



Bank for Life

MCB Bank Limited

☎ UAN: 111-000-622 🌐 www.mcb.com.pk

***Positive
Performance***



THIRD INTERIM REPORT 2016



Our Vision

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

Our Mission

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

Our Values

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

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



CORPORATE PROFILE

BOARD OF DIRECTORS:

Mian Mohammad Mansha	Chairman
Mr. S.M. Muneer	Vice-Chairman
Mr. Tariq Rafi	Director
Mr. Shahzad Saleem	Director
Mr. Aftab Ahmad Khan	Director
Mian Umer Mansha	Director
Mr. Ahmad Alman Aslam	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh	Director
Mrs. Iqraa Hassan Mansha	Director
Mr. Irfan Ahmed Hashmi	Director
Mr. Imran Maqbool	President & CEO

AUDIT COMMITTEE:

Mr. Ahmad Alman Aslam	Chairman
Mr. Aftab Ahmad Khan	Member
Mr. Muhammad Ali Zeb	Member

Chief Financial Officer:	Mr. Salman Zafar Siddiqi
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered/Principal Office:	MCB, 15-Main Gulberg Jail Road, Lahore Pakistan
Registrar’s and Share Registration Office (s):	Head Office: M/s. THK Associates (Pvt.) Limited 2 nd Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi Pakistan Branch Office: M/s. THK Associates (Pvt.) Limited 2 nd Floor, DYL Motorcycles Ltd. Office Building Plot No. 346, Block No. G-III, Khokhar Chowk Main Boulevard, Johar Town, Lahore Pakistan



MCB Bank Limited

DIRECTORS' REPORT - SEP 2016

I am pleased to place before you, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the nine month period ended September 30, 2016;

Profit Before Taxation

Taxation

Profit After Taxation

Un -appropriated Profit Brought Forward

Re-measurement of Defined Benefit Plans - net of tax

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

Profit Available for Appropriation Appropriations:

Statutory Reserve

Final Cash Dividend–December 2015

Interim Cash Dividend - March 2016

Interim Cash Dividend - June 2016

Total Appropriations

Un -appropriated Profit Carried Forward

Performance Review

The Bank has reported Profit Before Tax (PBT) of Rs. 29.2 billion and Profit After Tax (PAT) of Rs. 17.4 billion for the nine month period ended September 30, 2016. Net markup income of the Bank was reported at Rs. 33.7 billion, down by 8.9% over corresponding period last year. On the gross markup income side, the Bank reported a decrease of Rs.9.7 billion which was mainly on account of decreased yields on advances and investments in-line with interest rate movements. However, advances grew by Rs. 15.6 billion and investments decreased by Rs. 30.9 billion, on average, when compared with the corresponding period last year. On the interest bearing liabilities side, the consistent tapering of high cost deposits along with the decrease in minimum deposit rate resulted in a significant drop in cost of funds.

On the non-markup income front, the Bank reported a base of Rs. 11.9 billion with major contributions from fees, commissions and capital gains.

The administrative expense base (excluding pension fund reversal) recorded a nominal increase of 0.5% over corresponding period last year. On the provision front, MCB Bank Limited posted a reversal in provision of Rs. 856 million in the nine month period ended September 30, 2016.

The total asset base of the Bank was reported at Rs. 974.5 billion reflecting a decrease of 2.98% over 2015. Analysis of the asset mix highlights that net investments have decreased by Rs. 68.5 billion (-12.12%), with net advances increasing by Rs. 30.3 billion (+9.96%) over December 31, 2015. The coverage ratio of the Bank was reported at 81.84% with an infection ratio of 6.24%.

On the liabilities side, deposit base of the Bank recorded an increase of Rs. 58.1 billion (+8.34%) over December 2015. MCB Bank Limited continued to enjoy one of the highest CASA mixes in the banking industry of 94% with current deposits increasing by 12% and savings deposits by 7% over December 2015.

Earnings per share (EPS) for the period came to Rs. 15.66 as compared to Rs. 18.16 during the same period last year. Return on Assets and Return on Equity were reported at 2.35% and 20.18% respectively, whereas Book value per share stood at Rs. 105.23.

The Board of Directors declared a 3rd interim cash dividend of Rs. 4.00 per share for the nine month period ended September 30, 2016 which is in addition to Rs. 8.00 per share interim dividends already paid to shareholders.

Material Information

MCB and Fullerton Financial Holdings Pte. Ltd ("FFH") (being the majority shareholder of NIB Bank through its wholly-owned subsidiary Bugis Investments (Mauritius) Pte. Ltd.) are engaged in discussions for the merger of NIB with and into MCB under the provisions of Section 48 of the Banking Companies Ordinance, 1962. MCB and NIB have completed their respective due diligences and are in the process of finalizing the terms of the Agreement for Amalgamation containing the Scheme of Amalgamation for presentation before the board and shareholders of the respective banks for their approval. The terms of the proposed merger are subject to the agreement of the parties and would be subject to, amongst others, the following conditions: (i) receipt of all requisite regulatory authorizations, consents and approvals, particularly from the State Bank of Pakistan and Competition Commission of Pakistan; and (ii) receipt of all requisite corporate and other internal approvals of MCB, NIB and/or their respective shareholders.

Ratings

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

MCB Bank Limited



Economy Review

During the third quarter of 2016, most macroeconomic fundamentals of Pakistan remained fairly positive and continued to contribute to economic growth and development. However, despite encouraging signs, there are some areas that need careful attention of the authorities.

During July – September FY17, Pakistan's exports shrank by 8.98% YoY, in dollar terms to \$4,681 million while imports have been on an uptrend, increasing by 10.70% YoY, in dollar terms to \$11,746 million. Exports have slowed down as global demand remained weak while non-oil imports such as machinery have been increasing. As a result, Pakistan's trade deficit widened to \$7,065 million, up by around \$1.6 billion from the comparative period in the previous fiscal year. Meanwhile, workers' remittances have so far registered a decline of 5.39% YoY, falling to \$4,698 million in the first three months. This trend is likely to continue during the current fiscal year and as a result, Pakistan's current account deficit is likely to increase to around 1.5% of GDP, according to IMF estimates, much higher than last year's deficit of 0.9%.

On the positive side, however, China-Pakistan Economic Corridor is beginning to show greater momentum with several energy and infrastructure projects in the pipeline, which will fuel growth in the medium term. CPEC will also attract foreign investment to Pakistan and enhance its status as a regional manufacturing hub.

Pakistan's CPI inflation continued to hover around the 3.5% to 4% mark on a year-on-year basis. Most recently, in September, CPI inflation was registered at 3.88% YoY while core inflation came in at 4.8% YoY. The State Bank of Pakistan decided to maintain its policy rate at 5.75% in its Monetary Policy Committee meetings of July and September 2016.

On the foreign exchange market side, Pakistani Rupee remained fairly stable relative to the US Dollar, starting the quarter at Rs. 104.83 and closing at Rs. 104.62. Pakistan's FX reserves increased from \$23,098.6 million at the beginning of the quarter to \$23,612.4 million by September 30, 2016. Around \$700 million were received from China Development Bank while the final tranche of the IMF program, amounting to \$102 million was also received. IMF expressed satisfaction over the completion of the program by Pakistan and particularly highlighted Pakistan's commitment to improving its fiscal position and external buffers. However, the Fund is concerned over build-up of public debt and decline in Pakistan's trade competitiveness. Therefore, continued progress in structural reforms with improvements in debt management, export competitiveness and restructuring /privatization of loss-making public sector enterprises would be necessary going forward.

As regards Pakistan's stock markets, the KSE-100 continued to soar, gaining nearly 7.3% during the quarter and ending at 40,542 points, which is a record high.

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

Future Outlook

Pakistan achieved GDP growth of 4.7% in FY16 against a target of 5.5% and the government is targeting at least 5.7% growth in FY17. While this target appears ambitious for this year, expected acceleration in projects under CPEC will become a significant contributor to greater GDP growth in coming years. Improvement in supply of energy is also a key objective for the government and any managed load-shedding is likely to be eliminated by 2018. However, Pakistan will need to maintain fiscal discipline and keep government expenditures in check as it bids to spend on development projects. Export competitiveness also remains a major concern and requires special attention from the government to boost productivity, reduce costs of production and embark on greater diversification in the export sector. Nevertheless, we remain confident that the pace of structural improvements will continue and the country will remain on an overall upward economic trajectory.

Acknowledgement

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

For and on behalf of the Board of Directors

Mian Mohammad Mansha
Chairman

October 26, 2016

ڈائریکٹرز کی رپورٹ

بینک کے بورڈ آف ڈائریکٹرز کی جانب سے میں 30 ستمبر 2016ء کو اختتام پذیر نو ماہ کے عرصہ کے مالیاتی حسابات آپ کو پیش کرتے ہوئے نہایت مسرت محسوس کر رہا ہوں۔

مالیاتی جھلکیاں:

قبل از ٹیکس منافع	ملین روپے
ٹیکس	29,164
بعد از ٹیکس منافع	11,738
اختصاصی غیر تخصیص شدہ منافع	17,426
ایکسٹرانر جنٹیفیکیشن پلان کی دوبارہ پینکس (خالص از ٹیکس)	50,747
پائیدار اثاثوں کی از سر نو تخمینے پر اضافی آمدن (خالص از ٹیکس)	(81)
	36
تخصیص کیلئے دستیاب منافع	50,702
تخصیص:	68,128
قانونی ریزرو	1,743
فائل کیش ڈیویڈنڈ برائے دسمبر 2015	4,452
عبوری کیش ڈیویڈنڈ برائے مارچ 2016	4,452
عبوری کیش ڈیویڈنڈ برائے جون 2016	4,452
کل تخصیص	15,099
اختصاصی غیر تخصیص شدہ منافع	53,029

کارکردگی کا تجزیہ:

بینک کا 30 ستمبر 2016ء کو اختتام پذیر نو ماہ کے عرصہ میں قبل از ٹیکس منافع (PBT) 29.2 ملین روپے اور بعد از ٹیکس منافع (PAT) 17.4 ملین روپے رہا۔ بینک کی خالص مارک اپ آمدنی 33.7 ملین روپے رپورٹ ہوئی جو پچھلے سال کے اسی تقابلی مدت کے منافع سے 8.9 فیصد کم رہی۔ گراس مارک اپ آمدنی میں 9.7 ملین روپے کی کمی ریکارڈ کی گئی جس کی بڑی وجہ قرضہ جات اور سرمایہ کاری پر ریزرٹن میں کمی تھی جو شرح سود میں کمی کے متناسب ہے۔ تاہم قرضہ جات اور سرمایہ کاری کے حجم میں پچھلے سال کے اسی تقابلی عرصہ کی نسبت بالترتیب 15.6 ملین روپے کا اضافہ اور 30.9 ملین روپے کی اوسط کمی ہوئی۔ انٹرسٹ سے متعلقہ ادائیگیوں کے حوالہ سے زیادہ لاگت کے ڈیپازٹ کی مسلسل تحلیل اور اس کے ساتھ ساتھ کم از کم ڈیپازٹ ریٹ کی کمی بھی سرمایہ کی لاگت میں نمایاں انحطاط پذیری کا باعث بنی۔ غیر مارک اپ آمدنی کی مد میں بینک نے 11.9 ملین روپے کمائے جس میں زیادہ کردار فیس، کمیشن اور کمیٹیٹل گین سے متعلقہ آمدنی کا ہے۔

بنک کے انتظامی اخراجات میں (ماسوائے پیشکش فنانسنگ کی رپورٹل کے) پچھلے سال کی تقابلی مدت کی نسبت 0.5 فیصد کا معمولی اضافہ ریکارڈ کیا گیا۔ ایم سی بی بینک نے 30 ستمبر 2016ء کو اختتام پذیر نو ماہ کے عرصہ میں پروویژن (Provision) کی مد میں 856 ملین روپے کی کمی ریکارڈ کی۔

