



MCB Bank Limited
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PSX-100(5F)2023/49
October 27, 2023

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

Dear Sir,

Transmission of Third Quarterly Financial Statements for the period ended September 30, 2023

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



Third Quarterly **Report**

SEPTEMBER 30, 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:

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

Audit Committee:

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

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

On behalf of the Board of Directors, we are pleased to present the financial statements of MCB Bank Limited (MCB) for the third quarter ended September 30, 2023.

Performance Review

On a standalone basis, the profit before and after taxation for the period ended September 30, 2023 together with appropriations is as under:

	Rs. in Million
Profit Before Taxation	88,095
Taxation	43,949
Profit After Taxation	44,146
Un-appropriated Profit Brought Forward	70,425
Surplus realized on disposal of revalued fixed assets - net of tax	1,097
Surplus realized on disposal of non-banking assets - net of tax	25
Re-measurement gain on defined benefit obligations - net of tax	292
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	113
	71,952
Profit Available for Appropriation	116,098
Appropriations:	
Statutory Reserve	(4,415)
Final Cash Dividend at Rs. 6.0 per share - December 2022	(7,110)
First Interim Dividend at Rs. 6.0 per share – March 2023	(7,110)
Second Interim Dividend at Rs. 7.0 per share – June 2023	(8,295)
Total Appropriations	(26,930)
Un-appropriated Profit Carried Forward	89,168

Through focused efforts of the Bank's management in building no-cost deposits and optimizing its earning assets mix, MCB successfully sustained its growth momentum in core earnings to post historically high nine months Profit Before Tax (PBT) of Rs. 88.1 billion on a standalone basis; registering an impressive increase of 71% on a year-on-year basis. The Profit After Tax (PAT) was recorded at Rs. 44.1 billion (+122%) and translated into an Earning Per Share (EPS) of Rs. 37.25 compared to an EPS of Rs. 16.75 reported in the corresponding period last year.

With concentrated efforts delivering strong volumetric growth in current account and timely repositioning of the asset book resulted in a 73% increase in net interest income for the period under review as compared to corresponding period last year.

Non-markup income increased to Rs. 22.6 billion (+12%) against Rs. 20.3 billion in the corresponding period last year with major contributions coming in from fee commission income (Rs. 14.2 billion), income from dealing in foreign currency (Rs. 5.9 billion) and dividend income (Rs. 2.0 billion).

Improving customer and interbank flows, diversification of revenue streams through continuous enrichment of service suite, investments towards digital transformation and an unrelenting focus on upholding high standards of service delivery supplemented a broad-based growth of 38% in income from fee commission; with trade and guarantee related business income growing by 95%, cards related income by 48%, branch banking customer fees by 12% and income from home remittance by 18%.

The Bank continues to manage an efficient operating expense base and monitor costs prudently. Amidst a persistently high inflationary environment, currency devaluation, rapidly escalating commodity prices and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 37.4 billion (+23%). The cost to income ratio of the Bank improved significantly to 29% from 37% reported in corresponding period last year.

Navigating through a challenging operating and macroeconomic environment, the Bank has been addressing asset quality issues by maintaining discipline in management of its risk return decisions. Diversification of the loan book across customer segments and a robust credit underwriting framework that encompasses 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. 54.6 billion as at September 30, 2023. The coverage and infection ratios of the Bank were reported at 82.86% and 8.45% respectively.

On the financial position side, the total asset base of the Bank grew by 15% and was reported at Rs. 2.39 trillion. Analysis of the assets mix highlights that net investments increased by Rs. 279 billion (+29%) whereas gross advances reported a decrease of Rs. 151 billion (-19%) over December 31, 2022.

The Bank continued its focus on building no cost deposits, leading to a robust growth of Rs. 190 billion (YoY: +30%) in average current deposits. The average current to total deposits ratio improved to 51.5% during the period under review from 41.3% in corresponding period last year. Despite the exceptional increase in interest rates during the period, the domestic cost of deposits was contained at 8.63% as compared to 6.21% in the corresponding period last year.

Return on Assets and Return on Equity significantly improved to 2.63% and 31.84% respectively, whereas the book value per share was reported at Rs. 167.81.

During the period under review, MCB attracted home remittance inflows of USD 2,369 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 last year.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 20.26% 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 17.74% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.05% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 246.89% and Net Stable Funding Ratio (NSFR) of 150.03% against requirement of 100%.

The Board of Directors has declared a 3rd interim cash dividend of Rs. 8.0 per share i.e. 80%, in addition to 130% already paid, bringing the total cash dividend for the nine months period ended September 30, 2023 to 210%.

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, 2023.

Economy Review

Pakistan's economy showed signs of improvement in the quarter ended September 30, 2023. The stand-by agreement (SBA) with the IMF, improved current account balance, general decline in the global commodity prices and reduced budget deficit all contributed to this improvement.

Inflation remained high throughout the quarter, mainly driven by food and energy prices. Inflation expectations remain elevated for the shorter term. Multiple years of high fiscal deficits have created strong inflationary pressures in the economy. A restrictive policy rate coupled with fiscal discipline should help lower inflation in the medium-term.

The Current Account for the FY 24 (Jul-Aug) reported a deficit of USD 935 million against a deficit of USD 2,035 million in the same period last year, showing the effects of muted demand. At end September 2023, SBP's foreign reserves had increased to USD 7,615 million with the total liquid reserves for the country clocking in at USD 13,030 million. The gradual improvement in the country's balance of payment has resulted in reduced pressure on PKR and bodes well for the medium-term PKR outlook. However, it remains vital that Pakistan successfully concludes the IMF review due in November 23. Any delay in concluding this review will create economic uncertainties for an already stuttering economy.

The Government introduced a wide range of tax measures in the FY24 budget and aims to collect PKR 9.4 trillion in taxes, targeting an increase of 30% from the last year. The total expected expenditure stands at PKR 14.48 trillion with debt servicing consuming 50% of the expenditure. The Government intends to restrict the fiscal deficit to 6.53% of the GDP. The Government comfortably met the revenue targets for the quarter showing strong revenue growth over last year's number.

Prior to signing of the SBA with IMF, the deterioration of the country's economic indicators, and the uncertainty of the IMF program resulted in significant increase in Pakistan's external borrowing costs; Pakistan's Euro Bond yields reflected this distress. However, after a prolonged delay in the 9th review, the breakthrough in the shape of SBA with the IMF restored market confidence. The yields on Pakistan Euro Bonds have since improved.

Future Outlook

Adherence to IMF's SBA is essential for the economic recovery to take foot. Any deviation from the agreed upon IMF agreement may quickly result in economic distress and erode the confidence gained over the last quarter. Pakistan economy is expected to grow at 2-3% for the fiscal year but difficult economic decisions will have to be taken for long-term growth. The inflationary pressures will continue to be a challenge for the country and will begin to ease further in the second half of FY24. Moreover, the influx of external funding remains crucial for which political and economic stability remains vital.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,



Shoaib Mumtaz
President & CEO
MCB Bank Limited
October 25, 2023



Mian Umer Mansha
Director
MCB Bank Limited

مستقبل کی پیش بینی

آئی ایم ایف کے ساتھ اسٹیڈ بائی ایگریمنٹ کی کاغذ پامندی، معاشی بحالی کے اقدامات کی مضبوطی کے لیے ناگزیر ہے۔ آئی ایم ایف کے ساتھ اس مضمحلہ معاہدے سے معمولی سا بھی انحراف، ملک کو فوری طور پر معاشی عدم استحکام سے دوچار کر سکتا ہے اور گزشتہ سہ ماہی میں حاصل کیے گئے اعتماد کے خاتمے کا باعث بن سکتا ہے۔ پاکستان کی معیشت اس مالی سال میں 2 یا 3 فیصد کی نمو کی توقع رکھتی ہے لیکن پائیدار و طویل المدت نمو کی خاطر مشکل معاشی فیصلے اور اقدامات کو اختیار کرنا ہو گا۔ افراط زر کے دباؤ ملک کے لیے ایک چیلنج کے طور پر برقرار رہیں گے اور مالی سال 2024ء کی دوسری ششماہی میں، ان میں قدرے کمی دیکھی جائے گی۔ مزید برآں، بیرونی قرضوں کا حصول نہایت اہم ہے جس کے لیے معاشی اور سیاسی استحکام وقت کی ایک ناگزیر ضرورت ہے۔

تحسین و تشکر

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کا اگلی جاری معاونت کے لیے، بینک کے شیئر ہولڈرز اور صارفین کا انکے 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

شعبیہ ممتاز

پریزیڈنٹ اور سی ای او

ایم سی بی بینک لمیٹڈ

25 اکتوبر 2023ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 30 ستمبر 2023ء کو اختتام پذیر ماہوارہ کے عرصے کے مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ:

30 ستمبر 2023ء کو اختتام پذیر مدت تک کے بینک کے انفرادی منافع قبل و بعد از ٹیکس اور تخصیص، مندرجہ ذیل ہے:

ملین روپے
88,095
43,949
44,146
70,425
1,097
25
292
113
71,952
116,098
(4,415)
(7,110)
(7,110)
(8,925)
(26,930)
89,168

منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

اختصاصی غیر تخصیص شدہ منافع

از سر نو تجزیہ شدہ معین اثاثوں کے سرپلس پر فروخت سے

حاصل آمدن - خالص از ٹیکس

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

ڈیپازٹڈ بینیفٹ واجبات کے نفع کی دوبارہ پیمائش (خالص از ٹیکس)

از سر نو تجزیہ شدہ معین اثاثوں کے سرپلس سے اضافی فرسودگی

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

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتیٰ کیش ڈیویڈنڈ 6 روپے فی شیئر - برائے دسمبر 2022ء

پہلا کیش ڈیویڈنڈ 6 روپے فی شیئر - برائے مارچ 2023ء

دوسرا کیش ڈیویڈنڈ 7 روپے فی شیئر - برائے جون 2023ء

کل تخصیص

اختصاصی غیر تخصیص شدہ منافع

بینک کی انتظامیہ کے بغیر لاگت کے اپنے ڈیپازٹس کی تعمیر اور پیداواری اثاثہ جات کی ترکیب کو مزید موثر کرنے کی مسلسل کوششوں کے ذریعے، ایم سی بی اپنی خالص آمدنی میں نمو کی تحریک کو پائیدار بنانے میں کامیاب رہا اور نو ماہ کی مدت کے دوران 88.1 ملین روپے کا تاریخ کا بلند ترین انفرادی منافع قبل از ٹیکس حاصل کیا۔ جو کہ سال بہ سال کی بنیاد پر، 71 فیصد کے قابل قدر اضافے کا عکاس ہے۔ منافع بعد از ٹیکس بھی، چنانچہ، (+122%) 44.1 ملین روپے پر جا پہنچا۔ جس کے اثرات فی حصص آمدنی پر بھی مرتب ہوئے اور اس کی سطح گزشتہ سال کے مقابلے میں 16.75 روپے فی حصص کی نسبت بڑھتے ہوئے 37.25 روپے فی حصص پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، انتظامیہ کی مربوط کوششوں سے کرنٹ اکاؤنٹ میں ہونے والی نمایاں مقدار میں نمو اور اثاثہ جات کی معیار سے متعلقہ بروقت فیصلوں کی بناء پر، خالص انٹرنسٹ آمدنی میں گزشتہ سال کی مقابلے میں 73 فیصد کا اضافہ ہوا۔

فیس و کمیشن کی آمدنی (14.2 ملین روپے)، غیر ملکی کرنسیوں میں ڈیلنگ کی آمدنی (5.9 ملین روپے) اور ڈیویڈنڈ آمدنی (2.0 ملین روپے) کی نمایاں شمولیت کے باعث نان مارک اپ آمدنی، گزشتہ سال کے مماثل عرصہ کے 20.3 ملین روپے کے مقابلے میں 22.6 ملین روپے (+12%) تک بڑھ گئی۔

صارفین اور بینکوں کے مابین کاروباری لین دین کے بہاؤ میں اضافے، اپنی خدمات کے معیار میں مسلسل بہتری کی بناء پر آمدنی کی نوسخت میں توسع، ڈیجیٹل منتقلی میں سرمایہ کاری اور اپنی خدمات کی فراہمی کے بلند معیار پر مرکوز خصوصی توجہ کے ذریعے فیس و کمیشن کی آمدنی میں 38 فیصد کی بڑھوتی ہوئی جس میں ٹریڈ اور گارنٹی سے متعلقہ کاروباری آمدنی میں 95 فیصد، کارڈ سے متعلقہ آمدنی میں 48 فیصد، گھریلو ترسیلات زر کی آمدنی میں 18 فیصد اور برانچ بینکنگ کی کسٹمر فیس میں 12 فیصد کی وسیع ایجاد نمو شامل ہے۔

بینک نے اپنے کاروباری اخراجات کا موزوں انتظام جاری رکھا اور لاگت کے انصرام میں بھی دانشمندی کا مظاہرہ کیا۔ مسلسل بڑھتے بلند اخراجات کے ماحول، کرنسی کی قدر میں فرسودگی، اشیاء خورد و نوش کی مسلسل بلند ہوتی قیمتیں اور انفرادی وسائل و ٹیکنالوجی اپ گریڈیشن میں جاری سرمایہ کاری کے ماحول کے درمیان بینک کے کاروباری اخراجات 37.4 ملین روپے پر درج ہوئے (+23%)۔ بینک کی لاگت اور آمدنی کی شرح گزشتہ قابل عرصہ کی 37 فیصد کی شرح کے تناسب میں نمایاں بہتری کا مظاہرہ کرتے ہوئے 29 فیصد پر رپورٹ ہوئی۔

ایک چیلنجنگ کاروباری اور میکرو اکنامک دور سے گزرتے ہوئے بینک، اپنی آمدنی کے خدشات سے متعلقہ فیصلوں کے انتظام میں نظم و ضبط کو برقرار رکھتے ہوئے اثاثہ جات کے معیار کے معاملات کو حل کرنے کی راہ پر گامزن ہے۔ اپنے قرضہ جات کی صارفین کے تمام شعبوں کے لیے فراہمی، قرضہ جات کے اجراء سے پہلے جانچ کے موزوں اصولوں اور انکی تقسیم کے بھنگرانی کے مسلسل اور موثر نظام کے باعث ایم سی بی نے اپنے کریڈٹ رسکو کا نہایت کامیابی سے تدارک کیا۔ بینک کے غیر فعال قرضہ جات کا حجم 30 ستمبر 2023ء تک 54.6 ملین روپے پر رپورٹ ہوا۔ بینک کی کوریج اور انکیشن کی شرحیں بالترتیب 82.86 فیصد اور 8.45 فیصد پر درج کی گئیں۔

مالیاتی صورتحال کی مدین، بینک کے کل اثاثہ جات 15 فیصد تک بڑھ کر 2.39 ٹریلین روپے پر رپورٹ کیے گئے۔ اثاثہ جات کی ترکیب کا جائزہ اس امر کو نمایاں کرتا ہے کہ خالص سرمایہ کاری میں 279 بلین روپے (+29 فیصد) کا اضافہ اور کل قرضہ جات میں 151 بلین روپے (-19 فیصد) کی کمی واقع ہوئی۔

