

PSX-100(5F)2022/19  
April 28, 2022

**The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

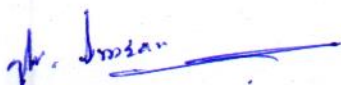
Sub: **Transmission of Quarterly Report for the Period Ended March 31, 2022**

Dear Sir,

We have to inform you that the First Quarterly Financial Statements of the Bank for the period ended **March 31, 2022** have been transmitted through PUCARS and will also be available on Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours sincerely,



**Muhammad Imran**  
Department Head  
Corporate Affairs Division

# First Quarterly **Report**

MARCH 31, 2022



# Vision

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

# Mission

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

# Core Values

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

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

# Corporate Profile

## Board of Directors:

<b>Mian Mohammad Mansha</b> Mr. S.M. Muneer Mr. Muhammad Tariq Rafi Mian Umer Mansha Mrs. Iqraa Hassan Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Masood Ahmed Puri Mr. Shahzad Hussain Mr. Shariffuddin Bin Khalid Mr. Shoaib Mumtaz	<b>Chairman</b> Vice-Chairman Director Director Director Director Director Director Director Director Director Director President & CEO
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## Audit Committee:

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



On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the three months period ended March 31, 2022.

#### Performance Review

##### Profit Before Taxation

Taxation

##### Profit After Taxation

Un-appropriated Profit Brought Forward

Surplus realized on disposal of non-banking assets -net of tax

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

##### Profit Available for Appropriation

##### Appropriations:

Statutory Reserve

Final Cash Dividend at Rs. 5.0 per share -December 2021

##### Total Appropriations

##### Un-appropriated Profit Carried Forward

Rs. in Million

14,928
6,014
<b>8,914</b>
63,683
9
20
63,712
<b>72,626</b>
(891)
(5,925)
<b>(6,816)</b>
<b>65,810</b>

With strong build up in core earnings, MCB's Profit Before Tax (PBT) for the first quarter of 2022 rose to Rs 14.9 billion with impressive growth of 32%. Profit After Tax (PAT) posted a growth of 31% to reach Rs. 8.9 billion; translating into Earning Per Share (EPS) of Rs. 7.52 compared to EPS of Rs. 5.73 reported in corresponding period last year.

On the back of strong volumetric growth in current account, net interest income for 1Q'22 increased by 19% over corresponding period last year. Working on a well-defined strategy, the average current deposits of the Bank registered a growth of Rs 71.3 billion (+14%), when mapped against corresponding period last year

Non-markup income registered a growth of 20% and aggregated to Rs. 5.72 billion against Rs. 4.75 billion in the corresponding period last year. The growth is mainly attributable to rise in foreign exchange and dividend income by 94% and 81% respectively; on the back of prudent positioning of foreign exchange assets and liabilities amidst comparatively favorable swap curves and resurging economic activity within the country.

The Bank continues to prudently manage its operating expenses with a moderate increase of 9%, despite sustained inflationary pressures amid currency devaluation and rising commodity prices, higher compliance related regulatory charges, expansion in branch outreach and regular performance and merit adjustments of the Human Capital. Thus the cost to income ratio of the Bank significantly improved to 39.90% from 43.50% reported in same period last year.

On the provision front, disposal of equity scrips resulted in a net reversal of Rs. 187 million recognized during the period under review while proactive monitoring and recovery efforts led to a reversal of Rs. 616 million in provision against advances.

Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk. The Non-performing loan (NPLs) base of the Bank was reported at Rs. 51.34 billion. The Bank has not taken FSV benefit in calculation of specific provision against its non-performing loans (NPL's) base. The coverage and infection ratios of the Bank were reported at 87.91% and 8.14% respectively.



On the financial position side, the total asset base of the Bank grew by 6% to cross the "Two Trillion" landmark and was reported at Rs. 2,095 billion; the major contribution coming from the investment book which increased by Rs. 143 billion (+14%). While the gross advances registered a slight decline of Rs. 5 billion (-1%), the consumer lending book grew by leveraging significant activity in the construction and auto segment and consequently added Rs. 2.8 billion in the first quarter (+7%).

On the liabilities side, achieving growth in no-cost current account base remained a key strategic objective for the Bank. Thereby, non-remunerative deposits grew by 14% to close at Rs. 640 billion; improving their mix in the total deposits to 43% in absolute terms as at March 31, 2022. CASA mix was reported at an industry leading level of 92.87% which in turn is a reflection of customer loyalty earned by the Bank over a rich history of 75 years through sustained provision of quality services. The total deposits of the Bank grew by 5.65% as compared to an industry decline of 2.37% (domestic deposits) to close the period at Rs. 1,492 billion.

Return on Assets and Return on Equity improved to 1.75% and 22.14% respectively, whereas the book value per share was reported at Rs. 136.66.

During the period under review, MCB attracted home remittance inflows of USD 823 million to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels. The inflow by MCB till March 31, 2022 under the Roshan Digital Account (RDA) initiative has stood at USD 282 million. Under "Mera Pakistan Mera Ghar" initiative, till March 31, 2022, the Bank has disbursed 841 loans of Rs. 3.4 billion.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 16.35% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 14.92% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.05% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 236.59% and Net Stable Funding Ratio (NSFR) of 154.24% against requirement of 100%.

The Board of Directors has declared the first interim cash dividend of Rs. 5.0 per share i.e. 50% for the first quarter ended March 31, 2022.

#### Ratings

The Bank enjoys highest local credit ratings of AAA/A1+ categories for long term and short term respectively, based on PACRA notification dated June 23, 2021.

#### Economy Review

During the first quarter of the calendar year 2022, Pakistan's economy faced several challenges including global commodity prices and high inflation. Domestic energy and metal prices rose significantly in line with the global trends. This caused domestic inflation to increase to a multi-year high in the first quarter. Some moderation in domestic aggregate demand is expected as a result of policy rate hikes by the State Bank of Pakistan. However, the global geopolitical complexity and recent political uncertainty at home is expected to add to the exchange rate depreciation and price pressures in the coming months.

The headline annual inflation rate in Pakistan rose to 12.7% in Mar-22 from 12.28% inflation in Dec-21. Despite the recent fuel and electricity subsidies, the annual inflation remained well above 12% in the first three months. The increase in monthly inflation indicates strong momentum of price hikes in the economy. The average annual inflation for this fiscal year (Jul-21 to Mar-22) increased to 10.77%. Consistent rise in international commodity prices, pre-Ramadan food price hikes, and rising input costs of manufacturers contributed to the strong domestic inflation.

On the external front, pressures started to build on the country's exchange rate and external account due to expensive energy and commodity imports. Pakistan recorded the highest-ever current account deficit of USD 2.531 billion in Jan-22. The current account deficit reached USD 12.09 billion for the first eight months of this fiscal year as compared to a deficit of USD 1.916 billion in the fiscal year 2021.

Higher volumes and rising prices of imported goods and services caused the import bill to expand at a much faster pace than exports in this fiscal year. As a result, the USD/PKR exchange rate also depreciated by 3.94% from 176.5135 to 183.4782 in the first quarter. Current account deficit and external debt repayments caused Pakistan's foreign exchange reserves to decrease by around 27% from USD 23.88 billion to USD 17.47 billion during the first quarter. To support the Balance of Payments, Pakistan issued USD 1 billion of international Sukuk in Feb-22. Moreover, the country received USD 1 billion loan from the International Monetary Fund (IMF) in the same month.

The State Bank of Pakistan raised the policy rate cumulatively by 2.75% to 9.75% by the end of the last year to achieve sustainable economic growth and moderate inflation in the economy. The State Bank of Pakistan, in its emergency meeting held on April 07, 2022 raised the policy rate by 2.50% to 12.25%. Average inflation forecasts have been revised upwards to slightly above 11% in FY22 before moderating in FY23.

On the fiscal side, the government raised its tax revenue target from Rs 5.83 trillion to Rs 6.1 trillion to meet the IMF conditions. From Jul-21 to Mar-22, the Federal Board of Revenue has collected net tax revenue of Rs 4.382 trillion, representing a growth of about 29% as compared to the same period a year ago. The government has lowered the budgeted number of Public Sector Development Program (PSDP) spending from Rs 900 billion to Rs 700 billion for the current fiscal year.


### Future Outlook

Pakistan continues to face macroeconomic challenges mainly due to expensive commodity imports and domestic political uncertainty. These challenges will likely continue to add to inflation and the external account problems in the economy. High inflation, policy rate hikes by SBP, and lower PSDP spending will likely moderate growth in domestic aggregate demand. However, inflation is unlikely to come down in the near term as global commodity prices are expected to remain elevated for a longer time. The IMF and the Pakistani authorities have initiated talks for the seventh review of EFF, which will result in the disbursement of around USD 960 million to Pakistan.

### Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,



**Shoaib Mumtaz**  
President & CEO,  
MCB Bank Limited  
6 April 27, 2022



**Mian Umer Mansha**  
Director  
MCB Bank Limited

توازن میں مدد کی غرض سے پاکستان نے فروری 2022ء میں 1 بلین امریکی ڈالرز کے بین الاقوامی سکوک بائڈز کا اجراء کیا۔ مزید برآں، ملک نے اسی ماہ کے دوران عالمی مالیاتی فنڈ (آئی ایم ایف) سے 1 بلین امریکی ڈالرز کا قرض بھی حاصل کیا۔

اسٹیٹ بینک آف پاکستان نے پائیدار معاشی نمو کے حصول اور معیشت میں افراط زر پر قابو پانے کے لیے گزشتہ سال کے آخر میں پالیسی ریٹ میں مجموعی طور پر 2.75 فیصد کا اضافہ کر کے اس کی شرح 9.75 فیصد پر مقرر کی۔ اسٹیٹ بینک آف پاکستان نے اپنے 7 اپریل 2022ء کو منعقد شدہ ہنگامی اجلاس میں پالیسی ریٹ میں 2.50 فیصد کا اضافہ کر کے اس کی شرح کو 12.25 فیصد پر مقرر کیا ہے۔

مالیاتی حوالے سے حکومت نے اپنی ٹیکس کی آمدنی کے ہدف کو آئی ایم ایف کی شرائط کی تکمیل کے لیے 5.83 ٹریلین روپے سے 6.1 ٹریلین روپے تک بڑھا دیا ہے۔ جولائی 2021ء سے مارچ 2022ء تک فیڈرل بورڈ آف ریونیو نے 4.382 ٹریلین روپے کی خالص ٹیکس آمدنی کو وصول کیا۔ جو گزشتہ سال کے ماضی عرصہ سے 29 فیصد کے اضافے کا مظہر ہے۔ ترقیاتی اخراجات (پبلک سیکٹر ڈیولپمنٹ پروگرام) پی ایس ڈی پی) میں کمی کرتے ہوئے اس کا حجم 900 بلین روپے سے کم کر کے 700 بلین روپے پر مقرر کیا۔

### مستقبل کی پیش بینی :

پاکستان، اشیاء کی مہنگی درآمدات اور داخلی سیاسی غیر یقینی صورتحال کی اہم وجوہ کے باعث مسلسل میکرو اکنامک چیلنجز کا سامنا کر رہا ہے۔ یہ چیلنجز متوقع طور پر، معیشت میں افراط زر اور بیرونی اکاؤنٹ کے مسائل میں اضافے کے رجحان کے جاری رہنے کا باعث ہوں گے۔ افراط زر کی بلند شرح، اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافہ اور پی ایس ڈی پی (PSDP) میں کمی کی وجہ سے مجموعی داخلی طلب میں اضافے کی رفتار کے معتدل رہنے کا امکان ہے۔ تاہم، اشیاء کی عالمی قیمتوں کے طویل مدت میں بلند شرح پر برقرار رہنے کی توقع کے تناظر میں، مستقبل قریب میں افراط زر کی شرح میں کمی کا امکان محدود ہے۔ آئی ایم ایف اور پاکستان کے مجاز اداروں کے مابین ایکسٹینڈڈ فنڈ فیسلٹی کے ساتھ تجزیے پر مذاکرات کا آغاز ہو گیا ہے۔ جس کے نتیجے میں پاکستان کو 960 بلین امریکی ڈالرز وصول ہونے کی توقع کی جارہی ہے۔

### تحسین و تشکر

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

### منجانب و برائے بورڈ آف ڈائریکٹرز

شعیب ممتاز

پریذیڈنٹ اور سی ای او

ایم سی بی بینک لمیٹڈ

27 اپریل 2022ء

میاں عمر منشاء

ڈائریکٹر

ایم سی بی بینک لمیٹڈ

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 31 مارچ 2022ء کو اختتام پذیر سرمایہ کی مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

### کارکردگی کا جائزہ

منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

افتتاحی غیر تخصیص شدہ منافع

غیر بینکنگ اثاثہ جات کی فروخت پر سرپلس (خالص از ٹیکس)

پائیدار اثاثوں کی از سر نو تخمینہ پر سرپلس سے اضافی فروسودگی

کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتمی پیش ڈیوڈینڈ 5 روپے فی شیئر - برائے دسمبر 2021ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

ملین روپے	
14,928	
6,014	
8,914	
63,683	
9	
20	
63,712	
72,626	
(891)	
(5,925)	
(6,816)	
65,810	

اپنی خالص آمدنی میں مضبوطی کے حصول کے ساتھ، سال 2022ء کی پہلی سرمایہ کے لیے، ایم سی بی کا منافع قبل از ٹیکس، 32 فیصد کی شاندار نمو کا اندراج کرتے ہوئے 14.9 ملین روپے تک جا پہنچا۔ جبکہ منافع بعد از ٹیکس 31 فیصد کے قابل ذکر اضافے کے ساتھ 8.9 ملین روپے پر رپورٹ کیا گیا۔ فی حصص آمدنی گزشتہ سال کے تقابلی عرصہ کے دوران کی 5.73 روپے فی شیئر کی سطح کے تناسب میں 7.52 روپے فی شیئر پر درج کی گئی۔

کرنٹ اکاؤنٹ میں مضبوط مقداری نمو کی بنیاد پر سال 2022ء کی پہلی سرمایہ میں خالص انٹرنسٹ گزشتہ سال کے تقابلی عرصہ سے 19 فیصد زیادہ رہی۔ پہلے سے طے شدہ کامیاب حکمت عملی پر کاربند رہتے ہوئے بینک کے اوسط کرنٹ ڈیپازٹس میں پچھلے سال کی نسبت 71.3 ملین روپے (14%) کی نمو دیکھی گئی۔

بینک کی نان مارک اپ آمدنی گزشتہ سال کے تقابلی عرصہ میں رپورٹ کیے گئے 4.75 ملین روپے کے حجم سے 20 فیصد کی نمو کے ساتھ 5.72 ملین روپے تک پہنچ گئی۔ اس اضافے میں، ملک میں بہتر ہوجی معاشی سرگرمیوں اور مثبت سواپ کروڑ (Swap Curves) کی بناء پر غیر ملکی کرنسیوں پر مشتعل واجبات اور اثاثہ جات کی دانشمندانہ موزونیت سے غیر ملکی کرنسیوں کے تبادلہ اور ڈیوڈینڈ آمدنی کی بڑھوتی کا بنیادی کردار اہم تھا جو کہ بالترتیب 94 فیصد اور 81 فیصد پر درج کی گئیں۔