بینک کے کل اثاثہ جات دسمبر 2015 سے 2.98 فیصد کمی کے ساتھ 974.5 ملین روپے رہے۔ اثاثہ جات کی ترکیب کا جائزہ واضح کرتا ہے کہ 31 دسمبر 2015 کی نسبت بینک کی خالص سرمایہ کاری میں 68.5 ملین روپے (12.12%) کی کمی ہوئی جبکہ خالص قرضہ جات میں 30.3 ملین روپے (9.96%) کا اضافہ ہوا۔ بینک کی کوریج کا تناسب (Coverage Ratio) 81.84 فیصد اور انفیکشن کا تناسب (Infection Ratio) 6.24 فیصد رہا۔

واجبات کی مد میں بینک کے ڈیپازٹس میں دسمبر 2015 سے 58.1 ملین روپے (8.34%) کا اضافہ ہوا ہے۔ ایم سی بی بینک لیٹیڈ نے دسمبر 2015 کی نسبت کرنٹ اکاؤنٹس میں 12 فیصد اور سیونگ اکاؤنٹس میں 7 فیصد اضافے کے ساتھ کرنٹ اکاؤنٹس سیونگ اکاؤنٹس (CASA) کے تناسب کو 94 فیصد کی سطح پر نہایت کامیابی سے برقرار رکھا ہے۔ جو بینکنگ انڈسٹری میں بلند ترین میں سے ہے۔

اس مدت میں فی شخص آمدنی ای پی ایس (EPS) 15.66 روپے رہی جو گذشتہ سال کی اسی مدت میں 18.16 روپے تھی۔ اثاثہ جات پر ریٹرن (ROA) اور لیکوٹی پر ریٹرن (ROE) بالترتیب 2.35 فیصد اور 20.18 فیصد رہا۔ جبکہ بک ویلٹی فی شخص 105.23 روپے ہے۔

بورڈ آف ڈائریکٹرز نے 30 ستمبر 2016ء کو اختتام پذیر نو ماہ کے عرصہ کیلئے 4 روپے فی شخص کے تیسرے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔ جو پچھلے ادا شدہ 8.0 روپے فی شخص کے عبوری ڈیویڈنڈ کے علاوہ ہے۔

اہم انفارمیشن

ایم سی بی (MCB) اور فلٹن فنانشل ہولڈنگ پی پی ای ایس لیٹیڈ ایف ایف ایچ (FFH) (جو کہ اپنی مکمل ملکیت شدہ ڈبلیو ایڈارے پیس انویسٹمنٹ (موریٹیس) پی پی ای ایس لیٹیڈ کے ذریعہ این آئی بی (NIB) بینک کے اکثریتی حقدار (شیئر ہولڈرز) ہیں۔) کے درمیان بینکنگ کمپنیز آرڈیننس 1962 کی دفعہ 48 کے تحت این آئی بی (NIB) بینک کو ایم سی بی بینک میں ضم کرنے سے متعلق معاملات زیر غور ہیں۔ ایم سی بی اور این آئی بی نے اپنی ڈیویڈنڈس (Due Diligence) مکمل کر لی ہیں اور اپنے متعلقہ بورڈز اور شیئر ہولڈرز کی منظوری کیلئے انضمام کے معاہدے کی شرائط فائنل کر رہے ہیں۔

اس مجوزہ انضمام کی شرائط متعلق فریقین کی آمادگی سے شروط ہیں اور دیگر کے ساتھ مندرجہ ذیل شرائط کے بھی تابع ہیں۔

- تمام مطلوبہ ریگولیٹری منظوری، رضامندی اور اجازت کا حصول (خصوصی طور پر نیٹ بینک آف پاکستان اور مسابقتی کمیشن آف پاکستان سے)
- ایم سی بی، این آئی بی اور ان کے متعلقہ حصص کے مالکان (شیئر ہولڈرز) کی تمام مطلوبہ کارپوریٹ اور ادائیگی رضامندی کا حصول

MCB Bank Limited

ریٹنگز:

پاکستان کریڈٹ ریٹنگ ایجنسی (Pacra) نے اپنے نوٹیفیکیشن بتاریخ 24 جون 2016ء کے ذریعے بینک کی طویل مدتی کریڈٹ ریٹنگ کو ٹریپل اے (AAA) پر ادرجیل مدتی کریڈٹ ریٹنگ کو اے ون پلس (A1+) کی سطح پر برقرار رکھا ہے۔

معاشی جائزہ:

سال 2016 کی تیسری سہ ماہی کے دوران، پاکستان کی معیشت کی اساس قدرے مثبت رہی اور مجموعی معاشی ترقی اور نمو کیلئے اپنا کردار ادا کرتی رہی۔ ان امیدوار افراد علامات کے باوجود ابھی کچھ معاملات میں اتھارٹیز کی توجہ کی ضرورت ہے۔ جولائی تا ستمبر 2016 (FY17) میں پاکستان کی برآمدات 8.98 فیصد سالانہ کمی کے بعد 4,681 ملین امریکی ڈالر رہیں۔ جبکہ درآمدات 10.70 فیصد سالانہ اضافہ کے ساتھ 11,746 ملین امریکی ڈالر رہیں۔ برآمدات میں انحطاط کی وجہ عالمی طلب میں کمی رہی۔ جبکہ تیل کے علاوہ کی درآمدات جیسا کہ شیئر میں، میں اضافہ دیکھا گیا۔ جس کے نتیجے میں پاکستان کا تجارتی خسارہ بڑھتے ہوئے 7,065 ملین امریکی ڈالر تک پہنچ گیا۔ جو کہ پچھلے مالی سال کے اسی تقابلی عرصہ سے تقریباً 1.6 ملین امریکی ڈالر زیادہ ہے۔

دریں اثناء غیر ملکی ترسیلات زر میں بھی اب تک سالانہ بنیاد پر 5.39 فیصد کمی ہوئی جو پہلے تین ماہ میں گرتے ہوئے 4,698 ملین امریکی ڈالر تک پہنچ گئی۔ IMF کے تخمینہ کے مطابق یہ رجحان موجودہ مالی سال میں جاری رہنے کا امکان ہے۔ جس کے باعث پاکستان کا کرنٹ اکاؤنٹ خسارہ GDP کا 1.5 فیصد تک بڑھنے کا امکان ہے۔ جو پچھلے سال کے 0.9 فیصد خیراے سے کہیں زیادہ ہے۔

مثبت چیز یہ ہے کہ پاک چین اقتصادی راہداری (سی بیک) سے متصل زیر تعمیر بیشتر توانائی اور تعمیراتی پراجیکٹس میں تیزی آ رہی ہے جو یقیناً درمیانی مدت میں ترقی کے عمل کو بڑھانے کا سبب بنے گی۔ سی بیک پاکستان میں غیر ملکی سرمایہ کاری کو فروغ دے گا اور خطہ میں اس کو مینوفیکچرنگ مرکز بھی بنائے گا۔

پاکستان کے (کنزومیر پرائس انڈیکس -CPI) صارف قوتوں کے جدول میں افراط زر کی شرح سالانہ بنیاد پر تقریباً 3.5 فیصد سے 4 فیصد کے گرد گھومتی رہی۔ ابھی حالیہ ستمبر میں CPI میں افراط زر کی شرح سالانہ بنیاد پر 3.88 فیصد رہی۔ جبکہ خالص افراط زر کی شرح سالانہ بنیاد پر 4.8 فیصد رہی۔ اسٹیٹ بینک آف پاکستان نے اپنی جولائی اور ستمبر کی ماہی پالیسی کمیٹی کی میٹنگز میں پالیسی ریٹ کو 5.75 فیصد کی سطح پر برقرار رکھا ہے۔

فارن ایکسچینج مارکیٹ کے حوالہ سے پاکستانی روپیہ امریکی ڈالر کے مقابلے میں مستحکم رہا اور اس سہ ماہی کے آغاز پر 104.83 روپے اور اختتام پر 104.62 روپے رہا۔

پاکستان کے غیر ملکی زرمبادلہ کے ذخائر اس سہ ماہی کے آغاز میں 23,098.6 ملین امریکی ڈالر سے بڑھتے ہوئے 30 ستمبر 2016 تک 23,612.4 ملین امریکی ڈالر تک پہنچ گئے۔ تقریباً 700 ملین امریکی ڈالر چارجنڈیویولمنٹ بینک سے حاصل کیے گئے جبکہ آئی ایم ایف (IMF) کے پروگرام کے تحت 102 ملین امریکی ڈالر کی آخری قسط بھی وصول کی گئی۔ آئی ایم ایف (IMF) نے پاکستان کے اپنے پروگرام کو مکمل کرنے پر اطمینان کا اظہار کرتے ہوئے پاکستان کی اپنے مالی معاملات کو احسن طریقے سے پورا کرنے کے عزم کو سراہا ہے۔ تاہم IMF نے اندرونی قرضوں کی بڑھوتی اور پاکستانی تجارت کی کم ہوتی ہوئی مسابقت پر اپنی تشویش کا اظہار بھی کیا ہے۔ چنانچہ مستقبل میں قرضوں کی کمی، بجٹ، برآمدات میں مسابقت، پبلک سیکٹر کے غیر متابع بخش اداروں کی تشکیل اور نجی شعبہ مثبلی سے متعلق اصلاحات کو جاری رکھنا ضروری ہے۔

جہاں تک پاکستانی شاہ مارکیٹ کا تعلق ہے کے ایس ای۔ 100 (KSE-100) انڈیکس اپنی بلندی کا سفر جاری رکھتے ہوئے تقریباً 7.3 فیصد کے اضافہ کے ساتھ اس سہ ماہی کے اختتام تک 40,542 پوائنٹس تک پہنچ گیا۔ جو کہ ایک ریکارڈ بلندی ہے۔

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

مستقبل کی پیش بینی:

پاکستان نے مالی سال 2016 میں جی ڈی پی گروتھ (GDP Growth) میں 5.5 فیصد ہدف کے مقابلے میں 4.7 فیصد کی شرح حاصل کی ہے اور حکومت نے مالی سال 2017 کے لیے 5.7 فیصد ہدف مقرر کیا ہے۔ اس سال بظاہر یہ ہدف زیادہ بڑا نظر آتا ہے تاہم سی بیک (CPEC) کے منصوبوں میں متوقع تیزی آنے والے سالوں میں GDP میں گروتھ کو برقرار رکھنے اور ترقیاتی منصوبوں پر خرچ کرتے ہوئے اپنے حکومتی اخراجات پر کڑی نگاہ رکھنے کی ضرورت ہے۔ برآمدات کی مسابقت بھی ایک اہم اور توجہ طلب مسئلہ ہے اور حکومت کی خصوصی توجہ کا مستحق ہے۔ تاکہ پیداوار میں اضافہ، لاگت میں کمی اور برآمدات کے شعبہ میں تنوع اور توسیع ہو سکے۔ ہم پر امید ہیں کہ بنیادی اصلاحات کی جی رفتار جاری رہے گی اور ملک اپنی مجموعی معیشت کی بلند پروازی پر کاربند رہے گا۔

تسلیم و تشکر:

آخر میں ایم سی بی بینک لیٹیڈ کے بورڈ آف ڈائریکٹرز اپنے تمام حصص یافتگان اور صارفین کو ان کے اعتماد کیلئے، ملازمین کا ان کی مسلسل لگن اور مخلصانہ خدمات کیلئے، گورنمنٹ اور سٹیٹ بینک آف پاکستان

کا ان کے تعاون کیلئے شکریہ ادا کرتے ہیں۔

برائے دلچسپ بورڈ آف ڈائریکٹرز

Muhammad
میاں محمد منشاء
چیئرمین

26 اکتوبر 2016ء

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2016

	Note	Unaudited September 30, 2016	Audited December 31, 2015 Restated
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		85,000,781	60,567,695
Balances with other banks		4,429,101	3,611,185
Lendings to financial institutions	7	867,922	3,079,564
Investments - net	8	497,161,712	565,695,932
Advances - net	9	334,411,041	304,121,938
Operating fixed assets	10	29,933,311	29,949,890
Deferred tax assets - net		-	-
Other assets - net		22,688,180	37,383,936
		974,492,048	1,004,410,140
Liabilities			
Bills payable		9,843,412	11,888,776
Borrowings	11	33,324,783	118,039,748
Deposits and other accounts	12	754,885,104	696,804,929
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	13	10,175,259	11,376,589
Other liabilities		26,263,282	28,498,160
		834,491,840	866,608,202
Net assets		140,000,208	137,801,938
Represented by			
Share capital		11,130,307	11,130,307
Reserves		52,966,973	51,309,081
Unappropriated profit		53,029,392	50,746,685
		117,126,672	113,186,073
Surplus on revaluation of assets - net of tax		22,873,536	24,615,865
		140,000,208	137,801,938