بینک نے بغیر لاگت کے ڈیپازٹس کے حصول پر مسلسل توجہ کے باعث اوسط کرنٹ ڈیپازٹس میں 190 بلین روپے (سال بہ سال کی بنیاد پر +30 فیصد) کی نمو حاصل کی۔ اوسط کرنٹ ڈیپازٹس کی کل ڈیپازٹس سے شرح گزشتہ سال کی مماثلہ مدت کی نسبت اس زیر تجزیہ مدت میں بہتری کے ساتھ 51.5 فیصد پر رپورٹ کی گئی۔ اس عرصے کے دوران، انٹرنسٹ ریش میں غیر معمولی اضافے کے باوجود، ڈیپازٹس کی لاگت گزشتہ سال کی اسی قابل مدت کی 6.21 فیصد کی شرح کے مقابلے میں 8.63 فیصد پر محدود رکھا گیا۔

اثاثہ جات کی آمدنی اور سرمائے (ایکویٹی) کی آمدنی کی شرحیں بہتری کے ساتھ بالترتیب 2.63 فیصد اور 31.84 فیصد کی سطح پر درج کی گئیں۔ جبکہ، بک ویلیو فی حصص 167.81 پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، ایم سی بی نے 2,369 ملین امریکی ڈالرز کی ترسیلات زر کو راغب کیا تاکہ ملک میں بینکنگ چیلوں 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 مدتیں بینک کا مارکیٹ میں حصہ گزشتہ سال کے مقابلے میں 11.4 فیصد کی شرح سے بہتری کے ساتھ 12.3 فیصد کی شرح پر درج کیا گیا۔

سرمائے کے ضوابط کی مطلوبہ کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکویٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 20.26 فیصد پر رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) مرکز لیز نمبر 12 کے تحت سرمایہ کو محفوظ دینے کے لیے 1.50 فیصد کی تھیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایکویٹی ٹائر - Common Equity Tier 1 (CET1) سے کل رسک ویٹڈ ایسٹس (Risk Weighted Assets) کی شرح سے ہوتا ہے جو کہ 6.0 فیصد کی مطلوبہ حد کے مقابلے میں 17.74 فیصد کی شرح پر درج کی گئی۔ بینک کی کپٹل ریزرویشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کے ساتھ 6.05 فیصد پر چلی۔ بینک نے لیکویڈٹی کوریج ریشو (LCR - Liquidity Coverage Ratio) کو 246.89 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 150.03 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 8 روپے فی حصص یعنی 80 فیصد، جو کہ پہلے سے ادا شدہ 130 فیصد کے علاوہ ہے، کے تیسرے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے جس کے بعد 30 ستمبر 2023ء کو اختتام پذیر ماہوارہ کے عرصے تک کل کیش ڈیویڈنڈ کی شرح 210 فیصد پر پہنچ گئی ہے۔

ریٹنگز:

پاکرا (PACRA) کے نوٹیفیکیشن تاریخ 23 جون 2023ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور + A1 کی بلند ترین کریڈٹ رینٹرز سے مستفید ہو رہا ہے۔

معاشی جائزہ:

30 ستمبر 2023ء کو اختتام پذیر سرمایہ کے دوران پاکستان کی معیشت میں بہتری کے آثار نظر آئے۔ آئی ایم ایف کے ساتھ اسٹیبل ہائی ایگریمنٹ (SBA)، کرنٹ اکاؤنٹ بیلنس میں بہتری، اشیاء کی عالمی قیمتوں میں عمومی کمی اور کم بجٹ خسارے نے اس بہتری میں اپنا کردار ادا کیا ہے۔

اس سرمایہ کے دوران، افراط زر میں بلندی کا رجحان برقرار رہا۔ اشیاء خورد و نوش اور توانائی کی قیمتیں، بلند افراط زر میں مرکزی حیثیت کی حامل رہیں۔ قلیل مدت میں ملک میں افراط زر میں اضافے کی توقعات بھی برقرار ہیں۔ کئی سالوں پر محیط بلند مالیاتی خسارے نے معیشت پر افراط زر کا شدید دباؤ پیدا کیا ہے۔ ایک پائیدار پالیسی ریش اور مالیاتی نظم و ضبط، درمیانی مدت کے لیے، افراط زر کو کم کرنے میں مددگار ثابت ہو سکے گا۔

کرنٹ اکاؤنٹ خسارے میں گزشتہ سال کے مماثلہ عرصے کے 2,035 ملین امریکی ڈالر کے حجم کی نسبت مالی سال 2024ء کی جولائی تا اگست کی مدت کے دوران، درج کی گئی 935 ملین امریکی ڈالرز کی سطح طلب میں کمی کے رجحان کی مظہر ہے۔ ستمبر 2023ء کے اختتام پر اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر بڑھتے ہوئے 7,615 ملین امریکی ڈالرز پر درج ہوئے۔ جبکہ، ملک کے کل دستیاب ذخائر بڑھتے ہوئے 13,030 ملین امریکی ڈالرز پر جا پہنچے۔ ملک کی ادائیگیوں کے توازن میں بتدریج بہتری کے نتیجے میں پاکستانی روپے پر دباؤ میں کمی واقع ہوئی اور پاکستانی روپے کی درمیانی مدت کی پیش بینی میں مثبت توقعات کا باعث بنی۔ تاہم، یہ امر نہایت اہمیت کا حامل ہے کہ پاکستان آئی ایم ایف کے جائزے، جو کہ نومبر 2023 میں مکمل ہونا ہے، کی کامیابی سے تعمیل کرے۔ اس جائزے کی تکمیل میں ہونے والی کوئی بھی تاخیر پہلے سے تباہ حال معیشت کے لیے مزید معاشی غیر یقینی کا باعث بنے گی۔

حکومت نے مالی سال 2024ء کے بجٹ میں وسیع دائرہ کار کی ٹیکس اصلاحات کا اجراء کیا ہے اور 9.4 ٹریلین روپے کے میکسز کی وصولیوں کا اعادہ کیا ہے۔ اور اس گزشتہ سال سے 30 فیصد کے اضافے کا ہدف مقرر کیا ہے۔ کل متوقع اخراجات کا تعین 14.48 ٹریلین روپے رہا جس میں قرضہ جات کی ادائیگی کل اخراجات کا 50 فیصد تک رہی۔ حکومت کا عزم ہے کہ مالیاتی خسارے کو بی ڈی پی کی 6.53 فیصد کی شرح پر محدود رکھا جائے۔ اس سرمایہ کے دوران حکومت نے اپنی وصولیوں کے اہداف کو خوش اطلوبنی سے حاصل کیا جو گزشتہ سال کے حجم کی نسبت آمدنی میں مضبوط نمو کا آئینہ دار ہے۔

آئی ایم ایف کے ساتھ ایک اسٹیبل ہائی معاہدے کی منظوری سے پہلے ملک کے معاشی اشاریوں میں تیزی اور آئی ایم ایف کے پروگرام کی غیر یقینی کی صورتحال کے باعث پاکستان کے بیرونی قرضہ جات کی لاگت میں بے پناہ اضافہ ہوا۔ پاکستان کے یورو بانڈز کی آمدنی میں اس دباؤ کے اثرات نمایاں رہے۔ تاہم نویں جائزے میں ایک طویل تاخیر کے بعد آئی ایم ایف کے ساتھ ایک اسٹیبل ہائی معاہدے کی شکل میں ہونے والی پیش رفت سے مارکیٹ کے اعتماد میں بحالی واقع ہوئی۔ اور یورو بانڈز کی آمدنی میں بھی اسی وقت سے بہتری نظر آ رہی ہے۔

Unconsolidated Condensed Interim Statement of Financial Position
As At September 30, 2023



Note	Unaudited September 30, 2023	Audited December 31, 2022	
	-----Rupees in '000-----		
ASSETS			
Cash and balances with treasury banks	7	162,715,362	96,368,918
Balances with other banks	8	39,214,349	24,872,110
Lendings to financial institutions	9	91,523,394	50,415,768
Investments	10	1,257,675,639	978,731,140
Advances	11	601,010,281	753,399,576
Fixed assets	12	80,909,261	79,918,324
Intangible assets	13	809,328	801,117
Deferred tax assets	14	12,542,947	7,547,068
Other assets	15	144,373,280	93,301,143
		2,390,773,841	2,085,355,164
LIABILITIES			
Bills payable	17	10,066,145	39,136,884
Borrowings	18	289,268,800	340,237,265
Deposits and other accounts	19	1,715,666,042	1,378,717,068
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	-
Other liabilities	20	162,090,816	137,769,297
		2,177,091,803	1,895,860,514
NET ASSETS			
		213,682,038	189,494,650
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	97,843,633	88,578,024
Surplus on revaluation of assets - net of tax	22	14,819,332	18,640,651
Unappropriated profit		89,168,473	70,425,375
		213,682,038	189,494,650
CONTINGENCIES AND COMMITMENTS			
	23		

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

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Nine Months Period Ended September 30, 2023



Note	Quarter Ended		Nine Months Ended		
	July 01 to September 30, 2023	July 01 to September 30, 2022	January 01 to September 30, 2023	January 01 to September 30, 2022	
	-----Rupees in '000-----				
Mark-up / return / interest earned	25	90,101,594	55,612,453	235,381,059	141,028,418
Mark-up / return / interest expensed	26	50,693,880	33,089,753	128,964,476	79,517,554
Net mark-up / interest income		39,407,714	22,522,700	106,416,583	61,510,864
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	5,449,356	3,575,459	14,240,853	10,301,226
Dividend income		533,896	433,261	2,011,486	1,687,272
Foreign exchange income		2,314,653	3,855,164	5,907,823	7,969,474
Income from derivatives		1,888	7,919	14,764	19,889
Gain / (loss) on securities	28	130,307	(572,548)	203,168	94,703
Other income	29	104,906	55,346	221,603	180,338
Total non-markup / interest income		8,535,006	7,354,601	22,599,697	20,252,902
Total Income		47,942,720	29,877,301	129,016,280	81,763,766
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	13,388,565	10,861,330	37,367,258	30,300,203
Workers Welfare Fund		685,078	381,024	1,761,909	1,031,742
Other charges	31	290,541	99,402	555,284	162,490
Total non-markup / interest expenses		14,364,184	11,341,756	39,684,451	31,494,435
Profit before provisions		33,578,536	18,535,545	89,331,829	50,269,331
Provisions / (reversals) and write offs - net	32	(675,395)	(515,656)	1,236,364	(1,317,754)
PROFIT BEFORE TAXATION		34,253,931	19,051,201	88,095,465	51,587,085
Taxation	33	16,794,367	10,323,440	43,948,869	31,734,660
PROFIT AFTER TAXATION		17,459,564	8,727,761	44,146,596	19,852,425
Basic and diluted earnings per share	34	14.73	7.36	37.25	16.75

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Nine Months Period Ended September 30, 2023



	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2023	July 01 to September 30, 2022	January 01 to September 30, 2023	January 01 to September 30, 2022
	-----Rupees in '000-----			
Profit after taxation for the period	17,459,564	8,727,761	44,146,596	19,852,425
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	(233,341)	1,480,025	4,850,949	838,146
Movement in (deficit) / surplus on revaluation of investments - net of tax	1,828,567	(998,423)	(2,074,486)	(9,540,963)
	1,595,226	481,602	2,776,463	(8,702,817)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	-	292,162	164,273
Movement in surplus on revaluation of fixed assets - net of tax	-	-	(459,275)	(140,130)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	(52,418)	(28,135)
	-	-	(219,531)	(3,992)
Total comprehensive income	19,054,790	9,209,363	46,703,528	11,145,616

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

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Nine Months Period Ended September 30, 2023



	Share capital	Share premium	Capital reserve Non-distributable capital reserve	Exchange transition reserve	Statutory reserve	Revenue reserve General reserve	Surplus (deficit) on revaluation of Investments Fixed / non-banking assets	Unappropriated profit	Total
Balance as at December 31, 2021 (Audited)	11,850,600	23,751,114	908,317	3,701,067	37,941,626	18,600,000	(4,738,725)	19,010,242	174,407,408
Total comprehensive income for the nine months period ended September 30, 2022	-	-	-	838,146	-	-	(9,540,963)	18,852,425	19,852,425
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	838,146	-	-	(9,540,963)	18,852,425	19,852,425
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	(8,706,809)	(8,706,809)
Transfer to statutory reserve	-	-	-	-	1,985,243	-	-	(1,985,243)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(67,025)	57,025	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	(13,556)	13,556	-
Transactions with owners, recorded directly in equity:									
Final cash dividend at Rs. 3.0 per share - December 31, 2021	-	-	-	-	-	-	-	(9,925,300)	(9,925,300)
Interim cash dividend at Rs. 5.0 per share - March 31, 2022	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - June 30, 2022	-	-	-	-	-	-	-	(16,590,840)	(16,590,840)
Balance as at September 30, 2022 (Un-audited)	11,850,600	23,751,114	908,317	4,539,213	39,926,769	18,600,000	(14,279,688)	18,770,996	188,962,164
Change in equity for three months period ended December 31, 2022	-	-	-	4,539,213	39,926,769	18,600,000	(14,279,688)	18,770,996	188,962,164
Total comprehensive income for the three months period ended December 31, 2022	-	-	-	(136,240)	-	-	(4,802,688)	12,888,510	12,888,510
Profit after taxation for the three months period ended December 31, 2022	-	-	-	(136,240)	-	-	(4,802,688)	12,888,510	12,888,510
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(4,438,738)	(4,438,738)
Transfer to statutory reserve	-	-	-	-	1,288,851	-	-	(1,288,851)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(19,006)	19,006	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	(3,140)	3,140	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Transactions with owners, recorded directly in equity:									
Interim cash dividend at Rs. 6.0 per share - September 30, 2022	-	-	-	-	-	-	-	(6,925,300)	(6,925,300)
Interim cash dividend at Rs. 5.0 per share - September 30, 2022	-	-	-	-	-	-	-	(16,590,840)	(16,590,840)
Balance as at December 31, 2022 (Audited)	11,850,600	23,751,114	908,317	4,402,973	40,315,620	18,600,000	(19,082,276)	37,223,027	188,494,650
Total comprehensive income for the nine months period ended September 30, 2023	-	-	-	4,850,949	-	-	(2,074,486)	44,146,596	44,146,596
Profit after taxation for the nine months period ended September 30, 2023	-	-	-	4,850,949	-	-	(2,074,486)	44,146,596	44,146,596
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(4,438,738)	(4,438,738)
Transfer to statutory reserve	-	-	-	-	4,414,660	-	-	(4,414,660)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(113,396)	113,396	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	(1,097,114)	1,097,114	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	(24,630)	24,630	-
Transactions with owners, recorded directly in equity:									
Final cash dividend at Rs. 6.0 per share - December 31, 2022	-	-	-	-	-	-	-	(7,110,360)	(7,110,360)
Interim cash dividend at Rs. 6.0 per share - March 31, 2023	-	-	-	-	-	-	-	(8,295,420)	(8,295,420)
Interim cash dividend at Rs. 7.0 per share - June 30, 2023	-	-	-	-	-	-	-	(22,516,140)	(22,516,140)
Balance as at September 30, 2023 (Un-audited)	11,850,600	23,751,114	908,317	9,253,922	45,330,280	18,600,000	(21,156,624)	35,076,194	213,682,038

