,071	128,999,274
-------------	-------------

16,291,107	16,987,978
------------	------------

148,873,178	145,987,252
-------------	-------------

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

617,147,107	637,480,582
-------------	-------------

90,093,757	54,814,473
------------	------------

112,882,444	112,882,444
-------------	-------------

820,123,308	805,177,499
-------------	-------------

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

16.17%	16.02%
--------	--------

16.17%	16.02%
--------	--------

18.15%	18.13%
--------	--------

39.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

132,582,071	128,999,274
-------------	-------------

1,972,110,611	1,820,404,530
---------------	---------------

6.72%	7.09%
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39.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

690,689,741	609,585,939
-------------	-------------

352,961,230	341,044,576
-------------	-------------

195.68%	178.74%
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Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

961,479,526	895,570,558
-------------	-------------

661,051,188	685,678,115
-------------	-------------

145.45%	130.61%
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40 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 17, 2019 has announced a cash dividend in respect of nine months period ended September 30, 2019 of Rs. 4.00 per share (September 30, 2018: Rs. 4.00 per share). These unconsolidated condensed interim financial statements for the period ended September 30, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

41 GENERAL

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

42 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on October 17, 2019.



MCB BANK LIMITED

(Consolidated Condensed Interim Financial Statements for the nine months period ended September 30, 2019)



Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2019

	Note	Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	114,646,150	110,165,006
Balances with other banks	8	18,385,679	13,338,117
Lendings to financial institutions	9	14,192,852	39,149,890
Investments	10	873,248,599	754,385,775
Advances	11	548,253,680	566,792,265
Fixed assets	12	53,098,861	43,531,396
Intangible assets	13	1,764,703	1,452,462
Deferred tax assets		-	-
Other assets	14	56,961,420	56,395,096
		1,680,551,944	1,585,210,007
LIABILITIES			
Bills payable	16	10,414,465	17,003,272
Borrowings	17	208,331,928	223,216,115
Deposits and other accounts	18	1,226,178,901	1,122,306,535
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	-	3,891,019
Deferred tax liabilities	20	2,538,060	1,983,145
Other liabilities	21	77,500,092	65,487,042
		1,524,963,446	1,433,887,128
NET ASSETS			
		155,588,498	151,322,879
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	22	77,281,816	74,374,573
Surplus on revaluation of assets	23	11,945,862	10,417,875
Unappropriated profit		53,791,119	53,971,079
		154,869,397	150,614,127
Non-controlling interest		719,101	708,752
		155,588,498	151,322,879

CONTINGENCIES AND COMMITMENTS

24

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Masood Ahmed Butt
Director

Masood Ahmed Puri
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit and Loss Account (Un-audited) For the nine months period ended September 30, 2019



	Note	Quarter ended September 30, 2019	Nine months ended September 30, 2019	Quarter ended September 30, 2018	Nine months ended September 30, 2018
-----Rupees in '000-----					
Mark-up / return / interest earned	26	42,115,036	105,533,314	22,268,800	61,541,250
Mark-up / return / interest expensed	27	25,669,970	59,508,698	10,444,238	26,392,134
Net mark-up / interest income		16,445,066	46,024,616	11,824,562	35,149,116
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	2,979,481	9,048,543	2,811,039	8,620,082
Dividend income		173,890	828,495	194,307	724,689
Foreign exchange income		427,733	2,214,113	588,888	1,836,386
Income from derivatives		6,981	3,045	5,232	43,784
(Loss) / gain on securities	29	(9,197)	(186,879)	(31,956)	941,237
Other Income	30	58,390	115,393	241,928	415,989
Total non-markup / interest Income		3,637,278	12,022,710	3,809,438	12,582,167
Total Income		20,082,344	58,047,326	15,634,000	47,731,283
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	31	9,575,778	28,385,235	9,131,006	27,709,325
Workers welfare fund		185,741	551,441	144,309	466,305
Other charges	32	65,002	171,882	32,289	107,027
Total non-markup / interest expenses		9,826,521	29,108,558	9,307,604	28,282,657
Share of profit of associates		174,382	374,289	119,501	477,014
Profit before provisions		10,430,205	29,313,057	6,445,897	19,925,640
Provisions / (reversals) and write offs - net	33	915,594	1,823,093	(313,042)	(2,524,688)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		9,514,611	27,489,964	6,758,939	22,450,328
Taxation	34	3,773,430	11,327,158	2,606,656	8,826,823
PROFIT AFTER TAXATION		5,741,181	16,162,806	4,152,283	13,623,505
Profit attributable to non-controlling interest		(9,508)	(10,326)	(264)	(47,817)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		5,731,673	16,152,480	4,152,019	13,575,688
Rupees					
Basic and diluted earnings per share	35	4.84	13.63	3.50	11.46

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the nine months period ended September 30, 2019



	Quarter ended September 30, 2019	Nine months ended September 30, 2019	Quarter ended September 30, 2018	Nine months ended September 30, 2018
-----Rupees in '000-----				
Profit after taxation for the period	5,741,181	16,162,806	4,152,283	13,623,505
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the bank	(433,316)	1,228,006	(98,388)	552,156
- Non-controlling interest	(4)	23	3	34
	(433,320)	1,228,029	(98,385)	552,190
Share of exchange translation reserve of associate	32,857	50,566	5,663	7,237
Movement in surplus/ (deficit) on revaluation of investments - net of tax				
- Equity shareholders of the bank	2,913,398	1,683,289	(2,043,869)	(5,020,581)
	2,913,398	1,683,289	(2,043,869)	(5,020,581)
Movement in share of surplus / deficit on revaluation of associated undertaking- net of tax	(77,388)	(104,157)	(57,860)	(177,807)
	2,435,547	2,857,727	(2,194,451)	(4,638,961)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	(534,194)	-	(679,241)
	-	(534,194)	-	(679,241)
Total comprehensive income	8,176,728	18,486,339	1,957,832	8,305,303
Attributable to:				
- Equity shareholders of the bank	8,165,534	18,475,990	1,957,565	8,257,452
- Non-controlling interest	11,194	10,349	267	47,851
	8,176,728	18,486,339	1,957,832	8,305,303

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2019



	Share capital	Share premium	Capital reserve	Non-distributable capital reserve	Exchange transition reserve	Statutory reserve	General reserve	Revenue reserve	Surplus/(deficit) on revaluation of investments	Fixed/non-banking assets	Unappropriated profit	Sub total	Non-controlling interest	Total
Balance as at December 31, 2018	11,850,600	23,973,024	908,317	397,079	27,464,932	18,600,000	443,361	4,332,604	55,221,069	155,835,674	707,407	156,543,081		
Total comprehensive income for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 4.0 per share - December 31, 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - March 31, 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - June 30, 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2019	11,850,600	23,973,024	908,317	397,079	27,464,932	18,600,000	443,361	4,332,604	55,221,069	155,835,674	707,407	156,543,081		
Change in equity for three months period ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months period ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the three months period ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - September 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019	11,850,600	23,973,024	908,317	397,079	27,464,932	18,600,000	443,361	4,332,604	55,221,069	155,835,674	707,407	156,543,081		
Total comprehensive income for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 4.0 per share - December 31, 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - March 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - June 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2019	11,850,600	23,973,024	908,317	397,079	27,464,932	18,600,000	443,361	4,332,604	55,221,069	155,835,674	707,407	156,543,081		

For details of dividend declaration and appropriations, please refer note 41 to these consolidated condensed interim financial statements.

For details of reserves, please refer note 22 to these consolidated condensed interim financial statements.