Contingencies and commitments

14

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


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

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

For the nine months period ended September 30, 2016

	Note	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
----- (Rupees in '000) -----					
Mark-up / return / interest earned		15,623,584	52,012,146	20,138,707	61,665,528
Mark-up / return / interest expensed		5,304,551	18,296,551	8,064,249	24,656,942
Net mark-up / interest income		10,319,033	33,715,595	12,074,458	37,008,586
Provision / (reversal) against loans and advances - net		234,761	(390,087)	(330,578)	(1,070,118)
Provision / (reversal) for diminution in the value of investments - net		(470,569)	(466,090)	(338,912)	(355,373)
Bad debts written off directly		-	18	-	67
		(235,808)	(856,159)	(669,490)	(1,425,424)
Net mark-up / interest income after provisions		10,554,841	34,571,754	12,743,948	38,434,010
Non mark-up / interest income					
Fee, commission and brokerage income		1,738,911	5,621,211	1,804,936	5,890,598
Dividend income		230,178	967,036	182,402	797,455
Income from dealing in foreign currencies		200,103	693,087	253,064	735,623
Gain on sale of securities - net	15	3,542,523	4,210,825	1,178,081	4,093,727
Unrealized gain/(loss) on revaluation of investments classified as held for trading		(8,836)	(9,048)	(20,322)	(20,481)
Other income		97,521	375,359	130,337	1,209,082
Total non mark-up / interest income		5,800,400	11,858,470	3,528,498	12,706,004
		16,355,241	46,430,224	16,272,446	51,140,014
Non mark-up / interest expenses					
Administrative expenses		5,694,235	16,413,416	5,632,020	16,202,599
Other provision / (reversal) - net		158,057	189,898	144,980	148,905
Other charges		242,388	662,671	217,531	720,477
Total non mark-up / interest expenses		6,094,680	17,265,985	5,994,531	17,071,981
		10,260,561	29,164,239	10,277,915	34,068,033
Extraordinary / unusual item		-	-	-	-
Profit before taxation		10,260,561	29,164,239	10,277,915	34,068,033
Taxation - current period	16	3,675,764	10,313,198	3,523,093	11,739,870
- prior years		-	1,693,330	-	1,906,156
- deferred		(130,519)	(268,590)	80,315	206,553
		3,545,245	11,737,938	3,603,408	13,852,579
Profit after taxation		6,715,316	17,426,301	6,674,507	20,215,454
-----Rupees-----					
Earnings per share - basic and diluted	17	6.03	15.66	6.00	18.16

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


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2016

	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
	----- (Rupees in '000) -----			
Profit after tax for the period	6,715,316	17,426,301	6,674,507	20,215,454
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Remeasurement of defined benefit plans - net of tax	-	(81,063)	-	(1,129,965)
Items that may be reclassified to profit and loss account				
Effect of translation of net investment in foreign branches	(51,478)	(84,738)	(14,952)	(30,983)
Comprehensive income transferred to equity	6,663,838	17,260,500	6,659,555	19,054,506
Components of comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	(5,234,024)	(2,607,234)	(629,144)	5,084,204
Deferred tax	1,831,908	909,495	220,201	(2,098,303)
	(3,402,116)	(1,697,739)	(408,943)	2,985,901
Total comprehensive income for the period	3,261,722	15,562,761	6,250,612	22,040,407

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


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2016

	September 30, 2016	September 30, 2015
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	29,164,239	34,068,033
Less: Dividend income	(967,036)	(797,455)
	28,197,203	33,270,578
Adjustments for:		
Depreciation	1,182,072	1,538,872
Amortization	284,689	279,801
Bad debts written off directly	18	67
Provision / (reversal) against loans and advances - net	(390,087)	(1,070,118)
Provision / (reversal) for diminution in the value of investments - net	(466,090)	(355,373)
Other provision / (reversal) - net	189,898	148,905
Provision for Workers' Welfare Fund	583,285	681,361
Charge / (reversal) for defined benefit plans	(55,245)	(185,235)
Unrealized loss on revaluation of investments classified as held for trading	9,048	20,481
Gain on sale of shares in associate	(374,503)	(224,748)
Gain on disposal of fixed assets - net	(40,010)	(129,894)
	923,075	704,119
	29,120,278	33,974,697
(Increase) / decrease in operating assets		
Lendings to financial institutions	2,211,642	684,857
Net investment in held for trading securities	(1,278,179)	(7,632,584)
Advances - net	(29,899,034)	(2,927,669)
Other assets - net	8,570,617	9,899,943
	(20,394,954)	24,547
Increase / (decrease) in operating liabilities		
Bills payable	(2,045,364)	(7,341,430)
Borrowings	(84,508,937)	78,873,110
Deposits and other accounts	58,080,175	23,867,109
Other liabilities	(3,847,096)	(6,690,144)
	(32,321,222)	88,708,645
	(23,595,898)	122,707,889
Defined benefits paid	(259,274)	(285,422)
Income tax paid	(11,361,962)	(12,036,097)
Net cash flows from operating activities	(35,217,134)	110,386,370
Cash flows from investing activities		
Net investments in available-for-sale securities	72,742,918	(78,757,825)
Net investments in held-to-maturity securities	(5,160,155)	(2,341,723)
Dividend income received	786,156	664,210
Investment in subsidiary company	-	(10,261,375)
Proceeds from divestment in subsidiary	-	77
Proceeds from demerger scheme	5,901,988	-
Proceeds from divestment in associate	453,947	274,533
Sale proceeds of property and equipment disposed off	741,585	239,889
Investment in operating fixed assets	(2,224,537)	(2,980,057)
Net cash flows from investing activities	73,241,902	(93,162,271)
Cash flows from financing activities		
Dividend paid	(12,483,000)	(12,024,228)
Net cash flows from financing activities	(12,483,000)	(12,024,228)
Exchange difference on translation of net investment in foreign branches	(84,738)	(30,983)
Increase in cash and cash equivalents	25,457,030	5,168,888
Cash and cash equivalents at January 1	63,682,342	49,427,335
Cash and cash equivalents at September 30	89,139,372	54,596,223

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


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the nine months period ended September 30, 2016

	Capital Reserves			Revenue Reserves			Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit	
	(Rupees in'000)						
Balance as at December 31, 2014	11,130,307	9,702,528	394,507	20,132,970	18,600,000	46,947,863	106,908,175
Change in equity for nine months ended September 30, 2015							
Total comprehensive income for the nine months ended September 30, 2015							
Profit after taxation for nine months period ended September 30, 2015	-	-	-	-	-	20,215,454	20,215,454
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(1,129,965)	(1,129,965)
Exchange differences on translation of net investment in foreign branches	-	-	(30,983)	-	-	-	(30,983)
	-	-	(30,983)	-	-	19,085,489	19,054,506
Transactions with owners recognized directly in equity							
Final cash dividend at Rs. 4.0 per share - December 31, 2014	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - March 31, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)
	-	-	-	-	-	(13,356,369)	(13,356,369)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	36,656	36,656
Transferred to statutory reserve	-	-	-	2,021,545	-	(2,021,545)	-
Balance as at September 30, 2015	11,130,307	9,702,528	363,524	22,154,515	18,600,000	50,692,094	112,642,968
Change in equity for three months ended December 31, 2015							
Total comprehensive income for the three months ended December 31, 2015							
Profit after taxation for three months period ended December 31, 2015	-	-	-	-	-	5,335,536	5,335,536
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(590,017)	(590,017)
Exchange differences on translation of net investment in foreign branches	-	-	(45,040)	-	-	-	(45,040)
	-	-	(45,040)	-	-	4,745,519	4,700,479
Transactions with owners recognized directly in equity							
Interim cash dividend at Rs. 4.0 per share - September 30, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)
	-	-	-	-	-	(4,452,123)	(4,452,123)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	12,219	12,219
Transferred to statutory reserve	-	-	-	533,554	-	(533,554)	-
Balance as at December 31, 2015 - previously reported	11,130,307	9,702,528	318,484	22,688,069	18,600,000	50,464,155	112,903,543
Effect of demerger - Note 8.4.3	-	-	-	-	-	282,530	282,530
Balance as at December 31, 2015 - restated	11,130,307	9,702,528	318,484	22,688,069	18,600,000	50,746,685	113,186,073
Change in equity for nine months ended September 30, 2016							
Total comprehensive income for the nine months ended September 30, 2016							
Profit after taxation for nine months period ended September 30, 2016	-	-	-	-	-	17,426,301	17,426,301
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(81,063)	(81,063)
Exchange differences on translation of net investment in foreign branches	-	-	(84,738)	-	-	-	(84,738)
	-	-	(84,738)	-	-	17,345,238	17,260,500
Transactions with owners recognized directly in equity							
Final cash dividend at Rs. 4.0 per share - December 31, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - March 31, 2016	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2016	-	-	-	-	-	(4,452,123)	(4,452,123)
	-	-	-	-	-	(13,356,369)	(13,356,369)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	36,468	36,468
Transferred to statutory reserve	-	-	-	1,742,630	-	(1,742,630)	-
Balance as at September 30, 2016	11,130,307	9,702,528	233,746	24,430,699	18,600,000	53,029,392	117,126,672

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


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2016

1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange whereas its Global Depository Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,213 branches (December 31, 2015: 1,212 branches) within Pakistan and 11 branches (December 31, 2015: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

2.1 This financial information represents unconsolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is being issued separately.

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

2.3 For the purpose of translation, rates of Rs. 104.6214 per US Dollar (December 31, 2015: Rs.104.7410) and Rs. 0.7134 per LKR (December 31, 2015: Rs 0.7271) have been used.

3 STATEMENT OF COMPLIANCE

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

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

3.3 The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2015.

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

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2015 except for the following:

In line with the requirements of the Debt Swap Regulations issued by SBP through BPRD circular No. 01 of 2016 dated January 01, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims effective from January 01, 2016. These were previously recorded at the lower of cost or market value and are now recorded at market value less accumulated depreciation. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 106.975 million while surplus on revaluation of assets and deferred tax liabilities would have been lower by Rs 69.534 million and Rs 37.441 million respectively.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2015.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2016

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2015.

7. LENDINGS TO FINANCIAL INSTITUTIONS

Note	September 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Call money lendings	667,810	2,795,034
Repurchase agreement lendings	-	72,710
Other lendings to financial institutions	200,112	211,820
	<u>867,922</u>	<u>3,079,564</u>

8. INVESTMENTS - NET

8.1 Investments by types

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		1,640,996	-	1,640,996
Available-for-sale securities	8.2	435,585,776	13,884,749	449,470,525
Held-to-maturity securities		17,229,575	561,971	17,791,546
		<u>454,456,347</u>	<u>14,446,720</u>	<u>468,903,067</u>
Associates	8.3	866,892	-	866,892
Subsidiaries	8.4	10,845,787	-	10,845,787
		<u>11,712,679</u>	<u>-</u>	<u>11,712,679</u>
Investments at cost		466,169,026	14,446,720	480,615,746
Less: Provision for diminution in the value of investments		(2,068,087)	-	(2,068,087)
Investments (net of provisions)		464,100,939	14,446,720	478,547,659
Surplus / (deficit) on revaluation of available for sale securities - net		18,626,348	(3,247)	18,623,101
Deficit on revaluation of held-for-trading securities - net		(9,048)	-	(9,048)
Investments at revalued amounts - net of provisions		<u>482,718,239</u>	<u>14,443,473</u>	<u>497,161,712</u>

December 31, 2015

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		367,209	-	367,209
Available-for-sale securities	8.2	439,267,213	82,946,230	522,213,443
Held-to-maturity securities		12,549,162	63,608	12,612,770
		<u>452,183,584</u>	<u>83,009,838</u>	<u>535,193,422</u>
Associates	8.3	946,336	-	946,336
Subsidiaries		10,845,787	-	10,845,787
		<u>11,792,123</u>	<u>-</u>	<u>11,792,123</u>
Investments at cost		463,975,707	83,009,838	546,985,545
Less: Provision for diminution in the value of investments		(2,515,556)	-	(2,515,556)
Investments (net of provisions)		461,460,151	83,009,838	544,469,989
Surplus / (deficit) on revaluation of available for sale securities - net		21,231,078	(743)	21,230,335
Deficit on revaluation of held-for-trading securities - net		(4,392)	-	(4,392)
Investments at revalued amounts - net of provisions		<u>482,686,837</u>	<u>83,009,095</u>	<u>565,695,932</u>

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2015: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2015: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 814.371 million (December 31, 2015: Rs. 893.815 million) as at September 30, 2016 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2016 amounted to Rs. 4,805.928 million (December 31, 2015: Rs. 5,457.279 million).