بینک، روپے کی قدر میں فروسودگی اور اشیاء کی بڑھتی قیمتوں سے ابھرتے افراط زر کے مسلسل دباؤ، پیچیدگیاں میں اضافہ، برانچوں کے پھیلاؤ میں وسعت اور اپنے افرادی سرمائے کی میرٹ اور کارکردگی کی باقاعدہ مطابقت کے باوجود اپنے کاروباری اخراجات میں 9 فیصد کے معتدل اضافے کے ساتھ، انکا بہترین انتظام برقرار رکھے ہوئے ہے۔ لہذا، لاگت کی آمدنی سے شرح تناسب گزشتہ سال کے مماثل عرصے میں رپورٹ کی گئی 43.50 فیصد کی شرح سے نمایاں بہتری کے ساتھ 39.90 فیصد پر شمار ہوئی۔

پروویڈن کے محاذ پر، ایکویٹی سکرپس (equity scrips) کی فروخت سے اس زیر تجزیہ عرصہ میں 187 ملین کی خالص کوٹنی (ریورسل) حاصل ہوئی جبکہ نگرانی اور وصولیوں کے پیش قدم اقدامات کی بدولت قرضہ ضامات کے لیے پروویڈن کی مدد میں 616 ملین روپے کی ریورسل حاصل کی گئی۔

خدا شات کے تدارک کے مضبوط فریم ورک جو کہ چارج کے حقیقی ماڈلز، قرض کی ادائیگی سے پہلے اس کی قدر نیائی کے موزوں طریقہ کار اور ادائیگی کے بعد نگرانی کے موثر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھتے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدا شات کا، ارتقائی عمل سے دوچار دیکروا کتا مک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقے سے انتظام کیا۔ بینک کے غیر فعال قرضہ جات 51.34 ملین روپے پر رپورٹ ہوئے۔ بینک نے اپنی مخصوص پروویڈن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا۔ بینک کی کوریج اور انفلکشن کی شرحیں بالترتیب 87.91 فیصد اور 8.14 فیصد پر رپورٹ ہوئیں۔

مالیاتی صورتحال کے حوالے سے بینک کے کل اثاثہ جات کی اساس 6 فیصد کے اضافے سے 2 ٹریلین کے سگ میل کو عبور کرتے ہوئے 2,095 ملین روپے پر رپورٹ ہوئی۔ اس اضافے میں سرمایہ کاری کا نمایاں کردار رہا جس میں 143 ملین روپے، یعنی 14 فیصد، کی بڑھوتی ریکارڈ کی گئی۔ اگرچہ کل قرضہ جات میں 5 ملین روپے (1 -) کی معمولی کمی رجسٹر کی گئی، تاہم، صارفین کے قرضہ جات میں گزشتہ سال سے جاری تعمیرات اور آؤٹ کے شعبوں کی نمایاں سرگرمیوں کی بنیاد پر مزید بہتری اور مضبوطی کا رجحان رہا جس کے باعث اس کے حجم میں، پہلی سرمایہ کے دوران، 2.8 ملین روپے (7 +) کا اضافہ ریکارڈ کیا گیا۔

واجبات کے حوالے سے، بغیر لاگت کے ڈیپازٹس کے حصول میں اضافہ، اب بھی بینک کا ایک کلیدی مقصد ہے۔ لہذا، غیر پیداواری ڈیپازٹس 14 فیصد کے اضافے کے ساتھ 640 ملین روپے پر بند ہوئے اور 31 مارچ 2022ء تک کے کل ڈیپازٹس کی ترکیب میں، اپنے حصے کو 43 فیصد کی حتمی شرح پر درج کیا۔ کاسا (CASA) کی ترکیب 92.87 فیصد پر رہی جو کہ اعلیٰ ترین معیار کی خدمات کی فراہمی کی گزشتہ 75 سالوں پر محیط شاندار تاریخ کے ذریعے حاصل کیے گئے صارفین کے اعتماد کا منہ بولتا ثبوت ہے۔ جبکہ بینک کے کل ڈیپازٹس، رواں مدت کے اختتام تک، 2.37 فیصد (داخلی ڈیپازٹس) کی صنعت کی کمی کے تناسب میں 5.65 فیصد کے اضافے کے ساتھ 1,492 ملین روپے تک پہنچ گئے۔

اثاثہ جات کی آمدنی اور سرمائے کی آمدنی کی شرح بہتر ہوتے ہوئے بالترتیب 1.75 فیصد اور 22.14 فیصد پر درج ہوئیں جبکہ بک ویلیو 136.66 روپے فی شیئر پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، ایم سی بی نے اسٹیٹ بینک آف پاکستان کے بینکنگ جھنڈے کے ذریعے عملی ترسیلات میں اضافے کے مقصد کے ساتھ اپنی سرگرم شراکت داری کو مزید تقویت فراہم کرتے ہوئے 823 ملین امریکی ڈالرز کی ترسیلات زر کو وصول کیا۔ 31 مارچ 2022ء تک ایم سی بی نے روشن ڈیجیٹل اکاؤنٹ کے تحت 282 ملین امریکی ڈالرز کی ترسیلات وصول کیں۔ " میرا پاکستان میرا گھر" کی سکیم کے تحت بینک نے، 31 مارچ 2022ء تک، 3.4 ملین روپے کے 841 قرضوں کا اجراء کیا۔

سرمائے کے ضوابط کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کنٹینل ایڈیکوئیسی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 16.35 فیصد پر رہی (جس میں 2020ء کے بی بی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو تحفظ دینے کے لیے 1.50 فیصد کی تحلیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایکویٹی ٹائر - Common - 1 Equity Tier (CET1) سے کل رسک ویٹڈ ایسٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.00 فیصد کی مطلوبہ حد کے مقابلہ 14.92 فیصد کی شرح پر درج کی گئی۔ بینک کی کپیٹل ازبیشن کے نتیجے میں لیورج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کی حد سے نمایاں اضافہ کے ساتھ 6.05 فیصد پر جا پہنچی۔ بینک نے لیکوڈیٹی کوریج ریشو (Coverage Ratio) LCR- (Liquidity) کو 236.59 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 154.24 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2022ء کو اختتام پذیر سرمایہ کے لیے 5.0 روپے فی شیئر (یعنی 50%) کے پہلے عبوری نکیش ڈیوڈینڈ کا اعلان کیا ہے

### ریٹنگز

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

### معاشی جائزہ

سال 2022ء کی پہلی سرمایہ کے دوران پاکستان کی معیشت کو کثیر الجہت خدا شات کا سامنا رہا جس میں اشیاء کی عالمی قیمتوں میں اضافہ، اور افراط زر کی بلند شرح شامل ہے۔ عالمی رجحان کی مطابقت میں داخلی توانائی اور دھاتوں کی قیمت میں نمایاں اضافہ دیکھا گیا۔ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریت میں کیے گئے اضافے کے نتیجے میں مجموعی داخلی طلب میں قدرے کمی آنے کا امکان ہے۔ تاہم، آنے والے مہینوں میں عالمی جغرافیائی و سیاسی مشکلات اور ملک میں جاری حالیہ سیاسی غیر یقینی صورتحال کے باعث شرح تبادلہ میں فروسودگی اور قیمتوں میں مزید اضافہ ہونے کی توقع ہے۔

پاکستان میں افراط زر کی سالانہ شرح دسمبر 2021ء کی 12.28 فیصد کی سطح سے بڑھتے ہوئے مارچ 2022ء تک 12.7 فیصد پہنچ گئی۔ تیل اور بجلی کی مدد میں دی گئی حالیہ سبسڈیز (امداد) کے باوجود، سال کے پہلے تین مہینوں کے دوران سالانہ افراط زر 12 فیصد کی شرح سے خاصا بلند رہا۔ ماہانہ افراط زر میں اضافہ اس امر کا غماز ہے کہ معیشت میں اشیاء کی قیمتوں کے بڑھنے کا رجحان بہت زیادہ ہے۔ مالی سالی 22 - 2021 کے جولائی تا مارچ کی مدت کے لیے اوسط سالانہ افراط زر 10.77 فیصد تک بڑھ گیا۔ اشیاء کی عالمی قیمتوں میں مسلسل اضافے، رمضان کی آمد سے پہلے اشیاء خورد و نوش کی بڑھتی قیمتوں اور صنعت سازی کی بڑھتی لاگت نے داخلی افراط زر میں بڑھوتی کے عمل کو تیز کرنے میں اہم کردار ادا کیا۔

ہیرونی محاذ پر، توانائی اور اشیاء کی منہنگی درآمدات کی وجہ سے ملک کی کرنسی کی شرح تبادلہ اور ہیرونی اکاؤنٹ پر دباؤ آنا شروع ہو چکا ہے۔ جنوری 2022ء میں پاکستان نے 2.531 ملین امریکی ڈالرز کا اپنی تاریخ کا ایک، سب سے زیادہ کرنٹ اکاؤنٹ خسارہ ریکارڈ کیا۔ اس مالی سال کے پہلے آٹھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ مالی سال 2021ء کے 1.916 ملین امریکی ڈالرز کے خسارے کی نسبت میں 12.09 ملین امریکی ڈالرز پہنچ گیا۔

درآمدنی اشیاء اور خدا شات کی بڑھتی قیمتیں اور بلند ہوتی مقدار کے باعث اس مالی سال میں درآمدات کے بل میں برآمدات کے مقابلے میں زیادہ چیزیں سے اضافہ دیکھا گیا۔ جس کے نتیجے میں پہلی سرمایہ کے دوران ڈالر کے مقابلے میں پاکستانی روپے کی شرح تبادلہ بھی 3.94 فیصد کی فروسودگی کے ساتھ 176.5135 روپے فی ڈالر سے 183.4782 روپے فی ڈالر پر درج ہوئی۔ کرنٹ اکاؤنٹ کے خسارے اور ہیرونی قرضوں کی ادائیگیوں کے باعث پاکستان کے زرمبادلہ کے ذخائر، اس سرمایہ کے دوران، 23.88 ملین ڈالرز سے 27 فیصد کی تنزیل کے ساتھ 17.47 ملین امریکی ڈالرز پر درج ہوئے۔ ادائیگیوں کے

**Unconsolidated Condensed Interim Statement of Financial Position**  
As at March 31, 2022



	Note	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees in '000-----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	143,307,030	164,613,179
Balances with other banks	8	23,366,550	18,830,310
Lendings to financial institutions	9	41,995,132	42,467,110
Investments	10	1,178,249,285	1,035,585,496
Advances	11	585,485,996	589,711,091
Fixed assets	12	57,398,209	57,327,871
Intangible assets	13	919,789	978,785
Deferred tax assets	14	1,169,739	-
Other assets	15	63,438,775	60,954,606
		2,095,330,505	1,970,468,448
<b>LIABILITIES</b>			
Bills payable	17	11,906,800	24,589,644
Borrowings	18	320,640,589	269,525,556
Deposits and other accounts	19	1,491,685,156	1,411,851,527
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	729,424
Other liabilities	20	98,139,311	89,364,889
		1,922,371,856	1,796,061,040
		172,958,649	174,407,408
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Share capital		11,850,600	11,850,600
Reserves	21	84,287,429	84,602,024
Surplus on revaluation of assets - net	22	11,010,469	14,271,517
Unappropriated profit		65,810,151	63,683,267
		172,958,649	174,407,408
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

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

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

**Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)**  
For The Three Months Period Ended March 31, 2022



	Note	Three Months Ended	
		January 01 to March 31, 2022	January 01 to March 31, 2021
-----Rupees in '000-----			
Mark-up / return / interest earned	25	39,716,774	28,347,462
Mark-up / return / interest expensed	26	21,604,748	13,107,117
Net mark-up / interest income		18,112,026	15,240,345
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	3,274,244	3,335,544
Dividend income		755,431	416,246
Foreign exchange income		1,211,275	624,450
Income from derivatives		2,439	9,194
Gain / (loss) on securities	28	414,729	349,753
Other Income	29	63,568	13,749
Total non-markup / interest Income		5,721,686	4,748,936
Total Income		23,833,712	19,989,281
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	30	9,449,313	8,635,952
Workers Welfare Fund		298,569	225,521
Other charges	31	20,922	29,217
Total non-markup / interest expenses		9,768,804	8,890,690
<b>Profit before provisions</b>		14,064,908	11,098,591
(Reversals) / provisions and write offs - net	32	(863,537)	(177,465)
<b>PROFIT BEFORE TAXATION</b>		14,928,445	11,276,056
Taxation	33	6,014,059	4,485,982
<b>PROFIT AFTER TAXATION</b>		8,914,386	6,790,074
<b>Basic and diluted earnings per share</b>			
	34	7.52	5.73

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

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)  
For The Three Months Period Ended March 31, 2022



Profit after taxation for the period

Other comprehensive income / (loss)

Items that may be reclassified to profit and loss account in subsequent periods:

Effect of translation of net investment in foreign branches  
Movement in surplus on revaluation of investments - net of tax

Total comprehensive income

Three Months Ended	
January 01 to March 31, 2022	January 01 to March 31, 2021
-----Rupees in '000-----	
8,914,386	6,790,074
(1,206,034)	(798,040)
(3,231,811)	(3,594,504)
(4,437,845)	(4,392,544)
4,476,541	2,397,530

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

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)  
For The Three Months Period Ended March 31, 2022



	Share capital		Capital reserve		Share premium	Revenue reserve		Surplus/(deficit) on revaluation of Investments		Unappropriated profit	Total
	Share capital	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve		General reserve	Fixed / non-banking assets				
-----Rupees in '000-----											
Balance as at December 31, 2020 (Audited)	11,850,600	23,751,114	908,317	2,876,483	34,580,421	18,600,000	8,239,633	19,480,785	69,834,602	190,101,955	
<b>Total comprehensive income for the period ended March 31, 2021</b>											
Profit after taxation for the period ended March 31, 2021	-	-	-	(798,040)	-	-	(3,594,504)	-	6,790,074	6,790,074	
Other comprehensive loss - net of tax	-	-	-	(798,040)	-	-	(3,594,504)	-	6,790,074	2,397,530	
<b>Transfer to statutory reserve</b>											
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	(679,007)	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(21,912)	21,912	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(6,585)	6,585	-
<b>Transactions with owners, recorded directly in equity</b>											
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	-	(69,902)	69,902
<b>Balance as at March 31, 2021 (Un-audited)</b>											
Balance as at March 31, 2021 (Un-audited)	11,850,600	23,751,114	908,317	2,078,443	35,239,428	18,600,000	4,645,129	19,382,386	58,288,168	174,723,585	
<b>Change in equity for nine months period ended December 31, 2021</b>											
<b>Total comprehensive income for the nine months period ended December 31, 2021</b>											
Profit after taxation for the nine months period ended December 31, 2021	-	-	-	1,622,624	-	-	(9,383,654)	(23,002)	24,020,973	24,020,973	
Other comprehensive loss - net of tax	-	-	-	1,622,624	-	-	(9,383,654)	(23,002)	24,058,895	16,274,663	
<b>Transfer to statutory reserve</b>											
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	2,402,088	-	-	-	(2,402,088)	-	
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(60,155)	60,155	
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(108,678)	108,678	
<b>Transactions with owners, recorded directly in equity</b>											
Interim cash dividend at Rs. 4.5 per share - March 31, 2021	-	-	-	-	-	-	-	-	-	180,309	
Interim cash dividend at Rs. 5.0 per share - June 30, 2021	-	-	-	-	-	-	-	-	-	-	
Interim cash dividend at Rs. 4.5 per share - September 30, 2021	-	-	-	-	-	-	-	-	-	-	
<b>Balance as at December 31, 2021 (Audited)</b>											
Balance as at December 31, 2021 (Audited)	11,850,600	23,751,114	908,317	3,101,067	37,641,526	18,600,000	(4,738,725)	19,010,242	63,683,267	174,407,408	
<b>Total comprehensive income for the period ended March 31, 2022</b>											
Profit after taxation for the period ended March 31, 2022	-	-	-	(1,206,034)	-	-	(3,231,911)	-	8,914,386	8,914,386	
Other comprehensive loss - net of tax	-	-	-	(1,206,034)	-	-	(3,231,911)	-	8,914,386	4,476,541	
<b>Transfer to statutory reserve</b>											
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	891,439	-	-	-	(891,439)	-	
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(20,341)	20,341	
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(8,896)	8,896	
<b>Transactions with owners, recorded directly in equity</b>											
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	
<b>Balance as at March 31, 2022 (Un-audited)</b>											
Balance as at March 31, 2022 (Un-audited)	11,850,600	23,751,114	908,317	2,495,033	38,552,965	18,600,000	(7,970,536)	18,981,005	65,810,151	172,998,649	