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2019



	Note	Nine months ended September 30, 2019	Nine months ended September 30, 2018
-----Rupees in '000-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		27,489,964	22,450,328
Less: Dividend income and share of profit of associates		(1,202,784)	(1,201,703)
		26,287,180	21,248,625
Adjustments:			
Depreciation on fixed assets	31	1,642,213	1,657,485
Depreciation on right of use assets	31	1,193,657	-
Depreciation on non-banking assets acquired in satisfaction of claims	31	34,815	37,258
Amortization	31	290,609	264,476
Provisions / (reversals) and write offs - net	33	1,823,093	(2,524,688)
Workers welfare fund		551,441	466,305
Gain on sale of fixed assets and non-banking assets acquired-net	30	(76,803)	(317,445)
Charge for defined benefit plans		9,825	2,082,336
Unrealized loss on revaluation of investments classified as held for trading	29	41,815	8,236
Gain on sale of shares in an associate		-	(51,360)
		5,510,665	1,622,603
		31,797,845	22,871,228
Decrease / (increase) in operating assets			
Lendings to financial institutions		24,957,038	(137,998,281)
Held-for-trading securities		3,977,983	(2,461,600)
Advances		19,110,736	(42,445,471)
Others assets (excluding advance taxation)		(9,060,999)	1,257,990
		38,984,758	(181,647,362)
Increase in operating liabilities			
Bills Payable		(6,588,807)	(9,562,117)
Borrowings from financial institutions		(13,451,483)	(78,228,878)
Deposits		103,872,366	95,542,843
Other liabilities (excluding current taxation)		2,912,467	760,032
		86,744,543	8,511,880
Defined benefits paid		(238,381)	(251,803)
Income tax paid		(2,375,252)	(1,557,309)
Net cash flow from operating activities		154,913,513	(152,073,366)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(122,338,902)	191,719,362
Net investments in held-to-maturity securities		(329,608)	3,719,631
Dividends received		840,739	1,006,492
Investments in fixed assets		(4,083,725)	(3,390,046)
Investments in Intangible assets		(578,679)	(236,147)
Proceeds from sale of fixed assets		141,417	555,380
Proceeds from sale of non-banking assets acquired in satisfaction of claims		40,000	682,410
Investments in non-banking assets acquired in satisfaction of claims		(64,445)	(307,500)
Proceeds from divestment in an associate		-	295,448
Effect of translation of net investment in foreign branches and subsidiaries		1,228,029	552,190
Net cash flow used in investing activities		(125,145,174)	194,597,220
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated debt		(3,891,019)	(780)
Payment of lease liability against right-of-use-assets		(807,025)	-
Dividend paid		(14,108,885)	(15,445,121)
Net cash flow used in financing activities		(18,806,929)	(15,445,901)
Effects of exchange rate changes on cash and cash equivalents		3,835,293	2,695,627
		14,796,703	29,773,580
Cash and cash equivalents at beginning of the period		117,721,724	113,049,614
Cash and cash equivalents at end of the period		132,518,427	142,823,194

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director



1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies

- MCB Financial Services Limited
- MCB - Arif Habib Savings and Investments Limited
- MCB Non-Bank Credit Organization " Closed Joint Stock Company"
(formerly MCB Leasing CJSC, Azerbaijan)
- MCB Islamic Bank Limited
- Financial Management Services (Private) Limited

"Percentage holding of
MCB Bank Limited"

100%
51.33%
99.94%
100%
95.90%

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,382 branches (2018: 1,376 branches) within Pakistan and 11 branches (2018: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

- 1.1 The board of directors of the Bank has approved the winding up of Financial & Management Services (Private) Limited. The Bank holds 95.90% shareholding of the Company.
- 1.2 Pursuant to the scheme of arrangement duly approved by the Board of Directors of Mnet Services (Private) Limited (Transferor Company) and MCB Bank Limited (Transferee Company), as required under section 284(2) of the Companies Act, 2017 for the amalgamation of Transferor Company with and into Transferee Company, the Transferor Company stands merged into Transferee Company with effect from April 30, 2019.
- 1.3 The Bank is in the process of disposal of its wholly owned subsidiary "MCB Financial Services Limited" subject to all regulatory and shareholders approvals.

2. BASIS OF PREPARATION

- 2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies.

- a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based in the financial statements for the nine months ended September 30, 2019 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.
- b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the nine months ended September 30, 2019.
- c. Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

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

The financial results of the Group's Islamic Banking business have been consolidated in these financial statements for reporting purposes, after eliminating material inter-group transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 40 to these consolidated condensed interim financial statements.



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

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

3. STATEMENT OF COMPLIANCE

- 3.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
 - International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. The consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2018.

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

The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 has amended the format of condensed interim financial statements of banks. All banks are directed to prepare their condensed interim financial statements on the revised format effective from the accounting year starting from January 01, 2019. Accordingly, the Group has prepared these consolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format introduced additional disclosure requirements and required certain reclassification of profit and loss comparative numbers. Under revised format, cost of foreign currency swaps (note 27) amounting to Rs 2,069.364 million (2018: Rs 523.382 million) which was previously shown as part of foreign exchange income has now been shown as part of mark-up / return / interest expense in the consolidated condensed interim statement of profit and loss account.

The Group has adopted "IFRS 15 Revenue from Contracts with Customers" and "IFRS 16 Leases" effective 01 January 2019. IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Bank has adopted IFRS 15 from 01 January 2019. The timing or amount of income from contracts with customers was not impacted by the adoption of IFRS 15, accordingly, the adoption of this standard has no material impact in these consolidated condensed interim financial statements. The impact of adoption of IFRS 16 on the Bank's consolidated condensed interim financial statements is disclosed in note 4.1.1.

In addition, there are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.



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

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

	Effective date (annual periods beginning on or after)
IFRS 3, Business Combinations - (Amendments)	January 1, 2020
IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these consolidated condensed interim financial statements.

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

The Group expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

There are new and amended standards and interpretations that are that are not yet effective. These new and amended standards and interpretations are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2018 except for the followings:

4.1.1 Change in accounting policies

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Group has adopted IFRS 16 from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the Standard.

On adoption of IFRS 16, the Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were measured as the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate of 12.49% as of January 1, 2019. The associated right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the consolidated statement of financial position immediately before the date of initial application.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The right-of- use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The change in accounting policy affected the following items in the statement of financial position as on January 01, 2019:

- Right-of-Use (RoU) assets recognized as Fixed assets – increased by Rs 7,979.647 million which includes prepayments of Rs. 134.623 million; previously, included in advances, deposits, advance rent and other prepayments at December 31, 2018.

- Lease liabilities recognized as Other liabilities – increased by Rs 7,845.024 million

- The impact on profit and loss account for the period January 1, 2019 to September 30, 2019 was a decrease in profit after tax by Rs. 465.245 million and earning per share by Rs. 0.393.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.



5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2018.

7. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

With State Bank of Pakistan in

Local currency current accounts
Foreign currency current accounts
Foreign currency deposit accounts

With other central banks in

Foreign currency current accounts

With National Bank of Pakistan in

Local currency current accounts

Prize bonds

8. BALANCES WITH OTHER BANKS

In Pakistan

In current account
In deposit account

Outside Pakistan

In current accounts
In deposit accounts

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings
Repurchase agreement lendings (Reverse Repo)
Musharaka arrangements
Bai Muajjal receivable - with State Bank of Pakistan

	Unaudited September 30, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
In hand		
Local currency	25,012,815	18,425,271
Foreign currencies	2,329,261	3,091,560
	27,342,076	21,516,831
With State Bank of Pakistan in		
Local currency current accounts	39,114,141	43,735,552
Foreign currency current accounts	678,775	571,438
Foreign currency deposit accounts	14,769,665	12,841,393
	54,562,581	57,148,383
With other central banks in		
Foreign currency current accounts	9,928,815	5,197,681
With National Bank of Pakistan in		
Local currency current accounts	22,124,321	26,181,864
Prize bonds	688,357	120,247
	114,646,150	110,165,006
8. BALANCES WITH OTHER BANKS		
In Pakistan		
In current account	1,814	3,812
In deposit account	1,481,867	1,011,404
	1,483,681	1,015,216
Outside Pakistan		
In current accounts	10,000,826	9,676,073
In deposit accounts	6,901,172	2,646,828
	16,901,998	12,322,901
	18,385,679	13,338,117
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	1,000,000	1,437,978
Repurchase agreement lendings (Reverse Repo)	4,221,188	33,036,912
Musharaka arrangements	5,600,000	4,675,000
Bai Muajjal receivable - with State Bank of Pakistan	3,371,664	-
	14,192,852	39,149,890

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



	Unaudited September 30, 2019			Audited December 31, 2018		
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution
	Rupees in '000-----					
INVESTMENTS						
10.1 Investments by type:						
Held-for-trading securities						
Federal Government Securities	5,281,289	-	(2,545)	5,278,744	9,348,153	-
Shares	1,134,703	-	(39,270)	1,095,433	1,093,588	-
	6,415,992	-	(41,815)	6,374,177	10,441,741	-
Available-for-sale securities						
Federal Government Securities	803,300,741	-	86,679	803,387,420	683,373,062	-
Shares and units	29,241,015	(10,669,995)	(1,841,453)	16,729,567	27,929,718	(8,253,849)
Non Government Debt Securities	2,569,505	-	2,561	2,572,066	2,523,629	-
Foreign Securities	3,599,431	-	18,519	3,617,950	2,545,151	-
	838,710,692	(10,669,995)	(1,733,694)	826,307,003	716,371,560	(8,253,849)
Held-to-maturity securities						
Federal Government Securities	22,783,936	(2,280)	-	22,781,656	21,859,645	(1,675)
Provincial Government Securities	118	(118)	-	-	118	(118)
Non Government Debt Securities	10,497,168	(497,374)	-	9,999,794	9,001,110	(490,924)
Foreign Securities	37,000,257	(499,772)	-	36,500,485	5,809,776	(492,717)
	4,066,934	-	-	4,066,934	36,670,649	-
Associates					4,019,526	-
Total Investments	886,193,875	(11,169,767)	(1,775,509)	873,248,599	767,503,476	(8,746,566)

