



Third Quarterly **Report**

SEPTEMBER 30, 2021

Vision

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

Mission

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

Core Values

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

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

Corporate Profile

Board of Directors:

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

Audit Committee:

Mr. Shahzad Hussain	Chairman
Mian Umer Mansha	Member
Mr. Muhammad Ali Zeb	Member
Mr. Shariffuddin Bin Khalid	Member

Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan.
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, Pakistan. Branch Office: M/s. THK Associates (Pvt.) Limited Siddique Trade Centre, Office No. PL-29, PL Floor, 72 Main Boulevard Gulberg -2, Lahore, Pakistan.



On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the nine months period ended September 30, 2021.

	Rs. in Million
Profit Before Taxation	38,270
Taxation	15,714
Profit After Taxation	22,556
Un-appropriated Profit Brought Forward	69,835
Re-measurement loss on defined benefit obligations – net of tax	(166)
Surplus realized on disposal of revalued fixed assets - net of tax	20
Surplus realized on disposal of non-banking assets - net of tax	223
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	62
	69,974
Profit Available for Appropriation	92,530
Appropriations:	
Statutory Reserve	(2,256)
Final Cash Dividend at Rs. 15.0 per share - December 2020	(17,776)
First Interim Cash Dividend at Rs. 4.5 per share - March 2021	(5,333)
Second Interim Cash Dividend at Rs. 5.0 per share – June 2021	(5,925)
Total Appropriations	(31,290)
Un-appropriated Profit Carried Forward	61,240

During the nine months period ended September 30, 2021, MCB Bank Limited reported Profit Before Tax (PBT) of Rs. 38.27 billion and Profit After Tax (PAT) of Rs. 22.56 billion. Earnings' Per Share (EPS) stood at Rs. 19.03 against an EPS of Rs. 19.35 reported in the corresponding period last year.

The State Bank of Pakistan continued with its expansionary monetary policy stance during the major part of the period in order to combat the downside risks emanating from COVID-19 outbreak. Average Policy rate registered a decline of 27% (258bps) from an average of 9.59% in corresponding period last year to 7.01% in current period under review. However, on account of historic growth in average current deposits, net interest income of the Bank decreased by 14% only, from Rs 55.35 billion to Rs 47.74 billion.

Non-markup income registered a growth of 6% and aggregated to Rs. 14.38 billion against Rs. 13.56 billion in the corresponding period last year. Improved transactional volumes, surge in business activities, diversification of revenue streams through continuous enrichment of Bank's product suite, investments towards digital transformation and an unrelenting focus on upholding the high service standards supplemented a growth of 14% in fee income whereas dividend and foreign exchange incomes increased by 98% & 21% respectively.

On the operating expenses side, despite sustained inflationary pressures amidst currency devaluation and rising commodity prices, higher compliance related regulatory charges, expansion in branch outreach and regular performance and merit adjustments of the Human Capital, the Bank was able to curtail the total growth to 7%.

On the provision front, disposal of equity scrips resulted in a net reversal of Rs. 183 million for the nine month period ended September 30, 2021. Proactive monitoring and recovery efforts led to a reversal of Rs. 294 million in specific provision maintained against non-performing loans (NPL's) while the general loss reserve created amidst the uncertainty surrounding the COVID-19 outbreak was reversed, to the tune of Rs. 3 billion as the systematic risks surrounding the economic recovery receded and the domestic activity witnessed resurgence.

On the financial position side, the total asset base of the Bank, on an unconsolidated basis, was reported at Rs. 1,931 billion (+10%).



An analysis of the asset mix highlights that while the consumer lending book garnered significant interest and grew by Rs. 6.6 billion (23%) on the back of significant activity in the construction and auto segment, the overall growth in gross advances still remained subdued (+3%).

Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk. The Non-performing loan (NPLs) base of the Bank recorded an increase of Rs. 92 million and was reported at Rs. 51.28 billion. The captioned increase was primarily attributable to currency devaluation impact of the foreign currency denominated NPLs with no significant accretion in the number of cases.

The Bank has not taken FSV benefit in calculation of specific provision and carries an un-encumbered general provision reserve of Rs. 1.564 billion. The coverage and infection ratios of the Bank were reported at 92.2% and 9.7% respectively.

On the liabilities side, achieving growth in no-cost current account base remained a key strategic objective for the Bank. Thereby, non-remunerative deposits grew by 17% to close at Rs. 570 billion; improving their mix in the total deposits to 39% in absolute terms as at September 30, 2021. CASA mix was reported at 92% whereas the total deposits of the Bank grew by 13% as compared to an industry growth of 11% (domestic deposits) to close the period at Rs. 1,457 billion.

Return on Assets and Return on Equity reported at 1.63% and 18.86% respectively, whereas the book value per share was reported at Rs. 132.09.

MCB attracted home remittance inflows of USD 2.683 billion, during the period under review, to further consolidate its position as an active participant in SBP's cause for improving flow of foreign reserves into the country through banking channels. The inflow under the Roshan Digital Account (RDA) initiative has stood over USD 170 million since the inception of the proposition in September 2020.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 19.00% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 16.08% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 247.94% and Net Stable Funding Ratio (NSFR) of 189.19% against requirement of 100%.

The Bank's exceptional performance has also been recognized by the globally coveted Finance Asia's Country Awards wherein it has been bestowed with the "Best Bank in Pakistan" in 2021.

The Board of Directors has declared the 3rd interim cash dividend of Rs. 4.5 per share i.e. 45%; hence, continuing with its highest dividend payout trend and bringing the total cash dividend for the year ending 2021 to 140%.

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 23, 2021.

Economy Review

Supported by expansionary monetary and fiscal policies as well as growth in consumer and industrial demand, the first half of the year showed robust economic growth. In the last quarter, however, a faster recovery in the demand caused the economy to rebound at a pace above expectations. This coupled with increasing International commodity prices resulted in higher import bills, creating risks for sustainable economic growth, and inflation.

On the external front, Pakistan reported a current account deficit of USD 3.4 billion for the first quarter of FY22 as compared to a deficit of USD 1.9 billion in FY21. For the last fiscal year, the increased remittances and export numbers kept the current account balance in check.

As aggregate demand in the economy improved, imports continued to rise at a faster pace than that of exports. To support the Balance of Payments, the country issued EURO bonds in the international market. On March 30, 2021, Pakistan received USD 2.5 billion through these bonds. Moreover, SBP's RDA initiative gained traction during the year 2021. Inflows from RDA crossed the USD 2.4 billion mark by the end of third quarter. Pakistan also received over USD 8 billion in workers' remittances in Jul-Sep 21.

Starting the calendar year at 159.83 against USD, PKR depreciated to 170.66 by 30-Sep-2021. The flexible exchange rates helped the central bank to preserve country's foreign exchange reserves. On October 1, country's reserves stood at USD 26 billion.

The headline inflation rate picked up during the year. From the low year-on-year reading of 5.7% in January, it reached a high of 11.1% in April before settling at 9.0% in September of this year. Increased aggregate demand, higher commodity and energy prices, and disruptions in the food items' supply were the major triggers.

In September 2021, SBP decided to increase the policy rate to 7.25% in order to moderate growth in aggregate demand which came as "the pace of the economic recovery exceeded expectations". Rising demand pressures and higher imported inflation could cause the domestic inflation to increase later in the current fiscal year and are needed to be handled proactively.

On the fiscal side, the government in its budget has targeted tax revenue of Rs. 5,829 billion envisioning a budget deficit of 6.30%. FBR collected Rs. 1,395 billion in taxes for the first quarter of FY22, exceeding its target by Rs. 186 billion.

Future Outlook

Pakistan is currently exiting the fourth wave of COVID-19 as the Government of Pakistan's response to vaccination drive has been positive. Therefore, easing COVID-19 restrictions around the country may lead to higher consumer demand. Moreover, the recent growth focused policies are exerting pressure on inflation and current account deficit. The authorities are now moderating the pace of their expansionary fiscal and monetary policies. Successful negotiations with the IMF and implementation of structural reforms remain critical and will determine the likely path the economy will take going forward.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,

Imran Maqbool

Imran Maqbool
President & CEO,
MCB Bank Limited
October 27, 2021

Shahzad Hussain

Shahzad Hussain
Director
MCB Bank Limited

معیشت کی مجموعی طلب میں اضافے کی بدولت درآمدات میں برآمدات کی نسبت زیادہ تیزی سے اضافہ ہو رہا ہے۔ ادائیگی کے توازن کو مدد فراہم کرنے کے لیے ملک نے عالمی مارکیٹ میں یورہاٹرز کا اجراء کیا ہے۔ 30 مارچ 2021ء کو پاکستان نے 2.5 بلین امریکی ڈالرز، ان ہاٹرز کی فروخت کے ذریعے حاصل کیے۔ مزید برآں، اسٹیٹ بینک آف پاکستان کے روشن ڈیجیٹل اکاؤنٹ (آرڈی اے) نے سال 2021ء کے دوران زیادہ توجہ حاصل کی۔ مالی سال کی تیسری سہ ماہی کے اختتام تک آرڈی اے کی مدد میں وصول ہونے والی رقم کا حجم 2.4 بلین امریکی ڈالرز سے تجاوز کر گیا۔ پاکستان نے سال 2021ء کے جولائی تا ستمبر کے عرصے کے دوران 8 بلین امریکی ڈالرز سے زائد کی افرادی ترسیلات زر وصول کیں۔

سال کے آغاز میں 159.83 روپے فی امریکی ڈالر کے مقابلے 30 ستمبر 2021ء تک پاکستانی روپے کی قدر گرتی ہوئی 170.66 روپے فی امریکی ڈالر پر پہنچ گئی۔ اس نکلدار شرح مبادلہ نے مرکزی بینک کو اپنے ملک کے غیر ملکی زرمبادلہ کے ذخائر کو اکٹھا اور جامع رکھنے کے لیے مدد فراہم کی۔ یکم اکتوبر کو ملک کے غیر ملکی زرمبادلہ کے ذخائر کا حجم 26 بلین امریکی ڈالرز پر رہا۔

افراط زر کے نمایاں اشاریوں میں، اس سال کے دوران، بڑھتی کار رجحان رہا۔ جنوری میں، سال بہ سال کی بنیاد پر شمار کی گئی 5.7 فیصد کی کم شرح سے یہ، اپریل میں 11.1 فیصد کی بلند شرح کو چھو کر اس سال ستمبر تک 9.0 فیصد کی شرح پر موجزن ہوا۔ مجموعی طلب میں اضافہ، اشیاء اور بجلی کی بڑھتی قیمتیں اور اشیاء خورد و نوش کی رسد میں رکاوٹوں جیسے عوامل اس بارے میں اہم کردار ادا کر رہے ہیں۔

ستمبر 2021ء میں اسٹیٹ بینک آف پاکستان نے معاشی بحالی میں توقعات سے کہیں زیادہ تیزی کی وجہ سے مجموعی طلب کی نمو میں اضافے کی رفتار کو معتدل کرنے کے لیے پالیسی ریٹ کو 7.25 فیصد تک کی سطح پر مقرر کرنے کا فیصلہ کیا۔ طلب کے بڑھتے دہاؤ اور بلند ہوتے درآمداتی افراط زر سے، رواں مالی سال کے اواخر میں داخلی افراط زر میں اضافہ ہو سکتا ہے اور اس امر کو پیش قدمی سے سنبھالنے کی ضرورت ہے۔

انضباطی حوالے سے، حکومت نے اپنے بجٹ میں 5,829 بلین روپے کی نیکس آمدنی کا ہدف رکھا ہے اور اس طرح بجٹ کے خسارے کو 6.30 فیصد پر تحدید کیا ہے۔ ایف بی آر نے مالی سال 2022ء کی پہلی سہ ماہی کے لیے 1,395 بلین روپے کے نیکس کو اکٹھا کیا جو کہ اپنے ہدف سے 186 بلین روپے زیادہ ہے۔

مستقبل کی پیش بینی :

حکومت پاکستان کی جانب سے ویکسین کی ترسیل اور دستیابی کی کامیاب تحریک کے باعث پاکستان اس وقت کوڈ - 19 کی چوتھی لہر کے خاتمے کے قریب ہے۔ چنانچہ، کوڈ - 19 کی لاگو شدہ پابندیوں میں دی جانے والی آسائشوں کے باعث صارفین کی طلب میں اضافہ ممکن ہے۔ مزید برآں، نمو پر مرکز حالیہ پالیسیاں، افراط زر اور کرنٹ اکاؤنٹ خسارے پر اثر انداز ہو رہی ہیں۔ متعلقہ ادارے اپنی وسعت پسند مالیاتی اور انضباطی پالیسیوں کی رفتار کو معتدل رکھنے اور اس میں توازن پیدا کرنے کے لیے کوشاں ہیں۔ آئی ایم ایف، سے کامیاب مذاکرات اور تعمیری اصلاحات کا نفاذ، مستقبل میں، معاشی ترقی کے سفر کے تعین کرنے میں اب بھی ایک ناگزیر اور اہم امر کے طور پر برقرار ہے۔

تحسین و تشکر

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کا اگلی جاری معاونت کے لیے، بینک کے شیئر ہولڈرز اور صارفین کا اگلے بھر پور اعتماد کے لیے اور اپنے ملازمین کا اگلی مسلسل لگن اور مخلصانہ خدمات پر شکر یہ ادا کرتے ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

عمران مقبول

پریذیڈنٹ اور سی ای او

ایم سی بی بینک لمیٹڈ

127 اکتوبر 2021ء

شہزاد حسین

ڈائریکٹر

ایم سی بی بینک لمیٹڈ

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 30 ستمبر 2021ء کو اختتام پذیر نو ماہ کی مدت کے مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت

مسرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ:

مناخ قبیل از ٹیکس	ملین روپے
ٹیکس	38,270
مناخ بعد از ٹیکس	15,714
افتتاحی غیر تخصیص شدہ منافع	22,556
ڈیفائنڈ پیفٹ واجبات کے نقصان کی دوبارہ پینائش (خالص از ٹیکس)	69,835
ریویوڈ معینہ اثاثہ جات کی فروخت پر سربس (خالص از ٹیکس)	(166)
غیر بینکنگ اثاثہ جات کی فروخت پر سربس (خالص از ٹیکس)	20
پائیدار اثاثوں کی از سر نو تخمینہ پر سربس سے اضافی فرسودگی کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)	223
تخصیص کیلئے دستیاب منافع	62
تخصیص:	69,974
قانونی ریزرو	92,530
حتمی کیش ڈیویڈنڈ 15 روپے فی شیئر - برائے دسمبر 2020ء	(2,256)
پہلا عبوری کیش ڈیویڈنڈ 4.50 روپے فی شیئر - برائے مارچ 2021ء	(17,776)
دوسرا عبوری کیش ڈیویڈنڈ 5.00 روپے فی شیئر - برائے جون 2021ء	(5,333)
کل تخصیص	(5,925)
اختتامی غیر تخصیص شدہ منافع	(31,290)
	61,240

30 ستمبر 2021ء کو اختتام پذیر نو ماہ کے عرصے کے دوران ایم سی بی بینک لمیٹڈ نے 38.27 ملین روپے کا منافع قبل از ٹیکس اور 22.56 ملین کا منافع بعد از ٹیکس رپورٹ کیا۔ فی حصص آمدنی گزشتہ سال کے تقابلی عرصہ کی 19.35 روپے کی سطح کے مقابلے میں 19.03 روپے پر پہنچ گئی۔

اسٹیٹ بینک آف پاکستان نے کووڈ-19 کے پھیلاؤ سے ابھرنے والے تیزی کے خدشات کے مدارک کے لیے اپنے وسعت پسندانہ مانیٹری پالیسی بیانیہ کو گزشتہ سال کے پیشتر حصے کے لئے جاری رکھا۔ اس زیر تجزیہ عرصہ کے دوران اوسط پالیسی ریٹ میں 258 بی پی ایس کی کمی ہوئی جو کہ اوسط 9.59 فیصد کی نسبت 7.01 فیصد تک جا پہنچی، تاہم اوسط کرنٹ ڈیپازٹس کے حصول میں تاریخی اضافے کے نتیجے میں خالص انٹرسٹ آمدنی گزشتہ سال کے تقابلی عرصہ کے 55.346 ملین روپے کے تناسب میں صرف 14 فیصد کی کمی درج کرتے ہوئے 47.745 ملین روپے پر رپورٹ ہوئی۔