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

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

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Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)  
For The Three Months Period Ended March 31, 2022



Three Months Ended		
Note	January 01 to March 31, 2022	January 01 to March 31, 2021
-----Rupees in '000-----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,928,445	11,276,056
Less: Dividend income	(755,431)	(416,246)
	14,173,014	10,859,810
Adjustments:		
Depreciation on fixed assets	30 554,970	519,342
Depreciation on right-of-use assets	30 306,216	304,065
Depreciation on non-banking assets acquired in satisfaction of claims	30 5,986	9,360
Amortization	30 78,497	74,647
(Reversals) / provisions and write offs - net	32 (863,537)	(177,465)
(Gain) / Loss on sale of fixed assets - net	29 (7,813)	31,158
(Gain) / Loss on sale of non-banking assets acquired in satisfaction of claims - net	29 -	5,351
Interest expensed on lease liability against right-of-use assets	26 237,781	264,097
Workers Welfare Fund	298,569	225,521
Charge for defined benefit plans - net	87,000	87,000
Gain on termination of lease liability against right of use assets	29 (33,911)	(19,853)
Unrealized (gain) / loss on revaluation of investments - Held For Trading	28 (550)	1,302
	663,208	1,324,525
	14,836,222	12,184,335
Decrease / (increase) in operating assets		
Lendings to financial institutions	471,978	(98,746)
Held-for-trading securities	(8,710,950)	(6,320,013)
Advances	4,893,272	33,665,489
Others assets (excluding advance taxation)	(2,769,270)	5,258,094
	(6,114,970)	32,504,824
Increase / (decrease) in operating liabilities		
Bills Payable	(12,682,844)	(12,695,804)
Borrowings from financial institutions	51,867,600	25,640,745
Deposits	79,833,629	24,199,628
Other liabilities (excluding current taxation)	8,626,676	556,922
	127,645,061	37,701,491
Defined benefits paid	(68,615)	(65,768)
Income tax paid	(5,955,567)	(3,579,595)
Net cash flow from operating activities	130,342,131	78,745,287
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(139,265,668)	(78,357,443)
Net investments in held-to-maturity securities	202,791	4,668,670
Dividends received	698,770	312,514
Investments in operating fixed assets	(869,913)	(503,691)
Proceeds from sale of operating fixed assets	12,756	16,070
Investments in Intangible assets	(26,730)	(138,562)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	87,800	-
Effect of translation of net investment in foreign branches	(1,206,034)	(798,040)
Net cash flow used in investing activities	(140,366,228)	(74,800,482)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use-assets	(442,458)	(421,866)
Dividend paid	(5,550,787)	(17,417,128)
Net cash flow used in financing activities	(5,993,245)	(17,838,994)
Effects of exchange rate changes on cash and cash equivalents	(565,466)	(1,931,902)
<b>Increase in cash and cash equivalents</b>	(16,582,808)	(15,826,091)
Cash and cash equivalents at beginning of the period	182,348,837	147,745,756
Cash and cash equivalents at end of the period	165,766,029	131,919,665

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

  
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President / CEO

  
Hammad Khalid  
Chief Financial Officer

  
Mian Umer Mansha  
Director

  
Shahzad Hussain  
Director

  
Muhammad Ali Zeb  
Director

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,426 branches (2021: 1,426 branches) within Pakistan and 10 branches (2021: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

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

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2021.

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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



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

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

Effective date (annual periods  
beginning on or after)

Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
Amended Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 1, 2023

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

IFRS 9 is effective from January 01, 2022 as per BPRD Circular letter No. 24 of 2021 dated July 05, 2021 of SBP. However, final Implementation guidelines from SBP for consistent application of IFRS 9 across the banking industry are awaited. Therefore these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime. However, the requirements of this standard are incorporated in these unconsolidated financial statements for the jurisdictions where IFRS 9 has been adopted.

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

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2021. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



Unaudited  
March 31, 2022  
Audited  
December 31,  
2021  
-----Rupees in '000-----

7. CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	25,705,903	22,275,982
Foreign currencies	8,240,111	6,201,240
	33,946,014	28,477,222
With State Bank of Pakistan in		
Local currency current accounts	66,850,742	81,786,372
Local currency special account	979,736	979,736
Foreign currency current accounts	2,537,027	2,315,211
Foreign currency deposit accounts	10,879,065	10,550,168
	81,246,570	95,631,487
With other central banks in		
Foreign currency current accounts	5,400,516	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	22,561,772	33,521,087
Prize bonds	152,158	255,248
	143,307,030	164,613,179

8. BALANCES WITH OTHER BANKS

Outside Pakistan		
In current accounts	12,371,107	8,494,144
In deposit accounts	10,995,443	10,336,166
	23,366,550	18,830,310

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	41,038,095	27,571,021
Repurchase agreement lendings (Reverse Repo)	957,037	14,896,089
	41,995,132	42,467,110

	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
- Market Treasury Bills	163,009,307	107,136,184
- Pakistan Investment Bonds	46,555,053	53,303,403
	<u>209,564,360</u>	<u>160,439,587</u>
	10,660,178	10,652,723
	1,003	570
	145,703	935,164
	-	(18,390)
	(333,165)	(909,889)
	(187,462)	6,885
	<u>10,473,719</u>	<u>10,660,178</u>
	Unaudited March 31, 2022	Audited December 31, 2021
	NPI	NPI
	Provision	Provision
	-----Rupees in '000-----	
	477,659	477,659
	<u>477,659</u>	<u>477,659</u>

10.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Loss

477,659

477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 90,965 million (December 31, 2021: Rs 83,557 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 21,428,739 million (December 31, 2021: Rs. 22,217,535 million).

## 11. ADVANCES

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

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

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022

11.3 Particulars of provision against advances

	Unaudited March 31, 2022			Audited December 31, 2021		
	Specific	General	Total	Specific	General	Total
	Rupees in '000-----					
Opening balance	44,156,471	1,706,309	45,862,780	45,142,956	5,465,459	50,608,415
Exchange adjustments	(61,580)	(46,226)	(107,806)	319,945	18,623	338,568
Charge for the period / year	330,343	33,514	363,857	2,340,739	179,944	2,520,683
Reversals	(921,928)	(58,259)	(980,187)	(3,250,860)	(3,957,717)	(7,208,577)
	(591,585)	(24,745)	(616,330)	(910,121)	(3,777,773)	(4,687,894)
Amounts written off	-	-	-	(396,309)	-	(396,309)
Closing balance	43,503,306	1,635,338	45,138,644	44,156,471	1,706,309	45,862,780

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

11.3.2 This includes reversal of provisions and reduction of non-performing loans amounting to Rs. Nil (2021: Nil) as a result of settlement on debt asset swap arrangement with customers.

11.3.3 The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Bank also maintains a general provision against gross advances on a prudent basis.

12. FIXED ASSETS

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		Rupees in '000-----	
Capital work-in-progress	12.1	1,142,612	857,736
Property and equipment		50,706,033	50,723,894
Right-of-use assets		5,549,564	5,746,241
		57,398,209	57,327,871
Civil works		615,461	431,382
Equipment		303,980	1,922
Advances to suppliers		173,198	417,309
Others		49,973	7,123
		1,142,612	857,736

12.2 Additions to fixed assets

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

Capital work-in-progress - net additions

Property and equipment

Freehold land	84,984	520
Building on freehold land	22,889	64,562
Building on leasehold land	-	3,615
Electrical office and computer equipment	340,233	104,643
Furniture and fixture	55,428	39,750
Leasehold Improvements	61,904	28,641
Vehicles	19,599	12,944
	585,037	254,675
	869,913	503,691

12.3 Disposal of fixed assets

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

Vehicles	1,358	1,311
Furniture and fixture	2,117	992
Electrical office and computer equipment	1,433	1,775
Leasehold Improvements	35	-
Building on freehold land	-	43,149
	4,943	47,227

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022

13. INTANGIBLE ASSETS

Computer software  
Capital work-in-progress

13.1 Additions to intangible assets

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

Computer software	-	67,665
Capital work-in-progress - net additions	26,730	70,897
	26,730	138,562

14. DEFERRED TAX (ASSET) / LIABILITY - NET

Deductible Temporary Differences on

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

Taxable Temporary Differences on

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

15. OTHER ASSETS

Income/ Mark-up accrued in local currency	21,834,152	21,654,370
Income/ Mark-up accrued in foreign currencies	407,104	304,911
Advances, deposits, advance rent and other prepayments	2,483,595	1,897,020
Non-banking assets acquired in satisfaction of claims	2,091,737	2,170,938
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	251,361	-
Mark to market gain on forward foreign exchange contracts	4,174,521	4,319,018
Unrealized gain on derivative financial instruments	335,782	304,893
Acceptances	20,588,308	20,941,457
Receivable from the pension fund	3,278,426	3,218,426
Clearing and settlement accounts	6,060,091	4,794,316
Claims receivable against fraud and forgeries	1,121,592	1,117,067
Others	2,725,540	2,104,292
	65,486,018	62,960,517
Less: Provision held against other assets	2,736,028	2,709,281
Other Assets (net of provision)	62,749,990	60,251,236
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	688,785	703,370
Other Assets - total	63,438,775	60,954,606

Unaudited  
March 31, 2022  
-----Rupees in '000-----

463,606	549,332
456,183	429,453
919,789	978,785

Unaudited Three  
Months ended  
March 31, 2022

-----Rupees in '000-----

Note

Audited  
December 31,  
2021  
-----Rupees in '000-----

(1,774,819)	(1,966,314)
(5,095,916)	(3,029,677)
(6,870,735)	(4,995,991)

1,353,239	1,366,245
268,626	274,315
2,095,327	2,124,452
1,278,586	1,255,185
705,218	705,218

5,700,996	5,725,415
(1,169,739)	729,424

## MCB Bank Limited

### Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
<b>15.1 Provision held against other assets</b>		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	484,459	486,976
Others	2,162,796	2,133,532
	<u>2,736,028</u>	<u>2,709,281</u>
<b>15.1.1 Movement in provision held against other assets</b>		
Opening balance	2,709,281	2,582,686
Charge for the period / year	970	56,128
Reversals	(8,823)	(25,036)
	(7,853)	31,092
Amounts written off	(226)	(991)
Exchange and other adjustments	34,826	96,494
Closing balance	<u>2,736,028</u>	<u>2,709,281</u>
<b>16. CONTINGENT ASSETS</b>		
There were no contingent assets of the Bank as at March 31, 2022 (2021: NIL).		
<b>17. BILLS PAYABLE</b>		
In Pakistan	11,859,129	24,541,023
Outside Pakistan	47,671	48,621
	<u>11,906,800</u>	<u>24,589,644</u>
<b>18. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	49,868,182	44,958,974
Under long term financing facility	22,726,873	22,532,703
Under renewable energy performance platform	1,772,402	1,443,069
Under payment of Wages & Salaries	4,429,163	5,683,739
Under temporary economic refinance facility	28,954,781	24,881,195
Under refinance facility for combating COVID-19	18,067	18,357
Under financing facility for storage of agricultural produce	140,233	147,260
	<u>107,909,701</u>	<u>99,665,297</u>
Bai Muajjal	44,809,236	44,809,236
Repurchase agreement borrowings	166,604,634	116,920,102
	<u>319,323,571</u>	<u>261,394,635</u>
<b>Unsecured</b>		
Borrowings from other financial institution	29,446	41,365
Call borrowings	217,735	6,267,152
Overdrawn nostro accounts	907,551	1,660,118
Others	162,286	162,286
	<u>1,317,018</u>	<u>8,130,921</u>
<b>Total unsecured</b>	<u>320,640,589</u>	<u>269,525,556</u>

### 19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2022			Audited December 31, 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
<b>Customers</b>						
Current deposits	502,360,670	75,952,513	578,313,183	454,999,719	68,396,660	523,396,379
Savings deposits	689,268,381	43,522,286	732,790,667	692,860,151	44,991,159	737,851,310
Term deposits	86,381,036	13,656,674	100,037,710	80,826,341	12,107,066	92,933,407
Others	45,830,333	2,348,639	48,178,972	25,795,729	3,062,911	28,858,640
	<u>1,323,840,420</u>	<u>135,480,112</u>	<u>1,459,320,532</u>	<u>1,254,481,940</u>	<u>128,557,796</u>	<u>1,383,039,736</u>
<b>Financial Institutions</b>						
Current deposits	9,714,325	1,875,572	11,589,897	9,064,099	1,472,720	10,536,819
Savings deposits	12,285,470	173,414	12,458,884	10,894,817	117,898	11,012,715
Term deposits	604,968	5,716,350	6,321,318	539,968	6,319,339	6,859,307
Others	-	1,994,525	1,994,525	-	402,950	402,950
	<u>22,604,763</u>	<u>9,759,861</u>	<u>32,364,624</u>	<u>20,498,884</u>	<u>8,312,907</u>	<u>28,811,791</u>
	<u>1,346,445,183</u>	<u>145,239,973</u>	<u>1,491,685,156</u>	<u>1,274,980,824</u>	<u>136,870,703</u>	<u>1,411,851,527</u>

## MCB Bank Limited

### Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



	Note	Unaudited March 31, 2022	Audited December 31, 2021
		-----Rupees in '000-----	
<b>20. OTHER LIABILITIES</b>			
Mark-up/ return/ interest payable in local currency		13,236,950	5,303,967
Mark-up/ return/ interest payable in foreign currencies		178,664	171,780
Unearned commission income		1,087,264	807,468
Accrued expenses		4,778,836	6,420,208
Current taxation (provisions less payments)		8,533,205	8,641,789
Workers' welfare fund	20.1	10,177,039	9,878,470
Acceptances	15	20,588,308	20,941,457
Unclaimed / dividends payable		2,397,338	2,022,825
Mark to market loss on forward foreign exchange contracts		3,936,117	4,388,436
Unrealised loss on derivative financial instruments		334,121	302,365
Branch adjustment account		-	78,348
Staff welfare fund		4,135	4,755
Provision for employees' compensated absences		1,132,334	1,100,865
Provision for post retirement medical benefits		2,023,968	1,982,169
Provision for employees' contributory benevolent scheme		202,829	197,712
Insurance payable against consumer assets		816,201	736,768
Unclaimed balances		617,761	755,141
Duties and taxes payable		1,810,125	3,868,463
Provision against off-balance sheet obligations		42,363	46,319
Security deposits against lease		909,582	799,331
Lease liability against right of use assets		7,257,942	7,399,921
Clearing and settlement accounts		9,692,764	6,234,150
Others		8,381,465	7,282,182
		<u>98,139,311</u>	<u>89,364,889</u>

**20.1** Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		-----Rupees in '000-----	
<b>21. RESERVES</b>			
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		2,495,033	3,701,067
Statutory reserve	21.2	38,532,965	37,641,526
General reserve		18,600,000	18,600,000
		<u>84,287,429</u>	<u>84,602,024</u>