10.1.1 Investments given as collateral

- Market Treasury Bills
- Pakistan Investment Bonds

10.2 Provision for diminution in value of investments

10.2.1	Opening balance	142,210,159	155,324,815
	Exchange adjustments	5,296,840	10,489,134
	Charge / (reversals)	147,506,999	165,813,949
	Charge for the period / year	8,746,566	5,984,983
	Reversals for the period / year	230	286
	Reversal on disposals	2,625,108	3,700,485
		(29,964)	(4,620)
		(172,173)	(835,803)
		2,422,971	2,860,062
	Amounts written off	-	(98,765)
	Closing Balance	11,169,767	8,746,566

Unaudited September 30, 2019
Audited December 31, 2018
Rupees in '000-----

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited September 30, 2019		Audited December 31, 2018	
	NPI	Provision	NPI	Provision
Domestic				
Loss	497,492	497,492	491,042	491,042

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 2.280 million (December 31, 2018: Rs 1.675 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs.32,873.20 million (December 31, 2018: Rs. 34,895.775 million).

10.4 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2019 amounted to Rs. 1,963.500 million (2018: Rs. 2,941.400 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2018: 20.00%)

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees in '000-----	
Opening balance	3,959,039	4,385,602
Share of profit for the period / year before tax	361,113	446,121
Dividend from associate	(105,000)	(140,000)
Share of tax	(131,469)	(208,759)
	124,644	97,362
Share of other comprehensive income	(82,450)	(222,761)
Disposal during the period / year	-	(301,164)
Closing balance	4,001,233	3,959,039
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(133,016)	(239,821)
Share of exchange translation reserve of associate	50,566	17,060
	(82,450)	(222,761)

10.5 Investment of the Group in Euronet Pakistan Private Limited Has Been Accounted for the equity method of accounting in accordance with 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% (2018: 30.00%)

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees in '000-----	
Opening balance	60,487	70,637
Share of profit for the period / year before tax	13,176	136
Share of tax	(7,962)	(10,286)
Closing balance	5,214	(10,150)
	65,701	60,487

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited September 30, 2019	Audited December 31, 2018	Unaudited September 30, 2019	Audited December 31, 2018	Unaudited September 30, 2019	Audited December 31, 2018
Rupees in '000-----						
Loans, cash credits, running finances, etc.	462,748,882	480,263,372	50,741,050	47,976,277	513,489,932	528,239,649
Islamic financing and related assets	57,259,740	62,911,298	362,835	10,766	57,622,575	62,922,064
Bills discounted and purchased	19,501,360	17,887,661	764,544	979,271	20,265,904	18,866,932
Advances - gross	539,509,982	561,062,331	51,868,429	48,966,314	591,378,411	610,028,645
Provision against advances			(41,759,444)	(41,944,267)	(41,759,444)	(41,944,267)
- Specific	(1,365,287)	(1,292,113)	-	-	(1,365,287)	(1,292,113)
- General	(1,365,287)	(1,292,113)	(41,759,444)	(41,944,267)	(43,124,731)	(43,236,380)
Advances - net of provision	538,144,695	559,770,218	10,108,985	7,022,047	548,253,680	566,792,265
Rupees in '000-----						
					Unaudited September 30, 2019	Audited December 31, 2018
-----Rupees in '000-----						
11.1 Particulars of advances (Gross)						
In local currency			542,505,822		542,505,822	565,091,153
In foreign currencies			48,872,589		48,872,589	44,937,492
			591,378,411		591,378,411	610,028,645

11.2 Advances include Rs. 51,868,429 million (2018: Rs. 48,966,314 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited September 30, 2019		Audited December 31, 2018	
		Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000-----					
Domestic					
Other Assets Especially Mentioned	11.2.1	1,660,137	4,817	59,044	2,591
Substandard		2,704,148	675,624	1,141,973	284,372
Doubtful		1,152,887	397,775	1,734,078	866,961
Loss		38,024,551	37,222,390	38,336,785	37,706,704
Overseas		43,541,723	38,300,606	41,271,880	38,860,628
Not past due but impaired		70,463	70,463	62,287	62,287
Overdue by:					
Upto 90 days		108,149	98,921	624,403	433,424
91 to 180 days		8,074	4,490	140,323	35,205
181 to 365 days		406,865	406,137	7,473	3,736
> 365 days		7,733,155	2,878,827	6,859,948	2,548,987
Total		8,326,706	3,458,838	7,694,434	3,083,639
		51,868,429	41,759,444	48,966,314	41,944,267

11.2.1 This represents non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as OAXEM as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



11.3 Particulars of provision against advances

	Unaudited September 30, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
Rupees in '000-----						
Opening balance	41,944,267	1,292,113	43,236,380	44,587,644	1,118,256	45,705,900
Exchange adjustments	323,514	25,390	348,904	513,168	19,014	532,182
Charge for the period / year	2,474,013	77,824	2,551,837	1,613,591	158,663	1,772,254
Reversals	(2,971,343)	(30,040)	(3,001,383)	(4,618,549)	(3,820)	(4,622,369)
	(497,330)	47,784	(449,546)	(3,004,958)	154,843	(2,850,115)
Amounts written off	(11,007)	-	(11,007)	(151,587)	-	(151,587)
Closing balance	41,759,444	1,365,287	43,124,731	41,944,267	1,292,113	43,236,380

11.3.1 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of forced sale value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs.178.77 million (December 31, 2018: Nil) in determining the provisioning against non-performing Islamic financing and related assets as at September 30, 2019. The additional benefit on the Bank's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs 115.943 million as at September 30, 2019 (December 31, 2018: Nil). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

11.3.2 General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. General provision against all other advances represents provision maintained at around 0.1% of gross advances.

12.

FIXED ASSETS

Capital work-in-progress
Property and equipment

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers
Others

12.2 This includes right-of-use assets amounting to Rs.7,321.534 million due to adoption of IFRS 16 as detailed in note 4.1.1.

12.3 Additions to fixed assets

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

Capital work-in-progress

Property and equipment

Freehold land
Building on freehold land
Electrical office and computer equipment
Furniture and fixture
Leasehold Improvements
Vehicles
Right-of-use assets

Total

12.4 Disposal of fixed assets

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

Freehold land
Building on freehold land
Vehicles
Furniture and fixture
Electrical office and computer equipment
Leasehold Improvements
Total

Note	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees in '000-----	
12.1	1,881,138	1,501,801
12.2	51,217,723	42,029,595
	53,098,861	43,531,396
	1,208,537	719,229
	110,601	295,662
	476,981	452,188
	85,019	34,722
	1,881,138	1,501,801
	Unaudited September 30, 2019	Unaudited September 30, 2018
-----Rupees in '000-----		
	387,467	730,908
	822,582	788,360
	1,183,982	255,111
	945,350	1,224,136
	165,863	166,149
	290,095	152,532
	79,654	72,850
	208,732	-
	3,696,258	2,659,138
	4,083,725	3,390,046
	21,000	253,112
	-	52,728
	38,762	13,269
	792	27,708
	3,777	149,621
	283	-
	64,614	496,438

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) For the nine months period ended September 30, 2019



