MCB Bank Limited

Company Secretary Office
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Lahore, Pakistan

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PSX-100(5F)2022/54
October 27, 2022

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

Sub: Transmission of Quarterly Report for the Period Ended September 30, 2022

Dear Sir,

We have to inform you that the Third Quarterly Financial Statements of the Bank for the period ended **September 30, 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

MCB Bank for Life

75 MCB & PAKISTAN

Third Quarterly Report

SEPTEMBER 30, 2022

MCB
Bank for Life

Vision

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

Mission

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

Core Values

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

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

Corporate Profile

Board of Directors:

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

Audit Committee:

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

Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary (Acting):	Mr. Farid Ahmad
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan.
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk
Registrar's and Share Registration Office(s):	**Head Office:** M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, Pakistan. **Branch Office:** M/s. THK Associates (Pvt.) Limited Office No. 309, 3rd Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore, Pakistan.

Directors' Review - September 2022

On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the nine months period ended September 30, 2022.

Performance Review

	Rs. in Million
Profit Before Taxation	**51,587**
Taxation	31,735
Profit After Taxation	**19,852**
Un-appropriated Profit Brought Forward	63,683
Surplus realized on disposal of non-banking assets - net of tax	14
Re-measurement gain on defined benefit obligation - net of tax	164
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	57
	63,918
Profit Available for Appropriation	**83,770**
Appropriations:	
Statutory Reserve	(1,985)
Final Cash Dividend at Rs. 5.0 per share - December 2021	(5,925)
First Interim Cash Dividend at Rs. 5.0 per share - March 2022	(5,925)
Second Interim Cash Dividend at Rs. 4.0 per share - June 2022	(4,740)
Total Appropriations	**(18,575)**
Un-appropriated Profit Carried Forward	**65,195**

With strong build up in core earnings, MCB's Profit Before Tax (PBT) for the nine months period ended September 30, 2022 increased to Rs. 51.6 billion against PBT of Rs. 38.3 billion of corresponding period last year. On the back of strong overall performance, the Bank reported highest ever quarterly profit before tax of Rs. 19.05 billion in 3Q, 2022. Retrospective application of tax amendments along with higher tax rates for current period enacted through Finance Act, 2022 resulted into 62% average tax rate for the nine months ended September 30, 2022 as compared to average tax rate of 41% for the corresponding period last year. Profit After Tax (PAT) registered a decline of 12% from Rs. 22.6 billion to Rs. 19.9 billion; translating into Earning Per Share (EPS) of Rs. 16.75 compared to an EPS of Rs. 19.03 in corresponding period last year.

On the back of strong volumetric growth in current account and favorable yield curve movements, net interest income for 9M'22 increased by 29% over corresponding period last year. Average current deposits of the Bank registered a growth of Rs 91.6 billion (+17%) YoY.

Non-markup income registered a growth of 41% and reported a base of Rs. 20.25 billion against Rs. 14.38 billion in the corresponding period last year. The contribution from foreign exchange line, debit cards, trade business and home remittances remained strong during the period.

Despite an exceptionally high inflation, impact of currency devaluation and continued investments in human resources, branch network and technological upgradation, operating expenses of the Bank were recorded at Rs. 30.52 billion, growing by a modest 16% year on year, while the cost to income ratio significantly improved to 37.3% from 42.5% reported in corresponding period last year.

Proactive monitoring and recovery efforts led to a net provision reversal against non-performing loans (NPL's) which aggregated to Rs. 1,883 million for the period under review. 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. 52.47 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 85.14% and 8.37%, respectively.

On the financial position side, the total asset base of the Bank grew by 5.4% and was reported at Rs. 2,076 billion. Gross advances registered a slight decline of Rs. 9 billion (-1%), whereas the consumer lending book grew by Rs. 4.8 billion (+12%).

During the period under review, MCB's strategic objective of achieving growth in no-cost current account base was reinforced by an uncertain and volatile interest rate scenario, leading to persistent re-pricing gaps between the earning assets and liabilities. Hence, the Bank registered a growth of 21% in non-remunerative deposits to close the period at Rs. 680.33 billion. CASA mix was reported at an industry leading level of 93.73% which reflects customer loyalty earned by the Bank over 75 years through sustained provision of quality services.

MCB attracted home remittance inflows of USD 2,666 million, during the period under review with market share of 11.5% as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

During the ongoing year, the Bank celebrates successful completion of 75 years of its banking services to the nation. From modest beginnings, the Bank has transformed into a dynamic and innovative organization; overcoming a multitude of challenges along the way with resolve and fortitude. Recognition by the globally coveted Asia Money awards as 'Pakistan's Best Corporate Bank of the Year' in 2022 is a testament to its legacy of posting consistent and exceptional performance for its stakeholders.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 17.6% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 16.47% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 5.62% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 203.85% and Net Stable Funding Ratio (NSFR) of 134.66% against requirement of 100%.

The Board of Directors has declared a 3rd interim cash dividend of Rs. 5.00 per share i.e 50%, in addition to 90% already paid, bringing the total cash dividend for the nine months period ended September 30, 2022 to 140%.

Ratings

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 23, 2022.

Economy Review

As we complete the third quarter of the calendar year, the global economy is suffering from slower growth, higher inflation and tighter monetary policy. Pakistan's economic situation also remains fragile with political conflict adding to the uncertainty. Additionally, floods have adversely impacted economic activity, putting pressure on both inflation and balance of payment. The World Bank has estimated $32 billion losses caused by the floods and now expects Pakistan's GDP to slow down to 2% for the current fiscal year.

Inflation in Pakistan remained extremely elevated through the quarter. Annual Inflation increased to 23.2% on year-on-year basis in Sep-22 as compared to an increase of 27.3% in Aug-22. SBP has forecasted inflation for FY23 to be in the range of 18% to 20%. PKR devaluation, higher global commodity prices and crop-damage due to floods will likely continue to exert price

pressures in the near future.

On the external front, external debt payments and persistent current account deficits continued to exert pressure on the balance of payments. The current account deficit did show an improvement in Aug-22 coming in at USD 0.70 billion. SBP's foreign exchange reserves fell to USD 7.9 billion in Sep-22. It is anticipated that foreign reserves will increase after expected loans from ADB, IMF and World Bank. The international investors, however, continue to take a grim view of Pakistan's external account. Moody's Investors Service ("Moody's") also downgraded the Government of Pakistan's local and foreign currency issuer and senior unsecured debt ratings to Caa1 from B3. For these reasons, yields on Pakistan Euro bonds have spiked over the last few months.

In October's monetary policy, the State Bank of Pakistan maintained the policy rate at 15%. It noted the continued deceleration in economy activity especially given the recent flooding. Most of the demand indicators showed declines in both July-22 and Aug-22. SBP projects the GDP growth for FY23 to be lower (2%) then the earlier project number (3-4%).

Future Outlook

Pakistan's GDP growth is projected to slow down through the year. The expected global recession should lead to softening of global commodity prices. This will have a positive effect on Pakistan's balance of payment. Additionally, Pakistan is expecting aid from the international community in response to the devastating floods. These external flows should help prop up the foreign currency reserves in the short-term. However, given the politically volatile situation, risks remain on the fiscal front. Any slippages will lead to negative consequences for the economy.

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
October 26, 2022

Shahzad Hussain
Director
MCB Bank Limited

اکتوبر کی مانیٹری پالیسی میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو 15 فیصد کی شرح پر برقرار رکھا ہے۔ اس امر کو مشاہدہ کیا گیا ہے کہ معاشی سرگرمی میں خاص طور پر سیلاب کی صورتحال کی وجہ سے مسلسل گراوٹ جاری ہے۔ جولائی 2022ء اور اگست 2022ء دونوں مہینوں کے دوران، طلب کے زیادہ تر اشاریوں میں کمی نظر آئی۔ اسٹیٹ بینک آف پاکستان نے مالی سال 2023ء کے لیے نمو کی توقع 3 سے 4 فیصد کی شرح کے اپنے سابقہ تخمینے سے بھی کم کر کے 2 فیصد پر تعین کی ہے۔

مستقبل کی پیش بینی:

رواں سال کے دوران، پاکستان کے جی ڈی پی کی نمو میں سُست روی کی پیش بینی کی گئی ہے۔ متوقع عالمی کساد بازاری، اشیاء کی عالمی قیمتوں میں کمی کا باعث بن سکتی ہے۔ علاوہ ازیں پاکستان، حالیہ تباہ کن سیلاب کے تناظر میں بین الاقوامی برادری کی جانب سے اپنی معیشت میں اعانت اور امداد کی وصولیوں کی توقع رکھتا ہے۔ ان متوقع بیرونی وصولیوں سے غیر ملکی زرمبادلہ کے ذخائر کو قلیل مدت میں تقویت حاصل ہو سکے گی۔ سیاست کی موجودہ ابتر اور ناموافق حالات کے پیشِ نظر، مالیاتی محاذ پر خدشات کے برقرار رہنے کی توقع ہے۔ ایسی تمام مشکلات اور چیلنجز معیشت پر منفی اثرات و نتائج کا باعث بن سکتی ہیں۔

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
پریذیڈینٹ اور سی ای او
ایم سی بی بینک لمیٹڈ
26 اکتوبر 2022ء

شہزاد حسین
ڈائریکٹر
ایم سی بی بینک لمیٹڈ

اس زیرتجزیہ عرصہ کے دوران، ایم سی بی کی حکمت عملی کا کلیدی مقصد ایک غیریقین اور ناپائیدارانٹرسٹ ریٹ کے منظرنامے جس کی بدولت پیداواری اثاثہ جات اور واجبات کی قیمتوں کے دوبارہ تعین میں موجود تفاوت برقرارہے، سے پیدا ہونے والے مسابقتی ماحول میں بغیرلاگت کرنٹ اکاؤنٹ کی اساس میں اضافہ رہا۔ لہذا، بینک نے غیر پیداواری ڈیپازٹس میں 21 فیصد کی نمو درج کرتے ہوئے، اس مدت کے اختتام تک، اس کا حجم 680.33 بلین روپے پر درج کیا۔ کاسا کی ترکیب کی شرح 93.73 فیصدرہی جو گزشتہ 75 سالوں پر محیط کردار اور اعلی معیار کی خدمات کی فراہمی کے ذریعے حاصل کیے گئے صارفین کے اعتماد کا منہ بولتا ثبوت ہے۔

اس زیرتجزیہ عرصہ کے دوران، ایم سی بی نے اسٹیٹ بینک آف پاکستان کے بینکنگ چینلز کے ذریعے غیرملکی ترسیلات میں اضافے کے مقصد کے ساتھ اپنی سرگرم شراکت داری کو مزید تقویت فراہم کرتے ہوئے 11.5 فیصد کے مارکیٹ شیئر کے ساتھ 2,666 ملین امریکی ڈالرز کی ترسیلات زرکو وصول کیا۔

رواں سال کے دوران، بینک نے اپنی بینکاری کی خدمات کی فراہمی کے 75 سال مکمل کیے ہیں۔ ایک معتدل شروعات سے، بینک نے خود کو ایک جدید اورمتحرک ادارے میں ڈھالا اور اس طرح اپنے عزم، حوصلے اور ثابت قدمی سے کئی ایک مسائل اورخدشات کا موزوں تدارک کیا۔ بینک کی ان کاوشوں کو عالمی اداروں نے بھی سراہا۔ ایشیاء منی (Asia Money) کی جانب سے سال 2022ء کے لیے "پاکستان کے بہترین کارپوریٹ بینک" کا اعزاز بینک کی اپنے تمام اسٹیک ہولڈز کے لیے مسلسل اور قابل رشک کارکردگی کی خدمات کی فراہمی کا مظہر اور اعتراف ہے

سرمائے کے ضوابطگی مطلوبات کی تعمیل کرتے ہوئے بینک کے کل رمائے کی معقولیت (کیپٹل ایڈیکویسی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 17.6 فیصد پر رہی (جس میں 2020ء کے بی پی 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 ایکیوٹی ٹائر – 1 (CET1 - Common Equity Tier 1) سے کل رسک ویٹیڈ ایسٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.0 فیصد کی مطلوبہ حد کے مقابلہ 16.47 فیصد کی شرح پر درج کی گئی۔ بینک کی کیپٹلائزیشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابطگی حد سے نمایاں اضافہ کے ساتھ 5.62 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریشو (LCR - Liquidity Coverage Ratio) کو 203.85 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 134.66 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 5 روپے فی حصص کے تیسرے عبوری کیش ڈیوڈینڈ یعنی 50 فیصد کا اعلان کرتے ہوئے، جو کہ ابتک کے اداشدہ 90 فیصد کے علاوہ ہے، 30 ستمبر 2022ء کو اختتام پذیر نو ماہ کی مدت تک کل کیش ڈیوڈینڈ کی شرح کو 140 فیصد تک پہنچا دیا ہے۔

ریٹنگ:

پاکرا (PACRA) کے نوٹیفکیشن بتاریخ 23 جون 2022ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور A1 کی بلند ترین کریڈٹ ریٹنگز سے مستفید ہورہا ہے۔

معاشی جائزہ

جیسا کہ ہم سال کی تیسری سہ ماہی کی تکمیل کرچکے ہیں، عالمی معیشت سُست نمو، بلند افراط زر اور کڑی مالیاتی پالیسیوں سے کے ماحول سے نبردآزما ہے۔ پاکستان کی معاشی صورتحال ملک میں سیاسی اختلافات میں شدت کے باعث بڑھتی غیریقینی سے مسلسل دوچار ہے۔ علاوہ ازیں، حالیہ سیلاب نے معاشی سرگرمی پر منفی اثرات مرتب کیے ہیں جس سے افراط زر اور ادائیگیوں کے توازن، دونوں پر شدید دباؤ کی کیفیت ہے۔ عالمی بینک نے سیلاب سے ہونے والے نقصانات کا تخمینہ 32 بلین امریکی ڈالرز پر کیا ہے اور اب رواں سال کے لیے پاکستان کی جی ڈی پی کی شرح کے اندازے کو تخفیف کے ساتھ 2 فیصد پر مقرر کیا ہے۔

اس سہ ماہی کے دوران، افراط زر انتہائی بلند شرح پر برقرار رہا۔ سال بہ سال کی بنیاد پر، سالانہ افراط زر اگست 2022ء میں 27.3 فیصد کے مقابلے میں ستمبر 2022ء تک 23.2 فیصد کی شرح پر درج ہوا۔ اسٹیٹ بینک آف پاکستان نے مالی سال 2023ء کے دوران افراط زر کی شرح کی پیش بینی کرتے ہوئے اس کو 18 سے 20 فیصد کی حد تک رہنے کی توقع کی ہے۔ پاکستانی روپے کی قدر میں تنزلی، اشیاء کی بڑھتی عالمی قیمتیں اور سیلاب کے باعث فصلوں کو ہونے والے شدید نقصانات، مستقبل قریب میں بھی قیمتوں پر اپنا دباؤ برقرار رکھیں گے۔

