



**MCB Bank Limited**  
**Company Secretary Office**  
6th Flor, MCB House  
15 Main Gulberg, Jail Road  
Lahore, Pakistan

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**E:** corporate.affairs@mcb.com.pk

PSX-100(5F)2023/29  
**April 28, 2023**

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

Sub: **Transmission of Quarterly Report for the Period Ended March 31, 2023**

Dear Sir,

We have to inform you that the First Quarterly Financial Statements of the Bank for the period ended **March 31, 2023** have been transmitted through PUCARS and will also be available on Bank's website.

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

Yours sincerely,

**Muhammad Imran**  
Department Head  
Corporate Affairs Division



First Quarterly  
**Report**  
March 31, 2023

# Vision

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

# Mission

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

# Core Values

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

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

## Corporate Profile

### Board of Directors:

<b>Mian Mohammad Mansha</b>	<b>Chairman</b>
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:

<b>Mr. Shahzad Hussain</b>	<b>Chairman</b>
Mian Umer Mansha	Member
Mr. Muhammad Ali Zeb	Member
Mr. Shariffuddin Bin Khalid	Member

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



On behalf of the Board of Directors, we are pleased to present the financial statements of MCB Bank Limited (MCB) for the three months period ended March 31, 2023.

**Performance Review**

On a standalone basis, the profit before and after taxation for the period ended March 31, 2023 together with appropriations is as under:

	Rs. in Million
<b>Profit Before Taxation</b>	<b>23,016</b>
Taxation	9,960
<b>Profit After Taxation</b>	<b>13,056</b>
Un-appropriated Profit Brought Forward	70,425
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	42
	<b>70,467</b>
<b>Profit Available for Appropriation</b>	<b>83,523</b>
<b>Appropriations:</b>	
Statutory Reserve	(1,306)
Final Cash Dividend at Rs. 6.0 per share - December 2022	(7,110)
<b>Total Appropriations</b>	<b>(8,416)</b>
<b>Un-appropriated Profit Carried Forward</b>	<b>75,107</b>

With strong build up in core earnings, MCB's Profit Before Tax (PBT) for the first quarter of 2023 increased to Rs 23.02 billion with an impressive growth of 54%. Profit After Tax (PAT) posted a growth of 46% to reach Rs. 13.06 billion; translating into Earning Per Share (EPS) of Rs. 11.02 compared to EPS of Rs. 7.52 reported in the corresponding period last year.

On the back of strong volumetric growth in current account and timely repositioning within the asset book, net interest income for 1Q'23 increased by 66% over corresponding period last year. YoY average current deposits of the Bank registered a remarkable growth of Rs. 178 billion (+31%).

Non-markup income increased to Rs. 5.9 billion (+3%) against Rs. 5.7 billion in the corresponding period last year with major contributions coming in from fee commission income. The Bank registered a growth of 27% in fee commission with income from trade and guarantee business up by 59%, cards related income up by 42% and income from home remittance up by 39%.

The Bank continues to manage an efficient operating expense base and manage costs prudently. Amidst an exceptionally persistent high-inflation, impact of sharp currency devaluation and rapidly escalating fuel and utility costs, the operating expenses of the Bank reported at Rs. 11.8 billion (+25%). The cost to income ratio of the Bank improved significantly to 32.77% from 39.65% reported in corresponding period last year.

Proactive monitoring and recovery efforts led to a net provision reversal of Rs. 293 million against non-performing loans (NPL's) 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. 55.3 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 81.88% and 7.87%, respectively.



On the financial position side, the total asset base of the Bank grew by 1.39% and was reported at Rs. 2.11 trillion. Analysis of the assets mix highlights that net investments and gross advances have decreased by Rs. 33 billion (-3%) and Rs. 95 billion (-12%) over December 31, 2022 respectively whereas Lending to Financial Institutions increased by Rs. 71 billion (+140%).

The Bank continued its focus on building no cost deposits, leading to a robust growth of Rs. 178 billion (YoY: +31%) in average current deposits. The average current to total deposits ratio improved to 51.2% in Q1-2023 from 40.1% in Q1-2022. The domestic cost of deposits was 7.15% as compared to 4.91% in the corresponding period of last year despite the exceptional increase in interest rates during the period.

Return on Assets and Return on Equity significantly improved to 2.49% and 29.63% respectively, whereas the book value per share was reported at Rs. 153.29.

During the period under review, MCB attracted home remittance inflows of USD 786 million to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels; with market share improving to 12.3% compared to 11.4% in the corresponding period of last year.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 18.01% 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 15.94% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.15% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 245.14% and Net Stable Funding Ratio (NSFR) of 138.35% against requirement of 100%.

The Board of Directors has declared the first interim cash dividend of Rs. 6.00 per share i.e. 60% for the first quarter ended March 31, 2023.

**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**

During the 1Q'2023, Pakistan's macroeconomic condition worsened further as the country went through fiscal and monetary tightening in hopes of unlocking the IMF funding. Soaring inflation, high interest rates, and persistent balance of payment pressures (leading to import rationing) continued to strain business development and dampened demand.

IMF team's visit to Pakistan, in January, saw the country committing significant reforms and correctives fiscal measures. In spite of the mini-budget of Rs.170 billion, increase in the GST from 17% to 18%, additional 8% tax on luxury products and increase in gas and electricity prices, there remains a standstill as IMF awaits external fund assurances from friendly countries.

The country's financial performance has been a mixed bag, as on the fiscal front, the FBR missed the tax collection target of Rs.5.433 trillion by Rs. 278 billion in the first nine months of the fiscal year despite the additional tax measures levied in March. A noticeable improvement was witnessed on the external side, with the current account deficit (CAD) recording a declining trend on import rationing.

From January-23 to March-23, PKR depreciated by 25% compared to a cumulative depreciation of 28% in 2022. During the said period, the foreign reserves plunged to below \$3 billion but then recovered slightly with new bilateral external funding to \$4.04 billion. At these levels, the funds are barely enough to cover one month of imports.

On the monetary side, SBP has increased the interest rate by a total of 500 bps, taking the policy rate to 21%, with the primary motive of reducing aggregate demand and inflation expectations. In March-23, inflation spiked to 35.4%, on the back of high fuel tariffs, shortage of commodities, removal of export-oriented subsidies and additional taxes.

### Future Outlook

The country remains in the midst of an economic crisis. Inflation is expected to remain high on the back of second round effect of price hikes in energy and food prices. Temporary closure of industries due to the unavailability of raw materials and constrained demand will lead to a spike in unemployment. External financing remains vital for Pakistan, but the inflow of funds has been precariously low owing to the uncertainty around the IMF program.

### 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  
April 27, 2023



**Mian Umer Mansha**  
Director  
MCB Bank Limited

مالیاتی حوالے سے، اسٹیٹ بینک آف پاکستان نے مجموعی طلب اور متوقع افراط زر کو کم کرنے کے بنیادی مقصد کے تحت پالیسی ریٹ میں کل 500 بی پی ایس کا اضافہ کرتے ہوئے اس کی شرح کو 21 فیصد پر مقرر کیا ہے۔ مارچ 2023ء میں ایندھن کے نرخوں میں اضافے، اجناس کی قلت، برآمدات سے متعلق سب سڈیز کے خاتمے اور اضافی ٹیکسوں کی وجہ سے افراط زر 35.4 فیصد تک بڑھ گیا۔

مستقبل کی پیش بینی

ملک اب بھی ایک معاشی بھران میں گھرا ہوا ہے۔ ایندھن کی قیمتوں میں دوبارہ کیے گئے اضافے اور اشیاء خورد و نوش کی قیمتوں کے اثرات کے باعث، افراط زر کی شرح میں بلندی کا رجحان برقرار رہنے کی توقع ہے۔ خام مال کی عدم دستیابی کے باعث صنعتوں کی عارضی بندش اور طلب کی کمی کی بدولت بیروزگاری میں اضافہ ہوگا۔ بیرونی فنڈنگ پاکستان کے لیے ناگزیر ہے لیکن آئی ایم ایف کے پروگرام میں غیر یقینی صورتحال کے تناظر میں اختیار کیے گئے محتاط رویوں کی بدولت اس فنڈنگ کی ترسیل کافی کم ہے۔

تسکین و شکر

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

منجانب و برائے بورڈ آف ڈائریکٹرز

منجانب و برائے بورڈ آف ڈائریکٹرز

شعیب ممتاز  
پریذیڈنٹ اور سی ای او  
ایم سی بی بینک لمیٹڈ  
27 اپریل 2023ء

میام عمر منشا  
ڈائریکٹر  
ایم سی بی بینک لمیٹڈ

بینک نے بغیر لاگت کے ڈیپازٹس کے حصول پر مسلسل توجہ کے باعث اوسط کرنٹ ڈیپازٹس میں 178 بلین روپے (سال بہ سال کی بنیاد پر +31 فیصد) کی نمو حاصل ہوئی۔ اوسط کرنٹ ڈیپازٹس کی کل ڈیپازٹس سے شرح سال 2022ء کی پہلی سہ ماہی کی 40.1 کی سطح سے سال 2023ء کی پہلی سہ ماہی میں بہتری کے ساتھ 51.2 فیصد پر رپورٹ کی گئی۔ اس مدت کے دوران، انٹرنٹ ریش میں غیر معمولی اضافے کے باوجود، ڈیپازٹس کی لاگت گزشتہ سال کی اسی تقابلی مدت کی 4.91 فیصد کی شرح کے مقابلے میں 7.15 فیصد پر درج کی گئی۔

اثاثہ جات کی آمدنی اور سرمائے (ایکویٹی) کی آمدنی کی شرحیں بہتری کے ساتھ بالترتیب 2.49 فیصد اور 29.63 فیصد کی سطح پر درج کی گئیں۔ جبکہ، بک ویلیو فی حصص 153.29 پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، ایم سی بی نے 786 بلین امریکی ڈالر کی ترسیلات زر کو راغب کیا تاکہ ملک میں بینکنگ چیلنوں کے ذریعے ترسیلات زر کے بہاؤ میں بہتری کے اسٹیٹ بینک آف پاکستان کے مقصد میں ایک فعال شراکت دار کے اپنے کردار کو مزید مضبوط بنایا جاسکے۔ ترسیلات زر کی مدت میں بینک کا مارکیٹ میں حصہ گزشتہ سال کے تقابلی عرصہ کی 11.4 فیصد کی شرح سے بہتری کے ساتھ 12.3 فیصد کی شرح پر درج کیا گیا۔

سرمائے کے ضوابط کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکوئیٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 18.01 فیصد پر رہی (جس میں 2020ء کے بی بی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو محفوظ بنانے کے لیے 1.50 فیصد کی تھیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اکتھار بینک کی کامن ایکویٹی ٹائر - 1 CET1 Common Equity Tier (CET1) کے کل رسک ویٹڈ ایٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.0 فیصد کی مطلوبہ حد کے مقابلہ 15.94 فیصد کی شرح پر درج کی گئی۔ بینک کی کپٹالائزیشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کی حد سے نمایاں اضافہ کے ساتھ 6.15 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریشو (Coverage Ratio) (LCR - Liquidity) کو 245.14 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 138.35 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2023ء کو اختتام پذیر سرمایہ کے لیے 6.00 روپے فی حصص کے پہلے عبوری کیس ڈیویڈنڈ یعنی 60 فیصد کا اعلان کیا 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 کریٹ ریٹنگ سے مستفید ہو رہا ہے۔

**معاشی تجزیہ**

سال 2023 کی پہلی سہ ماہی کے دوران، پاکستان کی کال معاشی صورتحال مزید تھپیر کا شکار رہی کیونکہ ملک آئی ایم ایف سے سرمائے کے حصول کی امید پر کیے گئے سخت مالیاتی اور انتظامی اقدامات سے متاثر رہا۔ بڑھتے افراط زر، بلند انٹرنٹ ریش اور ادائیگیوں کے توازن پر مسلسل دباؤ (جس کی وجہ سے درآمدات کی ریشک کی گئی) نے ناصرف کاروبار کی ترقی کے عمل میں کمی کی بلکہ طلب کو بھی محدود کیا۔

جنوری میں آئی ایم ایف کی ٹیم کے پاکستان کے دورے کے دوران ملک نے کئی نمایاں اصلاحات اور درست مالیاتی اقدامات کے نفاذ کا اعادہ کیا۔ 170 بلین روپے کے منی بجٹ، جی ایس ٹی (GST) کی شرح میں 17 فیصد سے 18 فیصد تک کے اضافے، پرنسپل اشیاء پر 8 فیصد اضافی ٹیکس اور گیس و بجلی کی قیمتوں میں اضافے کے باوجود، آئی ایم ایف دوست ممالک سے ملنے والی ملکنہ مالی اعانت کی یقین دہانیوں کے انتظار میں اس معاہدے کو التوا میں رکھے ہوئے ہے۔

ملک کی معاشی کارکردگی میں لمبی جلی کینیت کا رجحان رہا۔ مالیاتی حوالے سے، ایف بی آر (FBR) نے مارچ کے دوران، اضافی ٹیکس کے نفاذ کے باوجود، مالی سال کے پہلے نو ماہ کے عرصہ کے دوران اپنی ٹیکس وصولیوں کے 5.433 ٹریلین روپے کے ہدف سے 278 بلین روپے کی کم وصولیاں کیں۔ بیرونی حوالے سے، درآمدات کی ریشک کی وجہ سے کرنٹ اکاؤنٹ کے خسارے میں ہونے والی کمی کے رجحان کی بدولت ایک قابل ذکر بہتری دیکھنے میں آئی۔

جنوری 2023ء سے مارچ 2023ء کے دوران روپے کی قدر میں سال 2022ء میں ہونے والی 28 فیصد کی فرسودگی کے مقابلے میں 25 فیصد کی مجموعی فرسودگی واقع ہوئی۔ اسی مدت کے دوران، غیر ملکی زرمبادلہ کے ذخائر 3 بلین امریکی ڈالر سے بھی کم ہو گئے تاہم، بعد میں دو طرفہ بیرونی فنڈنگ کے باعث ان میں قدرے بہتری دیکھی گئی۔ اور یہ بڑھ کر 4.04 بلین تک جا پہنچے۔ زرمبادلہ کی اس سطح سے ایک ماہ کی درآمدات کو پورا کرنے میں بھی مشکل پیش آ سکتی ہے۔

**ڈائریکٹرز کا تجزیہ - مارچ 2023ء**

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 31 مارچ 2023ء کو اختتام پذیر سرمایہ کے مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

**کارکردگی کا جائزہ:**

31 مارچ 2023ء کو اختتام پذیر سرمایہ میں بینک کے انفرادی منافع قبل وبعد از ٹیکس اور تخصیص، مندرجہ ذیل ہے:

بلین روپے

23,016
9,960
13,056
70,425
42
70,467
83,523
(1,306)
(7,110)
(8,416)
75,107

منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

اقتصادی غیر تخصیص شدہ منافع

پائیدار اثاثوں کی از سر نو تخمینہ پر سرپلس سے اضافی فرسودگی کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتمی کیس ڈیویڈنڈ 6 روپے فی شیئر۔ برائے دسمبر 2022ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