نان مارک اپ آمدنی گزشتہ سال کی تقابلی مدت کے 13.56 ملین روپے کے حجم سے 6 فیصد کی گراں قدر بڑھوتی کے ساتھ 14.38 ملین روپے پر درج ہوئی۔ لین دین کی مقدار میں بہتری، کاروباری سرگرمیوں میں اضافہ، بینک کی پرائڈ کوش کو مزید پرکشش بنانے کے ذریعے آمدنی میں تنوع، ڈیجیٹل منتقلی میں سرمایہ کاری اور صنعت میں اپنی خدمات کے اعلیٰ معیار کے استحکام کے لیے غیر متزلزل اور مستقل توجہ کے شرکے طور پر فیس کی آمدنی میں 14 فیصد کی نمو حاصل ہوئی جبکہ ڈیویڈنڈ اور غیر ملکی زرمبادلہ کی آمدنی میں بلترتیب 98 فیصد اور 21 فیصد کا اضافہ ہوا۔

کاروباری اخراجات کی مد میں افراط زر میں کرنسی کی فرسودگی، ضوابطی تجمیلات کے بڑھتے اخراجات، برانچوں کی توسیع میں اضافہ اور اس کے ساتھ باقاعدہ کارکردگی اور افرادی سرمائے کے لیے میٹ پر مطابقت کے مسلسل دباؤ کے باوجود بینک انتظامی اخراجات میں اضافے کو 7 فیصد تک محدود رکھنے میں کامیاب رہا۔

پروویژن کے حوالے سے، ایکویٹی سکرپس کی فروخت کی بدولت 30 ستمبر 2021ء کو اختتام پذیر نو ماہ کے عرصہ میں 183 ملین روپے کی خالص کٹوتی (ریورسل) ہوئی۔ پیش قدم گمرانی اور وصولیوں کی کوششوں سے غیر فعال قرضوں کے لیے مخصوص پروویژن کی مد میں 294 ملین روپے کی ریورسل ہوئی۔ جبکہ داخلی سرگرمیوں میں بہتری اور معاشی بحالی کی صورت حال پر چھائے مہیب خدشات میں کمی کی وجہ سے، کووڈ-19 کے پھیلاؤ سے پیدا ہونے والی غیر یقینی سے نپٹنے کے لیے مختص کیے گئے، 3 ملین روپے کے عمومی ریزرو کی ریورسل بھی کی گئی۔

مالیاتی صورتحال کے حوالے سے، بینک کے کل اثاثہ جات کی اساس، غیر مجموعہ بنیاد پر، 1,931 ملین روپے (+10%) پر رپورٹ ہوئی۔ اثاثہ جات کی ترکیب کا جائزہ اس امر کا مظہر ہے کہ تعمیرات اور آٹوموبائل کے شعبوں میں نمایاں سرگرمیوں کی وجہ سے صارفین کو فراہم کیے گئے قرضہ جات میں 6.6 ملین روپے (23%) تک کا اضافہ دیکھا گیا۔ کل قرضہ جات کی اوسط نمونہ میں تنزیلی (+3%) کا عنصر برقرار ہے۔

صنعت کی حاصل شدہ شرح سے زیادہ ڈیپازٹس کے حصول کی تحریک سے پیدا ہونے والی فاضل سیالیت کو انٹرنیٹ بینک قرضوں کے مواقع سے مستفید ہونے اور سرمایہ کاری کی طرف اسکا رخ موڑنے کے نتیجے میں سرمایہ کاری کا حجم 160 ملین روپے تک بڑھ گیا اور اس طرح بینک کے کل اثاثہ جات کی اساس کے اضافے میں اپنا اہم کردار (92%) ادا کیا۔

خدشات کے تدارک کے مضبوط فریم ورک جو کہ جانچ کے حقیقی ماڈلز، قرض کی ادائیگی سے پہلے اسکی قدر پیمائی کے موزوں طریقہ کار اور ادائیگی کے بعد گمرانی کے موثر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھتے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدشات کا، ارتقائی عمل سے دوچار میکرو اکنامک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقے سے انتظام کیا۔ بینک کے غیر فعال قرضہ جات 92 ملین روپے کے اضافے کے ساتھ 51.28 ملین روپے پر رپورٹ ہوئے۔ اس اضافے کی بنیادی وجہ غیر ملکی کرنسی پر مشتمل غیر فعال قرضوں پر روپے کی قدر میں فرسودگی کے اثرات رہے جبکہ ان کیسز کے شارٹس قابل ذکر تبدیلی یا اضافہ واقع نہیں ہوا۔

بینک نے اپنی مخصوص پروویژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا اور 1.564 ملین روپے کی بلا کفالت عام پروویژن کا اندراج کیا۔ بینک کی کوریج اور انفلیکشن کی شرحیں بالترتیب 92.2 فیصد اور 9.7 فیصد پر رپورٹ ہوئیں۔

واجبات کے حوالے سے، بغیر لاگت کے ڈیپازٹس کے حصول میں اضافہ، بینک کی حکمت عملی کے طور پر برقرار ہے۔ لہذا، غیر پیداواری ڈیپازٹس 17 فیصد کے اضافے کے ساتھ 570 ملین روپے پر بند ہوئے اور 30 ستمبر 2021ء تک کے کل ڈیپازٹس کی ترکیب میں، اپنے حصے کو 39 فیصد کی حتمی شرح پر درج کیا۔ کاسا (CASA) کی ترکیب 92 فیصد پر رہی۔ جبکہ بینک کے کل ڈیپازٹس، رواں مدت کے اختتام تک، 11 فیصد کی صنعت کی نمو کے تناسب میں 13 فیصد کے اضافے کے ساتھ 1,457 ملین روپے تک پہنچ گئے۔

اثاثہ جات کی آمدنی اور سرمائے کی آمدنی کی شرح بہتر ہوتے ہوئے بالترتیب 1.63 فیصد اور 18.86 فیصد پر درج ہوئیں جبکہ بک ویلجیو 132.09 روپے فی شیئر پر رپورٹ ہوئی۔

ایم سی بی نے اسٹیٹ بینک آف پاکستان کے بینکنگ چینلز کے ذریعے غیر ملکی زرمبادلہ کے ذخائر میں اضافے کے مقصد کے ساتھ سرگرم شرکت داری کو مزید تقویت فراہم کرنے کا مظاہرہ کرتے ہوئے اس زیر تجزیہ عرصہ کے دوران 2.683 ملین امریکی ڈالرز کی ترسیلات زر کو وصول کیا۔ روٹن ڈیجیٹل اکاؤنٹس کے تحت ترسیلات کی وصولیاں بھی جاری ہیں۔ جس میں ستمبر 2020ء میں، اس کے اجراء سے اب تک، 170 ملین امریکی ڈالرز سے زائد کی رقم وصول کی جا چکی ہے۔

سرمائے کے ضوابط کی مطلوبہ کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایکویٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 19 فیصد پر رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) سرکلر لیز نمبر 12 کے تحت سرمایہ کو محفوظ دینے کے لیے 1.50 فیصد کی تعمیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کاسن ایکویٹی ٹائر - Common - Equity Tier-1 (CET1) سے کل رسک ویٹیزڈ اسٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.00 فیصد کی مطلوبہ حد کے مقابلہ میں 16.08 فیصد کی شرح پر درج کی گئی۔ بینک کی کپٹالائزیشن کے نتیجے میں لیورج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابطی حد سے نمایاں اضافہ کے ساتھ 6 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریٹو LCR - Liquidity Coverage (Ratio) کو 247.94 فیصد اور نیٹ سٹیبل فنڈنگ ریٹو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 189.19 فیصد پر رپورٹ کیا۔

بینک کی غیر معمولی کارکردگی کا اعتراف عالمی شہرت یافتہ فنانس ایڈیٹرز کے کنفرس ایوارڈز کی جانب سے کیا گیا جس نے سال 2021ء میں بینک کو "بیسٹ بینک ان پاکستان" کے اعزاز سے نوازا۔

بورڈ آف ڈائریکٹرز نے 4.5 روپے فی شیئر (45%) کے تیسرے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔ اس اور اس طرح سب سے زیادہ ڈیویڈنڈ دینے والے ادارے کے طور پر اپنی پوزیشن کو برقرار اور جاری رکھا اور اس کے ساتھ سال 2021ء کے اختتام تک کل کیش ڈیویڈنڈ کی شرح 140 فیصد پر آگئی ہے۔

ریٹنگز

پاکرا (PACRA) کے نوٹیفیکیشن بتاریخ 23 جون 2021ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور A1+ کی بلند ترین کریڈٹ ریٹنگز سے مستفید ہو رہا ہے۔

معاشی جائزہ:

وسعت پسندانہ مالیاتی اور انضباطی پالیسیوں کے تعاون اور اس کے ساتھ صارفین اور صنعتوں کی بڑھتی طلب کی بناء پر، سال کی پہلی ششماہی میں مضبوط معاشی نمود دیکھی گئی۔ تاہم آخری سہ ماہی میں طلب میں پیدا ہونے والی تیزی کے باعث، معیشت میں توقع سے کہیں زیادہ تیز رفتار سے ترقی ہوئی۔ اس کے علاوہ اشیاء کی عالمی قیمتوں کے بڑھنے کے نتیجے میں درآمدات کے بل میں ہونے والے اضافے سے پائیدار معاشی نمو کو خدشات لاحق ہو سکتے ہیں، اور افراط زر میں بھی اضافہ ہو سکتا ہے۔

بیرونی محاذ پر، پاکستان نے مالی سال 2021ء کے 1.9 ملین امریکی ڈالرز کے مقابلے میں مالی سال 2022ء کی پہلی سہ ماہی میں 3.4 ملین امریکی ڈالرز کا کرنٹ اکاؤنٹ خسارہ رپورٹ کیا ہے۔ مکمل سال کے لیے ترسیلات زر کی بڑھوتی اور برآمدات کے اہداف کرنٹ اکاؤنٹ کے خسارے کو کم کرنے میں مددگار ثابت ہو گئے۔

Unconsolidated Condensed Interim Statement of Financial Position
As At September 30, 2021



	Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	119,778,612	122,180,839
Balances with other banks	8	15,322,246	24,030,328
Lendings to financial institutions	9	26,028,338	17,139,453
Investments	10	1,176,246,290	1,015,869,448
Advances	11	481,777,972	462,941,787
Fixed assets	12	57,573,411	58,027,904
Intangible assets	13	998,416	938,458
Deferred tax assets		-	-
Other assets	14	53,371,915	56,334,253
		<u>1,931,097,200</u>	<u>1,757,462,470</u>
LIABILITIES			
Bills payable	16	12,286,859	23,980,692
Borrowings	17	191,237,157	164,001,533
Deposits and other accounts	18	1,456,581,239	1,289,502,304
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	4,638,583	6,975,158
Other liabilities	20	88,710,867	82,900,828
		<u>1,753,454,705</u>	<u>1,567,360,515</u>
		<u>177,642,495</u>	<u>190,101,955</u>
NET ASSETS			
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	83,442,761	80,696,335
Surplus on revaluation of assets	22	21,109,720	27,720,418
Unappropriated profit		61,239,414	69,834,602
		<u>177,642,495</u>	<u>190,101,955</u>
CONTINGENCIES AND COMMITMENTS			
	23		

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

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Nine Months Period Ended September 30, 2021



	Note	Quarter Ended		Nine Months Ended	
		July 01 to September 30, 2021	July 01 to September 30, 2020	January 01 to September 30, 2021	January 01 to September 30, 2020
-----Rupees in '000-----					
Mark-up / return / interest earned	25	31,701,823	31,823,729	89,902,918	107,035,359
Mark-up / return / interest expensed	26	15,506,350	12,490,250	42,158,411	51,689,024
Net mark-up / interest income		<u>16,195,473</u>	<u>19,333,479</u>	<u>47,744,507</u>	<u>55,346,335</u>
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	3,142,942	2,875,698	9,154,098	8,021,306
Dividend income		463,406	195,079	1,442,071	728,878
Foreign exchange income		935,260	493,079	2,330,637	1,920,766
Income/ (loss) from derivatives		(404)	3,299	8,141	(3,604)
Gain/ (loss) on securities	28	218,840	2,861,950	703,385	2,794,903
Other Income	29	124,066	46,986	744,383	96,614
Total non-markup / interest Income		<u>4,884,110</u>	<u>6,476,091</u>	<u>14,382,715</u>	<u>13,558,863</u>
Total Income		<u>21,079,583</u>	<u>25,809,570</u>	<u>62,127,222</u>	<u>68,905,198</u>
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	8,994,806	8,224,013	26,190,413	24,416,577
Workers Welfare Fund		265,143	321,986	765,406	767,073
Other charges	31	60,975	19,021	400,275	259,141
Total non-markup / interest expenses		<u>9,320,924</u>	<u>8,565,020</u>	<u>27,356,094</u>	<u>25,442,791</u>
Profit before provisions		<u>11,758,659</u>	<u>17,244,550</u>	<u>34,771,128</u>	<u>43,462,407</u>
Provisions / (reversals) and write offs - net	32	(1,498,509)	1,145,260	(3,499,191)	5,108,757
PROFIT BEFORE TAXATION		<u>13,257,168</u>	<u>16,099,290</u>	<u>38,270,319</u>	<u>38,353,650</u>
Taxation	33	5,443,908	6,373,881	15,714,387	15,418,817
PROFIT AFTER TAXATION		<u>7,813,260</u>	<u>9,725,409</u>	<u>22,555,932</u>	<u>22,934,833</u>
Basic and diluted earnings per share	34	<u>6.59</u>	<u>8.21</u>	<u>19.03</u>	<u>19.35</u>

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

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director



Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Nine Months Period Ended September 30, 2021

	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2021	July 01 to September 30, 2020	January 01 to September 30, 2021	January 01 to September 30, 2020
	-----Rupees in '000-----			
Profit after taxation for the period	7,813,260	9,725,409	22,555,932	22,934,833
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	916,814	(126,792)	490,833	673,181
Movement in surplus on revaluation of investments - net of tax	(3,780,565)	(9,108,649)	(6,124,886)	6,441,414
	(2,863,751)	(9,235,441)	(5,634,053)	7,114,595
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	-	(166,181)	(1,738,103)
Movement in surplus on revaluation of fixed/non-banking assets - net of tax	-	-	(181,188)	-
	-	-	(347,369)	(1,738,103)
Total comprehensive income	4,949,509	489,968	16,574,510	28,311,325

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



Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Nine Months Period Ended September 30, 2021

	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, 2019 (Audited)	11,850,800	23,751,114	908,317	2,875,131	31,656,691	18,600,000	4,217,747	19,477,694	56,777,489	168,914,793
Total comprehensive income for the nine months period ended September 30, 2020	-	-	-	673,181	-	-	6,441,414	-	22,934,833	22,934,833
Profit after taxation for the nine months period ended September 30, 2020	-	-	-	673,181	-	-	6,441,414	-	(1,738,103)	5,376,492
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	21,196,730	28,311,325
Transfer to statutory reserve	-	-	-	-	2,293,483	-	-	-	(2,293,483)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(66,920)	66,920	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(22,545)	22,545	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(4,774)	4,774	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 5.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 5.0 per share - March 31, 2020	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2020 (Un-audited)	11,850,800	23,751,114	908,317	3,548,312	33,950,174	18,600,000	10,659,161	19,383,455	62,924,375	165,375,598
Change in equity for three months period ended December 31, 2020	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months period ended December 31, 2020	-	-	-	(471,629)	-	-	(2,419,526)	-	6,102,468	6,102,468
Profit after taxation for the three months period ended December 31, 2020	-	-	-	(471,629)	-	-	(2,419,526)	-	1,395,932	1,395,932
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	7,498,260	4,726,447
Transfer to statutory reserve	-	-	-	-	610,247	-	-	-	(610,247)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(22,214)	22,214	-
Balance as at December 31, 2020 (Audited)	11,850,800	23,751,114	908,317	2,876,483	34,560,421	18,600,000	8,239,633	19,480,795	69,834,622	190,101,955
Total comprehensive income for the nine months period ended September 30, 2021	-	-	-	490,833	-	-	(6,124,886)	-	22,555,932	22,555,932
Profit after taxation for the nine months period ended September 30, 2021	-	-	-	490,833	-	-	(6,124,886)	-	(186,181)	(5,981,422)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	22,369,751	16,574,510
Transfer to statutory reserve	-	-	-	-	2,255,893	-	-	-	(2,255,893)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(61,611)	61,611	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(20,240)	20,240	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(222,773)	222,773	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)
Interim cash dividend at Rs. 4.50 per share - March 31, 2021	-	-	-	-	-	-	-	-	(6,332,770)	(6,332,770)
Interim cash dividend at Rs. 5.0 per share - June 30, 2021	-	-	-	-	-	-	-	-	(29,033,970)	(29,033,970)
Balance as at September 30, 2021 (Un-audited)	11,850,800	23,751,114	908,317	3,367,316	36,816,314	18,600,000	2,114,747	18,994,973	61,289,414	177,642,495