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2016

8.4 The Bank incorporated MCB Islamic Bank Limited (MCBIBL), a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. During 2015, the Bank injected equity of Rs. 10 billion in the said subsidiary. SBP has granted "Certificate of commencement of Banking Business" to MCBIBL effective September 14, 2015.

The Board of Directors in their meeting held on October 20, 2015 approved a Scheme of Compromise, Arrangement and Reconstruction (the Scheme) of the Bank. The Scheme envisages transfer and vesting of assets, rights, liabilities and obligations of the Bank relating to Islamic Banking Group (the demerged undertaking) to MCBIBL effective from September 30, 2015 and subject to approval by the Bank's shareholders and sanction by the Honourable Lahore High Court.

The shareholders of the Bank approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on January 8, 2016. The Honourable Lahore High Court has granted sanction of, and ordered for implementation of the Scheme through its order received certified true copy dated April 19, 2016 whereby assets and liabilities of MCB's domestic Islamic Banking Operations were to be transferred as at the effective date September 30, 2015. The scheme was submitted to registrar on April 22, 2016.

The Scheme envisages the demerger as follows:

a) Transfer of all assets and liabilities of demerged undertaking at their respective book values as of the Effective Date, against cash, which is subject to adjustment if any.

b) From the Effective Date and upto the Completion Date, all the business and activities of the demerged undertaking shall be deemed to have been carried on by the Bank for and on account of, and in trust for, MCBIBL. On this basis, all profits and losses accruing or arising to or incurred by the MCB Bank Limited through the operation of the demerged undertaking from the Effective Date shall be treated as and be deemed to be the profits, income, losses and expenditure, as the case may be, of MCBIBL.

Consequently, the financial results of the demerged undertaking have been separated from the Bank from the Effective Date. Accordingly, the assets and liabilities and the items of profit and loss of the demerged undertaking have been excluded from this unconsolidated condensed interim financial information from October 01, 2015 and therefore the comparative figures of the statement of financial position as at December 31, 2015 have been re-adjusted to incorporate the effect of demerger.

Details of assets and liabilities transferred to MCBIBL and the related adjustments made in the statement of financial position as at December 31, 2015 are as follows:

Statement of Financial Position		Audited December 31, 2015	Net assets transferred to MCBIBL	Settlement / Adjustments/ reclassification	Audited December 31, 2015 Restated
	Note	----- (Rupees in '000) -----			
ASSETS					
Cash and balances with treasury banks		61,208,938	641,243	-	60,567,695
Balances with other banks		3,681,893	70,708	-	3,611,185
Lendings to financial institutions	8.4.1	5,132,480	2,264,736	211,820	3,079,564
Investments - net		568,802,508	3,106,576	-	565,695,932
Advances - net		314,124,939	10,029,288	26,287	304,121,938
Operating fixed assets		32,432,650	2,456,473	(26,287)	29,949,890
Deferred tax assets - net		-	-	-	-
Other assets - net	8.4.2	31,246,245	52,342	6,190,033	37,383,936
		<u>1,016,629,653</u>	<u>18,621,366</u>	<u>6,401,853</u>	<u>1,004,410,140</u>
LIABILITIES					
Bills payable		11,975,237	86,461	-	11,888,776
Borrowings	8.4.1	118,459,448	631,520	211,820	118,039,748
Deposits and other accounts		708,091,171	11,286,242	-	696,804,929
Sub-ordinated loan		-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-
Deferred tax liabilities - net		11,376,589	-	-	11,376,589
Other liabilities		28,926,802	428,642	-	28,498,160
		<u>878,829,247</u>	<u>12,432,865</u>	<u>211,820</u>	<u>866,608,202</u>
NET ASSETS		<u>137,800,406</u>	<u>6,188,501</u>	<u>6,190,033</u>	<u>137,801,938</u>
Less: Net profit from October 01, 2015 to December 31, 2015 transferred to MCBIBL under scheme of demerger			4,723		
Add: Deficit on revaluation of AFS investments from October 01, 2015 to December 31, 2015 transferred to MCBIBL under scheme of demerger			6,255		
			<u>1,532</u>		
Net Amount receivable from MCBIBL			<u>6,190,033</u>		
		Audited December 31, 2015	Net assets transferred to MCBIBL	Settlement / Adjustments/ reclassification	Audited December 31, 2015 Restated
		----- (Rupees in '000) -----			
Represented by					
Share capital		11,130,307			11,130,307
Reserves		51,309,081			51,309,081
Unappropriated profit		50,464,155		282,530	50,746,685
		<u>112,903,543</u>		282,530	113,186,073
Surplus on revaluation of assets - net of tax		24,896,863		(280,998)	24,615,865
		<u>137,800,406</u>		<u>1,532</u>	<u>137,801,938</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2016

- 8.4.1** This includes foreign currency lendings of Rs. 211.820 million grouped under branch adjustment account (due from Islamic Banking Group) as on December 31, 2015.
- 8.4.2** This includes consideration receivable from MCBIBL amounting to Rs 6.190 billion.
- 8.4.3** Amount included in this unconsolidated condensed interim statement of changes in equity as at December 31, 2015 is worked out as follows:

	(Rupees in '000)
Deficit on revaluation of AFS investments transferred to MCBIBL	(2,424)
Surplus on revaluation of fixed assets transferred to MCBIBL	289,677
Net profit from October 01, 2015 to December 31, 2015	(4,723)
Net amount included in unappropriated profit as at December 31, 2015	282,530

9. ADVANCES - NET

	Note	September 30, 2016	December 31, 2015
		(Rupees in '000)	
Loans, cash credits, running finances, etc			
- In Pakistan		320,972,764	294,900,406
- Outside Pakistan		18,919,089	15,953,412
		339,891,853	310,853,818
Net Investment in finance lease			
- In Pakistan		1,841,210	2,100,015
- Outside Pakistan		81,763	87,243
		1,922,973	2,187,258
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		5,667,958	5,168,459
- Payable outside Pakistan		4,938,539	4,318,976
		10,606,497	9,487,435
Advances - gross		352,421,323	322,528,511
Less: Provision against loans and advances			
- Specific provision	9.1	(17,270,028)	(17,847,780)
- General provision	9.2	(352,424)	(238,332)
- General provision against consumer loans & small enterprise loans	9.3	(315,010)	(284,400)
- General provision by Sri Lanka & UAE operations		(72,820)	(36,061)
		(18,010,282)	(18,406,573)
Advances - net of provision		334,411,041	304,121,938

- 9.1** Advances include Rs. 22,006.202 million (December 31, 2015: Rs. 20,368.096 million) which have been placed under non-performing status as detailed below:

		September 30, 2016				
		Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification		Domestic	Overseas	Total		
	Note	(Rupees in '000)				
Other Assets Especially Mentioned (OAEM)	9.1.1	44,594	-	44,594	2,239	2,239
Substandard		1,725,232	371,588	2,096,820	523,924	523,924
Doubtful		743,936	43,597	787,533	148,713	148,713
Loss		14,041,127	5,036,128	19,077,255	16,595,152	16,595,152
		16,554,889	5,451,313	22,006,202	17,270,028	17,270,028
		December 31, 2015				
		Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification		Domestic	Overseas	Total		
		(Rupees in '000)				
Other Assets Especially Mentioned (OAEM)	9.1.1	-	-	-	-	-
Substandard		-	-	-	-	-
Doubtful		430	45,897	46,327	23,164	23,164
Loss		15,284,568	5,037,201	20,321,769	17,824,616	17,824,616
		15,284,998	5,083,098	20,368,096	17,847,780	17,847,780

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2016

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

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

- 9.3** General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

- 9.4** 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.

10. OPERATING FIXED ASSETS

Capital work-in-progress
Property and equipment
Intangible asset

	September 30, 2016	December 31, 2015
	(Rupees in '000)	
Capital work-in-progress	1,098,021	889,741
Property and equipment	28,442,930	28,413,140
Intangible asset	392,360	647,009
	29,933,311	29,949,890

- 10.1.** Additions and disposals during the period amounted to Rs. 2,224.537 million (September 30, 2015: Rs. 2,980.057 million) and Rs. 701.575 million (September 30, 2015: Rs. 109.995 million), respectively.

11. BORROWINGS

In Pakistan
Outside Pakistan

	September 30, 2016	December 31, 2015
In Pakistan	29,366,314	112,745,024
Outside Pakistan	3,958,469	5,294,724
	33,324,783	118,039,748

11.1. Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan
Export refinance scheme
Long term financing facility
Long term financing - export oriented projects scheme
Financing facility for storage of agricultural produce

	September 30, 2016	December 31, 2015
Borrowings from State Bank of Pakistan	9,085,180	11,006,888
Export refinance scheme	4,840,380	4,422,334
Long term financing facility	2,558	5,108
Long term financing - export oriented projects scheme	331,686	470,367
Financing facility for storage of agricultural produce	14,259,804	15,904,697
	14,443,482	83,010,691

Repurchase agreement borrowings

	September 30, 2016	December 31, 2015
Repurchase agreement borrowings	28,703,286	98,915,388
	1,170,491	2,116,053
Borrowings from other financial institutions	3,160,496	16,511,769
Call borrowings	290,510	496,538
Overdrawn nostro accounts	4,621,497	19,124,360
	33,324,783	118,039,748

Unsecured

Borrowings from other financial institutions
Call borrowings
Overdrawn nostro accounts

12. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
Savings deposits
Current accounts
Margin accounts

	September 30, 2016	December 31, 2015
Fixed deposits	43,126,427	45,853,181
Savings deposits	413,633,990	383,205,902
Current accounts	276,984,759	246,316,336
Margin accounts	6,647,188	5,164,176
	740,392,364	680,539,595

Financial institutions

Remunerative deposits
Non-remunerative deposits

	September 30, 2016	December 31, 2015
Remunerative deposits	9,255,207	9,956,795
Non-remunerative deposits	5,237,533	6,308,539
	14,492,740	16,265,334
	754,885,104	696,804,929

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

	September 30, 2016	December 31, 2015
----- (Rupees in '000) -----		
13. DEFERRED TAX LIABILITY / (ASSET) - NET		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	902,688	901,919
Accelerated tax depreciation	1,284,757	1,503,574
Receivable from pension fund	2,100,615	1,979,736
Surplus / deficit on revaluation of securities	6,518,086	7,427,581
	10,806,146	11,812,810
Deductible temporary differences on:		
Provision for bad debts	(184,157)	-
Provision for post retirement benefits	(446,730)	(436,221)
	(630,887)	(436,221)
	10,175,259	11,376,589
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring		
- Government	25,590,353	21,814,111
- Banks and financial institutions	960,449	2,032,180
- Others	2,389,471	1,965,279
	28,940,273	25,811,570
14.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	15,005,389	9,961,864
- Banks and financial institutions	39,324	585,970
- Others	8,191,476	8,513,778
- Suppliers credit / payee guarantee	2,049,111	2,235,176
	25,285,300	21,296,788
	112,283,261	114,758,424
14.3 Trade-related contingent liabilities		
14.4 Other contingencies		
Claims against the Bank not acknowledged as debts	6,988,807	5,350,286
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this unconsolidated interim financial information.		
14.5 Commitments to extend credit		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	September 30, 2016	December 31, 2015
----- (Rupees in '000) -----		
14.6 Commitments in respect of forward foreign exchange contracts		
Purchase	68,653,612	75,975,136
Sale	67,199,901	71,836,248
14.7 Commitments for the acquisition of fixed assets	319,885	190,608
14.8 Forward outright of Government Securities		
Purchase	201,700	-
14.9 Other commitments		
FX options (notional amount)		
Purchase	592,026	1,460,979
Sale	592,026	1,460,979

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

14.10 Taxation

For assessment year 1988-89 through tax year 2015, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,968 million (2015: Rs. 2,747 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

Nine months ended	
September 30, 2016	September 30, 2015
---- (Rupees in '000) ----	

15. GAIN ON SALE OF SECURITIES - NET

Federal Government Securities

-Market Treasury Bills

-Pakistan Investment Bonds

Listed Shares

3,510	47,630
2,742,302	2,069,310
1,465,013	1,976,787
4,210,825	4,093,727

16. TAXATION

The Finance Act 2016 has levied super tax at the rate of 4 percent of the taxable income for the tax year 2016, i.e. accounting year ended December 31, 2015. The effect of above levy has been incorporated in this condensed interim financial information and an amount of Rs.1,693 million (September 30, 2015 :Rs.1,906 million) has been recognised as prior year tax charge.