بیرونی محاذ پر، بیرونی قرضوں کی ادائیگیوں اور کرنٹ اکاؤنٹ میں مسلسل خسارے کے باعث ادائیگیوں کے توازن پر دباؤ برقرار رہے گا۔ اگست 2022ء میں کرنٹ اکاؤنٹ خسارے میں قدرے بہتری کا رجحان نظر آیا اور اس کا حجم 0.7 بلین امریکی ڈالرز پر درج ہوا۔ اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر، ستمبر 2022ء میں کم ہوتے ہوئے 7.9 بلین امریکی ڈالرز تک پہنچ گئے۔ اس امر کی توقع کی جا رہی ہے کہ اے ڈی بی (ADB)، آئی ایم ایف اور عالمی بینک سے قرضہ جات کے حصول کے بعد غیرملکی زرمبادلہ کے ذخائر میں اضافہ ہو گا۔ تاہم، بین الاقوامی سرمایہ کار، پاکستان کے بیرونی اکاؤنٹ کے بارے میں غیرمناسب اور سخت روش پر برقرار ہیں۔

موڈیز انویسٹرسروسز (موڈیز) نے بھی حکومتِ پاکستان کی لوکل اور فارن کرنسی اشوئرز اور سینئر ان سیکیورڈ ڈیبٹ ریٹنگ (local and foreign issuer and senior unsecured debt rating) کو بی۔3 (B3) سے کم کرکے سی اے اے 1۔(Caa1) پر مقرر کیا ہے۔ ان وجوہات کی بنیاد پر، پاکستان کے یورو بانڈز کی پیلڈ (yeild) میں گزشتہ چند ماہ کے دوران اضافے کا رجحان دیکھا گیا۔

ڈائریکٹرز کا تجزیہ - ستمبر 2022ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 30 ستمبر 2022ء کو اختتام پذیر نو ماہ کی مدت کے مالیاتی گوشواروں کو آپکے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ :

	ملین روپے
منافع قبل از ٹیکس	51,587
ٹیکس	31,735
منافع بعد از ٹیکس	19,852
افتتاحی غیر تخصیص شدہ منافع	63,683
غیر بینکنگ اثاثہ جات کی فروخت پر سرپلس (خالص از ٹیکس)	14
ڈیفائنڈ بینیفٹ واجبات کے نقصان کی دوبارہ پیمائش (خالص از ٹیکس)	164
پائیدار اثاثوں کی از سر نو تخمینہ پر سرپلس سے اضافی فرسودگی کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)	57
	63,918
تخصیص کیلئے دستیاب منافع	83,770
تخصیص:	
قانونی ریزرو	(1,985)
حتمی کیش ڈیوڈینڈ 5 روپے فی شیئر۔ برائے دسمبر 2021ء	(5,925)
پہلا عبوری کیش ڈیوڈینڈ 5 روپے فی شیئر۔ برائے مارچ 2022ء	(5,925)
دوسرا عبوری کیش ڈیوڈینڈ 4 روپے فی شیئر۔ برائے جون 2022ء	(4,740)
کل تخصیص	(18,575)
اختتامی غیر تخصیص شدہ منافع	65,195

اپنی خالص آمدنی کو مضبوط بناتے ہوئے، ایم سی بی بینک کا منافع قبل از ٹیکس گزشتہ سال کے تقابلی عرصہ کے 38.3 بلین روپے کی نسبت 30 ستمبر 2022ء کو اختتام پذیر نو ماہ کی مدت کے لیے 51.6 بلین روپے کی سطح تک بڑھ گیا۔ اپنی مضبوط مجموعی کارکردگی کی بناء پر بینک نے تیسری سہ ماہی کے دوران 19.05 بلین روپے کا تاریخ ساز منافع حاصل کیا۔ فنانس ایکٹ 2022ء کے ذریعے پچھلی مدت سے قابل اطلاق ٹیکس ترامیم اور اضافی ٹیکس کی وجہ سے، اس زیرتجزیہ عرصہ کے دوران، ایفیکٹیو (effective) ٹیکس ریٹ گزشتہ سال کے تقابلی عرصہ کی 41 فیصد کی شرح کے مقابلے میں 62 فیصد تک جا پہنچا۔ منافع بعد از ٹیکس، گزشتہ سال کے تقابلی عرصہ کے 22.6 بلین روپے کی نسبت 12 فیصد کی تخفیف کا اندراج کرتے ہوئے 19.9 بلین روپے پر پہنچ گیا۔ جس کے زیرِ اثر بینک کی فی حصص آمدنی، گزشتہ سال کے تقابلی عرصے کے دوران کی 19.03 روپے فی شیئر کی سطح کے تناسب میں 16.75 روپے فی شیئر پر درج کی گئی۔

کرنٹ ڈیپازٹس میں مضبوط مقداری نمو کے تسلسل اور خط آمدنی میں مثبت تحریک کی بنیاد پر 30 ستمبر 2022ء کو اختتام پذیر نو ماہ کی مدت کے لیے خالص انٹرسٹ آمدنی نے اپنے گزشتہ سال کے تقابلی عرصہ کے حاصل شدہ حجم سے 29 فیصد کا اضافہ ظاہر کیا۔ سال بہ سال کی بنیاد پر، بینک کے اوسط کرنٹ ڈیپازٹس میں 91.6 بلین (+17%) کی بڑھوتی دیکھی گئی۔

نان مارک اپ آمدنی اپنی گزشتہ سال کی 14.38 بلین روپے کی سطح سے 41 فیصد کی نمو کے ساتھ مجموعی طور پر 20.25 بلین روپے پر درج کی گئی۔ اس مد میں غیرملکی کرنسی کی شرح تبادلہ، ڈیبٹ کارڈز، تجارتی کاروبار اور گھریلو ترسیلات زر سے حاصل آمدنی اس عرصے کے دوران مضبوط اور اہم کردار کی حامل رہیں۔

روپے کی قدر میں فرسودگی، غیرمتوقع طور پر بلند افراط زر کے دباؤ، برانچوں کے پھیلاؤ میں وسعت، افرادی وسائل میں سرمایہ کاری، اور ٹیکنالوجیکل اپ گریڈیشن کے باوجود، بینک کے کاروباری اخراجات، سال بہ سال کی بنیاد پر، 16 فیصد کے معتدل اضافے کے ساتھ 30.52 بلین روپے پر شمار ہوئے۔ لہذا، لاگت کی آمدنی سے شرح تناسب گزشتہ سال کے مماثلی عرصے میں رپورٹ کی گئی 42.50 فیصد کی شرح سے نمایاں بہتری کے ساتھ 37.30 فیصد پر شمار ہوئی۔ پیش قدم نگرانی اور وصولیوں کی کوششوں کی بدولت اس زیرتجزیہ عرصہ کے دوران غیرفعال قرضوں کے لیے مختص خالص اخراجات (پرووِیژن) میں 1,883 ملین روپے کی کٹوتی ہوئی۔

خدشات کے تدارک کے مضبوط فریم ورک جو کہ جانچ کے حقیقی ماڈلز، قرض کی ادائیگی سے پہلے اسکی قدر پیمائی کے موزوں طریقہ کار اور ادائیگی کے بعد نگرانی کے موثر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھتے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدشات کا، ارتقائی عمل سے دوچار میکرو اکنامک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقے سے انتظام کیا۔ بینک کے غیرفعال قرضہ جات 52.47 بلین روپے پر رپورٹ ہوئے۔ بینک نے اپنی مخصوص پرووِیژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا۔ بینک کی کوریج اور انفیکشن کی شرحیں بالترتیب 85.14 فیصد اور 8.37 فیصد پر رپورٹ ہوئیں۔

مالیاتی حوالے سے، بینک کے کل اثاثہ جات کی اساس 5.4 فیصد کے اضافے کے ساتھ 2,076 بلین روپے پر رپورٹ ہوئی۔ کل قرضہ جات میں 9 بلین روپے (-1%) کی معمولی کمی ہوئی جبکہ کنزیومر قرضہ جات میں 4.8 بلین روپے (+12%) کا اضافہ درج کیا گیا۔

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position
As At September 30, 2022

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	152,449,766	164,613,179
Balances with other banks	8	34,320,308	18,830,310
Lendings to financial institutions	9	62,401,197	42,467,110
Investments	10	1,091,980,965	1,035,585,496
Advances	11	582,049,329	589,711,091
Fixed assets	12	58,316,288	57,327,871
Intangible assets	13	834,324	978,785
Deferred tax assets	14	5,684,071	-
Other assets	15	88,029,686	60,954,606
		2,076,065,934	1,970,468,448
LIABILITIES			
Bills payable	17	10,436,125	24,589,644
Borrowings	18	183,605,347	269,525,556
Deposits and other accounts	19	1,589,788,787	1,411,851,527
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	729,424
Other liabilities	20	123,273,491	89,364,889
		1,907,103,750	1,796,061,040
NET ASSETS		168,962,184	174,407,408
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	87,425,413	84,602,024
Surplus on revaluation of assets - net	22	4,491,308	14,271,517
Unappropriated profit		65,194,863	63,683,267
		168,962,184	174,407,408
CONTINGENCIES AND COMMITMENTS	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

MCB Bank Limited

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Nine Months Period Ended September 30, 2022

	Note	Quarter Ended		Nine Months Ended	
		July 01 to September 30, 2022	July 01 to September 30, 2021	January 01 to September 30, 2022	January 01 to September 30, 2021
		---------Rupees in '000---------			
Mark-up / return / interest earned	25	55,612,453	31,701,823	141,028,418	89,902,918
Mark-up / return / interest expensed	26	33,089,753	15,506,350	79,517,554	42,158,411
Net mark-up / interest income		22,522,700	16,195,473	61,510,864	47,744,507
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	3,575,459	3,142,942	10,301,226	9,154,098
Dividend income		433,261	463,406	1,687,272	1,442,071
Foreign exchange income		3,855,164	935,260	7,969,474	2,330,637
Income / (loss) from derivatives		7,919	(404)	19,889	8,141
Gain / (loss) on securities	28	(572,548)	218,840	94,703	703,385
Other Income	29	55,346	124,066	180,338	744,383
Total non-markup / interest Income		7,354,601	4,884,110	20,252,902	14,382,715
Total Income		29,877,301	21,079,583	81,763,766	62,127,222
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	10,861,330	8,994,806	30,300,203	26,190,413
Workers Welfare Fund		381,024	265,143	1,031,742	765,406
Other charges	31	99,402	60,975	162,490	400,275
Total non-markup / interest expenses		11,341,756	9,320,924	31,494,435	27,356,094
Profit before provisions		18,535,545	11,758,659	50,269,331	34,771,128
(Reversals) / provisions and write offs - net	32	(515,656)	(1,498,509)	(1,317,754)	(3,499,191)
PROFIT BEFORE TAXATION		19,051,201	13,257,168	51,587,085	38,270,319
Taxation	33	10,323,440	5,443,908	31,734,660	15,714,387
PROFIT AFTER TAXATION		8,727,761	7,813,260	19,852,425	22,555,932
Basic and diluted earnings per share	34	7.36	6.59	16.75	19.03

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

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Nine Months Period Ended September 30, 2022

	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2022	July 01 to September 30, 2021	January 01 to September 30, 2022	January 01 to September 30, 2021
	---------Rupees in '000---------			
Profit after taxation for the period	8,727,761	7,813,260	19,852,425	22,555,932
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	1,480,025	916,814	838,146	490,833
Movement in surplus / (deficit) on revaluation of investments - net of tax	(998,423)	(3,780,565)	(9,540,963)	(6,124,886)
	481,602	(2,863,751)	(8,702,817)	(5,634,053)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	164,273	(166,181)
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	-	(168,265)	(181,188)
	-	-	(3,992)	(347,369)
Total comprehensive income / (loss)	9,209,363	4,949,509	11,145,616	16,574,510

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

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Nine Months Period Ended September 30, 2022

	Share capital	Capital reserve: Share premium	Capital reserve: Non-distributable capital reserve	Capital reserve: Exchange translation reserve	Statutory reserve	Revenue reserve: General reserve	Surplus/(deficit) on revaluation of: Investments	Surplus/(deficit) on revaluation of: Fixed / non-banking assets	Unappropriated profit	Total
	---Rupees in '000---									
Balance as at December 31, 2020 (Audited)	11,850,600	23,751,114	908,317	2,876,463	34,560,421	18,600,000	8,239,633	19,490,785	69,834,602	190,101,955
Total comprehensive income for the nine months period ended September 30, 2021										
Profit after taxation for the nine months period ended September 30, 2021	-	-	-	-	-	-	-	-	22,555,932	22,555,932
Other comprehensive loss - net of tax	-	-	-	490,833	-	-	(6,124,886)	(181,188)	(166,181)	(5,981,422)
	-	-	-	490,833	-	-	(6,124,886)	(181,188)	22,389,751	16,574,510
Transfer to statutory reserve	-	-	-	-	2,255,593	-	-	-	(2,255,593)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(61,611)	61,611	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(20,240)	20,240	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(222,773)	222,773	-
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)
Interim cash dividend at Rs. 4.50 per share - March 31, 2021	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)
Interim cash dividend at Rs. 5.0 per share - June 30, 2021	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
	-	-	-	-	-	-	-	-	(29,033,970)	(29,033,970)
Balance as at September 30, 2021 (Un-audited)	11,850,600	23,751,114	908,317	3,367,316	36,816,014	18,600,000	2,114,747	18,994,973	61,238,414	177,642,495
Change in equity for three months period ended December 31, 2021										
Total comprehensive income for the three months period ended December 31, 2021										
Profit after taxation for the three months period ended December 31, 2021	-	-	-	-	-	-	-	-	8,255,115	8,255,115
Other comprehensive loss - net of tax	-	-	-	333,751	-	-	(6,853,472)	158,186	204,103	(6,157,432)
	-	-	-	333,751	-	-	(6,853,472)	158,186	8,459,218	2,097,683
Transfer to statutory reserve	-	-	-	-	825,512	-	-	-	(825,512)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(20,456)	20,456	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(95,023)	95,023	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(27,438)	27,438	-
Transactions with owners, recorded directly in equity										
Interim cash dividend at Rs. 4.5 per share - September 30, 2021	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)
Balance as at December 31, 2021 (Audited)	11,850,600	23,751,114	908,317	3,701,067	37,641,526	18,600,000	(4,738,725)	19,010,242	63,683,267	174,407,408
Total comprehensive income for the nine months period ended September 30, 2022										
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	-	-	-	-	-	19,852,425	19,852,425
Other comprehensive loss - net of tax	-	-	-	838,146	-	-	(9,540,963)	(168,285)	(164,273)	(8,706,869)
	-	-	-	838,146	-	-	(9,540,963)	(168,285)	20,016,698	11,145,616
Transfer to statutory reserve	-	-	-	-	1,985,243	-	-	-	(1,985,243)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(57,025)	57,025	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(13,956)	13,956	-
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Interim cash dividend at Rs. 5.0 per share - March 31, 2022	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Interim cash dividend at Rs. 4.0 per share - June 30, 2022	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
	-	-	-	-	-	-	-	-	(16,590,840)	(16,590,840)
Balance as at September 30, 2022 (Un-audited)	11,850,600	23,751,114	908,317	4,539,213	39,626,769	18,600,000	(14,279,688)	18,770,986	65,194,883	168,962,184