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

Note	Nine Months Ended	
	January 01 to September 30, 2023	January 01 to September 30, 2022
-----Rupees in '000-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	88,095,465	51,587,085
Less: Dividend income	(2,011,486)	(1,687,272)
	86,083,979	49,899,813
Adjustments:		
Depreciation on fixed assets	30 2,128,469	1,728,068
Depreciation on right-of-use assets	30 1,007,718	965,761
Depreciation on non-banking assets acquired in satisfaction of claims	30 17,909	17,736
Amortization	30 266,736	296,586
Provisions / (reversals) and write offs - net	32 1,236,364	(1,317,754)
Gain on sale of fixed assets - net	29 (81,231)	(48,172)
Loss / (gain) on sale of non-banking assets acquired in satisfaction of claims	29 3,224	(6,817)
Finance charges on lease liability against right-of-use assets	26 845,092	798,608
Workers Welfare Fund	1,761,909	1,031,742
Charge for defined benefit plans - net	222,196	143,859
Gain on termination of lease liability against right of use assets	29 (43,217)	(49,871)
Unrealized loss on revaluation of investments classified as held for trading	28 5,654	884
	7,370,823	3,560,630
	93,454,802	53,460,443
Decrease / (increase) in operating assets		
Lendings to financial institutions	(41,107,626)	(19,934,087)
Held-for-trading securities	(164,989)	(1,302,158)
Advances	152,950,821	9,690,473
Others assets (excluding advance taxation)	(37,627,862)	(20,752,864)
	74,050,344	(32,298,636)
Increase / (decrease) in operating liabilities		
Bills Payable	(29,070,739)	(14,153,519)
Borrowings from financial institutions	(50,407,583)	(84,387,229)
Deposits	336,948,974	177,937,260
Other liabilities (excluding current taxation)	4,864,280	14,836,960
	262,334,932	94,233,472
Defined benefits paid	(203,890)	(177,211)
Income tax paid	(38,998,484)	(19,271,719)
Net cash flow generated from operating activities	390,637,704	95,946,349
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(287,661,972)	(65,785,504)
Net investment in held-to-maturity securities	(222,982)	(3,224,066)
Dividends received	1,957,251	1,629,504
Investments in fixed assets	(4,907,760)	(3,029,869)
Investments in intangible assets	(267,801)	(159,449)
Proceeds from sale of fixed assets	1,826,859	73,710
Proceeds from sale of non-banking assets acquired in satisfaction of claims	132,000	153,500
Investment in subsidiary	(649,925)	(4,000,000)
Effect of translation of net investment in foreign branches	4,850,949	838,146
Net cash flow used in investing activities	(284,943,381)	(73,504,028)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(1,570,674)	(1,358,396)
Dividend paid	(22,874,084)	(16,224,360)
Net cash flow used in financing activities	(24,444,758)	(17,582,756)
Effects of exchange rate changes on cash and cash equivalents	11,029,512	9,559,736
Increase in cash and cash equivalents	92,279,077	14,419,301
Cash and cash equivalents at beginning of the period	109,397,829	172,223,635
Cash and cash equivalents at end of the period	201,676,906	186,642,936

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



Shoaib Mumtaz
President / CEO



Hammad Khalid
Chief Financial Officer



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,431 branches (2022: 1,439 branches) within Pakistan and 08 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 and International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) through BSD Circular Letter No. 10, dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated 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 standard and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

Effective date (annual periods beginning on or after)

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 SBP's BPRD Circular No. 7 dated April 13, 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from 01 January 2023 to 01 January 2024, and accordingly the Standard will be applied in the Bank's financial statements for accounting periods beginning on or after 1 January 2024. As disclosed in note 3.3 to the unconsolidated annual financial statements of the Bank for the year ended 31 December 2022, the Bank had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Bank will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

These unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

There are other 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.



7. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

Note
Unaudited September 30, 2023
Audited December 31, 2022
-----Rupees in '000-----

With State Bank of Pakistan in
Local currency current account
Foreign currency current accounts
Foreign currency deposit account

With other central banks in
Foreign currency current accounts

With National Bank of Pakistan in
Local currency current accounts

Prize bonds

31,817,200	29,535,358
7,261,483	7,366,137
39,078,683	36,901,495
76,119,719	51,724,040
3,103,298	2,227,841
13,473,920	-
92,696,937	53,951,881
7,523,059	5,208,115
23,260,794	142,820
155,889	164,607
162,715,362	96,368,918

8. BALANCES WITH OTHER BANKS

Outside Pakistan
In current accounts
In deposit accounts

8.1

11,665,909	17,700,810
27,548,440	7,171,300
39,214,349	24,872,110

8.1 It includes an amount of USD 3.852 million pledged as collateral for a standby letter of credit issued on behalf of the Bank.

9. LENDINGS TO FINANCIAL INSTITUTIONS

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

47,330,905	23,736,012
44,192,489	26,679,756
91,523,394	50,415,768

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2023



Investments by type:	Unaudited September 30, 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
10.1 Investments by type:								
Held-for-trading securities								
Shares	164,989	-	(5,654)	159,335	-	-	-	-
Available-for-sale securities	164,989	-	(5,654)	159,335	-	-	-	-
Federal Government Securities	1,211,769,694	(437,967)	(43,307,319)	1,168,024,408	946,651,272	(134,427)	(32,744,038)	913,772,807
Shares and units	29,281,389	(10,958,115)	1,709,731	20,033,005	28,270,391	(9,618,325)	(723,632)	17,928,434
Non Government Debt Securities	2,953,840	-	(14,750)	2,939,090	2,953,840	-	5,782	2,959,622
Foreign Securities	25,736,408	(1,232)	128,292	25,863,468	4,134,882	(1,232)	(15,965)	4,117,685
Held-to-maturity securities	1,269,741,331	(11,397,314)	(41,484,046)	1,216,859,971	982,010,385	(9,753,984)	(33,477,853)	938,778,548
Federal Government Securities	14,840,473	(267,630)	-	14,572,843	15,477,881	(98,464)	-	15,379,217
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,892,393	(477,541)	-	8,414,852	8,032,203	(477,541)	-	7,554,662
Associates	700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries	16,968,237	-	-	16,968,237	16,318,312	-	-	16,318,312
Total Investments	1,311,307,942	(12,142,603)	(41,489,700)	1,257,675,639	1,022,539,100	(10,330,107)	(33,477,853)	978,731,140

Particulars of provision against debt securities	Unaudited September 30, 2023		Audited December 31, 2022	
	NPI	Provision	NPI	Provision
Domestic	477,659	477,659	477,659	477,659
Loss	-	-	-	-
Total	477,659	477,659	477,659	477,659

10.3 In addition to the above, overseas branches hold a general provision of Rs. 705.597 million (December 31, 2022: Rs. 232.891) in accordance with the requirements of IFRS 9.

10.4 The market value of securities classified as held-to-maturity as at September 30, 2023 amounted to Rs. 19,831,720 million (December 31, 2022: Rs. 19,861,244 million). The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 had approved an equity investment of Rs. 649.925 million to acquire further 30.09% shareholding of "MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBML 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.

11. ADVANCES

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2023



Particulars of advances (Gross)	Performing		Non Performing		Total
	Unaudited September 30, 2023	Audited December 31, 2022	Unaudited September 30, 2023	Audited December 31, 2022	
Loans, cash credits, running finances, etc.	568,162,157	735,403,086	53,666,966	50,204,881	621,829,123
Bills discounted and purchased	23,495,495	10,908,660	913,296	1,055,302	24,408,791
Advances - gross	591,657,652	746,311,746	54,580,262	51,260,183	646,237,914
Provision against advances	-	-	(42,767,883)	(41,947,778)	(84,715,661)
- Specific	(2,459,750)	(2,224,575)	-	-	(4,684,325)
- General	(2,459,750)	(2,224,575)	(42,767,883)	(41,947,778)	(47,852,006)
Advances - net of provision	589,197,902	744,087,171	11,812,379	9,312,405	601,010,281
Total	589,197,902	744,087,171	11,812,379	9,312,405	601,010,281

Particulars of advances (Gross)	Unaudited September 30, 2023		Audited December 31, 2022	
	NPI	Provision	NPI	Provision
Domestic	477,659	477,659	477,659	477,659
Loss	-	-	-	-
Total	477,659	477,659	477,659	477,659

11.1 Advances include Rs. 54,580,262 million (2022: Rs. 51,260,183 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Unaudited September 30, 2023		Audited December 31, 2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned	1,438,413	937	1,465,073	1,535
Substandard	524,400	117,680	112,715	27,286
Doubtful	703,522	351,325	133,474	66,737
Loss	36,906,481	36,463,256	37,693,228	37,253,871
Overseas	39,572,816	36,933,198	39,404,490	37,349,429
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	7,558	2,198	434,904	218,623
91 to 180 days	1,336	1,327	16,035	4,573
181 to 365 days	592	592	134	67
> 365 days	14,997,960	5,830,568	11,404,620	4,375,086
Total	15,007,446	5,834,685	11,855,693	4,598,349
Total	54,580,262	42,767,883	51,260,183	41,947,778

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

11.3 Particulars of provision against advances

Note	Unaudited September 30, 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	1,239,225	251,277	1,490,502	711,262	(663)	710,599
Charge for the period / year	2,397,869	190,174	2,588,043	947,726	579,756	1,527,482
Reversals	(2,816,989)	(206,276)	(3,023,265)	(3,793,453)	(60,827)	(3,854,280)
	(419,120)	(16,102)	(435,222)	(2,845,727)	518,929	(2,326,798)
Amounts written off	-	-	-	(74,228)	-	(74,228)
Closing balance	42,767,883	2,459,750	45,227,633	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

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

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers and advance for property
Others

Note	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
12.1	2,205,952	1,064,714
	73,168,403	73,138,764
	5,534,906	5,714,846
	80,909,261	79,918,324
	790,002	805,081
	507,492	92,330
	901,004	163,858
	7,454	3,445
	2,205,952	1,064,714

12.2 Additions to fixed assets

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

Capital work-in-progress - net additions	1,141,238	294,705
Property and equipment		
Freehold land	27,159	362,860
Leasehold land	4,920	-
Building on freehold land	427,943	223,949
Building on leasehold land	3,647	2,415
Electrical office and computer equipment	2,276,942	1,709,258
Furniture and fixture	154,722	152,000
Leasehold Improvements	452,938	171,968
Vehicles	418,251	112,714
	3,766,522	2,735,164
Total	4,907,760	3,029,869

12.3 Disposal of fixed assets

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

Freehold land	1,699,344	-
Vehicles	22,420	13,699
Furniture and fixture	2,101	3,984
Electrical office and computer equipment	6,156	7,825
Leasehold Improvements	-	30
Building on freehold land	15,607	-
Total	1,745,628	25,538

13. INTANGIBLE ASSETS

Capital work-in-progress
Computer software

13.1 Additions to intangible assets

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

Capital work-in-progress - net additions
Computer software

Total

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 - net
- Business combination

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
Receivable against fraud & forgery
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
Receivable against fraud & forgery
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

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at September 30, 2023 (2022: Nil).

Note	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
	230,845	221,743
	578,483	579,374
	809,328	801,117
	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022
	-----Rupees in '000-----	
	9,102	-
	258,699	344,778
	267,801	344,778
	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
	1,719,219	1,362,935
	20,327,184	14,395,477
	22,046,403	15,758,412
	(3,641,755)	(3,291,460)
	(404,422)	(375,669)
	(3,270,215)	(2,648,697)
	(1,481,846)	(1,190,300)
	(705,218)	(705,218)
	(9,503,456)	(8,211,344)
	12,542,947	7,547,068
	65,838,118	41,004,910
	574,889	303,957
	6,250,341	3,946,039
	1,920,517	2,025,354
	133,809	133,809
	-	101,362
	3,046,241	1,535,665
	138,485	778,441
	38,312,643	24,847,224
	3,024,174	2,768,142
	23,407,648	14,102,285
	605,187	587,468
	3,692,373	3,359,115
	146,944,425	95,493,771
	3,396,497	3,066,275
	143,547,928	92,427,496
	825,352	873,647
	144,373,280	93,301,143
	89,998	94,157
	605,187	587,468
	2,701,312	2,384,650
	3,396,497	3,066,275
	3,066,275	2,709,281
	27,026	109,887
	(4,158)	(1,755)
	22,868	108,132
	(50)	(1,193)
	307,404	250,055
	3,396,497	3,066,275

	Unaudited September 30, 2023	Audited December 31, 2022
-----Rupees in '000-----		
17. BILLS PAYABLE		
In Pakistan	9,954,453	39,079,047
Outside Pakistan	111,692	57,837
	<u>10,066,145</u>	<u>39,136,884</u>
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	44,433,634	45,834,001
Under Long Term Financing Facility	20,495,111	23,123,421
Under Renewable Energy Performance Platform	2,194,931	2,177,355
Under Refinance Scheme for Payment of Wages & Salaries	-	667,152
Under Temporary Economic Refinance Facility	39,282,063	39,628,326
Under Refinance Facility for combating COVID-19	-	14,195
Under Financing Facility for Storage of Agricultural Produce	263,325	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	6,660	4,082
	<u>106,675,724</u>	<u>111,560,394</u>
Repurchase agreement borrowings	182,177,985	227,700,898
Total secured	<u>288,853,709</u>	<u>339,261,292</u>
Unsecured		
Overdrawn nostro accounts	252,805	813,687
Others	162,286	162,286
Total unsecured	<u>415,091</u>	<u>975,973</u>
	<u>289,268,800</u>	<u>340,237,265</u>

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited September 30, 2023			Audited December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	647,528,347	130,012,941	777,541,288	549,697,362	70,653,195	620,350,557
Savings deposits	757,913,017	42,728,381	800,641,398	594,764,760	38,603,905	633,368,665
Term deposits	21,397,141	22,915,773	44,312,914	40,850,001	12,423,072	53,273,073
Others	43,654,822	4,187,601	47,842,423	31,207,083	5,827,480	37,034,563
	<u>1,470,493,327</u>	<u>199,844,696</u>	<u>1,670,338,023</u>	<u>1,216,519,206</u>	<u>127,507,652</u>	<u>1,344,026,858</u>
Financial Institutions						
Current deposits	16,234,773	3,572,107	19,806,880	19,747,897	1,036,116	20,784,013
Savings deposits	12,512,023	102,548	12,614,571	8,973,107	94,720	9,067,827
Term deposits	8,237,045	4,562,592	12,799,637	595,968	2,299,049	2,895,017
Others	-	106,931	106,931	-	1,943,353	1,943,353
	<u>36,983,841</u>	<u>8,344,178</u>	<u>45,328,019</u>	<u>29,316,972</u>	<u>5,373,238</u>	<u>34,690,210</u>
	<u>1,507,477,168</u>	<u>208,188,874</u>	<u>1,715,666,042</u>	<u>1,245,836,178</u>	<u>132,880,890</u>	<u>1,378,717,068</u>