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

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Nine Months Period Ended September 30, 2021



Note	January 01 to September 30, 2021	January 01 to September 30, 2020
-----Rupees in '000-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	38,270,319	38,353,650
Less: Dividend income	(1,442,071)	(728,878)
	36,828,248	37,624,772
Adjustments:		
Depreciation on fixed assets	30 1,608,704	1,478,491
Depreciation on right-of-use assets	30 915,482	940,269
Depreciation on non-banking assets acquired in satisfaction of claims	30 28,081	22,835
Amortization	30 232,501	238,349
Provisions / (reversals) and write offs - net	32 (3,499,191)	5,108,757
Gain on sale of fixed assets - net	29 (46,043)	(43,351)
Gain on sale of non-banking assets acquired in satisfaction of claims - net	29 (551,339)	(3,976)
Finance charges on lease liability against right-of-use assets	26 785,953	1,063,304
Workers Welfare Fund	765,406	767,073
Charge for defined benefit plans - net	377,438	263,546
Gain on termination of lease liability against right of use assets	29 (52,424)	-
Unrealized loss on revaluation of investments - Held For Trading	28 15,663	6,441
	580,231	9,841,738
	37,408,479	47,466,510
Decrease / (increase) in operating assets		
Lendings to financial institutions	(8,888,885)	(1,049,704)
Held-for-trading securities	(4,095,506)	(23,008,775)
Advances	(15,502,808)	46,357,627
Others assets (excluding advance taxation)	294,354	17,525,009
	(28,192,845)	39,824,157
Increase / (decrease) in operating liabilities		
Bills Payable	(11,693,833)	(1,870,755)
Borrowings from financial institutions	26,939,834	23,966,533
Deposits	167,078,935	130,106,467
Other liabilities (excluding current taxation)	6,867,577	(20,034,690)
	189,192,513	132,167,555
Defined benefits paid	(187,985)	(233,433)
Income tax paid	(15,813,993)	(10,139,484)
Net cash flow from operating activities	182,406,169	209,085,305
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(159,305,764)	(199,269,124)
Net investments in held-to-maturity securities	(6,017,458)	16,596,306
Dividends received	1,257,826	596,600
Investments in operating fixed assets	(2,005,200)	(1,737,331)
Proceeds from sale of operating fixed assets	199,043	144,378
Investments in Intangible assets	(292,953)	(115,442)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	1,887,103	39,000
Effect of translation of net investment in foreign branches	490,833	673,181
Net cash flow used in investing activities	(163,786,570)	(183,072,432)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(1,288,454)	(1,213,264)
Dividend paid	(28,737,244)	(11,741,422)
Net cash flow used in financing activities	(30,025,698)	(12,954,686)
Effects of exchange rate changes on cash and cash equivalents	3,419,961	3,189,458
Increase in cash and cash equivalents	(7,986,138)	16,247,645
Cash and cash equivalents at beginning of the period	142,393,893	140,708,131
Cash and cash equivalents at end of the period	134,407,755	156,955,776

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

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2021



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 1,419 branches (2020: 1,418 branches) within Pakistan and 11 branches (2020: 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 Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2020.

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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. 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)

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 1, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 1, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

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

As per the SBP's BPRD Circular Letter no. 24 dated July 5, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Therefore, these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

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, 2020.

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, 2020. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.



Unaudited September 30, 2021
Audited December 31, 2020
-----Rupees in '000-----

7. CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	25,425,665	22,094,317
Foreign currencies	5,818,791	6,183,785
	31,244,456	28,278,102
With State Bank of Pakistan in		
Local currency current accounts	48,320,192	47,257,342
Foreign currency current accounts	2,899,830	1,966,635
Foreign currency deposit accounts	11,484,830	10,215,984
	62,704,852	59,439,961
With other central banks in		
Foreign currency current accounts	5,374,068	11,851,311
With National Bank of Pakistan in		
Local currency current accounts	19,944,715	21,673,576
Prize bonds	510,521	937,889
	119,778,612	122,180,839

8. BALANCES WITH OTHER BANKS

Outside Pakistan		
In current accounts	7,354,494	21,798,363
In deposit accounts	7,967,752	2,231,965
	15,322,246	24,030,328

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	25,050,755	11,002,195
Repurchase agreement lendings (Reverse Repo)	977,583	6,137,258
	26,028,338	17,139,453

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2021



	Unaudited September 30, 2021			Audited December 31, 2020				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
10. INVESTMENTS								
10.1 Investments by type:								
Held-for-trading securities								
Federal Government Securities	5,299,744	-	(1,852)	5,297,892	1,309,116	-	(224)	1,308,892
Shares	104,654	-	(13,811)	90,843	-	-	-	-
	5,404,398	-	(15,663)	5,388,735	1,309,116	-	(224)	1,308,892
Available-for-sale securities								
Federal Government Securities	1,106,037,919	(5,088)	1,886,265	1,107,919,096	946,641,148	(4,719)	9,537,433	956,173,862
Shares and units	28,974,032	(9,953,575)	1,570,193	20,590,650	26,582,088	(10,116,283)	3,119,160	19,684,965
Non Government Debt Securities	1,797,840	-	25,619	1,823,459	1,797,840	-	2,252	1,800,092
Foreign Securities	4,976,661	(1,714)	(15,281)	4,959,666	7,483,939	(1,714)	17,509	7,479,734
	1,141,786,452	(9,960,377)	3,466,796	1,135,292,871	982,485,015	(10,122,716)	12,676,354	985,038,653
Held-to-maturity securities								
Federal Government Securities	14,863,086	(17,878)	-	14,845,208	4,612,390	(11,542)	-	4,600,848
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	7,412,745	(477,541)	-	6,935,204	9,270,317	(490,341)	-	8,779,976
Foreign Securities	773,981	(8,422)	-	765,559	3,149,647	(27,281)	-	3,122,366
	23,049,830	(603,959)	-	22,545,971	17,032,472	(529,282)	-	16,503,190
Associates	700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries	12,319,037	(725)	-	12,318,312	12,319,037	(725)	-	12,318,312
Total Investments	1,183,280,218	(10,465,061)	3,451,133	1,176,246,290	1,013,846,041	(10,652,723)	12,676,130	1,015,869,446

Unaudited September 30, 2021

	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
48,016,123	91,279,273	
54,653,215	1,000,283	
463,924	-	
103,133,262	92,279,556	
10,652,723	10,689,171	
(4,327)	13,474	
751,946	1,956,360	
(25,403)	(1,529)	
(909,878)	(2,004,753)	
(183,335)	(49,922)	
10,465,061	10,652,723	

	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
477,658	490,459	
477,658	490,459	

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 31,388 million (December 31, 2020: Rs 43,542 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, 2021 amounted to Rs. 22,405,308 million (December 31, 2020: Rs. 17,002,908 million).

10.2 Provision for diminution in value of investments

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

Amounts written off
Closing Balance

10.2.2 Particulars of provision against debt securities
Category of classification

Domestic
Loss

11. ADVANCES

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2021



	Performing		Non Performing		Total	
	Unaudited September 30, 2021	Audited December 31, 2020	Unaudited September 30, 2021	Audited December 31, 2020	Unaudited September 30, 2021	Audited December 31, 2020
Rupees in '000						
Loans, cash credits, running finances, etc.	460,301,905	444,168,988	50,221,156	50,524,753	510,523,061	494,693,751
Bills discounted and purchased	17,483,534	18,192,157	1,059,696	664,294	18,543,230	18,856,451
Advances - gross	477,785,439	462,361,155	51,280,852	51,189,047	529,066,291	513,550,202
Provision against advances						
- Specific	(2,550,350)	(5,465,459)	(44,737,969)	(45,142,956)	(44,737,969)	(45,142,956)
- General	(2,550,350)	(5,465,459)	(44,737,969)	(45,142,956)	(2,550,350)	(5,465,459)
Advances - net of provision	475,235,089	456,895,696	6,542,883	6,046,091	481,777,972	462,941,787

Unaudited September 30, 2021

	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
481,905,323	469,211,685	
47,160,968	44,338,517	
529,066,291	513,550,202	

11.1 Particulars of advances (Gross)

In local currency
In foreign currencies

11.2 Advances include Rs. 51,280,852 million (2020: Rs.51,189,047 million) which have been placed under the non-performing status as detailed below:

Category of Classification

Category of Classification	Unaudited September 30, 2021		Audited December 31, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
-----Rupees in '000-----				
Domestic				
Other Assets Especially Mentioned	126,832	3,721	43,508	1,983
Substandard	154,021	38,218	211,900	52,156
Doubtful	117,664	58,832	264,759	132,380
Loss	41,784,353	40,917,925	42,224,438	41,485,949
	42,182,870	41,018,696	42,744,605	41,672,468
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	18,397	9,128	5,321	4,913
91 to 180 days	249	62	2,020	505
181 to 365 days	152,664	81,466	19,961	9,981
> 365 days	8,926,672	3,628,617	8,417,140	3,455,089
	9,097,962	3,719,273	8,444,442	3,470,468
Total	51,280,852	44,737,969	51,189,047	45,142,956

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

11.3 Particulars of provision against advances

	Unaudited September 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	45,142,956	5,465,459	50,608,415	41,934,421	1,423,921	43,358,342
Exchange adjustments	200,930	9,908	210,838	50,555	7,065	57,620
Charge for the period / year	1,943,186	84,108	2,027,294	5,703,057	4,097,524	9,800,581
Reversals	(2,237,096)	(3,009,125)	(5,246,221)	(2,215,829)	(63,051)	(2,278,880)
	(293,910)	(2,925,017)	(3,218,927)	3,487,228	4,034,473	7,521,701
Amounts written off	(312,007)	-	(312,007)	(329,248)	-	(329,248)
Closing balance	44,737,969	2,550,350	47,288,319	45,142,956	5,465,459	50,608,415

11.3.1 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.

11.3.2 In addition, the Bank has also maintained an un-encumbered general provision of Rs 1,564 million (December 31, 2020: Rs 4,564 million) against financing made on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

11.3.3 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.

12. FIXED ASSETS

Capital work-in-progress
Property and equipment
Right-of-use assets

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers
Others

12.2 Additions to fixed assets

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

Capital work-in-progress - net additions

Property and equipment

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

12.3 Disposal of fixed assets

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

Land Freehold
Vehicles
Furniture and fixture
Electrical office and computer equipment
Building on freehold land

Note	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
12.1	1,164,900	802,966
	50,355,907	50,467,607
	6,052,604	6,757,331
	57,573,411	58,027,904
	615,091	418,187
	62,667	98,383
	448,507	283,029
	38,635	3,367
	1,164,900	802,966
	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
	361,934	77,939
	99,958	153,355
	344,391	489,332
	15,058	168,214
	892,522	445,322
	111,916	151,622
	131,327	198,448
	45,784	53,099
	2,310	-
	1,643,266	1,659,392
	2,005,200	1,737,331
	66,400	-
	12,669	11,762
	3,495	403
	5,280	3,316
	65,156	85,546
	153,000	101,027

13. INTANGIBLE ASSETS

Computer software
Capital work-in-progress

13.1 Additions to intangible assets

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

Computer software
Capital work-in-progress - net additions

14. OTHER ASSETS

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

Less: Provision held against other assets

Other Assets (net of provision)

Surplus on revaluation of non-banking assets

acquired in satisfaction of claims

Other Assets - total

14.1 Provision held against other assets

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

14.1.1 Movement in provision held against other assets

Opening balance
Charge for the period / year
Reversals

Amounts written off
Exchange and other adjustments
Closing balance

15. CONTINGENT ASSETS

There were no contingent assets of the Bank as at September 30, 2021 (2020: NIL).

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
Computer software	513,005	543,815
Capital work-in-progress	485,411	394,643
	998,416	938,458
	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
	-----Rupees in '000-----	

Computer software	202,185	22,655
Capital work-in-progress - net additions	90,768	92,787
	292,953	115,442

Note	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	

Income/ Mark-up accrued in local currency	16,113,509	17,085,615
Income/ Mark-up accrued in foreign currencies	392,376	305,759
Advances, deposits, advance rent and other prepayments	2,489,293	2,249,497
Non-banking assets acquired in satisfaction of claims	2,279,137	3,277,778
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	-	276,102
Mark to market gain on forward foreign exchange contracts	4,301,241	4,854,527
Unrealized gain on derivative financial instruments	365,070	517,033
Acceptances	18,891,686	20,030,754
Receivable from the pension fund	3,067,326	3,370,179
Clearing and settlement accounts	4,019,580	2,698,271
Others	3,492,333	3,263,384
	55,545,360	58,062,708
Less: Provision held against other assets	2,662,473	2,582,686
Other Assets (net of provision)	52,882,887	55,480,022
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	489,028	854,231
Other Assets - total	53,371,915	56,334,253

Non banking assets acquired in satisfaction of claims	88,773	95,095
Claims receivable against fraud and forgeries	492,854	478,773
Others	2,080,846	2,008,818
	2,662,473	2,582,686

Opening balance	2,582,686	2,604,137
Charge for the period / year	37,780	54,269
Reversals	(24,670)	(77,917)
	13,110	(23,648)
Amounts written off	(991)	(16,591)
Exchange and other adjustments	67,668	18,788
Closing balance	2,662,473	2,582,686

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
16. BILLS PAYABLE		
In Pakistan	11,321,285	23,912,803
Outside Pakistan	965,574	67,889
	12,286,859	23,980,692
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	36,238,885	34,998,802
Under long term financing facility	22,049,028	22,150,335
Under renewable energy performance platform	1,401,670	74,760
Under payment of Wages & Salaries	6,988,840	10,074,011
Under temporary economic refinance facility	18,615,621	1,694,659
Under refinance facility for combating COVID-19	20,648	-
Under financing facility for storage of agricultural produce	159,035	191,254
	85,473,727	69,183,821
Bai Muajjal	44,809,236	-
Repurchase agreement borrowings	58,414,844	92,225,530
Total secured	188,697,807	161,409,351
Unsecured		
Borrowings from other financial institution	582,274	1,712,914
Call borrowings	1,101,687	319,669
Overdrawn nostro accounts	693,103	397,313
Others	162,286	162,286
Total unsecured	2,539,350	2,592,182
	191,237,157	164,001,533

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited September 30, 2021			Audited December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	463,852,697	64,583,367	528,436,064	397,258,854	53,823,514	451,082,368
Savings deposits	708,642,092	46,710,327	755,352,419	649,410,009	45,805,328	695,215,337
Term deposits	93,629,369	17,964,705	111,594,074	71,492,234	14,103,734	85,595,968
Others	28,574,276	2,875,644	31,449,920	23,319,545	3,218,232	26,537,777
	1,294,698,434	132,134,043	1,426,832,477	1,141,480,642	116,950,808	1,258,431,450
Financial Institutions						
Current deposits	9,091,134	1,231,804	10,322,938	10,885,621	659,092	11,544,713
Savings deposits	13,042,225	301,434	13,343,659	14,068,212	115,935	14,184,147
Term deposits	923,968	4,924,719	5,848,687	1,030,968	4,090,613	5,121,581
Others	-	233,478	233,478	-	220,413	220,413
	23,057,327	6,691,435	29,748,762	25,984,801	5,086,053	31,070,854
	1,317,755,761	138,825,478	1,456,581,239	1,167,465,443	122,036,861	1,289,502,304