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

MCB Bank Limited

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Nine Months Period Ended September 30, 2022

	Note	Nine Months Ended: January 01 to September 30, 2022	Nine Months Ended: January 01 to September 30, 2021
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		51,587,085	38,270,319
Less: Dividend income		(1,687,272)	(1,442,071)
		49,899,813	36,828,248
Adjustments:			
Depreciation on fixed assets	30	1,728,068	1,608,704
Depreciation on right-of-use assets	30	965,761	915,482
Depreciation on non-banking assets acquired in satisfaction of claims	30	17,736	28,081
Amortization	30	296,586	232,501
Reversals and write offs - net	32	(1,317,754)	(3,499,191)
Gain on sale of fixed assets	29	(48,172)	(46,043)
Gain on sale of non-banking assets acquired in satisfaction of claims	29	(6,817)	(551,339)
Finance charges on lease liability against right-of-use assets	26	798,608	785,953
Workers Welfare Fund		1,031,742	765,406
Charge for defined benefit plans - net		143,859	377,438
Gain on termination of lease liability against right of use assets	29	(49,871)	(52,424)
Unrealized loss on revaluation of investments classified as held for trading	28	884	15,663
		3,560,630	580,231
		53,460,443	37,408,479
(Increase) / decrease in operating assets			
Lendings to financial institutions		(19,934,087)	(8,888,885)
Held-for-trading securities		(1,302,158)	(4,095,506)
Advances		9,690,473	(15,502,808)
Others assets (excluding advance taxation)		(20,752,864)	294,354
		(32,298,636)	(28,192,845)
(Decrease) / increase in operating liabilities			
Bills Payable		(14,153,519)	(11,693,833)
Borrowings from financial institutions		(84,387,229)	26,939,834
Deposits		177,937,260	167,078,935
Other liabilities (excluding current taxation)		14,836,960	6,867,577
		94,233,472	189,192,513
Defined benefits paid		(177,211)	(187,985)
Income tax paid		(19,271,719)	(15,813,993)
Net cash flow from / (used in) operating activities		95,946,349	182,406,169
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investment) in available-for-sale securities		(65,785,504)	(159,305,764)
Net (investment) in held-to-maturity securities		(3,224,066)	(6,017,458)
Dividends received		1,629,504	1,257,826
Investments in fixed assets		(3,029,869)	(2,005,200)
Investments in Intangible assets		(159,449)	(292,953)
Proceeds from sale of fixed assets		73,710	199,043
Proceeds from sale of non-banking assets acquired in satisfaction of claims		153,500	1,887,103
Investment in subsidiary		(4,000,000)	-
Effect of translation of net investment in foreign branches		838,146	490,833
Net cash flow (used in) / from investing activities		(73,504,028)	(163,786,570)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use-assets		(1,358,396)	(1,288,454)
Dividend paid		(16,224,360)	(28,737,244)
Net cash flow used in financing activities		(17,582,756)	(30,025,698)
Effect of exchange rate changes on cash and cash equivalents		9,559,736	3,419,961
Increase in cash and cash equivalents		14,419,301	(7,986,138)
Cash and cash equivalents at beginning of the period		172,223,635	142,393,893
Cash and cash equivalents at end of the period		186,642,936	134,407,755

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

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 1,430 branches (2021: 1,426 branches) within Pakistan and 09 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 and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

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 July 10, 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 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.

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

The following new standard 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)
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
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024

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

As per the SBP's BPRD Circular Letter no. 03 dated July 5, 2022, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2023. Therefore, these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted. The impact of the application of IFRS 9 on Bank's financial statements is being assessed with respect to domestic operations.

There are other amendments and interpretations to existing standards that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 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 in line with emerging risks.

	Unaudited September 30, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	30,693,056	22,275,982
Foreign currencies	10,270,103	6,201,240
	40,963,159	28,477,222
With State Bank of Pakistan in		
Local currency current accounts	59,808,613	81,786,372
Local currency special account	482,144	979,736
Foreign currency current accounts	1,763,462	2,315,211
Foreign currency deposit accounts	7,816,673	10,550,168
	69,870,892	95,631,487
With other central banks in		
Foreign currency current accounts	8,304,033	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	33,194,748	33,521,087
Prize bonds	116,934	255,248
	152,449,766	164,613,179
8. BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts	22,295,617	8,494,144
In deposit accounts	12,024,691	10,336,166
	34,320,308	18,830,310
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	42,293,280	27,571,021
Repurchase agreement lendings (Reverse Repo)	20,107,917	14,896,089
	62,401,197	42,467,110

	Note	Unaudited September 30, 2022				Audited December 31, 2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		----------Rupees in '000----------							
10. INVESTMENTS									
10.1 Investments by type:									
Held-for-trading securities									
Federal Government Securities		1,314,613	-	(884)	1,313,729	12,467	-	(12)	12,455
		1,314,613	-	(884)	1,313,729	12,467	-	(12)	12,455
Available-for-sale securities									
Federal Government Securities		1,046,253,509	(64,131)	(24,888,991)	1,021,300,387	977,660,377	(22,288)	(9,111,067)	968,527,022
Shares and units		31,140,761	(10,642,497)	(147,434)	20,350,830	31,011,555	(10,096,489)	1,342,189	22,257,255
Non Government Debt Securities		1,583,840	-	8,850	1,592,690	1,443,840	-	5,900	1,449,740
Foreign Securities		4,509,238	(1,748)	(24,511)	4,482,979	7,557,240	(1,748)	(5,424)	7,550,068
		1,083,487,348	(10,708,376)	(25,052,086)	1,047,726,886	1,017,673,012	(10,120,525)	(7,768,402)	999,784,085
Held-to-maturity securities									
Federal Government Securities		18,378,061	(133,941)	-	18,244,120	14,360,970	(52,637)	-	14,308,333
Provincial Government Securities		118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities		8,155,058	(477,541)	-	7,677,517	8,155,476	(477,541)	-	7,677,935
Foreign Securities		-	-	-	-	792,607	(8,632)	-	783,975
		26,533,237	(611,600)	-	25,921,637	23,309,171	(538,928)	-	22,770,243
Associates		700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries	10.4	16,319,037	(725)	-	16,318,312	12,319,037	(725)	-	12,318,312
Total Investments		1,128,354,636	(11,320,701)	(25,052,970)	1,091,980,965	1,054,014,088	(10,660,178)	(7,768,414)	1,035,585,496

	Unaudited September 30, 2022	Audited December 31, 2021
	----------Rupees in '000-------	
10.1.1 Investments given as collateral		
- Market Treasury Bills	563,675	107,136,184
- Pakistan Investment Bonds	90,082,878	53,303,403
	90,646,553	160,439,587
10.2 Provision for diminution in value of investments		
10.2.1 Opening balance	10,660,178	10,652,723
Exchange and other adjustments	28,832	570
Charge / (reversals)	1,699,683	935,164
Charge for the period / year	-	(18,390)
Reversals for the period / year	(1,067,992)	(909,889)
Reversal on disposals	631,691	6,885
Closing Balance	11,320,701	10,660,178

	Unaudited September 30, 2022			Audited December 31, 2021		
	NPI	Provision		NPI	Provision	
	----------Rupees in '000-------					
10.2.2 Particulars of provision against debt securities						
Category of classification						
Domestic						
Loss	477,659	477,659		477,659	477,659	

10.2.3 The overseas branches hold a general provision of Rs 198.072 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 September 30, 2022 amounted to Rs. 23,154.669 million (December 31, 2021: Rs. 22,217.535 million).

10.4 During the period, the Bank has invested Rs. 4,000 million via subscription of right shares in the ordinary share capital of MCB Islamic Bank Limited, a wholly owned subsidiary.

11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited September 30, 2022	Audited December 31, 2021	Unaudited September 30, 2022	Audited December 31, 2021	Unaudited September 30, 2022	Audited December 31, 2021
	---Rupees in '000---					
Loans, cash credits, running finances, etc.	560,073,165	565,230,252	51,412,051	49,404,885	611,485,216	614,635,137
Bills discounted and purchased	14,178,382	19,852,814	1,059,096	1,085,920	15,237,478	20,938,734
Advances - gross	574,251,547	585,083,066	52,471,147	50,490,805	626,722,694	635,573,871
Provision against advances						
- Specific	-	-	(42,786,485)	(44,156,471)	(42,786,485)	(44,156,471)
- General	(1,886,880)	(1,706,309)	-	-	(1,886,880)	(1,706,309)
	(1,886,880)	(1,706,309)	(42,786,485)	(44,156,471)	(44,673,365)	(45,862,780)
Advances - net of provision	572,364,667	583,376,757	9,684,662	6,334,334	582,049,329	589,711,091

11.1 Particulars of advances (Gross)

	Unaudited September 30, 2022	Audited December 31, 2021
	---Rupees in '000---	
In local currency	581,422,603	587,623,982
In foreign currencies	45,300,091	47,949,889
	626,722,694	635,573,871

11.2 Advances include Rs. 52,471.147 million (2021: Rs.50,490.805 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited September 30, 2022		Audited December 31, 2021	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		---Rupees in '000---			
Domestic					
Other Assets Especially Mentioned	11.2.1	1,505,069	395	49,319	1,340
Substandard		163,452	40,234	264,462	65,075
Doubtful		122,540	61,270	118,054	59,027
Loss		38,421,457	37,982,755	40,666,099	40,203,253
		40,212,518	38,084,654	41,097,934	40,328,695
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		617,237	154,891	38,999	14,993
91 to 180 days		4,597	3,391	12,212	5,750
181 to 365 days		1,935	968	109,551	54,776
> 365 days		11,634,860	4,542,581	9,232,109	3,752,257
		12,258,629	4,701,831	9,392,871	3,827,776
Total		52,471,147	42,786,485	50,490,805	44,156,471

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

11.3 Particulars of provision against advances

	Note	Unaudited September 30, 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		762,041	3,986	766,027	319,945	18,623	338,568
Charge for the period / year		824,349	259,437	1,083,786	2,340,739	179,944	2,520,683
Reversals	11.3.2	(2,883,725)	(82,852)	(2,966,577)	(3,250,860)	(3,957,717)	(7,208,577)
		(2,059,376)	176,585	(1,882,791)	(910,121)	(3,777,773)	(4,687,894)
Amounts written off		(72,651)	-	(72,651)	(396,309)	-	(396,309)
Closing balance		42,786,485	1,886,880	44,673,365	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 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 September 30, 2022	Audited December 31, 2021
		---Rupees in '000---	
Capital work-in-progress	12.1	1,152,441	857,736
Property and equipment		51,696,833	50,723,894
Right-of-use assets		5,467,014	5,746,241
		58,316,288	57,327,871

12.1 Capital work-in-progress

Civil works	892,709	431,382
Equipment	25,074	1,922
Advances to suppliers	208,923	417,309
Others	25,735	7,123
	1,152,441	857,736

12.2 Additions to fixed assets

	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
	---Rupees in '000---	
The following additions have been made to fixed assets during the period:		
Capital work-in-progress - net additions	294,705	361,934
Property and equipment		
Freehold land	362,860	99,958
Building on freehold land	223,949	344,391
Building on leasehold land	2,415	15,058
Electrical office and computer equipment	1,709,258	892,522
Furniture and fixture	152,000	111,916
Leasehold Improvements	171,968	131,327
Vehicles	112,714	45,784
Leasehold land	-	2,310
	2,735,164	1,643,266
	3,029,869	2,005,200

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:		
Land Freehold	-	66,400
Vehicles	13,699	12,669
Furniture and fixture	3,984	3,495
Electrical office and computer equipment	7,825	5,280
Leasehold Improvements	30	-
Building on freehold land	-	65,156
	25,538	153,000

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
13. INTANGIBLE ASSETS			
Computer software		590,200	549,332
Capital work-in-progress		244,124	429,453
		834,324	978,785

	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
	----------Rupees in '000--------	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	344,778	202,185
Capital work-in-progress - net additions	-	90,768
	344,778	292,953

	Unaudited September 30, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
14. DEFERRED TAX (ASSET) / LIABILITY - NET		
Deductible Temporary Differences on		
- Provision against advances	(1,340,560)	(1,966,314)
- Surplus/deficit on revaluation of investments	(10,772,398)	(3,029,677)
	(12,112,958)	(4,995,991)
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,463,353	1,366,245
- Surplus on revaluation of non-banking assets	291,920	274,315
- Accelerated tax depreciation	2,491,534	2,124,452
- Receivable from pension fund - net	1,476,862	1,255,185
- Business combination	705,218	705,218
	6,428,887	5,725,415
	(5,684,071)	729,424
15. OTHER ASSETS		
Income/ Mark-up accrued in local currency	35,954,949	21,654,370
Income/ Mark-up accrued in foreign currencies	508,038	304,911
Advances, deposits, advance rent and other prepayments	4,754,068	1,897,020
Non-banking assets acquired in satisfaction of claims	2,031,005	2,170,938
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	214,687	-
Mark to market gain on forward foreign exchange contracts	3,580,586	4,319,018
Unrealized gain on derivative financial instruments	535,746	304,893
Acceptances	27,230,426	20,941,457
Receivable from the pension fund	3,434,562	3,218,426
Clearing and settlement accounts	7,713,634	4,794,316
Claims receivable against fraud and forgeries	1,246,226	1,117,067
Others	3,065,794	2,104,292
	90,403,530	62,960,517
Less: Provision held against other assets	15.1 3,052,728	2,709,281
Other Assets (net of provision)	87,350,802	60,251,236
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22 678,884	703,370
Other Assets - total	88,029,686	60,954,606
15.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	569,123	486,976
Others	2,394,832	2,133,532
	3,052,728	2,709,281
15.1.1 Movement in provision held against other assets		
Opening balance	2,709,281	2,582,686
Charge for the period / year	85,778	56,128
Reversals	(2,270)	(25,036)
	83,508	31,092
Amounts written off	(393)	(991)
Exchange and other adjustments	260,332	96,494
Closing balance	3,052,728	2,709,281

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at September 30, 2022 (2021: NIL).