	Note	Unaudited September 30, 2023	Audited December 31, 2022
-----Rupees in '000-----			
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		21,684,823	32,720,479
Mark-up/ return/ interest payable in foreign currencies		494,887	200,553
Unearned commission and income on bills discounted		1,819,605	1,227,553
Accrued expenses		6,950,874	6,911,941
Current taxation (provisions less payments)		21,884,469	17,650,382
Workers Welfare Fund	20.1	13,067,682	11,305,773
Acceptances	15	38,312,643	24,847,224
Unclaimed / dividends payable		2,373,512	2,731,456
Mark to market loss on forward foreign exchange contracts		5,955,391	1,013,853
Unrealised loss on derivative financial instruments		138,446	778,137
Branch adjustment account		58,990	-
Provision for employees' compensated absences		1,280,354	1,179,992
Provision for post retirement medical benefits		2,397,970	2,219,281
Provision for employees' contributory benevolent scheme		160,713	165,426
Insurance payable against consumer assets		619,109	828,882
Unclaimed balances		520,838	642,169
Duties and taxes payable		3,613,729	1,435,225
Provision against off-balance sheet obligations		78,113	48,403
Security deposits against lease		1,894,222	1,317,668
Lease liability against right of use assets		8,002,572	7,943,593
Clearing and settlement accounts		23,249,914	15,210,786
Others		7,531,960	7,390,521
		<u>162,090,816</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 September 30, 2023	Audited December 31, 2022
-----Rupees in '000-----			
21. RESERVES			
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		9,253,922	4,402,973
Statutory reserve	21.2	45,330,280	40,915,620
General reserve		18,600,000	18,600,000
		<u>97,843,633</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 September 30, 2023	Audited December 31, 2022
-----Rupees in '000-----			
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(41,484,046)	(33,477,853)
- Fixed Assets		39,197,019	40,516,509
- Non-banking assets acquired in satisfaction of claims	15	825,352	873,647
		(1,461,675)	7,912,303
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	14	20,327,184	14,395,477
- Fixed Assets	14	(3,641,755)	(3,291,460)
- Non-banking assets acquired in satisfaction of claims	14	(404,422)	(375,669)
		16,281,007	10,728,348
		14,819,332	18,640,651
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	330,090,053	271,137,800
-Commitments	23.2	514,527,421	366,568,874
-Other contingent liabilities	23.3	32,512,749	27,947,886
		877,130,223	665,654,560
23.1 Guarantees:			
Financial guarantees		139,718,093	224,226,300
Performance guarantees		183,336,720	43,947,906
Other guarantees		7,035,240	2,963,594
		330,090,053	271,137,800
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		302,428,095	200,919,363
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	205,926,654	131,535,057
- forward government securities transactions	23.2.2	500,000	13,797,435
- derivatives	23.2.3	3,884,448	18,241,918
Commitments for acquisition of:			
- operating fixed assets		1,388,973	1,860,344
- intangible assets		399,251	214,757
		514,527,421	366,568,874
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		112,965,499	75,618,221
Sale		92,961,155	55,916,836
		205,926,654	131,535,057
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	12,328,130
Sale		500,000	1,469,305
		500,000	13,797,435
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		1,820,643	8,817,006
Sale		1,820,643	8,817,006
		3,641,286	17,634,012
Cross Currency Swaps			
Purchase		121,581	303,953
Sale		121,581	303,953
		243,162	607,906
		3,884,448	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 September 30, 2023	Audited December 31, 2022
-----Rupees in '000-----			
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	23.3.1	32,512,749	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 1988-89 through tax year 2022, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,586.702 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, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

24. DERIVATIVE INSTRUMENTS

	Unaudited September 30, 2023			
	Cross Currency Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----				
Total				
Hedging	121,581	127,699	1,820,643	10,786
Market Making	121,581	(127,660)	1,820,643	(10,786)
-----Rupees in '000-----				
Audited December 31, 2022				
-----Rupees in '000-----				
Total				
Hedging	303,953	185,139	8,817,006	593,302
Market Making	303,953	(184,835)	8,817,006	(593,302)

Note	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022	
	-----Rupees in '000-----		
25. MARK-UP/RETURN/INTEREST EARNED			
On:			
Loans and advances	83,559,044	44,805,461	
Investments	143,416,151	93,351,346	
Lendings to financial institutions	6,744,290	2,551,527	
Balances with banks	1,661,574	320,084	
	235,381,059	141,028,418	
26. MARK-UP/RETURN/INTEREST EXPENSED			
On:			
Deposits	96,726,764	67,073,843	
Borrowings	28,277,839	9,981,018	
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,114,781	1,664,085	
Finance charges on lease liability against right-of-use assets	845,092	798,608	
	128,964,476	79,517,554	
27. FEE & COMMISSION INCOME			
Branch banking customer fees	2,602,967	2,319,927	
Consumer finance related fees	575,484	466,451	
Card related fees (debit and credit cards)	4,265,417	2,884,747	
Credit related fees	518,665	166,851	
Investment banking fee	92,392	121,561	
Commission on trade	2,277,979	1,188,914	
Commission on guarantees	817,004	400,663	
Commission on cash management	657,014	614,900	
Commission on remittances including home remittances	1,167,903	991,532	
Commission on bancassurance	812,781	754,105	
Rent on lockers	175,239	174,149	
Commission on utility bills	66,315	63,678	
Commission on investments services	107,074	44,267	
Others	104,619	109,481	
	14,240,853	10,301,226	
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	208,822	95,587
Unrealised - Held For Trading	10.1	(5,654)	(884)
		203,168	94,703
28.1 Realised gain on:			
Federal Government Securities		77,684	112,178
Shares		130,494	(16,591)
Others		644	-
		208,822	95,587
29. OTHER INCOME			
Rent on property		100,379	75,478
Gain on termination of lease liability against right of use assets		43,217	49,871
Gain on sale of fixed assets - net		81,231	48,172
(Loss) / gain on sale of non-banking assets acquired in satisfaction of claims - net		(3,224)	6,817
		221,603	180,338

	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022
	-----Rupees in '000-----	
30. OPERATING EXPENSES		
Total compensation expense	16,859,316	13,937,211
Property expense		
Rent and taxes	245,443	177,662
Insurance	19,339	14,877
Utilities cost	1,630,745	1,342,108
Fuel expense generators	983,688	693,010
Security (including guards)	1,442,598	1,239,640
Repair and maintenance (including janitorial charges)	766,177	677,320
Depreciation on right-of-use assets	1,007,718	965,761
Depreciation	694,399	561,292
	6,790,107	5,671,670
Information technology expenses		
Software maintenance	1,211,306	903,055
Hardware maintenance	250,861	193,662
Depreciation	597,221	454,935
Amortization	266,736	296,586
Network charges	475,545	435,942
Insurance	3,577	2,024
	2,805,246	2,286,204
Other operating expenses		
Directors' fees and allowances	27,480	28,280
Legal and professional charges	261,427	319,767
Outsourced services costs	709,935	635,665
Travelling and conveyance	356,566	280,895
NIFT clearing charges	158,460	137,593
Depreciation	836,849	711,841
Depreciation on non-banking assets acquired in satisfaction of claims	17,909	17,736
Training and development	67,081	51,237
Postage and courier charges	178,822	198,615
Communication	984,281	312,614
Stationery and printing	832,729	554,421
Marketing, advertisement & publicity	509,782	676,000
Donations	10,000	1,352
Auditors' remuneration	46,091	41,312
Cash transportation charges	816,466	687,649
Repair and maintenance	487,511	412,620
Subscription	15,720	17,851
Entertainment	271,936	202,148
Remittance charges	198,835	165,765
Brokerage expenses	33,059	29,328
Card related expenses	2,043,478	1,028,427
CNIC verification charges	279,434	286,360
Insurance	1,461,163	1,352,697
Others	307,575	254,945
	10,912,589	8,405,118
	37,367,258	30,300,203
31. OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	175,556	41,420
VAT & National Building tax & Crop Insurance Levy	276,561	121,070
Education cess	103,167	-
	555,284	162,490

Note	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022
-----Rupees in '000-----		
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
Provision / (reversal) against balance with Banks	11,049	(4,937)
Provision for diminution in value of investments	1,743,522	631,691
Provision / (reversal) against loans and advances	(435,222)	(1,882,791)
Provision / (reversal) against off balance sheet items	20,451	15
Provision against other assets	22,868	83,508
Bad debts written off directly	-	680
Recovery of written off / charged off bad debts	(126,304)	(145,920)
	<u>1,236,364</u>	<u>(1,317,754)</u>
33. TAXATION		
Current	43,232,571	26,938,917
Prior years	-	3,470,506
Deferred	716,298	1,325,237
	<u>43,948,869</u>	<u>31,734,660</u>

34. BASIC AND DILUTED EARNINGS PER SHARE

	-----Rupees in '000-----	
Profit after tax	<u>44,146,596</u>	<u>19,852,425</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>37.25</u>	<u>16.75</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 other than those carried at fair value and disclosed in note 35.1 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 (PIBs) 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 period.

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

Unaudited September 30, 2023				
Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	1,168,024,408	-	1,168,024,408	-
Shares	18,750,496	18,750,496	-	-
Non-Government Debt Securities	2,939,090	-	2,939,090	-
Foreign Securities	25,863,468	-	25,863,468	-
Financial assets - disclosed but not measured at fair value				
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	42,098,177	-	-	-
Non - Financial Assets measured at fair value				
Operating fixed assets (land and buildings)	63,649,227	-	63,649,227	-
Non-banking assets	2,655,871	-	2,655,871	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	112,965,499	-	4,773,242	-
Forward sale of foreign exchange	92,961,155	-	1,864,092	-
Derivatives purchase	1,942,224	-	138,485	-
Derivatives sale	1,942,224	-	138,446	-
-----Rupees in '000-----				
Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	913,772,807	-	913,772,807	-
Shares	16,486,590	16,423,058	63,532	-
Non-Government Debt Securities	2,959,622	-	2,959,622	-
Foreign Securities	4,112,387	-	4,112,387	-
Financial assets - disclosed but not measured at fair value				
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	41,399,734	-	-	-
Non - Financial Assets measured at fair value				
Operating fixed assets (land and buildings)	65,348,646	-	65,348,646	-
Non-banking assets	2,804,844	-	2,804,844	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	75,618,221	-	266,932	-
Forward sale of foreign exchange	55,916,836	-	254,880	-
Derivatives purchase	9,120,959	-	778,441	-
Derivatives sale	9,120,959	-	778,137	-

Unaudited Nine Months Period ended September 30, 2023											
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total		
-----Rupees in '000-----											
Profit & Loss											
Net mark-up/return/profit	(75,122,407)	3,622,157	53,753,566	118,883,453	5,279,814	-	106,416,583	-	106,416,583		
Inter segment revenue - net	178,193,366	(2,102,175)	(44,235,986)	(143,074,467)	(267,567)	11,486,829	-	-	-		
Non mark-up / return / interest income	8,435,012	2,043,361	6,158,222	4,141,483	1,548,252	279,367	22,599,697	-	22,599,697		
Total Income	111,505,971	3,563,343	15,675,802	(20,049,531)	6,560,499	11,760,196	129,016,280	-	129,016,280		
Segment direct expenses	24,529,851	1,663,378	730,223	566,315	1,895,611	10,299,073	39,684,451	-	39,684,451		
Inter segment expense allocation	-	-	-	-	-	-	-	-	-		
Total expenses	24,529,851	1,663,378	730,223	566,315	1,895,611	10,299,073	39,684,451	-	39,684,451		
Provisions	1,225,141	45,238	179,165	1,339,789	646,037	(2,199,006)	1,236,364	-	1,236,364		
Profit before tax	85,750,979	1,854,727	14,766,414	(21,955,635)	4,018,851	3,660,129	88,095,465	-	88,095,465		
Balance Sheet											
Cash & Bank balances	21,682,791	1,034,146	220,288	96,211,296	43,886,756	38,894,434	201,929,711	-	201,929,711		
Investments	1,334,969,826	-	11,355,238	1,210,383,200	35,937,201	-	1,257,675,639	-	1,257,675,639		
Net inter segment lending	-	-	-	-	-	188,926,784	(1,523,896,610)	-	-		
Lendings to financial institutions	89,517,575	37,968,483	445,540,568	45,192,490	46,330,904	-	91,523,394	-	91,523,394		
Advances - performing	444,223	94,776	1,445,834	-	16,171,276	-	589,197,902	-	589,197,902		
- non performing	59,836,685	4,621,322	59,188,087	38,136,442	9,172,759	654,787	11,812,379	-	11,812,379		
Others	1,506,451,100	43,718,727	517,750,015	1,389,923,428	2,389,862	74,462,418	238,634,816	-	238,634,816		
Total Assets	1,506,451,100	43,718,727	517,750,015	1,389,923,428	153,888,758	302,938,423	3,914,670,451	(1,523,896,610)	2,390,773,841		
Borrowings	7,986,873	17,465	98,833,673	179,327,554	3,103,235	-	289,268,800	-	289,268,800		
Deposits & other accounts	1,466,607,871	24,782,174	104,342,022	-	119,925,780	8,195	1,715,666,042	-	1,715,666,042		
Net inter segment borrowing	-	14,138,321	275,626,785	1,207,479,436	26,652,068	-	1,523,896,610	(1,523,896,610)	-		
Others	31,856,356	4,780,767	38,947,535	3,116,438	4,207,675	89,248,190	172,156,961	-	172,156,961		
Total liabilities	1,506,451,100	43,718,727	517,750,015	1,389,923,428	153,888,758	89,256,385	3,700,888,413	(1,523,896,610)	2,177,091,803		
Equity	-	-	-	-	-	213,682,038	213,682,038	-	213,682,038		
Total Equity & liabilities	1,506,451,100	43,718,727	517,750,015	1,389,923,428	153,888,758	302,938,423	3,914,670,451	(1,523,896,610)	2,390,773,841		
Contingencies & Commitments	96,565,644	4,427	519,937,918	210,311,102	15,689,355	34,621,777	877,130,223	-	877,130,223		

36 SEGMENT INFORMATION
36.1 Segment details with respect to business activities

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

	Unaudited Nine Months Period ended September 30, 2022								
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
Profit & Loss									
Net mark-up/return/profit	(55,031,160)	2,943,669	27,915,352	83,677,879	2,005,124	-	61,510,864	-	61,510,864
Inter segment revenue - net	108,461,693	(1,367,445)	(24,364,221)	(90,456,263)	(141,424)	7,867,660	-	-	-
Non mark-up / return / interest income	7,005,471	1,661,265	4,680,576	5,596,735	958,606	352,249	20,252,902	-	20,252,902
Total Income	60,436,004	3,237,489	8,231,707	(1,181,649)	2,820,306	8,219,909	81,763,766	-	81,763,766
Segment direct expenses	19,887,340	1,407,509	600,400	351,415	1,110,254	8,137,517	31,494,435	-	31,494,435
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	19,887,340	1,407,509	600,400	351,415	1,110,254	8,137,517	31,494,435	-	31,494,435
Provisions	(20,130)	28,312	(279,914)	546,008	290,203	(1,882,233)	(1,317,754)	-	(1,317,754)
Profit before tax	40,588,794	1,801,668	7,911,221	(2,079,072)	1,419,849	1,964,625	51,587,085	-	51,587,085
Balance Sheet									
Cash & Bank balances	34,485,076	622,340	242,694	60,644,247	23,563,344	1,683,327	121,241,028	-	121,241,028
Investments	-	-	10,517,351	958,937,705	9,276,084	-	978,731,140	-	978,731,140
Net inter segment lending	1,114,563,059	-	-	-	-	190,628,927	1,305,191,986	(1,305,191,986)	-
Lendings to financial institutions	-	-	-	26,679,756	23,736,012	-	50,415,768	-	50,415,768
Advances - performing	96,972,626	41,235,105	589,623,635	-	16,255,805	-	744,087,171	-	744,087,171
- non performing	156,088	87,709	1,380,470	-	7,257,344	430,794	9,312,405	-	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	-	181,567,652
Total Assets	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Borrowings	13,558,449	-	98,051,501	227,813,628	813,687	-	340,237,265	-	340,237,265
Deposits & other accounts	1,209,548,280	20,379,488	87,712,328	-	61,067,142	9,830	1,378,717,068	-	1,378,717,068
Net inter segment borrowing	-	18,909,590	428,058,745	841,864,507	16,359,144	-	1,305,191,986	(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	-	176,906,181
Total liabilities	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	1,895,860,514
Equity	-	-	-	-	-	189,494,650	189,494,650	-	189,494,650
Total Equity & liabilities	1,296,182,489	44,344,189	639,544,807	1,073,039,995	81,755,871	255,679,799	3,390,547,150	(1,305,191,986)	2,085,355,164
Contingencies & Commitments	76,591,298	-	376,393,133	163,574,410	18,749,788	30,345,931	665,654,560	-	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 Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	Unaudited September 30, 2023				Audited December 31, 2022					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Lendings to Financial Institutions										
Opening balance	-	-	-	-	-	-	-	3,500,000	-	-
Addition during the period / year	-	-	64,700,000	-	-	-	-	118,446,765	-	-
Repaid during the period / year	-	-	(64,700,000)	-	-	-	-	(121,946,766)	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	16,318,312	700,401	249,253	-	-	12,319,037	700,401	254,253
Investment made during the period / year	-	-	649,925	-	-	-	-	4,000,000	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	(725)	-	(5,000)
Closing balance	-	-	16,968,237	700,401	249,253	-	-	16,318,312	700,401	249,253
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
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	2,277	58,208	(122,701)	-	881,219	23,615	99,306	99,836	-	14,754,662
Repaid / exchange adjustment during the period / year	(3,323)	(89,645)	-	-	(3,771,438)	(22,181)	(69,178)	-	(1,018,449)	(13,394,232)
Transfer (out) / in	-	41,972	-	-	-	-	109,778	-	-	-
Closing balance	497	291,772	917,197	-	1,555,075	1,543	281,237	1,039,898	-	4,445,292
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Fixed Assets										
Purchase of fixed assets	-	-	-	5,464	29,145	-	-	200,000	6,157	62,867