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----			
19. DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on			
- Provision against advances		(2,286,876)	(2,782,530)
Taxable Temporary Differences on		(2,286,876)	(2,782,530)
- Surplus on revaluation of fixed assets		1,388,488	1,286,416
- Surplus/deficit on revaluation of investments		1,352,049	4,436,721
- Surplus on revaluation of non-banking assets		190,721	298,982
- Accelerated tax depreciation		2,092,727	1,850,789
- Receivable from pension fund		1,196,256	1,179,562
- Business combination		705,218	705,218
		6,925,459	9,757,688
		4,638,583	6,975,158
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		9,293,779	2,272,650
Mark-up/ return/ interest payable in foreign currencies		137,130	247,926
Unearned commission income		726,006	212,337
Accrued expenses		5,618,247	5,898,224
Current taxation (provisions less payments)		9,101,727	10,185,375
Workers' welfare fund	20.1	9,604,090	8,838,684
Acceptances	14	18,891,686	20,030,754
Unclaimed / dividends payable		1,989,668	1,692,942
Mark to market loss on forward foreign exchange contracts		4,230,295	4,485,302
Unrealised loss on derivative financial instruments		365,358	513,343
Branch adjustment account		46,264	-
Staff welfare fund		4,035	5,598
Provision for employees' compensated absences		1,192,921	919,407
Provision for post retirement medical benefits		2,197,906	2,004,122
Provision for employees' contributory benevolent scheme		224,700	222,084
Retention money		12,473	20,657
Insurance payable against consumer assets		713,335	698,949
Unclaimed balances		761,920	877,552
Duties and taxes payable		1,448,845	1,846,580
Provision against off-balance sheet obligations		47,053	46,189
Security deposits against lease		729,372	569,756
Lease liability against right of use assets		7,668,180	8,035,048
Clearing and settlement accounts		6,141,921	7,421,975
Others		7,563,956	5,855,374
		88,710,867	82,900,828
20.1	Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.		
	Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----			
21. RESERVES			
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		3,367,316	2,876,483
Statutory reserve	21.2	36,816,014	34,560,421
General reserve		18,600,000	18,600,000
		83,442,761	80,696,335



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

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

22. SURPLUS ON REVALUATION OF ASSETS

	Note	Unaudited September 30, 2021 -----Rupees in '000-----	Audited December 31, 2020 -----Rupees in '000-----
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	3,466,796	12,676,354
- Fixed Assets		20,085,154	20,211,952
- Non-banking assets acquired in satisfaction of claims	14	489,028	854,231
		24,040,978	33,742,537
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	19	1,352,049	4,436,721
- Fixed Assets	19	1,388,488	1,286,416
- Non-banking assets acquired in satisfaction of claims	19	190,721	298,982
		2,931,258	6,022,119
		21,109,720	27,720,418

23. CONTINGENCIES AND COMMITMENTS

-Guarantees	23.1	182,695,450	178,571,960
-Commitments	23.2	490,309,856	507,506,107
-Other contingent liabilities	23.3	25,525,190	27,960,316
		698,530,496	714,038,383

23.1 Guarantees:

Financial guarantees		156,796,391	149,925,920
Performance guarantees		22,741,138	25,900,273
Other guarantees		3,157,921	2,745,767
		182,695,450	178,571,960

23.2 Commitments:

Documentary credits and short-term trade-related transactions		222,968,272	172,617,563
- letters of credit			
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	216,950,957	318,420,575
- forward government securities transactions	23.2.2	44,054,910	11,089,775
- derivatives	23.2.3	5,116,228	4,471,383
Commitments for acquisition of:			
- operating fixed assets		1,050,303	710,570
- intangible assets		169,186	196,241
		490,309,856	507,506,107

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		126,379,763	168,432,858
Sale		90,571,194	149,987,717
		216,950,957	318,420,575

23.2.2 Commitments in respect of forward government securities transactions

Purchase		24,334,910	11,089,775
Sale		19,720,000	-
		44,054,910	11,089,775

23.2.3 Commitments in respect of derivatives

FX options			
Purchase		1,538,450	182,800
Sale		1,538,450	182,800
		3,076,900	365,600
Cross Currency Swaps			
Purchase		1,000,290	1,975,311
Sale		1,039,038	2,130,472
		2,039,328	4,105,783
		5,116,228	4,471,383



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

Note	Unaudited September 30, 2021 -----Rupees in '000-----	Audited December 31, 2020 -----Rupees in '000-----

23.3 Other contingent liabilities

Claims against the Bank not acknowledged as debts	23.3.1	25,525,190	27,960,316
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23.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

23.4 Taxation

For assessment year 1999-2000 through tax year 2020, 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. 1,497 million (2020: Rs. 6,033 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

24. DERIVATIVE INSTRUMENTS

	Unaudited September 30, 2021					
	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	1,000,290	358,845	-	-	1,538,450	6,225
Market Making	1,039,038	(359,133)	-	-	1,538,450	(6,225)
	-----Rupees in '000-----					
	Audited December 31, 2020					
	-----Rupees in '000-----					
Total						
Hedging	1,975,311	512,508	-	-	182,800	4,525
Market Making	2,130,472	(508,818)	-	-	182,800	(4,525)



	Note	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
-----Rupees in '000-----			
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		23,956,633	35,025,592
Investments		65,539,389	70,900,805
Lendings to financial institutions		332,800	925,147
Balances with banks		74,096	183,815
		<u>89,902,918</u>	<u>107,035,359</u>
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		33,508,997	44,341,311
Borrowings		6,627,276	4,359,320
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,236,185	1,925,089
Finance charges on lease liability against right-of-use assets		785,953	1,063,304
		<u>42,158,411</u>	<u>51,689,024</u>
27. FEE & COMMISSION INCOME			
Branch banking customer fees		2,073,458	1,505,881
Consumer finance related fees		376,038	297,385
Card related fees (debit and credit cards)		2,171,258	2,287,121
Credit related fees		213,501	69,282
Investment banking fee		158,777	93,426
Commission on trade		1,027,636	942,596
Commission on guarantees		461,999	416,025
Commission on cash management		527,755	449,723
Commission on remittances including home remittances		732,238	796,374
Commission on bancassurance		1,051,317	839,484
Rent on lockers		174,536	163,559
Commission on utility bills		57,904	57,673
Commission on investments services		27,836	25,503
Others		99,845	77,274
		<u>9,154,098</u>	<u>8,021,306</u>
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	719,048	2,801,344
Unrealised - Held For Trading	10.1	(15,663)	(6,441)
		<u>703,385</u>	<u>2,794,903</u>
28.1 Realised gain / (loss) on:			
Federal Government Securities		360,578	2,922,507
Shares		358,231	(124,341)
Others		239	3,178
		<u>719,048</u>	<u>2,801,344</u>
29. OTHER INCOME			
Rent on property		94,577	49,287
Gain on termination of lease liability against right of use assets		52,424	-
Gain on sale of fixed assets - net		46,043	43,351
Gain on sale of non-banking assets acquired in satisfaction of claims - net		551,339	3,976
		<u>744,383</u>	<u>96,614</u>



	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
-----Rupees in '000-----		
30. OPERATING EXPENSES		
Total compensation expense	12,850,019	11,908,575
Property expense		
Rent and taxes	174,617	127,750
Insurance	15,870	17,352
Utilities cost	1,004,451	872,991
Security (including guards)	1,100,597	931,709
Repair and maintenance (including janitorial charges)	508,728	453,681
Depreciation on right-of-use assets	915,482	940,269
Depreciation	528,424	465,147
Fuel expense generators	303,532	254,084
	<u>4,551,701</u>	<u>4,062,983</u>
Information technology expenses		
Software maintenance	779,993	868,467
Hardware maintenance	131,547	157,916
Depreciation	459,748	401,563
Amortization	232,501	238,349
Network charges	381,636	440,328
Insurance	2,576	2,843
	<u>1,988,001</u>	<u>2,109,466</u>
Other operating expenses		
Directors' fees and allowances	28,880	31,912
Legal and professional charges	211,767	194,564
Outsourced services costs	564,712	518,968
Travelling and conveyance	183,033	175,982
NIFT clearing charges	114,327	123,767
Depreciation	620,532	611,781
Depreciation on non-banking assets acquired in satisfaction of claims	28,081	22,835
Training and development	17,889	17,147
Postage and courier charges	164,358	184,362
Communication	262,085	244,216
Stationery and printing	433,840	406,224
Marketing, advertisement & publicity	489,393	518,532
Donations	8,165	112,596
Auditors' remuneration	44,905	23,783
Cash transportation charges	629,653	531,465
Repair and maintenance	344,559	288,022
Subscription	15,923	13,899
Entertainment	150,230	130,968
Remittance charges	153,421	162,328
Brokerage expenses	28,807	27,515
Card related expenses	698,020	615,774
CNIC verification charges	178,055	90,661
Insurance	1,252,549	1,112,419
Others	177,508	175,833
	<u>6,800,692</u>	<u>6,335,553</u>
	<u>26,190,413</u>	<u>24,416,577</u>

Note	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
	-----Rupees in '000-----	
31. OTHER CHARGES		
Penalties of State Bank of Pakistan	332,341	185,999
VAT & National Building tax & Crop Insurance Levy	43,998	73,142
Education cess	23,936	-
	<u>400,275</u>	<u>259,141</u>
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
Provision / (reversal) against balance with Banks	4,411	(1,553)
(Reversal) / provision for diminution in value of investments	10.2.1 (183,335)	(62,067)
(Reversal) / provision against loans and advances	11.3 (3,218,927)	5,290,349
Provision / (reversal) against other assets	14.1.1 13,110	(25,526)
Recovery of written off / charged off bad debts	(114,450)	(92,446)
	<u>(3,499,191)</u>	<u>5,108,757</u>
33. TAXATION		
Current	14,806,540	17,353,235
Deferred	907,847	(1,934,418)
	<u>15,714,387</u>	<u>15,418,817</u>
34. BASIC AND DILUTED EARNINGS PER SHARE		
	-----Rupees in '000-----	
Profit after tax	<u>22,555,932</u>	<u>22,934,833</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>19.03</u>	<u>19.35</u>

35. FAIR VALUE MEASUREMENTS

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

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

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

35.1 Fair value of financial assets

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of 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 and Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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 period.

(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.

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



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.

Carrying / Notional Value	Unaudited September 30, 2021				Total
	Level 1	Level 2	Level 3		
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,113,216,988	-	1,113,216,988	-	1,113,216,988
Shares	19,211,433	19,211,433	-	-	19,211,433
Non-Government Debt Securities	1,823,459	-	1,823,459	-	1,823,459
Foreign Securities	4,959,666	-	4,959,666	-	4,959,666
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)					
Cash and balances with treasury banks	119,778,612	-	-	-	-
Balances with other banks	15,322,246	-	-	-	-
Lendings to financial institutions	26,028,338	-	-	-	-
Advances	481,777,972	-	-	-	-
Other assets	47,575,795	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	46,046,886	-	46,046,886	-	46,046,886
Non-banking assets	2,679,392	-	2,679,392	-	2,679,392
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	126,379,763	-	4,262,071	-	4,262,071
Forward sale of foreign exchange	90,571,194	-	4,191,125	-	4,191,125
Derivatives purchase	2,538,740	-	365,070	-	365,070
Derivatives sale	2,577,488	-	365,358	-	365,358

Carrying / Notional Value	Audited December 31, 2020				Total
	Level 1	Level 2	Level 3		
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	957,482,754	-	957,482,754	-	957,482,754
Shares	18,171,840	18,171,840	-	-	18,171,840
Non-Government Debt Securities	1,800,092	-	1,800,092	-	1,800,092
Foreign Securities	7,474,188	-	7,474,188	-	7,474,188
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)					
Cash and balances with treasury banks	122,180,839	-	-	-	-
Balances with other banks	24,030,328	-	-	-	-
Lendings to financial institutions	17,139,453	-	-	-	-
Advances	462,941,787	-	-	-	-
Other assets	46,267,752	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,275,487	-	44,275,487	-	44,275,487
Non-banking assets	4,036,914	-	4,036,914	-	4,036,914
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	168,432,858	-	3,902,198	-	3,902,198
Forward sale of foreign exchange	149,987,717	-	4,271,423	-	4,271,423
Derivatives purchase	2,158,111	-	517,033	-	517,033
Derivatives sale	2,313,272	-	513,343	-	513,343

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

	Un audited Nine months ended September 30, 2021								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
-----Rupees in '000-----									
Profit & Loss									
Net mark-up/return/profit	(27,279,519)	2,001,703	14,024,009	58,080,747	917,567	-	47,744,507	-	47,744,507
Inter segment revenue - net	55,848,569	(429,386)	(10,540,105)	(50,170,327)	(94,031)	5,385,280	-	-	-
Non mark-up / return / interest income	5,612,458	1,750,728	2,655,186	3,212,247	670,878	481,218	14,382,715	-	14,382,715
Total Income	34,181,508	3,323,045	6,139,090	11,122,667	1,494,414	5,866,498	62,127,222	-	62,127,222
Segment direct expenses	17,216,948	1,224,285	484,007	304,481	882,033	7,244,340	27,356,094	-	27,356,094
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	17,216,948	1,224,285	484,007	304,481	882,033	7,244,340	27,356,094	-	27,356,094
Provisions	1,197,169	105,253	(105,127)	(162,708)	107,942	(4,641,720)	(3,499,191)	-	(3,499,191)
Profit before tax	15,767,391	1,993,507	5,760,210	10,980,894	504,439	3,263,878	38,270,319	-	38,270,319
Balance Sheet									
Cash & Bank balances	48,664,918	331,922	241,576	65,228,608	18,849,105	1,784,729	135,100,858	-	135,100,858
Investments	-	-	8,757,729	1,155,086,443	12,402,118	-	1,176,246,290	-	1,176,246,290
Net inter segment lending	1,161,429,462	-	-	-	-	194,451,601	1,355,881,063	(1,355,881,063)	-
Lendings to financial institutions	-	-	-	977,583	25,050,755	-	26,028,338	-	26,028,338
Advances - performing	89,733,201	33,665,067	331,622,479	-	20,214,342	-	475,235,089	-	475,235,089
- non performing	210,581	100,301	-	-	5,378,709	853,292	6,542,883	-	6,542,883
Others	36,293,501	1,986,260	24,890,290	10,277,734	1,874,288	36,621,669	111,943,742	-	111,943,742
Total Assets	1,336,331,663	36,083,550	365,512,074	1,231,570,368	83,769,317	233,711,291	3,286,978,263	(1,355,881,063)	1,931,097,200
Borrowings	11,288,116	-	73,775,925	102,733,820	3,439,296	-	191,237,157	-	191,237,157
Deposits & other accounts	1,305,275,453	21,524,030	67,600,072	-	62,171,501	10,183	1,456,581,239	-	1,456,581,239
Net inter segment borrowing	-	10,081,309	204,533,392	1,127,073,225	14,193,137	-	1,355,881,063	(1,355,881,063)	-
Others	19,768,094	4,478,211	19,602,685	1,763,323	3,965,383	56,058,613	105,636,309	-	105,636,309
Total Liabilities	1,336,331,663	36,083,550	365,512,074	1,231,570,368	83,769,317	56,068,796	3,109,335,768	(1,355,881,063)	1,753,454,705
Equity	-	-	-	-	-	177,642,495	177,642,495	-	177,642,495
Total Equity & liabilities	1,336,331,663	36,083,550	365,512,074	1,231,570,368	83,769,317	233,711,291	3,286,978,263	(1,355,881,063)	1,931,097,200
Contingencies & Commitments	64,308,975	-	338,767,836	265,779,053	2,698,919	26,975,713	698,530,496	-	698,530,496