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

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



## 22. SURPLUS ON REVALUATION OF ASSETS

- Surplus / (deficit) on revaluation of
- Available for sale securities
  - Fixed Assets
  - Non-banking assets acquired in satisfaction of claims

Deferred tax on surplus / (deficit) on revaluation of:

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

## 23. CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

### 23.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

### 23.2 Commitments:

- Documentary credits and short-term trade-related transactions
- letters of credit

Commitments in respect of:

- forward foreign exchange contracts
- forward government securities transactions
- derivatives

Commitments for acquisition of:

- operating fixed assets
- intangible assets

### 23.2.1 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

### 23.2.2 Commitments in respect of forward government securities transactions

- Purchase
- Sale

### 23.2.3 Commitments in respect of derivatives

FX options

- Purchase
- Sale

Cross Currency Swaps

- Purchase
- Sale

Note	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
10.1	(13,066,452)	(7,768,402)
	19,914,085	19,947,432
15	688,785	703,370
	7,536,418	12,882,400
	(5,095,916)	(3,029,677)
14	1,353,239	1,366,245
14	268,626	274,315
	(3,474,051)	(1,389,117)
	11,010,469	14,271,517
23.1	220,403,705	186,607,084
23.2	405,203,421	406,841,074
23.3	28,724,763	25,738,784
	654,331,889	619,186,942
	184,865,925	158,802,090
	33,044,775	25,596,864
	2,493,005	2,208,130
	220,403,705	186,607,084
	198,965,454	178,952,056
23.2.1	190,693,416	217,379,046
23.2.2	7,505,440	5,098,200
23.2.3	7,384,922	4,434,780
	500,689	806,239
	153,500	170,753
	405,203,421	406,841,074
	104,599,822	119,831,839
	86,093,594	97,547,207
	190,693,416	217,379,046
	5,005,440	5,098,200
	2,500,000	-
	7,505,440	5,098,200
	2,968,640	1,432,779
	2,968,640	1,432,779
	5,937,280	2,865,558
	723,821	784,611
	723,821	784,611
	1,447,642	1,569,222
	7,384,922	4,434,780



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

## 23.3 Other contingent liabilities

Claims against the Bank not acknowledged as debts

23.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

## 23.4 Taxation

For assessment year 1999-2000 through tax year 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 3,857 million (2021: Rs. 1,497 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

## 24. DERIVATIVE INSTRUMENTS

Unaudited March 31, 2022					
Cross Currency Swaps		Interest Rate Swaps		FX Options	
Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----					
<b>Total</b>					
Hedging	723,821	303,266	-	2,968,640	32,516
Market Making	723,821	(301,605)	-	2,968,640	(32,516)
Audited December 31, 2021					
-----Rupees in '000-----					
<b>Total</b>					
Hedging	784,611	298,956	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	1,432,779	(5,937)

## MCB Bank Limited

### Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
		-----Rupees in '000-----	
<b>25. MARK-UP/RETURN/INTEREST EARNED</b>			
Loans and advances		12,408,516	7,590,617
Investments		26,866,477	20,621,411
Lendings to financial institutions		381,216	116,238
Balances with banks		60,565	19,196
		<u>39,716,774</u>	<u>28,347,462</u>
<b>26. MARK-UP/RETURN/INTEREST EXPENSED</b>			
Deposits		16,862,402	10,473,321
Borrowings		3,803,761	2,025,788
Cost of foreign currency swaps against foreign currency deposits / borrowings		700,804	343,911
Finance charges on lease liability against right-of-use assets		237,781	264,097
		<u>21,604,748</u>	<u>13,107,117</u>
<b>27. FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees		762,470	663,970
Consumer finance related fees		143,522	130,505
Card related fees (debit and credit cards)		881,763	1,005,517
Credit related fees		101,250	88,425
Investment banking fee		36,884	30,022
Commission on trade		352,195	340,576
Commission on guarantees		127,628	173,811
Commission on cash management		209,561	161,892
Commission on remittances including home remittances		260,875	244,858
Commission on bancassurance		280,176	379,144
Rent on lockers		63,448	64,241
Commission on utility bills		19,193	18,188
Commission on investments services		14,041	9,647
Others		21,238	24,748
		<u>3,274,244</u>	<u>3,335,544</u>
<b>28. GAIN / (LOSS) ON SECURITIES</b>			
Realised	28.1	414,179	351,055
Unrealised - Held For Trading	10.1	550	(1,302)
		<u>414,729</u>	<u>349,753</u>
<b>28.1</b> Realised gain / (loss) on:			
Federal Government Securities		26,347	328,232
Shares		387,832	22,783
Others		-	40
		<u>414,179</u>	<u>351,055</u>
<b>29. OTHER INCOME</b>			
Rent on property		21,844	30,405
Gain on termination of lease liability against right of use assets		33,911	19,853
Gain / (Loss) on sale of fixed assets - net		7,813	(31,158)
Gain / (Loss) on sale of non-banking assets acquired in satisfaction of claims - net		-	(5,351)
		<u>63,568</u>	<u>13,749</u>

## MCB Bank Limited

### Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	-----Rupees in '000-----	
<b>30. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	4,652,615	4,284,327
<b>Property expense</b>		
Rent and taxes	29,008	45,348
Insurance	5,012	5,429
Utilities cost	310,797	307,152
Fuel expense generators	138,240	93,953
Security (including guards)	362,818	332,043
Repair and maintenance (including janitorial charges)	216,752	164,072
Depreciation on right-of-use assets	306,216	304,065
Depreciation	185,671	177,393
	<u>1,554,514</u>	<u>1,429,455</u>
<b>Information technology expenses</b>		
Software maintenance	283,549	278,175
Hardware maintenance	56,739	41,568
Depreciation	138,416	142,618
Amortization	78,497	74,647
Network charges	144,336	138,864
Insurance	733	886
	<u>702,270</u>	<u>676,758</u>
<b>Other operating expenses</b>		
Directors' fees and allowances	9,960	10,260
Legal and professional charges	98,708	84,662
Outsourced services costs	195,011	175,060
Travelling and conveyance	85,157	49,562
NIFT clearing charges	44,428	38,853
Depreciation	230,883	199,331
Depreciation on non-banking assets acquired in satisfaction of claims	5,986	9,360
Training and development	11,908	6,160
Postage and courier charges	57,416	57,825
Communication	96,198	85,609
Stationery and printing	164,975	147,795
Marketing, advertisement & publicity	191,172	197,702
Auditors' remuneration	11,744	10,736
Cash transportation charges	218,629	199,560
Repair and maintenance	108,850	102,688
Subscription	4,255	3,168
Entertainment	68,543	51,514
Remittance charges	53,533	43,439
Brokerage expenses	7,505	8,368
Card related expenses	267,197	246,708
CNIC verification charges	92,591	44,952
Insurance	453,522	419,544
Others	61,743	52,556
	<u>2,539,914</u>	<u>2,245,412</u>
	<u>9,449,313</u>	<u>8,635,952</u>



	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
-----Rupees in '000-----			
<b>31. OTHER CHARGES</b>			
Penalties of State Bank of Pakistan		360	10,421
VAT & National Building tax & Crop Insurance Levy		20,562	18,796
		<u>20,922</u>	<u>29,217</u>
<b>32. PROVISIONS / (REVERSALS) &amp; WRITE OFFS - NET</b>			
(Reversal) / provision against balance with Banks		(36)	89
(Reversal) / provision for diminution in value of investments	10.2.1	(187,462)	(570,449)
(Reversal) / provision against loans and advances	11.3	(616,330)	443,658
(Reversal) / provision against off balance sheet items		(9)	-
(Reversal) / provision against other assets	15.1.1	(7,853)	(5,878)
Recovery of written off / charged off bad debts		(51,847)	(44,885)
		<u>(863,537)</u>	<u>(177,465)</u>
<b>33. TAXATION</b>			
Current		5,846,983	4,522,661
Deferred		167,076	(36,679)
		<u>6,014,059</u>	<u>4,485,982</u>
<b>34. BASIC AND DILUTED EARNINGS PER SHARE</b>			
-----Rupees in '000-----			
Profit after tax		<u>8,914,386</u>	<u>6,790,074</u>
-----Number-----			
Weighted average number of ordinary shares		<u>1,185,060,006</u>	<u>1,185,060,006</u>
-----Rupees-----			
Basic and diluted earnings per share		<u>7.52</u>	<u>5.73</u>



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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

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

**35.1 Fair Value of Financial Assets**  
The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Valuation Techniques Used In Determination of Fair Valuation Of Financial Instruments Within Level 2	
Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP)
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

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

- (a) Financial instruments in level 1**  
Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.
- (b) Financial instruments in level 2**  
Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.
- (c) Financial instruments in level 3**  
Currently, no financial instruments are classified in level 3.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



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

Unaudited March 31, 2022					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,112,778,102	-	1,112,778,102	-	1,112,778,102
Shares	21,718,769	21,718,769	-	-	21,718,769
Non-Government Debt Securities	1,452,690		1,452,690	-	1,452,690
Foreign Securities	5,257,905	-	5,257,905	-	5,257,905
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	37,041,819	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,289,842	-	44,289,842	-	44,289,842
Non-banking assets	2,691,749	-	2,691,749	-	2,691,749
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	104,599,822	-	4,168,868	-	4,168,868
Forward sale of foreign exchange	86,093,594	-	3,930,464	-	3,930,464
Derivatives purchase	3,692,461	-	335,782	-	335,782
Derivatives sale	3,692,461	-	334,121	-	334,121

Audited December 31, 2021					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	968,539,477	-	968,539,477	-	968,539,477
Shares	20,800,775	20,800,775	-	-	20,800,775
Non-Government Debt Securities	1,449,740	-	1,449,740	-	1,449,740
Foreign Securities	7,544,505	-	7,544,505	-	7,544,505
<b>Financial assets - disclosed but not measured at fair value</b>					
-					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	37,250,999	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	44,349,165	-	44,349,165	-	44,349,165
Non-banking assets	2,785,535	-	2,785,535	-	2,785,535
<b>Off-balance sheet financial instruments - measured at fair value</b>					
-					
-					
Forward purchase of foreign exchange	119,831,839	-	3,767,037	-	3,767,037
Forward sale of foreign exchange	97,547,207	-	3,836,455	-	3,836,455
Derivatives purchase	2,217,390	-	304,893	-	304,893
Derivatives sale	2,217,390	-	302,365	-	302,365

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



Un audited Three months ended March 31, 2022											
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total		
-----Rupees in '000-----											
<b>Profit &amp; Loss</b>											
Net mark-up/return/profit	873,204	7,880,016	22,720,702	389,069	-	18,112,026	-	18,112,026			
Inter segment revenue - net	(330,547)	(6,856,297)	(23,105,397)	(41,232)	3,039,366	-	-	-			
Non mark-up / return / interest income	569,102	1,048,251	1,735,006	239,624	(157,828)	5,721,686	-	5,721,686			
Total Income	1,111,759	2,071,970	1,360,311	567,461	2,881,538	23,833,712	-	23,833,712			
Segment direct expenses	515,028	234,934	154,246	346,565	1,744,866	9,768,804	-	9,768,804			
Inter segment expense allocation	-	-	-	-	-	-	-	-			
Total expenses	515,028	234,934	154,246	346,565	1,744,866	9,768,804	-	9,768,804			
Provisions	2,703	(24,000)	(193,867)	(3,920)	(479,480)	(863,537)	-	(863,537)			
Profit before tax	594,028	1,861,036	1,399,932	244,816	1,616,152	14,928,445	-	14,928,445			
<b>Balance Sheet</b>											
Cash & Bank balances	529,147	254,848	87,414,473	23,223,837	2,405,759	166,673,580	-	166,673,580			
Investments	-	9,128,366	1,158,100,652	11,020,267	-	1,178,249,285	-	1,178,249,285			
Net inter segment lending	-	-	-	-	189,503,254	1,362,933,642	(1,362,933,642)	-			
Lendings to financial institutions	-	-	9,157,037	32,838,095	-	41,995,132	-	41,995,132			
Advances - performing	39,504,552	423,368,532	-	17,577,171	-	577,645,275	-	577,645,275			
- non performing	208,546	1,430,589	-	5,697,813	423,794	7,840,721	-	7,840,721			
Others	37,964,187	27,744,517	13,999,112	1,528,652	39,693,468	122,926,512	-	122,926,512			
Total Assets	1,361,643,657	461,926,852	1,268,671,274	91,885,835	232,026,275	3,458,264,147	(1,362,933,642)	2,095,330,505			
Borrowings	15,859,409	91,222,493	211,582,357	1,976,330	-	320,640,589	-	320,640,589			
Deposits & other accounts	1,326,609,871	67,973,321	-	72,517,950	75,143	1,491,685,156	-	1,491,685,156			
Net inter segment borrowing	-	282,512,948	1,052,824,106	14,601,805	-	1,362,933,642	(1,362,933,642)	-			
Others	19,174,377	20,218,090	4,264,811	2,789,750	58,992,483	110,046,111	-	110,046,111			
Total liabilities	1,361,643,657	461,926,852	1,268,671,274	91,885,835	59,067,626	3,285,305,498	(1,362,933,642)	1,922,371,856			
Equity	-	-	-	-	172,958,649	172,958,649	-	172,958,649			
Total Equity & liabilities	1,361,643,657	461,926,852	1,268,671,274	91,885,835	232,026,275	3,458,264,147	(1,362,933,642)	2,095,330,505			
Contingencies & Commitments	66,803,035	344,645,719	205,583,778	7,638,449	29,660,908	654,331,889	-	654,331,889			

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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



Un audited Three months ended March 31, 2021							
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Total
Rupees in '000							
<b>Profit &amp; Loss</b>							
Net mark-up/return/profit	(8,631,596)	642,426	4,572,163	18,344,940	312,412	-	15,240,345
Inter segment revenue - net	17,553,451	(122,641)	(3,618,428)	(15,728,980)	(30,229)	1,946,827	-
Non mark-up / return / interest income	1,929,916	624,942	818,808	1,105,010	231,245	39,015	4,748,936
Total Income	10,851,771	1,144,727	1,772,543	3,720,970	513,428	1,985,842	19,989,281
Segment direct expenses	6,120,228	477,628	169,663	139,087	314,172	1,669,912	8,890,690
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	6,120,228	477,628	169,663	139,087	314,172	1,669,912	8,890,690
Provisions	1,241,852	(976)	(50,349)	(565,234)	30,327	(833,085)	(177,465)
Profit before tax	3,489,691	668,075	1,653,229	4,147,117	168,929	1,149,015	11,276,056
<b>Balance Sheet</b>							
Audited December 31, 2021							
Cash & Bank balances	59,335,963	487,065	263,447	97,130,099	23,726,201	2,500,714	183,443,489
Investments	-	-	9,125,927	1,012,813,179	13,646,390	-	1,035,585,496
Net inter segment lending	1,109,475,892	-	-	-	-	187,691,251	(1,297,167,143)
Lendings to financial institutions	-	-	-	18,396,089	24,071,021	-	42,467,110
Advances - performing	100,287,979	36,615,372	427,159,422	-	19,313,984	-	583,376,757
- non performing	223,751	92,152	26,224	-	5,565,096	427,111	6,334,334
Others	38,048,057	1,846,406	25,494,493	15,021,037	1,897,356	36,953,913	119,261,262
<b>Total Assets</b>	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591
Borrowings	15,037,907	-	84,434,986	167,180,272	2,872,391	-	269,525,556
Deposits & other accounts	1,260,878,141	24,186,891	59,464,220	-	67,311,591	10,684	1,411,851,527
Net inter segment borrowing	-	10,396,935	298,741,975	973,411,802	14,616,431	-	1,297,167,143
Others	31,455,594	4,457,169	19,428,332	2,768,330	3,419,635	53,154,897	114,683,957
<b>Total liabilities</b>	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	53,165,581	3,093,228,183
Equity	-	-	-	-	-	174,407,408	174,407,408
<b>Total Equity &amp; liabilities</b>	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591
<b>Contingencies &amp; Commitments</b>	64,622,665	-	298,150,190	226,912,026	2,506,084	26,995,977	619,186,942