اپنی خالص آمدنی کو مضبوط بناتے ہوئے، ایم سی بی کا منافع قبل از ٹیکس سال 2023ء کی پہلی سہ ماہی کے دوران 54 فیصد کی قابل رشک نمو کے ساتھ، 23.02 بلین روپے تک بڑھ گیا۔ منافع بعد از ٹیکس 46 فیصد کی نمو کے اندراج کے ساتھ 13.06 بلین روپے پر درج ہوا۔ جس کی بدولت فی حصص آمدنی (EPS) گزشتہ سال کے تقابلی عرصہ کی 7.52 روپے فی حصص آمدنی سے بڑھ کر 11.02 روپے فی حصص پر ریکارڈ ہوئی۔

کرنٹ اکاؤنٹ میں مضبوط مقدار کی نمو اور اثاثہ جات کی بروقت منتقلی کی بدولت، سال 2023ء کی پہلی سہ ماہی کے دوران خالص انٹرنٹ آمدنی میں گزشتہ سال کی تقابلی مدت کی نسبت 66 فیصد کا اضافہ ہوا۔ سال بہ سال کی بنیاد پر، بینک کے اوسط کرنٹ ڈیپازٹس میں 178 بلین روپے (+31 فیصد) کی بڑھتی دیکھی گئی۔

نان مارک اپ آمدنی، گزشتہ سال کی اسی تقابلی مدت کے 5.7 بلین روپے کے حجم سے بڑھ کر 5.9 بلین روپے (+3 فیصد) پر جا پہنچی۔ اس اضافے میں فیس و کمیشن کی آمدنی کی شمولیت نمایاں رہی۔ اس حوالے سے، فیس و کمیشن کی آمدنی میں 27 فیصد اضافہ ریکارڈ کیا گیا۔ جبکہ تجارتی و گارنٹی کے کاروبار سے متعلق آمدنی میں 59 فیصد، ڈیٹ کارڈ میں 42 فیصد اور انفرادی ترسیلات زر میں 39 فیصد کا اضافہ درج کیا گیا۔

بینک نے اپنے کاروباری اخراجات کے موزوں انتظام کو جاری رکھے ہوئے لاگت کو دانشمندی سے محدود رکھا۔ ایک انتہائی بلند ترین افراط زر کے ماحول، کرنسی کی فرسودگی کے اثرات اور ایندھن اور پٹرولیم کی تیزی سے بڑھتی قیمتوں کے مابین، بینک کے کاروباری اخراجات 25 فیصد کی نمو کے ساتھ 11.8 بلین روپے پر ریکارڈ کیے گئے۔ بینک کی لاگت سے آمدنی کی شرح گزشتہ سال کے تقابلی عرصہ کی 39.65 فیصد کی سطح سے بہتری کے ساتھ 32.77 فیصد کی شرح پر درج کی گئی۔

چیش قدم گمرانی اور وصولیوں کی کوششوں کی بدولت اس زیر تجزیہ عرصہ کے دوران غیر فعال قرضوں کے لیے مختص خالص اخراجات (پروویژن) میں 293 بلین روپے کی کوئی کمی ہوئی۔ خدشات کے تدارک کے مضبوط فریم ورک جو کہ چارج کے حتمی ماڈلز، قرض کی ادائیگی سے پہلے اسکی قدرتیائی کے موزوں طریقہ کار اور ادائیگی کے بعد گمرانی کے موثر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدشات کا، ارتقائی عمل سے دوچار نیکرو اکانامک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقے سے انتظام کیا۔ بینک کے غیر فعال قرضہ جات 55.3 بلین روپے پر رپورٹ ہوئے۔ بینک نے اپنی مخصوص پروویژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا۔ بینک کی کوریج اور انٹیکسٹن کی شرحیں بالترتیب 81.88 فیصد اور 7.87 فیصد پر رپورٹ ہوئیں۔

مالیاتی صورتحال کی مدد میں، بینک کے کل اثاثہ جات 1.39 فیصد تک بڑھ کر 2.11 ٹریلین روپے پر رپورٹ کیے گئے۔ اثاثہ جات کی ترکیب کا جائزہ اس امر کو نمایاں کرتا ہے کہ خالص سرمایہ کاری اور گل قرضہ جات میں بالترتیب 33 بلین روپے (-3 فیصد) اور 95 بلین روپے (-12 فیصد) کی کمی واقع ہوئی۔ جبکہ مالیاتی اداروں کو فراہم کیے گئے قرضوں میں 71 بلین روپے (+140 فیصد) کا اضافہ ہوا۔



Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
<b>ASSETS</b>		
Cash and balances with treasury banks	7 143,987,078	96,368,918
Balances with other banks	8 37,418,850	24,872,110
Lendings to financial institutions	9 121,101,540	50,415,768
Investments	10 945,988,411	978,731,140
Advances	11 657,255,205	753,399,576
Fixed assets	12 80,462,304	79,918,324
Intangible assets	13 789,486	801,117
Deferred tax assets	14 13,764,698	7,547,068
Other assets	15 113,642,366	93,301,143
	2,114,409,938	2,085,355,164
<b>LIABILITIES</b>		
Bills payable	17 11,522,676	39,136,884
Borrowings	18 229,457,929	340,237,265
Deposits and other accounts	19 1,539,757,788	1,378,717,068
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	14 -	-
Other liabilities	20 141,512,141	137,769,297
	1,922,250,534	1,895,860,514
	192,159,404	189,494,650
<b>NET ASSETS</b>		
<b>REPRESENTED BY</b>		
Share capital	11,850,600	11,850,600
Reserves	21 94,704,165	88,578,024
Surplus on revaluation of assets - net	22 10,497,236	18,640,651
Unappropriated profit	75,107,403	70,425,375
	192,159,404	189,494,650
<b>CONTINGENCIES AND COMMITMENTS</b>	23	

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

Shoab Mumtaz  
President / CEO

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Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director



Note	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
-----Rupees in '000-----		
Mark-up / return / interest earned	25 63,854,845	39,716,774
Mark-up / return / interest expensed	26 33,785,112	21,604,748
Net mark-up / interest income	30,069,733	18,112,026
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee and commission income	27 4,172,386	3,274,244
Dividend income	648,654	755,431
Foreign exchange income	982,687	1,211,275
Income from derivatives	12,056	2,439
Gain / (loss) on securities	28 51,885	414,729
Other Income	29 54,030	63,568
Total non-markup / interest Income	5,921,698	5,721,686
Total Income	35,991,431	23,833,712
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Operating expenses	30 11,792,822	9,449,313
Workers Welfare Fund	460,318	298,569
Other charges	31 98,162	20,922
Total non-markup / interest expenses	12,351,302	9,768,804
<b>Profit before provisions</b>	23,640,129	14,064,908
Provisions / (reversals) and write offs - net	32 624,254	(863,537)
<b>PROFIT BEFORE TAXATION</b>	23,015,875	14,928,445
Taxation	33 9,960,162	6,014,059
<b>PROFIT AFTER TAXATION</b>	13,055,713	8,914,386
<b>Basic and diluted earnings per share</b>	34 11.02	7.52

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

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Director



Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)  
For The Three Months Period Ended March 31, 2023



	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----	
Profit after taxation for the period	13,055,713	8,914,386
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	4,820,570	(1,206,034)
Movement in surplus on revaluation of investments - net of tax	(8,101,169)	(3,231,811)
	(3,280,599)	(4,437,845)
<b>Total comprehensive income</b>	<b>9,775,114</b>	<b>4,476,541</b>

Profit after taxation for the period

Other comprehensive income / (loss)

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

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

Total comprehensive income

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

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)  
For The Three Months Period Ended March 31, 2023



	Three Months Ended		Three Months Ended		
	January 01 to March 31, 2023	January 01 to March 31, 2022	January 01 to March 31, 2023	January 01 to March 31, 2022	Total
	-----Rupees in '000-----				
Share capital	11,850,600	11,850,600	11,850,600	11,850,600	11,850,600
Share premium	23,751,114	23,751,114	23,751,114	23,751,114	23,751,114
Capital reserve					
Non-distributable capital reserve	908,317	908,317	908,317	908,317	908,317
Exchange translation reserve	3,701,067	3,701,067	(1,206,034)	(1,206,034)	2,495,033
Statutory reserve	37,641,328	37,641,328	37,641,328	37,641,328	37,641,328
Revenue reserve	18,600,000	18,600,000	18,600,000	18,600,000	18,600,000
General reserve					
Surplus/(deficit) on revaluation of investments	(4,738,725)	19,010,242	(3,231,811)	(3,231,811)	(6,969,572)
Fixed / non-banking assets			(3,231,811)	(3,231,811)	(6,969,572)
Unappropriated profit	63,683,267	63,683,267	63,683,267	63,683,267	63,683,267
	174,407,008	174,407,008	174,407,008	174,407,008	174,407,008
Balance as at December 31, 2021 (Audited)					
Total comprehensive income for the period ended March 31, 2022					
Profit after taxation for the period ended March 31, 2022					
Other comprehensive loss - net of tax					
Transfer to statutory reserve					
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax					
Surplus realized on disposal of 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					
Balance as at March 31, 2022 (Un-audited)					
Change in equity for nine months period ended December 31, 2022					
Total comprehensive income for the nine months period ended December 31, 2022					
Profit after taxation for the nine months period ended December 31, 2022					
Other comprehensive loss - net of tax					
Transfer to statutory reserve					
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax					
Surplus realized on disposal of revalued fixed assets - net of tax					
Surplus realized on disposal of non-banking assets - net of tax					
Transactions with owners, recorded directly in equity					
Interim cash dividend at Rs. 5.0 per share - March 31, 2022					
Interim cash dividend at Rs. 4.0 per share - June 30, 2022					
Interim cash dividend at Rs. 5.0 per share - September 30, 2022					
Balance as at December 31, 2022 (Audited)					
Total comprehensive income for the period ended March 31, 2023					
Profit after taxation for the period ended March 31, 2023					
Other comprehensive loss - net of tax					
Transfer to statutory reserve					
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax					
Surplus realized on disposal of non-banking assets - net of tax					
Transactions with owners, recorded directly in equity					
Final cash dividend at Rs. 6.0 per share - December 31, 2022					
Balance as at March 31, 2023 (Un-audited)					

Balance as at December 31, 2021 (Audited)

Total comprehensive income for the period ended March 31, 2022

Profit after taxation for the period ended March 31, 2022

Other comprehensive loss - net of tax

Transfer to statutory reserve

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

Surplus realized on disposal of 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

Balance as at March 31, 2022 (Un-audited)

Change in equity for nine months period ended December 31, 2022

Total comprehensive income for the nine months period ended December 31, 2022

Profit after taxation for the nine months period ended December 31, 2022

Other comprehensive loss - net of tax

Transfer to statutory reserve

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

Surplus realized on disposal of revalued fixed assets - net of tax

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

Transactions with owners, recorded directly in equity

Interim cash dividend at Rs. 5.0 per share - March 31, 2022

Interim cash dividend at Rs. 4.0 per share - June 30, 2022

Interim cash dividend at Rs. 5.0 per share - September 30, 2022

Balance as at December 31, 2022 (Audited)

Total comprehensive income for the period ended March 31, 2023

Profit after taxation for the period ended March 31, 2023

Other comprehensive loss - net of tax

Transfer to statutory reserve

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

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

Transactions with owners, recorded directly in equity

Final cash dividend at Rs. 6.0 per share - December 31, 2022

Balance as at March 31, 2023 (Un-audited)

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

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Shahzad Hussain  
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Muhammad Ali Zeb  
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Mian Umer Mansha  
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Muhammad Ali Zeb  
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)  
For The Three Months Period Ended March 31, 2023



Note	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	23,015,875	14,928,445
Less: Dividend income	(648,654)	(755,431)
	22,367,221	14,173,014
Adjustments:		
Depreciation on fixed assets	30 654,433	554,970
Depreciation on right-of-use assets	30 339,047	306,216
Depreciation on non-banking assets acquired in satisfaction of claims	30 5,970	5,986
Amortization	30 83,873	78,497
Provisions / (reversals) and write offs - net	32 624,254	(863,537)
Gain on sale of fixed assets - net	29 (5,053)	(7,813)
Interest expensed on lease liability against right-of-use assets	26 271,941	237,781
Workers welfare fund	460,318	298,569
Charge for defined benefit plans - net	74,065	87,000
Gain on termination of lease liability against right-of-use assets	29 (9,733)	(33,911)
Unrealized gain on revaluation of investments - Held For Trading	28 (59)	(550)
	2,499,056	663,208
	24,866,277	14,836,222
Decrease / (increase) in operating assets		
Lendings to financial institutions	(70,685,772)	471,978
Held-for-trading securities	-	(8,710,950)
Advances	96,478,153	4,893,272
Others assets (excluding advance taxation)	(2,917,529)	(2,769,270)
	22,874,852	(6,114,970)
Increase / (decrease) in operating liabilities		
Bills Payable	(27,614,208)	(12,682,844)
Borrowings from financial institutions	(110,212,903)	51,867,600
Deposits	161,040,720	79,833,629
Other liabilities (excluding current taxation)	(14,188,543)	8,626,676
	9,025,066	127,645,061
Defined benefits paid	(55,789)	(68,615)
Income tax paid	(10,158,040)	(5,955,567)
Net cash flow from operating activities	46,552,366	130,342,131
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net divestment / (investment) in available-for-sale securities	18,290,695	(139,265,668)
Net (investment) / divestment in held-to-maturity securities	(698,939)	202,791
Dividends received	488,034	698,770
Investments in fixed assets	(1,092,446)	(869,913)
Proceeds from sale of fixed assets	6,934	12,756
Investments in Intangible assets	(71,170)	(26,730)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	-	87,800
Effect of translation of net investment in foreign branches	4,820,570	(1,206,034)
Net cash flow from / (used) in investing activities	21,743,678	(140,366,228)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use-assets	(517,224)	(442,458)
Dividend paid	(7,047,487)	(5,550,787)
Net cash flow used in financing activities	(7,564,711)	(5,993,245)
Effects of exchange rate changes on cash and cash equivalents	10,636,374	(565,466)
<b>Increase in cash and cash equivalents</b>	71,367,707	(16,582,808)
Cash and cash equivalents at beginning of the period	109,790,967	182,348,837
Cash and cash equivalents at end of the period	181,158,674	165,766,029

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

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Director

Muhammad Ali Zeb  
Director

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2023



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 1,436 branches (2022: 1,439 branches) within Pakistan and 09 branches (2022: 09 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, 2022.



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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

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

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

**Effective date (annual periods beginning on or after)**

Amendment to IFRS 16 - Leases on sale and leaseback  
Classification of Liabilities as Current or Non-current – Amendments to IAS 1

January 1, 2024  
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. 07 dated April 13, 2023, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2024. 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, 2022.