	Note	Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018
13. INTANGIBLE ASSETS			
Capital work-in-progress	13.1	385,982	257,805
Computer software		1,104,594	920,530
Goodwill		82,127	82,127
Management rights		192,000	192,000
		<u>1,764,703</u>	<u>1,452,462</u>
		Unaudited September 30, 2019 -----Rupees in '000-----	Unaudited September 30, 2018
13.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		124,497	-
Directly purchased		454,182	236,147
		<u>578,679</u>	<u>236,147</u>
		Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018
14. OTHER ASSETS			
Income/ mark-up accrued in local currency		19,536,493	12,291,231
Income/ mark-up accrued in foreign currencies		142,052	134,709
Advances, deposits, advance rent and other prepayments		3,658,473	2,737,424
Advance taxation (payments less provisions)		-	7,464,966
Compensation for delayed income tax refunds		133,809	133,809
Non-banking assets acquired in satisfaction of claims		3,591,950	3,653,840
Branch adjustment account		175,117	-
Mark to market gain on forward foreign exchange contracts		3,732,584	3,690,505
Unrealized gain on derivative financial instruments		1,433,793	852,465
Acceptances	21	15,961,277	16,256,882
Receivable from the pension fund		3,256,571	3,815,170
Others		7,465,038	7,433,809
		<u>59,087,157</u>	<u>58,464,810</u>
Less: Provision held against other assets	14.1	2,606,608	2,550,585
Other Assets (net of provision)		56,480,549	55,914,225
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		480,871	480,871
Other Assets - total		<u>56,961,420</u>	<u>56,395,096</u>
14.1 Provision held against other assets			
Non banking assets acquired in satisfaction of claims		99,597	99,597
Others		2,507,011	2,450,988
		<u>2,606,608</u>	<u>2,550,585</u>
14.2.1 Movement in provision held against other assets			
Opening balance		2,550,585	3,016,793
Charge for the period / year		1,494	112,529
Reversals		(29,409)	(721,119)
		<u>(27,915)</u>	<u>(608,590)</u>
Amounts written off		(3,615)	(7,180)
Exchange and other adjustments		87,553	149,562
Closing balance		<u>2,606,608</u>	<u>2,550,585</u>

15. CONTINGENT ASSETS

There were no contingent assets of the Group as at September 30, 2019 (2018: NIL).

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) For the nine months period ended September 30, 2019



	Unaudited September 30, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
16. BILLS PAYABLE		
In Pakistan	10,324,404	16,948,744
Outside Pakistan	90,061	54,528
	10,414,465	17,003,272
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	29,892,331	29,430,925
Under long term financing facility	17,666,827	14,628,994
Under renewable energy performance platform	88,114	28,420
Under financing facility for storage of agricultural produce	158,471	165,267
	47,805,743	44,253,606
Repurchase agreement borrowings	154,478,588	165,703,249
Total secured	202,284,331	209,956,855
Unsecured		
Borrowings from other financial institution	861,214	6,324,169
Call borrowings	4,510,695	4,826,699
Overdrawn nostro accounts	513,402	1,946,106
Others	162,286	162,286
Total unsecured	6,047,597	13,259,260
	208,331,928	223,216,115

18. DEPOSITS AND OTHER ACCOUNTS						
	Unaudited September 30, 2019			Audited December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	359,712,936	42,439,898	402,152,834	346,298,054	36,242,971	382,541,025
Savings deposits	592,596,191	50,187,115	642,783,306	532,295,382	41,139,150	573,434,532
Term deposits	99,573,284	14,314,656	113,887,940	78,181,102	13,981,644	92,162,746
Others	26,622,921	2,922,389	29,545,310	30,699,847	4,340,402	35,040,249
	1,078,505,332	109,864,058	1,188,369,390	987,474,385	95,704,167	1,083,178,552
Financial Institutions						
Current deposits	8,208,894	1,994,096	10,202,990	7,633,474	2,268,698	9,902,172
Savings deposits	15,618,040	14,257	15,632,297	16,647,671	20,548	16,668,219
Term deposits	4,534,500	7,222,504	11,757,004	5,736,081	6,544,203	12,280,284
Others	-	217,220	217,220	-	277,308	277,308
	28,361,434	9,448,077	37,809,511	30,017,226	9,110,757	39,127,983
	1,106,866,766	119,312,135	1,226,178,901	1,017,491,611	104,814,924	1,122,306,535



19. SUBORDINATED DEBT

	Note	Unaudited September 30, 2019	Audited December 31, 2018
		-----Rupees in '000-----	
Term Finance Certificates - Listed, Unsecured	19.1	-	3,891,019
Issue amount		Rs. 4,198.035 million	
Issue date		June 19, 2014	
Maturity date		June 19, 2022	
Rating		AAA (triple A)	
Security		The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits	
Profit payment frequency		Semi-Annually	
Redemption		Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.	
Mark-up		Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR"))	
Call option		The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.	
Lock-in-clause		Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR. In case the lock-in clause goes into effect, the Bank will be required to comply with the SBP instructions prevalent or issued at the time.	
Loss absorbency clause		The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".	

19.1 During the year, the Group has exercised the call option under the terms of issuance of TFCs after completing the required regulatory requirements. Accordingly the outstanding balance of the said TFCs have been redeemed on June 19, 2019, being the option exercise date.

	Unaudited September 30, 2019	Audited December 31, 2018
	-----Rupees in '000-----	

20. DEFERRED TAX LIABILITIES

Taxable Temporary Differences on

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

	996,557	1,018,502
	168,305	168,305
	1,858,371	1,810,834
	1,139,806	1,335,309
	705,218	705,218
	1,173,673	1,158,906
	6,041,930	6,197,074

Deductible Temporary Differences on

- Provision against advances
- Tax losses carried forward
- Surplus/deficit on revaluation of investments
- Others

	(1,748,694)	(1,791,768)
	(948,633)	(818,652)
	(606,792)	(1,510,754)
	(199,751)	(92,755)
	(3,503,870)	(4,213,929)
	2,538,060	1,983,145



21. OTHER LIABILITIES

	Note	Unaudited September 30, 2019	Audited December 31, 2018
		-----Rupees in '000-----	
Mark-up/ return/ interest payable in local currency		15,063,740	13,166,020
Mark-up/ return/ interest payable in foreign currencies		362,128	478,001
Unearned commission and income on bills discounted		261,029	231,516
Accrued expenses		5,771,331	5,415,975
Provision for taxation (provisions less payments)		1,380,112	-
Workers' welfare fund		7,652,897	7,099,086
Acceptances	14	15,961,277	16,256,882
Unclaimed / dividends payable		1,586,651	1,474,816
Mark to market loss on forward foreign exchange contracts		3,500,413	3,495,971
Unrealised loss on derivative financial instruments		1,455,524	863,617
Staff welfare fund		5,631	5,490
Branch adjustment account		-	44,770
Provision for employees' compensated absences		1,025,598	1,028,129
Provision for post retirement medical benefits		1,780,254	1,730,409
Provision for employees' contributory benevolent scheme		201,620	214,252
Retention money		20,657	38,437
Insurance payable against consumer assets		725,796	688,107
Unclaimed balances		1,002,847	1,133,843
Duties and taxes payable		1,099,176	1,007,800
Charity fund balance		37,958	25,402
Provision against off-balance sheet obligations		37,430	37,430
Security deposits against lease		1,490,188	1,291,857
Lease liability against right of use assets		7,546,423	-
Others		9,531,412	9,759,232
		77,500,092	65,487,042

22. RESERVES

Share premium		23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	22.1	908,317	908,317
Exchange translation reserve		2,886,354	1,607,782
Statutory reserve	22.2	30,914,121	29,285,450
General reserve		18,600,000	18,600,000
		77,281,816	74,374,573

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

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



	Note	Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018 -----Rupees in '000-----
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(1,733,694)	(4,323,369)
- Fixed Assets		13,609,666	13,685,180
- Non-banking assets acquired in satisfaction of claims		480,871	480,871
- Associated undertaking		311,011	444,027
		12,667,854	10,286,709
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(606,792)	(1,510,754)
- Fixed Assets		996,557	1,018,502
- Non-banking assets acquired in satisfaction of claims		168,305	168,305
- Associated undertaking		163,922	192,781
		721,992	(131,166)
		11,945,862	10,417,875
24. CONTINGENCIES AND COMMITMENTS			
-Guarantees	24.1	177,237,539	173,231,396
-Commitments	24.2	536,218,908	412,067,935
-Other contingent liabilities	24.3	22,788,644	17,038,156
		736,245,091	602,337,487
24.1 Guarantees:			
Financial guarantees		142,642,746	140,350,012
Performance guarantees		30,823,960	30,103,382
Other guarantees		3,770,833	2,778,002
		177,237,539	173,231,396
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		151,434,021	144,579,352
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	367,961,545	217,219,090
- forward government securities transactions	24.2.2	3,218,929	27,935,661
- derivatives	24.2.3	11,209,931	11,285,103
- operating leases	24.2.4	-	7,256,479
- other commitments	24.2.5	1,036,531	2,221,317
Commitments for acquisition of:			
- operating fixed assets		1,242,376	1,430,980
- intangible assets		115,575	139,953
		536,218,908	412,067,935
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		202,076,166	126,872,293
Sale		165,885,379	90,346,797
		367,961,545	217,219,090
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		3,216,623	13,660,947
Sale		2,306	14,274,714
		3,218,929	27,935,661
24.2.3 Commitments in respect of derivatives			
FX options (notional)			
Purchase		675,887	1,378,370
Sale		675,887	1,378,370
		1,351,774	2,756,740
Cross Currency Swaps (notional)			
Purchase		4,717,910	4,026,814
Sale		4,823,747	4,185,049
		9,541,657	8,211,863
Interest Rate Swaps (notional)			
Purchase		316,500	316,500
		11,209,931	11,285,103



	Note	Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018 -----Rupees in '000-----
24.2.4 Commitments in respect of operating leases			
Not later than one year		-	1,219,754
Later than one year and not later than five years		-	3,779,911
Later than five years		-	2,256,814
		-	7,256,479
24.2.5 Other commitments			
Commitments to extent credit		1,036,531	2,221,317

Other than those mentioned above, the group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	Note	Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018 -----Rupees in '000-----
24.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	24.3.1	22,788,644	17,038,156

24.3.1 These represent certain claims by third parties against the Group 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.