	Un audited Nine months ended September 30, 2020								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
-----Rupees in '000-----									
Profit & Loss									
Net mark-up/return/profit	(36,027,014)	2,137,301	23,072,073	65,028,809	1,135,166	-	55,346,335	-	55,346,335
Inter segment revenue - net	68,394,036	(435,664)	(18,550,059)	(54,823,950)	(119,756)	5,535,393	-	-	-
Non mark-up / return / interest income	4,606,507	1,401,018	2,407,237	4,321,048	584,683	238,370	13,558,863	-	13,558,863
Total Income	36,973,529	3,102,655	6,929,251	14,525,907	1,600,093	5,773,763	68,905,198	-	68,905,198
Segment direct expenses	15,642,405	1,036,491	639,079	283,726	982,666	6,858,424	25,442,791	-	25,442,791
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	15,642,405	1,036,491	639,079	283,726	982,666	6,858,424	25,442,791	-	25,442,791
Provisions	140,030	89,946	360,373	(143,355)	114,074	4,547,689	5,108,757	-	5,108,757
Profit before tax	21,191,094	1,976,218	5,929,799	14,385,536	503,353	(5,632,350)	38,353,650	-	38,353,650
Balance Sheet									
Cash & Bank balances	58,362,119	317,242	394,030	64,577,425	21,166,578	1,393,773	146,211,167	-	146,211,167
Investments	-	-	10,578,310	990,720,067	14,571,071	-	1,015,869,448	-	1,015,869,448
Net inter segment lending	1,050,376,236	-	-	-	-	201,834,399	1,252,210,635	(1,252,210,635)	-
Lendings to financial institutions	-	-	-	6,137,258	11,002,195	-	17,139,453	-	17,139,453
Advances - performing	94,735,206	26,845,772	313,633,477	-	21,681,241	-	456,895,696	-	456,895,696
- non performing	171,804	177,613	2,382	-	4,973,954	720,338	6,046,091	-	6,046,091
Others	35,621,546	2,370,726	22,789,948	12,206,991	4,580,374	37,731,030	115,300,615	-	115,300,615
Total Assets	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	241,679,540	3,009,673,105	(1,252,210,635)	1,757,462,470
Borrowings	58,910,004	-	10,372,566	91,069,170	3,649,793	-	164,001,533	-	164,001,533
Deposits & other accounts	1,147,268,725	21,263,015	65,961,390	-	55,009,174	-	1,289,502,304	-	1,289,502,304
Net inter segment borrowing	-	4,816,853	252,358,835	981,733,802	13,301,145	-	1,252,210,635	(1,252,210,635)	-
Others	33,088,182	3,631,485	18,705,356	838,769	6,015,301	51,577,585	113,856,678	-	113,856,678
Total Liabilities	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	51,577,585	2,819,571,150	(1,252,210,635)	1,567,360,515
Equity	-	-	-	-	-	190,101,955	190,101,955	-	190,101,955
Total Equity & liabilities	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	241,679,540	3,009,673,105	(1,252,210,635)	1,757,462,470
Contingencies & Commitments	55,974,597	-	288,001,956	320,068,131	20,930,195	29,063,504	714,038,383	-	714,038,383

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



	Unaudited September 30, 2021				Unaudited September 30, 2020					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Income										
Markup / return / interest earned	23	11,603	37,912	10,064	5,730	-	-	124,958	912	8,438
Fee and commission income	-	-	27,922	685,492	4,694	-	-	25,597	742,076	964
Dividend income	-	-	83,153	192,500	50,645	-	-	36,957	105,000	7,933
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	18,926	-	-	-	-	53,120
Net gain / (loss) on sale of securities	3	-	-	(71)	211	72	40	-	2,227	3,553
Gain on sale of fixed assets	-	84	-	-	-	-	39	-	-	-
Rent income	-	-	37,697	9,252	1,710	-	-	29,724	6,665	1,710
Expense										
Markup / return / interest expensed	13,598	1,364	956	100,015	304,873	26,386	1,826	1,803	149,134	157,083
Other Operating expenses										
Cleaning expenses paid to NIFT	-	-	-	-	114,327	-	-	-	-	123,767
Contribution to provident fund	-	-	-	-	324,221	-	-	-	-	295,589
Rent expenses	-	-	8,624	38,817	35,640	-	-	7,840	31,588	26,424
Cash sorting expenses	-	-	-	-	71,566	-	-	-	-	88,237
Stationery expenses	-	-	-	-	168,727	-	-	-	-	162,555
Security guards expenses	-	-	-	-	26,1636	-	-	-	-	247,785
Remuneration to key executives and non-executive directors fee	-	143,652	414,342	-	-	137,106	421,288	-	209,514	-
Outsourcing service expenses	-	-	-	-	148,561	-	-	-	-	95,000
Donation during the year	-	-	-	-	-	-	-	-	-	3,249
E-dividend processing fee and CDC charges	-	-	-	-	4,658	-	-	-	-	3,249
Travelling Expenses	-	-	-	-	36,951	-	-	-	-	33,281
Hotel stay expenses	-	-	-	-	63	-	-	-	-	3,259
Repair & Maintenance Charges	-	-	-	-	1,605	-	-	-	-	1,358
Advertisement Expenses	-	-	-	-	-	-	-	-	-	7,308
Miscellaneous expenses and payments	-	-	-	-	1,801	-	-	-	-	1,654
Insurance premium-net of refund	-	-	-	493,625	-	-	-	-	533,965	-
Insurance claim settled	-	-	-	21,580	-	-	-	-	24,912	-
Other Transactions										
Proceeds from sale of fixed assets	-	84	-	17,276	19,322	-	39	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-
Sale of foreign currency	-	-	18,349,397	-	-	-	-	34,203,712	-	3,277
Purchase of foreign currency	-	-	11,051,019	-	-	-	-	25,364,992	-	-
Payments against home remittances	-	-	3,664,907	-	-	-	-	2,869,085	-	-
Reimbursement of other expenses	-	-	27,854	-	-	-	-	20,296	-	-
Sale of government securities	65,1975	4,131	-	6,446,618	5,937,216	215,426	94,789	4,054,378	6,390,367	-
Purchase of government securities	-	-	-	15,889,128	2,563,219	19,827	500	1,130,458	653,148	-
Forward exchange contracts matured during the period	-	-	-	-	3,699,697	-	-	-	-	11,446,226

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



	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
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	147,221,638	152,901,428
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	147,221,638	152,901,428
Eligible Tier 2 Capital	26,729,079	35,507,111
Total Eligible Capital (Tier 1 + Tier 2)	173,950,717	188,408,539
Risk Weighted Assets (RWAs):		
Credit Risk	644,989,999	635,599,185
Market Risk	130,754,230	122,603,850
Operational Risk	139,735,092	139,735,092
Total	915,479,321	897,938,127
Common Equity Tier 1 Capital Adequacy ratio	16.08%	17.03%
Tier 1 Capital Adequacy Ratio	16.08%	17.03%
Total Capital Adequacy Ratio	19.00%	20.98%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	147,221,638	152,901,428
Total Exposures	2,452,229,078	2,174,932,446
Leverage Ratio	6.00%	7.03%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,108,935,222	934,508,535
Total Net Cash Outflow	447,260,701	393,109,786
Liquidity Coverage Ratio	247.94%	237.72%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,248,941,929	1,130,301,361
Total Required Stable Funding	660,154,359	646,417,507
Net Stable Funding Ratio	189.19%	174.86%

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



39 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 27, 2021 has announced an interim cash dividend in respect of quarter ended September 30, 2021 of Rs. 4.5 per share (September 30, 2020: Rs. Nil per share). These unconsolidated condensed interim financial statements for the period ended September 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on October 27, 2021.

MCB Bank Limited & Subsidiary Companies



MCB BANK LIMITED

Consolidated Condensed Interim Financial Statements for the nine months period ended September 30, 2021

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Financial Position
As At September 30, 2021



Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
ASSETS		
Cash and balances with treasury banks	7 129,110,265	132,053,041
Balances with other banks	8 18,863,027	29,011,521
Lendings to financial institutions	9 29,843,338	17,968,243
Investments	10 1,196,495,141	1,036,217,535
Advances	11 572,286,943	547,685,708
Fixed assets	12 62,620,129	63,679,312
Intangible assets	13 1,848,922	1,867,244
Deferred tax assets	-	-
Other assets	14 60,172,058	62,793,791
	2,071,239,823	1,891,276,395
LIABILITIES		
Bills payable	16 13,996,298	26,451,513
Borrowings	17 202,486,736	184,577,340
Deposits and other accounts	18 1,572,890,782	1,388,737,961
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	19 5,349,378	7,491,040
Other liabilities	20 95,858,720	91,027,158
	1,890,581,914	1,698,285,012
	180,657,909	192,991,383
NET ASSETS		
REPRESENTED BY		
Share capital	11,850,600	11,850,600
Reserves	21 83,827,829	81,060,051
Surplus on revaluation of assets	22 21,980,497	28,803,351
Unappropriated profit	62,186,776	70,498,820
	179,845,702	192,212,822
Non-controlling interest	812,207	778,561
	180,657,909	192,991,383
CONTINGENCIES AND COMMITMENTS		
23		

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

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Nine Months Period Ended September 30, 2021



Note	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2021	July 01 to September 30, 2020	January 01 to September 30, 2021	January 01 to September 30, 2020
-----Rupees in '000-----				
Mark-up / return / interest earned	25 34,032,494	34,108,359	96,765,925	114,516,948
Mark-up / return / interest expensed	26 16,716,187	13,561,266	45,717,878	55,717,040
Net mark-up / interest income	17,316,307	20,547,093	51,048,047	58,799,908
NON MARK-UP / INTEREST INCOME				
Fee and commission income	27 3,475,297	3,133,652	10,086,348	8,791,768
Dividend income	375,300	213,648	1,228,378	629,210
Foreign exchange income	954,373	566,797	2,378,619	2,100,027
Income/ (loss) from derivatives	(404)	3,299	8,141	(3,604)
Gain/ (loss) on securities	28 207,342	2,935,111	741,881	2,877,447
Other Income	29 133,688	84,331	802,820	168,490
Total non-markup / interest Income	5,145,596	6,936,838	15,246,187	14,563,338
Total Income	22,461,903	27,483,931	66,294,234	73,363,246
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	30 10,296,544	9,548,587	30,027,796	28,232,321
Workers Welfare Fund	269,959	321,986	780,151	767,073
Other charges	31 60,980	19,146	437,375	259,326
Total non-markup / interest expenses	10,627,483	9,889,719	31,245,322	29,258,720
Share of profit of associates	258,575	106,046	690,426	518,852
Profit before provisions	12,092,995	17,700,258	35,739,338	44,623,378
Provisions / (reversals) and write offs - net	32 (1,501,319)	1,113,552	(3,501,227)	5,189,574
PROFIT BEFORE TAXATION	13,594,314	16,586,706	39,240,565	39,433,804
Taxation	33 5,591,018	6,548,659	16,273,635	15,921,924
PROFIT AFTER TAXATION	8,003,296	10,038,047	22,966,930	23,511,880
(Profit) / loss attributable to non-controlling interest	(31,670)	(56,690)	(112,474)	(105,145)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK	7,971,626	9,981,357	22,854,456	23,406,735
Basic and diluted earnings per share	34 6.73	8.42	19.29	19.75

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

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Nine Months Period Ended September 30, 2021



	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2021	July 01 to September 30, 2020	January 01 to September 30, 2021	January 01 to September 30, 2020
	-----Rupees in '000-----			
Profit after taxation for the period	8,003,296	10,038,047	22,966,930	23,511,880
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	954,691	(132,667)	522,637	699,452
- Non-controlling interest	23	(4)	19	16
Share of exchange translation reserve of associate	12,001	5,830	(26,745)	13,019
Movement in surplus/ (deficit) on revaluation of investments - net of tax				
- Equity shareholders of the bank	(3,836,809)	(9,006,601)	(6,181,995)	6,439,804
Movement in share of surplus / deficit on revaluation of associated undertaking- net of tax	(99,168)	127,939	(148,954)	(110,516)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	-	(166,181)	(1,738,103)
Movement in surplus on revaluation of fixed/non-banking assets - net of tax	-	-	(352,549)	(1,738,103)
Total comprehensive income	5,034,034	1,032,544	16,779,343	28,815,552
Attributable to:				
- Equity shareholders of the bank	5,002,341	975,858	16,666,850	28,710,391
- Non-controlling interest	31,693	56,686	112,493	105,161
	5,034,034	1,032,544	16,779,343	28,815,552

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

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Nine Months Period Ended September 30, 2021

	Quarter Ended		Nine Months Ended		Share premium	Capital reserve	Exchange translation reserve	Statutory reserve	Reserve reserve	Surplus/(deficit) on revaluation of investments	Surplus/(deficit) on revaluation of fixed/non-banking assets	Unappropriated profit	Sub total	Non-controlling interest	Grand Total
	July 01 to September 30, 2021	July 01 to September 30, 2020	January 01 to September 30, 2021	January 01 to September 30, 2020											
	-----Rupees in '000-----														
Share capital	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	2,700,354	31,683,134	18,600,000	4,326,251	344,782	20,081,193	170,696,414	740,403	171,346,817
Share premium	-	-	-	-	-	-	712,471	-	-	6,439,804	(110,516)	(1,738,103)	23,406,735	105,161	23,511,880
Capital reserve	-	-	-	-	-	-	712,471	-	-	6,439,804	(110,516)	(1,738,103)	23,406,735	105,161	23,511,880
Exchange translation reserve	-	-	-	-	-	-	712,471	-	-	6,439,804	(110,516)	(1,738,103)	23,406,735	105,161	23,511,880
Statutory reserve	-	-	-	-	-	-	2,303,512	-	-	-	-	(2,303,512)	-	-	-
Reserve reserve	-	-	-	-	-	-	-	-	18,600,000	10,766,025	234,246	19,967,170	63,778,732	65,043	184,276,726
Surplus/(deficit) on revaluation of investments	-	-	-	-	-	-	-	-	-	10,766,025	234,246	19,967,170	63,778,732	65,043	184,276,726
Surplus/(deficit) on revaluation of fixed/non-banking assets	-	-	-	-	-	-	-	-	-	-	-	(64,851)	-	-	-
Unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	(64,851)	-	-	-
Sub total	-	-	-	-	-	-	-	-	-	-	-	(64,851)	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(64,851)	-	-	-
Grand Total	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	3,412,825	33,986,646	18,600,000	10,766,025	234,246	19,967,170	63,778,732	130,088	184,276,726
	Change in equity for three months period ended December 31, 2020														
Balance as at December 31, 2019 (Audited)	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	2,700,354	31,683,134	18,600,000	4,326,251	344,782	20,081,193	170,696,414	740,403	171,346,817
Total comprehensive income for the three months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the three months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 5.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 5.0 per share - March 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2020 (Un-audited)	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	3,412,825	33,986,646	18,600,000	10,766,025	234,246	19,967,170	63,778,732	130,088	184,276,726
	Change in equity for three months period ended December 31, 2020														
Balance as at December 31, 2019 (Audited)	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	2,700,354	31,683,134	18,600,000	4,326,251	344,782	20,081,193	170,696,414	740,403	171,346,817
Total comprehensive income for the three months period ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the three months period ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020 (Audited)	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	3,412,825	33,986,646	18,600,000	10,766,025	234,246	19,967,170	63,778,732	130,088	184,276,726
	Change in equity for three months period ended September 30, 2021														
Balance as at December 31, 2020 (Audited)	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	3,412,825	33,986,646	18,600,000	10,766,025	234,246	19,967,170	63,778,732	130,088	184,276,726
Total comprehensive income for the three months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the three months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2021 (Un-audited)	11,850,000	11,850,000	11,850,000	11,850,000	23,973,024	968,317	3,412,825	33,986,646	18,600,000	10,766,025	234,246	19,967,170	63,778,732	130,088	184,276,726

For details of dividend declaration and appropriations, please refer note 40 to these consolidated condensed interim financial statements.
For details of reserves, please refer note 21 to these consolidated condensed interim financial statements.
The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Period Ended September 30, 2021



Note	January 01 to September 30, 2021	January 01 to September 30, 2020
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	39,240,565	39,433,804
Less: Dividend income and share of profit of associates	(1,918,804)	(1,148,062)
	37,321,761	38,285,742
Adjustments:		
Depreciation on fixed assets	30 1,909,306	1,787,456
Depreciation on right-of-use assets	30 1,294,059	1,291,383
Depreciation on non-banking assets acquired in satisfaction of claims	30 28,081	22,835
Amortization	30 359,353	350,371
Provisions / (reversals) and write offs - net	32 (3,501,227)	5,189,574
Gain on sale of fixed assets - net	29 (46,988)	(43,823)
Gain on sale of non-banking assets acquired in satisfaction of claims - net	29 (551,339)	(3,976)
Finance charges on lease liability against right-of-use assets	26 1,051,304	1,358,910
Workers Welfare Fund	780,151	767,073
Charge for defined benefit plans - net	377,438	263,546
Gain on termination of lease liability against right of use assets	29 (136,317)	-
Unrealized loss / (gain) on revaluation of investments - Held For Trading	28 40,468	(54,426)
	1,604,289	10,928,923
	38,926,050	49,214,665
Decrease / (increase) in operating assets		
Lendings to financial institutions	(11,875,095)	3,092,317
Held-for-trading securities	(4,168,032)	(23,187,494)
Advances	(21,343,836)	19,819,131
Others assets (excluding advance taxation)	(375,652)	17,625,452
	(37,762,615)	17,349,406
Increase / (decrease) in operating liabilities		
Bills Payable	(12,455,215)	(1,632,724)
Borrowings from financial institutions	17,611,936	40,119,333
Deposits	184,152,821	137,812,490
Other liabilities (excluding current taxation)	6,734,642	(20,546,262)
	196,044,184	155,752,837
Defined benefits paid	(187,985)	(233,433)
Income tax paid	(15,986,817)	(10,328,829)
Net cash flow from operating activities	181,032,817	211,754,646
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(159,151,718)	(211,785,245)
Net investments in held-to-maturity securities	(5,844,958)	16,768,806
Dividends received	1,236,633	601,932
Investments in operating fixed assets	(2,317,001)	(1,917,693)
Proceeds from sale of operating fixed assets	205,458	64,846
Investments in Intangible assets	(319,662)	(141,486)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	1,887,103	39,000
Effect of translation of net investment in foreign branches and subsidiaries	495,892	712,471
Net cash flow used in investing activities	(163,808,253)	(195,657,369)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(1,797,410)	(1,645,992)
Dividend paid	(28,815,884)	(11,784,023)
Net cash flow used in financing activities	(30,613,294)	(13,430,015)
Effects of exchange rate changes on cash and cash equivalents	3,419,961	3,189,458
Increase in cash and cash equivalents	(9,968,769)	5,856,720
Cash and cash equivalents at beginning of the period	157,275,681	159,797,050
Cash and cash equivalents at end of the period	147,306,912	165,653,770

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

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies

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

"Percentage holding of
MCB Bank Limited"

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 1419 branches (2020: 1418 branches) within Pakistan and 11 branches (2020: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

1.1 The Members and 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.

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 period ended September 30, 2021 and the carrying value of investments held by the parent is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the nine months period ended September 30, 2021.