**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, 2022.

**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, 2022. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.



Unaudited  
March 31, 2023  
Audited  
December 31,  
2022  
-----Rupees in '000-----

**7. CASH AND BALANCES WITH TREASURY BANKS**

In hand

Local currency  
Foreign currencies

38,196,365	29,535,358
8,450,579	7,366,137
46,646,944	36,901,495

With State Bank of Pakistan in

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

58,673,383	51,724,040
2,507,672	2,227,841
12,774,091	-
73,955,146	53,951,881

With other central banks in

Foreign currency current accounts

7,819,992	5,208,115
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With National Bank of Pakistan in

Local currency current accounts

15,380,690	142,820
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Prize bonds

184,306	164,607
---------	---------

143,987,078	96,368,918
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**8. BALANCES WITH OTHER BANKS**

Outside Pakistan

In current accounts  
In deposit accounts

17,637,875	17,700,810
19,780,975	7,171,300
37,418,850	24,872,110

**9. LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings  
Repurchase agreement lendings (Reverse Repo)

33,169,680	23,736,012
87,931,860	26,679,756
121,101,540	50,415,768

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2023



Investments by type:	Unaudited March 31, 2023		Audited December 31, 2022	
	Cost / Amortised cost	Provision for diminution	Carrying Value	Surplus / (Deficit)
<b>Held-for-trading securities</b>				
Shares	-	-	59	-
<b>Available-for-sale securities</b>				
Federal Government Securities	912,633,691	(423,768)	865,174,685	(32,744,038)
Shares and units	28,983,397	(10,040,462)	18,227,833	(723,632)
Non Government Debt Securities	2,953,840	-	2,966,116	5,782
Foreign Securities	19,231,548	(1,232)	19,277,949	(15,965)
	963,802,476	(10,465,462)	905,646,583	(33,477,853)
<b>Held-to-maturity securities</b>				
Federal Government Securities	16,178,285	(408,226)	15,770,059	-
Provincial Government Securities	118	(118)	-	-
Non Government Debt Securities	8,030,538	(477,541)	7,552,997	-
Foreign Securities	-	-	-	-
	24,208,941	(885,885)	23,323,056	-
Associates	700,401	-	700,401	-
Subsidiaries	16,318,312	-	16,318,312	-
<b>Total Investments</b>	<b>1,005,030,130</b>	<b>(11,351,347)</b>	<b>945,988,411</b>	<b>(33,477,853)</b>

10.4

Investments given as collateral

	Unaudited March 31, 2023	Audited December 31, 2022
- Market Treasury Bills	-	32,722,107
- Pakistan Investment Bonds	124,606,608	191,811,500
	124,606,608	224,533,607
	10,330,107	10,660,178
	82,786	27,649
	938,454	2,483,239
	938,454	(2,840,234)
	-	(356,995)
	-	(725)
	11,351,347	10,330,107

10.2 Provision for diminution in value of investments

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

Amounts written off  
Closing Balance

10.2.2 Particulars of provision against debt securities  
Category of classification

	Unaudited March 31, 2023	Audited December 31, 2022
NPI	477,659	477,659
Provision	477,659	477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 831,994 million (December 31, 2022: Rs 232,891 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 19,466,325 million (December 31, 2022: Rs. 19,861,244 million).

10.4 The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 has approved an equity investment of PKR 649,925 million to acquire further 30.09% shareholding of "MCB Arif-Habib Savings and Investments Limited" (MCBAH), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBAH in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The financial impact of this acquisition will be reflected in MCB Bank's Financial Statements for half year ending June 30, 2023.

11. ADVANCES

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2023



	Performing		Non Performing		Total	
	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022
Loans, cash credits, running finances, etc.	634,639,842	735,403,086	54,262,100	50,204,881	688,901,942	785,607,967
Bills discounted and purchased	12,596,394	10,908,660	1,038,582	1,055,302	13,634,976	11,963,962
Advances - gross	647,236,236	746,311,746	55,300,682	51,260,183	702,536,918	797,571,929
Provision against advances	(2,388,234)	(2,224,575)	(42,893,479)	(41,947,778)	(42,893,479)	(41,947,778)
- Specific	(2,388,234)	(2,224,575)	-	-	(2,388,234)	(2,224,575)
- General	(2,388,234)	(2,224,575)	(42,893,479)	(41,947,778)	(42,893,479)	(41,947,778)
Advances - net of provision	644,848,002	744,087,171	12,407,203	9,312,405	657,255,205	753,399,576

11.1 Particulars of advances (Gross)

In local currency  
In foreign currencies

	Unaudited March 31, 2023	Audited December 31, 2022
	656,643,729	754,344,065
	45,893,189	43,227,864
	702,536,918	797,571,929

11.2 Advances include Rs. 55,300,820 million (2022: Rs.51,260,183 million) which have been placed under the non-performing status as detailed below:

Category of Classification

Category of Classification	Note		Rupees in '000	
	Unaudited March 31, 2023	Provision	Unaudited March 31, 2023	Provision
<b>Domestic</b>				
Other Assets Especially Mentioned	1,489,594	1,134	1,465,073	1,535
Substandard	1,690,814	421,627	112,715	27,286
Doubtful	107,570	53,785	133,474	66,737
Loss	37,028,769	36,589,451	37,693,228	37,253,871
	40,316,747	37,065,997	39,404,490	37,349,429
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	16,300	5,840	434,904	218,623
91 to 180 days	69,579	18,584	16,035	4,573
181 to 365 days	2,418	1,209	134	67
365 days	14,895,638	5,801,849	11,404,620	4,375,086
	14,983,935	5,827,482	11,855,693	4,598,349
Total	55,300,682	42,893,479	51,260,183	41,947,778

11.2.1

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

11.3 Particulars of provision against advances

	Unaudited March 31, 2023			Audited December 31, 2022		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	41,947,778	2,224,575	44,172,353	44,156,471	1,706,309	45,862,780
Exchange adjustments	1,168,536	233,849	1,402,385	711,262	(663)	710,599
Charge for the period / year	601,326	50,982	652,308	947,726	579,756	1,527,482
Reversals	(824,161)	(121,172)	(945,333)	(3,793,453)	(60,827)	(3,854,280)
	(222,835)	(70,190)	(293,025)	(2,845,727)	518,929	(2,326,798)
Amounts written off	-	-	-	(74,228)	-	(74,228)
Closing balance	42,893,479	2,388,234	45,281,713	41,947,778	2,224,575	44,172,353

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 March 31, 2023	Audited December 31, 2022
		-----Rupees in '000-----	
Capital work-in-progress	12.1	1,504,402	1,064,714
Property and equipment		73,260,669	73,138,764
Right-of-use assets		5,697,233	5,714,846
		80,462,304	79,918,324

12.1 Capital work-in-progress

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
	-----Rupees in '000-----	
Civil works	1,056,080	805,081
Equipment	37,690	92,330
Advances to suppliers	328,725	163,858
Others	81,907	3,445
	1,504,402	1,064,714

12.2 Additions to fixed assets

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

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
Capital work-in-progress - net additions	439,688	284,876
<b>Property and equipment</b>		
Freehold land	-	84,984
Building on freehold land	30,725	22,889
Building on leasehold land	2,639	-
Electrical office and computer equipment	471,888	340,233
Furniture and fixture	54,569	55,428
Leasehold Improvements	60,805	61,904
Vehicles	32,132	19,599
	652,758	585,037
	1,092,446	869,913

12.3 Disposal of fixed assets

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

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
Vehicles	-	1,358
Furniture and fixture	161	2,117
Electrical office and computer equipment	1,720	1,433
Leasehold Improvements	-	35
	1,881	4,943

13. INTANGIBLE ASSETS

Capital work-in-progress  
Computer software

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
Capital work-in-progress	216,415	221,743
Computer software	573,071	579,374
	789,486	801,117

13.1 Additions to intangible assets

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

Computer software  
Capital work-in-progress - net additions

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
	-----Rupees in '000-----	
Computer software	71,170	-
Capital work-in-progress - net additions	-	26,730
	71,170	26,730

Note

14. DEFERRED TAX ASSET / (LIABILITY) - NET

Deductible Temporary Differences on

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

Taxable Temporary Differences on

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

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
- Provision against advances	1,562,728	1,362,935
- Surplus/deficit on revaluation of investments	20,506,886	14,395,477
	22,069,614	15,758,412
- Surplus on revaluation of fixed assets	(3,259,590)	(3,291,460)
- Surplus on revaluation of non-banking assets	(375,669)	(375,669)
- Accelerated tax depreciation	(2,737,440)	(2,648,697)
- Receivable from pension fund	(1,226,999)	(1,190,300)
- Business combination	(705,218)	(705,218)
	(8,304,916)	(8,211,344)
	13,764,698	7,547,068

15. OTHER ASSETS

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

Less: Provision held against other assets

Other Assets (net of provision)

Surplus on revaluation of non-banking assets  
acquired in satisfaction of claims

Other Assets - total

15.1 Provision held against other assets

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

15.1.1 Movement in provision held against other assets

Opening balance  
Charge for the period / year  
Reversals

Amounts written off  
Exchange and other adjustments  
Closing balance

	Unaudited March 31, 2023	Audited December 31, 2022
Income/ Mark-up accrued in local currency	42,782,711	41,004,910
Income/ Mark-up accrued in foreign currencies	722,120	303,957
Advances, deposits, advance rent and other prepayments	3,969,204	3,946,039
Non-banking assets acquired in satisfaction of claims	2,019,384	2,025,354
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	-	101,362
Mark to market gain on forward foreign exchange contracts	5,205,430	1,535,665
Unrealized gain on derivative financial instruments	566,523	778,441
Acceptances	42,181,104	24,847,224
Receivable from the pension fund	2,853,486	2,768,142
Clearing and settlement accounts	11,246,392	14,102,285
Claims receivable against fraud and forgeries	1,240,054	1,225,857
Others	3,217,811	2,720,726
	116,138,028	95,493,771
Less: Provision held against other assets	3,369,309	3,066,275
Other Assets (net of provision)	112,768,719	92,427,496
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	873,647	873,647
Other Assets - total	113,642,366	93,301,143
Non banking assets acquired in satisfaction of claims	94,157	94,157
Claims receivable against fraud and forgeries	595,545	587,468
Others	2,679,607	2,384,650
	3,369,309	3,066,275
Opening balance	3,066,275	2,709,281
Charge for the period / year	15,034	109,887
Reversals	-	(1,755)
	15,034	108,132
Amounts written off	-	(1,193)
Exchange and other adjustments	288,000	250,055
Closing balance	3,369,309	3,066,275

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2023 (2022: NIL).

	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
<b>17. BILLS PAYABLE</b>		
In Pakistan	11,021,541	39,079,047
Outside Pakistan	501,135	57,837
	<u>11,522,676</u>	<u>39,136,884</u>
<b>18. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	36,659,184	45,834,001
Under long term financing facility	22,282,379	23,123,421
Under renewable energy performance platform	2,254,622	2,177,355
Under Refinance Scheme for Payment of Wages & Salaries	44,599	667,152
Under temporary economic refinance facility	40,092,064	39,628,326
Under refinance facility for combating COVID-19	12,905	14,195
Under financing facility for storage of agricultural produce	169,637	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	6,388	4,082
	<u>101,521,778</u>	<u>111,560,394</u>
Bai Muajjal	-	-
Repurchase agreement borrowings	126,872,328	227,700,898
<b>Total secured</b>	<u>228,394,106</u>	<u>339,261,292</u>
<b>Unsecured</b>		
Borrowings from other financial institution	-	-
Call borrowings	654,283	-
Overdrawn nostro accounts	247,254	813,687
Others	162,286	162,286
<b>Total unsecured</b>	<u>1,063,823</u>	<u>975,973</u>
	<u>229,457,929</u>	<u>340,237,265</u>

**19. DEPOSITS AND OTHER ACCOUNTS**

	Unaudited March 31, 2023			Audited December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
<b>Customers</b>						
Current deposits	638,665,295	107,746,319	746,411,614	549,697,362	70,653,195	620,350,557
Savings deposits	610,179,329	44,555,013	654,734,342	594,764,760	38,603,905	633,368,665
Term deposits	26,110,340	17,697,600	43,807,940	40,850,001	12,423,072	53,273,073
Others	53,243,818	7,474,777	60,718,595	31,207,083	5,827,480	37,034,563
	<u>1,328,198,782</u>	<u>177,473,709</u>	<u>1,505,672,491</u>	<u>1,216,519,206</u>	<u>127,507,652</u>	<u>1,344,026,858</u>
<b>Financial Institutions</b>						
Current deposits	16,318,724	1,039,011	17,357,735	19,747,897	1,036,116	20,784,013
Savings deposits	10,722,731	163,617	10,886,348	8,973,107	94,720	9,067,827
Term deposits	482,968	2,922,733	3,405,701	595,968	2,299,049	2,895,017
Others	-	2,435,513	2,435,513	-	1,943,353	1,943,353
	<u>27,524,423</u>	<u>6,560,874</u>	<u>34,085,297</u>	<u>29,316,972</u>	<u>5,373,238</u>	<u>34,690,210</u>
	<u>1,355,723,205</u>	<u>184,034,583</u>	<u>1,539,757,788</u>	<u>1,245,836,178</u>	<u>132,880,890</u>	<u>1,378,717,068</u>

	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----			
<b>20. OTHER LIABILITIES</b>			
Mark-up/ return/ interest payable in local currency		20,758,157	32,720,479
Mark-up/ return/ interest payable in foreign currencies		373,399	200,553
Unearned commission and income on bills discounted		1,524,586	1,227,553
Accrued expenses		5,541,337	6,911,941
Current taxation (provisions less payments)		17,558,725	17,650,382
Workers' welfare fund	20.1	11,766,091	11,305,773
Acceptances	15	42,181,104	24,847,224
Unclaimed / dividends payable		2,794,329	2,731,456
Mark to market loss on forward foreign exchange contracts		3,275,888	1,013,853
Unrealised loss on derivative financial instruments		566,337	778,137
Branch adjustment account		113,650	-
Provision for employees' compensated absences		1,218,052	1,179,992
Provision for post retirement medical benefits		2,282,604	2,219,281
Provision for employees' contributory benevolent scheme		167,663	165,426
Insurance payable against consumer assets		840,651	828,882
Unclaimed balances		654,519	642,169
Duties and taxes payable		2,392,399	1,435,225
Provision against off-balance sheet obligations		47,885	48,403
Security deposits against lease		1,470,154	1,317,668
Lease liability against right of use assets		8,010,011	7,943,593
Clearing and settlement accounts		9,605,163	15,210,786
Others		8,369,437	7,390,521
		<u>141,512,141</u>	<u>137,769,297</u>

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

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

	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----			
<b>21. RESERVES</b>			
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		9,223,543	4,402,973
Statutory reserve	21.2	42,221,191	40,915,620
General reserve		18,600,000	18,600,000
		<u>94,704,165</u>	<u>88,578,024</u>

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

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

Note	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
<b>22. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus / (deficit) on revaluation of		
- Available for sale securities	(47,690,431)	(33,477,853)
- Fixed Assets	40,442,393	40,516,509
- Non-banking assets acquired in satisfaction of claims	873,647	873,647
	(6,374,391)	7,912,303
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	20,506,886	14,395,477
- Fixed Assets	(3,259,590)	(3,291,460)
- Non-banking assets acquired in satisfaction of claims	(375,669)	(375,669)
	16,871,627	10,728,348
	10,497,236	18,640,651
<b>23. CONTINGENCIES AND COMMITMENTS</b>		
-Guarantees	329,765,967	271,137,800
-Commitments	414,973,096	366,568,874
-Other contingent liabilities	29,398,481	27,947,886
	774,137,544	665,654,560
<b>23.1 Guarantees:</b>		
Financial guarantees	278,534,236	224,226,300
Performance guarantees	51,142,655	43,947,906
Other guarantees	89,076	2,963,594
	329,765,967	271,137,800
<b>23.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions		
- letters of credit	254,975,250	200,919,363
Commitments in respect of:		
- forward foreign exchange contracts	127,985,786	131,535,057
- forward government securities transactions	20,005,000	13,797,435
- derivatives	9,588,958	18,241,918
Commitments for acquisition of:		
- operating fixed assets	2,140,833	1,860,344
- intangible assets	277,269	214,757
	414,973,096	366,568,874
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	80,862,803	75,618,221
Sale	47,122,983	55,916,836
	127,985,786	131,535,057
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	20,005,000	12,328,130
Sale	-	1,469,305
	20,005,000	13,797,435
<b>23.2.3 Commitments in respect of derivatives</b>		
FX options		
Purchase	4,551,316	8,817,006
Sale	4,551,316	8,817,006
	9,102,632	17,634,012
Cross Currency Swaps		
Purchase	243,163	303,953
Sale	243,163	303,953
	486,326	607,906
	9,588,958	18,241,918