	Unaudited September 30, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
17. BILLS PAYABLE		
In Pakistan	10,414,405	24,541,023
Outside Pakistan	21,720	48,621
	10,436,125	24,589,644
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	24,968,087	44,958,974
Under Long Term Financing Facility	24,058,073	22,532,703
Under Renewable Energy Performance Platform	2,061,076	1,443,069
Under Refinance Scheme for Payment of Wages & Salaries	1,939,781	5,683,739
Under Temporary Economic Refinance Facility	38,839,615	24,881,195
Under Refinance Facility for combating COVID-19	15,486	18,357
Under Financing Facility for Storage of Agricultural Produce	122,534	147,260
	92,004,652	99,665,297
Bai Muajjal	-	44,809,236
Repurchase agreement borrowings	91,299,554	116,920,102
Total secured	183,304,206	261,394,635
Unsecured		
Borrowings from other financial institution	11,717	41,365
Call borrowings	-	6,267,152
Overdrawn nostro accounts	127,138	1,660,118
Others	162,286	162,286
Total unsecured	301,141	8,130,921
	183,605,347	269,525,556

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited September 30, 2022			Audited December 31, 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in '000----------					
Customers						
Current deposits	529,370,092	95,131,898	624,501,990	454,999,719	68,396,660	523,396,379
Savings deposits	755,168,674	43,036,075	798,204,749	692,860,151	44,991,159	737,851,310
Term deposits	78,801,018	13,490,546	92,291,564	80,826,341	12,107,066	92,933,407
Others	35,171,008	5,985,191	41,156,199	25,795,729	3,062,911	28,858,640
	1,398,510,792	157,643,710	1,556,154,502	1,254,481,940	128,557,796	1,383,039,736
Financial Institutions						
Current deposits	11,735,564	954,633	12,690,197	9,064,099	1,472,720	10,536,819
Savings deposits	11,530,162	97,595	11,627,757	10,894,817	117,898	11,012,715
Term deposits	595,968	6,736,511	7,332,479	539,968	6,319,339	6,859,307
Others	-	1,983,852	1,983,852	-	402,950	402,950
	23,861,694	9,772,591	33,634,285	20,498,884	8,312,907	28,811,791
	1,422,372,486	167,416,301	1,589,788,787	1,274,980,824	136,870,703	1,411,851,527

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		16,868,648	5,303,967
Mark-up/ return/ interest payable in foreign currencies		205,329	171,780
Unearned commission and income on bills discounted		1,155,012	807,468
Accrued expenses		6,440,949	6,420,208
Provision for taxation (provisions less payments)		19,779,493	8,641,789
Workers' Welfare Fund	20.1	10,910,212	9,878,470
Acceptances	15	27,230,426	20,941,457
Unclaimed / dividends payable		2,389,305	2,022,825
Mark to market loss on forward foreign exchange contracts		4,183,608	4,388,436
Unrealised loss on derivative financial instruments		535,169	302,365
Branch adjustment account		-	78,348
Staff welfare fund		1,885	4,755
Provision for employees' compensated absences		1,155,862	1,100,865
Provision for post retirement medical benefits		2,100,872	1,982,169
Provision for employees' contributory benevolent scheme		206,796	197,712
Insurance payable against consumer assets		772,762	736,768
Unclaimed balances		649,337	755,141
Duties and taxes payable		2,278,489	3,868,463
Provision against off-balance sheet obligations		43,837	46,319
Security deposits against lease		1,185,186	799,331
Lease liability against right of use assets		7,463,866	7,399,921
Clearing and settlement accounts		10,097,751	6,234,150
Others		7,618,697	7,282,182
		123,273,491	89,364,889

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

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

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
21. RESERVES			
Share premium		23,751,114	23,751,114
Non - distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		4,539,213	3,701,067
Statutory reserve	21.2	39,626,769	37,641,526
General reserve		18,600,000	18,600,000
		87,425,413	84,602,024

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.

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(25,052,086)	(7,768,402)
- Fixed Assets		19,847,385	19,947,432
- Non-banking assets acquired in satisfaction of claims	15	678,884	703,370
		(4,525,817)	12,882,400
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	(10,772,398)	(3,029,677)
- Fixed Assets	14	1,463,353	1,366,245
- Non-banking assets acquired in satisfaction of claims	14	291,920	274,315
		(9,017,125)	(1,389,117)
		4,491,308	14,271,517
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	270,322,371	186,607,084
-Commitments	23.2	416,174,664	406,841,074
-Other contingent liabilities	23.3	31,046,038	25,738,784
		717,543,073	619,186,942
23.1 Guarantees:			
Financial guarantees		117,524,762	158,802,090
Performance guarantees		147,638,725	25,596,864
Other guarantees		5,158,884	2,208,130
		270,322,371	186,607,084
23.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		196,510,120	178,952,056
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	176,192,525	217,379,046
- forward government securities transactions	23.2.2	18,742,095	5,098,200
- derivatives	23.2.3	22,434,656	4,434,780
Commitments for acquisition of:			
- operating fixed assets		2,095,634	806,239
- intangible assets		199,634	170,753
		416,174,664	406,841,074
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		97,190,190	119,831,839
Sale		79,002,335	97,547,207
		176,192,525	217,379,046
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		10,742,095	5,098,200
Sale		8,000,000	-
		18,742,095	5,098,200
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		10,769,977	1,432,779
Sale		10,769,977	1,432,779
		21,539,954	2,865,558
Cross Currency Swaps			
Purchase		447,351	784,611
Sale		447,351	784,611
		894,702	1,569,222
		22,434,656	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.

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	23.3.1	31,046,038	25,738,784

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. 1,158 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 Amortization of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

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

24. DERIVATIVE INSTRUMENTS

	Unaudited September 30, 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----------					
Total						
Hedging	447,351	310,610	-	-	10,769,977	225,136
Market Making	447,351	(310,033)	-	-	10,769,977	(225,136)

	Audited December 31, 2021					
	----------Rupees in '000----------					
Total						
Hedging	784,611	298,956	-	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	-	1,432,779	(5,937)

	Note	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		44,805,461	23,956,633
Investments		93,351,346	65,539,389
Lendings to financial institutions		2,551,527	332,800
Balances with banks		320,084	74,096
		141,028,418	89,902,918
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		67,073,843	33,508,997
Borrowings		9,981,018	6,627,276
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,664,085	1,236,185
Finance charges on lease liability against right-of-use assets		798,608	785,953
		79,517,554	42,158,411
27. FEE & COMMISSION INCOME			
Branch banking customer fees		2,319,927	2,073,458
Consumer finance related fees		466,451	376,038
Card related fees (debit and credit cards)		2,884,747	2,171,258
Credit related fees		166,851	213,501
Investment banking fee		121,561	158,777
Commission on trade		1,188,914	1,027,636
Commission on guarantees		400,663	461,999
Commission on cash management		614,900	527,755
Commission on remittances including home remittances		991,532	732,238
Commission on bancassurance		754,105	1,051,317
Rent on lockers		174,149	174,536
Commission on utility bills		63,678	57,904
Commission on investments services		44,267	27,836
Others		109,481	99,845
		10,301,226	9,154,098
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	95,587	719,048
Unrealised - Held For Trading	10.1	(884)	(15,663)
		94,703	703,385
28.1 Realised gain / (loss) on:			
Federal Government Securities		112,178	360,578
Shares		(16,591)	358,231
Others		-	239
		95,587	719,048
29. OTHER INCOME			
Rent on property		75,478	94,577
Gain on termination of lease liability against right of use assets		49,871	52,424
Gain / (Loss) on sale of fixed assets - net		48,172	46,043
Gain on sale of non-banking assets acquired in satisfaction of claims - net		6,817	551,339
		180,338	744,383

	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	13,937,211	12,850,019
Property expense		
Rent and taxes	177,662	174,617
Insurance	14,877	15,870
Utilities cost	1,342,108	1,004,451
Fuel expense generators	693,010	303,532
Security (including guards)	1,239,640	1,100,597
Repair and maintenance (including janitorial charges)	677,320	508,728
Depreciation on right-of-use assets	965,761	915,482
Depreciation	561,292	528,424
	5,671,670	4,551,701
Information technology expenses		
Software maintenance	903,055	779,993
Hardware maintenance	193,662	131,547
Depreciation	454,935	459,748
Amortization	296,586	232,501
Network charges	435,942	381,636
Insurance	2,024	2,576
	2,286,204	1,988,001
Other operating expenses		
Directors' fees and allowances	28,280	28,880
Legal and professional charges	319,767	211,767
Outsourced services costs	635,665	564,712
Travelling and conveyance	280,895	183,033
NIFT clearing charges	137,593	114,327
Depreciation	711,841	620,532
Depreciation on non-banking assets acquired in satisfaction of claims	17,736	28,081
Training and development	51,237	17,889
Postage and courier charges	198,615	164,358
Communication	312,614	262,085
Stationery and printing	554,421	433,840
Marketing, advertisement & publicity	676,000	489,393
Donations	1,352	8,165
Auditors' remuneration	41,312	44,905
Cash transportation charges	687,649	629,653
Repair and maintenance	412,620	344,559
Subscription	17,851	15,923
Entertainment	202,148	150,230
Remittance charges	165,765	153,421
Brokerage expenses	29,328	28,807
Card related expenses	1,028,427	698,020
CNIC verification charges	286,360	178,055
Insurance	1,352,697	1,252,549
Others	254,945	177,508
	8,405,118	6,800,692
	30,300,203	26,190,413
31. OTHER CHARGES		
Penalties of State Bank of Pakistan	41,420	332,341
VAT & National Building tax & Crop Insurance Levy	121,070	43,998
Education cess	-	23,936
	162,490	400,275

	Note	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
		----------Rupees in '000--------	
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversal) / provision against balance with Banks		(4,937)	4,295
Provision / (reversal) for diminution in value of investments	10.2.1	631,691	(183,335)
Reversal against loans and advances	11.3	(1,882,791)	(3,218,927)
Reversal against off balance sheet items		15	116
Provision against other assets	15.1.1	83,508	13,110
Bad debts written off directly		680	-
Recovery of written off / charged off bad debts		(145,920)	(114,450)
		(1,317,754)	(3,499,191)
33. TAXATION			
Current		26,938,917	14,806,540
Prior years		3,470,506	-
Deferred		1,325,237	907,847
		31,734,660	15,714,387
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax		19,852,425	22,555,932
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		16.75	19.03

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.

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

	Unaudited September 30, 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	1,022,614,116	-	1,022,614,116	-	1,022,614,116
Shares	18,894,350	18,894,350	-	-	18,894,350
Non-Government Debt Securities	1,592,690	-	1,592,690	-	1,592,690
Foreign Securities	4,482,979	-	4,482,979	-	4,482,979
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	44,396,830	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,492,164	-	44,492,164	-	44,492,164
Non-banking assets	2,621,116	-	2,621,116	-	2,621,116
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	97,190,190	-	1,409,567	-	1,409,567
Forward sale of foreign exchange	79,002,335	-	2,012,589	-	2,012,589
Derivatives purchase	11,217,328	-	535,746	-	535,746
Derivatives sale	11,217,328	-	535,169	-	535,169

	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	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
Financial assets - disclosed but not measured at fair value					-
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	37,250,999	-	-	-	-
Non - Financial Assets measured at fair value					
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
Off-balance sheet financial instruments - measured at fair value					
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

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

	Unaudited Nine Months Period ended September 30, 2022								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	Rupees in '000								
Profit & Loss									
Net mark-up/return/profit	(55,031,160)	2,943,669	27,915,352	83,677,879	2,005,124	-	61,510,864	-	61,510,864
Inter segment revenue - net	108,461,693	(1,367,445)	(24,364,221)	(90,456,263)	(141,424)	7,867,660	-	-	-
Non mark-up / return / interest income	7,005,471	1,661,265	4,680,576	5,596,735	956,606	352,249	20,252,902	-	20,252,902
Total Income	60,436,004	3,237,489	8,231,707	(1,181,649)	2,820,306	8,219,909	81,763,766	-	81,763,766
Segment direct expenses	19,887,340	1,407,509	600,400	351,415	1,110,254	8,137,517	31,494,435	-	31,494,435
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	19,887,340	1,407,509	600,400	351,415	1,110,254	8,137,517	31,494,435	-	31,494,435
Provisions	(20,130)	28,312	(279,914)	546,008	290,203	(1,882,233)	(1,317,754)	-	(1,317,754)
Profit before tax	40,568,794	1,801,668	7,911,221	(2,079,072)	1,419,849	1,964,625	51,587,085	-	51,587,085
Balance Sheet									
Cash & Bank balances	71,114,217	725,447	263,050	83,920,615	28,730,411	2,016,334	186,770,074	-	186,770,074
Investments	-	-	9,270,206	1,067,961,976	14,748,783	-	1,091,980,965	-	1,091,980,965
Net inter segment lending	1,223,174,572	-	-	-		192,065,705	1,415,240,277	(1,415,240,277)	-
Lendings to financial institutions	-	-	-	20,107,917	42,293,280	-	62,401,197	-	62,401,197
Advances - performing	101,928,837	41,480,418	413,406,970	-	15,548,442	-	572,364,667	-	572,364,667
- non performing	214,317	78,221	1,405,530	-	7,556,799	429,795	9,684,662	-	9,684,662
Others	49,374,700	1,959,797	38,895,667	21,834,561	2,951,560	37,848,084	152,864,369	-	152,864,369
Total Assets	1,445,806,643	44,243,883	463,241,423	1,193,825,069	111,829,275	232,359,918	3,491,306,211	(1,415,240,277)	2,076,065,934
Borrowings	9,922,496	-	81,888,202	89,799,777	1,994,872	-	183,605,347	-	183,605,347
Deposits & other accounts	1,402,709,134	20,995,470	75,103,902	-	90,967,777	12,504	1,589,788,787	-	1,589,788,787
Net inter segment borrowing	-	18,914,327	279,978,231	1,102,105,517	14,242,202	-	1,415,240,277	(1,415,240,277)	-
Others	33,175,013	4,334,086	26,271,088	1,919,775	4,624,424	63,385,230	133,709,616	-	133,709,616
Total liabilities	1,445,806,643	44,243,883	463,241,423	1,193,825,069	111,829,275	63,397,734	3,322,344,027	(1,415,240,277)	1,907,103,750
Equity	-	-	-	-	-	168,962,184	168,962,184	-	168,962,184
Total Equity & liabilities	1,445,806,643	44,243,883	463,241,423	1,193,825,069	111,829,275	232,359,918	3,491,306,211	(1,415,240,277)	2,076,065,934
Contingencies & Commitments	66,122,978	-	386,391,808	217,369,276	13,993,661	33,665,350	717,543,073	-	717,543,073

	Unaudited Nine Months Period ended September 30, 2021								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	Rupees in '000								
Profit & Loss									
Net mark-up/return/profit	(27,279,519)	2,001,703	14,024,009	58,080,747	917,567	-	47,744,507	-	47,744,507
Inter segment revenue - net	55,848,569	(429,386)	(10,540,105)	(50,170,327)	(94,031)	5,385,280	-	-	-
Non mark-up / return / interest income	5,612,458	1,750,728	2,655,186	3,212,247	670,878	481,218	14,382,715	-	14,382,715
Total Income	34,181,508	3,323,045	6,139,090	11,122,667	1,494,414	5,866,498	62,127,222	-	62,127,222
Segment direct expenses	17,216,948	1,224,285	484,007	304,481	882,033	7,244,340	27,356,094	-	27,356,094
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	17,216,948	1,224,285	484,007	304,481	882,033	7,244,340	27,356,094	-	27,356,094
Provisions	1,197,169	105,253	(105,127)	(162,708)	107,942	(4,641,720)	(3,499,191)	-	(3,499,191)
Profit before tax	15,767,391	1,993,507	5,760,210	10,980,894	504,439	3,263,878	38,270,319	-	38,270,319
Balance Sheet	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	-	183,443,489
Investments	-	-	9,125,927	1,012,813,179	13,646,390	-	1,035,585,496	-	1,035,585,496
Net inter segment lending	1,109,475,892	-	-	-	-	187,691,251	1,297,167,143	(1,297,167,143)	-
Lendings to financial institutions	-	-	-	18,396,089	24,071,021	-	42,467,110	-	42,467,110
Advances - performing	100,287,979	36,615,372	427,159,422	-	19,313,984	-	583,376,757	-	583,376,757
- non performing	223,751	92,152	26,224	-	5,565,096	427,111	6,334,334	-	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	-	119,261,262
Total Assets	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591	(1,297,167,143)	1,970,468,448
Borrowings	15,037,907	-	84,434,986	167,180,272	2,872,391	-	269,525,556	-	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	-	1,411,851,527
Net inter segment borrowing	-	10,396,935	298,741,975	973,411,802	14,616,431	-	1,297,167,143	(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	-	114,683,957
Total liabilities	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	53,165,581	3,093,228,183	(1,297,167,143)	1,796,061,040
Equity	-	-	-	-	-	174,407,408	174,407,408	-	174,407,408
Total Equity & liabilities	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591	(1,297,167,143)	1,970,468,448
Contingencies & Commitments	64,622,665	-	298,150,190	226,912,026	2,506,084	26,995,977	619,186,942	-	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.