Nine months ended	
September 30, 2016	September 30, 2015
---- (Rupees in '000) ----	

17. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit after taxation

17,426,301	20,215,454
------------	------------

(Number of shares)

Weighted average number of shares outstanding during the period

1,113,030,748	1,113,030,748
---------------	---------------

(Rupees)

Basic and diluted Earnings per share - after tax

15.66	18.16
-------	-------

18. CREDIT RATING

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



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2016				
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination
	(Rupees in '000)				
Total income	114,110	18,440,231	22,581,637	4,438,087	-
Total expenses	(35,695)	(1,406,286)	(12,820,711)	(2,147,134)	-
Income tax expense	-	-	-	-	-
Net income	78,415	17,033,945	9,760,926	2,290,953	-
Segment assets - (Gross of NPLs Provisions)	391,412	600,865,447	812,703,079	274,377,642	(698,726,485)
Advance taxation (payment less provision)	-	-	-	-	-
Total assets	391,412	600,865,447	812,703,079	274,377,642	(698,726,485)
Segment non performing loans	-	-	7,457,698	14,548,504	-
Segment specific provision required	-	-	7,440,070	9,829,958	-
Segment liabilities	44,549	506,893,762	761,869,467	254,235,288	(698,726,485)
Deferred tax liabilities - net	-	-	-	-	-
Total liabilities - net	44,549	506,893,762	761,869,467	254,235,288	(698,726,485)
Segment return on assets (ROA) (%)	38.87%	4.09%	3.74%	2.24%	-
Segment cost of fund (%)	-	6.07%	3.36%	4.37%	-

	Nine months ended September 30, 2015				
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination
	(Rupees in '000)				
Total income	201,247	17,785,515	25,216,198	6,511,630	-
Total expenses	(39,652)	(1,791,583)	(12,202,821)	(1,612,501)	-
Income tax expense	-	-	-	-	-
Net income	161,595	15,993,932	13,013,377	4,899,129	-
Segment assets - (Gross of NPLs provision)	656,535	677,719,956	765,100,679	244,511,873	(636,393,285)
Advance taxation (payment less provision)	-	-	-	-	-
Total assets	656,535	677,719,956	765,100,679	244,511,873	(636,393,285)
Segment non performing loans	-	-	7,676,871	13,136,785	-
Segment specific provision required	-	-	7,605,310	9,494,540	-
Segment liabilities	64,556	596,121,536	708,651,058	216,849,668	(636,393,285)
Deferred tax liabilities - net	-	-	-	-	-
Total liabilities - net	64,556	596,121,536	708,651,058	216,849,668	(636,393,285)
Segment return on assets (ROA) (%)	40.87%	3.50%	4.44%	3.69%	-
Segment cost of fund (%)	-	7.70%	4.60%	7.40%	-

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



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

20 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associates, subsidiaries, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in subsidiary companies and associates are given in note 8 of this unconsolidated condensed interim financial information for the nine months period ended September 30, 2016.
The Bank enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Nine months ended September 30, 2016	Year ended Dec 31, 2015	Nine months ended September 30, 2016	Year ended Dec 31, 2015	Nine months ended September 30, 2016	Year ended Dec 31, 2015	Nine months ended September 30, 2016	Year ended Dec 31, 2015	Nine months ended September 30, 2016	Year ended Dec 31, 2015
(Rupees in '000)										
A. Balances										
Deposits										
Opening balance	1,719,008	3,386,220	2,859,600	1,719,822	12,836	62,291	6,649,313	11,923,096	139,106	135,024
Received during the period / year	2,352,868	3,461,173	13,997,889	10,844,402	1,267,791	13,480,864	36,310,523	49,934,665	380,955	767,184
Withdrawn during the period / year	(2,064,333)	(5,128,385)	(14,255,226)	(9,704,624)	(1,260,591)	(13,540,319)	(37,084,002)	(55,203,448)	(391,375)	(763,102)
Closing balance	2,007,543	1,719,008	2,602,263	2,859,600	20,046	12,836	5,875,835	6,649,313	128,686	139,106
Advances										
Opening balance	886	1,549	-	-	276,726	502,416	-	21,918	68,520	68,672
Additions / adjustments during the period / year	(480)	(663)	-	-	-	-	1,587,815	-	15,843	15,414
Repaid / adjustments during the period / year	-	-	-	-	(317)	(225,690)	(1,521,385)	(21,918)	(13,810)	(15,566)
Closing balance	406	886	-	-	276,409	276,726	66,430	-	70,553	68,520
Lendings to Financial Institutions										
Opening balance	-	-	-	-	211,820	-	-	-	-	-
Additions / adjustments during the period / year	-	-	-	-	1,922,779	1,963,412	-	-	-	-
Repaid / adjustments during the period / year	-	-	-	-	(1,934,487)	(1,751,592)	-	-	-	-
Closing balance	-	-	-	-	200,112	211,820	-	-	-	-
Other Balances										
Outstanding balance of credit cards	285	770	-	-	-	-	1,137	480	2,325	1,380
Receivable from Pension Fund	-	-	-	-	-	-	6,001,756	5,656,386	-	-
Commitments and contingent liabilities - outstanding	-	-	10,361	8,937	-	-	538,880	531,782	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	-	-	1,649,821	6,459,845	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	(370)	-	8,645	(14,670)	-	-
Unrealized gain / (loss) on FCY lendings - outstanding	-	-	-	-	-	-	304,621	1,047,410	-	-
Borrowings outstanding	-	-	-	-	895	-	-	17,901	-	-
Overdrawn nostro balance	-	-	26,046	44,472	-	-	-	-	-	-
Trade payable	5,540	6,212	6,256	6,876	86	9,827	52,161	53,764	244	456
Markup payable	875	2,423	276	516	15,412	7,095	34,536	-	-	-
Other payable	-	-	1,477	2,684	3,618	4,240	25,555	20,000	-	-
Other advance receivable	-	-	-	-	5,744	6,794	855	776	699	689
Markup receivable	-	-	-	-	7,678	17,137	810	-	-	-
Other receivable	-	-	-	-	-	-	1	2	-	-
Commission receivable	-	-	93,066	34,964	20,000	-	-	-	-	-
Advance received against sale of property	-	-	-	-	-	-	-	-	-	-

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Received against scheme of demerger	-	-	-	-	5,901,988	-	-	-	-	-
Received against staff finances	-	-	-	-	113,434	-	-	-	-	-
Insurance premium-net of refund	-	-	350,067	256,804	-	-	-	-	-	-
Insurance claim settled	-	-	7,533	4,668	-	-	-	-	-	-
Markup income on advances and lendings	24	49	-	-	16,827	19,473	4,895	1,455	3,255	3,228
Forward exchange contracts matured during the period	-	-	-	-	-	-	35,376,859	95,901,902	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	(13,231)	(79,972)	-	-
Investment made during the period	-	-	-	-	-	10,261,375	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-
Commission income	-	-	141,658	150,558	55,435	-	-	-	-	-
Rent income and reimbursement of other expenses	-	-	638,489	585,822	88,290	131,737	7,945	23,849	-	-
Outsourcing service expenses	-	-	2,278	-	8,332	1,180	2,430	10,863	-	-
Sale of foreign currency	-	-	188,020	93,304	-	-	-	-	-	-
Purchase of foreign currency	-	-	-	-	2,867,844	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	562,844	-	-	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	15
Cash sorting expenses	-	-	-	-	-	-	-	-	-	15
Stationery expenses	-	-	-	-	-	-	-	-	-	-
Security guards expenses	-	-	-	-	-	-	-	-	-	-
Remuneration and non-executive directors fee	98,437	96,273	-	-	-	-	-	-	-	-
Mark-up expense	56,502	92,096	39,624	53,873	373	1,266	200,286	475,824	336,293	341,408
Clearing expenses paid to NIFT	-	-	-	-	-	-	96,722	109,011	911	1,264
Contribution to provident fund	-	-	-	-	-	-	184,060	177,883	-	-
Gas charges	-	-	-	-	-	-	-	11,054	-	-
Rent and other expenses	-	-	5,117	5,491	7,140	-	8,495	481	-	-
Call borrowing deals entered and matured during the period	-	-	-	-	-	-	1,685,000	-	-	-
Sale of government securities	-	-	2,116,289	739,827	-	-	6,710,800	5,002,552	-	-
Purchase of government securities	-	-	4,844,963	157,348	-	-	6,777,081	-	-	-
Gain / (loss) on sale of government securities	-	-	(44)	-	-	-	3,244	30,540	-	-
Miscellaneous expenses and payments	-	-	-	-	-	-	27,529	39,032	-	-

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.

B. Transactions during the period

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

21 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- The corresponding figures have been changed due to application of SBP BPRD Circular Letter No. 05 of 2016 dated February 29, 2016. No significant reclassification has been made except for as follows:

Description	Amount (Rupees in '000)	Reclassified	
		From	To
Depreciation and insurance expenses on Ijara assets	307,649	Administrative expenses	Mark-up / return / interest earned
Rental income on Ijarah assets	399,449	Fee, commission and brokerage income	Mark-up / return / interest earned
Provision reversed on sale of listed shares	340,683	Gain on sale of securities - net	Provision / (reversal) for diminution in the value of investments - net

22 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 26, 2016 has announced cash dividend in respect of the nine months period ended September 30, 2016 of Rs. 4.00 per share (September 30, 2015: Rs. 4.00 per share). This unconsolidated condensed interim financial information for the nine months period ended September 30, 2016 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

23 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on October 26, 2016.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director



MCB BANK LIMITED

(Consolidated Condensed Interim Financial Information For the nine months period ended September 30, 2016)

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2016

	Note	Unaudited September 30, 2016	Audited December 31, 2015
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		86,348,633	61,265,859
Balances with other banks		9,624,698	10,058,662
Lendings to financial institutions	7	667,810	2,867,744
Investments - net	8	499,606,045	566,564,304
Advances - net	9	348,930,659	316,771,355
Operating fixed assets	10	31,963,042	31,536,887
Deferred tax assets - net		-	-
Other assets - net		23,650,411	31,915,210
		1,000,791,298	1,020,980,021
Liabilities			
Bills payable		9,978,664	11,975,237
Borrowings	11	38,336,954	118,615,031
Deposits and other accounts	12	768,971,014	706,239,715
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	13	11,427,069	12,482,287
Other liabilities		27,578,049	29,491,131
		856,291,750	878,803,401
Net assets		144,499,548	142,176,620
Represented by			
Share capital		11,130,307	11,130,307
Reserves		53,150,388	51,491,384
Unappropriated profit		55,298,566	52,631,368
		119,579,261	115,253,059
Non-controlling interest		545,781	512,076
		120,125,042	115,765,135
Surplus on revaluation of assets - net of tax		24,374,506	26,411,485
		144,499,548	142,176,620