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 March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
<b>23.3 Other contingent liabilities</b>		
Claims against the Bank not acknowledged as debts	29,398,481	27,947,886

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. 844 million (2022: Rs. 844 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

**24. DERIVATIVE INSTRUMENTS**

	Unaudited March 31, 2023					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	-----Rupees in '000-----					
<b>Total</b>						
Hedging	243,163	249,320	-	-	4,551,316	317,203
Market Making	243,163	(249,134)	-	-	4,551,316	(317,203)
<b>Audited December 31, 2022</b>						
	-----Rupees in '000-----					
<b>Total</b>						
Hedging	303,953	185,139	-	-	8,817,006	593,302
Market Making	303,953	(184,835)	-	-	8,817,006	(593,302)

Note	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
	-----Rupees in '000-----	
<b>25. MARK-UP/RETURN/INTEREST EARNED</b>		
Loans and advances	25,994,974	12,408,516
Investments	35,595,220	26,866,477
Lendings to financial institutions	1,906,370	381,216
Balances with banks	358,281	60,565
	<u>63,854,845</u>	<u>39,716,774</u>
<b>26. MARK-UP/RETURN/INTEREST EXPENSED</b>		
Deposits	24,899,248	16,862,402
Borrowings	8,168,491	3,803,761
Cost of foreign currency swaps against foreign currency deposits / borrowings	445,432	700,804
Finance charges on lease liability against right-of-use assets	271,941	237,781
	<u>33,785,112</u>	<u>21,604,748</u>
<b>27. FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees	845,039	762,470
Consumer finance related fees	185,665	143,522
Card related fees (debit and credit cards)	1,251,707	881,763
Credit related fees	115,806	101,250
Investment banking fee	11,100	36,884
Commission on trade	585,141	352,195
Commission on guarantees	178,780	127,628
Commission on cash management	210,323	209,561
Commission on remittances including home remittances	375,389	260,875
Commission on bancassurance	265,051	280,176
Rent on lockers	60,841	63,448
Commission on utility bills	19,333	19,193
Commission on investments services	32,541	14,041
Others	35,670	21,238
	<u>4,172,386</u>	<u>3,274,244</u>
<b>28. GAIN / (LOSS) ON SECURITIES</b>		
Realised	28.1 51,826	414,179
Unrealised - Held For Trading	10.1 59	550
	<u>51,885</u>	<u>414,729</u>
<b>28.1</b> Realised gain / (loss) on:		
Federal Government Securities	36,408	26,347
Shares	15,418	387,832
	<u>51,826</u>	<u>414,179</u>
<b>29. OTHER INCOME</b>		
Rent on property	39,244	21,844
Gain on termination of lease liability against right of use assets	9,733	33,911
Gain on sale of fixed assets - net	5,053	7,813
	<u>54,030</u>	<u>63,568</u>

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
	-----Rupees in '000-----	
<b>30. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	5,473,797	4,652,615
<b>Property expense</b>		
Rent and taxes	75,075	29,008
Insurance	6,084	5,012
Utilities cost	504,060	310,797
Fuel expense generators	309,836	138,240
Security (including guards)	438,423	362,818
Repair and maintenance (including janitorial charges)	255,439	216,752
Depreciation on right-of-use assets	339,047	306,216
Depreciation	214,066	185,671
	<u>2,142,030</u>	<u>1,554,514</u>
<b>Information technology expenses</b>		
Software maintenance	384,468	283,549
Hardware maintenance	78,720	56,739
Depreciation	175,910	138,416
Amortization	83,873	78,497
Network charges	153,419	144,336
Insurance	985	733
	<u>877,375</u>	<u>702,270</u>
<b>Other operating expenses</b>		
Directors' fees and allowances	9,160	9,960
Legal and professional charges	101,407	98,708
Outsourced services costs	219,279	195,011
Travelling and conveyance	90,151	85,157
NIFT clearing charges	52,772	44,428
Depreciation	264,457	230,883
Depreciation on non-banking assets acquired in satisfaction of claims	5,970	5,986
Training and development	14,597	11,908
Postage and courier charges	61,066	57,416
Communication	228,567	96,198
Stationery and printing	244,303	164,975
Marketing, advertisement & publicity	209,351	191,172
Auditors' remuneration	15,118	11,744
Cash transportation charges	254,514	218,629
Repair and maintenance	151,960	108,850
Subscription	2,929	4,255
Entertainment	93,100	68,543
Remittance charges	58,445	53,533
Brokerage expenses	10,166	7,505
Card related expenses	563,897	267,197
CNIC verification charges	71,366	92,591
Insurance	484,663	453,522
Others	92,382	61,743
	<u>3,299,620</u>	<u>2,539,914</u>
	<u>11,792,822</u>	<u>9,449,313</u>



Note	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----		
<b>31. OTHER CHARGES</b>		
Penalties of State Bank of Pakistan	13,421	360
VAT & National Building tax & Crop Insurance Levy	77,741	20,562
Education cess	7,000	-
	<u>98,162</u>	<u>20,922</u>
<b>32. PROVISIONS / (REVERSALS) &amp; WRITE OFFS - NET</b>		
Provision / (reversal) against balance with Banks	8,613	(36)
Provision / (reversal) for diminution in value of investments	938,454	(187,462)
(Reversal) / provision against loans and advances	(293,025)	(616,330)
(Reversal) / provision against off balance sheet items	(4,065)	(9)
(Reversal) / provision against other assets	15,034	(7,853)
Recovery of written off / charged off bad debts	(40,757)	(51,847)
	<u>624,254</u>	<u>(863,537)</u>
<b>33. TAXATION</b>		
Current	10,066,383	5,846,983
Deferred	(106,221)	167,076
	<u>9,960,162</u>	<u>6,014,059</u>
<b>34. BASIC AND DILUTED EARNINGS PER SHARE</b>		
-----Rupees in '000-----		
Profit after tax	<u>13,055,713</u>	<u>8,914,386</u>
-----Number-----		
Weighted average number of ordinary shares	<u>1,185,060,006</u>	<u>1,185,060,006</u>
-----Rupees-----		
Basic and diluted earnings per share	<u>11.02</u>	<u>7.52</u>

**35. FAIR VALUE MEASUREMENTS**

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

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

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

**35.1 Fair value of financial assets**

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Term Finance Certificates 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 mark-to-market currency 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 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.

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

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, 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 & non-banking assets acquired in satisfaction of claims.

	Unaudited March 31, 2023				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	865,174,685	-	865,174,685	-	865,174,685
Shares	16,779,991	16,779,991	-	-	16,779,991
Non-Government Debt Securities	2,966,116	-	2,966,116	-	2,966,116
Foreign Securities	19,277,949	-	19,277,949	-	19,277,949
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	41,789,670	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	65,273,882	-	65,273,882	-	65,273,882
Non-banking assets	2,798,874	-	2,798,874	-	2,798,874
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	80,862,803	-	5,092,687	-	5,092,687
Forward sale of foreign exchange	47,122,983	-	3,163,145	-	3,163,145
Derivatives purchase	4,794,479	-	566,523	-	566,523
Derivatives sale	4,794,479	-	566,337	-	566,337

	Audited December 31, 2022				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	913,772,807	-	913,772,807	-	913,772,807
Shares	16,486,590	16,423,058	63,532	-	16,486,590
Non-Government Debt Securities	2,959,622	-	2,959,622	-	2,959,622
Foreign Securities	4,112,387	-	4,112,387	-	4,112,387
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	41,399,734	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	65,348,646	-	65,348,646	-	65,348,646
Non-banking assets	2,804,844	-	2,804,844	-	2,804,844
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	75,618,221	-	266,932	-	266,932
Forward sale of foreign exchange	55,916,836	-	254,880	-	254,880
Derivatives purchase	9,120,959	-	778,441	-	778,441
Derivatives sale	9,120,959	-	778,137	-	778,137



	Unaudited Three months ended March 31, 2023							Total
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	
-----Rupees in '000-----								
<b>Profit &amp; Loss</b>								
Net mark-up/return/profit	(19,167,127)	1,181,182	17,670,204	28,929,300	1,456,174	-	30,069,733	30,069,733
Inter segment revenue - net	46,362,786	(618,049)	(15,024,016)	(34,165,416)	(74,775)	3,519,470	-	-
Non mark-up / return / interest income	2,717,898	671,508	1,719,390	(48,356)	532,760	328,498	5,921,698	5,921,698
Total Income	29,913,557	1,234,641	4,365,578	(5,284,472)	1,914,159	3,847,968	35,991,431	35,991,431
Segment direct expenses	8,310,065	681,800	320,313	196,198	602,880	2,240,046	12,351,302	12,351,302
Inter segment expense allocation	-	-	-	-	-	-	-	-
Total expenses	8,310,065	681,800	320,313	196,198	602,880	2,240,046	12,351,302	12,351,302
Provisions	(9,586)	16,917	(26,618)	422,136	723,323	(501,918)	624,254	624,254
Profit before tax	21,613,078	535,924	4,071,883	(5,902,806)	587,956	2,109,840	23,015,875	23,015,875
<b>Balance Sheet</b>								
Cash & Bank balances	57,164,148	750,038	281,954	81,352,396	36,683,383	5,174,009	181,405,928	181,405,928
Investments	-	-	10,515,686	910,732,953	24,739,772	-	945,988,411	945,988,411
Net inter segment lending	1,136,667,783	-	-	-	-	197,150,409	1,333,818,192	(1,333,818,192)
Lendings to financial institutions	-	-	-	88,031,860	33,069,680	-	121,101,540	121,101,540
Advances - performing	103,847,552	40,310,168	481,636,105	-	19,054,177	-	644,848,002	644,848,002
- non performing	1,211,191	92,659	1,516,106	-	9,156,452	430,795	12,407,203	12,407,203
Others	61,026,924	4,581,676	57,878,382	27,784,627	3,244,613	54,142,632	208,658,854	208,658,854
Total Assets	1,359,917,598	45,734,541	551,828,233	1,107,901,836	125,948,077	256,897,845	3,448,228,130	2,114,409,938
Borrowings	11,998,320	-	89,685,743	126,014,220	1,759,646	-	229,457,929	229,457,929
Deposits & other accounts	1,315,676,567	22,299,999	103,778,674	-	97,963,573	38,975	1,539,757,788	1,539,757,788
Net inter segment borrowing	-	18,930,269	314,229,477	980,061,289	20,597,157	-	1,333,818,192	(1,333,818,192)
Others	32,242,711	4,504,273	44,134,339	1,826,327	5,627,701	64,699,466	153,034,817	153,034,817
Total Liabilities	1,359,917,598	45,734,541	551,828,233	1,107,901,836	125,948,077	256,897,845	3,256,068,726	1,922,250,534
Equity	-	-	-	-	-	192,159,404	192,159,404	192,159,404
Total Equity & Liabilities	1,359,917,598	45,734,541	551,828,233	1,107,901,836	125,948,077	256,897,845	3,448,228,130	2,114,409,938
Contingencies & Commitments	64,163,973	-	520,252,032	157,579,744	-	32,141,795	774,137,544	774,137,544

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

	Un-audited Three months ended March 31, 2022						
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Total
Rupees in '000							
<b>Profit &amp; Loss</b>							
Net mark-up/return/profit	(13,760,965)	873,204	7,860,016	22,730,702	389,089	-	18,112,026
Inter segment revenue - net	27,294,107	(330,547)	(6,856,297)	(23,105,397)	(41,232)	3,039,366	-
Non mark-up / return / interest income	2,287,531	569,102	1,048,251	1,735,006	239,624	(157,828)	5,721,686
Total Income	15,820,673	1,111,759	2,071,970	1,360,311	587,461	2,881,538	23,833,712
Segment direct expenses	6,773,165	515,028	234,934	154,246	346,565	1,744,866	9,768,804
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	6,773,165	515,028	234,934	154,246	346,565	1,744,866	9,768,804
Provisions	(164,973)	2,703	(24,000)	(193,867)	(3,920)	(479,480)	(863,537)
Profit before tax	9,212,481	594,028	1,861,036	1,399,932	244,816	1,616,152	14,928,445
<b>Balance Sheet</b>							
Cash & Bank balances	34,485,076	622,340	242,694	60,644,247	23,563,344	1,683,327	121,241,028
Investments	-	-	10,517,351	958,937,705	9,276,084	-	978,731,140
Net inter segment lending	1,114,563,059	-	-	-	-	190,628,927	1,305,191,986
Lendings to financial institutions	-	-	-	26,679,756	23,736,012	-	50,415,768
Advances - performing	96,972,626	41,235,105	589,623,635	-	16,255,805	-	744,087,171
- non performing	156,088	87,709	1,380,470	-	7,257,344	430,794	9,312,405
Others	50,005,640	2,399,035	37,780,657	26,778,287	1,667,282	62,936,751	181,567,652
<b>Total Assets</b>	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150
Borrowings	13,558,449	-	98,051,501	227,813,628	813,687	-	340,237,265
Deposits & other accounts	1,209,546,280	20,379,488	87,712,328	-	61,067,142	9,830	1,378,717,068
Net inter segment borrowing	-	18,909,590	428,058,745	841,864,507	16,359,144	-	1,305,191,986
Others	73,075,760	5,055,111	25,722,233	3,361,860	3,515,898	66,175,319	176,906,181
<b>Total Liabilities</b>	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150
Equity	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150
<b>Total Equity &amp; Liabilities</b>	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150
<b>Contingencies &amp; Commitments</b>	76,591,298	-	376,393,133	163,574,410	18,749,788	30,345,931	665,654,560

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 Bank's related party transactions with related parties in the ordinary course of business are not substantially different from comparable transactions with persons in similar standing. Contributions to and accruals in respect of retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	Unaudited March 31, 2023			Audited December 31, 2022						
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
<b>Lendings to Financial Institutions</b>										
Opening balance	-	-	-	-	-	-	-	3,500,000	-	-
Addition during the period / year	-	-	42,900,000	-	-	-	-	118,446,765	-	-
Repaid during the period / year	-	-	(42,900,000)	-	-	-	-	(12,194,676)	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	-	-	16,318,312	700,401	249,253	-	-	12,319,037	700,401	254,253
Investment made during the period / year	-	-	-	-	-	-	-	4,000,000	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	(725)	-	(5,000)
Closing balance	-	-	16,318,312	700,401	249,253	-	-	16,318,312	700,401	249,253
<b>Provision for diminution in value of investments</b>										
Opening balance	1,543	281,237	1,039,898	-	4,445,292	109	147,331	940,062	1,018,449	3,084,862
Addition / exchange adjustment during the period / year	2,411	45,198	114,722	-	765,092	23,615	93,306	99,836	-	14,754,662
Repaid / exchange adjustment during the period / year	(1,607)	(45,302)	-	-	(3,499,467)	(22,181)	(69,178)	-	(1,016,449)	(13,394,232)
Transfer in / (out)	-	-	-	-	-	-	109,778	-	-	-
Closing balance	2,347	281,133	1,154,620	-	1,710,917	1,543	281,237	1,039,898	-	4,445,292
Provision held against advances	-	-	-	-	-	-	-	-	-	-
<b>Fixed Assets</b>										
Purchase of fixed assets	-	-	-	301	5,925	-	-	200,000	6,157	62,667