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

3.3 The SECP vide its notification SRO 633 (I)/2014 dated 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. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2020.

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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2021. 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)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 1, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 1, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

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

As per the SBP's BPRD Circular Letter no. 24 dated July 5, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Therefore, these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Group's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

There are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2020.

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, 2020.

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, 2020. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	

7. CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	28,569,322	25,039,386
Foreign currencies	6,086,679	7,088,257
	34,656,001	32,127,643
With State Bank of Pakistan in		
Local currency current accounts	53,322,645	51,920,851
Foreign currency current accounts	3,491,105	2,271,659
Foreign currency deposit accounts	11,484,830	10,532,776
	68,298,580	64,725,286
With other central banks in		
Foreign currency current accounts	5,374,068	11,851,311
With National Bank of Pakistan in		
Local currency current accounts	20,226,850	22,308,442
Prize bonds	554,766	1,040,359
	129,110,265	132,053,041

8. BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	27,353	9,190
In deposit accounts	6,148	1,554
	33,501	10,744
Outside Pakistan		
In current accounts	10,861,768	26,768,812
In deposit accounts	7,967,758	2,231,965
	18,829,526	29,000,777
	18,863,027	29,011,521

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	25,050,755	11,002,195
Repurchase agreement lendings (Reverse Repo)	977,583	6,137,258
Musharaka arrangements	3,815,000	-
Bai Muajjal receivable - with State Bank of Pakistan	-	828,790
	29,843,338	17,968,243



Investments by type:	Unaudited September 30, 2021				Audited December 31, 2020			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----								
Held-for-trading securities								
Federal Government Securities	5,299,744	-	(1,853)	5,297,891	1,309,116	-	(224)	1,308,892
Shares and units	1,446,625	-	(38,615)	1,408,010	1,158,952	-	110,493	1,269,445
	6,746,369	-	(40,468)	6,705,901	2,468,068	-	110,269	2,578,337
Available-for-sale securities								
Federal Government Securities	1,128,531,042	(5,088)	1,919,121	1,130,445,075	969,144,840	(4,719)	9,477,853	978,617,974
Shares and units	30,684,032	(10,915,006)	1,685,660	21,454,686	28,398,065	(11,155,719)	3,412,147	20,664,493
Non Government Debt Securities	2,804,340	-	47,872	2,852,212	2,841,840	-	16,780	2,858,620
Foreign Securities	4,976,661	(1,714)	(15,281)	4,959,666	7,463,939	(1,714)	17,509	7,479,734
	1,166,996,075	(10,921,808)	3,637,372	1,159,711,639	1,007,848,684	(11,162,152)	12,924,289	1,009,610,821
Held-to-maturity securities								
Federal Government Securities	17,563,913	(17,878)	-	17,546,035	7,313,217	(11,542)	-	7,301,675
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	7,585,245	(477,541)	-	7,107,704	9,615,317	(490,341)	-	9,124,976
Foreign Securities	773,981	(8,422)	-	765,559	3,149,647	(27,281)	-	3,122,366
	25,923,257	(503,959)	-	25,419,298	20,078,299	(529,282)	-	19,549,017
Associates	4,658,303	-	-	4,658,303	4,479,360	-	-	4,479,360
Total Investments	1,204,324,004	(11,425,767)	3,596,904	1,196,495,141	1,034,874,411	(11,691,434)	13,034,558	1,036,217,535

10.1.1 Investments given as collateral

- Market Treasury Bills	48,016,123
- Pakistan Investment Bonds	91,279,273
- Euro Bonds	54,653,215
	1,000,283
	463,924
	103,133,262
	92,279,556
	11,691,434
	(4,327)
	13,474
	751,946
	(25,403)
	(987,883)
	(261,340)
	(69,658)
	11,425,767
	11,691,434

10.2 Provision for diminution in value of investments

10.2.1	Unaudited September 30, 2021	Audited December 31, 2020
Opening balance	48,016,123	91,279,273
Exchange and other adjustments	54,653,215	1,000,283
Charge / (reversals)	463,924	-
Charge for the period / year	103,133,262	92,279,556
Reversals for the period / year	11,691,434	11,747,618
Reversal on disposals	(4,327)	13,474
Closing Balance	751,946	1,993,335
	(25,403)	(1,529)
	(987,883)	(2,061,464)
	(261,340)	(69,658)
	11,425,767	11,691,434



10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited September 30, 2021		Audited December 31, 2020	
	NPI	Provision	NPI	Provision
Domestic	-----Rupees in '000-----			
Loss	477,658	477,658	490,459	490,459
	477,658	477,658	490,459	490,459

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 31.388 million (December 31, 2020: Rs 43.542 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, 2021 amounted to Rs. 22,579.292 million (December 31, 2020: Rs. 17,351.392 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, 2021 amounted to Rs. 2,468.200 million (2020: Rs. 2,752.400 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2020: 20.00%)

	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
Opening balance	4,435,075	4,211,707
Share of profit for the period / year before tax	668,499	585,968
Dividend from associate	(192,500)	(192,500)
Share of tax	(68,997)	(143,175)
	407,002	250,293
Share of other comprehensive income	(239,867)	(26,925)
Closing balance	4,602,210	4,435,075
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(213,122)	(34,246)
Share of exchange translation reserve of associate	(26,745)	7,321
	(239,867)	(26,925)

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

Investment in Euronet Pakistan Private Limited under equity method - holding 30% (2020: 30.00%)

	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
Opening balance	44,285	63,951
Share of profit for the period / year before tax	21,927	(12,890)
Share of tax	(10,119)	(6,776)
Closing balance	11,808	(19,666)
	56,093	44,285



	Performing		Non Performing		Total	
	Unaudited September 30, 2021	Audited December 31, 2020	Unaudited September 30, 2021	Audited December 31, 2020	Unaudited September 30, 2021	Audited December 31, 2020
Loans, cash credits, running finances, etc.	460,479,717	444,022,138	50,221,156	50,524,753	510,700,873	494,546,891
Islamic financing and related assets	90,120,431	84,205,962	349,833	756,471	90,470,264	84,962,433
Bills discounted and purchased	17,483,534	18,192,157	1,059,696	664,294	18,543,230	18,856,451
Advances - gross	568,083,682	546,420,257	51,630,685	51,945,518	619,714,367	598,365,775
Provision against advances	(2,610,597)	(5,511,716)	(44,816,827)	(45,168,351)	(44,816,827)	(45,168,351)
- Specific	(2,610,597)	(5,511,716)	(44,816,827)	(45,168,351)	(44,816,827)	(45,168,351)
- General	565,473,085	540,908,541	6,813,858	6,777,167	572,286,943	547,685,708
Advances - net of provision						
					Unaudited September 30, 2021	Audited December 31, 2020
					570,766,403	554,179,378
					48,947,964	44,186,397
					619,714,367	598,365,775

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

11.2 Advances include Rs. 51,630,685 million (2020: Rs. 51,945,518 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Unaudited September 30, 2021		Audited December 31, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned	131,627	3,721	61,612	1,983
Substandard	416,415	89,136	309,191	60,382
Doubtful	184,898	71,101	459,053	137,341
Loss	41,799,763	40,933,596	42,671,220	41,498,157
Overseas	42,532,703	41,097,554	43,501,076	41,697,863
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	18,397	9,128	5,321	4,913
91 to 180 days	249	62	2,020	505
181 to 365 days	152,664	81,466	19,961	9,981
> 365 days	8,926,672	3,628,617	8,417,140	3,455,089
Total	9,097,982	3,719,273	8,444,442	3,470,488
	51,630,685	44,816,827	51,945,518	45,168,351

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



11.3 Particulars of provision against advances

	Unaudited September 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	45,168,351	5,511,716	50,680,067	41,937,761	1,461,011	43,398,772
Exchange adjustments	200,930	10,040	210,970	50,555	7,162	57,717
Charge for the period / year	2,013,163	101,324	2,114,487	5,730,579	4,106,594	9,837,173
Reversals	(2,244,953)	(3,012,483)	(5,257,436)	(2,215,829)	(63,051)	(2,278,880)
Amounts written off	(231,790)	(2,911,159)	(3,142,949)	3,514,750	4,043,543	7,558,293
Closing balance	44,816,827	2,610,597	47,427,424	45,168,351	5,511,716	50,680,067

11.3.1 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.

11.3.2 In addition, the Group has also maintained an un-encumbered general provision of Rs 1,564 million (December 31, 2020: Rs 4,564 million) against financing made on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

11.3.3 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. 36.542 million (December 31, 2020: Rs. 543.151 million) in determining the provisioning against non-performing Islamic financing and related assets as at September 30, 2021. The additional benefit on the Group's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs 22.291 million as at September 30, 2021 (December 31, 2020: Rs 353.048 million). 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.

12.

FIXED ASSETS

	Note	Unaudited September 30, 2021	Audited December 31, 2020
		Rupees in '000	
Capital work-in-progress	12.1	1,249,200	871,274
Property and equipment		53,046,942	53,190,768
Right-of-use assets		8,323,987	9,617,270
		62,620,129	63,679,312
12.1 Capital work-in-progress			
Civil works		669,094	472,314
Equipment		62,667	98,383
Advances to suppliers		476,178	296,456
Others		41,261	4,121
		1,249,200	871,274
Unaudited Nine Months ended September 30, 2021			Unaudited Nine Months ended September 30, 2020

12.2 Additions to fixed assets

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

	Unaudited September 30, 2021	Audited December 31, 2020
Capital work-in-progress - net additions	377,926	136,654
Property and equipment		
Freehold land	99,958	153,355
Building on freehold land	345,227	489,934
Building on leasehold land	15,058	168,214
Electrical office and computer equipment	1,034,974	553,182
Furniture and fixture	233,813	159,151
Leasehold Improvements	161,951	203,929
Vehicles	45,784	53,274
Leasehold land	2,310	-
	1,939,075	1,781,039
	2,317,001	1,917,693

12.3 Disposal of fixed assets

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

	Unaudited September 30, 2021	Audited December 31, 2020
Land Freehold	66,400	-
Vehicles	12,669	11,762
Furniture and fixture	5,246	1,406
Electrical office and computer equipment	7,265	3,034
Leasehold Improvements	1,734	-
Building on freehold land	65,156	4,821
	158,470	21,023

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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
13. INTANGIBLE ASSETS		
Computer software	1,031,444	1,157,787
Goodwill	82,127	82,127
Management rights	192,000	192,000
Capital work-in-progress	543,351	435,330
	<u>1,848,922</u>	<u>1,867,244</u>
	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
	-----Rupees in '000-----	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	211,641	118,831
Capital work-in-progress - net additions	108,021	22,655
	<u>319,662</u>	<u>141,486</u>
	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
14. OTHER ASSETS		
Income/ Mark-up accrued in local currency	19,330,275	19,451,779
Income/ Mark-up accrued in foreign currencies	399,876	311,024
Advances, deposits, advance rent and other prepayments	2,836,733	2,524,851
Non-banking assets acquired in satisfaction of claims	2,279,137	3,277,778
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	-	421,204
Mark to market gain on forward foreign exchange contracts	4,316,956	4,847,284
Unrealized gain on derivative financial instruments	365,070	517,033
Acceptances	21,266,820	22,747,369
Receivable from the pension fund	3,067,326	3,370,179
Clearing and settlement accounts	4,246,039	2,698,271
Others	4,103,462	4,221,665
	<u>62,345,503</u>	<u>64,522,246</u>
Less: Provision held against other assets	2,662,473	2,582,686
Other Assets (net of provision)	59,683,030	61,939,560
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	489,028	854,231
Other Assets - total	<u>60,172,058</u>	<u>62,793,791</u>
14.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,773	95,095
Claims receivable against fraud and forgeries	492,854	478,773
Others	2,080,846	2,008,818
	<u>2,662,473</u>	<u>2,582,686</u>
14.1.1 Movement in provision held against other assets		
Opening balance	2,582,686	2,604,137
Charge for the period / year	37,780	54,269
Reversals	(24,670)	(77,917)
	13,110	(23,648)
Amounts written off	(991)	(16,591)
Exchange and other adjustments	67,668	18,788
Closing balance	<u>2,662,473</u>	<u>2,582,686</u>

15. CONTINGENT ASSETS

There were no contingent assets of the Group as at September 30, 2021 (2020: NIL).

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Unaudited September 30, 2021	Audited December 31, 2020				
	-----Rupees in '000-----					
16. BILLS PAYABLE						
In Pakistan	13,030,724	26,383,624				
Outside Pakistan	965,574	67,889				
	<u>13,996,298</u>	<u>26,451,513</u>				
17. BORROWINGS						
Secured						
Borrowings from State Bank of Pakistan						
Under export refinance scheme	38,651,138	37,844,720				
Under long term financing facility	22,913,864	22,596,183				
Under renewable energy performance platform	1,422,769	74,760				
Under payment of Wages & Salaries	8,179,619	11,789,824				
Under temporary economic refinance facility	21,351,051	2,878,487				
Under refinance facility for combating COVID-19	46,637	-				
Under financing facility for storage of agricultural produce	159,035	191,254				
	<u>92,724,113</u>	<u>75,375,228</u>				
Bai Muajjal	44,809,236	-				
Repurchase agreement borrowings	58,414,844	92,225,530				
Total secured	<u>195,948,193</u>	<u>167,600,758</u>				
Unsecured						
Borrowings from other financial institution	838,882	1,720,341				
Call borrowings	1,101,687	319,669				
Overdrawn nostro accounts	666,380	368,920				
Musharaka arrangements	3,769,308	14,405,366				
Others	162,286	162,286				
	<u>6,538,543</u>	<u>16,976,582</u>				
Total unsecured	<u>202,486,736</u>	<u>184,577,340</u>				
18. DEPOSITS AND OTHER ACCOUNTS						
	Unaudited September 30, 2021	Audited December 31, 2020				
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	496,073,070	67,396,480	563,469,550	425,760,845	55,999,023	481,759,868
Savings deposits	752,148,458	48,655,644	800,804,102	689,241,146	47,759,213	737,000,359
Term deposits	121,145,809	17,975,280	139,121,089	89,353,999	14,182,837	103,536,836
Others	31,419,823	2,875,644	34,295,467	26,013,457	3,218,232	29,231,689
	<u>1,400,787,160</u>	<u>136,903,048</u>	<u>1,537,690,208</u>	<u>1,230,369,447</u>	<u>121,159,305</u>	<u>1,351,528,752</u>
Financial Institutions						
Current deposits	9,215,921	1,231,927	10,447,848	11,033,694	659,230	11,692,924
Savings deposits	14,445,386	303,175	14,748,561	16,530,222	117,569	16,647,791
Term deposits	4,845,968	4,924,719	9,770,687	4,557,468	4,090,613	8,648,081
Others	-	233,478	233,478	-	220,413	220,413
	<u>28,507,275</u>	<u>6,693,299</u>	<u>35,200,574</u>	<u>32,121,384</u>	<u>5,087,825</u>	<u>37,209,209</u>
	<u>1,429,294,435</u>	<u>143,596,347</u>	<u>1,572,890,782</u>	<u>1,262,490,831</u>	<u>126,247,130</u>	<u>1,388,737,961</u>