24.4 Taxation
For assessment year 1988-89 through tax year 2018, 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. 1,549 million (2018: Rs. 1,399 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in 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.

25. DERIVATIVE INSTRUMENTS

	Unaudited September 30, 2019					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	-----Rupees in '000-----					
Total						
Hedging	4,717,910	1,409,892	316,500	15,999	675,887	7,902
Market Making	4,823,747	(1,447,622)	-	-	675,887	(7,902)
	Audited December 31, 2018					
	-----Rupees in '000-----					
Total						
Hedging	4,026,814	725,117	316,500	14,771	1,378,370	48,090
Market Making	4,185,049	(751,040)	-	-	1,378,370	(48,090)



	Note	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
		-----Rupees in '000-----	
26. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		47,017,183	28,314,008
Investments		54,078,594	32,309,858
Lendings to financial institutions		3,966,818	715,950
Balances with banks		470,719	201,434
		<u>105,533,314</u>	<u>61,541,250</u>
27. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		49,047,775	22,118,703
Borrowings		7,485,997	3,526,912
Subordinated debt		213,604	223,137
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,069,364	523,382
Unwinding cost of liability against right-of-use assets		691,958	-
		<u>59,508,698</u>	<u>26,392,134</u>
28. FEE & COMMISSION INCOME			
Branch banking customer fees		1,372,760	1,845,481
Consumer finance related fees		255,436	197,626
Card related fees (debit and credit cards)		2,266,082	1,935,707
Credit related fees		166,728	135,137
Investment banking fee		631,867	576,290
Commission on trade		1,123,661	1,111,394
Commission on guarantees		474,953	326,899
Commission on cash management		455,214	446,576
Commission on remittances including home remittances		868,780	731,277
Commission income - Bancassurance		1,049,005	844,653
Rent on lockers		186,711	178,038
Commission on utility bills		75,544	78,519
Commission on investments services		40,314	36,682
Other Commission		81,488	175,803
		<u>9,048,543</u>	<u>8,620,082</u>
29. GAIN ON SECURITIES, NET			
Realised	29.1	(145,064)	976,041
Unrealised - held for trading	10.1	(41,815)	(34,804)
		<u>(186,879)</u>	<u>941,237</u>
29.1 Realised (loss) / gain on:			
Federal Government Securities		(11,684)	120,981
Shares		(133,380)	855,060
		<u>(145,064)</u>	<u>976,041</u>
30. OTHER INCOME			
Rent on property		38,590	11,682
Gain on sale of fixed assets and non-banking assets acquired-net		76,803	317,445
Compensation on delayed tax refunds		-	86,862
		<u>115,393</u>	<u>415,989</u>



	Note	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
		-----Rupees in '000-----	
31. OPERATING EXPENSES			
Total compensation expense	31.1	12,862,709	12,999,179
Property expense			
Rent and taxes		434,206	1,808,480
Insurance		42,592	55,687
Utilities cost		943,437	877,092
Fuel expense generators		391,316	376,164
Security (including guards)		1,219,627	1,285,705
Repair and maintenance (including janitorial charges)		772,240	693,774
Depreciation on right-of-use assets		1,193,657	-
Depreciation		463,551	407,587
		<u>5,460,626</u>	<u>5,504,489</u>
Information technology expenses			
Software maintenance		1,004,683	815,328
Hardware maintenance		315,422	300,965
Depreciation		540,765	623,840
Amortisation		290,609	264,476
Network charges		526,016	500,353
Insurance		3,852	4,706
		<u>2,681,347</u>	<u>2,509,668</u>
Other operating expenses			
Directors' fees and allowances		37,531	26,919
Remuneration to shariah board members		6,136	7,322
Legal and professional charges		274,976	266,295
Outsourced services costs		625,063	998,842
Travelling and conveyance		292,018	322,159
NIFT clearing charges		121,995	123,231
Depreciation		637,897	626,058
Depreciation on non-banking assets acquired in satisfaction of claims		34,815	37,258
Training and development		41,390	45,546
Postage and courier charges		247,133	240,565
Communication		302,952	262,481
Stationery and printing		557,039	546,682
Marketing, advertisement & publicity		636,017	526,946
Donations		100	696
Auditors' remuneration		33,351	37,761
Cash transportation charges		566,184	555,827
Repair and maintenance		272,685	336,237
Subscription		20,306	29,669
Entertainment		197,530	196,041
Remittance charges		182,462	139,537
Brokerage expenses		32,225	22,942
Card related expenses		694,580	537,876
CNIC verification charges		168,755	96,806
Insurance		1,130,507	485,962
Others		266,906	226,331
		<u>7,380,553</u>	<u>6,695,989</u>
		<u>28,385,235</u>	<u>27,709,325</u>

31.1 Comparative numbers include pension cost amounting to Rs. 1,903.117 million on account of increase in pension by the Honourable Supreme Court.

	Note	Nine months period ended September 30, 2019	Nine months period ended September 30, 2018
-----Rupees in '000-----			
32. OTHER CHARGES			
Penalties of State Bank of Pakistan		39,998	8,819
VAT & National Building tax & Crop Insurance Levy		131,884	98,208
		<u>171,882</u>	<u>107,027</u>
33. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversals) / provisions against balance with Banks		188	2,684
Provisions / (reversals) for diminution in value of investments	10.2.1	2,422,971	295,800
Reversals against loans & advances	11.3	(449,546)	(1,910,064)
Reversals against other assets	14.2.1	(27,915)	(714,499)
Recovery of written off / charged off bad debts		(122,605)	(198,639)
Bad debts written off directly		-	30
		<u>1,823,093</u>	<u>(2,524,688)</u>
34. TAXATION			
Current		10,739,355	8,529,570
Prior years		450,124	-
Deferred		(1,752)	103,294
Share of tax of associates		139,431	193,959
		<u>11,327,158</u>	<u>8,826,823</u>
35. BASIC AND DILUTED EARNINGS PER SHARE			
-----Rupees in '000-----			
Profit after tax attributable to Equity Shareholders of the Bank		<u>16,152,480</u>	<u>13,575,688</u>
-----Number-----			
Weighted average number of ordinary shares		<u>1,185,060,006</u>	<u>1,185,060,006</u>
-----Rupees-----			
Basic and diluted earnings per share		<u>13.63</u>	<u>11.46</u>

36. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

36.1 Fair value of financial assets

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined using the PKRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Operating fixed assets (land and building) & NBA	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.