	Unaudited March 31, 2023				Audited December 31, 2022				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates

(Rupees in '000)

<b>Other Assets</b>										
Markup receivable	-	3,511	3,967	-	15,396	-	3,208	5,942	-	64,384
Advances, deposits, advance rent and other prepayments	-	-	12,026	435,778	25,660	-	-	11,500	288,433	25,584
Receivable from Pension Fund	-	-	-	-	2,653,466	-	-	-	-	2,768,142
Unrealized gain on forward foreign exchange contracts - outstanding	-	-	1	-	-	-	-	3	-	-
	-	3,511	15,994	435,778	2,694,542	-	3,208	17,445	288,433	2,668,120
<b>Borrowings</b>										
Opening balance	-	-	5,146	-	-	-	-	19,134	-	103,120
Borrowings / exchange adjustment during the period / year	-	-	338,278	-	-	-	-	1,570,501	-	-
Settled during the period / year	-	-	(304,598)	-	-	-	-	(1,584,489)	-	(103,120)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	38,826	-	-	-	-	5,146	-	-
<b>Deposits and other accounts</b>										
Opening balance	193,547	184,112	187,369	5,623,897	5,594,903	700,547	186,067	51,961	3,827,846	8,285,021
Received during the period / year	416,025	556,800	1,105,351	23,449,252	18,471,321	7,966,971	1,508,191	5,793,034	59,131,008	109,663,854
Withdrawn during the period / year	(638,355)	(523,900)	(1,224,394)	(20,486,869)	(14,947,881)	(8,473,340)	(4,534,378)	(5,657,626)	(57,334,957)	(112,340,190)
Transfer in / (out) - net	-	-	-	-	-	(631)	14,232	-	-	(13,782)
Closing balance	71,217	217,012	68,326	8,587,280	9,118,343	193,547	184,112	187,369	5,623,897	5,594,903
<b>Other Liabilities</b>										
Markup payable	982	2,241	753	75,215	56,441	4,804	1,171	883	59,052	46,907
Accrued expenses and other payable	-	-	35,134	106,160	273	-	-	29,100	81,476	1,571
Payable to MCB Employee Security Services	-	-	-	-	-	-	-	-	-	14,314
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
	982	2,241	55,887	181,375	56,714	4,804	1,171	49,983	140,528	62,792
<b>Contingencies and Commitments</b>										
Letter of Credit	-	-	-	-	7,435,506	-	-	-	-	6,638,499
Forward foreign exchange contracts (Notional)	-	-	77,189	-	-	-	-	86,341	-	-
Bank guarantee	-	-	70,905	8,898,885	1,281,079	-	-	70,227	7,102,928	1,053,845
	-	-	148,094	8,898,885	8,716,585	-	-	156,568	7,102,928	7,692,344

	Unaudited March 31, 2023				Unaudited March 31, 2022				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates

(Rupees in '000)

<b>Income</b>										
Markup / return / interest earned	13	6,826	48,732	-	31,673	-	5,937	150,509	21,695	13,778
Fee and commission income	-	-	34,037	175,206	2,616	-	-	15,408	180,924	2,303
Dividend income	-	-	-	9,704	42,236	-	-	73,914	-	33,750
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	-	-	-	11
Net gain / (loss) on sale of securities	-	-	-	31	176	-	6	-	183	14,531
Gain on sale of fixed assets	-	10	-	-	-	-	30	-	-	102
Rent income	-	-	16,410	2,582	960	-	-	13,556	3,350	960
<b>Expense</b>										
Markup / return / interest expensed	3,884	2,018	1,503	125,856	138,389	8,218	986	585	60,456	194,344
<b>Other Operating expenses</b>										
Clearing expenses paid to NIFT	-	-	-	-	52,772	-	-	-	-	44,428
Contribution to provident fund	-	-	-	-	134,351	-	-	-	-	121,279
Rent expenses	-	-	-	18,780	13,554	-	-	3,162	17,128	12,350
Cash sorting expenses	-	-	-	-	34,135	-	-	-	-	28,364
Stationery expenses	-	-	-	-	90,031	-	-	-	-	72,977
Security guards expenses	-	-	-	-	37,010	-	-	-	-	84,688
Remuneration to key executives and non-executive directors fee	74,234	404,063	-	-	-	59,420	269,526	-	-	-
Outsourcing service expenses	-	-	-	36,351	-	-	-	-	23,114	-
Donation during the year	-	-	-	-	1,391	-	-	-	-	1,523
E-dividend processing fee and CDC charges	-	-	-	-	2,762	-	-	-	-	10,844
Travelling Expenses	-	-	-	-	888	-	-	-	-	1,772
Hotel stay expenses	-	-	-	-	1,077	-	-	-	-	565
Repair & Maintenance Charges	-	-	-	-	143	-	-	-	-	3,132
Advertisement Expenses	-	-	-	-	251	-	-	-	-	3,661
Utility expenses	-	-	-	-	312,237	-	-	-	-	389,540
Miscellaneous expenses and payments	-	-	-	-	4,955	-	-	-	-	14,844
Insurance premium-net of refund	-	-	-	-	-	-	-	-	-	-
Insurance claim settled	-	-	-	-	-	-	-	-	-	-
<b>Other Transactions</b>										
Proceeds from sale of fixed assets	-	10	-	-	-	-	31	-	-	1,417
Sale of foreign currency	-	-	4,044,515	-	-	-	-	3,626,136	-	-
Purchase of foreign currency	-	-	5,678,433	-	-	-	-	1,672,206	-	-
Payments against home remittances	-	-	1,417,656	-	-	-	-	997,547	-	-
Reimbursement of other expenses	-	-	15,814	-	-	-	-	10,798	-	-
Sale of government securities	12,964	25,250	-	4,274,423	5,176,076	-	40,979	-	3,946,198	13,663,816
Purchase of government securities	-	42,596	-	2,257,926	22,603,871	-	-	-	3,767,405	5,956,798
Forward exchange contracts matured during the period	-	-	-	-	36,000	-	-	-	-	10,000

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

	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
<b>38 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>38.1 Capital Adequacy</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,850,600	11,850,600
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	166,202,119	160,614,100
Eligible Additional Tier 1 (ADT 1) Capital	-	-
<b>Total Eligible Tier 1 Capital</b>	166,202,119	160,614,100
Eligible Tier 2 Capital	21,611,035	24,770,221
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	187,813,154	185,384,321
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	805,207,170	738,811,439
Market Risk	60,640,001	68,557,601
Operational Risk	176,709,846	176,709,846
<b>Total</b>	1,042,557,017	984,078,886
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	15.94%	16.32%
<b>Tier 1 Capital Adequacy Ratio</b>	15.94%	16.32%
<b>Total Capital Adequacy Ratio</b>	18.01%	18.84%
<b>38.2 Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	166,202,119	160,614,100
Total Exposures	2,701,178,999	2,623,267,930
Leverage Ratio	6.15%	6.12%
<b>38.3 Liquidity Requirements</b>		
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	911,214,709	750,264,991
Total Net Cash Outflow	371,704,600	367,492,625
Liquidity Coverage Ratio	245.14%	204.16%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,328,653,742	1,251,409,014
Total Required Stable Funding	960,322,420	906,145,461
Net Stable Funding Ratio	138.35%	138.10%

**39 EVENTS AFTER THE REPORTING DATE**

The Board of Directors in its meeting held on April 27, 2023 has announced an interim cash dividend in respect of quarter ended March 31, 2023 of Rs. 6.00 per share (March 31, 2022: Rs. 5.00 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**40 GENERAL**

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

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

**41 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 27, 2023.



Shoab Mumtaz  
President / CEO



Hammad Khalid  
Chief Financial Officer



Mian Umer Mansha  
Director



Shahzad Hussain  
Director



Muhammad Ali Zeb  
Director



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**MCB BANK LIMITED**

**Consolidated Condensed Interim Financial Statements for the Three Months Period Ended March 31, 2023**



Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
<b>ASSETS</b>		
Cash and balances with treasury banks	7 157,308,119	110,275,163
Balances with other banks	8 44,600,736	26,162,849
Lendings to financial institutions	9 126,016,279	56,585,768
Investments	10 1,008,242,204	1,040,889,059
Advances	11 752,749,051	844,985,763
Fixed assets	12 85,503,856	85,021,165
Intangible assets	13 1,653,133	1,682,671
Deferred tax assets	14 11,736,492	5,439,278
Other assets	15 126,746,083	103,291,437
	2,314,555,953	2,274,333,153
<b>LIABILITIES</b>		
Bills payable	17 14,475,414	42,874,366
Borrowings	18 247,407,216	356,016,610
Deposits and other accounts	19 1,702,739,734	1,532,695,961
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	14 -	-
Other liabilities	20 151,604,607	148,268,469
	2,116,226,971	2,079,855,406
	198,328,982	194,477,747
<b>NET ASSETS</b>		
<b>REPRESENTED BY</b>		
Share capital	11,850,600	11,850,600
Reserves	21 96,124,097	89,640,476
Surplus on revaluation of assets - net	22 11,387,731	19,458,482
Unappropriated profit	78,182,720	72,795,700
	197,545,148	193,745,258
Non-controlling interest	783,834	732,489
	198,328,982	194,477,747

**CONTINGENCIES AND COMMITMENTS**

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



Note	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----	
Mark-up / return / interest earned	25 70,233,790	42,688,643
Mark-up / return / interest expensed	26 37,191,367	23,330,894
Net mark-up / interest income	33,042,423	19,357,749
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee and commission income	27 4,648,625	3,548,604
Dividend income	654,182	698,762
Foreign exchange income	1,036,088	1,285,844
Income from derivatives	12,056	2,439
Gain / (loss) on securities	28 84,343	290,411
Other Income	29 51,901	49,491
Total non-markup / interest Income	6,487,195	5,875,551
Total Income	39,529,618	25,233,300
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Operating expenses	30 13,558,076	10,754,408
Workers Welfare Fund	496,158	306,068
Other charges	31 98,167	22,502
Total non-markup / interest expenses	14,152,401	11,082,978
Share of profit of associates	3,757	204,471
<b>Profit before provisions</b>	25,380,974	14,354,793
Provisions / (reversals) and write offs - net	32 739,955	(992,388)
<b>PROFIT BEFORE TAXATION</b>	24,641,019	15,347,181
Taxation	33 10,661,773	6,241,532
<b>PROFIT AFTER TAXATION</b>	13,979,246	9,105,649
Loss / (profit) attributable to non-controlling interest	(51,226)	(22,760)
<b>PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK</b>	13,928,020	9,082,889
<b>Basic and diluted earnings per share</b>	34 11.75	7.66

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

Shoab Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

Shoab Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director



Profit after taxation for the period

Other comprehensive income / (loss)

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

Effect of translation of net investment in foreign branches and subsidiaries

- Equity shareholders of the bank
- Non-controlling interest

Share of exchange translation reserve of associate

Movement in surplus / (deficit) on revaluation of investments - net of tax

- Equity shareholders of the bank

Movement in surplus on associated undertaking - net of tax

Total comprehensive income

Attributable to:

- Equity shareholders of the bank
- Non-controlling interest

Total comprehensive income

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

	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----	
Profit after taxation for the period	13,979,246	9,105,649
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	5,020,416	(1,184,606)
- Non-controlling interest	119	13
	5,020,535	(1,184,593)
Share of exchange translation reserve of associate	(10,302)	14,187
Movement in surplus / (deficit) on revaluation of investments - net of tax		
- Equity shareholders of the bank	(8,234,151)	(3,191,903)
Movement in surplus on associated undertaking - net of tax	206,267	(21,031)
	(8,027,884)	(3,212,934)
	(3,017,651)	(4,383,340)
Total comprehensive income	10,961,595	4,722,309
Attributable to:		
- Equity shareholders of the bank	10,910,250	4,699,536
- Non-controlling interest	51,345	22,773
Total comprehensive income	10,961,595	4,722,309



	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022	January 01 to March 31, 2023	January 01 to March 31, 2022	January 01 to March 31, 2023	January 01 to March 31, 2022	January 01 to March 31, 2023	January 01 to March 31, 2022	January 01 to March 31, 2023	January 01 to March 31, 2022	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----											
Share capital	11,850,000	23,973,024	908,317	3,832,333	3,729,718	18,600,000	416,128	19,605,530	416,128	19,605,530	64,897,360	176,817,241
Share premium	-	-	-	-	-	-	-	-	-	-	-	-
Capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
Non-distributable capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange transition reserve	-	-	-	(1,170,419)	-	-	(3,191,803)	(21,031)	(21,031)	(21,031)	9,082,889	22,780
Statutory reserve	-	-	-	(1,170,419)	-	-	(3,191,803)	(21,031)	(21,031)	(21,031)	9,082,889	22,780
Revenue reserve	-	-	-	-	-	-	-	-	-	-	-	-
General reserve	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on revaluation of investments	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on revaluation of Associate	-	-	-	-	-	-	-	-	-	-	-	-
Fixed / non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	-	-	-	-	-	-	-	-	-	-	-	-
Total	11,850,000	23,973,024	908,317	3,832,333	3,729,718	18,600,000	416,128	19,605,530	416,128	19,605,530	64,897,360	176,817,241
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	11,850,000	23,973,024	908,317	3,832,333	3,729,718	18,600,000	416,128	19,605,530	416,128	19,605,530	64,897,360	176,817,241
Change in equity for nine months period ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months period ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022 (Un-audited)	11,850,000	23,973,024	908,317	2,662,114	3,646,670	18,600,000	365,097	19,255,396	365,097	19,255,396	66,397,625	175,391,417
Change in equity for nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023 (Un-audited)	11,850,000	23,973,024	908,317	4,845,697	4,133,438	18,600,000	427,321	38,489,485	427,321	38,489,485	72,795,700	183,745,258
Change in equity for nine months period ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months period ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022 (Un-audited)	11,850,000	23,973,024	908,317	3,832,333	3,729,718	18,600,000	416,128	19,605,530	416,128	19,605,530	64,897,360	176,817,241
Change in equity for nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation for the nine months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023 (Un-audited)	11,850,000	23,973,024	908,317	4,845,697	4,133,438	18,600,000	427,321	38,489,485	427,321	38,489,485	72,795,700	183,745,258