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 September 30, 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)									
Lendings to Financial Institutions										
Opening balance	-	-	3,500,000	-	-	-	-	-	-	-
Addition during the period / year	-	-	113,946,765	-	-	-	-	103,400,000	-	-
Repaid during the period / year	-	-	(117,446,765)	-	-	-	-	(99,900,000)	-	-
Closing balance	-	-	-	-	-	-	-	3,500,000	-	-
Investments										
Opening balance	-	-	12,319,037	700,401	254,253	-	-	12,319,037	700,401	254,253
Investment made during the period / year	-	-	4,000,000	-	-	-	-	-	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	16,319,037	700,401	254,253	-	-	12,319,037	700,401	254,253
Provision for diminution in value of investments	-	-	725	-	5,000	-	-	725	-	5,000
Advances										
Opening balance	109	147,331	940,062	1,018,449	3,084,862	1,042	166,757	856,704	356,898	152,147
Addition / exchange adjustment during the period / year	17,743	80,781	103,878	-	12,323,376	16,460	48,891	83,358	1,390,000	3,103,637
Repaid / exchange adjustment during the period / year	(15,832)	(73,396)	-	(973,837)	(12,640,746)	(16,576)	(53,410)	-	(728,449)	(170,922)
Transfer in / (out)	-	122,703	-	-	-	(817)	(14,907)	-	-	-
Closing balance	2,020	277,419	1,043,940	44,612	2,767,492	109	147,331	940,062	1,018,449	3,084,862
Provision held against advances	-	-	-	-	-	-	-	-	-	-

	Unaudited September 30, 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)									
Fixed Assets										
Purchase of fixed assets	-	-	200,000	5,511	51,033	-	-	-	17,276	19,322
Other Assets										
Markup receivable	-	3,389	4,860	134	55,837	-	2,436	20,398	17,154	16,572
Advances, deposits, advance rent and other prepayments	-	-	9,070	357,858	31,386	-	-	7,040	182,467	44,060
Receivable from Pension Fund	-	-	-	-	3,434,562	-	-	-	-	3,218,426
Closing balance	-	3,389	13,930	357,992	3,521,785	-	2,436	27,438	199,621	3,279,058
Borrowings										
Opening balance	-	-	19,134	-	103,120	-	-	25,356	-	77,139
Borrowings / exchange adjustment during the period / year	-	-	1,056,547	-	(12,104)	-	-	598,267	-	25,981
Settled during the period / year	-	-	(1,035,115)	-	-	-	-	(604,489)	-	-
Closing balance	-	-	40,566	-	91,016	-	-	19,134	-	103,120
Deposits and other accounts										
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	1,377,654	1,256,179	4,724,704	42,050,641	75,410,751	2,874,441	1,315,435	3,162,263	49,364,225	86,845,287
Withdrawn during the period / year	(1,477,642)	(1,268,989)	(4,706,350)	(38,787,432)	(75,011,104)	(2,468,887)	(1,256,285)	(3,164,179)	(50,352,159)	(83,429,013)
Transfer in / (out) - net	-	5,304	-	-	5,950	(7,137)	(1,649)	-	-	(1,194)
Closing balance	600,559	188,561	70,315	7,091,055	8,690,618	700,547	196,067	51,961	3,827,846	8,285,021
Other Liabilities										
Markup payable	243	654	241	15,411	161,780	1,475	-	2	18,219	16,792
Accrued expenses and other payable	-	-	26,279	120,945	137	100,100	3,500	23,556	66,889	2,893
Payable to MCB Employee Security Services	-	-	-	-	17,002	-	-	-	-	55,567
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Closing balance	243	654	46,520	136,356	178,919	101,575	3,500	43,558	85,108	75,252
Contingencies and Commitments										
Letter of Credit	-	-	-	-	5,385,876	-	-	-	-	5,207,768
Bank guarantees	-	-	69,377	7,165,808	892,708	-	-	35,276	10,739	666,342
Closing balance	-	-	69,377	7,165,808	6,278,584	-	-	35,276	10,739	5,874,110

	Unaudited September 30, 2022					Unaudited September 30, 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	70	12,317	284,927	26,937	193,750	23	11,603	37,912	10,064	5,730
Fee and commission income	-	-	49,897	527,942	10,652	-	-	27,922	685,492	4,694
Dividend income	-	-	73,914	210,000	45,083	-	-	83,153	192,500	50,645
(Loss) / gain on forward foreign exchange contracts matured	-	-	-	-	(11,975)	-	-	-	-	18,926
Net gain / (loss) on sale of securities	-	23	-	263	37,511	3	-	-	(71)	211
Gain on sale of fixed assets	-	171	-	-	626	-	84	-	-	-
Rent income	-	-	43,178	9,678	2,880	-	-	37,697	9,252	1,710
Expense										
Markup / return / interest expensed	38,759	2,706	2,617	196,870	1,554,655	13,598	1,364	956	100,015	304,873
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	137,593	-	-	-	-	114,327
Contribution to provident fund	-	-	-	-	359,995	-	-	-	-	324,221
Rent expenses	-	-	6,324	53,406	39,515	-	-	8,624	38,817	35,640
Cash sorting expenses	-	-	-	-	86,450	-	-	-	-	71,566
Stationery expenses	-	-	-	-	261,531	-	-	-	-	168,727
Security guards expenses	-	-	-	-	205,663	-	-	-	-	261,636
Remuneration to key executives and non-executive directors fee	112,818	544,654	-	-	-	143,652	414,342	-	-	-
Outsourcing service expenses	-	-	-	104,598	-	-	-	-	148,561	-
E-dividend processing fee and CDC charges	-	-	-	-	4,584	-	-	-	-	4,658
Travelling Expenses	-	-	-	-	27,784	-	-	-	-	36,951
Hotel stay expenses	-	-	-	-	3,999	-	-	-	-	63
Repair and maintenance charges	-	-	-	-	2,110	-	-	-	-	1,605
Advertisement Expenses	-	-	-	-	3,132	-	-	-	-	-
Utilities cost	-	-	-	-	3,658	-	-	-	-	-
Miscellaneous expenses and payments	-	-	-	-	2,093	-	-	-	-	1,801
Insurance premium-net of refund	-	-	-	739,653	-	-	-	-	493,625	-
Insurance claim settled	-	-	-	33,439	-	-	-	-	21,580	-
Other Transactions										
Proceeds from sale of fixed assets	-	6,428	-	-	1,417	-	84	-	-	-
Sale of foreign currency	-	-	15,679,606	-	-	-	-	18,349,397	-	-
Purchase of foreign currency	-	-	9,785,579	-	680,000	-	-	11,051,019	-	-
Payments against home remittances	-	-	3,634,959	-	-	-	-	3,664,907	-	-
Reimbursement of other expenses	-	-	38,096	-	-	-	-	27,854	-	-
Sale of government securities	50,060	108,079	-	16,866,023	25,128,047	651,975	4,131	-	6,446,618	5,937,216
Purchase of government securities	-	8,803	-	15,315,099	14,294,993	-	-	-	15,859,128	2,563,219
Forward exchange contracts matured during the period	-	-	-	-	1,048,320	-	-	-	-	3,699,697

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

	Unaudited September 30, 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	153,036,972	150,353,964
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	153,036,972	150,353,964
Eligible Tier 2 Capital	10,530,437	19,249,838
Total Eligible Capital (Tier 1 + Tier 2)	163,567,409	169,603,802
Risk Weighted Assets (RWAs):		
Credit Risk	656,158,518	711,304,243
Market Risk	120,091,500	132,894,633
Operational Risk	153,080,409	153,080,409
Total	929,330,427	997,279,285
Common Equity Tier 1 Capital Adequacy ratio	16.47%	15.08%
Tier 1 Capital Adequacy Ratio	16.47%	15.08%
Total Capital Adequacy Ratio	17.60%	17.01%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	153,036,972	150,353,964
Total Exposures	2,724,742,405	2,451,779,962
Leverage Ratio	5.62%	6.13%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,000,019,626	1,109,267,469
Total Net Cash Outflow	490,566,112	450,352,949
Liquidity Coverage Ratio	203.85%	246.31%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,343,187,755	1,213,585,786
Total Required Stable Funding	997,462,487	782,982,025
Net Stable Funding Ratio	134.66%	155.00%

39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 26, 2022 has announced an interim cash dividend in respect of nine months period ended September 30, 2022 of Rs. 5.00 per share (September 30, 2021: Rs. 4.5 per share). These unconsolidated condensed interim financial statements for the period ended September 30, 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 on October 26, 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 Nine Months Period Ended September 30, 2022

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Financial Position
As At September 30, 2022

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	165,282,562	175,922,469
Balances with other banks	8	36,389,220	22,554,329
Lendings to financial institutions	9	62,701,197	40,617,110
Investments	10	1,141,158,714	1,062,568,511
Advances	11	679,641,838	686,388,652
Fixed assets	12	62,804,331	62,351,545
Intangible assets	13	1,733,342	1,838,136
Deferred tax assets	14	4,204,240	-
Other assets	15	100,045,051	69,880,727
		2,253,960,495	2,122,121,479
LIABILITIES			
Bills payable	17	11,768,439	26,486,445
Borrowings	18	202,783,639	282,898,882
Deposits and other accounts	19	1,733,403,582	1,534,586,671
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	1,578,782
Other liabilities	20	133,086,065	99,002,039
		2,081,041,725	1,944,552,819
NET ASSETS		172,918,770	177,568,660
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	88,294,793	85,043,592
Surplus on revaluation of assets - net	22	5,235,105	15,225,689
Unappropriated profit		66,803,379	64,697,360
		172,183,877	176,817,241
Non-controlling interest		734,893	751,419
		172,918,770	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 Nine Months Period Ended September 30, 2022

	Note	Quarter Ended		Nine Months Ended	
		July 01 to September 30, 2022	July 01 to September 30, 2021	January 01 to September 30, 2022	January 01 to September 30, 2021
		---------Rupees in '000---------			
Mark-up / return / interest earned	25	61,034,427	34,032,494	153,350,018	96,765,925
Mark-up / return / interest expensed	26	36,044,825	16,716,187	86,110,868	45,717,878
Net mark-up / interest income		24,989,602	17,316,307	67,239,150	51,048,047
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	3,911,101	3,475,297	11,284,635	10,086,348
Dividend income		331,313	375,300	1,436,115	1,228,378
Foreign exchange income		4,093,637	954,373	8,331,220	2,378,619
Income / (loss) from derivatives		7,919	(404)	19,889	8,141
Gain / (loss) on securities	28	(543,148)	207,342	(165,151)	741,881
Other Income	29	60,353	133,688	183,823	802,820
Total non-markup / interest Income		7,861,175	5,145,596	21,090,531	15,246,187
Total Income		32,850,777	22,461,903	88,329,681	66,294,234
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	12,556,544	10,296,544	35,138,819	30,027,796
Workers Welfare Fund		408,618	269,959	1,075,925	780,151
Other charges	31	100,750	60,980	165,418	437,375
Total non-markup / interest expenses		13,065,912	10,627,483	36,380,162	31,245,322
Share of profit of associates		159,622	258,575	522,009	690,426
Profit before provisions		19,944,487	12,092,995	52,471,528	35,739,338
(Reversals) / provisions and write offs - net	32	(377,047)	(1,501,319)	(1,298,217)	(3,501,227)
PROFIT BEFORE TAXATION		20,321,534	13,594,314	53,769,745	39,240,565
Taxation	33	11,039,443	5,591,018	33,101,126	16,273,635
PROFIT AFTER TAXATION		9,282,091	8,003,296	20,668,619	22,966,930
Profit attributable to non-controlling interest		(36,271)	(31,670)	(53,462)	(112,474)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		9,245,820	7,971,626	20,615,157	22,854,456
Basic and diluted earnings per share	34	7.80	6.73	17.40	19.29

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 Nine Months Period Ended September 30, 2022

	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2022	July 01 to September 30, 2021	January 01 to September 30, 2022	January 01 to September 30, 2021
	---------Rupees in '000---------			
Profit after taxation for the period	9,282,091	8,003,296	20,668,619	22,966,930
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 and subsidiaries				
- Equity shareholders of the bank	1,556,408	954,691	1,003,402	522,637
- Non-controlling interest	46	23	99	19
	1,556,454	954,714	1,003,501	522,656
Share of exchange translation reserve of associate	59,227	12,001	93,152	(26,745)
Movement in surplus/ (deficit) on revaluation of investments - net of tax				
Equity shareholders of the bank	(983,756)	(3,836,809)	(9,509,490)	(6,181,995)
Movement in surplus / (deficit) on associated undertaking- net of tax	(43,878)	(99,168)	(235,933)	(148,954)
	(1,027,634)	(3,935,977)	(9,745,423)	(6,330,949)
	588,047	(2,969,262)	(8,648,770)	(5,835,038)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	164,273	(166,181)
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	-	(173,085)	(186,368)
	-	-	(8,812)	(352,549)
Total comprehensive income / (loss)	9,870,138	5,034,034	12,011,037	16,779,343
Attributable to:				
- Equity shareholders of the bank	9,833,821	5,002,341	11,957,476	16,666,850
- Non-controlling interest	36,317	31,693	53,561	112,493
	9,870,138	5,034,034	12,011,037	16,779,343

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 Changes In Equity (Un-audited)
For The Nine Months Period Ended September 30, 2022