	Unaudited September 30, 2023				Audited December 31, 2022					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
----- (Rupee in '000) -----										
Other Assets										
Markup receivable	-	3,737	8,004	-	19,332	-	-	3,208	5,942	64,384
Advances, deposits, advance rent and other prepayments	1	-	30,541	417,327	54,130	-	-	11,500	288,433	25,594
Receivable from Pension Fund	-	-	-	-	3,024,174	-	-	-	-	2,768,142
Unrealized gain on forward foreign exchange contracts - outstanding	-	-	-	-	-	-	-	3	-	-
	1	3,737	38,545	417,327	3,097,636	-	3,208	17,445	288,433	2,858,120
Borrowings										
Opening balance	-	-	5,146	-	-	-	-	19,134	-	103,120
Borrowings / exchange adjustment during the period / year	-	-	1,105,894	-	-	-	-	1,570,501	-	-
Settled during the period / year	-	-	(1,110,150)	-	-	-	-	(1,584,489)	-	(103,120)
Closing balance	-	-	890	-	-	-	-	5,146	-	-
Deposits and other accounts										
Opening balance	193,547	184,112	187,369	5,623,897	5,594,903	700,547	196,067	51,961	3,827,846	8,285,021
Received during the period / year	1,285,219	1,379,620	4,964,600	77,102,209	57,913,361	7,966,971	1,508,191	5,793,034	59,131,008	109,663,864
Withdrawn during the period / year	(1,288,670)	(1,377,485)	(5,100,492)	(74,475,880)	(54,454,216)	(8,473,340)	(1,534,378)	(5,657,626)	(57,334,957)	(112,340,190)
Transfer in / (out) - net	-	32,059	-	-	10,161	(631)	14,232	-	-	(13,782)
Closing balance	190,096	218,306	51,477	8,250,226	9,064,209	193,547	184,112	187,969	5,623,897	5,594,903
Other Liabilities										
Markup payable	15	1,800	282	76,273	23,192	4,804	1,171	883	59,052	46,907
Accrued expenses and other payable	-	-	50,363	80,621	145	-	-	29,100	81,476	1,571
Payable to MCB Employee Security Services	-	-	-	-	-	-	-	-	-	14,314
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Unrealized loss on forward foreign exchange contracts - outstanding	-	-	-	-	42,135	-	-	-	-	-
	15	1,800	70,665	156,794	65,472	4,804	1,171	49,983	140,528	62,792
Contingencies and Commitments										
Letter of Credit	-	-	-	-	6,112,545	-	-	-	-	6,638,499
Bank guarantees	-	-	115,188	9,023,071	1,698,256	-	-	70,227	7,102,828	1,053,845
Forward foreign exchange contracts (Notional)	-	-	-	-	919,833	-	-	86,341	-	-
	-	-	115,188	9,023,071	8,730,634	-	-	156,568	7,102,828	7,692,344

	Unaudited September 30, 2023				Unaudited September 30, 2022					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
----- (Rupee in '000) -----										
Income										
Markup / return / interest earned	32	14,457	320,738	-	89,753	70	12,317	284,927	26,367	193,750
Fee and commission income	-	-	113,087	556,100	10,730	-	-	49,897	527,942	10,652
Dividend income	-	-	-	219,704	50,169	-	-	73,914	210,000	45,083
Gain / (loss) on forward foreign exchange contracts matured	-	-	-	-	46,448	-	-	-	-	(11,975)
Net gain / (loss) on sale of securities	2	(23)	-	(437)	1,276	-	23	-	263	37,511
Gain on sale of fixed assets	-	139	19,193	-	74	-	171	-	-	626
Rent income	-	-	51,189	7,792	4,761	-	-	43,178	9,678	2,880
Expense										
Markup / return / interest expensed	13,129	6,033	5,577	494,361	1,673,091	38,759	2,706	2,617	196,870	1,554,635
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	138,460	-	-	-	-	137,593
Contribution to provident fund	-	-	-	-	412,008	-	-	-	-	359,995
Rent expenses	-	-	-	56,562	41,778	-	-	6,324	53,406	39,515
Cash sorting expenses	-	-	-	-	103,480	-	-	-	-	86,450
Stationery expenses	-	-	-	-	410,897	-	-	-	-	261,831
Security guards expenses	-	-	-	-	55,721	-	-	-	-	205,663
Remuneration to key executives and non-executive directors fee	132,744	746,888	-	-	-	112,818	544,654	-	-	-
Outsourcing service expenses	-	-	-	104,084	-	-	-	-	104,598	-
E-dividend processing fee and CDC charges	-	-	-	-	4,203	-	-	-	-	4,584
Travelling Expenses	-	-	-	51,945	-	-	-	-	-	27,784
Hotel stay expenses	-	-	-	3,882	-	-	-	-	-	3,989
Repair and maintenance charges	-	-	-	3,243	-	-	-	-	-	2,110
Advertisement Expenses	-	-	-	864	-	-	-	-	-	3,132
Utility expenses	-	-	2,700	-	1,800	-	-	-	-	3,668
Miscellaneous expenses and payments	-	-	-	5,000	-	-	-	-	-	2,093
Donation Expenses	-	-	-	626,802	-	-	-	-	-	-
Insurance premium-net of refund	-	-	-	42,141	-	-	-	-	738,652	-
Insurance claim settled	-	-	-	-	-	-	-	-	38,439	-
Other Transactions										
Proceeds from sale of fixed assets	-	139	23,000	-	89	-	6,428	-	-	1,417
Sale of foreign currency	-	-	24,658,779	-	-	-	-	15,679,606	-	-
Purchase of foreign currency	-	-	28,011,663	-	-	-	-	9,785,579	-	680,000
Payments against home remittances	-	-	4,358,122	-	-	-	-	3,634,959	-	-
Reimbursement of other expenses	-	-	51,402	-	-	-	-	38,096	-	-
Insurance premium paid on behalf of related party	-	-	-	-	67,504	-	-	-	-	-
Sale of government securities	27,488	102,161	-	20,513,332	25,207,719	50,060	108,079	-	16,866,023	25,129,047
Purchase of government securities	4,995	60,554	-	4,573,489	43,684,051	-	8,803	-	15,315,069	14,294,993
Forward exchange contracts matured during the period	-	-	-	-	3,325,161	-	-	-	-	1,043,320

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 Audited
September 30, December 31,
2023 2022
-----Rupees in '000-----

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

38.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	11,850,600	11,850,600
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	183,847,787	160,614,100
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	183,847,787	160,614,100
Eligible Tier 2 Capital	26,112,074	24,770,221
Total Eligible Capital (Tier 1 + Tier 2)	209,959,861	185,384,321

Risk Weighted Assets (RWAs):

Credit Risk	778,970,331	738,811,439
Market Risk	80,498,095	68,557,601
Operational Risk	176,709,846	176,709,846
Total	1,036,178,272	984,078,886

Common Equity Tier 1 Capital Adequacy ratio	17.74%	16.32%
Tier 1 Capital Adequacy Ratio	17.74%	16.32%
Total Capital Adequacy Ratio	20.26%	18.84%

38.2 Leverage Ratio (LR):

Eligible Tier-1 Capital	183,847,787	160,614,100
Total Exposures	3,036,327,262	2,623,267,930
Leverage Ratio	6.05%	6.12%

38.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	1,061,874,172	750,264,991
Total Net Cash Outflow	430,102,633	367,492,625
Liquidity Coverage Ratio	246.89%	204.16%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	1,483,533,523	1,251,409,014
Total Required Stable Funding	988,854,382	906,145,461
Net Stable Funding Ratio	150.03%	138.10%

39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 25, 2023 has announced an interim cash dividend in respect of nine months period ended September 30, 2023 of Rs. 8.00 per share (September 30, 2022: Rs. 5.00 per share). These unconsolidated condensed interim financial statements for the period ended September 30, 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 on October 25, 2023.



Shoaib 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 Nine Months Period Ended September 30, 2023



Note	Unaudited September 30, 2023	Audited December 31, 2022
-----Rupees in '000-----		
ASSETS		
Cash and balances with treasury banks	7 178,099,626	110,275,163
Balances with other banks	8 42,063,711	26,162,849
Lendings to financial institutions	9 102,723,394	56,585,768
Investments	10 1,358,065,910	1,040,889,059
Advances	11 675,966,745	844,985,763
Fixed assets	12 86,060,889	85,021,165
Intangible assets	13 1,616,789	1,682,671
Deferred tax assets	14 10,070,895	5,439,278
Other assets	15 161,713,896	103,291,437
	2,616,381,855	2,274,333,153
LIABILITIES		
Bills payable	17 11,801,663	42,874,366
Borrowings	18 308,497,389	356,016,610
Deposits and other accounts	19 1,899,076,414	1,532,695,961
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	14 -	-
Other liabilities	20 174,434,960	148,268,469
	2,393,810,426	2,079,855,406
	222,571,429	194,477,747
NET ASSETS		
REPRESENTED BY		
Share capital	11,850,600	11,850,600
Reserves	21 100,005,147	89,640,476
Surplus on revaluation of assets - net of tax	22 15,665,194	19,458,482
Unappropriated profit	94,694,975	72,795,700
	222,215,916	193,745,258
Non-controlling interest	355,513	732,489
	222,571,429	194,477,747
CONTINGENCIES AND COMMITMENTS		
23		

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director



Note	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2023	July 01 to September 30, 2022	January 01 to September 30, 2023	January 01 to September 30, 2022
-----Rupees in '000-----				
Mark-up / return / interest earned	25 100,599,542	61,034,427	260,832,479	153,350,018
Mark-up / return / interest expensed	26 55,649,009	36,044,825	141,664,553	86,110,868
Net mark-up / interest income	44,950,533	24,989,602	119,167,926	67,239,150
NON MARK-UP / INTEREST INCOME				
Fee and commission income	27 5,987,081	3,911,101	15,889,708	11,284,635
Dividend income	431,225	331,313	1,810,404	1,436,115
Foreign exchange income	2,505,359	4,093,637	6,412,388	8,331,220
Income from derivatives	1,889	7,919	14,764	19,889
Gain / (loss) on securities	28 130,307	(543,148)	203,122	(165,151)
Other income	29 103,043	60,353	223,988	183,823
Total non-markup / interest income	9,158,904	7,861,175	24,554,374	21,090,531
Total Income	54,109,437	32,850,777	143,722,300	88,329,681
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	30 15,631,794	12,556,544	43,435,082	35,138,819
Workers Welfare Fund	757,494	408,618	1,932,563	1,075,925
Other charges	31 291,296	100,750	557,365	165,418
Total non-markup / interest expenses	16,680,584	13,065,912	45,925,010	36,380,162
Share of profit of associates	563,258	159,622	894,936	522,009
Profit before provisions	37,992,111	19,944,487	98,692,226	52,471,528
Provisions / (reversals) and write offs - net	32 (434,008)	(377,047)	1,796,507	(1,298,217)
PROFIT BEFORE TAXATION	38,426,119	20,321,534	96,895,719	53,769,745
Taxation	33 18,759,834	11,039,443	48,555,020	33,101,126
PROFIT AFTER TAXATION	19,666,285	9,282,091	48,340,699	20,668,619
Profit attributable to non-controlling interest	(31,415)	(36,271)	(107,099)	(53,462)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK	19,634,870	9,245,820	48,233,600	20,615,157
Basic and diluted earnings per share	34 16.57	7.80	40.70	17.40

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Nine Months Period Ended September 30, 2023

	Quarter Ended		Nine Months Ended	
	July 01 to September 30, 2023	July 01 to September 30, 2022	January 01 to September 30, 2023	January 01 to September 30, 2022
	-----Rupees in '000-----			
Profit after taxation for the period	19,666,285	9,282,091	48,340,699	20,668,619
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the bank	(227,184)	1,556,408	5,065,594	1,003,402
- Non-controlling interest	5	46	130	99
Share of exchange translation reserve of associate	11,248	59,227	117,643	93,152
Movement in surplus / (deficit) on revaluation of investments - net of tax				
Equity shareholders of the bank	1,905,058	(983,756)	(2,021,807)	(9,509,490)
Movement in surplus / (deficit) on associated undertaking - net of tax	49,432	(43,878)	(10,997)	(235,933)
Revenue reserve - General reserve	1,954,490	(1,027,634)	(2,032,804)	(9,745,423)
Share of exchange translation reserve of associate	1,738,559	588,047	3,150,563	(8,648,770)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	-	292,162	164,273
Movement in surplus on revaluation of fixed assets - net of tax	-	-	(471,259)	(144,950)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	(52,418)	(28,135)
Stability reserve	-	-	2,154,647	-
Capital reserve - Share premium	21,373,424	9,833,821	51,152,518	11,957,476
Capital reserve - Non-distributable capital reserve	31,420	36,317	107,229	53,561
Total comprehensive income	21,404,844	9,870,138	51,259,747	12,011,037
Attributable to:				
- Equity shareholders of the bank	21,373,424	9,833,821	51,152,518	11,957,476
- Non-controlling interest	31,420	36,317	107,229	53,561
	21,404,844	9,870,138	51,259,747	12,011,037

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



Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Nine Months Period Ended September 30, 2023