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director

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

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

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





Note	Three Months Ended	
	January 01 to March 31, 2023	January 01 to March 31, 2022
	-----Rupees in '000-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	24,641,019	15,347,181
Less: Dividend income and share of profit of associates	(657,939)	(903,233)
	23,983,080	14,443,948
Adjustments:		
Depreciation on fixed assets	30 770,627	655,047
Depreciation on right-of-use assets	30 466,482	370,120
Depreciation on non-banking assets acquired in satisfaction of claims	30 5,970	5,986
Amortization	30 133,959	122,429
Provisions / (reversals) and write offs - net	32 739,955	(992,388)
(Gain) / Loss on sale of fixed assets - net	(5,235)	(7,970)
Gain on conversion of Ijarah agreements	29 (5,785)	(3,478)
Interest expensed on lease liability against right-of-use assets	26 347,268	319,645
Workers welfare fund	496,158	306,068
Charge for defined benefit plans - net	74,065	87,000
Gain on termination of lease liability against right-of-use assets	29 (10,248)	(33,911)
Unrealized gain on revaluation of investments - Held For Trading	28 (40,795)	163
	2,972,421	828,711
Decrease / (increase) in operating assets	26,955,501	15,272,659
Lendings to financial institutions	(69,430,511)	(28,022)
Held-for-trading securities	(11,816)	(8,624,166)
Advances	92,454,921	3,702,089
Others assets (excluding advance taxation)	(6,792,982)	(2,847,646)
	16,219,612	(7,797,745)
Increase / (decrease) in operating liabilities		
Bills Payable	(28,398,952)	(12,576,898)
Borrowings from financial institutions	(108,014,675)	49,974,554
Deposits	170,043,773	81,990,595
Other liabilities (excluding current taxation)	(13,930,151)	8,830,720
	19,699,995	128,218,971
Defined benefits paid	(55,789)	(68,615)
Income tax paid	(10,754,247)	(6,049,943)
Net cash flow from operating activities	52,065,072	129,575,327
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net divestment / (investment) in available-for-sale securities	18,294,586	(138,993,039)
Net (investment) / divestment in held-to-maturity securities	(701,301)	1,801,182
Dividends received	493,562	642,101
Investments in fixed assets	(1,239,253)	(971,587)
Proceeds from sale of fixed assets	8,337	14,788
Investments in Intangible assets	(103,299)	(71,320)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	-	87,800
Effect of translation of net investment in foreign branches & subsidiaries	5,010,114	(1,170,419)
Net cash flow from / (used) in investing activities	21,762,746	(138,660,494)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use-assets	(714,769)	(607,002)
Dividend paid	(7,047,487)	(5,620,419)
Net cash flow used in financing activities	(7,762,256)	(6,227,421)
Effects of exchange rate changes on cash and cash equivalents	10,636,374	(565,466)
<b>Increase in cash and cash equivalents</b>	76,701,936	(15,878,054)
Cash and cash equivalents at beginning of the period	124,994,173	197,359,601
Cash and cash equivalents at end of the period	201,696,109	181,481,547

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



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 1,436 branches (2022: 1,439 branches) within Pakistan and 09 branches (2022: 09 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

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%

The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 has approved an equity investment of PKR 649.925 million to acquire further 30.09% shareholding of "MCB Arif-Habib Savings and Investments Limited" (MCBAH), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBAH in their Annual General Meeting held on March 27, 2023. Acquisition transaction was completed on April 18, 2023, subsequent to the approvals granted by the regulatory bodies. The financial impact of this acquisition will be reflected in MCB Bank's Financial Statements for half year ending June 30, 2023.

2. BASIS OF PREPARATION

2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the "Group").

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based in the financial statements for the three months period ended March 31, 2023 and the carrying value of investments held by the parent is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the three months period ended March 31, 2023.

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 unconsolidated 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, 2022.

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

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.

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

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

	Effective date (annual periods beginning on or after)
Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
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. 07 dated April 13, 2023, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2024. Therefore, these consolidated 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 Group'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 unconsolidated financial statements of the Group for the year ended December 31, 2022.

**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, 2022.

**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, 2022. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
<b>7. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	42,347,525	33,233,850
Foreign currencies	9,196,012	8,010,501
	51,543,537	41,244,351
With State Bank of Pakistan in		
Local currency current accounts	65,777,784	60,486,793
Foreign currency current accounts	3,421,191	2,963,386
Foreign currency deposit accounts	12,774,091	-
	81,973,066	63,450,179
With other central banks in		
Foreign currency current accounts	7,819,992	5,208,116
With National Bank of Pakistan in		
Local currency current accounts	15,786,813	207,220
Prize bonds	184,711	165,297
	157,308,119	110,275,163
<b>8. BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current account	29,955	29,428
In deposit account	6,707	7,383
	36,662	36,811
Outside Pakistan		
In current accounts	24,783,089	18,954,730
In deposit accounts	19,780,985	7,171,308
	44,564,074	26,126,038
	44,600,736	26,162,849
<b>9. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call / clean money lendings	33,169,680	23,736,012
Repurchase agreement lendings (Reverse Repo)	87,931,860	26,679,756
Musharaka arrangements	4,914,739	6,170,000
	126,016,279	56,585,768



Investments by type:	Unaudited March 31, 2023				Audited December 31, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Held-for-trading securities</b>								
Shares	1,117,312	-	40,795	1,158,107	1,085,433	-	20,063	1,105,496
<b>Available-for-sale securities</b>								
Federal Government Securities	967,418,685	(423,768)	(47,406,218)	919,588,699	1,001,440,422	(134,427)	(32,886,502)	968,419,493
Shares and units	29,041,014	(10,040,462)	(706,718)	18,293,834	28,327,743	(9,618,325)	(721,393)	17,988,025
Non Government Debt Securities	3,723,840	-	1,345	3,725,185	3,723,840	-	5,782	3,729,622
Foreign Securities	19,231,548	(1,232)	47,633	19,277,949	4,134,882	(1,232)	(15,965)	4,117,685
<b>Held-to-maturity securities</b>								
Federal Government Securities	1,019,415,087	(10,465,462)	(48,063,958)	960,885,667	1,037,626,887	(9,753,984)	(33,618,078)	994,254,825
Provincial Government Securities	33,373,027	(408,226)	-	32,964,801	32,670,061	(98,464)	-	32,571,597
Non Government Debt Securities	118	(118)	-	-	118	(118)	-	-
Foreign Securities	8,030,538	(477,541)	-	7,552,997	8,032,203	(477,541)	-	7,554,662
<b>Associates</b>								
	41,403,683	(885,885)	-	40,517,798	40,702,382	(576,123)	-	40,126,259
	5,680,632	-	-	5,680,632	5,402,479	-	-	5,402,479
<b>Total Investments</b>	<b>1,067,616,714</b>	<b>(11,351,347)</b>	<b>(48,023,163)</b>	<b>1,008,242,204</b>	<b>1,084,817,181</b>	<b>(10,330,107)</b>	<b>(33,598,015)</b>	<b>1,040,889,059</b>

10.1.1 Investments given as collateral

- Market Treasury Bills
- Pakistan Investment Bonds

Unaudited March 31, 2023	Audited December 31, 2022
-	32,722,107
124,606,608	191,811,500
124,606,608	224,533,607
10,330,107	10,921,647
82,786	27,649
938,454	2,483,239
938,454	(3,102,428)
11,351,347	(619,189)
	10,330,107

10.2 Provision for diminution in value of investments

10.2.1 Opening balance

- Exchange and other adjustments
- Charge / (reversals)
- Charge for the period / year
- Reversal on disposals

Closing Balance



10.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Loss

Category of classification	Unaudited March 31, 2023		Audited December 31, 2022	
	NPI	Provision	NPI	Provision
Loss	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 831.994 million (December 31, 2022: Rs 232.891 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 19,483.349 million (December 31, 2022: Rs. 19,878.357 million).

10.4 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2023 amounted to Rs. 1,852.200 million. (2022: Rs. 1,971.900 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2022: 20.00%)

	Unaudited March 31, 2023	Audited December 31, 2022
Opening balance	5,393,123	5,240,911
Share of profit for the period / year before tax	(5,148)	700,164
Dividend from associate	-	(210,000)
Share of tax	(61,494)	(163,131)
	(66,642)	327,033
Share of other comprehensive income	343,799	(174,821)
Closing balance	5,670,280	5,393,123
<b>Share of other comprehensive income</b>		
Share of unrealized surplus on assets -net of tax	354,101	(325,822)
Share of exchange translation reserve of associate	(10,302)	151,001
	343,799	(174,821)

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% (2022: 30.00%)

	Unaudited March 31, 2023	Audited December 31, 2022
Opening balance	9,356	42,371
Share of profit for the period / year before tax	8,905	(28,933)
Share of tax	(7,909)	(4,082)
Closing balance	996	(33,015)
	10,352	9,356



11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022	Unaudited March 31, 2023	Audited December 31, 2022
Loans, cash credits, running finances, etc.	636,419,486	736,691,310	54,262,100	50,204,881	690,681,586	786,896,191
Islamic financing and related assets	92,746,711	89,208,021	1,672,554	1,678,791	94,419,265	90,886,812
Bills discounted and purchased	12,596,394	10,908,660	1,038,582	1,055,302	13,634,976	11,963,962
Advances - gross	741,762,591	836,807,991	56,973,236	52,938,974	798,735,827	889,746,965
Provision against advances						
- Specific	(2,775,805)	(2,638,230)	(43,210,971)	(42,122,972)	(43,210,971)	(42,122,972)
- General	(2,775,805)	(2,638,230)	(43,210,971)	(42,122,972)	(2,775,805)	(2,638,230)
Advances - net of provision	738,986,786	834,169,761	13,762,265	10,816,002	752,749,051	844,985,763

11.1 Particulars of advances (Gross)

	Unaudited March 31, 2023	Audited December 31, 2022
In local currency	750,484,243	844,651,460
In foreign currencies	48,251,584	45,095,505
	798,735,827	889,746,965

11.2 Advances include Rs. 56,973,236 million (2022: Rs.52,938,974 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note		Note	
	Unaudited March 31, 2023	Provision	Unaudited March 31, 2023	Provision
<b>Domestic</b>				
Other Assets Especially Mentioned	1,489,594	1,134	1,465,104	1,535
Substandard	1,725,021	422,478	1,326,934	172,053
Doubtful	1,319,767	342,507	139,735	69,867
Loss	37,454,919	36,617,370	38,151,508	37,281,168
<b>Overseas</b>	41,989,301	37,383,489	41,083,281	37,524,623
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	16,300	5,840	434,904	218,623
91 to 180 days	69,579	18,584	16,035	4,573
181 to 365 days	2,418	1,209	134	67
365 days	14,895,638	5,801,849	11,404,620	4,375,086
Total	14,983,935	5,827,482	11,855,693	4,598,349
	56,973,236	43,210,971	52,938,974	42,122,972

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



11.3 Particulars of provision against advances

Note	Unaudited March 31, 2023			Audited December 31, 2022		
	Specific	General	Total	Specific	General	Total
Opening balance	42,122,972	2,638,230	44,761,202	44,281,189	1,771,000	46,052,189
Exchange adjustments	1,168,536	234,870	1,403,406	711,262	144	711,406
Charge for the period / year	744,005	23,877	767,882	1,108,144	928,004	2,036,148
Reversals	(824,161)	(121,172)	(945,333)	(3,898,555)	(60,918)	(3,959,473)
	(80,156)	(97,295)	(177,451)	(2,790,411)	867,086	(1,923,325)
Amounts written off	(381)	-	(381)	(79,068)	-	(79,068)
Closing balance	43,210,971	2,775,805	45,986,776	42,122,972	2,638,230	44,761,202

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. 689.554 million (December 31, 2022: Rs. 555.936 million) in determining the provisioning against non-performing Islamic financing and related assets as at March 31, 2023. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 393.046 million as at March 31, 2023 (December 31, 2022: Rs. 283.527 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 March 31, 2023	Audited December 31, 2022
Capital work-in-progress	1,737,783	1,296,860
Property and equipment	76,086,549	75,935,987
Right-of-use assets	7,679,524	7,788,318
	85,503,856	85,021,165
Capital work-in-progress		
Civil works	1,232,852	929,384
Equipment	37,690	152,024
Advances to suppliers	325,205	212,007
Others	142,036	3,445
	1,737,783	1,296,860

12.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:  
Capital work-in-progress - net additions

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
Capital work-in-progress - net additions	440,923	295,740
Property and equipment		
Freehold land	-	84,984
Building on freehold land	30,988	23,145
Building on leasehold land	2,639	-
Electrical office and computer equipment	591,845	399,982
Furniture and fixture	69,436	63,472
Leasehold Improvements	71,290	67,291
Vehicles	32,132	36,973
	798,330	675,847
	1,239,253	971,587

12.3 Disposal of fixed assets

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

	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
Vehicles	482	1,358
Furniture and fixture	184	2,601
Electrical office and computer equipment	1,886	1,524
Leasehold Improvements	-	1,335
	2,552	6,818



13. INTANGIBLE ASSETS

Capital work-in-progress	289,614	276,070
Goodwill	82,127	82,127
Management rights	192,000	192,000
Computer software	1,089,392	1,132,474
	<u>1,653,133</u>	<u>1,682,671</u>

Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----	
289,614	276,070
82,127	82,127
192,000	192,000
1,089,392	1,132,474
<u>1,653,133</u>	<u>1,682,671</u>

13.1 Additions to intangible assets

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

Computer software	103,299	40,793
Capital work-in-progress - net additions	-	30,527
	<u>103,299</u>	<u>71,320</u>

Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----	
103,299	40,793
-	30,527
<u>103,299</u>	<u>71,320</u>

Note

Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----	
1,687,362	1,426,401
20,667,503	14,455,774
56,099	41,945
<u>22,410,964</u>	<u>15,924,120</u>

14. DEFERRED TAX ASSET / ( LIABILITY ) - NET

**Deductible Temporary Differences on**

- Provision against advances	1,687,362	1,426,401
- Surplus/deficit on revaluation of investments	20,667,503	14,455,774
- Minimum Tax and WWF	56,099	41,945
	<u>22,410,964</u>	<u>15,924,120</u>

**Taxable Temporary Differences on**

- Surplus on revaluation of fixed assets	(3,345,003)	(3,377,341)
- Surplus on revaluation of non-banking assets	(375,669)	(375,669)
- Accelerated tax depreciation	(2,861,952)	(2,795,861)
- Receivable from pension fund	(1,226,999)	(1,190,300)
- Business combination	(705,218)	(705,218)
- Investments in associated undertaking	(2,159,631)	(2,040,453)
	<u>(10,674,472)</u>	<u>(10,484,842)</u>
	<u>11,736,492</u>	<u>5,439,278</u>

15. OTHER ASSETS

Income/ Mark-up accrued in local currency	51,159,870	46,063,081
Income/ Mark-up accrued in foreign currencies	731,524	322,475
Advances, deposits, advance rent and other prepayments	4,743,645	4,596,339
Non-banking assets acquired in satisfaction of claims	2,019,384	2,025,354
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	252,028	114,461
Mark to market gain on forward foreign exchange contracts	5,205,430	1,639,308
Unrealized gain on derivative financial instruments	566,523	778,441
Acceptances	44,528,266	27,938,800
Receivable from the pension fund	2,853,486	2,768,142
Clearing and settlement accounts	11,794,190	14,417,909
Claims receivable against fraud and forgeries	1,240,054	1,225,857
Others	4,013,536	3,460,089
	<u>129,241,745</u>	<u>105,484,065</u>

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Less: Provision held against other assets

Other Assets (net of provision)

Surplus on revaluation of non-banking assets  
acquired in satisfaction of claims

Other Assets - total

15.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims	94,157	94,157
Claims receivable against fraud and forgeries	595,545	587,468
Others	2,679,607	2,384,650
	<u>3,369,309</u>	<u>3,066,275</u>

15.1.1 Movement in provision held against other assets

Opening balance	3,066,275	2,709,281
Charge for the period / year	15,034	109,887
Reversals	-	(1,755)
	<u>15,034</u>	<u>108,132</u>
Amounts written off	-	(1,193)
Exchange and other adjustments	288,000	250,055
Closing balance	<u>3,369,309</u>	<u>3,066,275</u>

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at March 31, 2023 (2022: NIL).