	Share capital	Capital reserve: Share premium	Capital reserve: Non-distributable capital reserve	Capital reserve: Exchange translation reserve	Statutory reserve	Revenue reserve: General reserve	Surplus/(deficit) on revaluation of: Investments	Surplus/(deficit) on revaluation of: Associate	Surplus/(deficit) on revaluation of: Fixed / non-banking assets	Unappropriated profit	Sub total	Non controlling interest	Grand Total
	---Rupees in '000---												
Balance as at December 31, 2020 (Audited)	11,930,600	23,973,024	908,317	2,950,183	34,628,527	18,600,000	8,400,793	319,939	20,082,819	70,498,820	192,212,822	778,561	192,991,383
Total comprehensive income for the nine months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	22,854,456	22,854,456	112,474	22,966,930
Profit after taxation for the nine months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	22,854,456	22,854,456	112,474	22,966,930
Other comprehensive loss - net of tax	-	-	-	495,892	-	-	(6,181,995)	(148,954)	(186,368)	(165,181)	(6,187,606)	19	(6,187,587)
	-	-	-	495,892	-	-	(6,181,995)	(148,954)	(186,368)	22,689,275	16,666,850	112,493	16,779,343
Transfer to statutory reserve	-	-	-	-	2,271,986	-	-	-	-	(2,271,986)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(62,524)	62,524	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(20,240)	20,240	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(222,773)	222,773	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)	-	(17,775,900)
Interim cash dividend at Rs. 4.50 per share - March 31, 2021	-	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)	-	(5,332,770)
Interim cash dividend at Rs. 5.0 per share - June 30, 2021	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
	-	-	-	-	-	-	-	-	-	(29,033,970)	(29,033,970)	-	(29,033,970)
Share of dividend attributable to Non-controlling interes t	-	-	-	-	-	-	-	-	-	-	-	(78,847)	(78,847)
Balance as at September 30, 2021 (Un-audited)	11,930,600	23,973,024	908,317	3,446,075	36,900,413	18,600,000	2,218,798	170,985	19,530,714	62,186,776	179,845,702	812,207	180,657,909
Change in equity for three months period ended December 31, 2021													
Total comprehensive income for the three months period ended December 31, 2021	-	-	-	386,458	-	-	(7,014,830)	245,143	158,183	8,325,252	8,325,252	35,572	8,360,824
Profit after taxation for the three months period ended December 31, 2021	-	-	-	-	-	-	(7,014,830)	245,143	158,183	8,529,355	2,304,309	10	(6,020,933)
Other comprehensive loss - net of tax	-	-	-	386,458	-	-	-	-	-	(204,103)	386,458	35,562	2,339,891
	-	-	-	386,458	-	-	-	-	-	8,325,252	8,325,252	35,572	8,360,824
Transfer to statutory reserve	-	-	-	-	829,305	-	-	-	-	(829,305)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(20,846)	20,846	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(95,020)	95,020	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(27,438)	27,438	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.5 per share - September 30, 2021	-	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)	-	(5,332,770)
	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interes t	-	-	-	-	-	-	-	-	-	-	-	(98,370)	(98,370)
Balance as at December 31, 2021 (Audited)	11,930,600	23,973,024	908,317	3,832,533	37,729,718	18,600,000	(4,796,032)	416,128	19,605,593	64,697,360	176,817,241	751,419	177,568,660
Total comprehensive income for the nine months period ended September 30, 2022	-	-	-	1,096,554	-	-	(9,509,490)	(235,933)	(173,085)	-	20,615,157	53,462	20,668,619
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	1,096,554	-	-	(9,509,490)	(235,933)	(173,085)	164,273	20,615,157	99	(8,657,681)
Other comprehensive loss - net of tax	-	-	-	-	2,154,647	-	-	-	-	20,779,430	11,957,476	53,561	12,011,037
	-	-	-	1,096,554	2,154,647	-	-	-	-	(2,154,647)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	(58,120)	58,120	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(13,956)	13,956	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
Interim cash dividend at Rs. 5.0 per share - March 31, 2022	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
Interim cash dividend at Rs. 4.0 per share - June 30, 2022	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)	-	(4,740,240)
	-	-	-	-	-	-	-	-	-	(16,590,840)	(16,590,840)	-	(16,590,840)
Share of dividend attributable to Non-controlling interes t	-	-	-	-	-	-	-	-	-	-	-	(70,087)	(70,087)
Balance as at September 30, 2022 (Un-audited)	11,930,600	23,973,024	908,317	4,929,087	39,884,365	18,600,000	(14,305,522)	180,195	19,359,432	66,803,375	172,183,877	734,893	172,918,770

For details of dividend declaration and appropriations, please ref er 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.

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Nine Months Period Ended September 30, 2022

	Note	Nine Months Ended January 01 to September 30, 2022	Nine Months Ended January 01 to September 30, 2021
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		53,769,745	39,240,565
Less: Dividend income and share of profit of associates		(1,958,124)	(1,918,804)
		51,811,621	37,321,761
Adjustments:			
Depreciation on fixed assets	30	2,028,644	1,909,306
Depreciation on right-of-use assets	30	1,336,823	1,294,059
Depreciation on non-banking assets acquired in satisfaction of claims	30	17,736	28,081
Amortization	30	436,768	359,353
Reversals and write offs - net	32	(1,298,217)	(3,501,227)
Gain on sale of fixed assets	29	(50,417)	(46,988)
Gain on sale of non-banking assets acquired in satisfaction of claims	29	(6,817)	(551,339)
Finance charges on lease liability against right-of-use assets	26	1,026,198	1,051,304
Workers Welfare Fund		1,075,925	780,151
Charge for defined benefit plans - net		143,859	377,438
Gain on conversion of Ijarah agreements	29	(11,604)	(15,158)
Gain on termination of lease liability against right of use assets	29	(53,704)	(136,317)
Unrealized loss on revaluation of investments classified as held for trading	28	(13,855)	40,468
		4,631,339	1,589,131
		56,442,960	38,910,892
(Increase) / decrease in operating assets			
Lendings to financial institutions		(22,084,087)	(11,875,095)
Held-for-trading securities		(1,161,860)	(4,168,032)
Advances		8,494,163	(21,343,836)
Others assets (excluding advance taxation)		(24,786,182)	(375,652)
		(39,537,966)	(37,762,615)
(Decrease) / increase in operating liabilities			
Bills Payable		(14,718,006)	(12,455,215)
Borrowings from financial institutions		(78,540,271)	17,611,936
Deposits		198,816,911	184,152,821
Other liabilities (excluding current taxation)		15,801,828	6,749,800
		121,360,462	196,059,342
Defined benefits paid		(177,211)	(187,985)
Income tax paid		(19,515,639)	(15,986,817)
Net cash flow from / (used in) operating activities		118,572,606	181,032,817
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investment) in available-for-sale securities		(83,391,124)	(159,151,718)
Net (investment) in held-to-maturity securities		(11,762,898)	(5,844,958)
Dividends received		1,588,347	1,236,633
Investments in fixed assets		(3,171,845)	(2,317,001)
Investments in Intangible assets		(234,877)	(319,662)
Proceeds from sale of fixed assets		78,796	205,458
Proceeds from sale of non-banking assets acquired in satisfaction of claims		153,500	1,887,103
Effect of translation of net investment in foreign branches, subsidiary and associate		1,096,554	495,892
Net cash flow (used in) / from investing activities		(95,643,547)	(163,808,253)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use-assets		(1,864,867)	(1,797,410)
Dividend paid		(16,294,236)	(28,815,884)
Net cash flow used in financing activities		(18,159,103)	(30,613,294)
Effects of exchange rate changes on cash and cash equivalents		9,559,736	3,419,961
Increase in cash and cash equivalents		14,329,692	(9,968,769)
Cash and cash equivalents at beginning of the period		187,234,399	157,275,681
Cash and cash equivalents at end of the period		201,564,091	147,306,912

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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2022

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 1,430 branches (2021: 1,426 branches) within Pakistan and 09 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 nine months period ended September 30, 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 nine months period ended September 30, 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 and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

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 July 10, 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 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 standard 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)
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
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024

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.

As per the SBP's BPRD Circular Letter no. 03 dated July 5, 2022, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2023. Therefore, these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Group's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted. The impact of the application of IFRS 9 on Bank's financial statements is being assessed with respect to domestic operations.

There are other amendments and interpretations to existing standards that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 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 in line with emerging risks.

	Unaudited September 30, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	34,079,181	24,962,316
Foreign currencies	11,153,492	6,622,320
	45,232,673	31,584,636
With State Bank of Pakistan in		
Local currency current accounts	67,340,681	88,832,014
Local currency special account	482,144	979,736
Foreign currency current accounts	2,418,496	2,937,151
Foreign currency deposit accounts	7,816,673	10,550,168
	78,057,994	103,299,069
With other central banks in		
Foreign currency current accounts	8,304,033	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	33,570,898	34,016,028
Prize bonds	116,964	294,601
	165,282,562	175,922,469
8. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	19,850	27,123
In deposit accounts	6,638	71,563
	26,488	98,686
Outside Pakistan		
In current accounts	24,338,034	12,119,471
In deposit accounts	12,024,698	10,336,172
	36,362,732	22,455,643
	36,389,220	22,554,329
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	42,293,280	24,071,021
Repurchase agreement lendings (Reverse Repo)	20,107,917	14,896,089
Musharaka arrangements	300,000	1,650,000
	62,701,197	40,617,110

	Note	Unaudited September 30, 2022					Audited December 31, 2021					Unaudited September 30, 2022	Audited December 31, 2021
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value			
		----------Rupees in '000----------										----------Rupees in '000----------	
10. INVESTMENTS													
10.1 Investments by type:													
Held-for-trading securities													
Federal Government Securities		1,314,613	-	(884)	1,313,729		12,467	-	(12)	12,455		563,675	107,136,184
Shares and units		1,102,332	-	14,739	1,117,071		1,249,644	-	(7,014)	1,242,630		90,082,878	53,303,403
		2,416,945	-	13,855	2,430,800		1,262,111	-	(7,026)	1,255,085		90,646,553	160,439,587
Available-for-sale securities													
Federal Government Securities		1,095,078,577	(64,131)	(24,941,750)	1,070,072,696		1,008,297,650	(22,288)	(9,216,775)	999,058,587		10,921,647	11,691,434
Shares and units		31,198,378	(10,642,497)	(144,320)	20,411,561		31,651,347	(10,358,683)	1,342,018	22,634,682		28,832	570
Non Government Debt Securities		2,482,840	-	13,172	2,496,012		2,342,840	-	17,833	2,360,673			
Foreign Securities		4,509,238	(1,748)	(24,511)	4,482,979		7,557,240	(1,748)	(5,424)	7,550,068			
		1,133,269,033	(10,708,376)	(25,097,409)	1,097,463,248		1,049,849,077	(10,382,719)	(7,862,348)	1,031,604,010		11,691,434	11,691,434
Held-to-maturity securities													
Federal Government Securities		28,572,784	(133,941)	-	28,438,843		15,901,861	(52,637)	-	15,849,224		1,699,683	985,236
Provincial Government Securities		118	(118)	-	-		118	(118)	-	-		-	(18,390)
Non Government Debt Securities		8,155,058	(477,541)	-	7,677,517		8,270,476	(477,541)	-	7,792,935		(1,330,186)	(1,737,203)
Foreign Securities		-	(8,632)	-	-		792,607	(8,632)	-	783,975		369,497	(770,357)
		36,727,960	(611,600)	-	36,116,360		24,965,062	(538,928)	-	24,426,134		11,319,976	10,921,647
Associates		5,148,306	-	-	5,148,306		5,283,282	-	-	5,283,282			
Total Investments		1,177,562,244	(11,319,976)	(25,083,554)	1,141,158,714		1,081,359,532	(10,921,647)	(7,869,374)	1,062,568,511		160,439,587	160,439,587
10.1.1 Investments given as collateral													
- Market Treasury Bills												90,082,878	53,303,403
- Pakistan Investment Bonds												10,921,647	11,691,434
10.2 Provision for diminution in value of investments													
10.2.1 Opening balance			(10,708,376)	(25,097,409)				(10,382,719)	(7,862,348)			563,675	107,136,184
Exchange and other adjustments			-	-				-	-			-	-
Charge / (reversals)			(64,131)	(24,941,750)				(22,288)	(9,216,775)			1,699,683	985,236
Charge for the period / year			(64,131)	(24,941,750)				(22,288)	(9,216,775)			1,699,683	985,236
Reversals for the period / year			(10,642,497)	(144,320)				(10,358,683)	1,342,018			-	(18,390)
Reversal on disposals			-	13,172				-	17,833			(1,330,186)	(1,737,203)
			(1,748)	(24,511)				(1,748)	(5,424)			369,497	(770,357)
Closing Balance			(11,319,976)	(25,083,554)				(10,921,647)	(7,869,374)			11,319,976	10,921,647

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited September 30, 2022		Audited December 31, 2021	
	NPI	Provision	NPI	Provision
Domestic	----------Rupees in '000--------			
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.2.3 The overseas branches hold a general provision of Rs 198.072 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 September 30, 2022 amounted to Rs. 33,333.449 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 September 30, 2022 amounted to Rs. 2,115.400 million. (2021: Rs. 2,800.000 million).

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

	Unaudited September 30, 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	525,642	934,170
Dividend from associate	(210,000)	(192,500)
Share of tax	(262,498)	(155,337)
	53,144	586,333
Share of other comprehensive income	(183,548)	219,503
Closing balance	5,110,507	5,240,911
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(276,700)	211,175
Share of exchange translation reserve of associate	93,152	8,328
	(183,548)	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 September 30, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
Opening balance	42,371	44,285
Share of profit for the period / year before tax	(3,633)	9,417
Share of tax	(939)	(11,331)
	(4,572)	(1,914)
Closing balance	37,799	42,371

11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited September 30, 2022	Audited December 31, 2021	Unaudited September 30, 2022	Audited December 31, 2021	Unaudited September 30, 2022	Audited December 31, 2021
	----------	----------	---------Rupees in '000---------			
Loans, cash credits, running finances, etc.	561,100,146	565,602,060	51,412,051	49,404,885	612,512,197	615,006,945
Islamic financing and related assets	96,322,321	95,793,392	710,391	701,770	97,032,712	96,495,162
Bills discounted and purchased	14,178,382	19,852,814	1,059,096	1,085,920	15,237,478	20,938,734
Advances - gross	671,600,849	681,248,266	53,181,538	51,192,575	724,782,387	732,440,841
Provision against advances						
- Specific	(2,098,895)	-	(43,041,654)	(44,281,189)	(43,041,654)	(44,281,189)
- General	(2,098,895)	(1,771,000)	-	-	(2,098,895)	(1,771,000)
	(2,098,895)	(1,771,000)	(43,041,654)	(44,281,189)	(45,140,549)	(46,052,189)
Advances - net of provision	669,501,954	679,477,266	10,139,884	6,911,386	679,641,838	686,388,652

11.1 Particulars of advances (Gross)

	Unaudited September 30, 2022	Audited December 31, 2021
	--------Rupees in '000--------	
In local currency	677,568,257	683,535,698
In foreign currencies	47,214,130	48,905,143
	724,782,387	732,440,841

11.2 Advances include Rs. 53,181.538 million (2021: Rs.51,192.575 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited September 30, 2022		Audited December 31, 2021	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----------Rupees in '000----------			
Domestic					
Other Assets Especially Mentioned	11.2.1	1,513,336	400	49,911	1,340
Substandard		174,013	42,862	279,422	67,795
Doubtful		167,017	65,162	750,097	169,179
Loss		39,068,543	38,231,399	40,720,274	40,215,099
		40,922,909	38,339,823	41,799,704	40,453,413
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		617,237	154,891	38,999	14,993
91 to 180 days		4,597	3,391	12,212	5,750
181 to 365 days		1,935	968	109,551	54,776
> 365 days		11,634,860	4,542,581	9,232,109	3,752,257
Total		12,258,629	4,701,831	9,392,871	3,827,776
		53,181,538	43,041,654	51,192,575	44,281,189

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

11.3 Particulars of provision against advances

		Unaudited September 30, 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		762,041	4,862	766,903	319,945	18,951	338,896
Charge for the period / year		964,938	405,969	1,370,907	2,457,017	230,979	2,687,996
Reversals	11.3.2	(2,889,400)	(82,936)	(2,972,336)	(3,258,052)	(3,990,646)	(7,248,698)
		(1,924,462)	323,033	(1,601,429)	(801,035)	(3,759,667)	(4,560,702)
Amounts written off		(77,114)	-	(77,114)	(406,072)	-	(406,072)
Closing balance		43,041,654	2,098,895	45,140,549	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. 417.470 million (December 31, 2021: Rs. 249.750 million) in determining the provisioning against non-performing Islamic financing and related assets as at September 30, 2022. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 212.910 million as at September 30, 2022 (December 31, 2021: Rs. 152.378 million) is not available for payment of cash or stock dividends to shareholders.