	Quarter Ended		Nine Months Ended		Share of exchange translation reserve of associate	Surplus/(deficit) on revaluation of investments - net of tax	Revenue reserve - General reserve	Stability reserve	Capital reserve		Unappropriated profit	Subtotal	Non-controlling interest	Grand Total
	July 01 to September 30, 2023	July 01 to September 30, 2022	January 01 to September 30, 2023	January 01 to September 30, 2022					Share premium	Non-distributable capital reserve				
	-----Rupees in '000-----													
Balance as at December 31, 2021 (Audited)	11,850,600	20,970,024	908,317	3,332,533	37,729,718	18,600,000	-	-	-	-	64,697,800	176,817,241	751,419	177,568,660
Total comprehensive income for the nine months period ended September 30, 2022														
Profit after taxation for the nine months period ended September 30, 2022														
Other comprehensive loss - net of tax														
Transfer to stability 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														
Interim cash dividend at Rs. 5.0 per share - March 31, 2022														
Interim cash dividend at Rs. 4.0 per share - June 30, 2022														
Share of dividend attributable to Non-controlling interest														
Balance as at September 30, 2022 (Un-audited)	11,850,600	20,970,024	908,317	4,929,097	39,884,365	18,600,000	-	39,884,365	-	-	66,803,919	172,133,977	734,993	172,868,970
Changes in equity for three months period ended December 31, 2022														
Total comprehensive income for the three months period ended December 31, 2022														
Profit after taxation for the three months period ended December 31, 2022														
Other comprehensive income - net of tax														
Transfer to stability 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														
Transactions with owners, recorded directly in equity														
Interim cash dividend at Rs. 5.0 per share - September 30, 2022														
Share of dividend attributable to Non-controlling interest														
Balance as at December 31, 2022 (Un-audited)	11,850,600	20,970,024	908,317	4,845,697	41,314,438	18,600,000	-	41,314,438	-	-	66,803,919	172,133,977	734,993	172,868,970
Total comprehensive income for the nine months period ended September 30, 2023														
Profit after taxation for the nine months period ended September 30, 2023														
Other comprehensive income - net of tax														
Transfer to stability 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														
Transactions with owners, recorded directly in equity														
Final cash dividend at Rs. 6.0 per share - December 31, 2022														
Interim cash dividend at Rs. 6.0 per share - March 31, 2023														
Interim cash dividend at Rs. 7.0 per share - June 30, 2023														
Share of dividend attributable to Non-controlling interest														
Balance as at September 30, 2023 (Un-audited)	11,850,600	20,970,024	908,317	10,029,934	46,443,872	18,600,000	-	46,443,872	-	-	64,697,800	222,219,916	356,513	222,576,429

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





Note	Nine Months Ended	
	January 01 to September 30, 2023	January 01 to September 30, 2022
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	96,895,719	53,769,745
Less: Dividend income and share of profit of associates	(2,705,340)	(1,958,124)
	94,190,379	51,811,621
Adjustments:		
Depreciation on fixed assets	30 2,489,984	2,028,644
Depreciation on right-of-use assets	30 1,408,160	1,336,823
Depreciation on non-banking assets acquired in satisfaction of claims	30 17,909	17,736
Amortization	30 417,470	436,768
Provisions / (reversals) and write offs - net	32 1,796,507	(1,298,217)
Gain on sale of fixed assets - net	29 (81,659)	(50,417)
Loss / (gain) on sale of non-banking assets acquired in satisfaction of claims	29 3,224	(6,817)
Finance charges on lease liability against right-of-use assets	26 1,081,823	1,026,198
Workers Welfare Fund	1,932,563	1,075,925
Charge for defined benefit plans - net	222,196	143,859
Gain on termination of lease liability against right of use assets	29 (49,536)	(53,704)
Unrealized loss / (gain) on revaluation of investments classified as held for trading	28 5,654	(13,855)
	9,244,295	4,642,943
	103,434,674	56,454,564
Decrease / (increase) in operating assets		
Lendings to financial institutions	(46,137,626)	(22,084,087)
Held-for-trading securities	(164,989)	(1,302,158)
Advances	169,020,428	8,494,163
Others assets (excluding advance taxation)	(46,375,824)	(24,716,164)
	76,341,989	(39,608,246)
Increase / (decrease) in operating liabilities		
Bills Payable	(31,072,703)	(14,718,006)
Borrowings from financial institutions	(48,347,994)	(78,540,271)
Deposits	366,380,453	198,816,911
Other liabilities (excluding current taxation)	7,431,731	15,801,828
	294,391,487	121,360,462
Defined benefits paid	(203,890)	(177,211)
Income tax paid	(42,604,356)	(19,515,639)
Net cash flow generated from operating activities	431,359,904	118,513,930
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(312,670,315)	(83,391,124)
Net investment in held-to-maturity securities	(13,218,997)	(11,762,898)
Dividends received	1,985,277	1,588,347
Investments in fixed assets	(5,435,643)	(3,171,845)
Investments in intangible assets	(315,478)	(234,877)
Proceeds from sale of fixed assets	1,828,177	78,796
Proceeds from sale of non-banking assets acquired in satisfaction of claims	132,000	153,500
Acquisition of additional interest in subsidiary	(649,925)	-
Net investment in associates	(185,000)	140,298
Effect of translation of net investment in foreign branches and subsidiary	5,065,724	1,014,932
Net cash flow used in investing activities	(323,464,180)	(95,584,871)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(2,125,088)	(1,864,867)
Dividend paid	(22,874,084)	(16,294,236)
Net cash flow used in financing activities	(24,999,172)	(18,159,103)
Effects of exchange rate changes on cash and cash equivalents	11,029,512	9,559,736
Increase in cash and cash equivalents	93,926,064	14,329,692
Cash and cash equivalents at beginning of the period	124,293,692	187,234,399
Cash and cash equivalents at end of the period	218,219,756	201,564,091

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

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies

- MCB - Investment Management Limited (Formerly: MCB Arif Habib Savings and Investments Limited)
- MCB Non-Bank Credit Organization Closed Joint Stock Company
- MCB Islamic Bank Limited

"Percentage holding of
MCB Bank Limited"
81.42%
99.94%
100%

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 1,431 branches (2022: 1,439 branches) within Pakistan and 08 branches (2022: 09 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

The Board of Directors of MCB Bank Limited (the Bank), in its meeting held on February 08, 2023 had approved an equity investment of Rs. 649.925 million to acquire further 30.09% shareholding of "MCB Investment Management Limited (Formerly: MCB Arif-Habib Savings and Investments Limited), an existing subsidiary of the Bank. On the recommendation of the Board, the Shareholders of the Bank also approved this equity investment in MCBIML 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.

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").

- Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based in the financial statements for the nine months period ended September 30, 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.
- Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the nine months period ended September 30, 2023.
- Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

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

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 and International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) through BSD Circular Letter No. 10, dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated 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 standard and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
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 SBP's BPRD Circular No. 7 dated April 13, 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from January 01, 2023 to January 01, 2024, and accordingly the Standard will be applied in the Bank's financial statements for accounting periods beginning on or after January 01, 2024. As disclosed in note 3.3 to the consolidated annual financial statements of the Group for the year ended December 31, 2022 the Group had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Group will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.



These consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Group's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

There are other 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.

7. CASH AND BALANCES WITH TREASURY BANKS

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
In hand		
Local currency	35,283,984	33,233,850
Foreign currencies	7,968,497	8,010,501
	43,252,481	41,244,351
With State Bank of Pakistan in		
Local currency current account	85,723,682	60,486,793
Foreign currency current accounts	4,314,668	2,963,386
Foreign currency deposit account	13,473,920	-
	103,512,270	63,450,179
With other central banks in		
Foreign currency current accounts	7,523,059	5,208,116
With National Bank of Pakistan in		
Local currency current accounts	23,655,927	207,220
Prize bonds	155,889	165,297
	178,099,626	110,275,163
8. BALANCES WITH OTHER BANKS		
In Pakistan		
In current account	27,324	29,428
In deposit account	7,503	7,383
	34,827	36,811
Outside Pakistan		
In current accounts	14,480,434	18,954,730
In deposit accounts	27,548,450	7,171,308
	42,028,884	26,126,038
	42,063,711	26,162,849

8.1 It includes an amount of USD 3.852 million pledged as collateral for a standby letter of credit issued on behalf of the Bank.

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	47,330,905	23,736,012
Repurchase agreement lendings (Reverse Repo)	44,192,489	26,679,756
Musharaka arrangements	11,200,000	6,170,000
	102,723,394	56,585,768



	Unaudited September 30, 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
	Rupees in '000							
10. INVESTMENTS								
10.1 Investments by type:								
Held-for-trading securities								
Shares	164,989	-	(5,654)	159,335	-	-	-	-
Available-for-sale securities								
Federal Government Securities	1,291,566,922	(437,967)	(43,352,520)	1,247,776,435	1,001,440,422	(134,427)	(32,886,502)	968,419,493
Shares and units	29,339,006	(10,958,115)	1,711,218	20,092,109	28,327,743	(9,618,325)	(721,393)	17,988,025
Non Government Debt Securities	3,723,840	-	(24,466)	3,699,374	3,723,840	-	5,782	3,729,622
Foreign Securities	25,736,408	(1,232)	128,292	25,863,468	4,134,882	(1,232)	(15,965)	4,117,685
Held-to-maturity securities								
Federal Government Securities	1,350,366,176	(11,397,314)	(41,537,476)	1,297,431,386	1,037,626,887	(9,753,984)	(33,618,078)	994,254,825
Provincial Government Securities	45,028,868	(267,630)	-	44,761,238	32,670,061	(98,464)	-	32,571,597
Non Government Debt Securities	118	(118)	-	-	118	(118)	-	-
Associates	8,892,393	(477,541)	-	8,414,852	8,032,203	(477,541)	-	7,554,662
	53,921,379	(745,289)	-	53,176,090	40,702,382	(576,123)	-	40,126,259
	7,299,099	-	-	7,299,099	6,507,975	-	-	6,507,975
Total Investments	1,411,751,643	(12,142,603)	(41,543,130)	1,358,065,910	1,084,837,244	(10,330,107)	(33,618,078)	1,040,889,059

10.1.1 Investments given as collateral

- Market Treasury Bills
- Pakistan Investment Bonds

10.2 Provision for diminution in value of investments

10.2.1 Opening balance

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

Closing Balance

	Unaudited September 30, 2023	Audited December 31, 2022
	Rupees in '000	
	6,891,700	32,722,107
	159,703,166	191,811,500
	166,594,866	224,533,607
	10,330,107	10,921,647
	68,974	27,649
	1,743,524	2,483,239
	(2)	(3,102,428)
	1,743,522	(619,189)
	12,142,603	10,330,107



10.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Loss

Category of classification	Unaudited September 30, 2023		Audited December 31, 2022	
	NPI	Provision	NPI	Provision
	Rupees in '000			
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. 705.597 million (December 31, 2022: Rs. 232.891) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at September 30, 2023 amounted to Rs.49,951.720 million (December 31, 2022: Rs. 36,974.244 million).

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

Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2023 amounted to Rs. 2,000.600 million. (2022: Rs. 1,971.900 million).

	Unaudited September 30, 2023	Audited December 31, 2022
	Rupees in '000	
Opening balance	5,393,123	5,240,911
Share of profit for the period / year before tax	684,873	700,164
Dividend from associate	(210,000)	(210,000)
Share of tax	(342,676)	(163,131)
	132,197	327,033
Share of other comprehensive income	300,774	(174,821)
Closing balance	5,826,094	5,393,123
Share of other comprehensive income / (loss)		
Share of unrealized surplus on assets -net of tax	183,131	(325,822)
Share of exchange translation reserve of associate	117,643	151,001
	300,774	(174,821)

10.5 Investment in Euronet Pakistan Private Limited under equity method - holding 30% (2022: 30.00%)

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'.

	Unaudited September 30, 2023	Audited December 31, 2022
	Rupees in '000	
Opening balance	9,356	42,371
Share of profit / (loss) for the period / year before tax	29,789	(28,933)
Share of tax	(17,802)	(4,082)
	11,987	(3,015)
Closing balance	21,343	9,356

10.6 Investment in units of funds under management of MCB Investment Management Limited (Formerly: MCB Arif Habib Savings and Investments Limited)

During the current year, MCB Investment Management Limited (Formerly: MCB Arif Habib Savings and Investments Limited), a subsidiary of the Bank has reclassified its investments in units of funds under its management from financial assets at fair value through profit or loss to investment in associates. The reclassification has no impact on the total amount of investments reflected in the statement of financial position, the earnings per share, the statement of comprehensive income and the statement of changes in equity.

	Unaudited September 30, 2023	Audited December 31, 2022
	Rupees in '000	
Investment at the beginning of the period / year	1,105,496	1,242,630
Investment / (redemptions) during the period / year	185,000	(143,124)
Share of profit for the period / year	180,274	14,657
Dividend Income	(19,108)	(8,667)
	346,166	(137,134)
Closing balance	1,451,662	1,105,496



	Performing		Non Performing		Total	
	Unaudited September 30, 2023	Audited December 31, 2022	Unaudited September 30, 2023	Audited December 31, 2022	Unaudited September 30, 2023	Audited December 31, 2022
Loans, cash credits, running finances, etc.	571,627,003	736,691,310	53,666,966	50,204,881	625,293,969	786,896,191
Islamic financing and related assets	70,819,352	89,208,021	1,821,404	1,678,791	72,640,756	90,886,812
Bills discounted and purchased	23,495,495	10,908,660	913,296	1,055,302	24,408,791	11,963,962
Advances - gross	665,941,850	836,807,991	56,401,666	52,938,974	722,343,516	889,746,965
Provision against advances						
- Specific	(2,863,984)	(2,638,230)	(43,512,787)	(42,122,972)	(43,512,787)	(42,122,972)
- General	(2,863,984)	(2,638,230)	(43,512,787)	(42,122,972)	(2,863,984)	(2,638,230)
Advances - net of provision	663,077,866	834,169,761	12,888,879	10,816,002	675,966,745	844,985,763

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

Advances include Rs. 56,401,666 million (2022: Rs.52,938,974 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Unaudited September 30, 2023		Audited December 31, 2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned	1,440,420	937	1,465,104	1,535
Substandard	700,001	121,580	1,326,934	172,053
Doubtful	762,694	353,783	139,735	69,867
Loss	38,491,106	37,201,803	38,151,508	37,281,168
Overseas				
Not past due but impaired	41,394,221	37,678,103	41,083,281	37,524,623
Overdue by:				
Upto 90 days	7,558	2,198	434,904	218,623
91 to 180 days	1,336	1,327	16,035	4,573
181 to 365 days	592	592	134	67
> 365 days	14,997,959	5,830,567	11,404,620	4,375,086
Total	15,007,445	5,834,684	11,855,693	4,596,349
	56,401,666	43,512,787	52,938,974	42,122,972

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



11.3 Particulars of provision against advances

Note	Unaudited September 30, 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	1,239,225	252,277	1,491,502	711,262	144	711,406
Charge for the period / year	2,972,896	192,170	3,165,066	1,108,144	928,004	2,036,148
Reversals	(2,821,479)	(218,693)	(3,040,172)	(3,898,555)	(60,918)	(3,959,473)
Amounts written off	151,417	(26,523)	124,894	(2,790,411)	867,086	(1,923,325)
Closing balance	43,512,787	2,863,984	46,376,771	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. 914.104 million (December 31, 2022: Rs. 555.936 million) in determining the provisioning against non-performing Islamic financing and related assets as at September 30, 2023. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 466.193 million as at September 30, 2023 (December 31, 2022: Rs. 283.527 million) and is not available for payment of cash or stock dividends to shareholders.