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



	Unaudited March 31, 2022				Audited December 31, 2021			
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries
(Rupees in '000)								
<b>Lendings to Financial Institutions</b>								
Opening balance	-	-	3,500,000	-	-	-	-	-
Addition during the period / year	-	-	56,000,000	-	-	-	-	-
Repaid during the period / year	-	-	(52,300,000)	-	-	-	-	(99,900,000)
Closing balance	-	-	7,200,000	-	-	-	-	3,500,000
<b>Investments</b>								
Opening balance	-	-	12,319,037	700,401	254,253	-	-	12,319,037
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	12,319,037	700,401	254,253	-	-	12,319,037
<b>Provision for diminution in value of investments</b>								
	-	-	725	-	5,000	-	-	725
<b>Advances</b>								
Opening balance	109	147,331	940,062	1,018,449	3,084,862	1,042	166,757	856,704
Addition / exchange adjustment during the period / year	2,519	23,753	13,930	-	587,069	16,460	48,891	83,358
Repaid / exchange adjustment during the period / year	(2,260)	(28,639)	-	(144,612)	(6,607)	(16,576)	(53,410)	-
Transfer in / (out)	-	92,708	-	-	-	(817)	(14,907)	-
Closing balance	368	234,953	953,992	873,837	3,665,324	1,09	147,331	940,062
Provision held against advances	-	-	-	-	-	-	-	-

37 RELATED PARTY TRANSACTIONS

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



	Unaudited March 31, 2022				Audited December 31, 2021					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
<b>Other Assets</b>										
Markup receivable	-	2,613	70,411	19,564	57,455	-	2,436	20,398	17,154	16,572
Advances, deposits, advance rent and other prepayments	-	-	11,666	382,645	39,630	-	-	7,040	182,467	44,060
Receivable from Pension Fund	-	-	-	-	3,278,426	-	-	-	-	3,218,426
Closing balance	-	2,613	82,077	402,209	3,375,711	-	2,436	27,438	199,621	3,279,058
<b>Borrowings</b>										
Opening balance	-	-	19,134	-	103,120	-	-	25,356	-	77,139
Borrowings / exchange adjustment during the period / year	-	-	321,307	-	(27,224)	-	-	598,267	-	25,981
Settled during the period / year	-	-	(315,254)	-	-	-	-	(604,489)	-	-
Closing balance	-	-	25,187	-	75,896	-	-	19,134	-	103,120
<b>Deposits and other accounts</b>										
Opening balance	700,547	196,067	51,961	3,827,846	8,285,021	302,130	138,566	53,877	4,815,780	4,869,941
Received during the period / year	260,785	486,673	2,152,467	13,333,685	20,788,547	2,874,441	1,315,435	3,162,263	49,364,225	86,845,287
Withdrawn during the period / year	(535,772)	(440,258)	(2,154,424)	(10,818,994)	(18,600,490)	(2,468,887)	(1,256,285)	(3,164,179)	(50,352,159)	(83,429,013)
Transfer in / (out) - net	-	(7,775)	-	-	(527)	(7,137)	(1,649)	-	-	(1,194)
Closing balance	425,560	234,707	50,004	6,342,537	10,472,551	700,547	196,067	51,961	3,827,846	8,285,021
<b>Other Liabilities</b>										
Markup payable	177	576	151	26,595	16,780	1,475	-	2	18,219	16,792
Accrued expenses and other payable	-	-	29,799	90,419	20	100,100	3,500	23,556	66,889	2,893
Payable to MCB Employee Security Services	-	-	-	-	24,300	-	-	-	-	55,567
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Closing balance	177	576	49,950	117,014	41,100	101,575	3,500	43,558	85,108	75,252
<b>Contingencies and Commitments</b>										
Letter of Credit	-	-	-	-	5,679,737	-	-	-	-	5,207,768
Bank guarantees	-	-	22,526	2,508,464	621,687	-	-	35,276	10,739	666,342
Closing balance	-	-	22,526	2,508,464	6,301,424	-	-	35,276	10,739	5,874,110



Unaudited March 31, 2022						Unaudited March 31, 2021				
Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties		Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
Income										
Markup / return / interest earned	-	5,937	150,509	21,695	13,778	23	5,196	22,711	797	2,271
Fee and commission income	-	-	15,408	180,924	2,303	-	-	9,676	57,656	464
Dividend income	-	-	73,914	-	33,750	-	-	83,153	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	11	-	-	-	-	-
Net gain / (loss) on sale of securities	-	6	-	183	14,531	3	-	-	(4)	78
Gain on sale of fixed assets	-	30	-	-	102	-	76	-	-	-
Rent income	-	-	13,556	3,350	960	-	-	12,249	3,920	570
Expense										
Markup / return / interest expensed	8,218	986	585	60,456	194,344	3,174	372	278	33,524	85,781
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	44,428	-	-	-	-	38,853
Contribution to provident fund	-	-	-	-	121,279	-	-	-	-	108,976
Rent expenses	-	-	3,162	17,128	12,350	-	-	2,875	10,881	11,620
Cash sorting expenses	-	-	-	-	28,364	-	-	-	-	28,855
Stationary expenses	-	-	-	-	72,977	-	-	-	-	63,693
Security guards expenses	-	-	-	-	84,688	-	-	-	-	85,225
Remuneration to key executives and non-executive directors fee	59,420	269,526	-	-	-	85,266	240,215	-	-	-
Outsourcing service expenses	-	-	-	23,114	-	-	-	-	54,252	-
Donation during the year	-	-	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	-	1,523	-	-	-	-	1,610
Travelling Expenses	-	-	-	-	10,844	-	-	-	-	4,242
Hotel stay expenses	-	-	-	-	1,772	-	-	-	-	63
Repair & Maintenance Charges	-	-	-	-	565	-	-	-	-	531
Advertisement Expenses	-	-	-	-	3,132	-	-	-	-	-
Miscellaneous expenses and payments	-	-	-	-	3,661	-	-	-	-	596
Insurance premium-net of refund	-	-	-	389,540	-	-	-	-	234,866	-
Insurance claim settled	-	-	-	14,844	-	-	-	-	7,764	-
Other Transactions										
Proceeds from sale of fixed assets	-	31	-	-	1,417	-	76	-	-	-
Purchase of fixed assets	-	-	-	300	12,799	-	-	-	14,624	7,098
Sale of foreign currency	-	-	3,626,136	-	-	-	-	5,980,789	-	-
Purchase of foreign currency	-	-	1,672,206	-	-	-	-	4,162,916	-	-
Payments against home remittances	-	-	997,547	-	-	-	-	1,036,163	-	-
Reimbursement of other expenses	-	-	10,798	-	-	-	-	5,622	-	-
Sale of government securities	-	40,979	-	3,946,198	13,663,816	191,370	4,131	-	1,464,717	813,789
Purchase of government securities	-	-	-	3,767,405	5,966,758	-	-	-	5,326,465	2,463,278
Forward exchange contracts matured during the period	-	-	-	-	10,000	-	-	-	-	-

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



Unaudited  
March 31, 2022

Audited  
December 31,  
2021

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

-----Rupees in '000-----

38.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

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

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

153,139,082	150,353,964
-	-
153,139,082	150,353,964
14,720,681	19,249,838
167,859,763	169,603,802

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

739,002,106	711,304,243
134,639,517	132,894,633
153,080,409	153,080,409
1,026,722,032	997,279,285

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

14.92%	15.08%
14.92%	15.08%
16.35%	17.01%

38.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

153,139,082	150,353,964
2,533,315,029	2,451,779,962
6.05%	6.13%

38.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

1,096,481,140	1,109,267,469
463,448,095	450,352,949
236.59%	246.31%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

1,228,613,588	1,213,585,786
796,561,815	782,982,025
154.24%	155.00%



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 27, 2022 has announced an interim cash dividend in respect of quarter ended March 31, 2022 of Rs. 5.00 per share (March 31, 2021: Rs. 4.50 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative information has been rearranged wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the period.

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

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 27, 2022.

  
Shoaib Mumtaz  
President / CEO

  
Hammad Khalid  
Chief Financial Officer

  
Mian Umer Mansha  
Director

  
Shahzad Hussain  
Director

  
Muhammad Ali Zeb  
Director



## MCB BANK LIMITED

Consolidated Condensed Interim Financial Statements for the Three Months Period Ended March 31, 2022



## Consolidated Condensed Interim Statement of Financial Position As At March 31, 2022

Note	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees in '000-----		
<b>ASSETS</b>		
Cash and balances with treasury banks	7 153,255,626	175,922,469
Balances with other banks	8 29,106,601	22,554,329
Lendings to financial institutions	9 40,645,132	40,617,110
Investments	10 1,203,590,635	1,062,568,511
Advances	11 683,348,613	686,388,652
Fixed assets	12 62,354,094	62,351,545
Intangible assets	13 1,776,011	1,838,136
Deferred tax assets	14 220,087	-
Other assets	15 71,004,446	69,880,727
	2,245,301,245	2,122,121,479
<b>LIABILITIES</b>		
Bills payable	17 13,909,547	26,486,445
Borrowings	18 332,071,453	282,898,882
Deposits and other accounts	19 1,616,577,266	1,534,586,671
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	14 -	1,578,782
Other liabilities	20 106,447,397	99,002,039
	2,069,005,663	1,944,552,819
<b>NET ASSETS</b>	176,295,582	177,568,660
<b>REPRESENTED BY</b>		
Share capital	11,850,600	11,850,600
Reserves	21 84,790,125	85,043,592
Surplus on revaluation of assets - net	22 11,983,127	15,225,689
Unappropriated profit	66,967,625	64,697,360
	175,591,477	176,817,241
Non-controlling interest	704,105	751,419
	176,295,582	177,568,660

## CONTINGENCIES AND COMMITMENTS

23

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

  
Shoaib Mumtaz  
President / CEO

  
Hammad Khalid  
Chief Financial Officer

  
Mian Umer Mansha  
Director

  
Shahzad Hussain  
Director

  
Muhammad Ali Zeb  
Director

# MCB Bank Limited & Subsidiary Companies

## Consolidated Condensed Interim Profit & Loss Account (Un-audited) For The Three Months Period Ended March 31, 2022



		Three Months Ended	
	Note	January 01 to March 31, 2022	January 01 to March 31, 2021
-----Rupees in '000-----			
Mark-up / return / interest earned	25	42,688,643	30,601,487
Mark-up / return / interest expensed	26	23,330,894	14,303,321
Net mark-up / interest income		19,357,749	16,298,166
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	3,548,604	3,636,522
Dividend income		698,762	347,940
Foreign exchange income		1,285,844	605,814
Income from derivatives		2,439	9,194
Gain / (loss) on securities	28	290,411	366,710
Other Income	29	49,491	8,361
Total non-markup / interest Income		5,875,551	4,974,541
Total Income		25,233,300	21,272,707
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	30	10,754,408	9,829,367
Workers Welfare Fund		306,068	230,258
Other charges	31	22,502	29,217
Total non-markup / interest expenses		11,082,978	10,088,842
Share of profit of associates		204,471	276,544
<b>Profit before provisions</b>		14,354,793	11,460,409
(Reversals) / provisions and write offs - net	32	(992,388)	(213,343)
<b>PROFIT BEFORE TAXATION</b>		15,347,181	11,673,752
Taxation	33	6,241,532	4,624,167
<b>PROFIT AFTER TAXATION</b>		9,105,649	7,049,585
Loss / (profit) attributable to non-controlling interest		(22,760)	(37,665)
<b>PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK</b>		9,082,889	7,011,920
<b>Basic and diluted earnings per share</b>	34	7.66	5.92

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

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

# MCB Bank Limited & Subsidiary Companies

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Three Months Period Ended March 31, 2022



	Three Months Ended	
	January 01 to March 31, 2022	January 01 to March 31, 2021
-----Rupees in '000-----		
<b>Profit after taxation for the period</b>	9,105,649	7,049,585
<b>Other comprehensive income / (loss)</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the bank	(1,184,606)	(817,083)
- Non-controlling interest	13	(11)
	(1,184,593)	(817,094)
Share of exchange translation reserve of associate	14,187	(21,773)
Movement in surplus / (deficit) on revaluation of investments - net of tax		
- Equity shareholders of the bank	(3,191,903)	(3,660,287)
- Non-controlling interest	(21,031)	26,303
Movement in surplus on associated undertaking - net of tax	(3,212,934)	(3,633,984)
	(4,383,340)	(4,472,851)
<b>Total comprehensive income</b>	4,722,309	2,576,734
<b>Attributable to:</b>		
- Equity shareholders of the bank	4,699,536	2,539,080
- Non-controlling interest	22,773	37,654
<b>Total comprehensive income</b>	4,722,309	2,576,734

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

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)  
For The Three Months Period Ended March 31, 2022

	Share capital	Share premium	Capital reserve Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	Revenue reserve General reserve	Surplus/(deficit) on revaluation of Investments Associate	Fixed / non- banking assets	Unappropriated profit	Total	Non controlling interest	Grand Total
Balance as at December 31, 2020 (Audited)	11,850,600	23,971,024	908,317	2,950,183	34,628,527	18,600,000	8,400,793	318,989	70,488,820	182,212,822	778,561	182,991,383
Total comprehensive income for the period ended March 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the period ended March 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	(838,858)	-	-	(3,660,287)	26,303	7,011,920	(4,472,840)	37,665	7,049,585
Transfer to statutory reserve	-	-	-	(838,858)	688,961	-	-	-	7,011,920	(4,472,840)	-	(4,472,840)
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	7,011,920	2,530,080	-	2,530,080
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(688,961)	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	22,325	-	-	22,325
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	6,985	-	-	6,985
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	68,902	-	-	68,902
Free cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	(17,775,500)	(17,775,500)	-	(17,775,500)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(78,848)	(78,848)
Balance as at March 31, 2021 (Un-audited)	11,850,600	23,971,024	908,317	2,111,327	35,316,488	18,600,000	4,740,506	346,282	58,143,681	176,976,002	737,867	177,713,869
Total comprehensive income for the nine months period ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	1,721,206	-	-	(8,538,538)	68,886	24,167,788	110,381	-	24,278,169
Transfer to statutory reserve	-	-	-	1,721,206	-	-	(8,538,538)	68,886	24,167,788	110,381	-	24,278,169
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	24,167,788	110,381	-	24,278,169
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	37,922	40	-	37,962
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	24,205,710	16,432,079	-	40,637,789
Transactions with owners, recorded directly in equity	-	-	-	-	2,411,230	-	-	-	(2,411,230)	-	-	-
Interim cash dividend at Rs. 4.5 per share - March 31, 2021	-	-	-	-	-	-	-	-	61,045	-	-	61,045
Interim cash dividend at Rs. 4.5 per share - June 30, 2021	-	-	-	-	-	-	-	-	108,675	-	-	108,675
Interim cash dividend at Rs. 4.5 per share - September 30, 2021	-	-	-	-	-	-	-	-	180,309	-	-	180,309
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(98,389)	(98,389)
Balance as at December 31, 2021 (Audited)	11,850,600	23,971,024	908,317	3,833,533	37,729,718	18,600,000	4,796,032	416,028	19,605,593	176,817,241	751,419	177,568,660
Total comprehensive income for the period ended March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the period ended March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	(1,170,419)	-	-	(3,191,903)	(21,031)	9,082,889	22,760	-	9,105,649
Transfer to statutory reserve	-	-	-	(1,170,419)	-	-	(3,191,903)	(21,031)	9,082,889	22,760	-	9,105,649
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	9,082,889	22,760	-	9,105,649
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	4,688,536	22,773	-	4,711,309
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(916,952)	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	20,732	-	-	20,732
Interim cash dividend at Rs. 4.5 per share - March 31, 2022	-	-	-	-	-	-	-	-	8,896	-	-	8,896
Interim cash dividend at Rs. 4.5 per share - June 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.5 per share - September 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(70,887)	(70,887)
Balance as at March 31, 2022 (Un-audited)	11,850,600	23,971,024	908,317	2,663,114	38,646,670	18,600,000	1,604,129	395,997	19,575,965	175,591,477	704,005	176,295,982

For details of dividend declaration and appropriations, please refer note 39 to these consolidated condensed interim financial statements.