11.3.2 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 September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
Capital work-in-progress	12.1	1,190,841	928,545
Property and equipment		54,198,131	53,472,833
Right-of-use assets		7,415,359	7,950,167
		62,804,331	62,351,545

12.1 Capital work-in-progress

Civil works	907,724	483,986
Equipment	37,843	15,180
Advances to suppliers	219,539	422,256
Others	25,735	7,123
	1,190,841	928,545

12.2 Additions to fixed assets

	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
	----------Rupees in '000--------	
The following additions have been made to fixed assets during the period:		
Capital work-in-progress - net additions	262,296	377,926
Property and equipment		
Freehold land	362,860	99,958
Building on freehold land	226,268	345,227
Building on leasehold land	2,415	15,058
Electrical office and computer equipment	1,830,016	1,034,974
Furniture and fixture	172,653	233,813
Leasehold Improvements	197,455	161,951
Vehicles	117,882	45,784
Leasehold land	-	2,310
	2,909,549	1,939,075
	3,171,845	2,317,001

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:		
Land Freehold	-	66,400
Vehicles	16,187	12,669
Furniture and fixture	3,986	5,246
Electrical office and computer equipment	8,176	7,265
Leasehold Improvements	30	1,734
Building on freehold land	-	65,156
	28,379	158,470

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
13. INTANGIBLE ASSETS			
Computer software		1,144,003	1,095,330
Goodwill		82,127	82,127
Management rights		192,000	192,000
Capital work-in-progress		315,212	468,679
		1,733,342	1,838,136

	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
	----------Rupees in '000--------	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	388,344	211,641
Capital work-in-progress - net additions	-	108,021
	388,344	319,662

	Unaudited September 30, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
14. DEFERRED TAX (ASSET) / LIABILITY - NET		
Deductible Temporary Differences on		
- Provision against advances	(1,389,605)	(2,008,135)
- Surplus/deficit on revaluation of investments	(10,791,887)	(3,066,316)
- Tax losses carried forward	-	(594,182)
- Minimum Tax and WWF	(567,979)	(489,240)
	(12,749,471)	(6,157,873)
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,514,370	1,413,266
- Surplus on revaluation of non-banking assets	291,920	274,315
- Accelerated tax depreciation	2,637,932	2,297,390
- Receivable from pension fund - net	1,476,862	1,255,185
- Business combination	705,218	705,218
- Investments in associated undertaking	1,918,929	1,791,281
	8,545,231	7,736,655
	(4,204,240)	1,578,782
15. OTHER ASSETS		
Income/ Mark-up accrued in local currency	42,554,719	24,316,843
Income/ Mark-up accrued in foreign currencies	518,104	313,062
Advances, deposits, advance rent and other prepayments	5,324,141	2,253,754
Non-banking assets acquired in satisfaction of claims	2,031,005	2,170,938
Compensation for delayed income tax refunds	133,809	133,809
Mark to market gain on forward foreign exchange contracts	3,596,663	4,335,561
Unrealized gain on derivative financial instruments	535,746	304,893
Acceptances	30,842,827	25,430,129
Receivable from the pension fund	3,434,562	3,218,426
Clearing and settlement accounts	8,437,644	5,553,219
Claims receivable against fraud and forgeries	1,246,226	1,117,067
Others	3,763,449	2,738,937
	102,418,895	71,886,638
Less: Provision held against other assets	15.1 3,052,728	2,709,281
Other Assets (net of provision)	99,366,167	69,177,357
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22 678,884	703,370
Other Assets - total	100,045,051	69,880,727
15.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	569,123	486,976
Others	2,394,832	2,133,532
	3,052,728	2,709,281
15.1.1 Movement in provision held against other assets		
Opening balance	2,709,281	2,582,686
Charge for the period / year	85,778	56,128
Reversals	(2,270)	(25,036)
	83,508	31,092
Amounts written off	(393)	(991)
Exchange and other adjustments	260,332	96,494
Closing balance	3,052,728	2,709,281

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at September 30, 2022 (2021: NIL).

	Unaudited September 30, 2022	Audited December 31, 2021
	----------Rupees in '000--------	
17. BILLS PAYABLE		
In Pakistan	11,746,719	26,437,824
Outside Pakistan	21,720	48,621
	11,768,439	26,486,445
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	27,633,858	47,986,546
Under Long Term Financing Facility	26,010,596	23,577,802
Under Renewable Energy Performance Platform	2,454,961	1,536,207
Under Refinance Scheme for Payment of Wages & Salaries	2,271,283	6,660,043
Under Temporary Economic Refinance Facility	43,344,372	28,773,614
Under Refinance Facility for combating COVID-19	35,360	42,817
Under Financing Facility for Storage of Agricultural Produce	122,534	147,260
Under Shariah Compliant Open Market Operations	2,451,695	-
	104,324,659	108,724,289
Bai Muajjal	-	44,809,236
Repurchase agreement borrowings	91,299,554	116,920,102
Total secured	195,624,213	270,453,627
Unsecured		
Borrowings from other financial institution	899,011	464,272
Call borrowings	-	2,767,152
Overdrawn nostro accounts	107,691	1,682,663
Musharaka Arrangements	5,990,438	7,368,882
Others	162,286	162,286
Total unsecured	7,159,426	12,445,255
	202,783,639	282,898,882

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited September 30, 2022			Audited December 31, 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in'000----------					
Customers						
Current deposits	568,859,062	97,962,881	666,821,943	489,666,685	71,126,591	560,793,276
Savings deposits	810,832,301	45,032,531	855,864,832	738,874,979	46,969,241	785,844,220
Term deposits	111,060,144	13,490,546	124,550,690	109,600,671	12,107,066	121,707,737
Others	38,821,759	5,985,191	44,806,950	30,673,250	3,062,911	33,736,161
	1,529,573,266	162,471,149	1,692,044,415	1,368,815,585	133,265,809	1,502,081,394
Financial Institutions						
Current deposits	11,872,341	954,797	12,827,138	9,317,311	1,472,847	10,790,158
Savings deposits	15,363,324	97,374	15,460,698	11,808,667	117,895	11,926,562
Term deposits	4,350,968	6,736,511	11,087,479	3,066,268	6,319,339	9,385,607
Others	-	1,983,852	1,983,852	-	402,950	402,950
	31,586,633	9,772,534	41,359,167	24,192,246	8,313,031	32,505,277
	1,561,159,899	172,243,683	1,733,403,582	1,393,007,831	141,578,840	1,534,586,671

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		18,304,829	6,100,587
Mark-up/ return/ interest payable in foreign currencies		211,885	178,437
Unearned commission and income on bills discounted		1,234,663	862,173
Accrued expenses		7,303,409	6,905,279
Provision for taxation (provisions less payments)		19,974,400	8,627,030
Workers' Welfare Fund	20.1	10,968,056	9,931,139
Acceptances	15	30,842,827	25,430,129
Unclaimed / dividends payable		2,394,516	2,027,825
Mark to market loss on forward foreign exchange contracts		4,183,608	4,397,120
Unrealised loss on derivative financial instruments		535,169	302,365
Branch adjustment account		81,806	238,420
Staff welfare fund		1,885	4,755
Provision for employees' compensated absences		1,155,862	1,100,865
Provision for post retirement medical benefits		2,100,872	1,982,169
Provision for employees' contributory benevolent scheme		206,796	197,712
Insurance payable against consumer assets		772,762	736,768
Unclaimed balances		649,337	755,141
Duties and taxes payable		2,785,060	4,344,738
Charity fund balance		5,332	8,823
Provision against off-balance sheet obligations		43,837	46,319
Security deposits against lease		1,901,825	1,506,241
Lease liability against right of use assets		9,956,527	10,059,815
Clearing and settlement accounts		10,097,751	6,234,150
Others		7,373,051	7,024,039
		133,086,065	99,002,039

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 September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
21. RESERVES			
Share premium		23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		4,929,087	3,832,533
Statutory reserve	21.2	39,884,365	37,729,718
General reserve		18,600,000	18,600,000
		88,294,793	85,043,592

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

	Note	Unaudited September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(25,097,409)	(7,862,348)
- Fixed Assets		20,487,838	20,589,804
- Non-banking assets acquired in satisfaction of claims	15	678,884	703,370
- Associated undertaking		511,473	788,174
		(3,419,214)	14,219,000
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	(10,791,887)	(3,066,316)
- Fixed Assets	14	1,514,370	1,413,266
- Non-banking assets acquired in satisfaction of claims	14	291,920	274,315
- Associated undertaking		331,278	372,046
		(8,654,319)	(1,006,689)
		5,235,105	15,225,689
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	282,188,367	194,370,616
-Commitments	23.2	442,889,774	422,956,200
-Other contingent liabilities	23.3	31,549,197	26,189,566
		756,627,338	643,516,382
23.1 Guarantees:			
Financial guarantees		117,455,385	158,777,702
Performance guarantees		152,735,177	29,097,931
Other guarantees		11,997,805	6,494,983
		282,188,367	194,370,616
23.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		213,809,708	192,773,466
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	184,958,959	218,878,371
- forward government securities transactions	23.2.2	18,742,095	5,098,200
- derivatives	23.2.3	22,434,656	4,434,780
- commitments to extent credit		475,585	708,954
Commitments for acquisition of:			
- operating fixed assets		2,207,645	836,275
- intangible assets		261,126	225,794
		442,889,774	422,955,840
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		101,887,549	120,320,899
Sale		83,071,410	98,557,472
		184,958,959	218,878,371
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		10,742,095	5,098,200
Sale		8,000,000	-
		18,742,095	5,098,200
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		10,769,977	1,432,779
Sale		10,769,977	1,432,779
		21,539,954	2,865,558
Cross Currency Swaps			
Purchase		447,351	784,611
Sale		447,351	784,611
		894,702	1,569,222
		22,434,656	4,434,780

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 September 30, 2022	Audited December 31, 2021
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	23.3.1	31,549,197	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. 1,158 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 Amortization 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 favour at appellate forums during the year, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

24. DERIVATIVE INSTRUMENTS

	Unaudited September 30, 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----------					
Total						
Hedging	447,351	310,610	-	-	10,769,977	225,136
Market Making	447,351	(310,033)	-	-	10,769,977	(225,136)
	Audited December 31, 2021					
	----------Rupees in '000----------					
Total						
Hedging	784,611	298,956	-	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	-	1,432,779	(5,937)

	Note	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		53,435,901	29,081,264
Investments		96,948,676	67,182,007
Lendings to financial institutions		2,487,893	371,030
Balances with banks		477,548	131,624
		153,350,018	96,765,925
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		72,780,531	36,323,423
Borrowings		10,640,054	7,106,966
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,664,085	1,236,185
Finance charges on lease liability against right-of-use assets		1,026,198	1,051,304
		86,110,868	45,717,878
27. FEE & COMMISSION INCOME			
Branch banking customer fees		2,331,791	2,083,934
Consumer finance related fees		481,205	390,922
Card related fees (debit and credit cards)		2,997,888	2,247,902
Credit related fees		185,533	223,878
Investment banking fee		121,561	170,933
Commission on trade		1,279,324	1,091,205
Commission on guarantees		440,622	498,239
Commission on cash management		618,624	528,924
Commission on remittances including home remittances		1,003,863	737,380
Commission on bancassurance		784,651	1,094,857
Rent on lockers		186,632	186,010
Commission on utility bills		63,678	57,904
Commission on investments services		582,018	614,687
Others		207,245	159,573
		11,284,635	10,086,348
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	(179,006)	782,349
Unrealised - Held For Trading	10.1	13,855	(40,468)
		(165,151)	741,881
28.1 Realised gain / (loss) on:			
Federal Government Securities		112,178	360,578
Shares		(291,184)	421,532
Others		-	239
		(179,006)	782,349
29. OTHER INCOME			
Rent on property		61,281	53,018
Gain on conversion of Ijarah agreements		11,604	15,158
Gain on termination of lease liability against right of use assets		53,704	136,317
Gain / (Loss) on sale of fixed assets - net		50,417	46,988
Gain on sale of non-banking assets acquired in satisfaction of claims - net		6,817	551,339
		183,823	802,820

	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	16,245,121	14,637,553
Property expense		
Rent and taxes	226,408	192,869
Insurance	39,801	46,211
Utilities cost	1,462,141	1,097,979
Fuel expense generators	734,441	322,493
Security (including guards)	1,474,609	1,266,076
Repair and maintenance (including janitorial charges)	794,762	591,055
Depreciation on right-of-use assets	1,336,823	1,294,059
Depreciation	752,890	702,428
	6,821,875	5,513,170
Information technology expenses		
Software maintenance	1,100,394	974,963
Hardware maintenance	276,129	146,248
Depreciation	545,496	564,634
Amortization	436,768	359,353
Network charges	549,809	460,798
Insurance	3,325	4,494
	2,911,921	2,510,490
Other operating expenses		
Directors' fees and allowances	28,280	36,075
Remuneration to shariah board members	8,993	7,986
Legal and professional charges	371,900	245,470
Outsourced services costs	720,753	664,733
Travelling and conveyance	374,960	229,234
NIFT clearing charges	155,342	128,607
Depreciation	730,258	642,244
Depreciation on non-banking assets acquired in satisfaction of claims	17,736	28,081
Training and development	58,992	21,864
Postage and courier charges	230,441	194,887
Communication	340,715	289,933
Stationery and printing	629,902	483,014
Marketing, advertisement & publicity	755,795	505,467
Donations	1,352	8,165
Auditors' remuneration	52,771	55,449
Cash transportation charges	687,649	629,653
Repair and maintenance	415,033	346,101
Subscription	38,670	32,917
Entertainment	247,941	184,346
Remittance charges	165,765	153,421
Brokerage expenses	62,061	55,882
Card related expenses	1,028,427	698,020
CNIC verification charges	286,360	178,055
Insurance	1,447,513	1,333,113
Others	302,293	213,866
	9,159,902	7,366,583
	35,138,819	30,027,796
31. OTHER CHARGES		
Penalties of State Bank of Pakistan	44,348	369,441
VAT & National Building tax & Crop Insurance Levy	121,070	43,998
Education cess	-	23,936
	165,418	437,375

	Note	Unaudited Nine Months Period ended September 30, 2022	Unaudited Nine Months Period ended September 30, 2021
		----------Rupees in '000--------	
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversal) / provision against balance with Banks		(4,568)	4,286
Provision / (reversal) for diminution in value of investments	10.2.1	369,497	(261,340)
Reversal against loans and advances	11.3	(1,601,429)	(3,142,949)
Reversal against off balance sheet items		15	116
Provision against other assets	15.1.1	83,508	13,110
Bad debts written off directly		680	-
Recovery of written off / charged off bad debts		(145,920)	(114,450)
		(1,298,217)	(3,501,227)
33. TAXATION			
Current		27,392,503	15,016,020
Prior years		3,470,506	(3,447)
Deferred		1,974,680	1,181,946
Share of tax of associates		263,437	79,116
		33,101,126	16,273,635
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax attributable to Equity Shareholders of the Bank		20,615,157	22,854,456
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		17.40	19.29

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 (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 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.