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

12. FIXED ASSETS

Note	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
Capital work-in-progress	2,412,342	1,296,860
Property and equipment	76,165,713	75,935,987
Right-of-use assets	7,482,834	7,788,318
	86,060,889	85,021,165
Civil works	839,103	929,384
Equipment	605,257	152,024
Advances to suppliers and advance for property	960,528	212,007
Others	7,454	3,445
	2,412,342	1,296,860
	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022
	-----Rupees in '000-----	
Capital work-in-progress - net additions	1,115,482	262,296
Property and equipment		
Freehold land	27,159	362,860
Leasehold land	4,920	-
Building on freehold land	428,805	226,268
Building on leasehold land	3,647	2,415
Electrical office and computer equipment	2,745,590	1,830,016
Furniture and fixture	175,277	172,653
Leasehold Improvements	487,166	197,455
Vehicles	447,597	117,882
	4,320,161	2,909,549
Total	5,435,643	3,171,845
12.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress - net additions	1,115,482	262,296
Property and equipment		
Freehold land	1,699,344	-
Vehicles	22,902	16,187
Furniture and fixture	2,135	3,986
Electrical office and computer equipment	6,511	8,176
Leasehold Improvements	19	30
Building on freehold land	15,607	-
Total	1,746,518	28,379

12.3 Disposal of fixed assets

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

Freehold land	1,699,344	-
Vehicles	22,902	16,187
Furniture and fixture	2,135	3,986
Electrical office and computer equipment	6,511	8,176
Leasehold Improvements	19	30
Building on freehold land	15,607	-
Total	1,746,518	28,379

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2023



13. INTANGIBLE ASSETS

Note	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
Capital work-in-progress	310,638	276,070
Goodwill	82,127	82,127
Management rights	192,000	192,000
Computer software	1,032,024	1,132,474
	<u>1,616,789</u>	<u>1,682,671</u>

13.1 Additions to intangible assets

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

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
Capital work-in-progress - net additions	34,568	-
Computer software	280,910	388,344
Total	<u>315,478</u>	<u>388,344</u>

14. DEFERRED TAX ASSET / (LIABILITY) - NET

Deductible Temporary Differences on

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
- Provision against advances	1,843,816	1,426,401
- Surplus/deficit on revaluation of investments	20,353,365	14,455,774
- Minimum Tax and WWF	124,987	41,945
	<u>22,322,168</u>	<u>15,924,120</u>

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets	(3,738,020)	(3,377,341)
- Surplus on revaluation of non-banking assets	(404,422)	(375,669)
- Accelerated tax depreciation	(3,384,443)	(2,795,861)
- Receivable from pension fund - net	(1,481,846)	(1,190,300)
- Business combination	(705,218)	(705,218)
- Investments in associated undertaking	(2,537,324)	(2,040,453)
	<u>(12,251,273)</u>	<u>(10,484,842)</u>
	<u>10,070,895</u>	<u>5,439,278</u>

15. OTHER ASSETS

Income / mark-up accrued in local currency	78,611,965	46,063,081
Income / mark-up accrued in foreign currencies	597,613	322,475
Advances, deposits, advance rent and other prepayments	7,000,849	4,596,339
Non-banking assets acquired in satisfaction of claims	1,920,517	2,025,354
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	415,012	114,461
Mark to market gain on forward foreign exchange contracts	3,233,558	1,639,308
Unrealized gain on derivative financial instruments	138,485	778,441
Acceptances	40,044,700	27,938,800
Receivable from the pension fund	3,024,174	2,768,142
Clearing and settlement accounts	23,838,932	14,417,909
Receivable against fraud & forgery	605,187	587,468
Others	4,720,240	4,098,478
	<u>164,285,041</u>	<u>105,484,065</u>
Less: Provision held against other assets	3,396,497	3,066,275
Other Assets (net of provision)	160,888,544	102,417,790
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	825,352	873,647
Other Assets - total	<u>161,713,896</u>	<u>103,291,437</u>

15.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims	89,998	94,157
Receivable against fraud and forgeries	605,187	587,468
Others	2,701,312	2,384,650
	<u>3,396,497</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	27,026	109,887
Reversals	(4,158)	(1,755)
	<u>22,868</u>	<u>108,132</u>
Amounts written off	(50)	(1,193)
Exchange and other adjustments	307,404	250,055
Closing balance	<u>3,396,497</u>	<u>3,066,275</u>

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at September 30, 2023 (2022: Nil).

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Nine Months Period Ended September 30, 2023



17. BILLS PAYABLE

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
In Pakistan	11,689,971	42,816,529
Outside Pakistan	111,692	57,837
	<u>11,801,663</u>	<u>42,874,366</u>

18. BORROWINGS

Secured

Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	47,919,637	49,551,963
Under Long Term Financing Facility	22,461,727	25,102,717
Under Renewable Energy Performance Platform	2,547,347	2,568,874
Under Refinance Scheme for Payment of Wages & Salaries	-	790,403
Under Temporary Economic Refinance Facility	43,583,118	44,107,566
Under Refinance Facility for combating COVID-19	-	32,540
Under Shariah Compliant Open Market Operations	2,871,226	-
Under Financing Facility for Storage of Agricultural Produce	263,325	111,862
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	6,660	4,082
	<u>119,653,040</u>	<u>122,270,007</u>

Repurchase agreement borrowings

	182,177,985	227,700,898
Total secured	<u>301,831,025</u>	<u>349,970,905</u>

Unsecured

Borrowings from other financial institution	1,943,581	1,114,808
Overdrawn nostro accounts	246,448	807,465
Musharaka Arrangements	4,314,049	3,961,146
Others	162,286	162,286
	<u>6,666,364</u>	<u>6,045,705</u>
Total unsecured	<u>308,497,389</u>	<u>356,016,610</u>

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited September 30, 2023			Audited December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	697,204,688	133,574,399	830,779,087	589,526,117	73,439,252	662,965,369
Savings deposits	822,156,041	45,186,712	867,342,753	647,540,901	40,288,897	687,829,798
Term deposits	59,687,352	23,848,871	83,536,223	78,969,210	13,097,592	92,066,802
Others	50,740,267	4,187,601	54,927,868	38,584,482	5,827,480	44,411,962
	<u>1,629,788,348</u>	<u>206,797,583</u>	<u>1,836,585,931</u>	<u>1,354,620,710</u>	<u>132,653,221</u>	<u>1,487,273,931</u>
Financial Institutions						
Current deposits	16,416,051	3,572,314	19,988,365	19,798,048	1,036,279	20,834,327
Savings deposits	27,268,197	102,353	27,370,550	16,052,784	94,549	16,147,333
Term deposits	10,462,045	4,562,592	15,024,637	4,197,968	2,299,049	6,497,017
Others	-	106,931	106,931	-	1,943,353	1,943,353
	<u>54,146,293</u>	<u>8,344,190</u>	<u>62,490,483</u>	<u>40,048,800</u>	<u>5,373,230</u>	<u>45,422,030</u>
	<u>1,683,934,641</u>	<u>215,141,773</u>	<u>1,899,076,414</u>	<u>1,394,669,510</u>	<u>138,026,451</u>	<u>1,532,695,961</u>



Note	Unaudited September 30, 2023 -----Rupees in '000-----	Audited December 31, 2022
20. OTHER LIABILITIES		
Mark-up/ return/ interest payable in local currency	24,615,752	34,829,337
Mark-up/ return/ interest payable in foreign currencies	518,766	214,329
Unearned commission and income on bills discounted	1,901,993	1,313,520
Accrued expenses	8,825,636	7,840,303
Current taxation (provisions less payments)	22,904,607	18,155,030
Workers Welfare Fund	13,140,651	11,365,617
Acceptances	40,044,700	27,938,800
Unclaimed / dividends payable	2,378,808	2,736,752
Mark to market loss on forward foreign exchange contracts	6,283,929	1,047,154
Unrealised loss on derivative financial instruments	138,446	778,137
Provision for employees' compensated absences	1,280,354	1,179,992
Provision for post retirement medical benefits	2,397,970	2,219,281
Provision for employees' contributory benevolent scheme	160,713	165,426
Insurance payable against consumer assets	619,109	828,882
Unclaimed balances	520,838	642,169
Duties and taxes payable	4,086,983	1,939,694
Charity fund balance	13,803	12,119
Provision against off-balance sheet obligations	78,113	48,403
Security deposits against lease	2,866,667	2,104,713
Lease liability against right of use assets	10,570,486	10,560,611
Clearing and settlement accounts	23,249,914	15,210,786
Others	7,836,722	7,137,414
	<u>174,434,960</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 September 30, 2023 -----Rupees in '000-----	Audited December 31, 2022
21. RESERVES		
Share premium	23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	908,317	908,317
Exchange translation reserve	10,028,934	4,845,697
Statutory reserve	46,494,872	41,313,438
General reserve	18,600,000	18,600,000
	<u>100,005,147</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 September 30, 2023 -----Rupees in '000-----	Audited December 31, 2022
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of		
- Available for sale securities	(41,537,476)	(33,618,078)
- Fixed Assets	40,050,071	41,372,828
- Non-banking assets acquired in satisfaction of claims	825,352	873,647
- Associated undertaking	645,483	462,352
	(16,570)	9,090,749
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	20,353,365	14,455,774
- Fixed Assets	(3,738,020)	(3,377,341)
- Non-banking assets acquired in satisfaction of claims	(404,422)	(375,669)
- Associated undertaking	(529,159)	(335,031)
	15,681,764	10,367,733
	<u>15,665,194</u>	<u>19,458,482</u>
23. CONTINGENCIES AND COMMITMENTS		
-Guarantees	347,173,371	284,145,632
-Commitments	553,370,873	393,253,385
-Other contingent liabilities	33,603,078	29,051,044
	<u>934,147,322</u>	<u>706,450,061</u>
23.1 Guarantees:		
Financial guarantees	139,602,247	224,156,073
Performance guarantees	190,947,720	49,704,896
Other guarantees	16,623,404	10,284,663
	<u>347,173,371</u>	<u>284,145,632</u>
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	318,751,419	219,119,699
Commitments in respect of:		
- forward foreign exchange contracts	226,532,580	138,880,321
- forward government securities transactions	500,000	13,797,435
- derivatives	3,884,448	18,241,918
- commitments to extent credit	860,825	921,578
Commitments for acquisition of:		
- operating fixed assets	2,134,325	1,976,122
- intangible assets	707,276	316,312
	<u>553,370,873</u>	<u>393,253,385</u>
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	124,549,776	80,282,447
Sale	101,982,804	58,597,874
	<u>226,532,580</u>	<u>138,880,321</u>
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	-	12,328,130
Sale	500,000	1,469,305
	<u>500,000</u>	<u>13,797,435</u>
23.2.3 Commitments in respect of derivatives		
FX options		
Purchase	1,820,643	8,817,006
Sale	1,820,643	8,817,006
	<u>3,641,286</u>	<u>17,634,012</u>
Cross Currency Swaps		
Purchase	121,581	303,953
Sale	121,581	303,953
	<u>243,162</u>	<u>607,906</u>
	<u>3,884,448</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 September 30, 2023 -----Rupees in '000-----	Audited December 31, 2022 -----Rupees in '000-----
Claims against the Group not acknowledged as debts	23.3.1	33,603,078	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 1988-89 through tax year 2022, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs.1,586.702 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 Amortization of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

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

24. DERIVATIVE INSTRUMENTS

	Unaudited September 30, 2023			
	Cross Currency Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	-----Rupees in '000-----			
Total				
Hedging	121,581	127,699	1,820,643	10,786
Market Making	121,581	(127,660)	1,820,643	(10,786)
	-----Rupees in '000-----			
Total				
Hedging	303,953	185,139	8,817,006	593,302
Market Making	303,953	(184,835)	8,817,006	(593,302)



	Note	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022
		-----Rupees in '000-----	
25. MARK-UP/RETURN/INTEREST EARNED			
On:			
Loans and advances		96,054,136	53,435,901
Investments		155,975,886	96,948,676
Lendings to financial institutions		7,105,028	2,487,893
Balances with banks		1,697,429	477,548
		<u>260,832,479</u>	<u>153,350,018</u>
26. MARK-UP/RETURN/INTEREST EXPENSED			
On:			
Deposits		107,953,741	72,780,531
Borrowings		29,514,208	10,640,054
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,114,781	1,664,085
Finance charges on lease liability against right-of-use assets		1,081,823	1,026,198
		<u>141,664,553</u>	<u>86,110,868</u>
27. FEE & COMMISSION INCOME			
Branch banking customer fees		2,619,917	2,331,791
Consumer finance related fees		584,190	481,205
Card related fees (debit and credit cards)		4,435,162	2,997,888
Credit related fees		534,152	185,533
Investment banking fee		92,392	121,561
Commission on trade		2,410,818	1,279,324
Commission on guarantees		876,666	440,622
Commission on cash management		689,280	618,624
Commission on remittances including home remittances		1,191,767	1,003,863
Commission on bancassurance		837,859	784,651
Rent on lockers		192,835	186,632
Commission on utility bills		66,315	63,678
Commission on investments services		1,064,677	582,018
Others		293,678	207,245
		<u>15,889,708</u>	<u>11,284,635</u>
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	208,776	(179,006)
Unrealised - Held For Trading	10.1	(5,654)	13,855
		<u>203,122</u>	<u>(165,151)</u>
28.1 Realised gain on:			
Federal Government Securities		77,638	112,178
Shares		130,494	(291,184)
Others		644	-
		<u>208,776</u>	<u>(179,006)</u>
29. OTHER INCOME			
Rent on property		80,902	61,281
Gain on conversion of Ijarah agreements		15,115	11,604
Gain on termination of lease liability against right of use assets		49,536	53,704
Gain on sale of fixed assets - net		81,659	50,417
(Loss) / gain on sale of non-banking assets acquired in satisfaction of claims - net		(3,224)	6,817
		<u>223,988</u>	<u>183,823</u>



	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022
	-----Rupees in '000-----	
30. OPERATING EXPENSES		
Total compensation expense	19,900,384	16,245,121
Property expense		
Rent and taxes	261,220	226,408
Insurance	48,034	39,801
Utilities cost	1,889,728	1,462,141
Fuel expense generators	1,033,905	734,441
Security (including guards)	1,721,312	1,474,609
Repair and maintenance (including janitorial charges)	934,129	794,762
Depreciation on right-of-use assets	1,408,160	1,336,823
Depreciation	939,135	752,890
	8,235,623	6,821,875
Information technology expenses		
Software maintenance	1,462,418	1,100,394
Hardware maintenance	304,726	276,129
Depreciation	688,815	545,496
Amortization	417,470	436,768
Network charges	580,488	549,809
Insurance	5,446	3,325
	3,459,363	2,911,921
Other operating expenses		
Directors' fees and allowances	27,480	28,280
Fees and allowances to Shariah Board	11,056	8,993
Legal and professional charges	312,291	371,900
Outsourced services costs	820,330	720,753
Travelling and conveyance	433,635	374,960
NIFT clearing charges	181,961	155,342
Depreciation	862,034	730,258
Depreciation on non-banking assets acquired in satisfaction of claims	17,909	17,736
Training and development	77,329	58,992
Postage and courier charges	211,009	230,441
Communication	1,045,965	340,715
Stationery and printing	943,961	629,902
Marketing, advertisement & publicity	545,376	755,795
Donations	10,000	1,352
Auditors' remuneration	60,857	52,771
Cash transportation charges	816,466	687,649
Repair and maintenance	513,132	415,033
Subscription	45,252	38,670
Entertainment	329,479	247,941
Remittance charges	198,835	165,765
Brokerage expenses	75,990	62,061
Card related expenses	2,043,478	1,028,427
CNIC verification charges	279,434	286,360
Insurance	1,570,291	1,447,513
Others	406,162	302,293
	11,839,712	9,159,902
	43,435,082	35,138,819
31. OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	177,637	44,348
VAT & National Building tax & Crop Insurance Levy	276,561	121,070
Education cess	103,167	-
	557,365	165,418



	Note	Unaudited Nine Months Period ended September 30, 2023	Unaudited Nine Months Period ended September 30, 2022
		-----Rupees in '000-----	
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision / (reversal) against balance with Banks		11,076	(4,568)
Provision for diminution in value of investments	10.2.1	1,743,522	369,497
Provision / (reversal) against loans and advances	11.3	124,894	(1,601,429)
Provision / (reversal) against off balance sheet items		20,451	15
Provision against other assets	15.1.1	22,868	83,508
Bad debts written off directly		-	680
Recovery of written off / charged off bad debts		(126,304)	(145,920)
		1,796,507	(1,298,217)
33. TAXATION			
Current		47,355,873	27,392,503
Prior years		(1,940)	3,470,506
Deferred		840,609	1,974,680
Share of tax of associates		360,478	263,437
		48,555,020	33,101,126
34. BASIC AND DILUTED EARNINGS PER SHARE			
		-----Rupees in '000-----	
Profit after tax attributable to Equity Shareholders of the Bank		48,233,600	20,615,157
		-----Number-----	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		-----Rupees-----	
Basic and diluted earnings per share		40.70	17.40
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 other than those carried at fair value and disclosed in note 35.1 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 (PIBs) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the 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 period.