Contingencies and commitments

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

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

For the nine months period ended September 30, 2016

	Note	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
----- (Rupees in '000) -----					
Mark-up / return / interest earned		15,981,371	53,285,603	20,189,935	61,772,533
Mark-up / return / interest expensed		5,447,574	18,722,086	8,042,919	24,649,677
Net mark-up / interest income		10,533,797	34,563,517	12,147,016	37,122,856
Provision / (reversal) against loans and advances - net		232,484	(336,350)	(330,715)	(1,070,240)
Provision / (reversal) for diminution in the value of investments - net		(470,569)	(466,090)	(338,912)	(355,373)
Bad debts written off directly		-	18	-	67
		(238,085)	(802,422)	(669,627)	(1,425,546)
Net mark-up / interest income after provisions		10,771,882	35,365,939	12,816,643	38,548,402
Non mark-up / interest income					
Fee, commission and brokerage income		1,889,492	6,096,285	1,952,094	6,351,500
Dividend income		247,485	812,187	182,402	594,326
Income from dealing in foreign currencies		191,721	697,344	252,352	605,339
Gain on sale of securities - net	15	3,378,829	4,060,512	1,181,907	3,994,379
Unrealized gain/(loss) on revaluation of investments classified as held for trading		(3,569)	(2,418)	(20,173)	(20,307)
Other income		115,624	416,157	131,921	1,215,657
Total non mark-up / interest income		5,819,582	12,080,067	3,680,503	12,740,894
		16,591,464	47,446,006	16,497,146	51,289,296
Non mark-up / interest expenses					
Administrative expenses		6,088,074	17,443,988	5,765,605	16,543,185
Other provision / (reversal) - net		158,057	189,898	144,980	148,905
Other charges		242,247	680,518	217,617	720,669
Total non mark-up / interest expenses		6,488,378	18,314,404	6,128,202	17,412,759
		10,103,086	29,131,602	10,368,944	33,876,537
Share of profit of associates		469,084	975,743	183,537	685,298
Extraordinary / unusual item		-	-	-	-
Profit before taxation		10,572,170	30,107,345	10,552,481	34,561,835
Taxation - current period	16	3,683,944	10,458,861	3,572,258	11,824,940
- prior years		-	1,693,330	-	1,906,156
- deferred		(66,251)	(94,621)	329,643	772,308
Share of tax of associates		63,810	151,354	16,743	55,868
		3,681,503	12,208,924	3,918,644	14,559,272
Profit after taxation		6,890,667	17,898,421	6,633,837	20,002,563
Profit attributable to Non-controlling interest		(17,263)	(78,287)	(24,150)	(88,913)
Profit attributable to ordinary shareholders		6,873,404	17,820,134	6,609,687	19,913,650
-----Rupees-----					
Earnings per share - basic and diluted	17	6.18	16.01	5.94	17.89

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2016

	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
	----- (Rupees in '000) -----			
Profit after tax for the period	6,890,667	17,898,421	6,633,837	20,002,563
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Remeasurement of defined benefit plans - net of tax	-	(81,063)	-	(1,129,965)
Items that may be reclassified to profit and loss account				
Effect of translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the Bank	(60,219)	(91,193)	(12,321)	(81,157)
- Non-controlling interest	(5)	(4)	141	(2,659)
	(60,224)	(91,197)	(12,180)	(83,816)
Share of exchange translation reserve of associates	(7,745)	(10,198)	(2,258)	(12,381)
Comprehensive income transferred to equity	6,822,698	17,715,963	6,619,399	18,776,401
Components of comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	(5,221,007)	(2,580,035)	(629,144)	5,084,204
Deferred tax	1,838,255	926,280	220,201	(2,098,303)
	(3,382,752)	(1,653,755)	(408,943)	2,985,901
Total comprehensive income for the period	3,439,946	16,062,208	6,210,456	21,762,302

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2016

Cash flows from operating activities

Profit before taxation
Less: Dividend income & share of profit of associates

Adjustments for:

Depreciation
Amortization
Bad debts written off directly
Provision / (reversal) against loans and advances - net
Provision / (reversal) for diminution in the value of investments - net
Other provision / (reversal) - net
Provision for Workers' Welfare Fund
Charge / (reversal) for defined benefit plans
Unrealized loss on revaluation of investments classified as held for trading
Gain on sale of shares in associate
Gain on disposal of fixed assets - net

(Increase) / decrease in operating assets

Lendings to financial institutions
Net investment in held for trading securities
Advances - net
Other assets - net

Increase / (decrease) in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Defined benefits paid

Income tax paid

Net cash flows from operating activities

Cash flows from investing activities

Net investments in available-for-sale securities
Net investments in held-to-maturity securities
Dividend income received
Proceeds from divestment in associate
Sale proceeds of property and equipment disposed off
Investment in operating fixed assets

Net cash flows from investing activities

Cash flows from financing activities

Dividend paid

Net cash flows from financing activities

Exchange difference on translation of net investment in foreign branches & subsidiary companies

Increase in cash and cash equivalents

Cash and cash equivalents at January 1

Cash and cash equivalents at September 30

	September 30, 2016	September 30, 2015
	----- (Rupees in '000) -----	
Cash flows from operating activities	30,107,345	34,561,835
Less: Dividend income & share of profit of associates	(1,787,930)	(1,279,624)
	28,319,415	33,282,211
Adjustments for:	1,226,670	1,549,733
Depreciation	293,858	283,458
Amortization	18	67
Bad debts written off directly	(336,350)	(1,070,240)
Provision / (reversal) against loans and advances - net	(466,090)	(355,373)
Provision / (reversal) for diminution in the value of investments - net	189,898	148,905
Other provision / (reversal) - net	583,285	681,361
Provision for Workers' Welfare Fund	(55,245)	(185,235)
Charge / (reversal) for defined benefit plans	2,418	20,307
Unrealized loss on revaluation of investments classified as held for trading	(96,953)	(74,242)
Gain on sale of shares in associate	(40,010)	(129,894)
Gain on disposal of fixed assets - net	1,301,499	868,847
	29,620,914	34,151,058
(Increase) / decrease in operating assets	2,199,934	684,857
Lendings to financial institutions	(1,362,958)	(7,501,630)
Net investment in held for trading securities	(31,822,972)	(2,682,942)
Advances - net	8,089,280	9,747,395
Other assets - net	(22,896,716)	247,680
	(1,996,573)	(7,341,430)
Increase / (decrease) in operating liabilities	(80,071,154)	78,839,214
Bills payable	62,731,299	18,758,315
Borrowings	(3,525,300)	(6,580,951)
Deposits and other accounts	(22,861,728)	83,675,148
Other liabilities	(16,137,530)	118,073,886
	(259,274)	(285,422)
Defined benefits paid	(11,561,356)	(12,091,000)
Income tax paid	(27,958,160)	105,697,464
Net cash flows from operating activities	71,435,968	(78,958,145)
Cash flows from investing activities	(5,242,772)	(2,341,723)
Net investments in available-for-sale securities	772,965	611,639
Net investments in held-to-maturity securities	453,947	274,533
Dividend income received	741,585	239,889
Proceeds from divestment in associate	(2,721,038)	(2,982,307)
Sale proceeds of property and equipment disposed off	65,440,655	(83,156,114)
Investment in operating fixed assets		
Net cash flows from investing activities	(12,535,565)	(12,076,793)
Cash flows from financing activities	(12,535,565)	(12,076,793)
Dividend paid		
Net cash flows from financing activities	(91,197)	(83,816)
Exchange difference on translation of net investment in foreign branches & subsidiary companies	24,855,733	10,380,741
Increase in cash and cash equivalents	70,827,983	49,475,549
Cash and cash equivalents at January 1	95,683,716	59,856,290
Cash and cash equivalents at September 30		

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director



Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2016

	Capital Reserves			Revenue Reserves			Non Controlling Interest	Total	
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit			Sub Total
	(Rupees in'000)								
Balance as at December 31, 2014	11,130,307	9,924,438	542,637	20,132,970	18,600,000	49,765,031	110,095,383	511,960	110,607,343
Change in equity for nine months ended September 30, 2015									
Total comprehensive income for the nine months ended September 30, 2015									
Profit after taxation for nine months period ended September 30, 2015	-	-	-	-	-	20,002,563	20,002,563	-	20,002,563
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(1,129,965)	(1,129,965)	-	(1,129,965)
Exchange differences on translation of net investment in foreign branches & subsidiaries	-	-	(81,157)	-	-	-	(81,157)	(2,659)	(83,816)
Profit attributable to non controlling interest	-	-	-	-	-	(88,913)	(88,913)	88,913	-
Share of exchange translation reserve of associate	-	-	(12,381)	-	-	-	(12,381)	-	(12,381)
	-	-	(93,538)	-	-	18,783,685	18,690,147	86,254	18,776,401
Transactions with owners recognized directly in equity									
Final cash dividend at Rs. 4.0 per share - December 31, 2014	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - March 31, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
	-	-	-	-	-	(13,356,369)	(13,356,369)	-	(13,356,369)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	36,865	36,865	198	37,063
Share of dividend attributable to non controlling interest	-	-	-	-	-	-	-	(52,565)	(52,565)
Transferred to statutory reserve	-	-	-	2,021,545	-	(2,021,545)	-	-	-
Balance as at September 30, 2015	11,130,307	9,924,438	449,099	22,154,515	18,600,000	53,207,667	115,466,026	545,847	116,011,873
Change in equity for three months ended December 31, 2015									
Total comprehensive income for the three months ended December 31, 2015									
Profit after taxation for three months period ended December 31, 2015	-	-	-	-	-	5,032,549	5,032,549	-	5,032,549
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(589,753)	(589,753)	-	(589,753)
Exchange differences on translation of net investment in foreign branches & subsidiaries	-	-	(188,884)	-	-	-	(188,884)	(892)	(189,776)
Profit attributable to non controlling interest	-	-	-	-	-	(36,198)	(36,198)	36,198	-
Share of exchange translation reserve of associate	-	-	9,145	-	-	-	9,145	-	9,145
	-	-	(179,739)	-	-	4,406,598	4,226,859	35,306	4,262,165
Transactions with owners recognized directly in equity									
Interim cash dividend at Rs. 4.0 per share - September 30, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	12,297	12,297	74	12,371
Proceeds from issue of shares to non controlling interest	-	-	-	-	-	-	-	157	157
Payment for the acquisition of shares from non controlling interest	-	-	-	-	-	-	-	(7,982)	(7,982)
Share of dividend attributable to non controlling interest	-	-	-	-	-	-	-	(61,326)	(61,326)
Transferred to statutory reserve	-	-	-	543,071	-	(543,071)	-	-	-
Balance as at December 31, 2015	11,130,307	9,924,438	269,360	22,697,586	18,600,000	52,631,368	115,253,059	512,076	115,765,135
Change in equity for nine months ended September 30, 2016									
Total comprehensive income for the nine months ended September 30, 2016									
Profit after taxation for nine months period ended September 30, 2016	-	-	-	-	-	17,898,421	17,898,421	-	17,898,421
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(81,063)	(81,063)	-	(81,063)
Exchange differences on translation of net investment in foreign branches & subsidiaries	-	-	(91,193)	-	-	-	(91,193)	(4)	(91,197)
Profit attributable to non controlling interest	-	-	-	-	-	(78,287)	(78,287)	78,287	-
Share of exchange translation reserve of associate	-	-	(10,198)	-	-	-	(10,198)	-	(10,198)
	-	-	(101,391)	-	-	17,739,071	17,637,680	78,283	17,715,963
Transactions with owners recognized directly in equity									
Final cash dividend at Rs. 4.0 per share - December 31, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - March 31, 2016	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2016	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
	-	-	-	-	-	(13,356,369)	(13,356,369)	-	(13,356,369)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	44,891	44,891	7,987	52,878
Share of dividend attributable to non controlling interest	-	-	-	-	-	-	-	(52,565)	(52,565)
Transferred to statutory reserve	-	-	-	1,760,395	-	(1,760,395)	-	-	-
Balance as at September 30, 2016	11,130,307	9,924,438	167,969	24,457,981	18,600,000	55,298,566	119,579,261	545,781	120,125,042

The annexed notes 1 to 24 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

"Percentage holding of
MCB Bank Limited"

Subsidiary Companies

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

99.99%
99.95%
51.329%
99.94%
100.00%

MCB Bank Limited ("the Bank") is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,213 branches (December 31, 2015: 1,212 branches) within Pakistan and 11 branches (December 31, 2015: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

1.1 The Bank incorporated MCB Islamic Bank Limited (MCBIBL), a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. During 2015, the Bank injected equity of Rs. 10 billion in the said subsidiary. SBP has granted "Certificate of commencement of Banking Business" to MCBIBL effective September 14, 2015.