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Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
19. DEFERRED TAX LIABILITIES		
Deductible Temporary Differences on		
- Provision against advances	(2,311,644)	(2,786,856)
- Tax losses carried forward	(636,190)	(772,357)
- Others	(461,255)	(366,547)
	(3,409,089)	(3,925,760)
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,435,759	1,329,511
- Surplus/deficit on revaluation of investments	1,418,574	4,523,498
- Surplus on revaluation of non-banking assets	190,721	298,982
- Accelerated tax depreciation	2,269,750	2,054,509
- Receivable from pension fund	1,196,256	1,179,562
- Investments in associated undertaking	1,542,189	1,325,520
- Business combination	705,218	705,218
	8,758,467	11,416,800
	5,349,378	7,491,040
20. OTHER LIABILITIES		
Mark-up/ return/ interest payable in local currency	9,897,264	2,884,255
Mark-up/ return/ interest payable in foreign currencies	141,256	254,433
Unearned commission income	773,582	252,312
Accrued expenses	6,531,500	6,888,435
Current taxation (provisions less payments)	9,079,790	10,130,229
Workers' welfare fund	20.1	9,604,090
Acceptances	14	21,266,820
Unclaimed / dividends payable	1,994,341	1,697,408
Mark to market loss on forward foreign exchange contracts	4,233,884	4,618,138
Unrealised loss on derivative financial instruments	365,358	513,343
Branch adjustment account	51,889	-
Staff welfare fund	4,035	5,598
Provision for employees' compensated absences	1,192,921	919,407
Provision for post retirement medical benefits	2,197,906	2,004,122
Provision for employees' contributory benevolent scheme	224,700	222,084
Retention money	12,473	20,657
Insurance payable against consumer assets	713,335	698,949
Unclaimed balances	761,920	877,552
Duties and taxes payable	1,475,105	1,860,730
Charity fund balance	5,680	46,615
Provision against off-balance sheet obligations	47,053	46,188
Security deposits against lease	1,459,248	1,354,666
Lease liability against right of use assets	10,364,163	11,268,508
Clearing and settlement accounts	6,141,921	7,421,975
Others	7,318,486	5,455,501
	95,858,720	91,027,158
20.1 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.		
Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.		
Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
21. RESERVES		
Share premium	23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317
Exchange translation reserve	3,446,075	2,950,183
Statutory reserve	21.2	36,900,413
General reserve	18,600,000	18,600,000
	83,827,829	81,060,051

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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
21.1 Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not been taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The 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.		
21.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.		
22. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	10.1	3,637,372
- Fixed Assets		20,728,166
- Non-banking assets acquired in satisfaction of claims	14	489,028
- Associated undertaking		363,877
		25,218,443
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	19	1,418,574
- Fixed Assets	19	1,435,759
- Non-banking assets acquired in satisfaction of claims	19	190,721
- Associated undertaking		192,892
		3,237,946
		21,980,497
23. CONTINGENCIES AND COMMITMENTS		
-Guarantees	23.1	191,905,867
-Commitments	23.2	505,818,450
-Other contingent liabilities	23.3	25,975,953
		723,700,270
23.1 Guarantees:		
Financial guarantees		156,713,567
Performance guarantees		26,705,245
Other guarantees		8,487,055
		191,905,867
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit		236,741,865
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1	217,889,928
- forward government securities transactions	23.2.2	44,054,910
- derivatives	23.2.3	5,116,228
- commitments to extend credit		775,794
Commitments for acquisition of:		
- operating fixed assets		1,050,303
- intangible assets		189,422
		505,818,450
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase		126,913,716
Sale		90,976,212
		217,889,928
23.2.2 Commitments in respect of forward government securities transactions		
Purchase		24,334,910
Sale		19,720,000
		44,054,910

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----			
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		1,538,450	182,800
Sale		1,538,450	182,800
		3,076,900	365,600
Cross Currency Swaps			
Purchase		1,000,290	1,975,311
Sale		1,039,038	2,130,472
		2,039,328	4,105,783
		5,116,228	4,471,383

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

23.3 Other contingent liabilities

Claims against the Group not acknowledged as debts	23.3.1	25,975,953	28,397,749
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23.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

23.4 Taxation

For assessment year 1999-2000 through tax year 2020, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,497 million (2020: Rs. 6,033 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

24. DERIVATIVE INSTRUMENTS

	Unaudited September 30, 2021					
	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	1,000,290	358,845	-	-	1,538,450	6,225
Market Making	1,039,038	(359,133)	-	-	1,538,450	(6,225)
-----Rupees in '000-----						
Total						
Hedging	1,975,311	512,508	-	-	182,800	4,525
Market Making	2,130,472	(508,818)	-	-	182,800	(4,525)

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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Note	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
-----Rupees in '000-----			
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		29,081,264	40,569,253
Investments		67,182,007	72,612,902
Lendings to financial institutions		371,030	1,013,208
Balances with banks		131,624	321,585
		96,765,925	114,516,948
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		36,323,423	47,862,198
Borrowings		7,106,966	4,570,843
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,236,185	1,925,089
Finance charges on lease liability against right-of-use assets		1,051,304	1,358,910
		45,717,878	55,717,040
27. FEE & COMMISSION INCOME			
Branch banking customer fees		2,083,934	1,513,602
Consumer finance related fees		390,922	304,344
Card related fees (debit and credit cards)		2,247,902	2,342,164
Credit related fees		223,878	31,737
Investment banking fee		170,933	93,426
Commission on trade		1,091,205	995,071
Commission on guarantees		498,239	450,071
Commission on cash management		528,924	450,157
Commission on remittances including home remittances		737,380	804,572
Commission on bancassurance		1,094,857	878,802
Rent on lockers		186,010	172,992
Commission on utility bills		57,904	57,673
Commission on investments services		614,687	526,372
Others		159,573	170,785
		10,086,348	8,791,768
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	782,349	2,823,021
Unrealised - Held For Trading	10.1	(40,468)	54,426
		741,881	2,877,447
28.1 Realised gain / (loss) on:			
Federal Government Securities		360,578	2,922,871
Shares and units		421,532	(103,021)
Others		239	3,171
		782,349	2,823,021
29. OTHER INCOME			
Rent on property		53,018	21,002
Gain on conversion of Ijarah agreements		15,158	99,689
Gain on termination of lease liability against right of use assets		136,317	-
Gain on sale of fixed assets - net		46,988	43,823
Gain on sale of non-banking assets acquired in satisfaction of claims - net		551,339	3,976
		802,820	168,490

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2021



	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
	-----Rupees in '000-----	
30. OPERATING EXPENSES		
Total compensation expense	14,637,553	13,731,829
Property expense		
Rent and taxes	192,869	181,423
Insurance	46,211	44,365
Utilities cost	1,116,940	960,341
Security (including guards)	1,266,076	1,084,453
Repair and maintenance (including janitorial charges)	591,055	541,468
Depreciation on right-of-use assets	1,294,059	1,291,383
Depreciation	702,428	617,025
Fuel expense generators	303,532	254,084
	5,513,170	4,974,542
Information technology expenses		
Software maintenance	974,963	970,846
Hardware maintenance	146,248	260,415
Depreciation	564,634	508,485
Amortization	359,353	350,371
Network charges	460,798	525,900
Insurance	4,494	4,689
	2,510,490	2,620,706
Other operating expenses		
Directors' fees and allowances	36,075	40,062
Remuneration to shariah board members	7,986	7,249
Legal and professional charges	245,470	232,017
Outsourced services costs	664,733	665,116
Travelling and conveyance	229,234	216,397
NIFT clearing charges	128,607	140,972
Depreciation	642,244	661,946
Depreciation on non-banking assets acquired in satisfaction of claims	28,081	22,835
Training and development	21,864	20,950
Postage and courier charges	194,887	223,498
Communication	289,933	263,495
Stationery and printing	483,014	446,939
Marketing, advertisement & publicity	505,467	534,065
Donations	8,165	112,596
Auditors' remuneration	55,449	31,657
Cash transportation charges	629,653	531,465
Repair and maintenance	346,101	289,330
Subscription	32,917	32,933
Entertainment	184,346	159,372
Remittance charges	153,421	162,328
Brokerage expenses	55,882	44,884
Card related expenses	698,020	615,774
CNIC verification charges	178,055	90,661
Insurance	1,333,113	1,179,911
Others	213,866	178,792
	7,366,583	6,905,244
	30,027,796	28,232,321

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2021



	Note	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
		-----Rupees in '000-----	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		369,441	186,184
VAT & National Building tax & Crop Insurance Levy		43,998	73,142
Education cess		23,936	-
		437,375	259,326
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision / (reversal) against balance with Banks		4,402	(1,110)
(Reversal) / provision for diminution in value of investments	10.2.1	(261,340)	(88,827)
(Reversal) / provision against loans and advances	11.3	(3,142,949)	5,397,483
Provision / (reversal) against other assets	14.1.1	13,110	(25,526)
Recovery of written off / charged off bad debts		(114,450)	(92,446)
		(3,501,227)	5,189,574
33. TAXATION			
Current		15,016,020	17,564,922
Prior years		(3,447)	(7,658)
Deferred		1,181,946	(1,762,832)
Share of tax of associates		79,116	127,492
		16,273,635	15,921,924
34. BASIC AND DILUTED EARNINGS PER SHARE			
		-----Rupees in '000-----	
Profit after tax attributable to Equity Shareholders of the Bank		22,854,456	23,406,735
		-----Number-----	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		-----Rupees-----	
Basic and diluted earnings per share		19.29	19.75

35. FAIR VALUE MEASUREMENTS

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

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

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

35.1 Fair value of financial assets

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of 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 and Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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 period.

(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 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, 2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,135,742,966	-	1,135,742,966	-	1,135,742,966
Shares	21,392,636	21,392,636	-	-	21,392,636
Non-Government Debt Securities	2,852,212	-	2,852,212	-	2,852,212
Foreign Securities	4,959,666	-	4,959,666	-	4,959,666
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	31,547,661	-	-	-	-
Cash and balances with treasury banks	129,110,265	-	-	-	-
Balances with other banks	18,863,027	-	-	-	-
Lendings to financial institutions	29,843,338	-	-	-	-
Advances	572,286,943	-	-	-	-
Other assets	54,028,498	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	46,046,886	-	46,046,886	-	46,046,886
Non-banking assets	2,679,392	-	2,679,392	-	2,679,392
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	126,913,716	-	4,316,956	-	4,316,956
Forward sale of foreign exchange	90,976,212	-	4,233,884	-	4,233,884
Derivatives purchase	2,538,740	-	365,070	-	365,070
Derivatives sale	2,577,488	-	365,358	-	365,358
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	979,926,866	-	979,926,866	-	979,926,866
Shares	20,510,813	20,510,813	-	-	20,510,813
Non-Government Debt Securities	2,858,620	-	2,858,620	-	2,858,620
Foreign Securities	7,474,190	-	7,474,190	-	7,474,190
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, and associates)	25,447,046	-	-	-	-
Cash and balances with treasury banks	132,053,041	-	-	-	-
Balances with other banks	29,011,521	-	-	-	-
Lendings to financial institutions	17,968,243	-	-	-	-
Advances	547,685,708	-	-	-	-
Other assets	52,518,097	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	45,595,081	-	45,595,081	-	45,595,081
Non-banking assets	4,036,914	-	4,036,914	-	4,036,914
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	172,137,589	-	4,011,602	-	4,011,602
Forward sale of foreign exchange	155,508,653	-	4,240,748	-	4,240,748
Derivatives purchase	2,158,111	-	517,033	-	517,033
Derivatives sale	2,313,272	-	513,343	-	513,343



36 SEGMENT INFORMATION
36.1 Segment details with respect to business activities

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

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
Un-audited Nine months ended September 30, 2021											
Rupees in '000											
Profit & Loss											
Net mark-up/premium/profit	(27,279,519)	2,001,703	14,024,009	58,080,747	917,367	3,220,188	(3,942)	87,294	51,048,047	-	51,048,047
Inter segment revenue - net	55,846,569	(429,386)	(10,540,105)	(50,170,327)	(94,030)	-	-	5,385,279	-	-	-
Non mark-up / return / interest income	5,612,458	1,750,728	2,655,186	3,212,247	670,878	509,910	664,652	860,554	15,936,613	-	15,936,613
Total Income	34,181,508	3,323,045	6,139,090	11,122,667	1,494,415	3,730,098	660,710	6,333,127	66,984,660	-	66,984,660
Segment direct expenses	17,216,948	1,224,285	484,007	304,481	882,033	3,544,260	343,503	7,245,805	31,245,322	-	31,245,322
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	17,216,948	1,224,285	484,007	304,481	882,033	3,544,260	343,503	7,245,805	31,245,322	-	31,245,322
Provisions	1,197,169	105,253	(105,127)	(162,708)	107,942	1,331	-	(4,645,087)	(3,501,227)	-	(3,501,227)
Profit before tax	15,767,391	1,993,507	5,760,210	10,860,884	504,440	184,507	317,207	3,732,409	39,240,565	-	39,240,565
Balance Sheet											
Cash & Bank balances	48,684,918	331,922	241,576	65,228,608	18,849,105	12,863,948	45,339	1,747,876	147,973,292	-	147,973,292
Investments	1,161,429,462	-	8,757,729	1,142,575,630	12,402,118	27,292,095	1,317,167	4,150,402	1,196,495,141	-	1,196,495,141
Net inter segment lending	-	-	-	977,583	25,050,755	3,815,000	-	194,723,918	1,356,153,380	(1,356,153,380)	-
Lendings to financial Institutions	89,733,201	33,665,067	330,694,127	-	20,214,342	90,062,368	3,739	1,100,241	565,473,085	-	565,473,085
Advances - performing	210,582	100,301	-	-	5,378,709	270,975	-	853,291	6,813,858	-	6,813,858
- non performing	36,293,500	1,986,260	25,818,642	10,277,735	1,874,287	11,672,903	1,020,827	35,696,955	124,641,109	-	124,641,109
Total Assets	1,336,331,663	36,083,550	365,512,074	1,219,059,556	83,769,316	145,977,289	2,387,072	238,272,683	3,427,393,203	(1,356,153,380)	2,071,239,823
Borrowings	11,288,116	-	73,775,925	102,365,782	3,439,296	11,019,694	-	597,923	202,486,736	-	202,486,736
Deposits & other accounts	1,305,262,232	21,524,030	67,600,072	-	62,171,501	116,322,764	-	10,183	1,572,890,782	-	1,572,890,782
Net inter segment borrowing	-	10,081,309	204,533,382	1,114,930,450	14,193,137	10,746,945	1,668,147	-	1,356,153,380	(1,356,153,380)	-
Others	19,781,315	4,478,211	19,602,685	1,763,324	3,965,382	7,887,886	718,925	57,006,668	115,204,396	-	115,204,396
Total liabilities	1,336,331,663	36,083,550	365,512,074	1,219,059,556	83,769,316	145,977,289	2,387,072	57,614,774	3,246,735,294	(1,356,153,380)	1,890,581,914
Equity	-	-	-	-	-	-	-	180,657,909	180,657,909	-	180,657,909
Total Equity & liabilities	1,336,331,663	36,083,550	365,512,074	1,219,059,556	83,769,316	145,977,289	2,387,072	238,272,683	3,427,393,203	(1,356,153,380)	2,071,239,823
Contingencies & Commitments	64,308,975	-	338,767,636	284,806,945	2,698,919	26,141,882	-	26,975,713	723,700,270	-	723,700,270