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.



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

	Unaudited September 30, 2023				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,247,776,435	-	1,247,776,435	-	1,247,776,435
Shares	18,809,600	18,809,600	-	-	18,809,600
Non-Government Debt Securities	3,699,374	-	3,699,374	-	3,699,374
Foreign Securities	25,863,468	-	25,863,468	-	25,863,468
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	61,917,033	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	63,649,227	-	63,649,227	-	63,649,227
Non-banking assets	2,655,871	-	2,655,871	-	2,655,871
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	124,549,776	-	3,233,558	-	3,233,558
Forward sale of foreign exchange	101,982,804	-	6,283,929	-	6,283,929
Derivatives purchase	1,942,224	-	138,485	-	138,485
Derivatives sale	1,942,224	-	138,446	-	138,446
-----Rupees in '000-----					
Audited December 31, 2022					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	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
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	46,975,880	-	-	-	-
Non - Financial Assets measured at fair value					
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
Off-balance sheet financial instruments - measured at fair value					
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

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

Unaudited Nine Months Period ended September 30, 2023

	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
Rupees in '000											
Profit & Loss											
Net mark-up/return/profit	(75,122,407)	3,622,157	53,753,566	118,883,463	5,279,814	12,632,670	(6,391)	225,064	119,167,926	-	119,167,926
Inler segment revenue - net	178,193,366	(2,102,175)	(44,235,986)	(143,074,467)	(287,567)	-	-	11,486,829	-	-	-
Non mark-up / return / interest income	8,485,012	2,043,361	6,159,222	3,931,483	1,548,252	1,081,377	1,210,287	1,041,336	25,449,310	-	25,449,310
Total Income	111,505,971	3,563,943	15,675,802	(20,259,531)	6,580,499	13,614,047	1,203,876	12,753,229	144,617,236	-	144,617,236
Segment direct expenses	24,529,851	1,663,378	730,223	566,315	1,895,611	5,554,004	588,317	10,417,311	45,925,010	-	45,925,010
Inler segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	24,529,851	1,663,378	730,223	566,315	1,895,611	5,554,004	588,317	10,417,311	45,925,010	-	45,925,010
Provisions	1,225,141	45,238	179,165	1,339,789	646,037	560,367	-	(2,199,820)	1,796,507	-	1,796,507
Profit before tax	86,750,979	1,854,727	14,766,414	(22,165,635)	4,018,851	7,499,068	635,559	4,535,738	96,895,719	-	96,895,719
Balance Sheet											
Cash & Bank balances	21,682,791	1,034,146	220,288	96,211,296	43,886,756	18,160,510	48,619	38,918,931	220,163,337	-	220,163,337
Investments	1,334,969,826	-	11,355,238	1,193,204,963	35,937,201	110,759,545	1,451,927	5,357,036	1,358,065,910	-	1,358,065,910
Net inler segment lending	-	-	-	-	-	-	-	194,461,429	1,529,431,255	(1,529,431,255)	-
Lendings to financial institutions	89,517,575	37,988,483	444,946,877	45,192,490	46,330,904	11,200,000	7,047	4,047,585	102,723,394	-	102,723,394
Advances - performing	444,223	94,776	1,445,854	-	16,171,276	70,419,023	7,047	654,787	663,077,866	-	663,077,866
- non performing	59,836,665	4,621,322	59,781,778	38,136,442	2,389,882	22,111,075	1,267,809	71,317,496	12,888,879	-	12,888,879
Others	1,506,451,100	43,718,727	517,750,015	1,372,745,191	153,888,758	233,726,663	2,775,402	314,757,264	4,145,813,110	(1,529,431,255)	2,616,381,855
Total Assets											
Borrowings	7,986,873	17,465	98,633,673	178,745,720	3,103,235	17,291,365	-	2,519,058	308,497,389	-	308,497,389
Deposits & other accounts	1,468,592,029	24,782,174	104,342,022	-	19,925,780	183,426,214	-	8,195	1,899,076,414	-	1,899,076,414
Net inler segment borrowing	-	-	-	-	-	-	-	-	-	-	-
Others	31,872,198	4,780,767	38,947,535	3,116,438	4,207,675	12,787,630	865,798	89,658,582	186,236,623	-	186,236,623
Total liabilities	1,506,451,100	43,718,727	517,750,015	1,372,745,191	153,888,758	233,726,663	2,775,402	92,185,835	3,923,241,681	(1,529,431,255)	2,393,810,426
Equity	-	-	-	-	-	-	-	222,571,429	222,571,429	-	222,571,429
Total Equity & liabilities	1,506,451,100	43,718,727	517,750,015	1,372,745,191	153,888,758	233,726,663	2,775,402	314,757,264	4,145,813,110	(1,529,431,255)	2,616,381,855
Contingencies & Commitments	96,585,644	4,427	519,837,918	210,195,256	15,689,355	57,132,945	-	34,621,777	934,147,322	-	934,147,322

Unaudited Nine Months Period ended September 30, 2022

	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
Rupees in '000											
Profit & Loss											
Net mark-up/return/profit	(55,031,161)	2,943,669	27,915,362	83,677,879	2,005,124	5,596,699	(1,447)	133,135	67,239,150	-	67,239,150
Inler segment revenue - net	108,461,693	(1,367,445)	(24,364,221)	(90,456,263)	(141,424)	-	-	7,867,660	-	-	-
Non mark-up / return / interest income	7,005,470	1,661,265	4,680,576	5,312,821	956,606	529,515	592,987	873,300	21,612,540	-	21,612,540
Total Income	60,436,002	3,237,489	8,231,707	(1,465,563)	2,820,306	6,126,114	591,540	8,874,095	88,851,690	-	88,851,690
Segment direct expenses	19,887,341	1,407,509	600,400	351,415	1,110,254	4,432,143	388,767	8,202,333	36,380,162	-	36,380,162
Inler segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	19,887,341	1,407,509	600,400	351,415	1,110,254	4,432,143	388,767	8,202,333	36,380,162	-	36,380,162
Provisions	(20,130)	28,312	(279,914)	546,008	290,203	18,801	-	(1,881,497)	(1,298,217)	-	(1,298,217)
Profit before tax	40,568,791	1,801,668	7,911,221	(2,362,968)	1,419,849	1,675,170	202,773	2,553,259	53,769,745	-	53,769,745
Balance Sheet											
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	72,668,657	1,105,497	4,912,078	1,040,899,059	-	1,040,899,059
Net inler segment lending	1,114,563,059	-	-	-	-	-	-	192,410,566	1,306,973,645	(1,306,973,645)	-
Lendings to financial institutions	-	-	-	26,679,766	23,736,012	6,170,000	-	-	56,585,768	-	56,585,768
Advances - performing	96,972,626	41,235,105	588,863,737	-	16,255,805	88,798,112	7,619	2,316,757	834,169,761	-	834,169,761
- non performing	156,088	87,709	1,380,470	-	7,257,344	1,503,597	-	430,794	10,816,002	-	10,816,002
Others	50,005,640	2,399,035	38,820,555	26,776,287	1,667,282	14,754,649	1,060,250	59,948,853	195,434,551	-	195,434,551
Total Assets	1,296,182,469	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	13,558,449	-	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 inler segment borrowing	-	-	-	-	-	-	-	-	-	-	-
Others	73,098,327	5,055,111	25,722,233	3,361,860	3,515,988	14,020,472	726,466	65,642,468	191,142,835	-	191,142,835
Total liabilities	1,296,182,469	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)	2,079,855,406
Equity	-	-	-	-	-	-	-	194,477,747	194,477,747	-	194,477,747
Total Equity & liabilities	1,296,182,469	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
Contingencies & Commitments	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.

37 RELATED PARTY TRANSACTIONS

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

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

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

	Unaudited September 30, 2023			Audited December 31, 2022		
	Directors	Key Management Personnel	Other Related Parties	Directors	Key Management Personnel	Other Related Parties
----- (Rupees in '000) -----						
Investments						
Opening balance	-	6,507,975	249,253	-	5,283,282	254,253
Equity method adjustments	-	606,124	-	-	1,387,817	-
Investment / (redemptions) during the period / year	-	185,000	-	-	(143,124)	(5,000)
Closing balance	-	7,299,099	249,253	-	6,507,975	249,253
Provision for diminution in value of investments	-	-	-	-	-	-
Advances						
Opening balance	1,543	281,237	4,445,292	109	147,331	3,084,862
Addition / exchange adjustment during the period / year	2,277	58,208	881,219	23,615	93,306	14,754,662
Repaid / exchange adjustment during the period / year	(3,323)	(89,645)	(3,771,436)	(22,181)	(69,178)	(13,394,232)
Transfer (out) / in	-	41,972	-	-	109,778	-
Closing balance	497	291,772	1,555,075	1,543	281,237	4,445,292
Provision held against advances	-	-	-	-	-	-
Fixed Assets						
Purchase of fixed assets	-	5,464	29,145	-	-	6,157
Other Assets						
Markup receivable	-	3,737	19,332	-	3,208	64,384
Advances, deposits, advance rent and other prepayments	1	-	417,327	-	-	25,594
Receivable from Pension Fund	-	-	3,024,174	-	-	2,766,142
	1	3,737	417,327	-	3,208	288,433
			3,097,636			2,858,120

	Unaudited September 30, 2023			Unaudited September 30, 2022		
	Directors	Key Management Personnel	Other Related Parties	Directors	Key Management Personnel	Other Related Parties
----- (Rupees in '000) -----						
Borrowings						
Opening balance	-	-	-	-	-	103,120
Borrowings / exchange adjustment during the period / year	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	(103,120)
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	193,547	184,112	5,623,897	700,547	196,067	3,827,846
Received during the period / year	1,285,219	1,379,620	77,102,209	7,966,971	1,508,191	59,131,008
Withdrawn during the period / year	(1,288,670)	(1,377,485)	(74,475,880)	(8,473,340)	(1,534,378)	(57,334,957)
Transfer in / (out) - net	-	32,059	10,161	(631)	14,232	-
Closing balance	190,096	218,306	8,250,226	193,547	184,112	5,623,897
Other Liabilities						
Markup payable	15	1,800	76,273	4,804	1,171	59,052
Accrued expenses and other payable	-	-	80,521	-	-	81,476
Payable to MCB Employee Security Services	-	-	-	-	-	-
Unrealized loss on forward foreign exchange contracts - outstanding	-	-	42,135	-	-	14,314
	15	1,800	156,794	4,804	1,171	140,528
			65,472			62,792
Contingencies and Commitments						
Letter of Credit	-	-	6,112,545	-	-	6,638,499
Bank guarantees	-	-	9,023,071	-	-	7,102,828
Forward foreign exchange contracts (Notional)	-	-	9,023,071	-	-	7,102,828
	-	-	15,158,687	-	-	13,844,155
Income						
Markup / return / interest earned	32	14,457	-	70	12,317	26,937
Fee and commission income	-	-	556,100	-	-	527,942
Dividend income	-	-	219,704	-	-	210,000
Gain / (loss) on forward foreign exchange contracts matured	-	-	-	-	-	-
Net gain / (loss) on sale of securities	2	(23)	(437)	-	23	263
Gain on sale of fixed assets	-	139	-	-	171	-
Rent income	-	-	7,792	-	-	9,678
			4,761			2,880

----- (Rupees in '000) -----



	Unaudited September 30, 2023			Unaudited September 30, 2022				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Expense								
Markup / return / interest expensed	13,129	6,033	494,361	1,673,091	38,759	2,706	196,870	1,554,655
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	158,460	-	-	-	137,593
Contribution to provident fund	-	-	-	412,008	-	-	-	359,995
Rent expenses	-	-	58,562	41,778	-	-	53,406	39,515
Cash sorting expenses	-	-	-	103,480	-	-	-	86,450
Stationery expenses	-	-	-	410,997	-	-	-	261,531
Security guards expenses	-	-	-	55,721	-	-	-	205,663
Remuneration to key executives and non-executive directors fee	132,744	746,888	-	-	112,818	544,654	-	-
Outsourcing service expenses	-	-	104,884	-	-	-	104,598	-
E-dividend processing fee and CDC charges	-	-	-	4,203	-	-	-	4,584
Travelling Expenses	-	-	-	51,945	-	-	-	27,784
Hotel stay expenses	-	-	-	3,882	-	-	-	3,999
Repair and maintenance charges	-	-	-	3,243	-	-	-	2,110
Advertisement Expenses	-	-	-	-	-	-	-	3,132
Utility expenses	-	-	-	864	-	-	-	3,658
Miscellaneous expenses and payments	-	-	-	1,800	-	-	-	2,093
Donation Expenses	-	-	-	5,000	-	-	-	-
Insurance premium-net of refund	-	-	626,802	-	-	-	739,653	-
Insurance claim settled	-	-	42,141	-	-	-	33,439	-
Other Transactions								
Proceeds from sale of fixed assets	-	139	-	89	-	6,428	-	1,417
Purchase of foreign currency	-	-	-	-	-	-	-	680,000
Insurance premium paid on behalf of related party	-	-	-	67,504	-	-	-	-
Sale of government securities	27,498	102,181	20,513,392	25,207,719	50,060	108,079	16,866,023	25,128,047
Purchase of government securities	4,995	60,554	4,573,489	43,684,051	-	8,803	15,315,099	14,294,993
Forward exchange contracts matured during the period	-	-	-	3,525,181	-	-	-	1,048,320

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



	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees in '000-----	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
38.1 Capital Adequacy		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,850,600	11,850,600
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	184,656,743	158,467,590
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	184,656,743	158,467,590
Eligible Tier 2 Capital	28,137,182	26,444,431
Total Eligible Capital (Tier 1 + Tier 2)	212,793,925	184,912,021
Risk Weighted Assets (RWAs):		
Credit Risk	807,907,405	763,368,141
Market Risk	85,816,711	75,115,355
Operational Risk	190,227,624	190,227,624
Total	1,083,951,740	1,028,711,120
Common Equity Tier 1 Capital Adequacy ratio	17.04%	15.40%
Tier 1 Capital Adequacy Ratio	17.04%	15.40%
Total Capital Adequacy Ratio	19.63%	17.98%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	184,656,743	158,467,590
Total Exposures	3,291,619,493	2,846,612,866
Leverage Ratio	5.61%	5.57%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,138,795,140	803,179,881
Total Net Cash Outflow	481,141,231	404,125,964
Liquidity Coverage Ratio	236.69%	198.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,624,576,475	1,375,022,084
Total Required Stable Funding	1,084,319,539	987,602,872
Net Stable Funding Ratio	149.82%	139.23%



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 25, 2023 has announced an interim cash dividend in respect of nine months period ended September 30, 2023 of Rs.8.00 per share (September 30, 2022: Rs. 5.00 per share). These consolidated condensed interim financial statements for the period ended September 30, 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 on October 25, 2023.

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director