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

Unaudited September 30, 2019					
	Carrying value	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	808,666,164	-	808,666,164	-	808,666,164
Shares	16,432,975	16,432,975	-	-	16,432,975
Non-Government Debt Securities	2,572,066	-	2,572,066	-	2,572,066
Foreign Securities	3,611,443	-	3,611,443	-	3,611,443
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares and associates)					
	41,965,951	-	-	-	-
Cash and balances with treasury banks	114,646,150	-	-	-	-
Balances with other banks	18,385,679	-	-	-	-
Lendings to financial institutions	14,192,852	-	-	-	-
Advances	548,253,680	-	-	-	-
Other assets	45,764,226	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	35,500,939	-	35,500,939	-	35,500,939
Non-banking assets	4,072,821	-	4,072,821	-	4,072,821
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	202,076,166	-	2,348,690	-	2,348,690
Forward sale of foreign exchange	165,885,379	-	1,097,300	-	1,097,300
Derivatives purchase	5,710,297	-	1,433,793	-	1,433,793
Derivatives sale	5,499,634	-	1,455,524	-	1,455,524

On balance sheet financial instruments
Financial assets - measured at fair value

Investments					
Federal Government Securities	688,686,786	-	688,686,786	-	688,686,786
Shares	19,041,266	19,041,266	-	-	19,041,266
Non-Government Debt Securities	2,528,081	-	2,528,081	-	2,528,081
Foreign Securities	2,522,454	-	2,522,454	-	2,522,454

Financial assets - disclosed but not measured at fair value

Investments (HTM, unlisted ordinary shares and associates)	41,607,188	-	-	-	-
Cash and balances with treasury banks	110,165,006	-	-	-	-
Balances with other banks	13,338,117	-	-	-	-
Lendings to financial institutions	39,149,890	-	-	-	-
Advances	566,792,265	-	-	-	-
Other assets	38,208,613	-	-	-	-

Non - Financial Assets measured at fair value

Operating fixed assets (land and buildings)	34,894,351	-	34,894,351	-	34,894,351
Non-banking assets	4,035,114	-	4,035,114	-	4,035,114

Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange	126,872,293	-	3,477,211	-	3,477,211
Forward sale of foreign exchange	90,346,797	-	3,452,374	-	3,452,374
Derivatives purchase	5,721,684	-	787,978	-	787,978
Derivatives sale	5,563,419	-	799,130	-	799,130



Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

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

Un-audited nine months period ended September 30, 2019										
Retail Banking	Consumer banking	Corporate Banking	Treasury	Islamic Banking	Asset Management	others	Sub-total	Eliminations	Total	
-----Rupees in '000-----										
Profit & Loss										
Net mark-up/return/profit	(34,490,737)	2,885,940	27,474,071	47,124,717	2,953,895	1,931	74,799	46,024,616	-	46,024,616
Inter segment revenue - net	69,577,999	(1,890,012)	(22,984,879)	(50,444,377)	-	-	5,741,269	-	-	-
Non mark-up / return / interest income	4,660,583	1,493,471	3,102,397	1,682,229	188,009	507,405	764,905	12,396,999	-	12,396,999
Total Income	39,747,845	2,489,399	7,591,589	(1,637,431)	3,139,904	509,336	6,580,973	58,421,615	-	58,421,615
Segment direct expenses	15,915,278	995,574	1,392,277	229,179	3,335,812	438,492	6,801,946	29,108,558	-	29,108,558
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-
Total expenses	15,915,278	995,574	1,392,277	229,179	3,335,812	438,492	6,801,946	29,108,558	-	29,108,558
Provisions	(101,780)	(24,517)	511,130	2,219,990	212,480	-	(994,210)	1,823,093	-	1,823,093
Profit before tax	23,934,347	1,518,342	5,688,182	(4,086,600)	(408,388)	70,844	773,237	27,489,964	-	27,489,964
Balance Sheet										
Cash & Bank balances	51,191,029	36,138	22,119,861	45,406,858	13,125,783	77,881	1,074,279	133,031,829	-	133,031,829
Investments	-	-	19,600,841	832,727,876	16,352,916	1,019,950	3,547,016	873,248,599	-	873,248,599
Net inter segment lending	935,440,599	-	-	-	-	-	146,730,669	1,082,171,268	(1,082,171,268)	-
Lendings to financial institutions	-	-	236,308	4,984,880	8,971,664	-	-	14,192,852	-	14,192,852
Advances - performing	101,097,655	24,549,973	354,859,641	-	57,230,560	-	406,866	538,144,695	-	538,144,695
- non performing	1,307,200	56,284	8,136,521	-	360,938	-	248,042	10,108,985	-	10,108,985
Others	46,277,005	1,700,335	26,143,199	6,974,584	10,833,063	1,012,314	18,884,484	111,824,984	-	111,824,984
Total Assets	1,135,313,488	26,342,730	431,096,371	890,094,198	106,874,924	2,110,145	170,891,356	2,762,723,212	(1,082,171,268)	1,680,551,944
Borrowings	39,995,865	-	9,083,274	150,017,997	8,742,853	-	491,939	208,331,928	-	208,331,928
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deposits & other accounts	1,052,195,653	41,771	92,876,077	-	81,133,637	-	(68,237)	1,226,178,901	-	1,226,178,901
Net inter segment borrowing	-	24,084,747	308,949,322	737,866,748	9,793,456	1,476,995	-	1,082,171,268	(1,082,171,268)	-
Others	43,121,970	2,216,212	20,187,698	2,209,453	7,204,978	633,150	14,879,156	90,452,617	-	90,452,617
Total Liabilities	1,135,313,488	26,342,730	431,096,371	890,094,198	106,874,924	2,110,145	155,588,498	2,607,134,714	(1,082,171,268)	1,524,963,446
Equity	-	-	-	-	-	-	155,588,498	155,588,498	-	155,588,498
Total Equity & liabilities	1,135,313,488	26,342,730	431,096,371	890,094,198	106,874,924	2,110,145	170,891,356	2,762,723,212	(1,082,171,268)	1,680,551,944
Contingencies & Commitments	102,948,379	-	221,296,382	373,742,125	-	13,598,955	24,659,250	736,245,091	-	736,245,091

Un-audited nine months period ended September 30, 2018										
	Retail Banking	Consumer banking	Corporate Banking	Treasury	Islamic Banking	Asset Management	others	Sub-total	Eliminations	Total
	-----Rupees in '000-----									
Profit & Loss										
Net mark-up/return/profit	(12,617,572)	1,725,086	15,665,854	29,152,827	1,161,780	1,579	59,562	35,149,116	-	35,149,116
Inter segment revenue - net	34,441,515	(496,713)	(11,740,734)	(26,299,503)	-	-	4,095,435	-	-	-
Non mark-up / return / interest income	5,173,323	1,244,222	2,869,155	2,911,123	260,113	527,110	74,135	13,059,181	-	13,059,181
Total Income	26,997,266	2,472,595	6,794,275	5,764,447	1,421,893	528,689	4,229,132	48,208,297	-	48,208,297
Segment direct expenses	15,627,985	1,017,572	1,184,797	218,110	2,121,294	379,000	7,733,899	28,282,657	-	28,282,657
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-
Total expenses	15,627,985	1,017,572	1,184,797	218,110	2,121,294	379,000	7,733,899	28,282,657	-	28,282,657
Provisions	(503,660)	(43,687)	(1,166,605)	(218,572)	495,201	-	(1,087,365)	(2,524,688)	-	(2,524,688)
Profit before tax	11,872,941	1,498,710	6,776,083	5,764,909	(1,194,602)	149,689	(2,417,402)	22,450,328	-	22,450,328
Balance Sheet										
	Audited December 31, 2018									
Cash & Bank balances	49,001,673	33,515	17,486,827	46,395,674	8,413,070	28,204	2,144,160	123,503,123	-	123,503,123
Investments	-	-	18,505,331	722,207,238	12,713,954	959,252	-	754,385,775	-	754,385,775
Net inter segment lending	838,293,767	-	-	-	-	-	137,396,563	975,690,330	(975,690,330)	-
Lendings to financial institutions	-	-	1,502,544	32,972,346	4,675,000	-	-	39,149,890	-	39,149,890
Advances - performing	121,784,772	22,525,967	352,258,545	-	62,897,196	-	303,738	559,770,218	-	559,770,218
- non performing	1,214,697	39,757	5,728,381	-	10,179	-	29,033	7,022,047	-	7,022,047
Others	31,327,269	1,887,934	18,828,346	8,127,064	5,434,142	1,114,256	34,659,943	101,378,954	-	101,378,954
Total Assets	1,041,622,178	24,487,173	414,309,974	809,702,322	94,143,541	2,101,712	174,533,437	2,560,900,337	(975,690,330)	1,585,210,007
Borrowings	35,293,396	-	9,172,202	170,542,175	7,800,628	-	407,714	223,216,115	-	223,216,115
Subordinated debt	-	-	-	-	-	-	3,891,019	3,891,019	-	3,891,019
Deposits & other accounts	969,799,371	16,556	79,196,248	-	73,269,994	-	24,366	1,122,306,535	-	1,122,306,535
Net inter segment borrowing	-	22,478,042	307,402,415	634,247,181	10,106,876	1,455,816	-	975,690,330	(975,690,330)	-
Others	36,529,411	1,992,575	18,539,109	4,912,966	2,966,043	645,896	18,887,459	84,473,459	-	84,473,459
Total liabilities	1,041,622,178	24,487,173	414,309,974	809,702,322	94,143,541	2,101,712	23,210,558	2,409,577,458	(975,690,330)	1,433,887,128
Equity	-	-	-	-	-	-	151,322,879	151,322,879	-	151,322,879
Total Equity & liabilities	1,041,622,178	24,487,173	414,309,974	809,702,322	94,143,541	2,101,712	174,533,437	2,560,900,337	(975,690,330)	1,585,210,007
Contingencies & Commitments	111,974,609	-	204,311,803	247,754,264	19,756,379	-	18,540,432	602,337,487	-	602,337,487

37.2 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office.