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

	Unaudited September 30, 2022				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------Rupeesin '000----------				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,071,386,425	-	1,071,386,425	-	1,071,386,425
Shares	20,072,152	20,072,152	-	-	20,072,152
Non-Government Debt Securities	2,496,012	-	2,496,012	-	2,496,012
Foreign Securities	4,482,979	-	4,482,979	-	4,482,979
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	42,721,146	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,492,164	-	44,492,164	-	44,492,164
Non-banking assets	2,621,116	-	2,621,116	-	2,621,116
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	101,887,549	-	3,596,663	-	3,596,663
Forward sale of foreign exchange	83,071,410	-	4,183,608	-	4,183,608
Derivatives purchase	11,217,328	-	535,746	-	535,746
Derivatives sale	11,217,328	-	535,169	-	535,169

	Audited December 31, 2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------Rupeesin '000----------				
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:

	Unaudited Nine Months Period ended September 30, 2022										
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	---Rupees in '000---										
Profit & Loss											
Net mark-up/return/profit	(55,031,161)	2,943,669	27,915,352	83,677,879	2,005,124	5,596,599	(1,447)	133,135	67,239,150	-	67,239,150
Inter segment revenue - net	108,461,693	(1,367,445)	(24,364,221)	(90,456,263)	(141,424)	-	-	7,867,660	-	-	-
Non mark-up / return / interest income	7,005,470	1,661,265	4,680,576	5,312,821	956,606	529,515	592,987	873,300	21,612,540	-	21,612,540
Total Income	60,436,002	3,237,489	8,231,707	(1,465,563)	2,820,306	6,126,114	591,540	8,874,095	88,851,690	-	88,851,690
Segment direct expenses	19,887,341	1,407,509	600,400	351,415	1,110,254	4,432,143	388,767	8,202,333	36,380,162	-	36,380,162
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	19,887,341	1,407,509	600,400	351,415	1,110,254	4,432,143	388,767	8,202,333	36,380,162	-	36,380,162
Provisions	(20,130)	28,312	(279,914)	546,008	290,203	18,801	-	(1,881,497)	(1,298,217)	-	(1,298,217)
Profit before tax	40,568,791	1,801,668	7,911,221	(2,362,986)	1,419,849	1,675,170	202,773	2,553,259	53,769,745	-	53,769,745
Balance Sheet											
Cash & Bank balances	71,114,217	725,447	263,050	83,920,615	28,730,411	14,849,078	39,166	2,029,798	201,671,782	-	201,671,782
Investments	-	-	9,270,206	1,051,433,663	14,748,783	59,930,820	1,117,337	4,657,905	1,141,158,714	-	1,141,158,714
Net inter segment lending	1,223,174,572	-	-	-	-	-	-	193,000,958	1,416,175,530	(1,416,175,530)	-
Lendings to financial institutions	-	-	-	20,107,917	42,293,280	300,000	-	-	62,701,197	-	62,701,197
Advances - performing	101,928,836	41,480,418	412,363,029	-	15,548,442	96,114,358	14,354	2,052,517	669,501,954	-	669,501,954
- non performing	214,318	78,221	1,405,530	-	7,556,799	455,222	-	429,794	10,139,884	-	10,139,884
Others	49,374,701	1,959,797	39,939,608	21,834,561	2,951,560	17,149,607	982,365	34,594,765	168,786,964	-	168,786,964
Total Assets	1,445,806,644	44,243,883	463,241,423	1,177,296,756	111,829,275	188,799,085	2,153,222	236,765,737	3,670,136,025	(1,416,175,530)	2,253,960,495
Borrowings	9,922,495	-	81,888,202	89,323,426	1,994,872	18,310,445	-	1,344,199	202,783,639	-	202,783,639
Deposits & other accounts	1,402,694,731	20,995,470	75,103,902	-	90,967,777	143,629,198	-	12,504	1,733,403,582	-	1,733,403,582
Net inter segment borrowing	-	18,914,327	279,978,231	1,086,053,555	14,242,202	15,478,230	1,508,985	-	1,416,175,530	(1,416,175,530)	-
Others	33,189,418	4,334,086	26,271,088	1,919,775	4,624,424	11,381,212	644,237	62,490,264	144,854,504	-	144,854,504
Total liabilities	1,445,806,644	44,243,883	463,241,423	1,177,296,756	111,829,275	188,799,085	2,153,222	63,846,967	3,497,217,255	(1,416,175,530)	2,081,041,725
Equity	-	-	-	-	-	-	-	172,918,770	172,918,770	-	172,918,770
Total Equity & liabilities	1,445,806,644	44,243,883	463,241,423	1,177,296,756	111,829,275	188,799,085	2,153,222	236,765,737	3,670,136,025	(1,416,175,530)	2,253,960,495
Contingencies & Commitments	66,122,978	-	386,391,808	217,299,899	13,993,661	39,153,642	-	33,665,350	756,627,338	-	756,627,338

	Unaudited Nine Months Period ended September 30, 2021										
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	---Rupees in '000---										
Profit & Loss											
Net mark-up/return/profit	(27,279,519)	2,001,703	14,024,009	58,080,747	917,567	3,220,188	(3,942)	87,294	51,048,047	-	51,048,047
Inter segment revenue - net	55,848,569	(429,386)	(10,540,105)	(50,170,327)	(94,030)	-	-	5,385,279	-	-	-
Non mark-up / return / interest income	5,612,458	1,750,728	2,655,186	3,212,247	670,878	509,910	664,652	860,554	15,936,613	-	15,936,613
Total Income	34,181,508	3,323,045	6,139,090	11,122,667	1,494,415	3,730,098	660,710	6,333,127	66,984,660	-	66,984,660
Segment direct expenses	17,216,948	1,224,285	484,007	304,481	882,033	3,544,260	343,503	7,245,805	31,245,322	-	31,245,322
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	17,216,948	1,224,285	484,007	304,481	882,033	3,544,260	343,503	7,245,805	31,245,322	-	31,245,322
Provisions	1,197,169	105,253	(105,127)	(162,708)	107,942	1,331	-	(4,645,087)	(3,501,227)	-	(3,501,227)
Profit before tax	15,767,391	1,993,507	5,760,210	10,980,894	504,440	184,507	317,207	3,732,409	39,240,565	-	39,240,565
Balance Sheet	Audited December 31, 2021										
Cash & Bank balances	59,335,963	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	1,109,475,894	-	-	-	-	-	-	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	100,287,979	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	26,224	-	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	13,820,699	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	2,266,412	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	723,205	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	2,266,412	55,153,787	3,241,732,428	(1,297,179,609)	1,944,552,819
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	2,266,412	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.

37 RELATED PARTY TRANSACTIONS

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

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

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

	Unaudited September 30, 2022				Audited December 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	5,283,282	254,253	-	-	4,479,360	254,253
Equity method adjustments	-	-	(134,976)	-	-	-	803,922	-
Closing balance	-	-	5,148,306	254,253	-	-	5,283,282	254,253
Provision for diminution in value of investments	-	-	-	5,000	-	-	-	5,000
Advances								
Opening balance	109	147,331	1,018,449	3,084,862	1,042	166,757	356,898	152,147
Addition / exchange adjustment during the period / year	17,743	80,781	-	12,323,376	16,460	48,891	1,390,000	3,103,637
Repaid / exchange adjustment during the period / year	(15,832)	(73,396)	(973,837)	(12,640,746)	(16,576)	(53,410)	(728,449)	(170,922)
Transfer in / (out)	-	122,703	-	-	(817)	(14,907)	-	-
Closing balance	2,020	277,419	44,612	2,767,492	109	147,331	1,018,449	3,084,862
Provision held against advances	-	-	-	-	-	-	-	-
Fixed Assets								
Purchase of fixed assets	-	-	5,511	51,033	-	-	17,276	19,322
Other Assets								
Markup receivable	-	3,389	134	55,837	-	2,436	17,154	16,572
Advances, deposits, advance rent and other prepayments	-	-	357,858	31,386	-	-	182,467	44,060
Receivable from Pension Fund	-	-	-	3,434,562	-	-	-	3,218,426
Closing balance	-	3,389	357,992	3,521,785	-	2,436	199,621	3,279,058

	Unaudited September 30, 2022				Audited December 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Rupees in '000)							
Borrowings								
Opening balance	-	-	-	103,120	-	-	-	77,139
Borrowings / exchange adjustment during the period / year	-	-	-	(12,104)	-	-	-	25,981
Settled during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	91,016	-	-	-	103,120
Deposits and other accounts								
Opening balance	700,547	196,067	3,827,846	8,285,021	302,130	138,566	4,815,780	4,869,941
Received during the period / year	1,377,654	1,256,179	42,050,641	75,410,751	2,874,441	1,315,435	49,364,225	86,845,287
Withdrawn during the period / year	(1,477,642)	(1,268,989)	(38,787,432)	(75,011,104)	(2,468,887)	(1,256,285)	(50,352,159)	(83,429,013)
Transfer in / (out) - net	-	5,304	-	5,950	(7,137)	(1,649)	-	(1,194)
Closing balance	600,559	188,561	7,091,055	8,690,618	700,547	196,067	3,827,846	8,285,021
Other Liabilities								
Markup payable	243	654	15,411	161,780	1,475	-	18,219	16,792
Accrued expenses and other payable	-	-	120,945	137	100,100	3,500	66,889	2,893
Payable to MCB Employee Security Services	-	-	-	17,002	-	-	-	55,567
Advance received against sale of property	-	-	-	-	-	-	-	-
Closing balance	243	654	136,356	178,919	101,575	3,500	85,108	75,252
Contingencies and Commitments								
Letter of Credit	-	-	-	5,385,876	-	-	-	5,207,768
Bank guarantees	-	-	7,165,808	892,708	-	-	10,739	666,342
Closing balance	-	-	7,165,808	6,278,584	-	-	10,739	5,874,110

	Unaudited September 30, 2022			Unaudited September 30, 2021		
	Directors	Key Management Personnel	Associates	Directors	Key Management Personnel	Associates	Other Related Parties
	----------(Rupees in '000)----------						
Income							
Markup / return / interest earned	70	12,317	26,937	193,750	23	11,603	10,064	5,730
Fee and commission income	-	-	527,942	10,652	-	-	685,492	4,694
Dividend income	-	-	210,000	45,083	-	-	192,500	50,645
(Loss) / gain on forward foreign exchange contracts matured	-	-	-	(11,975)	-	-	-	18,926
Net gain / (loss) on sale of securities	-	23	263	37,511	3	-	(71)	211
Gain on sale of fixed assets	-	171	-	626	-	84	-	-
Rent income	-	-	9,678	2,880	-	-	9,252	1,710
Expense								
Markup / return / interest expensed	38,759	2,706	196,870	1,554,655	13,598	1,364	100,015	304,873
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	137,593	-	-	-	114,327
Contribution to provident fund	-	-	-	359,995	-	-	-	324,221
Rent expenses	-	-	53,406	39,515	-	-	38,817	35,640
Cash sorting expenses	-	-	-	86,450	-	-	-	71,566
Stationery expenses	-	-	-	261,531	-	-	-	168,727
Security guards expenses	-	-	-	205,663	-	-	-	261,636
Remuneration to key executives and non-executive directors fee	112,818	544,654	-	-	143,652	414,342	-	-
Outsourcing service expenses	-	-	104,598	4,584	-	-	148,561	-
E-dividend processing fee and CDC charges	-	-	-	27,784	-	-	-	4,658
Travelling Expenses	-	-	-	3,999	-	-	-	36,951
Hotel stay expenses	-	-	-	2,110	-	-	-	63
Repair and maintenance charges	-	-	-	3,132	-	-	-	1,605
Advertisement Expenses	-	-	-	3,658	-	-	-	-
Miscellaneous expenses and payments	-	-	-	2,093	-	-	-	1,801
Utilities cost	-	-	-	-	-	-	493,625	-
Insurance premium-net of refund	-	-	739,653	-	-	-	21,580	-
Insurance claim settled	-	-	33,439	-	-	-	-	-
Other Transactions								
Proceeds from sale of fixed assets	-	6,428	-	1,417	-	84	-	-
Purchase of foreign currency	-	-	-	680,000	-	-	-	-
Sale of government securities	50,060	108,079	16,866,023	25,128,047	651,975	4,131	6,446,618	5,937,216
Purchase of government securities	-	8,803	15,315,099	14,294,993	-	-	15,859,128	2,563,219
Forward exchange contracts matured during the period	-	-	-	1,048,320	-	-	-	3,699,697

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

	Unaudited September 30, 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	150,375,314	146,487,908
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	150,375,314	146,487,908
Eligible Tier 2 Capital	11,876,123	20,400,167
Total Eligible Capital (Tier 1 + Tier 2)	162,251,437	166,888,075
Risk Weighted Assets (RWAs):		
Credit Risk	685,116,695	743,393,585
Market Risk	124,486,441	137,136,055
Operational Risk	163,273,225	163,273,225
Total	972,876,361	1,043,802,865
Common Equity Tier 1 Capital Adequacy ratio	15.46%	14.03%
Tier 1 Capital Adequacy Ratio	15.46%	14.03%
Total Capital Adequacy Ratio	16.68%	15.99%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	150,375,314	146,487,908
Total Exposures	2,930,038,882	2,625,918,532
Leverage Ratio	5.13%	5.58%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,049,664,894	1,143,437,748
Total Net Cash Outflow	524,629,548	480,179,056
Liquidity Coverage Ratio	200.08%	238.13%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,455,324,216	1,312,628,842
Total Required Stable Funding	1,089,061,329	862,352,888
Net Stable Funding Ratio	133.63%	152.21%

39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 26, 2022 has announced an interim cash dividend in respect of nine months period ended September 30, 2022 of Rs. 5.00 per share (September 30, 2021: Rs. 4.5 per share). These consolidated condensed interim financial statements for the period ended September 30, 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 on October 26, 2022.

Shoaib Mumtaz President / CEO	Hammad Khalid Chief Financial Officer	Mian Umer Mansha Director	Shahzad Hussain Director	Muhammad Ali Zeb Director