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

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
Un-audited Nine months ended September 30, 2020											
Rupees in '000											
Profit & Loss											
Net mark-up/premium/profit	(36,027,014)	2,137,301	23,072,073	65,028,809	1,135,166	3,375,816	(6,472)	84,229	58,799,908	-	58,799,908
Inter segment revenue - net	66,394,036	(435,664)	(18,590,059)	(94,823,990)	(119,756)	-	-	5,535,393	-	-	-
Non mark-up / return / interest income	4,606,507	1,401,018	2,407,237	4,321,048	584,683	562,471	600,194	599,032	15,082,190	-	15,082,190
Total Income	36,973,529	3,102,655	6,929,251	14,525,907	1,600,093	3,938,287	593,722	6,218,654	73,882,098	-	73,882,098
Segment direct expenses	15,642,405	1,036,491	639,079	283,726	982,666	3,502,591	294,703	6,877,059	29,258,720	-	29,258,720
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	15,642,405	1,036,491	639,079	283,726	982,666	3,502,591	294,703	6,877,059	29,258,720	-	29,258,720
Provisions	140,030	89,946	360,373	(143,355)	114,074	80,783	-	4,547,123	5,189,574	-	5,189,574
Profit before tax	21,191,094	1,976,218	5,929,799	14,385,536	503,353	354,913	299,019	(5,205,128)	39,433,804	-	39,433,804
Balance Sheet											
Cash & Bank balances	58,362,119	317,242	394,030	64,577,425	21,166,578	14,868,799	25,853	1,352,516	161,064,562	-	161,064,562
Investments	1,050,376,236	-	10,578,310	978,209,256	14,571,071	27,817,987	1,269,444	3,971,457	1,036,217,535	-	1,036,217,535
Net inter segment lending	-	-	-	-	-	-	-	202,001,071	1,252,377,307	(1,252,377,307)	-
Lendings to financial Institutions	94,735,206	26,845,772	313,362,719	6,137,258	11,002,195	828,790	-	432,897	17,968,243	-	17,968,243
Advances - performing	171,804	177,613	2,382	-	21,361,572	84,165,115	5,260	720,338	540,908,541	-	540,908,541
- non performing	35,621,546	2,370,727	23,382,913	12,206,991	4,577,633	12,079,087	986,042	37,115,208	6,777,167	-	6,777,167
Total Assets	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,633,203	140,290,864	2,286,599	245,993,487	3,143,663,702	(1,252,377,307)	1,891,276,395
Borrowings	58,910,004	-	10,694,773	90,718,570	3,330,124	20,596,773	-	327,096	184,577,340	-	184,577,340
Deposits & other accounts	1,147,251,222	21,263,015	65,961,390	-	55,009,174	99,253,160	-	-	1,388,737,961	-	1,388,737,961
Net inter segment borrowing	-	4,816,853	252,398,835	969,573,590	13,301,145	10,727,772	1,599,112	-	1,252,377,307	(1,252,377,307)	-
Others	33,105,685	3,631,486	18,705,556	838,770	6,012,760	9,713,159	687,487	52,275,008	124,969,711	-	124,969,711
Total liabilities	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,633,203	140,290,864	2,286,599	52,602,104	2,950,662,319	(1,252,377,307)	1,698,285,012
Equity	-	-	-	-	-	-	-	192,991,383	192,991,383	-	192,991,383
Total Equity & liabilities	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,633,203	140,290,864	2,286,599	245,993,487	3,143,663,702	(1,252,377,307)	1,891,276,395
Contingencies & Commitments	55,974,597	-	288,001,956	320,068,131	20,930,195	29,021,132	-	26,379,292	740,375,303	-	740,375,303

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

37 RELATED PARTY TRANSACTIONS

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

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

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

	Unaudited September 30, 2021			Audited December 31, 2020		
	Directors	Key Management Personnel	Other Related Parties	Directors	Key Management Personnel	Other Related Parties
----- (Rupees in '000) -----						
Investments						
Opening balance	-	4,479,360	254,253	-	-	254,253
Equity method adjustments	-	178,943	-	-	-	203,702
Closing balance	-	4,658,303	254,253	-	-	4,479,360
			5,000			5,000
Provision for diminution in value of investments						
Opening balance	1,042	166,757	152,147	1,722	129,048	339,520
Addition / exchange adjustment during the period / year	18,838	44,938	1,390,000	18,202	60,257	356,898
Repaid / exchange adjustment during the period / year	(18,401)	(44,344)	(133,837)	(18,882)	(21,947)	(303,183)
Transfer in / (out)	-	(24,448)	-	-	(601)	(220,885)
Closing balance	1,479	142,903	1,613,061	1,042	166,757	356,898
			628,411			152,147
Provision held against advances						
	-	-	-	-	-	-

	Unaudited September 30, 2021			Audited December 31, 2020		
	Directors	Key Management Personnel	Other Related Parties	Directors	Key Management Personnel	Other Related Parties
----- (Rupees in '000) -----						
Other Assets						
Markup receivable	-	3,247	8,561	-	3,149	895
Advances, deposits, advance rent and other prepayments	-	-	300,144	-	-	310,504
Receivable from Pension Fund	-	-	-	-	-	3,370,179
			3,067,326			
Borrowings						
Opening balance	-	-	-	-	-	69,166
Borrowings / exchange adjustment during the period / year	-	-	-	-	-	7,973
Closing balance	-	-	-	-	-	77,139
			100,819			
Deposits and other accounts						
Opening balance	302,130	138,566	4,815,780	602,381	140,761	4,179,849
Received during the period / year	2,887,144	951,667	43,178,642	669,282	1,189,437	44,628,206
Withdrawn during the period / year	(2,877,930)	(929,718)	(43,662,393)	(989,533)	(1,163,832)	(43,469,978)
Transfer in / (out) - net	-	(1,649)	-	-	(27,800)	(531,780)
Closing balance	321,344	158,866	4,332,029	302,130	138,566	4,815,780
			9,417,046			4,869,941
Other Liabilities						
Markup payable	76	59	13,224	50	100	42,549
Accrued expenses and other payable	-	-	37,613	-	-	62,624
Payable to MCB Employee Security Services	-	-	-	-	-	27,031
			25,822			
Contingencies and Commitments						
Letter of Credit	-	-	-	-	-	1,361,776
Bank guarantee	-	-	10,660	-	-	394,495

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Unaudited September 30, 2021			Unaudited September 30, 2020		
	Directors	Key Management Personnel	Other Related Parties	Directors	Key Management Personnel	Other Related Parties
Income						
Markup / return / interest earned	23	11,603	10,064	5,730	8,175	8,438
Fee and commission income	-	-	685,492	4,694	-	964
Dividend income	-	-	192,500	50,645	-	7,933
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	18,926	-	53,120
Net gain / (loss) on sale of securities	3	-	(71)	211	40	3,553
Gain on sale of fixed assets	-	84	-	-	39	-
Rent income	-	-	9,252	1,710	-	1,710
Expense						
Markup / return / interest expensed	13,598	1,364	100,015	304,873	1,826	157,083
Other Operating expenses						
Clearing expenses paid to NIFT	-	-	-	114,327	-	123,767
Contribution to provident fund	-	-	-	324,221	-	295,589
Rent expenses	-	-	38,817	35,640	-	26,424
Cash sorting expenses	-	-	-	71,566	-	86,237
Stationery expenses	-	-	-	168,727	-	162,555
Security guards expenses	-	-	-	261,636	-	247,785
Remuneration to key executives and non-executive directors fee	143,652	414,342	-	-	421,288	-
Outsourcing service expenses	-	-	148,561	-	-	209,514
Donation during the year	-	-	-	-	-	95,000
E-dividend processing fee and CDC charges	-	-	-	4,658	-	3,249
Travelling Expenses	-	-	-	36,951	-	33,281
Hotel stay expenses	-	-	-	63	-	3,259
Repair & Maintenance Charges	-	-	-	1,605	-	1,358
Advertisement Expenses	-	-	-	-	-	7,308
Miscellaneous expenses and payments	-	-	-	1,801	-	1,654
Insurance premium-net of refund	-	-	493,625	-	-	-
Insurance claim settled	-	-	21,580	-	-	24,912
Other Transactions						
Proceeds from sale of fixed assets	-	-	-	-	-	-
Purchase of fixed assets	-	84	-	-	39	-
Sale of government securities	-	-	17,276	19,322	-	3,277
Purchase of government securities	651,975	4,131	6,446,618	5,937,216	94,789	4,054,378
Forward exchange contracts matured during the period	-	-	15,859,128	2,563,219	500	1,130,458
	-	-	-	3,699,697	-	11,446,228

(Rupees '000)

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.

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
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	143,910,668	149,417,496
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	143,910,668	149,417,496
Eligible Tier 2 Capital	27,738,862	36,710,001
Total Eligible Capital (Tier 1 + Tier 2)	171,649,530	186,127,497
Risk Weighted Assets (RWAs):		
Credit Risk	675,420,886	668,413,516
Market Risk	136,670,625	128,392,302
Operational Risk	148,348,258	148,348,258
Total	960,439,769	945,154,076
Common Equity Tier 1 Capital Adequacy ratio	14.98%	15.81%
Tier 1 Capital Adequacy Ratio	14.98%	15.81%
Total Capital Adequacy Ratio	17.87%	19.69%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	143,910,668	149,417,496
Total Exposures	2,613,597,587	2,323,456,613
Leverage Ratio	5.51%	6.43%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,212,135,404	962,045,524
Total Net Cash Outflow	505,006,338	415,665,992
Liquidity Coverage Ratio	240.02%	231.45%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,339,982,780	1,212,910,470
Total Required Stable Funding	734,412,851	715,405,667
Net Stable Funding Ratio	182.46%	169.54%

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



39 ISLAMIC BANKING BUSINESS

The Group through a wholly owned subsidiary (MCB Islamic Bank Limited) is operating 173 branches in Pakistan (December 31, 2020: 187 branches). The statement of financial position of the Group's Islamic Banking Business as at September 30, 2021 is as follows:

Note	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
ASSETS		
Cash and balances with treasury banks	9,331,648	9,872,197
Balances with other banks	3,532,300	4,996,602
Due from financial institutions	39.1 3,815,000	828,790
Investments - net	39.2 27,292,095	27,617,997
Islamic financing and related assets - net	39.3 90,333,343	84,896,191
Fixed assets	4,967,814	5,548,894
Intangible assets	568,369	639,428
Deferred tax assets - net	893,597	874,878
Other assets - net	6,136,720	5,895,909
Total Assets	146,870,886	141,170,886
LIABILITIES		
Bills payable	1,709,439	2,470,821
Due to financial institutions	11,019,694	20,596,773
Deposits and other accounts	39.4 116,322,764	99,253,161
Liabilities against assets subject to finance lease	-	-
Sub-ordinated debts	-	-
Deferred tax liabilities - net	-	-
Other liabilities	7,072,044	8,122,359
	<u>136,123,941</u>	<u>130,443,114</u>
NET ASSETS	10,746,945	10,727,772
REPRESENTED BY		
Share capital	11,550,000	11,550,000
Reserves	84,400	68,107
Surplus on revaluation of assets - net of tax	410,112	473,316
Accumulated loss	(1,297,567)	(1,363,651)
	<u>10,746,945</u>	<u>10,727,772</u>

CONTINGENCIES AND COMMITMENTS

39.5

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



The profit and loss account of the Group's Islamic banking branches for the nine months period ended September 30, 2021 is as follows:

Note	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2021	July 01 to September 30, 2020	January 01 to September 30, 2021	January 01 to September 30, 2020
-----Rupees in '000-----				
Profit / return earned	39.6 2,273,265	2,236,464	6,736,867	7,437,474
Profit / return expensed	39.7 1,203,227	1,066,459	3,566,133	4,107,778
Net spread earned	1,070,038	1,170,005	3,170,734	3,329,696
OTHER INCOME				
Fee and commission income	92,912	87,798	285,809	229,785
Dividend income	16,573	12,668	54,129	30,467
Foreign exchange income	19,114	73,718	47,982	179,261
Gain on securities	7,743	4,874	11,345	14,464
Other income	48,417	64,301	160,099	154,646
Total other income	184,759	243,359	559,364	608,623
Total income	1,254,797	1,413,364	3,730,098	3,938,319
OTHER EXPENSES				
Operating expenses	1,188,000	1,223,369	3,499,415	3,491,988
Workers welfare fund	2,316	4,634	7,745	10,450
Other charges	5	125	37,100	185
Total other expenses	1,190,321	1,228,128	3,544,260	3,502,623
Profit before provisions	64,476	185,236	185,838	435,696
Provisions and write offs - net	24,024	(33,453)	1,331	80,783
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	40,452	218,689	184,507	354,913
Taxation	18,656	86,065	103,043	172,138
PROFIT AFTER TAXATION	21,796	132,624	81,464	182,775

39.1 DUE FROM FINANCIAL INSTITUTIONS

Secured

Bai Muajjal receivable - with State Bank of Pakistan

Unsecured

Musharaka arrangements

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
	-	828,790
	3,815,000	-
	<u>3,815,000</u>	<u>828,790</u>

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Unaudited September 30, 2021				Audited December 31, 2020			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
39.2 Investments by type:	-----Rupees in '000-----							
Available-for-sale securities								
Federal Government securities	22,493,123	-	32,856	22,525,979	22,503,692	-	(59,578)	22,444,114
Shares	1,710,000	961,431	115,467	864,036	1,815,977	1,039,436	292,987	1,069,528
Non Government securities	1,006,500	-	22,253	1,028,753	1,044,000	-	14,528	1,058,528
	25,209,623	961,431	170,576	24,418,768	25,363,669	1,039,436	247,937	24,572,170
Held-to-maturity securities								
Federal Government securities	2,700,827	-	-	2,700,827	2,700,827	-	-	2,700,827
Non Government securities	172,500	-	-	172,500	345,000	-	-	345,000
	2,873,327	-	-	2,873,327	3,045,827	-	-	3,045,827
Total Investments	28,082,950	961,431	170,576	27,292,095	28,409,496	1,039,436	247,937	27,617,997

	Unaudited September 30, 2021	Audited December 31, 2020
39.3 Islamic financing and related assets	-----Rupees in '000-----	
Murabaha	10,533,666	12,055,820
Istisna	4,536,783	3,455,789
Ijarah	2,284,180	2,815,368
Running Musharaka	46,118,313	40,757,574
Diminishing Musharaka	25,755,726	24,693,571
Staff finance	1,241,596	1,184,311
Gross Islamic financing and related assets	90,470,264	84,962,433
Less: provision against Islamic financings		
- Specific	(78,858)	(25,395)
- General	(58,063)	(40,847)
	(136,921)	(66,242)
Islamic financing and related assets - net of provision	90,333,343	84,896,191

	Unaudited September 30, 2021	Audited December 31, 2020
39.4 Deposits		
Customers		
Current deposits - non-remunerative	35,033,486	30,677,500
Savings deposits	45,451,685	41,802,208
Term deposits	27,527,015	17,940,868
Others	2,845,547	2,693,912
	110,857,733	93,114,488
Financial Institutions		
Current deposits	124,910	148,529
Savings deposits	1,418,121	2,463,644
Term deposits	3,922,000	3,526,500
	5,465,031	6,138,673
	116,322,764	99,253,161

	Unaudited September 30, 2021	Audited December 31, 2020
39.5 Contingencies and Commitments		
-Guarantees	9,293,241	8,000,674
-Commitments	16,397,878	20,583,025
-Other contingent liabilities	450,763	437,433
	26,141,882	29,021,132

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Period Ended September 30, 2021



	Unaudited Nine Months ended September 30, 2021	Unaudited Nine Months ended September 30, 2020
39.6 Profit/Return Earned on Financing, Investments and Placement	-----Rupees in '000-----	
Profit earned on:		
Financing	5,024,918	5,441,212
Investments	1,642,618	1,712,097
Musharaka arrangements with financial institutions	62,412	192,786
Deposits with financial institutions	6,919	91,379
	6,736,867	7,437,474

	Unaudited September 30, 2021	Audited December 31, 2020
39.7 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	2,815,379	3,520,887
Musharaka arrangements with the State Bank of Pakistan under IERS	63,595	47,673
Musharaka arrangements with other financial institutions	413,657	234,937
Musharaka arrangements with other institution	10,908	11,900
Unwinding of liability against ROU asset	262,594	292,381
	3,566,133	4,107,778

	Unaudited September 30, 2021	Audited December 31, 2020
39.8 Islamic Banking Business Unappropriated Profit	-----Rupees in '000-----	
Opening Balance	(1,363,651)	(1,531,969)
Movement during the period / year		
Islamic Banking profit for the period / year	184,507	393,079
Taxation	(103,043)	(184,763)
Other Adjustments	(15,380)	(39,998)
	66,084	168,318
Closing Balance	(1,297,567)	(1,363,651)



40 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 27, 2021 has announced a cash dividend in respect of quarter ended September 30, 2021 of Rs. 4.5 per share (September 30, 2020: Rs. Nil per share). These consolidated condensed interim financial statements for the period ended September 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

41 GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

42 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on October 27, 2021.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Salman Khalid Butt
Director