For details of reserves, please refer note 21 to these consolidated condensed interim financial statements.

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

Consolidated Condensed Interim Cash Flow Statement (Un-audited)  
For The Three Months Period Ended March 31, 2022

CASH FLOW FROM OPERATING ACTIVITIES

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

Adjustments:

Depreciation on fixed assets  
Depreciation on right-of-use assets  
Depreciation on non-banking assets acquired in satisfaction of claims  
Amortization  
(Reversals) / provisions and write offs - net  
(Gain) / Loss on sale of fixed assets - net  
(Gain) / Loss on sale of non-banking assets acquired in satisfaction of claims - net  
(Gain) / Loss on conversion of Ijarah agreements  
Interest expensed on lease liability against right-of-use assets  
Workers Welfare Fund  
Charge for defined benefit plans - net  
Gain on termination of lease liability against right of use assets  
Unrealized (gain) / loss on revaluation of investments - Held For Trading

Decrease / (increase) in operating assets  
Lendings to financial institutions  
Held-for-trading securities  
Advances  
Others assets (excluding advance taxation)

Increase / (decrease) in operating liabilities  
Bills Payable  
Borrowings from financial institutions  
Deposits  
Other liabilities (excluding current taxation)

Defined benefits paid  
Income tax paid  
Net cash flow from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities  
Net investments in held-to-maturity securities  
Dividends received  
Investments in operating fixed assets  
Proceeds from sale of operating fixed assets  
Investments in Intangible assets  
Proceeds from sale of non-banking assets acquired in satisfaction of claims  
Effect of translation of net investment in foreign branches & subsidiaries  
Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payment of lease liability against right-of-use-assets  
Dividend paid  
Net cash flow used in financing activities  
Effects of exchange rate changes on cash and cash equivalents

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period  
Cash and cash equivalents at end of the period

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

Note	Three Months Ended	
	January 01 to March 31, 2022	January 01 to March 31, 2021
	-----Rupees in '000-----	
	15,347,181	11,673,752
	(903,233)	(624,484)
	14,443,948	11,049,268
30	655,047	613,317
30	370,120	408,609
30	5,986	9,360
30	122,429	119,432
32	(992,388)	(213,343)
29	(7,970)	26,199
29	-	5,351
29	(3,478)	-
26	319,645	359,708
	306,068	230,258
	87,000	87,000
29	(33,911)	(19,853)
28	163	(107,067)
	828,711	1,518,971
	15,272,659	12,568,239
	(28,022)	(3,819,956)
	(8,624,166)	(6,141,200)
	3,702,089	33,849,476
	(2,847,646)	5,382,122
	(7,797,745)	29,270,442
	(12,576,898)	(12,739,976)
	49,974,554	24,812,440
	81,990,595	25,780,774
	8,830,720	450,037
	128,218,971	38,303,275
	(68,615)	(65,768)
	(6,049,943)	(3,620,061)
	129,575,327	76,456,127
	(138,993,039)	(78,252,501)
	1,801,182	4,726,170
	642,101	244,208
	(971,587)	(575,566)
	14,788	22,862
	(71,320)	(144,091)
	87,800	-
	(1,170,419)	(817,094)
	(138,660,494)	(74,796,012)
	(607,002)	(581,361)
	(5,620,419)	(17,495,742)
	(6,227,421)	(18,077,103)
	(565,466)	(1,931,902)
	(15,878,054)	(18,348,890)
	197,359,601	162,627,544
	181,481,547	144,278,654

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director



1. STATUS AND NATURE OF BUSINESS

The Group consists of:  
- Holding Company - MCB Bank Limited

Subsidiary Companies	"Percentage holding of MCB Bank Limited"
- MCB - Arif Habib Savings and Investments Limited	51.33%
- MCB Non-Bank Credit Organization Closed Joint Stock Company	99.94%
- MCB Islamic Bank Limited	100%
- Financial Management Services (Private) Limited	95.90%

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,426 branches (2021: 1,426 branches) within Pakistan and 10 branches (2021: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

- 2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the "Group").
- a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based in the financial statements for the three months period ended March 31, 2022 and the carrying value of investments held by the parent is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.
- b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the three months period ended March 31, 2022.
- c. Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- The financial results of the Group's Islamic Banking business have been consolidated in these financial statements for reporting purposes, after eliminating material inter-group transactions / balances.
- 2.3 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency of its primary economic environment. The amounts are rounded off to the nearest thousand.
- 2.4 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.



3. STATEMENT OF COMPLIANCE

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

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

- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2021.
- 3.5 **Amendments to approved accounting standards that are effective in the current period**
- There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2022. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.
- 3.6 **Standards, interpretations of and amendments to approved accounting standards that are not yet effective**

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

	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
Amended Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 1, 2023

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

IFRS 9 is effective from January 01, 2022 as per BPRD Circular letter No. 24 of 2021 dated July 05, 2021 of SBP. However, final Implementation guidelines from SBP for consistent application of IFRS 9 across the banking industry are awaited. Therefore these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime. However, the requirements of this standard are incorporated in these consolidated financial statements for the jurisdictions where IFRS 9 has been adopted.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



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

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2021.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

7. CASH AND BALANCES WITH TREASURY BANKS

	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
In hand		
Local currency	28,286,047	24,962,316
Foreign currencies	8,934,442	6,622,320
	37,220,489	31,584,636
With State Bank of Pakistan in		
Local currency current accounts	72,475,318	88,832,014
Local currency special account	979,736	979,736
Foreign currency current accounts	3,239,516	2,937,151
Foreign currency deposit accounts	10,879,065	10,550,168
	87,573,635	103,299,069
With other central banks in		
Foreign currency current accounts	5,400,516	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	22,884,270	34,016,028
Prize bonds	176,716	294,601
	153,255,626	175,922,469

8. BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	24,671	27,123
In deposit accounts	995,717	71,563
	1,020,388	98,686
Outside Pakistan		
In current accounts	17,090,764	12,119,471
In deposit accounts	10,995,449	10,336,172
	28,086,213	22,455,643
	29,106,601	22,554,329

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	33,838,095	24,071,021
Repurchase agreement lendings (Reverse Repo)	957,037	14,896,089
Musharaka arrangements	5,850,000	1,650,000
	40,645,132	40,617,110

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



	Audited December 31, 2021				Unaudited March 31, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees in '000-----							
<b>INVESTMENTS</b>								
<b>10.1 Investments by type:</b>								
<b>Held-for-trading securities</b>								
Federal Government Securities	8,687,118	-	(12,455)	8,685,641	8,687,118	-	(1,477)	8,685,641
Shares	1,192,133	-	(7,014)	1,193,447	1,192,133	-	1,314	1,193,447
	9,879,251	-	(7,026)	9,879,088	9,879,251	-	(163)	9,879,088
<b>Available-for-sale securities</b>								
Federal Government Securities	1,148,757,319	(24,070)	(14,074,053)	1,134,659,196	1,148,757,319	(24,070)	(14,074,053)	1,134,659,196
Shares and units	32,471,094	(10,029,806)	968,961	23,410,249	32,471,094	(10,029,806)	968,961	23,410,249
Non Government Debt Securities	2,342,840	-	22,330	2,365,170	2,342,840	-	22,330	2,365,170
Foreign Securities	5,271,866	(1,748)	(12,213)	5,257,905	5,271,866	(1,748)	(12,213)	5,257,905
	1,188,843,119	(10,055,624)	(13,094,975)	1,165,692,520	1,188,843,119	(10,055,624)	(13,094,975)	1,165,692,520
<b>Held-to-maturity securities</b>								
Federal Government Securities	14,950,937	(66,895)	-	14,884,042	14,950,937	(66,895)	-	14,884,042
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,212,825	(477,541)	-	7,735,284	8,212,825	(477,541)	-	7,735,284
Foreign Securities	23,163,880	(544,554)	-	22,619,326	23,163,880	(544,554)	-	22,619,326
<b>Associates</b>	5,399,701	-	-	5,399,701	5,399,701	-	-	5,399,701
<b>Total Investments</b>	1,227,285,951	(10,600,178)	(13,095,138)	1,203,590,635	1,227,285,951	(10,600,178)	(13,095,138)	1,203,590,635

Held-for-trading securities

Federal Government Securities

Shares

Available-for-sale securities

Federal Government Securities

Shares and units

Non Government Debt Securities

Foreign Securities

Held-to-maturity securities

Federal Government Securities

Provincial Government Securities

Non Government Debt Securities

Foreign Securities

Associates

Total Investments

10.1.1 Investments given as collateral

- Market Treasury Bills

- Pakistan Investment Bonds

10.2 Provision for diminution in value of investments

10.2.1 Opening balance

Exchange and other adjustments

Charge / (reversals)

Charge for the period / year

Reversals for the period / year

Reversal on disposals

Closing Balance

	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
	163,009,307	107,136,184
	46,555,053	53,303,403
	209,564,360	160,439,587
	10,921,647	11,691,434
	1,003	570
	145,703	985,236
	(468,175)	(18,390)
	(322,472)	(1,737,203)
	10,600,178	(770,357)
		10,921,647

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited March 31, 2022		Audited December 31, 2021	
	NPI	Provision	NPI	Provision
-----Rupees in '000-----				
Domestic				
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 90.965 million (December 31, 2021: Rs 83.557 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 21,486.480 million (December 31, 2021: Rs. 22,233.571 million).

10.4 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2022 amounted to Rs. 2,343.600 million. (2021: Rs. 2,800.000 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2021: 20.00%)

	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees in '000-----		
Opening balance	5,240,911	4,435,075
Share of profit for the period / year before tax	197,949	934,170
Dividend from associate	-	(192,500)
Share of tax	(79,828)	(155,337)
	118,121	586,333
Share of other comprehensive income	(11,220)	219,503
Closing balance	5,347,812	5,240,911
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(25,407)	211,175
Share of exchange translation reserve of associate	14,187	8,328
	(11,220)	219,503

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

Investment in Euronet Pakistan Private Limited under equity method - holding 30% (2021: 30.00%)

	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees in '000-----		
Opening balance	42,371	44,285
Share of profit for the period / year before tax	6,522	9,417
Share of tax	2,996	(11,331)
Closing balance	9,518	(1,914)
	51,889	42,371

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



11. ADVANCES

Loans, cash credits, running finances, etc.  
Islamic financing and related assets  
Bills discounted and purchased  
Advances - gross  
Provision against advances  
- Specific  
- General  
Advances - net of provision

11.1 Particulars of advances (Gross)

In local currency  
In foreign currencies

11.2 Advances include Rs. 52,051.479 million (2021: Rs.51,192.575 million) which have been placed under the non-performing status as detailed below:

Category of Classification

Domestic	Unaudited March 31, 2022		Audited December 31, 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
-----Rupees in '000-----				
Other Assets Especially Mentioned	1,509,586	1,899	49,911	1,340
Substandard	232,332	47,687	279,422	67,795
Doubtful	734,468	178,073	750,097	169,179
Loss	40,106,005	39,630,784	40,720,274	40,215,099
	42,582,391	39,858,443	41,799,704	40,453,413
Overseas	-	-	-	-
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	6,356	4,964	38,999	14,993
91 to 180 days	77	19	12,212	5,750
181 to 365 days	591	298	109,551	54,776
> 365 days	9,462,064	3,765,995	9,232,109	3,752,257
	9,469,088	3,771,276	9,392,871	3,827,776
Total	52,051,479	43,629,719	51,192,575	44,281,189

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

**Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)**  
For The Three Months Period Ended March 31, 2022

**11.3 Particulars of provision against advances**



	Unaudited March 31, 2022			Audited December 31, 2021		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	44,281,189	1,771,000	46,052,189	45,168,351	5,511,716	50,680,067
Exchange adjustments	(61,580)	(46,118)	(107,698)	319,945	18,951	338,896
Charge for the period / year	335,889	37,986	373,875	2,457,017	230,979	2,687,996
Reversals	(924,473)	(59,605)	(984,078)	(3,258,052)	(3,990,646)	(7,248,698)
	(588,584)	(21,619)	(610,203)	(801,035)	(3,759,667)	(4,560,702)
Amounts written off	(1,306)	-	(1,306)	(406,072)	-	(406,072)
Closing balance	43,629,719	1,703,263	45,332,982	44,281,189	1,771,000	46,052,189

**11.3.1** State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 240.560 million (December 31, 2021: Rs. 249.750 million) in determining the provisioning against non-performing Islamic financing and related assets as at March 31, 2021. The additional benefit on the Bank's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs. 146.742 million as at March 31, 2022 (December 31, 2021: Rs. 152.378 million). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

**11.3.2** This includes reversal of provisions and reduction of non-performing loans amounting to Rs. Nil (2021: Nil) as a result of settlement on debt asset swap arrangement with customers.

**11.3.3** The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Group also maintains a general provision against gross advances on a prudent basis.