The Board of Directors in their meeting held on October 20, 2015 approved a Scheme of Compromise, Arrangement and Reconstruction (the Scheme) of the Bank. The Scheme envisages transfer and vesting of assets, rights, liabilities and obligations of the Bank relating to Islamic Banking Group (the demerged undertaking) to MCBIBL effective from September 30, 2015 and subject to approval by the Bank's shareholders and sanction by the Honourable Lahore High Court.

The shareholders of the Bank approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on January 8, 2016. The Honourable Lahore High Court has granted sanction of, and ordered for implementation of the Scheme through its order received certified true copy dated April 19, 2016. The scheme was submitted to registrar on April 22, 2016. a) All assets and liabilities have been transferred of demerged undertaking at their respective book values as of the Effective Date against cash.

2 BASIS OF PRESENTATION

2.1 This financial information represents consolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is being issued separately.

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial information for the period ended September 30, 2016 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial information for the period ended September 30, 2016.

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

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

2.3 The financial results of the Islamic Banking business have been consolidated in this financial information for reporting purposes, after eliminating material inter-group transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 21 to this consolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 104.6214 per US Dollar (December 31, 2015: Rs.104.7410) and Rs. 0.7134 per LKR (December 31, 2015: Rs 0.7271) have been used.

3 STATEMENT OF COMPLIANCE

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

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

For the nine months period ended September 30, 2016

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

3.3 The disclosures made in this consolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2015.

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

3.5 (IFAS) 3, Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from January 1, 2014 and deals with accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The SBP through BPRD Circular Letter No. 4 dated February 25, 2015, has deferred the applicability of IFAS 3 till further instructions.

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2015 except for the following:

In line with the requirements of the Debt Swap Regulations issued by SBP through BPRD circular No. 01 of 2016 dated January 01, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims effective from January 01, 2016. These were previously recorded at the lower of cost or market value and are now recorded at market value less accumulated depreciation. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 106.975 million while surplus on revaluation of assets and deferred tax liabilities would have been lower by Rs 69.534 million and Rs 37.441 million respectively.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2015.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2015.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Call money lendings	667,810	2,795,034
Repurchase agreement lendings	-	72,710
	667,810	2,867,744

8. INVESTMENTS - NET

8.1 Investments by types

	Note	Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		2,146,036	-	2,146,036
Available-for-sale securities	8.2	440,006,665	13,884,749	453,891,414
Held-to-maturity securities		20,745,549	561,971	21,307,520
		462,898,250	14,446,720	477,344,970
Associates				
- Adamjee Insurance Company Limited	8.3	5,430,969	-	5,430,969
- Euronet Pakistan (Private) Limited	8.4	78,500	-	78,500
		5,509,469	-	5,509,469
Investments at cost		468,407,719	14,446,720	482,854,439
Less: Provision for diminution in the value of investments		(2,068,087)	-	(2,068,087)
Investments (net of provisions)		466,339,632	14,446,720	480,786,352
Surplus / (deficit) on revaluation of available for sale securities - net		18,825,358	(3,247)	18,822,111
Deficit on revaluation of held-for-trading securities - net		(2,418)	-	(2,418)
Investments at revalued amounts - net of provisions		485,162,572	14,443,473	499,606,045

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

For the nine months period ended September 30, 2016

		December 31, 2015		
		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		782,501	-	782,501
Available-for-sale securities	8.2	442,381,152	82,946,230	525,327,382
Held-to-maturity securities		16,001,140	63,608	16,064,748
		459,164,793	83,009,838	542,174,631
Associates				
- Adamjee Insurance Company Limited	8.3	5,456,165	-	5,456,165
- Euronet Pakistan (Private) Limited	8.4	64,962	-	64,962
		5,521,127	-	5,521,127
Investments at cost		464,685,920	83,009,838	547,695,758
Less: Provision for diminution in the value of investments		(2,534,177)	-	(2,534,177)
Investments (net of provisions)		462,151,743	83,009,838	545,161,581
Surplus / (deficit) on revaluation of available for sale securities - net		21,402,889	(743)	21,402,146
Deficit on revaluation of held-for-trading securities - net		577	-	577
Investments at revalued amounts - net of provisions		483,555,209	83,009,095	566,564,304

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2015: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2015: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 814.371 million as at September 30, 2016 (December 31, 2015: Rs. 893.815 million) in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2016 amounted to Rs. 4,805.928 million (December 31, 2015: Rs. 5,457.279 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 25.14% (2015: 27.59%)

	Note	September 30, 2016	December 31, 2015
		----- (Rupees in '000) -----	
Opening Balance		5,456,165	6,203,825
Share of profit for the period/year before tax		952,692	783,180
Dividend from associate		(141,658)	(289,716)
Share of tax		(141,841)	(72,895)
		669,193	420,569
Share of other comprehensive income	8.3.1	(209,434)	(840,911)
Disposal during the period / year		(484,955)	(327,318)
Closing Balance		5,430,969	5,456,165
Share of other comprehensive income			
Share of unrealized surplus / (deficit) on assets -net of tax		(210,809)	(844,716)
Share of exchange translation reserve of associate		1,375	3,805
		(209,434)	(840,911)

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

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

		September 30, 2016	December 31, 2015
		----- (Rupees in '000) -----	
Opening Balance		64,962	64,511
Share of profit for the period/year before tax		23,051	12,427
Dividend from associate		-	(5,700)
Share of tax		(9,513)	(6,276)
		13,538	451
Closing Balance		78,500	64,962

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

9. ADVANCES - NET

		September 30, 2016	December 31, 2015
	Note	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc			
- In Pakistan		320,972,764	294,863,641
- Outside Pakistan		18,642,680	15,676,687
		339,615,444	310,540,328
Islamic Financing and related assets		14,426,962	12,569,208
Net Investment in finance lease			
- In Pakistan		1,841,210	2,100,015
- Outside Pakistan		602,239	578,704
		2,443,449	2,678,719
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		5,667,958	5,168,459
- Payable outside Pakistan		4,938,539	4,318,976
		10,606,497	9,487,435
		367,092,352	335,275,690
Advances - gross			
Less: Provision against loans and advances			
- Specific provision	9.1	(17,271,057)	(17,848,909)
- General provision	9.2	(502,806)	(332,614)
- General provision against consumer loans & small enterprise loans	9.3	(315,010)	(284,400)
- General provision by overseas operations		(72,820)	(38,412)
		(18,161,693)	(18,504,335)
		348,930,659	316,771,355

9.1 Advances include Rs. 22,007.231 million (December 31, 2015: Rs. 20,369.225 million) which have been placed under non-performing status as detailed below:

status as detailed below:		September 30, 2016				
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
Note		----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAEM)	9.1.1	44,594	-	44,594	2,239	2,239
Substandard		1,725,232	371,588	2,096,820	523,924	523,924
Doubtful		743,936	43,597	787,533	148,713	148,713
Loss		14,042,156	5,036,128	19,078,284	16,596,181	16,596,181
		16,555,918	5,451,313	22,007,231	17,271,057	17,271,057
December 31, 2015						
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
		----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAEM)	9.1.1	-	-	-	-	-
Substandard		-	-	-	-	-
Doubtful		430	45,897	46,327	23,164	23,164
Loss		15,285,697	5,037,201	20,322,898	17,825,745	17,825,745
		15,286,127	5,083,098	20,369,225	17,848,909	17,848,909

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

9.2 General provision against advances represents provision maintained at around 0.1% of gross advances and provision created by MCB Islamic Bank Limited.

9.3 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

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

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

10. OPERATING FIXED ASSETS

	September 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Capital work-in-progress	1,809,871	1,132,926
Property and equipment	29,401,922	29,399,474
Intangible asset	751,249	1,004,487
	31,963,042	31,536,887

10.1. Additions and disposals during the period amounted to Rs. 2,721.038 million (September 30, 2015: Rs. 2,982.307 million) and Rs. 701.575 million (September 30, 2015: Rs. 109.995 million), respectively.

11. BORROWINGS

	September 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
In Pakistan	34,181,050	113,164,724
Outside Pakistan	4,155,904	5,450,307
	38,336,954	118,615,031

11.1. Details of borrowings (secured / unsecured)

Secured				
Borrowings from State Bank of Pakistan				
Export refinance scheme	9,149,980		11,426,588	
Long term financing facility	4,840,380		4,422,334	
Long term financing - export oriented projects scheme	2,558		5,108	
Financing facility for storage of agricultural produce	331,686		470,367	
	14,324,604		16,324,397	
Repurchase agreement borrowings	14,443,482		83,010,691	
	28,768,086		99,335,088	
Unsecured				
Borrowings from other financial institutions	6,118,757		2,271,636	
Call borrowings	3,160,496		16,511,769	
Overdrawn nostro accounts	289,615		496,538	
	9,568,868		19,279,943	
	38,336,954		118,615,031	

12. DEPOSITS AND OTHER ACCOUNTS

Customers				
Fixed deposits	48,811,963		48,746,900	
Savings deposits	418,438,417		386,718,924	
Current accounts	279,334,762		248,229,583	
Margin accounts	6,687,717		5,217,836	
	753,272,859		688,913,243	
Financial institutions				
Remunerative deposits	10,460,017		10,964,397	
Non-remunerative deposits	5,238,138		6,362,075	
	15,698,155		17,326,472	
	768,971,014		706,239,715	

13. DEFERRED TAX LIABILITY / (ASSET) - NET

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

Taxable temporary differences on:				
Surplus on revaluation of operating fixed assets	902,688		906,836	
Accelerated tax depreciation	1,367,780		1,558,013	
Receivable from pension fund	2,100,615		1,979,736	
Investment in associate	1,230,015		1,092,940	
Surplus / deficit on revaluation of securities	6,487,883		7,414,163	
	12,088,981		12,951,688	
Deductible temporary differences on:				
Provision for bad debts	(184,157)		-	
Provision for post retirement benefits	(447,155)		(436,647)	
Taxable losses	(28,842)		(32,754)	
Others	(1,758)		-	
	(661,912)		(469,401)	
	11,427,069		12,482,287	

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

	September 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring		
- Government	25,590,353	21,934,238
- Banks and financial institutions	960,449	2,032,180
- Others	3,368,494	1,965,279
	29,919,296	25,931,697
14.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	15,005,389	9,961,864
- Banks and financial institutions	39,324	585,970
- Others	8,323,896	9,461,583
- Suppliers credit / payee guarantee	2,049,111	2,235,176
	25,417,720	22,244,593
	114,237,406	116,434,886
14.3 Trade-related contingent liabilities		
14.4 Other contingencies		
Claims against the Bank not acknowledged as debts	6,988,807	5,350,286
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this consolidated condensed interim financial information.		
14.5 Commitments to extend credit		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	September 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
14.6 Commitments in respect of forward foreign exchange contracts		
Purchase	68,653,612	75,975,136
Sale	67,199,901	71,836,248
	321,874	190,608
14.7 Commitments for the acquisition of fixed assets		
14.8 Forward outright of Government Securities		
Purchase	201,700	-
14.9 Other commitments		
FX options (notional amount)		
Purchase	592,026	1,460,979
Sale	592,026	1,460,979
14.10 Taxation		
For assessment year 1988-89 through tax year 2015, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,968 million (2015: Rs. 2,747 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.		
The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.		

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

	Nine months ended	
	September 30, 2016	September 30, 2015
	---- (Rupees in '000) ----	
15. GAIN ON SALE OF SECURITIES - NET		
Federal Government Securities		
-Market Treasury Bills	3,510	47,630
-Pakistan Investment Bonds	2,742,302	2,069,310
Listed Shares / Units	1,314,700	1,877,439
	4,060,512	3,994,379
16. TAXATION		
The Finance Act 2016 has levied super tax at the rate of 4 percent of the taxable income for the tax year 2016, i.e. accounting year ended December 31, 2015. The effect of above levy has been incorporated in this condensed interim financial information and an amount of Rs.1,693 million (September 30, 2015 :Rs.1,906 million) has been recognised as prior year tax charge.		
	Nine months ended	
	September 30, 2016	September 30, 2015
	---- (Rupees in '000) ----	
17. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX		
Profit attributable to ordinary shareholders	17,820,134	19,913,650
	(Number of shares)	
Weighted average number of shares outstanding during the period	1,113,030,748	1,113,030,748
	(Rupees)	
Basic and diluted Earnings per share - after tax	16.01	17.89
18. CREDIT RATING		
PACRA through its notification dated June 24, 2016, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].		