17. BILLS PAYABLE

In Pakistan	13,974,279	42,816,529
Outside Pakistan	501,135	57,837
	<u>14,475,414</u>	<u>42,874,366</u>

Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----	
13,974,279	42,816,529
501,135	57,837
<u>14,475,414</u>	<u>42,874,366</u>

18. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

Under export refinance scheme	40,500,295	49,551,963
Under long term financing facility	24,252,416	25,102,717
Under renewable energy performance platform	2,637,725	2,568,874
Under Refinance Scheme for Payment of Wages & Salaries	64,248	790,403
Under temporary economic refinance facility	44,527,258	44,107,566
Under refinance facility for combating COVID-19	29,721	32,540
Under financing facility for storage of agricultural produce	169,637	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	6,388	4,082
	<u>112,187,688</u>	<u>122,270,007</u>

Bai Muajjal

Repurchase agreement borrowings

Total secured

Unsecured

Borrowings from other financial institution

Call borrowings	1,406,215	1,114,808
Overdrawn nostro accounts	654,283	-
Musharaka Arrangements	212,746	807,465
Others	5,911,670	3,961,146
	<u>162,286</u>	<u>162,286</u>

Total unsecured

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited March 31, 2023			Audited December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
<b>Customers</b>						
Current deposits	686,324,620	110,935,019	797,259,639	589,526,117	73,439,252	662,965,369
Savings deposits	663,728,092	46,225,912	709,954,004	647,540,901	40,288,897	687,829,798
Term deposits	60,069,328	19,386,476	79,455,804	78,969,210	13,097,592	92,066,802
Others	62,897,657	7,474,777	70,372,434	38,584,482	5,827,480	44,411,962
	<u>1,473,019,697</u>	<u>184,022,184</u>	<u>1,657,041,881</u>	<u>1,354,620,710</u>	<u>132,653,221</u>	<u>1,487,273,931</u>
<b>Financial Institutions</b>						
Current deposits	16,545,822	1,039,215	17,585,037	19,798,048	1,036,279	20,834,327
Savings deposits	18,506,182	163,420	18,669,602	16,052,784	94,549	16,147,333
Term deposits	4,084,968	2,922,733	7,007,701	4,197,968	2,299,049	6,497,017
Others	-	2,435,513	2,435,513	-	1,943,353	1,943,353
	<u>39,136,972</u>	<u>6,560,881</u>	<u>45,697,853</u>	<u>40,048,800</u>	<u>5,373,230</u>	<u>45,422,030</u>
	<u>1,512,156,669</u>	<u>190,583,065</u>	<u>1,702,739,734</u>	<u>1,394,669,510</u>	<u>138,026,451</u>	<u>1,532,695,961</u>



Note	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
<b>20. OTHER LIABILITIES</b>		
Mark-up/ return/ interest payable in local currency	22,804,083	34,829,337
Mark-up/ return/ interest payable in foreign currencies	394,992	214,329
Unearned commission and income on bills discounted	1,606,638	1,313,520
Accrued expenses	6,347,633	7,840,303
Current taxation (provisions less payments)	18,226,243	18,155,030
Workers' welfare fund	20.1	11,828,860
Acceptances	15	44,528,266
Unclaimed / dividends payable	2,799,625	2,736,752
Mark to market loss on forward foreign exchange contracts	3,693,054	1,047,154
Unrealised loss on derivative financial instruments	566,337	778,137
Provision for employees' compensated absences	1,218,052	1,179,992
Provision for post retirement medical benefits	2,282,604	2,219,281
Provision for employees' contributory benevolent scheme	167,663	165,426
Insurance payable against consumer assets	840,651	828,882
Unclaimed balances	654,519	642,169
Duties and taxes payable	2,898,304	1,939,694
Charity fund balance	15,115	12,119
Provision against off-balance sheet obligations	47,885	48,403
Security deposits against lease	2,268,887	2,104,713
Lease liability against right of use assets	10,540,550	10,560,611
Clearing and settlement accounts	9,605,163	15,210,786
Others	8,269,483	7,137,414
	<u>151,604,607</u>	<u>148,268,469</u>

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

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

Note	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
<b>21. RESERVES</b>		
Share premium	23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317
Exchange translation reserve	9,855,811	4,845,697
Statutory reserve	21.2	42,786,945
General reserve	18,600,000	18,600,000
	<u>96,124,097</u>	<u>89,640,476</u>

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

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



Note	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
<b>22. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus / (deficit) on revaluation of		
- Available for sale securities	10.1	(48,063,958)
- Fixed Assets		41,297,623
- Non-banking assets acquired in satisfaction of claims	15	873,647
- Associated undertaking		816,453
		(5,076,235)
Deferred tax on surplus / (deficit) on revaluation of:		9,090,749
- Available for sale securities	14	20,667,503
- Fixed Assets	14	(3,345,003)
- Non-banking assets acquired in satisfaction of claims	14	(375,669)
- Associated undertaking		(482,865)
		16,463,966
		<u>11,387,731</u>
		<u>14,455,774</u>
		<u>(3,377,341)</u>
		<u>(375,669)</u>
		<u>(335,031)</u>
		<u>10,367,733</u>
		<u>19,458,482</u>
<b>23. CONTINGENCIES AND COMMITMENTS</b>		
-Guarantees	23.1	342,200,093
-Commitments	23.2	452,824,165
-Other contingent liabilities	23.3	30,454,528
		<u>825,478,786</u>
		<u>284,145,632</u>
		<u>393,253,385</u>
		<u>29,051,044</u>
		<u>706,450,061</u>
<b>23.1 Guarantees:</b>		
Financial guarantees		278,464,400
Performance guarantees		57,094,380
Other guarantees		6,641,313
		<u>342,200,093</u>
		<u>224,156,073</u>
		<u>49,704,896</u>
		<u>10,284,663</u>
		<u>284,145,632</u>
<b>23.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions		
- letters of credit		273,476,910
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1	146,117,368
- forward government securities transactions	23.2.2	20,005,000
- derivatives	23.2.3	9,588,958
- commitments to extent credit		1,041,972
		921,578
Commitments for acquisition of:		
- operating fixed assets		2,196,091
- intangible assets		397,866
		<u>452,824,165</u>
		<u>393,253,385</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase		89,090,525
Sale		57,026,843
		<u>146,117,368</u>
		<u>80,282,447</u>
		<u>58,597,874</u>
		<u>138,880,321</u>
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase		20,005,000
Sale		-
		<u>20,005,000</u>
		<u>12,328,130</u>
		<u>1,469,305</u>
		<u>13,797,435</u>
<b>23.2.3 Commitments in respect of derivatives</b>		
FX options		
Purchase		4,551,316
Sale		4,551,316
		<u>9,102,632</u>
		<u>8,817,006</u>
		<u>8,817,006</u>
		<u>17,634,012</u>
Cross Currency Swaps		
Purchase		243,163
Sale		243,163
		<u>486,326</u>
		<u>303,953</u>
		<u>303,953</u>
		<u>607,906</u>
		<u>9,588,958</u>
		<u>18,241,918</u>



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

**23.3 Other contingent liabilities**

	Note	Unaudited March 31, 2023 -----Rupees in '000-----	Audited December 31, 2022 -----Rupees in '000-----
Claims against the Bank not acknowledged as debts	23.3.1	30,454,528	29,051,044

**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. 844 million (2022: Rs. 844 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

**24. DERIVATIVE INSTRUMENTS**

	Unaudited March 31, 2023					
	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
<b>Total</b>						
Hedging	243,163	249,320	-	-	4,551,316	317,203
Market Making	243,163	(249,134)	-	-	4,551,316	(317,203)
	-----Rupees in '000-----					
	Audited December 31, 2022					
<b>Total</b>						
Hedging	303,953	185,139	-	-	8,817,006	593,302
Market Making	303,953	(184,835)	-	-	8,817,006	(593,302)



	Note	Unaudited Three Months ended March 31, 2023	Unaudited Three Months ended March 31, 2022
-----Rupees in '000-----			
<b>25. MARK-UP/RETURN/INTEREST EARNED</b>			
Loans and advances		29,431,663	14,721,503
Investments		38,497,870	27,635,837
Lendings to financial institutions		1,947,694	271,025
Balances with banks		356,563	60,278
		<u>70,233,790</u>	<u>42,688,643</u>
<b>26. MARK-UP/RETURN/INTEREST EXPENSED</b>			
Deposits		27,812,928	18,264,233
Borrowings		8,585,739	4,046,212
Cost of foreign currency swaps against foreign currency deposits / borrowings		445,432	700,804
Finance charges on lease liability against right-of-use assets		347,268	319,645
		<u>37,191,367</u>	<u>23,330,894</u>
<b>27. FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees		849,558	766,350
Consumer finance related fees		188,450	148,944
Card related fees (debit and credit cards)		1,295,290	911,118
Credit related fees		120,036	108,681
Investment banking fee		11,100	36,884
Commission on trade		633,605	380,889
Commission on guarantees		196,673	138,137
Commission on cash management		228,752	210,167
Commission on remittances including home remittances		385,363	264,827
Commission on bancassurance		271,477	292,437
Rent on lockers		65,263	67,376
Commission on utility bills		19,333	19,193
Commission on investments services		295,064	156,842
Others		88,661	46,759
		<u>4,648,625</u>	<u>3,548,604</u>
<b>28. GAIN / (LOSS) ON SECURITIES</b>			
Realised	28.1	43,548	290,574
Unrealised - Held For Trading	10.1	40,795	(163)
		<u>84,343</u>	<u>290,411</u>
<b>28.1</b> Realised gain / (loss) on:			
Federal Government Securities		36,362	26,347
Shares		7,186	264,227
		<u>43,548</u>	<u>290,574</u>
<b>29. OTHER INCOME</b>			
Rent on property		30,633	4,132
Gain on termination of lease liability against right of use assets		10,248	33,911
Gain on sale of fixed assets - net		5,235	7,970
Gain on conversion of Ijarah agreements		5,785	3,478
		<u>51,901</u>	<u>49,491</u>



Unaudited Three Months ended March 31, 2023      Unaudited Three Months ended March 31, 2022

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

**30. OPERATING EXPENSES**

**Total compensation expense**

6,439,033      5,310,650

**Property expense**

Rent and taxes	101,665	18,739
Insurance	14,961	11,896
Utilities cost	543,143	343,166
Fuel expense generators	326,840	138,240
Security (including guards)	510,830	428,364
Repair and maintenance (including janitorial charges)	291,228	244,836
Depreciation on right-of-use assets	466,482	370,120
Depreciation	282,739	250,821
	2,537,888	1,806,182

**Information technology expenses**

Software maintenance	445,342	343,009
Hardware maintenance	83,463	88,247
Depreciation	204,694	160,975
Amortization	133,959	122,429
Network charges	181,377	177,317
Insurance	1,561	1,167
	1,050,396	893,144

**Other operating expenses**

Directors' fees and allowances	9,160	9,960
Fees and allowances to Sharia Board members	4,166	2,687
Legal and professional charges	114,103	113,346
Outsourced services costs	256,103	222,111
Travelling and conveyance	101,346	103,400
NIFT clearing charges	60,322	50,023
Depreciation	283,194	243,251
Depreciation on non-banking assets acquired in satisfaction of claims	5,970	5,986
Training and development	15,717	13,845
Postage and courier charges	70,065	67,916
Communication	240,547	104,830
Stationery and printing	267,726	183,845
Marketing, advertisement & publicity	210,025	199,515
Auditors' remuneration	19,238	15,436
Cash transportation charges	254,514	218,629
Repair and maintenance	154,432	109,091
Subscription	12,571	10,080
Entertainment	110,170	82,105
Remittance charges	58,445	53,533
Brokerage expenses	21,000	16,563
Card related expenses	563,897	267,197
CNIC verification charges	71,366	92,591
Insurance	514,585	480,449
Others	112,097	78,043
	3,530,759	2,744,432
	13,558,076	10,754,408



Note      Unaudited Three Months ended March 31, 2023      Unaudited Three Months ended March 31, 2022

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

**31. OTHER CHARGES**

Penalties of State Bank of Pakistan	13,426	1,940
VAT & National Building tax & Crop Insurance Levy	77,741	20,562
Education cess	7,000	-
	98,167	22,502

**32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET**

Provision / (reversal) against balance with Banks	8,741	(4)
Provision / (reversal) for diminution in value of investments	938,454	(322,472)
(Reversal) / provision against loans and advances	(177,451)	(610,203)
(Reversal) / provision against off balance sheet items	(4,065)	(9)
(Reversal) / provision against other assets	15,034	(7,853)
Recovery of written off / charged off bad debts	(40,758)	(51,847)
	739,955	(992,388)

**33. TAXATION**

Current	10,825,460	5,929,690
Prior years	-	925
Deferred	(233,090)	234,085
Share of tax of associates	69,403	76,832
	10,661,773	6,241,532

**34. BASIC AND DILUTED EARNINGS PER SHARE**

	-----Rupees in '000-----	
Profit after tax attributable to Equity Shareholders of the Bank	13,928,020	9,082,889
	-----Number-----	
Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
	-----Rupees-----	
Basic and diluted earnings per share	11.75	7.66



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 Certificates 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 mark-to-market currency 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 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.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, 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 Bank has adopted revaluation model (as per IAS 16) in respect of land and building & non-banking assets acquired in satisfaction of claims.