38 RELATED PARTY TRANSACTIONS
The Group has related party relationship with its associates, employee benefit plans, its directors and key management personnel and their close family members. The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.
Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	Un-audited September 30, 2019			Audited December 31, 2018				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupeesin '000)								
Investments								
Opening balance	-	-	4,019,526	254,253	-	-	4,456,239	254,253
Share of profit for the period / year before tax	-	-	374,289	-	-	-	446,257	-
Dividend from associate	-	-	(105,000)	-	-	-	(140,000)	-
Share of tax	-	-	(139,431)	-	-	-	(219,045)	-
Share of other comprehensive income	-	-	(82,450)	-	-	-	(222,761)	-
Disposal during the period / year	-	-	-	-	-	-	(301,164)	-
Closing balance	-	-	4,066,934	254,253	-	-	4,019,526	254,253
Provision for diminution in value of investments	-	-	-	5,000	-	-	-	5,000
Advances								
Opening balance	658	141,390	-	1,050,277	946	84,167	-	2,324,608
Addition / exchange adjustment during the period/ year	24,251	71,010	-	1,633,281	14,723	73,571	-	6,640,565
Repaid during the period/ year	(22,545)	(38,359)	-	(1,606,267)	(15,011)	(39,288)	-	(7,357,817)
Transfer in / (out)	-	(5,689)	-	(794,802)	-	22,940	-	(557,079)
Closing balance	2,363	168,351	-	282,488	658	141,390	-	1,050,277
Provision held against advances	-	-	-	-	-	-	-	-
Other Assets								
Markup receivable	-	3,852	-	5,049	-	3,101	-	25,538
Advances, deposits, advance rent and other prepayments	-	-	35,375	37,221	-	-	86,579	30,620
Acceptances	-	-	-	58,661	-	-	-	25,387
Receivable from Pension Fund	-	-	-	3,256,571	-	-	-	3,815,170
Provision held against other assets	-	-	-	-	-	-	-	-
Borrowings								
Opening balance	-	-	-	-	-	-	-	993,755
Borrowings / exchange adjustment during the period/ year	-	-	-	69,603	-	-	-	-
Settled during the period/ year	-	-	-	-	-	-	-	(993,755)
Closing balance	-	-	-	69,603	-	-	-	-



	Un-audited September 30, 2019				Audited December 31, 2018			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupeesin '000)								
Deposits and other accounts								
Opening balance	3,745,457	168,528	3,339,847	3,212,620	3,953,730	148,080	2,744,432	3,800,959
Received during the period/ year	6,405,442	820,537	10,095,154	76,576,088	4,259,454	849,270	17,580,902	55,702,326
Withdrawn during the period/ year	(9,573,179)	(765,759)	(10,576,376)	(76,955,192)	(4,457,255)	(851,481)	(16,985,487)	(56,301,430)
Transfer in / (out) - net	(7,324)	(53,324)	-	(21,385)	(10,472)	22,659	-	10,765
Closing balance	570,396	179,982	2,858,625	2,812,131	3,745,457	168,528	3,339,847	3,212,620
Other Liabilities								
Markup payable	10,225	396	35,593	44,864	32,342	282	15,968	36,943
Accrued expenses and other payable	6,765	-	61,565	30,170	7,299	-	78,922	884
Unrealized (gain) / loss on forward foreign exchange contracts - outstanding	-	-	-	(1,783)	-	-	-	-
Contingencies and Commitments								
Commitments and contingent liabilities - outstanding	-	-	10,465	247,155	-	-	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	3,842,252	-	-	10,227	12,679,481
RELATED PARTY TRANSACTIONS								
	Un-audited nine months period ended September 30, 2019				Un-audited nine months period ended September 30, 2018			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupeesin '000)								
Income								
Markup / return / interest earned	-	9,293	-	15,655	38	6,100	-	61,235
Fee and commission income	-	-	901,335	9,167	-	-	795,831	5,977
Dividend income	-	-	-	6,800	-	-	-	6,800
Share of profit of associates	-	-	374,289	-	-	-	477,014	-
(Loss) / gain on forward foreign exchange contracts matured during the period	-	-	-	(75,278)	-	-	-	325,234
Net (loss) / gain on sale of securities	-	-	(57)	10,993	-	-	52	44,755
Gain on sale of fixed assets	-	141	-	-	-	71	-	-
Rent income and reimbursement of other expenses	-	-	6,646	3,038	-	-	2,736	2,430
Expense								
Markup / return / interest expensed	116,992	1,733	146,824	265,221	137,291	1,449	70,110	169,748
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	109,623	-	-	-	111,119
Contribution to provident fund	-	-	-	276,302	-	-	-	263,335
Rent expenses	-	-	-	29,385	-	-	-	38,212
Cash sorting expenses	-	-	-	115,291	-	-	-	116,867
Stationery expenses	-	-	-	179,654	-	-	-	163,951
Security guards expenses	-	-	-	275,539	-	-	-	301,542
Remuneration to key executives and non-executive directors fee	127,663	367,190	-	-	112,995	359,659	-	-
Outsourcing service expenses	-	-	150,885	-	-	-	154,142	-
E-dividend processing fee and CDC charges	-	-	-	4,658	-	-	-	4,424
Travelling Expenses	-	-	-	25,160	-	-	-	30,952
Hotel stay expenses	-	-	-	1,170	-	-	-	13,882
Repair & Maintenance Charges	-	-	-	1,594	-	-	-	1,700
Advertisement Expenses	-	-	-	8,352	-	-	-	-
Miscellaneous expenses and payments	-	-	-	1,739	-	-	-	577
Insurance premium-net of refund	-	-	616,308	-	-	-	539,822	-
Insurance claim settled	-	-	53,178	-	-	-	199,920	-
Other Transactions								
Proceeds from sale of fixed assets	-	141	-	-	1,999	3,202	-	-
Purchase of fixed assets	-	-	26,373	20,003	-	-	9,687	-
Sale of government securities	72,522	72,777	4,603,481	21,693,423	-	20,876	3,418,206	213,941,809
Purchase of government securities	-	58,956	5,412,133	13,183,004	-	19,993	4,756,004	214,052,477
Forward exchange contracts matured during the period	-	-	-	19,827,851	-	-	-	81,111,610

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



Unaudited
September 30,
2019
-----Rupees in '000-----

Audited
December 31,
2018

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

39.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,850,600 11,850,600

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

129,211,807 125,999,355

Eligible Additional Tier 1 (ADT 1) Capital

- -

Total Eligible Tier 1 Capital

129,211,807 125,999,355

Eligible Tier 2 Capital

16,905,044 17,503,483

Total Eligible Capital (Tier 1 + Tier 2)

146,116,851 143,502,838

Risk Weighted Assets (RWAs):

Credit Risk

641,033,191 666,892,937

Market Risk

94,833,403 59,642,582

Operational Risk

116,673,450 116,673,450

Total

852,540,044 843,208,969

Common Equity Tier 1 Capital Adequacy ratio

15.16% 14.94%

Tier 1 Capital Adequacy Ratio

15.16% 14.94%

Total Capital Adequacy Ratio

17.14% 17.02%

39.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

129,211,807 125,999,355

Total Exposures

2,083,124,014 1,927,024,025

Leverage Ratio

6.20% 6.54%

39.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

710,831,902 625,831,686

Total Net Cash Outflow

369,834,029 355,738,136

Liquidity Coverage Ratio

192.20% 175.92%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

1,024,634,515 952,851,382

Total Required Stable Funding

714,440,422 730,504,652

Net Stable Funding Ratio

143.42% 130.44%



40 ISLAMIC BANKING BUSINESS

The Group through a wholly owned subsidiary (MCB Islamic Bank Limited) is operating 178 branches in Pakistan (December 31, 2018: 176 branches). The statement of financial position of the Group's Islamic Banking Business as at September 30, 2019 is as follows:

	Note	Unaudited September 30, 2019 -----Rupees in '000-----	Audited December 31, 2018
ASSETS			
Cash and balances with treasury banks		8,607,384	6,990,369
Balances with other banks		4,518,399	1,422,701
Due from financial institutions	40.1	8,971,664	4,675,000
Investments - net	40.2	16,352,916	12,713,954
Islamic financing and related assets - net	40.3	57,591,498	62,907,204
Fixed assets		5,371,750	2,619,980
Intangible assets		546,021	524,791
Deferred tax assets - net		996,783	751,065
Other assets - net		5,047,058	2,258,686
Total Assets		108,003,473	94,863,750
LIABILITIES			
Bills payable		1,099,706	1,303,992
Due to financial institutions		8,742,853	7,800,628
Deposits and other accounts	40.4	81,133,637	73,307,185
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities - net		-	-
Other liabilities		7,233,821	2,382,431
		98,210,017	84,794,236
		9,793,456	10,069,514
NET ASSETS			
Share capital		11,200,000	11,200,000
Reserves		26,444	26,444
Surplus on revaluation of assets - net of tax		129,504	132,272
Accumulated loss		(1,562,492)	(1,289,202)
		9,793,456	10,069,514
CONTINGENCIES AND COMMITMENTS			
	40.5		

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



The profit and loss account of the Group's Islamic banking branches for the nine months period ended September 30, 2019 is as follows:

Note	Quarter ended September 30, 2019	Nine months ended September 30, 2019	Quarter ended September 30, 2018	Nine months ended September 30, 2018
-----Rupees in '000-----				
Profit / return earned	40.6	2,785,490	7,154,107	1,081,745
Profit / return expensed	40.7	1,565,466	4,200,212	587,645
Net Profit / return		1,220,024	2,953,895	494,100
Other income				
Fee and Commission Income		64,908	206,060	40,034
Dividend Income		13,082	57,089	3,326
Foreign Exchange Income		(37,527)	21,562	17,162
(loss) / Gain on securities		(69,986)	(113,063)	2,128
Other Income		4,985	14,361	3,246
Total other income		(24,538)	186,009	65,896
Total Income		1,195,486	3,139,904	559,996
Other expenses				
Operating expenses		1,091,784	3,311,671	942,030
Workers Welfare Fund		-	-	-
Other charges		24,124	24,141	3,181
Total other expenses		1,115,908	3,335,812	945,211
Profit / (loss) before provisions		79,578	(195,908)	(385,215)
Provisions and write offs - net		62,811	212,480	241,895
Profit / (loss) before taxation		16,767	(408,388)	(627,110)
Taxation		14,322	(134,465)	(217,621)
Profit / (loss) after taxation		2,445	(273,923)	(414,756)

40.1 DUE FROM FINANCIAL INSTITUTIONS

Secured

Bai Muajjal receivable - with State Bank of Pakistan

40.1.1

3,371,664

-

Unsecured

Musharaka arrangements

40.1.2

5,600,000

4,675,000

8,971,664

4,675,000

40.1.1 The includes average return of 10.35% per annum (December 31, 2018: Nil) having maturity at February 07, 2020 (December 31, 2018: Nil).

40.1.2 This represents Musharaka arrangements with banks carrying profit at expected rates ranging from 11.40% to 12.50% per annum (December 31, 2018: 9.25% to 9.55% per annum) and having maturity till October 04, 2019.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



	Audited December 31, 2018				Unaudited September 30, 2019				Audited December 31, 2018			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----												
Available-for-sale securities	10,913,131	-	(23,206)	10,889,925	10,913,131	-	(23,206)	10,889,925	10,913,131	-	(23,206)	10,889,925
	2,053,042	1,078,061	(63,759)	911,222	2,053,042	1,078,061	(63,759)	911,222	2,053,042	1,078,061	(63,759)	911,222
	1,214,834	-	3,608	1,218,442	1,214,834	-	3,608	1,218,442	1,214,834	-	3,608	1,218,442
Non Government securities	14,181,007	1,078,061	(83,357)	13,019,589	14,181,007	1,078,061	(83,357)	13,019,589	14,181,007	1,078,061	(83,357)	13,019,589
Held-to-maturity securities	2,700,827	-	-	2,700,827	2,700,827	-	-	2,700,827	2,700,827	-	-	2,700,827
	632,500	-	-	632,500	632,500	-	-	632,500	632,500	-	-	632,500
	3,333,327	-	-	3,333,327	3,333,327	-	-	3,333,327	3,333,327	-	-	3,333,327
Total Investments	17,514,334	1,078,061	(83,357)	16,352,916	17,514,334	1,078,061	(83,357)	16,352,916	17,514,334	1,078,061	(83,357)	16,352,916
-----Rupees in '000-----												
Islamic financing and related assets	9,611,839	2,632,139	45,705	17,097,127	9,611,839	2,632,139	45,705	17,097,127	9,611,839	2,632,139	45,705	17,097,127
	4,814,554	19,979,660	4,118	4,269,903	4,814,554	19,979,660	4,118	4,269,903	4,814,554	19,979,660	4,118	4,269,903
	19,182,389	1,356,289	-	19,057,417	19,182,389	1,356,289	-	19,057,417	19,182,389	1,356,289	-	19,057,417
Staff finance	57,622,575	-	-	62,922,064	57,622,575	-	-	62,922,064	57,622,575	-	-	62,922,064
Gross Islamic financing and related assets	(1,897)	(29,180)	-	(758)	(1,897)	(29,180)	-	(758)	(1,897)	(29,180)	-	(758)
Less: provision against Islamic financings	(31,077)	-	-	(14,860)	(31,077)	-	-	(14,860)	(31,077)	-	-	(14,860)
- Specific	57,591,498	-	-	62,907,204	57,591,498	-	-	62,907,204	57,591,498	-	-	62,907,204
- General	-	-	-	-	-	-	-	-	-	-	-	-
Islamic financing and related assets - net of provision												

40.2 Investments by type:

Available-for-sale securities

Federal Government securities

Shares

Non Government securities

Held-to-maturity securities

Federal Government securities

Non Government securities

Total Investments

40.3 Islamic financing and related assets

Murabaha

Istisna

Salam

Ijarah

Running Musharaka

Diminishing Musharaka

Staff finance

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



40.4 Deposits

Customers

Current deposits
Savings deposits
Term deposits
Others

Financial Institutions

Current deposits
Savings deposits
Term deposits

	Unaudited September 30, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
	22,140,282	22,098,366
	36,572,539	31,340,514
	9,115,871	5,144,378
	3,011,852	3,690,026
	70,840,544	62,273,284
	67,247	74,372
	6,441,946	5,885,028
	3,783,900	5,074,501
	10,293,093	11,033,901
	81,133,637	73,307,185
	5,099,081	3,092,537
	8,069,554	16,238,022
	430,320	425,820
	13,598,955	19,756,379
	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	-----Rupees in '000-----	

40.5 Contingencies and Commitments

-Guarantees
-Commitments
-Other contingent liabilities

40.6 Profit/Return Earned of Financing, Investments and Placement

Profit earned on:

Financing
Investments
Musharaka arrangements with financial institutions
Deposits with financial institutions

	5,461,889	2,095,590
	1,266,990	453,541
	350,316	71,247
	74,912	39,524
	7,154,107	2,659,902

40.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts
Musharaka arrangements with the State Bank of Pakistan under IERS
Musharaka arrangements with other financial institutions
Musharaka arrangements with other institution
Unwinding of liability against ROU asset

	3,556,997	998,574
	35,543	16,938
	369,934	482,610
	4,853	-
	232,885	-
	4,200,212	1,498,122

40.8 Islamic Banking Business Unappropriated Profit

Opening Balance
Movement during the period / year
Add: Islamic Banking loss for the period / year
Less: Taxation
Add: Reserves

Closing Balance

	Unaudited September 30, 2019	Audited December 31, 2018
	-----Rupees in '000-----	
	(1,289,202)	(194,065)
	(408,388)	(1,680,213)
	(134,465)	(584,231)
	633	845
	(273,290)	(1,095,137)
	(1,562,492)	(1,289,202)

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2019



41 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 17, 2019 has announced a cash dividend in respect of nine months period ended September 30, 2019 of Rs. 4.00 per share (September 30, 2018: Rs. 4.00 per share). These consolidated condensed interim financial statements for the period ended September 30, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42 GENERAL

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

43 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Group in their meeting held on October 17, 2019.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Salman Khalid Butt
Director

Masood Ahmed Puri
Director