**12. FIXED ASSETS**

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		-----Rupees in '000-----	
Capital work-in-progress	12.1	1,224,285	928,545
Property and equipment		53,443,820	53,472,833
Right-of-use assets		7,685,989	7,950,167
		62,354,094	62,351,545
12.1 Capital work-in-progress			
Civil works		681,124	483,986
Equipment		303,980	15,180
Advances to suppliers		186,652	422,256
Others		52,529	7,123
		1,224,285	928,545

**12.2 Additions to fixed assets**

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

	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	-----Rupees in '000-----	
Capital work-in-progress - net additions	295,740	271,139
Property and equipment		
Freehold land	84,984	520
Building on freehold land	23,145	64,698
Building on leasehold land	-	3,615
Electrical office and computer equipment	399,982	130,062
Furniture and fixture	63,472	50,290
Leasehold Improvements	67,291	42,298
Vehicles	36,973	12,944
	675,847	304,427
	971,587	575,566

**Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)**  
For The Three Months Period Ended March 31, 2022



Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
-----Rupees in '000-----	

**12.3 Disposal of fixed assets**

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

Vehicles	1,358	1,311
Furniture and fixture	2,601	3,227
Electrical office and computer equipment	1,524	3,692
Leasehold Improvements	1,335	3,033
Building on freehold land	-	43,149
	6,818	54,412

**13. INTANGIBLE ASSETS**

Capital work-in-progress	499,206	468,679
Goodwill	82,127	82,127
Management rights	192,000	192,000
Computer software	1,002,678	1,095,330
	1,776,011	1,838,136

**13.1 Additions to intangible assets**

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

Computer software	40,793	70,897
Capital work-in-progress - net additions	30,527	73,194
	71,320	144,091

**14. DEFERRED TAX (ASSET) / LIABILITY - NET**

**Deductible Temporary Differences on**

- Provision against advances	(1,817,087)	(2,008,135)
- Surplus/deficit on revaluation of investments	(5,107,040)	(3,066,316)
- Tax losses carried forward	(504,822)	(594,182)
- Minimum Tax and WWF	(531,407)	(489,240)
	(7,960,356)	(6,157,873)

**Taxable Temporary Differences on**

- Surplus on revaluation of fixed assets	1,400,010	1,413,266
- Surplus on revaluation of non-banking assets	268,626	274,315
- Accelerated tax depreciation	2,254,857	2,297,390
- Receivable from pension fund	1,278,586	1,255,185
- Business combination	705,218	705,218
- Investments in associated undertaking	1,832,972	1,791,281
	7,740,269	7,736,655
	(220,087)	1,578,782

## MCB Bank Limited & Subsidiary Companies

### Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



Note	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
<b>15. OTHER ASSETS</b>		
Income/ Mark-up accrued in local currency	24,583,628	24,316,843
Income/ Mark-up accrued in foreign currencies	411,528	313,062
Advances, deposits, advance rent and other prepayments	2,959,690	2,253,754
Non-banking assets acquired in satisfaction of claims	2,091,737	2,170,938
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	495,456	-
Mark to market gain on forward foreign exchange contracts	4,175,807	4,335,561
Unrealized gain on derivative financial instruments	335,782	304,893
Acceptances	23,639,863	25,430,129
Receivable from the pension fund	3,278,426	3,218,426
Clearing and settlement accounts	6,489,722	5,553,219
Claims receivable against fraud and forgeries	1,121,592	1,117,067
Others	3,334,649	2,738,937
	73,051,689	71,886,638
Less: Provision held against other assets	2,736,028	2,709,281
Other Assets (net of provision)	70,315,661	69,177,357
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	688,785	703,370
Other Assets - total	71,004,446	69,880,727
	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
<b>15.1 Provision held against other assets</b>		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	484,459	486,976
Others	2,162,796	2,133,532
	2,736,028	2,709,281
<b>15.1.1 Movement in provision held against other assets</b>		
Opening balance	2,709,281	2,582,686
Charge for the period / year	970	56,128
Reversals	(8,823)	(25,036)
	(7,853)	31,092
Amounts written off	(226)	(991)
Exchange and other adjustments	34,826	96,494
Closing balance	2,736,028	2,709,281

### 16. CONTINGENT ASSETS

There were no contingent assets of the Group as at March 31, 2022 (2021: NIL).

## MCB Bank Limited & Subsidiary Companies

### Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
<b>17. BILLS PAYABLE</b>		
In Pakistan	13,861,876	26,437,824
Outside Pakistan	47,671	48,621
	13,909,547	26,486,445
<b>18. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	53,169,393	47,986,546
Under long term financing facility	23,923,638	23,577,802
Under renewable energy performance platform	1,880,050	1,536,207
Under payment of Wages & Salaries	5,190,990	6,660,043
Under temporary economic refinance facility	33,269,745	28,773,614
Under refinance facility for combating COVID-19	40,998	42,817
Under financing facility for storage of agricultural produce	140,233	147,260
	117,615,047	108,724,289
Bai Muajjal	44,809,236	44,809,236
Repurchase agreement borrowings	166,604,634	116,920,102
<b>Total secured</b>	329,028,917	270,453,627
<b>Unsecured</b>		
Borrowings from other financial institution	477,928	464,272
Call borrowings	217,735	2,767,152
Overdrawn nostro accounts	880,680	1,682,663
Musharaka Arrangements	1,303,907	7,368,882
Others	162,286	162,286
<b>Total unsecured</b>	3,042,536	12,445,255
	332,071,453	282,898,882

### 19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2022			Audited December 31, 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
<b>Customers</b>						
Current deposits	541,522,806	78,478,066	620,000,872	489,666,685	71,126,591	560,793,276
Savings deposits	730,024,471	45,536,834	775,561,305	738,874,979	46,969,241	785,844,220
Term deposits	119,266,816	13,656,674	132,923,490	109,600,671	12,107,066	121,707,737
Others	50,192,909	2,348,639	52,541,548	30,673,250	3,062,911	33,736,161
	1,441,007,002	140,020,213	1,581,027,215	1,368,815,585	133,265,809	1,502,081,394
<b>Financial Institutions</b>						
Current deposits	9,839,274	1,875,704	11,714,978	9,317,311	1,472,847	10,790,158
Savings deposits	14,889,522	173,408	15,062,930	11,808,667	117,895	11,926,562
Term deposits	1,061,268	5,716,350	6,777,618	3,066,268	6,319,339	9,385,607
Others	-	1,994,525	1,994,525	-	402,950	402,950
	25,790,064	9,759,987	35,550,051	24,192,246	8,313,031	32,505,277
	1,466,797,066	149,780,200	1,616,577,266	1,393,007,831	141,578,840	1,534,586,671

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



		Unaudited March 31, 2022	Audited December 31, 2021
		-----Rupees in '000-----	
<b>20. OTHER LIABILITIES</b>			
Mark-up/ return/ interest payable in local currency		14,288,751	6,100,587
Mark-up/ return/ interest payable in foreign currencies		182,484	178,437
Unearned commission income		1,136,931	862,173
Accrued expenses		5,434,567	6,905,279
Current taxation (provisions less payments)		8,506,777	8,627,030
Workers' welfare fund	20.1	10,231,208	9,931,139
Acceptances	15	23,639,863	25,430,129
Unclaimed / dividends payable		2,402,793	2,027,825
Mark to market loss on forward foreign exchange contracts		3,936,117	4,397,120
Unrealised loss on derivative financial instruments		334,121	302,365
Branch adjustment account		-	238,420
Staff welfare fund		4,135	4,755
Provision for employees' compensated absences		1,132,334	1,100,865
Provision for post retirement medical benefits		2,023,968	1,982,169
Provision for employees' contributory benevolent scheme		202,829	197,712
Insurance payable against consumer assets		816,201	736,768
Unclaimed balances		617,761	755,141
Duties and taxes payable		2,290,240	4,344,738
Charity fund balance		13,716	8,823
Provision against off-balance sheet obligations		42,363	46,319
Security deposits against lease		1,613,606	1,506,241
Lease liability against right of use assets		9,831,559	10,059,815
Clearing and settlement accounts		9,692,764	6,234,150
Others		8,072,309	7,024,039
		<b>106,447,397</b>	<b>99,002,039</b>

**20.1** Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Group maintained its provision in respect of WWF.

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		-----Rupees in '000-----	
<b>21. RESERVES</b>			
Share premium		23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		2,662,114	3,832,533
Statutory reserve	21.2	38,646,670	37,729,718
General reserve		18,600,000	18,600,000
		<b>84,790,125</b>	<b>85,043,592</b>

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

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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



	Note	Unaudited March 31, 2022	Audited December 31, 2021
		-----Rupees in '000-----	
<b>22. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(13,094,975)	(7,862,348)
- Fixed Assets		20,555,816	20,589,804
- Non-banking assets acquired in satisfaction of claims	15	688,785	703,370
- Associated undertaking		762,767	788,174
		<b>8,912,393</b>	<b>14,219,000</b>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	(5,107,040)	(3,066,316)
- Fixed Assets	14	1,400,010	1,413,266
- Non-banking assets acquired in satisfaction of claims	14	268,626	274,315
- Associated undertaking		367,670	372,046
		<b>(3,070,734)</b>	<b>(1,006,689)</b>
		<b>11,983,127</b>	<b>15,225,689</b>
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	23.1	229,351,412	194,370,616
-Commitments	23.2	428,846,220	422,956,200
-Other contingent liabilities	23.3	29,175,521	26,189,566
		<b>687,373,153</b>	<b>643,516,382</b>
<b>23.1 Guarantees:</b>			
Financial guarantees		184,843,754	158,777,702
Performance guarantees		36,813,614	29,097,931
Other guarantees		7,694,044	6,494,983
		<b>229,351,412</b>	<b>194,370,616</b>
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		216,854,125	192,773,466
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	195,964,031	218,878,371
- forward government securities transactions	23.2.2	7,505,440	5,098,200
- derivatives	23.2.3	7,384,922	4,434,780
- commitments to extent credit		449,846	708,954
Commitments for acquisition of:			
- operating fixed assets		508,796	836,275
- intangible assets		179,060	225,794
		<b>428,846,220</b>	<b>422,955,840</b>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		106,617,565	120,320,899
Sale		89,346,466	98,557,472
		<b>195,964,031</b>	<b>218,878,371</b>
<b>23.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		5,005,440	5,098,200
Sale		2,500,000	-
		<b>7,505,440</b>	<b>5,098,200</b>
<b>23.2.3 Commitments in respect of derivatives</b>			
FX options			
Purchase		2,968,640	1,432,779
Sale		2,968,640	1,432,779
		<b>5,937,280</b>	<b>2,865,558</b>
Cross Currency Swaps			
Purchase		723,821	784,611
Sale		723,821	784,611
		<b>1,447,642</b>	<b>1,569,222</b>
		<b>7,384,922</b>	<b>4,434,780</b>

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



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

	Note	Unaudited March 31, 2022	Audited December 31, 2021
		-----Rupees in '000-----	
<b>23.3 Other contingent liabilities</b>			
Claims against the Bank not acknowledged as debts	23.3.1	29,175,521	26,189,566

**23.3.1** These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

**23.4 Taxation**

For assessment year 1999-2000 through tax year 2021, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs.3,857 million (2021: Rs. 1,497 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

**24. DERIVATIVE INSTRUMENTS**

Unaudited March 31, 2022					
Cross Currency Swaps		Interest Rate Swaps		FX Options	
Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----					
<b>Total</b>					
Hedging	723,821	303,266	-	2,968,640	32,516
Market Making	723,821	(301,605)	-	2,968,640	(32,516)
Audited December 31, 2021					
-----Rupees in '000-----					
<b>Total</b>					
Hedging	784,611	298,956	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	1,432,779	(5,937)

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
		-----Rupees in '000-----	
<b>25. MARK-UP/RETURN/INTEREST EARNED</b>			
Loans and advances		14,721,503	9,297,020
Investments		27,635,837	21,154,959
Lendings to financial institutions		271,025	115,840
Balances with banks		60,278	33,668
		<u>42,688,643</u>	<u>30,601,487</u>
<b>26. MARK-UP/RETURN/INTEREST EXPENSED</b>			
Deposits		18,264,233	11,337,897
Borrowings		4,046,212	2,261,805
Cost of foreign currency swaps against foreign currency deposits / borrowings		700,804	343,911
Finance charges on lease liability against right-of-use assets		319,645	359,708
		<u>23,330,894</u>	<u>14,303,321</u>
<b>27. FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees		766,350	667,660
Consumer finance related fees		148,944	135,471
Card related fees (debit and credit cards)		911,118	1,025,783
Credit related fees		108,681	93,268
Investment banking fee		36,884	34,811
Commission on trade		380,889	360,787
Commission on guarantees		138,137	185,268
Commission on cash management		210,167	162,212
Commission on remittances including home remittances		264,827	245,872
Commission on bancassurance		292,437	396,317
Rent on lockers		67,376	68,032
Commission on utility bills		19,193	18,188
Commission on investments services		156,842	211,205
Others		46,759	31,648
		<u>3,548,604</u>	<u>3,636,522</u>
<b>28. GAIN / (LOSS) ON SECURITIES</b>			
Realised	28.1	290,574	259,643
Unrealised - Held For Trading	10.1	(163)	107,067
		<u>290,411</u>	<u>366,710</u>
<b>28.1</b> Realised gain / (loss) on:			
Federal Government Securities		26,347	217,738
Shares		264,227	41,865
Others		-	40
		<u>290,574</u>	<u>259,643</u>
<b>29. OTHER INCOME</b>			
Rent on property		4,132	20,058
Gain on termination of lease liability against right of use assets		33,911	19,853
Gain / (Loss) on sale of fixed assets - net		7,970	(26,199)
Gain / (Loss) on sale of non-banking assets acquired in satisfaction of claims - net		-	(5,351)
Gain on conversion of Ijarah agreements		3,478	-
		<u>49,491</u>	<u>8,361</u>

## MCB Bank Limited & Subsidiary Companies

### Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
	-----Rupees in '000-----	
<b>30. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	5,310,650	4,831,978
<b>Property expense</b>		
Rent and taxes	18,739	58,223
Insurance	11,896	16,416
Utilities cost	343,166	335,689
Fuel expense generators	138,240	93,953
Security (including guards)	428,364	377,883
Repair and maintenance (including janitorial charges)	244,836	189,389
Depreciation on right-of-use assets	370,120	408,609
Depreciation	250,821	230,628
	1,806,182	1,710,790
<b>Information technology expenses</b>		
Software maintenance	343,009	322,313
Hardware maintenance	88,247	50,139
Depreciation	160,975	175,558
Amortization	122,429	119,432
Network charges	177,317	166,091
Insurance	1,167	1,727
	893,144	835,260
<b>Other operating expenses</b>		
Directors' fees and allowances	9,960	12,085
Fees and allowances to Sharia Board members	2,687	2,169
Legal and professional charges	113,346	95,271
Outsourced services costs	222,111	231,709
Travelling and conveyance	103,400	60,576
NIFT clearing charges	50,023	43,831
Depreciation	243,251	207,131
Depreciation on non-banking assets acquired in satisfaction of claims	5,986	9,360
Training and development	13,845	7,961
Postage and courier charges	67,916	70,175
Communication	104,830	94,173
Stationery and printing	183,845	161,311
Marketing, advertisement & publicity	199,515	206,335
Auditors' remuneration	15,436	13,215
Cash transportation charges	218,629	199,560
Repair and maintenance	109,091	103,095
Subscription	10,080	7,610
Entertainment	82,105	61,881
Remittance charges	53,533	43,439
Brokerage expenses	16,563	15,151
Card related expenses	267,197	246,708
CNIC verification charges	92,591	44,952
Insurance	480,449	445,209
Others	78,043	68,432
	2,744,432	2,451,339
	10,754,408	9,829,367

## MCB Bank Limited & Subsidiary Companies

### Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Three Months Period Ended March 31, 2022



	Note	Unaudited Three Months ended March 31, 2022	Unaudited Three Months ended March 31, 2021
		-----Rupees in '000-----	
<b>31. OTHER CHARGES</b>			
Penalties of State Bank of Pakistan		1,940	10,421
VAT & National Building tax & Crop Insurance Levy		20,562	18,796
		22,502	29,217
<b>32. PROVISIONS / (REVERSALS) &amp; WRITE OFFS - NET</b>			
(Reversal) / provision against balance with Banks		(4)	173
(Reversal) / provision for diminution in value of investments	10.2.1	(322,472)	(648,454)
(Reversal) / provision against loans and advances	11.3	(610,203)	485,701
(Reversal) / provision against off balance sheet items		(9)	-
(Reversal) / provision against other assets	15.1.1	(7,853)	(5,878)
Recovery of written off / charged off bad debts		(51,847)	(44,885)
		(992,388)	(213,343)
<b>33. TAXATION</b>			
Current		5,929,690	4,592,458
Prior years		925	(3,447)
Deferred		234,085	64,684
Share of tax of associates		76,832	(29,528)
		6,241,532	4,624,167
<b>34. BASIC AND DILUTED EARNINGS PER SHARE</b>			
		-----Rupees in '000-----	
Profit after tax attributable to equity shareholders		9,082,889	7,011,920
		-----Number-----	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		-----Rupees-----	
Basic and diluted earnings per share		7.66	5.92

**Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)**  
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**35. FAIR VALUE MEASUREMENTS**

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy.