	Unaudited March 31, 2023				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	919,588,699	-	919,588,699	-	919,588,699
Shares	18,004,040	18,004,040	-	-	18,004,040
Non-Government Debt Securities	3,725,185	-	3,725,185	-	3,725,185
Foreign Securities	19,277,949	-	19,277,949	-	19,277,949
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (HTM, AFS, unlisted ordinary shares and associates)	47,646,331	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	65,273,882	-	65,273,882	-	65,273,882
Non-banking assets	2,798,874	-	2,798,874	-	2,798,874
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	89,090,525	-	5,205,430	-	5,205,430
Forward sale of foreign exchange	57,026,843	-	3,693,054	-	3,693,054
Derivatives purchase	4,794,479	-	566,523	-	566,523
Derivatives sale	4,794,479	-	566,337	-	566,337

	Audited December 31, 2022				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	968,419,493	-	968,419,493	-	968,419,493
Shares	17,651,677	16,482,650	1,169,027	-	17,651,677
Non-Government Debt Securities	3,729,622	-	3,729,622	-	3,729,622
Foreign Securities	4,112,387	-	4,112,387	-	4,112,387
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (HTM, AFS, unlisted ordinary shares and associates)	46,975,880	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets (land and buildings)	66,744,753	-	66,744,753	-	66,744,753
Non-banking assets	2,804,844	-	2,804,844	-	2,804,844
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	80,282,447	-	5,036,921	-	5,036,921
Forward sale of foreign exchange	58,597,874	-	2,971,339	-	2,971,339
Derivatives purchase	9,120,959	-	778,441	-	778,441
Derivatives sale	9,120,959	-	778,137	-	778,137

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2023



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

	Un audited Three months ended March 31, 2023										Total
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
<b>Profit &amp; Loss</b>											
Net mark-up/return/profit	(19,167,127)	1,181,182	17,670,204	28,929,300	1,456,174	2,917,426	(2,917)	58,181	33,042,423	-	33,042,423
Inter segment revenue - net	46,362,786	(618,049)	(15,024,016)	(34,165,416)	(74,775)	-	-	3,519,470	-	-	-
Non mark-up / return / interest income	2,717,898	671,508	1,719,390	(48,356)	532,760	238,447	317,113	342,192	6,490,952	-	6,490,952
Total Income	29,913,557	1,234,641	4,365,578	(5,284,472)	1,914,159	3,155,873	314,196	3,919,943	39,533,375	-	39,533,375
Segment direct expenses	8,310,065	681,800	320,313	196,198	602,890	1,590,196	170,978	2,279,971	14,152,401	-	14,152,401
Total expenses	8,310,065	681,800	320,313	196,198	602,890	1,590,196	170,978	2,279,971	14,152,401	-	14,152,401
Provisions	(9,586)	16,917	(26,618)	422,136	723,323	115,609	-	(501,926)	739,955	-	739,955
Profit before tax	21,613,078	535,924	4,071,883	(5,902,806)	587,956	1,450,068	143,218	2,141,888	24,641,019	-	24,641,019
<b>Balance Sheet</b>											
Cash & Bank balances	57,164,148	750,038	281,954	81,352,396	36,683,383	20,496,793	60,233	5,119,910	201,908,855	-	201,908,855
Investments	-	-	10,515,686	894,414,640	24,739,772	72,433,561	1,158,314	4,980,231	1,008,242,204	-	1,008,242,204
Net inter segment lending	1,136,867,783	-	-	-	-	-	-	200,106,713	1,336,774,496	(1,336,774,496)	-
Lendings to financial institutions	-	-	-	88,031,860	33,069,680	4,914,739	-	-	126,016,279	-	126,016,279
Advances - performing	103,847,552	40,310,168	480,481,484	-	19,054,177	92,363,872	8,286	2,921,247	738,986,786	-	738,986,786
- non performing	1,211,191	92,659	1,516,106	-	9,156,452	1,355,062	-	430,795	13,762,265	-	13,762,265
Others	61,026,924	4,581,676	59,033,003	27,784,627	3,244,613	18,016,774	1,154,772	50,797,175	225,639,564	-	225,639,564
<b>Total Assets</b>	1,359,977,598	45,734,541	551,828,233	1,091,583,523	125,946,077	209,580,801	2,381,605	284,356,071	3,651,330,449	(1,336,774,496)	2,314,555,953
Borrowings	11,999,320	-	89,685,743	125,402,419	1,759,646	16,587,289	-	1,973,799	247,407,216	-	247,407,216
Deposits & other accounts	1,315,651,374	22,299,999	103,778,674	-	97,963,573	163,007,139	-	38,975	1,702,739,734	-	1,702,739,734
Net inter segment borrowing	-	18,930,269	314,229,477	964,354,777	20,597,157	17,063,580	1,609,236	-	1,336,774,496	(1,336,774,496)	-
Others	32,267,904	4,504,273	44,134,339	1,826,327	5,627,701	12,932,793	772,369	64,014,315	166,080,021	-	166,080,021
<b>Total Liabilities</b>	1,359,977,598	45,734,541	551,828,233	1,091,583,523	125,946,077	209,580,801	2,381,605	66,027,089	3,453,001,467	(1,336,774,496)	2,116,226,971
Equity	1,359,977,598	45,734,541	551,828,233	1,091,583,523	125,946,077	209,580,801	2,381,605	198,328,982	3,651,330,449	-	3,651,330,449
<b>Total Equity &amp; liabilities</b>	1,359,977,598	45,734,541	551,828,233	1,091,583,523	125,946,077	209,580,801	2,381,605	284,356,071	3,651,330,449	(1,336,774,496)	2,314,555,953
<b>Contingencies &amp; Commitments</b>	64,163,973	-	495,913,003	157,509,908	24,339,028	51,411,078	-	32,141,796	825,478,786	-	825,478,786

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)  
For The Three Months Period Ended March 31, 2023



Un audited Three months ended March 31, 2022

	Un audited Three months ended March 31, 2022										Total
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
<b>Profit &amp; Loss</b>											
Net mark-up/return/profit	(13,760,964)	873,204	7,880,016	22,730,702	389,089	1,211,343	(960)	36,339	19,357,749	-	19,357,749
Inter segment revenue - net	27,294,107	(330,547)	(6,856,297)	(23,105,397)	(41,232)	-	-	3,039,966	-	-	-
Non mark-up / return / interest income	2,287,532	569,102	1,048,251	1,661,092	239,624	76,241	175,647	22,533	6,080,022	-	6,080,022
Total Income	15,820,675	1,111,759	2,071,970	1,286,397	587,461	1,287,584	174,687	3,097,238	25,437,771	-	25,437,771
Segment direct expenses	6,773,165	515,028	234,934	154,246	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	6,773,165	515,028	234,934	154,246	346,565	1,192,455	97,620	1,768,965	11,082,978	-	11,082,978
Provisions	(164,973)	2,703	(24,000)	(193,867)	(3,920)	(128,781)	-	(479,550)	(992,388)	-	(992,388)
Profit before tax	9,212,483	594,028	1,881,036	1,326,018	244,816	233,910	77,067	1,807,823	15,347,181	-	15,347,181
<b>Balance Sheet</b>											
Cash & Bank balances	34,485,076	622,340	242,694	60,644,247	23,563,344	15,144,558	57,106	1,678,647	136,438,012	-	136,438,012
Investments	-	-	10,517,351	942,409,392	9,276,084	72,688,657	1,105,497	4,912,078	1,040,889,059	-	1,040,889,059
Net inter segment lending	1,114,563,069	-	-	-	-	-	-	192,410,586	1,306,973,645	(1,306,973,645)	-
Lendings to financial institutions	96,972,626	41,235,105	588,583,737	-	23,736,012	6,170,000	-	-	56,585,768	-	56,585,768
Advances - performing	156,088	87,709	1,380,470	-	16,255,805	88,798,112	7,619	2,316,757	834,169,761	-	834,169,761
- non performing	50,005,640	2,399,035	38,820,555	26,778,287	7,257,344	1,503,597	-	430,794	10,816,002	-	10,816,002
Others	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	195,434,551
<b>Total Assets</b>	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153
Borrowings	13,559,449	-	98,051,501	227,354,544	813,687	14,670,759	-	1,567,670	356,016,610	-	356,016,610
Deposits & other accounts	1,209,525,713	20,379,488	87,712,328	-	61,067,142	154,001,460	-	9,830	1,532,695,961	-	1,532,695,961
Net inter segment borrowing	-	18,909,590	428,058,745	825,795,278	16,359,144	16,346,882	1,504,006	-	1,306,973,645	(1,306,973,645)	-
Others	73,998,327	5,055,111	25,722,233	3,361,860	3,515,898	14,020,472	726,466	65,642,468	191,142,835	-	191,142,835
<b>Total Liabilities</b>	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153
Equity	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153
<b>Total Equity &amp; liabilities</b>	1,296,182,489	44,344,189	639,544,807	1,056,511,682	81,755,871	199,039,573	2,230,472	261,697,715	3,581,306,798	(1,306,973,645)	2,274,333,153
<b>Contingencies &amp; Commitments</b>	76,591,298	-	376,393,133	163,418,191	18,749,788	40,951,720	-	30,345,931	706,450,061	-	706,450,061

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.

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

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

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

	Unaudited March 31, 2023			Audited December 31, 2022				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
------(Rupees in '000)-----								
<b>Investments</b>								
Opening balance	-	-	5,402,479	249,253	-	-	5,283,282	254,253
Equity method adjustments	-	-	278,153	-	-	-	119,197	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	(5,000)
Closing balance	-	-	5,680,632	249,253	-	-	5,402,479	249,253
<b>Provision for diminution in value of investments</b>								
	-	-	-	-	-	-	-	-
<b>Advances</b>								
Opening balance	1,543	281,237	-	4,445,292	109	147,331	1,018,449	3,084,862
Addition / exchange adjustment during the period / year	2,411	45,198	-	765,092	23,615	93,306	-	14,754,662
Repaid / exchange adjustment during the period / year	(1,607)	(45,302)	-	(3,499,467)	(22,181)	(69,178)	(1,018,449)	(13,394,232)
Transfer in / (out)	-	-	-	-	-	109,778	-	-
Closing balance	2,347	281,133	-	1,710,917	1,543	281,237	-	4,445,292
Provision held against advances	-	-	-	-	-	-	-	-
<b>Fixed Assets</b>								
Purchase of fixed assets	-	-	301	5,925	-	-	6,157	62,667
<b>Other Assets</b>								
Markup receivable	-	3,511	-	15,396	-	3,208	-	64,384
Advances, deposits, advance rent and other prepayments	-	-	435,778	25,660	-	-	288,433	25,594
Receivable from Pension Fund	-	-	-	2,853,486	-	-	-	2,768,142
	-	3,511	435,778	2,894,542	-	3,208	288,433	2,858,120

	Unaudited March 31, 2023			Audited December 31, 2022				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
------(Rupees in '000)-----								
<b>Borrowings</b>								
Opening balance	-	-	-	-	-	-	-	103,120
Borrowings / exchange adjustment during the period / year	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	(103,120)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>								
Opening balance	193,547	184,112	5,623,897	5,594,903	700,547	196,067	3,827,846	8,285,021
Received during the period / year	416,025	556,800	23,449,252	18,471,321	7,966,971	1,508,191	59,131,008	109,663,854
Withdrawn during the period / year	(538,355)	(523,900)	(20,485,869)	(14,947,881)	(8,473,340)	(1,534,378)	(57,334,957)	(112,340,190)
Transfer in / (out) - net	-	-	-	-	(631)	14,232	-	(13,782)
Closing balance	71,217	217,012	8,587,280	9,118,343	193,547	184,112	5,623,897	5,594,903
<b>Other Liabilities</b>								
Markup payable	992	2,241	75,215	56,441	4,804	1,171	59,052	46,907
Accrued expenses and other payable	-	-	106,160	273	-	-	81,476	1,571
Payable to MCB Employee Security Services	-	-	-	-	-	-	-	14,314
	992	2,241	181,375	56,714	4,804	1,171	140,528	62,792
<b>Contingencies and Commitments</b>								
Letter of Credit	-	-	-	7,435,506	-	-	-	6,638,499
Bank guarantee	-	-	8,899,885	1,281,079	-	-	7,102,828	1,053,845
	-	-	8,899,885	8,716,585	-	-	7,102,828	7,692,344



	Unaudited March 31, 2023			Unaudited March 31, 2022				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
<b>Income</b>	13	6,826	-	31,673	-	5,937	21,695	13,778
Markup / return / interest earned	-	-	175,206	2,616	-	-	180,924	2,303
Fee and commission income	-	-	9,704	42,236	-	-	-	33,750
Dividend income	-	-	-	-	-	-	-	11
Gain on forward foreign exchange contracts matured during the period	-	-	31	176	-	6	183	14,531
Net gain / (loss) on sale of securities	-	10	-	-	-	30	-	102
Gain on sale of fixed assets	-	-	2,582	960	-	-	3,350	960
Rent income	-	-	-	-	-	-	-	-
<b>Expense</b>	3,834	2,018	125,856	138,389	8,218	986	60,456	194,344
Markup / return / interest expensed	-	-	-	-	-	-	-	-
<b>Other Operating expenses</b>	-	-	-	52,772	-	-	-	44,428
Cleaning expenses paid to NIFT	-	-	-	134,351	-	-	-	121,279
Contribution to provident fund	-	-	18,780	13,554	-	-	17,128	12,350
Rent expenses	-	-	-	34,135	-	-	-	28,364
Cash sorting expenses	-	-	-	90,031	-	-	-	72,977
Stationery expenses	-	-	-	37,010	-	-	-	84,688
Security guards expenses	74,234	404,063	-	-	59,420	269,526	-	-
Remuneration to key executives and non-executive directors fee	-	-	-	-	-	-	-	-
Outsourcing service expenses	-	-	36,351	-	-	23,114	-	-
E-dividend processing fee and CDC charges	-	-	-	1,391	-	-	-	1,523
Travelling Expenses	-	-	-	2,762	-	-	-	10,844
Hotel stay expenses	-	-	-	888	-	-	-	1,772
Repair & Maintenance Charges	-	-	-	1,077	-	-	-	565
Advertisement Expenses	-	-	-	143	-	-	-	3,132
Utility expenses	-	-	-	251	-	-	-	3,661
Miscellaneous expenses and payments	-	-	-	-	-	-	-	-
Insurance premium-net of refund	-	-	312,237	-	-	-	389,540	-
Insurance claim settled	-	-	4,955	-	-	-	14,844	-
<b>Other Transactions</b>	12,964	25,250	4,274,423	5,176,076	-	31	3,946,198	13,663,816
Proceeds from sale of fixed assets	-	10	-	-	-	-	-	-
Sale of government securities	-	42,596	2,257,926	22,603,871	-	-	3,767,405	5,956,758
Purchase of government securities	-	-	-	36,000	-	-	-	10,000
Forward exchange contracts matured during the period	-	-	-	-	-	-	-	-

(Rupees in '000)

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



	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees in '000-----		
<b>38 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>38.1 Capital Adequacy</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,850,600	11,850,600
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	165,075,651	158,467,591
Eligible Additional Tier 1 (ADT 1) Capital	-	-
<b>Total Eligible Tier 1 Capital</b>	165,075,651	158,467,591
Eligible Tier 2 Capital	23,521,369	26,444,431
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	188,597,020	184,912,022
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	838,795,664	763,368,141
Market Risk	64,532,293	75,115,355
Operational Risk	190,227,624	190,227,624
<b>Total</b>	1,093,555,582	1,028,711,120
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	15.10%	15.40%
<b>Tier 1 Capital Adequacy Ratio</b>	15.10%	15.40%
<b>Total Capital Adequacy Ratio</b>	17.25%	17.98%
<b>38.2 Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	165,075,651	158,467,591
Total Exposures	2,949,401,870	2,846,612,866
<b>Leverage Ratio</b>	5.60%	5.57%
<b>38.3 Liquidity Requirements</b>		
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	978,330,238	803,179,881
Total Net Cash Outflow	422,243,616	404,125,964
<b>Liquidity Coverage Ratio</b>	231.70%	198.74%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,417,333,314	1,375,022,084
Total Required Stable Funding	1,043,507,564	987,602,872
<b>Net Stable Funding Ratio</b>	135.82%	139.23%



**39 EVENTS AFTER THE REPORTING DATE**

The Board of Directors in its meeting held on April 27, 2023 has announced an interim cash dividend in respect of quarter ended March 31, 2023 of Rs. 6.00 per share (March 31, 2022: Rs. 5.00 per share). These consolidated condensed interim financial statements for the period ended March 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**40 GENERAL**

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

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

**41 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 27, 2023.

Shoaib Mumtaz  
President / CEO

Hammad Khalid  
Chief Financial Officer

Mian Umer Mansha  
Director

Shahzad Hussain  
Director

Muhammad Ali Zeb  
Director