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2016					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination
	(Rupees in '000)					
Total income	145,877	18,973,045	22,846,108	5,177,960	476,337	-
Total expenses	(58,774)	(1,679,474)	(12,836,284)	(2,697,611)	(239,839)	-
Income tax expense	-	-	-	-	-	-
Net income	87,103	17,293,571	10,009,824	2,480,349	236,498	-
Segment assets - (Gross of NPLs Provisions)	499,092	613,479,757	814,570,570	295,207,946	2,258,597	(710,255,237)
Advance taxation (payment less provision)	-	-	-	-	-	-
Total assets	499,092	613,479,757	814,570,570	295,207,946	2,258,597	(710,255,237)
Segment non performing loans	-	-	7,458,726	14,548,505	-	-
Segment specific provision required	-	-	7,441,099	9,829,958	-	-
Segment liabilities	83,794	520,212,195	765,711,182	268,475,492	637,255	(710,255,237)
Deferred tax liabilities - net	-	-	-	-	-	-
Total liabilities - net	83,794	520,212,195	765,711,182	268,475,492	637,255	(710,255,237)
Segment return on assets (ROA) (%)	38.98%	4.12%	3.77%	2.42%	28.12%	-
Segment cost of fund (%)	-	6.07%	3.36%	4.37%	-	-
	Nine months ended September 30, 2015					
	(Rupees in '000)					
Total income	204,263	17,732,753	25,478,033	6,635,340	498,659	-
Total expenses	(39,985)	(1,836,287)	(12,235,158)	(1,653,926)	(221,857)	-
Income tax expense	-	-	-	-	-	-
Net income	164,278	15,896,466	13,242,875	4,981,414	276,802	-
Segment assets - (Gross of NPLs provision)	687,545	683,218,140	767,703,025	252,468,493	2,027,828	(653,166,621)
Advance taxation (payment less provision)	-	-	-	-	-	-
Total assets	687,545	683,218,140	767,703,025	252,468,493	2,027,828	(653,166,621)
Segment non performing loans	-	-	7,676,871	13,136,785	-	-
Segment specific provision required	-	-	7,605,310	9,494,540	-	-
Segment liabilities	120,522	601,538,526	713,171,048	218,577,085	490,593	(653,166,621)
Deferred tax liabilities - net	-	-	-	-	-	-
Total liabilities - net	120,522	601,538,526	713,171,048	218,577,085	490,593	(653,166,621)
Segment return on assets (ROA) (%)	39.61%	3.46%	4.47%	3.64%	32.79%	-
Segment cost of fund (%)	-	7.70%	4.60%	7.40%	-	-

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



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

20 RELATED PARTY TRANSACTIONS AND BALANCES

The Group has related party relationship with its associates, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in associates are given in note 8 of this consolidated condensed interim financial information for the nine months period ended September 30, 2016.

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

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

	Directors		Associates		Other Related Parties		Key Management	
	Nine months ended September 30, 2016	Year ended Dec 31, 2015	Nine months ended September 30, 2016	Year ended Dec 31, 2015	Nine months ended September 30, 2016	Year ended Dec 31, 2015	Nine months ended September 30, 2016	Year ended Dec 31, 2015
	(Rupees in '000)							
A. Balances								
Deposits								
Opening balance	1,719,008	3,386,220	2,859,600	1,719,822	6,649,313	11,923,096	139,106	135,024
Received during the period / year	2,352,868	3,461,173	13,997,889	10,844,402	36,310,523	49,934,665	380,955	767,184
Withdrawn during the period / year	(2,064,333)	(5,128,385)	(14,255,226)	(9,704,624)	(37,084,002)	(55,208,448)	(391,375)	(763,102)
Closing balance	2,007,543	1,719,008	2,602,263	2,859,600	5,875,835	6,649,313	128,686	139,106
Advances								
Opening balance	886	1,549	-	-	-	21,918	68,520	68,672
Additions / adjustments during the period / year	-	-	-	-	1,587,815	-	15,843	15,414
Repaid / adjustments during the period / year	(480)	(663)	-	-	(1,521,385)	(21,918)	(13,810)	(15,566)
Closing balance	406	886	-	-	66,430	-	70,553	68,520
Other Balances								
Outstanding balance of credit cards	285	770	-	-	1,137	480	2,325	1,380
Receivable from Pension Fund	-	-	-	-	6,001,756	5,656,386	-	-
Commitments and contingent liabilities - outstanding	-	-	10,361	8,937	538,880	531,782	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	1,649,821	6,459,845	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	8,645	(14,670)	-	-
Borrowings outstanding	-	-	-	-	304,621	1,047,410	-	-
Trade payable	-	-	26,046	44,472	-	17,901	-	-
Markup payable	5,540	6,212	6,256	6,876	52,161	53,764	244	456
Other payable	875	2,423	276	516	34,536	-	-	-
Other advance receivable	-	-	1,477	2,684	25,555	20,000	-	-
Markup receivable	-	-	-	-	855	776	699	689
Other receivable	-	-	-	-	810	-	-	-
Commission receivable	-	-	-	-	-	-	-	-

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

	Directors		Associates		Other Related Parties		Key Management	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Insurance premium-net of refund	-	-	350,067	256,804	-	-	-	-
Insurance claim settled	-	-	7,533	4,668	-	-	-	-
Markup income on advances and lendings	24	49	-	-	4,895	1,455	3,255	3,228
Forward exchange contracts matured during the period	-	-	-	-	35,376,859	95,901,902	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	(13,231)	(79,972)	-	-
Dividend income	-	-	141,658	150,558	-	23,849	-	-
Commission income	-	-	638,489	585,822	7,945	10,863	-	-
Rent income and reimbursement of other expenses	-	-	2,278	-	2,430	-	-	-
Outsourcing service expenses	-	-	188,020	93,304	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	39	15
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	39	15
Cash sorting expenses	-	-	-	-	-	-	-	-
Stationary expenses	-	-	-	-	41,505	40,589	-	-
Security guards expenses	-	-	-	-	142,295	145,769	-	-
Remuneration and non-executive directors fee	-	-	-	-	292,802	286,515	-	-
Mark-up expense	98,437	96,273	-	-	200,286	475,824	336,293	341,408
Clearing expenses paid to NIFT	56,502	92,096	39,624	53,873	96,722	103,011	911	1,264
Contribution to provident fund	-	-	-	-	184,060	177,883	-	-
Gas charges	-	-	-	-	-	11,054	-	-
Rent and other expenses	-	-	5,117	5,491	8,495	481	-	-
Call borrowing deals entered and matured during the period	-	-	-	-	1,685,000	-	-	-
Sale of government securities	-	-	2,116,289	739,827	6,710,800	5,002,552	-	-
Purchase of government securities	-	-	4,844,963	157,348	6,777,081	-	-	-
Gain / (loss) on sale of government securities	-	-	(44)	-	3,244	30,540	-	-
Miscellaneous expenses and payments	-	-	-	-	27,529	39,032	-	-

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

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

21 ISLAMIC BANKING BUSINESS

The Group is operating 49 Islamic branches as at September 30, 2016 (December 31, 2015: 40). The statement of financial position of the Group's Islamic Banking Business as at September 30, 2016 is as follows:

Note	September 30, 2016	December 31, 2015
	(Rupees in '000)	(Rupees in '000)
ASSETS		
Cash and balances with treasury banks	1,347,830	698,123
Balances with other banks	5,064,810	6,347,459
Due from financial institutions	-	-
Investments - net	7,300,837	5,995,470
Islamic financing and related assets - net	14,275,551	12,473,797
Operating fixed assets	1,675,643	1,192,382
Deferred tax assets - net	-	-
Other assets - net	370,731	171,847
	30,035,402	26,879,078
LIABILITIES		
Bills payable	135,252	89,864
Due to financial institutions	5,014,848	631,520
Deposits and other accounts	14,099,043	9,450,072
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	1,732	9,962
Other liabilities	748,799	6,739,219
	19,999,674	16,920,637
	10,035,728	9,958,441
NET ASSETS		
REPRESENTED BY		
Share capital	10,000,000	10,000,000
Reserves	27,282	5,161
Unappropriated profit / (accumulated loss)	71,437	(17,047)
	10,098,719	9,988,114
Deficit on revaluation of assets - net of tax	(62,991)	(29,673)
	10,035,728	9,958,441
21.1 Islamic Financing and Related Assets		
Murabaha	7,212,434	6,844,354
Ijarah	1,377,973	1,506,083
Diminishing Musharakah	5,836,555	4,068,771
Istisna	-	150,000
Gross Advances	14,426,962	12,569,208
Provision held	(151,411)	(95,411)
Advance - net of provision	14,275,551	12,473,797
21.1.1 Murabaha		
Financing/Investments/Receivables	2,401,260	1,352,558
Advances	39,370	204,217
Assets/Inventories	4,706,207	4,841,213
Others	65,597	446,366
	7,212,434	6,844,354

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

For the nine months period ended September 30, 2016

21.1.2 Ijarah

	September 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Advances	67,645	71,872
Others	1,310,328	1,434,211
	1,377,973	1,506,083

21.1.3 Diminishing Musharakah

Financing/Investments/Receivables	4,278,509	2,572,200
Advances	1,250,220	1,423,937
Others	307,826	72,634
	5,836,555	4,068,771

21.1.4 Istisna

Advances	-	150,000
	-	150,000

The profit and loss account of the Group's Islamic banking business for the nine months ended September 30, 2016 is as follows:

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
	----- (Rupees in '000) -----	
Profit / return earned	1,203,369	1,160,656
Profit / return expensed	419,484	404,994
Net spread earned	783,885	755,662
Provision against non-performing Islamic financing and related assets - net	56,000	15,690
Provision for diminution in the value of investments - net	-	9,310
Bad debts written off directly	-	-
	56,000	25,000
Net spread after provisions	727,885	730,662
Other income		
Fee, commission and brokerage income	26,497	438,544
Dividend income	40,514	-
Income from dealing in foreign currencies	14,936	10,012
Gain on sale of securities - net	109,913	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net	-	-
Other income	18,860	38,104
Total other income	210,720	486,660
	938,605	1,217,322
Other expenses		
Administrative expenses	738,467	820,185
Provision against other assets - net	-	-
Other charges	13,732	-
Total other expenses	752,199	820,185
Extra ordinary / unusual items	-	-
Profit before taxation	186,406	397,137

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

For the nine months period ended September 30, 2016

22 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- The corresponding figures have been changed due to application of SBP BPRD Circular Letter No. 05 of 2016 dated February 29, 2016. No significant reclassification has been made except for as follows:

Description	Amount (Rupees in '000)	Reclassified	
		From	To
Bai Muajjal from Government of Pakistan	2,264,736	Lendings to financial institutions	Investments - net
Ijarah Assets	1,460,498	Operating fixed assets	Advances - net
Depreciation and insurance expenses on Ijarah assets	307,649	Administrative expenses	Mark-up / return / interest earned
Rental income on Ijarah assets	399,449	Fee, commission and brokerage income	Mark-up / return / interest earned
Provision reversed on sale of listed shares	340,683	Gain on sale of securities - net	Provision / (reversal) for diminution in the value of investments - net

23 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 26, 2016 has announced cash dividend in respect of the nine months period ended September 30, 2016 of Rs. 4.00 per share (September 30, 2015: Rs. 4.00 per share). This consolidated condensed interim financial information for the nine months period ended September 30, 2016 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

24 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on October 26, 2016.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director



Bank for Life

Principal Office

MCB House, 15-Main Gulberg, Lahore

UAN: 042-111-000-622

PABX: (042) 36041998-9

www.mcb.com.pk