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

**35.1 Fair value of financial assets**

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP)
Operating fixed assets and Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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

**(a) Financial instruments in level 1**

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

**(b) Financial instruments in level 2**

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

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

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

Unaudited March 31, 2022					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,143,344,837	-	1,143,344,837	-	1,143,344,837
Shares	23,142,416	23,142,416	-	-	23,142,416
Non-Government Debt Securities	2,365,170	-	2,365,170	-	2,365,170
Foreign Securities	5,257,905	-	5,257,905	-	5,257,905
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	29,480,307	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,289,842	-	44,289,842	-	44,289,842
Non-banking assets	2,691,749	-	2,691,749	-	2,691,749
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	106,617,565	-	4,175,807	-	4,175,807
Forward sale of foreign exchange	89,346,466	-	3,936,117	-	3,936,117
Derivatives purchase	3,692,461	-	335,782	-	335,782
Derivatives sale	3,692,461	-	334,121	-	334,121

Audited December 31, 2021					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	999,071,042	-	999,071,042	-	999,071,042
Shares	22,420,832	22,420,832	-	-	22,420,832
Non-Government Debt Securities	2,360,673	-	2,360,673	-	2,360,673
Foreign Securities	7,544,503	-	7,544,503	-	7,544,503
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)					
	31,171,461	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	45,663,822	-	45,663,822	-	45,663,822
Non-banking assets	2,785,535	-	2,785,535	-	2,785,535
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	120,320,899	-	4,272,640	-	4,272,640
Forward sale of foreign exchange	98,557,472	-	4,855,404	-	4,855,404
Derivatives purchase	2,217,390	-	304,893	-	304,893
Derivatives sale	2,217,390	-	302,365	-	302,365

## 36 SEGMENT INFORMATION

## 36.1 Segment details with respect to business activities

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

Un audited Three months ended March 31, 2022										
Rupees in '000										
Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
Profit & Loss										
Net mark-up/return/profit	873,204	7,880,016	22,730,702	389,069	1,211,343	(960)	35,339	19,357,749	-	19,357,749
Inter segment revenue - net	(330,547)	(6,856,297)	(23,105,397)	(41,232)	-	-	3,039,366	-	-	-
Non mark-up / return / interest income	589,102	1,048,251	1,661,092	239,624	76,241	175,647	22,533	6,080,022	-	6,080,022
Total Income	15,820,675	1,111,759	2,071,970	1,286,397	587,461	174,687	3,097,238	25,437,771	-	25,437,771
Segment direct expenses	6,773,165	515,028	234,934	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978
Total expenses	6,773,165	515,028	234,934	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978
Provisions	(164,973)	2,703	(24,000)	(193,867)	(3,920)	-	(479,550)	(992,388)	-	(992,388)
Profit before tax	9,212,483	594,028	1,861,036	1,326,018	244,816	77,067	1,807,823	15,347,181	-	15,347,181
Balance Sheet										
Cash & Bank balances	52,845,516	529,147	254,848	87,414,473	23,223,837	15,664,115	37,760	182,362,227	-	182,362,227
Investments	-	-	9,128,366	1,145,782,339	11,020,267	31,804,964	1,155,399	1,203,590,635	-	1,203,590,635
Net inter segment lending	1,173,430,388	-	-	-	-	-	-	1,363,227,142	(1,363,227,142)	-
Lendings to financial institutions	-	-	-	1,957,037	32,838,095	5,850,000	-	40,645,132	-	40,645,132
Advances - performing	97,195,020	39,504,552	422,414,539	-	17,577,171	96,814,242	44,076	674,926,853	-	674,926,853
- non performing	208,546	79,979	1,430,589	-	5,697,813	581,039	-	8,421,760	-	8,421,760
Others	37,964,187	1,986,576	28,698,512	13,999,112	1,528,652	12,454,961	940,767	135,354,638	-	135,354,638
Total Assets	1,361,643,657	42,110,254	461,926,854	1,249,152,961	91,885,835	163,169,321	2,178,002	3,608,528,387	(1,363,227,142)	2,245,301,245
Borrowings	15,859,409	-	91,222,493	203,988,529	1,976,330	18,209,253	-	332,071,453	-	332,071,453
Deposits & other accounts	1,326,601,682	24,508,871	67,973,323	-	72,517,950	124,900,299	-	1,616,577,266	-	1,616,577,266
Net inter segment borrowing	-	12,994,783	282,512,948	1,040,899,621	14,601,805	10,772,027	1,445,958	1,363,227,142	(1,363,227,142)	-
Others	19,182,566	4,606,600	20,218,090	4,264,811	2,789,750	9,287,742	59,275,341	120,356,944	-	120,356,944
Total liabilities	1,361,643,657	42,110,254	461,926,854	1,249,152,961	91,885,835	163,169,321	2,178,002	3,608,528,387	(1,363,227,142)	2,245,301,245
Equity	-	-	-	-	-	-	-	176,295,582	-	176,295,582
Total Equity & liabilities	1,361,643,657	42,110,254	461,926,854	1,249,152,961	91,885,835	163,169,321	2,178,002	3,608,528,387	(1,363,227,142)	2,245,301,245
Contingencies & Commitments	66,803,035	-	344,645,719	205,561,607	7,638,449	33,063,435	29,660,909	687,373,153	-	687,373,153

## MCB Bank Limited &amp; Subsidiary Companies

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Un audited Three months ended March 31, 2021										
Rupees in '000										
Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
<b>Profit &amp; Loss</b>										
Net mark-up/return/profit	642,426	4,572,163	18,344,940	312,412	1,035,230	(1,453)	24,047	16,298,166	-	16,298,166
Inter segment revenue - net	(122,641)	(3,618,428)	(15,728,980)	(30,229)	-	-	1,946,827	-	-	-
Non mark-up / return / interest income	624,942	818,808	1,105,010	231,245	98,214	219,533	223,414	5,251,085	-	5,251,085
Total Income	10,851,771	1,144,727	1,772,543	513,428	1,133,444	218,080	2,194,288	21,549,251	-	21,549,251
Segment direct expenses	477,628	169,663	139,087	314,172	1,077,397	116,451	1,674,216	10,088,842	-	10,088,842
Total expenses	477,628	169,663	139,087	314,172	1,077,397	116,451	1,674,216	10,088,842	-	10,088,842
Provisions	(976)	(50,349)	(565,234)	30,327	(35,562)	-	(833,402)	(213,343)	-	(213,343)
Profit before tax	668,075	1,653,229	4,147,117	168,929	91,609	101,629	1,353,474	11,673,752	-	11,673,752
<b>Balance Sheet</b>										
Cash & Bank balances	487,065	263,447	97,130,099	23,726,201	15,005,358	44,580	2,484,085	198,476,798	-	198,476,798
Investments	-	9,125,927	1,000,302,366	13,646,390	33,475,816	1,242,631	4,775,381	1,062,568,511	-	1,062,568,511
Net inter segment lending	-	-	-	-	-	-	187,703,715	1,297,179,609	(1,297,179,609)	-
Lendings to financial institutions	-	-	14,896,089	24,071,021	1,650,000	-	-	40,617,110	-	40,617,110
Advances - performing	36,615,373	426,219,357	-	19,313,984	95,731,510	8,483	1,300,580	679,477,266	-	679,477,266
- non performing	223,751	92,152	-	5,565,096	577,052	-	427,111	6,911,386	-	6,911,386
Others	38,048,057	1,846,406	26,434,560	15,021,037	1,897,356	970,718	36,031,575	134,070,408	-	134,070,408
Total Assets	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Borrowings	15,037,907	-	84,434,986	163,304,758	2,872,391	16,472,906	775,934	282,898,882	-	282,898,882
Deposits & other accounts	1,260,865,507	24,186,891	59,464,220	-	67,311,591	122,747,778	10,684	1,534,586,671	-	1,534,586,671
Net inter segment borrowing	-	10,396,935	298,741,978	961,276,503	14,616,431	10,604,555	1,543,207	1,297,179,609	(1,297,179,609)	-
Others	31,468,230	4,457,170	19,428,331	2,768,330	3,419,635	10,435,196	54,367,169	127,067,266	-	127,067,266
Total liabilities	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Equity	-	-	-	-	-	-	177,568,660	177,568,660	-	177,568,660
Total Equity & liabilities	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Contingencies & Commitments	64,622,665	-	298,150,190	226,887,638	2,506,084	24,353,828	26,995,977	643,516,382	-	643,516,382

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

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**37 RELATED PARTY TRANSACTIONS**

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

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

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

	Unaudited March 31, 2022			Audited December 31, 2021		
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel
(Rupees in '000)						
<b>Investments</b>						
Opening balance	-	-	5,283,282	254,253	-	-
Equity method adjustments	-	-	116,419	-	-	-
Closing balance	-	-	5,399,701	254,253	-	-
<b>Provision for diminution in value of investments</b>						
	-	-	-	5,000	-	-
<b>Advances</b>						
Opening balance	109	147,331	1,018,449	3,084,862	1,042	166,757
Addition / exchange adjustment during the period / year	2,519	23,753	-	587,069	16,460	48,891
Repaid / exchange adjustment during the period / year	(2,260)	(28,839)	(144,612)	(6,607)	(16,576)	(53,410)
Transfer in / (out)	-	92,708	-	-	(817)	(14,907)
Closing balance	368	234,953	873,837	3,665,324	109	147,331
<b>Provision held against advances</b>						
<b>Other Assets</b>						
Markup receivable	-	-	-	-	-	-
Advances, deposits, advance rent and other prepayments	-	2,613	19,564	57,455	-	2,436
Receivable from Pension Fund	-	-	382,645	39,830	-	-
Closing balance	-	-	-	3,278,426	-	-
<b>Borrowings</b>						
Opening balance	-	2,613	402,209	3,375,711	-	2,436
Borrowings / exchange adjustment during the period / year	-	-	-	103,120	-	-
Settled during the period / year	-	-	-	(27,224)	-	-
Closing balance	-	-	-	75,896	-	-



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	Unaudited March 31, 2022			Audited December 31, 2021		
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel
(Rupees in '000)						
<b>Deposits and other accounts</b>						
Opening balance	700,547	196,067	3,827,846	8,285,021	302,130	138,566
Received during the period / year	260,785	486,673	13,333,685	20,788,547	2,874,441	1,315,435
Withdrawn during the period / year	(535,772)	(440,258)	(10,818,994)	(18,600,490)	(2,468,887)	(1,256,285)
Transfer in / (out) - net	-	(7,775)	-	(527)	(7,137)	(1,649)
Closing balance	425,560	234,707	6,342,537	10,472,551	700,547	196,067
<b>Other Liabilities</b>						
Markup payable	177	576	26,595	16,780	1,475	-
Accrued expenses and other payable	-	-	90,419	20	100,100	3,500
Payable to MCB Employee Security Services	-	-	-	24,300	-	-
Advance received against sale of property	-	-	-	-	-	-
Closing balance	177	576	117,014	41,100	101,575	3,500
<b>Contingencies and Commitments</b>						
Letter of Credit	-	-	-	5,679,737	-	-
Bank guarantees	-	-	2,508,464	621,687	-	-
Closing balance	-	-	2,508,464	6,301,424	-	-
(Rupees in '000)						
	Unaudited March 31, 2022			Unaudited March 31, 2021		
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel
<b>Income</b>						
Markup / return / interest earned	-	5,937	21,695	13,778	23	5,196
Fee and commission income	-	-	180,924	2,303	-	-
Dividend income	-	-	-	33,750	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	11	-	-
Net gain / (loss) on sale of securities	-	6	183	14,531	3	-
Gain on sale of fixed assets	-	30	-	102	-	76
Rent income	-	-	3,350	960	-	-

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
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	Unaudited March 31, 2022				Unaudited March 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupees in '000)								
Expense	8,218	986	60,456	194,344	3,174	372	33,524	85,781
Markup / return / interest expensed	-	-	-	44,428	-	-	-	38,853
Other Operating expenses	-	-	-	121,279	-	-	-	108,976
Clearing expenses paid to NIFT	-	-	17,128	12,350	-	-	10,881	11,620
Contribution to provident fund	-	-	-	28,364	-	-	-	28,855
Rent expenses	-	-	-	72,977	-	-	-	63,693
Cash sorting expenses	-	-	-	84,688	-	-	-	85,225
Stationery expenses	-	-	-	-	-	-	-	-
Security guards expenses	-	-	-	-	-	-	-	-
Remuneration to key executives and non-executive directors fee	59,420	269,526	-	-	85,266	240,215	-	-
Outsourcing service expenses	-	-	23,114	-	-	-	54,252	-
Donation during the year	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	1,523	-	-	-	1,610
Travelling Expenses	-	-	-	10,844	-	-	-	4,242
Hotel stay expenses	-	-	-	1,772	-	-	-	63
Repair & Maintenance Charges	-	-	-	565	-	-	-	531
Advertisement Expenses	-	-	-	3,132	-	-	-	-
Miscellaneous expenses and payments	-	-	-	3,661	-	-	-	596
Insurance premium-net of refund	-	-	-	389,540	-	-	234,866	-
Insurance claim settled	-	-	14,844	-	-	-	7,764	-
Other Transactions	-	31	-	1,417	-	76	-	-
Proceeds from sale of fixed assets	-	-	-	12,799	-	-	14,624	7,098
Purchase of fixed assets	-	-	300	-	-	-	-	-
Sale of foreign currency	-	-	-	-	-	-	-	-
Purchase of foreign currency	-	-	-	-	-	-	-	-
Payments against home remittances	-	-	-	-	-	-	-	-
Reimbursement of other expenses	-	-	-	-	-	-	-	-
Sale of government securities	-	40,979	3,946,198	13,663,816	191,370	4,131	1,464,717	813,789
Purchase of government securities	-	-	3,767,405	5,956,758	-	-	5,326,465	2,463,278
Forward exchange contracts matured during the period	-	-	-	10,000	-	-	-	-

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 Group's maintained cars and household equipment in accordance with the terms of their employment.



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2022



Unaudited  
March 31, 2022  
Audited  
December 31,  
2021  
-----Rupees in '000-----

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

38.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,850,600 11,850,600

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

148,262,130 146,487,908

Eligible Additional Tier 1 (ADT 1) Capital

- -

Total Eligible Tier 1 Capital

148,262,130 146,487,908

Eligible Tier 2 Capital

15,928,345 20,400,167

Total Eligible Capital (Tier 1 + Tier 2)

164,190,475 166,888,075

Risk Weighted Assets (RWAs):

Credit Risk

776,148,996 743,393,585

Market Risk

138,104,992 137,136,055

Operational Risk

163,273,225 163,273,225

Total

1,077,527,213 1,043,802,865

Common Equity Tier 1 Capital Adequacy ratio

13.76% 14.03%

Tier 1 Capital Adequacy Ratio

13.76% 14.03%

Total Capital Adequacy Ratio

15.24% 15.99%

38.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

148,262,130 146,487,908

Total Exposures

2,713,585,081 2,625,918,532

Leverage Ratio

5.46% 5.58%

38.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

1,138,676,720 1,143,437,748

Total Net Cash Outflow

496,851,382 480,179,056

Liquidity Coverage Ratio

229.18% 238.13%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

1,327,785,084 1,312,628,842

Total Required Stable Funding

871,764,008 862,352,888

Net Stable Funding Ratio

152.31% 152.21%



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 27, 2022 has announced an interim cash dividend in respect of quarter ended March 31, 2022 of Rs. 5.00 per share (March 31, 2021: Rs. 4.50 per share). These consolidated condensed interim financial statements for the period ended March 31, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative information has been rearranged wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the period.

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

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 27, 2022.

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director